



PUERTO RICO  
PUBLIC-PRIVATE  
PARTNERSHIPS AUTHORITY

PUERTORICO  
CREDIT  
CONFERENCE  
2011

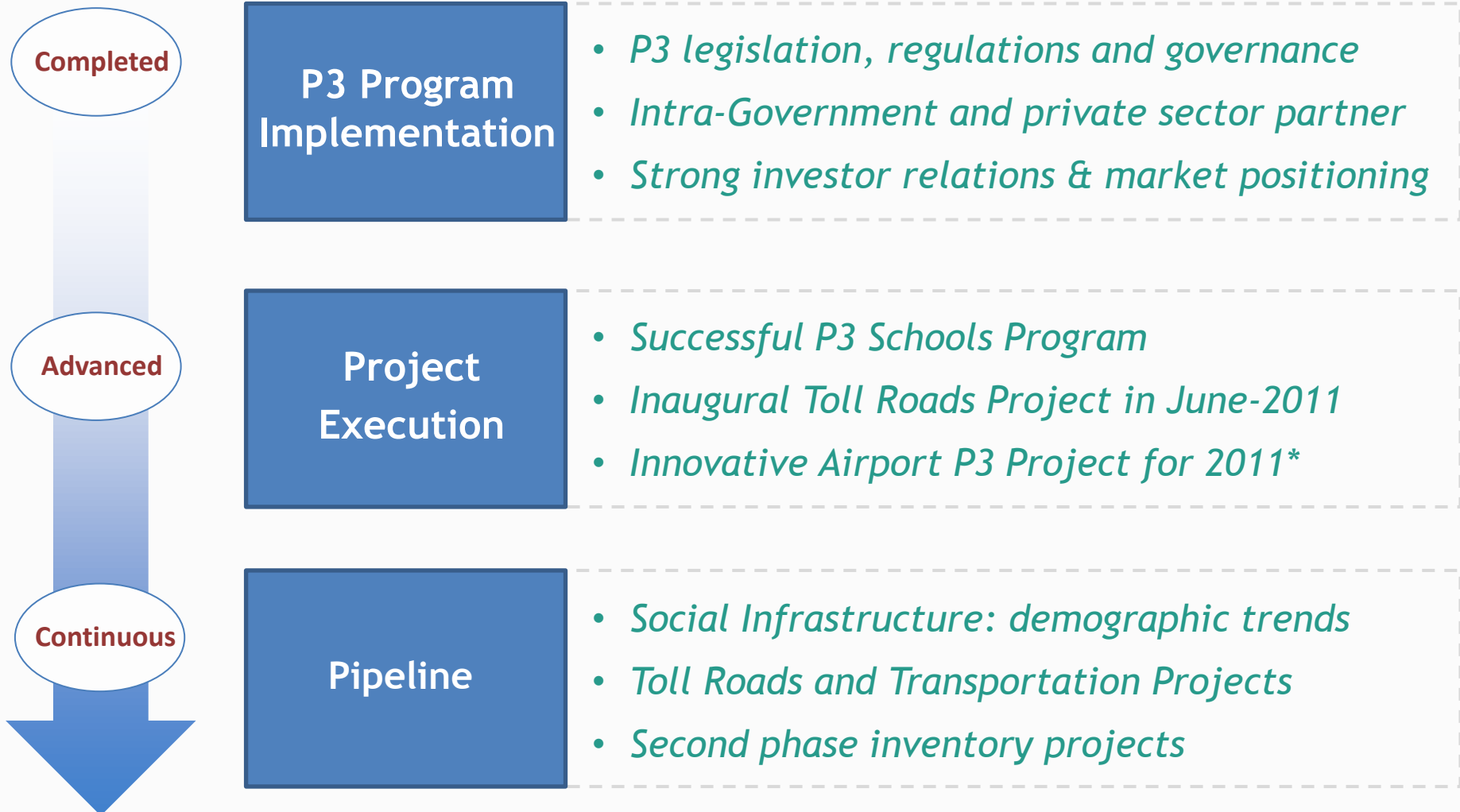
# Public-Private Partnerships Progress

*David Álvarez*  
*Executive Director*  
*Puerto Rico Public-Private*  
*Partnerships Authority*

