Proposal to Provide Municipal Advisor Services to Seven County Infrastructure Coalition

January 4, 2018
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January 4, 2018

Mr. Michael J McKee
Executive Director
Seven County Infrastructure Coalition
c/o Blaisdell, Church & Johnson, LLC
Attn: Coalition Municipal Advisor
5995 S. Redwood Road
Salt Lake City, Utah  84123

RE:  Request for Proposals (“RFP”) for Municipal Advisor Services

Dear Mr. McKee,

Blue Rose Capital Advisors, LLC (“Blue Rose”) is pleased to provide the Seven County Infrastructure Coalition (the “Coalition” or “SCIC”) with this proposal in response to its Request for Proposal for Municipal Advisor Services (the “RFP”). Should the Coalition select Blue Rose as its municipal advisor, it would benefit from engaging an exceptionally qualified and dynamic team of accomplished professionals led by Johan Rosenberg and John Wendling. Blue Rose is well positioned to effectively serve as your advisor for the following reasons:

1) We are an idea-oriented firm, objectively focused on a complete analysis of financing options, developing the optimal financing structure without bias and flawless execution as a means to reduce debt service costs. To best serve our clients, our professionals consistently and frequently share market intel and challenge one another in strategic discussions to generate creative solutions. We are confident the Coalition will be able to leverage the size of our firm with direct access to all of the resources we have to offer.

2) Blue Rose’s team of talented and coordinated professionals provide an unmatched depth of experience and knowledge of unique financing structures including public-private partnerships. Our firm serves a base of large and small, urban, suburban and rural clients nationally with a diverse set of objectives and challenges, providing us the opportunity to interact and share ideas with a variety of market participants including bond counsel, underwriters, bankers, investors (domestic and international), other advisors, credit providers, developers, consultants, accountants, etc. We believe our constant contact across the municipal market will prove to be highly valuable to the Coalition.

3) Our firm offers a full-suite of advisory services including debt, derivatives and public-private partnerships or “P3”. We endeavor to provide expert advice and present opportunities to our clients in an increasing complex marketplace. We maintain our independence and objectivity by directing firm resources to our advisory services. As the Coalition’s municipal advisor, our goal would be to serve as an extension of your staff, a resource for you to call upon, ready to meet
your needs as they arise. We encourage you to contact as many of our references as possible in order to get a feel for what it would be like to work together.

We believe the Coalition is making a prudent choice by engaging a fiduciary to advocate for the Coalition’s collective interests throughout the project pre-screen, evaluation, financing and implementation process. As experienced advisors on various forms of financing and P3 projects, the BRCA team will seek to understand and collaboratively define the Coalition’s strategic and risk transfer objectives with regard to the project and will embed, integrate, communicate and focus on those unique preferences throughout the process. We are confident Blue Rose is best qualified and prepared to represent the Coalition’s interests in any financing procurement process and will raise threshold questions throughout any interactive interview process, as needed or directed. Most importantly, we will consider and evaluate the array of relevant financing alternatives fairly in the context of the Coalition’s strategic and risk transfer objectives. We will also advocate for the Coalition’s interests in any contract negotiations and financing structures for the various projects, if undertaken.

Additionally, we are pleased to present a list of the P3 projects that we have advised on. Within the list of P3 Advisory engagements include projects where we evaluated P3 structures (in addition to traditional methods of financing), however, due to the honest assessment of feasibility, the institution ultimately chose not to pursue the project at that point in time. Our experience in delivering advisory service to our clients and the knowledge that has been acquired during each engagement/transaction shall be beneficial for Blue Rose to provide you with efficient and seamless representation.

As requested by the Coalition, we respectfully affirm that our proposal is accurate and complete.

Thank you for the opportunity to present this proposal and our qualifications to serve the Coalition. We appreciate the opportunity to be among the firms under consideration by the Coalition.

Sincerely,

B.J. (Johan) Rosenberg
Chairman

John R. Wendling
Senior Vice President
Section 2.0: Firm Overview and Lead Advisors

Introduction

Blue Rose Capital Advisors, LLC, is an independent financial advisory firm registered as a Municipal Advisor with the Securities and Exchange Commission (“SEC”) and the Municipal Securities Rulemaking Board (“MSRB”). The focus of our advisory services is to provide financing expertise to a diverse mix of municipal market issuers and borrowers both public and private.

Founded in 2011 by industry veteran B.J. (Johan) Rosenberg, and through measured but intentional growth, Blue Rose has become a premier advisor in the municipal market. With its headquarter offices in Minneapolis, Blue Rose has expanded its ability to serve clients by adding experienced professionals in Chicago, Columbus, Denver, Roseland and San Francisco. Blue Rose employs ten professionals directly engaged in providing advisory services to issuers, and four individuals in support and administrative capacities.

Since 2014, the Blue Rose team has provided financial advisory services for over 125 financings worth more than $5.0 billion. Our objective is to provide the highest level of service and value in structuring and pricing bonds and similar debt financings. Geographically, our client base stretches from the Pacific Northwest through the Mountain West into the Midwest all the way to the East coast.

Independence

Blue Rose is an independent advisory firm with no relationship or affiliation with financial institutions, investors, developers or other market participants. As a result, we do not benefit directly or indirectly from recommending one type of financing structure or strategy over another, nor do we ever participate as a principal in the underwriting or placement of bonds or investment of funds. We work solely on behalf of our clients to provide unbiased, expert financial advice.
Lead Advisors to the Coalition

In order to provide individualized services to the Coalition and ensure long-term continuity of lead personnel, the Blue Rose Team (the “Service Team”) will be led by Johan Rosenberg and John Wendling, two highly experienced professionals who will seamlessly share the responsibility of meeting the Coalition’s needs. They will work together to provide an efficient approach to exploring the Coalition’s financing opportunities including public-private partnerships (“P3”) or other alternative financing methods. Blue Rose has developed the capacity to delve deeply into market events, legislative initiatives, and operational trends that impact the municipal market broadly and by sector, as well as, the strategic use of P3s for an expanding set of capital projects. Our professionals have earned reputations as respected experts in the field, with frequent invitations for conference panel participation and speaking engagements.

Mr. Johan Rosenberg will serve as co-lead client advisor. He is our firm’s visionary leader with more than two decades of financial advisory experience, first at a national nonprofit organization providing funding to community developers in disadvantaged communities and then at two national advisory firms. With a broad network of contacts in the financial services domain, Johan monitors financial products and trends over many sectors, exploring their application to the needs of our firm’s clients. He also follows legal and regulatory changes, developing innovative products and services in anticipation of our clients’ evolving requirements. Johan’s innovations include the conceptualization and development of the first independent swap valuation and monitoring service, HedgeStar (formerly DerivActiv), and an online bond pricing transparency service, MuniPriceTracker. He also has overseen over $100 billion in debt and hedging transactions.

Johan has recently developed an expertise in representing our client’s interests through negotiating the terms of complex P3 transactions. This experience includes advising Northern Michigan University on their P3 solicitation, evaluation and selection process, and advising Wayne State University on their P3 implementation as one of five members of the University’s Steering Committee responsible for P3 decisions and negotiations. Johan also assisted the University of Toledo with their formulation of P3 documentation and Butler University as a member of their Management Committee to select the P3 provider.

B.J. (Johan) Rosenberg, Chairman and Founder of Blue Rose

Education: Mr. Rosenberg holds an M.B.A. in Finance and Accounting from the University of Saint Thomas and a B.S. in Economics from the University of Minnesota. He also earned a Chartered Alternative Investment Analyst (CAIA) designation from the Chartered Alternative Investment Analyst Association. He has passed the MSRB Series 50 Examination to become a qualified municipal advisor representative.

Years of Experience: More than 25

Expected Role: Co-lead Advisor

Mr. John Wendling will serve as the co-lead advisor and day-to-day contact for the Coalition. He has more than 12 years of experience in public finance, having completed over $3.5 billion in financings since 2006. John is proud to provide judicious, astute advisory services to the firm’s higher education, nonprofit, municipal, healthcare and corporate borrowers on the planning for and execution of all types of
debt and debt-related derivative transactions. Mr. Wendling leads the firm’s P3 Advisory Practice. John maintains a specialty in the sector through active engagement on various transactions and through constant communication with market participants. Beyond active client management, John’s specialties include bond and hedge structuring, quantitative analysis, credit rating analysis and presentations, preparation of disclosure documents and credit solicitation packages, insight into investor markets, financial modeling, as well as financing team selection, transaction execution, document review and client education.

Prior to joining Blue Rose, John was a Vice President in George K. Baum & Company's Higher Education & Nonprofit Finance Group for almost five years covering higher education and nonprofits, P3 projects, as well as, the City and County of Denver including its Department of Aviation (Denver International Airport). Previously, he also served as a banker at PNC Capital Markets for four years and as an analyst at RBC Capital Markets.

John’s unique financing and P3 experience includes Wayne State University, University Student Housing at West Chester University, G.R.C.C. Student Village, L.L.C., Wesley Homes, College Housing Northwest, Unified Government of Wyandotte County/Kansas City (KS), Franklin County Convention Facilities Authority, Ohio Treasurer of State, Ohio Building Authority, American Municipal Power, Double Bowler Properties Corp., Ohio University, American Foundation for Public Facilities, Hawaii Pacific University, Roman Catholic Bishop of Orange County, Wood County (OH), as well as many others.

Mr. Wendling has presented at numerous conferences with regard to student housing and P3 options including OACUBO, CACUBO, Interface On-Campus Student Housing, and CCBO. Recently, at the CACUBO annual meeting in October, Mr. Wendling moderated a panel entitled “P3 Perspectives: Three Universities...Three Different P3 Models.” The presentation can be found in Exhibit IV.

**John R. Wendling**, Senior Vice President

**Education:** Mr. Wendling holds a BA in Economics from Duke University. He has passed the MSRB Series 50 Examination to become a qualified municipal advisor representative.

**Years of Experience:** More than 12

**Expected Role:** Co-lead Advisor and Day-to-Day Contact

**Relevant Public-Private Partnership Experience**

As requested, attached for your review as Exhibit II is a summary of Blue Roses’ qualifications and experience serving in a municipal and/or P3 Advisory capacity during the past five years. As advisor to a variety of organizations large and small, urban and rural, Blue Rose prides itself on the long-term relationships it has sustained through the years. The relationships that we have built speak to the quality and responsiveness of our team.

