



# WYOMING INFRASTRUCTURE AUTHORITY

200 E. 17<sup>th</sup> Street, Suite B  
Cheyenne, Wyoming 82001

December 14, 2007

Senator Philip Nicholas, Chairman  
Senate Appropriations Committee

Representative Frank Philp, Chairman  
House Appropriations Committee

**RE: Wyoming Infrastructure Authority – Agency 032**

Yesterday the Joint Appropriations Committee met to consider the 2009-2010 Biennium Budget Request of the Wyoming Infrastructure Authority. Thank you for your consideration of this budget proposal. I was asked to provide the joint committee with some follow up details in response to questions that were raised. If this letter is not fully responsive to those questions, please give me a call at 307.635.3573.

First, Chairman Nicholas asked for a summary of the outstanding appropriations and loans that the legislature has provided to the WIA since its inception in 2004. This is summarized in the following table.

<b>Year</b>	<b>Operating Funds</b>	<b>Development Funds</b>
2004	\$250,000	
2005	\$1,610,500	\$5,000,000
2006	\$1,623,540	\$5,000,000
2007 (SLIB Release of Development Funds)	\$2,000,000	
<b>TOTAL LOANED</b>	<b>\$5,484,040</b>	
<b>TOTAL APPROPRIATED</b>	<b>\$13,484,040</b>	
2008 (Proposed)	\$1,708,565	

Second, Representative Rosie Berger asked for a brief summary of the Authority's business model, plans for repaying the appropriated loans and the goal to ultimately become self-financing.

### **Wyoming Infrastructure Authority's Business Model**

The Wyoming Infrastructure Authority Board has adopted a venture capitalist philosophy towards its infrastructure development efforts. The partnerships the WIA has engaged in treat the development moneys WIA deploys toward furthering of transmission lines as an investment. If the projects are successfully commercialized and financed, the WIA investment will be returned with a rate of return reflective of the development risk undertaken by the Authority. If feasible at time of financing, we will also be seeking a development fee. Over time, if we are successful with our transmission efforts, these returns will produce revenue that can be a source for repaying the State.

The WIA can also help finance infrastructure by issuing revenue bonds. Every bond issuance will be an opportunity for the WIA to secure a stream of revenue over the life of the bond issuance in the form of a loan fee. As discussed at the hearing, we are working hard in Washington DC toward legislation that would allow transmission authorities to issue bonds that would receive federal tax exemption status. If we prevail with this legislation the WIA bond capability will become more attractive in the financial marketplace leading to more bond issuances and another ongoing source of revenue.

The long term goal for the WIA is to successfully utilize these tools on numerous infrastructure investments and ultimately become a self-financing entity.

Third, Chairman Nicholas asked for a summary of all sources of income now being received by the Authority. The only source of income to the WIA (other than bank interest) is the loan fee associated with the \$34.5 million bond issuance that was executed in 2005. A summary of revenue received to date is summarized in the following table. These funds have been credited to the WIA operating account as received. The total loan fee that WIA will receive associated with this bond issuance over the twenty year amortization of the loan will be \$589,697.92

#### **WIA Loan Fee Receipts**

March 15, 2006	\$23,119.79
September 15, 2006	\$21,562.50
March 15, 2007	\$21,562.50
September 15, 2007	\$21,562.50

Finally, Representative Alan Jones asked for a summary of the Priority #2 – Office Expenses Exception Budget, net of the Governor’s Recommendation denying \$81,360 of the Exception Budget total of \$176,385. The break down is summarized in the following table.

<b>Code</b>	<b>Description</b>	<b>Standard Budget</b>	<b>Exception Budget</b>	<b>Governor’s Exception Recommendation</b>	<b>Total Request</b>
231	Office Supply	\$19,865	\$11,025	\$11,025	\$30,890
251	Office Rent	\$17,040	\$25,360	0	\$17,040
204	Communications	\$37,594	0	(\$6,000)	\$31,594
207	Dues-Lic-Reg	\$20,000	0	0	\$20,000
203	Utilities	\$7,000	0	0	\$7,000
241	Office-Equip	\$13,000	0	0	\$13,000
222	Travel-Out of St	\$80,000	\$100,000	\$50,000	\$130,000
221	Travel-In State	\$30,000	\$40,000	\$40,000	\$70,000
233	Mtr Vehicle	\$9,041	0	0	\$9,041
	<b>TOTAL</b>	<b>\$233,540</b>	<b>\$176,385</b>	<b>\$95,025</b>	<b>\$328,565</b>

It was a pleasure to appear before the Joint Appropriations Committee yesterday, and I look forward to working with you through the upcoming 2008 legislative session.

Please don’t hesitate to call if I can be of any further assistance on this matter.

Sincerely,

Steve Waddington  
Executive Director

Cc: WIA Board of Directors  
Rob Hurless, Energy Advisor for Governor Freudenthal