THE URBAN RENEWAL AGENCY OF THE CITY OF TWIN FALLS

Date: February 13, 2012

To: Urban Renewal Agency of the City of Twin Falls

From: Melinda Anderson, URA Executive Director

Request:

Consideration of a request to approve an agreement with Western Financial Group (WFG) to provide financial advisory services to the Agency as it negotiates the financing process for RAA 4-3.

Background:

As staff and the Agency board work with KeyBanc Capital Markets on financing for RAA 4-3, staff requests the board approve hiring Western Financial Group to provide advisory services to review and negotiate along with the Agency for reasonable terms, interest rates, and fees associated with the financing.

City staff has worked in the past with WFG and is very comfortable with the proposal and WFG's ability to provide the services the Agency is requesting. With judicial confirmation of financing up to $47 million, the Agency will have a higher level of comfort that it will have used its best efforts to keeps its costs as low as possible while protecting its interests.

Staff had also asked Zion's Bank to provide a proposal which it did. Staff reviewed the proposal and believes that some of the activities that Zion's proposes would be duplicated by KBCM and therefore unnecessary for the Agency's purposes. The fee proposed by Zion's ranges from $10,000-$25,000.

Approval Process:

A majority vote of a quorum of the Agency board in open meeting.

Budget Impact:

WFG estimates the cost to be between $6,000 - $10,000 based on 30-50 hours at a $200/hour rate.

Conclusion:

Staff recommends the board approve the agreement with Western Financial Group.

Attachments:

1. Proposals

WESTERN FINANCIAL GROUP

February 2, 2012

Dear Ms. Anderson:

As per your request, Western Financial Group proposes the following engagement with Twin Falls Urban Renewal Agency (the Agency). We propose to act as financial advisor in your upcoming urban renewal financing, in which we would:

- Review the terms of any bank proposals submitted to the Agency;
- Review, discuss and advocate for reasonable terms in the loan documents;
- Advocate for, review and provide comments on any disclosure preparedto protect the Agency;
- Review and negotiate, on behalf of the Agency, fees and interest rates on the final transaction.

Since this could involve several iterations over a prolonged period of time, and since our fees are generally based on hours, we would suggest an hourly engagement at our standard rate of $200 per hour. We can't really estimate the time right now but believe it would not exceed 50 hours, hopefully much less if the transaction were to proceed normally. Our expectation would be that this would not exceed 30 hours but feel we need you to understand that it could easily go higher. Fees (and expenses) would need to be adjusted should you need any "in person" meetings in Twin Falls given travel requirements but right now we don't see any need for that and would certainly ask you to approve any such adds before we incurred the expenses.

As you are aware, Western Financial Group LLC, is a Municipal Advisory firm, as defined by pending rules of the MSRB and SEC. As such, we would be obligated to act solely on your behalf in this transaction. As an independent firm, we have no conflicts and embrace this obligation whole-heartedly.

If you have any questions regarding our engagement proposal, please feel free to contact me at 503-288-4152.

On Behalf of Western Financial Group,

Patrick H. Clancy

ZIONS BANK ZBPF PUBLIC FINANCE

FINANCIAL ADVISORY AGREEMENT

Board of Directors
Urban Renewal Agency of the
City of Twin Falls
P.O. Box 1907
Twin Falls, Idaho 83301

Dear Directors:

Zions Bank Public Finance (hereinafter "Zions") hereby offers to assist the Urban Renewal URA of the City of Twin Falls, Idaho (the "URA") in a financial advisory capacity for new money bonds by utilizing and making available the research, statistical and consulting staff of our organization to such extent as may be necessary or helpful. Our services, among others, will include the following:

1. Zions will perform analyses of the URA's assessed valuations, tax levies, revenues and expenditures, capital improvements budget and other financial considerations.

2. Zions will assist in the preparation of required offering documents describing the bonds to be publicly sold or on a private basis. The actual cost of printing, mailing or electronically distribution of these documents is to be paid by the URA.

3. Zions will consult with the URA as to the timing of the sale of all bonds and the manner of selling the bonds so as to have funds available as required.

4. Zions will advise the URA of market conditions by providing up to the minute market information and rates on comparable issues in the marketplace.

5. Zions will prepare proceedings, closing documents and general certificates in "signature ready" form in an effort to alleviate as much work as possible for URA Officials.

6. Zions will make the necessary arrangements for the delivery of bonds, escrow of legal papers and funds and, if requested, will assist with the reinvestment of bond proceeds.

The fees for professional advisory services should be fair to both parties, and negotiated from a basis of trust and full disclosure at the time the scope of the work is more definitely known. Our policy is to provide expert and professional financial advisory service. We suggest negotiating fees with the City when the scope of work is more in focus based on the value of our services, time involvement and competitive trends in our industry.

We also caution the City that occasionally a financing may become more complex than originally understood, thus requiring a significant increase in the amount of work, meetings, time and travel. Should such extraordinary complexities arise we would require a higher fee as would be mutually agreeable.

It is understood that our fee will not be payable unless or until bonds or loans are actually approved, issued and sold and the proceeds are available for your disposition.

For Zions' services as enumerated above, the URA agrees to pay Zions Bank Public Finance a fee based upon the following schedule:

- For the issuance of the URAs Series 2012 Revenue Allocation (Tax Increment) Bonds or a private placement loan type structure that utilizes a pledge of tax increment or other revenues of the URA:

  Minimum: $10,000.00

  Not to Exceed: $25,000.00

- For work performed by Zions for the URA, the URA will reimburse any approved out–of–pocket expenses incurred by Zions.

Zions' services consist solely in providing expert and experienced assistance to governmental entities as Financial Advisors. Zions does not render any legal, accounting or actuarial advice.

Respectfully submitted,

Zions Bank Public Finance
Division of Zions First National Bank

_____
Cameron Arial, Vice President

The foregoing offer is hereby accepted for and on behalf of the Urban Renewal District of the City of Twin Falls, Idaho on this ____ day of _____, 2012.

By: _____
Chairperson