Please also refer to Exhibit VI for two relevant case studies Mr. Wendling completed as an investment banker prior to his time at Blue Rose.
Section 3.0: Seven County Infrastructure Coalition Service Team

The Seven County Infrastructure Coalition Team

Personnel and Resources

Thomas A. Shuster, Vice President, has been with the Blue Rose team going on six years. He recently relocated from Minneapolis, Blue Rose’s headquarters, to the San Francisco Bay Area, where he works as a client manager in collaboration with the Denver office. Mr. Shuster applies his credit, market, and project management know-how to clients’ capital planning, capital structuring, and market access/collaboration needs. His public-private-partnership experience with Blue Rose includes advisory engagements at Butler University, Northern Michigan University, Wayne State University, Covenant HealthCare, Walla Walla Community College, and Lewis-Clark State College.

Before joining Blue Rose, Mr. Shuster was with R1 Inc. (formerly Accrete Health) where he served as a dedicated liaison between R1’s senior management and management at a large revenue cycle management hospital system client in Minnesota. In support of his responsibilities, he developed, implemented, and maintained revenue cycle management performance scorecard models to enable
insightful reporting and on-point process improvement. He is experienced in the evaluation of performance-based, revenue-sharing operating agreements.

Earlier, Mr. Shuster was with the International Monetary Fund in Washington D.C. where his work focused on the structuring of sovereign debt instruments during the emerging market crisis beginning in 2008. He was involved in the allocation of newly raised capital amongst the member countries during a time when the Fund’s assets more than tripled in response to global recessionary pressures. As a member of the finance department, Mr. Shuster made significant analytical contributions to the development of governance reform mechanics preceding the IMF Board’s November 2010 approval of far-reaching governance reform.

Mr. Shuster holds a bachelor’s degree in international business from Northeastern University in Boston, where he graduated with honors as his class’ Presidential Scholar. He passed the MSRB Series 50 Examination to become a qualified municipal advisor representative.

Emily Oker-Blom, Vice President, will assist the project team with in-depth document review, transaction closings, and compliance. She has 22 years of experience in public finance. Ms. Oker-Blom assists with various bond, derivative and reinvestment transactions, reviews financing and legal documents, prepares term sheets, assists with competitive bidding processes, and facilitates timely closings on various transactions. She also has expertise in legal requirements pertaining to bond documents, and provides writing and editing support on internal and external communication and reports. Prior to joining Blue Rose in 2011, Ms. Oker-Blom served higher education, non-profit, health care and municipal clients for 15 years. She has worked on a variety of financings, including revenue, general obligation and lease transactions, as well as pooled cash-flow borrowings and derivative transactions.

Ms. Oker-Blom has a bachelor’s degree in English and journalism from the University of Tulsa. She has passed the MSRB Series 50 Examination to become a qualified municipal advisor representative.

Maxwell M. Wilkinson, Junior Quantitative Analyst, will assist the project team with financial modeling, bond sizing and cash flow analysis, credit analysis, and research support. He also models bond issues, debt capacity, interest rate swaps, and break-even calculations using Excel, Bloomberg and Munex. Mr. Wilkinson joined Blue Rose in September 2016.

Prior to joining Blue Rose, Mr. Wilkinson was a Reinsurance Analyst intern at the London office of JLT Re, where he provided in-depth contract and line signing support and analysis for JLT’s property and casualty teams. He also worked closely with underwriters at a variety of reinsurance syndicates in the Lloyd’s of London market and developed an understanding of reinsurance underwriting strategy and quantitative modeling.

Mr. Wilkinson holds a BA in Economics from Yale University. He has passed the MSRB Series 50 Examination to become a qualified municipal advisor representative.

Ongoing Support

All Blue Rose resources will be available to the Coalition throughout its various financing activities including, but not limited to, its project pre-screen, evaluation, solicitations/procurements, negotiation, implementation/execution and closing. A key to our success in serving our clients is the availability of
our staff in responding to our clients’ needs. Being responsive to your needs as they arise is our highest
daily priority. Our lead advisors are also committed to and ready to travel to Utah or any other destination
at a moment’s notice for in-person meetings, site visits, banker/investor/rating agency meetings, etc.

As referenced in Section 2.0 above, please refer to Exhibit II for a summary of key P3 projects. Additionally, please feel free to visit our website for more information regarding our team, services, etc.: http://www.blueroseadvisors.com/

Dedicated P3 Advisory Services Practice

Blue Rose recognizes the strategic value of Public-Private Partnerships (“P3s”) and is poised to deliver
value to its clients with vigorous, robust guidance throughout the evaluation, pursuit and implementation
of the P3 transaction. Blue Rose provides industry leading financial advisory services, and, as an extension
of those services or on a special advisory basis, we add tremendous value in the delivery of independent
evaluation, negotiation, and execution of P3s. Consistent with our debt and derivatives advisory services,
we maintain a fair, unbiased and holistic approach in the consideration of the institutional impact of
available P3 solutions.

The Blue Rose team has assisted entire projects from beginning analysis and procurement drafting to
closing, demanding answers of developers and underwriters to ensure the best outcome is obtained by our
higher education clients. Our experience and understanding of P3 structures and processes will have a
positive carry-over affect to the Coalition.

Wayne State University and Blue Rose - $307.5 Million Public-Private Partnership

The financial close of the 40-year partnership between Wayne State University and Corvias Campus
Living (“Corvias”) to develop, finance, construct, operate and maintain the university’s student housing
was completed on November 30, 2017. The partnership will allow the university to fulfill the demand for more
on-campus housing, while maintaining affordability for students and strengthening the university’s financial
position. Blue Rose assisted the University in its serious exploration of P3 financing structures, particularly
for student housing. Attempting to preserve its debt capacity for academic capital projects, the University
evaluated the merits of traditional P3 financing (nonprofit, tax-exempt bonds), the service concessionaire
model, and equity financing for the addition of 841 beds to the University’s housing stock. Our advisory
services, led by Johan Rosenberg and John Wendling – the very tandem that we have proposed to lead
services to the Coalition – facilitated the evaluation of proposals resulting from the University’s developer
RFQ and RFP process. Blue Rose subsequently advised Wayne State throughout the entire P3 process,
including and up through the recent financial close.

Please refer to Exhibit II for detailed information on pertinent projects and P3 projects completed during the past five years. Please also refer to Exhibit III for the transaction press release. Additional transaction summary information can be provided upon request, of course, at the discretion of Wayne State and Corvias.

Commitment to Rural Communities

Blue Rose and its advisors have been instrumental in serving as an advocate to community and technical
college clients, many in rural areas, by establishing beneficial programs that enhance market access and
lower borrowing costs. For instance, in collaboration with the Ohio Building Authority, its financial advisor, and legal counsel, Blue Rose advisors (Mr. John Wendling) was involved in the creation, structuring, and implementation of the Ohio Community and Technical College Credit Enhancement Program (“Intercept Program” or “OCTCCEP”). Mr. Wendling, along with Mr. Elliott, has completed numerous transactions utilizing the Intercept Program for different institutions including Clark State Community College, Stark State College, and Lorain County Community College.

Blue Rose and its advisors continue to serve or have served a wide range of municipal issuers and borrowers nationwide. We’ve assisted our clients in these communities to secure various forms of financing – including tax-exempt and taxable debt/bonds, P3, interest rate swaps and USDA Community Facilities Loans – for economic development or other new money needs. Those located in rural communities include, but are not limited to:

- Lake Health District (OR)
- Wyoming Community Development Authority
- St. Norbert College
- Ripon College
- Northern Michigan University
- Michigan Technical University
- Lewis-Clark State College
- Walla Walla Community College Foundation
- DePauw University
- Terra State Community College
- Unified Government of Wyandotte County/Kansas City, KS
- University of Mount Union

**Maximizing Value for Clients – Complex/Esoteric Transactions**

Blue Rose prides itself on its ability to lead complicated transactions with an eye towards maximizing the benefit to its clients within the constraints of federal tax law. Blue Rose has focused considerable effort in the area of strategic escrow restructurings and tax based refundings. Often, these transactions enable borrowers such as the Coalition to either realize the appreciation in market value of the securities in previously established escrows or to benefit from replacing securities in a portfolio with higher yielding qualified securities that might not have been available at the time that the escrow was created.

As examples of such focus, in the fall of 2013, the IRS issued temporary regulations that governed the valuation of existing investments upon the occurrence of a refunding. After reviewing the regulations, Blue Rose professionals noticed a provision that enabled certain municipal issuers to economically liquidate previously created long-dated escrow portfolios that appreciated tremendously in value as interest rates fell. This benefit was retainable by the issuer, often free from rebate or yield restrictions. While the fact pattern required to take advantage of this new tax provision was fairly-specific, and only met by certain issuers, it was widely approved by most of the leading bond counsel firms.

In August 2014, Blue Rose professionals advised the State of Rhode Island and Providence Plantations on implementing this structure. As a result of this transaction, the State realized net present value savings of approximately $1.5 million, or 6% present value savings.
Shortly thereafter Blue Rose professionals advised the Maryland Health and Higher Educational Facilities Authority on implementing this same strategy in regards to an escrow previously established to defease debt issued on behalf of Johns Hopkins Health System. This transaction generated present value savings of approximately $4.4 million or 12% of refunded par.

Most recently, Blue Rose professionals advised the City of Saint Paul, MN on implementing this strategy to realize present value savings in excess of $4.6 million or 16% of refunded par amount.

Currently, Blue Rose professionals are advising Alameda County, CA on this structure and expect to bring an approximately $72 million refunding in February 2018.
Section 4.0: Project Financing Approach and Methodology

While most of our P3 financing experience has been with institutions of higher education, our team has a broad knowledge in all aspects and phases of public-private partnerships. We are extremely confident that our team of professionals can provide the services and expertise that the Coalition desires. We believe this is especially true since we have been immersed in and executed on a variety of financing and ownership structures, i.e. nonprofit obligated tax-exempt bonds (both publicly offered and directly purchased), taxable bond offerings and placements, 100% equity, service concession agreement, long-term ground leases, sale-lease back, private development, etc.

Blue Rose has developed the schematic below to show the range of P3 outcomes for clients.

