



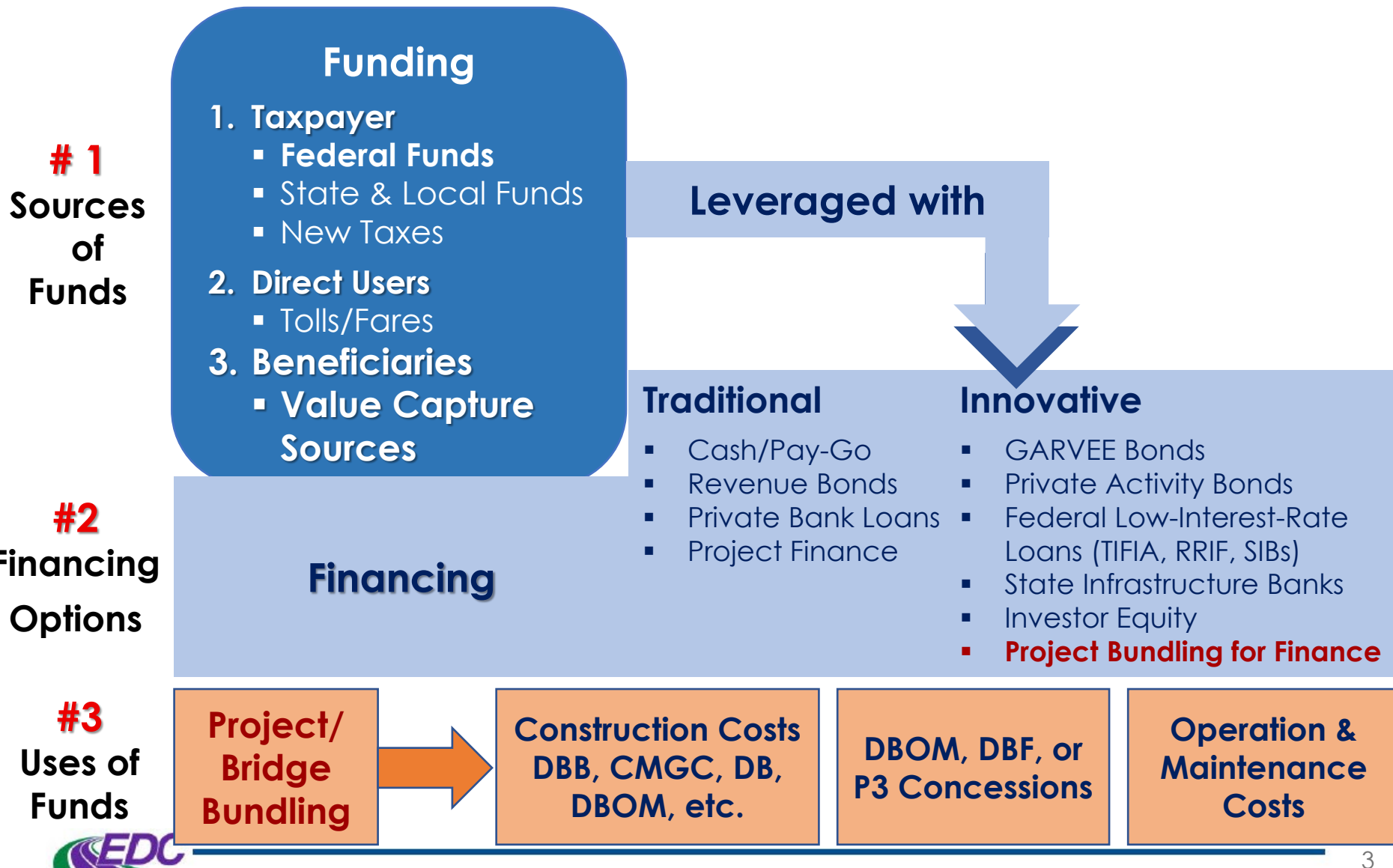
Asset Recycling Value Capture Strategy: Advancing Infrastructure Projects in a time of Funding Crisis

Outline of Presentation

- Key Distinctions
- Why is Asset Recycling Value Capture Needed?
- Asset Recycling Value Capture Strategy
 - Overview & Benefits
- Related Content and Resources
- Funding Opportunities
- Q&A



Funding, Financing, & Project Delivery



Value Capture vs Tax

■ Tax

- ✓ Forced contribution to raise revenue for the maintenance of governmental services offered to the general public
- ✓ Levied whether or not one uses a particular service

■ Value Capture (Fees/Assessments/Incremental Growth Tools)

- ✓ Paid in exchange for a special service, benefit, or privilege not conferred upon the general public
- ✓ Not a revenue measure but a means of compensating the government for the cost of offering and regulating the special service or benefit
- ✓ Payment of a fee is voluntary (can refuse the special service, benefit, or privilege)





Why is Asset Recycling Value Capture Strategy Needed?



Highway Capacity & Condition Challenges

- Two out of every five miles of America's urban interstates are congested
 - Cost the country \$160 billion annually in wasted time and fuel
- One out of every five miles of highway pavement is in poor condition
 - \$836 billion backlog of highway and bridge capital needs
- 47,000 bridges in poor condition and 260,000 (43%) bridges are over 50 years old
- Pedestrian deaths on US roads increased 1% from 2021; (7,508 in 2022)

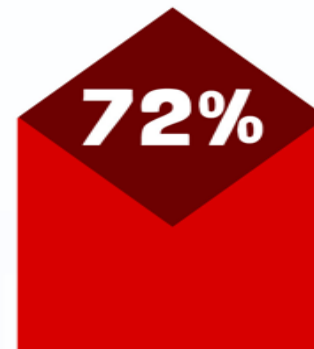
PEDESTRIAN DEATHS ARE INCREASING FASTER THAN ALL OTHER TRAFFIC FATALITIES

FHWA is committed to addressing the increase in pedestrian fatalities on America's roads. The National Roadway Safety Strategy goal of zero deaths is the Nation's roadmap for reducing traffic fatalities.

Percent Increase in Number of Traffic Deaths 2010-2021



All Other Traffic Deaths



Pedestrian Deaths



U.S. Department of Transportation
Federal Highway Administration

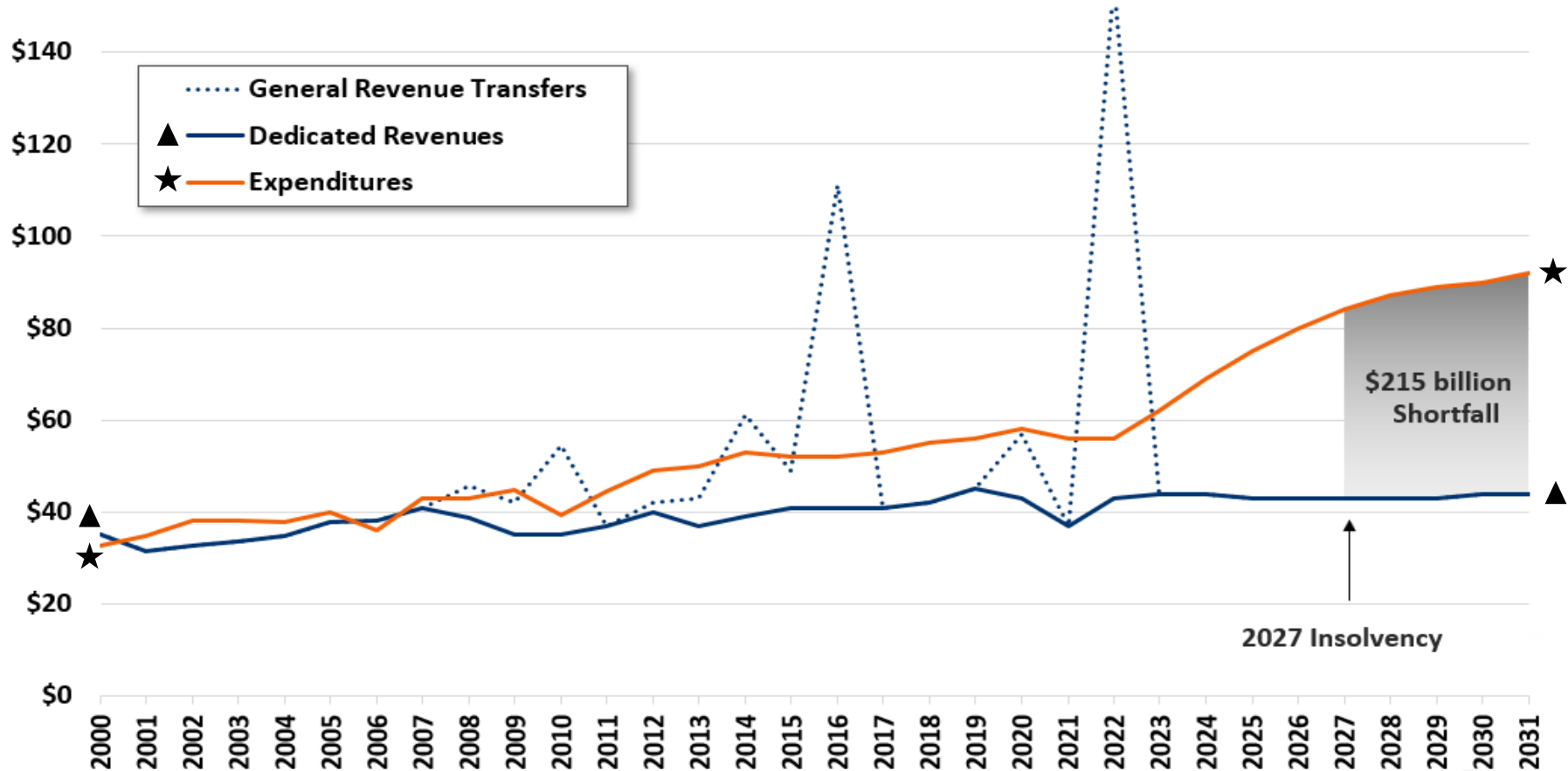
For More Information: <https://highways.dot.gov/safety/pedestrian-bicyclist>
National Roadway Safety Strategy: <https://www.transportation.gov/NRSS>

Source: NHSTA



Highway Trust Fund Faces Shortfall After 2027

Trust Fund Spending and Revenue After the Enactment of the Bipartisan Infrastructure Bill (billions)



