

## **To Lease or Not to Lease: Is that the Question**

**Robert Purtell, James W. Fossett & Niyousha Hosseinichimeh**

**Department of Public Administration and Policy**

**University at Albany**

### **Introduction**

Privatizing public assets has become an attractive alternative for cash-strapped American state and local governments. Facing on-going revenue shortfalls as a result of the recession, an increasing number of governments are considering leasing income producing assets such as toll roads and bridges to private operators in exchange for cash as an alternative to raising taxes or cutting services. These deals are frequently large, involving payments of over a billion dollars in exchange for private control of assets over extended periods of time.

While such transactions have become more common and more lucrative, there has been little attempt to evaluate their effectiveness compared to other means of converting future income from public assets into current revenue. Before ceding control over valuable public assets to private operators for extended periods of time, policy makers should be assured that there are no alternative financing arrangements that provide more income over the same term as a lease and serve other policy goals more effectively. To date, there has been little attempt to develop such explicitly comparative frameworks.

This article provides such a framework. We focus on gauging the fiscal efficiency of leases as compared to alternative financing mechanisms for so-called “seasoned” assets—those that are already in operation and have predictable cash flows and risk profiles. Such assets are among the more attractive candidates for lease offers from private operators. We provide a means of comparing the efficiency of leases to securitizing such assets—in effect, borrowing money against future cash flows for current use.

Our findings are striking. Using the recently concluded lease of the Chicago Skyway as illustrative material, we find that either of two simple securitization structures produces significantly more income over a shorter period of time than the lease, without the need to transfer control of the asset to a private operator. The basic structure of the Chicago lease is common, suggesting that policy makers should investigate alternative means of raising cash before concluding lease arrangements.

## Background

There is ample evidence that “privatizing” income producing public assets or services has become an attractive alternative to cash-strapped state and local governments. A recent Wall Street Journal article reported that some 35 deals, with total market values of \$45 billion, are currently in the pipeline, with hundreds more in various stages of consideration (Dugan, 2010). While the largest deals involve the sale or leasing of toll roads, bridges and airports to private operators, governments are proposing to “privatize” a wide variety of activities ranging from schools, office buildings, hospitals, security services, parking and garage operations, and waste-treatment plants to animal care, recycling, emergency response services, hospitals and lotteries (Purtell and Fossett 2010, Forrer et al. 2010, Purtell 2009, Dugan 2010, Spielman, 2010). While these activities vary widely in their size and their financing particulars, many involve the leasing of established public services or assets to private operators for an extended period of time in exchange for lease payments either as lump sums or over time.

There has been little experience and less scholarly attention to public-asset sales or leases in the American context, where privatization discussions have more typically focused on the use of non-governmental agencies to deliver public services. Governments have occasionally sold assets such as toll roads or power authorities, but these transactions have received little, if any, systematic attention. Public-asset sales have been more common overseas, particularly in countries where formerly socialist states have divested themselves of a variety of industrial enterprises (Megginson and Netter, 2001). In the American setting, privatization proposals have frequently proven controversial and difficult to execute for a variety of reasons (Wayne, 2009; Dugan 2010). Several large proposed transactions—most visibly a proposal to sell Midway Airport in Chicago and a large scale lease of the Pennsylvania Turnpike to a group of private investors—have collapsed for various financial reasons. A widely publicized lease of the Chicago parking system to a private operator has proven to be extremely controversial as a result of large rate increases and poor service. Other proposals have proven controversial because of large proposed toll or rate increases by private contractors. Chicago and Arizona have had bond ratings downgraded for, among other reasons, using privatization proceeds as short term financial relief. These political and financial difficulties, together with the availability of infrastructure repair and other funds from the Obama Administration’s economic stimulus package, may have led some governments to postpone privatization plans (Wayne, 2009).

