

# Jane

Unlocking community infrastructure as an asset class.

# Agenda

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1. **Market** – Unmet infrastructure needs have real consequences for communities
2. **Our model** – Local SPVs can finance and pool community Public-Private Partnerships
3. **Capital structure, cash flows** – Securitizing P3s delivers returns and recycles capital
4. **Achieving scale** – Our growth strategy leverages local resources to mitigate P3 risks
5. **Creating impact** – We will unlock community infrastructure as an asset class

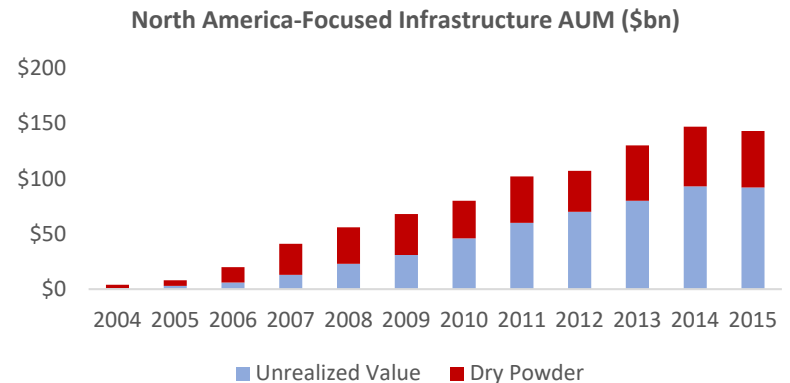
# There is a significant shortfall in infrastructure spending in the United States – with real economic consequences

## The United States has a \$2 trillion deficit in infrastructure spending...



- The American Society of Civil Engineers reports that **US infrastructure is “poor” or “at risk”** due to significant aging and deterioration. Affected asset classes include **drinking water systems, wastewater systems, and energy infrastructure.**
- This shortfall has a direct effect on communities: **US households lose \$3,400 per year due to infrastructure deficiencies** – with low-income areas disproportionately bearing the cost.

## ...while investor appetite for infrastructure is at an all-time high



- We are in a record fundraising environment for infrastructure private equity – much of which remains undeployed: **infrastructure investors held \$75B in dry powder in 2016.**
- **52% of infrastructure fund managers** report deal flow as their biggest challenge.
- According to PwC, **“the need for a structured US infrastructure program (P3, privatization) to mobilize this capital has never been greater.”**

This problem is acute at the local level, where small-scale infrastructure lacks access to Federal funding, investor interest, or P3 mechanisms

### Many cities struggle to meet infrastructure needs, particularly for small projects

- US mayors most commonly cite **infrastructure as an area where they need Federal Government support**. Mayors report having to “go it alone” on infrastructure, without outside funding.
- Mayors state that due to financing constraints, **their cities can meet just 52% of infrastructure needs in the next five years**.
- While larger scale projects may look to the private sector for support, **two barriers prevent small projects from accessing private capital**:

1. **Projects often lack sufficient scale to attract interest**. Investors typically seek infrastructure deal sizes of over **\$100M** in order to effectively deploy capital and justify transaction costs.
2. **Small-scale projects lack access to standardized Public-Private Partnership mechanisms** as the one-off transaction costs for these projects are often too high.

