TOWN OF DAVIE
COMMUNITY REDEVELOPMENT AGENCY BOARD MEETING MINUTES
DECEMBER 2, 2015

1. PLEDGE OF ALLEGIANCE

The meeting was called to order at 5:33 p.m. and was followed by the Pledge of Allegiance.

2. ROLL CALL

Present at the meeting were Chair Paul, Vice Chair Luis and Board Members Caletka, Hattan and Starkey. Also present were Town Administrator Richard J. Lemack, Deputy Town Administrator Macciano Lewis, Community Development Director Giovanni Moss, CRA Board Attorney John Rayson and Board Secretary, Cheryl L. Ellett recording the minutes.

3. PRESENTATIONS

3.1 PUBLIC PRIVATE PARTNERSHIP PRESENTATION BY THE FLORIDA COUNCIL FOR PUBLIC PRIVATE PARTNERSHIP (FCP3).

Mr. Giovanni Moss introduced Mr. Lee Weintraub, Esquire with Becker & Poliakoff, P.A. and Mr. Cesar Souza with Souza Infrastructure Development. Mr. Weintraub and Mr. Souza presented a Public Private Partnership Presentation to the CRA Board. A copy of the presentation is attached hereto. At the conclusion of the presentation Mr. Moss thanked Mr. Weintraub and Mr. Souza for their time and for the presentation. Mr. Moss mentioned this was the first part of a long process and asked for permission to bring back an agenda item and to work with an owner's consultant team to help prepare a P3 RFP document which will help guide the process. There were no objections.

4. APPROVAL OF MINUTES

Minutes

4.2 DECEMBER 2, 2015 - MEETING MINUTES (CRA)

Board Member Caletka made a motion, seconded by Board Member Starkey to approve. In a voice vote, everyone voted in favor. (Motion carried 5-0)

5. ACTION ITEMS

Resolutions

5.3 A RESOLUTION OF THE DAVIE COMMUNITY REDEVELOPMENT AGENCY APPROVING AN AGREEMENT BETWEEN THE TOWN OF DAVIE COMMUNITY REDEVELOPMENT AGENCY AND EDJ SERVICE, LLC. FOR LAWN MAINTENANCE & ALLIED SERVICES FOR MAINTENANCE OF DAVIE ROAD, THE EASTSIDE PARKING LOT AND THE SW 41 PLACE AND SW 41 STREET PARKING LOTS; AUTHORIZING THE CRA CHAIR TO EXECUTE THE RESOLUTION; AND PROVIDING FOR AN EFFECTIVE DATE.

Vice Chair Luis made a motion, seconded by Board Member Hattan to approve. In a voice vote, everyone voted in favor. (Motion carried 5-0)

5.4 A RESOLUTION OF THE DAVIE COMMUNITY REDEVELOPMENT AGENCY APPROVING AN AGREEMENT BETWEEN THE TOWN OF DAVIE COMMUNITY REDEVELOPMENT AGENCY AND PAN AMERICAN LANDSCAPING, LLC. FOR LAWN MAINTENANCE & ALLIED SERVICES FOR MAINTENANCE OF THE CHAMBER OF COMMERCE AND THE CRA OWNED LOTS LOCATED AT THE CORNER OF DAVIE ROAD AND ORANGE DRIVE; DAVIE ROAD AND SW 41 STREET AND THE CRA OWNED LOT LOCATED ON SW 63RD AVENUE AND SW 42ND STREET; AUTHORIZING THE CRA CHAIR TO EXECUTE THE RESOLUTION; AND PROVIDING FOR AN EFFECTIVE DATE.

Vice Chair Luis made a motion, seconded by Board Member Hattan to approve. In a voice vote, everyone voted in favor. (Motion carried 5-0)

7. COMMENTS AND/OR SUGGESTIONS - NONE

- Chair Paul mentioned a copy of the CRA Community Policing Report was handed out to each of the CRA Board Members.
- Mr. Moss mentioned the CRA is working with an engineering firm and Public Works to inspect the light poles on Davie Road.
- Board Member Hattan mentioned she read the report from the CRA Community Policing Officers and noticed that the officers on several occasions have made contact with several homeless individuals all of who have refused help. She wondered if anything else could be done. Chief Lynn mentioned that as long as they were not a danger to themselves or others, there was nothing else that could be done.

8. ADJOURNMENT

There being no further business to discuss and no objections, the meeting was adjourned at 6:15 p.m.

January 6, 2016
Date

Judy Paul, Chair
Davie Community Redevelopment Agency

Cheryl L. Elliott, CRA Board Secretary

APPROVED THIS 6th DAY OF JANUARY, 2016.

