

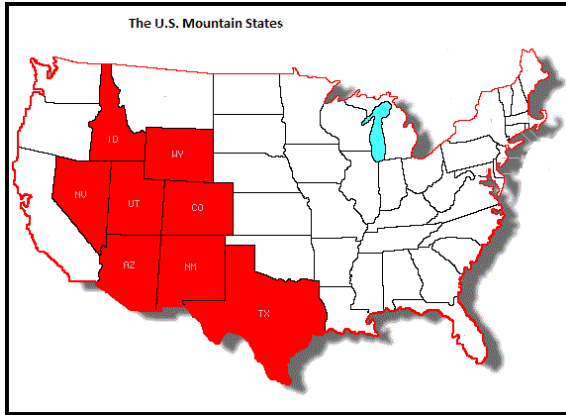


***We need a new national infrastructure financing system rather than just a National Infrastructure Bank***

- **With temporarily a large balance sheet to compensate for the lack of U.S. private infrastructure lenders**
  - U.S. lenders abandoned Project Finance lending to European banks in the 80's
  - The culture was lost to overseas banks – look at their balance sheets now
  - What about the wealth funds in Wyoming and New Mexico as regional capital powerhouses?
- **The most successful international infrastructure models have been Export Credit Agencies**
  - Therefore, why not a modified U.S. Ex-Im bank/TIFIA as the lending arm if it has to be based in Washington?
  - Acting as co-financier and syndicator with private sector lenders
- **State infrastructure banks already exist to provide the platform but they**
  - Tend to focus on smaller projects and sometimes have very limited budgets
  - Limited to state boundaries
  - Have a public sector mindset – not always familiar with private capital
- **Let's emulate the U.S. Federal Reserve Bank model**
  - A national but also a strong regional presence
- **The desperate need at the moment is also providing**
  - Development seed capital to kick-start the project pipeline with real projects
  - Local help for public officials lost in acronyms and consultants
  - On-the-ground, upfront due diligence + structuring expertise
- **We must also avoid an “INFRANNIE” (Infrastructure Fannie and Freddie)**
  - Deal originators must be motivated to hold project equity long-term
- **Build a regional origination focus with private sector ethos**
  - Sensitive to public policy needs
  - A Public-Private Partnership-based National Infrastructure Finance System

# National Infrastructure Bank System Public-Private-Partnership

YAVAPAI  
REGIONAL CAPITAL



Yavapai Regional  
Capital, Inc.

Private  
Sector

PPP  
Arizona,  
Inc.

PPP  
Colorado,  
Inc.

PPP  
Idaho,  
Inc.

PPP  
Nevada,  
Inc.

PPP New  
Mexico,  
Inc.

PPP  
Utah,  
Inc.

PPP  
Wyoming,  
Inc.

PPP  
Texas,  
Inc.

Public-Private-Partnership Interface

WIFA

“National Infrastructure  
Bank” or direct lender –  
EXIM+ TIFIA(?)

NM  
Finance  
Authority

WIA

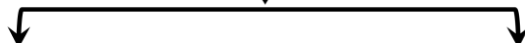
NADB

Other State  
Banks



## The Capital Gap in the Market

A unique market gap and undiscovered asset class



**Development Equity:**  
For project development including studies, engineering design, project design, zoning, legal structuring, market studies, and completion of committed financing.

**Debt:** 50%-75% of project cost for 4-5 years  
**Equity:** 50%-25% of project cost

**Debt:** 70%-75% or more of project cost for 30 years.



**Development Phase**  
Development Equity  
Risk: Project go-ahead

**Construction Phase**  
Construction Debt/Equity  
Risk: Construction & Economics

**Operating Phase**  
Long-Term Post-Completion Debt  
Risk: Economics

- Private financial investors seeking short-term venture capital-type returns and providing at least 67% of the development equity.
- Government "sweat equity" for at least 15%.
- Suppliers and/or local companies for 20%.
- **HIGH RETURN**

- Debt**
- Project finance banks
  - Infrastructure debt funds
  - Non-bank lenders
- Equity**
- Infrastructure equity funds
  - Pension funds
  - Insurance companies

- Insurance companies
- Pension funds
- Municipal bonds for private activity projects subject to sharing of financial benefits with public sector