



Public-Private Partnership Structures

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BMO  **Capital Markets®**

Infrastructure Banking | Leading P3 Platform

- BMO Capital Markets is the investment banking arm of the Bank of Montreal
- Expertise in financial services including Financial Advisory, M&A Advisory, Equity and Debt Underwriting, Leveraged Finance, Public Finance, Project Finance, and Public-Private Partnerships ("P3")
- 2,300 professionals in 30 locations around the world
- BMO's bankers are highly experienced across all aspects of the infrastructure market, including advisory, capital markets, and bank solutions with a particular expertise in public-private-partnerships and project financings
- BMO is ranked 4th for 2012 H1 Global Project Finance Lead Arranger (*Infrastructure Journal*)
- Recently, BMO team has been on several notable won several notable, infrastructure transactions, including some Deals of the Year awards:

- Midtown Tunnel: "**2012 Transportation Deal of the Year**" by Project Finance Magazine
- Presidio Parkway: "**2012 PPP Deal of the Year**" by Project Finance Magazine

P3 PRODUCTS AND SERVICES

- Advising public sector clients on procurement processes for new infrastructure and new investment in existing assets
 - Infrastructure asset sales, concessions, long-term leases, and acquisitions
- Advising private sector clients bidding on infrastructure projects
- Project financing in bank and bond markets
- Capital raising (debt & equity) for corporate infrastructure clients

Select BMO Infrastructure Finance & Advisory Experience



\$1.5 billion
Ohio River Bridges
Underbidder for the DBFOM of the
East End Crossing P3 Project
**Financial Advisor and
Committed Lead Underwriter**
Pending



\$664 million
Virginia Small Business Fin Authority
Elizabeth River Crossing Opco, LLC
(Midtown Tunnel)
Deal of the Year
Co-Senior Manager
April 2012



Sale of Kitimat Marine
Terminal to **Shell,
Mitsubishi, CNPC and
Kogas**
Financial Advisor
October 2011



\$237.5 million
Lower Colorado River Authority
Water & Wastewater
System Divestiture
Financial Advisor
July 2012



>C\$500 million
Infrastructure Ontario
Procurement of
PanAm Games Athlete's Village
Financial Advisor
December 2011



\$1.4 billion
American Municipal Power
Combined Hydro Project
Revenue Bonds
Joint Lead Bookrunner
December 2010



\$365 million
Presidio Parkway P3
Golden Link Concessionaires
Deal of the Year
Mandated Lead Arranger
June 2012



C\$400 million
Greater Toronto Airports Authority
Airport Revenue Medium Term Notes
due 2041
Sole Bookrunner
November 2011



\$155 million
City of Pasadena
Lease Revenue Bonds
Senior Manager
November 2010

BMO Capital Markets is a brand name under which BMO, BMO Harris Bank N.A. & BMO Capital Markets Corp. operate in the U.S.

BMO Capital Markets delivers product breadth and proven execution capabilities to our infrastructure clients

Why Governments Use P3 Methods

Four Main Benefits of P3

Risk Transfer

- Ability to transfer key risks to the private sector owner/operator
 - Revenue/demand risk
 - Construction risk
 - Technology and performance risk
 - Operating and maintenance risk
 - Lifecycle/capital reinvestment risk

Private Sector Expertise

- Access to top international best practices in private sector
 - New technologies
 - Innovative management techniques
 - Cost innovation in lifecycle/rehabilitation planning
 - Innovative designs to reduce cost and enhance performance