In spite of these difficulties, interest in privatizing public assets persists. Several financial institutions, including private equity funds, both in this country and overseas have assembled large investment pools

for the purchase or lease of infrastructure on a global basis. Privatization advocates have pointed to successfully executed leases of the Chicago Skyway and the Indiana Toll road and have argued repeatedly that private contractors can operate assets more efficiently than governments. Proposals from governments to privatize a wide range of assets appear to be increasing in numbers, and investment firms and others appear to be actively identifying candidates for “rescue investing” (Dugan 2010)

These conditions suggest the need for attention to potential alternatives to leasing public assets as a means of raising short run revenue. The immediate need for short- term cash may lead governments to sell or lease assets at fair-market prices from the perspective of the for-profit buyer but which are financially damaging to the government in the long run. Perhaps more importantly, the pressing need for short-term cash may also make it difficult for governments to consider alternatives to leasing that avoid the financial difficulties of ill-conceived deals and allow them to maintain control over valuable public assets. If alternatives are available which allow governments to access future cash flows at reasonable cost without transferring control of assets to private operators, then policy makers should consider these options as an alternative to leasing arrangements. We now turn to an examination of these alternatives.

### **Securitization as an Alternative to Leasing**

Leasing seasoned— those with an operating history that can be used to forecast likely future cash flows - public assets to private operators does three things from the perspective of government. First, it gives the government access to immediate funds by accelerating the collection of cash flows generated by those assets (Purtell & Fossett 2010). Second, transferring control over those assets rather than raising fees directly also allows government officials to distance themselves from the responsibility for imposing long-term, scheduled increases in the charges associated with those assets. Both of those objectives are valid from political and fiscal perspectives. However, both perspectives take a very short-term view and in our opinion represent a less than complete analysis. The question we address here is whether those decisions hold up when viewed from a broader and longer-term perspective. Finally, leasing assets to third parties as a fund raising strategy allows governments to raise needed funds without impacting using part of their constitutionally permitted level of debt.

Specifically, we ask whether governments might be better off securitizing the expected cash-flows generated by the imposition of regular, scheduled fee increases rather than transferring control over

those assets to private operators. In essence, we quantify the well-known difference between the cost of funds to governments with access to tax-exempt debt markets and the higher leveraged return-expectations of private investors and explore the implications of that funding-cost differential. We also argue that maintaining control over assets offers benefits beyond just increasing total present-value proceeds. First, retaining asset-control eliminates the well known problems of contract specification and underinvestment associated with long-term, capital-intensive transactions (Williamson 1979). In addition, retaining asset control frees the government from the risk that the private operator might default on any debt it used to either acquire the assets or enhance its equity return after making the acquisition leaving the government in a position where it may either have to assume that debt at taxable rates or allow the transfer of control to an entity that might not be an acceptable operator in a bankruptcy proceeding.

Next, retaining control also gives government officials the option of mitigating fee increases if future cash flows exceed expectations and such reductions are allowed under the securitization debt-covenants. Third, retaining control over government assets does not keep governments from benefiting from potential operating efficiencies that partnerships with private operators might offer, a motivation many would argue is a prime driver behind public assets privatization (Megginson & Netter 2001). Securitizing the cash flows from public assets still leaves government officials free to contract with private managers for some or all of the services necessary to operate these assets and still capture any efficiency benefits. Lottery operations across virtually all of the US states follow this model (Purtell & Fossett 2010) as did a recent transaction between the State of Connecticut and the Carlyle Group for the refurbishment and operation of twenty-three roadside service stops (Heath 2009). It is also important to remember that securitization is not an unfamiliar fiscal tool for governments. Most state governments chose that option to accelerate their collection of cash flows from the settlement of the states' claims against the tobacco companies.

