TheCaseSolutions.com body seeking to make a capital investment TWO FUNDAMENTAL does not incur any borrowing. Rather, the PPP DRIVERS FOR PPPs: borrowing is incurred by the private sector vehicle implementing the project. On PPP 1. PPPs are claimed to projects where the cost of using the service is enable the public sector to intended to be borne exclusively by the end harness the expertise and user, the PPP is, from the public sector's perspective, an "off-balance sheet" method of efficiencies that the private financing the delivery of new or refurbished sector can bring to the public sector assets. On PPP projects where delivery of certain facilities the public sector intends to compensate the and services traditionally private sector through availability payments procured and delivered by once the facility is established or renewed, the financing is, from the public sector's the public sector. perspective, "on-balance sheet"; however, the TheCaseSolutions.com public sector will regularly benefit from significantly deferred cash flows. ublic-private partnership is a contractual eement formed between public and see sector a partner, which allows more TheCaseSolutions.com

Perella Weinberg Partners: New Firm, Old Values

TheCaseSolutions.com body seeking to make a capital investment TWO FUNDAMENTAL does not incur any borrowing. Rather, the PPP DRIVERS FOR PPPs: borrowing is incurred by the private sector vehicle implementing the project. On PPP 1. PPPs are claimed to projects where the cost of using the service is enable the public sector to intended to be borne exclusively by the end harness the expertise and user, the PPP is, from the public sector's perspective, an "off-balance sheet" method of efficiencies that the private financing the delivery of new or refurbished sector can bring to the The Case Solutions.com public sector assets. On PPP projects where delivery of certain facilities the public sector intends to compensate the and services traditionally private sector through availability payments procured and delivered by once the facility is established or renewed, the financing is, from the public sector's perspective, "on-balance sheet"; however, the the public sector. public sector will regularly benefit from TheCaseSolutions.com significantly deferred cash flows. TheCaseSolutions.com

Perella Weinberg Partners: New Firm, Old Values

DEFINITION:

A public-private partnership is a contractual agreement formed between public and private sector a partner, which allows more private sector participation than is traditional.

A public-private partnership exists when public sector agencies (federal, state, or local) join with private sector entities (companies, foundations, academic institutions or citizens) and enter into a business relationship to attain a commonly shared goal that also achieves objectives of the individual partners.

TheCaseSolutions.com



PPP involves a contract between a public sector authority and a private party, in which the private party provides a public service or project and assumes substantial financial, technical and operational risk in the project. In some types of PPP, the cost of using the service is borne exclusively by the users of the service and not by the taxpayer. In other types (notably the private finance initiative), capital investment is made by the private sector on the basis of a contract with government to provide agreed services and the cost of providing the service is borne wholly or in part by the government. Government contributions to a PPP may also be in kind (notably the transfer of existing assets).

TYPICAL USES:

Contracting with a private company to:

- □ Renovate
- □ Construct
- □ Operate
- □ Maintain
- ☐ And/or Manage a facility or system

The Case Solutions.com

TWO FUNDAMENTAL DRIVERS FOR PPPs:

1. PPPs are claimed to enable the public sector to harness the expertise and efficiencies that the private sector can bring to the delivery of certain facilities and services traditionally procured and delivered by the public sector.

TheCaseSolutions.com





FOUR BASIC CHARACTERISTICS:

Although each is unique, all P3's include four basic characteristics:

- □ Shared goals
- ☐ Shared resources (time, money, expertise, people)
- □ Shared risks
- □ Shared benefits

The Case Solutions.com

TYPICAL FUNDING SOURCES:

- □ Tolls
- ☐ Tax Increment Finance
- ☐ Fees
- □ Grants
- Loans
- □ Bonds
- ☐ Other Revenue Streams

ORIGINS:

Britain

In 1992, the Conservative government of John Major in the UK introduced the private finance initiative (PFI), the first systematic programme aimed at encouraging public-private partnerships. The 1992 programme focused on reducing the Public Sector Borrowing Requirement, although, as already noted, the effect on public accounts was largely illusory. The Labour government of Tony Blair, elected in 1997, expanded the PFI initiative but sought to shift the emphasis to the achievement of "value for money," mainly through an appropriate allocation of risk. However, it has since been found that many programs ran dramatically over budget and have not presented as value for money for the taxpayer, with some projects costing more to cancel than to complete.

The Case Solutions.com

A govern program and th ough since ly over oney for more to

om

Australia

A number of Australian state governments have adopted systematic programmes based on the PFI. The first, and the model for most others, is Partnerships Victoria- Mobile Data Network. To provide a mobile data network (MDN) to Victoria's Police, Ambulance & Emergency Services vehicles in Melbourne area. Includes access in vehicles and outside to relevant databases, maps, emergency information & locator functions at a guaranteed operational reliability of 99.9%.

TheCaseSolutions.com

build major ... such as Viva (bus ri

· China

The municipal government of Shantou, China signed a 50-billion RMB PPP agreement with the CITIC group to develop a massive residential project spanning an area of 168 square kilometers, locating on the southern district of the city's central business district. The project includes real estate development, infrastructure construction including a cross-harbor tunnel, and industry developments. The project, named Shantou Coastal New Town, aims itself to be a high-end cultural, leisure, business hub of the East Guangdong area.

TheCaseSolutions.com