



Using Public-Private Partnerships to Optimize Economic Development Opportunities

September 2023

Client Focus *Experience* *Insight* *Results*

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FIRM OVERVIEW



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Mr. Brettell is the Managing Partner of [The Prosody Group](#) and leads the firm's economic development and management consulting practices. Mr. Brettell's 20 years of project development, revitalization & resolution experience includes site selection & negotiation, government, debt & equity financing, due diligence, merger integration, human resources and compliance services for projects valued at over \$20 billion dollars.

Along with Prosody's project development experience on behalf of clients, Prosody recently divested an equity interest in a multi-state solar development entity, MAP Energy Solutions, LLC, for which it provided commercial origination, structuring and management services. Prosody has also utilized its own personnel, experience & capital to invest in & revitalize a registered securities broker-dealer, [Brooklight Place Securities, Inc.](#)

Prior to founding The Prosody Group, Mr. Brettell was a founder of Energy Asset Advisors (EAA) & Energy Asset Solutions (EAS) and held executive posts with Tyr Energy and Aquila. As a co-founder and Managing Director of EAA & EAS, Mr. Brettell was involved in the due diligence, financing and development of renewable energy and technology projects, as well as providing a variety of support services including investment banking, commercial origination, project management functions and decision support/option analysis for a diverse base of clients. As Senior Director with Tyr, Mr. Brettell was responsible for asset acquisition & merger integration, third-party crisis management and advisory services for renewable and conventional power generation facilities & companies, including investment banking & lender clients as well as private equity firms. During his tenure at Aquila, Mr. Brettell's leadership spanned strategy, competitive intelligence, business development, legal, regulatory and human resources for multiple wholly-owned subsidiaries

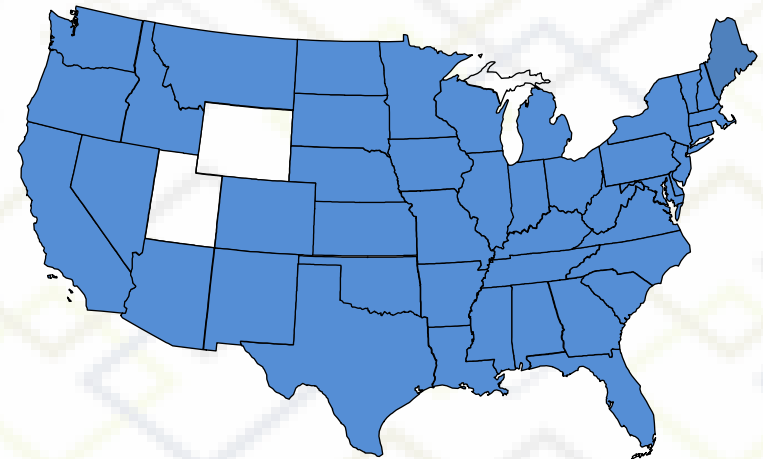
Mr. Brettell has also worked as an attorney in private practice handling business & litigation matters and holds Series 7, 24, 27, 52, 53 and 66 securities & life, health and variable contracts insurance licenses.

Mr. Brettell earned a Bachelor's degree in History from the University of Maryland, a joint Juris Doctor & Master of Business Administration (Finance) degree from the University of Kansas, and a Master of Laws (Tax) degree from the University of Missouri, Kansas City.

Prosody has provided government financing, incentives and grants advisory services for energy, agriculture and logistics projects with an estimated enterprise value in excess of \$20 billion dollars

- Prosody's economic development experience includes:
 - Federal, State & Local Infrastructure Incentive Programs (BUILD, TIGER, RAISE, INFRA, PIDP, FPEP, PDAP, EDP, etc.)
 - Property Tax Abatements / PILOT Programs
 - Sales & Use Tax Exemptions / Rebate Programs
 - Tax Credit Incentive Programs (Enterprise Zones, Renaissance Zones, High Quality Jobs, etc.)
 - Federal & State Work Opportunity Tax Credits (WOTC)
 - Federal & State New Markets Tax Credits (NMTC)
 - Municipal Infrastructure Grants & Development Programs
 - Industrial Development / Revenue Bonds (IDB / IRB)
 - Empowerment Zone & Renewal Community Employment Tax Credits (EZ & RC)
 - Tax Increment Financing (TIF)
 - Community Development Block Grants (CDBG)
 - Energy-Industry Tax Credits, Grants & Loan Guarantee Programs (Treas. 1603, 1705, 1703, IRC 45 & 48, USDA 9003, 9004, 9005 & 9007 and BCAP)

