Goldman Sachs

Presentation for:

LA ENTRADA AL PACIFICO CORRIDOR TO THE PACIFIC

The Third Annual
La Entrada Al Pacifico
Corridor Conference

Regarding:

Public-Private Partnerships

LA ENTRADA AL PACIFICO CORRIDOR TO THE PACIFIC

January 10, 2006

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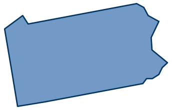
I. Update on US P3 Market

North America is <u>the</u> growth market for global infrastructure investors.

Established International Infrastructure Investors are Setting Up U.S. Offices	Macquarie	Over 150 people in U.S.
	Cintra	Adding to base in Austin/Chicago
	Babcock & Brown	Building U.S. Team in San Francisco
	Hastings Management	Moving personnel to New York
	Transurban	Investment team based in U.S.
	Brisa	Considering adding U.S. office
U.S. Based Infrastructure Funds are Raising Equity and Seeking Investments	Goldman Sachs	$6 bn Fund
	Carlyle Group	Raising $1 bn Fund
	Blackstone Group	Rumored to be raising Fund
	Apollo Advisors	Wants to see NYSE listed vehicle to invest
	Morgan Stanley	$1+ bn Fund
	JP Morgan	$1+ bn Fund
	GE/Credit Suisse	$1+ bn Fund
	Deutsche Bank	$1+ bn Fund
	Merrill Lynch	$1+ bn Fund

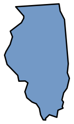
Recent Activity in the Public Private Partnership market



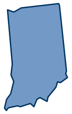
- **Pennsylvania** recently circulated a request for Expression of Interest from potential advisors and buyers of the Pennsylvania Turnpike.

- **New Jersey** published study by UBS pointing to saleable assets throughout the state, including: New Jersey Turnpike, Lottery, Garden State, Garden State Expressway, and Student Loan Portfolio.

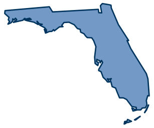
- **Oregon** has hired advisors to assist in evaluating Greenfield P3 opportunities on the Newburg Dundee Toll Road, Sunrise Corridor and I-205 Corridor.



- **Illinois** has selected Goldman Sachs and UBS to advise in a P3 process regarding the Illinois Lottery.

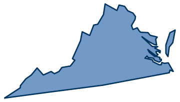


- **Indiana** is currently pursing concession opportunities on the Indiana Lottery to improved educational funding.



- **Florida** is currently evaluating P3 opportunities on assets in order to fund insurance reserves for a governmental property and casualty reinsurer.

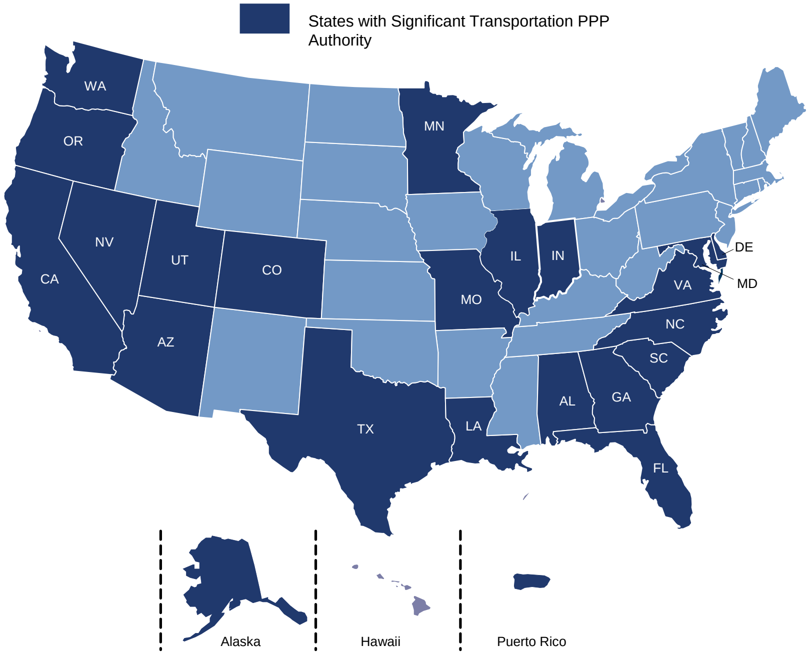
- **Ohio** is pursuing P3 opportunities regarding the Ohio Turnpike and Ohio Lottery.



- **Virginia** is currently looking into P3 opportunities on various state assets including: Toll Roads/Tunnels, Lottery and State owned Liquor Stores.

- Currently Goldman Sachs is discussing the possibility of P3 opportunities on various local water and waste water systems throughout the US.

One measure of governmental acceptance is the increasing trend of successful Public-Private Partnership legislation.



State	Comments
AK	Allows Alaska Toll Authority to enter into a PPP for Knik Arm Bridge.
AL	Authorizes toll roads, toll bridges, ferries or causeways to be operated by private parties. No express provision regarding unsolicited proposals.
AZ	Two pilot programs allow up to two solicited and unsolicited proposals.
CA	“GoCalifornia” transportation legislation pending (AB 850); AB 2660 authorizes PPPs for a range of “fee-producing infrastructure projects,” but explicitly excludes the use of toll roads on state highways.
CO	Allows solicited and unsolicited proposals for PPPs; Created a statewide tolling enterprise to finance, build, operate and maintain toll highways, turnpikes and HOT lanes.
DE	Authorizes solicited and unsolicited proposals for PPP projects, including highways and bridges.
FL	Allows Florida DOT to receive or solicit proposals for PPPs.
GA	Georgia DOT allowed to receive and solicit proposals for PPPs. Potential competitors have 135 days to respond to an unsolicited proposal.
IL	Allows property tax exemption of public assets to carry over to Private Operator upon the execution of the lease.
IN	HB 1008 became law in 2006, authorizing the Indiana Toll Road PPP and creating a process for I-69 PPP; future PPPs must be solicited by the State, and all toll imposing agreements must be authorized by statute.
LA	Allows parishes, municipalities and Louisiana Transportation Authority to enter into PPPs. No express provision regarding the solicitation or acceptance of unsolicited proposals.
MD	No statute expressly authorizing highway PPPs, however 1996 AG opinion gives MTA authority to construct toll roads using certain forms of PPPs. Additional legislative authority may be needed depending on the form of the transaction.
MN	Authorizes solicited and unsolicited PPPs for toll facilities. Authorizes HOT lanes.
MO	Non-profit corporation (Transportation Corporation) is vehicle for PPPs. No express provision regarding the solicitation or acceptance of unsolicited proposals.
NV	Authorizes public bodies to accept unsolicited proposals to develop, construct, improve, maintain or operate transportation facilities. Toll bridge and toll road projects, however, are prohibited under this statute.
NC	H.B. 253 became law in 2005. North Carolina Turnpike Authority now authorized to develop, construct, operate and maintain up to nine toll facilities, including a toll bridge.
OR	Oregon Innovative Partnerships Program allows ODOT to solicit and accept unsolicited PPPs for tollway projects.
PR	Statute establishes a toll transportation facility authority with broad powers to authorize private participation in public highway projects.
SC	SCDOT allowed to enter into PPPs for turnpikes; no express provision regarding solicited or unsolicited proposals.
TX	TxDOT, TTA, and RMA allowed to accept solicited and unsolicited proposals for PPPs. Pending legislation (H.B. 2702) would require a popular vote for any conversion from free lanes to tolled. The bill also would limit toll franchises to 50 years.
UT	SB80 allows the Utah DOT to accept solicited and unsolicited proposals for tollway facilities
VA	Virginia’s Public-Private Transportation Act of 1995 authorizes PPPs and was modified during the 2005 legislative session. Allows solicited and unsolicited proposals.
WA	New PPP enabling legislation was passed in May of 2005 (H.B. 1541), but it is unlikely to encourage much private sector investment due to certain restrictions. Presently, solicited proposals only, but unsolicited proposals may be accepted after 1/1/07.

