

2nd PROMESA Conference

January 31, 2018

Overview of Infrastructure Investment Market and Puerto Rico

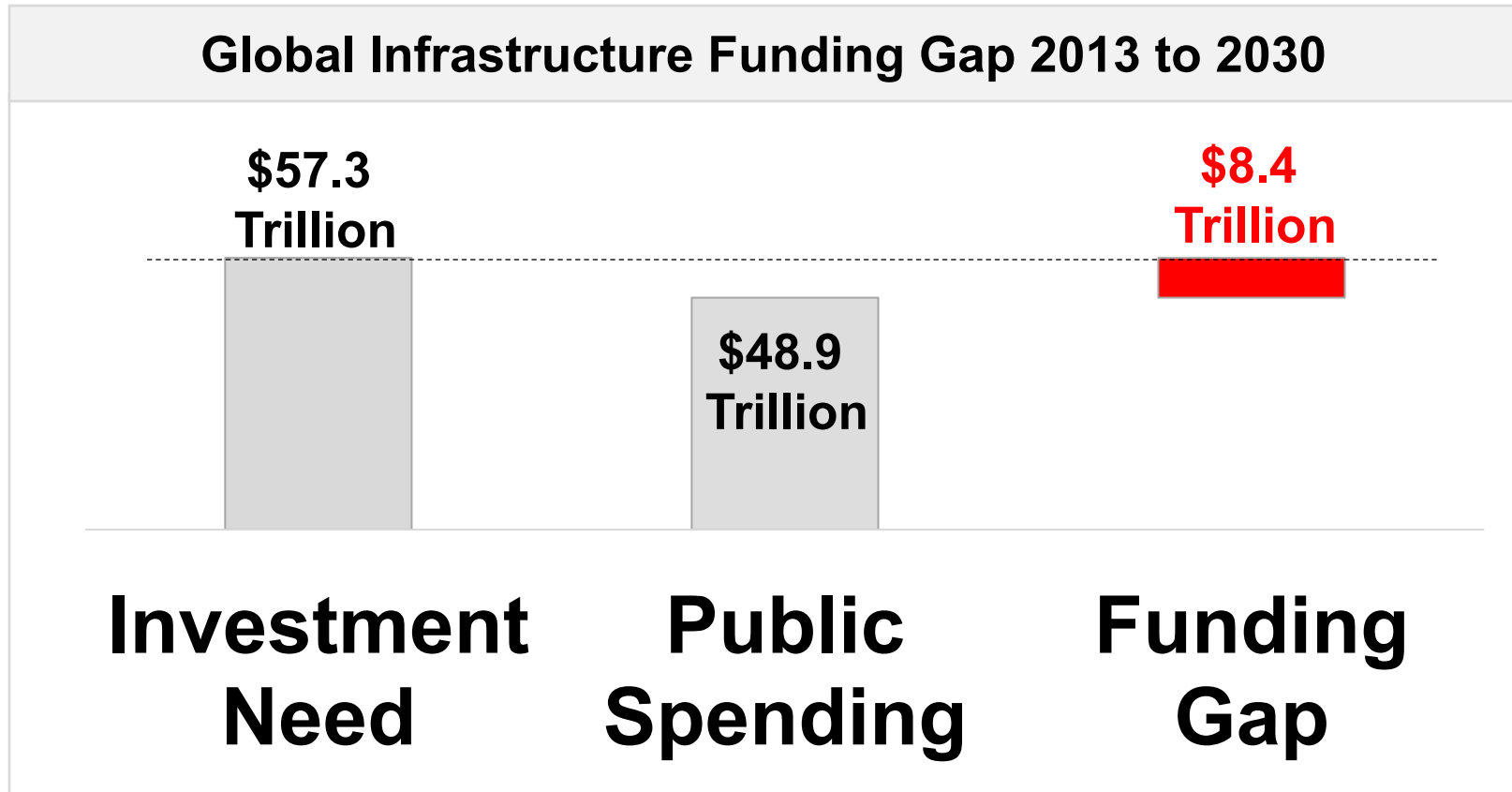
Dr. Edwin E. Gonzalez-Montalvo, PE | CPM



