

Why is Indiana using P3s?

- ***Project acceleration and job creation***

- P3s allow for projects to be accelerated into earlier years when compared to traditional delivery. This results in jobs being created sooner.
- Many local design firms and contractors are part of teams bidding on P3 projects in Indiana.

- ***Risk sharing***

- A key tenet of P3s is risk sharing throughout the life of the project – IFA/INDOT equitably shares risk with the developer throughout both the construction and operations phase.

- ***Fixed-price contracts***

- IFA/INDOT's P3 procurements utilize long-term, fixed-price contracts which transfer the risk of cost overruns and delays to the P3 developer. As a result, the developer is incentivized to minimize change orders and complete the project on time.

- ***Innovative project delivery***

- For its P3 procurements, IFA/INDOT uses a best value selection and encourages the use of Alternative Technical Concepts and Value Engineering.
- P3 developers focus on reducing the whole lifecycle cost of the project through the use of innovative design and materials.

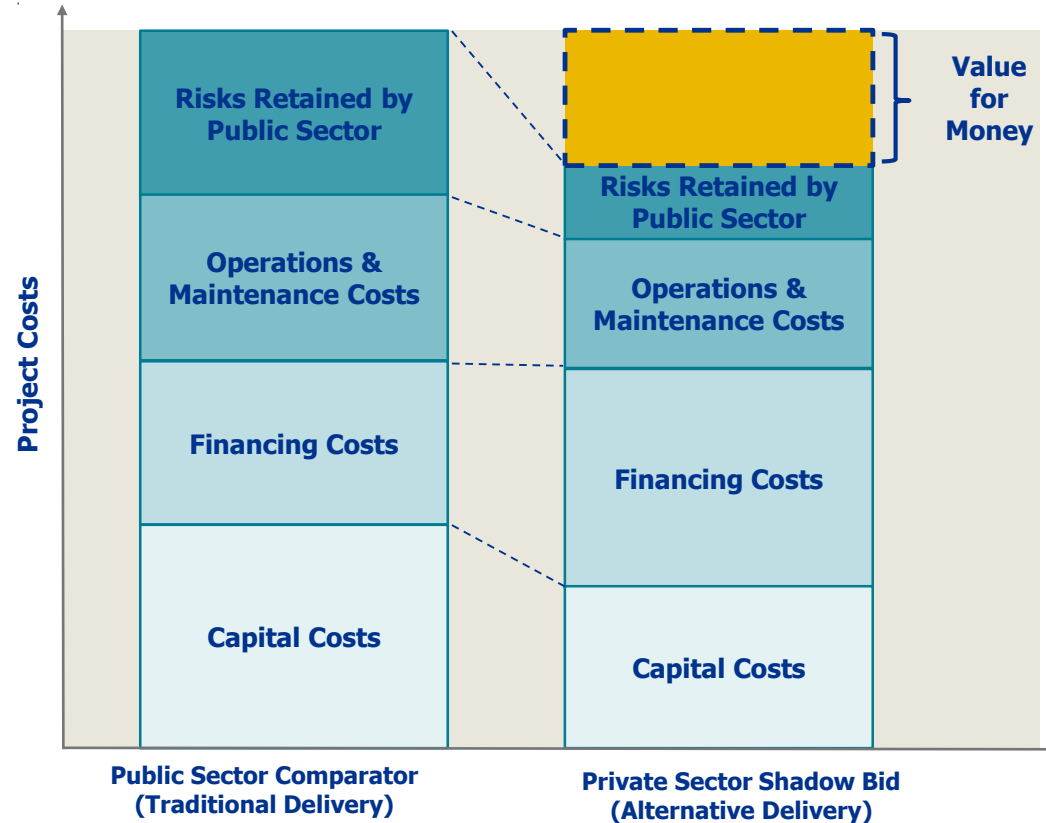


Public-Private Partnerships

How Do We Ensure P3s Provide Value?

