

# Transportation Infrastructure Finance Workshop

Atlanta, Georgia

July 16, 2008

**PROJECT FINANCE OVERVIEW:  
CONCEPTS AND  
STRATEGIES**

## Key Questions for Project Finance Initiatives

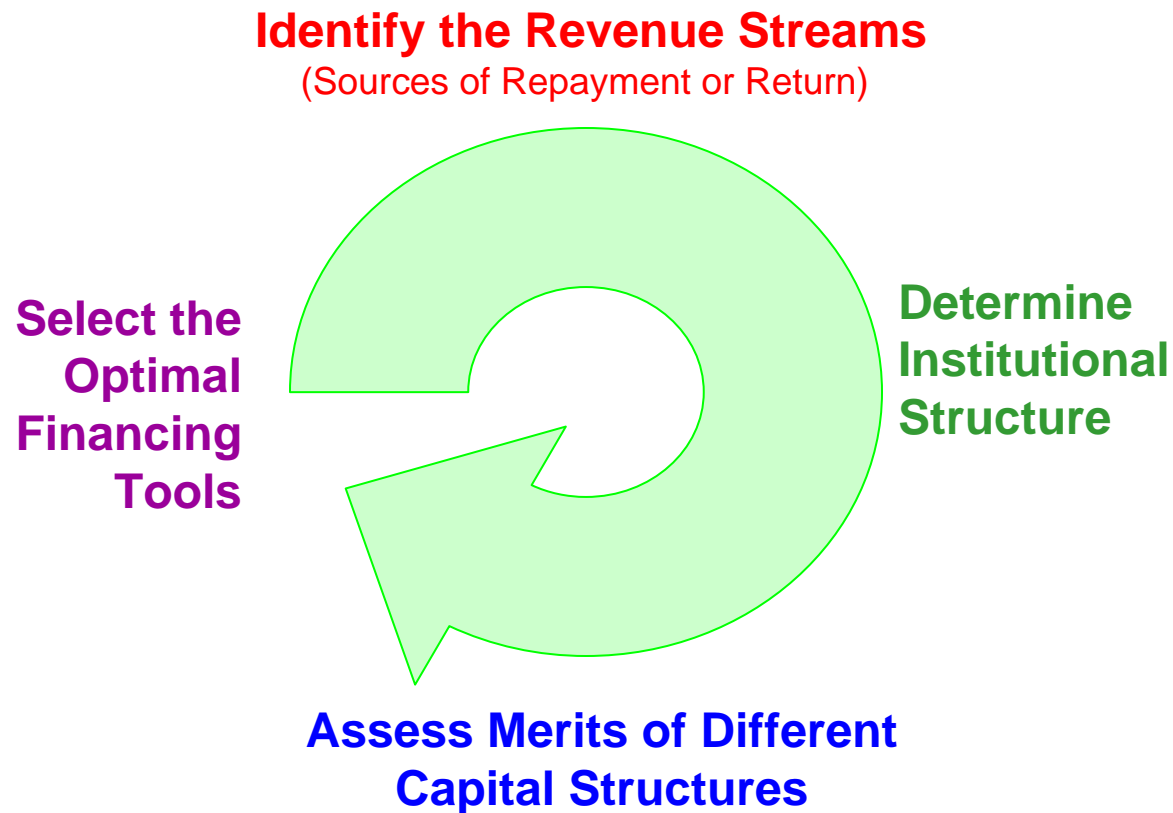
What sources of revenue are potentially available to pay for capital costs and maintenance expenses?

Can third parties facilitate project financing, delivery or operation?

How will different capital structures impact project operation and the resources available for other projects?

Which financing tools make the most sense given project risks and conditions in the capital markets?