Additional Resources

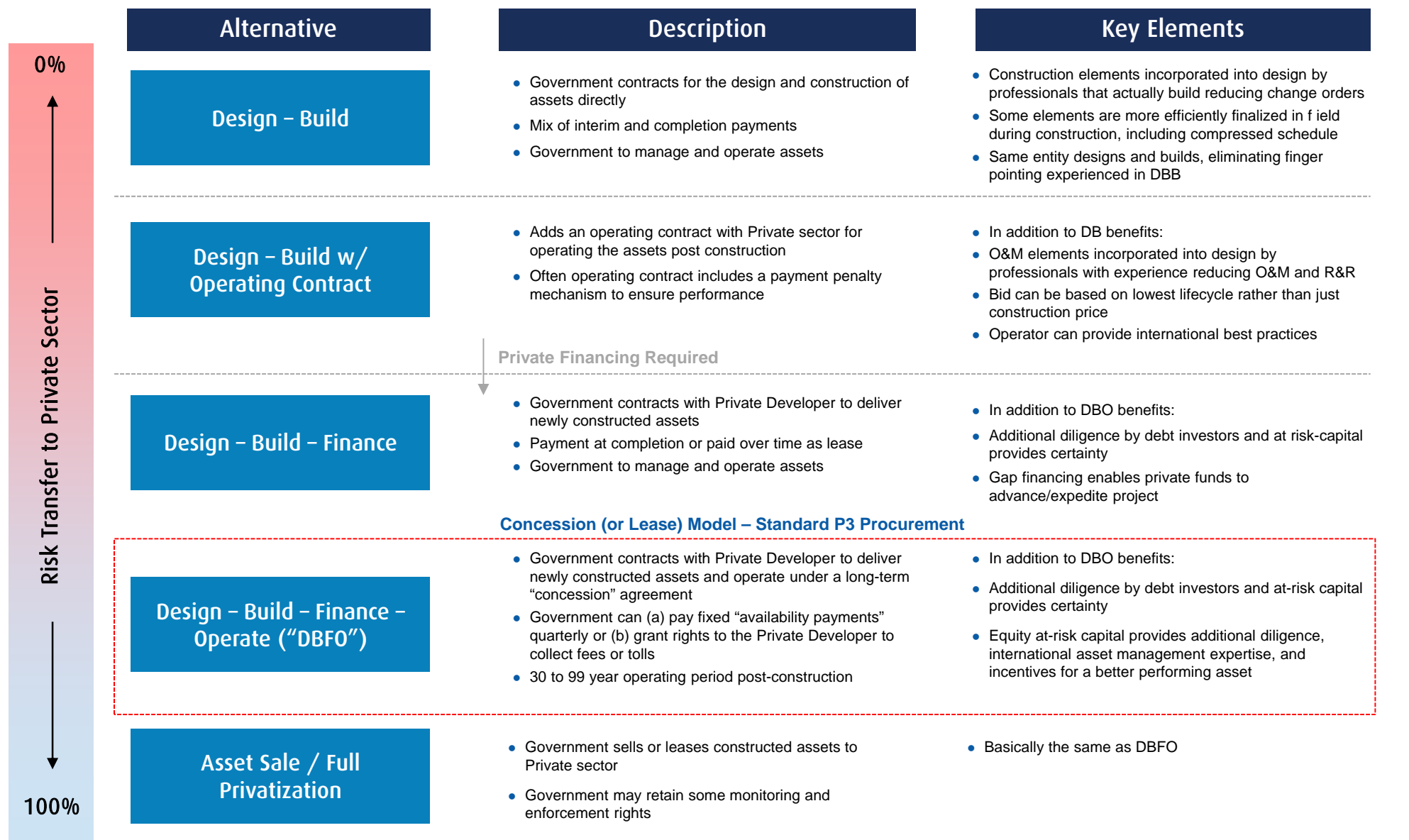
- P3 projects maximize the capital proceeds which can be raised against infrastructure asset
 - Access to debt **and equity** capital
 - Competitive bid process ensures most attractive valuation
 - Leasing of existing assets often bring large upfront sums
 - Brings outside personnel to supplement agency staff

Timing & Certainty of Delivery

- P3 structures can accelerate the delivery of the asset by years
 - Private firms often submit multiple design alternatives to speed permitting and construction timeline
 - Construction price is fixed at financial close
 - Delays past the guaranteed delivery date result in liquidated damages paid per day to the procuring authority

Risk transfer, accelerating delivery and tapping equity capital for infrastructure are drivers of P3 rationale

Spectrum of P3 | Private Procurement Options for New Assets



P3 Procurement Process

Strategic Evaluation (Stage 1)

Objectives Definitions

Commercial Structure &
Market Sounding

Comparison of Options

Recommendation

Transaction Execution (Stage 2)

Marketing & Offering
Materials

Due Diligence &
Financial Modelling

RFQ Stage

RFP and Bid Stage

Financial
Close

Project Delivery (Stage 3)