IFA/INDOT performs technical and financial analysis as part of the P3 decision making process. This includes evaluating whether a P3 delivery model offers Value for Money to the State.

- **Value for Money** - a result in which one delivery model offers greater value over another delivery model
- **Drivers of a Value for Money include:**
 - Cost savings
 - Project acceleration
 - Risk transfer to a private partner
- **P3 delivery does not always offer Value for Money over a traditional delivery model**

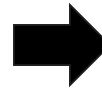


Pursue P3/alternative delivery only if it offers better value



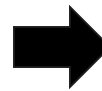
Toll Revenue Concession

Asset that Appeals to Private Industry, Upfront Payment, Long-Term O/M



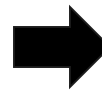
Availability Payment

Appropriation backed payments. Traffic Volumes that Can Support Construction Costs, Revenue Source Backed by Tolls



Availability Payment

Leveraging Capital Funding Appropriations To Attract Low-Cost Private Sector Finance



Section 5

Design-Build Best Value

Leveraging Design Build Best Practices with Risk Sharing to Create Best Value Procurement



**I-69 Northeast
Indy**



Indiana Toll Road



- **ITR Concession Company LLC (ITRCC) Bankruptcy Filing**
 - Bankruptcy petition filed by ITRCC, and affiliates, on September 21, 2014
 - As expected, the “pre-packaged” bankruptcy structure ensured the following:
 - 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 87 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
- **Acquisition of the Toll Road by IFM Investors (IFM)**
 - Transaction closed on May 27, 2015
 - 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
 - As part of its proposal, IFM has pledged a \$260 million investment improvement plan over the next five years
 - Bridge and pavement rehabilitation – Project Push \$205M
 - Updating and improvements to the travel plazas along the Toll Road - \$39M
 - Address minor-environmental management issues

Milestone Contractors, L.P.

Design: United Consulting Engineers, Inc.

Best Value Proposal Highlights:

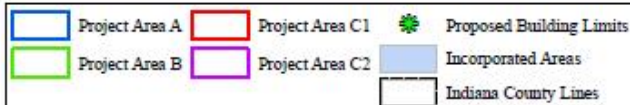
- Innovative Pavement Design
 - Additional 4 years of pavement life
 - Current and new travel lanes will be on the same maintenance cycle
- Enhanced Project Management Plan
- Expanded Public Involvement Plan
- Innovative MOT plans owned by the contractor
- Proposal innovations result in 18% savings when compared to original project estimates.



I-69 Major Moves 2020 Expansion Project

The I-69 Major Moves Expansion Project involves constructing: (1) additional travel lanes along I-69 within the existing median from Exit 205 (116th Street and SR 37 in Fishers) to north of SR 13, (2) constructing an additional outside auxiliary lane on SB I-69 from 106th Street to 116th Street, and (3) modifying the existing diamond interchange at Exit 210 (Campus Parkway/Southeastern Parkway).

- **RFQ:** Issued March 20, 2015, 4 teams submitted Statement of Qualification.
- **RFP:** Issued June 26, 2015, Proposals due September 21, 2015.
- **Structure:** Fixed price design-build contract. There is no financing associated with this project. The project will be funded by State dollars from the INDOT Major Move's 2020 fund appropriation.
- **Construction Cost:** \$85M
- **Anticipated Construction:** 2 years starting Spring 2016



Social Infrastructure P3s

What is Social Infrastructure?

- Public buildings – including educational institutions, medical facilities, government buildings, etc.

Examples: Student housing, government office space, hospitals, correctional facilities, to name a few.

What do they want done?

- Concessionaire to develop, design, build, finance, operate, and maintain the project for a set period of time. This is usually done under an availability payment type structure.

Model has been used in Canada and Europe for Years.

Social Infrastructure P3s

What are the benefits?

- Risk transfer, just like in transportation projects.
- Minimizes lifecycle costs for the owner. 80%-90% of a buildings cost over a lifetime comes from operations and maintenance.
- Developers/operators are incentivized to construct highly efficient and low operating cost facilities.

