



DELIVERING
ON THE PROMISE

Pennsylvania Rapid Bridge Replacement Project

Financial Close: March 18, 2015

PENNSYLVANIA RAPID BRIDGE REPLACEMENT PROJECT

SNAPSHOT

Consortium	Plenary Walsh Keystone Partners
Financial Close	March 2015
Substantial Completion	December 2017
Status	Construction
Total Capital Cost	US\$1.1 billion
Builder	A joint venture of Walsh Construction Company and Granite Construction Company
FM Provider	Walsh Infrastructure Mgmt.
Equity Provider	Plenary Group (80%), Walsh Group (20%)



DESCRIPTION

The project includes the replacement of 558 bridges across Pennsylvania, making a big commitment to reducing the large backlog of structurally deficient bridges in the Commonwealth. Plenary Walsh Keystone Partners is managing the financing, design and construction of the Replacement Bridges and will then be responsible for their maintenance for 25 years after construction. There are strict availability, performance, and handback requirements on all of the bridges, ensuring a rigorous maintenance regime for the life of the contract.

The Consortium was selected in part for its commitment to delivering the full complement of bridges eight months earlier than required. Construction is scheduled to be completed within 36 months of commercial close. PennDOT projected that as part of their traditional procurement and construction program it would take up to 20 years to replace all of the bridges that are a part of this project.

The project is the first multi-asset PPP to be undertaken in the US, allowing Pennsylvania to replace and maintain a significant number of bridges in a more economical way. The average Replacement Bridge under the project is expected to cost \$1.6 million, as compared to the PennDOT estimate of \$2 million per bridge under the traditional delivery option, a significant savings for the Commonwealth, even before factoring in the 25 year maintenance and rehabilitation “warranty”.

The project is financed through a combination of milestone payments, availability payments, tax-exempt Private Activity Bonds and private equity.

KEY ASPECTS OF PROJECT DESIGN AND CONSTRUCTION

Construction Requirements and Risk Allocation

- Full demolition and replacement of all 558 Replacement Bridges, which are primarily:
 - single and multi-span bridges
 - span lengths between 40-75 feet
 - on the state highway system
 - over minor waterways, with a small number crossing roadways and railroads
- The PPA identifies specific lane maintenance requirements, detour requirements, and calendar restrictions pertaining to the construction scheduling and logistics for each Replacement Bridge

Early Completion Bridges (ECBs) = 87 Bridges

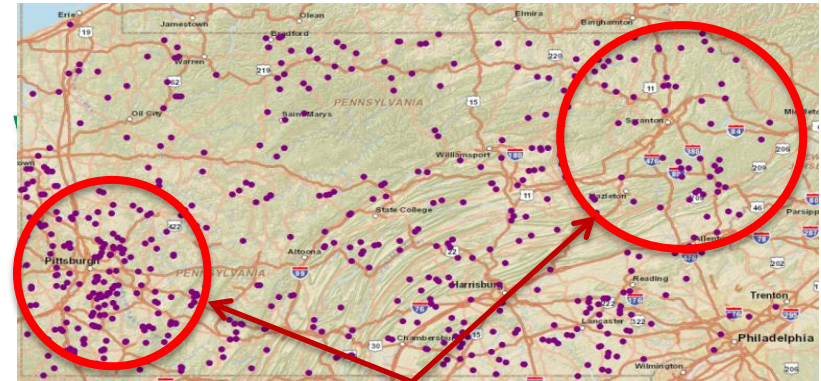
In order to facilitate the start of construction in 2015, PennDOT is providing for the ECBs:

- Type, Size, and Location (T,S&L) Plans
- Governmental Approvals
- Right of Way including easements
- Utility Clearance