Town of Davie
Community Redevelopment Agency
P3 Presentation

Lee A. Weintraub, Esq.
Becker & Poliakoff, P.A.

Cesar Souza
Skanska Infrastructure Development

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What are P3's?

A contractual agreement between public and private sector partners for the delivery of public facilities or infrastructure and its long-term associated services.

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WHEN YOU HAVE SEEN ONE P3…

… You have seen one P3

Each is unique, but they all include:

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

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Defining P3s

Often we find ourselves with many projects being called P3s.

This is how we define P3s as to allow the full benefit of the model:

- Design
- Build
- Finance
- Operate and Maintain

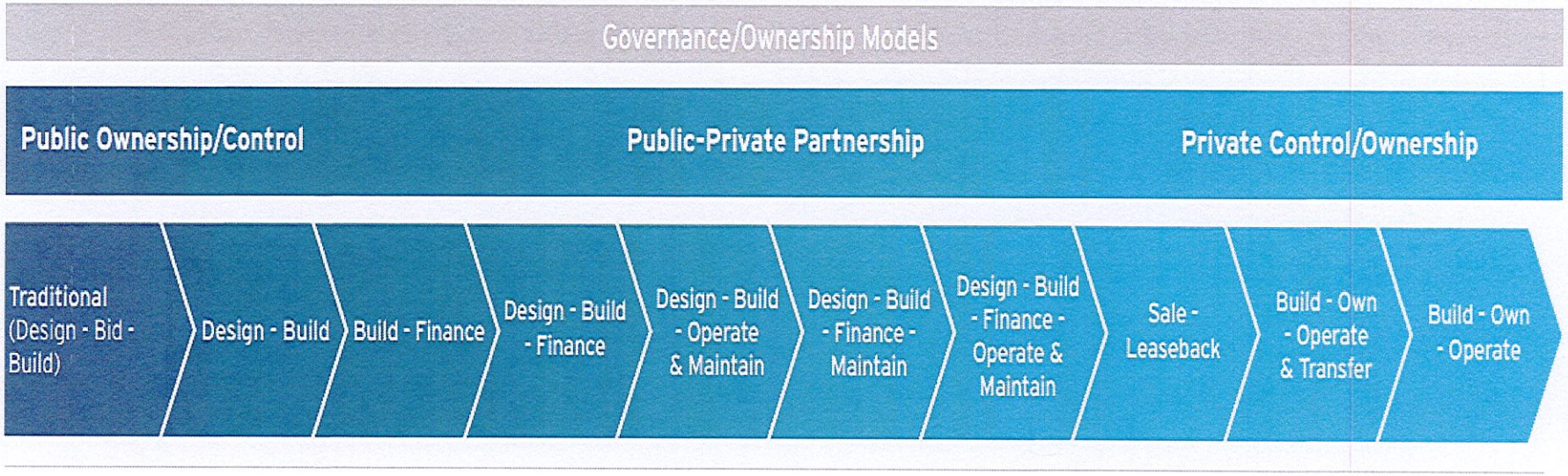

Chart Source: PPP Canada

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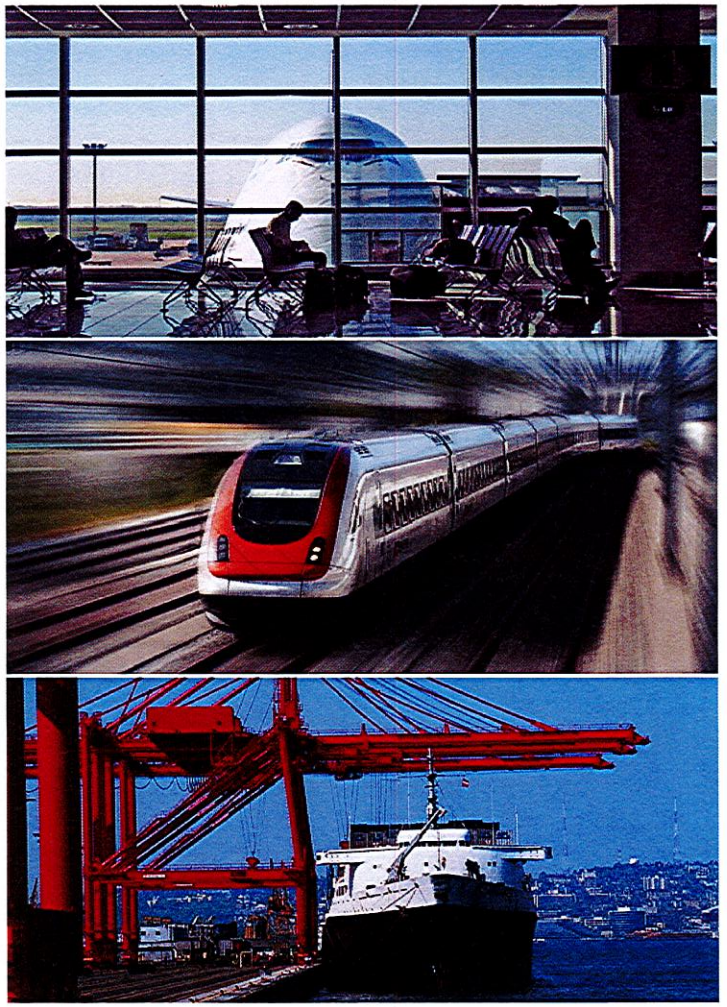
Which Projects are Suitable?

