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Ciudad Lagos de Torca: An Example of Coordination for City Development

One of the main challenges developing countries must face is obtaining the necessary resources to create infrastructure that provides decent living conditions for its citizens. The systems generated to meet this goal without affecting fiscal sustainability include, among others, public-private partnerships.

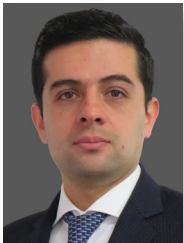
Colombia, as expected, has not been a stranger to this phenomenon. The political constitution of 1991 provided a legal framework that allows the public and private sectors to align their interests. Such partnerships facilitate, on the one hand, compliance with the purposes of the state, and on the other,

the recognition of benefits for private parties derived from the assumption of burdens that would otherwise be assumed by the state. An example of these schemes can be found in law 388/1995 and law 1508/2012.

Previously, the country had not implemented non-traditional financing schemes for projects other than for road construction, governed by law 1508. Now the country has left behind this historic lag to allow for one of the most ambitious projects ever seen in the country – known as “Ciudad Lagos de Torca.”

Lagos de Torca came to life on March 3, 2017, pursuant to the issuance of Decree 088 by Enrique Peñalosa,

mayor of Bogotá D.C. The decree’s main purposes are: (i) regulate the urban planning and environmental conditions where its area of influence will be developed, 1,800 hectares north of the city; and (ii) establish a trust mechanism that allows the confluence of interests of the public and private sector, to develop the required infrastructure for the use of this portion of the city. In fact, according to the financial analyses performed by the district administration, more than 4 trillion pesos are necessary for the construction of roads, main utilities networks, parks and recovery of environmental lands and to ensure



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decent living conditions for those who are part of the project.

In addition to the special regulations for urban planning and environmental law, Lagos de Torca is a pioneer in introducing a contractual scheme as a mechanism to ensure compliance with the objectives mentioned above. Some of the most important elements of the trust agreement mentioned in Decree 088 are:

- for its incorporation, the trust agreement must be signed by the owners of the land located within the scope of application of Lagos de Torca, representing percent of the total area thereof, meaning 450 hectares;
- although it is true that the purpose of the agreement is to create roads, main utility networks and environmental elements, the funds managed by the trust are 100 percent private;
- regarding the management of the agreement – which will bring together more than 100 owners – it includes

rules related to: (i) election of the trust board; (ii) participation in the owners assembly; and (iii) rules to avoid modification of the rights provided in favor of each;

- notwithstanding the private nature of the funds that make part of the trust, the District will comprise part of the trust board to monitor compliance with work schedules, ensuring compliance with the purposes of the scheme; and
- the agreement text includes provisions related to the assignment of rights of those bound by it, in any case producing mechanisms that allow keeping transparency and traceability of the goods contributed to the same.

In consideration of the contribution made by the private sector, which will allow the construction of more than 42 kilometers of main roads, a 72-hectare metropolitan park and a hospital, the District will offer building rights that may be applied within the 1,800 hectares

comprising Ciudad Lagos de Torca. Consequently, it will be possible to develop a project of more than 132,000 housing units, representing sales for over 10 trillion pesos.

Considering the characteristics of the project, the private sector worked hand-in-hand with the district entities in the construction of the trust agreement that governs it. This agreement was signed on January 25, 2018, by land owners of approximately 530 hectares and with initial contributions amounting to 10 billion pesos. According to the timetable of the project, the District expects the trust to consolidate the resources required for the first operation no later than the second semester of 2018. Design will start in the first quarter of 2019. 

