



“Financing Programs for Algae Projects”

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Dallas, Texas
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Stages of Development

Research & Development

Pilot Plant

Demonstration Plant

Commercialization



Develop a strategy, capitalizing on your strengths and shoring up your weaknesses—

It is YOUR story.

Make it interesting and allow the reviewers to understand it completely.

Make it balanced.

Write to a 6th grade level.



DOE Guaranteed Loan Program

Released June 30, 2008, open until 2/28/09

80% Loan Guarantee

Letters of Commitment for all Equity

New or Significantly Improved Technology, not commercial

Must have completed pilot plant and demonstration plant

Detailed Engineering

Independent Engineering Report

Must be Creditworthy



DOE Demonstration of Integrated Biorefinery Operations
Grant Program

Grants need to be submitted by April 30

New or Significantly Improved Technology, not Commercial

For pilot plant and demonstration plant scale

Detailed Engineering

Independent Engineering Report

50-80% grant



USDA – 2007 Farm Bill Programs

9003 – Biorefinery Assistance Program

Loans up to \$250 million and 30% grants

Commercial, Pre-Commercial and Demonstrations Plants
eligible

Looking for technology that is ready to go and is innovative.

Submit by April 30, 2009



USDA – 2007 Farm Bill Programs

9004 – Repowering Assistance Program

Install new biomass energy systems in existing refineries, or produce energy from biomass for plant operations instead of fossil fuels.



USDA – 2007 Farm Bill Programs

9005 – Bioenergy Program for Advanced Biofuels

Payments to support and expand production of advanced biofuels.

A new product in a new market in a new geographic area.



USDA – 2007 Farm Bill Programs

9007 –Rural Energy for America Program (REAP)

25% grant up to \$500,000

Up to \$25 million in loan guarantees

Commercial technology

25% grant for Feasibility study and energy audit grants

Will open in Spring 2009



USDA – 2007 Farm Bill Programs

9008 – Biomass Research & Development Program

Research and development on feedstock development, biofuels and biobased products development, and biofuels development.

About 800 applications annually, 20-30 funded annually.



USDA –Business & Industry Loan Program

Loan guarantees in rural areas with 50,000 population or less

Guarantee up to \$25 million

**Can be used in conjunction with 9007 REAP Program loan
guarantee**

Available throughout the year

WHITE ROCK ADVISORS, LLC

Capital Funding Program

“CFP” Introduction

- Proprietary financing program offered by White Rock Advisors, LLC – investment banking affiliate of Chapman & Hext PC
- External capital source for new and established companies
- Terms may be more favorable than equity and capital markets
- Approximately \$3 billion placed so far
- Not a security

What does CFP do?

CFP converts current and future payment obligations from investment grade entities into cash that can be used for any business purpose.

What are the key advantages?

- A substitute for equity without incurring dilution
- As debt substitute – Non-recourse to Borrower
 - “Borrower”: The supplier of services or products to a credit worthy company / entity
- Unlike debt, no restrictive covenants
- Finance transactions as small as \$5 million and up to several hundred millions
- Terms are flexible
 - Monetize contract payment streams out to 20 years; not less than 3
 - Can defer repayments for up to 10 years
- Nominal closing costs
- Closing (after documentation approval) within 60 days

Example Transaction

- Borrower (WRA client) has a multi-million contract with investment-grade company (“Upstream”) for, say, 5 years
- Client is seeking capital for operations and does not want to go to equity or capital markets
- Client gets the Upstream company to agree absolutely and unconditionally to make certain required minimum payments and at specific intervals
- CFP will provide Client with the present value of the future payments at a rate predicated on creditworthiness of Upstream and compliance with standard contract provisions
- Transaction is non-recourse to Client

FAQ

- ***How are obligations secured?***
 - Absolute and unconditional obligations of an investment grade entity
 - Payments must be date-certain and sum-certain
- ***Is the interest rate fixed or variable?***
 - Fixed for the term
- ***What are the principal repayment provisions?***
 - Customized to suit specific cash flow needs of project
 - Payments can be deferred
- ***Are the obligations non-recourse?***
 - Non-recourse to Borrower (Client)
 - 100% of the recourse is to Obligor (Upstream) making the contract payments

FAQ (2)

- ***Are there post funding reporting requirements?***
 - Unlike bank loans or venture capital funding ... NO!
- ***What is the security for the transaction?***
 - An assignment of an unconditional promise to pay from a credit worthy entity (“Upstream” ... “Obligor”)
- ***Are the transactions recorded as debt to the Obligor?***
 - No. Suggested that financings be structured via operating/maintenance agreements – not classified as debt
- ***When does the Borrower (White Rock Client) receive proceeds?***
 - Approximately 60 days (or shorter)
 - Proceeds paid at time of settlement in the form of a wire transfer

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