### As a result, we estimate an untapped annual market of \$1.1B in municipal P3s

US municipal infrastructure bonds market

**\$175B**

**X**

Target P3 spending as % of infrastructure finance

**5%**

**X**

Estimated infrastructure projects less than \$10M in size

**25%**

**X**

Typical % equity for infrastructure Special Purpose Vehicles

**50%**

**=**

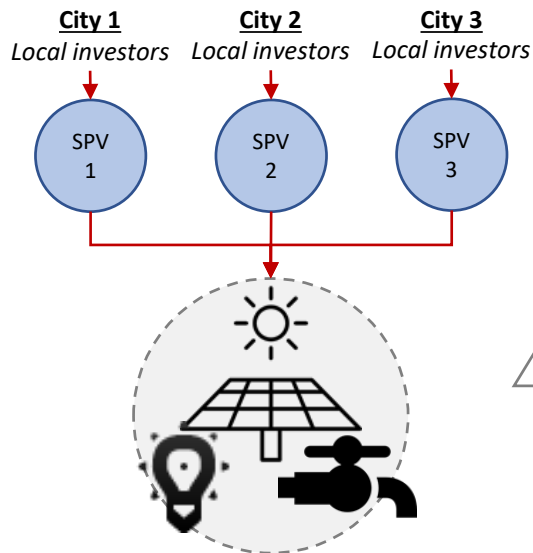
Estimated annual addressable market for municipal infrastructure Public-Private Partnerships in the US

**\$1.1B**

# Jane finances and pools municipal Public-Private Partnerships – ultimately linking small-scale infrastructure to capital markets

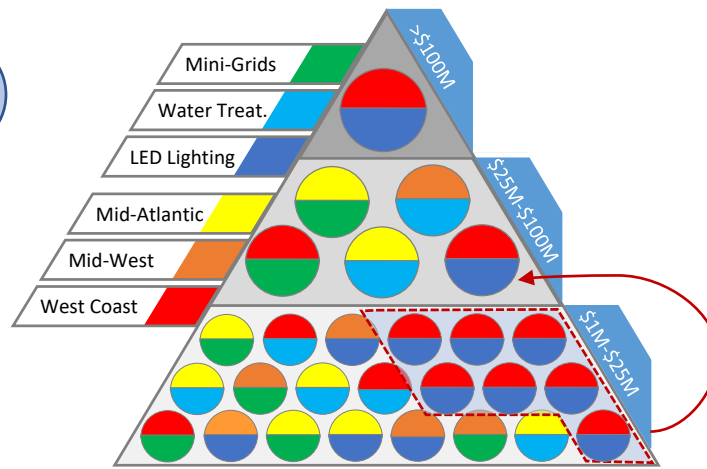
## We finance small-scale infrastructure P3s...

- We raise capital from investors seeking to tangible impact within their communities.
- We will begin by targeting **LED lighting retrofits** – a low-cost, scalable infrastructure upgrade.



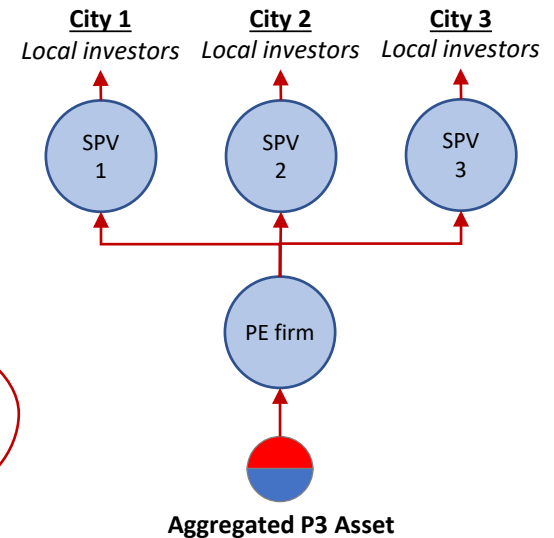
## ...aggregate contracts into asset-backed securities...

- P3s are aggregated by shared characteristics, and moved to more attractive asset brackets for larger investors.
- This **achieves scale and diversifies risk** with small P3s.



## ...and deliver assets to capital markets, recycling P3 funds.

- The resulting pooled asset is sold to an investor seeking infrastructure exposure.
- Subsequent returns from the sale are delivered to SPVs, and **capital is recycle for new P3s**.