Source: www.fhwa.dot.gov.

Goldman Sachs

Goldman Sachs Infrastructure Partners has recently increased its Infrastructure Fund to $6.5 billion

GSIP Seeks to Invest in Global Infrastructure Assets with Stable Long Term Yields

Fund Overview

- New, infrastructure-focused, investment fund sponsored and managed by Goldman Sachs
  - Housed within the Merchant Banking Division
  - Leverage from the relationships and capabilities of the Goldman Sachs franchise
- Equity commitments in excess of $6.5 billion
  - ~$20.0 billion in buying power with additional funds coming through co-investment (includes leverage and equity)
  - Goldman Sachs to provide a significant portion of the equity
- Fund structure similar to traditional private equity vehicles
  - 12-15 Year Fund Life
- Targets uniquely positioned global infrastructure assets with the following characteristics:
  - Essential social services
  - Stable, predictable, low risk cash flows(a)
  - Insulated from the business cycle
  - Revenue often linked to local inflation
  - Able to support high leverage

Potential Target Asset Classes

Type	Asset Types
 **Transportation**	■ Toll Roads ■ Airports ■ Ports ■ Selected Rail ■ Underground Transport
 **Regulated Utilities**	■ Electricity ■ Gas ■ Water
 **Social Infrastructure**	■ Hospitals ■ Schools ■ Prisons ■ Stadiums
 **Communications**	■ Broadcast Transmission Networks ■ Mobile Telephony ■ Satellites and Terrestrial or Submarine Cable Networks

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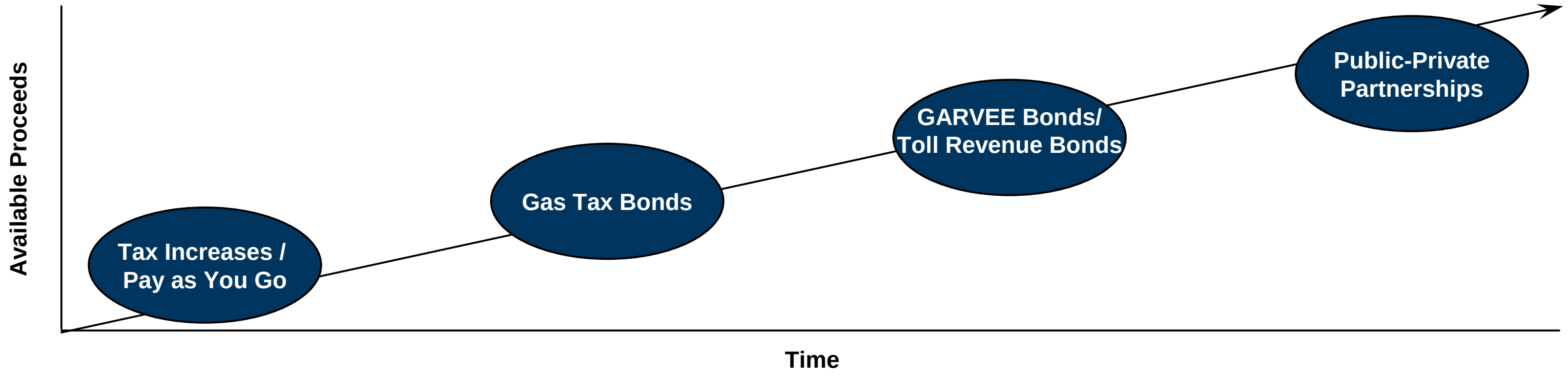
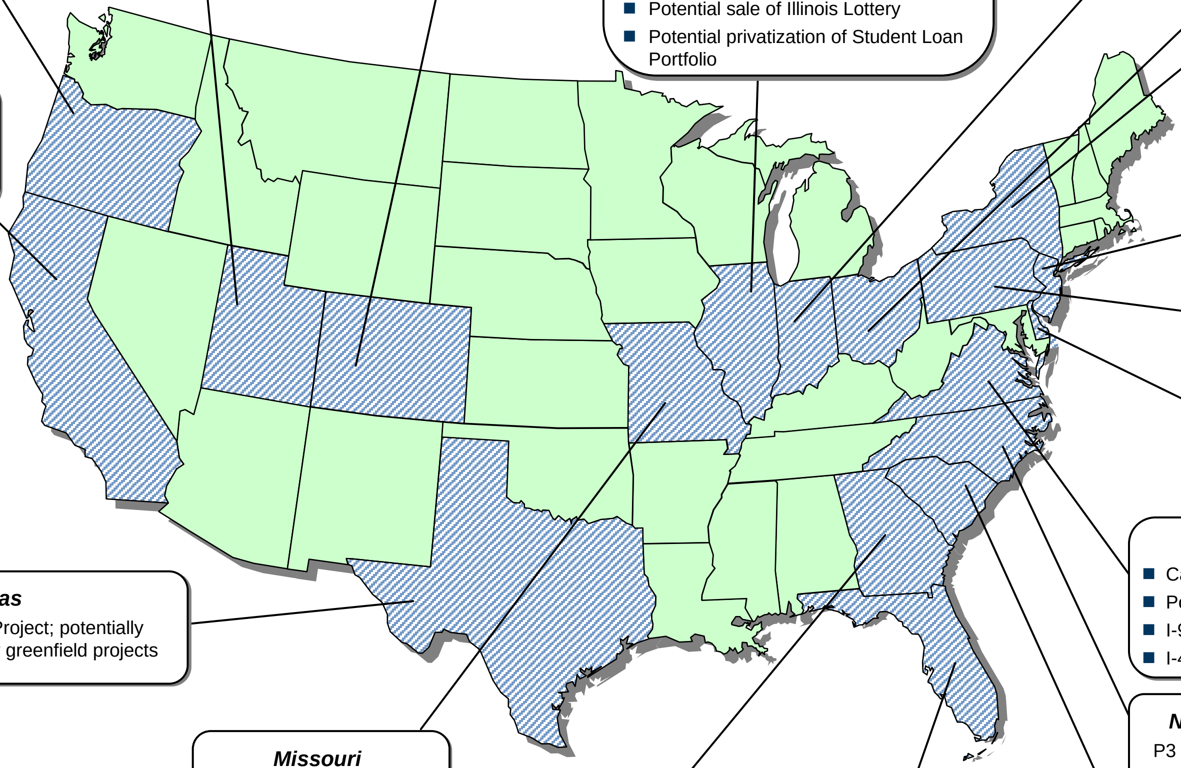
(a) There can be no assurance that the fund will achieve these objectives.

