UTOPIA PPP Project

Milestone One Proposal

April 2014

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Contents

Executive Summary

Macquarie has completed an exhaustive work program through Milestone One to deliver a feasible, achievable proposal with a preliminary monthly utility fee of $18-20 per address

- Network is incomplete and requires further investment
  - — Operational issues will persist without network completion
- Utility fee public private partnership is a feasible solution, focused on achieving Agencies' objectives and aligning stakeholder interests
  - — Symmetrical 3Mbps connection provided with the utility fee
  - — ISP ownership of the customer relationship drives incentives
    - — Generate revenue by upselling users to premium service
- Implementation approach has been significantly developed
  - — Shortlisted 2 design-build contractors from total pool of 14
    - — Soft pricing estimates received 7 weeks after issue of RFQ
  - — Selected network integrator and equipment vendor partners
  - — Extensive review of operations and maintenance processes
  - — Positive feedback from lenders that network is financeable
- Macquarie believes there is compelling rationale to proceed to Milestone Two and further refine plan with the Cities

Macquarie's Proposal

Project Network	▪ Ubiquitous, open access gigabit network ▪ Last mile connection to all addresses in the Cities
Project Structure	▪ Utility fee availability PPP with 30 year term ▪ PPP will build, operate and maintain the network — Build will be on a fixed-price, date-certain basis — O&M will be on a fixed price basis — Performance standards to apply across all functions ▪ Wholesaler will manage ISPs and market the network
Utility Fee	▪ Based purely on costs of building, operating and financing ▪ Preliminary range of $18-20 / month — 50% discount for MDUs — 100% premium for businesses
Basic Service	▪ Symmetrical base service of up to 3Mbps ▪ 20GB monthly data cap ▪ Available at no charge to all addresses paying utility fee
Premium Services	▪ ISPs will compete to provide premium data, voice and video offerings to network users ▪ Long-term take rates of 30-50% generate $1.0-1.5bn transport fee revenues over concession term — Equivalent to 2-3x total Agency debt payments ▪ Preliminary estimates suggest Cities will receive up to $100 million in annual free cashflows at asset handback

01

Macquarie’s Proposal

Macquarie's Proposal

Status of the Network

Funding constraints and a reactive business model that has blurred stakeholder roles have contributed to ongoing operational issues that require immediate resolution

- Network has insufficient scale or continuity to cover its operating costs
  - Cities funding UTOPIA's operating deficit
  - Only 27% of total addresses able to connect to the network
- Capital constraints have significantly curtailed expansion plans
  - Lack of funding and flexibility only allows piecemeal build
  - Appropriate policing of ISPs limited by resource constraints
    - Greater interaction with users than initially planned
      - Agencies often bear brunt of public disquiet
    - Smaller ISPs reliant on Agencies for support services
- Improved operational performance noted over past 2-3 years
  - Some ISPs are very satisfied with performance / response times
- Funding pressures make status quo an unacceptable outcome

Agency Objectives

1	**Ubiquitous Buildout**	▪ Agencies have significant capital constraints, reducing their ability to efficiently expand the network — Connection fee a key limitation on user take rates ▪ Capital constraints have reduced available market — Only ~43k of 63k passed addresses are marketable (lack of engineering, etc)
2	**Open Access**	▪ Future network development must be open access ▪ Utah legislation prevents Agencies providing services directly to end users
3	**Maximize Take Rates**	▪ Take rates for UTOPIA users not sufficient to cover operating costs — Funded through monthly assessments on Cities — All new users connected by UIA
4	**Ongoing Revenue Stream**	▪ Sales tax pledges currently servicing UTOPIA debt given persistence of operating deficit ▪ Cities to participate in increased system cashflows to reduce the size of the pledges required
5	**Alignment of Interests**	▪ A development model for the network should reflect a partnership approach with appropriate risk allocation

Macquarie's Proposal
Evaluation of Alternatives

The PPP provides the Cities a ubiquitous fiber to the premises network driven by an open access model that incents ISPs to differentiate to maintain users in a competitive market

