

NEWS RELEASES

PUBLISHED: FEBRUARY 26, 2018

## Service

Public-Private Partnerships (P3)

## Industry

Real Estate, Development, & Construction

## Professionals

CHRIS KLINE  
KANSAS CITY:  
816.983.8285  
CHRIS.KLINE@  
HUSCHBLACKWELL.COM

MARA POLLETS  
BOSTON:  
617.598.6745  
MARA.POLLETS@  
HUSCHBLACKWELL.COM

CHARLES G. RENNER  
KANSAS CITY:  
816.329.4702  
CHARLES.RENNER@  
HUSCHBLACKWELL.COM

# Husch Blackwell Survey and Report Finds Public-Private Partnerships Gaining Momentum

Coinciding with the Public-Private Partnership Conference & Expo (P3C) in Dallas, Husch Blackwell is pleased to announce the release of its inaugural Public-Private Partnership Trends Report and the results of its fourth-annual P3C Conference survey, which measures marketplace sentiment for P3 as a project-delivery mechanism for meeting a community's infrastructure needs.

Husch Blackwell queried conference registrants — including public sector respondents representing city, county, state and educational officials and private organization participants from construction, consulting, design and engineering, financial advisory and lending firms — on various factors relating to their evaluation and planned use of P3 to support future projects. Among other questions, the survey asked respondents to indicate their current level of involvement with public-private partnership projects; favorability of P3 projects; and expectations for utilizing P3 in the future.

Notable results of the survey found:

91 percent of public-side respondents — up from 85 percent in 2017 — and 94 percent of private-side respondents — up from 93 percent a year ago — plan to have multiple P3 projects in the works over the next three years.

80 percent of private-side and more than 50 percent of public-side respondents are currently involved in a P3 project.

Public and private respondents agreed that project efficiencies are a top reason for pursuing potential P3 projects.

Public and private respondents identified financing and risk transfer as the top two reasons that P3 is desirable.

The survey also revealed that private-side participants continue to exhibit more confidence in their understanding of P3 than their public-entity counterparts. Less than half of the survey's private-side respondents thought that a current lack of understanding of P3 was a "strong" or "good" reason for not pursuing a P3 project; meanwhile, that number soared to nearly 70 percent among public-side respondents.

"There has long been a kind of information asymmetry at work in large infrastructure projects, where private-side participants tend to possess more experience and knowledge of how to price various projects or project stages," said Charles Renner, who served as editor of the report and is the leader of Husch Blackwell's P3 practice group. "What we are finding with P3, however, is that there is value in competition. When the public side solicits multiple bids, competition has a kind of leveling effect that compensates for a public entity's lack of experience around various kinds of infrastructure projects."

In addition to its survey results, the report includes an assessment of P3 projects that reached financial close since the beginning of 2016. The cohort of projects was refined to remove post-agreement transactions, such as refinancing and equity sales. In total, the report examined 16 projects across the nation in industries such as higher education, transportation, aviation and energy.

Highlights of the project analysis include:

14 of the 16 projects analyzed utilized a P3 "full model," which includes the private partner being involved in all project phases — design/build, finance, operations and maintenance (DBFOM).

12 of the 16 projects saw project debt levels exceed 70 percent of the overall capital stack at financial close. Government loans accounted for \$2.9 billion during the report period, almost all of it on surface transportation projects utilizing Transportation Infrastructure Finance and Innovation Act, or TIFIA, loans.

13 of the 16 projects employed public activity bonds, or PABs, to some extent, including much of the \$2.3 billion issued to support the development of LaGuardia Airport's Terminal B.

In addition to serving as editor of the report, Renner will moderate a forum at the Public-Private Partnership Conference & Expo on Tuesday, February 27, titled "Business Imperative of Public-Private Partnerships." His presentation will focus on why the failure to understand and embrace the P3 project delivery model may inhibit a firm's ability to compete for infrastructure and social projects. The panel, which includes Black & Veatch's Bruce Allender, Balfour Beatty Campus Solutions' Josh Smith, KPMG's Alex Seleznyov and Siemens Financial Services' Flavio Zelaya, will discuss lessons

learned in helping public and private participants enter the market and compete, mitigate risks and reduce exposure within this emerging market.

The Public-Private Partnership Conference & Expo is a three-day event exploring the role of P3 as it unites over 1,200 attendees from private industry and public governments and agencies to discuss infrastructure challenges faced nationwide.

For more information about the report, [click here](#). Additional support in producing this report was provided by Husch Blackwell associates Christopher Kline and Mara Pollets, who served as contributing editors of the Public-Private Partnership Trends Report. In addition, associate Asel Mukeyeva provided analysis of the recent federal tax legislation's impact on P3 projects.