



CHAMPLIN/GEI WIND HOLDINGS, LLC

Memorandum

To: Board of Directors
From: Ben Kerl, Project Development Consultant
Re: REDCO's Blue Mountain Wind Project
Date: February 7, 2012

Project Size:	80 MW
Estimated NCF:	
Economics:	
Development Budget:	
Location:	San Juan County, UT (Southeastern UT)
State of Development:	Mid-Stage
Sellers / Original Developers:	Redco
Acquisition Price:	

Executive Summary

The Blue Mountain Wind Project in San Juan County, Utah was developed by Redco, a Salt Lake City based renewable energy project developer. Redco is currently in Chapter Seven bankruptcy proceedings and a receiver is administering the sale of its assets including the Blue Mountain Project. Rich Simon from V-Bar managed the initial wind assessment activities on this project and Rich made Champlin aware of the opportunity to acquire the project. An auction of Redco's assets has already taken place and Blue Mountain did not receive any acceptable bids. During the auction process, a group of Redco insiders chose to bid on select corporate assets, but did not include Blue Mountain. Champlin's due diligence on this project is based on a data room provided by the court's receiver, conversations with the former project manager, a V-Bar wind resource assessment, and conversations with

In November 2011, Redco negotiated an 80 MW Qualified Facility PPA for the Blue Mountain project with Rocky Mountain Power, a PacifiCorp subsidiary. The PPA is a 20 year contract at a levelized rate of \$58.00. Redco never met the PPA's security requirements and the contract is not in good standing. Champlin's investigation with c indicate that this .

Champlin feels that this is an opportunity to acquire an attractive Utah asset at a modest basis. Champlin proposes to

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Economics

Blue Mountain's PPA was not financeable in 2012 using GE 1.6/100 WTGs and a 33.52% NCF. Champlin's strategy for this project is to

Below is a table that illustrates the

2012-2015 project outlook.

Year of COD	2012	2013	2014	2015
20 Year flat qualified facility rate				
GE 1.6-100 on 80m towers delivered				
NCF				
Unlevered Project IRR (pre-development fee)				
Potential development fee @9% unlevered				

2012-2015 Budget

Champlin proposes to li
Near term priorities would be to:

- 1.
- 2.
- 3.
- 4.

	2012	2013	2014	2015
1. Project Acquisition				
2. Land Acquisition:				
3. Enviro & Permitting:				
4. Permits (Construction + Other):				
5. Legal / Consulting:				
6. Wind Resource Assess:				
7. Transmission / Engineering / Constr.				
8. General & Administration:				
Total				380

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Risk Factors

1. The project does not currently have a financeable PPA.
2. Redco's insiders did not include this project in a bid they made to acquire certain corporate assets.
3. Blue Mountain is being sold in a court-appointed sale and the seller is not making any representations or warranties of the completeness of the assets.
4. The project has applied for an interconnection, but has not received a feasibility study or system impact study estimating network upgrades.
5. No third party environmental surveys have been completed.
6. The leases may not be in good standing.

Development Status

Site Control

Blue Mountain has completed land acquisition for an 80 MW project. There are 17 signed lease option agreements representing 14,000 acres. All land that will host turbines is privately owned.

The lease terms are reasonable with the development period expiring in 2016, option payments that do not begin until 2014, and a modest royalty of 2% in years 1-10 increasing to 3.5% by year 20.

The data room did not provide title work or other materials to substantiate that the leases were composed with accurate ownership information. Champlin assumes that each landowner's \$1,000 signing bonus is outstanding and would need to be paid by Champlin upon closing the sale.

Permitting and Environmental Review

Local authorities in San Juan County granted the project a permit to construct up to 400 MW of wind and solar facilities on the site. The permit does not expire. There are only two identified residences in the project area and there is no known local opposition.

We do not believe that Redco completed any field surveys for threatened and endangered species and there does not appear to be any written correspondence with the conservation agencies. Based on Champlin's desktop survey of the site, there are potential project risks from several threatened and endangered species.

Interconnection

Blue Mountain filed an 80 MW Interconnection request to PacifiCorp on 9/6/11. The point of interconnection is on a PacifiCorp 345kv line that bisects the project footprint. A system impact study is pending. No information is available regarding the potential cost of network upgrades.

We believe that Blue Mountain negotiated an option to purchase a neighboring project's 60MW interconnection request to a lower voltage line. This request has a completed system impact study showing less than \$3,000,000 of network upgrades. The location of the other interconnection request is proximate to Blue Mountain, but it is not known if the connection would require transmission on public lands.

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PPA

On 11/1/11, Blue Mountain Wind I and PacifiCorp entered into an 80 MW Qualified Facility PPA for 20 years at a levelized rate of \$58.00/MWh flat. Delay damages are due if the project is not online by 12/31/12 and the PPA can be terminated if the project does not achieve the guaranteed COD by 3/31/13. We believe that Blue Mountain is currently in default under the terms of the PPA.

Darin Huseby spoke to a professional contact in PacifiCorp's renewable procurement department who told him that PacifiCorp would like to see Blue Mountain constructed. The contact indicated that aside from increasing the PPA rate, PacifiCorp would be willing to take action to support the project.

Wind Assessment

V-Bar has been assisting the City of Monticello, Utah with wind data collection and assessment since 2006 using three 50m met towers surrounding the Blue Mountain project area. In 2010, Redco acquired the rights to the met towers and historic wind data from the city of Monticello. In August 2011, two additional 60m met towers were installed by Blue Mountain Wind. The overall quantity and quality of the wind data is excellent.

V-Bar recently completed a wind resource assessment of Blue Mountain on behalf of Champlin and concluded that the GE 1.6/100 on 100m towers would yield a 33.52% net capacity factor.