*Knowledge, Ethics, Drive &
Transparency*

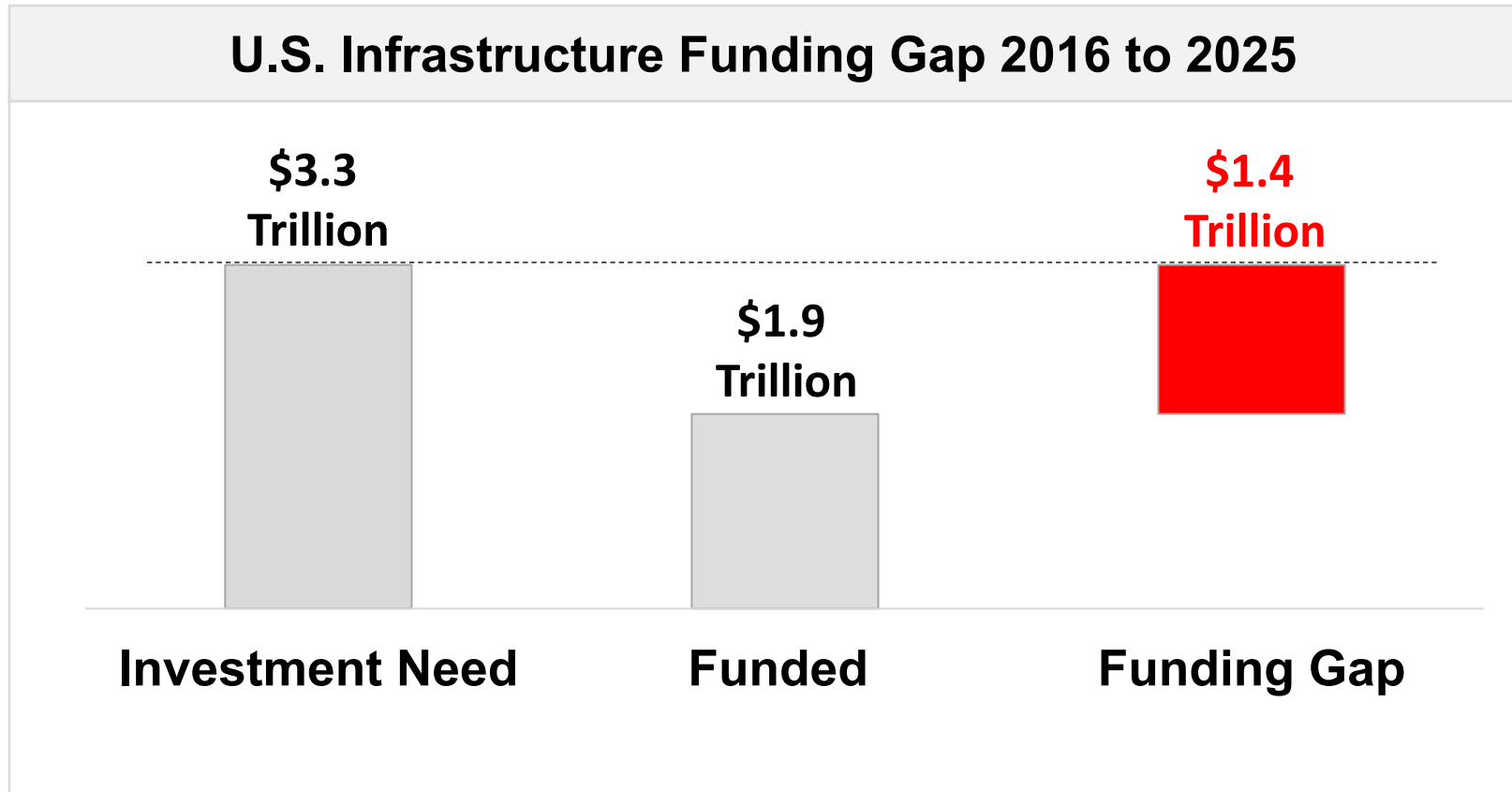
GLOBAL INFRASTRUCTURE FUNDING GAP

The gap is equivalent to \$8.4 trillion (~\$500 billion annually from 2013-2030) and leaves private investment as the main alternative to fill the gap.



U.S. INFRASTRUCTURE FUNDING GAP

The most recent *Failure to Act* report by the American Society of Civil Engineers (ASCE) shows that U.S. faces \$1.4 trillion of unfunded infrastructure needs from up to 2025 (\$156 Bn annually).



PUERTO RICO INFRASTRUCTURE FUNDING GAP

Puerto Rico also faces severe unfunded infrastructure needs. Estimates indicate that PR has \$1.6 billion of unfunded needs annually.