### **The Analysis Model**

Our analysis is based on a straightforward model that most government fiscal officers would be able to reproduce with only limited assistance by their financial advisors or the investment-banking community. The model, which we illustrate below for the 2004 lease of the Chicago Skyway, involves three steps. First, analysts will need to forecast future cash flow. This is accomplished using simple log-log regressions. In the Skyway case, we generated forecasts of future revenue by regressing log traffic for both 2-axle and 3-axle vehicles against time. We adjusted all traffic forecasts downward by applying an

estimate of the elasticity of demand (Burris 2003). To insure that forecasted traffic levels were did not exceed the Skyways' physical capacity, we also capped traffic at a the maximum traffic flow automated toll plazas could accommodate at a five-mile per hour maximum plaza speed for automated lanes and capped traffic estimates for manual lanes using the maximum peak-hour transaction time for cash lanes. Clearly the lessee would have an incentive to automate all lanes and raise the maximum peak-hour capacity of the facility. However, these assumptions are conservative and would result in an understatement of capacity and the results reported here would understate the long-term revenue-generating capacity of the Skyway. We then applied the lowest allowable toll-increase specified in the contract between the City of Chicago and the private operator to these adjusted traffic forecasts to produce longitudinal estimates of the revenue the privatized road was likely to generate. To test for robustness, we compared these revenue forecasts with the post-privatization results reported by the lessee.

Similarly, we regressed the log of operating expenses against time to generate an estimate of the compound growth rate of expenses and added the accelerated amortization of the lease acquisition costs to get total expenses. We based our cash-flow estimate the difference between revenue and expenses and further reduced that estimate to reflect the lessee tax obligations. It should be noted that our forecasts showed that the lessee would generate positive cash flows during the first three years of operation but, because of the impact of the accelerated write off of lease acquisition costs, would not only have no tax obligation during that period but the lessee would be able to use reported taxable losses to shield income from other sources from taxation. This tax-shield effect raises returns to the lessee at a cost to both the state and federal governments who would be foregoing tax revenues.

This cash-flow estimate is likely to be conservative on two fronts. First, we constrained revenue for traffic but allowed expenses to increase without limit. The impact of that constraint is to limit cash flows at the end of the lease term. However, because the securitization structures we have proposed have far shorter terms than the lease agreement, that assumption will not impact the findings presented below. Second, we have not allowed for reductions in operating expenses driven by the lessee's more efficient operation of the Skyway. To the extent those savings are realized, the lessee will capture higher than expected returns. However, that would have no bearing on our analysis. If securitization dominates leasing with higher operating expenses, it will clearly do so at lower expense levels.

## The Chicago Skyway Transaction

In January 2005, the City of Chicago entered into a 99-year lease with a consortium consisting of Concesiones de Infraestructure de Transporte of Spain and Australia's Macquarie Infrastructure group and received a lump-sum payment of \$1.83 billion. The lease gave the consortium full operating control over the Chicago Skyway – a 7.8 mile-long road and bridge facility - and allowed them to raise tolls according to a proscribed schedule throughout the term of the lease.<sup>1</sup> The lease agreement further specified standards for maintenance of the facility and imposed other restrictions meant to maintain the quality of the roadway. (Tenorio & Idzelis 2009, Bel & Foote 2007) It is important to note that the term of the lease was set to allow the lessee to treat its acquisition of operating rights to the Skyway as a purchase for tax purposes. That concession allowed the consortium to generate the tax shield benefit outlined above.

The first question most observers of privatization ask is whether the City of Chicago received a fair-market price for the lease of the Skyway. By most indications, they did. Consider that findings in an analysis by Bel and Foote (2007) that contrasted pricing for the Skyway with three French lease concessions and the Indiana Toll Road all of which occurred in 2005. They reported that the second highest bid for the Skyway was nearly \$700 billion or 161.4% billion lower than the one received from the Cintra-Macquarie consortium. In contrast, the second highest bids for the French roads were less than 2% below the highest one and the difference was only 26.2% for the Indiana Toll Road. Further, the Skyway lease also appears to have been richly priced based on a comparison of cash-flow multiples. The skyway lease was priced equal at 63.1 times cash flow compared to 60.2 times for the Indiana Toll Road and multiples in the 12 times cash-flow range for three comparison road leases in France. Importantly, differences in pricing do not appear to be as function of who was bidding. Essentially the same small group of international infrastructure investors bid on all of these transactions.