# LED lighting upgrades represent an ideal entry point into the municipal infrastructure market – delivering sustainability through a scalable P3

## Lighting retrofits represent a large, scalable, and investor-ready market for P3s

- **Lighting retrofits are a significant municipal infrastructure need...**
  - There are ~38M streetlights in the US, about half of which owned by the public sector.
  - Approximately 1% of end-use electricity in the United States is tied to street lighting.
  - Street lighting has an average age of 25+ years
    - resulting in rising power, maintenance costs.
  - Finally, street lighting represents **5% to 60%** of a municipal government's electricity bill.
- **...and are well positioned for private capital**
  - Smaller municipalities often unable to bear retrofit costs (\$10M to \$100M+), thus unable to achieve environmental benefits or savings.
  - Retrofit project payback commonly achieved in seven to ten years.

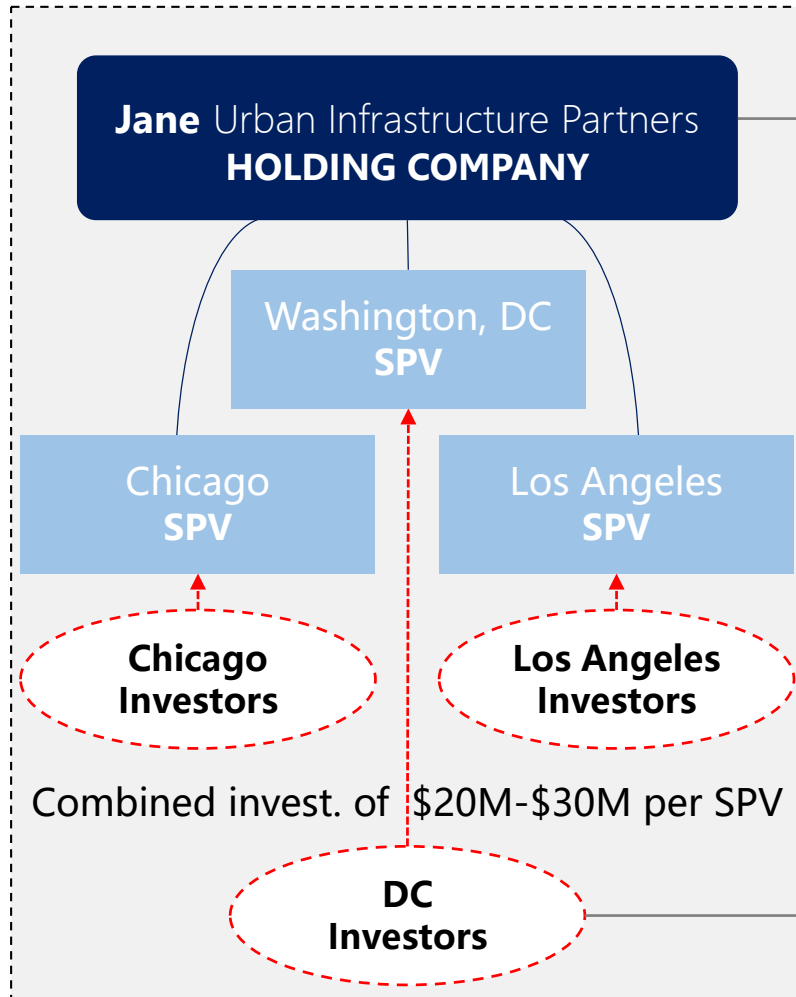
## LEDs also offer sustainability – appealing to local impact investors and municipalities

- LED upgrades can reduce a city's energy bill by approximately 50%. Additional benefits include:
  - Reducing greenhouse gas emissions from power consumption;
  - Reducing ongoing maintenance costs;
  - Decreasing light pollution;
  - Enhancing visibility and performance.



**The DC Office of P3's Street Light Modernization RFP offers a helpful, illustrative example of how this financing process would work.**

# Applying the model: Establishing an SPV in Washington, DC, to participate in LED lighting P3 opportunities (1/4)



*Under an umbrella HoldCo:*

**1**

## **Establish the local SPV at the state level**

- SPVs will specifically be tasked with raising capital from and deploying capital back into local communities.
- This approach will allow us to trace returns from local P3 projects back to their local financial backers.