# Conceptual Approach to Project Finance

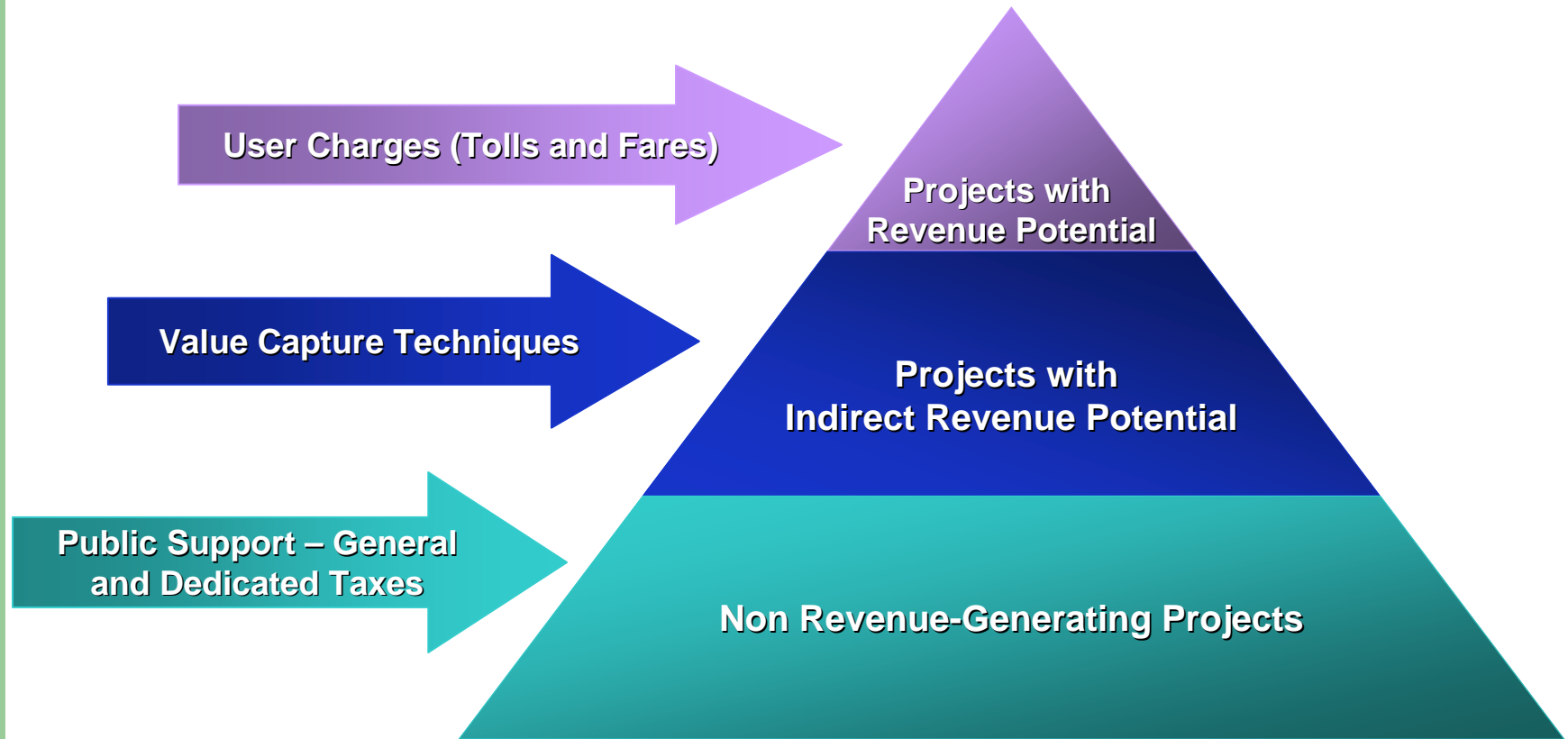


## “There are No Free Roads”™

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 &amp; Permit Fees</i>	<i>Vehicle Registration</i>	<i>Equipment Lease</i>	<i>Maintenance Agreements</i>