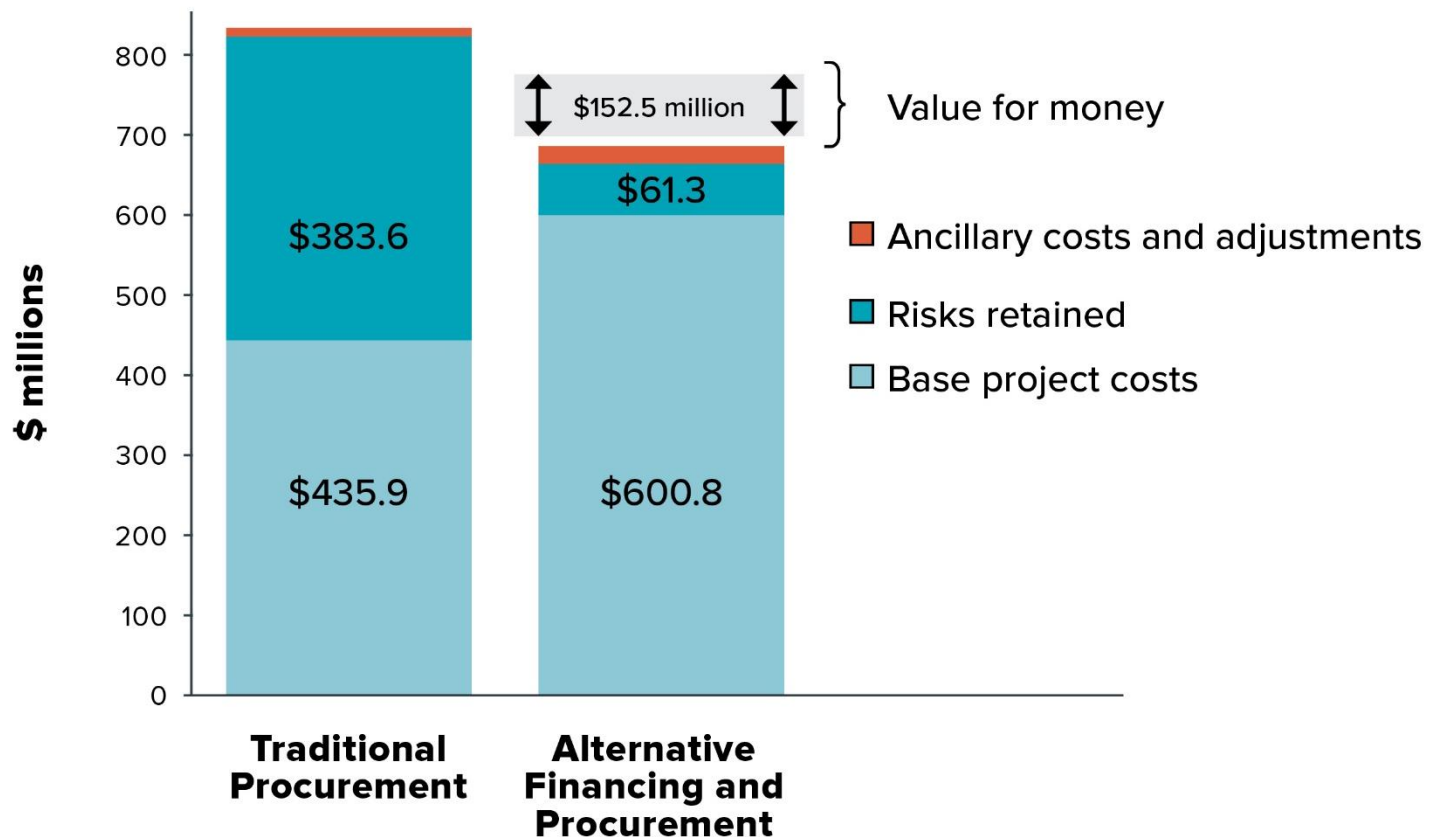
What are the Risks?