2027 Insolvency

\$215 billion
Shortfall

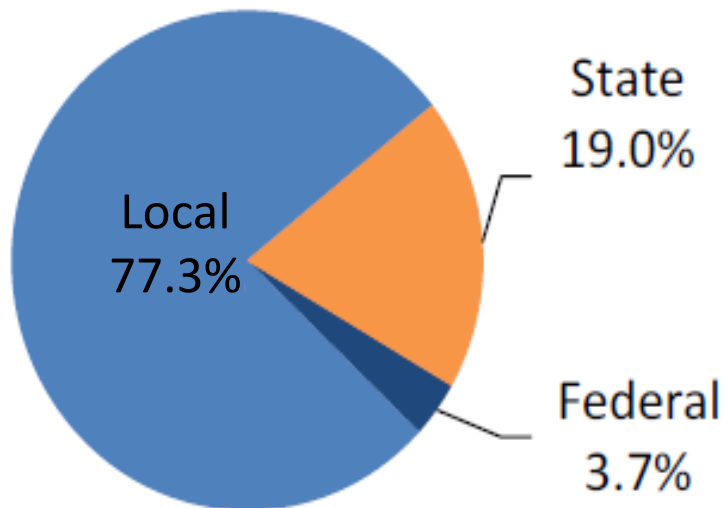
Source: Committee for a Responsible Federal Budget based on Congressional Budget Office Data
<https://www.crfb.org/blogs/infrastructure-bills-impact-highway-trust-fund>

CRFB.org

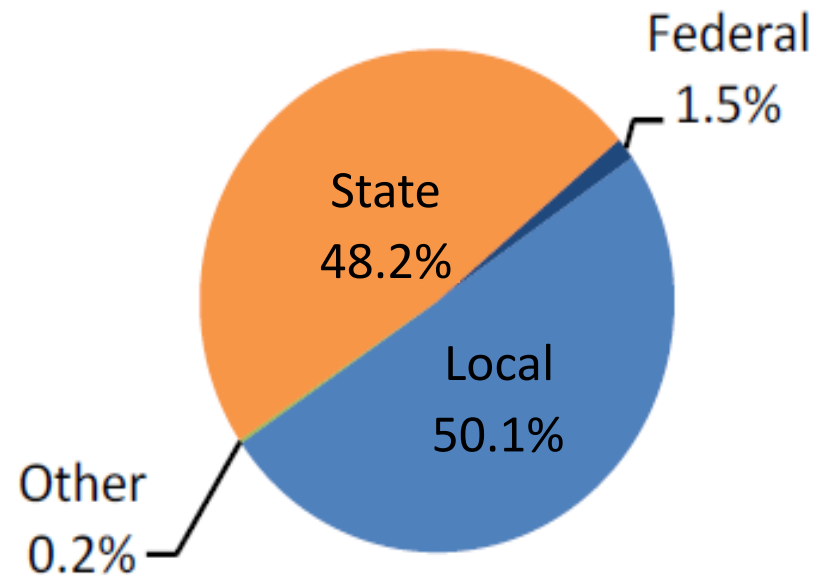


Why Value Capture?

Highway Mileage



Bridges



Highway and Bridge Ownership by Level of Government
Source: Credit to FHWA



U.S. Department
of Transportation
**Federal Highway
Administration**

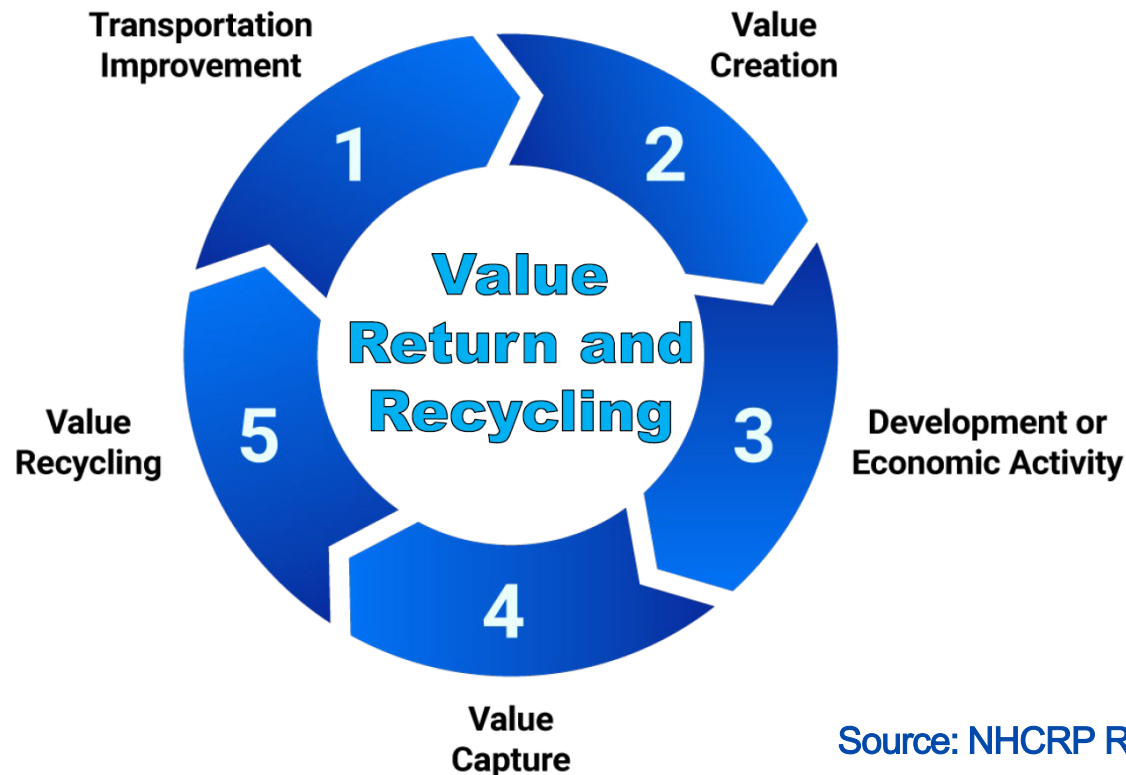
EDC-Value Capture Innovation



Value Capture Overview & Benefits

What is Value Capture?

“Value capture” refers to a toolbox of strategies used by public agencies to recover a portion of the increased property value created as a result of public infrastructure investment.



Source: NHCRP Report 873



Developer
Contribution



Special
Assessments



Advertising ,
Naming Rights, &
Sponsorships

Value Capture Strategies

Sustainable, Reliable, & Equitable



Transportation
Utility Fees



Concessions



Joint
Developments



Incremental
Growth



Value Capture Can.....



Value Capture



Value capture projects can recover up to 50% or more of overall project costs

Can support multimodal projects



Revenues captured are a portion of the benefit property owners receive

Promotes efficient land use and transportation planning



Creates sustainable revenue sources

TIFs don't raise taxes; they expand the tax base



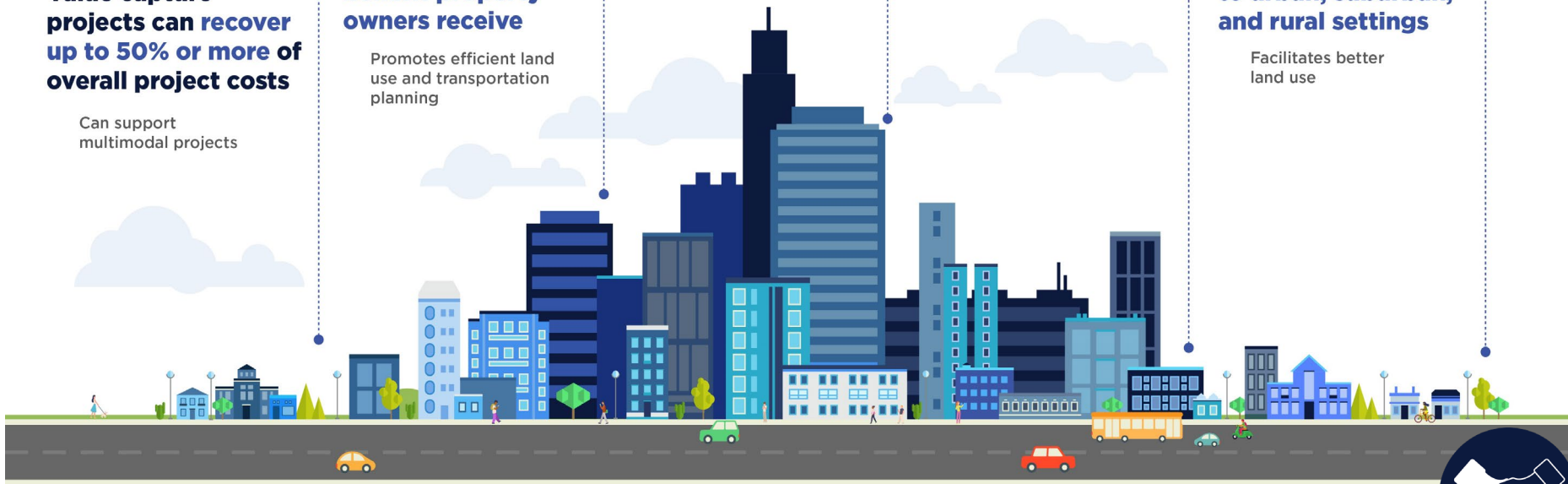
Can fund capital projects, as well as maintenance and operations

Appropriate for all roads, from Interstate highways to local roads



There are techniques available appropriate to urban, suburban, and rural settings

Facilitates better land use





Asset Recycling Overview & Process

Asset Recycling By Any Other Name

- Capital Recycling
- Divesting Existing Assets
- Monetizing Existing Assets
- Brownfield Infrastructure Assets
- Brownfield Recycling for Potential Funding Source
- Repurposed Assets
- P3 Leases of Existing Infrastructures
- Asset Enhancement Program
- Recycle Unproductive Assets



Asset Recycling Overview

- Is the type of public-private partnership structure
- Creates a source of short-term funding to public agency
- Selling or long-term lease of existing highway facility and use of the lease revenues to pay for other highway improvement needs
- The value of the old infrastructure is recycled to pay for the new infrastructure project
- It does not have to be a revenue generation facility
- U.S. experience with infrastructure asset recycling dates back to 2005