- Shutting down the network is a suboptimal outcome
  - — Existing debt must still be serviced through sales tax pledges
- Execution risk is a critical consideration in evaluating alternatives
  - — Macquarie does not consider public delivery a viable option
    - — Limited appetite to pledge further revenues
    - — Political constraints given operational track record
      - — Ongoing operational deficits funded by Cities
  - — Network sale requires multiple qualified, interested bidders
    - — Agencies have already explored options with Google
    - — Scale may impact local / regional bidders' ability to deliver
- PPP model can be tailored to achieve the Cities' key objectives
  - — Ubiquitous, open access network that promotes competition
  - — Fully funded model that eliminates operating deficits
  - — Agencies have significant participation in network upside

Evaluation of Alternatives

OBJECTIVE	PPP	SELL	SHUTDOWN
Reduction in the Agencies' Operating Deficit	🟢	🟢	🔴
Defray Service Obligations on Existing Debt	🟢	🔴	🔴
Parity of the Network Build	🟢	🟡	🔴
Certainty of Execution	🟢	🟡	N/A
Expand the Existing Subscriber Base	🟢	🟡	🔴
Ubiquitous Last Mile Connection	🟢	🟡	🔴
Increase Service Offerings to Users	🟢	🟡	🔴
Provision of Civic Benefits (Public WiFi, etc.)	🟢	🟡	🔴
Increase Price Competition & Choice for Users	🟢	🔴	🔴

Macquarie's Proposal

Proposal Overview

Preliminary utility fee of $18-20 per month gives all users access to gigabit connectivity, a symmetrical 3Mbps service and potentially significant price pressure from ISP competition

Macquarie's Proposal

- Macquarie proposes to complete the Agencies' network as an availability-based PPP with a 30 year operations term
  - Availability payment supported by a monthly $18-20 utility fee
    - Utility fee payable by all addresses in the Cities
    - ISPs to provide basic service to users at no incremental cost
      - Symmetrical 3Mbps connection with 20GB data cap
  - ISPs will also market premium services available to users for a fee
- Ubiquitous build will deliver fiber to a specified demarcation point
  - ISPs will complete connection into the premises
  - Open access network with performance guarantees (reliability, etc)
    - PPP / Wholesaler will not provide any retail services
  - 30 month construction schedule, with PPP bearing delay risk
- PPP will take over network operations at financial close
  - Funded operating deficit minimizes Cities' monthly assessments
  - Potential upside from immediate revenue sharing

Proposal Achieves Key Stakeholder Objectives

Ubiquity	▪ Last mile connection to all City addresses — Fully funded solution removes connection fee — ISPs can market to fully connected communities
Open Access Network	▪ Competitive open access model materially reduces entry and exit barriers for ISPs — Significant interest from regional and national ISPs — Independent analysis has verified model's feasibility
Take Rates	▪ Free basic service incents ISPs to market effectively to users to upgrade their package to a paid service
Alignment of Interests	▪ Cities, PPP and Wholesaler all participate in network upside through sharing of transport fee revenue
Ongoing Revenue Stream	▪ Long-term take rates of 30-50% generate $1.0-1.5bn transport fee revenues over concession term — Equivalent to 2-3x total Agency debt payments ▪ Preliminary estimates suggest Cities will receive up to $100 million in annual free cashflows at asset handback
Value for Money	▪ Symmetrical basic service available to all users — Competitive with incumbents' entry level product
Risk Transfer	▪ Fixed-price, date certain network delivery and operations — Ubiquitous network ensures parity for Cities — Users do not pay until they receive services — Competitive process to minimize contractor costs ▪ Tailored solution to reduce Cities' funding contribution — Operating deficit eliminated at financial close

02

Business Model

Business Model
Stakeholders

Proposed business model delivers clear lines of responsibility and aligns interests of all parties to deliver a successful, cost-efficient network

- Macquarie has engaged extensively with the Cities and the ISPs to develop a sustainable and achievable business model that achieves the Agencies' objectives and aligns the interests of all stakeholders
  - — PPP will provide a fiber highway and be bound by performance guarantees
  - — ISPs own customer relationship, provide the basic service and market its premium products to users
  - — Wholesaler will not compete with ISPs but will manage the service level agreements and supplement the ISPs' marketing efforts through broad-based awareness and education campaigns, emphasizing the competitive advantage of gigabit connectivity
  - — Agencies will not have an operational role but will oversee the PPP's compliance with the performance standards

