

# **MSRB Rule G-17 CDIAC**

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# Complex Structure: Public Private Partnership P3

- **Syndicate - Senior Manager has primary responsibility for G-17**
- **Should have typical disclosures:**
  - **Fair dealing & pricing practices**
  - **Unlike an FA the underwriter has NO fiduciary duty and will look after their own financial interests**
  - **Will review the OS as a responsibility to investors not issuer**
  - **Compensation is contingent upon successful close – inherent conflict**



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- **Conflict Disclosures:**
  - Ordinary Course of Business
  - Refunded Bonds
  - Payments to/from 3<sup>rd</sup> Parties
- **Complex Financing Disclosures**
  - Minimum denominations (\$250k)
  - QIB's
  - Private Letter
- **Risks P3's:**
  - PAB expense > Muni Bonds
  - Risk Transfers (Operating, Capital, Bonds)
  - Shadow Payments / Balloon Payments
  - Payment guarantees – Need not to exceed \$

# Complex Structure: Public Private Partnership P3

➤ **Be Prepared – Underwriter's are NOT advisors:**

- **FA for rating agency/investor outreach & pricing**
- **FA for project finance modeling**
- **Bond and Project Financing Lawyers**
- **Sophisticated financing team**
- **Independent Engineers**

