



**Soybean Association
Chicago Meeting**

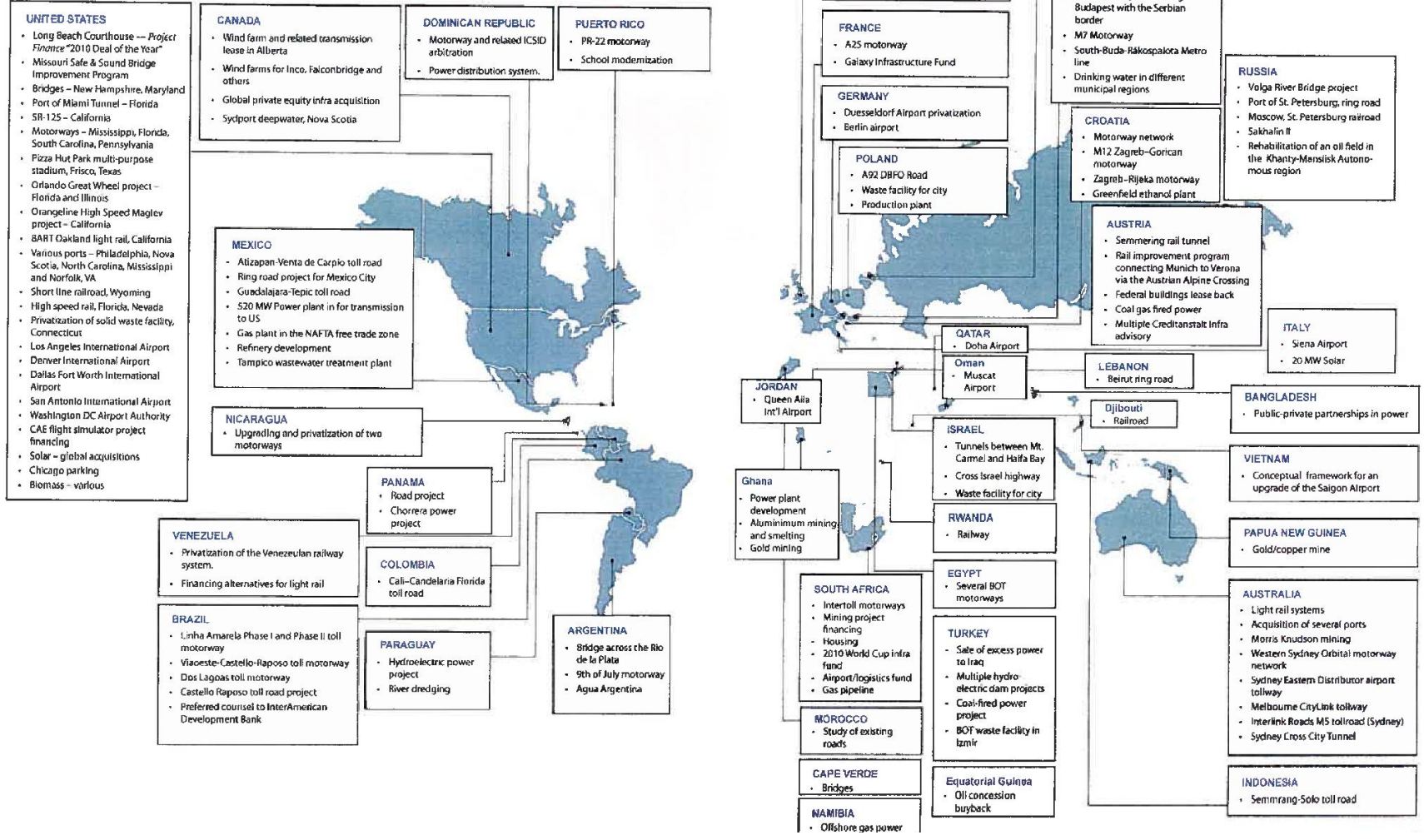
August 4, 2015

**Infrastructure Opportunities in PPP in US Water
Infrastructure and with the United State Army Corps of
Engineers**

**Richard M. Ornitz, Chairman
InfraLinx Capital LLC
Senior Counsel – Dentons US LLP
Richard.ornitz@infralinx.com
203-515-1948**

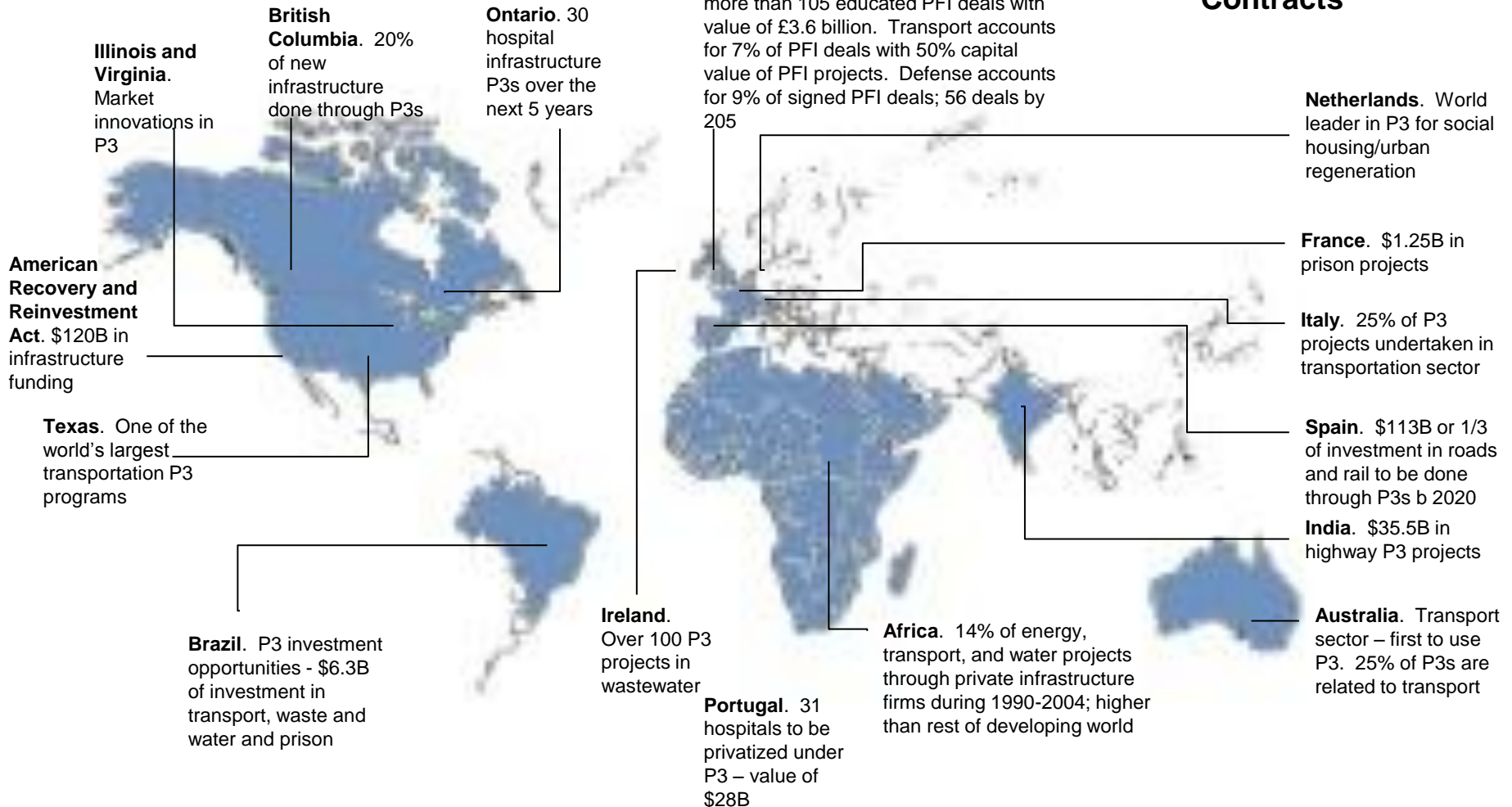
**New York, Boston, London, Frankfurt, Paris,
Washington, Geneva, Warsaw and Abu Dhabi**