The P3 model is appropriate when the following conditions apply:

- Major projects, requiring effective risk management throughout the lifecycle
- Opportunity to leverage sector expertise
- Public sector can define its performance needs as outputs/outcomes to ensure the delivery of the infrastructure in the long-term
- The risk allocation between the parties can be clearly identified and contractually assigned
- The project is large enough to ensure that procurement costs are not disproportionate;
- The technology and other aspects of the project are proven and not susceptible to short-term obsolescence
- The planning horizons are long-term, with assets intended to be used over long periods and are capable of being financed on a lifecycle basis



Source: PPP Canada

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Advantages of P3s

- Earlier delivery
- Time and cost certain
- Private financing provides flexibility with respect to freeing up funding for other projects
    - Allow the procuring authority to focus on other goals
    - P3s are not just about financing, rather they are about overall savings and quality of post construction services (O&M)

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Advantages of P3s

- Alignment of interests – whole life cost
    - Higher quality of delivery
- Performance-based payments = No delivery/service, no payment
- Transfer of risk
- Single point of contact

Pitfalls of P3's

- Insufficient understanding of P3s in public sector
- Political risk
- Improper communication
- May take a long time to get project going
- Higher transaction and financing costs
- Better suited for large complex projects
- Misconceptions that P3's are free money/private developer assumes all risk

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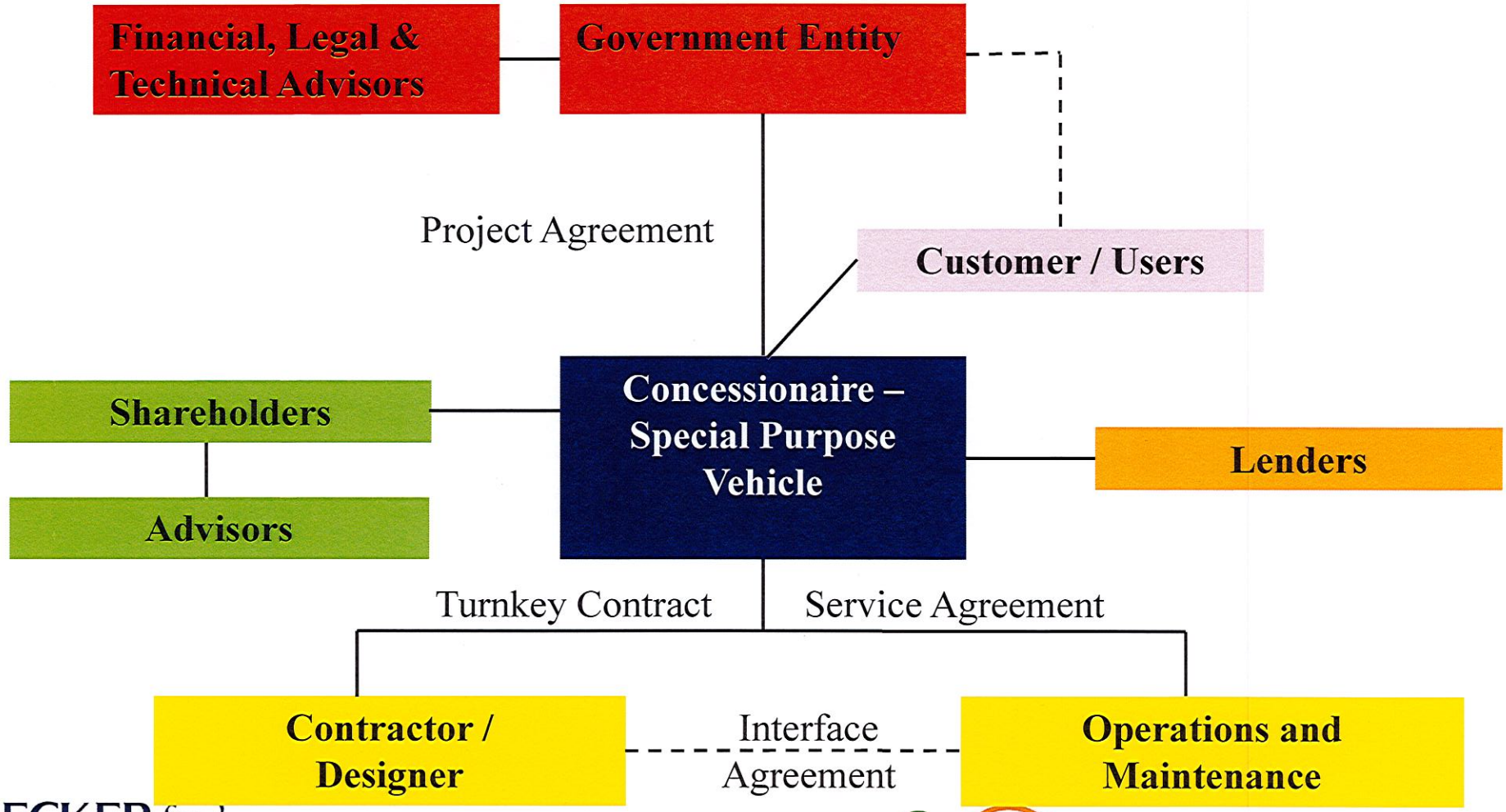
Typical PPP Structure and Agreements