Asset Recycling Global Practices



Asset Recycling (Australia)—
Monetizing brownfields to
pay for greenfields

CEPACs (Brazil)—
Commoditizing land use
entitlements thru auctions

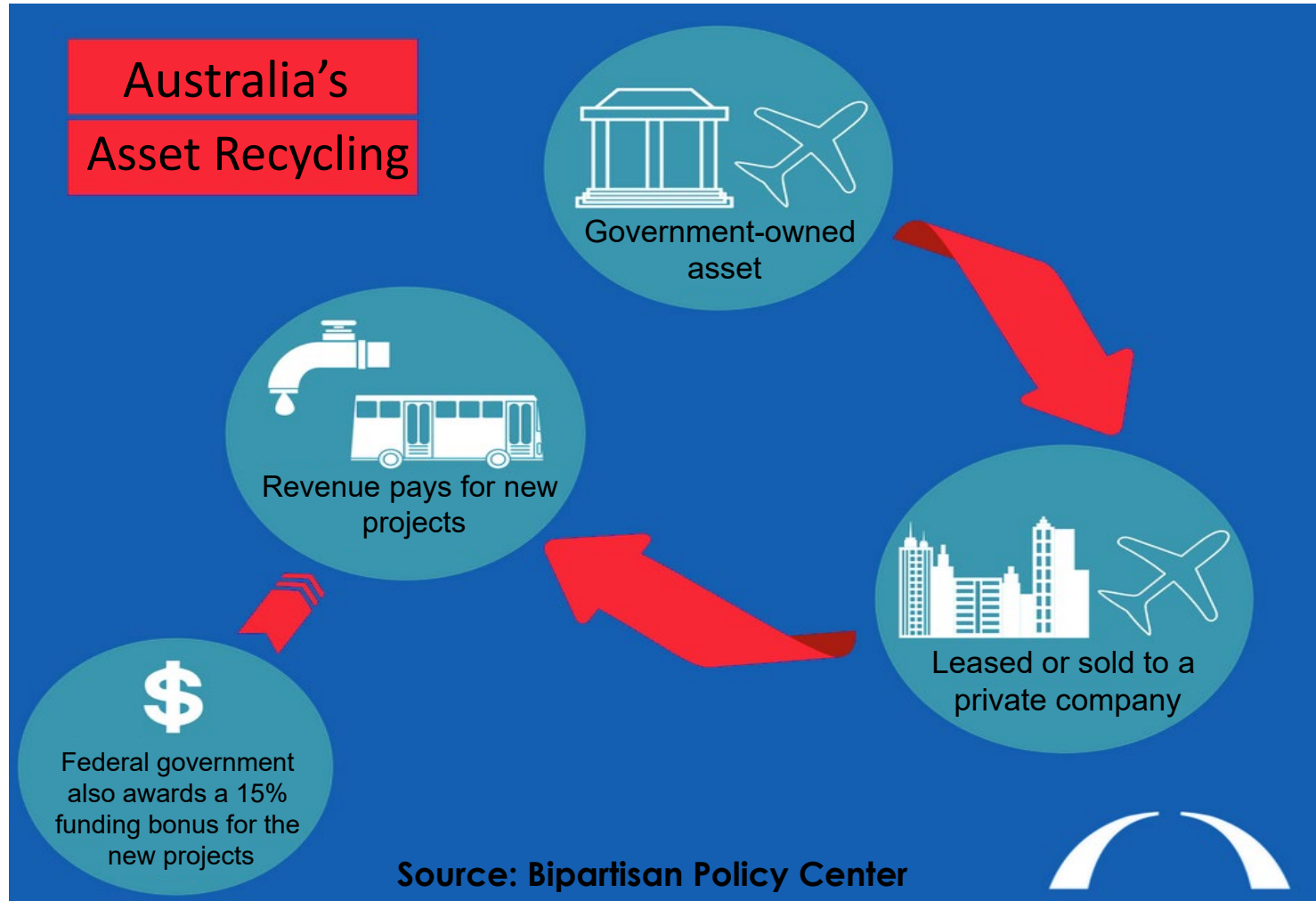


CEPACS—Certificates of Potential Additional Construction



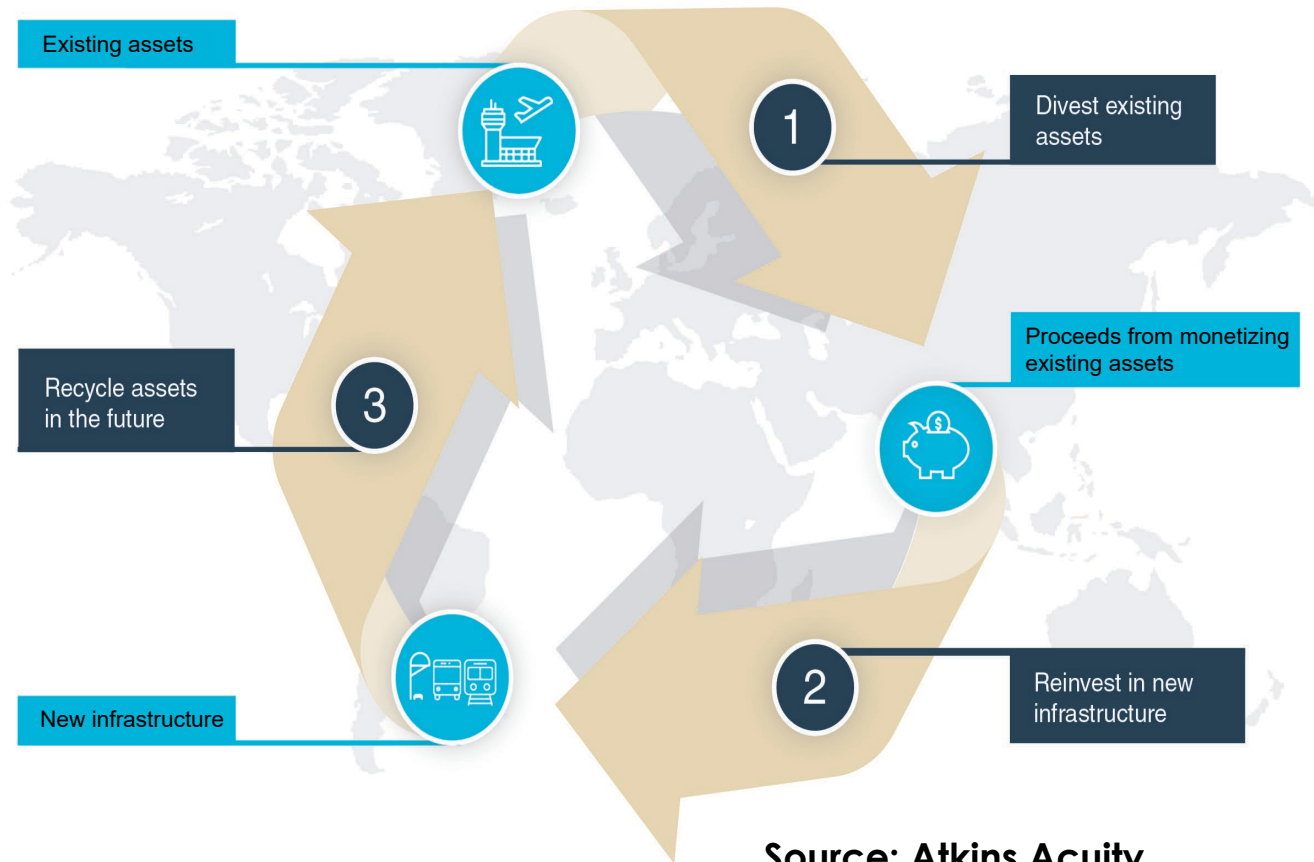
Asset Recycling (American)
Monetizing Brownfields to pay 10-year
transportation plan

Asset Recycling (Australia Model)



Asset Recycling (American Model)

