

November 6, 2013

MEMORANDUM

TO: State Board of Regents  
FROM: David L. Buhler  
SUBJECT: Dixie State University – Refinancing of Energy Savings Performance Contracting Project

Issue

Dixie State University (DSU) has requested authorization to refinance the contract for the Energy Savings Performance Project they initiated in February of 2011.

Background

The energy savings project that was initiated in February of 2011 was undertaken under the State Building Energy Efficiency Program. Funding for this project, which under the provisions of the statute, was developed under the supervision of the DFCM Energy Director and approved by the Governor, comes from the energy savings generated as a result of the investment in physical plant assets.

The amount of the original \$3.8 million contract to be refinanced will be the \$3,482,990 balance that will be owed after December 17, 2013. The new contract interest rate will be 2.87%, a reduction of 1.63% from the current contract rate of 4.5%. The projected savings as a result of the refinance is calculated to be \$478,401 over the life of the contract.

A copy of the letter from the institution requesting this authorization and a summary of the terms of the new contract are attached for your information. Representatives from DSU will be in attendance at the meeting to respond to questions.

Commissioner's Recommendation

The Commissioner recommends approval of this request to refinance the DSU energy savings performance contract.

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David L. Buhler  
Commissioner of Higher Education

DLB/GLS/WRH  
Attachment

October 29, 2013

Dr. Gregory Stauffer  
Utah System of Higher Education  
Board of Regents Building  
60 South 400 West  
Salt Lake City, Utah 84101

Dear Dr. Stauffer,

#### Purpose

Dixie State University requests Regent approval to refinance its energy savings project. There will be no documentation charges and no fees associated with the refinance and the interest rate will be reduced from the current 4.5% to 2.87%. The savings over the life of the proposed new lease will be \$478,401 with a net present value of \$344,773.

#### Background

On February 14, 2011, Dixie State University entered into a contract with Johnson Controls, Inc. to undertake an energy savings project with the goal of putting energy conservation and management equipment in place to significantly reduce energy consumption and costs on campus. According to the contract, the annual forecasted savings would be sufficient to service the lease purchase payments and annual service costs and still produce a small amount of cash flow for the campus over the 17-year lease period. The more significant campus savings would be realized at the end of the lease when the campus would retain the entire annual forecasted savings of approximately \$450K per year.

Thus far, the cash flow of the project is meeting the lease payments and annual project costs. However, the savings realized from the refinance of the lease will produce an additional annual cash savings of \$33,957.

Thanks for your consideration of this request.

Paul C. Morris



cc: Steve Nadauld, Scott Talbot

# All American Investment Group, LLC

## Private Investment Banking

October 22, 2013

Mr. Scott Talbot  
Assistant VP of Business Services  
Dixie State College of Utah  
225 S. 700 East  
St. George, Utah 84770

Dear Mr. Talbot:

All American Investment Group, LLC (AAIG) is pleased to provide the following Financing Proposal for Dixie State College of Utah to refinance its energy savings performance contracting project.

### **I. Lender Information**

Name: All American Investment Group, LLC  
730 17<sup>th</sup> Street, Suite 830  
Denver, CO 80202

### **II. Financing Structure**

Purpose: Refinance the energy savings conservation project originally financed on February 17, 2011.

Structure: Tax-Exempt Lease Purchase Agreement. Transaction debt service for this project is fully covered by the annual project benefits as set forth in the original Energy Performance Contract by and between the College and JCI dated February 14, 2011.

Remaining Lease Term (following payment on 12/17/13): 14 annual payments

Original Interest Rate: 4.50%

Remaining total Payments **\$4,764,878.21 (after application of 12/17/13 payment)**

Refinance Interest Rate: 2.875

Total of payments: **\$4,289,476.60**

**Savings as a result of refinance: \$478,401.61.**

Security: Lessee Appropriations, Equipment

Amount to Finance: \$3,482,990.26 (Termination Value per Schedule on 12/17/13)

Term: 14 years (14 annual payments)

# All American Investment Group, LLC

## Private Investment Banking

Payments: Annual in arrears commencing December 17, 2014. Payments shall continue to be back-loaded so that savings for every year fully cover the annual debt service requirement.

Interest Rate: 2.87% fixed interest rate for the entire term.

Documents: AAIG shall provide required financing contracts to support project. There are no documentation charges.

Fees: There shall be no fees associated with the refinancing of this transaction charged by All American Investment Group to Dixie State College of Utah.

Closing  
Date: December 17, 2013

Requirements of Dixie State College: Execution of mutually acceptable lease documentation. Note: It is a requirement that Dixie State College of Utah provide written notice to PNC of its intent to prepay the existing lease no later than November 17, 2013. I am happy to assist in preparation and provide information to the College as to where to send this letter. Thank you for this opportunity!

Sincerely,

*Karen L. Keeler Pelzer*

By: Karen Keeler Pelzer  
Title: Senior Vice President  
Date: October 22, 2013