

Public Private Partnerships

WHAT IS IMPORTANT TO KNOW

November 7, 2018





Brailsford & Dunlavey COMPANY BACKGROUND





Our purpose is to inspire and empower organizations to maximize the value of investments that advance communities.

\$35B+
In developed projects

1,200+
Higher education assignments

450+
Student Housing
Projects



P3 101 OVERVIEW

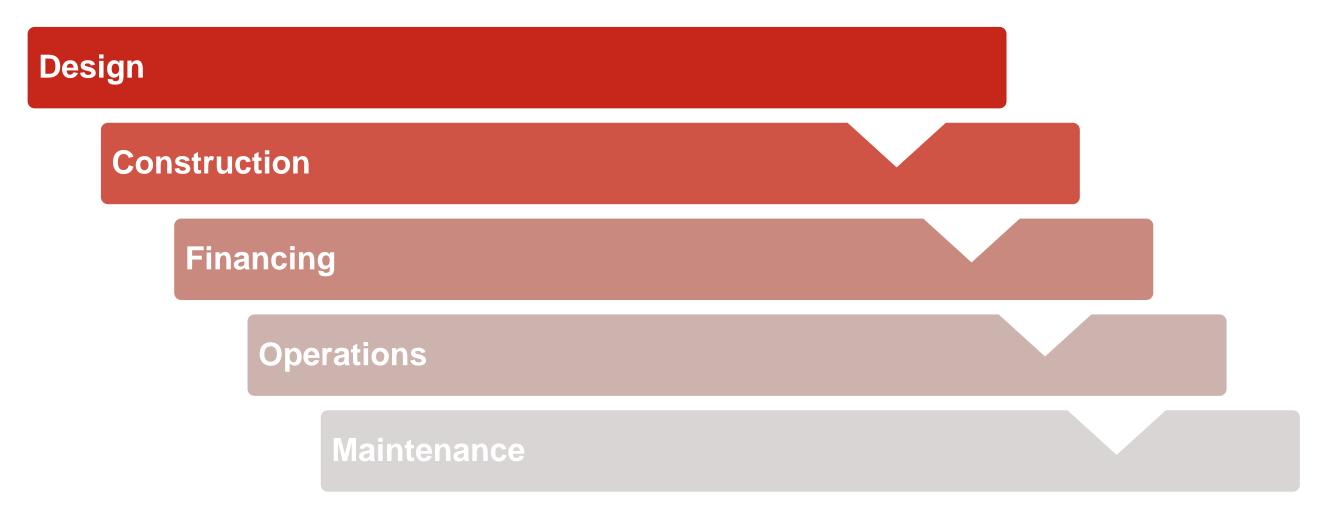
Development structure in which an institution enters into a partnership with one or more private sector entities to share in the resources, risks, and incentives that come with development, operation, and maintenance of campus facilities.



P3 101

OVERVIEW

P3s are defined by transferring **RISK** and **CONTROL** throughout development



P3 101 OVERVIEW

Higher **UNIVERSITY RISK** Lower University owned, operated, University not-for-profit Developer brings private Concessionaire designed, financed owned, ground lease equity via a ground lease Full Privatization of Asset / **Traditional University/ System Bond Financing 100% Equity Deal** University owned, operated, Unrelated not-for-profit financed / "turn-key" owned, ground lease design/build development

Higher

UNIVERSITY CONTROL

Lower

P3 101

WHY P3?

REASONS FOR A UNIVERSITY TO DO P3 PROJECT

- ✓ Limited debt capacity or an inability to finance
- Avoiding cumbersome procurement structures
- Faster delivery (Time = Money)
- Development expertise
- Management and operating expertise
- ✓ Financial return (ground lease revenue, net cash flow participation)

REASONS FOR A UNIVERSITY NOT TO DO P3 PROJECT

- ✓ Cheaper cost of capital
- ✓ Concerned about control
- ✓ In house development expertise
- ✓ No procurement / regulatory concerns
- ✓ Impact on existing housing operation
- ✓ Off balance sheet, but still on credit

Development Process

WHAT ARE THE PRIMARY WAYS TO BE INVOLVED IN EACH PHASE?

