

Scope of Services – Mounds Lake Project

The Service Provider shall provide the following baseline assessment and related services:

1. Create a baseline financial projection model and assessment of the Mounds Lake Project.
 - a. During planning, land acquisition & construction phase (5-7 year est. time period)
 - b. Post-construction (15 year projection – 22 year total projection)
 - c. Identify maintenance & replacement costs over life of depreciable assets
 - d. \$400 M total estimated cost funded by mix of Grants & Tax-Exempt Debt
 - e. Consideration of EB-5 funding during construction phase
 - f. Assumes quasi-municipal governmental ownership (Council of Governments)
2. Analyze taxpayer parcel information in affected areas.
 - a. Determine impact of NAV loss & related property tax loss by each taxing unit
 - b. Quantify assumptions for potential NAV gains by each taxing unit
3. Quantify potential property tax revenue shortfalls and impact on operating costs
 - a. Temporary decline in NAV will increase circuit breaker losses
 - b. Identify means of “gap” funding during the construction period
 - c. Consideration of EB-5 for gap shortfall funding
4. Create projection model for potential new revenue streams
 - a. Standby Raw Water Sales (drought protection) / Operations
 - b. Wholesale Sales (Raw & Finished Water) / Operations
 - c. Retail Water Sales / Operations
 - d. Bottled Water Sales / Operations
 - e. Hydro-power applications in Water Production Operations
 - f. Hydro-power Sales Opportunities – National Grid (IMPA)
 - g. Boat dock rental / sales – Parks & Recreation
 - h. Boat launch fees – Parks & Recreation

Additional services beyond baseline assessment will consist of:

- a. Ideas for further consideration of Hydro-power applications and regulatory issues.
- b. Assist with providing other additional services such as preparing variations and revisions to the financial model, strategic planning, meetings and consultations with working group.

Note: All parties understand that the Provider is not responsible for, nor is the Provider vouching for, the achievability of the assumptions underlying the above-noted projections. Events and circumstances do not always occur as anticipated. Variations from the projections are likely and the variations may be material.

The Provider will, to the best of their abilities, attempt to aggregate data provided from a number of independent resources (including local, state & federal government officials, consulting engineers, and other resources) in an effort to determine the financial viability of the proposed Reservoir Project. Specifically, the purpose of this engagement is to determine the extent to which enterprise operations can sustain the cost of operation & maintenance, debt service, reserves and ongoing replacements & improvements after initial construction of the reservoir, water treatment facilities, and other related infrastructure requirements. It is anticipated that there will be federal and/or state grant components to the ultimate funding mix. However, this study will analyze the ability of the joint governmental entity that will own and operate the facilities to financially support the front end financing requirements that are anticipated to amount to approximately \$400 million.

Estimated Fee Range

Monthly invoices will be rendered for professional services based upon hourly time charges and out of pocket expenses. Hourly time charges will fall within a range of \$85 to \$185 per hour, depending upon the level of experience necessary for the various tasks to be performed.

- Baseline Assessment and Preliminary Financial Modeling Fee Authorization: Up to \$30,000
- Additional Services will be provided upon request at the hourly billing rates noted above after prior authorization by IFA and Anderson Corporation for Economic Development

Disclosure of Subcontractor Relationship with Mr. James Steele

O. W. Krohn & Associates, LLP has entered into a subcontractor relationship with Mr. James Steele, long-time resident and former City Controller for City of Anderson, due to his unique qualifications and knowledge of local tax and financial matters. Mr. Steele brings a wealth of knowledge that is anticipated to bring a high degree of accuracy and credibility to the financial projections that are to be prepared pursuant to this engagement. Mr. Steele, and O. W. Krohn & Associates, LLP, want to make sure that this relationship is fully disclosed, along with the fact that Mr. Steele's personal residence is located adjacent to the proposed Mounds Lake Project. Mr. Steele acquired this property in 1977. While the location of Mr. Steele's residence is coincidental in nature and played absolutely no role in the independent engineering studies and the resulting preliminary determination of the land area best suited for the Mounds Lake Project, we are making this disclosure so that all parties to this agreement are aware of these facts and circumstances.