

**C40 Cities Working Group:
Sustainable Infrastructure Finance for C40 Cities**

Wednesday, February 22, 2012

BACKGROUND

It is clear that the developed and developing world require significant infrastructure investment in order to accommodate their growing populations and a parallel rise in overall living standards. The Organization for Economic Co-operation and Development (OECD) estimates that \$71 trillion in investment across water, land-based transportation, telecommunications, and energy production will be required through 2030 to meet these demands. To put that number in perspective, the five-year moving average of project finance bank loan issuance is \$205 billion.

Cities have a tremendous opportunity to lead the rest of the world in this challenge by implementing infrastructure projects that enable their citizens to live more sustainably. However, as many city governments continue to grapple with severe economic and fiscal problems – including reduced tax revenue, budget deficits, reductions in funding from the central government - the path by which these projects are funded and implemented is no longer clear. Further, the financial crisis and revised bank regulations have left many banks with reduced or very limited appetite to lend to long-term infrastructure projects. Yet, there is still significant interest among traditional and emerging capital providers for well-conceived projects.

At this year's Global Energy Basel summit, the C40 will explore these issues in greater detail by hosting a closed-door Working Group exclusively for C40 Cities. The Working Group will be led by a finance practitioner with decades of experience in advising on the financing and delivery of large-scale infrastructure. The Working Group will provide participants with an overview of infrastructure finance fundamentals including an understanding of how to make a project economically sustainable and thus "financeable."

Similar to the Investment Forums at this year's summit, the Working Group will also give C40 Cities the opportunity to briefly present one of their own infrastructure projects and to engage in a discussion over the issues that may hinder their project's delivery and implementation. *These can either be projects currently in need of financing or projects that have already been successfully financed.* Each presentation will be followed by feedback from the moderators and the rest of the Working Group. Throughout the Working Group, participants are encouraged to discuss and share their own experiences with what has worked / what has not in infrastructure development and delivery.

At the conclusion, the moderators will explore the opportunity for interested C40 Cities to collaborate more closely through a "C40 Network" on sustainable infrastructure finance. Please see page 5 for more information.

To register for this Working Group or if you have any questions, please contact Scott Henderson directly at shenderson@clintonfoundation.org or +1.415.548.0099.

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AGENDA

Objective: *To provide C40 Cities with an opportunity to explore the challenges and opportunities around sustainable infrastructure finance in a small group setting with an experienced project finance specialist, and to consider ways in which C40 Cities can collaborate with one another on this topic going forward.*

Moderators: Adam Nicolopoulos, President & Founder, ADN Capital Ventures, Inc.
Scott Henderson, Director-Finance, C40 Cities Climate Leadership Group

08.00 – 09.00 SESSION I

- **Introductions:**
 - Brief introductions – All participants (5-10 min)
- **Presentation:**
 - Infrastructure Finance Fundamentals – Adam Nicolopoulos (25 min)
 - Q&A – All participants (25 min)

14.00 – 15.30 SESSION II

- **C40 Project Investment Opportunity #1:**
 - District Cooling Project – Lars Lindholm, Finance Administration, City of Copenhagen (5-7 min)
 - Q&A – All participants (15 min)
- **C40 Project Investment Opportunity #2:**
 - “Financing Sustainable Transport: BRT Extension” – City of Johannesburg (5-7 min)
 - Q&A – All participants (15 min)
- **Proposal - C40 Sustainable Infrastructure Finance Network:**
 - Review / Feedback on Concept (see page 4) – All participants (40 min)
 - Summarize Next Steps – Scott Henderson (5 min)

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PARTICIPANTS (confirmed)

City of Changwon

Mi-kyung Moon
Advisor Secretary
Environmental Policy Department

City of Copenhagen

Lars Lindholm
Teamleader, Green Growth and International Relations
Finance Administration

City of Johannesburg

Barney Kgope
Director
Air Quality and Climate Change under Environmental Department

Maria Ncube
Deputy Director: Financial Strategy Unit
Office of the ED: Finance & Group CFO

City of London

Kenroy Quellennec-Reid
Senior Article 13 & Financial Engineering Manager
European Programmes Management Unit
Greater London Authority

[City of Moscow]

Mr. Anton Kulbachevskiy
Department for Natural Resources Management and Environmental Protection

City of Rio de Janeiro

Alessandra Souza
Deputy Secretary of Finance

[City of Rotterdam]

Wiert-Jan de Raaf
Program Manager
Rotterdam Climate Initiative

Fred Akerboom
Program Manager
Program of Sustainability

City of San Francisco
Rich Chien
Private Sector Green Building
Department of Environment

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KEY DRIVERS FOR A SUCCESSFUL PROJECT

1. **Definition** – is there a tightly-bound, ironclad definition of the project with good & clean limits?
2. **Sustainability** – is the project designed using a life-cycle approach (to operate and be maintained efficiently over time) and with minimal adverse impact on the environment?
3. **Rationale** – does the project offer a compelling solution to a critical need of the city?
4. **Financeability** – does the project deliver strong economic performance and is it able to repay the capital providers (equity and debt)?
5. **Legal / Contractual** – are the legal and contractual elements of the project secure?
6. **Technical** – does the project avoid significant technology risk, business risk, complex implementation techniques, etc.?
7. **Political Will**– does the project have sufficient political support?

