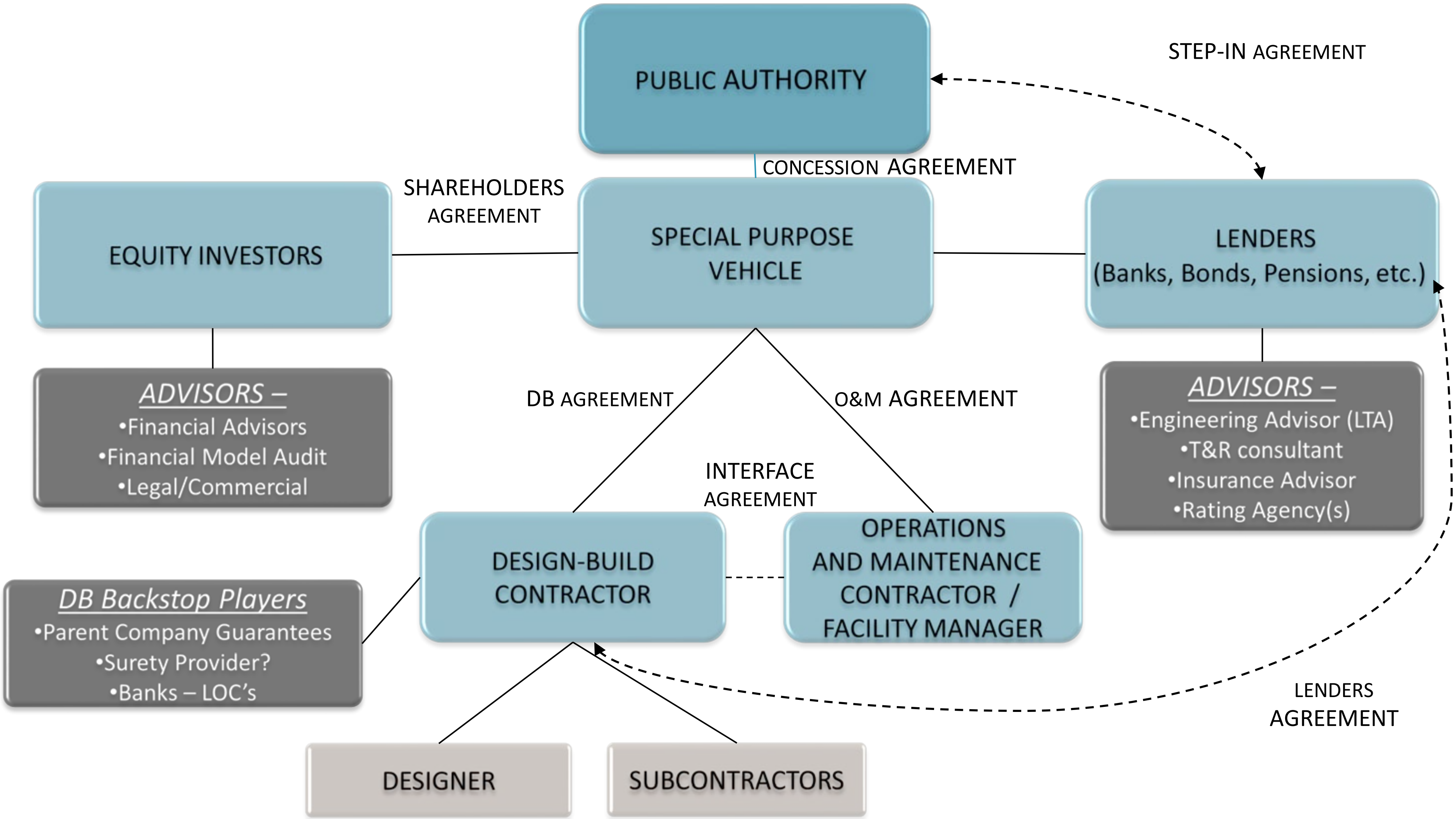
PPP Contractual Structure



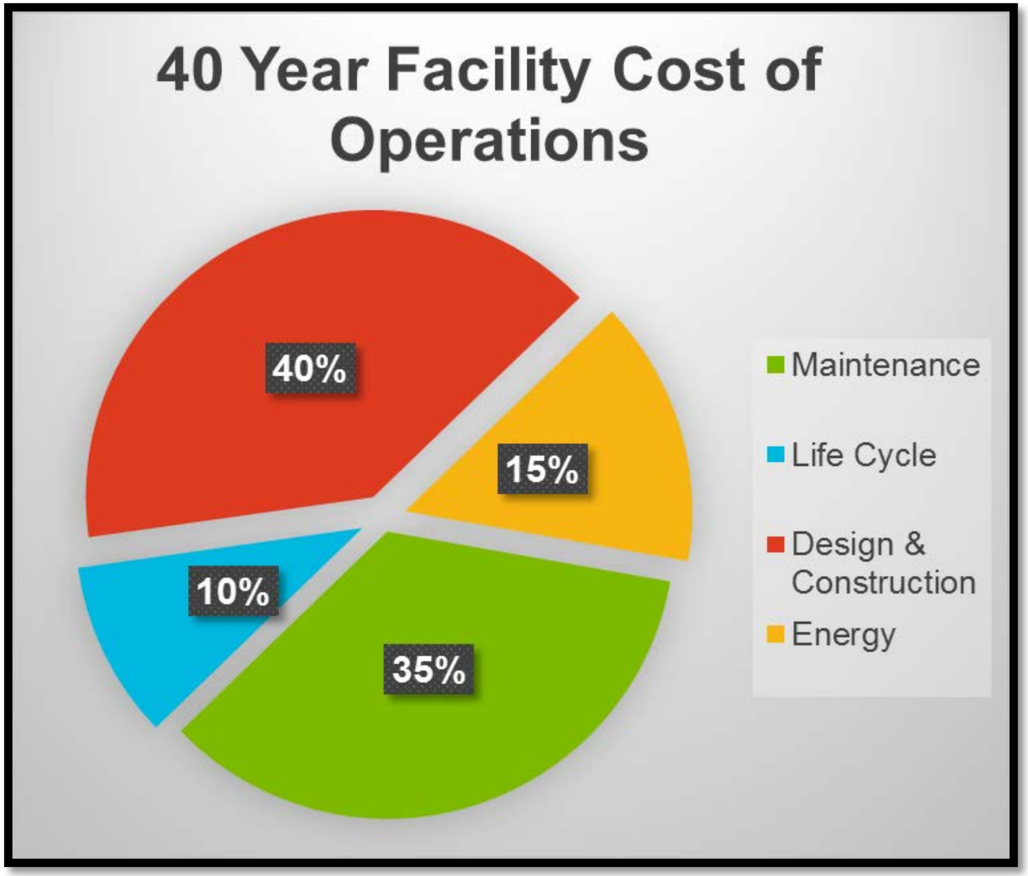
Design-Builder Perspective - Differences

- Overall P3 design-build project risk is much higher
  - Higher pursuit costs – primarily design
  - Requires more significant staff effort
  - More agreements to negotiate prior to RFP submission
    - TA / DBA / FM Interface / Lenders / D&C Subcontracts / PA
  - Lender performance security requirements
    - Letter of Credit / Parent Company Guarantee / Surety ??
  - Schedule delay - liquidated damages
    - Debt service – approximately $25k / $100M of debt
    - Plus any SPV or owner delay costs
  - Long-term performance obligations
  - Higher risk drives higher fees
- End result:
  - Owner gets better value over duration of concession

