



# **PUBLIC PRIVATE PARTNERSHIPS:**

Enhance Financial Flexibility and  
Human Capital

**INVESTING IN AMERICA**

**Current State of Affairs**

**Public Private Partnerships**

**Public Sector Optimization Fund**

**Community College Benefits**

**Managing Construction Cost**



# Holman Capital Corporation

Lance S. Holman,  
President & CEO





# Holman Capital Equity Partners

Ken Stoppenbrink,  
Fund Advisor



## **WLC Architects**

Leopold Ray-Lynch,  
Architect  
Principal



# CURRENT STATE OF AFFAIRS

## Revenues

- Progressive Tax System
- Tax Increases are Politically Unpopular
- De Factor Limit on State Revenues

## Expenditures

- Rising Healthcare Costs
- Rising Pension Costs
- Long Procurement Cycle and Cost Increases

## Results

- Maintain or Spend Down Reserves
- Postpone Infrastructure Investments
- Difficult to Sale New Ideas to Public
- Increased Debt Use Funded via Tax Increase

# **The Solution:** **Public Private Partnerships**

*A compromise between business and government*

## **Long-Term Agreement**

- Long-term collaborative agreement between public and private sectors

## **Private Sector Management**

- Design, Construction and Asset Management
- Enters into a Ground Lease or purchases the land/facility from the government

# Why a Public Private Partnership?

## Public Sector Benefits

- Liberate Balance Sheet Equity
- Modernize Capital Assets
- Redirect Resources
- Eliminate Scheduled Maintenance
- Reduce Construction Cost/Rents
- Reduce Debt
- Monetize Campus Services
- Lower Housing Rents

## Private Sector Benefits

- Trillion Dollar Market
- Attractive Risk Adjusted Returns
- Shared Risk
- Strong Credit Quality
- Job Growth
- Enhance Global Competitiveness
- Think Differently

# TYPES OF PUBLIC PRIVATE PARTNERSHIPS

## **Government Ownership**

- Private Sector Management
  - Design, Build, Operate, Maintain

## **Private Ownership**

- Private Sector Management
  - Design, Build, Operate, Own, and Maintain

## United Kingdom



**Approved 700 Projects**

**\$70.64 Billion (USD)**

## Canada



**Approved 280 Projects**

**\$102.7 Billion (USD)**

## China



**Approved 1442  
PPP Projects**

**\$2.86 Trillion (USD)**

# COMMUNITY COLLEGE STATUTES

## General Power

- Education Code 81360
- Sale Property
- Lease Property Up to 99 Years

## Establish Property Lease Rate

- Education Code 81361
- Vote of the Board
- Requires Only One Sealed Proposal From Responsible Bidder

## Limitations on Use of Land

- Education Code 81363
- Sale Proceeds Limited to Capital Outlay or Deferred Maintenance
- Deposited to General Fund
  - Board Determines There is No Need for Additional Sites or Building Construction for 5 Years

## Non-Surplus Property Rule

- Education Code 81363.5
- First Priority
  - Parks or Recreational Purpose
- Second Priority
  - State Agencies, UC, CSU or Public Housing Authority at Fair Market Value
- Third Priority
  - Any Legal Manner of Law

