ZIONS PUBLIC FINANCE, in Partnership with

Seven County Infrastructure Coalition
Proposal to Serve as Financial Advisor

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Prepared by
Zions Public Finance
Thursday, January 3, 2018
Experience. Integrity. Scale.
# CONTENTS

| TAB A—INTRODUCTORY LETTER |  
|----------------------------|---|
| TAB B—DETAILED DISCUSSION |   |
| MUNICIPAL ADVISORY TEAM | 1 |
| APPROACH AND METHODOLOGY | 3 |
| EXPERIENCE WITH PUBLIC SECTOR PROJECTS AND EMERGING TECHNOLOGIES | 6 |
| OTHER SERVICES AVAILABLE | 9 |
| FEES FOR MUNICIPAL ADVISOR SERVICES | 10 |

APPENDIX A—RÉSUMÉS
APPENDIX B—SAMPLE STRUCTURE MODEL
APPENDIX C—SAMPLE TRANSACTION LIST
APPENDIX D—BOND BUYER ARTICLE: “Salt Lake County’s Solar Project Finally Bears Fruit”
Thursday, January 4, 2018

Seven County Infrastructure Coalition
Attn: Mike McKee and Eric Johnson
5995 South Redwood Road
Salt Lake City UT 84123

RE: Request for Proposals #UU93493978 for Municipal Advisory Services to the Seven County Infrastructure Coalition dated November 22, 2017

Dear Messrs. McKee and Johnson and selection committee members:

Thank you for the opportunity to respond to your Request for Proposals, dated November 22, 2017. Zions would love the opportunity to serve as Municipal Advisor to the Seven County Infrastructure Coalition (the “Coalition”). We believe that Zions Public Finance is the firm best capable of delivering the comprehensive service and expertise the Coalition deserves, and hope that our proposal earns us the opportunity to demonstrate why Zions has been the leader in municipal advisory services in Utah for years.

Zions Public Finance, Inc., a wholly-owned subsidiary of ZB, National Association, is a Utah corporation and is headquartered in downtown Salt Lake at One South Main Street, 18th floor, Salt Lake City, Utah 84133. Our telephone number is 801-844-7373 and our facsimile number is 801-844-4484.

Zions will assign a team of advisors to assist the Coalition; however, we will assign Marcus Keller as the primary contact and engagement manager regarding this proposal with Alex Buxton as the secondary contact and engagement manager back-up.

Primary contact: Marcus Keller, Assistant Vice President
Direct phone number: 801-844-7374
E-mail: marcus.keller@zionsbancorp.com

Secondary contact: Alex Buxton, Vice President
Direct phone number: 801-844-7380
Email: alex.buxton@zionsbancorp.com

Messrs. Keller and Buxton will have the support and back up of the largest financial advisory team in Utah, as well as our satellite offices. We believe that the knowledge, depth, local presence, experience, community involvement, and accessibility of the team we offer the Coalition cannot be matched.

In our RFP response, we will highlight the following:

1. Zions knows the Coalition and its surrounding communities. We believe that rural Utah is an integral part of Utah’s economy, and have always strived to treat it as such. Over the past 5 years we have worked with municipalities within each of the seven counties that comprise the Seven County Coalition. We value this partnership with rural Utah and unlike our com-
petitors we are active in these areas even during times of minimal debt issuances. We believe that it is important to build strong relationships with our clients and these are built through hard work and active participation in their area.

2. Zions is the local expert on emerging technologies and related financings. As the financial advisor to several renewable energy and traditional energy projects analyzed and financed by the Utah Associated Municipal Power Systems (UAMPS), Utah Municipal Power Agency (UMPA) and several Utah counties and cities who are issuing bonds for energy related projects, Zions knows all of the available subsidies, financing structures, necessary agreements and contracts and other details needed to successfully issue this type of revenue backed debt. To our knowledge we are one of only a couple of firms locally to have completed an energy project that utilized a Special Purpose Entity (SPE) and who is active in this market.

3. Zions is the most experienced financial advisory firm in Utah. During the past 5 years, the Zions team has advised on 311 issuances totaling over $5.2 billion. Locally, Zions is the largest and highest ranked financial advisor in the State of Utah during the past decade. During this time, Zions has worked on more transactions than all our competitors combined. Zions Utah office has significant resources the Coalition can call upon locally, including a staff of 18 people who are committed to serving the Coalition.

4. Zions has the largest financial advisory staff in the state and the most local resources available to the District. Our staff includes 13 licensed municipal securities representatives, a GIS analyst, a certified planner, and educational credentials in business, economics, public administration, and a variety of other disciplines. We have the state’s leading experts in capital facilities finance plans, in-house. We have an expert on financing emerging technical projects, in-house. We have the ability to analyze and monitor the Coalition’s debt for structuring alternatives and refunding possibilities, in-house. We have financial analysts that can create programs or models to evaluate any financing scenario that may be considered or proposed, in-house. We have disclosure experts who can write your official statements and continuing disclosure reports, in-house. For interest rate verification, we have the only municipal underwriting desk in the State of Utah, in-house. We stand by to guide you through your financing from the very beginning until the very end.

5. We are local. Zions Bank robustly supports the local economy and is part of the Seven County Infrastructure Coalition by paying property, payroll, and corporate income taxes, and proudly serving customers from 11 locations within seven county boundaries. Zions employs approximately 79 employees within the seven county boundaries. Hiring Zions Bank improves the local economy.

6. Zions’ balance sheet is strong, and the Coalition can have confidence that Zions will maintain its prominent presence in the Utah municipal market going forward, as we have for decades. We have read your scope of services and believe that we do not just meet the minimum requirements to serve as your financial advisor, but in fact, our services go far beyond. We are thrilled to share with you how we can best serve the Coalition.

Zions’ commitment is to obtain for the Coalition the lowest possible borrowing cost by walking you
through a process that ensures openness, transparency, checks and balances, competition, and accountability. Zions adheres to the Government Finance Officer’s Association’s (GFOA’s) “Best Practices” and recommendations regarding the sale of municipal bonds. We invite you to speak with our listed references, or any of our financial advisory clients, about the confidence they have in the process we walk them through in issuing debt.

We would welcome the opportunity to serve as the Seven County Infrastructure Coalition’s financial advisor. We hope that our unmatched financial advisory experience in Utah, combined with the size and strength of our local team, the overall strength of our firm, and our local presence, merit our appointment as the Coalition’s financial advisor. Please feel free to contact Mr. Keller or Mr. Buxton with any questions.

Sincerely,

Zions Public Finance

[Signatures]

Marcus Keller, Assistant Vice President

Alex Buxton, Vice President
Municipal Advisory Team

Zions Bancorporation is one of the nation’s premier financial services companies with total assets exceeding $65 billion. Zions operates under local management teams and distinct brands in 11 western states: Arizona, California, Colorado, Idaho, Nevada, New Mexico, Oregon, Texas, Utah, Washington and Wyoming. The company is a national leader in Small Business Administration lending and public finance advisory services, and is a consistent top recipient of Greenwich Excellence awards in banking. In addition, Zions is included in the S&P 500 and NASDAQ Financial 100 indices.

In the third quarter of 2017, Zions Bancorporation reported assets in excess of $64.5 billion and shareholder’s equity of approximately $7.7 billion.

Zions Bancorporation is a publicly traded company. The company’s common shares are traded on the Nasdaq Stock Market under the symbol “ZION.” The Company had approximately 199,712,000 shares of common stock outstanding at the close of business on September 30, 2017.