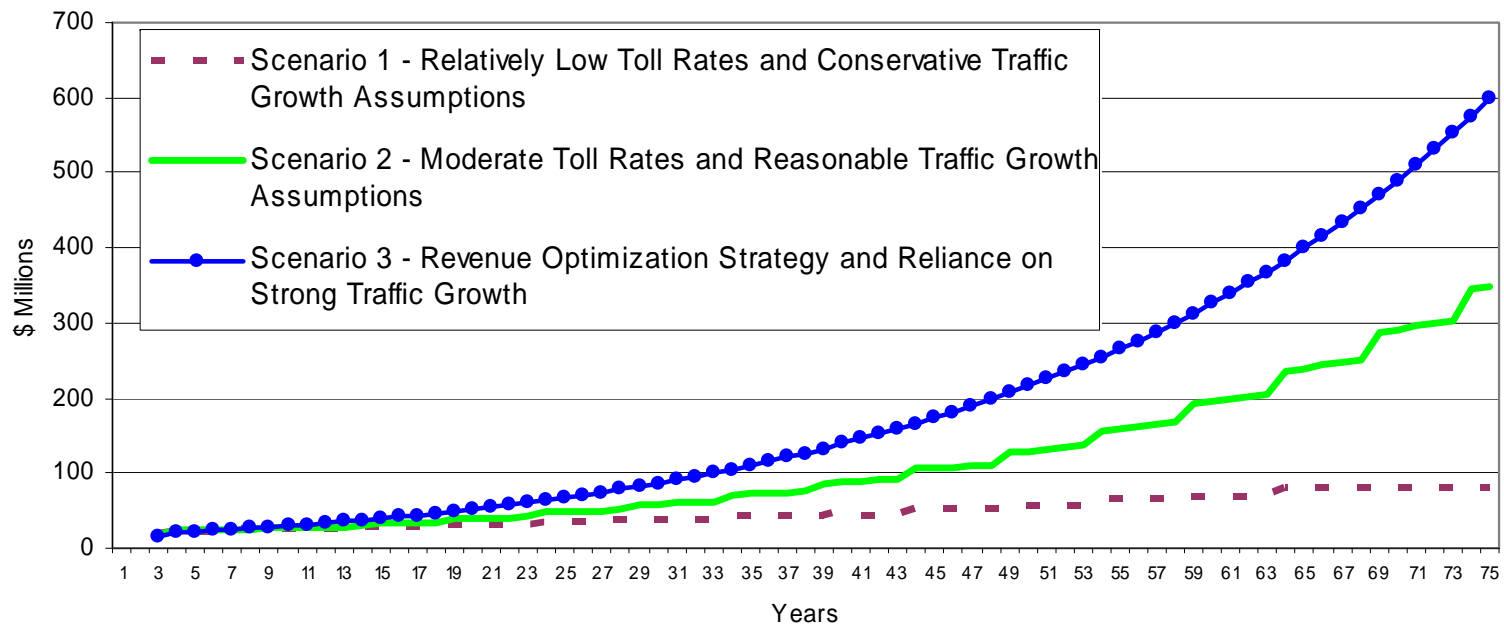
- Revenues can be used to pay project costs directly or to secure project debt
- Revenue pledge can be subject to appropriation; limited in term and amount; and /or have automatic termination provisions.
- Impact on local and/or frequent users can be mitigated through discounts, caps, and premium services.