Public-Private Partnerships represent an evolution in the size and scope of the US Toll Road financing market.



Description	Annual increases in taxes to fund new projects and maintenance	Increase and lever federal and state gas tax revenues	Lever future receipts of federal gas tax revenues / toll revenues	Long-term lease for use and maintenance of asset
Capital Structure	No Leverage	100% Debt	100% Debt	80% Debt / 20% Equity
Available Funds	■ Tax Revenues	■ Tax-Exempt Debt	■ Tax-Exempt Debt	■ Public market debt ■ Private equity ■ Public equity
Strengths	■ Retain debt capacity ■ Perception of fiscal conservatism	■ Transportation-based tax ■ Leverages future dollars for current projects	■ Garvees are useful if state gas tax unavailable and they accelerates Federal contributions ■ Toll financing aligns capital burden with use of facility	■ Structured to avoid taxpayer impact / focus on user fees ■ More capital available ■ Ability to monetize future growth today ■ Transfer of operating risk
Issues	■ Highly conservative ■ No flexibility ■ Heavy / immediate taxpayer burden ■ Limited capacity for new projects	■ Conservative tax-exempt growth assumptions ■ Limited amortization term ■ Retention of operating risk ■ Rising fuel costs	■ Garvees have higher cost of debt, limited term and limited proceeds ■ Toll financing retains operating risk, is based on conservative tax-exempt growth assumptions	■ Fear of unknown ■ Transfer of operational control ■ Concerns about toll / fee increases ■ Foreign ownership

As a result, an increasing number of governments are utilizing Public-Private Partnerships for their financing needs.



Oregon
Evaluating private concessions on three separate greenfield projects

Utah
- P3 Legislation in place
- Evaluating concession of greenfield tollroad

Colorado
RFQ issued for potential concessionaires for Northwest Parkway

Illinois
- Concession sale of Chicago Skyway for $1.83 Bn
- Bids to be received for Chicago Downtown Public Parking System by the end of 2006.
- Preliminary privatization application filed for Chicago Midway International Airport
- Valuation study of Illinois Tollway
- Potential sale of Illinois Lottery
- Potential privatization of Student Loan Portfolio

Indiana
- Concession sale of Indiana Toll Road for $3.85 Bn
- Potential private development of I-69

Ohio
Discussion of privatization of Ohio Turnpike

New York
Solicitation of Financial Advisor

California
P3 Legislation in place
RFQ issued for Oakland Airport Connector

New Jersey
- P3 Legislation in process
- Potential Concession sale of the NJ Turnpike
- Garden State Parkway and Atlantic City Expressway

Pennsylvania
- Legislative study on privatization of PA Turnpike

Delaware
- P3 Legislation in place
- Potential sale of State Route 1, Route 301 & I-95

Texas
Trans Texas Corridor Project; potentially seven concessions for greenfield projects

Virginia
- Capital Beltway HOT Lanes
- Pocahontas Parkway concession
- I-95/395 HOT lanes
- I-495 HOT lanes

Missouri
Evaluating privatization of student loan portfolio

Georgia
Proposal for I-285 truck toll lanes

Florida
Private investors and developers short listed for Port of Miami Tunnel

North Carolina
P3 Legislation in place

South Carolina
P3 Legislation in place

Ultimately, Governments must weigh the comparative strengths and issues of tax-exempt financing and a Public-Private Partnership.

Tax-Exempt Financing

- Strengths
  - Benefit of tax-exempt interest costs
  - Established Government credit
  - Existing relationship with insurers
  - Retain all operational control of asset
- Issues
  - Market access issues
  - Willingness of insurers to commit to further exposure
  - Full retention of all ridership and operating risk
  - No "cushion" for slower than expected revenue growth

Public-Private Partnership

- Strengths
  - Strength of private equity credit
  - Addition of equity cushion and "skin in the game"
  - Market demand for infrastructure projects (i.e., first-mover advantage)
  - Transfer of ridership and operating risk
  - Ability to continue governance/oversight
- Issues
  - Shift from day-to-day operational oversight to "Chairman of the Board" role
  - Equity partners must believe in future growth
  - Public policy implications / transfer of revenue stream

II. Risk Allocation for Infrastructure Projects

Infrastructure risk can be identified and allocated.

