

**Opportunities for Public-Private Partnerships and Concession Payments for
Long-Term Capital Investments in the State of Connecticut**

Testimony to the Transportation and Commerce Committee
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Public-Private Partnerships offer a wide spectrum of potential opportunities improve performance and leverage investor capital

Private partner designs and builds facility in accordance with the requirements set by the government. Government assumes responsibility for operating and maintaining facility after completion.

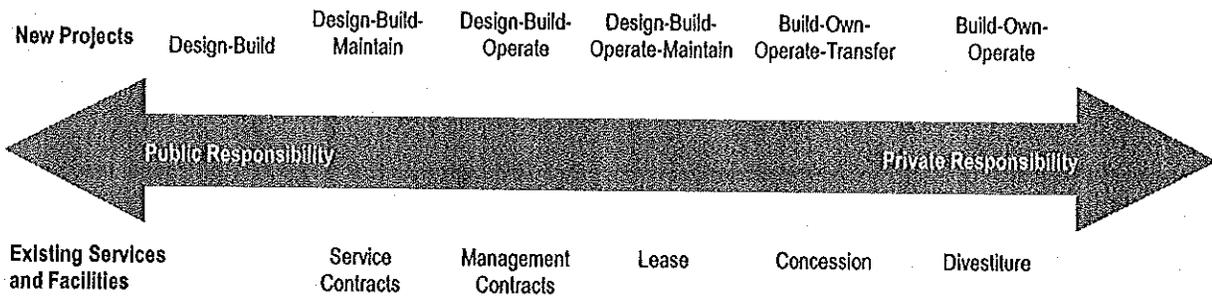
Upon completion, title for facility is transferred to public sector but private sector operates the facility for a specified period.

Government grants franchise to a private partner to finance, design, build, and operate facility for specified period. Ownership transfers back to public sector at end of period.

Same as Design-Build but private sector also maintains the facility. Public sector operates.

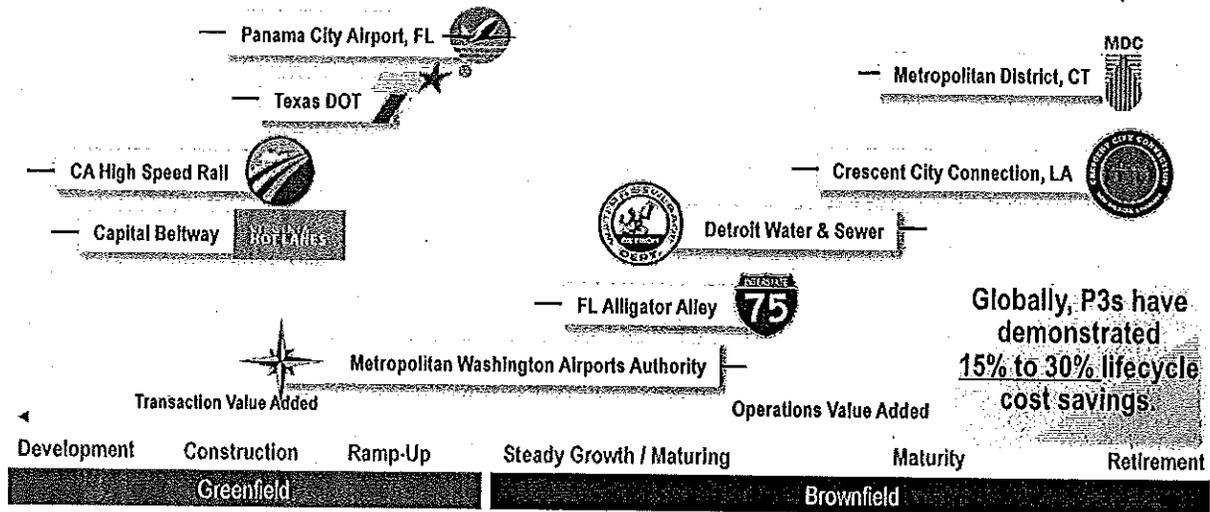
Private sector designs, builds, operates, and maintains facility for a specified period.

Government gives private party right to finance, design, build, operate, and maintain facility without requirement to transfer back to government.



Consider asset maximization throughout the lifecycle; construction is only part of total costs

P3s and private sector principles have been successfully applied at every stage of the infrastructure lifecycle, delivering true asset maximization opportunities and greater value for the public



