

In the matter of
Maine Land Use Planning Commission
Development Permit DP 3639-F
Big Lake Development Co., LLC
Big Squaw Ski Resort

July 25, 2022

Pursuant to the Third Procedural Order in the above referenced matter, the Applicant, Big Lake Development Co., LLC, through its managing partner, Perry Williams, testifies as follows:

The following is a summary of the financial capacity regarding DP 3639-F

A. Background –

1. The development team started in 2018 evaluating the re-development opportunity of the Big Squaw ski area. The process began with an assessment of the property and its requirements to become a fully developed, long-term sustainable operation. We engaged industry experts to evaluate the project and determine the “comfortable carrying capacity” of the mountain. Then we developed a Master Plan based on the expert's advice which included the correct lift size & type, trail network, snowmaking system, base lodge functions & size, hotel potential, parking requirements, water and sewer systems, etc. We then worked with the industry vendors, local architects, and construction firms versed in mountain development to design the project. Once the initial cost estimates were obtained for the core village and infrastructure needs, the team put together a business plan and financial model for the project.

2. Throughout this process the team worked closely with LUPC & DEP staff, attending multiple pre-application meetings. The entire scope of the project was outlined during these meetings., As a result of these conversations, it was recommended that the permitting should be divided into two phases. Phase 1, which is primarily replacement of existing conditions, incorporates the core village and ski area development would be submitted to LUPC based upon the jurisdictional review process, its size and the nature of the intended construction. This application was submitted to the LUPC in March 2021. Phase 2 would include the residential development and the Marina would be applied for through DEP under the Site Law regulations

3. The permitting rules require that the phase 1 permit with the LUPC must be completed prior to the application for the phase 2 portions being submitted to the DEP.

4. Multiple financial sources were approached for project funding including;

1. Local investors
2. New Market Tax Credit program
3. Opportunity Zone investors
4. FAME
5. MRDA
6. Maine based charitable foundations
7. Commercial banks
8. Commercial loan brokers
9. Private equity funds

After exhausting the above list, the development team was introduced to Provident Resources Group and Barclays Capital Inc.

5. Provident Resources Group is a national non-profit organization committed to making a positive impact in communities across the country through the development, ownership and operation of state-of-the-art educational, healthcare, senior living, and multi-family housing facilities and services. In addition, Provident endeavors to assist state and local governments in lessening the burdens they face in providing necessary facilities and services to their citizens. Provident employs the highest level of professional management while taking a mission-based approach to the delivery of services. Provident firmly believes this approach serves to enhance the quality of all the services within their facilities and in the communities they serve.

6. Barclays Capital Inc. is the investment-banking arm of Barclays Bank PLC, a 331-year old global financial institution, which is rated A1/A/A+ by Moody's Investors Service, S&P Global and Fitch Ratings, respectively, with a balance sheet of \$1.5 trillion. Barclays moves, lends, invests and protects money for tens of millions of customers and clients in over 50 countries worldwide. Their client base includes corporations, domestic and international governmental agencies, money managers, insurance companies, pension funds, depository institutions, trust banks, money market and mutual funds, official institutions and central banks.

B. Proposed funding structure -

1. Working in conjunction with Provident & Barclays for the past 20 months, the development team has completed multiple third-party, independent marketing, and feasibility studies as required for this type of funding package. The funding process requires discretionary permits to be issued prior to a final commitment and closing.

2. As a group the development team then created the following structure:

Provident Group – Moosehead Lake L3C (“Owner”) is a 501(c)(3) organization and Maine low-profit limited liability company formed by Provident Resources Group, Inc. for the sole purpose of acquiring 1,700 acres in northern Maine and then financing, re-developing, owning, and operating the property as the new Moosehead Lake Mountain Resort (the “Project”).

The Owner will issue tax-exempt (non-AMT) and taxable ESG-certified revenue bonds through the Finance Authority of Maine (“FAME”) in an aggregate principal amount not to exceed \$135,000,000, the proceeds of which will be used to finance the costs of acquiring the site and designing, constructing, and equipping the Project.

The Owner will acquire fee title in the land and then develop, own, and operate the Project under a Cooperation Agreement with Piscataquis County for the duration of the repayment of the Bonds. Upon payment in full of the Bonds, the County will direct the Owner to: (i) transfer the Project to the County, (ii) continue to own, operate, and maintain the Project, or (iii) sell the Project.

The County is supportive of the Project because of the economic development benefits it will generate for the County, which is also why 75% of the Bonds can be issued as tax-exempt bonds.

C. Key Parties -

- **Owner/Borrower:** Provident Group – Moosehead Lake L3C, a single purpose 501(c)(3) and Maine low-profit limited liability company
- **Developer:** Big Lake Development Company, LLC and Treadwell Franklin Infrastructure Capital, LLC
- **Construction Firm:** PC Construction, a Vermont-based construction firm with annual billings in excess of \$500 million and a deep track record of high-quality, “on-mountain” construction, including, most recently, projects in Vermont at Stowe, Killington and Stratton
- **Ski Operations:** Big Lake Operations Company, LLC
- **Hotel Operator:** The Olympia Companies
- **Market Feasibility Study Consultant:** CB Richard Ellis
- **Construction Monitor and Technical Advisor:** CBRE Construction Management Services
- **Conduit Issuer:** Finance Authority of Maine
- **Structuring Advisor:** Piedmont Securities LLC
- **Underwriter – Senior & Junior Bonds (Tax-Exempt):** Barclays (best efforts)
- **Placement Agent – Economic Growth Bonds (Taxable):** Barclays (best efforts)

D. Proposed Capital Structure -

- The Project will be funded with the proceeds of an approximately \$123 million* three-tranche transaction split among \$54 million* Senior Bonds (**public offering/private placement/direct purchase**), \$39 million* Junior Bonds (**public offering/private placement/direct purchase**) and \$30 million* Economic Growth Bonds (**private placement**). It is currently expected that all Bonds will carry an ESG designation.
- Barclays is underwriting the Senior and Junior Bonds on a best-efforts basis; the Economic Growth Bonds will be placed on a best-efforts basis by Barclays to accounts identified by the Developer in a transaction that will require cash deposits into a Trustee-held account prior to the sale of the Senior and Junior Bonds. The three series of Bonds will close simultaneously.
- **Rate/Budget Covenants:**
 - Senior Bonds: 2.00x (actual coverage is forecast to average 3.12x)
 - Junior Bonds: 1.50x (actual coverage is forecast to average 1.71x)
 - Economic Growth Bonds: 1.05x (actual coverage is forecast to average 1.23x)
- **Bond Structure (Senior & Junior):** tax-exempt current interest bonds, with a fixed-rate coupon payable semi-annually.
- **Bond Structure (Economic Growth):** taxable current interest bonds, with a stepped coupon rate payable semi-annually; bonds pay 2.25% through 2031 and 12% thereafter.
- **Capitalized Interest:** Interest on the Senior and Junior Bonds will be capitalized through January 1, 2024. Interest on the Economic Growth Bonds will be capitalized through 7/1/2022*.
- **Amortization & Final Maturity:** Approximately level debt service after a ramp-up period with 30-year final maturity.

☐ *_Preliminary; subject to change, as are the related component amounts of the tranches.*

Big Squaw Project Structure



TOWN of Greenville
MAINE



MOOSEHEAD LAKE
Economic Development Corporation