InfraLinx Representative Worldwide Infrastructure Experience



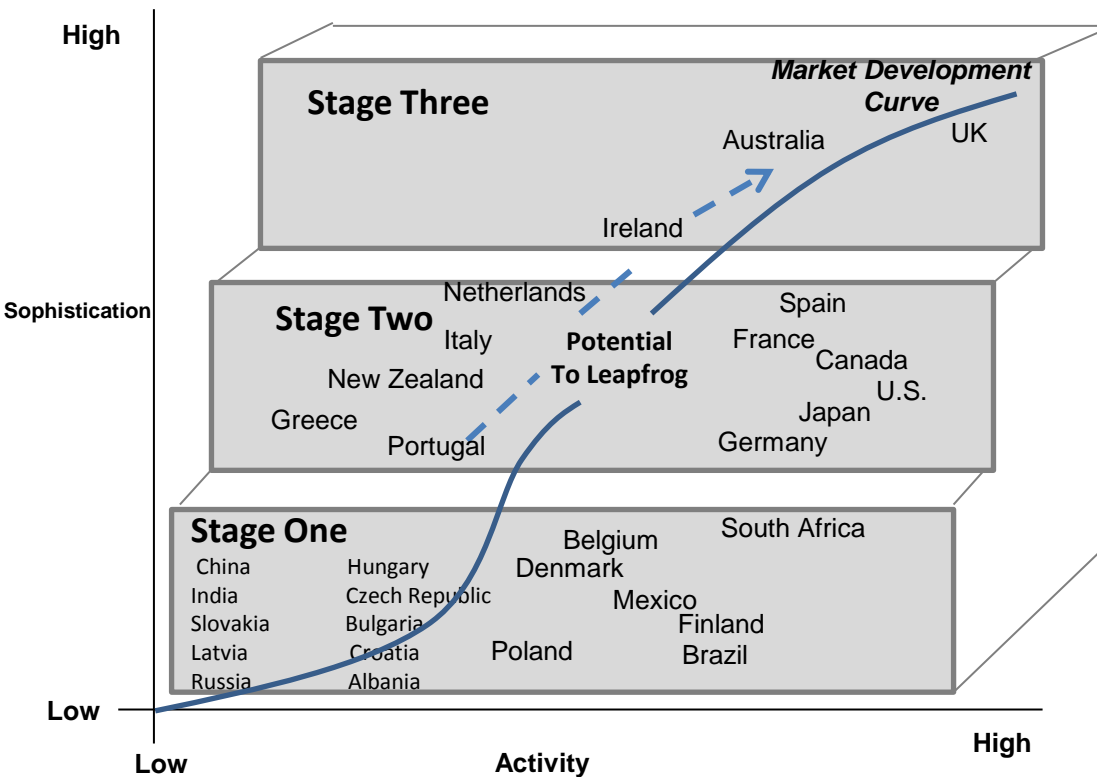
P3 Activity Global Snapshot

New Trends: Design-Build, Performance Based Contracts



Market Maturity Curve

Figure 2. P3 Market Maturity Curve



Source: Deloitte and Touche USA LLP

Data Collection & Analysis

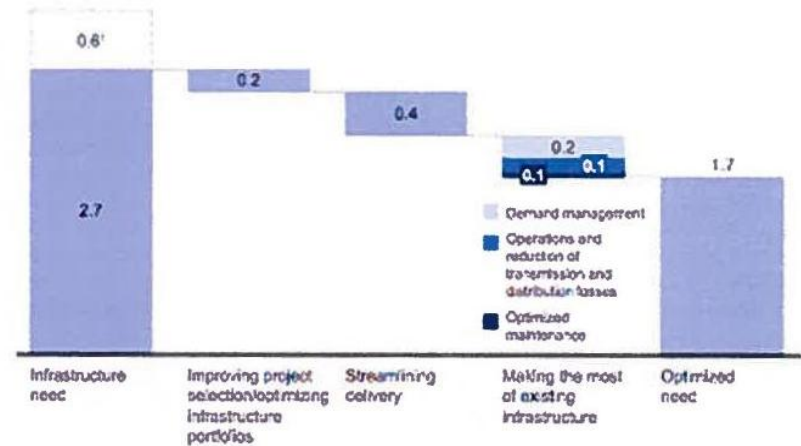
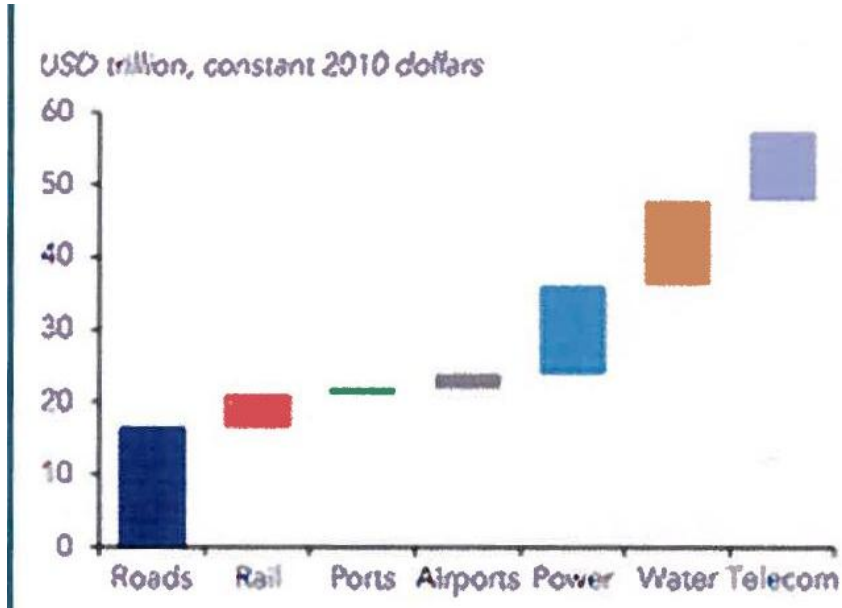
Governments should look at the sectors where P3s have been especially successful in other countries:

- **UK:** schools, hospitals, prisons and defense facilities and roads.
- **Canada:** energy, transport, environment, water, waste, recreation, information technology, health and education.
- **Greece:** transport projects: airport and roads.
- **Ireland:** road and urban transport systems.
- **Australia:** transport and urban regeneration.
- **Netherlands:** social housing and urban regeneration.
- **Spain:** toll roads and urban regeneration.
- **U.S.:** projects, which combine environmental protection, commercial success and rural regeneration.

Global Infrastructure: Challenge and Opportunity — 2013 – 2030 (excluding telecom)

Challenge: Global infrastructure needs – \$57 trillion (not telecom)

Opportunity: How infrastructure spending could be reduced



Source: McKinsey Global Institute (2013)

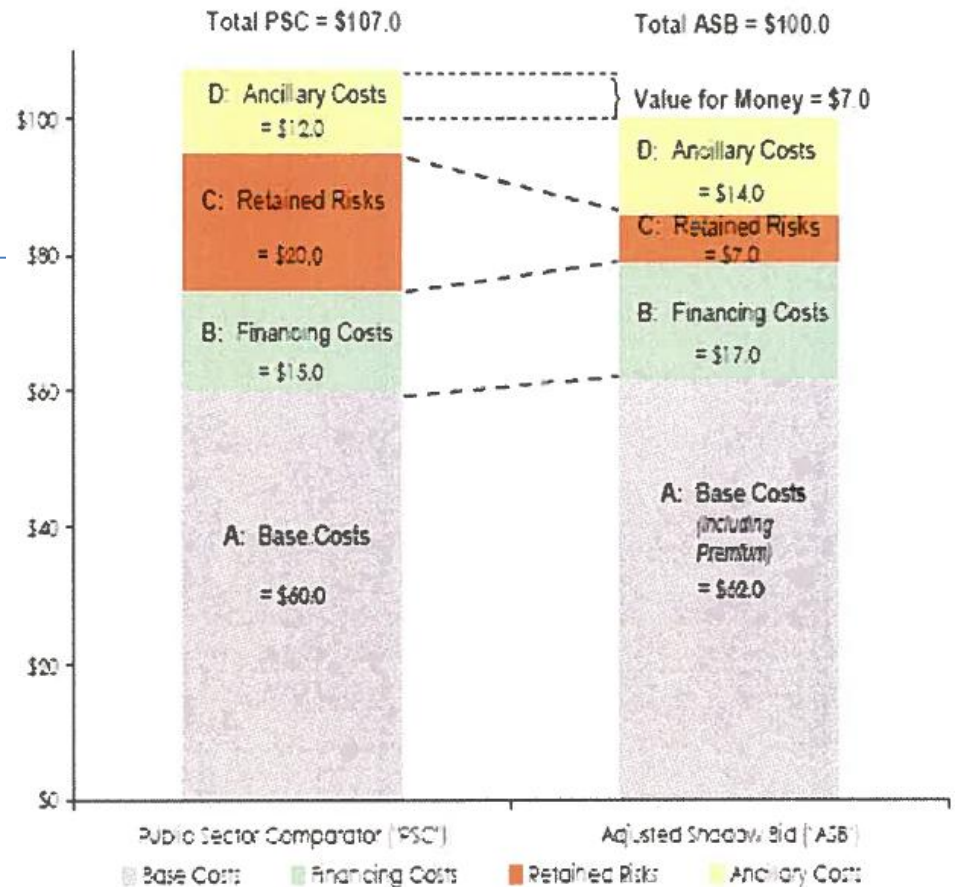
Risk Transfer in Value for Money

Model #1 Public Sector Comparator (PSC)

Total estimated costs to the public sector of delivering an infrastructure project using traditional procurement processes

Model #2 Adjusted Shadow Bid (ASB)

Total estimated costs to the public sector of delivering the same project to the identical specifications using AFP

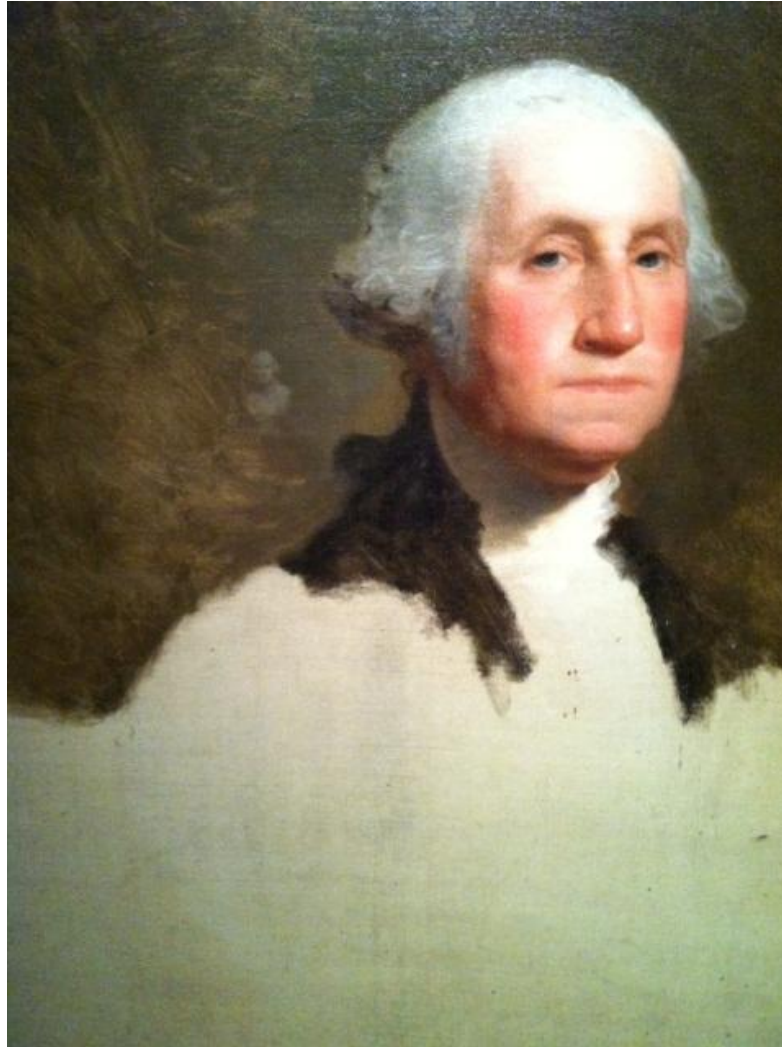




Challenges to Government Include

- Generally higher costs, in terms of the returns on equity and debt financing demanded by investors, as a kind of risk premium
- Internal project development process
- Constraints on project sponsors' flexibility
- Limits on Government ability to change the business environment for projects
- Stakeholder issues
- Internal turfs/politics and domains
- Education curve/culture change
- Fear
- Leadership/champion/vision