Network Roles & Responsibilities

	Design-Build	Operations & Maintenance	Network Refresh	Sales & Marketing	Basic Service	End User Contact
Agencies	✗	✗	✗*	✗	✗	✗
PPP	✓	✓	✓	✗	✓	✗
Wholesaler	✗	✗	✗	✓	✗	✗
ISPs	✗	✗	✗	✓	✓	✓

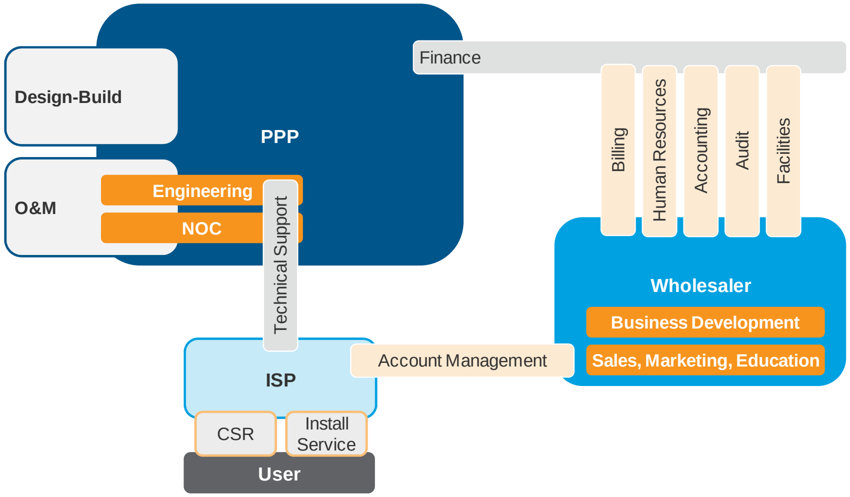
*The Concession Agreement will mandate the PPP to refresh the network to ensure 1Gbps connections. Technology upgrades and maintenance beyond 1Gbps will be the responsibility of the Agencies

Business Model
PPP

The PPP will build and operate the fiber highway to guaranteed performance standards, providing a high quality platform for ISPs to deliver services

- PPP is responsible for building and operating the fiber highway
  - — Operations, maintenance and refresh to permit gigabit connectivity
  - — PPP will complete network infrastructure, delivering fiber to a specified demarcation point
    - — Single family homes: access portal on outside of the house
    - — Businesses / MDUs: central communications cabinet of the building
    - — ISPs will be responsible for completing the internal connection for both single
- PPP will manage the NOC and maintain outside plant and electronics
  - — First and second tier support to ISPs, but no direct interaction with users
  - — PPP will also provide back office support for the Wholesaler
- PPP and Wholesaler have been separated to permit PPP financing terms and maximize affordability through reduced utility fee
  - — PPP and Wholesaler have significantly different risk profiles
  - — Lenders have shown great reluctance to bear market risk

Functional Operation



Business Model
Wholesaler

The Wholesaler will manage the ISPs and focus on expanding the network's reach, driving core and incremental revenue streams to be shared with the Cities and the PPP

- The Wholesaler is a market-facing entity that will manage network cashflows
  - Manage relationships with ISPs
    - Introduction of new ISPs into the network
    - Monitor compliance with service level agreements
  - Establish transport fees
    - Transport fees will only be charged on bandwidth used by premium service customers
- Preliminary analysis suggests sustainable premium service take rates of 30-50%
  - Agencies' survey indicated up to 58% of users wanted fiber
  - Independent consultant supports long-term rates of up to 50%
- Agencies participate in network upside through revenue sharing
  - Take rates imply ~$1.0-1.5bn revenue over the concession term
    - 2-3x the Agencies' total remaining debt payments
  - Revenue sharing aligns interests of PPP, Agencies & Wholesaler
- Expected to generate operating losses in early years
  - Extensive marketing spend to rebrand and drive take rates
  - Timing lag between this investment and revenue generation

Estimated Take Rates

Take Rate		**30%**	**50%**
Potential Subscriber Market	000s	163	163
Long-Term Take Rate	%	30%	50%
Total Subscribers	000s	49	82

Annual Revenues at Various Transport Fees (2014$)