# Only A Small Percentage of Projects Are Self Supporting Through User Charges



# Revenue Assumptions will have a Significant Impact on Financial Viability

### Net Revenue Estimates

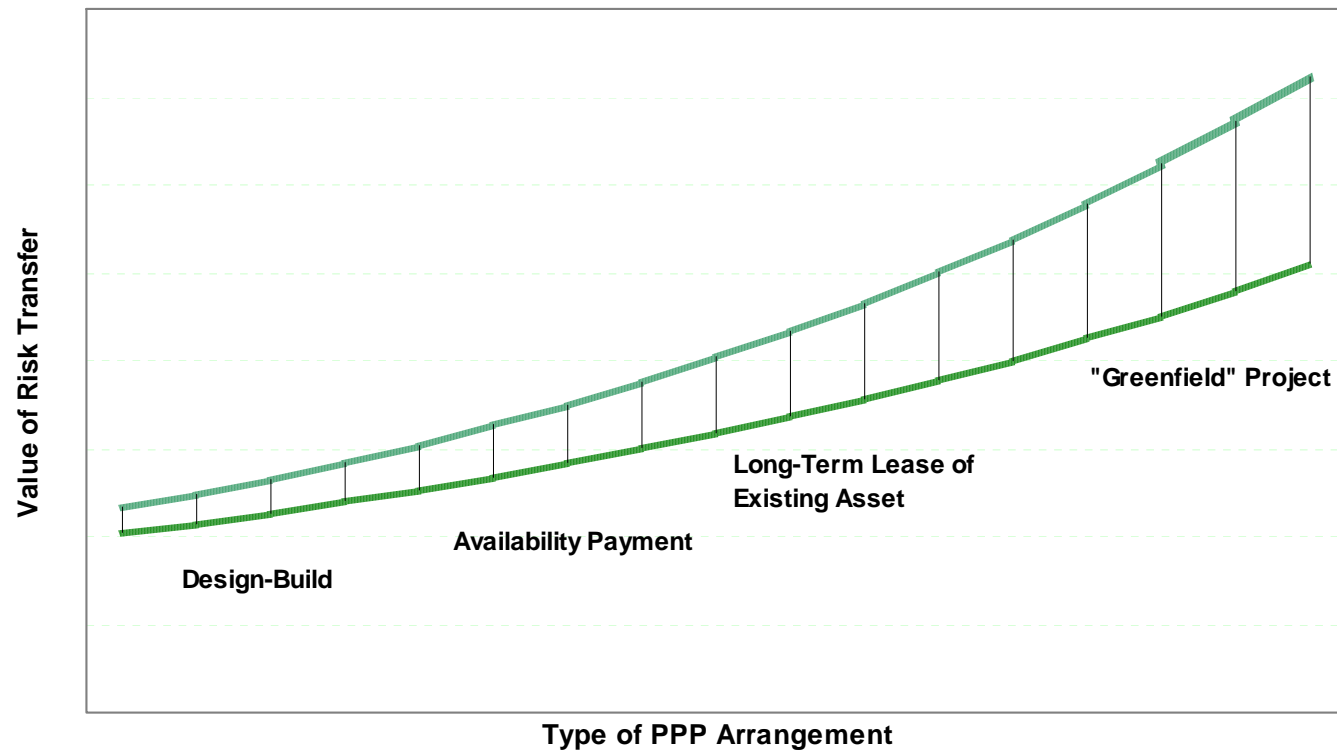


## A wide variety of options are available for developing infrastructure projects

Project Activity	Traditional Governmental Delivery	D-B with Public Funding	D-B with Innovative Financing or Operation	Governmental Tax-Exempt Project Financing	Private Concession Project Financing
Delivery	Public	Private	Private	Private	Private
Operation	Public	Public	Public or Private	Public or Private	Private
Financing	Public	Public	Public	Public or Private	Private
Ownership	Public	Public	Public	Public	Private