Notice to Proceed
with Construction

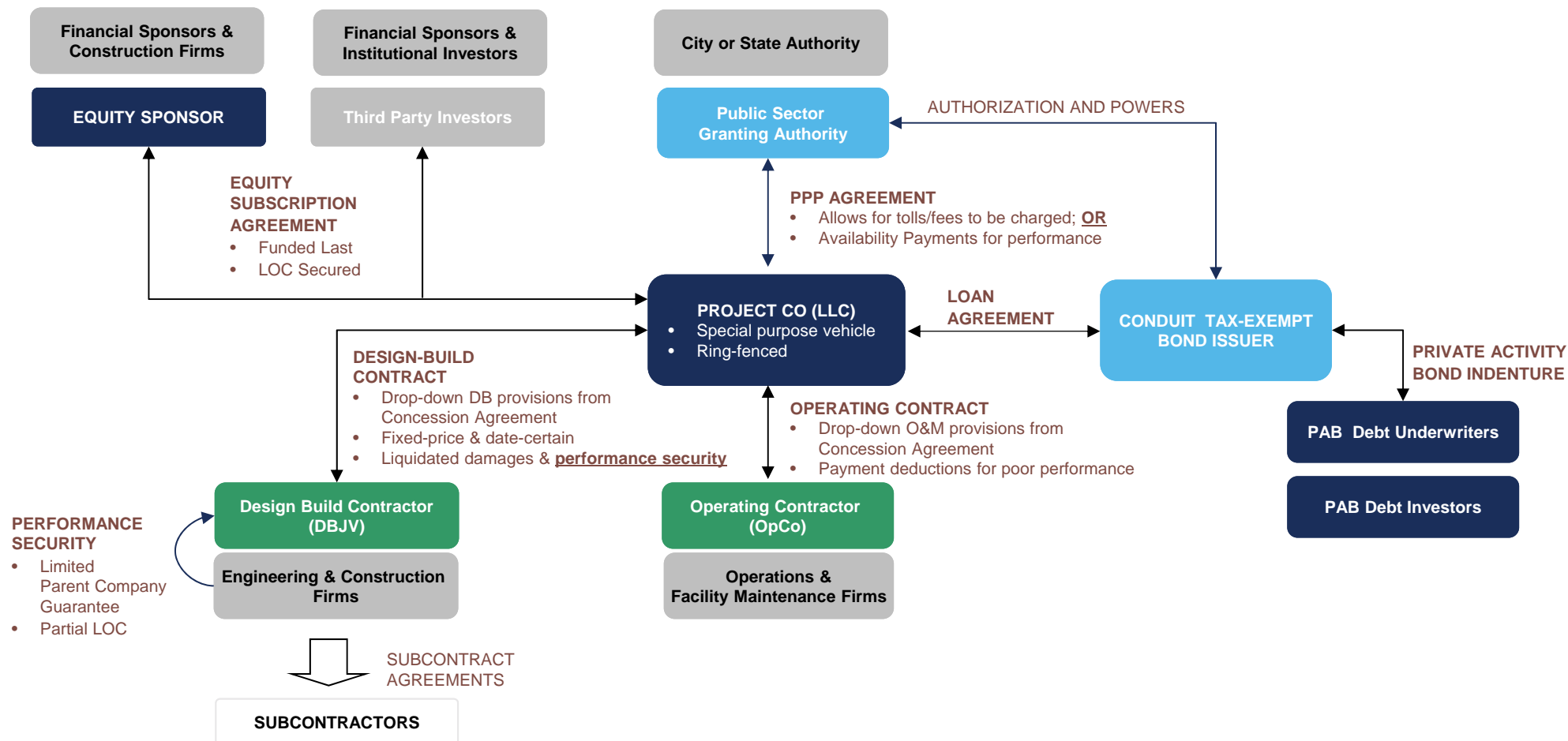
Construction Period

Operational Period

Handback to
Public Authority

P3 Concession Model | Contract Structure

Contract Structure



Project obligations are passed down to DBJV and OpCo through drop-down contracts on a back-to-back basis with the Concession Agreement