Zions Public Finance, Inc. | Zions Public Finance, a wholly-owned subsidiary of ZB National Association (Zions Bancorporation) and is a corporation and is one of the most successful municipal advisory establishments in the country. For over 100 years, Zions Public Finance and its predecessor companies have provided financial advice to Utah municipal clients. Zions is the leading provider of municipal advisory services in the State of Utah, and has been for many years. We think the work done by our professionals locally provides a measure of the qualifications of those working for the Coalition.

Zions’ local staff includes 13 licensed municipal securities representatives, a GIS analyst, a certified planner, and educational credentials in business, economics, public administration, and a variety of other disciplines. Our staff is represented with membership in the Utah League of Cities and Towns, Utah Economic Alliance (board member), Utah Redevelopment Alliance, Utah Association of Special Districts, Wasatch Front Regional Council Comprehensive Economic Development Strategy (CEDS) Committee, UTA Transit-Oriented Development Implementation Advisory Board, the Government Finance Officers Association, and a host of others. In addition, we have the full resources of Zions Bank at our disposal, which include commercial banking and real estate departments, the investment division consisting of the tax-exempt municipal bond portfolio and capital markets.

Zions supports all local governments in Utah, regardless of size. Our clients include several of the largest issuers including the State of Utah, UTA, UAMPS, and Salt Lake County as well as some of the smallest issuers (we recently did a financing for the town of Ticaboo). By intention, we service all segments and sizes of governmental issuers. Instead of dissipating our resources, working with smaller clients actually adds to our experience and abilities. Often, the smaller clients must become the most creative when finding financing solutions since their capital costs tend to take a larger portion of their overall budgets while their revenue bases are smaller. On many occasions, we have applied what we have used working with a smaller entity to a larger client.

Team Approach | The size and depth of the Zions team is unrivaled by our competition. Our team of professionals is known and trusted by municipal entities throughout the State of Utah. We have the state’s leading experts in water rate studies and capital facilities finance plans, in-
**Detailed Discussion**

*House.* We have an expert on financing renewable energy and energy efficiency projects, *in-house.* We have the ability to analyze and monitor the Coalition’s debt for structuring alternatives and refunding possibilities, *in-house.* We have financial analysts that can create programs or models to evaluate any financing scenario that may be considered or proposed, *in-house.* We have disclosure experts who can prepare bond offering documents and continuing disclosure reports, *in-house.* We have an entire team of professional and experienced bankers that will always be available to assist the Coalition in any possible way.

To ensure the City has the expertise it needs, Zions will assign **multiple team members** to the Coalition, with Marcus Keller, Assistant Vice President, being the point of contact. As you will see from the résumés located in **APPENDIX A,** Zions offers seasoned professionals that have extensive **specialized** experience and understand the high level of service that the Coalition requires. Each professional will dedicate the time required to provide that service. All of the analytical, statistical, research, municipal advisory assets of the firm will be marshaled and focused by Mr. Keller, and he will have the support of the **entire staff** here in Salt Lake City.

The following individuals will be assigned to Seven County Infrastructure Coalition:

<table>
<thead>
<tr>
<th><strong>Team Member/Area of Expertise</strong></th>
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<tr>
<td><strong>Jon Bronson, Vice President</strong></td>
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<td>Expertise: Special Assessment</td>
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<td><strong>Matt Millis, Vice President</strong></td>
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**MSRB/SEC Registration** | Zions Public Finance is registered with the MSRB and SEC as a Municipal Advisor and as a Municipal Securities Dealer, respectively. Each registered representative employed at Zions Public Finance, Inc. is registered with the SEC as a municipal advisor. All Zions personnel assigned to the Coalition, with the exception of staff, have taken and passed the Municipal Advisor Representative Qualification Exam Series 50. Zions Public Finance’s MSRB number is K1080 and SEC CIK number is 0001628261.

**Local Presence, Availability, and Responsiveness** | Choosing Zions mutually benefits our community, not only in terms of an effective financing, but in the many forms of reinvestment in the local economy through employment taxes, and regenerating growth. Local government entities often spend countless hours and dollars to persuade businesses to locate within
their boundaries. When possible, it makes sense to also do business with those located in the same city if they can deliver the service being sought.

With 21 members, the local Zions team is the largest and most-qualified in the state. Whatever resources Zions or other respondents have located outside of Utah, our experience is that you will be principally served by those who are here locally. Our resources are local.

Other firms must rely on individuals located far from Utah in order to provide services that Zions offers locally. In addition, we have a collaborative, team approach to what we do. As a result, if your primary contact is for some reason unavailable, there will be at least two other individuals in our office who would know the status of our work for the Coalition and be able to help and follow up with any new questions or issues. Other local providers do not share this same team approach, or simply don’t have other local resources available. As a result, if you call and your primary banker is not there, there may not be another person who would have any idea how to assist you. The Coalition deserves immediate service it can always count on.

**Approach And Methodology**
Zions Bank is prepared to meet each requirement of this solicitation, and can state without hesitation that we are the firm best qualified to provide the level of service the Coalition requires and expects from its financial advisor. Zions is unmatched in providing innovative financing solutions to Utah governmental entities as a financial advisor.

**Financial Advisory Philosophy** | In the performance of our role as financial advisor, we would guide the Coalition using the following philosophy:

- **You are the boss.** The issuer is in control of the types of services that they would like us to perform. Policy decisions are reserved for the officers of the issuer. Our role is advisory only.
- **Leadership.** It is essential that we take leadership initiative in bringing to the attention of the issuer current financial trends which will provide an economic benefit and to point out trends that tend to increase risks to the issuer.
- **What are your options?** It is our obligation to outline all options that might be applicable to a particular financing need.
- **What are the side effects?** We intend to advise issuers as to the ramifications of any particular course of action.
- **Recommendation.** We will provide leadership by clearly outlining our recommendations concerning the most desirable course of action.
- **Protecting your bond rating.** We will work to protect the credit rating of the issuer. The bond rating for an issuer is a highly valued asset for its citizens. We intend to reveal the credit implications of any financing concept.

**Financial Advisor Responsibilities** | In the performance of our role as financial advisor, we would be involved in the responsibility areas outlined below:

- **Analysis of the Financing Alternatives:** This would include a review of outstanding debt, analysis of revenue sources, analysis of the costs and phasing requirements of the Project including timing considerations, business analysis of various legal structuring alternatives available to the issuer (we do not act as
legal counsel, but we need to have a familiarity with the legal concepts involved, especially as to their business implications. This includes outlining the pros and cons of each financing method to ensure the issuer can make an informed decision based on our recommendation. Additionally, Zions will pay close attention to risk allocation and mitigation. Local governments need not take upon themselves undue risk.

Zions has more experience with energy-related financings than any other firm in Utah. We have included a comprehensive overview of our recent energy financing work that is relevant to the Coalition’s prospective projects. Part of our analysis involves the use of customized computer models that compare the different types of financing structures available to the Coalition that take advantage of possible subsidies so you know which type of structure will result in the lowest cost. These models evaluate the advantages and disadvantages and impacts to the Coalition for each type of financing proposed, including the impact of project costs, cash flow projections, and rate implications. We have included a sample of one of these models for you in APPENDIX B—“Sample Structure Model”.