- Environmental and permits (delays due to pending approvals)
- Political (support from elected officials)
- Land/ROW acquisition
- Operations and maintenance
- Construction
- Design

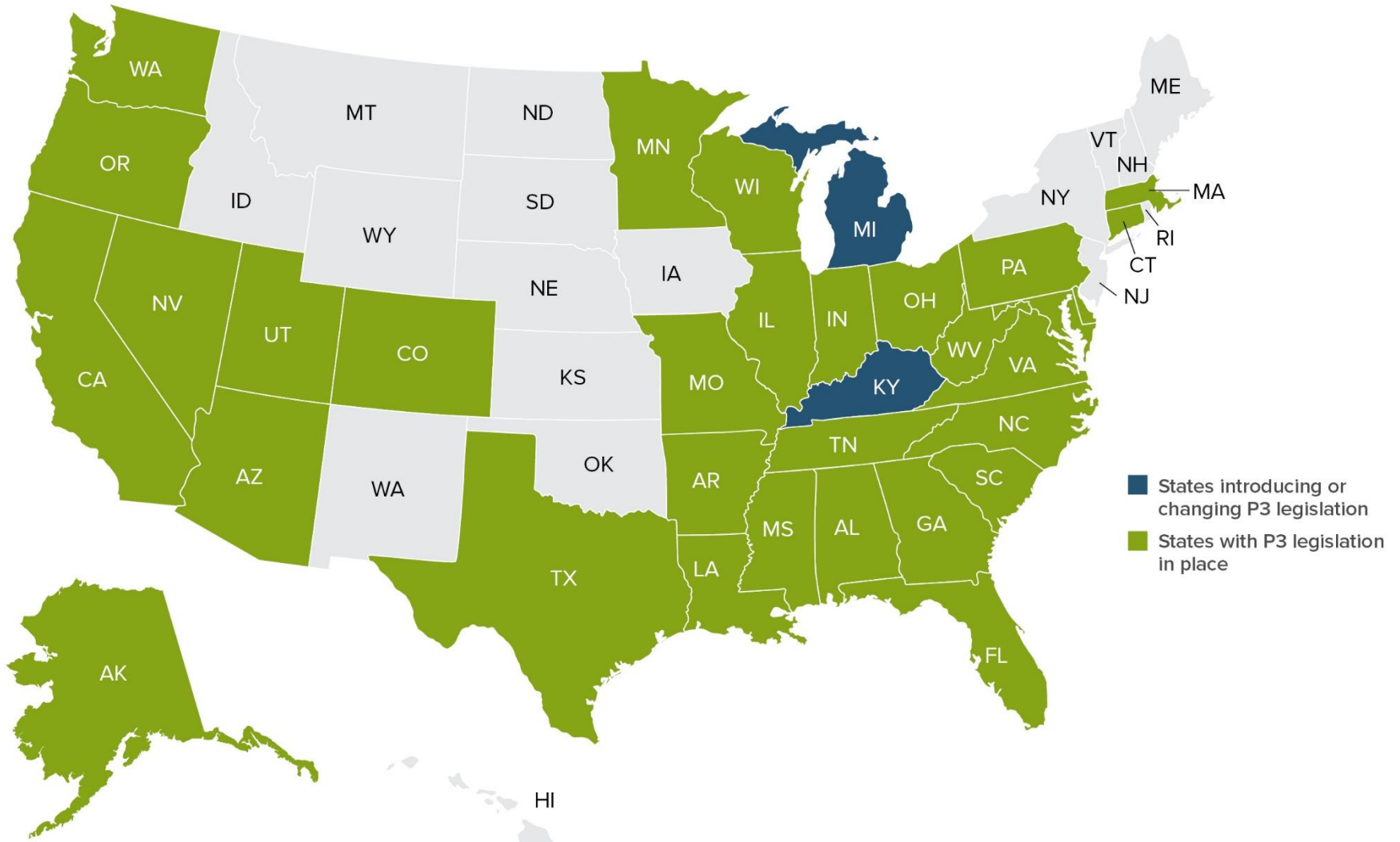
Social Infrastructure P3s

Value-for-Money (VFM)

- VFM on social projects range from 10%-20% over traditional procurements. Transportation ranges from 15%-25%.