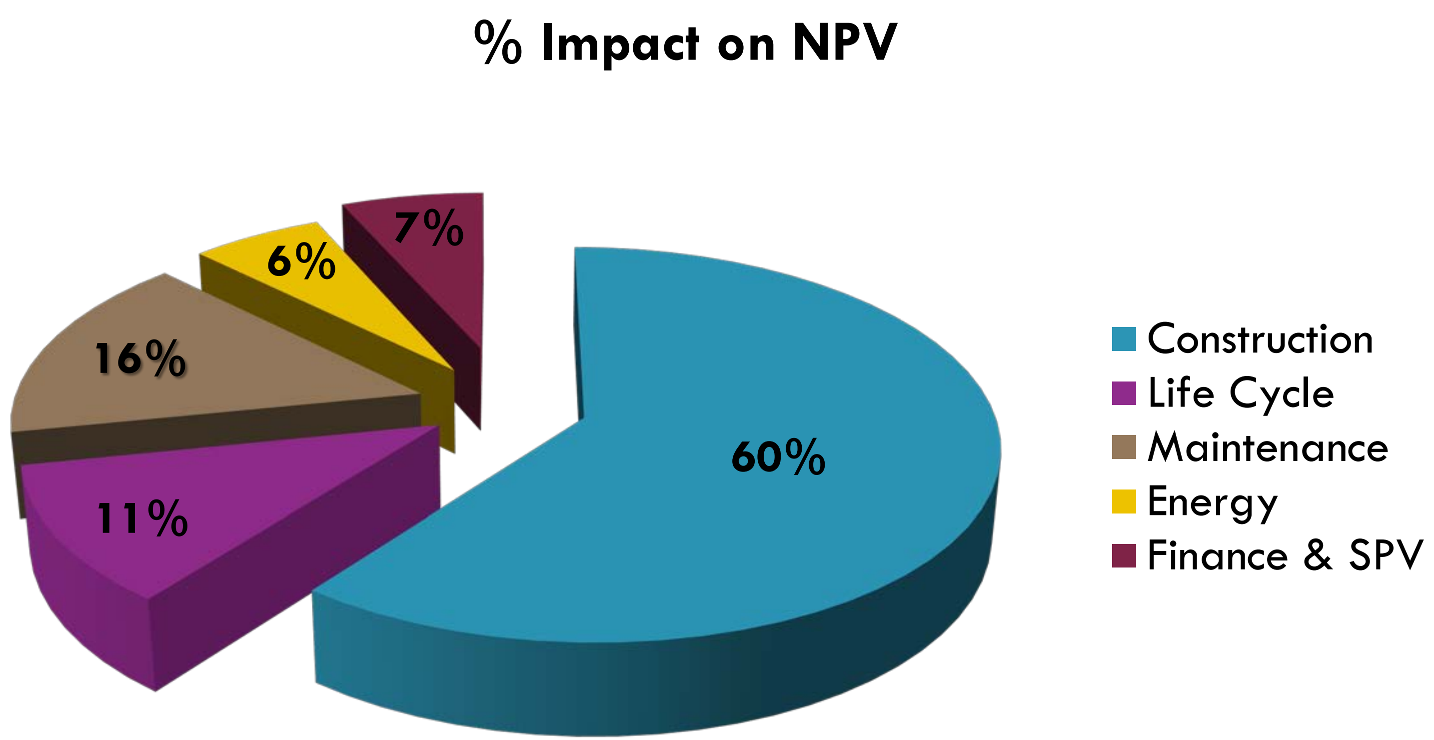
Design-Builder Perspective - Process

- Financing brings the magic to the P3 design process
  - Provides the catalyst for innovation and great team solutions
  - DB works closely with design team and FM during design phase
    - Select *Best Value* equipment & materials for 25/30 year duration
    - Not just looking for the lowest CAPEX
- We finalize cost, schedule & cash flow with ProjectCo SPV
- ProjectCo submits fixed price, date certain financial proposal
  - Winning is primarily based on NPV – Net Present Value
- If successful – financial close sets all costs for entire duration
- Design is fast tracked / Construction starts soon
- DB is paid monthly by ProjectCo – same as any other delivery
- But P3 is not P-Free – ProjectCo needs to get paid back
- Owner doesn't start paying until substantial completion
- Owner then pays regular availability payments for 25/30 years

'Whole of Life' Concept to Project Delivery



Construction/Finance/FM Cost Breakdown
(Commercial/Institutional)



Design-Builder Perspective – Due Diligence

- P3 opportunities are very expensive to pursue
- On occasion some pursuits get cancelled during RFP process
  - We must be very selective
- Positive attributes of a good P3 pursuit
  - Lots of advance notice is provided
    - An Industry Day is good
  - Owner has hired experienced P3 advisers
  - Scale of project is significant enough
    - Pursuit cost risk is worth potential reward
  - Owner plans to short-list three teams
  - Project has strong political will as a P3
  - Owner is providing an honorarium to losing teams
    - Owner having skin in the game is a good sign