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From:

Allan Ripp 212-262-7477 arippnyc@aol.com

John Garger 212-262-7484 jgargernyc@aol.com

Chapman and Cutler Forms Public Infrastructure Working Group to Facilitate Increasing Use of Private Finance Transactions for Public Works

Group will harness Chapman's existing strengths in public finance, project finance, corporate securities and tax for counseling clients in new generation of Public-Private Partnerships

CHICAGO (June 5, 2007) – Responding to a growing need for private investment in public works at the local, state and federal levels, leading financial services law firm **Chapman and Cutler LLP** has formed a **Public Infrastructure Working Group** to harness the firm's deep pool of knowledge and experience with public-private partnerships.

Public-private partnerships (PPPs) have increased sharply during the past few years, bringing new sources of private capital to fund repairs for aging and overused infrastructure as well as helping finance and maintain new public works projects. According to a report released by the Urban Land Institute in May, the U.S. faces a \$1.6 trillion deficit in needed infrastructure spending through 2010 for repairs and maintenance. Originally associated with highway construction and transportation networks – such as the Chicago Skyway and the Indiana Toll Road – PPPs are also used for overhauls of public buildings including hospitals, schools, government offices and courts, as well as water and sewage treatment facilities, the rehabilitation of brownfields, and airport improvements. They are even being considered for state-run lotteries.

Chapman and Cutler has long been known for its combined expertise in both public and private sector finance. The firm's 220 lawyers work extensively on public finance, project finance, structured finance, lease finance, asset securitization, taxation, private equity, private placements, secured lending and corporate finance. On the public finance side, Chapman and Cutler has been recognized by Thomson Financial as the most active municipal bond counsel in the US for 26-straight years.

“The creation of a formal Public Infrastructure Working Group builds on our firm's long-standing commitment to both public and private finance. Our proficiency in complex financial structuring and our experience across the entire spectrum of public works projects, makes us especially well-suited to work on large-scale infrastructure projects,” said **William Libit**, a corporate and project finance partner who chairs Chapman's new Public Infrastructure Working Group.

The concept of private funding for public works has been around for hundreds of years. In 1652, a private company was formed to provide drinking water to communities in Boston. In 1863, a federal franchise was provided to the Central Pacific and Union Pacific railroads to create the country's first transcontinental railroad. The current increase of PPPs is fueled in part by private investment capital and a growing need for financing improvements to public infrastructure assets, as well as added pressure to upgrade public facilities and highways serving major metropolitan markets with growing populations.

Chapman and Cutler has recently been involved in several PPP transactions, including the Chicago Skyway Toll Bridge and the creation of a special purpose entity that developed, owns and operates an office building and parking garage built

on land owned by the US Department of Veterans' Affairs, which leases the building and parking garage. Chapman worked with an energy services company, a plant developer and a major investment bank on the structuring and Rule 144A offering of \$128 million taxable revenue bonds that financed the National Interagency Biodefense Campus (NIBC) at Fort Detrick, Maryland. Other PPP projects have included an energy facility on Veterans' Affairs land in North Chicago; an office building with adjacent parking lot in Milwaukee; a remediated industrial site in Midvale, Utah; a former defense depot in Ogden, Utah; and other PPP projects with the Departments of Energy, Defense and Veterans' Affairs.

“State and local caps on spending as well as public sentiment against tax increases result in a hole in the funding needed for many aging roads, tunnels, bridges and other public transportation facilities and other infrastructure across the United States,” explains Mr. Libit, “In addition, the current liquidity in the private capital markets has created new financing techniques, new investors, and new revenue streams; which all contribute to a whole new way of looking at monetizing public works.”

Long established in Europe, Australia and Canada, PPP's are catching on in a number of US regions. The Pocahontas Parkway outside Richmond, VA was recently leased to a private bidder. Pennsylvania has retained consultants to look into the feasibility of offering the turnpike linking Philadelphia with Pittsburgh for sale or lease; and New Jersey is considering leasing out the Garden State Parkway. Several states have considered turning lottery operations over to private companies in exchange for upfront payments and future guaranteed income. Overall state lotteries had \$16 billion in profits in 2005.

“Chapman has a distinguished record of counseling a variety of financial industry clients, all of whom have the potential for participation in PPPs, including sponsors, project companies, lenders, private commercial and investment banks, placement agents, underwriters, credit rating agencies, suppliers, contractors, and off-take purchasers and advisors,” explains Richard Cosgrove, Chief Executive Partner at Chapman and Cutler. “Our work with clients in merger and acquisitions, securities offerings, and privatization strategies, along with our 90-year-old history in public and private finance has given us a unique knowledge base of the complex issues relating to the private funding of public infrastructure projects.”

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ABOUT CHAPMAN AND CUTLER LLP

Since its founding in 1913, Chapman and Cutler LLP has focused on finance. The firm is recognized for the quality and sophistication of its work and its depth of experience in project finance, banking, bankruptcy and financial litigation, corporate finance and securities, public finance and tax. To complement that focus, the firm maintains a substantial corporate practice representing business entities in administrative and regulatory matters, commercial litigation, divestitures, employee benefits, environment, energy and resources, governmental relations, intellectual property, joint ventures, and mergers and acquisitions. The firm also provides trust and estate planning services for high net worth individuals. For more, go to www.chapman.com.