No Federal funding bonus



Source: Atkins Acuity

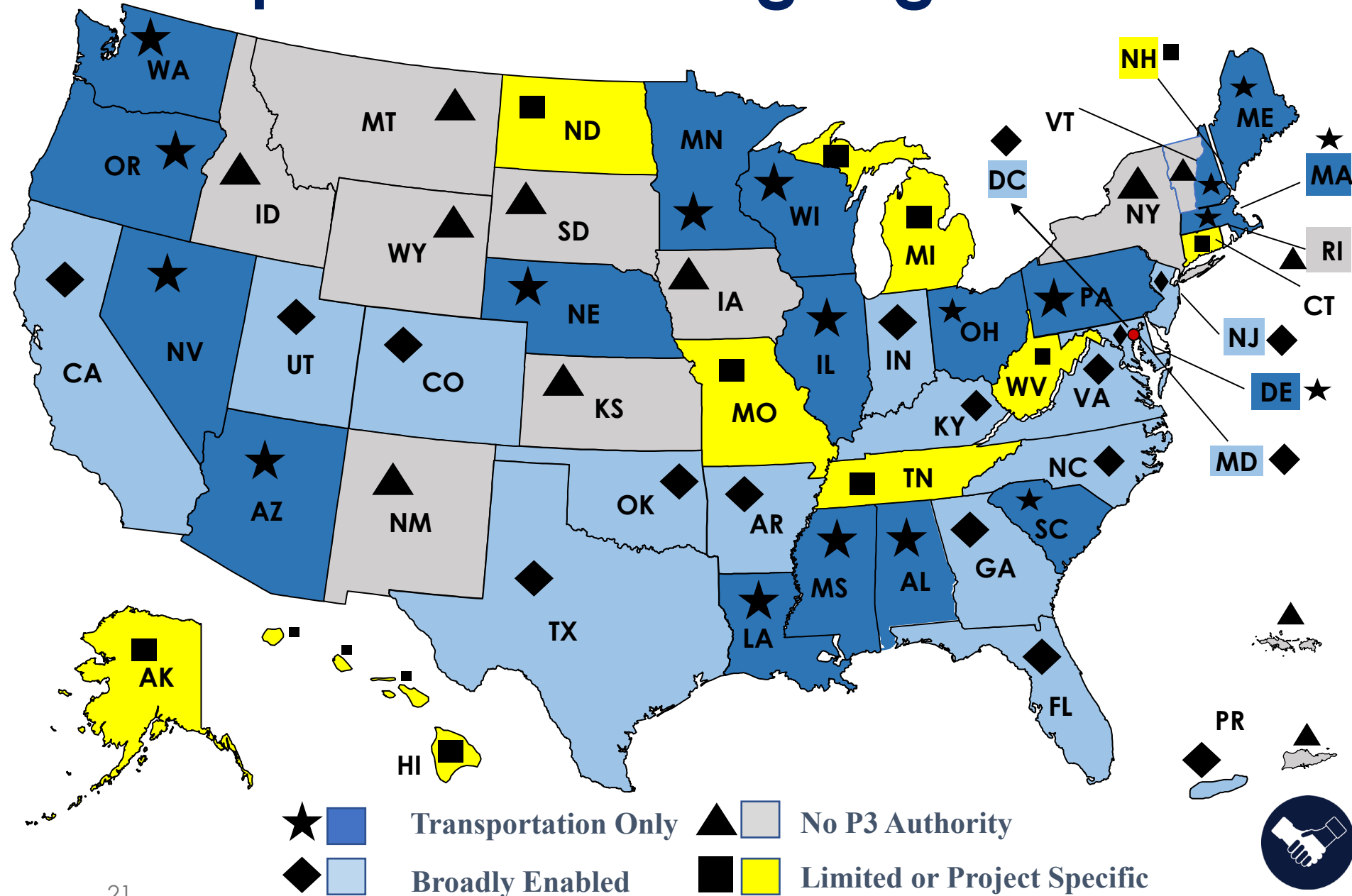


Asset Recycling (AR) Process

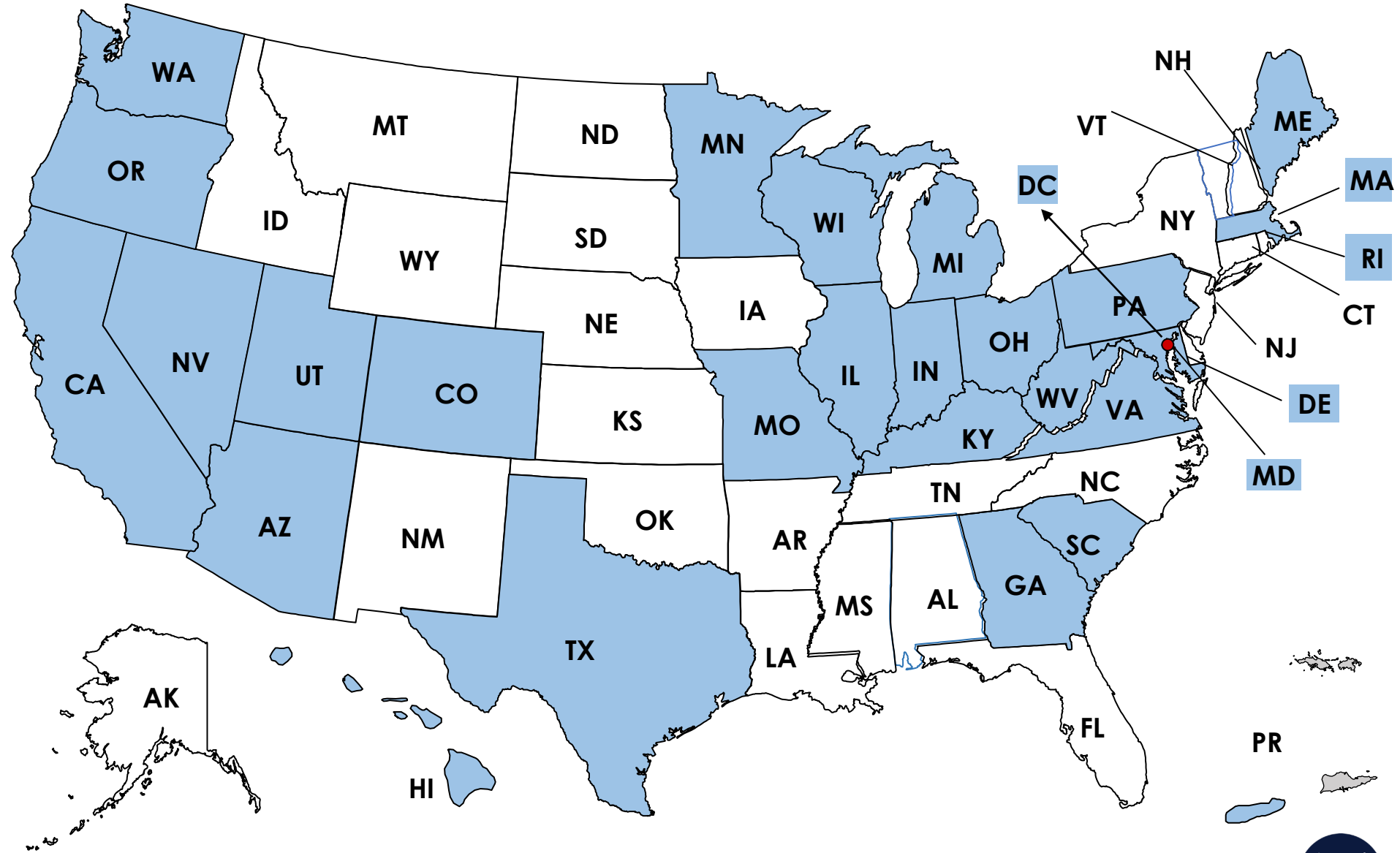
1. Asset Inventory & identify project potential for AR
2. Assemble a legal and financial team that has expertise in the sale and/or lease of public assets
3. Submit to State DOT & FHWA for approval
4. Stakeholder & community outreach
5. Develop and issue a request for proposals (RFP) for competitive bids
6. Execute sales or lease agreements for existing assets and receive upfront payments
7. Mechanisms for the use of proceeds
8. Investigate Value Capture tools more viable with the use of AR for additional funding sources



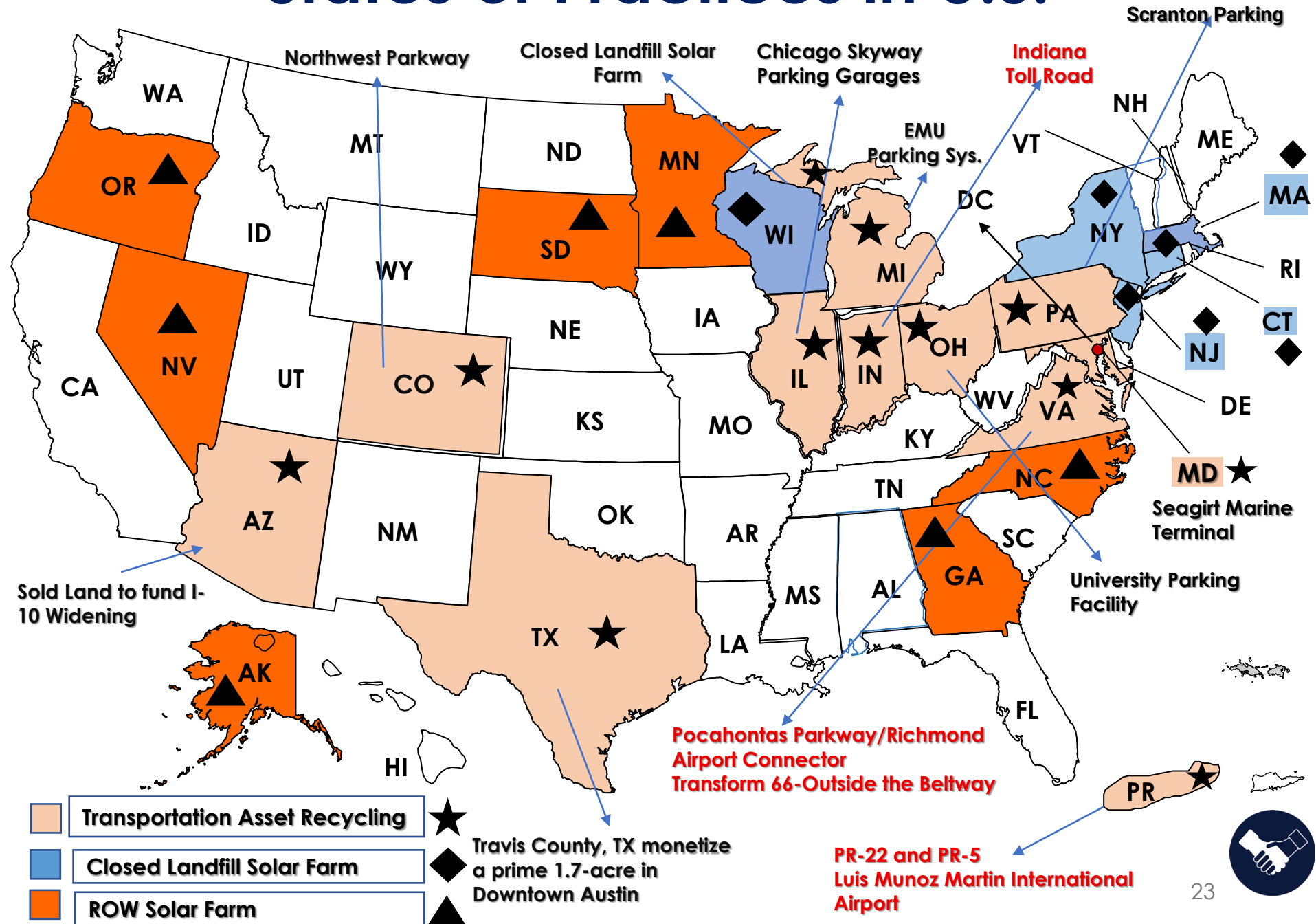
Require P3-Enabling Legislation



States Dedicated Resources to P3s



States of Practices in U.S.