---

<sup>1</sup> According to an announcement describing the lease "Tolls for passenger autos on the Skyway are limited under the agreement to no more than \$2.50 until 2008, \$3.00 until 2011, \$3.50 until 2013, \$4.00 until 2015, \$4.50 until 2017, and \$5.00 starting in 2017, unless inflation is higher during that period, with later adjustments equal to the greater of 2% per year, the increase in inflation, or the per capita GDP increase. Limits on commercial vehicles are comparable to passenger autos except that the agreement includes a congestion pricing provision, which permits a further 40% increase in daytime commercial tolls if the operator has a program in place for granting a reduction equal to that amount for commercial vehicles between the hours of 8 p.m. and 4 a.m," Tolls were increased to \$2.50 on February 5, 2005. TollroadNews.com <http://www.tollroadsnews.com/node/988>

However, fair-market pricing is not an absolute concept nor should it be the only criterion used in deciding on how to extract cash flow from seasoned assets. It is important to remember that fair-market value is determined from the buyer's perspective. Buyers determine the amount they are willing to bid for any asset by discounting the expected future cash-flows using their weighted average cost of funds (Bel & Foote 2007). That price is deemed to be at fair-market if the buyer is unable to extract rents in excess of those justified by the risk the buyer is assuming in the transaction.

However, even if the Skyway transaction was done at a fair-market, which evidence suggests it was, the amount of cash received by the lessor may still be suboptimal because of disparities between the cost of government funds in the tax-exempt market and return expectations of and private operators. Further, as our analysis demonstrates, Chicago could have extracted the same proceeds from a thirty-five year securitization as they did from the 99-year lease they entered into. For these reasons, we argue that government officials must look beyond a simple comparison of bids and ask if there are more fiscally-efficient ways of raising needed funds.

### **Securitization as a Viable Option**

To explore that issue, we developed two securitization structures that Chicago could have used to raise the funds they needed and compared them to the City of Chicago's return from leasing the Skyway to the Cintra-Macquarie consortium. In both cases, the schedule of toll increases, traffic forecasts and expense forecasts were identical. These constraints guarantee that the social-welfare impact from the securitization would have been at worst identical to the lease. Next, cash flow estimates were adjusted to reflect the tax exempt status of the City of Chicago. As such, gross cash flows to the City were not adjusted for the write-off of the leasehold acquisition cost nor were cash flows reduced for tax payments.

In addition, to match the risk profiles of lease and securitization options, we imposed the requirement that the city would own nothing at the end of the term of the securitization. That constraint was designed to leave the City in at worst a risk-neutral position with respect to the amount it owed at the end of both the securitization and lease options. That condition is unusual in the government finance market and many policymakers might be tempted to relax it. Doing so would result in higher cash discretionary flows throughout the final twenty-five years that the loan was outstanding. But it would increase total interest costs and leave the government facing the repayment of the full principal amount

of the loan at its final maturity date. For those reasons, we would urge policymakers not to do so but instead to err on the side of fiscal conservancy and choose a fully-amortizing securitization structure.

Finally, we constrained the term of the securitization to be less than that of the lease. Doing that offers the sponsoring government the option of returning to the debt markets to re-leverage the underlying assets in the future and option that is denied them during the term of any lease agreement. In fact, our analysis shows that the sponsoring government might be able to securitize the cash flows from the underlying asset nearly three times during the term of the lease. Debt for both structures was priced at 5.19% which was consistent with AA, tax-exempt interest rates at the time the transaction was completed<sup>2</sup>.

Both of these proposed securitization structures would have required the City of Chicago to form a special purpose public benefit corporation that was granted the first claim on all of the cash flows generated by the Skyway up to whatever amount was required to meet stated debt payments and build a level of cash-flow reserves sufficient to bring the rating for the securitization to a minimum of a AA<sup>3</sup>. Borrowing through a special purpose corporation with its own dedicated source of funding also allows governments to keep the transaction off the governments own balance sheet where it might be counted against the government legal or constitutional borrowing authority. In addition, legislation would have had to have been passed to authorizing the special purpose corporation to raise tolls on the Skyway according to the schedule of toll increases granted to the lessee without the approval of the City's Mayor, the City Council or any other political body.