There are myriad issues surrounding P3 projects and the various forms of development, financing and ownership – across which Blue Rose is experienced and can provide tremendous guidance to the Coalition. As advisor to the Coalition, we will consider and evaluate the P3 alternatives most in line with the Coalition’s objectives. We understand SCIC’s mission is “to improve the quality of life through cooperative regional planning, increased economic opportunity and public services, and sustainable implementation.” Clearly projects must be prioritized that achieve the Coalition’s mission. Furthermore, in more closely reading the Coalition’s website and interacting with SCIC’s counsel, we know that certain criteria (at least one) must be met within the pre-screen process for a project to proceed towards further evaluation, Board approval and viability:

- Helps facilitate needs in rural Utah that otherwise go unaddressed?
- Potential to leverage high percentage of grant funds?
- Potential to leverage a higher percentage of third-party funds?
- Significant secondary benefits to another potential Coalition project or other Coalition counties?
- Compelling reason to move forward with the project?
- “CIB Large Project Fund” consideration?

Additionally, the project may not have any of the following fatal flaws:

- Obvious non-Coalition sponsor that should take the lead (e.g. UDOT)?
- Low perceived benefit compared to cost?
- Project success unlikely?
- Project meets industry scrutiny?
- Compelling reason to not consider the project?

In addition to the criteria defined by the Coalition, we would look to further frame the pre-screen conversation and evaluation process to touch on certain threshold issues as follows:

For projects that meet the minimum criteria, our goal would be to establish a clear set of strategic objectives and preferred risk transfer outcomes that would constitute a successful project if ultimately met. Ideally, these parameters would be brought back to Coalition stakeholders and value conveyed clearly.

Much like the Coalition’s process to record a project’s development from concept to financial close to construction, we offer a phased approach to our project finance advisory services.

**Phase I – Pre-Procurement Analysis (pre-Coalition Board Approval)**

Early in the decision-making process, Blue Rose helps clients identify their strategic objectives and thoroughly assess the capital planning, economic and financial impacts, risks and benefits, and other important considerations that must be addressed and understood prior to moving forward with the project.

- Strategic Objectives Determination
- Credit Impact and Debt Capacity Analysis
- Capital Plan Analysis
- Capital Resource Study
- Ownership and Financing Alternatives Evaluation
- Feasibility and Financial Impact Analysis (*independent technical consultant may be engaged*)
Phase I for Blue Rose would overlap with the Coalition up through Board approval effectively. Perhaps there may be some additional project evaluation work after Board approval, but they mesh very well. Here is the Coalition’s process as referenced on the website:

**Phase II – Procurement Process (post-Coalition Board Approval)**

Once our client has decided to move forward with the project, Blue Rose participates in all aspects of the procurement process including ensuring that the strategic objectives of the client are sufficiently met and maximum benefit is generated during the evaluation and selection process.

- Design and Development of RFQ/RFP
- Retention of Specialized Legal and Technical Advisors
- Establish Private Firm (Developer/Service Provider) Distribution List
- Lead Firm Proposal Q&A Process
- Lead Firm Interview/On-campus Working Session Process
- Prepare Proposal Summary Analysis
- Guide Proposal Review and Selection Process
- Ensure Achievement of Strategic Objectives
- Key Stakeholder Communications and Presentations
- Obtain Additional Approvals (as required)

**Phase III – Negotiation and Structuring**

Blue Rose plays a vital role during the negotiation and structuring phase by providing valuable insights into the financial and legal framework that constitute the potentially complex transaction. Our fiduciary duty and client mandate is to negotiate terms that are most advantageous and protect their interests.

- Private Partner Fees and/or Equity Return Negotiation
- Private Partner Contract Negotiation
- Pre-Development and Operating Agreements Negotiation
- Preferred Financing Structure Determination and Negotiation
- Negotiate Payments/Cash Flow to Sponsor
- Rating(s) Management and Communication (as applicable)
- Minimize Credit and Debt Capacity Impact
- Refine Operating/Cash Flow Model
- Accounting Treatment Evaluation
- Guaranteed Maximum Price Contract Negotiation
Phase IV – Implementation and Execution

Project financing transactions are complex with both foreseen and unforeseen long-term effects. Blue Rose provides clear guidance and careful recommendations throughout the entire implementation and execution process. We actively participate in all aspects of the transaction in lock-step with our client and other consultants.

- Guide Financing Execution Process
- Financing Document Review and Negotiation
- Finalize Debt/Equity Modeling
- Finalize Operating/Cash Flow Model
- Assist in Due Diligence Process
- Assist to Secure a Rating (as applicable)
- Assist in Investor Roadshow and Presentations (as applicable)
- Negotiate Final Debt Structure and Pricing (as applicable)
- Assist in Reinvestment of Proceeds

Cash Flow Modeling & Analytics

Blue Rose has developed its own proprietary models for use in evaluating project cash flows, financing structures, as well as risks and outcomes for the client. In running our own independent model(s), we are able to not only replicate the developer and/or investment bank model(s), but drill down on and critique assumptions utilized in the financial models. It is this level of granular analysis that is key to understand and determine project feasibility, risk, and outcomes/benefits from the client’s perspective.

Please let us know if we can provide some examples of our work in this regard to assist in the decision-making process.

Market Innovation

The municipal bond markets and regulatory environment are highly specialized and perpetually evolving. At Blue Rose, we seek to tackle new challenges and develop innovative products and services to meet the changing needs of our clients. These new service offerings often are launched as separate companies, both to ensure continued focus and development of those services and to avoid any conflicts of interest. Our two sister companies, MuniPriceTracker (“MPT”) and HedgeStar LLC, reflect our commitment to bringing advice and transparency to our clients to produce great financing outcomes.

HedgeStar, LLC

HedgeStar is a leading independent provider of valuations, reporting, and monitoring services for financial instruments including fixed-income, currency and equity derivatives. HedgeStar also provides fair value accounting and hedge accounting services for organizations that use derivatives to hedge against various market risks. We serve a broad range of clients including: corporations, financial institutions, non-profits, governmental entities, healthcare organizations, public and private higher education and hedge funds.

As an independent professional service, HedgeStar is not affiliated with an individual bank, dealer, or financial product. HedgeStar has no relationships that can influence the integrity or accuracy of its valuations.
Unique Hedging and Hedge Accounting Scenarios

HedgeStar provides risk management consulting, expert witness, derivative valuation and hedge accounting services to entities across all sectors and accounting disciplines such as FASB, GASB and IFRS. Our services span all derivative asset classes including commodities, interest rates and currencies. In the commodities space, for example, we serve a public steel manufacturing company that hedges 10MM MMBTU's of natural gas and 300K megawatts per hour of electricity among other metals and production inputs.

As an example for interest rates, we provide depository and lending institutions with hedges of their funding sources and fixed-rate loan portfolios amounting to $1BN notional. Lastly, we executed foreign currency hedging programs for two public entities with exposure to roughly 100MM in Canadian dollar transactions.

A sampling of HedgeStar clients include:

- Albany Medical Center
- AK Steel
- Allina Health System
- Boeing Credit Union
- Bryant University
- CAMC Health System, Inc.
- City of Kansas City
- City of Santa Clara, CA
- Colorado Housing and Finance Authority
- Denver Health and Hospital Authority
- E-470 Public Highway Authority
- Presbyterian Homes
- Rancho CA Water District
- Santa Clara Valley Transportation Authority
- South Carolina Ports Authority
- Stanford University
- Stanford University Hospital
- University Center for Atmospheric Research
- University of Maryland Medical System (UMMS)
- University of Toledo
- Valtin Capital
- Wyoming Community Development Authority
- YMCA of Greater Grand Rapids
- YMCA of Greater Miami

Recent Tea, Addition: Ira Kawaller

Mr. Kawaller has 40+ years of industry experience in the professional finance community with the most recent being the founding of Kawaller and Company in 1997. Kawaller and Company specialized in hedge strategy consulting, hedge program implementation, training and hedge processing for commodities, interest rates and FX. Before Kawaller and Company, Mr. Kawaller was the Vice President-Director of the New York office of the Chicago Mercantile Exchange where he was responsible for promoting financial futures and options to the professional financial community. Before the CME, he held positions at J. Aron & Company, AT&T, and the Board of Governors of the Federal Reserve System.

In prior years Mr. Kawaller was a trustee of both the Futures Industry Institute and the Securities Industry Institute and a member of the board of directors of the International Association of Financial Engineers, now known as The International Association for Quantitative Finance. He was also a member of the
Financial Accounting Standards Board’s Derivatives Implementation Group (DIG) and the Government Accounting Standards Board’s Derivative Instrument Task force on Derivatives and Hedging.

Mr. Kawaller has had articles published in The Financial Analysts Journal, The Journal of Derivatives, The Journal of Finance, and a variety of other professional trade magazines. He has also held adjunct professorships at Columbia University and Polytechnic University. Mr. Kawaller earned a Ph.D. in Economics from Purdue University and a Bachelor’s degree in Mathematics from the University of Connecticut.

In addition to HedgeStar, discussed above, MuniPriceTracker, LLC (“MPT”) is another innovative service developed to meet the changing needs of our clients.

**MuniPriceTracker, LLC**

MuniPriceTracker is a fully automated bond tracking service that delivers efficient, cost-effective reports regarding the trading activity of tax-exempt bonds. With the data and technology available to provide verification of issue price parameters, including the potential for “hold-the-offering-price” rules to apply, MuniPriceTracker can deliver answers quickly to a tax-exempt issuer, bond counsel or Municipal Advisor. Further, MuniPriceTracker’s service includes the ability to provide an independent opinion as to the applicability of the issue price method selected. MuniPriceTracker’s automated e-mail alerts can also provide an early warning to transaction participants so that pricing anomalies can be addressed with the underwriter prior to closing, or an alternative issue price determination can be made. Comprehensive closing reports provide all the information issuers and counsels need to identify problematic trading activity and verify the issue price certifications.

Using data feeds from reliable market sources, the service tracks trading activity for an issuer’s bonds. Its analysis marks the changes in price against changes in relevant indexes, helping to distinguish market-driven pricing changes from problematic trades.