**2**

## **Raise capital from impact-minded local investors**

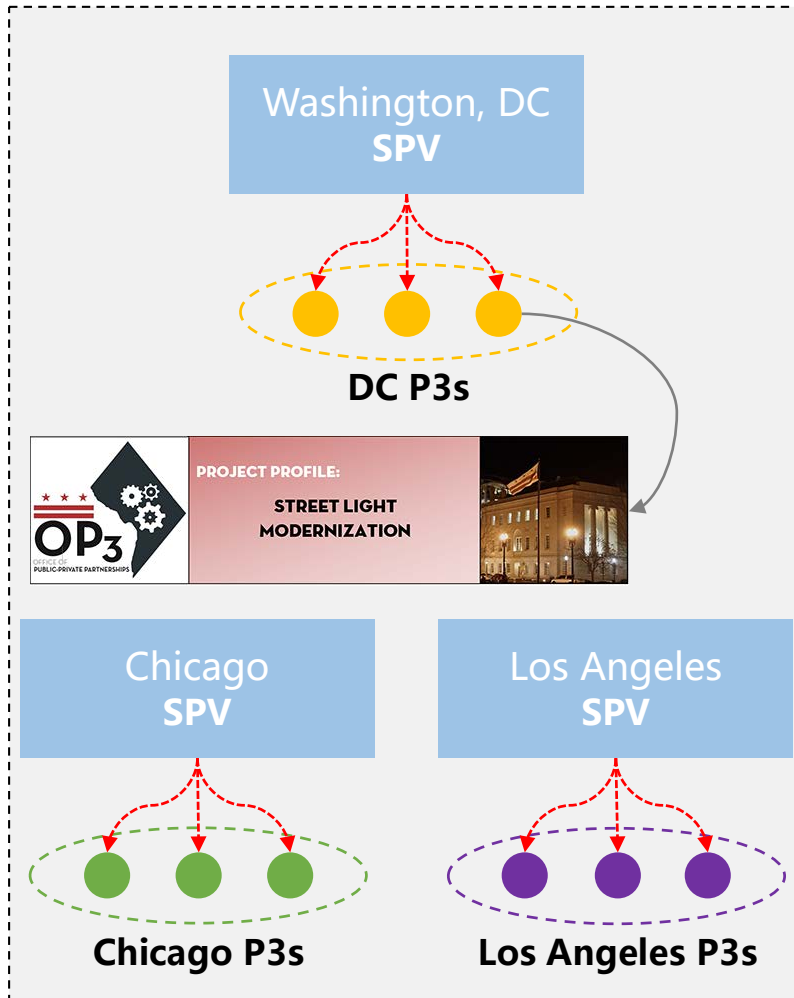
- We will target organizations including university endowments, family offices, and impact investors.



GEORGETOWN UNIVERSITY



# Applying the model: Deploying place-based, concessional capital into project capital expenditures (2/4)



3

## Target local P3 procurements within our transaction range

- In this example, we specifically target the DC OP3 Street Light Modernization Program – delivering upfront capex for contractors leading project execution.
- Alongside this DC effort, we will pursue similar LED projects in other cities – either through open procurements or through unsolicited proposals.