P3 Risk Allocation Matrix

		City or State Authority	Privately Owned SPV Entities		
Risk		Public Sector	Project Co	DBJV	OpCo
Land / Right-of-Way	Construction Period Risks	•			
Design				•	
Permitting		•		•	
Construction				•	
Geotechnical Conditions		•		•	
Archaeological Findings		•			
Utility Line Relocations		•		•	
Defects				•	
Revenue/Performance	Operating Period Risks		•		
Operations/Collections					•
Routine Maintenance					•
Major Maintenance/Lifecycle			•		
Force Majeure/Relief Events	Event Risks	•	•		
Termination		•	•		
Change in Law		•			
Financial Structuring	Financial Execution Risks		•		
Closing Market Conditions		•	•		

Project risks are allocated to the parties best able to competitively price and manage the risk

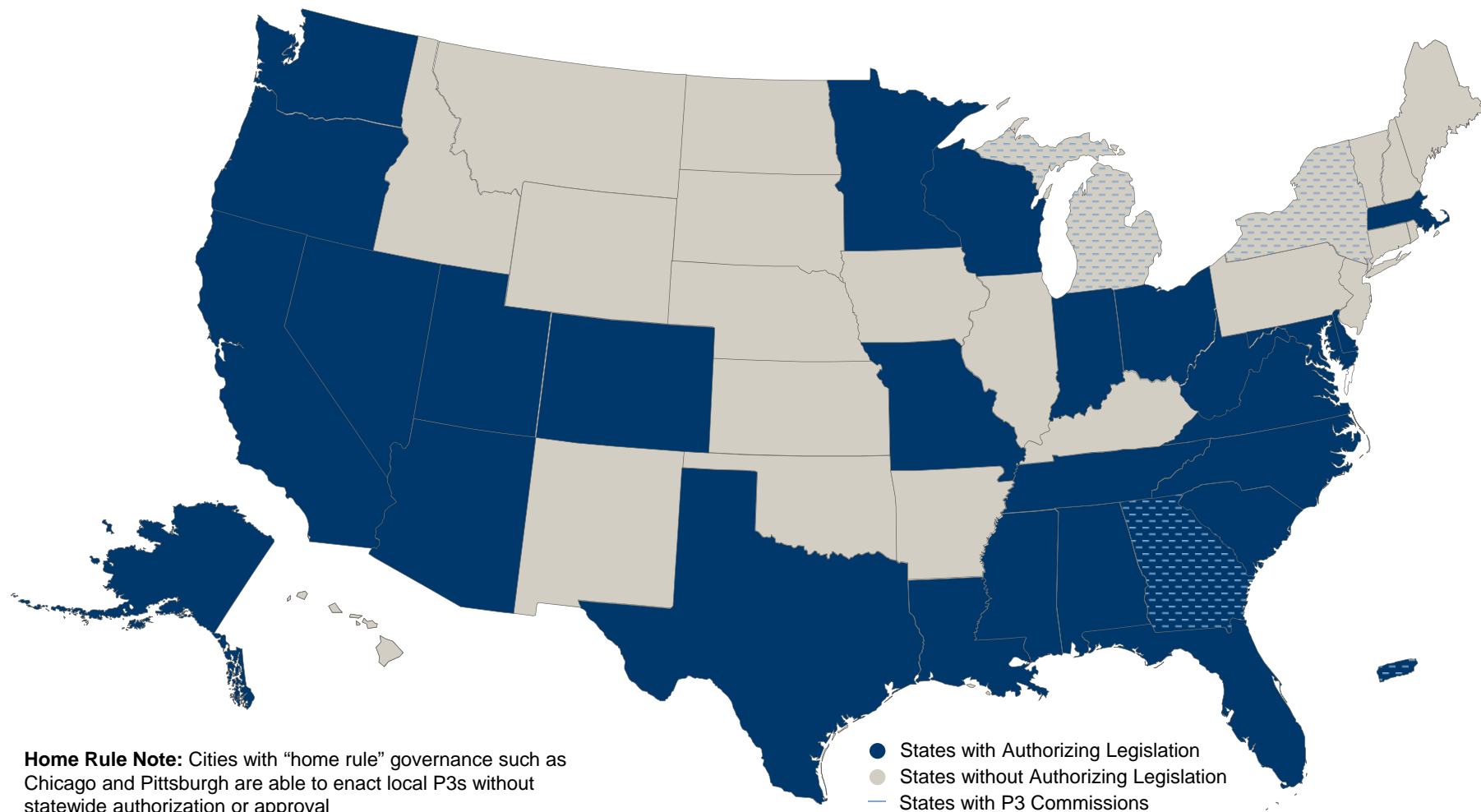
P3 Project Types

DBFO Model – Four Project Types

	Greenfield Construction	Brownfield Asset Monetization
Revenue Risk Private developer collects user fee revenues from the project	Midtown Tunnel (VA) 635/LBJ Freeway SR-125 SR-91 North Tarrant Expressway (TX) JFK Terminal 4	Chicago Skyway Indiana Toll Road Pennsylvania Turnpike Midway Airport Chicago Parking Garages Chicago Metered Parking
Availability Payment Governmental sponsor makes performance-based payments to the private developer	Presidio Parkway I-595 Managed Lanes Denver FasTracks Port of Miami Tunnel Long Beach Courthouse	<i>Possible M&A market activity after greenfield development completed.</i> I-595 Managed Lanes Several portfolio sales in Canada and Europe

States with P3 Authorization

28 U.S. States and 1 U.S. territory that have enacted statutes that enable the use of various P3 approaches for the private development of infrastructure



Concession Requirements & Debt Market Views

Recent Trends

- More demand than supply of infrastructure transactions are directing trends in the debt markets
 - More competitive terms
 - Markets willing to do work to learn new credits structures
- Equity sponsor requirements are increasing in competitive processes
 - Spreads tightening in bank and bond markets
 - Recent deals are pricing inside 200 bps
 - Financial covenants are loosening slightly
 - Coverage ratio
 - Debt service reserve requirements
 - Design-builder security package requirements
- Bank structure are increasingly creative to be part of transaction