**Pricing Desk**

With Blue Rose as your advisor, all fixed rate capital market financings (both tax-exempt and taxable) are reviewed by our internal Pricing Desk in advance of the pre-pricing conference calls with the underwriter(s). Prior to these mandatory reviews, our Pricing Desk gathers market data on recent pricings in the municipal marketplace and analyzes the pricing outcomes against benchmarks to establish the current market for issuer credits. Using real-time data terminals such as Bloomberg and EMMA, our Pricing Desk captures the latest pricing data in the market. This research puts the client (issuer) and Blue Rose on the same footing as the underwriter(s) who is (are) using the same data to construct their pre-pricing indications.

In the days prior to the pre-pricing conference call, the underwriter(s), Blue Rose’s Pricing Desk and advisors, and the issuer (the “Pricing Group”) conduct a committee teleconference to review the financing. Blue Rose and the issuer provide an opportunity for the underwriter(s) to frame the financing objectives and constraints and present preliminary pricing indications. The Pricing Desk, having completed its due diligence or “homework” ahead of time, makes recommendations to the preliminary pricing and structure based on the market data and research they have reviewed. This process leads the Pricing Group to a pre-pricing recommendation and market strategy that aims to achieve the lowest cost of capital for the issuer.
given the issuer’s objectives and constraints. Blue Rose firmly believes our early analysis, research and ultimately formal collaboration with the underwriter(s) prepares us to act as your informed advocate and negotiate constructively with the underwriter on the day of sale.

**Additional Blue Rose Resources**

As discussed above, partnerships with our wholly-owned, technology-leveraged sister companies (MuniPriceTracker and HedgeStar) provide additional resources to our clients. We also provide data reporting and analytics for publicly offered fixed rate bonds (tax-exempt and taxable) and derivative transactions of all types:

**Debt Portfolio Management & Analytics**

We run our own proprietary debt, debt capacity and bond-sizing model as well as Munex (third-party, industry specific software).

**Financial Modeling**

In conjunction with the Debt Portfolio Management and Credit Analytics tools, Blue Rose has built tailored, scenario-based financial and debt projections models designed to inform decision-making during the capital planning and debt issuance process. We collaborate with our clients to design a dashboard of institution-specific outputs.

**Credit Analytics**

For each client relationship, Blue Rose emphasizes credit evaluation and analytics. We have constructed numerous public higher education specific, proprietary credit analytics models, as well as in-depth rating agency presentation materials designed to key-in on the most important topics and considerations for rating analysts at Moody’s, S&P and Fitch.
Section 5.0: Public Sector Experience

Blue Rose serves many public institutions and, as part of our advisory service, we interact, both directly and indirectly, with state governing bodies, industry and trade groups, civic and cultural leadership, conduit issuers, local municipal administrators, rating agencies, and other economic and political stakeholders. Our experience advising governmental, quasi-governmental, and mission-based organizations on the risks and rewards of financial and operational relationships is robust thanks to our national presence and diverse client body.

The likelihood of a substantive infrastructure bill getting passed in 2018 is limited, especially if entitlement reform is contemplated first. We understand that the current administration is supportive of public-private-partnerships and infrastructure financing programs. However the cookie ultimately crumbles, Blue Rose is committed to determining how legislative efforts affect the Coalition’s projects and prospects.
Section 6.0: Emerging Technologies

Blue Rose’s experience advising a diverse client body on varied financial arrangements will be well employed in the evaluation of investment in newer technologies.

The Coalition’s ability to identify and prioritize technology projects ensures its member counties remain abreast of, and competitive within, existing and developing markets, regionally, nationally and even internationally. Blue Rose is supportive of an aggregate or portfolio-level perspective of project risk. This line of reasoning allows for the balancing of higher risk projects, like those in newer technologies, with lower risk, more traditional, or reliable projects.

We noted in our due diligence of the Coalition that it utilizes a project development process including pre-screening, matrix analysis, evaluation, funding, and closeout. Blue Rose proposes that we collectively utilize this high-level decision-making framework when evaluating newer technologies and that we place heavy emphasis on the project pre-screening step to ensure management’s time and attention are being used efficiently.

Broadly speaking, the evaluation of newer technologies requires observation over a longer period because of those technologies’ characteristically longer lead time and newness in the market. The constantly evolving cost and performance of newer technology further complicates the task of project evaluation. A reliable, comprehensive, and replicable process of evaluation is paramount when considering the merits of investment in newer technology.

Newer technologies are less well adopted within public-private-partnerships than conventional revenue generating assets like housing or tolls. Revenue predictability and dependability are supremely important to developers and bankers within prevailing public-private-partnership structures. We’ve found that modeling projects’ internal rate of return (IRR) distribution given key risks (e.g., capital expenditure overruns, commodity price volatility, construction delays, and ongoing capital reinvestment) can lend important perspective to traditional breakeven and baseline scenarios typically employed in the measurement of project risk. Given the unique legal structures used within public-private-partnerships, we’ve found that a ‘risk-adjusted return on capital’ perspective is a useful when seeking to prioritize competing project opportunities. Simply said, it’s important to make sure that projects perform on a stand-alone basis and are meaningfully rank ordered.

The strategic or complementary value of investment in newer technology needs to be considered outside of traditional financial evaluation. Modernized infrastructure more readily supports modernized technology, causing a project-to-project interrelation over time that numbers cannot always fully comprehend or reflect. Given the Coalition’s focus on projects’ potentiality for sustained regional economic benefit, we are of the view that a variety of evaluation methods are important and the deployment of newer technologies must be fully understood and mitigated for long-term project and financing success.
Section 7.0: Fee Proposal

Capital Advisory Services

Blue Rose is pleased to provide the following summary of our fee proposal to the Coalition. We understand the term of the contract shall be three years initially plus two potential one year extensions. Our objective in structuring our fees is to provide a phased approach that meshes well with the Coalition’s project evaluation, procurement and implementation process. Please refer to the following schematic below of how our proposed advisory fee schedule overlays the SCIC’s stated process.

Phase 1
Hourly Fee Schedule

From project submission up to an including Coalition Board Approval, for any and all given projects under consideration, Blue Rose proposes an hourly fee arrangement. We refer to this as “Phase 1.” We shall track our time per project for record keeping purposes, and also for potential reimbursement from future financings. We recognize that Blue Rose may not be asked to pre-screen or evaluate every project that is submitted to the Coalition. As such, the purpose of the hourly fee schedule is to minimize the cost to the Coalition for projects that have not yet been Board approved. Our proposed hourly rates, which shall be payable quarterly in arrears, are as follows:

Senior Vice President and higher: $525
Vice President: $450
Assistant Vice President and below: $325

Phase 2

Upon obtaining Board Approval, we propose that our engagement transitions into “Phase 2” whereby our services include additional evaluation of the project, requisite partnership/financing procurements, negotiation, and execution. Given our experience with prior and ongoing P3 projects, our assumption is that the Coalition will prefer to “dual-track” the evaluation and procurement of financing methods, i.e. traditional municipal bonds and potential P3 structures. Not every project is well-suited for P3 execution.
and vice versa. As the Coalition’s advisor, it is our job to help vet fully the most appropriate financing method, then pursue it vigorously. The ultimate financing method shall determine Blue Rose’s transaction success fee, as proposed below. Within Phase 2, where viable projects will gain greater clarity and focus, we propose the following tiered fee structure:

### Transaction Advisory Schedule

#### A. Monthly Service Fee Component:

<table>
<thead>
<tr>
<th>Project Count (cumulative)</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>One</td>
<td>$10,000</td>
</tr>
<tr>
<td>Two</td>
<td>$8,000</td>
</tr>
<tr>
<td>Three or more</td>
<td>$6,000</td>
</tr>
</tbody>
</table>

For example, with 4 projects in Phase 2, Blue Rose’s monthly service fee would total $30,000 ($10,000 + $8,000 + $6,000 + $6,000). With a higher number of projects active at any given time, we are comfortable tapering the monthly service fee lower as we believe we can be efficient in our allocation of resources, time and communication.

The monthly service fee component shall be the same regardless of the financing structure implemented and shall be payable quarterly in arrears. Upon successful closing of a financing, Blue Rose shall credit the final two months of the monthly service fee towards the transaction success fee.

The monthly service fee component shall be the same regardless of the ultimate financing structure implemented and closed. Additionally, the monthly service fee shall be payable quarterly in arrears. Upon closing, Blue Rose shall credit the final two months of the monthly service fee towards the transaction success fee.

#### B. Transaction Success Fee Component:

Upon completion of a financing for either a traditional municipal debt issuance or public-private partnership project, Blue Rose proposes to be paid a transaction success fee. Such fee shall be payable upon closing of the financing.

**Municipal Debt Issuance**

Fixed component: $45,000, plus
Per bond component: $0.75 / $1,000

**P3 Financing**

Fixed component: $115,000, plus
Per bond component: $1.90 / $1,000

Blue Rose has conducted numerous P3 financings as well as many traditional municipal financings and, without fail, we dedicate significantly more time and resources to the P3 financing. This fact is a result of the complexity of completing a multi-faceted financing involving private interests. Our differentiated fee proposal above reflects this dynamic.
If the Coalition prefers an alternative approach to advisory fees or an adjustment to the fee structure proposed, we are happy to consider a different compensation arrangement upon further conversation with the Coalition. We appreciate your consideration.

**Hedge Advisory Services**

No proposed fee at this time. Blue Rose is happy to provide a fee proposal should the Coalition decide to evaluate and/or pursue the use of such financial products or strategies associated with any of its projects.

**Reinvestment Services**

No proposed fee at this time. Blue Rose is happy to provide a fee proposal should the Coalition identify the need for such services associated with the reinvestment of new money proceeds and/or investment in escrow securities.

**Expenses**

The Coalition shall reimburse the Capital Advisor for travel-related expenses (economy air fare, lodging, car rental, etc.) for travel that is requested by the Coalition for providing services under this Contract. The Capital Advisor shall not seek reimbursement for other ancillary expenses incurred by the Capital Advisor in the normal course of providing advisory services to the Coalition.
Exhibits
B.J. (Johan) Rosenberg

Johan Rosenberg, Chairman, is a visionary leader with more than two decades of capital advisory experience, first at a national nonprofit organization providing funding to community developers in disadvantaged communities and then at two national advisory firms. With a vast network of contacts in the financial services domain, Mr. Rosenberg monitors new products and trends in other sectors, exploring their application to the needs of his clients. He also follows legal and regulatory changes, developing innovative products and services in anticipation of his clients’ evolving requirements. Mr. Rosenberg’s achievements include the conceptualization and development of the first independent swap valuation and monitoring service, HedgeStar, LLC, and an online bond pricing transparency service, MuniPriceTracker. He has overseen over $100 billion in debt and hedging transactions.