---

<sup>2</sup> The 5.09% rate was extrapolated from the existing yield curve by adding 10 basis points to the rate for existing 30-year tax-exempt offerings with similar ratings. At the then prevailing market interest rate of 5.09% for revenue-bonds, conventionally structured 30-year coupon bonds had duration of 11.47 years. In contrast, the two thirty-five year securitization structures we developed have durations of approximately 16.38 years. Given the flat shape of the tax-exempt yield curve in early 2005, adding 10 basis points to compensate for the difference in duration is consistent with market conditions. However, alternative analyses run with differences of 20 and 30 basis point did not produce materially different results.

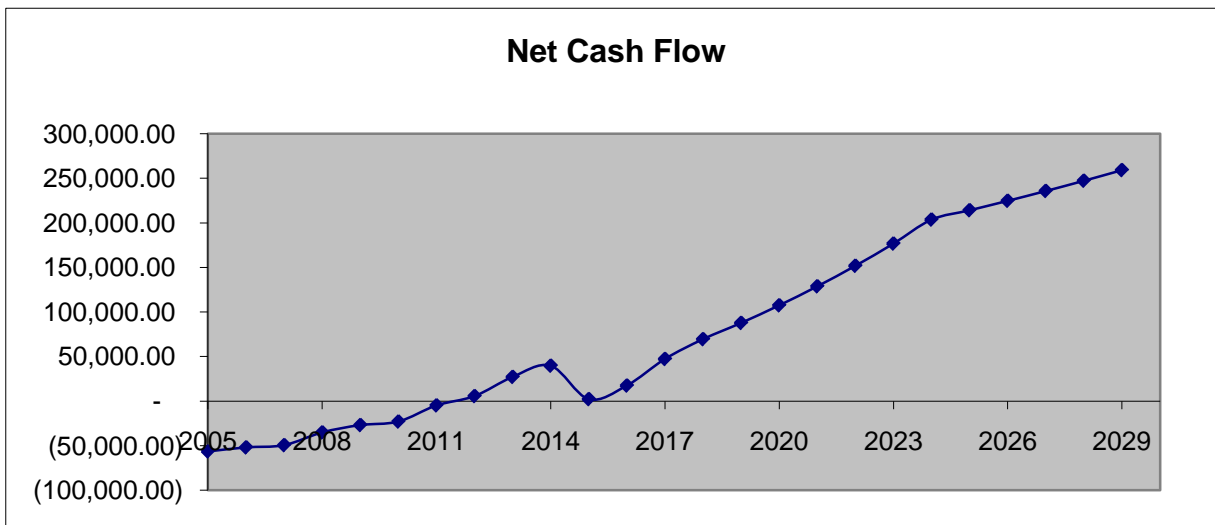
<sup>3</sup> Both of the structures presented here utilize what is called a cash-flow overcollateralization structure similar to what is used for the simplest credit-card receivable transactions. Under that structure, the borrower agrees to place on deposit with a trustee all excess cash flows until such time as the reserve equals an amount sufficient to fund a payment shortfall equal to some agreed multiple of what might occur based on historical revenue variations.

For the first securitization structure, we further required that the proceeds to the City of Chicago be exactly equal to what the City received from the lease. The structure that resulted from those constraints and practical cash-flow considerations called for issuing a thirty-five-year, fully-amortizing bond with interest-only payments during the first ten years and full amortization of over the last 25-years of the bond’s term. It should be noted that, interest-only structures are the norm in government financings at all levels. As Chart 1 shows, there would have been insufficient cash flow during the first five years of the bond term to fully fund interest payments. As a result, the structure calls for partial payment of interest during those years with all unpaid interest added to principal and repaid over the last 25-years. The fact that the projected cash flow from the Skyway was less than was needed to pay interest on a tax exempt bond add further evidence to the argument that the Skyway lease was fairly priced from the buyer’s perspective and even suggest s that it may have been overpriced based solely on projected early-year cash flows.