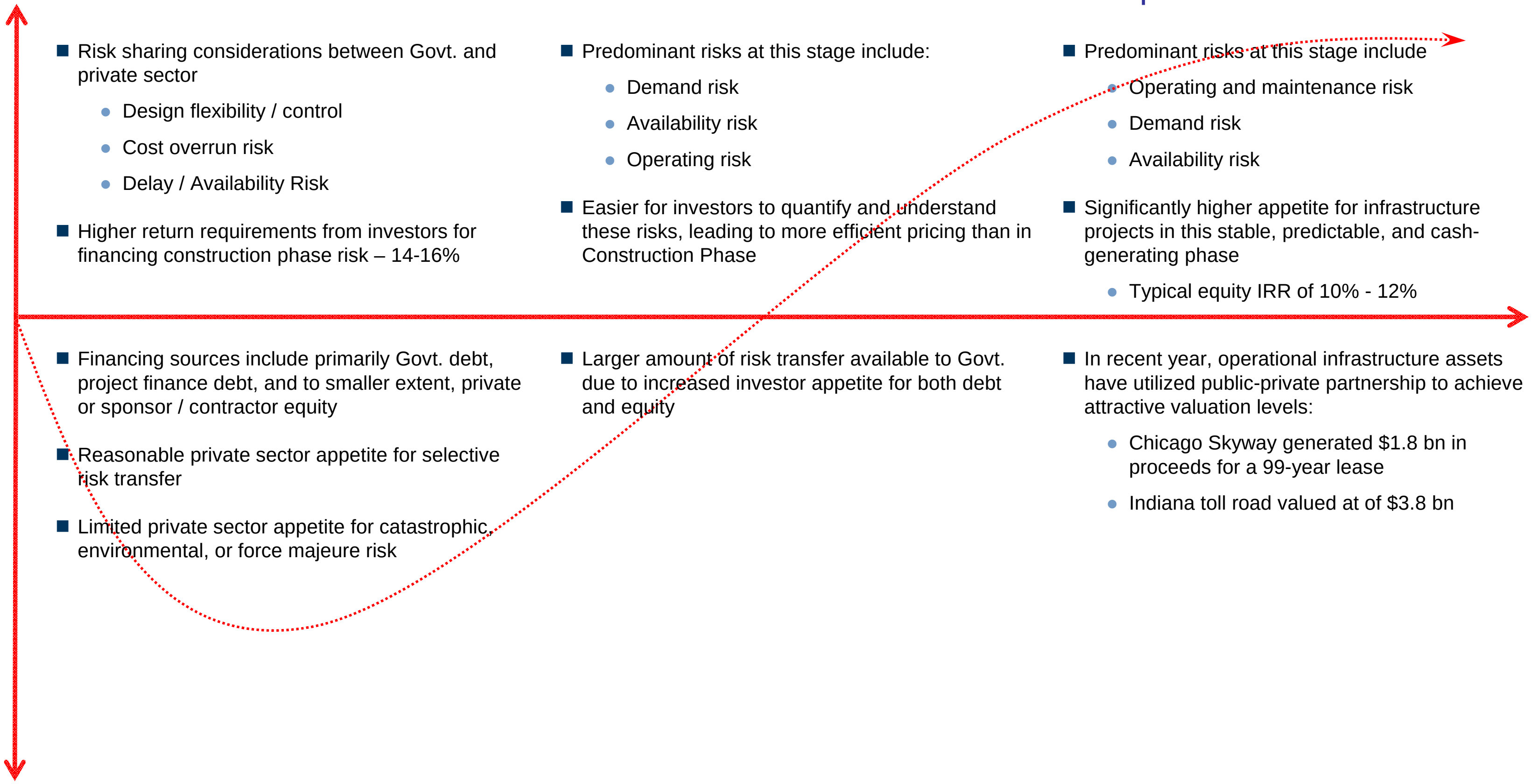
		Best Allocation	
Risk	Category	State	Private Sector
Construction Risk	■ Geological risk	✓	
	■ Controllable cost over-runs		✓(a)
	■ Controllable delay		✓(a)
Traffic Risk	■ Predictable		✓
	■ Highly unpredictable	✓	
Operations Risk	■ Operating expenses		✓
	■ Maintenance/Availability		✓
Force Majeure Risk	■ Terrorism	✓	
	■ Earthquakes	✓	
	■ Fire, flooding		✓(b)
Regulatory Risk	■ Interpretation		✓
	■ Change in framework	✓	
Replacement Risk	■ Risk of existing operator failing to perform		✓

(a) Can be allocated to contractor.
(b) Can be insured.

Infrastructure risks shift over the greenfield project life cycle.

Achieving the optimal balance between risk transfer and economic cost will vary depending on the point at which a project is in its life cycle

- Generally, the private sector is more efficient at pricing risk in the operational phase
  - This is especially true for large projects where the size of the financial risk is substantial



Construction Phase

- Risk sharing considerations between Govt. and private sector
  - Design flexibility / control
  - Cost overrun risk
  - Delay / Availability Risk
- Higher return requirements from investors for financing construction phase risk – 14-16%
- Financing sources include primarily Govt. debt, project finance debt, and to smaller extent, private or sponsor / contractor equity
- Reasonable private sector appetite for selective risk transfer
- Limited private sector appetite for catastrophic, environmental, or force majeure risk

Break-Even Phase

- Predominant risks at this stage include:
  - Demand risk
  - Availability risk
  - Operating risk
- Easier for investors to quantify and understand these risks, leading to more efficient pricing than in Construction Phase
- Larger amount of risk transfer available to Govt. due to increased investor appetite for both debt and equity

Operational Phase

- Predominant risks at this stage include
  - Operating and maintenance risk
  - Demand risk
  - Availability risk
- Significantly higher appetite for infrastructure projects in this stable, predictable, and cash-generating phase
  - Typical equity IRR of 10% - 12%
- In recent year, operational infrastructure assets have utilized public-private partnership to achieve attractive valuation levels:
  - Chicago Skyway generated $1.8 bn in proceeds for a 99-year lease
  - Indiana toll road valued at of $3.8 bn

Flexible P3 structures are allowing clients to better evaluate the Risk/Return Profile at EVERY step in the project life-cycle.

Strategy	Description
1) Public Ownership	Traditional toll/revenue system – design, construction, O&M, governance, etc. remain with municipality
2) Public Ownership / Private Contracting	Same as above except certain activities may be contracted for – i.e., design / construction, etc.
3) Concession Agreement	Public owns facilities and maintains governance, enters into lease agreement with a private entity that is responsible for operations, maintenance, construction
4) Private Ownership	All activities, including the setting of rates, are controlled by a private entity

Strategies 2-4 are variations of PPP alternatives

Government appetite for risk is a key driver in the development of greenfield infrastructure assets.

The choice of Government support, if any, will be driven by the balance of economic cost against risk transfer, with reference to the fundamental strength of the project.

Increasing Government Involvement / Risk

Approach	Comments	Govt. Risk
Government Budget	■ Directly financed from the government budget / tax-exempt bonds ■ Public ownership and management of assets ■ Governments face increasing restrictions regarding the management of budget deficits	■ All risks
Government Support	■ Investments undertaken by government owned companies ■ Assets owned and managed by the government owned company ■ Credit quality of companies is enhanced through either explicit or implicit government guarantees; and lower risk-weighting of debt can be particularly attractive for certain categories of investors ■ Implicit guarantees can be structured in many different forms	■ Demand ■ Availability ■ Ultimately depends on nature and extent of Govt support
Long-term Maintenance Contracts	■ Private company enters into a long-term contract with the government regarding the management of a government owned asset ■ Contract requires the private company to undertake the necessary capex, which tends to be front loaded and sometimes includes the construction of the asset ■ Remuneration of the private company is paid by the government and it is typically linked to availability and sometimes demand	■ Availability ■ Demand
Shadow Toll	■ A private company builds and manages an asset for a long period of time under “concession” ■ Asset remains public domain and has to be returned to the government at the end of the concession period ■ Remuneration to the private company is paid by the government and it is usually linked to usage level ■ In some cases, the remuneration could include a mix of government payments and user-paid tolls	■ Demand (subject to banding) ■ Availability (sometimes)
Pure Concession	■ A private company builds and manages an asset for a long period of time under “concession” ■ Asset remains public domain and has to be returned to the government at the end of the concession period ■ Remuneration of the private company comes exclusively from user-paid tolls ■ Classic example is Chicago Skyway	■ None (subject to concession)

Risk allocation objectives can be assigned via contract structure.