# The value of the risk transfer achieved through PPP arrangements can vary significantly

Conceptual Value of Risk Transfer to Public Sponsors



# 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)*





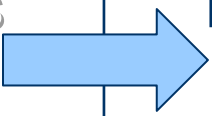
## **PRIVATE DEVELOPMENT**

*No Existing Vehicle for  
Public Development*

*Unique Technical Challenges  
on Project Construction or  
Operation*

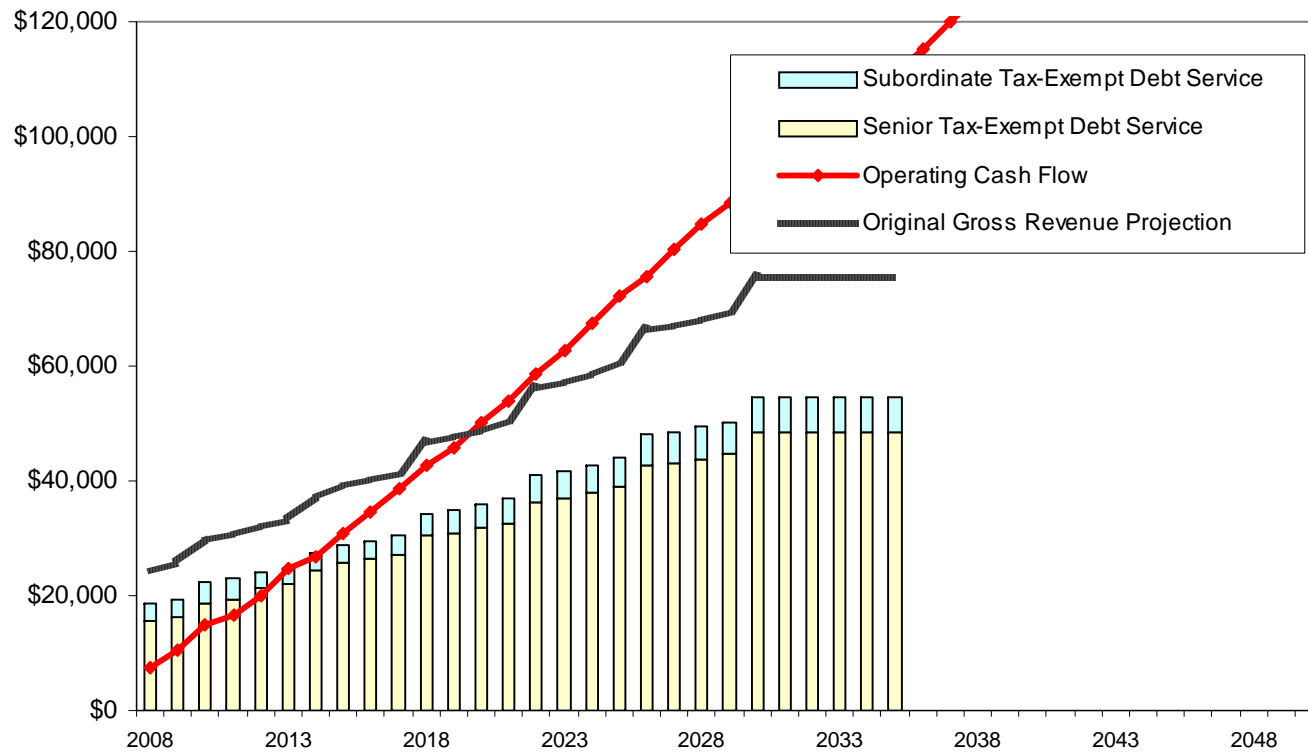
*Existing Facility with  
Significant Congestion*

## P3 Arrangements Can Evolve Over Time

PUBLIC	Private Non-Profit	PRIVATE
91 Express Lanes		91 Express Lanes
Northwest Parkway		Northwest Parkway
	Pocahontas Parkway	 Pocahontas Parkway