Remaining Eligible Bridges (REBs) = 471 Bridges

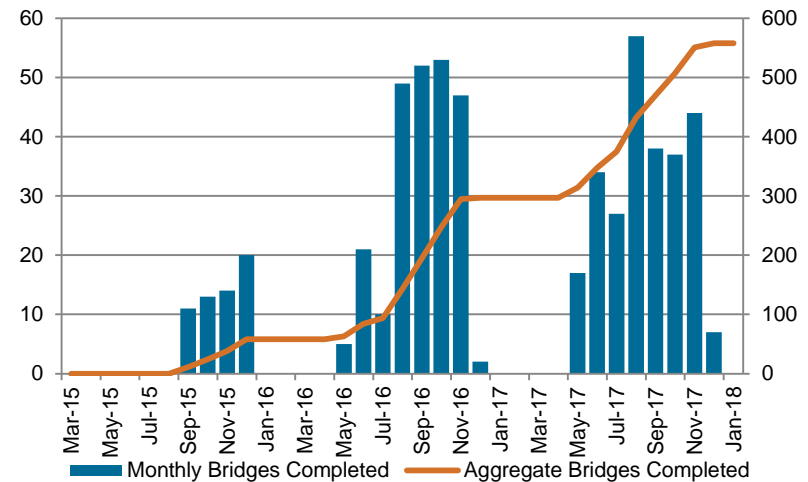
- PWKP has full responsibility for design
- Coordination of utility work is the responsibility of PWKP, while PennDOT retains responsibility for the majority of the cost
- PWKP is responsible for acquiring all necessary permits and governmental approvals, while PennDOT provides certain protections for timeliness

Project Bridges are Geographically Dispersed



Approximate Early Completion Bridge Regions

Bridge Completion Schedule*



* Preliminary, Subject to Change

KEY ASPECTS OF OPERATIONS, MAINTENANCE & REHAB

OM&R Scope Allocation

- PWKP OM&R scope focuses on structural performance, aligning PWKP's interests with PennDOT project objectives
- PennDOT retained OM&R scope encompasses items that can be efficiently delivered by existing staff working on nearby roads and bridges

PWKP Scope

- Maintain all bridges at a condition rating of NBIS 7 or greater
- Perform bi-annual NBIS inspections and preventative maintenance
- Traffic management during maintenance activities
- Identify and correct all damages to the Project from emergencies or incidents
- Control any vegetation growth on the bridge structures
- Maintain any stream channels within 50 of each bridge
- Maintain asphalt pavement constructed as part of the work for 5 years from Substantial Project Completion
- Provide a contact to receive public feedback on the bridges

PennDOT Scope

- Snow and ice removal and control
- Emergency and Incident first response
- Pavement striping, reflectors, etc.
- Asphalt maintenance (after first 5 years)
- Vegetation control in right of way (off-structure)

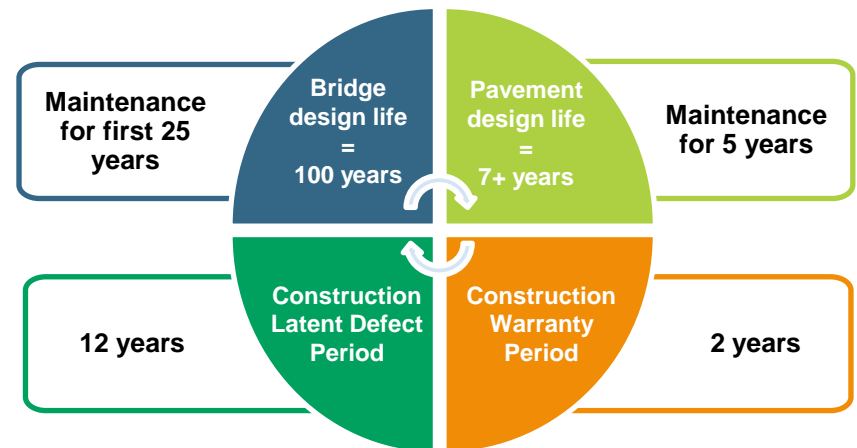
Approach To OM&R

Pre-Substantial Completion

The DBJV will perform maintenance work at each Bridge location from NTP3 (release for construction at each Replacement Bridge) until Substantial Completion

Post Substantial Completion

The OM&R Contractor will commence Maintenance Work on each Replacement Bridge upon Substantial Completion of each Replacement Bridge



Handback Requirements

In order to ensure the Replacement Bridges meet a high level of quality when turned back over to PennDOT, a rigorous annual inspection process and Handback Reserve Account funding requirements are in effect for the final 5 years of the Term.