$20 Average	$000s	11,736	19,560
$25 Average	$000s	14,670	24,450
$30 Average	$000s	17,604	29,340
$35 Average	$000s	20,538	34,230
$40 Average	$000s	23,472	39,120
Lifecycle Revenues (Nominal)	$000s	978,346	1,524,672

Business Model
ISPs

ISPs take greater ownership of the customer relative to the current model, incentivizing greater investment in the network to generate upside from premium service users

- ISPs have responsibility for the users beyond the demarcation point
  - — Complete the connection into premises
    - — PPP will fund the first $50 of these install costs
    - — 6 month transitional period to complete the connection before the utility fee becomes payable
  - — ISPs will be primary contact for users' technical support
- ISPs will provide the basic service at no charge
  - — Users will select preferred ISP, which will then be required to service that user
  - — Selection as preferred ISP creates an immediate opportunity to upsell customers to a paid service
- ISPs have complete discretion to develop and market upgraded services for which they will generate revenue
  - — Competitive market designed to deliver best value
- PPP will seek to implement new SLAs as soon as possible
  - — Subject to current contract terms
  - — Seek to entrench these services and a strong compliance regime

Competitiveness of the Basic Service

Provider	Intro Price	Standard Price	Speeds	Data Cap
Internet Only				
Basic Service	$18-20/month	$18-20/month	3 / 3	20GB
CenturyLink	$30/month plus one time charges of $120 One year contract	$42/month	1.5 / 0.9 to 40 / 5	150GB
Comcast	$30/month 1st year $8/month modem One year contract	$50/Month $8/month modem	25 / n/a	300GB
Internet + Phone				
Basic Service	$25/month*	$25/month*	3 / 3	20GB
CenturyLink *Double Play*	$55/month phone One year contract	$70/month	1.5 / 0.9 to 40 / 5	150GB
Comcast *Double Play*	$40/month 1st year $60/month 2nd year $8/Month modem Two year contract	$83/month 3rd year $8/month modem	25 / n/a	300GB

* Based on indicative third party VoIP service pricing of $5-8 per month

Business Model

Feasibility of the Model

Open access network separating infrastructure from services promotes competition by reducing entry and exit barriers, creating value for users through new and cheaper products

Utility Fee	▪ Utility fee establishes broadband as a basic service for the Cities, like water and electricity ▪ The belief that all citizens need the benefits of broadband has underpinned broadband adoption programs at all levels of government ▪ Utility model separates network infrastructure from services being provided on that infrastructure, thus providing a platform for communitywide network access — This separation materially reduces the entry and exit barriers for service providers
Basic Service	▪ Symmetrical 3Mbps connection exceeds the federal government's minimum definition of broadband and is competitive with the incumbents' entry level products ▪ 20GB data cap on the service is also comparable with average monthly data use — Average data use is 16-18GB per month
Potential Take Rates	▪ Strong marketing and awareness campaign could generate immediate growth in user base — Agencies have completed significant design work to connect up to 50,000 shortly after financial close ▪ Take rates over the medium to long term, with effective management and marketing, could grow to between 30-50% — Agencies' public survey indicates significant appetite for fiber connectivity — Potential for a total upsell market of 80,000-90,000 addresses
Open Access Model	▪ Open access model is a common model – PPP is applying a well-established model to a new sector ▪ Promotes competition, ISPs must differentiate themselves to acquire and maintain market share — Platform for innovation, new services and cost efficiencies to create value for users ▪ Proposed model provides ISPs significant ownership of user relationships, necessitating a strong roster of qualified ISPs
Community Benefits	▪ Efficiency gains and ability to provide better community services over a ubiquitous fiber network are significant

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Project Implementation

Project Implementation

Design-Build

Network trunk line is primarily complete, with outside plant to be completed following competitive selection process in which two shortlisted contractors submit binding proposals

- Macquarie expects up to 114,000 drop fibers to be installed
  - — Up to 50,000 addresses available to connect immediately
- Network topology will remain active ethernet
  - — No significant cost advantage from switching to DWM-PON
- Efficient process to shortlist outside plant contractors and select network integrator
  - — Soft pricing estimates received 7 weeks after issue of RFQ
  - — Fujitsu will integrate ALU hardware into the network