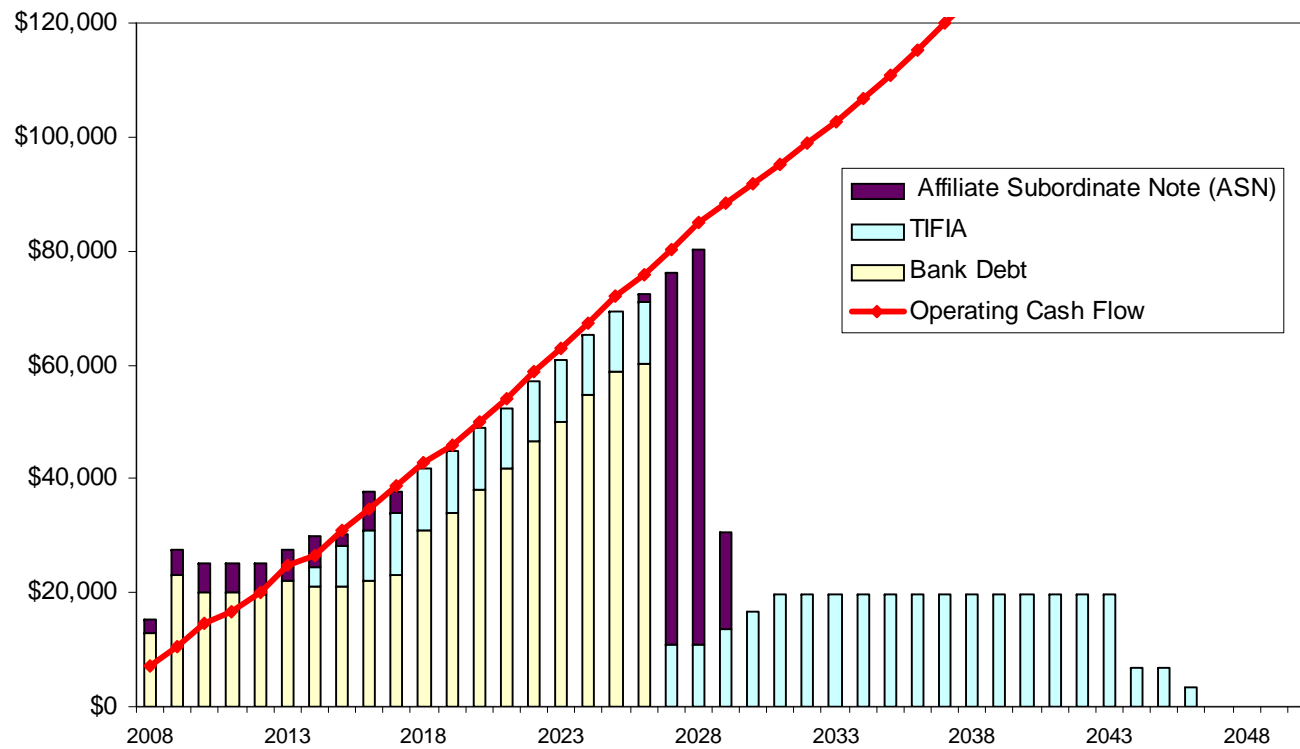
# P3 Arrangements Can Evolve Over Time

### Pocahontas Parkway - 1998 Tax-Exempt 63-20 Financing

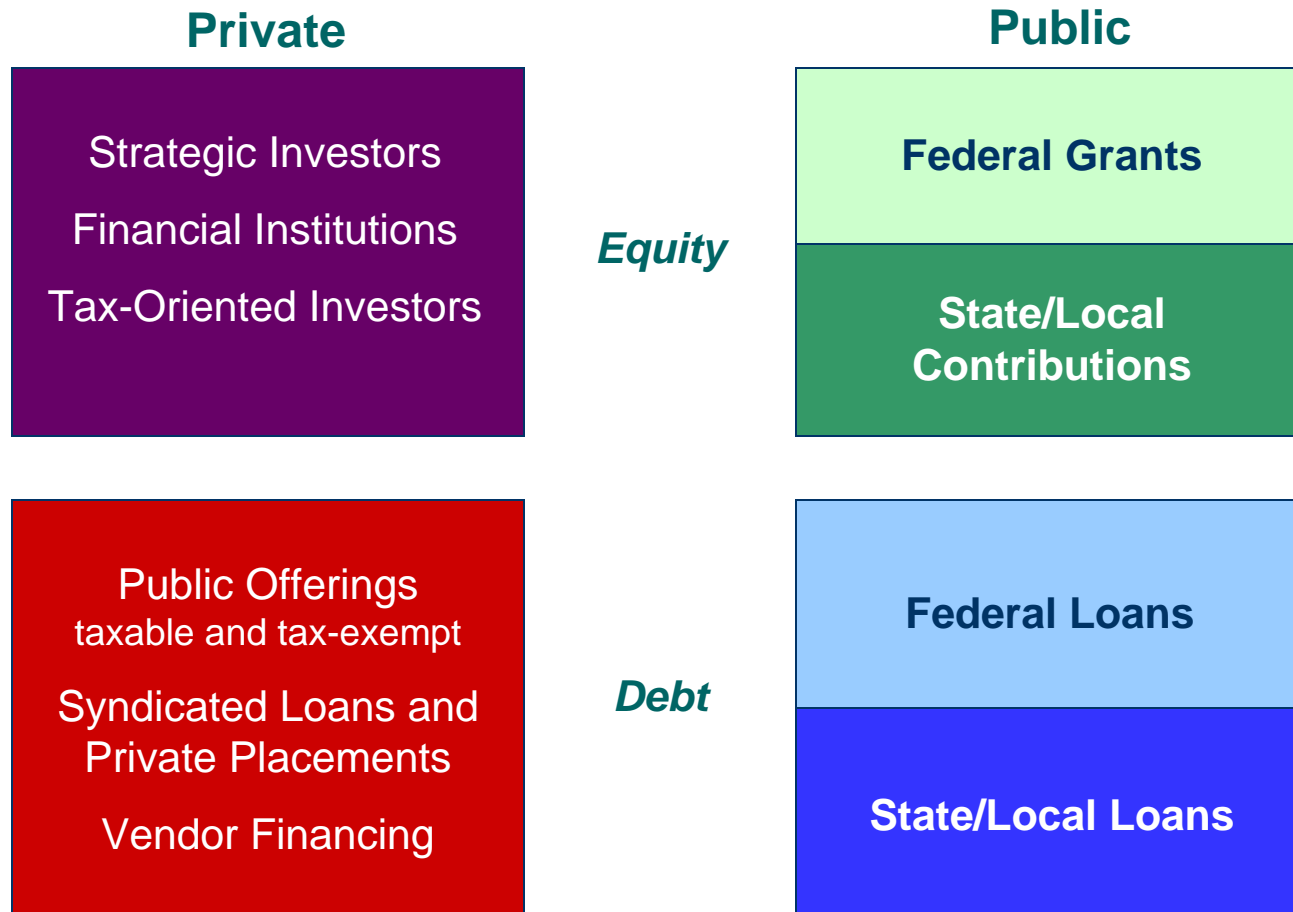


