

ACCESSING PRIVATE CAPITAL FOR TRANSPORTATION INFRASTRUCTURE PROJECTS

Transportation
Infrastructure
Finance
Workshop
Chicago, Illinois

April 29, 2008

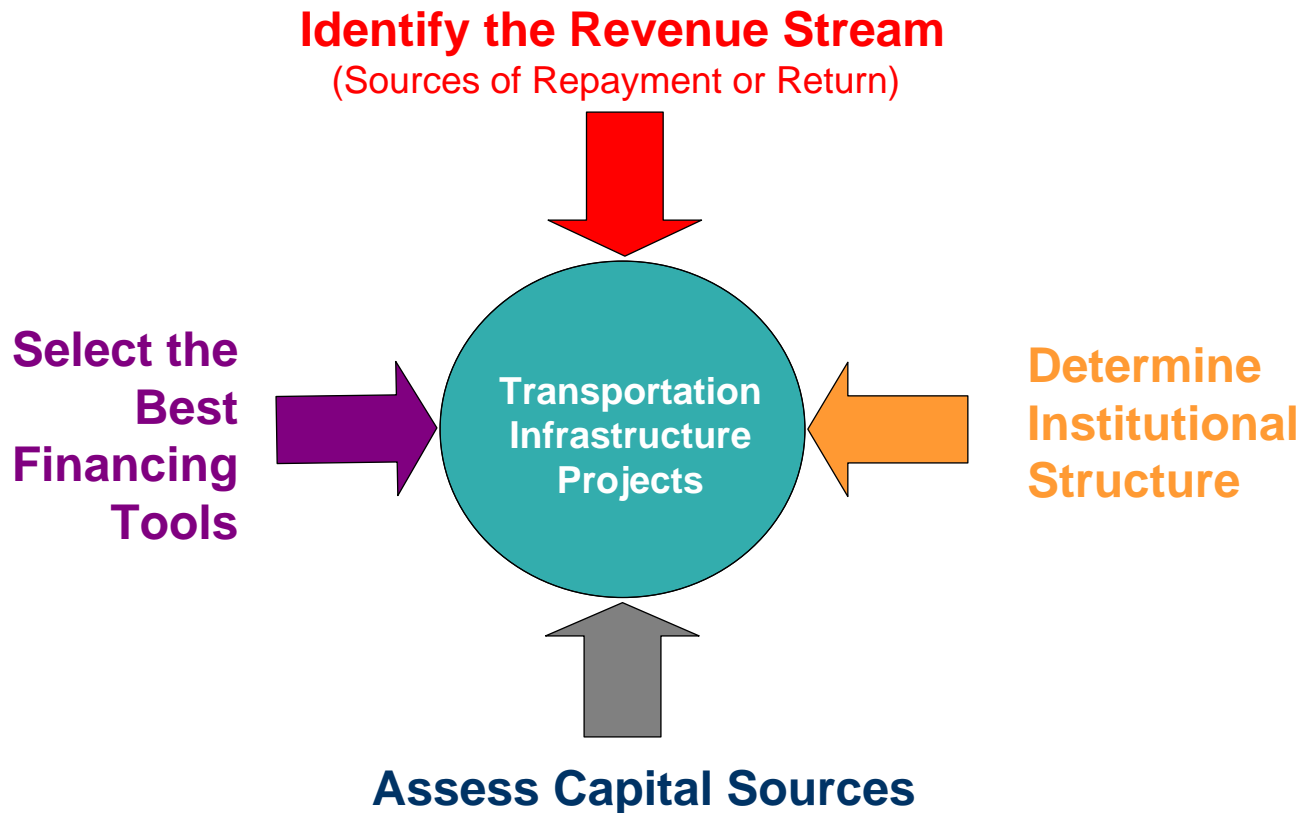
APPLICATION OF CONCEPTS AND STRATEGIES

Jim Taylor, Principal



MERCATOR ADVISORS LLC

Key Project Finance Planning Factors



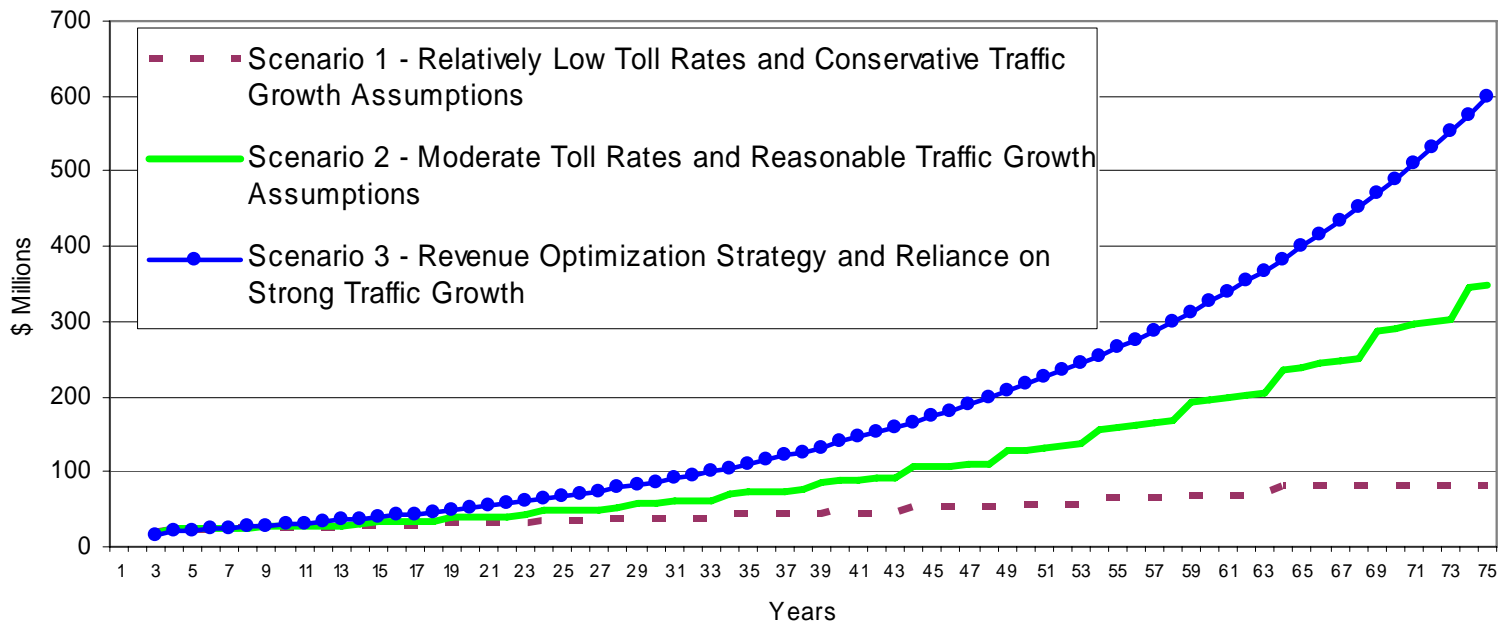
Project Financing Efforts Often Leverage Local Funding Sources

TAXES	USER FEES	THIRD-PARTY FINANCING	IN-KIND CONTRIBUTIONS
<i>Local Option Fuel Tax</i>	<i>Tolls / Fares</i>	<i>Air rights; fiber optic conduit</i>	<i>Right-of-Way and Easements</i>
<i>Dedicated Sales Taxes</i>	<i>Entrance Fees, Parking</i>	<i>Advertising / Naming Rights</i>	<i>Utility Relocation</i>
<i>Special Assessment, Impact & Permit Fees</i>	<i>Vehicle Registration</i>	<i>Equipment Lease</i>	<i>Maintenance Agreements</i>

- Funds can be used to pay project costs directly or to secure project debt
- Revenue pledge can be subject to appropriation; limited in term and amount; and /or have automatic termination provisions.
- Impact on local and/or frequent users can be mitigated through discounts, caps, and premium services.

Revenue Assumptions will have a Significant Impact on Financial Viability

Net Revenue Estimates



Initial Institutional Arrangements Tend to Reflect Project Risks and Benefits

Factors favoring...

PUBLIC DEVELOPMENT

*Significant ROW
Acquisition Required*

*Limited Flexibility on Project
Definition and Design*

*Public Benefits (economic
development, safety)
Outweigh User Benefits
(time savings, reliability)*