Where is this Working? Current Trends...



Social Infrastructure P3s

Where is this being done?

- Projects have been completed in Canada since 1996 (Over 165 projects to date)
- California's Long Beach Courthouse project was the first in the US using the AP model, awarded 2010.
- Since 2010 only 29 other projects have moved forward in the US versus 118 for transportation.
- Two high profile cancelations:
 - Indianapolis Justice Center
 - Houston Justice Center



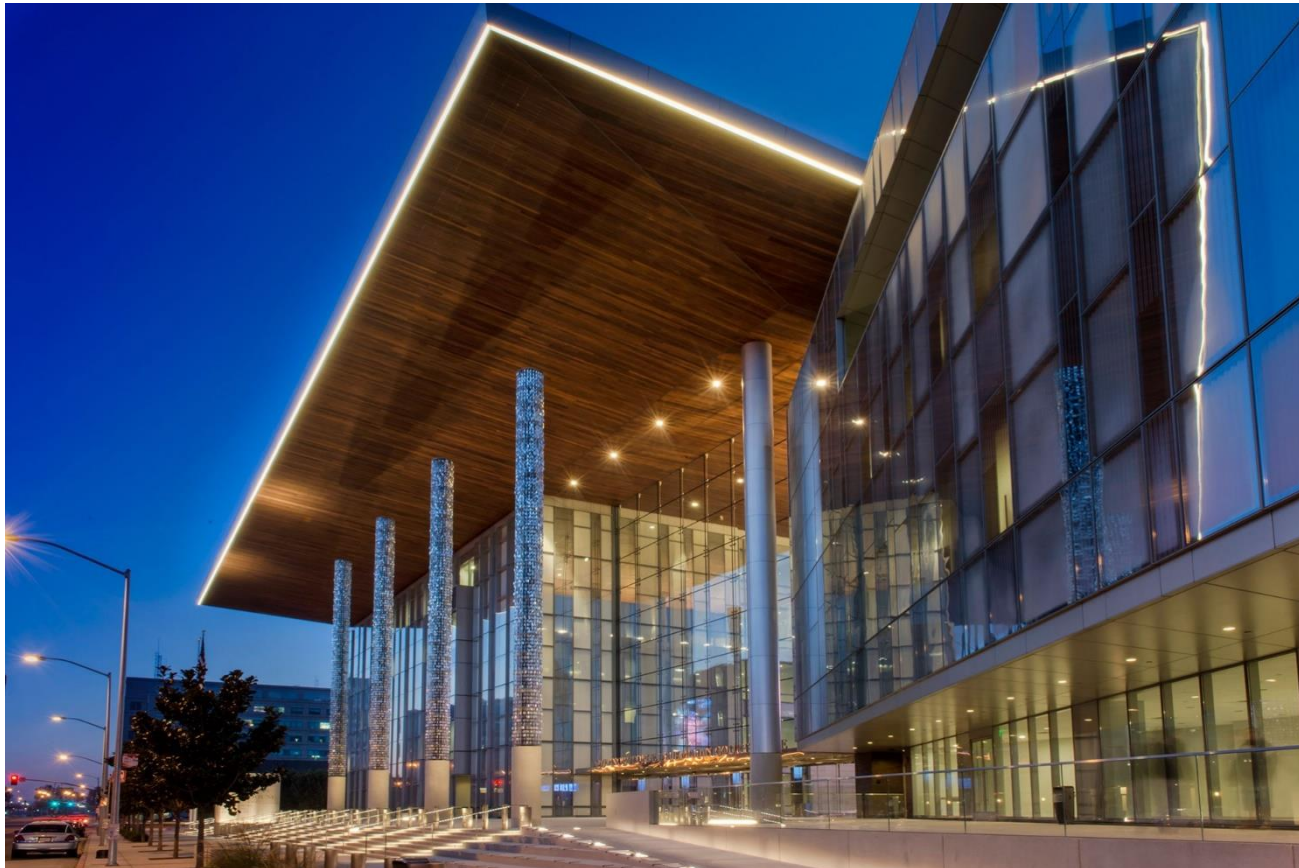
Major Planned PPP Projects

Transaction Name	Country	Type	PPP	Delivery Model	Sector	Sub-Sector	Status	Date	Capex USD(m)
Central Pasco Judicial Center and Detention Center P3	USA (Florida)	Greenfield	yes	DBFOM	Social Infrastructure	Prisons	Expressions of Interest	12 Feb 2016	
Boston City Hall and Plaza	USA (Massachusetts)	Greenfield	yes		Social Infrastructure	Accommodation	Pre-Launch	12 Jun 2015	
California University Housing Projects	USA (California)	Greenfield	yes	DBFOM	Social Infrastructure	Social Housing	Pre-Launch	6 Nov 2015	
Krome Detention Center	USA (Florida)	Greenfield	yes		Social Infrastructure	Prisons	Pre-Launch	18 Aug 2015	USD 435.75
Los Angeles Convention Center	USA (California)	Greenfield	yes		Social Infrastructure	Leisure	Pre-Launch	23 Dec 2015	USD 470.00
Miami-Dade Training and Treatment Center	USA (Florida)	Greenfield	yes		Social Infrastructure	Prisons	Pre-Launch	19 Aug 2015	USD 267.75
Seminole State College Buildings	USA (Florida)	Greenfield	yes		Social Infrastructure	Social Housing	Pre-Launch	6 Nov 2015	
Smart Street Lighting Project	USA (Illinois)	Greenfield	yes		Social Infrastructure	Street Lighting	Pre-Launch	14 Aug 2015	