Puerto Rico Unfunded Infrastructure Needs as of 2014

Needed Infrastructure Investment in PR:	\$3,063 Billion
Funded Infrastructure Investment:	<u>\$1,480 Billion</u>
Unfunded Infra Needs in PR:	\$1,583 Billion

US POTENTIAL FOR PPPS

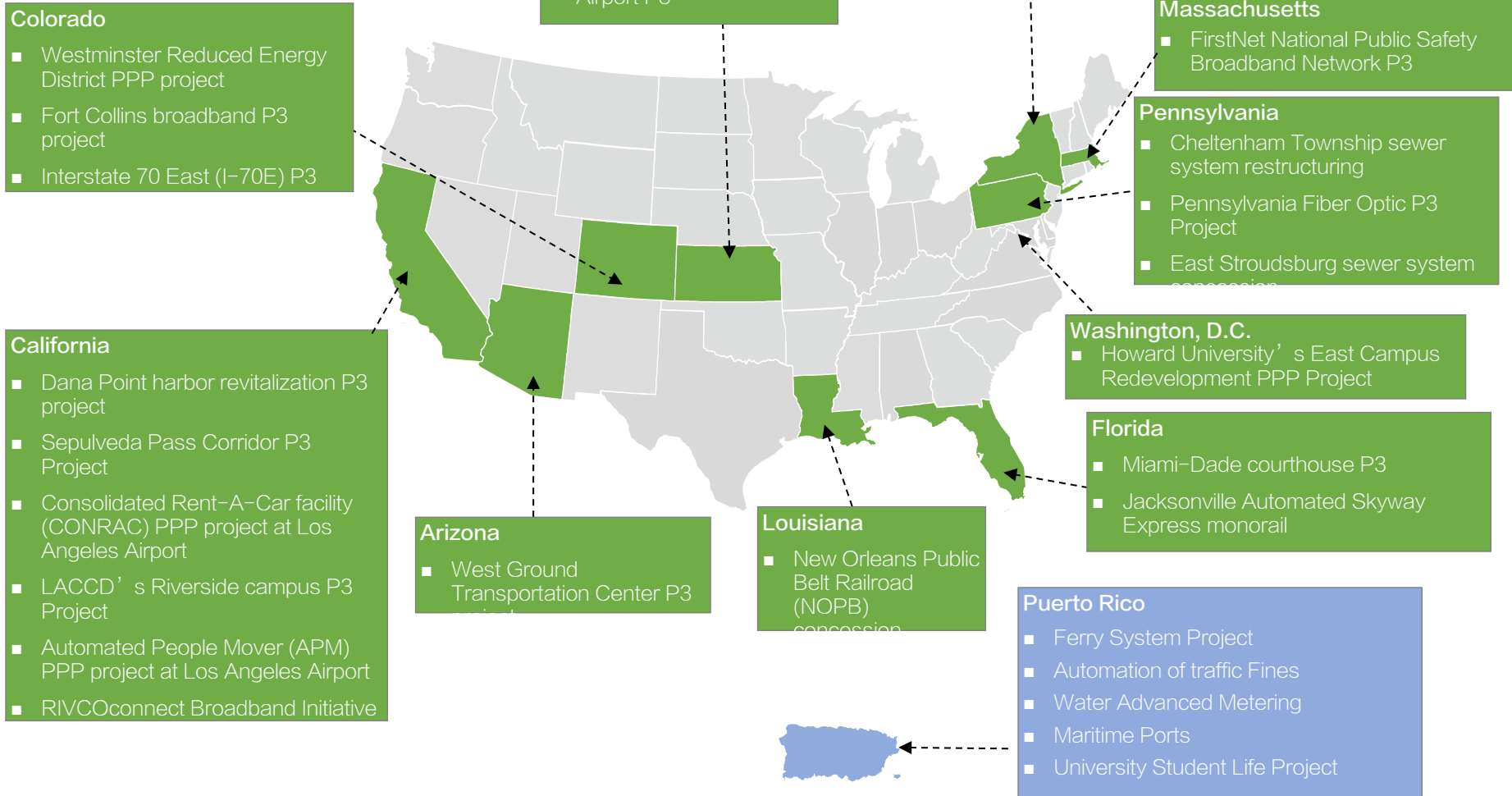
MOODY'S
INVESTORS SERVICE

March 10, 2016

“[p]ublic-private partnerships in the US...
remains positioned to be become one of the
world’s largest” [market]...