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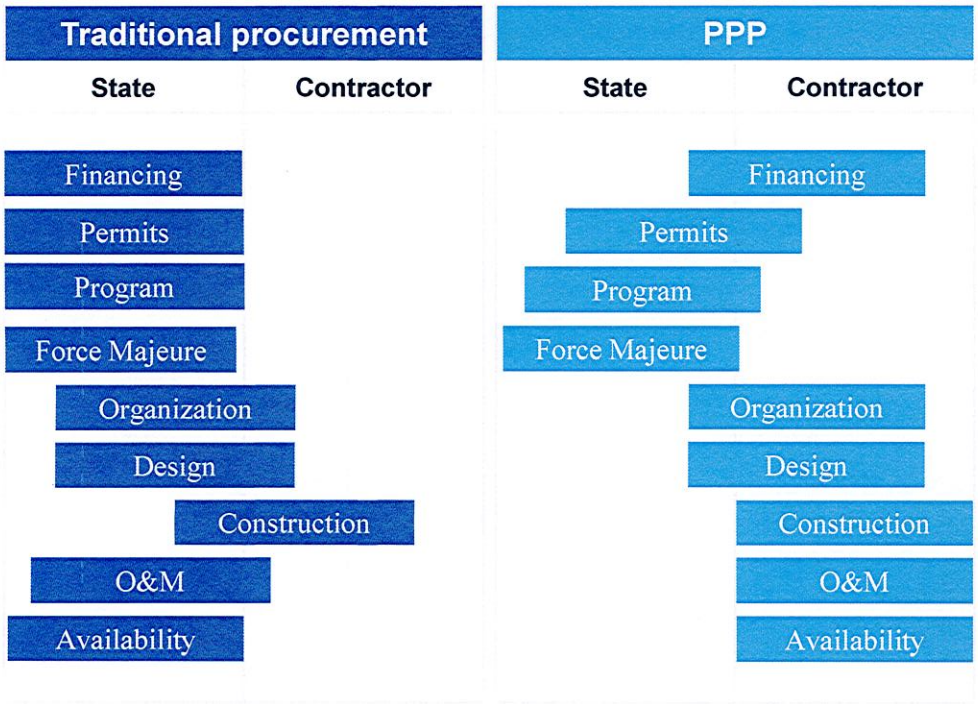
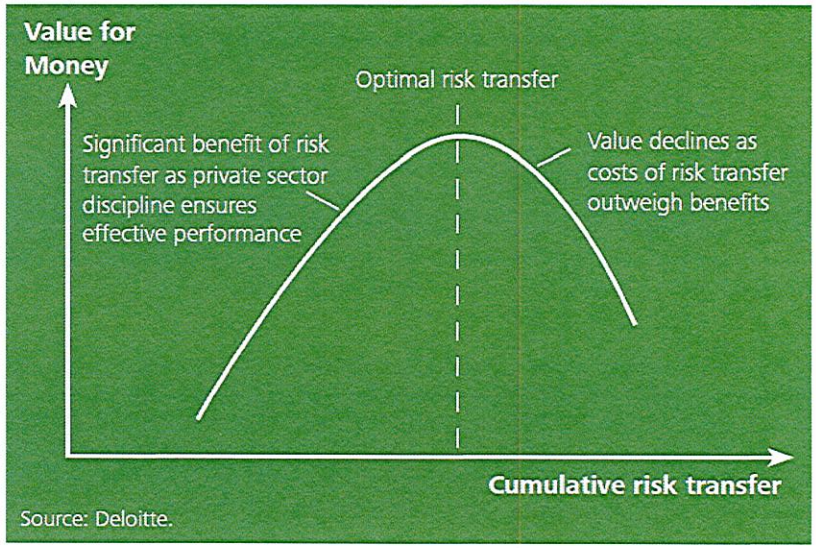
P3s are about risk sharing optimization