**Negotiation of Project Agreements:** Zions is very familiar with negotiating project agreements that are used for a successful energy project financing, which may include a Power Purchase Agreement with a Special Purpose Entity, a Take-or-Pay Power Sales Contract, agreements to purchase steam, and contracts with the federal government, among others. We will leverage our experience in helping draft Requests for Proposals for Special Purpose Entities and Power Purchase Agreements with the Coalition, along with our experience in working with the federal government to enter into long-term energy contracts.

- **Credit Enhancement:** While the market surrounding bond insurers and credit enhancement providers has changed considerably over the past decade, we still work closely with these service providers. In fact, we recently secured the use of a surety bond for one of our clients that did not require the additional purchase of bond insurance, which will help them reduce the amount of bonds they need to issue to fund a debt service reserve fund, saving them money.

- **GFOA Best Practices:** Zions adheres to the GFOA Best Practices for debt issuance with our clients. We are strong advocates for competitively offered bond transactions, and have cultivated a very active market of underwriters seeking to purchase Utah bonds. Over the years, several underwriters have expanded into our market area as a direct result of Zions reaching out and inviting them to come compete for business. As a result of the interest generated, not only do we see significant interest in competitively offered bonds (we recently competitively offered Salt Lake County bonds with 11 underwriters from all over the country submitting bids), but also negotiated bond issues as confirmed by the 17 underwriting firms that responded to a recent RFP for a negotiated underwriter.

- **Availability and Responsiveness:** Availability and responsiveness are just as important as professional competency—if your competent banker is always unavailable, they are just as useful as an incompetent but available banker. Both competency and responsiveness are critical. We invite you to contact any of the clients we serve as financial advisor and
inquire as to our ability to provide superior service in a timely manner

- **Scheduling:** Zions will create a calendar of events mapping out the path to a successful bond issuance, prepare a distribution list, and ensure that the financing team moves forward to meet each deadline leading up to the sale and closing of the bonds.

- **Drafting the Official Statement:** Zions works with the issuer in preparing the issue for market, drafting the Official Statement, coordination with Bond Attorneys regarding legal documentation and disclosure requirements. (Zions Bank Public Finance is the only financial advisory firm in Utah that maintains two full time technical writers for Official Statements (Eric Pehrson and Cara Bertot). Eric Pehrson has been in this technical end of the business for nearly 30 years and is a recognized bond “disclosure expert.” This is an area where experience counts. Whether or not Zions is writing an official statement, it is important to have our experts available for review.

- **Structuring the Deal/Computer Cash Flow Analysis:** Analyzing the debt service requirements from its many perspectives and producing debt service reports to illustrate the financing options available to the governing body including refunding alternatives that may produce a savings. This may include analysis of the benefits of insuring bonds with a recognized bond insurer, the pros and cons of various call provisions, coverage requirements, the repayment structure, and other quantitative analytical requirements.

- **Economic Implications:** Advise the Coalition on the timing of sale, including the economic implications of bringing an issue to market in a certain time frame. Familiarity with current market trends and potential changes in the market in the near future is important here. We also check the sale date against other competing issues coming to the market at roughly the same time, and against the release of important economic data by the federal government and the Federal Reserve. Certain dates and situations should be avoided.

- **Rating Presentations:** Zions has decades of experience in assembling pertinent rating presentations which have been professionally recognized by the rating agencies as providing necessary information instrumental in receiving excellent ratings for our clients. Because of our familiarity with the seven-county area we are in a prime position to continue to be helpful to the Coalition in the rating arena.

- **Investor Relations:** Zions has implemented an investor outreach program that involves tracking the principal institutional investors that purchase our client’s bonds, including detail about which maturities are purchased by which investors. The program’s goal is to stimulate pre-sale demand for our client’s bonds and thereby secure lower interest rates.

- **Selection of the Appropriate Method of Sale:** Parity electronic bid submission platform is the method of choice in the market for competitive bond sales; Zions continues to urge local issuers to take advantage of the lower underwriting spreads and lower bond yields that are available through competitive sales. Additionally, we are often involved in the RFP process to help our clients select an underwriter through negotiated sale. In this regard, we often draft the RFP, distribute it to interested underwriting firms and assist the issuer in the selection process by reviewing the qualifications of underwriters and preparing a
spread sheet of responses for ease of analysis. Zions also has been a leader in selecting private purchasers of bonds through a Request for Bids process having used such a process 112 times for our clients during the past 5 years.

- **Police the Costs of Issuance Budget:** We review the costs of issuance budget to make sure that costs and fees are in line, and are reasonable given the type and nature of the financing transaction.

- **Arrange the Closing:** Once the bonds are sold, we assist the issuer in preparing for the closing including distribution of the closing memorandum, review of closing documents and making arrangements so that the transfer of funds is smooth and uneventful.

**Experience With Public Sector Projects and Emerging Technologies**

No firm in Utah has worked on more energy-related municipal financings than Zions. When the State of Utah, UAMPS, UMPA, the Church of Jesus Christ of Latter-day Saints, and other local governments and private energy project developers have questions about energy financing structures and incentives, they call Zions Public Finance. We have included a list of relevant transactions over the last five years for your reference in [APPENDIX C–Sample Transaction List (Five Years)].

**UAMPS:** For the past several years UAMPS has engaged Zions to act as financial advisor on nearly all of its new renewable energy projects including: 1) a $60 million, 8 MW Kern River Waste Heat Project in Washington County, Utah that utilizes waste heat from the Kern River pipeline to generate steam to power a gas turbine, 2) a $20 million Natural Gas Co-generation plant with contracts to sell steam to the JBS meat packing plant in Hyrum, Utah, 3) a Landfill Gas to Energy project in conjunction with the Southern Utah Valley Solid Waste District in Genola, Utah, 4) Several 20 MW solar photovoltaic projects for which UAMPS has requested numerous feasibility analyses for its members.

**UMPA:** We are currently working as financial advisor to UMPA to identify several energy resource and financing options for a new and very large power supply that will need to be constructed or purchased via contract after most of UMPA’s existing agreements and associated debt are completed in three years. This ongoing analysis includes natural gas fired projects and possible renewable energy projects.

**Salt Lake County:** As financial advisor to Salt Lake County, in 2010 Zions helped structure the financing of the 1.7 MW photo voltaic solar roof array that covers the roof of the Salt Palace, one of the largest of its kind in the United States. We worked closely with the County for over three years to develop a financing structure that took advantage of a 1) Power Purchase Agreement with a Special Purpose Entity created for the financing to capture the 30% investment tax credit cash grant 2) a New Markets Tax Credit subsidy 3) the issuance of a Qualified Energy Conservation Bond (QECB) at 2.25% and 4) two federal renewable energy grants. The result of this structure, which to our knowledge had never been utilized before to take advantage of so many subsidies, was a cost of solar power to Salt Lake County at traditional market prices and the Council of Development Finance Agencies National Excellence in Tax Credit Finance Award for 2012.

We have included an article that was published in the Bond Buyer that highlights the intricate details of this financing along with a chart that explains the innovative, yet complicated nature
of this financing. Please see APPENDIX D—“Bond Buyer Article: Salt Lake County’s Solar Project Finally Bears Fruit.”

**Ticaboo Utility Improvement District (TUID):** In 2013, Zions helped the TUID, which is located over 50 miles from the nearest grid connection, finance new diesel generators to provide a firm base load of power for its users. We are in the process of helping TUID enter into a long-term Power Purchase Agreement with the National Park Service to provide 3 MW to 6 MW of solar photovoltaic power to the Lake Powell National Recreation Area (NRA) to help the NRA meet its requirements to generate and use renewable energy.