## Resolution of Intent to Sell or Lease

- Education Code 81365
- 2/3rds Vote of the Board
- Adopted Resolution

# Public Sector Optimization Fund

# Types of Projects

## Investment Opportunities

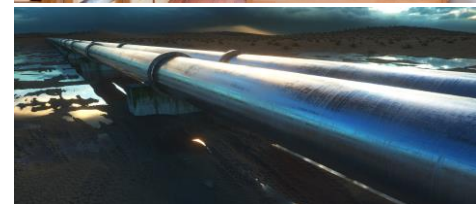
Renewable  
Energy



Student  
Housing



Water  
Infrastructure



Transportation  
Infrastructure



Optimize  
Surplus Land



**Sale Leaseback**

**Joint Venture/Revenue Sharing**

# Investors



**Banks**



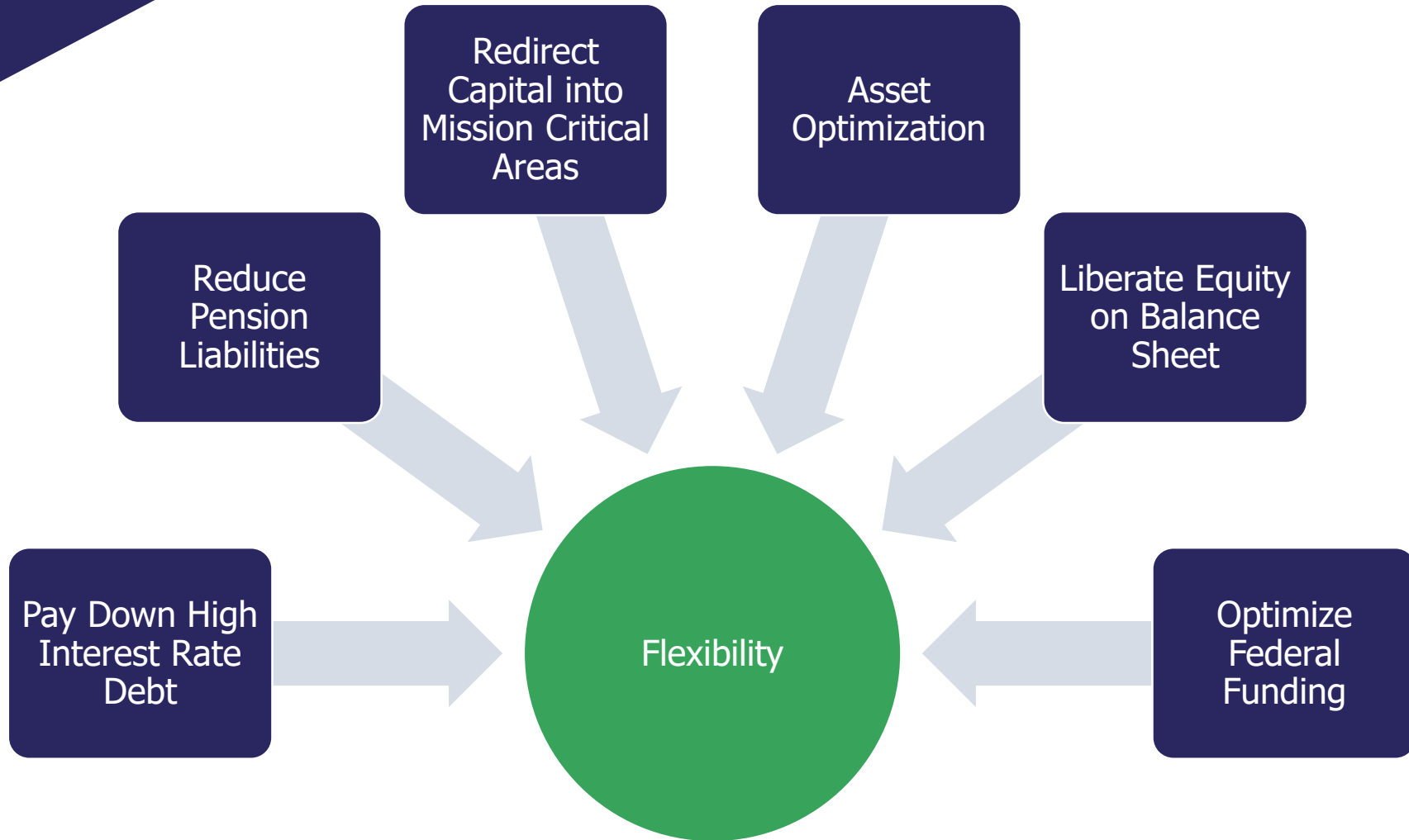
**Pension Funds**



**Institutional  
Investors**



**Public Agencies**





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# COMMUNITY COLLEGE BENEFITS

## **New Construction**

- Residence Hall
- Modernize Instructional Wing

## **Employee Benefits**

- Retire OPEB Liability
- Fund Unfunded Pension Liabilities

## **Cash Flow**

- General Fund Flexibility
- Focus on Students and Employees

## **WLC Architects**

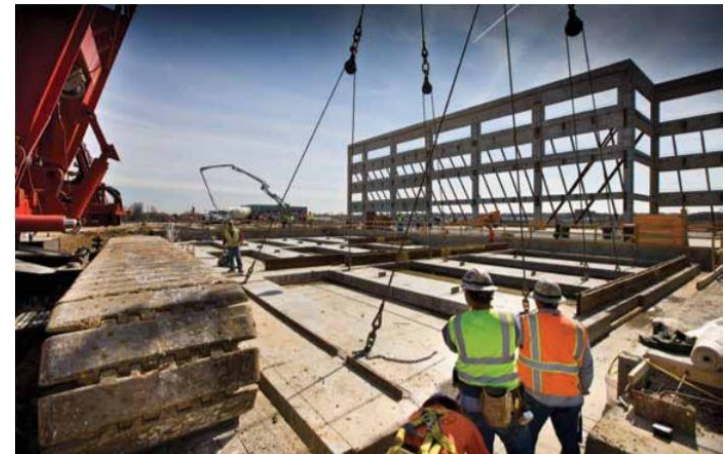
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# Modular Construction



# Precast Concrete Construction



# Insulated Concrete Forms Construction



# QUESTIONS





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