United States of America P3/P4





U.S. Infrastructure Needs: American Society of Civil Engineers Report Card

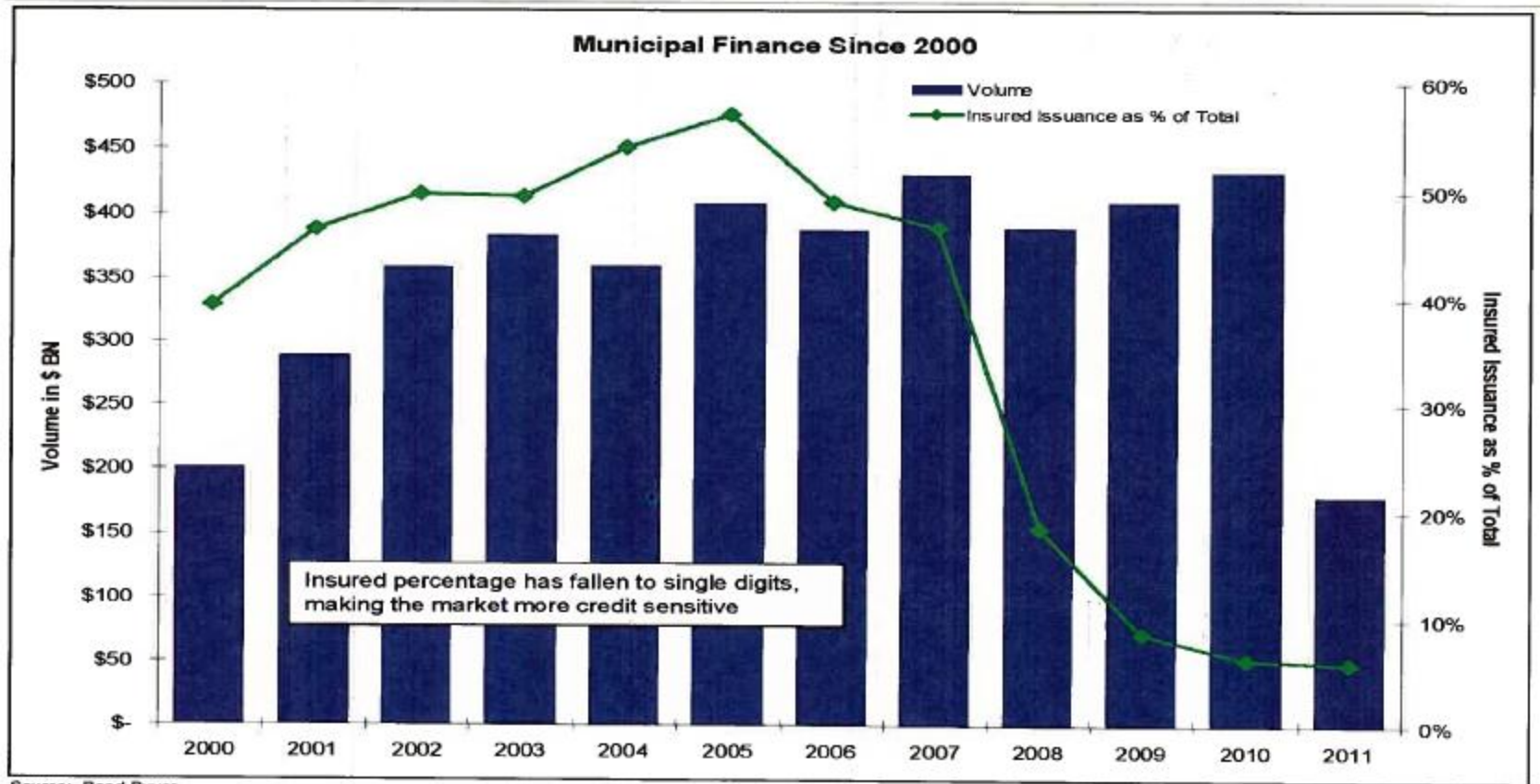
Estimated 5- Year Investment Needs in Billions of Dollars 6 years ago

CATEGORY	5-YEAR NEED (BILLIONS)	ESTIMATED ACTUAL SPENDING*	AMERICAN RECOVER AND REINVESTMENT ACT (PL III-005)	FIVE-YEAR INVESTMENT SHORTFALL
Aviation	87	45	1.3	(40.7)
Dams	12.5	5	0.05	(7.45)
Drinking Water and Wastewater	255	140	6.4	(108.6)
Energy	75	34.5	11	(29.5)
Hazardous Waste and Solid Waste	77	32.5	1.1	(43.4)
Inland Waterways	50	25	4.475	(20.5)
Levees	50	1.13	0	(48.87)
Public Parks and Recreation	85	36	0.835	(48.17)
Rail	63	42	9.3	(11.7)
Roads and Bridges	930	351.5	27.5	(549.5)
Discretionary grants for surface transportation			1.5	
Schools	160	125	0**	(35)
Transit	265	66.5	8.4	(190.1)
2.122 trillion ***		903 billion	71.76 billion	(1.176 trillion)
Total Need **** \$2.2 trillion				

Today even after stimulus, 3.6 trillion by 2020

US Infrastructure Historically Dominated by Munis

Municipal Issuance Volume



Source: Bond Buyer

Record supply in 4Q10 combined with fiscal austerity has led to a large decrease in 2011 new Issuance

Chris Mauro (212) 618 7729 chris.mauro@rbccm.com

2



RBC Capital Markets*

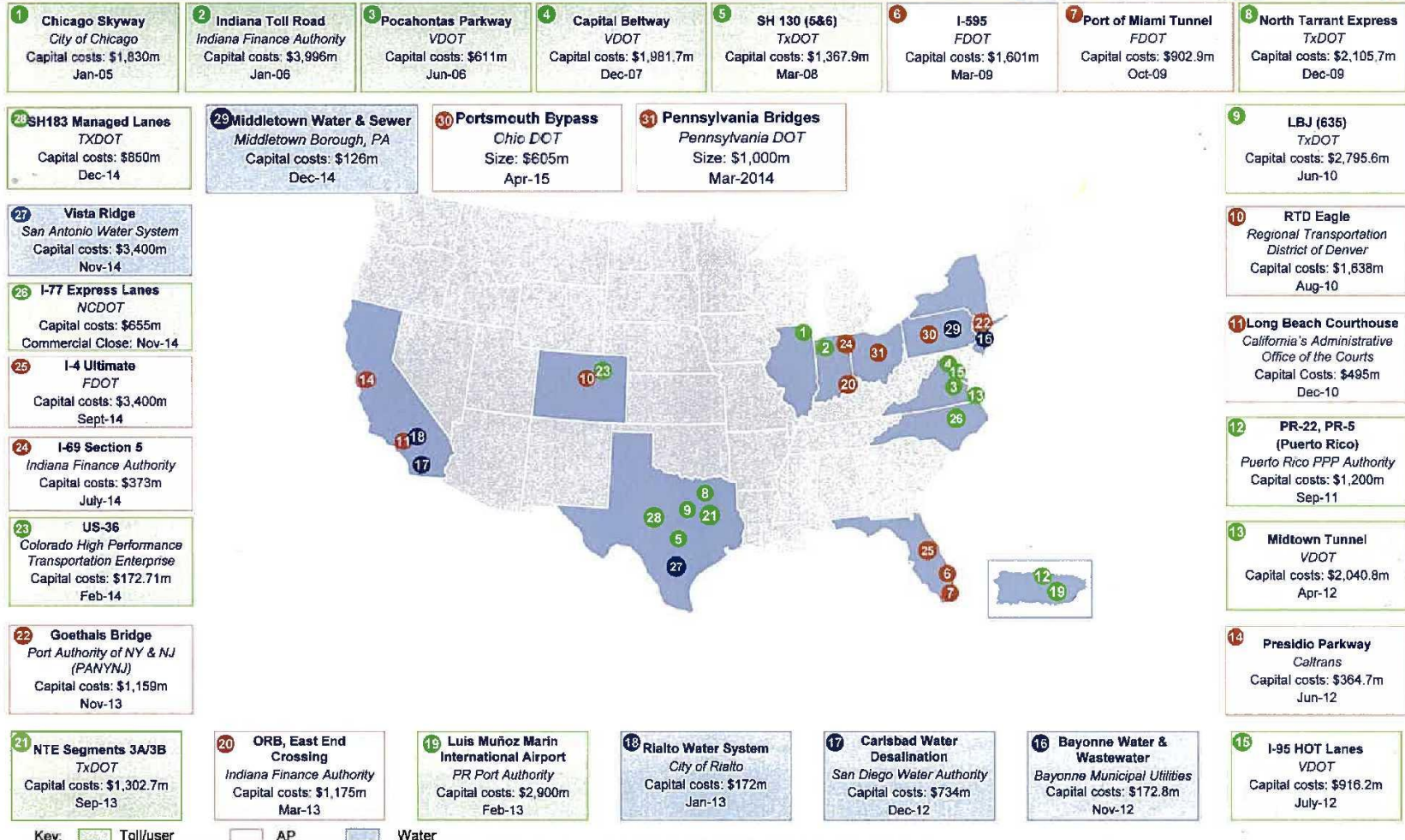


Why PPP in America

- Rationale
 - Municipal financing limited:
 - Cities broke
 - Balance sheet constraints
 - Credit rating constraints
 - Efficiency gains: value for money
 - A rising tide
- Expected benefits
 - Reduced life-cycle costs
 - Increased life-cycle benefits
 - More efficient allocation of risks
 - Reduced government risk
 - Faster implementation
 - Improved service quality
 - Additional revenue/profit sharing

