

CASE STUDY

A Landmark in the History of U.S. Public-Private Partnerships

“The \$2.6 billion deal to lease San Juan’s Luis Muñoz Marín International Airport to a private consortium is being watched by bankers and industry officials keen to import a business model that is widely used in Europe and Asia.” —The Wall Street Journal



Client:	Aerostar (an international joint venture of Highstar Capital and Aeropuertos del Sureste [ASUR])
Industry:	Aviation
Area of Law:	Public-private partnerships, Finance
Result:	Obtained FAA clearance and closed a \$2.6 billion deal for the first-ever major U.S. airport public-private partnership.



Guiding an Unprecedented Airport Privatization from Bid to Takeoff

When Aerostar Airport Holdings decided to pursue the first-ever public-private partnership for a major U.S. airport—namely, the Luis Muñoz Marín International Airport in San Juan, Puerto Rico—they turned to the highly experienced and acclaimed aviation attorneys at Pillsbury.

These lawyers worked with Aerostar throughout the multi-year process: from the development of their winning bid, to securing multiple regulatory approvals, to the finalized handover in February 2013.

In the process, Pillsbury lawyers also helped regulators in the U.S. Department of Transportation, the Federal Aviation Administration and the Transportation Security Administration set the bar for how similar proposals will be reviewed and approved in the future.

Multiple Challenges

Aerostar cleared a major hurdle when its proposal was selected by the Puerto Rico Ports Authority in July 2012, after a competitive bidding process. But the awarding of the lease also launched the most complex phase of the project for the Pillsbury lawyers, who started on the process of securing the required approvals from the FAA and TSA.

The Pillsbury team’s achievements included a successful collaboration with all stakeholders – from PRPA to the airlines to the regulators – to ultimately obtain the necessary approvals of the landmark public-private partnership for the busiest airport in the Caribbean.

As the government accepted Aerostar’s first \$615 million payment out of the roughly \$2.6 billion it will pay over its 40-year lease, Moody’s Investors Service immediately hailed the news as a “credit positive” transaction for the Commonwealth of Puerto Rico.