*April 8, 2011*



# Remarkable progress in 22 months





# P3s Working for Our Children

## Schools P3 Update





# Successful progress

**Total 21<sup>st</sup> Century Schools: 100 in 78 municipalities**

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*Data as of Mar-31-2011*

**Schools under construction: 49**

**Schools under evaluation: 21**

**Schools pending for procurement: 30**



# Project delivery is a reality...

## Date and number of schools to be completed and delivered

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*Data as of Mar-31-2011*

**Estimated Completion Date\***

**# Schools**

**August 2011:**

**2 schools**

**January 2012:**

**23**

**August 2012:**

**25**

*\*Estimated date subject to change.*

*\*\* Does not add to 100 schools due to the fact that not all the 100 schools have been granted and procured.*



# Risk transfer has accelerated investment

## Design

- Consortium receives schematics to 20% and then delivers updates to 40%, 90% and 100%.



## Construction

- Environmental improvements, Site infrastructure, Electrical/Telecomm, Structural Improvements, Architectural Improvements



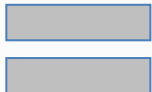
## Additives

- Group of 10 standard additives to further enhance schools.



## Infrastructure Conservation

- Consortiums required to present a 5-year full building conservation plan.



**New Platform to Transform and Deliver 21<sup>st</sup> Century Schools in PR**



# P3s are creating jobs...

*Alfredo Dorrington School,  
Hormigueros*



*Luis Muñoz Rivera School,  
Utualdo*



*Isidro A. Sánchez School,  
Luquillo*



*Dr. Pedro Albizu Campos School,  
Aguas Buenas*





# P3s are accelerating investment...

*Basilio Milán Hernández School,  
Toa Baja*



*Rafael Cordero School,  
Cataño*



*Dr. Carlos González School,  
Aguada*



*Escuela Raúl Ibarra,  
Maricao*





# Transformation into 21<sup>st</sup> Century



*Federico Degetau School, Aibonito*

# Transformation in 21<sup>st</sup> Century



*Ralph W. Emerson School, Camuy*

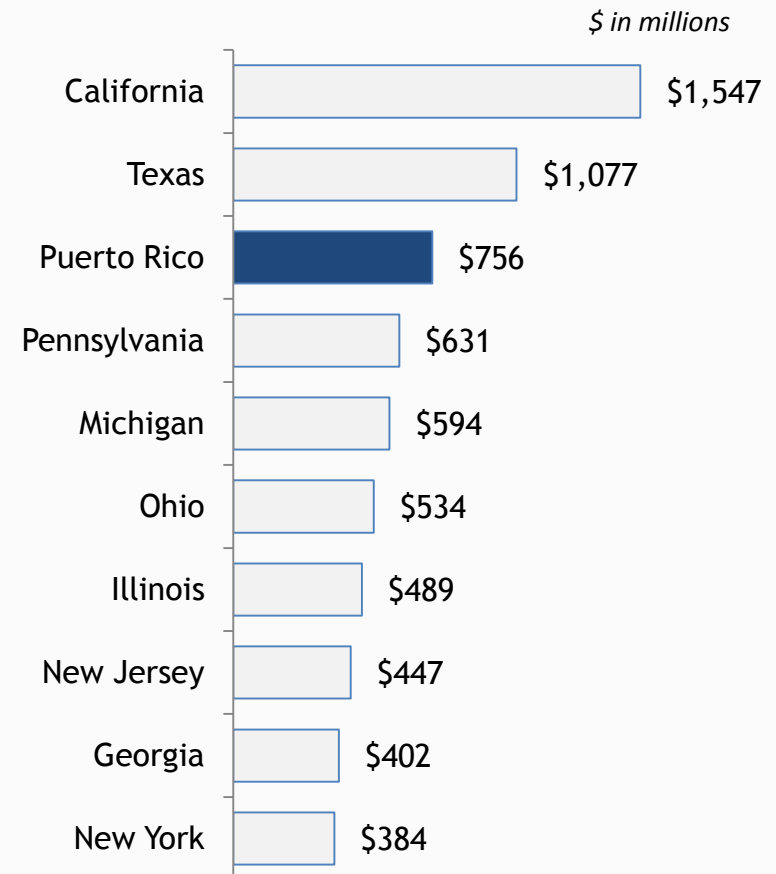


# Schools P3 financing

## Proposed Financing

- Government of Puerto Rico will be issuing Qualified School Construction Bonds (QSCBs)
- QSCBs enjoys a direct subsidy under ARRA\*.
- The direct subsidy has facilitated larger issuances and greater liquidity leading to increased interest from investors.
- 36% of the authorized \$22 billion QSCBs has been issued.
- New York City TFA, the State of Connecticut and Los Angeles Unified School District have completed large QSCBs transactions.

## Top 10 QSCBs Allocations



## Toll Roads P3 Update





# Successful and continuous progress

## Procurement Status

**Final Meetings with Proponents:** April 11-12

**Proposal Submission Deadline:** May 18

**Bidder Selection:** Early June

**Expected Commercial Close:** Summer



# Favorable timeline progress

## Comparable Toll Road brownfield transactions in the U.S.

PR-22 & PR-5  