Market Update

Closed P3 Transactions Since 2005



Key: ■ Toll/user AP Water

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Market Update

P3 Transactions Currently in Procurement



1 **LaGuardia Airport**
Authority of NY/NJ
 Size: \$1,900m
 Bid submission May 2014
 Preferred bidder to be announced

2 **Long Beach Civic Center**
Long Beach City Council
 Size: \$200m
 Preferred bidder announced Dec 2014

3 **Indianapolis Courthouse**
 City of Indianapolis
 Size: \$500m
 Preferred bidder announced Dec 2014

4 **Purple Line Rail**
Maryland DOT
 Size: \$2,200m
 Proposals due August 2015

5 **SH 288**
Texas DOT
 Size: \$320m
 Preferred bidder announced Feb 2015

6 **Illiana Expressway (IL)**
Illinois DOT
 Size: \$1,000m
 Project put on hold in Jan 2015 following change in Governor

7 **Illiana Expressway (IN)**
Indiana DOT
 Size: \$300m
 Bidders shortlisted
 Project put on hold following the decision taken by Illinois's goervenor



8 **Michigan Freeway Lighting P3**
Michigan DOT
 Size: n/a
 Preferred bidder to be announced in Q2 2015

9 **PennDOT Wireless Telecom**
Pennsylvania DOT
 Size: n/a
 RFP to be issued in 2015

10 **UC Merced Campus Expansion**
US Merced
 Size: \$1,000m
 RFP to be issued in Q4 2015

11 **PennDOT CNG - fuelling stations project**
Pennsylvania DOT
 Size: n/a
 Proposal due by mid 2015

17 **Chatham County Courthouse**
Chatham County-Georgia
 Size: n/a
 RFQ issued April-15

16 **Denver International Airport Great Hall**
Denver Internat. Airport
 Size: 500m
 RFQ issued Jan-15

15 **UMass Boston Student Housing project**
 Size: \$113m
 RFQ issued in Dec. 2014

14 **Georgia - I-285/SR 400 Highway refurbishment**
 Size: \$1,056m
 Bidders shortlisted in Feb 2015- RFP issued

13 **Florida-ECUA Waste Processing Facility**
 Size: \$30-70m
 Bidders shortlisted in Jan 2015

12 **University of Kansas**
University of Kansas
 Size: n/a
 Bidders shortlisted in Feb 2015

Key: Toll/user AP Undecided

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Market Update

Potential Upcoming P3 Transactions



1 I-70 East Colorado HPTE Size: \$1,500m Short term	2 I-66 Virginia DOT Size: n/a Short term	3 Brent Spence Bridge Ohio DOT Size: \$2,400m Medium term	4 PR-22 Extension Puerto Rico PPP Authority Size: \$1,100m Medium term	5 Caguas to San Juan Commuter Rail Puerto Rico PPP Authority Size: \$400m Medium term	6 C-470 (I-70 Mountain) Corridor Colorado HPTE Size: \$200-300m Medium term	7 PennDOT Dual Transit Facility Pennsylvania DOT Size: n/a Medium term	8 Amtrak Keystone Train Stations Pennsylvania DOT Size: n/a Medium term
------------------------------------------------------------------------	-------------------------------------------------------------	------------------------------------------------------------------------------	-------------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------



27 Combined Heat & Power
Texas State University
Size: n/a
Long term

26 Rodeo Arena
Sam Houston State University
Size: n/a
Long term

25 San Antonio Federal Courthouse
GSA
Size: n/a
Long term

24 California High Speed Rail
CHSRA
Size: n/a
Long term

23 Joint Transportation Facility
VDOT
Size: n/a
Long term

22 Multnomah County Courthouse
Multnomah County
Size: n/a
Long term

21 I-395
Florida DOT
Size: n/a
Long term

20 Krome Detention Center
Miami-Dade County
Size: n/a
Long term

19 Detroit Multi-Modal Passenger Transit
City of Detroit
Size: n/a
Long term

18 Ft Lauderdale Federal Courthouse
Ft Lauderdale DDA
Size: n/a
Long term

17 SR-156
Caltrans
Size: n/a
Long term

15 Miami-Dade Courthouse
Miami-Dade County
Size: n/a
TBD

9 Route 3 South Managed Lanes
Massachusetts DOT
Size: n/a
Medium term

10 Rest Stops
Massachusetts DOT
Size: n/a
Medium term

11 Twinning of Sagamore Bridge
Massachusetts DOT
Size: n/a
Medium term

12 Hampton Rds / Patriots Crossing
Virginia DOT
Size: \$3-4bn
Long term

13 Red Line Light Rail
Maryland DOT
Size: \$450m
Long term

14 Miami-Dade Water & Wastewater
Miami-Dade County
Size: n/a
TBD

Key: Potential procurement in 2014 Potential procurement in 2015 Potential procurement in 2016 or later

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Top 10 U.S. P3 Deals 2011-2013

#	Transaction Name	Type	Sector	Subsector	Date	Year	Amount USD (M)
1	Midtown Tunnel Project (Virginia)	Greenfield	Transport	Bridges and tunnels	4/13/2012	2012	2,100
2	Goethals Bridge P3	Greenfield	Transport	Bridges and tunnels	11/8/2013	2013	1,500
3	US Route 460 Corridor Improvements (Virginia)	Greenfield	Transport	Roads	12/20/2012	2012	1,400
4	North Tarrant Expressway Segments 3A and 3B	Greenfield	Transport	Roads	9/19/2013	2013	1,350
5	Puerto Rico Highway Package Phase One (PR-22, PR-5)	Brownfield	Transport	Roads	9/21/2011	2011	1,136
6	I-95 HOV/HOT Lanes Projects (Virginia)	Greenfield	Transport	Roads	7/31/2012	2012	923
7	Georgia Northwest Corridor (NWC) P3	Greenfield	Transport	Roads	11/14/2013	2013	840
8	Louisville-Southern Indiana Ohio River Bridges Project (East End, Indiana)	Greenfield	Transport	Bridges and tunnels	3/28/2013	2013	763
9	Luis Munoz Marin International Airport	Greenfield	Transport	Airports	2/27/2013	2013	615
10	Ohio State University (OSU) Parking Facility	Greenfield	Transport	Car parks	9/21/2013	2012	535
	Other notable P3 projects						
	Tappan Zee Bridge (New York)	Greenfield	Transport	Bridges and tunnels	10/31/2013	2013	3,140

Sources: Infra-deals.com, viewed December 17, 2013, and PwC analysis



Representative Current U.S. Infrastructure Projects

Tide may be rising

- Indianapolis Justice Facility
- Rapid Bridge Replacement Project Pennsylvania
- Purple Line LRT (?)
- Denver Airport Great Hall
- Indianapolis Airport Waste Water
- Merced University/California
- Florida, Virginia and Colorado Roads
- Portsmouth Bypass P3
- UMASS Dormitory
- Middletown Water & Sewer
- I4 Florida
- I77 NCDOT



Representative Basic US Finance Models

Type

- Public Finance
 - Tax exempt
 - Taxable
- Private Finance
 - Private Equity/nonrecourse
 - Syndicate debt
 - Public/private placement debt
 - Sale Leaseback
 - Corporate/Recourse
- Non-for profit (501(3)(c))