However, Chart 1 also shows the potential cash-flow advantages of the securitization structure. Starting in year eight, the securitization structure generates discretionary cash flows beyond what is needed for debt service. By year thirty-five, the year the debt would have been repaid; annual discretionary cash flows were projected to be almost \$378 million more than debt service. These “excess” cash flows would have been used in part to build reserves to enhance the instrument’s credit rating and in part, they would have been available for discretionary use.

**Chart 1**

**Net Cash Flow from Securitization Structure 1**



## Dollars in Millions

Year	1	5	10	11	15	20	25	30	35
<b>Cash Flow</b>	-\$56.54	-\$26.91	\$39.72	\$2.21	\$87.74	\$203.70	\$259.25	\$326.88	\$377.77

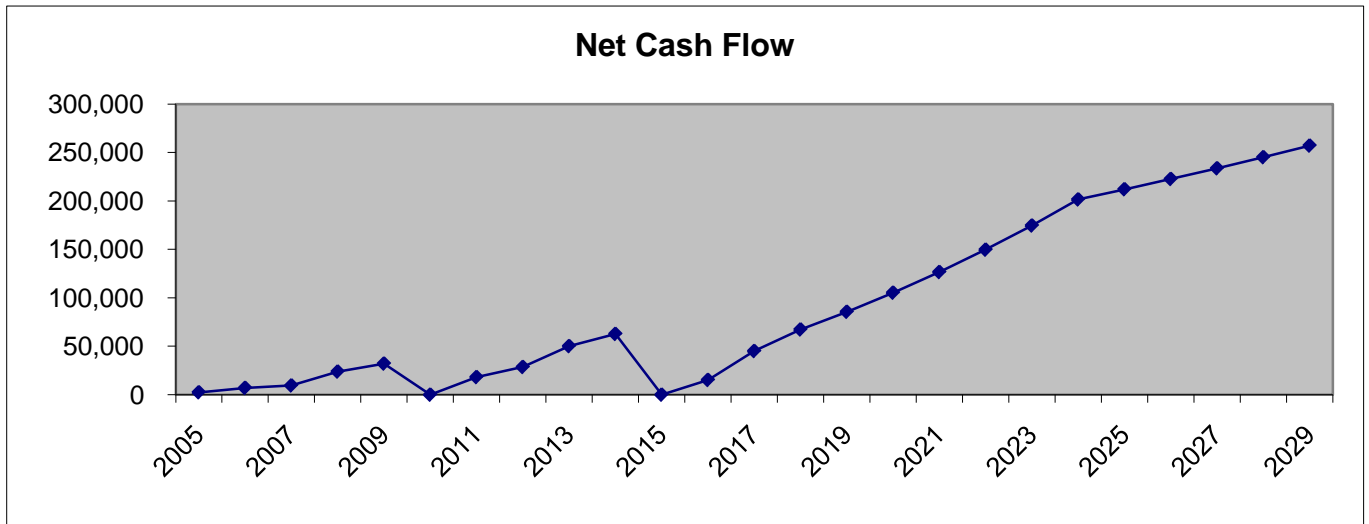
The second securitization structure we tested removed one model restriction and placed an additional constraint on the financing. We restricted borrowing to amounts that could be fully serviced without resorting to negative amortization. Under structure two, Chicago would have done three sequential borrowings over an eleven-year period. They would have borrowed \$693 million at the beginning of year one, and additional \$693 million at the beginning of year six, and a final \$827 million at the beginning of year eleven for a total of \$2.21 billion nominal dollars. The first two borrowings would have called for an interest-only payments through year eleven with full amortization over the remaining twenty-five years. The securities issued in year eleven would have been fully amortizing from their date of issuance. While this structure avoids negative amortization, it does leave the sponsoring government susceptible to changes in market interest rates over the eleven-year term of the borrowings. Some of that risk could be managed with active hedges but it some level of market risk is likely to remain even after hedging. As a result, many government finance managers might opt for structure one.

As Chart 2 shows, under this structure, the Skyway would have generated discretionary cash flow from the date of the first debt offering with projected free cash rising from \$2.4 million in year one to over \$391 million in year thirty-five.