**Weber County:** As financial advisor to Weber County, Zions helped issue taxable bonds in 2004 for a methane gas collector and generator at the Weber County landfill that collects methane to produce electricity that is sold to Rocky Mountain Power. The County was able to monetize its carbon credits from this project by selling some of them on the Chicago Climate Exchange (CCX), when the exchange was still operating.

**Church of Jesus Christ of Latter-day Saints:** When the Church of Jesus Christ of Latter-day Saints wanted to put solar panels on meeting houses in Davis County, in Nevada and in Arizona, the Church engaged Zions as a consultant to determine how to best qualify for the numerous available subsidies to reduce the project costs. We worked closely with the US Department of Treasury, Department of Energy and the IRS to develop a leasing model that would allow the Church to claim the Investment Tax Credit 1603 Cash Grant subsidy and reduce the cost of the project and power produced.

**Other local governments:** We frequently work with numerous local governments throughout Utah, who generate and transmit their own power by helping them finance natural gas, hydroelectric, solar and just about any other type of power generation system that can be financed.

**Landfill Projects:** Zions acted as financial advisor to the Eastern Idaho Regional Solid Waste District to determine the feasibility of issuing debt to finance a waste to energy facility that would process over 120,000 tons of waste per year and sell the power to Idaho Power. Zions also prepared a financial analysis for the Northern Utah Regional Landfill Authority to study the cost of acquiring and operating a long-term regional landfill in Box Elder County determine the feasibility of issuing bonds to acquire a new landfill that would provide waste disposal services to five counties.

**Circle Four Farms:** Zions assisted with the issuance of bonds for the Circle Four Farms gas collection and energy production facility in Beaver County, Utah. This financing utilized a corporate letter of credit to guaranty the financing and provide energy from the waste produced at the site.

Almost all of the projects mentioned have required the analysis of possible federal subsidies, including Investment Tax Credits (ITC) and Production Tax Credits (PTC) as well as Modified Accelerated Cost-Recovery Systems (MACRS) and Bonus Depreciation Accounting subsidies. Since local governments do not typically qualify for these tax-related incentives on their own, a financing structure is created that utilizes a taxable Special Purpose Entity (SPE) who can claim these incentives and pass the savings from the incentives back to the local government in the form of lower costs through a Power Purchase Agreement (PPA). After 6 years, all of the federal incentives have been
fully utilized by the SPE and the local government can either continue to pay for power through the PPA or it can choose to purchase the project from the SPE at fair market value and operate it on its own.

For each project we are engaged to work in we have prepared complex financial models to generate side to side cost and feasibility analyses that measure the benefits and costs of the following financing structures: 1) municipal owned project financed with municipal bonds, 2) 3rd party SPE owned project with a PPA to sell power to the municipality through the life of the project, 3) 3rd party SPE owned project with a PPA to sell power to the municipality with the option of the municipality to purchase the project in six years after the project has utilized all of the tax-related subsidies 4) 3rd party SPE owned project with a PPA that is financed by tax-exempt municipal bonds through a pre-pay agreement with a municipality who is purchasing the power. As mentioned earlier, we have included a sample of one of these models for you in APPENDIX B—“Sample Structure Model” that measures the cash flow and cost of power using four different financing structures.

Zions is the leading provider of financial advisor services in the State of Utah for municipalities. Zions is proud to be the financial advisor to some of the smallest communities in Utah, as well as the largest issuer of bonds. Zions also provides financial advisor services to all types of bond issuers in the seven-county region, including counties, special districts, cities, school districts, non-profits and other local governments so we are aware of the various types of bond structures and financing options available for all types of bond issuers.

We do not serve a “niche” market. In fact, we are involved in advising or underwriting capital improvement project financings for the largest of projects in Utah as well as the very smallest. On any given day our professionals may be involved with multi–million dollar projects for the State of Utah, Utah Transit Authority and other large issuers of bonds in the state. At the same time, we are involved in financing municipal equipment leases, small water and sewer projects for rural Utah communities and everything in between.

As we are involved in such a wide variety of Utah financing projects, we also have been heavily involved in caring for Utah’s municipal finance laws and have worked hard over the years to ensure that Utah local governments have access to legal structures that will provide them with low cost financing.

Redevelopment Agency Bonds | Chobani Greek Yogurt needed to expand operations. Zions helped facilitate the financing of water and sewer infrastructure for a new plant in Twin Falls using incremental tax revenue derived from a redevelopment project area as the payment source. The new facility was projected to create 600 new jobs, which in turn stimulated an additional 6.6 auxiliary jobs to service the new demand. The expected economic benefit to the region exceeded $1.3 billion annually.

Although the projected incremental cash flow expected was in excess of 2.5 times the annual debt service on the bonds, the project was new and pro forma data was not sufficient to convince investors to buy. To mitigate the pro forma risks, Zions implemented a strategy that collateralized the land on which the plant was situated in a Special Assessment Area.

Experience with Transportation | Zions has been involved in every UTA financing going back well over a decade—comprising all of the Authority’s large bond deals associated with
the construction of the crucial TRAX and Front-Runner projects. We were partners with UTA in developing the funding tools and strategy for the entire program, including the proposed Salt Lake County general obligation bond election in 2006 that was on track, prior to the legislature making other funding tools available.

**Other Services Available**

**Economic Development Financing and Special Assessment Bonds |** Zions is uniquely situated to provide a full array of financial services to the Coalition and is pleased to include as part of our team, Ms. Susie Becker, one of the foremost municipal consultants in the State. We are confident that our expertise in this area is unsurpassed.

At an additional cost, our municipal consulting teams are available along with all the other personnel and resources of Zions, for service if any of the items below are needed.

1. General plan assistance
2. Land use plans
3. Long-term capital facility finance plans or sustainability plans
4. Asset management plans
5. Annexation studies
6. Utility rates studies
7. Tax increment studies
8. Economic development studies and strategic plans
9. Sales tax leakage analysis
10. Feasibility studies
11. Grant writing
12. Business license fees
13. Affordable housing plans
14. Special assessment area administration
15. Many, many more

Zions is well known and respected throughout the Intermountain Region for its leadership in economic development, redevelopment, market analysis, capital facility finance planning or sustainability plans, feasibility studies and fiscal/economic impacts analysis.

Our consulting and finance teams have successfully worked together in many instances to facilitate economic development through the creation of tax increment project areas, placed special assessment area (SAA) overlays on these tax increment areas, assessed the fiscal impacts from various types (and timing) of development, assessed market conditions and prepared market analyses, written and submitted successful grants, and evaluated appropriate incentives that attract high-priority development and motivated the developer to perform. We understand the importance of identifying the specific cash flows (revenues and expenditures) associated with a project in order to maximize funding options.

Zions has also developed numerous rate studies for various utility funds throughout the State. Again, value is added as we work hand in hand with the municipal advisors to assess needed rate increases in order to maintain debt coverage ratios and cash on hand that impact credit ratings and to plan for future capital projects and required funding levels.

Our consultants have created numerous economic development plans and redevelopment areas, and recently wrote an Economic Development Best Practices to be included as part of a Salt Lake County-wide Cooperative Plan. Zions is actively involved with redevelopment in Utah and is currently helping to shape RDA policy. Zions was recently asked to testify at the State Capitol in front of the Legislature’s Economic Development Task Force on economic development and financing issues, focusing mainly on redevelopment policies in Utah.