Programming

Procurement

Design

Construction

- Understand campus context from strategic master plan
- Define project goals
- Project definition to define number of beds, complementary assets, price point, market sounding
- Facilitate selection process with industry professionals
- Design project within site conditions, university standards, schedule, cost, and quality.
- Build project based on scope, cost, schedule, and quality defined by the project team

Resident / Student Life Department Role WHAT ARE THE PRIMARY WAYS TO BE INVOLVED IN EACH PHASE?

Programming

Procurement

Design

Construction

- Defining space allocation and program needs
- Determining appropriate rental rates
- Provide insight on housing portfolio context

- Provide insight if the developer team embraces project goals
- Provide context for operational considerations
- Design review
 participation
 (incorporate
 residence life
 elements into design)
- Act as a liaison to involving other campus stakeholders (academics, LLCs, etc.) for design input, if applicable
- Communicate logistical considerations that may impact your operations
- You may be asked to weigh in on a change to the project or a design element that is being confirmed
- Communicate construction activity with campus

Opportunities

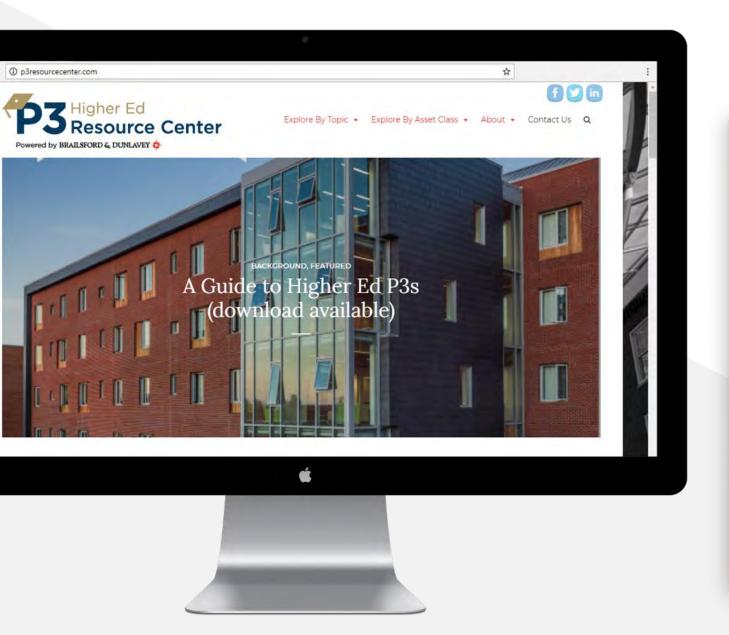
WHERE IS P3 GOING?

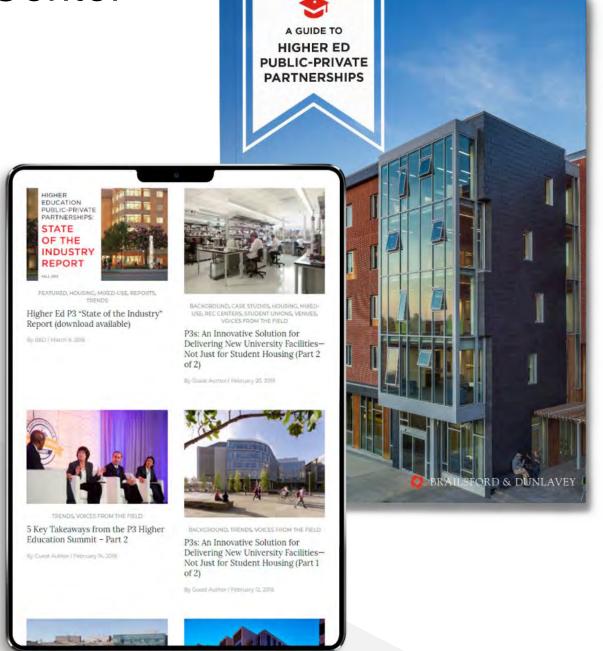
- Pre-development / project definition is more important than ever
- More political involvement and pressure to consider P3
- Operations and maintenance partnership opportunities
- Mixed-use assets with industry / innovation tenants to diversify revenue and space programming
- Alternative funding mechanisms such as tax credits



Learn more at the P3 Resource Center

WWW.P3RESOURCECENTER.COM





Thank you.

MORE QUESTIONS? REACH OUT TO PSHESTERKIN@PROGRAMMANAGERS.COM

