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AIRPORT CONCESSION: LEGAL CERTAINTY AT THE HIGHEST

In 2017, the Government of the State of São Paulo, together with ARTESP, started the Airport Concessions Program with the delegation of 5 airports to the private sector. The remaining 22 airports that are part of the state airport network remained under the administration of the Air Department of the State of São Paulo (DAESP).

Continuing the Program and after joining great efforts dedicated to structuring the project, it is gratifying to announce the full delegation of the São Paulo network through the concession of 22 airports.

The project was structured in two blocks, Southeast and Northwest, each containing 11 airports. The division took into account the geographic location and the similarity between the demand characteristics of each of the assets. Thus, interested parties were able to submit proposals for one or both blocks.

The structuring of the project had as a guideline to face and solve in a clear and transparent way the various challenges that were posed during the course, in order to bring legal and regulatory certainty to those involved in the process. As an example, the treatment given to land tax collection is mentioned. Knowing that this is a sensitive issue, the modeling addressed the issue with the allocation of risks in the most appropriate way possible, taking into account the distinction between commercial and non-commercial areas, in line with the jurisprudential trend.

Another highlight is the classification of investments. Considering that this is an industry in which fluctuating demand is a sensitive point to be considered, especially after the impacts caused by the pandemic, two investment groups were created: mandatory and planned, both expressed in the model. Mandatory investments must be made by the concessionaire, within the terms and terms of the contract. The planned investments, in turn, are also initially mandatory for the concessionaire, but may be readjusted within the

scope of contractual reviews if there is no consolidation of demand. In other words, if the parties agree that there is no need to make a certain investment as provided for in the bidding documents, there may be a rearrangement, so as not to overload the concessionaire with unnecessary investments.

Importantly, the project is regulated by ARTESP, an agency with vast experience, which provides greater legal security to the market. It is worth emphasizing that the Government of the State of São Paulo, together with ARTESP, is taking steps to incorporate into the Agency all the specialized and necessary technical staff so that airport regulation can be carried out with the quality it deserves.

Thus, in addition to investments in the amount of R\$ 447 million and exemption for the State estimated at R\$700 million, the implementation of the project has the potential to promote the regional development of the State of São Paulo, interconnecting regions and facilitating cargo transport and passengers. Users will also benefit from more modern and comfortable terminals and a greater variety of services.

The concession of regional airports is yet another example of the State Privatization Program's commitment to the quality of project structuring in different sectors, overcoming the most diverse challenges and respecting the technical excellence so dear to the State Government.

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Public calls for studies are in progress for the Campos de Jordão Railroad and the implementation of lotteries in the State of São Paulo

During the months of June and July, the Government of the State of São Paulo published initiatives to carry out feasibility studies for the Campos do Jordão Railroad (EFCJ) and the provision of lottery services. The first aims to obtain the necessary inputs to structure the concession project that will foresee investments for the operation, modernization and reform of the railway that connects the cities of Pindamonhangaba, Santos Antônio do Pinhal and Campos do Jordão, in addition to contemplating other assets managed by the EFCJ. The second has as its object the implementation and operation of lotteries in the State of São Paulo, providing for the possibility for those authorized to present various legal models for delegation to the private sector. The Public Call for the EFCJ has already ended its authorization phase, while the authorization period for the lottery project ends Monday August 9th.



In the picture, a station of EFCJ

Ferry Boat System advances with completion of Market Sounding, Public Consultation and Hearing

With an intense dialogue with the market and civil society, the modeling of the Travessias Paulistas concession project has been improved through the contribution of those interested in the various stages of dialogue with the Government.

The hearing took place on May 26th, in a virtual environment, registering access by more than 650 interested parties. After the hearing, the Public Consultation was opened, which at the end gathered 24 contributions from 8 interested parties, consisting of unions and companies that focused on optimizing the modeling studies and specific contributions to the published documentation. The market sounding rounds were conducted throughout June by the Government, as well as by FGV Projetos, a consultancy contracted to support the structuring. Together, they brought seven interested parties among potential financiers and operators.

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Latest News

Signing of a historic agreement with CCR resolves billionaire liabilities of three concessionaires

The signing of the agreement represents a judicial end on the economic and financial imbalances of three concessionaires controlled by CCR group, resulting in compensation of R\$ 1.2 billion to the State and new investments and conservation works budgeted at R\$ 4 billion in the more than 1,000 km of roads managed by AutoBAn, SPVÍas and ViaOeste. The agreement is yet another demonstration of the regulatory stability of the State of São Paulo and the confidence of the private sector in the Partnership Program.

In addition to obtaining substantial discounts on the IRR of contracts, the common agreement predicts the end of the contracts that were tendered in the 1990s, thus making it possible to reissue the road concessions program in the near future.



In the picture, Bandeirantes Highway

Roadshow of Cantareira and Alberto Löfgren State Parks gathered interested parties in an event at B3

After the publication of the Request for Proposals for the concession of the Cantareira and Alberto Löfgren State Parks, on June 9th, the month of July turned to the promotion and presentation of the project through a roadshow. In addition to the possibility of scheduling individual meetings, those interested had the opportunity to participate in the opening event of the roadshow at the headquarters of the São Paulo Stock Exchange (B3), available on video at: <http://www.tvb3.com.br/Video/fbcc95cd-7d51-4c57-a2ff-acabed9c52a1>. In talk-show format, the presentation used in Roashow is available, together with the bidding documents at: <https://www.infraestruturameioambiente.sp.gov.br/editais/2021/06/concorrencia-internacional-no-01-2021/#1624373119004-3185023f-282c>

The public session is scheduled to take place at B3 on August 31st, 2021, at 2 pm. The bidding will have the highest value of the award as a judgment criterion. The project foresees investments of at least R\$ 45.55 million over the first 6 years and stands out for the location of assets in the Metropolitan Region of São Paulo and for the potential of joining two parks with profiles for different and complementary uses, one with urban park profile and another with natural park profile.



In the Picture, Undersecretary for Partnerships, Tarcila Reis, speaking during the opening of the roadshow