Zions advised Weber County when issuing $17.67 million of special assessment bonds to
help develop the Powder Mountain Ski Resort. Impeccable attention was paid to the risk exposure to the county and what could be done to mitigate it. Zions helped the county structure three levels of reserve funds and a capitalized interest fund to protect the county from shortfalls in bond payments. The strong backing of the county made it possible for the bonds to receive a high investment grade rating of AA– by S&P, almost unheard of for this type of financing. It is important that the City realize that, while the Summit Group also had a financial advisor, only Zions was working as a fiduciary watching out for the Weber County’s best interests. We NEVER work as advisors to developers in situations that would compromise our ability to provide objective advice and counsel to our clients, this is in large contrast compared to some of our competitors.

**Strategic Financial Planning and Long-Term Sustainability Studies |** Zions has assisted local governments across the State in preparing long-term sustainability studies, what we call Capital Facilities Finance Plans. Recently Zions prepared a plan for Herriman City which analyzed the long-term capital and operational expense projections for the City’s 19 departments funded through Herriman City’s General Fund. The areas of focus included staffing and vehicle projections, capital repair and replacement and ongoing capital needs. We evaluated the balance of revenues with expenses to be sure that Herriman City was not too reliant upon one-time fee collections and that revenues considered the increases to costs from both inflation and increased scale of operations as Herriman City grew. A level of service was determined for each department within the study based on current funding and Zions evaluated the costs, with help from city staff, to increase the level of service to judge a cost benefit of increasing or decreasing a level of service. The detailed analysis involved key staff and the City Council throughout the entire process and incorporated staff and council recommendations. Risk evaluation and identification of unpredictable variables such as the economy and the rate of population growth were carefully considered. At the end of the study the Council was presented with six scenarios to help determine funding goals and a more sustainable future.

This is one example of the type of sustainability studies that we can do to ensure that all long-term and short-term costs are considered. The study can be tailored to each city depending on need, availability of data and the level of detail desired.

**Fees For Municipal Advisory Services**

**Bond Issuance Expense |** We would be willing to negotiate fees with the Coalition in order to demonstrate our commitment to this account, but would propose a fee of $1.75 – $2.45 per $1,000 of bond proceeds, with a minimum fee of $20,000 per bond issue. This price per bond would vary depending on the complexity of the deal.

**Other Payment Methods |** In addition to the price per bond, Zions would require an hourly rate depending on the type of work that would take place. We would set a max fee of $1,000/day on any of the scheduled monthly meetings we are invited to attend. The studies group would charge a separately fee pending the use of their services.
**Hourly Fee Schedule**

**Bankers/Quantitative Group**  
VP: $300/hr  
AVP: $225/hr  
Analyst: $175/hr

**Studies Group**  
VP: $275/hr  
Senior Analyst: $200/hr  
Analyst: $155/hr

**Other Out–Of–Pocket Expense |** The Coalition would be expected to reimburse any out-of-pocket expenses incurred by Zions. These expenses would generally include the following and are reimbursable at cost:

- Copying/Printing
- Rating trip and presentation expenses
- Conference call expenses
- Travel (based upon mileage and IRS reimbursement rates)

These expenses would be approved by the Coalition before being incurred and are typically paid for from the bond proceeds. It is difficult to estimate out-of-pocket expenses in advance; however, our experience shows that they are usually less than $1,000 for a bond issuance. If rating trip costs are included, these costs can increase significantly, but are always reimbursed at cost. There are other expenses that are related to a competitive bond sale that Zions will typically pay for in advance, and then obtain reimbursement from the Coalition as part of our invoice. These include costs relative to the competitive sale electronic bidding platform, CUSIPs, and electronic distribution of the preliminary official statement. The Coalition will be asked to approve any of these expenses before they are incurred.
APPENDIX A

Résumés
Marcus Keller will be assigned to marshal the resources of our experienced team and will have back up by Alex Buxton and the entire team in Salt Lake City. This team approach to staffing for the Seven County Infrastructure Coalition will help us meet several goals. First, we are able to rely on the strengths of the various individuals to maximize the quality of our service. Second, by having more than one advisor actively working the assignment, we are able to ensure that an advisor with real knowledge of your activities is available to meet your needs at all times, regardless of other client commitments, vacations, or other conflicts. Finally, multiple advisors help to ensure the high standard of quality that we believe is appropriate in our work. This Zions team is without equal based on its overall experience in general and with the Coalition specifically, coupled with an unsurpassed team of quantitative analysis professionals, an expert research and disclosure team, and a municipal consulting group which can help with capital projects plans as needed.

### Bio

**Assistant Vice President**
Zions Public Finance

**EMAIL:** marcus.keller@zionsbancorp.com  
**PHONE:** 801-844-7374  
**FAX:** 801-844-4484

### Education

**BS, Brigham Young University–Idaho**

**Licenses**

- Municipal Securities Registered Representative (Series 52)
- Municipal Advisor Representative (Series 50)

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**Mr. Keller joined Zions in Salt Lake City in 2014. Since joining Zions, he has worked on general obligation bonds, revenue bonds, short-term notes, lease revenue bonds, local improvement district special assessment bonds, and special assessment administration. Mr. Keller is currently the municipal advisor to San Juan School District and Beaver City, and provides municipal advisory support to the Uintah Basin.**

*Since joining Zions Public Finance, Mr. Keller has advised 18 transactions totaling over $324 million.*

**Mr. Keller earned a BS degree in Business Management with an emphasis in Finance at Brigham Young University – Idaho. He graduated in 2014 and was the recipient of a full tuition academic scholarship. Mr. Keller is a registered Municipal Securities Representative and holds a Series 52 license.**

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### Bio

**Vice President**
Zions Public Finance

**EMAIL:** alex.buxton@zionsbancorp.com  
**PHONE:** 801-844-7380  
**FAX:** 801-844-4484

### Education

**BA, University of Utah**

**Licenses**

- Municipal Securities Registered Representative (Series 52)
- Municipal Advisor Representative (Series 50)

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**Mr. Buxton is a registered Municipal Securities Representative for Zions and has extensive municipal finance experience throughout Utah and Idaho. He joined Zions Public Finance in 2001. Since joining the Zions team, Mr. Buxton has assisted in well over a $2 billion in municipal transactions. During the last five years has served as lead banker on approximately $1.5 billion on over 128 municipal**
financings. He also works extensively with municipal bond elections and provides financial advisory services to a wide range of clients, including many school districts, counties, cities, and special districts. Mr. Buxton acts as lead financial advisor to Kearns Improvement District, Magna Water District, Taylorsville-Bennion Improvement District, and Sandy Suburban Improvement District. He specializes in the financing of education, water, sewer, power, roads, municipal facilities, RDA projects and has worked with several manufacturing companies in issuing tax-exempt Industrial Development Bonds through the Private Activity Bond Authority.

Since joining Zions Public Finance, Inc., Mr. Buxton has been involved on 309 transactions totaling over $2 billion in par amount.

Mr. Buxton is a 1999 graduate of the University of Utah with a Bachelor of Arts Degree. Mr. Buxton was a high school All-American tennis player and was on an athletic scholarship while at the U of U and played on the Men’s Tennis Team. He was named a member of the conference all-academic team. After graduation from the University of Utah, Mr. Buxton spent two years in New York City working for Paine Webber on the floor of the New York Stock Exchange ("NYSE"). While at the NYSE, Mr. Buxton assisted in the trading of several billion dollars of stocks. This finance experience on Wall Street laid a solid foundation for his career now in the Municipal Bond industry.