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PROPOSAL - C40 SUSTAINABLE INFRASTRUCTURE FINANCE NETWORK

Proposal:	Creation of the C40 Sustainable Infrastructure Finance Network
Description:	<p>An ongoing forum for C40 Cities to leverage each other's know-how, technical expertise and other resources on sustainable infrastructure finance.</p> <p>The C40 believes that despite significant differences among C40 Cities, infrastructure finance presents a number of challenges that are common to all cities. It is at this point of overlap that C40 Cities stand to benefit the most from collaborating with each other, potentially leading to the development of finance solutions for common application.</p>
Members:	All C40 Cities are eligible to participate.
Facilitator:	C40 will facilitate the Network by providing coordination among members, soliciting ideas for improvement, and keeping the Network focused and attuned to the needs of all participants.
Communications:	Monthly conference calls among Networks members to discuss specific topics of interest; materials prepared beforehand
Activities:	<p>The following represent potential ways in which the Network can exert its influence and/or leverage the experiences/know-how of its members:</p> <ol style="list-style-type: none">1. Collect and share case studies on successful projects, particularly those that utilize non-traditional approaches to financing2. Share template legal and financing documents where relevant, particularly for emerging finance structures3. Develop partnerships with global accounting firms to procure pro bono assistance on evaluating new financing structures4. Enlist global financial institutions to share precedent infrastructure transaction data and/or deliver presentations on select topics5. Joint development of new infrastructure financing programs with private financial institutions6. Joint development of new infrastructure financing programs with multi-lateral institutions

MODERATOR BIOS

Adam Nicolopoulos, *President and Founder*, ADN Capital Ventures, Inc.

Mr. Nicolopoulos founded ADN in 2007 to deliver advisory services to private and public clients on the development, financing and implementation of transportation infrastructure, energy and related projects using the concession/PPP (public-private-partnership) or BOO/BOT (Build, Own and Operate/Transfer) as well as alternative models of delivery and implementation.

Prior to ADN, Adam spent well over 17 years with UBS Investment Banking Division, Corporate Finance (London, Zurich, New York and San Francisco) focusing on funding transportation infrastructure including roads, airports, ports and mass transit systems and energy/power generation assets. His clients included DOTs, government authorities, public bodies and private sector firms. In addition to UBS, Adam worked for NatWest Markets (presently known as RBS) from 1994 until 1997 in London as Associate Director leading the execution of international and UK project advisory mandates.

In the US he advised and worked on over 12 PPP-type and concession deals, including working with bidders on their tender for the Indiana Toll Road and Northwest Parkway, Indiana Toll-Road, Chicago Skyway and the development of two greenfield container port terminals in the Gulf of Mexico. His services included advising public authorities and government enterprises, including NJ DOT, on the application of suitable PPP models for their infrastructure sector.

On the private side, he has advised investors, international contractors and developers in structuring optimal financing solutions (bonds, bank debt and/or equity financing) and implementing selected financing. In 2003, he brought the first ever rated project bond to the market for a road project in Eastern Europe. He led the team that advised a number of governmental entities (including ministries of finance and transportation) on the application of PPPs and concessions across a wide range of economic sectors.

Mr. Nicolopoulos holds an MBA from Stern School of Business at NYU (graduated with honors on a full university scholarship), an MSc in Mechanical Engineering from the University of California, Berkeley (honors) and a BSc in the same field from Columbia University. Certifications include Series 7 and 63. He is a Visiting Scholar at Stanford University (since 2007 – present). He is a member of the International and the US Who-is-Who and he has had speaking engagements at over 30 national and international conferences on topics relating to infrastructure financing, PPPs and financial innovation.

www.adncapitalventures.com

MODERATOR BIOS

Scott D. Henderson, *Director of Finance*, C40 Cities Climate Leadership Group

As Director of Finance at the C40 Cities Climate Leadership Group (C40), Mr. Henderson is responsible for the development of initiatives that will provide meaningful support to the climate finance activities of C40 Cities.

Mr. Henderson joined the C40 through the Clinton Climate Initiative (CCI) in 2008, where he provided finance-level support to CCI's Energy Efficiency Building Retrofit Program. In this role, Scott worked with private financial institutions, development agencies, governments, energy service providers and other stakeholders to develop and commercialize finance structures that can accelerate and scale investment in the global building energy efficiency market. Recent examples of Scott's work include the successful launch of Property Assessed Clean Energy (PACE) financing programs for private buildings in the C40 Cities of San Francisco, Los Angeles, and Melbourne.

Prior to joining C40, Scott worked with ADN Capital Ventures, an independent advisory firm focused on the development and financing of renewable energy and transportation infrastructure projects. Before that, he worked as a Controller and interim CFO for a venture-backed biotechnology firm focused on developing drug therapies for metabolic diseases.

Scott previously worked at Dillon Read & Co and UBS Investment Bank in the General Industrial and Technology Corporate Finance Groups, respectively. His last position at UBS was Vice President in the bank's Global Technology Investment Banking Group in San Francisco, where he was responsible for origination and execution of transactions for companies in the optical communications space. Scott began his career in the Debt Capital Markets Group at Merrill Lynch & Co. in New York, where he focused on asset-backed and mortgage-backed securities origination.

Scott received his BA from Harvard University in 1995. Certifications include Series 7 and 63. Scott currently lives and works in the San Francisco Bay Area.

<http://live.c40cities.org/>