Motivated by Pittsburgh’s recent exploration of the feasibility of leasing its parking operations to a private operator to generate funding for the City’s underfunded pension plans, we also examined a third alternative to a direct leasing transaction. We asked whether, leasing was the most fiscally-efficient way to generate funds for a pension plan (Smydo 2010). To test that alternative, we used the Chicago Skyway data and compared the alternatives of leasing the Skyway and investing the proceeds in the pension plan with a direct assignment of Skyway cash flows to the plan. Our analysis involved discounting thirty-five years of projected Skyway cash flows at 8% - the rate of return the majority of government pension plans use for their actuarial calculations. Not unsurprisingly, the direct assignment of funds generated substantially more funding for the plan - \$2.04 billion versus \$1.83 billion. However, the direct assignment option offered two additional benefits. First, direct assignment generated that funding for the plan using just 35-years of cash flow versus the surrender of 99 years of cash flow in a typical US lease transaction. Second, direct assignment of the cash flow offered the pension plan the real

opportunity to earn a steady 8% return per annum without assuming the level of risk generally associated with either equities or the range of alternative investments included in most government pension portfolios.

**Chart 2**  
**Net cash Flows from Securitization Structure 2**  
 (\$ in '000)



**Dollars in Millions**

Year	1	5	10	15	20	25	30	35
<b>Cash Flow</b>	\$2.44	\$32.07	\$62.70	\$101.01	\$216.97	\$272.52	\$340.16	\$391.04

Direct assignment also eliminated the risk that the implicit costs associated with either the lease or securitization options could result in negative investment returns. By that we mean that realized pension returns might fall below the cost of funds implicit in the leasing and securitization alternatives which would have been the case throughout 2008 and 2009. This potential for earning steady, predictable returns is what has attracted both CalPERS (Kasler 2010) and the Canadian Pension Plan Investment Board (Smith 2010) to this market.

Finally, direct assignment would free governments from so-called tax arbitrage restrictions which restricts governments from borrowing money on a tax-exempt basis for the specific purpose of investing

that money in taxable instruments. Since, direct assignment does not constitute borrowing, it would be exempt from those restrictions.

## Conclusions

These findings strongly support the contention that government policymakers must look beyond a simple comparison of bids from private infrastructure investors and consider securitization as a viable option for obtaining needed funding. Table I provides a comparison of the two securitization structures and one direct assignment option with the leasing alternative. Both securitization structures clearly dominate leasing both in terms of the present-value of proceeds captured by the sponsoring government as well as the relative time frame of the two fund-raising alternatives. Securitization yields over 80% more in present-value funds than the lease option selected by Chicago and would have only required Chicago to pledge 35-years of cash flows versus the 99-years required in the leasing option they selected. In essence, securitization frees up 64-years' worth of cash flows for future government use. Further, the constraints we placed on the securitization structures guarantees that these gains come at no social cost and could even be realized at a lower cost should government officials elect not to increase tolls at the maximum allowable rate. Further, the existence of over \$1.5 billion in surplus present-value funding supports the contention, at least in the Chicago Skyway case, that transactions of this type will support credit ratings of AA and above.

**Table 1**  
**Comparison of Lease and Securitization Options**

\$ in millions	Amount Raised in Year 1	PV of Total Cash Flow	Term of Deal in Years	% PV Difference From Lease
Lease Proceeds	\$1,830.0	\$1,830.0	99	<b>NA</b>
Option 1 @ 5.19%	\$1,830.0	\$3,360.1	35	83.6%
Option 2 @ 5.19%	\$693.5	\$3,315.3	35	81.2%
Direct Assignment @ 8.00%		\$2,037.4	35	11.3%

However, the case for securitization comes with three caveats. First, the approach we have outlined here is meant solely for the analysis of seasoned assets where there is a demonstrable history of traffic, revenues and expenses. Securitization is only an option for that class of assets. In contrast, Greenfield projects may well justify government entering into public-private partnerships to fund one or more of the phases of new facility development. There, the returns required by private investors may be justified

by the risks they assume in everything from environmental assessments, land acquisition, financing, the costs of construction and the risk that usage may not be sufficient to service the debt required to fund the project. Where, private operators serve a legitimate risk-transfer function for governments, public-private partnerships may be justified and the potential returns that private operators can realize may be consistent with the risk they are assuming when they take on a green-field project.