# P3 Arrangements Can Evolve Over Time

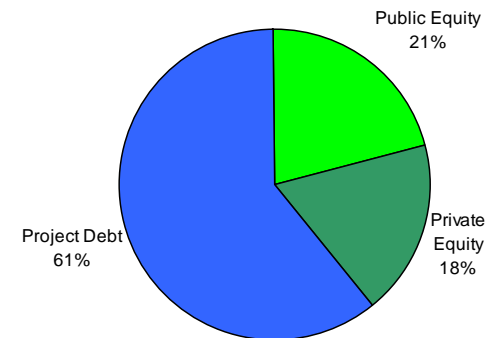
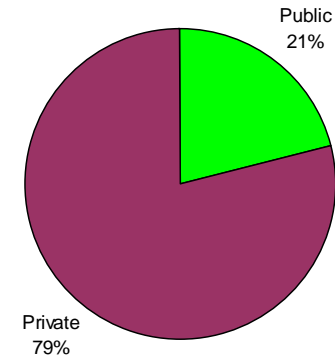
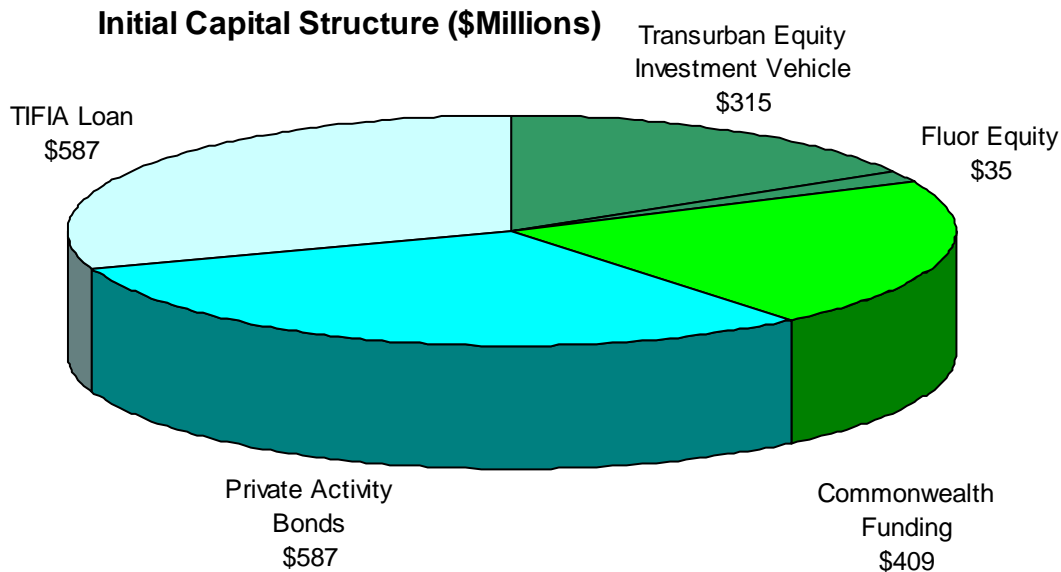
Pocahontas Parkway - 2007 Toll Concession