Summary of the Construction Program

Fiber Miles to be Built	1,608
Underground / Aerial	65 / 35
Total Addresses in the Cities	~163,000 *(157k existing, 6k new)*
Active Connections	~11,000
New / Non-Active Connections	~152,000
Drops to be Installed	~114,000
Door to Drop Ratios	1 / 1/ 4 *Res / Bus / MDU*

Contractor Selection Process

Contractors Approached
14 local, regional and national firms received the RFQ

Expressions of Interest
7 respondents indicated interest in the project

Qualifying Respondents
6 formal responses submitted, 4 of those were fully compliant

Shortlisted Respondents
BLACK & VEATCH Building a world of difference.
CORNING

Soft Pricing Estimates

Project Implementation
Operations & Maintenance

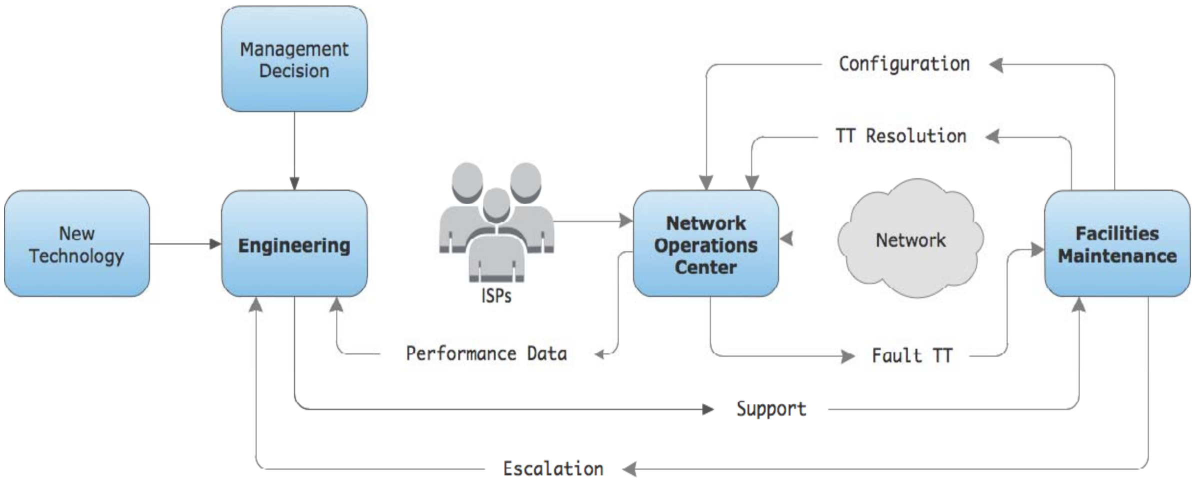
Macquarie is considering a number of O&M solutions to ensure achievement of performance standards and long-term cost efficiency

- Thorough review of current operations and maintenance processes revealed significant inefficiencies
  — Lack of documented processes limits ability to effectively train resources and requires all staff to have broad skillset

- The Macquarie team will take over operational control of the network from financial close
  — Coordinated competitive process to select Fujitsu as the network integrator, refreshing the core infrastructure with Alcatel-Lucent hardware
  — Macquarie will seek to leverage the Agencies' existing knowledge base and resources where possible