Cost of Capital

Lower

Slightly higher

Highest

Lower to Moderate

Moderate

Lowest

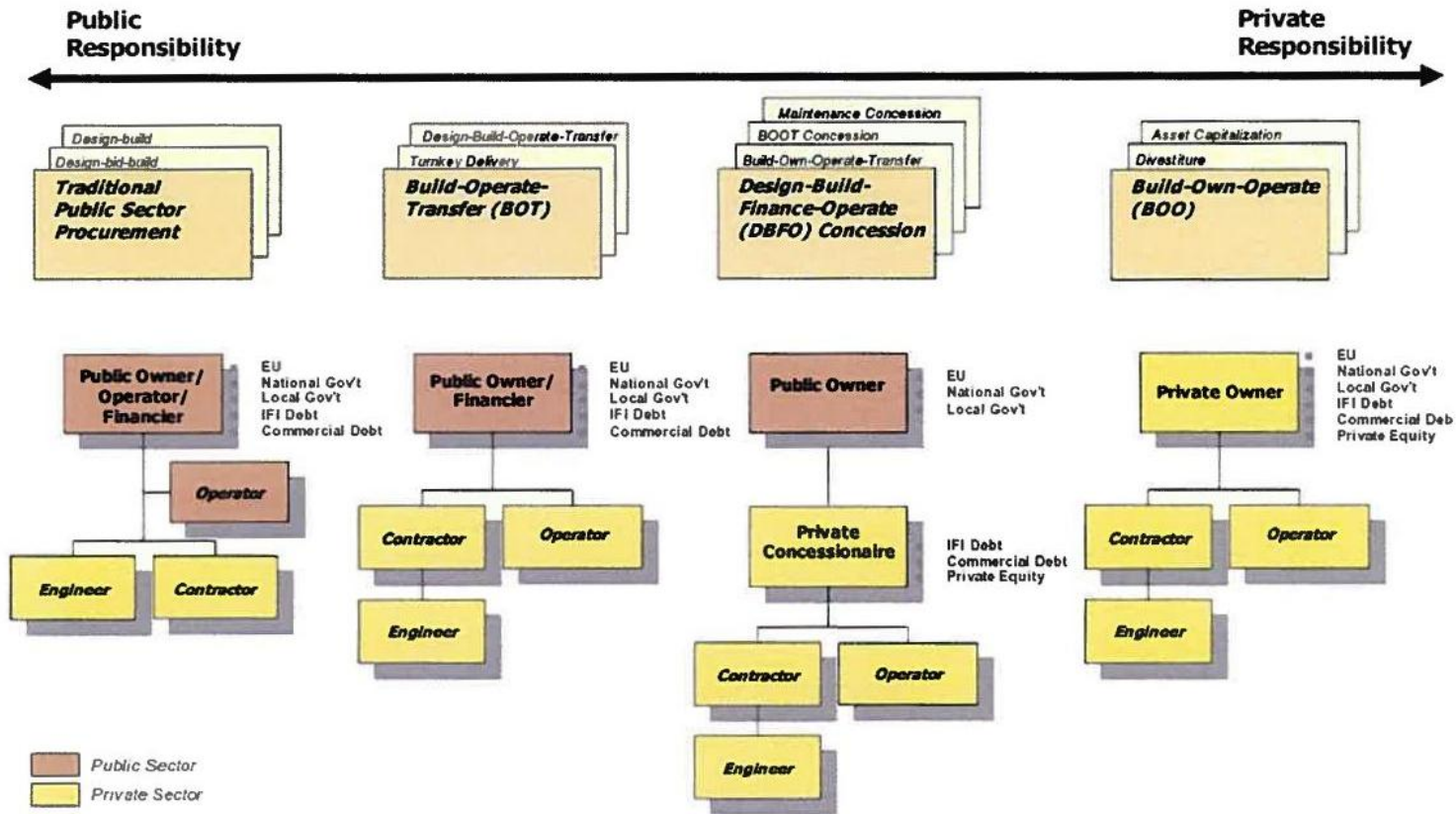


P3/P4 Revenue Generation Models

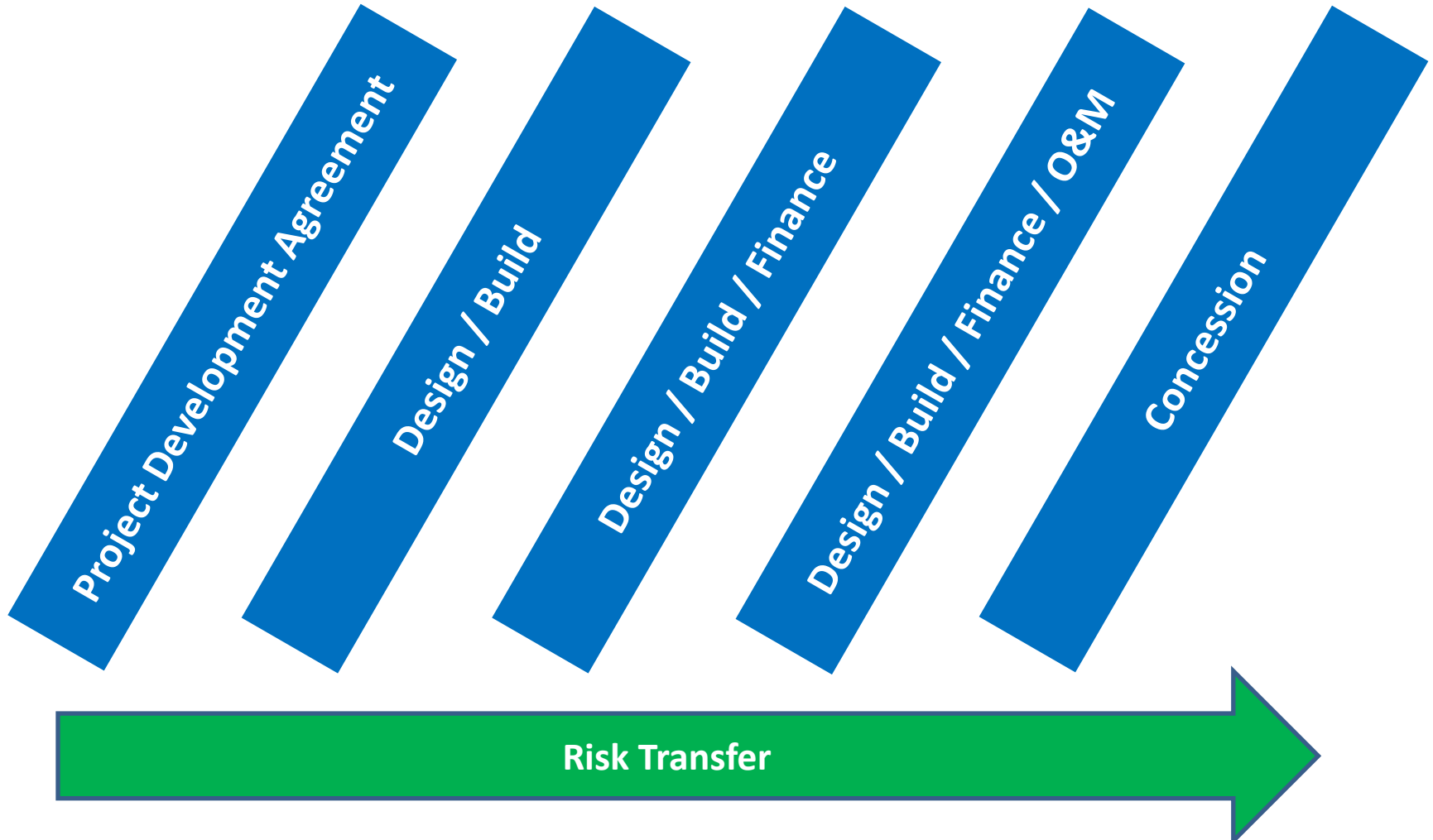
- Private partner investment and operating capital
- Public partner contribution/benefit
- User payments
- Availability payments
- Secondary revenues
- Creative solutions
- Upstream/downstream ancillary businesses
- Land development rights
- Ad valorem taxes

Continuum of Public-Private Partnership

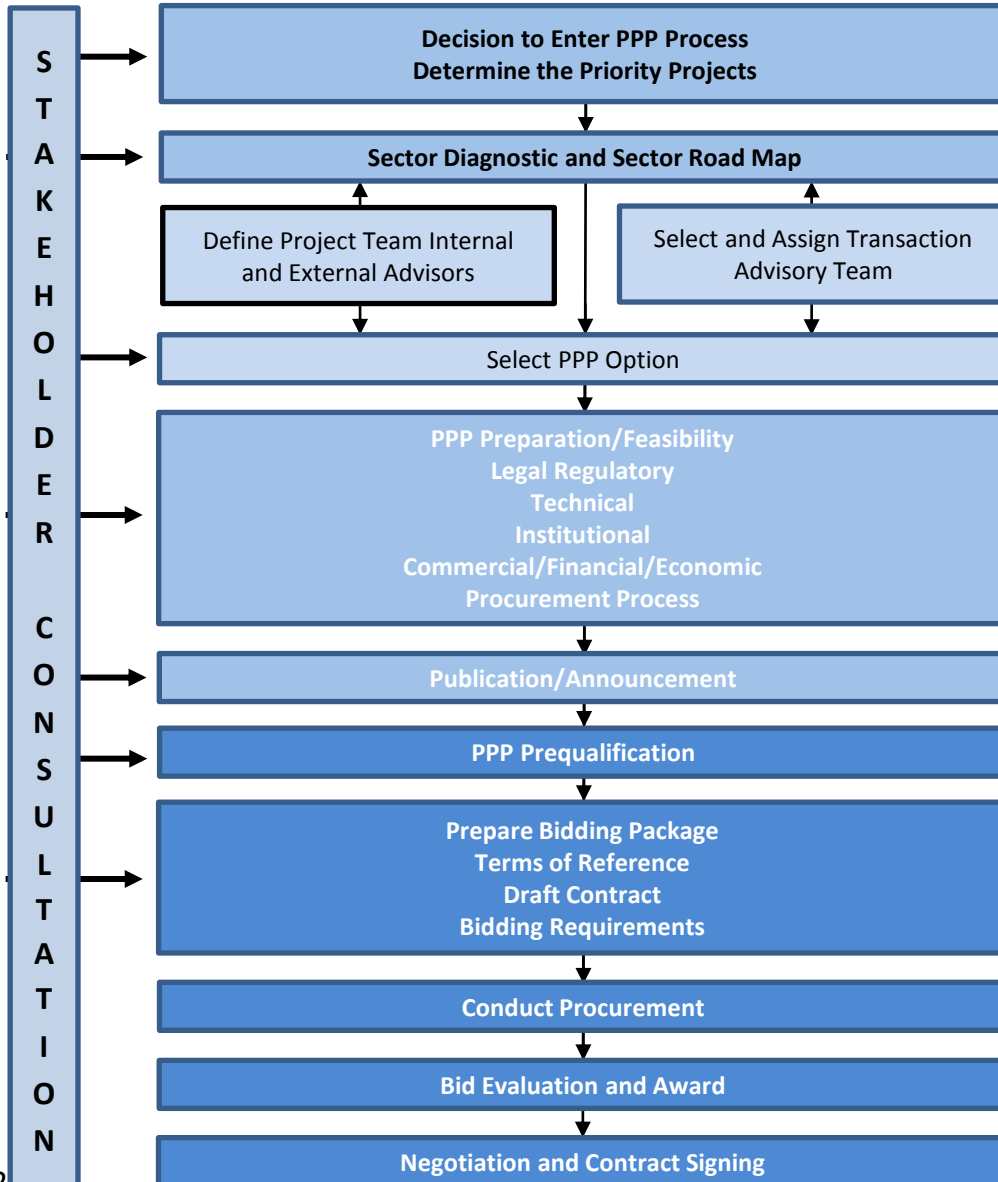
Source: Development Equity Associates (2012)



