




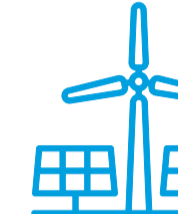

P3 PUBLIC-PRIVATE PARTNERSHIPS

Effectively mitigating risks at all phases of the P3 lifecycle is one key to profitability.



11 Key Infrastructure Risks to Mitigate Across the P3 Lifecycle

RISKS THROUGHOUT THE P3 LIFECYCLE

<p>1</p> <p>Role of Public Funds</p>  <p>P3 structures can help fill the financing gap between total project cost and public agency budgets. While risk can be transferred to the private sector through the P3 structure, there remains a significant risk mitigation need at the public level.</p>	<p>2</p> <p>P3 Contractual Compliance</p>  <p>Each P3-financed project will have numerous contractual obligations that must be met by the private consortium, including diversity commitments, environmental compliance, project delivery, and financial reporting.</p>	<p>3</p> <p>Cybersecurity</p>  <p>Recent infrastructure breaches have made evident the risks during operations, but security lapses during construction can also have a devastating impact on project delivery.</p>	<p>4</p> <p>Meeting ESG Goals</p>  <p>Failure to meet environmental requirements and agreed-upon social and corporate governance standards can create both monetary and reputational risk throughout all phases of an infrastructure project.</p>	<p>5</p> <p>Back-office Infrastructure</p>  <p>For many private consortiums, operating the accounting, finance, and reporting requirements of the P3 project is a challenge. From managing cash flow to processing invoices, developing back-office infrastructure is key.</p>
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DESIGN & BUILD RISKS



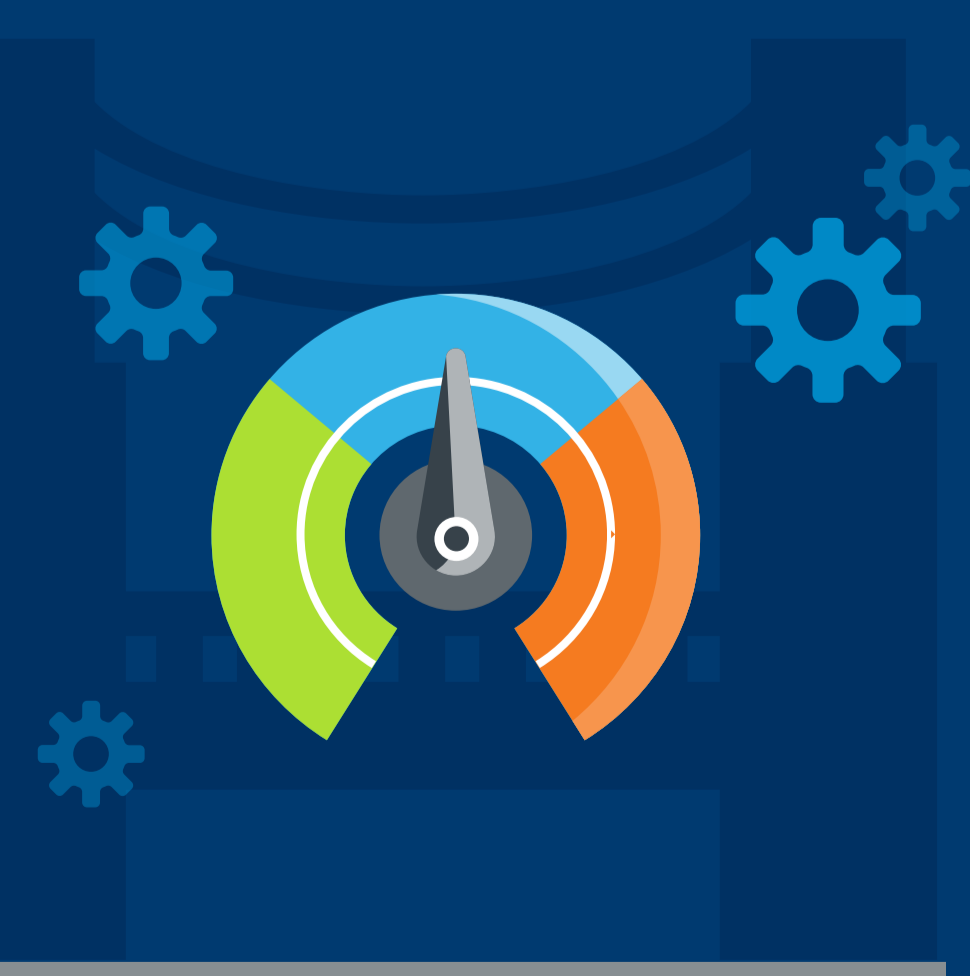
<p>6</p> 	<p>Fraud, Waste, and Abuse</p> <p>By some accounts, fraud, waste, and abuse of funds can account for up to 20% of a project's costs.</p>
<p>7</p> 	<p>Regulatory Management</p> <p>From Buy American to diversity management, it isn't hard to run afoul of regulatory requirements, which can create delays and significantly increase project costs.</p>



FINANCING RISKS

<p>8</p> 	<p>Accessing Grants & Applying Credits</p> <p>RULE #1: Don't leave money on the table. Not knowing your options and how to navigate the grant funding and applicable tax credits can be a huge mistake.</p>
<p>9</p> 	<p>Project Financing & Cash Flow Projections</p> <p>Optimizing your capital structure and accurately aligning project expenditures against projected cash flows requires sophisticated modeling capability.</p>



RISKS DURING THE OPERATE/MAINTAIN PHASE



<p>10</p> 	<p>Changes to Revenue Streams</p> <p>Model traditional operating revenues and then consider and make contingency plans for potential disruption/transformation of revenue streams in such areas as toll revenue, food and beverage operations, etc.</p>
<p>11</p> 	<p>Optimizing the Future of Work</p> <p>Evaluate how technology and labor models are likely to evolve over the course of the project to avoid competitive disadvantage and resource shortages.</p>