*Puerto Rico*

- *Transaction Closing: Summer-2011\**
- *Transaction length\*\*:* +12 months



Northwest Parkway  
*Colorado*

- *Transaction Closing: Nov-2007*
- *Transaction length\*\*:* 13 months



I-895 /  
Pocahontas Pkwy  
*Virginia*

- *Transaction Closing: June-2006*
- *Transaction length\*\*:* 20 months



\* Date subject to change.

\*\* Estimated lengths of time since Request for Qualifications.



# Toll Road P3 for economic growth

## Jobs & Investment

- Capital improvements
- Operating Standards that ensure a world class highway
- Enhance technological and service features

## Government Control & Quality of Asset

- Performance and compliance enforced by Government
- Additional tax revenues
- Government retains ownership of the asset

## Fiscal & Credit Benefits

- Reduction in public debt concerning PRHTA
- Financial risk of CIP transferred
- Facilitate further investments in infrastructure



# P3s for Better Global Connectivity

## Airport P3 Update







# Significant Progress Up-to-Date

**Dec-09**

**Submittal and Approval for Pre-Application for the FAA Pilot Program**

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**May-10**

**Completed Desirability & Convenience Study (May 2010)**

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**Aug-10**

**Constructed stand alone financial statements for LMM**

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**Started  
Sep-10**

**Engaged in reaching a MOU\* with LMM carriers**

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**Apr/May  
2011**

**Finalize MOU with LMM carriers**

\* Memorandum of Understanding



# Benefits for all stakeholders

## **Puerto Rico**

- Re-position Puerto Rico as a preferred destination in the Caribbean
- Increase passengers and carriers
- Reduction of operating expenses a potential upfront proceeds

## **The Traveling Public**

- Provide safe, efficient, and high-quality access for business and leisure travelers to and from PR
- Best in class operations are expected to attract top airlines

## **The Airlines**

- Potentially lower net airport charges
- Greater visibility, transparency, and predictability of charges
- Improved service quality and infrastructure
- World class operator will deliver global best practices



# Expected Transaction Structure

## Concession Term

- P3 authority allowed to offer up to 50-year concession

## Revenues

- Aeronautical rates will be defined by MOU currently under discussion
- MOU terms to be represented in formal New Use Agreement
- Access to all non-aeronautical revenue streams
- Continued access to PFCs and AIP grants