Risk Transfer



Generic PPP Project Sequence



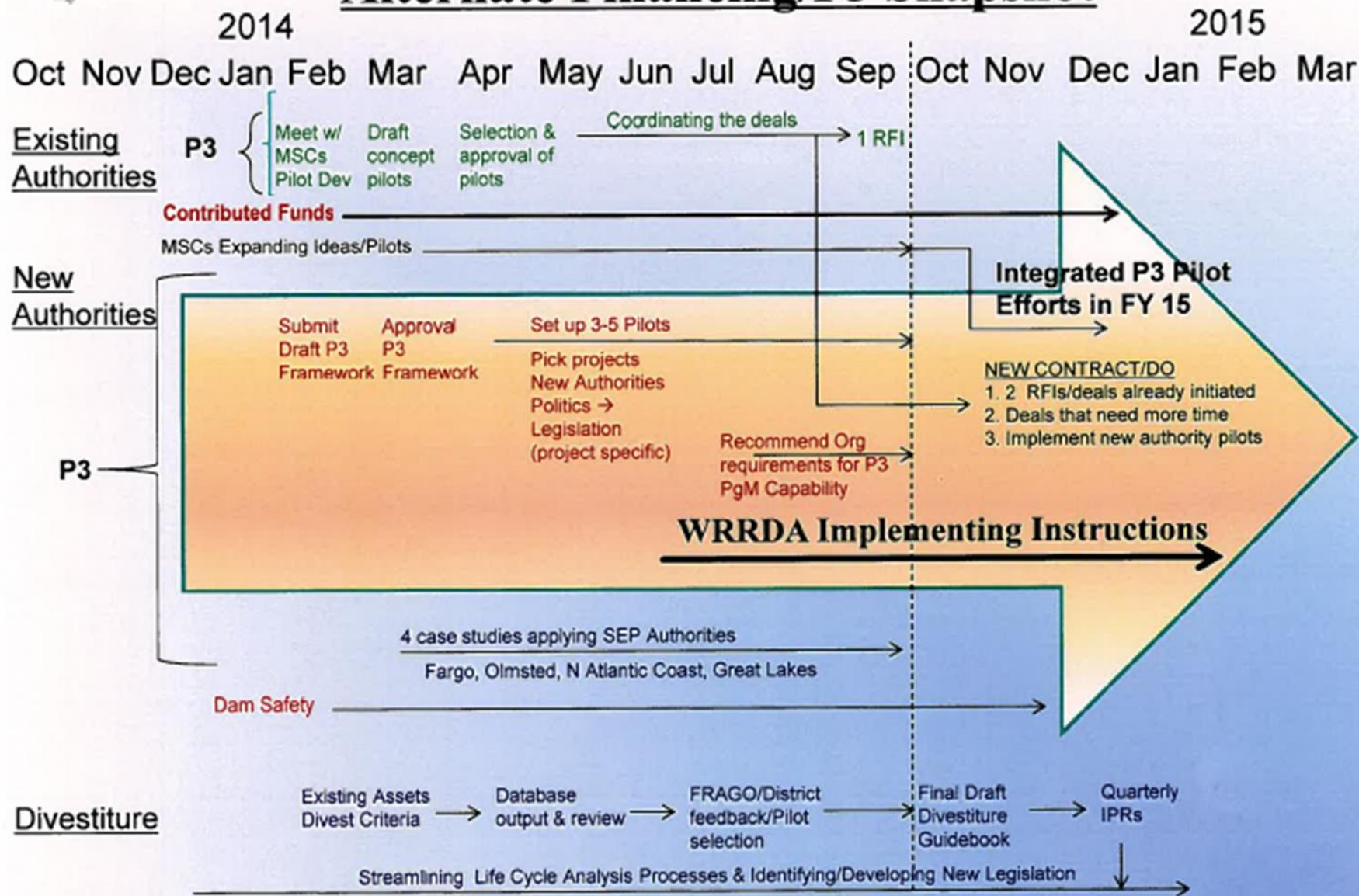
- Underperforming sector
- Assess sector constraints
- Identify sector goals
- Set tasks and timetable
- Identify expertise needed
- Identify Gov't champion
- Review options vis-à-vis sector constraints and goals
- Enabling environment for PPP in terms of policy and operating environment
- Determine project design
- Ensure feasibility and sustainability
- Assign risks
- Identify and train for new roles
- Solicit market interest/feedback on project
- Refine bid package
- Develop draft contract
- Final definition of process
- Train staff in procurement
- Transparent process
- Put financing in place
- Start transition arrangement



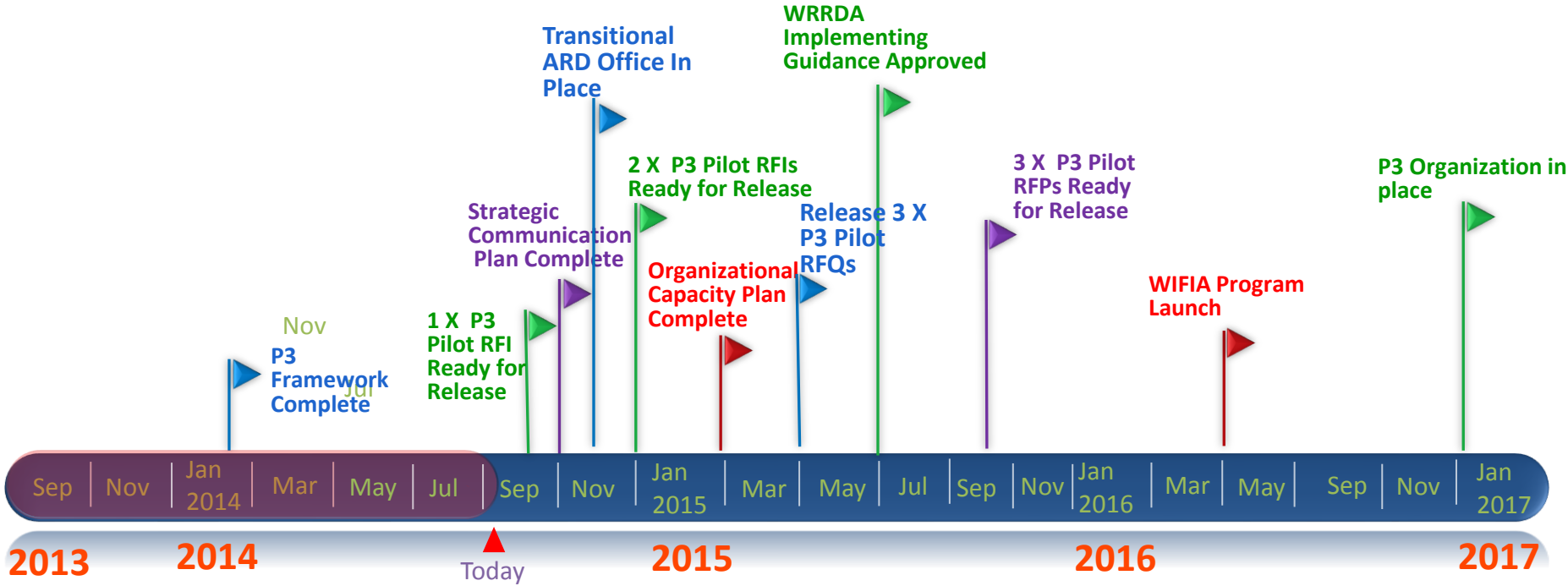
USACE PPP Emergence

- 60 Billion \$ backlog of projects
- 4.8 billion \$ annual appropriation
- Assets / Responsibilities / Opportunities
 - Dams/hydropower
 - Locks
 - Waterways/Dredging
 - Parks
- Senior command willingness to explore public private partnership
- 3 + 15
- WRDA incentive