The party best suited to assess the risk should also be managing the risk



Risk have costs…



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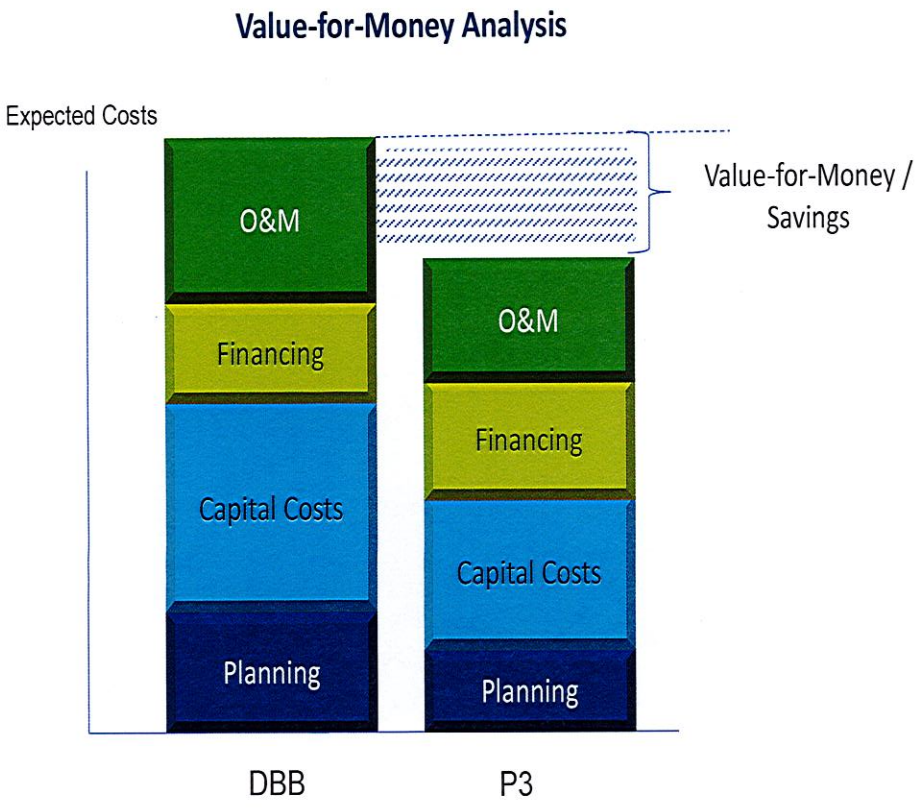
P3 Value Creation

P3s are not about funding or cheap financing but about alignment of interests and unlocking value.



Equity brings ownership

- Connects all aspects of the projects
- Vested in interest in the asset's lifecycle
- Aligned decisions
- Oversight

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Typical P3 Cost Savings

Project	Savings Relative to PSC	Competitor	Comments
I-595, Florida (Road)	14.3% lower than PSC ($300m)	30% below next most competitive price	ATC's and risk transfer
A30, Quebec (Road + Bridge)	33% lower than PSC	~20% below competitor	Hybrid toll and availability
Denver FasTracks, Colorado (Transit)	13% lower than PSC	~20% below competitor ($300m)	17 ATC's accepted
Southeast Stoney Trail, Alberta (Road)	NPV 63% below PSC	~40% below competitor	Innovation and market shift
Alberta Road Projects (Average of 5 Projects)	NPV 27% below PSC	-	2003 - 2012
Windsor Essex Parkway, Ontario (Road)	NPV 15% below PSC	~20% below competitor	
I-635 (LBJ Freeway), Texas (Road)	NPV 15% below PSC	~50% below competitor	
Port of Miami Tunnel, Florida (Road / Tunnel)	12.5% lower capital costs than PSC	~50% below competitor	Based on VfM analysis 2010
Goethels Bridge, New York (Road / Bridge)	13.7% lower than PSC	~7.2% below high bid	
Presidio Parkway, California (Road)	20% lower than PSC	-	Separate DBFOM and DB projects