Economic Development Project Locations



- Prosody also provides compliance solutions to assure continuing qualification for Clients' projects

PUBLIC-PRIVATE PARTNERSHIPS (P3) & ECONOMIC DEVELOPMENT (ED)



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- **What is it?**

- Any scenario where a public entity (city, port, transportation dept, etc.) supports (financially or otherwise [grant eligibility, permitting relief, etc.]) a private enterprise's development/upgrade/rehabilitation of an existing or developmental asset

- **What isn't it?**

- Free money (will discuss later)

- **How are they formed?**

- Private party approaches public party to pursue mutually beneficial project (common)
- Public party approaches private party to pursue mutually beneficial project (rare)

- **Why use a P3?**

- Everybody wins!
- Private party gets the use of a valuable asset at reduced capex
- Public party gets a happy private partner and an asset that reverts to the public benefit after the private party leaves/ceases operations or asset use

- **Most USDOT (and other) federal programs require 3 things:**
 - An eligible entity (a non-federal governmental entity);
 - An eligible project (pretty easy hurdle to surmount), and
 - A “non-federal” (state/local government or private party) match of 20-50%
 - Exceptions include small port/projects, rural areas and others depending on the program
- **If P3 involves a private party, then the governmental entity is considered a “conduit” for benefits**
- **All are competitive, massively oversubscribed and generally occur only at specific times of year**
- **Applications tend to be both art & science**
 - Ask whoever you use for your grant application if they handle both the Narrative & the Benefit/Cost Analysis (we do and they should)
- **Lots & lots of details and requirements (discussed later)**



- **Different taxes by type of entity**
 - Property (local)
 - Sales Tax (state and/or local)
 - Income (state)
- **Often require participation of each other (see, Iowa HQJ Program) because of the above taxing structure**
- **Usually not competitive (like the federal programs), but may require:**
 - Specific location (EZone, Opp Zone, etc.)
 - PILOT
- **Usually always available, depending on funding by legislature**

- **First and Foremost**

- Federal programs reimburse – the private party will be fronting the capex
- State & local programs – abatements, exemptions and credits are post-development

- **Significant process and timeline expansion as compared to private-only development**

- Buy America Provisions

- has gotten very tough and can be literally impossible to meet
- Feds have been resistant to blanket exceptions even where folks like the AAPA have weighed in on equipment issues
- Latest update is that there will be no blanket and virtually no individual waivers granted
 - USDOT is also indicating that they will be looking at suppliers’ suppliers to assure compliance

- NEPA

- Full blown NEPAs are rare given 95% of projects fit within a categorical exclusion, but should plan to have to do it anyway for timing purposes (9-15 months!)

- Bidding

- Executed by the public partner on private parties’ behalf; can be uncomfortable for both

- **Significant process and timeline expansion as compared to private-only development (con’t)**
 - Subject to audit in most/many instances – during and after the grant/incentive period
 - Compliance with program requirements can go on for years after the Project is completed (esp. in ED programs)
- **As the government party, you will have to:**
 - Manage the application, award, obligation and execution process
 - **Remember** – the public partner – YOU – are the applicant, not the private party (you drive the bus)
 - Enter into a number of legal agreements with the feds & private party to hold yourselves harmless as the conduit
 - Handle the back office for a successful grant – bidding, accounting, etc.
 - NOTE: You can hire a 3rd party and pay for that out of the grant (remember to drop it in your Project budget or let the private partner know you’ll need to be reimbursed for staff time)

- **What Program is best?**
 - Depends on needs, interest, timing, etc.
- **Do you have (or can you find) the expertise to understand & apply for the Programs?**
 - It's a specialty, so be wary of folks that tell you “they can do it” with no record (think: engineering firms - sorry)
- **Are you staffed to handle a P3 Project?**
 - As the public entity, you're the conduit and will be required to handle bidding, accounting, disbursements, etc.
- **Is P3 the right fit or would an ED program be better?**
 - Do you have the time to wait for the federal process to play out?
 - Time of year (may have to wait for the Program NOFO), time to award, time to meeting obligation criteria, time for bidding, etc.
 - Can you get comfortable with the working relationship with each other?