PRIVATE DEVELOPMENT

*No Existing Vehicle for
Public Development*

*Unique Technical Challenges
on Project Construction or
Operation*

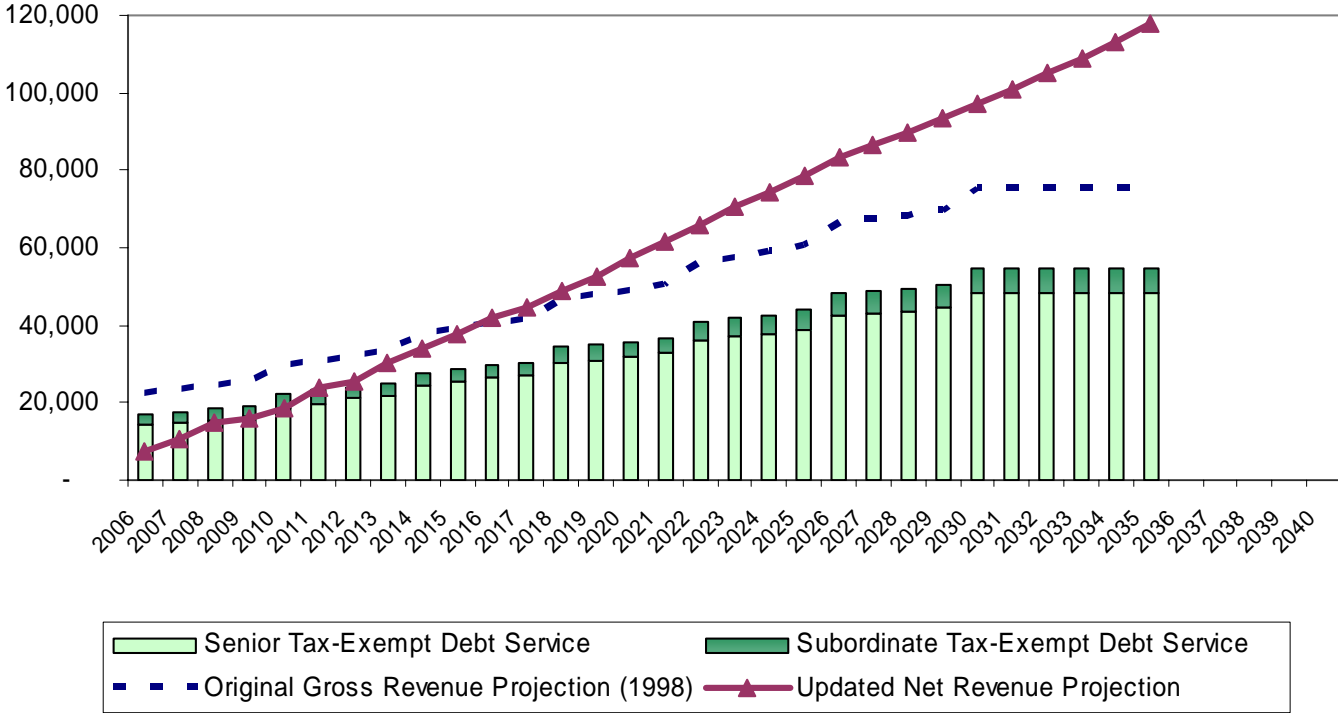
*Existing Facility with
Significant Congestion*

P3 Arrangements Can Evolve Over Time

PUBLIC		PRIVATE
91 Express Lanes		91 Express Lanes
Northwest Parkway		Northwest Parkway
	Pocahontas Parkway	Pocahontas Parkway

