



PUERTO RICO
PUBLIC-PRIVATE
PARTNERSHIPS AUTHORITY

PUERTORICO
CREDIT
CONFERENCE
2011

Public-Private Partnerships Progress

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April 8, 2011

STAYING THE COURSE, CHANGING OUR FUTURE



Disclaimer

Today's presentation includes certain statements that are not historical in nature. These statements are based on the Government of Puerto Rico's current beliefs regarding future events, and are based upon a number of estimates and assumptions that are subject to significant uncertainties, many of which are outside the control of the Government of Puerto Rico, its agencies and instrumentalities. This presentation has been prepared solely for informational purposes, and should not be construed as a recommendation to buy or sell any security or to participate in any particular trading.



Remarkable progress in 22 months

Completed

P3 Program
Implementation

- *P3 legislation, regulations and governance*
- *Intra-Government and private sector partner*
- *Strong investor relations & market positioning*

Advanced

Project
Execution

- *Successful P3 Schools Program*
- *Inaugural Toll Roads Project in June-2011*
- *Innovative Airport P3 Project for 2011**

Continuous

Pipeline

- *Social Infrastructure: demographic trends*
- *Toll Roads and Transportation Projects*
- *Second phase inventory projects*

* Subject to revision without notice.



Schools P3 Update

P3s Working for Our Children





Successful progress

Total 21st Century Schools: 100 in 78 municipalities

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

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



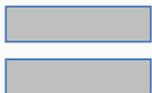
Additives

- 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
21st 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 21st Century



Federico Degetau School, Aibonito

Transformation in 21st Century



Ralph W. Emerson School, Camuy

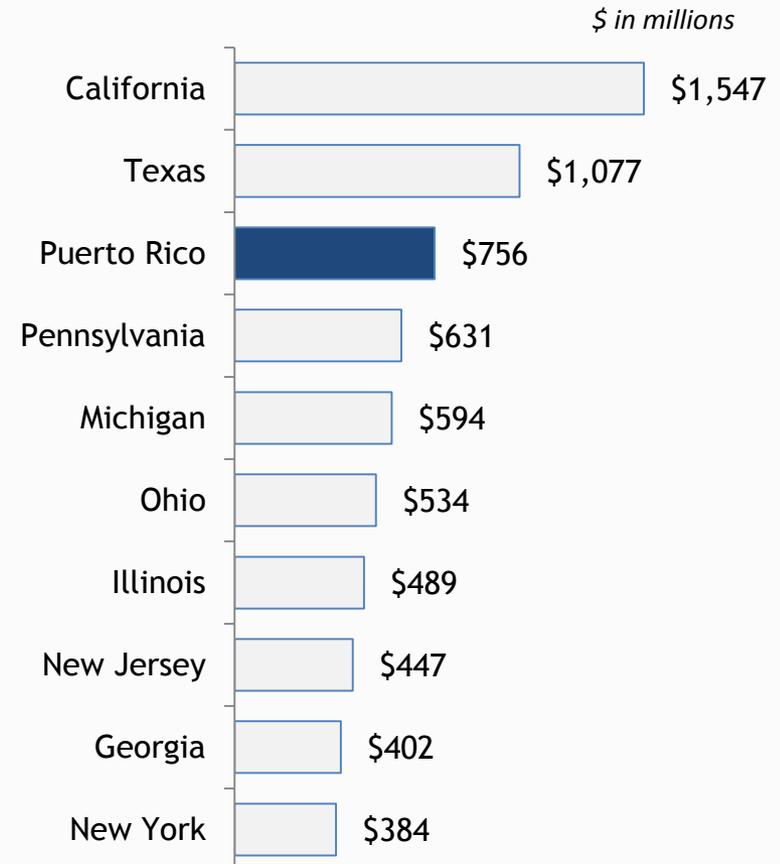


Schools P3 financing

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



* ARRA = American Recovery and Reinvestment Act.

