



September 26, 2012

Docket Management Facility
U.S. Department of Transportation
1200 New Jersey Avenue SE,
West Building Ground Floor,
Room W12-140,
Washington DC 20590-0001

RE: Notice of Public Meeting
Federal Aviation Administration
Airport Privatization Pilot Program
Luis Muñoz Marín International Airport
San Juan, Puerto Rico

Docket Number: FAA 2009-1144

The Puerto Rico Chamber of Commerce (“PRCC”) is a non-profit organization established in 1913 that will celebrate its 100th anniversary this coming year. It is the most inclusive multi-sector organization in Puerto Rico and it has traditionally been the sounding board and platform for enhancing and promoting all private business activity in Puerto Rico. The PRCC’s mission is to advocate in favor of its 1265 constituents at all levels, including the preparation of those norms that guide and facilitate business opportunities that will support the socioeconomic



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development of Puerto Rico with the purpose of creating sustainable socio-economic conditions that enhance its competitiveness. It also helps to foster the optimal climate for doing business, to facilitate the creation and expansion of local industries, to attract Foreign Direct Investment (FDI) like the Luis Muñoz Marín International Airport (“LMMIA”) PPP initiative, to develop and increase Puerto Rico’s export capacity, to assist in the development of the Island’s manufacturing base, in the strengthening of our retail and wholesale base, in the expansion of the technical and professional services sector and in the augmentation of any other comparative and competitive advantage that will support the socioeconomic development of Puerto Rico; all with the purpose of fostering the sustainable socio-economic conditions that will create jobs, wealth, a robust and vibrant economy, socioeconomic mobility and quality of life for all our citizens.

We appreciate the opportunity to provide our comments regarding the Public Private Partnership concession (“PPP”) that the Puerto Rico Ports Authority recently awarded to *Aerostar Airport Holdings, LLC* (“Aerostar”) in order to finance, operate, maintain and improve Puerto Rico’s main airport, the LMMIA, in accordance with the legislation that was enacted on June 8, 2009 (the “P3 Act”).

In the past two decades, jurisdictions and governments around the world have turned to the private sector to help them face the daunting challenges that pose a complex and uncertain global economy. This uncertainty has resulted in governments with limited resources and little financial leeway to develop and maintain vital infrastructure. As such, developed economies have not only allowed,

but also fostered and welcomed, private business participation in the management and operation of airports as a mechanism to enhance customer service while simultaneously effectively and efficiently managing the business and financial challenges of its operation.

The airport industry requires many resources to become income producing. The most important resources include 1) large capital improvements over a long period of time; 2) robust, seasoned and experienced work team with a global perspective that will operate, maintain and improve the facilities; 3) a sound technological background that will enhance and provide competitiveness in accordance to industry parameters and best practices; and 4) an unyielding commitment to include and boost those efforts with local service providers. These resources are necessary to streamline unnecessary costs and increase the local employment footprint and business opportunities, not only within the airport's economic structure but also within all its local supply chain.

LMMIA is Puerto Rico's main air cargo hub. It is well known that the LMMIA facility requires substantial infrastructure improvements in order: (i) to develop and promote Puerto Rico as an international hub and transportation center with world class air services, (ii) to effectively compete in the international business trade, (iii) to increase airline availability and stimulate the local economy activity within Puerto Rico and, (iv) to improve passenger and cargo movement and tourism to and from the Island.

It is also well known that in order to be able to achieve the above described plans, the LMMIA requires a large capital investment that our Government is not in a financial position to implement, on its own. Therefore, the PPP mechanism provides the win-win arrangement that will limit or eliminate the financial exposure of the Government. Such structure will allow the transfer of investment and risk from the Government to Aerostar, as its private lessee and operator. Such transfer will be channeled through an optimal contract were both thresholds, guarantee of minimum income “*m*” within low market demand and a top maximum of income “*M*” within high market demand converge optimally in the intermediate demand contract (See exhibit included). As such, Aerostar has demonstrated strong management capabilities and sound financial resources to enhance the LMMIA’s operations, to generate revenues and to comply with Puerto Rico employment goals.

The proposed PPP will have a substantial economic impact for the Island’s economy during the initial ten (10) years of the concession agreement. The remodeling and new construction at the LMMIA, as well as the significant increase in passenger movement, will benefit local businesses through the new employment, commercial activity, capital investment, technology transfer and other competitive opportunities for a wide array of international airlines that are keen in entering the Caribbean and Latin American air traffic through Puerto Rico. This in turn, will increase tax revenues over the contract period.

The Chamber of Commerce understands that there are four main factors to consider in the FAA’s evaluation of the LMMIA P3. They are that:

1. During the first 3 years of operation Aerostar is committed to invest over \$1.6 billion for immediate and permanent improvements, including jet bridges, terminal redevelopment, expanded roadways, and internal infrastructure of the airport facilities.
2. Aerostar's operational plan will result a significant increase in passenger movement, which includes a strategic plan for increasing traffic, route development and enhance customer services.
3. A new governance structure focused on transfer of knowledge and investment in human resource development will yield a more productive, innovative, entrepreneurial work force with augmented attributes, skills and competencies that will undoubtedly result in improved job conditions and wealth for our work force, and;
4. This activity will increase tax revenues for Puerto Rico.