Mr. Rosenberg has served as the primary advisor for borrowers including NetJets, Inc. (a Berkshire Hathaway company), Michigan State University, Kaiser Permanente, the Commonwealth of Massachusetts, The University of Toledo, Ascension Healthcare, Metropolitan Atlanta Rapid Transit Authority, Yale-New Haven Hospital, and Georgia Institute of Technology. He has also been a featured speaker at a number of well-respected municipal finance conferences, including the following:

- The National Municipal Bond Summit (Hosted by The Bond Buyer and the Bond Dealers of America), “Lowering Borrowing Costs by Tapping Retail Investor Demand”
- Government Finance Officers Association Annual Conference, “How to get the most out of EMMA”
- Brandeis University Municipal Finance Conference, “Lowering Borrowing Costs by Tapping Retail Investor Demand”
- Treasury Symposium for Higher Education Tax-Exempt Bond Compliance Workshop, “Conversations with the IRS”

Mr. Rosenberg holds an M.B.A. in Finance and Accounting from the University of Saint Thomas and a B.S. in Economics from the University of Minnesota. He also earned a Chartered Alternative Investment Analyst (CAIA) designation from the Chartered Alternative Investment Analyst Association. He has passed the MSRB Series 50 Examination to become a qualified municipal advisor representative.
John R. Wendling, Lead Advisor

John Wendling, Senior Vice President, joined Blue Rose in December 2015 with 12 years of experience in public finance, having completed over $3.5 billion in financings since 2006. John is proud to provide judicious, astute advisory services to the firm’s higher education, non-profit, municipal, healthcare and corporate borrowers on the planning for and execution of all types of debt and debt-related derivative transactions. Mr. Wendling leads the firm’s P3 Advisory Practice. John maintains a specialty in the sector through active engagement on various transactions and through constant communication with market participants. Beyond active client management, John’s specialties include bond and hedge structuring, quantitative analysis, credit rating analysis and presentations, preparation of disclosure documents and credit solicitation packages, insight into investor markets, financial modeling, as well as financing team selection, transaction execution, document review and client education.

Prior to joining Blue Rose, John was a Vice President in George K. Baum & Company's Higher Education & Nonprofit Finance Group for almost five years covering higher education and nonprofits, P3 projects, as well as, the City and County of Denver including its Department of Aviation (Denver International Airport). Previously, he also served as a banker at PNC Capital Markets for four years and as an analyst at RBC Capital Markets.

John’s unique financing and P3 experience includes Wayne State University, University Student Housing at West Chester University, G.R.C.C. Student Village, L.L.C., Wesley Homes, College Housing Northwest, Unified Government of Wyandotte County/Kansas City (KS), Franklin County Convention Facilities Authority, Ohio Treasurer of State, Ohio Building Authority, American Municipal Power, Double Bowler Properties Corp., Ohio University, American Foundation for Public Facilities, Hawaii Pacific University, Roman Catholic Bishop of Orange County, Wood County (OH), as well as many others.

Mr. Wendling has presented at numerous conferences with regard to student housing and P3 options including OACUBO, CACUBO, Interface On-Campus Student Housing, and CCBO. Recently, at the CACUBO annual meeting in October, Mr. Wendling moderated a panel entitled “P3 Perspectives: Three Universities...Three Different P3 Models.”

Mr. Wendling holds a BA in Economics from Duke University. He has passed the MSRB Series 50 Examination to become a qualified municipal advisor representative.

Thomas A. Shuster, Co-Lead Advisor

Thomas Shuster, Vice President, has been with the Blue Rose team going on six years. He recently relocated from Minneapolis, Blue Rose’s headquarters, to the San Francisco Bay Area, where he works as a client manager in collaboration with the Denver office. Mr. Shuster applies his credit, market, and project management know-how to clients’ capital planning, capital structuring, and market access/collaboration needs. His public-private-partnership experience with Blue Rose includes advisory engagements at Butler University, Northern Michigan University, Wayne State
University, Covenant HealthCare, Walla Walla Community College, and Lewis-Clark State College.

Before joining Blue Rose, Mr. Shuster was with R1 Inc. (formerly Accretive Health) where he served as a dedicated liaison between R1’s senior management and management at a large revenue cycle management hospital system client in Minnesota. In support of his responsibilities, he developed, implemented, and maintained revenue cycle management performance scorecard models to enable insightful reporting and on-point process improvement. He is experienced in the evaluation of performance-based, revenue-sharing operating agreements.

Earlier, Mr. Shuster was with the International Monetary Fund in Washington D.C. where his work focused on the structuring of sovereign debt instruments during the emerging market crisis beginning in 2008. He was involved in the allocation of newly raised capital amongst the member countries during a time when the Fund’s assets more than tripled in response to global recessionary pressures. As a member of the finance department, Mr. Shuster made significant analytical contributions to the development of governance reform mechanics preceding the IMF Board’s November 2010 approval of far-reaching governance reform.

Mr. Shuster holds a bachelor’s degree in international business from Northeastern University in Boston, where he graduated with honors as his class’ Presidential Scholar. He passed the MSRB Series 50 Examination to become a qualified municipal advisor representative.

Emily K. Oker-Blom

Emily Oker-Blom, Vice President, assists with various bond, derivative and reinvestment transactions. Ms. Oker-Blom reviews financing and legal documents, prepares requests for proposals and term sheets, assists with competitive bidding processes, and facilitates timely closings on various transactions. She also has expertise in legal requirements pertaining to bond documents, and provides writing and editing support on internal and external communication and reports. Prior to joining Blue Rose in 2011, Ms. Oker-Blom served higher education, non-profit, health care and municipal clients for 15 years. She has worked on a variety of financings, including revenue, general obligation and lease transactions, as well as pooled cash-flow borrowings and derivative transactions.

Ms. Oker-Blom has a bachelor’s degree in English and journalism from the University of Tulsa. She has passed the MSRB Series 50 Examination to become a qualified municipal advisor representative.
Maxwell S. Wilkinson

Max Wilkinson, Junior Quantitative Analyst, joined Blue Rose in September 2016. He has already become a valuable addition to our client service delivery team where he provides modeling, analytics, market data and research support. Mr. Wilkinson also models bond issues, debt capacity, interest rate swaps, and break-even calculations using Excel, Bloomberg and Munex.

Prior to joining Blue Rose, Mr. Wilkinson was a Reinsurance Analyst intern at the London office of JLT Re, where he provided in-depth contract and line signing support and analysis for JLT's property and casualty teams. He also worked closely with underwriters at a variety of reinsurance syndicates in the Lloyd's of London market and developed an understanding of reinsurance underwriting strategy and quantitative modeling.

Mr. Wilkinson holds a BA in Economics from Yale University. He has passed the MSRB Series 50 Examination to become a qualified municipal advisor representative.
Exhibit II
Public-Private Partnership Experience
Public-Private Partnership (“P3”) Experience, 2013 - Present

PROJECT

**Illinois State University**
Normal-Bloomington, Illinois

- **Individual/Year:** Erik Kelly, James McNulty, John Wendling, Ongoing
- **Project Description:** General revenue bond refinancing of outstanding P3 project and corresponding 501(c)(3) tax-exempt bonds.
- **Total Financing:** $68 million
- **Project Timeline:** Short-term advance refunding completed in December 2017 (pre-tax reform). Permanent financing is set to price and close in Q1 2018.
- **Services Performed:** Blend of Municipal and P3 Advisory Services
- **Client Reference:** Dan Stephens, Ph: (309) 438-2143
- **Applicability:** ISU successfully entered into a P3 project for the purposes of delivering student housing and related amenities to campus in an expeditious and cost-effective manner. Now with the project fully operational and stable (‘Baa2’ rated by Moody’s), the University has decided to refund the project-level tax-exempt bonds for significant cash flow savings and bring the project squarely on-balance sheet.

ISU plans to move forward with a new P3 project in the near-term. Blue Rose anticipates serving as P3 advisor to the University through this effort.

**Southern Illinois University**
Carbondale, Illinois

- **Individual/Year:** John Wendling, Erik Kelly, 2017
- **Project Description:** On-campus P3 student housing project.
- **Project Cost:** ~$20-30 million
- **Project Timeline:** Q1 to Q3 2017
- **Services Performed:** P3 Advisory Services
- **Client Reference:** Tina Galik, Ph: (618) 453-6676
- **Applicability:** Blue Rose was engaged to provide P3 advisory service to SIU for a new, on-campus student housing project. Despite University Board and Administration desire to see the project come to fruition to enhance the student experience and stem the loss of student population, Blue Rose and University staff were unable to reach a feasible project model through many iterations and discussions. Ultimately, Blue Rose provided preliminary P3 advisory service including objectives setting, establishment of a timeline, feasibility analysis, and significant financial modeling and scenario testing. Blue Rose presented its findings to many University stakeholders including the Board. The project has been tabled and is on hold for the time being.
**Public-Private Partnership (“P3”) Experience, 2013 - Present**

### Wayne State University
**Detroit, Michigan**

**Individual/Year:** Johan Rosenberg, John Wendling, January 2016 to present  
**Project Description:** Full housing system privatization including new project construction, demolition of an existing facility and renovation of other facilities. Service concessionaire financing model (40-years) with Corvias Campus Living including the private placement of 100% taxable project-level debt financing.  
**Total Financing:** $307.5 million  
**Project Timeline:** Two phase delivery of new housing for fall 2018 and 2019.  
**Services Performed:** P3 Advisory Services  
**Client Reference:** Bill Decatur, Ph: (313) 577-5580  
**Applicability:** Blue Rose provided significant support to WSU beginning with the pre-procurement stage, especially with the selection of and negotiation with Corvias. Johan and John worked closely with WSU’s finance department and coordinated the larger transaction team to ensure an optimal outcome for the University. Until the WSU transaction, no university has ever privatized all of its on-campus housing assets under a concession model and taxable financing. Wayne State required an innovative solution to “unlock” the value of its on-campus housing, transfer various risks to the private sector and efficiently deliver housing to meet increased demand. Overall, the University met its core, strategic objectives – never losing sight of them through the P3 process.