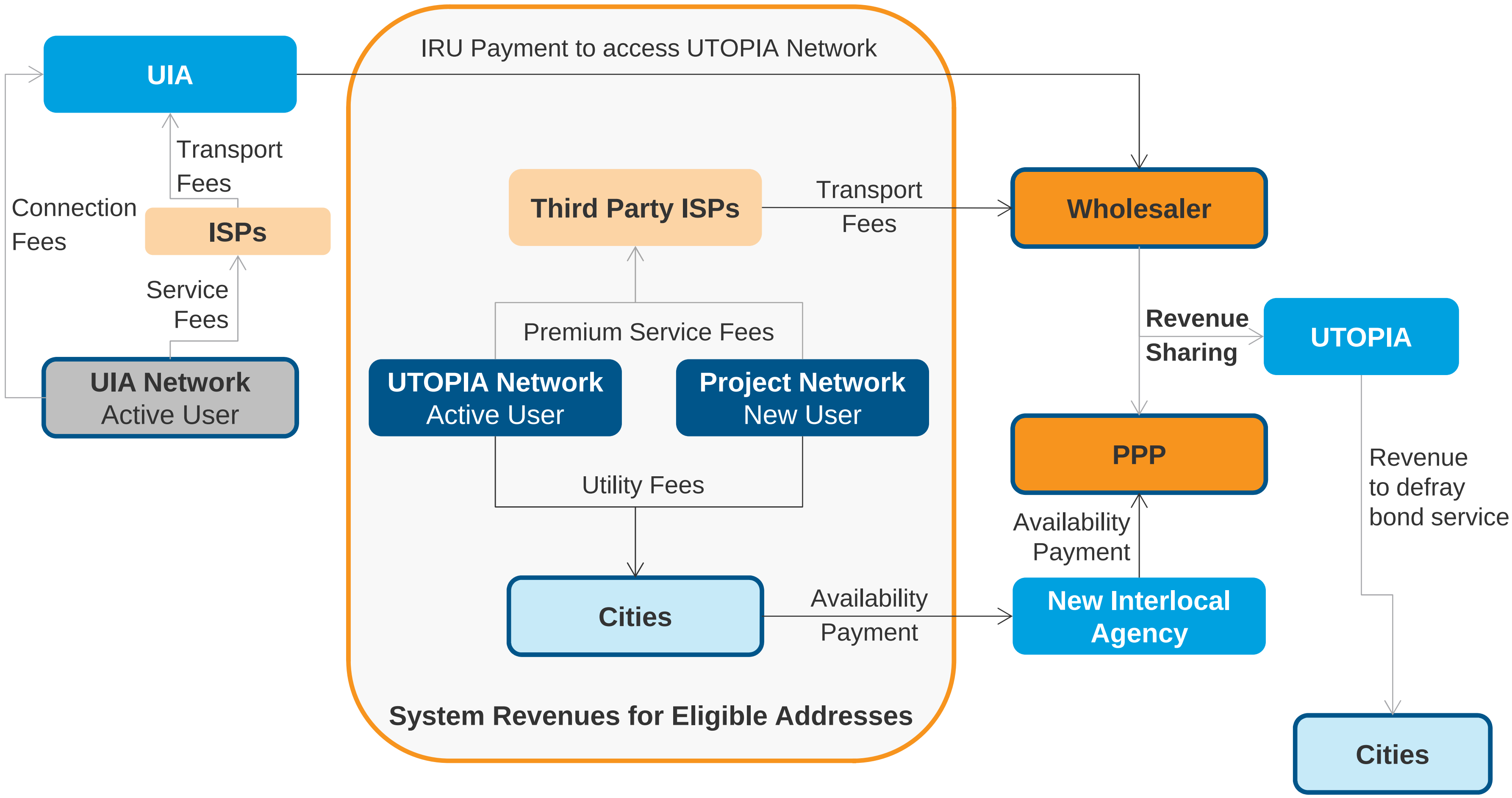
- Macquarie intends to outsource technology refresh to Fujitsu on a long-term, fixed-price basis

Network Management



Project Implementation
Transaction Structure

Structure proposes indirect relationship between Concessionaire and the Cities, which necessitates strong protections on payment of utility fee to ensure full payment is made



Project Implementation
Financing

Macquarie is committed to delivering a low cost, certain financing package, and is in active dialogue with UTOPIA bondholders to evaluate cost of a potential refinancing solution

- Dialogue with bondholders to understand feasibility of refinancing
  - UTOPIA debt is held on balance sheet by Key Bank and BAML
  - UIA debt is held more diversely
- Preliminary financing plan to be developed further in Milestone Two
  - Positive initial feedback from lenders
    - Focus on Cities' credit profiles and enforcement mechanisms
  - Financing process will be competitive to minimize cost of capital
    - Consider bond, bank, tax-exempt and alternative solutions
  - Final Proposal will include committed financing
- Macquarie has extensive experience arranging financing for similar projects
  - Over $360 billion in assets under management
    - $100 billion invested in North America, approximately $25 billion of which is PPP development assets
  - Global debt team has arranged over $216 billion of debt since 2007

