

Scenario A – 25 Years:

- Rate – 4.15%
- Principal - \$56,700,000
- Interest - \$42,052,496
- P&I - \$99,652,496
- BLEP - \$14,947,874
- Total Net of BLEP - \$84,704,622
- Tax per \$100,000 - \$186.07

Scenario B – 20 Years:

- Rate – 3.87%
- Principal - \$56,700,000
- Interest - \$29,261,313
- P&I - \$85,961,313
- BLEP - \$12,894,197
- Total Net of BLEP - \$73,067,116
- Tax per \$100,000 - \$200.63

I wanted to also provide some additional color which can guide the campaign decisions. The “Tax per \$100,000” figures shown on the ballot will be misleading for several reasons. First, they are based on your current tax base and cannot account for the McCain or NewCold values which are set to hit the tax rolls next year. Second, they ignore your overall bond portfolio and take just the average of these new bonds. These two factors together mean that the tax impact disclosure on the ballot will be substantially higher than the one in the campaign, so that will have to be discussed in some way during the campaign. As for the actual tax impact (i.e. amount by which the tax rate will rise in 2020 compared to now), here are the figures –

Scenario A – 25 Years:

- New Tax Rate - \$4.03 per \$1,000 of taxable value
- Increase - \$1.10, or \$110 per \$100,000 taxable (\$9.17 per month)

Scenario B – 20 Years:

- New Tax Rate - \$4.38 per \$1,000 of taxable value
- Increase - \$1.45, or \$145 per \$100,000 taxable (\$12.08 per month)

Note that the annual amounts are nice round numbers here (\$110 and \$145), but if you'd prefer to focus on the monthly amounts I could tweak the structures slightly to get an even \$9.00 or \$12.00 per month. I think I was conservative enough in the interest rate projections to make such a minor adjustment. These estimates are based on interest rate projections for late spring/early summer 2019, and for the tax base I went with a conservative \$2,050,000,000. Your current value is \$1,820,923,993, so I added just under \$230 million while NewCold and McCain together should be adding another \$280 million or so. Please confirm that you are comfortable with this figure as you are more familiar with the status of the McCain and NewCold projects than I am, and the next assessed values will reflect the value of these properties as of January 1, 2019.

There was also the question about the vote threshold required for the plant levy in 2023, and since we don't know what the market values will be I've calculated the rate at which the market values would need to rise in order to meet various vote thresholds.

Specifically, in order to put a \$1,850,000 plant levy on the ballot in 2023 (August or earlier) at a 60% voter threshold you'd need to hit a 5.1% year-over-year growth rate for the next four years under the 25-year bond scenario, and a 7.8% growth rate under the 20-year bond scenario. The reason for the difference is that the plant levy voter threshold is based on the proposed levy plus your required bond levy, and of course the 20-year scenario has higher bond payments. Note that your most recent 5-year growth rate is 6.7%, so these are plausible figures but the 7.8% rate may be a stretch. As for a 55% voter threshold, reaching that would require an unprecedented 16% - 20% year-over-year growth rate, so it would be best to plan for a 60% vote in 2023 if the bond passes.

There's a lot of information here, so feel free to reach out with any questions or concerns over the data.