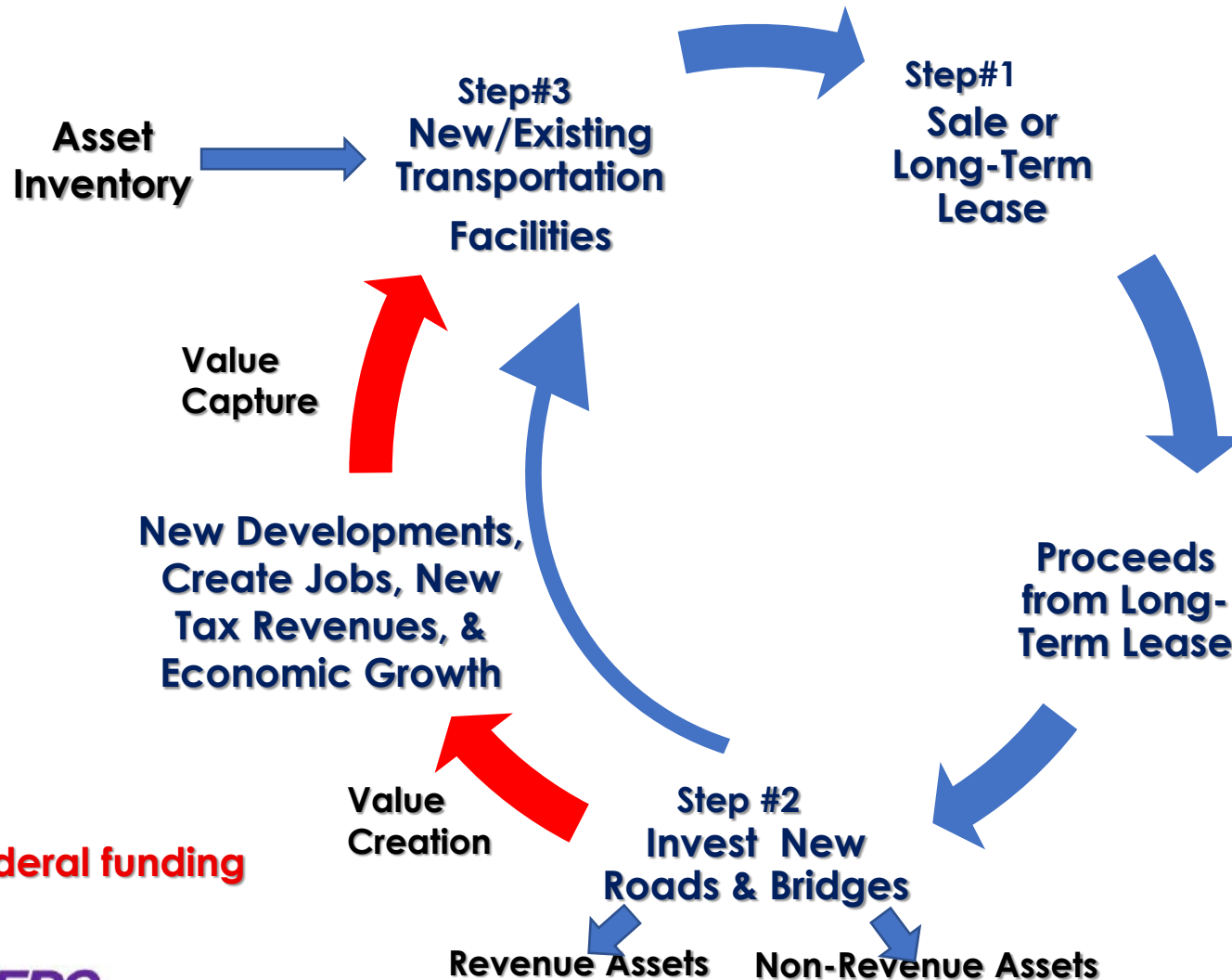
U.S. Department
of Transportation
**Federal Highway
Administration**

EDC-Value Capture Innovation



Value Capture By Asset Recycling Strategies

Asset Recycling Value Capture Strategies



Benefits: Asset Recycling Value Capture Strategies

- Meet infrastructure investment needs and gaps
- Alleviate constraints in obtaining financing and funding
- Leverage private sector technical expertise and innovation
- Attract and mobilize private capital from foreign and domestic investors as well as institutional capital
- Capture the current value of mature infrastructure which will cost more money and lose value over time
- Create long-term gap funding by ensuring continued recycling and capture of revenue created by new transportation investments



Related Content and Resources

- [Value Capture Website](#)
- [Value Capture Implementation Guides](#)
- [Value Capture FAQs](#)
- [Project Profiles](#)
- [Value Capture Case Studies](#)
- [Value Capture Strategy Primers](#)
- [Factsheets](#)
- [Value Capture Resources](#)



Funding Opportunities

Every Day Counts

State Transportation Innovation Council (STIC) Incentive

- Up to \$100,000 per STIC per year to standardize an innovation

Accelerated Innovation Deployment (AID) Demonstration

- Up to \$1 million available per year to deploy an innovation not routinely used

IJA/BIL. Sec. 71001 Innovative Finance and Asset Concession Grant Program

- Fund technical, financial, and legal advisory service costs for alternative project delivery
- Covers pre-implementation costs, including Identifying appropriate assets or projects for concessions; Developing and issuing requests for proposals; Risk analysis
- No more than \$4 million can be awarded to grantee in a single state



Thay Bishop
e-mail: thay.bishop@dot.gov
Tel: 404-562-3695 or ValueCapture@dot.gov



State of Indiana: Asset and Infrastructure Management

Mark Pascarella

Indiana Finance Authority
Director of Debt Management

Indiana Toll Road (ITR)- History

- Indiana Toll Road
 - 156 mile toll road running east-west across northern Indiana
 - Connects to I-90/ Chicago Skyway at Illinois state line
 - Connects to I-80/I-90/ Ohio Turnpike at Ohio state line



- Established in 1956
- Status of Indiana Toll Road as of 2005
 - Toll rates were stagnant and unable to keep up with inflation
 - Large maintenance projects had been delayed
 - Tolls did not generate excess revenues to fund new infrastructure

Indiana Toll Road Concession

- Public Private Partnership (P3) entered into in 2006
- P3 highlights:
 - Winning firm: Indiana Toll Road Concession Company (ITRCC)
 - Cintra and Macquarie Infrastructure Group
 - 75 Year Lease
 - State of Indiana never relinquishes ownership of ITR
 - Monetization P3
 - ITRCC receives toll revenues
 - Revenue rate setting provided in the lease
 - ITRCC provides:
 - \$3.8 billion in up front payment to State of Indiana
 - Operations and maintenance of asset
 - Toll revenue collection
 - Provide funds for other enhancements that benefit the State

1. Immediate Benefits

- \$3.8 billion in up front payment to State of Indiana
- Agreement provided for ITRCC to complete deferred maintenance to bring toll road up specific standards set by the State
- Operate and maintain ITR- Lifecycle approach
 - ITRCC must achieve certain requirements for quality or suffer penalties
- Handback requirements- AT end of 75 years, State will receive ITR back in predetermined condition
- Collect tolls
 - ITRCC incentive to operate tolling in most cost efficient manner
 - ITRCC must also provide excellent customer service in order to drive increased business to use toll road
 - As an example, keeping up with electronic tolling
- Provide funds for other enhancements that benefit the State
 - ITRCC provided funds for State Police to cover ITR, constructed new State Police headquarters and has funded State police equipment.

2. Asset Recycling (Long Term)- State received \$3.8B

- Funding for Major Moves
 - In 2006, Indiana had a \$2.8B deficit for transportation funding
 - INDOT has received over \$3.5B (including investment returns)
 - To date, Major Moves has funded over 773 projects totaling \$3.13B
 - Remaining funds have associated projects assigned and are earning investment returns until anticipated spending
- Funded \$500 million Next Generation Trust Fund
 - Fund started to provide continuous funding into future
 - Investment returns fund INDOT projects (returns included above)
- Approximately \$500 million distributed to local governments for projects
- Projects funded enabled eliminating rising construction costs due to acceleration of projects
 - Acceleration of projects placed Indiana with a significant competitive advantage in creating a friendly business environment
 - Positive business environment produces economic development

3. Unintended Consequences (positive)

- Indiana 2005
 - Reserve Levels- Negative
 - 2005- Indiana elects Governor Mitch Daniels
 - Governor Daniels focuses on fiscal responsibility
- ITRCC Concession 2006- Provides significant transportation funding to Indiana during a time when Indiana was returning to fiscal strength
 - Still build infrastructure, build reserves and provide services
 - Reserves continued to grow while Indiana debt declined
 - Ratings stabilize or start moving up
- 2008/2009 Great Recession
 - Reserves stay strong, debt continues to decline
 - Indiana is upgraded by S&P to AAA in 2008, upgraded to AAA and Aaa by Fitch and Moody's in 2010. Upgraded during Great Recession
 - ITRCC concession still funding large capital projects during recession
 - Allows Indiana to react to issues but also fund opportunities

- ITR Concession Company LLC (ITRCC) Bankruptcy Filing
 - Bankruptcy petition filed by ITRCC, and affiliates, on September 21, 2014
 - The Toll Road would continue to be owned by the IFA on behalf of the State, with IFA retaining the rights it negotiated in the original lease
 - No changes to the current toll rate structure under the original lease agreement
 - No impact on the \$3.8 Billion received by the State that was invested in Major Moves projects throughout the State
 - Road operations continued as usual during bankruptcy process without impact to drivers, employees, vendors and the communities served by the Toll Road
- Result
 - Acquisition Of Toll Road Lease by IFM Investors. IFM elected to keep ITRCC structure
 - IFM will operate the Toll Road for the remaining 66 years of the original lease agreement, and is strictly held to the same operational standards set forth in the original lease agreement
 - IFM has pledged a \$260 million investment improvement plan over the next five years
 - Bridge and pavement rehabilitation
 - Updating and improvements to the travel plazas along the Toll Road
 - Original concession documents provided for all rights of the IFA to be maintained. State of Indiana did not see reduced benefits as a result of the original Concessionaire going through bankruptcy

- **2018: IFA worked with ITRCC to modify and update Lease based on current market conditions**
 - State receives \$1B over two years
 - Enact a one-time 35% increase on the toll rate
 - No extension of Lease term
 - Increase better aligns with market rate for tolling
 - Only applies to Class-3 (3 axle) and above vehicles
 - No additional changes to Lease
 - State still maintains ownership
 - ITRCC still responsible for all activities associated with initial lease
 - Agreement included additional upgrades/ enhancements to ITR
 - Spending priorities
 - Proceeds will benefit counties connected to ITR
 - Another significant resource to add more transportation projects that generate significant value to the State of Indiana

Conclusion

Questions?

Presented By:

**Mark D Pascarella, CFA
Director of Debt Management
Indiana Finance Authority
317-234-2228
mpascarella@ifa.in.gov**

VDOT Northern Virginia Megaprojects Update

FHWA Webinar: Asset Recycling and Value Capture

| Susan Shaw, P.E., Director, Northern Virginia Megaprojects
Virginia Department of Transportation

October 18, 2023

Transform 66 Project



**Susan Shaw, P.E., DBIA, CCM, Megaprojects Director
Virginia Department of Transportation**

Northern Virginia Regional Express Lanes Network

- More than 90-mile Express Lanes network in Northern Virginia
- 94 miles in service
 - I-95, I-395, I-495, I-66 Inside the Beltway, I-66 Outside the Beltway
- 3 miles under construction
 - I-495 Northern Extension (2.5 miles to be in service late 2025)
 - I-95 Express Lanes/Opitz Boulevard Ramp (to be in service Fall 2024)
- Under study
 - I-495 Southside Express Lanes
 - I-95 Bi-Directional Study
- Three independent operators



Why Express Lanes?

