

InfrastructureUSA

Guest on THE INFRA BLOG

Johan Henriksson, Executive Vice President, Skanska Infrastructure Development

Conversation with Steve Anderson, Managing Director, InfrastructureUSA

Public Private Partnerships: An Excellent Alternative to Public Funding

The PPP Structure I think is a very good solution for many projects, but I would also say it's not the only solution. I think this is one solution among many. I think it's important that when we look forward we have as many options and tools in our toolbox as possible, and I think this is a new tool that has not been used so much in the past and I think the public side is starting to adapt to it more and more. Some have come further than others, like Florida for example. Now New York is starting to pick up, et cetera. All 50 states are at different stages in the PPP learning curve. As these big projects are now coming online and being delivered I think it's becoming more and more legitimate, and I think it's very good that this is being considered another tool to look at when trying to finance and do new infrastructure. It's a huge need we have in this country and not everything can be financed through public funding, so I think this is a very good alternative. I've done PPPs in Scandinavia, the UK, South America, and to be honest with you I don't think the American market here is any different. I just think that it's a newer solution to the American market, so there's some skepticism now in the beginning. I think it's a normal process of this type of introduction or new concept, and it's about, I think, daring to look outside the box here and trying to look at new potential solutions to solve old problems, and not always using the same old tools that have always been used, the public financing. There are actually options and we should look at them and see if they work. Sometimes they work, sometimes they don't, and I don't see the American market being different. It just has not evolved as long on the learning curve, but now, again, with Florida in the front, things are really starting to move and that's why we are feeling very excited about the opportunities here in the U.S. Because the need is really there, and now when the public eye is opening up to this solution, we think we have a very good opportunity. We feel we have a good base where we're standing, and now when we have two deals under our belt and hopefully LaGuardia also under our belt, we are in a very good position here to take advantage of this. So we are very excited about the American market and the PPP potential here.

Skanska's PPP Projects in the U.S.

We have two ongoing investments where construction is currently being undertaken: the Midtown Tunnel Project in Portsmouth and Norfolk, Virginia. We had a financial close in 2012, and we are getting pretty close to completion of the construction now. It's the third largest PPP in the U.S. and it's our first investment here in the U.S., so that was really a breakthrough investment and transaction for us. The construction team is a partnership between Skanska and Kiewit, so that was our first project. The second one is the I-4 highway project in Orlando, Florida. It's a 6-year construction program beginning in

January. We won and we financially closed this transaction at the end of 2014. Also a very big construction undertaking for our construction sister company, Skanska USA Civil, and it just underlines the importance of the Florida PPP market, where Florida is the leader among states in the U.S. for this type of structures.

LaGuardia: Skanska's Major Undertaking in NYC

It's not only the size but the strategic importance to not only New York and the Port Authority, but for the whole country. We are feeling very proud and honored being selected to hopefully undertake this investment and project. It shows that the public has trust in what we are doing and that we can deliver, and that such an important project would only be left to the best and the most serious players in the field. We are happy that we are one of those. So this is a tremendous project, and a big responsibility, but also an enormous honor to be able to take part in this. It would involve our civil unit, our building unit, and of course our investment unit here in a market that we really see as the potential growth market for Skanska looking forward for the next 5 to 10 years. With this project in our portfolio, together with the two previous ones, we think we are off to a very, very solid start here and we look forward to all of the opportunities that we see in the pipeline coming here.

**www.InfrastructureUSA.org
212.414.9220
info@infrastructureusa.org**