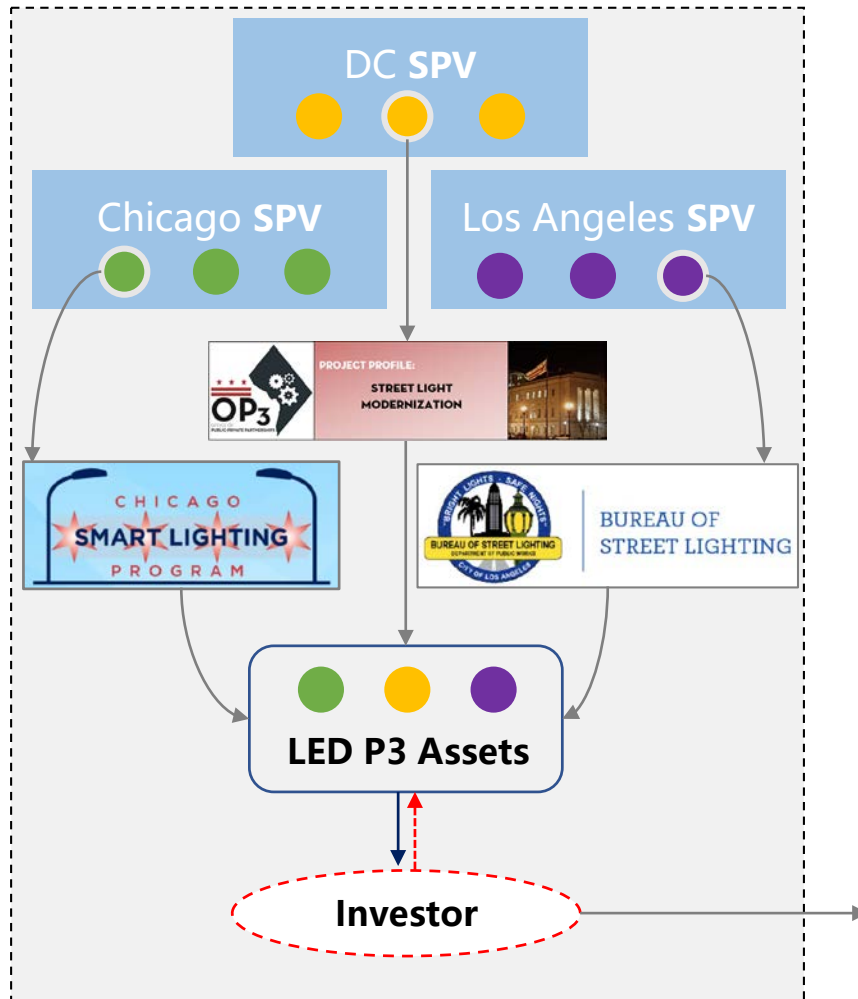
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## P3s will be executed after an agreement with the city is awarded

- For small projects, we do not currently anticipate significant competition.
- But as a market for small-scale P3s grows, our focus on place-based, impact-driven investors will provide a competitive cost of capital – increasing our bid chances.



# Applying the model: Aggregating this opportunity alongside other LED P3s, and marketing the pooled asset to larger investors (3/4)



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## Similar projects are aggregated together based on asset type or risk

- Here, we bundle the DC OP3 LED project alongside similar P3s from Chicago and Los Angeles.
- This gives secondary investors exposure to a single asset type, which is still diversified across multiple projects.

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## We will secure credit ratings for aggregated P3s

- To inform our valuation of the securitized asset – and to support the process of securing an investor in the secondary market – we will seek credit ratings on the underlying P3 contracts.