### Northern Michigan University
**Marquette, Michigan**

**Individual/Year:** Johan Rosenberg, August 2014 - June 2015  
**Project Description:** 100% Equity financing with EdR for specific on-campus housing and dining facilities.  
**Project Cost:** ~$110 million  
**Project Timeline:** Construction of new student housing complete fall 2017.  
**Services Performed:** P3 Advisory Services  
**Client Reference:** Gavin Leach, Ph: (906) 227-2200  
**Applicability:** Blue Rose demonstrated its capacity to provide comprehensive P3 advisory services to the University including the comprehensive role of developing and managing the P3 procurement process, “down selection,” and negotiating terms with the selected P3 partner (developer).
### University of Toledo

**Toledo, Ohio**

- **Individual/Year:** Johan Rosenberg, 2014
- **Project Description:** The University completed a P3 tax-exempt debt financing in June 2014 for its Honors housing program.
- **Total Financing:** $37.38 million
- **Project Timeline:** Construction of new student housing completed fall 2015.
- **Services Performed:** P3 Advisory Services
- **Client Reference:** David Morlock, Ph: (419) 530-1448
- **Applicability:** Blue Rose advised the University through the issuance of its Series 2014 501(c)(3) student housing revenue bonds. In particular, Blue Rose assistance in negotiating “guarantee” provisions such as occupancy requirements that were critical in order to meet University objectives while also obtaining investment grade ratings for the bonds. The cash flows for the project only worked if the bonds were issued with investment grade ratings.

### Bowling Green State University

**Bowling Green, Ohio**

- **Individual/Year:** Bill Elliott, Erik Kelly, John Wendling, 2017
- **Project Description:** General receipts bond refinancing of outstanding P3 project and corresponding 501(c)(3) tax-exempt bonds.
- **Project Cost:** $73.56 million
- **Project Timeline:** Refunding priced in July 2017 and closed August 2017.
- **Services Performed:** Blend of Municipal and P3 Advisory Services
- **Client Reference:** Ms. Sheri Stoll, Ph: (419) 372-8262
- **Applicability:** BGSU successfully entered into a P3 project for the purposes of delivering student housing and related amenities to campus in an expeditious and cost-effective manner. Further, it was critical BGSU not use its debt capacity and limited financial resources on the new, revenue-generating student housing project, especially when additional on-campus projects were contemplated as part of their comprehensive campus master plan. Blue Rose worked closely with BGSU in exploring the various options available to the University for refinancing its P3 debt, i.e. financing structures and credit/debt capacity/Senate Bill 6 ratio calculations, and the execution of the ultimate financing program. BGSU achieved significant cash flow savings through the refunding of the higher coupon P3 debt.
**Exhibit II**

**Public-Private Partnership ("P3") Experience, 2013 - Present**

| Butler University | Individual/Year: Bill Elliott, 2015 |
| Butler University | Project Description: 100% Equity financing with American Campus Communities for on-campus housing facilities. |
| Butler University | Project Cost: $45 million |
| Butler University | Project Timeline: First construction phase completed fall 2016. Second phase set to be completed fall 2018. |
| Butler University | Services Performed: P3 Advisory Services |
| Butler University | Client Reference: Mr. Bruce Arick, Ph: (317) 940-9481 |
| Butler University | Applicability: Blue Rose assisted the University in its developer procurement process including the evaluation of three P3 partner (developer) finalists. Certain financial and economic provisions were negotiated to the University’s benefit through the selection of ACC and the financing process. The University’s stated capital objectives were to preserve its credit ratings and save debt capacity for future academic projects while still meeting its on-campus housing needs. The University was able to accomplish these goals through an equity P3 financing with American Campus Communities (ACC) that did not have a University credit rating impact as a result of no debt issuance. The on-campus P3 housing constitutes about 50% of Butler’s overall housing offering. |

| Mount Mercy University | Individual/Year: John Wending, Johan Rosenberg, Scott Talcott, 2017 |
| Mount Mercy University | Project Description: New P3 on-campus student housing project |
| Mount Mercy University | Project Cost: $12.5 - $18 million |
| Mount Mercy University | Project Timeline: Targeted delivery of fall 2019 |
| Mount Mercy University | Services Performed: P3 Advisory Services |
| Mount Mercy University | Client Reference: Douglas Brock, Ph: (319) 363-1323 |
| Mount Mercy University | Applicability: Blue Rose prepared comprehensive on-balance sheet and P3 student housing financing analysis for the University and presented the findings to both senior administration and the University Board. Our team tested various scenarios, their feasibility, and financial/credit impact to the University. Ultimately, the University Board decided to put the new student housing project on hold and pursue other measures to satisfy student housing demand in the near-term. |
Public-Private Partnership ("P3") Experience, 2013 - Present

Walla Walla Community College Foundation
Walla Walla, Washington

**Individual/Year:** John Wendling, Ongoing

**Project Description:** New (first) P3 on-campus student housing project

**Project Cost:** TBD, student demand and feasibility will drive project scope

**Project Timeline:** TBD, although delivery for fall 2020 is anticipated

**Services Performed:** P3 Advisory Services

**Client Reference:** Jessica Cook, Ph: (509) 524-5161

**Applicability:** WWCCF is in the process of evaluating on-campus student housing demand with Blue Rose and The Scion Group (Scion). Blue Rose is providing comprehensive P3 advisory services to WWCCF including the most recent procurement to hire Scion as a nationally recognized and experienced student housing demand consultant. WWCCF, College stakeholders and Blue Rose are taking a measured approach to the delivery of housing to campus for the first time. Project size, scope and unit typology are to be determined upon further analysis and discussion with Scion following the delivery of their draft report.

Double Bowler Properties Corp.
Dayton, Ohio

**Individual/Year:** John Wendling, Scott Talcott, Ongoing

**Project Description:** 501(c)(3) acquisition of privately-owned, adjacent-to-campus student housing facilities totaling approximately 2,250 beds

**Project Cost:** ~$75 million

**Project Timeline:** TBD

**Services Performed:** P3 Advisory Services

**Client Reference:** Greg Sample, Ph: (937) 416-1000

**Applicability:** Blue Rose is assisting Double Bowler Properties Corp. (a nonprofit created by Wright State University) in the process of assessing the acquisition of a large student housing portfolio adjacent to campus. Our team is providing comprehensive P3 advisory services including robust cash flow / financing modeling and procurement of and report review for the consultant for physical condition assessment. Double Bowler and Wright State continue to evaluate the merits, operational impact and cost of owning the student housing facilities outright.
Saginaw Valley State University
University Center, Michigan

Individual/Year: Erik Kelly, John Wendling, 2017

Project Description: Privatization of all on-campus housing facilities utilizing the service concessionaire agreement, taxable financing model (via Corvias Campus Living as P3 partner).

Project Cost: +$100 million

Project Timeline: TBD

Services Performed: P3 Advisory Services

Client Reference: Jim Maladore, Ph: (989) 964-4190

Applicability: Blue Rose assisted SVSU to evaluate proposals by Corvias Campus Living for the privatization of all on-campus student housing facilities. The financing and ownership model would closely resemble Wayne State University’s P3 transaction with Corvias. Blue Rose prepared independent cash flows and analysis to validate assumptions made by Corvias and test the viability and value for the University. The potential P3 project is currently on hold.

Other Institutions

Blue Rose serves other higher education institutions that have considered the P3 approach but have elected not to consummate a P3 transaction or are in the early stages of P3 housing evaluation. These institutions include: Central Michigan University, Siena Heights University, Lawrence University of Wisconsin, Purdue University, Governor’s State University and Western Illinois University. Furthermore, Blue Rose is in the process of evaluating additional P3 opportunities for Wayne State University on-campus in the Mid-town Detroit area. We cannot disclose any more information than that at this time.

Examples of Work Product

Blue Rose, with permission from our clients, is happy to provide examples of our work product to the Coalition for any P3 or municipal advisory engagement. We routinely provide such work to demonstrate our capacity to serve the client throughout a prospective engagement.
PRESS RELEASE

Blue Rose Capital Advisors Announces Strategic Partnership Between Wayne State University and Corvias Campus Living.

Wayne State University, Corvias secure $307.5 million in private taxable financing.

Minneapolis, MN – December 1, 2017 – The financial close of the 40-year partnership between Wayne State University and Corvias to develop, finance, construct, operate and maintain the university’s student housing was completed today. The partnership will allow the university to fulfill the demand for more on-campus housing, while maintaining affordability for students and strengthening the university’s financial position.

Under the partnership agreement, Wayne State’s entire on-campus student housing portfolio will significantly improve. This includes enhanced green spaces and new retail offerings in the residential area of campus. Corvias will deliver 841 new beds and 368 renovated beds while also managing and maintaining the existing 2,950 beds across campus. Another beneficial feature of this long-term agreement is that every bed has the potential to be renovated and/or replaced multiple times during the partnership, eventually returning all assets to the university in new or like-new condition.

Advising Wayne State throughout the entire public-private partnership (P3) process — including and up through the recent financial close — has been Minneapolis-based Blue Rose Capital Advisors. Blue Rose specializes in advising on P3’s and the firm’s understanding of various ownership and financing structures added tremendous value to Wayne State in negotiating this transaction.

“Our team at Blue Rose is honored to have served our long-time client, Wayne State, on this unique, never-before-done-before P3,” said Johan Rosenberg, chairman of Blue Rose. “The effort and focus of the University, as well as the dedication and resources of highly skilled professionals across the deal team, most certainly cannot be understated or underestimated to consummate this multi-faceted, full housing system privatization. Wayne State and Corvias have come together to create tremendous value through partnership – ultimately achieving core strategic objectives, aligning interests and sharing a vision for the future of housing on campus.”
The initial investment of $307.5 million will be used to pay off $102 million of existing housing debt and fund the continued construction of the new Anthony Wayne Drive Apartments, demolition of the Helen L. DeRoy Apartments and renovations to the Chatsworth Apartments. Gilbane Building Co. is the construction contractor across the various projects.

“Wayne State University’s partnership with Corvias is transformational,” said Bill Decatur, vice president for finance and business operations, CFO, and treasurer. “The university achieves numerous strategic goals through our partnership — enhancement of the on-campus student experience, new and renovated student housing, long-term financial support for maintaining student housing, and at the same time improving the university’s financial position.”