Risk Allocation Objective	Contract Structure
1) Transfer Construction Risk to Private Sector	***Design-Build/Turnkey Contract*** (with completion guaranty from private sector and no completion liability of public sector).
2) Expedite Completion of Construction	***Design-Build Contract*** rather than Design-Bid-Build (single party responsibility for design and construction and achieving guaranteed completion date)
3) Transfer Operating Maintenance and Repair Risk to Private Sector	***Operation and Maintenance Agreement*** with Private Sector (could also be part of DBO/BOT/BTO/BOOT contract structure.)
4) Transfer Traffic Volume and Revenue Risk to Private Sector	***Public-Private Partnerships*** with longer contract and enhanced return potential will facilitate risk transfer via long-term concession agreement.

The benefits of this flexibility in allocating risk have been reinforced in a comparison of two recently challenged infrastructure projects.

Northwest Parkway

- Location: Denver, CO
- Initial Bonds: $416 Mn
- Expected 2004 Revenues: $6.3 million
- Actual 2004 Revenues: $4.0 million

Pocahontas Parkway

- Location: Richmond, VA
- Initial Bonds: $500 Mn
- Expected Volume Growth: 5%
- Actual Volume Growth: 2%

- Initial feasibility reports projected overly aggressive volume growth for these greenfield projects
  - Primary offering debt was structured to meet a revenue curve which never developed
  - Led to eventual rating agency downgrades
- Different restructuring packages were implemented, both with very different results:
  - ***Northwest Parkway – Tax-Exempt Restructuring Attempted, RFQ issued for Private Investment:*** Marketed long-dated zero-coupon refinancing for sale early this year; deal was pulled day before pricing
  - ***Pocahontas Parkway – Public-Private Partnership:*** Transurban injected equity capital, adjusted to a more reasonable traffic growth expectation, and delivered a $600 mn transaction

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III. Chicago Skyway and Indiana Toll Road

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The concession lease of the Chicago Skyway was the first of its kind in the United States.

Description of Chicago Skyway

- 7.8 miles divided elevated toll road and toll bridge with 3 lanes in each direction
- Connects to Indiana East-West Toll Road and Dan Ryan Expressway
- Current tolls: $2 per car, $1.20 per truck axle – no change since 1993
- Mostly cash-only tolling
- Lack of Competing Direct Route
- Small Impact of Toll Increases on Traffic Demand
- Strong EBITDA Margins and Revenue Growth Rates
- Limited Future Capital Expenditures
- Modernization Potential

The Road Network

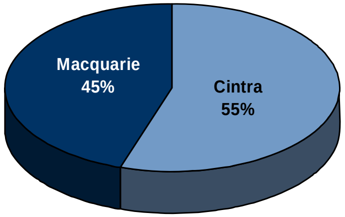
Financial Overview

(US$ in millions)	2003 [(a)]	2004	2005 [(a)]	2006 [(a)]
Revenues ($) [(b)]	39.8	41.2	49.6	50.1
Operating Expenses ($) [(b)]	11.4	12.2	12.6	13.1
EBITDA ($)	28.4	29.0	37.0	37.1
EBITDA Margin	71.3%	70.4%	74.5%	73.9%
Total Vehicles (000)	17,422	17,395	16,260	16,422
CAGR	**5 Yr Hist.**	**3 Yr Hist.**	**5 Yr Proj.**	**10 Yr Proj.**
Revenues	3.0%	11.6%	8.6%	10.3%
EBITDA	1.5%	14.1%	10.1%	12.4%

(a) Lane closures due to CIP impacted traffic and revenues (completion of CIP in December 2004).
(b) Source: Audited financial statements.
(c) Source: Macquarie Website

Ownership and Financing Structure

Ownership Structure



Estimated IRR = 12.3%[(c)]

Initial Financing Structure

Debt	$1,000	53%
Equity	882	47
Total	**$1,882**	**100%**

$1.4 bn Debt Refinancing

- Achieved non-recourse financing
- Improved match funding of assets and liabilities versus bank financing
- Reduced financing cost through several features including an innovative accreting swap provided by Goldman Sachs Capital Markets L.P.

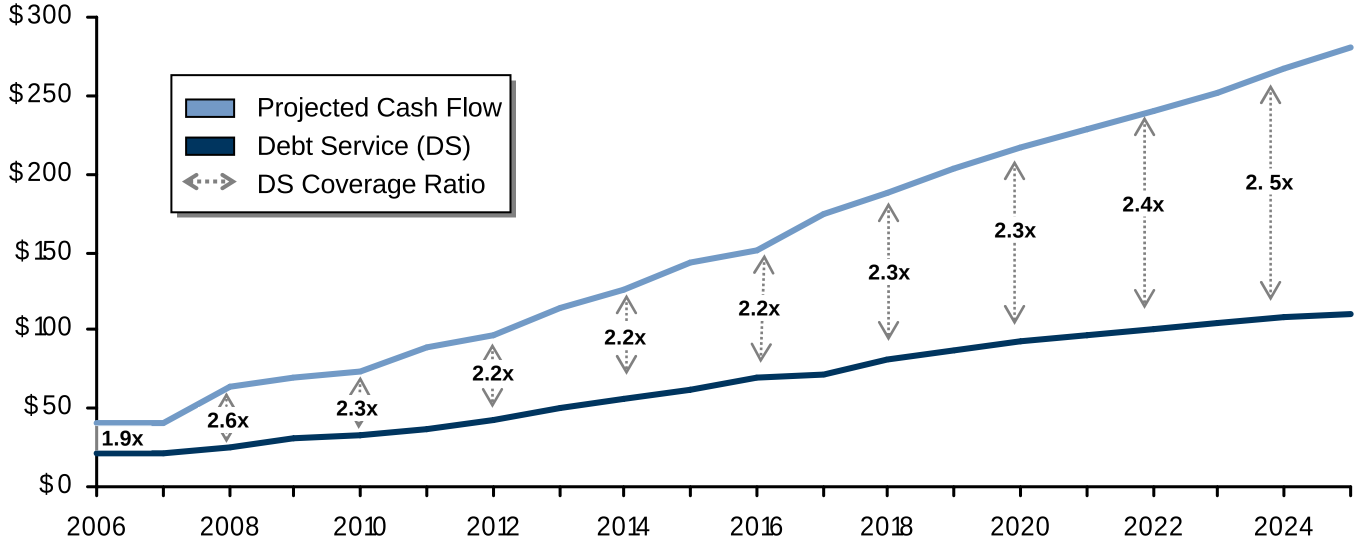
The Skyway $1.4 Billion refinancing gave “proof-of-concept” to US capital markets of debt financing future growth.