- Bond markets are increasingly accepting of new sectors and asset types, as well as greenfield risk
- Both bank and bond markets have experience with TIFIA
- Both bank and bond markets have experience with availability payment deals and traffic revenue deals
- Both bank and bond markets have experience with governmental appropriation credits

Recent trends demonstrate a dynamic and sophisticated debt investor base

Relevant DBOMF Transactions

Presidio Parkway

Authority: Caltrans

Location: San Francisco, CA

Type: Availability

Description: Presidio Parkway (replacing the Doyle Drive as southern entry road to the Golden Gate Bridge)

Closing Date: June 2012

Concession Term: 34 years

Deal Size: \$365 million

Capital Structure:

\$170mm senior bank debt

\$150mm TIFIA

\$45mm equity

Midtown Tunnel

Authority: Virginia DOT

Location: Norfolk, VA

Type: Toll Revenue

Description: Two new river crossings including a new tunnel and highway systems over the Elizabeth River

Closing Date: April 2011

Concession Term: 58 years

Deal Size: \$2.04 million

Capital Structure:

\$675mm PABs

\$467mm TIFIA

\$368mm revenue during const.

\$308.6mm VDOT public funding

\$221mm equity

Denver FasTracks (RTD)

Authority: Denver RTD

Location: Denver, CO

Type: Availability

Description: The design and construction of 11.2-mile FasTracks Eagle commuter rail in the Denver metropolitan area

Closing Date: August 2010

Concession Term: 35 years

Deal Size: \$1.64 billion

Capital Structure:

\$396mm PABs

\$54mm in equity

\$1.1 billion RTD funding

Port of Miami Tunnel

Authority: Florida DOT

Location: Miami, FL

Type: Availability

Description: The design and construction of a new tunnel between Watson Island and Port of Miami-Dade (for heavy trucks)

Closing Date: October 2009

Concession Term: 30 years

Deal Size: \$866 million

Capital Structure:

\$344mm senior debt

\$342mm TIFIA

\$80mm equity

\$100mm City contributions

I-595 Corridor

Authority: Florida DOT

Location: Broward County, FL

Type: Availability

Description: The reconstruction, widening and resurfacing of the existing highway and development of new managed lanes

Closing Date: March 2009

Concession Term: 35 years

Deal Size: \$1.67 billion

Capital Structure:

\$525mm long-term bank debt

\$255mm 10-year bank debt

\$678mm, TIFIA funding

\$208mm equity contributions

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