



Restructuring: Waste Management Company Financing

Team led restructuring of a portfolio investment's financing terms, achieving an accretive result



Situation Overview

- Operational and financial underperformance, combined with credit agreement breaches
- The company suffered from lower merchant power prices, lower gas production volumes, higher G&A expenses, higher maintenance expenses, and one time issues such as start-up delays at various facilities
- There were also credit agreement breaches, including 1) failure to deliver audited financials as scheduled in the credit agreement; and 2) unauthorized equity distributions

Company Summary

- The company owns, operates and develops energy projects that deliver stable long-term cash flows
- Portfolio comprised of more than 20 landfill gas-to-energy ("LFG") projects across 10+ states that generate baseload electricity or deliver pipeline quality renewable natural gas ("RNG") or medium Btu gas to customers
- Significant majority of owned projects operate under long-term off-take agreements
 - Portfolio is contracted long-term with IG counterparties (A2 / A) for a remaining MWe weighted average life of 18 years

Restructuring Outcome

- Team led successful negotiations with the agent, sponsor, and the lending group achieving a credit accretive outcome:
 - Received a \$25m loan pay-down
 - Reduction in parri passu revolver capacity
 - Higher excess cash flow sweep thresholds
 - Increase in loan margin by 50bps
 - More detailed quarterly and annual reporting

Source: Deutsche AM. As of July 21, 2016.

The photographs depicted above and on subsequent pages are not intended to be representative of all assets in the portfolio. For more information on all assets, including those not shown herein, please contact us. Past performance is not indicative of future results.