- **Innovative interest rate derivatives created a synthetic floating-rate zero coupon debt instrument allowing:**
  - Issue floating-rate securities, enhancing the marketability of its senior debt and enabling the sponsors to achieve a lower rate than may have otherwise been possible
  - Significantly defer fixed-rate payments to the swap counterparties in the early years to the later years after scheduled toll increases take effect
  - Financial Security Assurance (FSA) wrapped not only the senior secured debt, but provided a forward commitment to guarantee certain refinancing debt
  - An aggressive view on growth was necessary to achieve such leverage levels

Compounded Annual Growth Rate

	2006-2010	2010-2015	2015-2020	2020-2025	2006-2025
Projected Cash Flow	16.0%	12.5%	9.4%	5.3%	10.7%

Year End Debt Service and Cash Flow Comparison ($000s)



The recent $3.8 billion lease of the Indiana Toll Road illustrates the PPP market is growing in the US.

Description of the ITR

- Critical transportation link between major East Coast cities, the City of Chicago, and the western United States
- 46 year operating history
- Approximately 157 miles in length
- The Toll Road is designated as Interstate 90 (I-90) from the Illinois State Line (where it connects to the Chicago Skyway) to the Ohio State Line (where it connects to the Ohio Turnpike)
- FY05 AADT of 46,000 on Barrier System, and 25,000 on Ticket System
- Unchanged toll rates since 1985 – Among lowest $/mile in US
    - State mandated increase to become effective on 3/1/2006

The Road Network

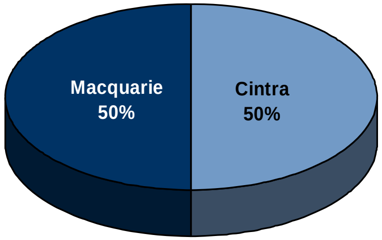
Financial Overview[a]

(in millions)	2004A	2005A	2006E[b]	2007E[b]
Commercial Revenue	$49.6	$53.3	NA	NA
Passenger Revenue	35.3	34.4	NA	NA
Total Toll Revenue	$84.9	$87.7	$90.3	$126.0
% Growth	*3.5*	*3.3*	*2.6*	*39.5*
EBITDA [c]	59.7	60.6	63.9	98.0
% Margin	*65.0*	*63.3*	*63.5*	*71.8*

CAGR	5 Yr Hist.	3 Yr Hist.	5 Yr Proj.	10 Yr Proj.
Revenue	1.7%	3.4%	8.2%	10.3%
EBITDA	4.2%	9.3%	10.0%	13.0%

Ownership and Financing Structure

Ownership Structure



Estimated IRR = 12.5%[d]

Financing Structure

Bank Debt	$3,278.5	81%
Equity	770.1	19
Total	**$4,048.6**	**100%**

Acquisition bank debt

- Tenor is 9 years
- Step up in margins
- Partial cash sweep

Hedging

- Fully hedged debt profile for 20 yrs
- Swap rates step up gradually from 2006 to 2026, starting at 3% p.a.

(a) Source: Wilbur Smith/State of Indiana
(b) Pro Forma 2006 and 2007 estimates based on Goldman Sachs and Wilbur Smith internal projections
(c) Includes historical concession revenues, which were included as part of the Concession Agreement

(d) Source:Macquarie Website

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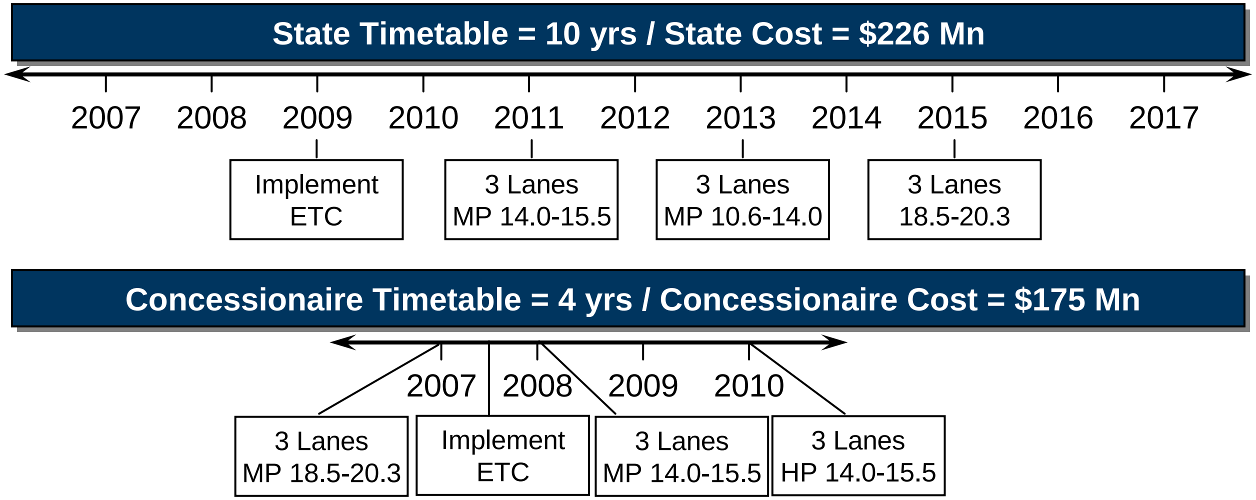
In addition to an up-front payment, the winning bidder will also accelerate key projects and expend significant capital expenditures.

Accelerating Key Projects



State Timetable = 10 yrs / State Cost = $226 Mn

Concessionaire Timetable = 4 yrs / Concessionaire Cost = $175 Mn

Commitment to Expend Significant Capital

($ in millions)	**3 Years**	**25 Years**	**75 Years**
Mandatory Cap Ex	$80	$575	$1,750
Expansion Cap Ex	135	225	2,650
Total	**$215**	**$800**	**$4,400**

