Partnering with State and Local Governments to Revitalize Critical Infrastructure

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P3 – Public Private Partnerships

- Long Term lease of public facilities for management and maintenance
  - first P3 – Chicago Skyway privatization for 99 years in 2004 - $1.8B
  
  Since then, airports, parking garages, parking meters, toll roads
Availability-pay concession financings

- Design, build, operate by a consortium

- Governments pay for use if and when the project is available for public use.

Recent example, North Tarrant Expressway (Texas) - $1.4B and the East End Ohio River bridge – $1.2B both completed in 2-13.
In 1998, U.S. Army started Residential Communities Initiative (RCI).

70% of homes in the Army inventory needed to be torn down or completely renovated.

RCI Privatized over 86,000 homes

New construction: over 33,000 homes completed
Major/Medium Renovation: over 27,000 homes completed
In 1996, Berkeley County, West Virginia issued taxable municipal bonds to provide construction and long term financing for an IRS Computer Facility

-LCOR was the developer

-Security was only the IRS long term lease

-100% financing and funded reserve funds

-Rated AA by Standard and Poor’s
Private Activity Bonds

Bonds issued by state and local governments to finance privately owned and operated projects – deemed to be in public interest.

- Exempt facilities: ports (airports, docks and wharves), solid, liquid or hazardous waste, affordable housing (multi- and single family), pollution control, student loans, small issuer industrial revenue bonds (manufacturing), water or sewage, local electric or gas, high speed rail and qualified public educational facilities

- Subject to cap allocation – limitation on state by state basis
- Subject to AMT – alternative minimum tax
Private activity issuance has decreased dramatically since 2009

- Disappearance of credit enhancement – bond insurers and LOC banks

- Deterioration of real estate and student loan markets

- Low taxable rates – diminished advantage of tax-exempt issuance
Public/private Credit enhancement

Federal guaranties
  Housing
  Small Business Administration

State and Local guaranties
  Moral Obligation
  Ohio Enterprise Bond Fund
New initiatives – President Obama’s 2015 Budget Proposal

Qualified Public Infrastructure Bonds (QPIB)

- Private security, private benefit, public use and ownership

- Not subject to cap allocation

- Not subject to AMT

- Proven credits or investment grade enhancement or guaranties
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Academy’s vision is to bring together military and Wall Street veterans to build a firm with outstanding skills and character.

History
- Founded in 2009 by US Navy veteran
- Sales and Trading launched in October 2011
- Public Finance group commenced in January 2012
- JP Morgan becomes ‘mentor’ in September 2012
- Corporate underwriting authorized in December 2012
- Investment Banking activities launched in January 2013
- Capital markets activities ramp up in 2014
- Carolina Capital Markets professionals join in July 2014

Key information
- National footprint
- FINRA/SIPC/MSRB registered
- Clear through JP Morgan Clearing Corp
- Service Disabled Veteran Owned Small Business (“SDVOSB”)
- Certified Disabled Veteran Business Enterprise (“DVBE”)
- Certified Minority Business Enterprise (“MBE”)

The majority of our leadership has served in the military, and we are therefore able to deliver clients and employees, a culture driven by service, duty, loyalty and teamwork.
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