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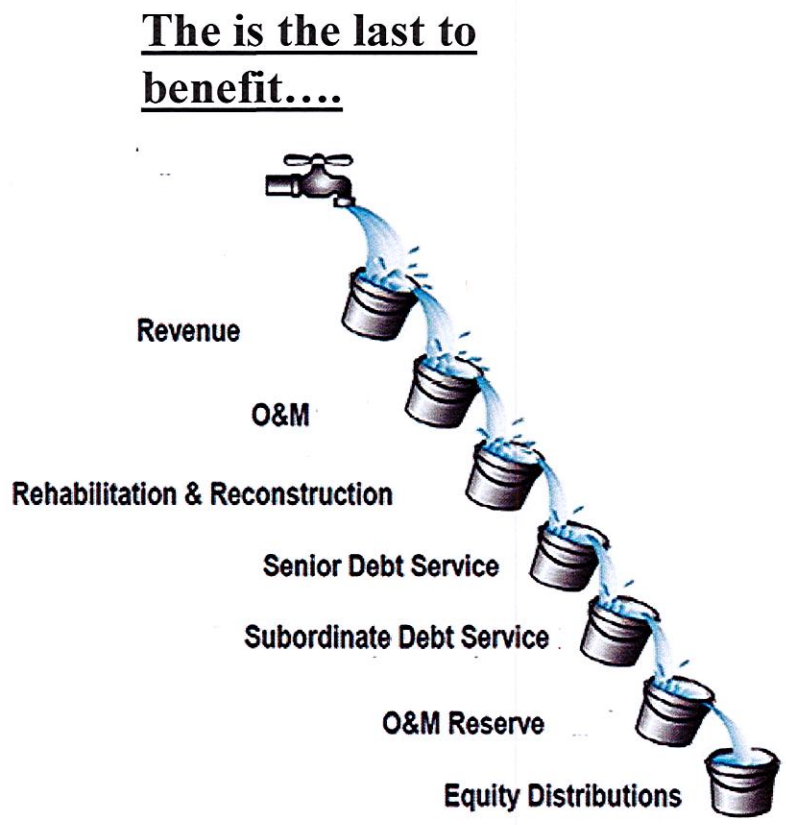
P3s involve Project Finance

- **Benefits**

  - Facilitates early project delivery
  - Low funding cost due to high leverage
  - Enables public sector free up resources
  - Third-party due diligence rigor
  - Skin in the game
  - Non-recourse
  - May be off-balance sheet
  - Longer terms contracts and resilient returns