Lender Feedback

PPP Financing	▪ Proposed model likely to be financeable — New application of the model to sector — Utility fee limits lenders' exposure to market risk but requires Cities to be strong counterparties ▪ Indicative pricing ranges suggest minor premium to typical availability PPP terms to reflect project risk — Debt coverage of 1.2-1.4x — Pricing premium of up to 100bps
Payment Mechanism	▪ Indirect payment mechanism is unconventional structure, critical risk factor for lenders — Limited knowledge of Cities' credit profiles — Detailed information on Cities is being collated to progress discussions ▪ Indirect structure increases importance of strong enforcement mechanisms to ensure coverage of any non-payment of utility fees or payment shortfall — Preference is for joint and several guarantee — Alternative protections such as rate covenants, step-in rights for collection and priority over network cashflows were also discussed
Operational Risk	▪ Lenders indicated preference for outsourced operations ▪ Extremely reluctant to assume any revenue risk from premium service take rates

04

Key Considerations

Key Considerations
Competitive Reaction

Macquarie expects a significant reaction from the incumbents, however reduced prices and greater infrastructure investment creates significant value for users and the Cities

- The utility fee model separates the network infrastructure from services being provided on that infrastructure
  - Eliminates key entry and exit barriers for ISPs
- Macquarie expects significant reaction from the incumbents to protect their market share and infrastructure investment
  - Reactions to Google Fiber have focused on price wars and competing investment
    - AT&T, Time Warner and Grande all introduced or boosted their high speed offerings in Austin
    - AT&T announced investment in fiber networks in Austin and North Carolina within 24 hours of Google confirming expansion or discussions with these cities
  - Additional potential for lobbying efforts to restrict the model
    - Combated by dedicated outreach and education program
    - Focus on benefits of ubiquitous gigabit connectivity
- Competitive reaction highlights the benefits of the model – the users ultimately benefit from lower costs and higher quality products
  - Users have significantly greater choice relative to the status quo

Google Fiber's Market Disruption

Google Fiber commenced operations in Kansas in late 2012. **Average broadband speeds increased 86%** in Kansas 2012, the **fastest growth rate** in the United States

"Google isn't even offering service in town yet, and already parts of Austin are getting better broadband"
- Stacey Higginbotham, GigaOM

Comcast committed to **lower prices for Provo residents only** following Google's acquisition of the iProvo network in 2013

Key Considerations
Potential Risks

The project's implementation faces a number of risks, however Macquarie believes the model's focus on Agency objectives and value for money provides substantial mitigants

Risk	Description	Mitigant
Basic Service	▪ Basic service must provide a competitive level of service without unduly impacting upsell potential	▪ Engaged independent expert to opine on potential speeds ▪ CTC's concluded that the 3/3/20 service provides sufficient value for users paying the utility fee without impacting upsell
Installations	▪ Demarcation point is outside the home, requiring the ISPs to complete the connection into the home and bear the costs ▪ Concern about ISPs ability to complete the installations in a timely manner	▪ Initial feedback from ISPs indicated interest in providing this service and capacity to deliver the installations ▪ Preliminary utility fee includes $50 rebate for all installations the ISP completes ▪ Transitional period of up to 6 months to complete the connection before Cities collect utility fees from the user
Property Access	▪ Macquarie expects a minority of users may resist installation of drop fiber on their property ▪ Efficient schedule requires coordinated access to non-user assets including utility poles and structures	▪ PPP will have appropriate contractual structures in place to minimize any legal issues associated with access ▪ Ongoing education and extensive pre-marketing campaign to highlight to users the benefits of the transaction
ISP Failure	▪ Open access model allows for smaller, less well-capitalized ISPs to operate on the network, increasing risk of ISP failure	▪ Potential network completion has attracted interest of regional and national ISPs that have significant financial resources ▪ Rigorous compliance regime to ensure early identification of issues and temporary step-in rights for PPP limits user disruption ▪ Providing ingredients for network success reduces chance of failure
Utility Fee	▪ Implementation of utility fee requires approval by the Cities	▪ Extensive marketing campaign to raise awareness of benefits of fiber and stress the value for money users receive from the basic service ▪ Utility fee is key to reducing market entry and exit barriers that will drive competition and create additional value for users
Political Risk	▪ Agencies have previously been center of many political discussions, utility fee could instigate further reaction ▪ Potential lobbying efforts from incumbents	▪ Local lobbyists engaged to advocate for the benefits of the transaction ▪ Legislation for restricting the utility fee model received strong pushback from city managers and was ultimately unsuccessful ▪ Potential restrictions on new networks may be harder to impose as Google Fiber has already entered the state in Provo