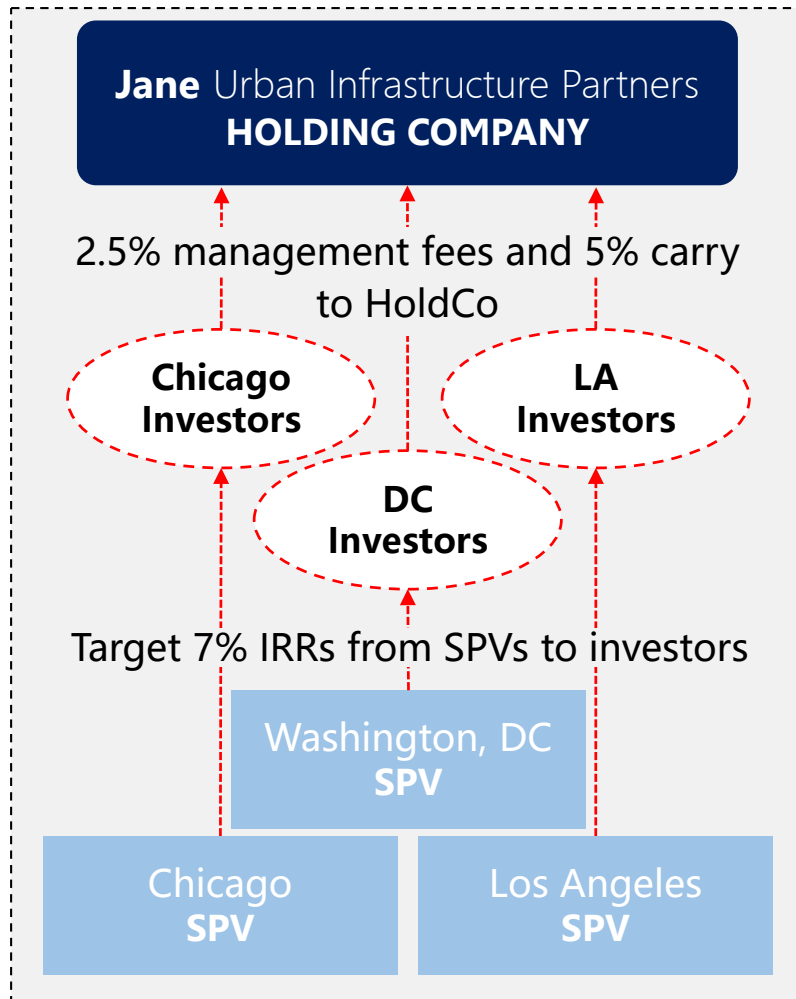


**STAR AMERICA**  
Infrastructure Partners



**Plenary**  
Group

# Applying the model: Delivering returns to place-based investors, while collecting fees and carry at the HoldCo level (4/4)



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## Capital recycled into additional infrastructure investments

- We will target a warehousing period of 2 years on executed Public-Private Partnerships – generating initial returns from the contracts and providing a buffer zone for them to be bundled with similar projects from other SPVs.
- Once projects are aggregated and offloaded, proceeds from the sale will be recycled back into the SPV and reinvested.

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## Returns delivered to local impact investors

- At the close of the 10-year SPV, returns will be sent back to local investors. Jane Urban Infrastructure Partners will charge a 5% carry. **We currently anticipate a 7% IRR for investors.**

Our fund structure and fees deliver an IRR that is commensurate with the lower-end of infrastructure returns

| Jane Urban Infrastructure Partners |               |
|------------------------------------|---------------|
| Target # SPVs                      | 3             |
| Target SPV Lifespan                | 10 Years      |
| Target SPV Size                    | \$20M – \$30M |
| P3 Transaction Size                | \$5M – \$30M  |
| Target IRR                         | 7%            |
| Total HoldCo AUM                   | \$60M – \$90M |
| HoldCo Mgmt. Fee                   | 2.5%          |
| HoldCo Carry                       | 5%            |