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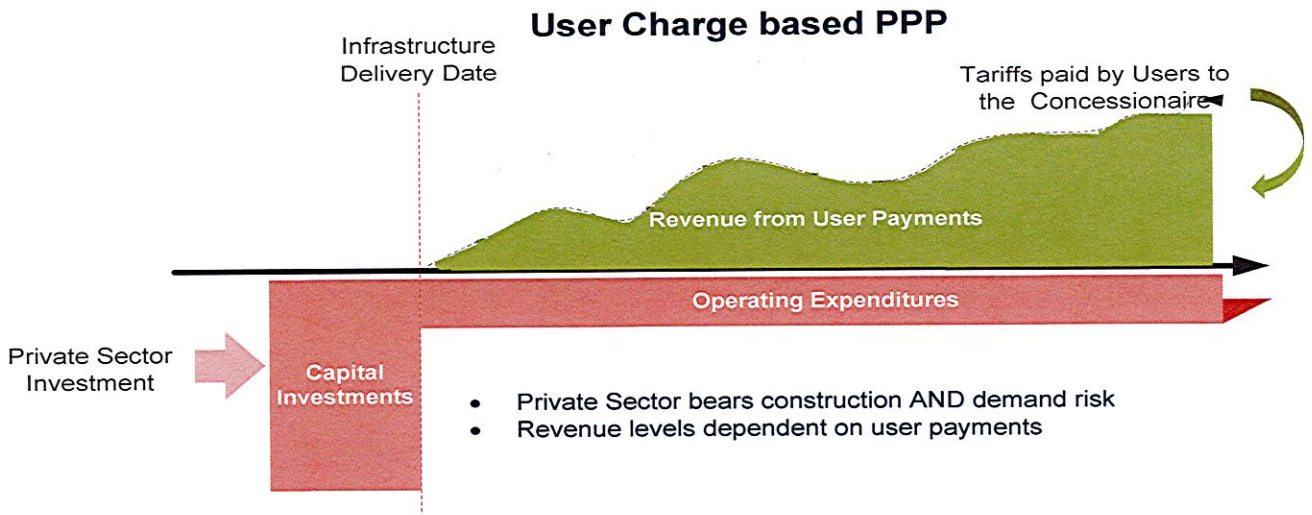
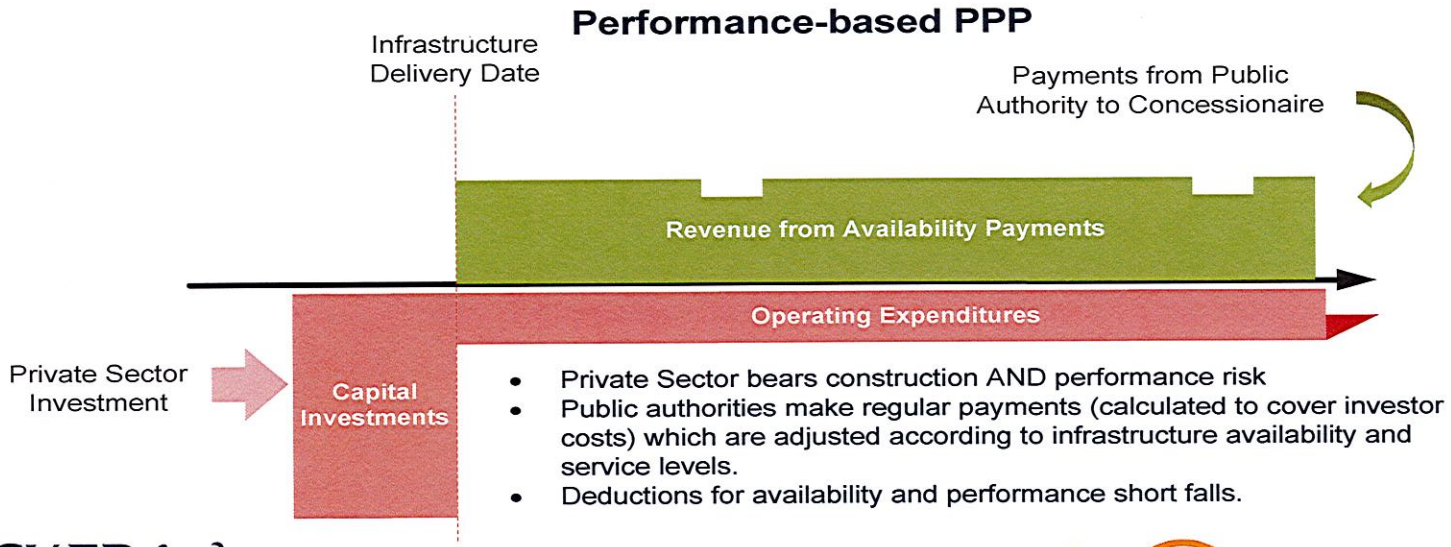
Revenue models

- **Availability Payments**
  - Payments from government during operating period if the project is properly operated and maintained
  - Used in projects that cannot generate sufficient revenues
  - Used for assets that do not generate revenues
- **Revenue Risk**
  - Private entity and lenders take risk that project revenues and user fees will be able to service debt and provide sufficient equity return
  - There are availability and performance risks as well
  - May have revenue sharing over certain levels
- **Shadow**
  - Private entity takes revenue risk based on the number of users and performance
- **Hybrid**
  - Combinations of models. For example revenue risks with floor and ceiling guarantees