## CAPEX

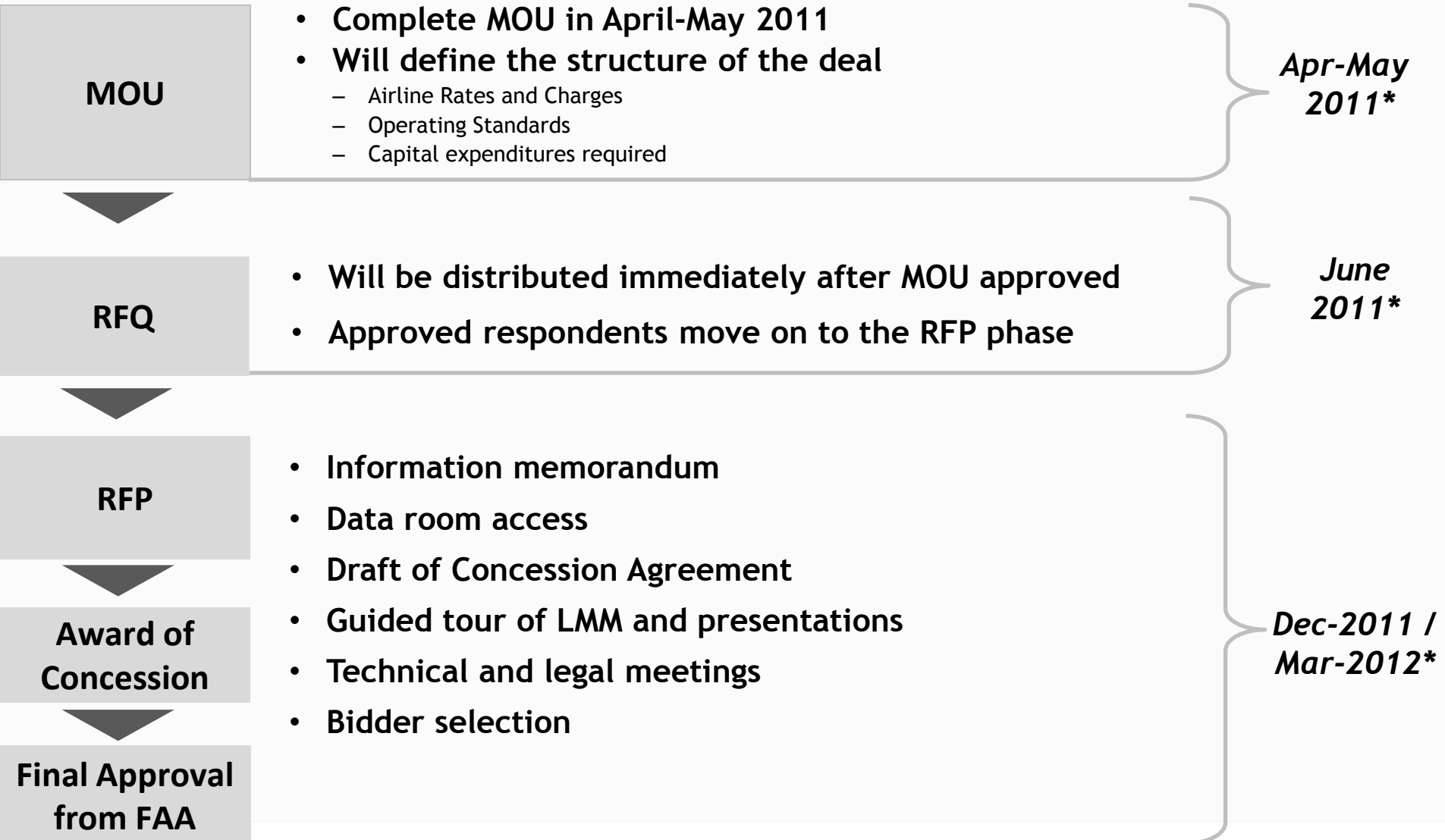
- Defined projects to be completed by operator within a time frame
- Additional capital improvements will be subject to MII approval
- Operator free to fund and execute non-approved projects without inclusion in airline rate base

## Other

- No phantom changes
- Well-defined operating standards



# Next Steps



# P3s for a Better Future





# Concluding Remarks

- 1** P3 Program has accomplished remarkable progress in less than 2 years
- 2** Successful P3 School Project is already creating jobs and accelerating investment.
- 3** Focused on toll roads inaugural brownfield P3 that will add jobs and investment as well as Airport P3 transaction.

**Visit: [www.p3.gov.pr](http://www.p3.gov.pr)**