

## FINANCIAL PLAN

### 3.1 FINANCIAL PLAN EXECUTIVE SUMMARY

Plenary Walsh Keystone Partners (“PWKP”) is pleased to provide this Financial Proposal Submission in response to the RFP for the Pennsylvania Rapid Bridge Replacement Project (the “Project”). Plenary Group USA Ltd. and Walsh Investors, L.L.C. (collectively, the “Equity Members” or “Sponsors”), and Plenary Group USA Ltd. (“Plenary”), in its capacity as financial advisor, have committed considerable time and resources over the past several months to develop an integrated, competitive and deliverable financing solution for the Project that will bring best value to the Pennsylvania Department of Transportation (“PennDOT”).

We conducted an exhaustive review of four primary categories of potential financing options to identify the best financing strategy for both PennDOT and the Sponsors. These four categories include (i) a public capital markets solution (including Private Activity Bonds (“PABs”) and taxable securities); (ii) a Section 4(2) private placement solution; (iii) a bank debt solution; and (iv) an insured bond solution. Based on thorough analysis of each of these options, including current pricing levels, capacity, rating agency feedback, risk to PennDOT and the ability to reach Financial Close, we have determined that a PABs structure is the most competitive financing solution for the Project. This PABs structure could be readily supplemented with partial insured bonds at preferred proponent stage if in the best interests of PennDOT and the Sponsors. As evidenced by the PABs Commitment Letters (the “PABs Commitment Letters”) from J.P. Morgan and Wells Fargo in their capacities as Lead Underwriters for the PABs (each an “Underwriter”)

we have arranged a strong financing structure that is acceptable to PABs investors, and will lead to successful financial close and efficient pricing for PennDOT.

PWKP has carefully considered the utilization of an all PABs debt structure in order to improve confidence in and speed to reaching financial close. By utilizing a single lending source, PWKP is able to streamline financing documents and work effectively with a small group of underwriters and advisors. This streamlined process reduces any redundancy or conflicting lending and challenging intercreditor terms that may exist in certain bank/bond structures. Furthermore, the all PABs structure allows PWKP to spend additional time and effort with its underwriters in creating a robust and well-structured marketing plan in order to achieve the best possible credit spreads at the time of pricing. A detailed outline of PWKP’s financial close plan can be found in Section 3.8. The three primary dates within this schedule are:

- A. Announcement of Preferred Proponent: October 31, 2014
- B. Commercial Close: December 16, 2014
- C. Financial Close: March 16, 2015

The United States Department of Transportation (“USDOT”) has made an allocation of \$1.2 billion to PennDOT and the Project for the issuance of the PABs. PWKP’s funding solution employs approximately \$772.2 million of this PABs allocation and approximately \$62.7 million of fully committed Equity Member equity. These funds are supplemented by \$224.7 million in PennDOT Milestone and Mobilization Payments along with \$36.1 million in Availability Payments received prior to Substantial Project Completion.

The Pennsylvania Economic Development Financing Authority will act as the conduit issuer on all PABs, which will be issued with a 10-year par call, the standard in the municipal marketplace. Issuing bonds with this option will allow PWKP future refinancing flexibility and can provide PennDOT with increased future flexibility to manage its obligations under the PPA. However, PWKP’s fixed-rate PABs structure is fully amortizing over approximately 25-years and does not expose the concessionaire to refinancing risk or basis risk. The Commitment Letters from the Underwriters provide for a final maturity of up to 28-years or 3

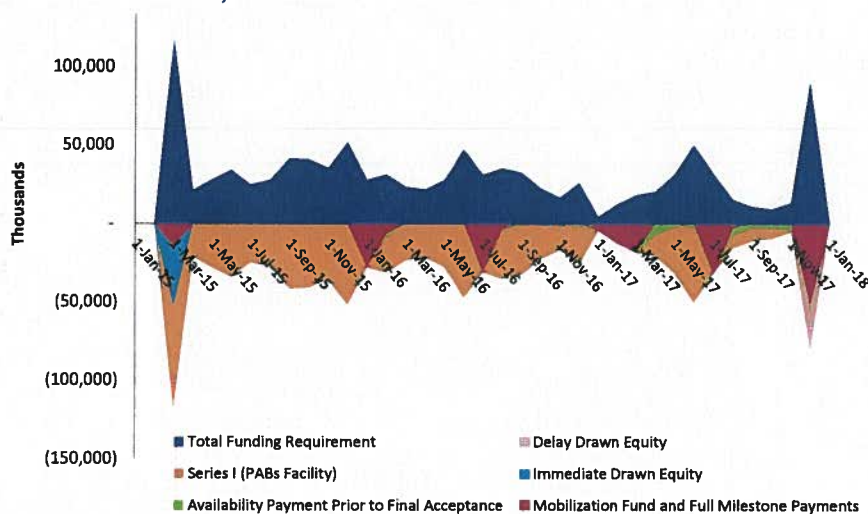
months prior to the end of the Term, offering flexibility to optimize the structure based on market conditions during pricing. This reduces ongoing financial risks to the Project and increases PWKP's ability to focus on long-term operations and maintenance.