Corvias will manage and maintain all on-campus housing facilities. To ensure that the first phase of the Anthony Wayne Drive Apartments project would be ready for WSU students by fall 2018, Corvias expedited the construction process through short-term bridge financing, which allowed the partnership more time to secure favorable terms on permanent financing through a taxable private placement. As of Nov. 30, Phase 1 of the Anthony Wayne Drive Apartments will be 25 percent completed. (Click here for a time-lapse video of the construction progress.)

“It says a lot about everyone’s commitment to our new partnership that we could start construction earlier this year in order to meet our need for additional beds by August 2018,” said Tim Michael, associate vice president of student auxiliary services and chief housing officer. “This is a great example of what can happen when all sides work together for a common goal. I’m confident our partnership with Corvias will enhance our ability to provide a first-class, educational housing experience for Wayne State students.

“Because of the partnership, an endowed Corvias Scholarship will also be established for Wayne State students, supporting the goal of providing more opportunities for students to excel and pursue their academic and career aspirations.”

Starting December 1 - having reached financial close on the transaction a day earlier – Corvias will begin managing all on-campus housing facilities and maintenance aspects. Wayne State will continue to operate all residence life and student-facing services. Corvias will have 28 full-time employees working on WSU’s campus and has worked diligently with union members to ensure a smooth transition of operations.

“The leadership at Wayne State decided a few years ago to look for innovative solutions to address its need for more housing. While recognizing the immediate need of building a facility, they saw an opportunity to do more with a partner,” said Dan McConaghy, partnership advisor for Corvias. “We are
very proud to be in this partnership with Wayne State because it is grounded in a mutual commitment to serve students in an environment that supports the university and the greater Detroit community.”

With the surrounding off-campus areas maintaining an average occupancy rate of 98 percent (98%), which reflects the revitalization in midtown Detroit, affordable housing for students has become difficult to find. Alternatively, on-campus housing rates are more affordable than the off-campus market and going forward will be set through a joint governance process between WSU and Corvias.

As a result of the good-faith partnership over the past several months between Wayne State and Corvias, the university expects the delivery and occupancy of phase 1 of the Anthony Wayne Drive Apartments in fall 2018 totaling 407 new beds. A year later in fall 2019, phase 2 is expected to be delivered constituting the remaining 434 bed spaces. The property will be made up of a six-story south wing, an eight-story north wing and 11-story central tower. Once completed, the Anthony Wayne Drive Apartments will be the largest housing complex on WSU’s campus.

“This transaction will help address a critical housing shortage in Midtown and improve the overall on-campus student experience,” said Thomas Coomes, managing director and co-head of the Midwest region of Citi’s Public Finance Department. “Citi has been closely involved in several facets of Detroit’s continuing transformation and we are delighted by this opportunity to help meet Wayne State’s student housing needs.”

To date, Michigan-based contractors are performing 88 percent (88%) of all construction work. The design team of Hamilton Anderson Associates is also Detroit-based. That totals more than $85 million performed by Michigan-based contractors.

ABOUT BLUE ROSE CAPITAL ADVISORS

Blue Rose Capital Advisors is a full-service independent financial advisory firm that serves the education, healthcare, non-profit, government, and corporate sectors, with a specialization in higher education finance. Blue Rose provides traditional capital markets advisory, P3 advisory, derivatives advisory, reinvestment services, and other specialized services to help clients achieve their goals. Blue Rose is registered with the Securities and Exchange Commission (SEC) and Municipal Securities Rulemaking Board (MSRB) as an Independent Registered Municipal Advisor (IRMA).

Blue Rose’s P3 Advisory Group was responsible for the delivery of service to Wayne State on this critical project. Blue Rose Chairman, Johan Rosenberg, and John Wendling, Senior Vice President and P3 Advisory Group Head, led the WSU relationship and coordinated resources of the firm. Mr. Rosenberg and Mr. Wendling are proud to provide seasoned P3 Advisory services and capital markets expertise to the firm’s clients. For more information on the services of the Blue Rose P3 Advisory Group, and for additional information on this transaction, please contact Johan Rosenberg at (612) 839-7627 or John Wendling at (303) 803-8253.
To learn more about Blue Rose Capital Advisors, please visit www.blueroseadvisors.com.
Exhibit IV
CACUBO Annual Meeting Presentation
P3 Perspectives: Three Universities…Three Different P3 Models
P3 Perspectives: Three Universities... Three Different P3 Models
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<th>University</th>
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<tr>
<td>P3 Model</td>
<td>100% Equity</td>
<td>Concession Taxable Bonds</td>
<td>501c3 Tax-Exempt Bonds</td>
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<td>Financing Term</td>
<td>Up to 75 years</td>
<td>35 years</td>
<td>35 years</td>
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<td>Ground Lease / SCA Term</td>
<td>45 years (with three 10 year renewal options)</td>
<td>40 years (no ground lease)</td>
<td>45 years</td>
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<td>Development Plan</td>
<td>Multi-phase</td>
<td>Multi-phase</td>
<td>Single-phase</td>
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<td>P3 Bed Count</td>
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<td>4,160</td>
<td>1,318</td>
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<tr>
<td>% of On-Campus Housing</td>
<td>50%</td>
<td>100%</td>
<td>28%</td>
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<td>University</td>
<td>BUTLER UNIVERSITY</td>
<td>WAYNE STATE UNIVERSITY</td>
<td>BGSU</td>
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PANEL FOCUS AND PARTICIPANT TAKE-AWAYS

P3 Perspectives
- Butler University
- Wayne State University
- Bowling Green State University

Q&A

Participant Take-aways
- Objectives influence risk transfer outcomes
- Evolution of P3 alternatives
- Key differences between structures
- Insight into University decision-making processes
- Critical importance of University due diligence
## Objectives Influence Risk Transfer

<table>
<thead>
<tr>
<th>Design / Build</th>
<th>Finance</th>
<th>Operate / Maintain</th>
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</table>
| • Project concept and program  
• Technical design  
• Procurement / contract bidding  
• Site selection  
• Project delivery / schedule  
• Construction management | • Funding / financial close  
• Debt capacity  
• Credit / financial statement impact  
• Allocation of financial resources  
• Return on investment  
• Asset ownership | • Residence life / programming  
• Occupancy / revenue  
• Direct and indirect operating costs  
• Capital reinvestment  
• Funding deferred maintenance  
• Asset management |
OBJECTIVES DRIVE RISK TRANSFER OUTCOMES

100% INSTITUTIONAL
Full control, risk, return and resources of Institution

100% “PRIVATIZED”
Minimal or zero Institutional control, risk or resources

Myriad of Options

- Planning
- Financing
- Site Selection
- Development
- Marketing & Leasing
- Management
- Residence Life
P3 Financing Structures

- Tax-Exempt Bonds
- Taxable Bonds
- Equity
- Concession
- Conventional Debt & Equity
P3 Financing Structures

- Tax-Exempt Bonds
- Taxable Bonds
- Equity
- Concession
- Conventional Debt & Equity
P3 PERSPECTIVE #1

100% Equity Structure – “ACE” Program
P3 Partner: American Campus Communities
1,300 Main Campus Beds
P3 Housing constitutes 50% of Total Beds
P3 HOUSING LOCATION

Irvington House
Phase II Fall 2018

Fairview House
Phase I Fall 2016
STRATEGIC OBJECTIVES

- **TIMING**
  - Board driven decision to deliver new housing

- **DEBT CAPACITY**
  - Reserved for core academic projects / capital plan

- **CONSTRUCTION MANAGEMENT CAPACITY**
  - Balance simultaneous on-campus projects

- **ECONOMIC BENEFIT**
  - Receive cash flow through ground lease

- **HOUSING DIVERSIFICATION**
  - Diversification of ownership/risk within housing system
Risk Transfer

- Predevelopment cost sharing
- Construction cost overruns
- On-time delivery

Considerations

- Construction quality, amenities, campus design mesh – “Premium”
- Collaborative design process – ACC held tie break, although never used
- Speed to delivery real (1-year delay)
- Construction phased to accommodate replacement housing
- Student demand fully vetted
- New architect for Butler
- Familiar general contractor
Risk Transfer
- Funding / financial close
- Equity return (*no debt service*)

Considerations
- Higher cost of capital
- Longer duration
- Fewer reserves (no CapI or DSR funds)
- Ground rent arrangement – Performance and Base + Performance
- No project-level debt
- No rating requirement
### Risk Transfer

- Occupancy and revenue
- OPEX
- Life-cycle, capital costs

### Considerations

- Shared governance:
  - Limited
  - Rental rate setting – 3% ceiling unless approved in committee
- Efficiency increases
  - Private management
  - Quarterly operations committee

- **Butler runs residence life**
- Butler sub-lease of common space
- **Butler holds property tax risk**
Support
- Residence life management
- Common space sub-lease
- Integrated marketing, website
- 3-year campus live-on requirement

Outcomes
- **Financial statement impact (FASB):**
  - Footnotes in audit only
- **Rating agency impact:**
  - No project level debt currently to cause a credit impact
  - P3 Partner (ACC) financially strong
  - If project level debt issued by ACC, S&P will re-evaluate
- Ended two decade long “housing problem” discussion
P3 Perspective #2

Service Concessionaire Structure – Taxable Bonds
P3 Partner: Corvias Campus Living
4,160 On-Campus Beds
Full Housing System Privatization (100% of Beds)
P3 set to close November 2017
Housing System Map

New Construction & Renovation

Demolition

Existing
Virtual AWD tour: https://www.youtube.com/watch?v=rt1uL_Fhwzc
STRATEGIC OBJECTIVES

**CAPITAL RESERVES**
Disciplined funding of reserves and reinvestment

**SHARED GOVERNANCE**
University control on rent setting, residence life/programming, operations, etc.

**TIMING**
Board driven decision to deliver new housing

**CORE MISSION FOCUS**
Board decision to privatize housing to focus administration on core mission

**DEBT DEFEASANCE**
Deease ~$100 million of outstanding general revenue bonds

**DEBT CAPACITY**
Limited; finite resources reserved for academic projects
**Design / Build**
- Predevelopment cost sharing
- Construction cost overruns
- On-time delivery
- Construction quality, amenities, campus design mesh
- High quality of construction for AWD project
- WSU facilities and residence life participated in detailed, collaborative design process
- Speed to delivery real
- Student demand and cash flow proforma fully vetted
- New architect and general contractor

