Partnerships in Transit

Generating Private Sector Financing

Panel Discussion
July 21, 2008

Aon Construction Services Group

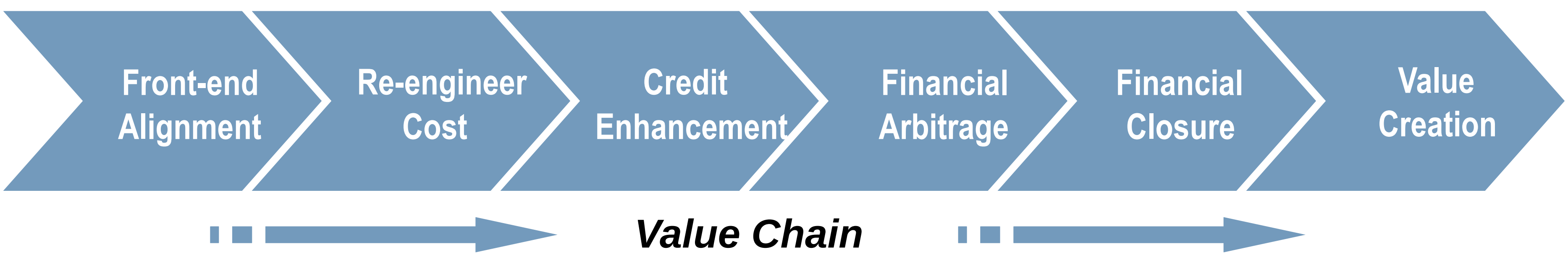
Key Message:

- PPP's are a valuable project delivery structure that continues to expand globally
- PPP's have created a need to develop integrated risk transfer / financing and risk mitigation solutions for the project-life-cycle in order to attract alternative funding sources from the Private Sector and less reliant on Public Funding
- As Economy weakens and the Federal Deficit grows, the need for Private Financing of public projects is imperative

Objective – Provide More Stable Project Risk for Financial Stakeholders

- Early involvement during capital formation / development stage:
  - Effectively address risk and cost allocation issues
  - Re-engineer frictional cost of risk
  - Credit enhancement opportunity
  - Increase comfort of project participants
  - Bring financial closure to transaction

Financial Arbitrage



Integrated Project Risk Approach

- Broader view of risk & mitigation
  - Blended capital tools that provide traditional & non-traditional risk financing
  - Front-end alignment through risk management
    - Enhance management control
    - Minimize adverse impact to cost, schedule and quality of work

Hazard	Operational	Financial	Human Resource	Legal & Regulatory
Flood	Site safety	Business interruption	Employee injury	Permit approvals
Earthquake	Design error	Debt service obligations	Labor supply shortage	Zoning regulations
Fire & explosion	Third party damages	Market price change	Retention of key employees	Legal liability
Adverse weather	Performance default	Insufficient demand levels	Workforce selection & development	Organizational structure
Changing site conditions	Supply interruption	Credit risk	Employment practices	Contract negotiations
Terrorism	Subcontractor performance	Foreign exchange risk		Governmental approvals
Force majeure events	Technology failure			
Archeological				

Sample Design-Build-Operate Financial Risk Protection

Workers Compensation	General Liability	Professional Liability	Contractor Default Insurance	Financial Contingency	Builders Risk Bus. Interruption	Revenue Protection
Employers Liability	Automobile Liability	Pollution Liability	Performance & Payment Bonds	Performance Risk	Marine Transit	Alternative Funding Mechanism
Retention	Retention	Retention	Retention	Retention	Retention	Retention

We Can Effect Key Stakeholder Costs! – REDUCED CONTINGENCY