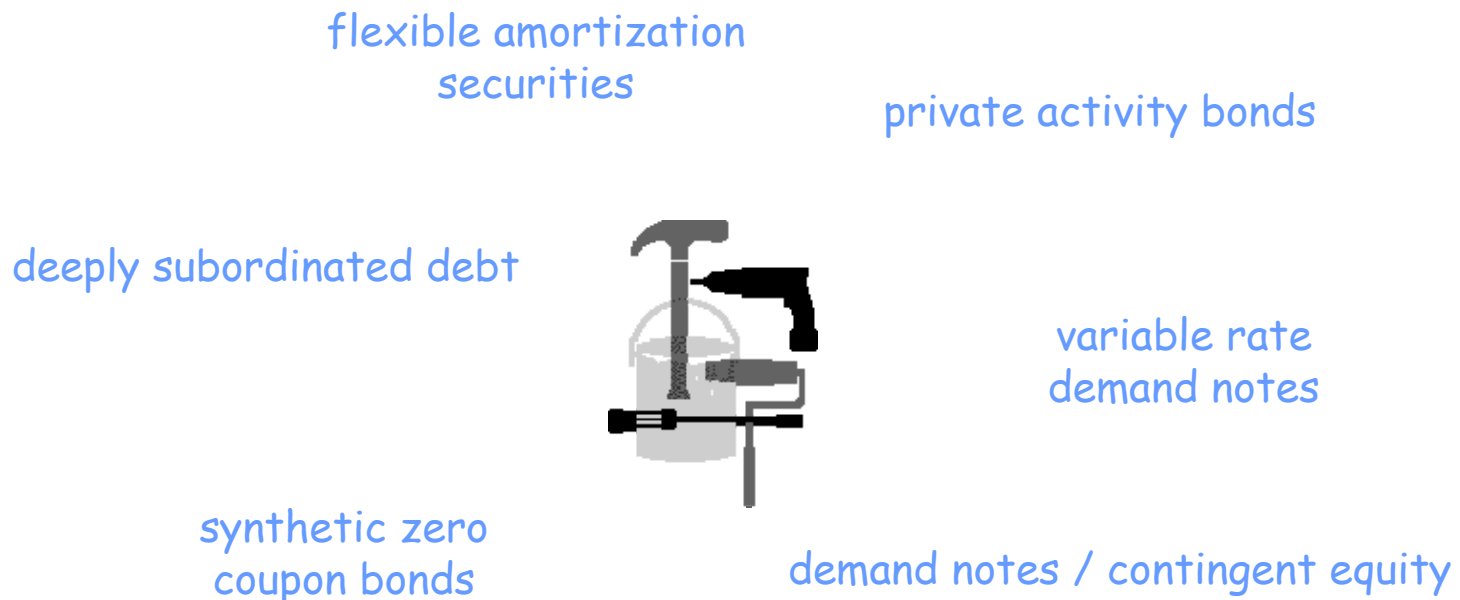
# Merits of different capital structures will vary depending on the resources of the project sponsors



# Funding for Capital Beltway HOT Lanes transcends public versus private debate



## There are several ways to allocate risk and leverage future revenues



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"We shape our tools and afterwards our tools shape us."

Marshall McLuhan

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

## OLD SCHOOL

Heroic Efforts Driven from Bottom Up

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 and 183A

South Bay Expressway (SR125)

## CURRENT TREND?

Significant State DOT Involvement/Leadership

**Capital Beltway HOT Lanes – Virginia**

**SH121 / SH161 – Texas**

**Port of Miami Tunnel – Florida**

**Safe & Sound Bridge Program – Missouri**

**Intercounty Connector - Maryland**