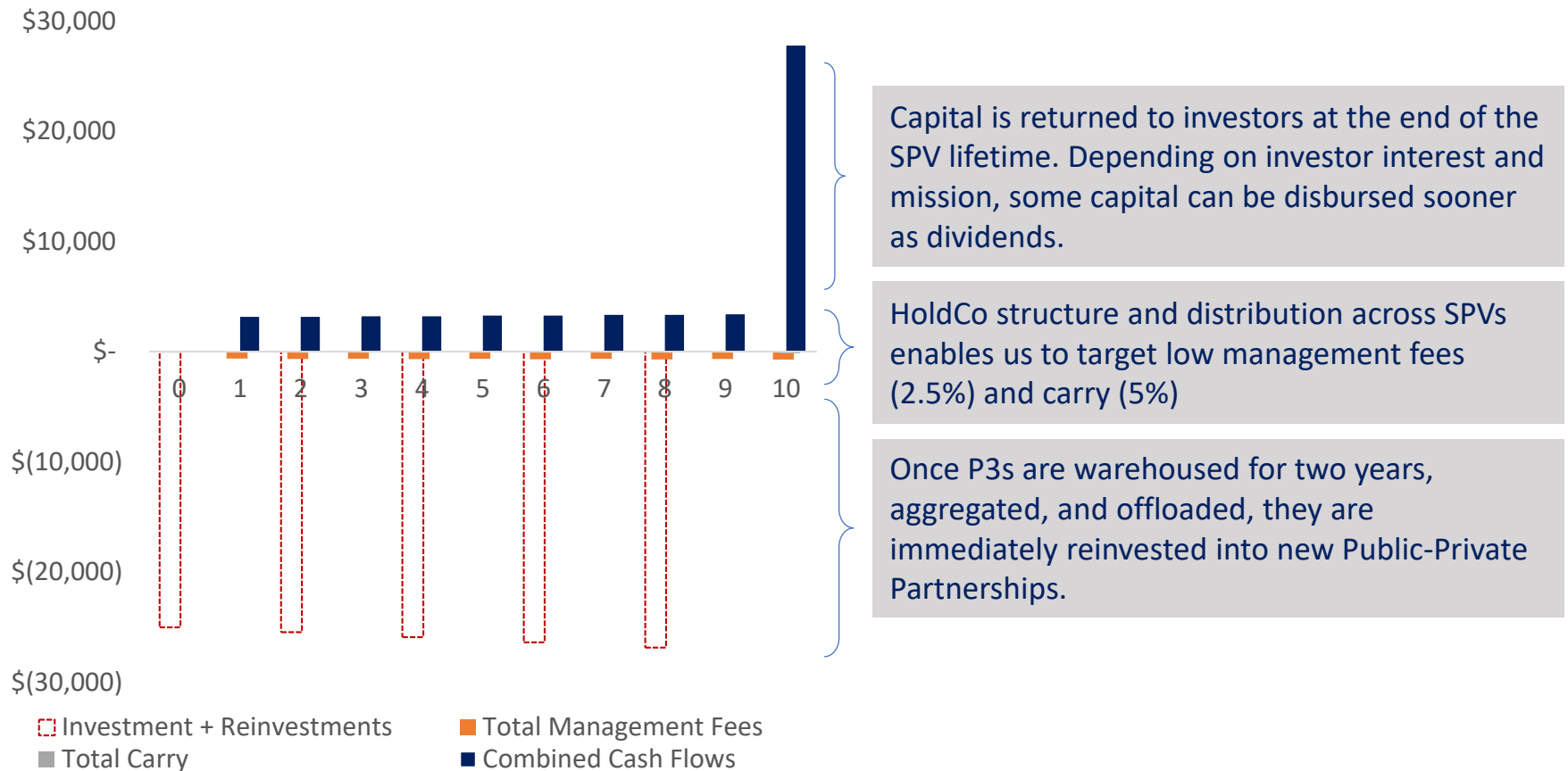
Combined across multiple SPVs, current fees are sufficient to cover the costs of a HoldCo CEO, two Investment Professionals, and a Central Office to manage origination in our target markets.

**This is a starting point. With scale, our platform will generate gradually higher IRRs**

- We are targeting an starting point of **three community Special Purpose Vehicles**
  - This will allow us to target multiple key markets and aggregate a sufficient number of projects for secondary buyers.
  - SPVs will be able to invest between 25% and 100% of their committed capital into a single Public-Private Partnership.
- As we grow and expand into additional communities, **we will distributed fixed transaction costs across a larger number of projects.**
  - Standardizing P3 contracts, streamlining the project finance process, and distributing fixed legal and accounting costs will allow us adjust our fee structures.
  - Fees may be adapted to different community SPVs to reflect varying opportunity and risk.