Alternate Financing/P3 Snapshot



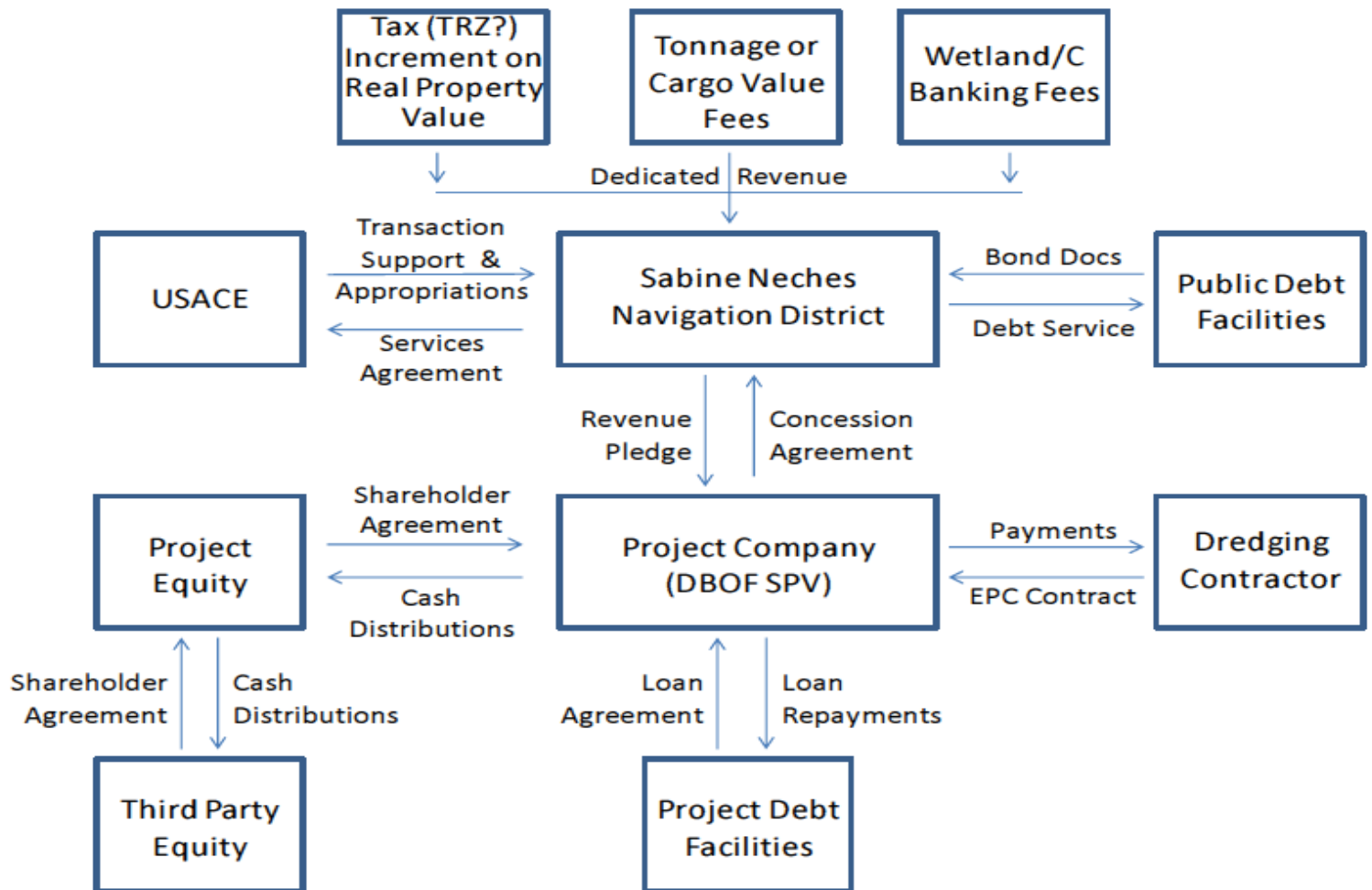
P3 Pilots



P3 Procurement Starts with 1st RFI



Conceptual Structure of a PPP





Potential Project Finance Structure & High-Level Cash Flows

- Project Cost (Traditional delivery): \$1.2 billion
- Project Cost (PPPP): \$1.0 B (assume conservatively, 15% savings to account for risk associated with first-time transaction)
- Cost of Annual Maintenance Dredging: \$30 million
- Financing Assumptions:
 - Equity: 30% (\$300 million)
 - Debt: 70% (\$700 million) @ 4.5%; coverage ratio = 1.15
 - Required IRR on Equity: 12%
 - Project term: 30 years
- Annual Levelized Revenue Requirement (per model): \$111 million
- Potential Revenue Sources (notional; others in addition or in lieu also possible):

Source	Base	Rate	Year 15 Annual Revenue (millions)
Ad Valorem Cargo Fee	\$4,320	.015	\$65
Real Property Tax Increment	\$47	40%	\$19
Wetlands/C Banking Fees	2,000	\$30,000	\$2
USACE Appropriations			\$25
TOTAL			\$111



USACE P3 /P4 Revenue Generation Models

- Private partner investment and operating capital
- Public partner contribution/benefit
- User payments
- Availability payments
- Secondary revenues
- Creative solutions
- Upstream/downstream ancillary businesses



Representative US Precedent Deals — The Good, The Bad and the Ugly

- Good:** I-595, Long Beach Courthouse,
Denver RTD, Chicago Skyway,
Baltimore Seagirt Marine Terminal,
Puerto Rico PR-22, Pennsylvania Bridge Replacement,
Portsmouth Bypass
- Bad:** Alligator Alley, BART Light Rail I,
Florida High Speed Rail, Chicago Parking, Mid-
Currituck Bridge, Jackson Airport Connector, Southport
- Ugly:** Pennsylvania Turnpike, Midway Airport



Jury on Others is Still Out – Depends on Perspective

“Despite the insolvency of the Indiana Toll Road Concession Company (ITRCC), we view privatization of the Indiana Toll Road (ITR) as largely successful for a number of reasons. First, the ITR is more valuable today than it was in 2006 in large part because of the intrinsic value of the asset itself. The state monetized its asset to invest in priority public infrastructure projects. Operationally, the road actually proved resilient despite a difficult economic environment. Last, the private sector assumed the risk of the aggressive capital structure and the public was largely insulated from the bankruptcy. Going forward, we think more states will consider long-term leases of infrastructure assets as they grapple with ways to rebuild and reinvest in infrastructure. Moreover, we believe the lessons learned from ITR are very instructive to state transportation officials, lenders and investors. “

Critical Success Factors

- Proper enabling legislation/framework
- Political leadership
- Stakeholder analysis/support
- Fair and balanced procurement process
- Public vision
- Open mindedness/value of private money
- Best value financing vehicle
- Comprehensive but simple documentation
- One size does not fit all
- Definable project
- Knowledgeable/experienced advisors
- Progressive critical path
- Reasonable expectations on all sides
- Reasonable project economics
- Fair risk allocation
- Leadership and focus



The Ultimate Key to Success: Risk Allocation

Key = A Fair and Balance Risk Allocation with Proper Responsibility and Reward to all Parties, Resulting in a Successful Project providing Public Benefit



Annexes

- A. Risks/Risk Perspective
- B. Pennsylvania Rapid Bridge Replacement Project
- C. InfraLinx Capital

Risks

The parties will need to consider the allocation of three principal kinds of risks:

Government and Regulatory Risks

Financial and Economic Risks

Technical, Construction and
Operational Risk



Risk Perspectives of Participants

Party	Goals	Seeks
Concessionaire	<ul style="list-style-type: none"> Recover development expenses Management fees Cash returns on operations 	<ul style="list-style-type: none"> Low cost debt Control of Contractor/ Subcontractor Participation Efficient use of tax benefits Refinancing flexibility Time and excuse for delays Sufficient access to funding
Operator	<ul style="list-style-type: none"> Fees 	<ul style="list-style-type: none"> Sufficient Funds Limited Price Risk Liability Protection Host Government Support Project as Part of System
Lender	<ul style="list-style-type: none"> Minimum Financial Risk Timely Repayment of Principal and Interest Fees 	<ul style="list-style-type: none"> Reliable Sources of Revenue Sufficient Equity Sufficient capital to Finance Project Senior Collateral Position and/or Control Satisfactory Intercreditor Agreement Limited Market Risk Credit Support as Necessary

Risk Perspectives of Participants

Party	Goals	Seeks
Host Government/Agency	<ul style="list-style-type: none"> • Well constructed road/airport at an affordable price • Balance of public and private interests • Proper operation of road • Ultimate ownership of road • Integration of road into transit system • Security in the event of default 	<ul style="list-style-type: none"> • Reliable concessionaire • Adequate and affordable financing • Performance guarantee • Timely completion • Review and approval controls • Compliance with concession law • Safety and maintenance • Environmental sensitivity • Community sensitivity

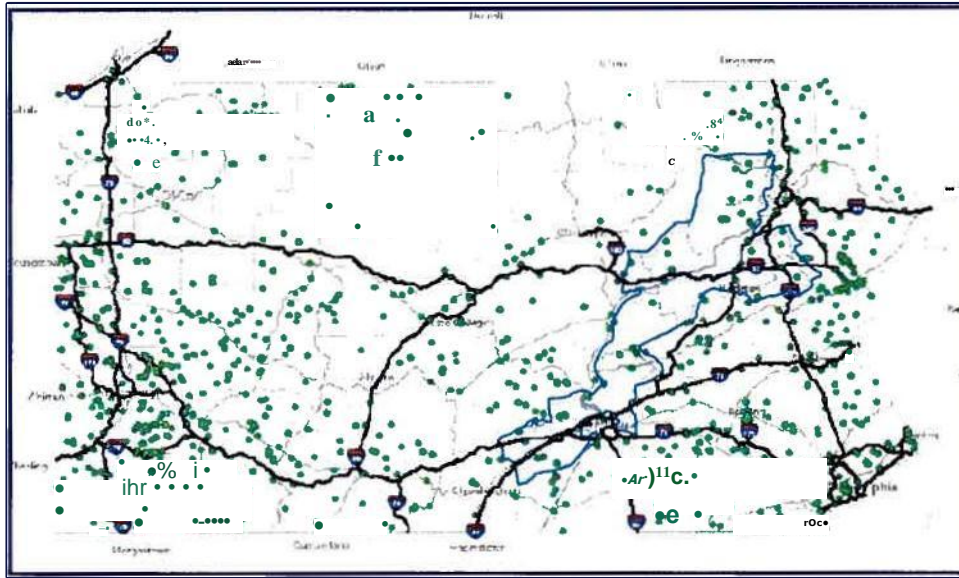


Project Background

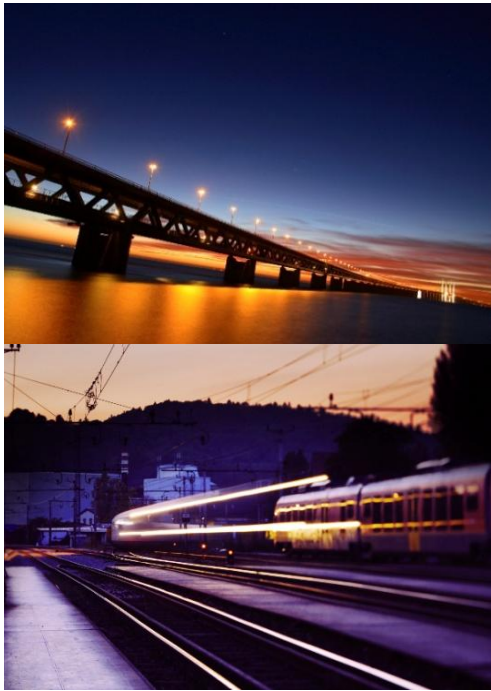
Pennsylvania Rapid Bridge Replacement Project



RBRP - Project Overview



- The Rapid Bridge Replacement Project will be the first P3 project for the Commonwealth
 - Project approved by the Commonwealth's Public Private Transportation Partnership Board in September 2013
- The project includes the design, demolition, construction, financing, and routine maintenance and lifecycle maintenance for 558 structurally deficient bridges across Pennsylvania



InfraLinx Capital



Company Presentation 2015





Executive Summary

- InfraLinx Capital LLC (ILX) provides project development and P3 advisory services to all parts of the infrastructure market. Its proven success at risk allocation and creation of a balanced and fair alignment of interests has a long proven track record of success in over \$100 billion \$ of closed transactions. Through arrangements with selected financial institutions, InfraLinx US is also able to refer its clients' infrastructure projects to sources of capital provided by these broker dealers and arrangers.
- InfraLinx Capital Germany, Switzerland and Warsaw is an integrated infrastructure finance boutique that provides financial advisory, equity and debt raising, and development advisory services to a variety of public and private sector clients.



