

Americas Deal of Year: Puerto Rico PR-22 & PR-5 toll roads



The loan financing for the toll road concession of Puerto Rico highways PR-22 and PR-5 was the most significant traffic-based infrastructure project to be successfully financed in North America since the financial crisis. It was, in fact, the only bank-financed toll road project in North America in 2011 in which lenders are taking on full traffic risk. The strength of the asset, where traffic and toll collection have been proven for more than 40 years, proved appealing to the market.

The deal is also significant as the first brownfield toll road monetisation to have successfully closed in the US since 2006. The toll road deal was also the first P3 project financing to be closed in Puerto Rico. It provided a major boost for Puerto Rico and its new P3 programme and the transaction is expected to be used as a model for other government entities considering the use of P3s.

On September 22 2011, Autopistas Metropolitanas de Puerto Rico, comprising Goldman Sachs Infrastructure Partners and Abertis Infraestructuras, reached financial close on the US\$1.1bn

financing to back the 40-year P3 contract between the consortium and the Puerto Rico Highways Transportation Authority. The deal had to tackle many challenges, including defeasance of a significant amount of existing bonds.

The banks included Credit Agricole as administrative agent, BBVA, ING, RBC, Santander, Scotia, SG and WestLB, as well as Banco Populare, La Caixa, Caja Madrid, Intesa and Siemens Financial Services.

The transaction was oversubscribed, bringing in a total of 10 financial institutions that were able to achieve a swift and successful financial closing in record time. Financing institutions dedicated significant time and effort to understand not only the past performance of the asset but also the political, legal and economic situation and outlook for Puerto Rico.

Key features of the deal that make it outstanding include the fact that in addition to the upfront payment, Metropistas is required to invest more than US\$50m during the first three

years of the concession in improving the safety and quality of PR-22 and PR-5. The Puerto Rico Public-Private Partnerships Authority (PPPA) also estimates that more than US\$600m in maintenance and rehabilitation works will be invested by Metropistas during the life of the concession contract.

Transparency throughout the entire procurement process was another strength, with the PPPA facilitating strong partnership between all parties, including government entities, investors, developers and public interest parties. Many observers of the transaction lauded the transparent process as the biggest factor in the success of the Puerto Rico concession, ensuring that the transaction would be bankable and accepted by the debt markets.

● Americas

Bank of the Year: WestLB

Deal of the Year: PR-22 and PR-5

Bond Deal of the Year: CHUM

Power Deal of the Year: CPV Sentinel

Renewables Deal of the Year: SdB

Oil & Gas Deal of the Year: OSX-2

Transport Deal of the Year: Embraport

Mining Deal of the Year: Caserones