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**JON BRONSON**  
Senior Vice President/Managing Director  
Zions Public Finance  
**EMAIL:** jon.bronson@zionsbancorp.com  
**PHONE:** 801-844-7375  
**FAX:** 801-844-4484  

---

**Bio**  
Jon Bronson is a registered securities principal and has over 25 years of experience in the investment banking industry. He currently serves as municipal advisor to Salt Lake, Washington, and Kane Counties, the City of Ivins, Wasatch Integrated Waste Management District, and the Twin Creeks Special Service District. He holds Series 52 and Series 53 securities licenses. Mr. Bronson manages all of the public finance activities of Zions in Utah, Idaho, Wyoming, and Montana.

Mr. Bronson joined Zions Public Finance in 1995. Prior to his employment with Zions Public Finance, he worked as an investment banker in the Salt Lake City office of Dain Bosworth, Inc. From 1989 to 1990 Mr. Bronson was the Supervisor of Banks at the Utah Department of Financial Institutions. While in this capacity, he provided logistical support to the Utah Money Management Council.

Mr. Bronson has been a member of the Board of Directors of the Utah Association of Special Districts for the past sixteen years where he chairs the Finance Committee. He has served as a member of the South Jordan Planning and Zoning Commission, and is a past Vice-Chairman of the South Jordan Economic Development Committee. He also has been a member of the Board of Directors of Home Savings Bank in Salt Lake City for over 24 years.

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**Education**  
MBA, University of Utah  
BA, University of Utah  

**Licenses**  
Municipal Securities Registered Representative (Series 52 and Series 53)  
Municipal Advisor Representative (Series 50)
### JOHNATHAN WARD
Vice President
Zions Public Finance

**EMAIL:** johnathan.ward@zionsbancorp.com  
**PHONE:** 801-844-7379  
**FAX:** 801-844-4484

**Bio**
Mr. Ward is a licensed municipal securities representative and has over 16 years of municipal finance experience throughout Utah and Idaho covering a wide variety of municipal needs including water, sewer, power, roads, municipal facilities, hospitals, development and more. His work includes extensive analysis and modeling for enterprise systems owned and operated by municipalities.

Since joining Zions, he has been the lead banker on and successfully completed over 390 municipal financings with a total par amount of $2.7 billion. Mr. Ward is the lead financial advisor to a wide variety local governments including, Alpine, Highland, Pleasant Grove, Farmington, Kaysville, Syracuse, Woods Cross, and a host of other cities. Mr. Ward also advises the Davis, Provo City, and Iron School Districts and others such as Davis and Weber counties and utility districts such as the Metropolitan Water District of Salt Lake & Sandy.

Mr. Ward developed and used for financing the economic development “Credit Line” allowing Taylorsville, Utah to draw down up to $10 million of tax-exempt or taxable proceeds for various project throughout the community.

To facilitate the development of property for future housing projects, Mr. Ward financed the acquisition of property in Farmington, Utah. Because housing was the intended purpose, but ultimately could change, the bonds were issued with flexible call features allowing the RDA to prepay the debt were they to sell the land and use it for other purposes.

### BRIAN BAKER
Vice President
Zions Public Finance

**EMAIL:** brian.baker@zionsbancorp.com  
**PHONE:** 801-844-7381  
**FAX:** 801-844-4484

**Bio**
Mr. Baker has over a decade of advisory experience, and currently serves as lead municipal advisor to entities including Summit County, Snyderville Basin Recreation District, Mountain Regional Water, Snyderville Basin Water Reclamation District, and a variety of area school districts. His specific area of expertise lies in transportation and energy bonds. He is he the lead financial advisor to the Utah...
Transit Authority and the Utah Associated Municipal Power Systems and Utah Municipal Power Agency.

Since joining Zions Public Finance, Inc., Mr. Baker has been involved in 248 transactions totaling over $8 billion in par amount.

Mr. Baker is a registered municipal securities representative in the investment banking industry and holds a Series 52 securities license and a Series 50 Municipal Advisory license. He previously has held both Series 7 and Series 63 licenses.

Mr. Baker is a 2004 graduate of the Brigham Young University MBA Program with an emphasis in finance, where he was the top student in his class and a recipient of the Hawes Scholarship, given to the best all-around students as demonstrated by academic excellence, leadership, maturity, ethics and values, commitment, and devotion to the Marriott School mission.

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**ALYSON PRICE**  
Vice President  
Zions Public Finance  
**EMAIL:**  alyson.price@zionsbancorp.com  
**PHONE:**  801-844-7387  
**FAX:**  801-844-4484  

**Education**  
MPA, Brigham Young University  
BS, Brigham Young University  

**Licenses**  
Municipal Securities Registered Representative (Series 52)  
Municipal Advisor Representative (Series 50)  

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Bio  

Ms. Price joined Zions Public Finance in 2007. She is the head of our quantatative group which is responsible for developing quantitative and financial analysis for the issuance of municipal bonds, including bond structuring and sizing analysis, cash flow analysis, tax impact analysis and refunding analysis. She is also responsible for the administration of several Special Assessment Areas. Ms. Price is a registered Municipal Securities Representative for Zions, and holds Series 50 and Series 52 securities licenses.

Ms. Price has extensive experience with quantitative analysis and has assisted with structuring and analyzing numerous bond transactions. She has worked on structuring general obligation bonds, revenue bonds, tax increment bonds, special assessment bonds, lease revenue bonds and stimulus program bonds. She provides quantitative analysis for issuers throughout Utah and Idaho, including the State of Utah, Utah Transit Authority, Utah Housing Corporation, and the Idaho Bond Bank Authority.

Ms. Price graduated with high distinction from Brigham Young University with a Masters of Public Administration degree with an emphasis in Public Finance. She was a recipient of the Karl N. Snow Award, presented annually to the graduating MPA student with the highest academic record. She also graduated Magna Cum Laude from Brigham Young University with a B.S. in Finance. While in school, Ms. Price worked as a graduate assistant for courses in Advanced Quantitative Decision Analysis, Ethics and Managerial Economics.
For the past 21 years, Susie has specialized in economic consulting and planning and has been the lead consultant on some of the largest and most challenging projects in the intermountain region. Susie recently wrote the Economic Best Practices for Salt Lake County that is an integral part of the Cooperative County Plan, created an urban renewal area (URA) which is the largest in the State of Utah for the town of Vineyard (former Geneva Steel Site), testified before the Governor’s Legislative Task Force on economic policies and procedures in Utah and led a team that wrote and was awarded a $5 million HUD sustainability grant for a consortium of government entities along the Wasatch Front including UDOT, UTA, Envision Utah, Salt Lake City, Salt Lake County, the University of Utah and others.