Virginia Customer Service Facilities	USA (Virginia)	Greenfield	yes		Social Infrastructure	Other	Pre-Launch	27 Oct 2015	
Virginia Interstate Lighting	USA (Virginia)	Greenfield	yes		Social Infrastructure	Street Lighting	Pre-Launch	27 Oct 2015	
Virginia Rest Area Enhancements	USA (Virginia)	Greenfield	yes		Social Infrastructure	Accommodation	Pre-Launch	23 Oct 2015	
Virginia Street Lighting Replacements	USA (Virginia)	Greenfield	yes		Social Infrastructure	Street Lighting	Pre-Launch	23 Oct 2015	
Easton Police Station	USA (Pennsylvania)	Greenfield	yes		Social Infrastructure	Accommodation	Transaction Launch	18 May 2015	
Kent State University Student Housing and Offices	USA (Ohio)	Greenfield	yes		Social Infrastructure	Social Housing	Transaction Launch	26 Aug 2015	
Thurgood Marshall Airport Hotel	USA (Maryland)	Greenfield	yes	DBFOM	Social Infrastructure	Social Housing	Transaction Launch	24 Jun 2015	
University of South Carolina Social Infrastructure Projects	USA (Maryland)	Greenfield	yes	DBFOM	Social Infrastructure	Education	Transaction Launch	23 Sep 2015	
Wayne State University Student Residential Facilities P3	USA (Michigan)	Greenfield	yes	DBFOM	Social Infrastructure	Accommodation	Transaction Launch	15 Feb 2016	
LSU Nicholson Gateway Project	USA (Louisiana)	Greenfield	yes	DBFOM	Social Infrastructure	Social Housing	Shortlisted Proponents	2 Dec 2015	USD 150.00
University of California, Merced Campus Expansion	USA (California)	Greenfield	yes	DBFOM	Social Infrastructure	Education	Shortlisted Proponents	9 Jan 2015	USD 1,000.00

Only 20 transportation P3 projects are active in procurement.

Summary

- Evolving US industry direction
- Large section growth
- Risks versus value



Questions