05

Next Steps

Next Steps

Macquarie is seeking to present to all City Councils as soon as possible and discuss the compelling rationale to progress the transaction to Milestone Two

Milestone One Completion Process

- Presentation of the Milestone One Proposal represents completion of Macquarie's obligations under the PDA
  - Cities have up to 60 days in which to formally inform Macquarie of their decision to proceed to Milestone Two or terminate the PDA
    - *Milestone One Submission Date:* **Tuesday, April 29, 2014**
    - *Milestone One Response Deadline:* **Friday, June 27, 2014**
- Macquarie has arranged meetings with all Cities this week to present the Milestone One Proposal and we will seek to maintain an open dialogue that can efficiently answer queries from elected officials and key executives

Milestone Two Deliverables

- Finalization of the business model
  - Macquarie will progress discussions with ISPs based on a draft term sheet to formalize their positive feedback on their proposed role
- Development of the project implementation approach
  - Complete financing plan including indicative term sheets with lenders
  - Detailed term sheet for Concession Agreement (Macquarie's first draft is currently with the Cities for comment)
- Addendum to the PDA confirming the Working Assumptions for the preliminary utility fee range, amendments to the Milestone Two scope of work (if any), any agreed changes to the PDA budget and a timeline for completion of Milestone Two

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APPENDIX
Benefits of the PPP Model

Benefits of the PPP Model

1 Risk Transfer

- Cities transfer substantially all development and operational risks to the PPP
  - PPP bears all the design-build cost and schedule risk
  - Penalty regime to compensate Cities for any delay in project completion
  - Availability payment will be fixed in real dollars over the life of the concession, with any escalation tied to a pre-agreed, published index. PPP thus bears risk of increase in operating or maintenance costs
- Payments to the PPP will be subject to achievement of performance standards such as carrier class reliability

2 Cost Efficiencies

- Empirical evidence has shown that PPPs, relative to traditional procurement, can deliver projects up to 31% cheaper when measured from project inception
  - In Australia, 21 PPP projects worth a contracted $4.9 billion experience only $58 million in cost overruns
  - By comparison, 33 traditionally procured projects worth a contracted $4.5 billion incurred ~$673 million of net cost overruns
- Macquarie is conducting thorough and highly competitive design-build, network integrator and equipment subcontractor selection processes that will result in low cost, fixed-price, date certain solution for the Cities

3 Access to Capital

- PPP will be fully funded at financial close, allowing the Design-Build Contractor to execute its program efficiently with no impediment from funding constraints
- All capital raised will be private – the Cities will not incur any new debt obligations from the transaction
  - Macquarie is a significant financial institution in its own right
    - $16 billion market capitalization and $360 billion of assets under management
  - Macquarie is the global leader in infrastructure finance, raising over $23 billion of infrastructure capital in the last five years, over $5 billion more than its closest competitor
    - Macquarie also has global relationships with institutional investors and pension funds that provides access to deep pools of institutional capital
  - Macquarie's global debt capital markets team has raised over $230 billion of debt facilities since 2007
- Debt raised is non-recourse; neither the PPP nor its lender can come back and demand any funds from the Cities other than the availability payment in accordance with the terms of the Concession Agreement

4 Asset Quality

- The Concession Agreement will outline specific handback requirements that the PPP must meet at the end of the concession term, guaranteeing the network will be operable and in good repair when the Cities take over

5 Transparency

- PPP model establishes a long-term partnership between the Cities and the private partners
- Objective value for money analysis before execution, through an open book process, ensures Cities are receiving value for money
- Maximization of cost efficiencies often requires PPP and Cities to work collaboratively, particularly for critical path items such as right of way acquisitions and permitting
- Concession Agreement will provide Cities significant powers of oversight and formalize a regular reporting structure to ensure full achievement of performance standards