- Lincoln County, WY Economic Strategic Plan
- West Jordan Retail Sales Analysis
- Business Expansion and Retention Economic Assessment (BEAR program) for Legislature
- UDOT Project Prioritization
- West Jordan Retail Market Analysis
- Draper/-eBay Fiscal Impacts of Major Development
- Lehi Downtown Revitalization Plan (award winning)
- 50+ Impact Fee Analyses and Capital Facility Plans
- Millcreek Incorporation Feasibility Study
- Cache Corridor Strategic Plan (award winning)
- Herriman Economic Strategic Plan
- South Jordan City Economic Strategic Plan
- Tooele County Economic Strategic Plan
- Herriman Towne Center CDA
- Cache County Pepperidge Farm CDA
- West Valley City Center Market Analysis
- Sugarhouse Streetcar Alternatives Analysis
- Syracuse SR-193 EDA
- West Utah Lake Vision Plan
- Salt Lake County Regional Public Works Feasibility
- Mountain Transportation Corridor Study
- Salt Lake County Townships
- Madison County, ID General Plan
- South Ogden General Plan
- Rawlins, WY General and Economic Plans
- North Temple Redevelopment Blight Study
MATT MILLIS  
Vice President  
Zions Public Finance  
EMAIL: matthew.millis@zionsbancorp.com  
PHONE: 801-844-8397  
FAX: 801-844-4484

Bio

Mr. Millis offers over fifteen years of experience in municipal consulting including rate analyses, impact fees, financial feasibility analyses; capital facilities finance plans, and many other types of financial analyses for public utilities. Mr. Millis has provided service to the largest water districts in the state and many large communities.

Mr. Millis has a great deal of analytical and consulting experience. He has expertise in financial modeling including: forecasting, cash flow analysis and risk analysis. Matt is a licensed municipal securities representative and has been a member of the American Water Works Association (AWWA) National Rates and Charges Committee and the National Growth & Infrastructure Consortium (formerly the Impact Fee Roundtable).

Locally Matt volunteers in the AWWA Intermountain Section as Chair-Elect for the AWWA Board. Matt also serves as Section Chair of the Intermountain Section Water For People committee and is a member of the AWWA Management and Development Committee. Matt is also a member of WEAU.

In his free time Matt provides volunteer service to Water For People, the charity of AWWA, which promotes water development and sanitation projects in Central and South America, Africa, and India. Matt has participated in a system monitoring assignment in Honduras in 2008 and led a team in 2009 to Bolivia.
**Solar Project**

### INPUTS

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
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<tbody>
<tr>
<td>Total Anticipated Output/MWh</td>
<td>618,000</td>
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<tr>
<td>Year 1 Prepaid Power/MWh</td>
<td>333,000</td>
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<tr>
<td>Electricity Production Degradation Rate</td>
<td>0.500%</td>
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<tr>
<td>Prepaid Energy as a % of Expected Output</td>
<td>70.21%</td>
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<tr>
<td>Additional As-Available Power (In Excess of Prepaid Energy)/MWh</td>
<td>185,400</td>
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<tr>
<td>Year 1 Electricity Price/MWh</td>
<td>$59.00</td>
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<tr>
<td>Electricity Price Escalator</td>
<td>1.5%</td>
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<tr>
<td>Operations and Maintenance</td>
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<tr>
<td>Year 1 O&amp;M</td>
<td>$3,330,000</td>
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<tr>
<td>Annual Escalator</td>
<td>3%</td>
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<tr>
<td>Construction Costs</td>
<td></td>
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<tr>
<td>PV-System Install Cost per DC Watt</td>
<td>1.85</td>
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<tr>
<td>Total Installed Costs</td>
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<td>Financing Costs</td>
<td>5%</td>
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<tr>
<td>Financing Term</td>
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<tr>
<td>Cost of Capital</td>
<td>3.50%</td>
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### SUMMARY

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Average Cost of Power (25 Years)</th>
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<tr>
<td>Owned 100% From Beginning</td>
<td>$65.93</td>
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<tr>
<td>Prepay With Buyout After Year 6</td>
<td>$60.45</td>
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<td>Prepay With No Buyout</td>
<td>$81.93</td>
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<td>PPA Rate (Year 1)</td>
<td>$67.15</td>
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## Muni Prepay and Buyout After Year 6 (25 year)

### Starting Inputs:
- **Year 1 Electricity Production (MWh)**: 618,000
- **Electricity Production Degradation Rate**: 0.500%
- **P99+**: 70.2135%
- **Year 1 Electricity Price/MWh**: $0.59
- **Electric Price Escalator**: 2%
- **Year 1 O&M Costs**: $3,330,000
- **O&M Annual Escalator**: 3%

### Construction Costs Summary:

<table>
<thead>
<tr>
<th></th>
<th>Prepay</th>
<th>Buyout</th>
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<tr>
<td><strong>Total Installed Costs</strong></td>
<td>$333,000,000</td>
<td>$111,000,000</td>
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<tr>
<td><strong>Financing Costs</strong></td>
<td>5%</td>
<td>5%</td>
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<tr>
<td><strong>Total Financing Costs (including DSRF)</strong></td>
<td>$25,000,000</td>
<td>$5,550,000</td>
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<td><strong>Financing Term (years)</strong></td>
<td>25</td>
<td>18</td>
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<tr>
<td><strong>Cost of Capital</strong></td>
<td>3.50%</td>
<td>3.50%</td>
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<tr>
<td><strong>Annual Payment</strong></td>
<td>$21,721,305</td>
<td>$8,836,453</td>
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<td><strong>Beginning Year DS Payments</strong></td>
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### Yearly Costs Summary:

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<th>Prepay</th>
<th>Buyout</th>
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<tr>
<td>1</td>
<td>21,721,305</td>
<td>$21,721,305</td>
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<td>2</td>
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<tr>
<td>11</td>
<td>21,721,305</td>
<td>8,836,453</td>
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### Electricity Production

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<tr>
<th>Year</th>
<th>Total Costs</th>
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<tbody>
<tr>
<td>1</td>
<td>$32,582,050</td>
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<tr>
<td>2</td>
<td>$32,689,842</td>
</tr>
<tr>
<td>3</td>
<td>$32,798,705</td>
</tr>
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<td>$32,908,648</td>
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<td>$33,131,819</td>
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<td>$34,533,952</td>
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<td>$34,653,237</td>
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<td>$34,776,102</td>
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<td>$34,902,652</td>
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<td>11</td>
<td>$35,032,999</td>
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</table>

### Average Cost per MWh

- **Prepay Cost per MWh**: $0.59
- **As-Available Cost per MWh**: $0.00
- **Blended Cost of Power**: $0.52

### Average Cost per MWh

**$0.60**

### Sensitivity Analysis

<table>
<thead>
<tr>
<th>Electricity Production (MWh)</th>
<th>Year 1 Cost of Power</th>
<th>Year 7 Cost of Power</th>
<th>Average Cost per MWh</th>
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<tbody>
<tr>
<td>550,000</td>
<td>$57.07</td>
<td>$64.71</td>
<td>$67.39</td>
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<td>575,000</td>
<td>$55.35</td>
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<td>600,000</td>
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<td>725,000</td>
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<td>$52.18</td>
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### Average Cost per MWh

<table>
<thead>
<tr>
<th>Electricity Production (MWh)</th>
<th>3.50%</th>
<th>3.75%</th>
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<th>4.25%</th>
<th>4.50%</th>
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<td>550,000</td>
<td>$67.39</td>
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<td>$70.87</td>
<td>$72.06</td>
<td>$73.27</td>
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<td>575,000</td>
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<td>$65.74</td>
<td>$66.85</td>
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<td>$69.12</td>
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# Muni Prepay (No Buyout)
## (25 year)

### Starting Inputs:
- **Year 1 Electricity Production (MWh)**: 618,000
- **Electricity Production Degradation Rate**: 0.500%
- **P99 %**: 70.2135%
- **Year 1 Electricity Price/MWh**: $59.00
- **Electricity Price Escalator**: 1.50%
- **Year 1 O&M Costs**: N/A
- **O&M Annual Escalator**: N/A