Our view is that a less than full term solution or a bank facility assuming a refinancing would expose not only the Development Entity but also PennDOT to substantial risk and disruption in the event that refinancing assumptions prove more optimistic than warranted. This is particularly true in the current tax-exempt securities market in which yields are near all-time lows. Given this context, PWKP recognizes such a structure would be inappropriate for this Project.

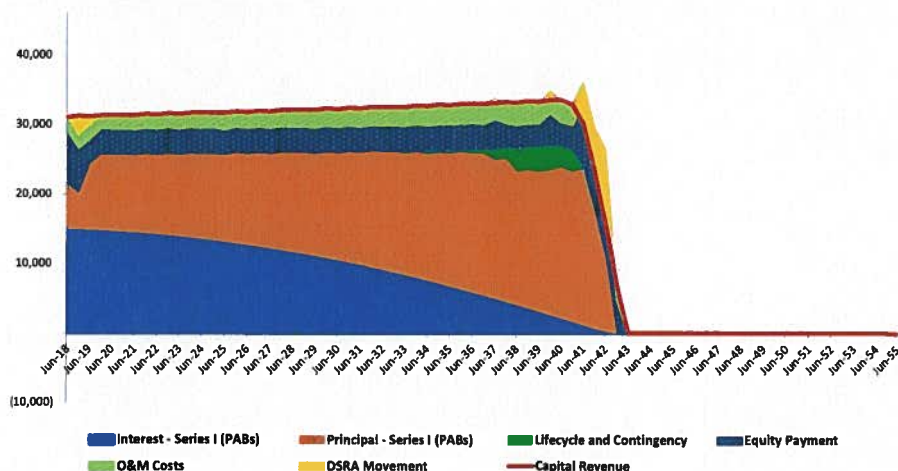
At Financial Close, all PABs will be issued, with the funds deposited into the Bond Proceeds Escrow Account, and all equity will be funded by the Equity Members in the form of cash or secured by a letter of credit. Then, PABs proceeds will be drawn down to pay for capital costs, with the remaining equity cash funding the final portion of the capital costs. Across the funding period, PWKP has structured our funding to take advantage of the timing and size of the Milestone Payments in order to maximize the efficiency of the funding sources. Figure 1 is a chart depicting the draw of funds during construction.

Figure 2 below depicts how operating period cash flows are structured between operating expenses, debt service payments, and equity distributions under PWKP's full term amortizing PABs structure.

**FIGURE 1 - CONSTRUCTION COSTS, SOURCES OF FUNDING**



**FIGURE 2 - USES OF FUNDS DURING OPERATIONS**



Some key advantages of PWKP’s financing solution are as follows:

- » Strong coverage ratios, with minimum set at 1.14x, reflect enhanced ability to cover cost overruns.
- » Cash funded reserves limit payment risks and provide additional project security to bondholders and PWKP, and ultimately provide PennDOT with additional confidence on initial execution of the project as well as ability to operate on an ongoing basis and satisfy all handback requirements:
  - Debt Service Reserve Account for the Senior Debt provides coverage of next 6-months of debt service
  - Rehabilitation Works Reserve Account pre-funds lifecycle expenditures over a 3 year period providing additional liquidity for major capital expenditures
  - Handback Requirements Reserve Account established in accordance with the PPA four years prior to the end of the PPA Term and subject to a first charge in favor of PennDOT per the PPA.

[REDACTED]

- » A financing tail of six months between final maturity and the end of the PPA Term providing for additional cushion and flexibility.
- » Debt amortization profile sculpted to increase efficiency rather than generating excess reserves.
- » Fully committed equity at Financial Close, providing for a Construction Equity Ratio of no less than 7.5% until D&C Work Completion.

[REDACTED]

- » Negotiated primary “drop-down” agreement, the Design-Build Contract, that has agreed all key commercial issues (as opposed to more standard “heads of terms”), thus eliminating significant risk and uncertainty from preferred proponent stage and facilitating the path to smooth, timely, and successful Commercial and Financial Close.

When taking all of these factors into consideration, PWKP’s structure and approach limits risks to all parties while providing efficient financing for the Project.

[REDACTED]

Complementing this debt structure is a robust, redundant equity funding plan and commitment from two of the most experienced North American P3 developers. Plenary Group USA Ltd. (and its parent Plenary Group (Canada) Ltd.) and Walsh Investors L.L.C. have collectively committed to provide 100% of the required equity for the Project, fully funded in cash or secured by letter of credit at Financial Close.

Finally, PWKP has also fully contemplated the steps required to advance through preferred proponent stage to successful, timely Financial Close as detailed in Section 3.8. With 19 closed P3 projects in North America, Plenary and Walsh have been recognized for their leadership and successes in this regard and look forward to working with PennDOT and their advisory team to quickly close and deliver the Pennsylvania Rapid Bridge Replacement Project.