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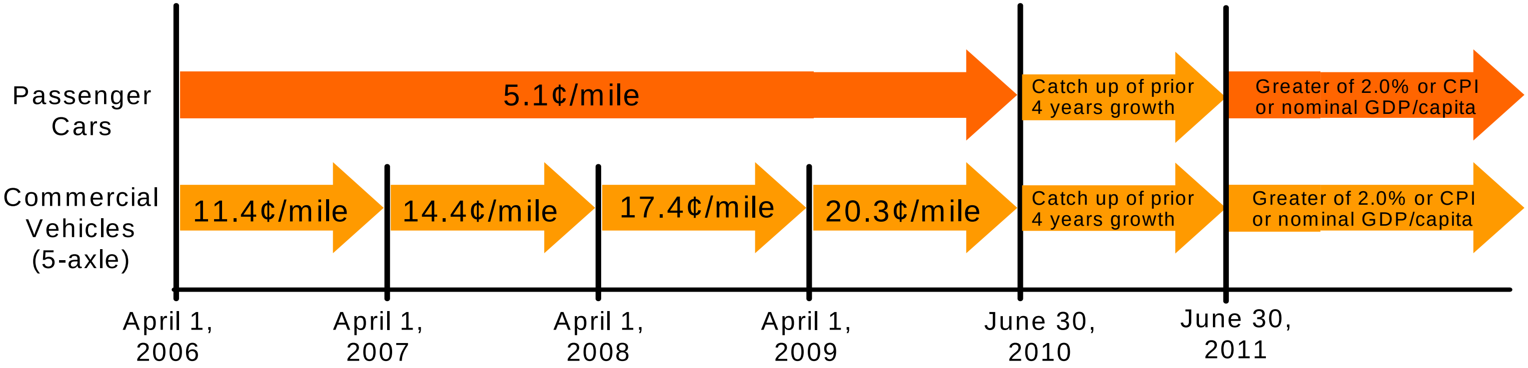
Indiana Toll Road: The private operator agreed to key concession terms, including predefined future tolling increases and operating standards.

- **Term of Concession:** 75 years
- **Estimated Additional Capital Expenditures/Road Enhancements:** $4.4 billion (2006 dollars)
- **Toll Increases**:
  - A state-mandated toll increase schedule will be implemented on April 1, 2006.
    - First toll increase since 1985
    - Passenger car tolls to increase to 5.1¢ / mile, and remain unchanged until 2010
    - Commercial vehicle tolls step up as shown below in April 2006, April 2007, April 2008, and April 2009
  - Concessionaire’s ability to set tolls begins in 2010 with a step up in 2010 to reflect the prior 4 years CPI or nominal GDP per capita growth
  - Maximum annual toll increase from 2011-2080 (term of concession) will be the greater of 2%, CPI and nominal GDP per capita growth



Passenger Cars

5.1¢/mile

Catch up of prior 4 years growth

Greater of 2.0% or CPI or nominal GDP/capita

Commercial Vehicles (5-axle)

11.4¢/mile

14.4¢/mile

17.4¢/mile

20.3¢/mile

Catch up of prior 4 years growth

Greater of 2.0% or CPI or nominal GDP/capita

April 1, 2006

April 1, 2007

April 1, 2008

April 1, 2009

June 30, 2010

June 30, 2011

- **Operating Standards**:
  - 250 pages of operating standards that must be maintained
  - Restrictions on congestion management with mandated expansion upon certain Level of Service (LOS) triggers

Goldman Sachs

Goldman Sachs led a highly structured, yet flexible process to deliver infrastructure capital to the State of Indiana.

117 Days from Kick-off to Receipt of Bids

Pre-Marketing

- Reviewed and prioritized objectives
- Evaluated key public policy decisions
- Developed internal support for process
- Assembled historical data and information
- Began preparation of marketing, financing, and legal materials
- Began preparation of operating standards manual
- Evaluated and finalized qualified bidder contact list
- Finalized marketing strategy

Marketing

- Distributed RFP via Indiana Finance Authority Web site
- Contacted over 75 qualified bidders via Goldman Sachs' global banking franchise
- Helped bidders establish and co-ordinate consortium formation
- Negotiated Confidentiality Agreements with bidders
- Drafted and distributed Confidential Information Memorandum
- Opened electronic data room
- Responded to initial due diligence questions
- Received valuation responses and risk pricing from bidders

Due Diligence and Negotiation

- Selected short-list bidding group
- Coordinated two-day due diligence meetings in Indianapolis and toll road tours for each bidder
- Facilitated in-depth information requests
- Negotiated terms of final concession agreement
- Coordinated ongoing environmental, operational, and legal due diligence questions

Final Bids

- Received and evaluated formal bids
- Negotiated interest rate collar with best bidder
- Executed definitive agreement and operating standards
- Closed transaction

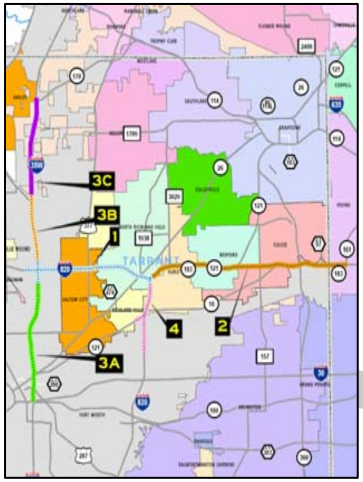
$3.85 Bn in Proceeds

La Entrada al Pacifico
Corridor to the Pacific

IV. Public-Private Partnerships and the State of Texas

Texas Department of Transportation Comprehensive Development Agreement (CDA) Projects

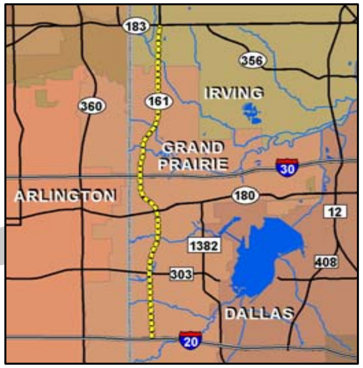
IH 820 / SH 183 / IH 35W

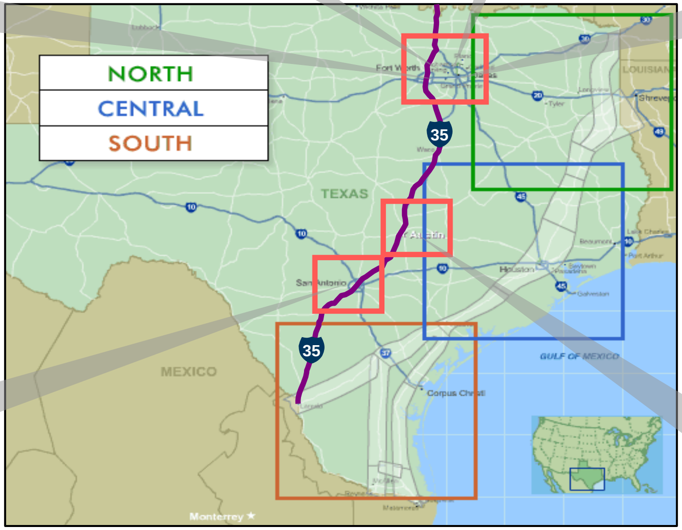


SH 114 "The Funnel"