Executive Summary (cont.)

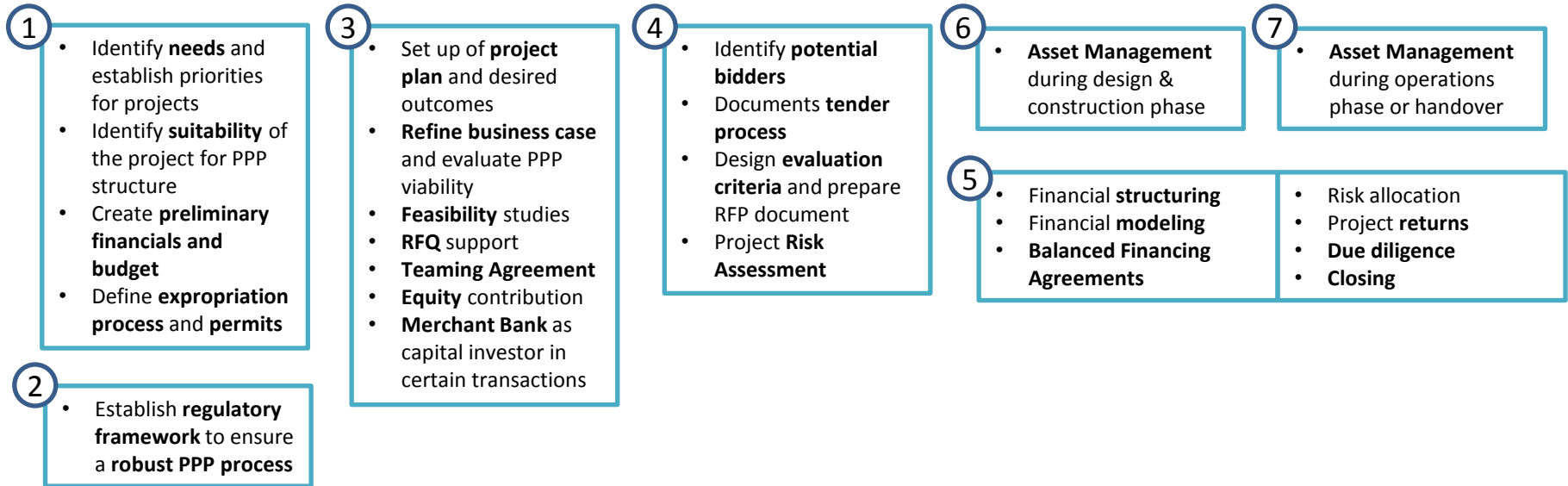
- InfraLinx serves as a bridge between the public and private sectors; it works with governments, engineering companies, technology suppliers, construction companies, financiers, and other infrastructure industry participants to advance major infrastructure initiatives from the procurement phase until financial close.
- In appropriate transactions ILX will invest in infrastructure or related projects through our own or our investors' capital and/or through private equity vehicles or publicly-traded investment trusts or funds organized, advised and/or managed by ILX.

Sample: InfraLinx Infrastructure Value Chain

Timeline



Tasks





CORE MANAGEMENT TEAM

Richard Ornitz



- **Richard Ornitz** is a seasoned and recognized infrastructure and investment market leader having done these projects over many years on most every continent as each an engineer, lawyer, investment banker and investor. Prior to serving as Chairman of InfraLinx, he has worked with and represented global contractors and concessionaires of most nationalities, governments, investment banks, banks, multilateral finance institutions and also served and continues to serve on the UN and US advisory boards for development of this market globally. In the early days he also served on the US Secretary of State private advisory board and learned his international deal doing at Cravath Swaine et Moore and then as a senior member of management of Degussa, a fortune 100 Germany global company based in Frankfurt Germany.
- Richard has a reputation as a creative problem solver and deal doer, who understands the perspectives and legitimate needs of the various parties in these deals, brings them together and makes it happen while also structuring and sourcing the most efficient capital including any needed credit enhancements.

Harald Junke



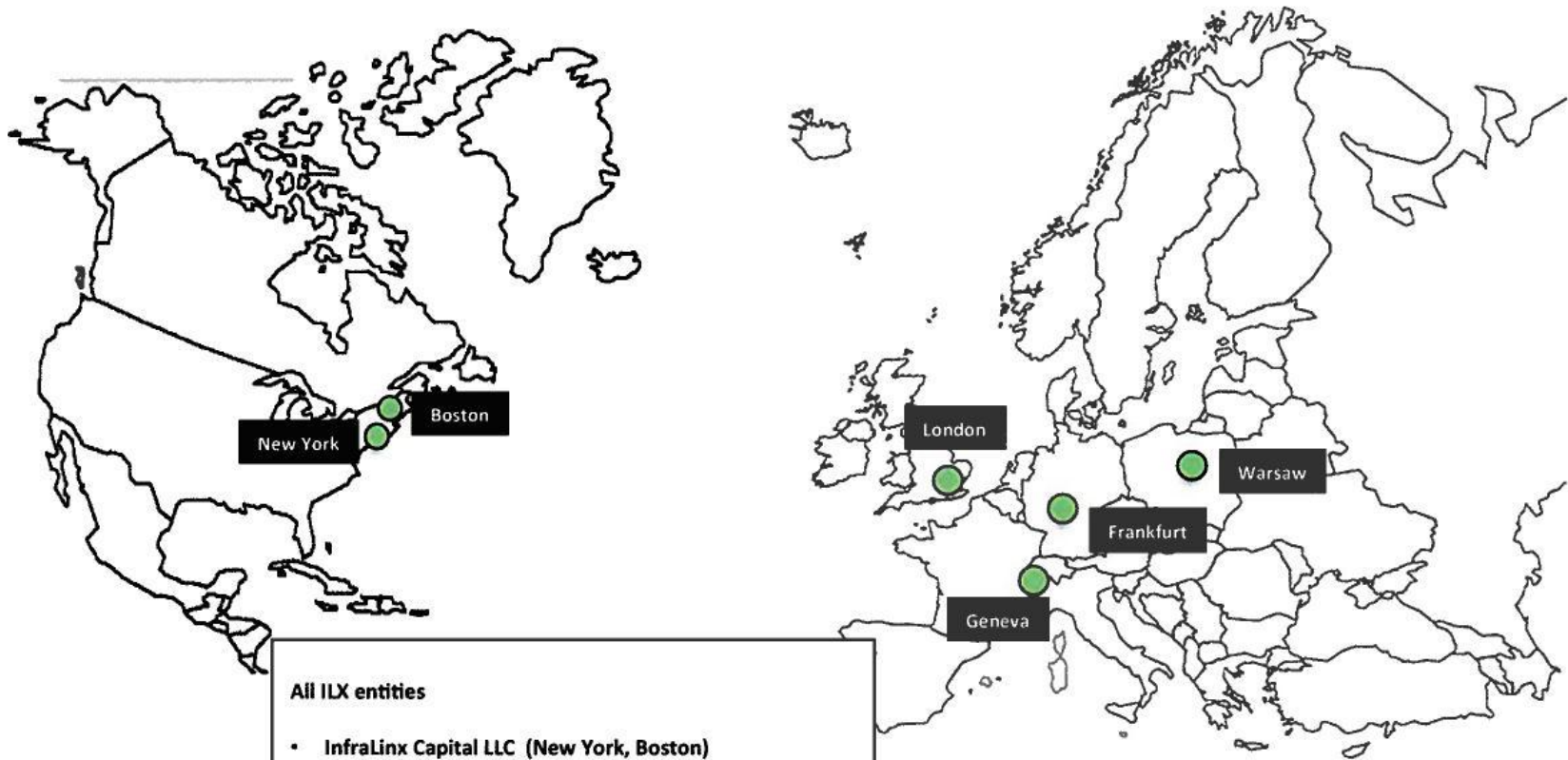
- **Harald Junke** is a senior investment banker and project finance specialist, focused on infrastructure transactions. His specialty is transportation, which includes aviation and maritime as well as road and rail projects. Harald brings in-depth knowledge of the European transportation market and has worked in senior project finance positions with a variety of German and international financial institutions. In addition, he was responsible for the development and management of direct asset portfolios for one of Germany's largest private banks from which he retired in 2010 to join InfraLinx Capital as a senior partner.
- Between 2001 and 2010, Harald arranged and managed assets in North America, Europe, China and Southeast Asia, focusing on the development of complex risk mitigation schemes to open emerging markets to German private investment vehicles.

Matt Kennedy



- **Matt Kennedy** is a founder of Kennedy Merchant Partners (KMP) and has worked in over 20 countries on six continents. Previously, Matt served in senior roles in the Obama Administration at the Department of Commerce, Department of the Treasury and the White House. As the Director of the Office of Strategic Partnerships at Commerce, Matt worked closely with the Overseas Private Investment Corporation and Export-Import Bank of the United States to develop innovative public-private partnerships with leading Trade organizations and several Fortune 500 business.
- Prior to his service in government, Matt managed Senator Edward M. Kennedy's 2006 reelection campaign and the MoneySite, a nonprofit financial services initiative that leverages tax preparation as a vehicle to create personal financial plans for low-income households. Matt graduated from Stanford University with a B.S. in management science and engineering, where he was also captain of the lacrosse team, and holds an M.B.A. from Harvard University. He sits on the boards of the Robert F. Kennedy Center for Justice and Human Rights and the John F. Kennedy Presidential Library Foundation.

ILX Office Locations



All ILX entities

- **InfraLinx Capital LLC (New York, Boston)**
- **InfraLinx Capital (Germany) Limited (Frankfurt, London)**
- **InfraLinx Suisse sàrl (Geneva, London)**
- **InfraLinx Capital s.p.z.o.o. (Warsaw, London)**

operate under a joint partnership framework, sharing the brand/logo and the internet domain (www.infralinx.com).