**Finance**

**Operate / Maintain**

**Support / Outcomes**

**Risk Transfer**
- Predevelopment cost sharing
- Construction cost overruns
- On-time delivery
Risk Transfer

- Funding / financial close
- Cash flow short-fall, event of default
- Interim construction funding

Considerations

- Relative to General Revenue bonds:
  - Higher cost of capital
  - Greater upfront reserves

- SCA Waterfall:
  - Partial subordination of WSU Retained Services reimbursement
  - Mgmt. fee subordination (KPI’s)
  - R&R and capital reserves
  - WSU share of excess cash flow

- Defeasance of Gen. Revenue Bonds
- WSU retains asset ownership
- Less costly ways to undergo project
Operate / Maintain

- Occupancy and revenue
- OPEX
- Life-cycle, capital costs

Shared governance
- Rental rate setting
- Quarterly Operations Committee

Efficiency increases
- Top to bottom OPEX vetting
- Private management

WSU runs residence life w/ Retained Services reimbursement

- No sub-lease of common/ retail space for AWD Project
- Project tax exemption anticipated
**Support**

- Residence life/programming mgmt.
- Integrated marketing, website

**Outcomes**

- **Financial statement impact:**
  - Critical to undergo auditor review
  - Collectively navigate the Potential Component Unit flowchart

- **Rating agency impact (TBD):**
  - Structure to be assessed by Moody’s and S&P – expect “on-credit” view
  - Moody’s: “prospectively credit positive”
  - WSU to eliminate debt and subsidization of housing auxiliary
  - Good underwriting fundamentals: 1.30x DSCR, reserves, controls, etc.
    - Effectively eliminated deferred maintenance problem
P3 PERSPECTIVE #3

501c3 (Foundation) Structure – Tax-Exempt Bonds
P3 Partner: Capstone Development Partners
1,318 On-Campus Beds
P3 Housing constitutes 28% of Total Beds
Transaction unwind: 2017 Gen. Receipts Refunding
P3 Housing Projects

Falcon Heights

Centennial Hall
STRATEGIC OBJECTIVES

CAMPUS WIDE FACILITIES UPGRADE
H&D key component

SPEED TO DELIVERY
12-14 month timeline acceleration

CONSTRUCTION COST SAVINGS
Avoid State of Ohio multiple-prime contracts/bidding

DEBT CAPACITY
Limited resources reserved for 7-10 year master plan; Ohio Senate Bill 6

ECONOMIC BENEFIT
Receive cash flow through ground rent payment
**Risk Transfer**
- Predevelopment costs
- Construction cost overruns
- On-time delivery

**Considerations**
- Under existing Ohio construction law – 30-40% increased costs for 4-year public institutions (pay “PW”)
- Developer at-risk model used
- Construction quality, amenities, campus design mesh
- Speed to delivery very real
- Student demand fully vetted
### P3 Analysis

#### Finance

- Non-recourse financing to BGSU
- Cash flow shortfall, event of default

#### Considerations

- **Relative to General Receipts bonds:**
  - Higher cost of capital – “Baa3” rating vs. “A1” / “A+” University ratings
  - Greater upfront reserves
- **Bondholder security:**
  - Pledge of revenues, assignment of rents
  - Pledge of reserves (trust accounts)
  - Leasehold mortgage
- **Ground rent arrangement – BGSU decided to retain supplemental ground rent (excess cash flow) with 501c3**

#### Risk Transfer

- **Non-recourse financing to BGSU**
- **Cash flow shortfall, event of default**

---

#### Design / Build

#### Operate / Maintain

#### Support / Outcomes
P3 Analysis

Operate / Maintain

- Occupancy and revenue
- OPEX
- Life-cycle, capital costs

Shared governance
  - Rental rate setting

Efficiency increases
  - Private management

Property tax exempt

Marginal rent premium – rents consistent with on-campus Greek housing

Risk Transfer

Considerations

Design / Build

Finance

Support / Outcomes
**P3 Analysis**

- **Support**
  - Residence life management
  - Integrated marketing, website

- **Outcomes**
  - Financial statement impact
  - Rating agency impact
    - On-credit for both Moody’s and S&P
    - Dynamic view of credit impact to BGSU
  - Project performance and cash flow mitigated credit / debt capacity impact
  - Strategically important, pivotal assets delivered to campus when needed
    - H&D capital investment has paid off
### Right Reasons, Then & Now

- Prior objectives discussed
- Close monitoring of market conditions and cash flow savings for Gen. Receipts refunding issue
- Vetted on-balance sheet refunding internally and with Ohio Dept. of Higher Education
  - Subterfuge concerns alleviated
  - Did not “abuse” the system
  - 7+ years since 501c3 bond offering
- Improved refunding economics
  - Closer to 10-year par call date
  - Less negative arbitrage
  - Persistently low rates/spreads
  - Market acceptance of BGSU bonds
- Improved debt capacity and less Senate Bill 6 pressure

### Key Refunding Statistics

- Issued $73.56 million of 2017B General Receipts Bonds
- Reduction of outstanding “project” debt by $4.2 million
- All-in True Interest Cost: 3.705%
- Refunded Bond Average Coupon: 5.95%
- Average annual gross savings: $1,082,500
- Present value savings: $13.8 million, or 17.7% of refunded par
Due to massive annual debt service savings and far less restrictive covenants:

- BGSU no longer beholden to annual rental rate increases needed to ensure DSC ratio is met
- More flexibility within operations
- Internal discipline needed to fund capital reserves over life of assets

Private rating process, debt capacity testing and Senate Bill 6 analysis are critical due diligence items to understand the implications of bringing the P3 squarely on-balance sheet

- Financial, leverage and operating ratios
- Note: the CFP Project was always “on-credit”
Centennial Falcon Properties, Inc. (“CFP”) created and now a viable entity

BGSU can utilize or deploy as a “tool” going forward

Previous or similar structure can be leveraged, especially with now existing resources on its balance sheet

Capstone shall continue to manage original P3 projects; gradual transition process under consideration
Exhibit V
Links to Additional Material

For further information on P3’s and our P3 advisory services, please click on the following links:

CACUBO Wrap-Up & P3 Perspectives Panel Presentation

Student Housing Privatization: Planning is Critical to Answer the Question: To “P3” or Not to “P3”?
http://www.blueroseadvisors.com/resources/newsletters/the-shield-february-2016/

Recent Issues in P3 Student Housing Projects

Blue Rose P3 Advisory Services
http://www.blueroseadvisors.com/services/p3-advisory/
Exhibit VI
Case Studies
Prior to joining Blue Rose and in an investment banking role, Mr. Wendling served the Franklin County Convention Facilities Authority ("FCCFA") in 2009 and 2010 as book-running manager on the structuring and issuance of $160,000,000 of Lease Revenue Anticipation Bonds, Series 2010 that were structured as Federally Taxable, Direct Payment Build America Bonds. The primary purpose of the financing was to deliver funds to the FCCFA for the construction of the 525-plus room Hilton Columbus Downtown Hotel that is located across N. High Street from and connected to the Great Columbus Convention Center via a glass sky bridge.

Both Franklin County (triple “AAA” rated) and the City of Columbus (triple “AAA” rated) supported the project financially as the Hotel was considered vital for ongoing economic growth and expanded Convention Center business. Unlike prior FCCFA tax and lease revenue issues where the City and the County are co-lessees, the County is the sole lessee of the Hotel from the FCCFA. The City provided additional financial support through pledged parking meter revenues.

The transaction received “Aa2” and “AA” ratings from Moody’s and S&P based mainly on the lease with the County despite the appropriation risk involved for a “non-essential” project and the construction risk. Additionally, the sound legal provisions, timing and flow of funds through bond trustee, the nature and priority of pledged revenues via the FCCFA sublease (hotel net operating income, collections from 10% room tax derived solely from the Hotel, land lease payments from the FCCFA, and City parking meter revenues), and good debt service reserve and rental reserve fund levels. The County was confident in its position as sole lessee as the project pro forma demonstrated a 1.50x debt service coverage ratio based on the pledged revenues as well as the strong management team at the FCCFA.

Build America Bond Benefits – After US Subsidy Interest Cost of 4.23%
- The Aa2/AA rated bonds were sold on January 20, 2010 at an average taxable interest rate of 6.45%.
- The FCCFA elected the direct subsidy option under the Build America Bond program.
- The net interest rate to the FCCFA for the BABs is approximately 4.23%.
- Debt Service, net of the US Subsidy payments, was solved with 1% escalation over the life of the bonds.
- Optional and extraordinary redemption features were both structured as make-whole call provisions for the life of the bonds.

Prior to joining Blue Rose and in an investment banking role, Mr. Wendling served the Unified Government of Wyandotte County/Kansas City, Kansas (“UG”) in 2015 as co-managing underwriter on the structuring and issuance of $65,229,559.85 of Sales Tax Special Obligation Capital Appreciation Revenue Bonds (Vacation Village Project Area 4 – Major Multi-Sport Athletic Complex Project), Series 2015 (Series 2015 Turbo CABS). The primary purpose of the financing was to deliver funds to the UG for the construction of the new major multi-sport athletic complex and related amenities located near the Kansas International Speedway. The “major multi-sport athletic complex” was designed to house the U.S. Soccer National Training Center and competition fields.

The UG and surrounding communities supported the project as the U.S. Soccer Facility was considered vital for ongoing economic growth within the STAR Bond District, i.e. Vacation Village Redevelopment District, as amended. Historically, the UG had utilized a similar financing mechanism for other economic development in the district under the STAR Bond Act in Kansas.

The bonds were structured with a “Turbo CAB” feature whereby the UG covenanted to apply 100% of all “Pledged Incremental Tax Revenues” to the special mandatory par redemption account for redemption at the accreted value of the CABS. No additional Senior Bonds were permitted to be issued for the Project. The transaction was offered with no rating on a limited basis only to Qualified Institutional Buyers or “QIBs.” GAI Consultants, Inc. (“GAI”) prepared the operative incremental economic and tax revenue reports supporting the eventual repayment of the Series 2015 Turbo CABS.

The Series 2015 Turbo CABS were structured with a final maturity of September 1, 2034, but an expected final turbo redemption date of March 1, 2033 (the initial project average life was 12.4 years). Further, the Series 2015 Turbo CABS were priced with an approximate yield to maturity of 6.75% on an accreted maturity amount of $230,485,000.