SUMMARY OF THE PLAN OF FINANCE

- The Private Activity Bonds (PABs) received a BBB investment grade rating from S&P
- Spread to MMD ranged from 67 bps (2018) to 130 bps (2028/2029), with the final maturity at 118 bps (2042)
- PABs All-in True Interest Cost (TIC) of 4.098%
- 63 unique investors placed orders ranging in size from \$250,000 to \$470 million

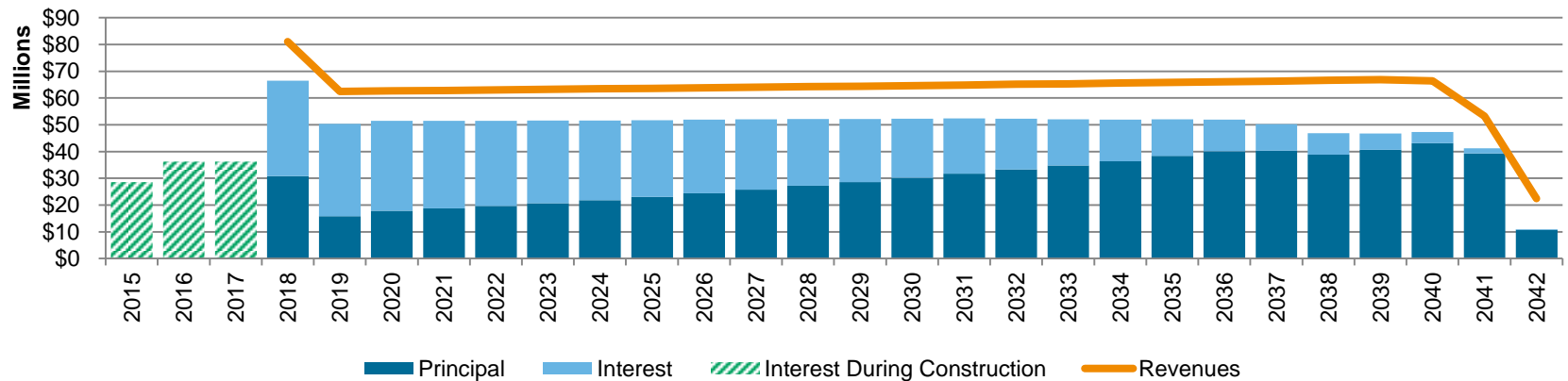
- ✓ \$721.5m par value represents the largest ever PAB issuance for a P3 transaction
- ✓ Lowest yields to maturity of any uninsured BBB level P3 bond issuance to date

Source of Funds	Amount
Tax-Exempt Private Activity Bonds	\$793 million
Equity	\$58 million
Milestone Payments	\$224 million
Availability Payments	\$35 million
Total	\$1.11 billion

Structural Features of the bonds:

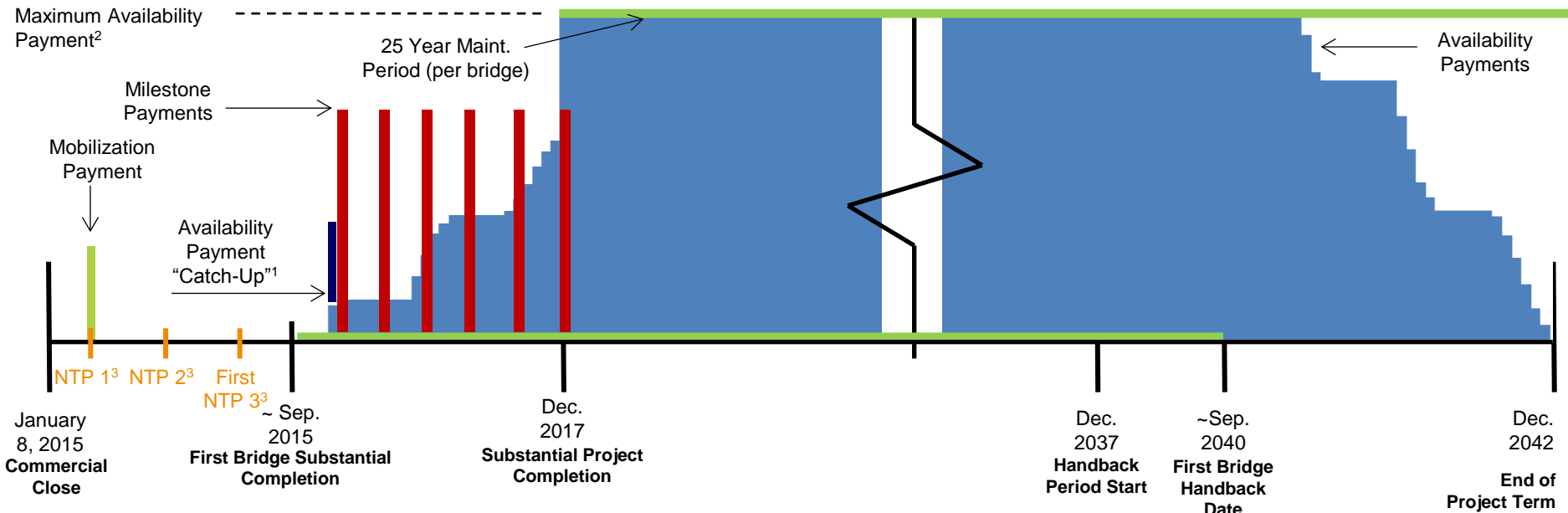
- 1.14x minimum DSCR
- 92.5% gearing ratio
- Average life of approximately 16.77 years
- Primarily 5% coupons, sold at a premium
- 6 month look forward Debt Service Reserve Account
- 3 year look forward Major Maintenance Reserve Account

Projected Debt Service Requirements



OVERVIEW OF AVAILABILITY, MILESTONE, AND MOBILIZATION PAYMENTS

- Availability Payments include both a **fixed element (90%)** and **indexed element (10%)** which is indexed to CPI following Substantial Project Completion; the indexed portion closely approximates the average portion of the Availability Payment used for OM&R and Project Co costs
 - Monthly Availability Payments are calculated based on the proportional number of bridges to have achieved Substantial Completion (and not yet handed back), along with a deduction factor during the construction phase to incentivize full Project Completion
 - Availability payments are subject to deductions for certain non-compliance as defined in the PPA, including: lane closures, non-compliance with PPA provisions, lack of prescribed NBIS bridge ratings, etc.
- Milestone Payments will be paid according to a **defined schedule** and, while subject to deductions for non-performance, are not linked to the achievement of certain aspects of the D&C Work (except that the aggregate Milestone Payments at any time shall not exceed 50% of aggregate amount of private capital paid to the D&C Contractor prior to such time)
- The PPA includes a **cap on daily deductions** per Replacement Bridge arising out of Unavailability Events



(1) Following Substantial Completion of the first 50 Bridges, PennDOT shall make a lump-sum, "catch-up" Availability Payment
 (2) Excludes impact of indexation of a portion of Availability Payments
 (3) NTP 1 allows for the start of administrative and preliminary Design Work and is the trigger for the timing of the Mobilization and Milestone Payments; NTP 2 allows for the start of any other Work that is not on site ; NTP 3 is issued for each Replacement Bridge and allows for the start of work on each site
 Note: Chart is indicative only and is not intended to reflect actual magnitude of payments

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