▬ IH 635 LBJ Project
▬ SH 121 Toll Project Location

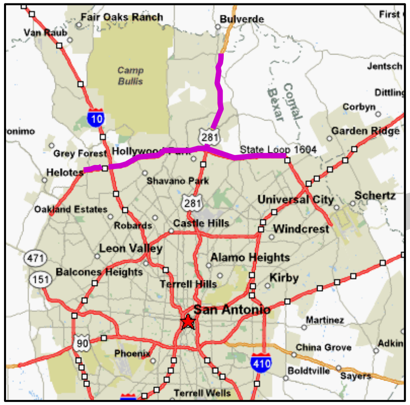
SH 161



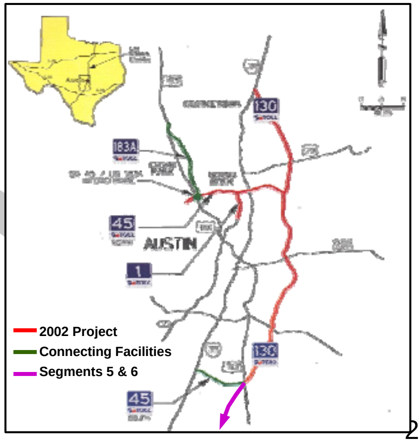


▭ TTC-69 ▬ TTC-35

US 281 / Loop 1604



SH 130 Segments 5 & 6



Current CDA Master Schedule: P3 delivers these projects in an efficient and cost-effective manner.

	2006												2007												2008	
Activity	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
SH 121	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■								
Received unsolicited proposal																										
Issue RFPQ, addenda, and Q&A																										
Evaluate PQSs																										
Finalize project scope, CDA terms, tolling policy, etc.	🟦	🟦	🟦																							
Issue draft RFDP and refine				🟦	🟦	🟦	🟦																			
Issue RFDP, addenda, and meet with proposers								🟥	🟥	🟥	🟥															
Evaluate submissions												🟦	🟦	🟦												
Negotiations, contract execution, and financial close															🟦	🟦	🟦	🟦								
IH 635	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■				
Issue RFQ, addenda, and Q&A																										
Evaluate QSs																										
Finalize project scope, CDA terms, tolling policy, etc.	🟦	🟦	🟦	🟦	🟦	🟦																				
Issue draft RFDP and refine							🟦	🟦	🟦	🟦																
Issue RFDP, addenda, and meet with proposers											🟥	🟥	🟥	🟥	🟥											
Evaluate submissions																🟦	🟦	🟦								
Negotiations, contract execution, and financial close																			🟦	🟦	🟦	🟦				
TTC-69			■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■			
Issue RFQ, addenda, and Q&A			🟦	🟦	🟦	🟦																				
Evaluate QSs							🟦	🟦																		
Issue draft RFDP and refine									🟦	🟦	🟦	🟦	🟦													
Issue RFDP, addenda, and meet with proposers														🟥	🟥	🟥	🟥									
Evaluate submissions																		🟦	🟦	🟦						
Negotiations and contract execution																					🟦	🟦	🟦			
US 281-Loop 1604	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	
Received unsolicited proposal																										
Issue RFPQ, addenda, and Q&A																										
Evaluate PQSs	🟦																									
Finalize NEPA, CDA terms, RMA role, tolling policy, etc.		🟦	🟦	🟦	🟦	🟦	🟦	🟦	🟦	🟦	🟦															
Issue draft RFDP and refine												🟦	🟦	🟦												
Issue RFDP, addenda, and meet with proposers															🟥	🟥	🟥	🟥								
Evaluate submissions																			🟦	🟦	🟦					
Negotiations, contract execution, and financial close																						🟦	🟦	🟦	🟦	
SH 161	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	
Received unsolicited proposal																										
Finalize project scope, CDA terms, tolling policy, etc.	🟦	🟦	🟦	🟦																						
Issue RFPQ, addenda, and Q&A					🟦	🟦	🟦	🟦																		
Evaluate PQSs									🟦	🟦																
Issue draft RFDP and refine											🟦	🟦	🟦	🟦												
Issue RFDP, addenda, and meet with proposers															🟥	🟥	🟥	🟥								
Evaluate submissions																			🟦	🟦	🟦					
Negotiations, contract execution, and financial close																						🟦	🟦	🟦	🟦	

How does P3 in Texas compare to the rest of the US?

	Chicago Skyway	Indiana Toll Road	Texas Revenue Positive Projects	Texas Revenue Negative Projects	Texas Pre-Development Agreement Projects
Type	Brown Field	Brown Field	Green Field	Green Field	Green Field
Objectives of Concession(s)	***To free up cash for general municipal purposes.*** Toll bridge was not a core function of the City. Funding provided for GO debt payoff, plus other previously unfunded Citywide initiatives.	***To reduce the State's transportation funding deficit.*** Concession proceeds allowed the State to use several billion for other non-tolled transportation needs throughout the State.	***To reduce the State's transportation funding deficit.*** Potential up-front payments will allow TxDOT to fund other regionally needed projects. Traditional funding mechanisms are limited.	***To better leverage the State's transportation funds.*** Concession will most likely help minimize State subsidy for a project thereby allowing it to be built faster than planned.	Concessionaire aids the State in developing and planning large projects. Can either reduce State subsidy or provide for up-front payment depending on project specifics.
Bid Structure	Maximum price	Maximum price	Best value; heavily weighted to price	Best value; heavily weighted to lowest State contribution.	Best value; heavily weighted to price and lowest State contribution.
Form of Concession Payment	Up-front lump sum	Up-front lump sum	Portion up-front lump sum; plus guaranteed annuity over life of concession.	NA	Varies by project
Revenue Sharing	No	No	Yes, sharing of revenues within certain bands of rates of return (potentially 11-12%) before sharing occurs.	Yes, if toll revenues above bid projections materialize. Bands not set.	Yes, if toll revenues above bid projections materialize. Bands not set.
Length of Concession	99 years	75 years	50-70 years	50-70 years	50-70 years
Set Toll Schedule Determined by Governmental Entity?	Yes	Yes	Yes; maximum overall toll is set, but actual toll may vary by time of day.	Yes; maximum overall toll is set, but actual toll may vary by time of day.	Yes; maximum overall toll is set, but actual toll may vary by time of day.
Time to Complete Concession	240 days	117 days	1+ years	1+ years	1+ years
Committed Cap Ex (1st several years)	$60.2 Mn	$226 Mn	Varies by project; some commit concessionaire to expand capacity at certain service levels. SH 121 commits concessionaire to build Collin county portion of SH121 (approx. 9 miles).	Varies by project; some commit concessionaire to expand capacity at certain service levels.	Varies by project; some commit concessionaire to expand capacity at certain service levels.

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