

STRATEGIES BY BRIAN HARTZ | TAMPA BAY EDITOR

Green Team

A risky but well-timed pivot from housing to renewable energy has paid off handsomely for a private investment firm.

Bob Banks offers up one of the oldest excuses in the book for why, after a successful career in real estate investment, he's still plugging away in the business world at age 74.

"I was failing miserably at retirement," he says.

But Banks, CEO of Belleair Bluffs-based Seminole Financial Services, is succeeding wildly at an unusual niche: reshaping the nation's energy grid. Aided by the private investment firm's other principals — Ron Campbell, Chris Diaz and Tim Fetter — Banks has turned Seminole into one of the leading sources of financing for renewable energy projects, like solar and wind farms, around the United States and globally.

Its success has come quietly — the company doesn't advertise, nor has it financed many projects in Florida, a state notoriously resistant to solar energy — but the numbers are loud: nearly \$1.5 billion worth of renewable energy projects financed in just a decade. It also has deep coffers of investment capital, thanks to the faith of several Michigan-based pension funds, to use at its discretion.

"We're a sleepy little company and no one knows what we do, but our investors couldn't be happier," says Banks. "I



Mark Wemple

From left, **TIM FETTER**, **BOB BANKS**, **RON CAMPBELL** and **CHRIS DIAZ** are the brain trust behind Seminole Financial Services in Belleair Bluffs.

think they just love us."

Banks says he has other reasons for returning to ply his trade. In 1999, the Clearwater-based firm he retired from, Midland Companies, was sold to what today is known as MMA Capital Management LLC, a NYSE traded-enterprise that, in Banks' words, was "more Wall Street than Main Street." In other words, it wasn't a good fit for Midland, which was a more conservative-minded firm focused on financing government-backed affordable housing projects.

"They had a different mentality," he recalls. "It wasn't wrong, just different."

Banks became executive vice chair-

man of the merged company and helped with the transition. He retired in 2003, though he remained a shareholder until 2008, he says, "when the profitability tanked."

ASSEMBLING THE TEAM

Feeling he'd let down the pension funds that had placed their trust in Midland — some of whom he'd been working with since the early 1970s — Banks was determined to make amends. That led him to form Seminole, in December 2008. He brought in some people he'd known from Midland but also made key outside hires, including Campbell,

whom he hired away from the Tampa Bay Lightning, where Campbell had spent a decade as president of the hockey team. Campbell was part of a team of executives with the Lightning who reshaped the team's fan experience to one of the most-recognized in pro sports.

Campbell is Seminole's CFO and resident "sports guy." Golf trophies adorn his office and his resume also boasts a stint as CFO of the NBA's Detroit Pistons. A Michigander by birth, Campbell knew virtually nothing about property investment prior to joining Seminole in 2009 and had to take real estate classes to get up to speed.

"These guys all make my job a lot easier, and Bob has been a phenomenal mentor," he says, adding that he enjoys Seminole's low-key, even-keeled approach to doing business as opposed to the soaring highs and gut-wrenching lows of sports. "We control our stress a lot more around here," he says, adding the Seminole vibe is much better "for the ticker."

Diaz, meanwhile, is the dealmaker, spending about 80% of his time away from the office meeting with developers of renewable energy projects who need financial backing. Diaz had worked at Midland but came to Seminole from Credit Suisse. Banks says he's the reason why the company started looking at opportunities in renewable energy in the first place.

Banks recalls, "He said 'Bob, you ever think about renewable energy?' And I said, 'Uh, I don't even know what it is, to be honest with you.'"

At Midland, Banks had made myriad construction loans — well over 2,500, in his estimation — for affordable housing projects, but renewable energy was new turf for him. So with Diaz in tow, Banks attended renewable energy conferences and met with developers on the west coast. Diaz heard about a proposal for a wind farm in the state of Washington that was being backed by two major banks — who were lining up to purchase tax credits affiliated with the project, which is another way that Seminole makes money for its investors — and a \$5 million state grant. But the developer needed an additional \$5 million for construction.

"I felt relatively safe that even being novices in the business, we couldn't screw this up," Banks recalls. "But it was the most complicated deal that

we've ever done ... it was the very first one and it seemed like it was never going to close."

Diaz is also Seminole's point man on solar energy in Florida. He sits on boards of advocacy groups and makes the occasional trip to Tallahassee to press the firm's case. "We're just trying to explain to them what's going on around the country," says Banks. "We contribute to the national causes ... it's something we believe in; it's a good thing. But we're not 'fall on our sword' type people, either. We don't get upset if someone doesn't believe in [renewable energy], but we think it's a good thing that's going to be here forever and it's the direction the country is heading in."

Another key employee is Fetter, a veteran of MMA Financial and Raymond James. He was one of Seminole's first employees and has worked his way up to become executive vice president of credit and risk management and oversees underwriting, loan servicing and asset management. In other words, he reviews and structures deals Diaz brings in — a crucial function — but Seminole also has a third-party investment committee that looks at all potential deals.

'NO DUMB DEALS'

As a privately held lender that doesn't have to operate within the same confines as big banks, Seminole is not only nimble but can also be highly selective about who it does business with.

"We are business people, not bankers," Banks says, "and our motto is 'no dumb deals.' The numbers behind a deal might look great, but it's the people behind the deal [that matter]. If you don't feel comfortable with the people involved, don't do the deal."

Campbell adds, "Do business with the people you like to do business with. That's been a big part of our success here, and the success we've had with our banking relationships and that type of thing. You get to know someone, you say you're going to do something and you go out and do it, and then you gain credibility."

Banks and Seminole's co-principals seemingly have a knack for sniffing out "dumb" deals. They've helped finance 230 projects since that first wind farm in Washington State, and nary a single one has fallen apart, according to Banks.

WINDS OF CHANGE

Seminole doesn't change its approach much whether times are good or bad. Banks says the principals formulate a budget every year and try to forecast where they might look to do deals, but because of the rapid pace of technological change in renewable energy, "we don't sit down and have a five-year plan or whatever," says Banks. "We look at it more like, 'whatever comes our way.' Two years from now, we might be doing something we aren't even talking about right now."

The firm will finance a handful of student housing projects this year in university towns in far-flung places such as Montana and Arizona but will mainly focus on renewable energy. "We think that the real estate market has peaked ... there's going to be a train wreck within the next couple of years," Banks says, "so we're kind of holding back and just dealing with developers that we've had a great deal of experience with."

Seminole declines to disclose its revenue figures — Banks, who doesn't take a salary, says it's "substantial" and "we've been profitable every year, enough so that we've established a net worth north of eight figures" — but is forecasting 20-25% growth in 2018 thanks to recently becoming an approved lender in the U.S. Department of Agriculture's Rural Energy for America (REAP) loan program. "That will give us the ability to do more permanent loans," he says, "which we haven't been able to do as much."

In addition to keeping a low profile and being selective about its clientele, Seminole's success can also be attributed to its conservative roots in Midland. Although its portfolio today is made up of 20% affordable and student housing and 80% renewable energy, it views "growth as a byproduct of excellence," in Banks' words, as opposed to an end in itself.

"It's not like we're smarter than everybody else," he says. "We have a way of doing business that works for us and we want to keep it that way. We know all of the people we're dealing with and we're very happy with the volume that we have ... we don't want to get ahead of ourselves. When money chases people, bad things happen. You start stretching to do deals just because you have money sitting there."

EXECUTIVE SUMMARY

Company. Seminole Financing **Industry.** Private lending **Key.** Low-key firm has quietly become a leader in renewable energy financing.