### Construction Costs Summary:
- **Total Installed Costs**: $555,000,000
- **Financing Costs**: 5%
- **Total Financing Costs (Including DSRF)**: $27,750,000
- **Financing Term (years)**: 25
- **Cost of Capital**: 3.50%
- **Annual Payment**: $35,357,794

### Cost Summary
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<th>Operating &amp; Maintenance Cost</th>
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### Electricity Production
- **Total Electricity Production MWh**: 618,000
- **Prepayment Delivery MWh**: 433,920
- **As Available Production MWh**: 184,080

### Sensitivity Analysis

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<th>Electricity Production (MWh)</th>
<th>Year 1 Blended Cost of Power</th>
<th>Average Cost per MWh</th>
<th>Year 1 Interest Rate on Bonds</th>
<th>Blended Cost of Power</th>
<th>Average Cost per MWh</th>
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**Average Cost per MWh**: $81.93
APPENDIX D

Bond Buyer Article: Salt Lake County’s Solar Project Finally Bears Fruit
Salt Lake’s Long Journey to Solar
Green Project’s Financials Lagged

By Richard Williamson

Dallas — Designing a solar rooftop for Salt Lake City’s convention center has proven much less challenging than arranging the financing, planners say for the $7 million project.

More than three years after the project was proposed, installation of the first elements of the solar rooftop began last week. By next spring, the solar array is expected to provide up to 17% of the Salt Palace’s power while selling excess energy to the grid.

“We wanted to do a solar project that was substantial,” said Salt Lake County Chief Financial Officer Darrin Casper. “Now that we’ve closed on it and the panels are being installed, we’re thrilled.”

On the way to the roof, financial advisors, attorneys and Salt Lake County officials took a long detour through a collapsing financial market and a labyrinth of state and federal laws that turned the $7 million project into one of the most challenging some had ever seen.

“It was an extremely creative effort on a small deal, and the persistence was incredible,” said Alan Westenskow, vice president for Salt Lake County’s financial advisor, Zions Bank. “This was like the second or third iteration after almost a year and a half. The people involved had some vision, and

Salt Lake County’s Solar Project Finally Bears Fruit

Continued from page 1

they really stuck to it.

Among those who refused to give up were Salt Lake County Mayor Peter Carroll, CFO Casper and former chief administrator Doug Wilmore.

“One of our goals was to get the greatest community in the nation,” Casper said. “We’re taking this seriously. Our county has some problems with air quality.

Salt Lake County shot the plan after the financial markets collapsed in 2008 and key private partner NexGreen backed out after the financial structure appeared unworkable.

Carbon2Free Technology has since replaced NexGreen as the owner and operator of the array, Colorado’s Bella Energy, a solar engineering firm, stayed in the game and is now installing the panels as Carbon2Free’s partner.

“There’s a considerable amount of event equity that went into this project,” said Andrew McKenna, co-founder of Bella Energy. “It took 14 months to get the final financing done.”

In addition to the engineering work, Darrin Lauder was the attorney who facilitated Ballard Spahr worked long hours during the intricate tax structure, receiving numerous meetings with the Internal Revenue Service and the U.S. Treasury Department, Westenskow said.

“If everyone had known in advance how much work this was going to take, I’m not sure whether we would have done it,” Westenskow said. “We bled a trail on this. The point is that we’ve proved it can be done.”

What made the deal so complex was the combination of private partners with a county government and a nonprofit corporation that had to qualify for federal tax credits to make the financing work. Working against the incentives was Utah’s low-cost power and the weak state mandates for renewable energy.

“Like it or not, because the incentives are heavily geared toward tax breaks, it puts municipalities at a disadvantage, so you have to develop this rather complex structure,” McKenna said.

To use the federal tax incentives, the county had to create a for-profit structure for the project. By financing a portion of the project, JPMorgan Chase Bank represented the for-profit investor in exchange for tax credits under the qualified energy conservation bond, or QECB, program.

The convention center was identified simply as the host that leased its rooftop, while the county was the purchaser of the power from the special-purpose provider.

Salt Lake County was then able to use a leveraged new markets tax-credit structure that provides about $1 million in tax-credit equity to the project. A $1 million QECB provides borrowing at 2.25% for 17 years.

The deal also includes $1.82 million of federal grants and earmarks for renewable energy projects, and a nearly $2 million cash grant in lieu of investment tax-credits for a renewable energy system.

The incentives and grants saved the county nearly $4.8 million while providing the low interest rate of 2.25% on the $1.9 million bond, Westenskow said.

County officials believe it to be the first financing structure that uses all of these types of incentives in one financing.

The county closed on the financing in August, more than three years after the deal was proposed.

It was proposed before federal legislation even authorized QECBs, according to Casper.

“It was just another low-cost source of capital,” he said.

QECBs were provided in 2009 when Congress allocated $32.2 billion for states, large local governments and tribal governments to issue tax-credit debt to finance renewable energy and efficiency projects. The total allocation was divided among issuers based on population. Utah provided nearly $5.6 million of its $28.4 million allocation to Salt Lake County.

Noteworthy, at least 81 projects totaling over $240 million have been funded with QECBs in 31 states to date, according to the Energy Programs Consortium. Some states, like Kansas and Kentucky, have exhausted or nearly exhausted their allocations, while others still have millions of dollars to spend. Additional issuance is being planned in 20 states. The authority to issue the bonds does not sunset under current federal law.

The inner circle tax-credits for investors and the bond proceeds are used to fund a qualified project. Issuers can choose to issue taxable bonds with a tax credit to the holders of the bonds or elect to receive a direct cash payment from the Treasury.

The financial crisis sharply reduced the taxable income of banks and financial institutions, the largest tax equity investors in renewable energy.

Of the approximately 22 investors that had previously participated in wind tax-equity transactions, only a few remained active by the end of 2008, according to Standard & Poor’s.

This made tax equity scarce and much more expensive for renewable projects, with internal rates of return increasing to 12% or more in 2009 and 2008 from 6% to 7% in 2007, according to a report on renewable energy financing S&P published in September.

The American Recovery and Reinvestment Act of 2009 also introduced the I-601 cash grant that allowed project developers to monetize renewable energy investments in the form of direct cash grants worth up to 30% of a project’s capital cost.

One of the definitions of a qualifying project in one that provides a savings on energy cost of 20% or more. Given Utah’s low average rate of 6.9 cents per kilowatt hour, less than half of California’s 14.4 cents, that would prove challenging.

Another complication was reaching agreement with investor-owned Rocky Mountain Power, which had to accept a for-profit competitor in the heart of its service area. Rocky Mountain Power has its own green energy initiatives.

While Westenskow concedes that his company did not make money on the deal, he said the knowledge acquired in working out the structure can be scaled up to larger projects in the future.

“Until you go through and live this stuff, it’s hard to see what will work in this market and what won’t,” he said.

Their massive roofs make convention centers logical candidates for solar. But for other municipalities seeking to follow the Salt Palace roadmap, shifting incentives and uncertainty cloud the future.

“The headwinds come from the expiration of a number of popular incentives — the U.S. Department of Energy loan guarantee program in September 2011, the U.S. Treasury cash grant for investment tax credits in December 2011, and production tax credits for wind power projects at the end of 2012,” S&P analyst Swaminathan Venkataramanan wrote.

“We expect that this will force renewable energy developers to seek new sources of tax-friendly, competitive financing.”