- Move more people through busy travel corridors
- Improve multimodal mobility by providing diverse travel choices in a cost-effective manner
- Improve travel reliability
- Reduce congestion
- Increase ridesharing and transit use
- Enhance safety
- Achieve best deal for Commonwealth of Virginia



How Express Lanes Work

- Dynamic system with variable tolls to manage demand and keep lanes free flowing
- Pricing signage in advance of all entrances
- Toll equipment identify vehicle's total trip distance
- Sensors monitor traffic 24/7 and system adjusts toll prices as necessary
- All-electronic -- no toll booths



- E-Zpass transponder recommended for all vehicles in express lanes
- HOV-3+, buses and motorcycles travel toll-free with an E-Zpass Flex switched to HOV mode
- E-ZPass Flex works on all E-ZPass facilities



Integrating Transit into Managed Lanes



Supports Virginia's vision for multimodal transportation solutions



Creates new opportunities and benefits for buses, carpools, and other transit use, by providing faster and more reliable travel



Integrates transit and multimodal components as project elements and during construction as transportation management strategies



Includes transit payments in project agreements with private project partners to allow toll revenues to fund transit and multimodal improvements



VDOT P3 Procurement Philosophy

- Protect the taxpayers
- Use P3s *only* when they are in the best interest of the public
- Deliver a project that best meets the needs of the public
- Be transparent and accountable to the public and elected officials
- Embrace P3 reforms of HB1886 (2015)



Transform 66 Outside the Beltway Project

Purpose and Need

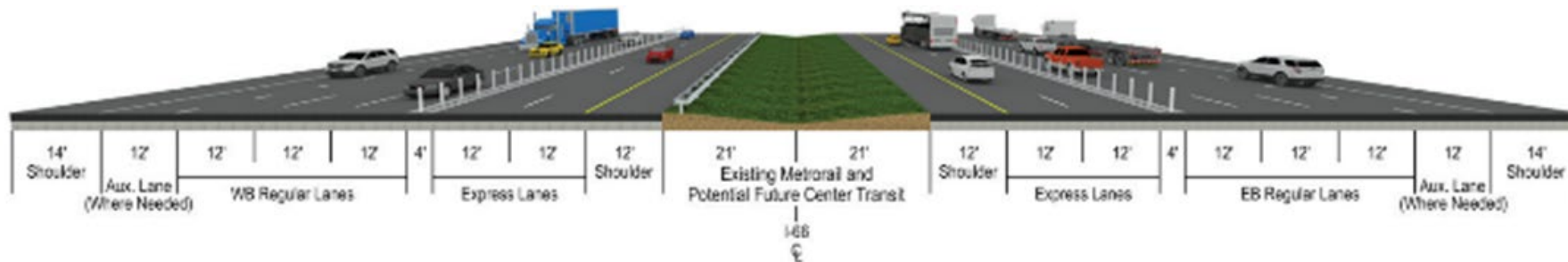
- Address existing and future transportation problems
 - 8-10 hours of congestion daily
 - Overflow traffic on parallel and feeder roads
 - Limited carpool culture and transit options
- Improve multimodal mobility along the I-66 corridor
- Enhance transportation safety and travel reliability



Transform 66

Project Description

- 22.5-mile project
- Built 4 express lanes (2 lanes in each direction), alongside 3 general purpose lanes, with space in median for future transit
- Built and opened 2 park and ride lots with 3,200+ parking spaces
- Provided 11 miles of bike trail parallel to I-66, and improved pedestrian facilities on new bridges over I-66



Flexible barrier with buffer, median for potential future transit (with auxiliary lanes, if needed)

Shared-Use Path in the I-66 Corridor

- 18 miles of new trail in total, including 11 miles of trail along I-66
- 66 Parallel Trail consisting of new shared-use path along I-66 and through adjacent communities and parks in Fairfax County from Bull Run Regional Park to Gallows Road
- Improved pedestrian facilities on new and existing bridges over I-66



Transform 66: Project Procurement

- Commonwealth evaluated three procurement options:
 - Design-Build with Alternative Technical Concepts (D-B/ATC)
 - Design-Build-Operate-Maintain (DBOM)
 - Toll Concession or Design-Build-Finance-Operate-Maintain (DBFOM)
- *ATC process was used for all three options*
- In September 2015, RFQ's issued for each option
- Qualifications received October 1, 2015, from multiple teams
- Conceptual financial proposals from shortlisted teams received on December 1, 2015

** Public option remained on the table until deal was signed with private partner*

Results of Procurement

	Original P3 Analysis	2015 Public Option	Express Mobility Partners
Upfront Public Funding	\$(900 to 1,000)	\$(400 to 600)	\$0
Transit Capital and Operating	\$0	\$800	\$800
Future Corridor Improvements	\$0	\$350	\$350
Concession Payment to TTF	\$0	\$0	\$500

(Figures in millions)

Transform 66 Agreement

Signed December 2016

Project Developer:

I-66 Express Mobility Partners - a consortium of leading global infrastructure companies Cintra, Meridiam Infrastructure, and APG

Design-Build Contractor:

Joint Venture of Ferrovial Construction and Allan Myers (FAM Construction)

Public-Private Partnership through 2066 (50-year contract)

Project Design-Build cost: \$2.3 billion construction project

Other benefits to the Commonwealth:

- \$500M upfront “concession fee” payment for additional improvements to the I-66 Corridor
- \$800M in transit subsidy
- \$350M in future I-66 Corridor improvements
- \$600M in anticipated public subsidy returned for other projects

66 Express Lanes Performance and Usage

Mobility for Millions

~1M Express Lane
trips/month

The 66 Express
OTB accommodates over 1M trips
every month.



Customer Loyalty
Percentage Level

Large User Base

>350k Vehicles

Over 350k unique vehicles have used
the 66 Express OTB as of July 2023

Reasonable Pricing

80% of drivers pay under \$40
bill/ month

Only 20% of 66 Express OTB users
have a monthly bill over \$40.



Affordable Option for All

\$30 bill/ month

On average, a light customer
pays about \$30/month using
the 66 Express OTB

66 Express Lanes Performance - Transit and Carpooling



HOV3+ and motorcycles
travel toll-free

Average 7,000 HOV trips/day in May
2023



Bus transit travel
toll free

An average of 1,200 transit trips (Fairfax
Connector and Omniride/PRTC) benefit
from free trips in 66 Express OTB every
workday



Annual funding for enhanced
transit in I-66 corridor

\$800 million over the concession term, paid
out annually to support additional transit in
corridor



Schools benefit from safe
travel option

23 Fairfax County Public School bus
routes using 66 Express OTB, safely
transporting 400 students twice a day

Contact

Susan Shaw, P.E., DBIA, CCM
Director, Northern Virginia Megaprojects
Virginia Department of Transportation
571-221-5219
Susan.shaw@VDOT.Virginia.gov

Michelle Shropshire, P.E., DBIA
Acting Director, Northern Virginia Megaprojects
Virginia Department of Transportation
540-207-9025
Michelle.Shropshire@VDOT.Virginia.gov



PUERTO RICO TOLL MONETIZATION PROJECT

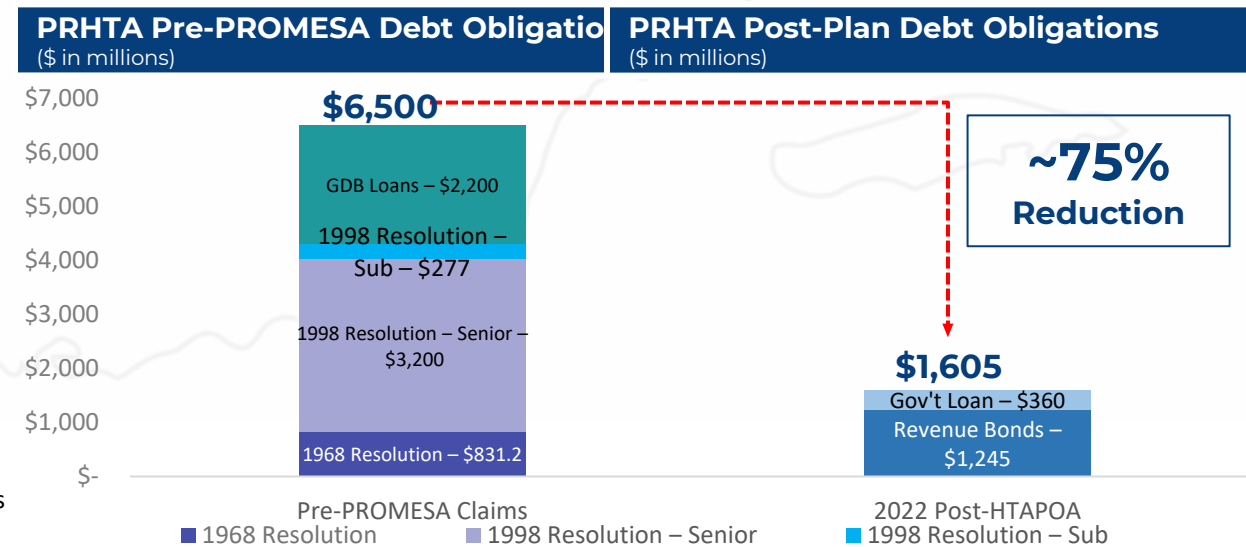
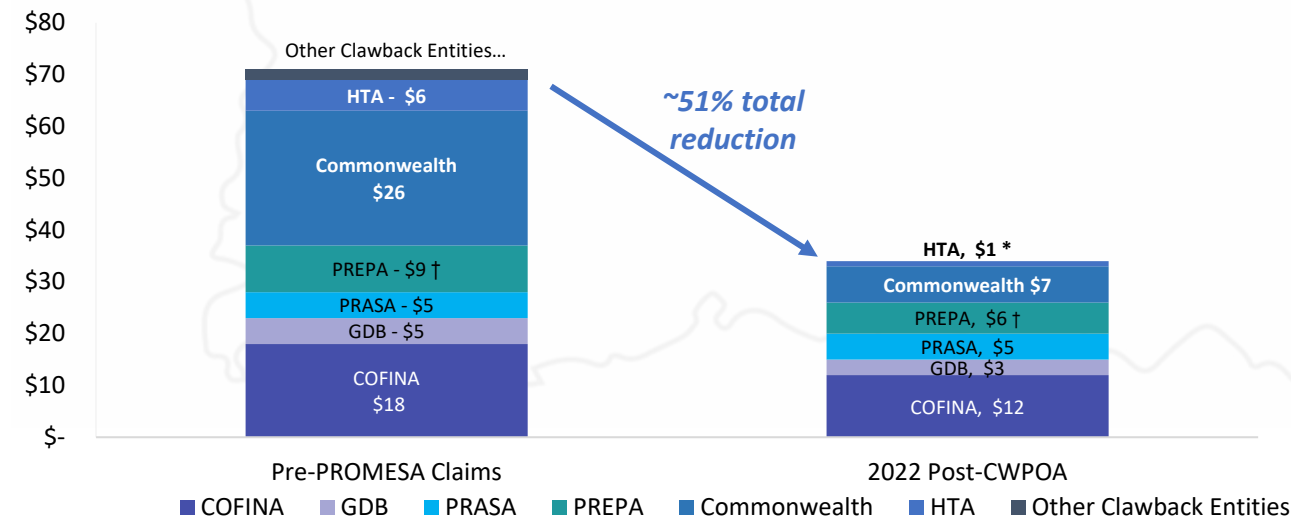
Laura Viña-Arias, P.E.
Director of Project Development
Puerto Rico Public-Private Partnerships Authority