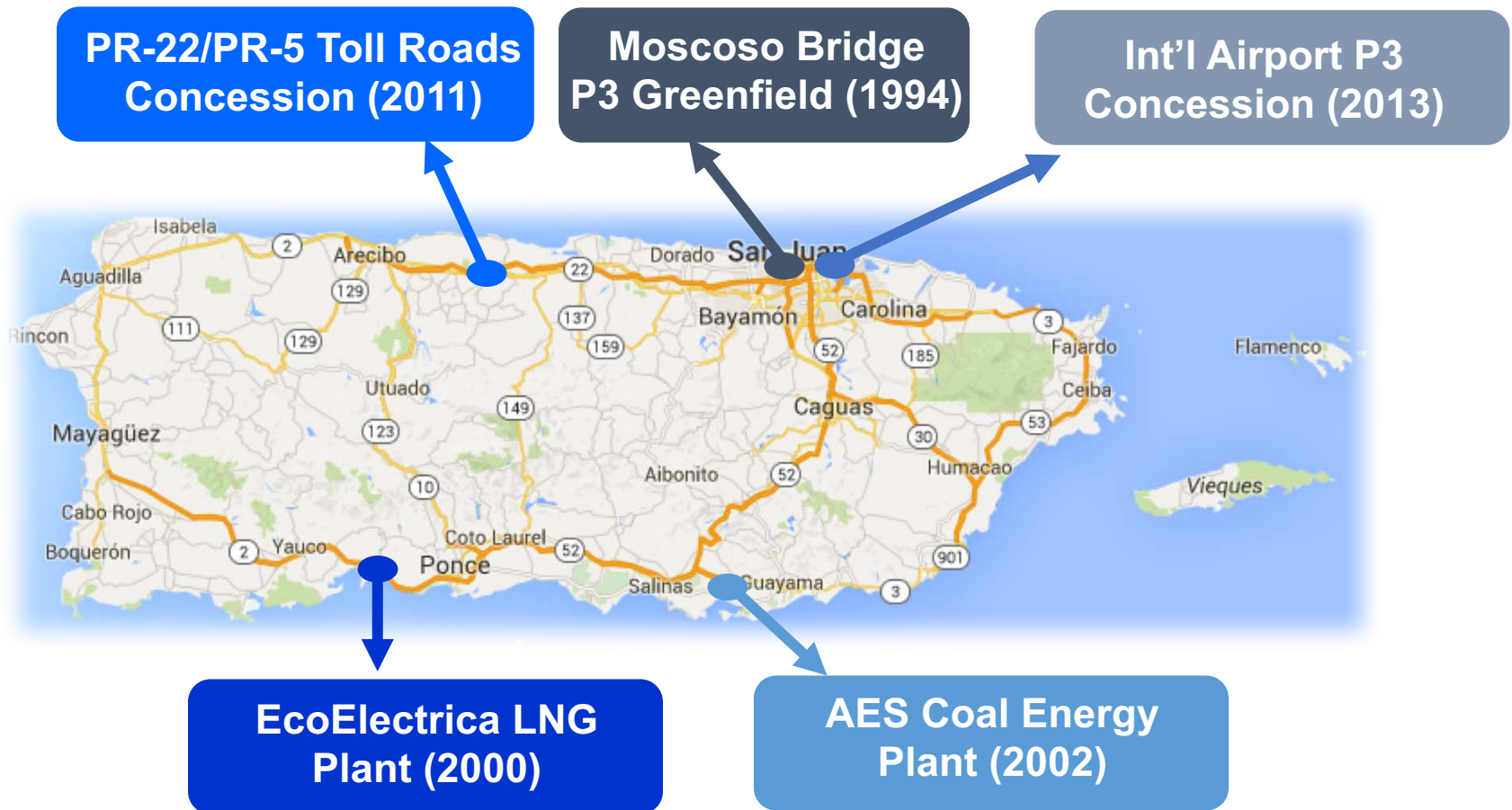
OVERVIEW OF PPP MARKET & PR POSITION

Projects Under Procurement in Q1 & Q2 2017
Data as of June-21-2017



PUERTO RICO CAN BE MORE EFFECTIVE IN INCREASING INFRASTRUCTURE INVESTMENT

Puerto Rico has one of the most robust P3 legislations in the US and track record of private investment in infrastructure.



CHALLENGES FOR PUERTO RICO

- Very high cost of financing cost premium.
- Projects that are “small” in size to attract large infrastructure investment funds.
- Government fiscal imbalance inhibits Government to make contributions or availability payments to non-economic infrastructure.
- Recovery funds cannot really be used to support private investment in infrastructure.

POSITIVE ELEMENTS FOR PUERTO RICO

- Infrastructure investment market has ample equity to invest.
- Puerto Rico has a robust PPP legal framework with a dedicated team.
- Unsolicited Proposals are accepted under a clear framework.
- Puerto Rico is perceived as an “entry door” or “bridge” to the US market.
- General perception of PPPs and private investment in infrastructure has improved.
- Puerto Rico can provide higher rate of return to investors compared to other US jurisdictions.



Thank You

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