Second, while the basic analysis demonstrated here can be done by any competent financial analyst, designing optimal securitization structures requires access to market data and optimization models that most governments are unlikely to have access to. As a result, governments will have to seek the help of investment banks and financial advisors in the design of appropriate securitization structures.

Third, it may not always be the case that securitization will dominate leasing alternatives in every case. As the market for infrastructure assets broadens and more institutional investors with a need for reliable long-term returns enter the market, the infrastructure privatization market is likely to become more competitive leading to pricing and lease terms that dominates securitization. Alternatively, there may be market conditions where tax-exempt rates are so high as to be unaffordable or governments may find their access to debt markets restricted. As a result, every transaction must be considered on its own merits and evaluated in light of prevailing market conditions.

We also caution government officials to be aware of potential conflicts of interest that their financial advisors and underwriters face. First, privatization transactions are more complex than most securitizations and are likely to generate higher fees for both underwriters and advisors. Second, investment banks are increasingly finding themselves on both sides of the infrastructure privatization market as major banks like Citigroup, Goldman Sachs and Kohlberg, Kravis and Roberts raise infrastructure investment funds of their own (Wayne 2009).

## References

Bel, G. and J. Foote (2007). Comparison of Recent Toll Road Concession Transactions in the United States and France, *Xarxa de Referencia en Economica Aplicada*: 36 pages.

Burris, M.W. (2003). "The Toll-Price Component of Travel Demand Elasticity" *International Journal of Transportation Economics* 30(1), p. 45-59

Dugan, I.E. (2010) "Facing Budget Gaps, Cities Sell Parking, Airports, Zoos" *The Wall Street Journal*, <http://online.wsj.com/article/SB10001424052748703960004575427150960867176.html>. August 23, 4 pages

- Forrer, J., J.E. Kee, K.E. Newcomer & E. Boyer (2010). "Public-Private Partnerships and the Public Accountability Question." **Public Administration Review** 70(3) p. 475-484
- Heath, T. (2009). Carlyle to Run Conn. Roadside Service Stops. The Washington Post. Washington, DC: 1.
- Kasler, B. "CalPERS Invests in British Airport" Sacramento Bee. [www.sacbee.com/2010/06/19/v-print/2833658/calpers-invests-in-british-airport](http://www.sacbee.com/2010/06/19/v-print/2833658/calpers-invests-in-british-airport)
- Meggison, W. L. and J. M. Netter (2001). "From State to Market: A Survey of Empirical Studies on Privatization." Journal of Economic Literature 39 p. 321-389.
- Purtell, R. M. and J. W. Fossett (2010). "Hey You Never Know: Selling State Lotteries in America." Public Budgeting, Accounting and Financial Management 22(3) p. 376-406
- Smith, M. (2010). "Canadian Pension Bids \$3.4 Billion for Australia's Intoll" **Reuters News Service**. 2, [www.reuters.com/article/idUSTRE66E66Eo9J20100715?dbk](http://www.reuters.com/article/idUSTRE66E66Eo9J20100715?dbk)
- Smydo, J. (2010). "Parking Rates May Soar Under Lease Plan" Pittsburgh Post Gazette, Post-Gazette.com [www.post-gazette.com/pg/10182/1069634-147.stm](http://www.post-gazette.com/pg/10182/1069634-147.stm)
- Tenorio, V. and C. Idzelis (2009). Can Private Equity Play the Infrastructure Game? The Deal Magazine: 9.
- Wayne, L. (2009). "Politics and the Financial Crisis Slow the Drive to Privatize" **The New York Times**. New York, [www.nytimes.com/2009/06/05/business/economy/05private.htm](http://www.nytimes.com/2009/06/05/business/economy/05private.htm)
- Williamson, O. E. (1979). "Transaction-Cost Economics: The Governance of Contractual Relations." The Journal of Law and Economics 22(2): 233-261.