October 18, 2023

Project Rationale & Economic Background: Debt Restructuring Progress & Plan of Adjustment

- On March 15, 2022, the Puerto Rico Government successfully implemented its Plan of Adjustment (“CW POA”), closing the chapter on the largest municipal restructuring in United States history and reducing the central government’s total debt by nearly 78%, from \$34 billion to \$7.4 billion
- This successful implementation of the CW POA under Title III of PROMESA represents another significant stepping-stone in advancing Puerto Rico’s public policy objective to attain fiscal responsibility and access the capital markets

- On December 6, 2022, HTA emerged from its Title III restructuring process and issued approximately \$1.6 billion of tax-exempt bonds to effectuate the restructuring of HTA’s legacy debt obligations
- The HTA Outstanding Debt was issued under and pursuant to that certain Master Trust Agreement, dated December 6, 2022, and such debt is entitled to a lien on and security interest in HTA’s Pledged Revenues



The HTA Plan of Adjustment settled approximately **\$6.5 billion** of total debt through the issuance of **\$1.245 billion** in new HTA bonds and the issuance of certain Contingent Value Instruments.

P3 Authority Successful PPP Stories

Metropistas: PR-22 & PR-5 Highways

- A \$1.1 billion 40-year concession for PR-22 and PR-5 in 2011, extended to 50-year contract term in 2016

Aerostar Holdings: Luis Muñoz Marín International Airport

- A \$615 million 40-year concession initiated in 2013

Luma Energy: Electrical Power Transmission & Distribution System

- A 15-year operation and maintenance (“O&M”) agreement to manage and operate Puerto Rico’s electric power transmission and distribution system, including the administration of federal disaster recovery funding

HMS Ferries: Puerto Rico Ferries System

- An operation and maintenance (“O&M”) was selected to achieve the optimization of the maritime transportation service operation, especially focused on the residents of Vieques and Culebra

San Juan Cruise Port: Modernization of Cruise Terminals

- A \$350 million 30-year concession signed in 2022 with expected financial close in 2023

Genera PR: Legacy Generation Assets

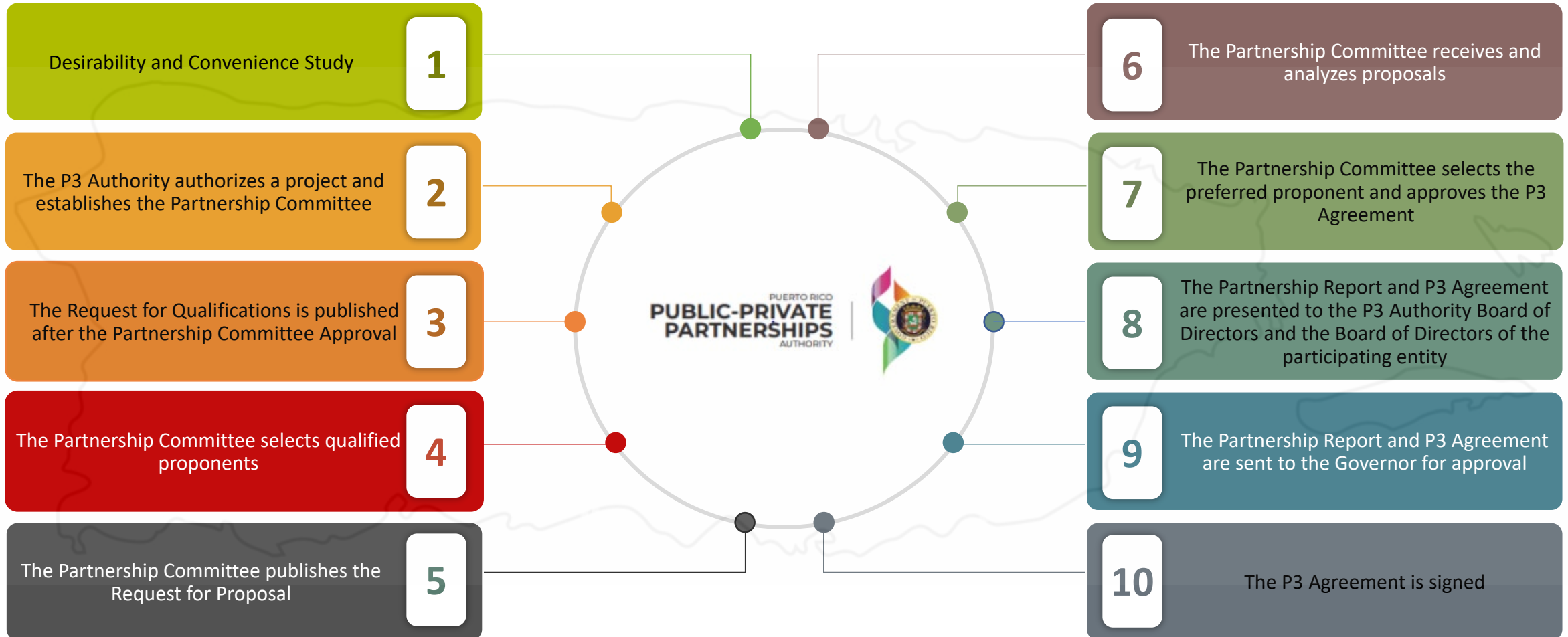
- A 10-year operation and maintenance (“O&M”) for the operation, maintenance and eventual decommissioning of some of PREPA’s base-load generation plants and gas turbine plant units



PROJECT OVERVIEW

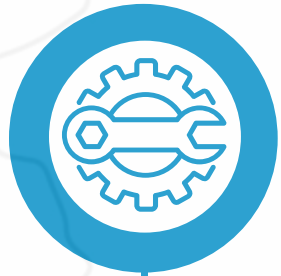


P3A Regulatory Framework



Project Goals and Objectives

The Project is a critical partnership that will facilitate the Government's goals and objectives for the Toll Roads and its desire to improve the social and economic wellbeing of the citizens of Puerto Rico.



MODERNIZATION

Modernize the existing infrastructure and improve mobility, accessibility, and safety for users of the Toll Roads



REVENUES

Increase revenue opportunities through reduced leakage, optimizing fare collection, and better aligning toll rates to costs



INFRAESTRUCTURE

Accelerate improvements in the Toll Roads and limit risks in the delivery of improvements



FISCAL RESPONSIBILITY

Improve budget certainty and address HTA's fiscal situation through leveraging upfront funding sources and minimizing public fund contributions

Investment Highlights



Critical Infrastructure in Puerto Rico

- Critical transportation infrastructure in which millions of citizens depend on every day
- Toll Assets serve key metropolitan areas in Puerto Rico
- Essential corridors for major industries and tourist destinations throughout the Toll Roads expansive operating footprint
- Assets have been operational for multiple decades, providing robust historical data



Strong Competitive Position

- Toll Roads are a critical economic driver and serve as the Island's primary interregional transportation routes
- Transaction levels have surpassed pre-Hurricane levels (>130mm annual transactions) and are expected to continue to grow
- Reasonable tolling policy and rates coupled with inelastic traffic volumes
- Limited competitive alternatives for the Toll Roads



Attractive Growth Potential

- Annual toll increase mechanism above CPI growth
- Completion of PR-9 migration and potential PR-30 DTL extension
- 2-way toll conversion and relocation of toll gantries
- Improved toll collection facilitated by CSC and ORT Improvement Projects



Macroeconomic Fundamentals

- Strong economic post-bankruptcy performance
- Industrial economy anchored by a strong manufacturing and pharmaceutical sectors and becoming a key destination for technology innovation
- Significant progress made in addressing fiscal challenges



Project Transaction Structure

- Project leverages features taken from successful P3 Authority concession transactions
- Long Project term facilitates an attractive economic proposition for both the Commonwealth and Proponents
- Durable, market-based terms and conditions that are similar to other concession agreements and concession-based financings for similar assets



Strong P3 Program

- Clear and transparent procurement process
- Project is of critical importance to Government of Puerto Rico
- Leadership and consensus around the need to attract private capital for infrastructure
- Established P3 Authority and long-standing enabling legislation to support the Project

Critical Toll Asset with Meaningful Upside in Evolving Market

Scope: 40-year concession for the improvement, financing, operation and maintenance of the HTA's toll roads PR-20, PR-52, PR-53 and PR-66 (collectively the "Toll Roads")

The Project presents a rare opportunity to concession a large scale, fully operating, toll road under a long-term contract



Operating Toll Road Concession Assets

PR-52: Starts at the intersection of PR-18 and PR-1 in San Juan, extending southwest for 108.3 km (67.3 miles), ending in Ponce in the south of the island, including the DTLs

PR-53: Starts in Fajardo, extending for 56.0 km (34.8 miles) and ending in Yabucoa at the connection with PR-901