P3 & ED CASE STUDIES



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Client / Project Overview

- Retained by agricultural coop seeking additional source of low-cost capital for the development of its Washington state port facility
- Project consisted of ~\$450M in development cost, creating dozens jobs and additional markets each in rural areas, as well as adding efficiencies (and patronage) for its farmer-owners.



AG Processing, Inc.

For single-site project development valued at over
\$450,000,000

May 2022

Services Overview

- Reviewed multiple federal and state incentive programs for fit & funding
 - Identified 2 strong opportunities to access Federal conduit incentive programs (US DOT RAISE & MARAD Port Infrastructure Development Program grant)
- Served as client Program advisor for pursuit of PIDP grant
- Assisted in the coordination of port personnel & activities
- Provided client feedback on Port's benefit-cost analysis

Results

- Obtained **\$25.5M** reimbursement commitment for identified project from USDOT MARAD PIDP program.
- Increased project-level ROI's by high single-digit percentages



Client / Project Overview

- Retained by international commodities trading firm seeking additional source of low-cost capital for the development of its Texas Gulf port facility
- Project consisted of ~\$20M in development cost, creating a dozen jobs and additional crop markets each in rural areas

Services Overview

- Reviewed multiple federal and state incentive programs for fit & funding
 - Identified 1 strong opportunity to access Federal conduit incentive program (US DOT MARAD Port Infrastructure Development Program grant)
- Led expedited program execution on behalf of client with coordination of port personnel
- Documented benefit-cost analysis showing in excess of 12x project benefit (4 times the maximum impact sought by MARAD under program rules)



West Plains, LLC

For single-site project development valued at over

\$20,000,000

May 2020

Results

- Obtained **80%** reimbursement commitment (\$17M) for identified project from USDOT MARAD PIDP program – an amount 2x the average program commitment level
- Increased project-level ROI's by double-digit percentages



Client / Project Overview

- Retained by large, international commodities trading firm seeking additional sources of low-cost capital for the development of infrastructure related to a greenfield river barge project
- Project consisted of ~\$22M new build facility with an almost 2-mile long, levee-top road connecting to a nearby state highway
 - Levee gate location was at the intersection to the facility and had been the subject of numerous traffic accidents over the years

Services Overview

- Researched and reviewed additional funding sources for infrastructure needs
 - Identified 2 IL DOT business development conduit programs (EDP & TARP) for road & highway projects
- Negotiated with local county highway authority to apply for grant and backstop the project obligation
- Drafted all project-related documents and interfaced with local & state counsel to document terms & conditions

GAVILON 

Gavilon Grain, LLC

For project development valued at over

\$22,000,000

2018

Results

- Obtained 100% funding for intersection & rail grading
- Obtained 75% funding for levee-top road surface improvements
- Overall support equaled almost 2/3's of total cost

Client / Project Overview

- Retained by Top 10 ag commodities merchant seeking low cost capital to construct a greenfield elevator project
 - Debt incentive programs (guarantees, etc.) out of scope given HoldCo level leverage

Services Overview & Results

- Identified a three-pronged incentive program under Illinois law (the IL Enterprise Zone program)
 - Program consisted of an investment tax credit, a local property tax abatement and a sales/use tax exemption
- Negotiated with County officials to apply for an expansion of the Zone through the State as the original location was outside the border of the then-existing Zone
- Led simultaneous effort to obtain project benefit approvals with 9 separate taxing authorities
- Provided feedback to in-house & outside counsel on all required program & project documents
- Led compliance effort after close that resulted in substantial additional savings from the contested tax assessment



DeBruce Grain, Inc.

in a transaction valued at over

\$27,000,000

August 2010

“Charles Brettell is the best consultant I have worked with – period. I have recommended him to many of my business contacts and will continue to do so without reservation”

Paul DeBruce, CEO

CONTACT INFORMATION



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