P3s for Better Mobility

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

May-10

Completed Desirability & Convenience Study (May 2010)

Aug-10

Constructed stand alone financial statements for LMM

**Started
Sep-10**

Engaged in reaching a MOU* with LMM carriers

**Apr/May
2011**

Finalize MOU with LMM carriers



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

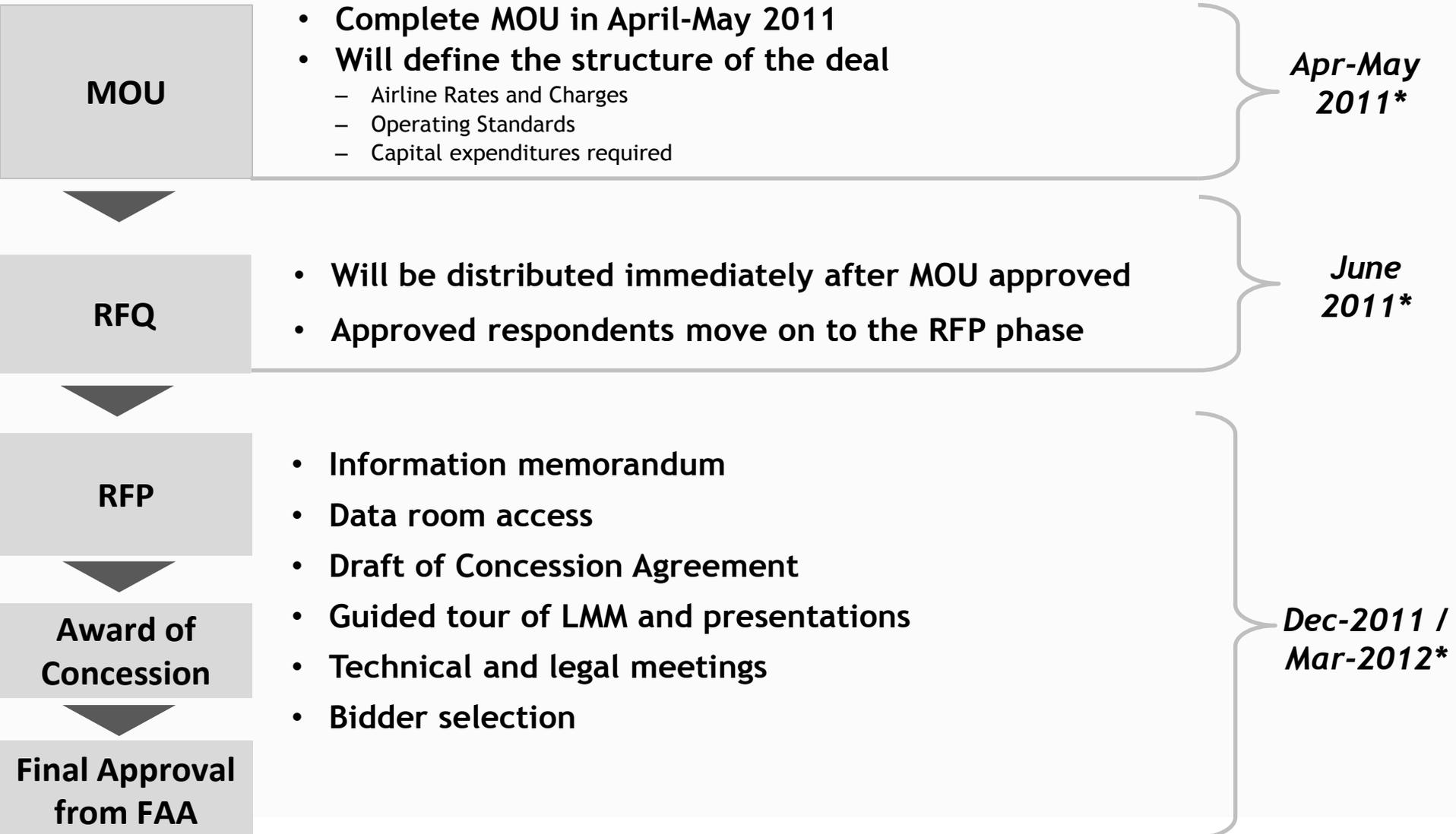
- Defined projects to be completed by operator within a time frame
- Additional capital improvements will be subject to MII approval
- Operator free to fund and execute non-approved projects without inclusion in airline rate base

Other

- No phantom changes
- Well-defined operating standards



Next Steps



* Date subject to change.

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



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