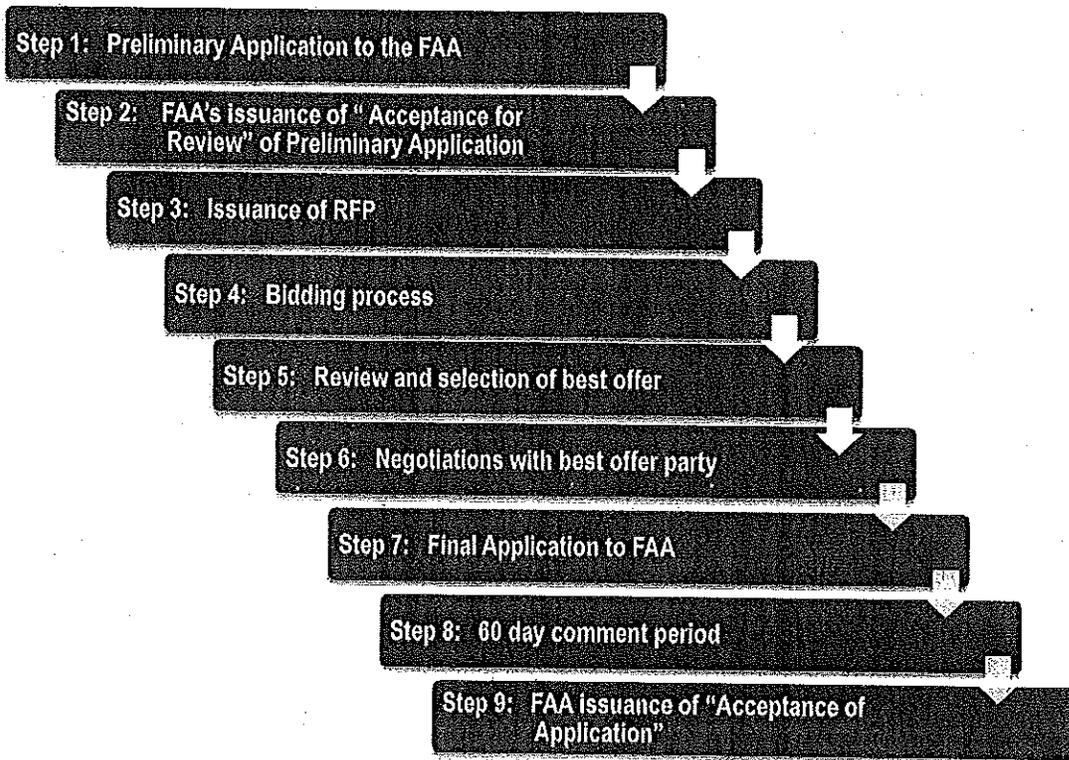
Experience in the U.S. with Airport "P3's"

- In 1997, the FAA established the Privatization Pilot Program for up to 5 airports to allow private parties to gain significant or complete responsibility of airports without losing federal funding.
- As shown below six airports have applied for in the FAA pilot program:

<u>Airport</u>	<u>Location</u>	<u>Result</u>
Chicago Midway International Airport	Chicago, IL	Preliminary application: Oct 2006, final Application: Nov 2008
New Orleans Lakefront Airport	New Orleans, LA	Application terminated 2008
Niagara Falls International Airport	Niagara Falls, NY	Application withdrawn 2001
Rafael Hernández Airport	Aguadilla, PR	Application withdrawn 2001
Brown Field Municipal Airport	San Diego, CA	Application withdrawn 2001
Stewart International Airport	Newburgh, NY	Approved 2000, removed from the program October 2007

- In September 2008, Chicago's Midway Airport agreed to lease to a private consortium for \$2.5 billion through the program and has been the only large hub airport to submit an application.
- Stewart International Airport, located in Newburgh, NY, was privatized in March 2000 under a 25 year lease to National Express (a British private operator). The Airport was "de-privatized" in October 2008 when the lease was assumed by the NJNYPA.
- Two airports withdrew their applications prior to completing the process, and one airport's application was withdrawn after the FAA commented on the feasibility of the proposal. Of the three discontinued applications, changes in political leadership and/or loss of support for the project were contributing factors.

Nine Steps to a Public-Private Partnership through the FAA Pilot Program



Important Considerations to Assure a Successful Concession

- **State enabling legislation** - crafted to provide for proper risk sharing, healthy competition, long-term asset protection, economic development and public safety
- **Airport staff** - most successful P3's provide protection for existing employees (no forced layoffs, equivalent or better compensation)
- **Approval process** - stakeholder communication is critical in the planning and decision-making process (airlines, tenants, unions, local officials)
- **Existing contracts** - leases with existing tenants and service providers must be identified and addressed early in the process
- **Existing debt and grants** - concession payment value will be impacted by the outstanding debt on the airport
- **Use of concession proceeds** - uses of the proceeds should include investment in the airport assets and other long-term perspectives
- **Experienced procurement advisory team** - should be hired early in the process

Infrastructure Management Group (IMG) Overview

- IMG provides management, financial and government procurement advice
- IMG Capital LLC serves as equity advisor
- Headquartered in Washington, DC area
- Multi-disciplined team of 25 seasoned professionals with more than 150 years of infrastructure experience
- 200+ engagements for 100+ public & private agencies, authorities, investors
- \$100+ billion of deals across the infrastructure lifecycle - feasibility, development, construction, ramp-up, maintenance, upgrade and mature operations
- Experience across 22+ U.S. states, the Americas, Europe, Africa and Asia

IMG's Value Positioning