PR-66: Starts at the PR-3 intersection in Carolina and extending east-west for 19.5 km (12.1 miles), ending in the municipality of Río Grande

PR-20: Starts at the intersection with PR-2 in Guaynabo and extending for 9.5 km (5.9 miles), ending with its convergence with PR-1 in Guaynabo

Legend

-  Toll Plaza Metropistas
-  Toll Plaza Autopistas de Puerto Rico
-  Toll Plaza PRHTA

Toll Roads

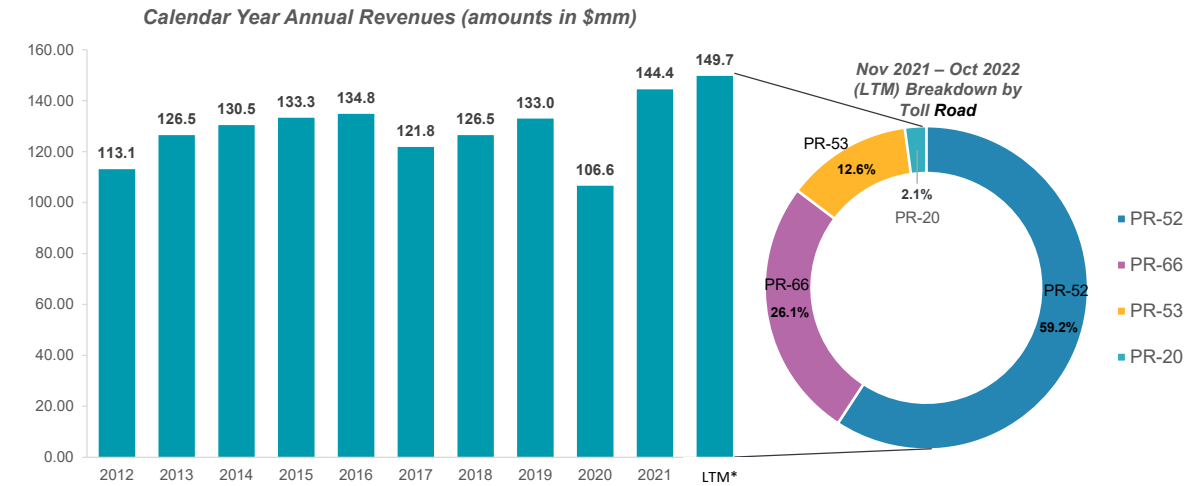
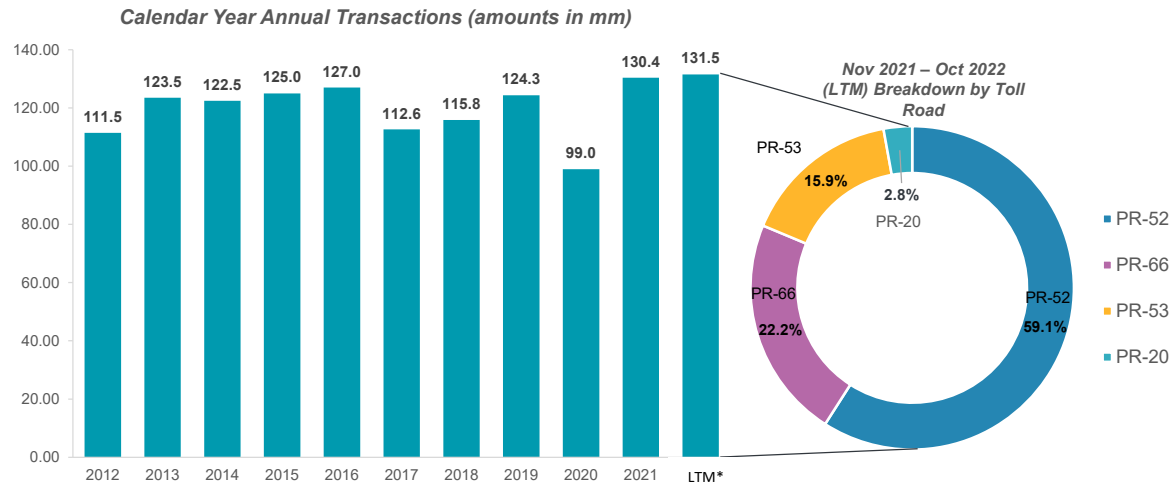
-  PR-66
-  PR-53
-  PR-20
-  PR-52



Toll Road Operating Performance Highlights

- PR-20** → Located between the 2 most populous municipalities in Puerto Rico: San Juan and Bayamon
- PR-52** → Absolutely critical route between San Juan in the north and all economic activity in the southern region of Puerto Rico
- PR-53** → Lifeline route for all traffic in the easternmost region of Puerto Rico
- PR-66** → Key corridor within the San Juan metro area with strategic connection to Luis Muñoz Marín Airport

Metric	PR-20	PR-52	PR-53	PR-66
In Operation Since	1999	1975	1994	2006
Municipalities	1	15	7	3
Length (miles)	5.9	67.3	34.8	12.1
Avg. Toll Rate (\$)	0.85	1.14	0.90	1.34
# Toll Plazas	1	13	5	5
AADT (LTM)	10,262	212,780	57,131	80,146
LTM Transactions (mm)	3.7	77.7	20.9	29.3
LTM Revenues (\$mm)	3.2	88.6	18.8	39.1



*2022 Toll Roads chart data represents last twelve months ("LTM") of latest historical monthly data, ended October 2022

P3 Agreement Outcomes

RISK TRANSFER

Transferring major operational risks previously assumed by HTA to the Concessionaire during the term of the Agreement, including risks related to the operations and maintenance of the Toll Roads

CONCESSION FEE

Establishing an upfront payment of **\$2.85 billion** to be paid by the Concessionaire to the HTA to repay the outstanding debt obligations

CAPITAL PROJECTS

Requiring the Concessionaire to make the capital improvements necessary to bring the Toll Roads into compliance with the operating standards set forth in the Agreement in a timely basis

ECONOMIC GROWTH & SOCIAL WELLBEING

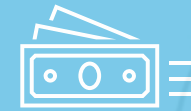
Supporting the goals and objectives set forth in the Certified Fiscal Plan and contributing to the social and economic wellbeing of the citizens of Puerto Rico



RISK TRANSFER



CAPITAL PROJECTS



CONCESSION FEE



ECONOMIC GROWTH & SOCIAL WELLBEING

Accelerated Safety Upgrades

A PHASED APPROACH

> **\$600M**

HTA estimated capital investment program



TIER 1

Scope: Drainage, signage, concrete barriers, guardrails, lighting and electrical, facilities, seismic risk assessment, rock and soil slope stabilization.

HTA Estimated Budget: \$47M

Deadline: 2 years



TIER 2

Scope: Bridge structures, pavement, pavement marking, rumble strips, seismic assessment, rock slope stabilization

HTA Estimated Budget: \$343M

Deadline: 7 years



TIER 3

Scope: Bridge structures, pavement, pavement marking, rumble strips, seismic assessment, rock slope stabilization

HTA Estimated Budget: \$166M

Deadline: 12 years



ITS

Scope: CCTV cameras, DMS, fiber optics, Bluetooth detectors, among others.

HTA Estimated Budget: \$57M

Deadline: 3 years

Key Concession Terms

Topic	Agreement
Grantor	<ul style="list-style-type: none"> Puerto Rico Highways and Transportation Authority
Term	<ul style="list-style-type: none"> 40 Years Subject to extension if HTA elects to pay Concession Compensation to the Concessionaire through term or toll and the Concessionaire elects to receive compensation in the form of an extension in the Term.
Scope	<ul style="list-style-type: none"> Exclusive right to operate, finance, maintain and rehabilitate PR-20, PR-52 (including DTL), PR-53 and PR-66 (the Toll Roads) and receive the Toll Roads Revenues.
Concession Fee	<ul style="list-style-type: none"> The Concessionaire will be required to make an upfront payment to be awarded the Concession; payment will be due on the Closing Date. HTA and the Concessionaire will each need to satisfy other usual and customary conditions precedent before the closing can be accomplished. HTA will retain the right to receive advertising revenue and utility fees.
Operating Standards	<ul style="list-style-type: none"> Are detailed in the schedules to the Agreement and refer to the standard, specifications, policies, procedures and processes that apply to the operation, maintenance, rehabilitation and tolling of, and capital improvements to the Toll Roads Detail the operating requirements set forth by HTA and expected of the Concessionaire during the term of the Concession. May be modified by the Concessionaire or HTA subject to certain conditions.
Toll Rates	<ul style="list-style-type: none"> Right to establish, charge, collect and enforce payment of tolls with respect to the operation of any vehicle or class of vehicles on the Toll Roads Establishes the maximum level of toll that may be charged (1.5% + U.S. CPI starting in 2025)
Windfall Revenue Share	<ul style="list-style-type: none"> After the 12th anniversary of the Closing, HTA shall be entitled to 50% of the Cumulative Toll Road Revenues that exceed the initial equity internal rate of return included in the Proponent's financial model plus 8%.
DTL's Revenue Share	<ul style="list-style-type: none"> <u>DTL Extension</u> – if HTA undertakes the DTL Extension Project, HTA and the Concessionaire shall be entitled to 60% and 40%, respectively, of the DTL Extension Revenues. <u>DTL Incremental Toll Revenues</u> – HTA and the Concessionaire shall each be entitled to 50% of incremental revenues attributable to toll rates applicable to the DTLs above \$6.00 if the required governmental Approvals are obtained and HTA consents to an increase in DTL toll rates above such amount.

P3 Procurement Process

\$2,850M

UPFRONT PAYMENT

\$2,370M

CAPEX INVESTMENT

REQUEST FOR QUALIFICATIONS

Internationally recognized companies submitted qualifications.

3

were prequalified:
Abertis Infraestructuras, S.A.
Concesionario Nuevo Puerto Rico
Vías de Puerto Rico



DOCUMENTS

Available in the
Data Room

2,645



Q&A

953



AGREEMENT DRAFTS

6

Drafts of the Agreement
were distributed to
Qualified Respondents
for revision and
comments



PARTNERSHIP COMMITTEE MEETINGS

17

Meetings to discuss commercial
and legal matters and other
related topics



QUALIFIED PROPONENTS' MEETINGS

+34

Numerous due diligence
calls and meetings with
Qualified Respondents



REQUEST FOR PROPOSALS

2



Thank you