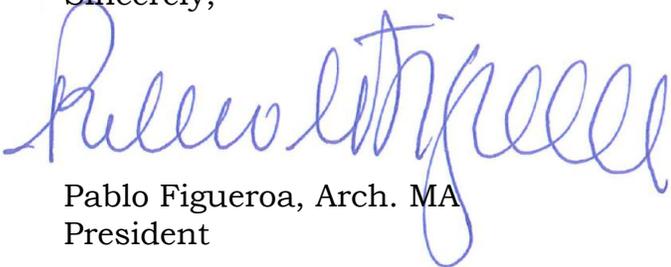
Based on the above-mentioned facts and criteria, the Puerto Rico Chamber of Commerce supports the LMMIA concession awarded to Aerostar. The proposed concession arrangement will stimulate and contribute to unleash the economy of agglomeration allowing the market forces to work optimally; thus, contributing to position Puerto Rico's main airport in the forefront of the world air traffic and amongst the highest developed economies.

Let's not forget that airports are by their nature multi-product enterprises. Airports consist of innumerable and complementary activities, such as air traffic

control, runway and terminal construction, pavement, infrastructure and aircraft maintenance, police and security, all sorts of commercial concessions, duty-free shops, internet access, hotels and parking facilities, among the many other commercial services that will allow the contract and subcontract of approximately 3,500 people during the first 3 years of operation, with a multiplier effect of approximately an additional 13,000 employment and business opportunities expected during the year 2022. This represents a influx of approximately \$10 billion of local activity; transferring such benefit to a wide variety of local suppliers, contractors, technicians, construction workers, professional engineers, architects, and other businesses that are necessarily imbued within the LMMIA's concession. Needless to say that, among the many PPPs granted under the P3 Act, the LMMIA awarded concession is one of the most environmentally clean; winning public acceptance and support.

The Chamber of Commerce trusts that our comments will provide useful information to the Federal Aviation Administration in determining the feasibility of this important project

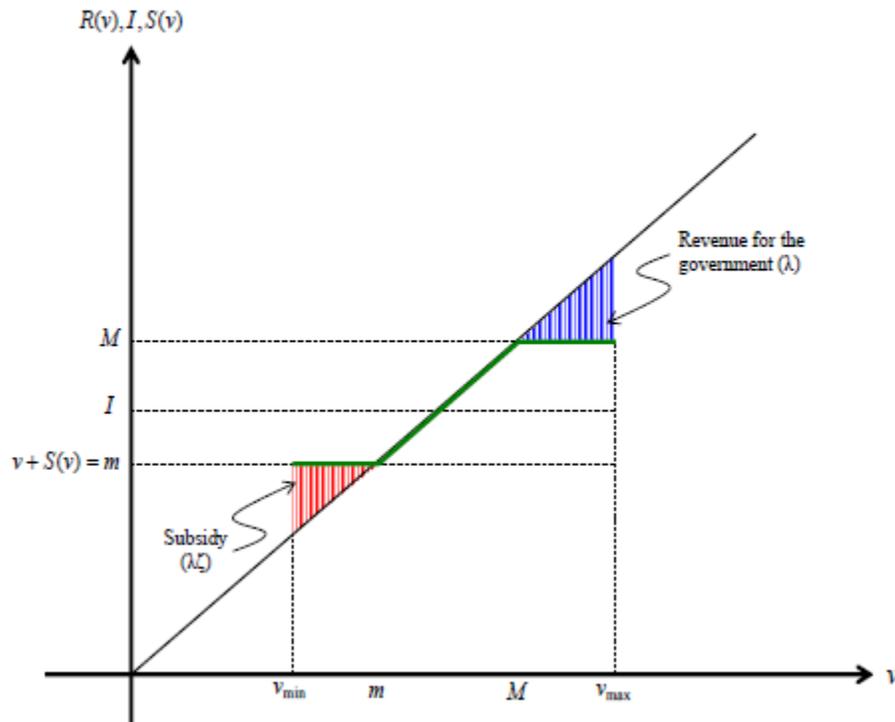
Sincerely,

A handwritten signature in blue ink, appearing to read 'Pablo Figueroa', written in a cursive style.

Pablo Figueroa, Arch. MA
President

Exhibit I

Figure 1: Optimal contract, intermediate demand project



THE BASIC PUBLIC FINANCE OF PUBLIC-PRIVATE PARTNERSHIPS

Eduardo Engel

Ronald Fischer

Alexander Galetovic

Working Paper 13284

<http://www.nber.org/papers/w13284>

NATIONAL BUREAU OF ECONOMIC RESEARCH

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July 2007