We will warehouse and offload P3 assets in cycles over the SPV lifetime – reinvesting proceeds into additional Public-Private Partnerships.

### DC SPV Cash Flows and Fees



# We will leverage our place-based investment strategy and modularity to mitigate Public-Private Partnership risks

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## **We see two primary risks to the Jane Urban Infrastructure Partners strategy**

### **P3s carry significant transaction costs.**

- Structuring individual Public-Private Partnerships is a challenging and complex process – each contract demanding a degree of customization to the project or policy context.
- Projects take a wide range of forms depending on the revenue structure, legal requirements, and other factors.

### **Public-Private Partnership origination challenges.**

- Sourcing P3s can be an intensive process – both in identifying opportunities and in navigating procurement.
- Significant time and resources could be lost seeking out projects within our target range and target asset classes.

## **We believe that we can mitigate these risks through our unique model**

### **We will focus on assets that can be standardized.**

Interviews with public finance experts indicate that several types of P3 contracts can be more easily standardized, including: **LED Lighting, Municipal Power Storage / Battery Solutions, Information & Wi-fi Kiosks, and Municipal Building Upgrades.**

### **Our platform for investors will invite collaboration.**

By serving as a platform for community infrastructure P3s, and by acting as a financing partner for local P3 implementers, we:

- Ease our involvement in the procurement process, and
- Incentivize communities to identify high-priority P3 needs.



## Who is Jane?

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- Our namesake is Jane Jacobs – an activist and urbanist who believed in the power of communities to build better cities.
  - **“Cities have the capability of providing something for everybody, only because, and only when, they are created by everybody.”** – Jane Jacobs, *The Death and Life of Great American Cities*
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- Jane Urban Infrastructure Partners mobilizes **community capital** to address **community infrastructure needs**.
  - We pool these assets and deliver them to capital markets, **generating returns and recycling capital for further investment**.
  - By aggregating and securitizing the resulting Public-Private Partnerships across multiple cities, **we unlock community infrastructure as an asset class**.



# Jane

Unlocking community infrastructure as an asset class.

## Our team

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**Cole Boskey**

- Worked at Autodesk – a software firm specializing in architecture, engineering, construction.
- Previously Co-Founder and Chief Growth Officer of Wellable, a health and wellness technology startup.
- Additional experience with Goldman Sachs, Bain Capital, and the Commonwealth of Massachusetts.



**Francisco Valdez Seminario**

- Worked across multiple roles at Graña y Montero, Peru's leading engineering and construction company – focusing on Real Estate, Oil & Gas, and Public-Private Partnerships.
- Earlier experience at Urbi Propiedades, one of Peru's leading developers of Public-Private Partnerships.



**Mathew O'Sullivan**

- Supported the growth of CrossBoundary – a frontier markets investment firm – from 6 to 40 employees.
- With CrossBoundary, advised on Power and Water & Sanitation projects in Africa.
- Additional experience in the Eco Banking Division of XacBank, a Mongolian financial institution.



## Our resources and mentors

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- Chris Elmore, Vice President – Public Sector & Infrastructure Group



- Leslie Darling, Executive Director
- Tom Budescu, Managing Director of Finance



- David Klinges, Managing Director – Public Finance Investment Banking



- Joshua Schank, Chief Innovation Officer – LA Office of Extraordinary Innovation
- Yousef Salama, Manager for PPPs – LA Office of Extraordinary Innovation



- Lauren Counts, Senior Director, Strategy, Innovation, and Impact Management
- Jessel Amin, Manager, Investments and Structured Finance



- Seth Miller Gabriel, Director
- Judah Gluckman, Deputy Director and Counsel



- Andrew Straub, Associate



- Bruce M. Kahn, Ph.D., Portfolio Manager