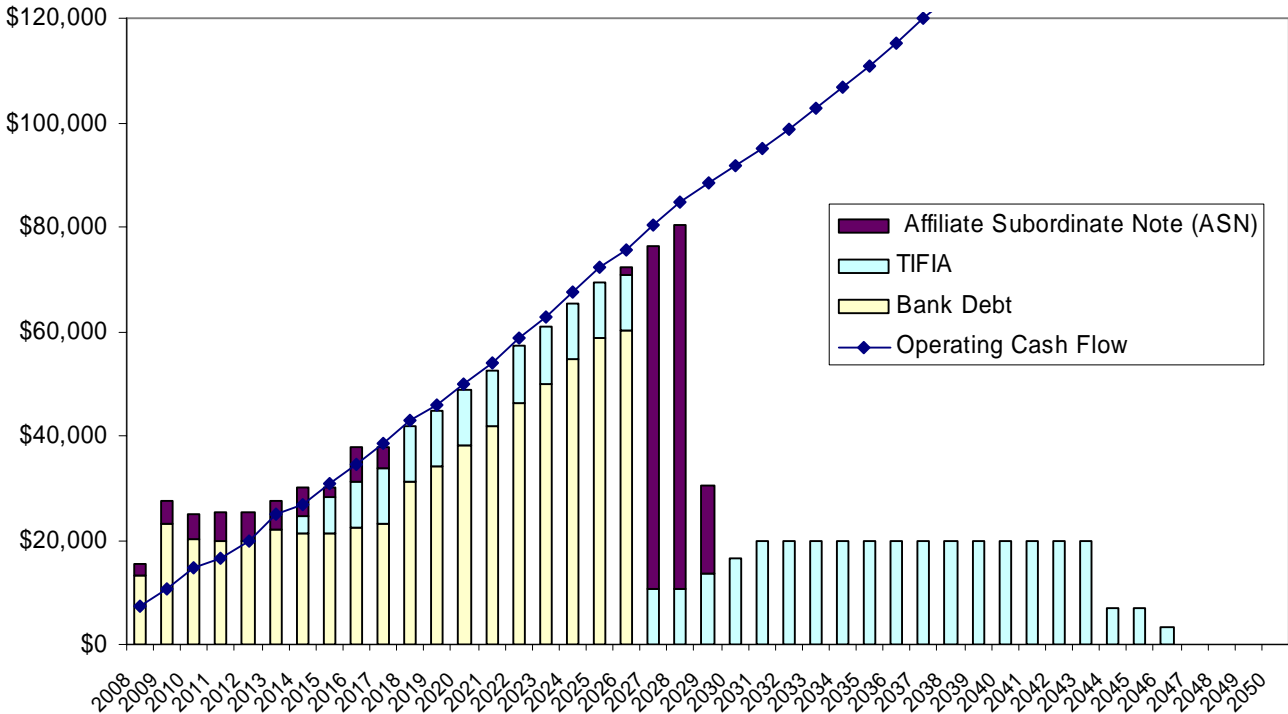
P3 Arrangements Can Evolve Over Time

Pocahontas Parkway - 1998 Tax-Exempt 63-20 Financing

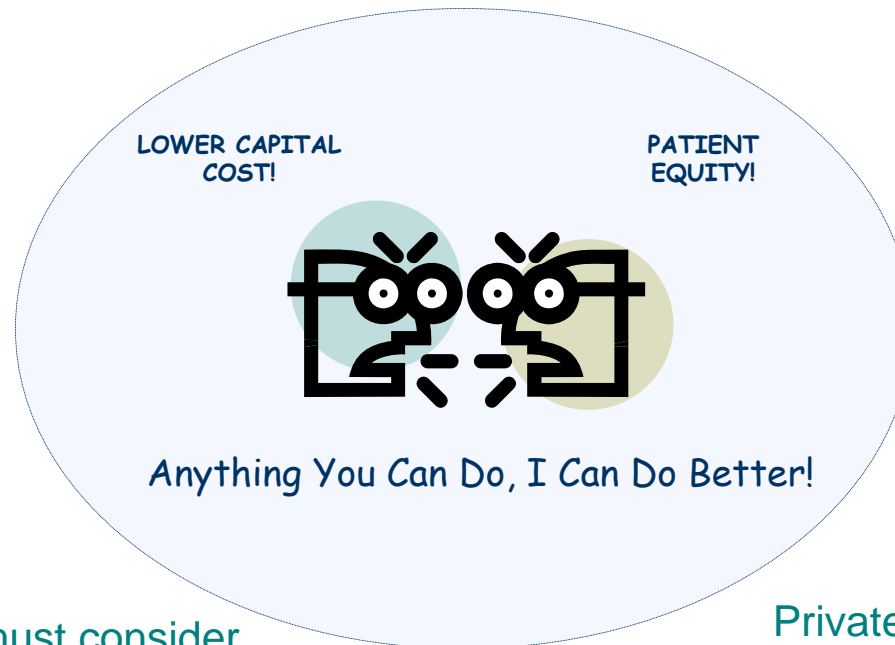


P3 Arrangements Can Evolve Over Time

Pocahontas Parkway - 2007 Toll Concession



Policy Considerations and Portfolio Effects Complicate the Debate Over the Relative Merits of Public and Private Financing Approaches



Public entities must consider, and sometimes bear, external costs and benefits. Decisions often reflect budgetary and political constraints.

Private sector sponsors are not the same. Each has their own investment criteria and valuation processes. Decisions are driven by short-term and long-term portfolio management goals.

Story Bonds: “You can’t always get what you want, but...”

OLD SCHOOL

Mid-Bay Bridge
Teodoro Moscoso Bridge
Dulles Greenway
91 Express Lanes
San Joaquin and Foothill-Eastern
E-470
Camino Colombia
Southern Connector
Pocahontas Parkway
Northwest Parkway
Central Texas Turnpike
South Bay Expressway (SR125)

Trends?

Capital Beltway HOT Lanes – Virginia
SH121 / SH161 – Texas
Port of Miami Tunnel - Florida