Source FHWA

Example Payment Models





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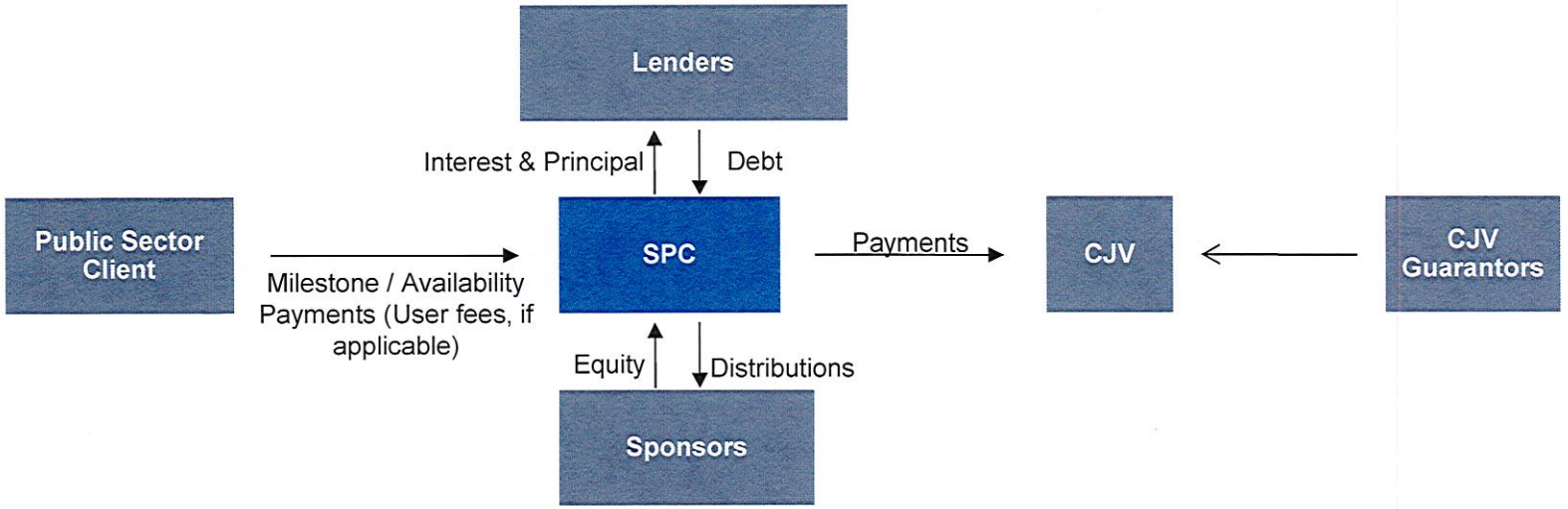
Illustrative Payment Structure

- Debt to equity ranges from 50:50 to 90:10 depending on risk profile
  - i.e. brownfield / greenfield, availability / toll risk, etc.
- Debt is provided on a non-recourse basis
- Contractor(s) typically contract as part of a Design & Build Joint Venture
- Contracts supported by guarantees / bonding for construction risk
- Project revenues commence at the start of service delivery and are subject to performance



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Availability Penalties Samples

Service Task Order		STO Remedy Time	STOP Points
Element/Item	**Standard**		
a) Elevators			
(i) Availability	At least one elevator functional per required location and in good repair during service hours	2 hours initial response; 12 hours completed repair	5
(ii) Preventative maintenance	All preventative inspections must be completed within the approved intervals specified in the Facility Maintenance Plan	None	5
(iii) Cleanliness and Odor	No overpowering foul odor or heavy litter	4 hours	2
b) Rolling Stock			
(i) Preventative maintenance	All preventative inspections must be completed within approved intervals specified in the Rolling Stock Maintenance Plan	None	5
(ii) Interior Cleanliness	No heavy litter or significant fluids	1 round-trip	2

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Examples of Funding Sources

- Revenue generated from facility
- Tax increment financing
- Grants
- Loans
- Bonds
- Lease payments
- Tax savings
- TIFIA and PABS for transportation projects

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Comprehensive Agreement

- ***Must*** provide for:
  - Scope of services and operating performance and penalties regime
  - Rights and responsibilities of parties during course of construction and operations
  - Payment and performance bonds
  - Public entity's review and approval of project design
    - Does not require private entity to complete the design before executing comprehensive agreement
  - Public liability insurance requirements
  - Public entity's inspection of construction activities
  - Public entity's monitoring of maintenance practices by private entity
    - Public entity's control over project design, costs, and maintenance and operation standards is key

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Comprehensive Agreement

- Periodic financial reporting by private entity pertaining to project
- Fees, lease payments, or service payments
  - Including provisions for termination of agreement & rights and responsibilities upon default by private entity
    - Must provide for circumstances whereby defaulting private entity's responsibilities and interests may be assumed by either entity participating in funding of project or public entity
- Notice of default and right to cure provisions
- Private entity may receive revenues from fee-generating uses of facility over life of agreement

Comprehensive Agreement

- ***May*** include:
  - Agreement by public entity to make grants or loans to private entity from amounts received from federal, state or local government or agencies
    - Pre-negotiated portion of same must be returned to public entity

Assessing Financial Expectations

- What risk will the public sector take with respect to the private development?
- Can the public sector provide credit enhancements for the private sector to obtain financing?
- Will liens be initially permitted on property until turnover to public entity?
- What penalties will the public sector assess upon the developer if it fails to deliver?
- What rate of return, if any, does the public sector require?

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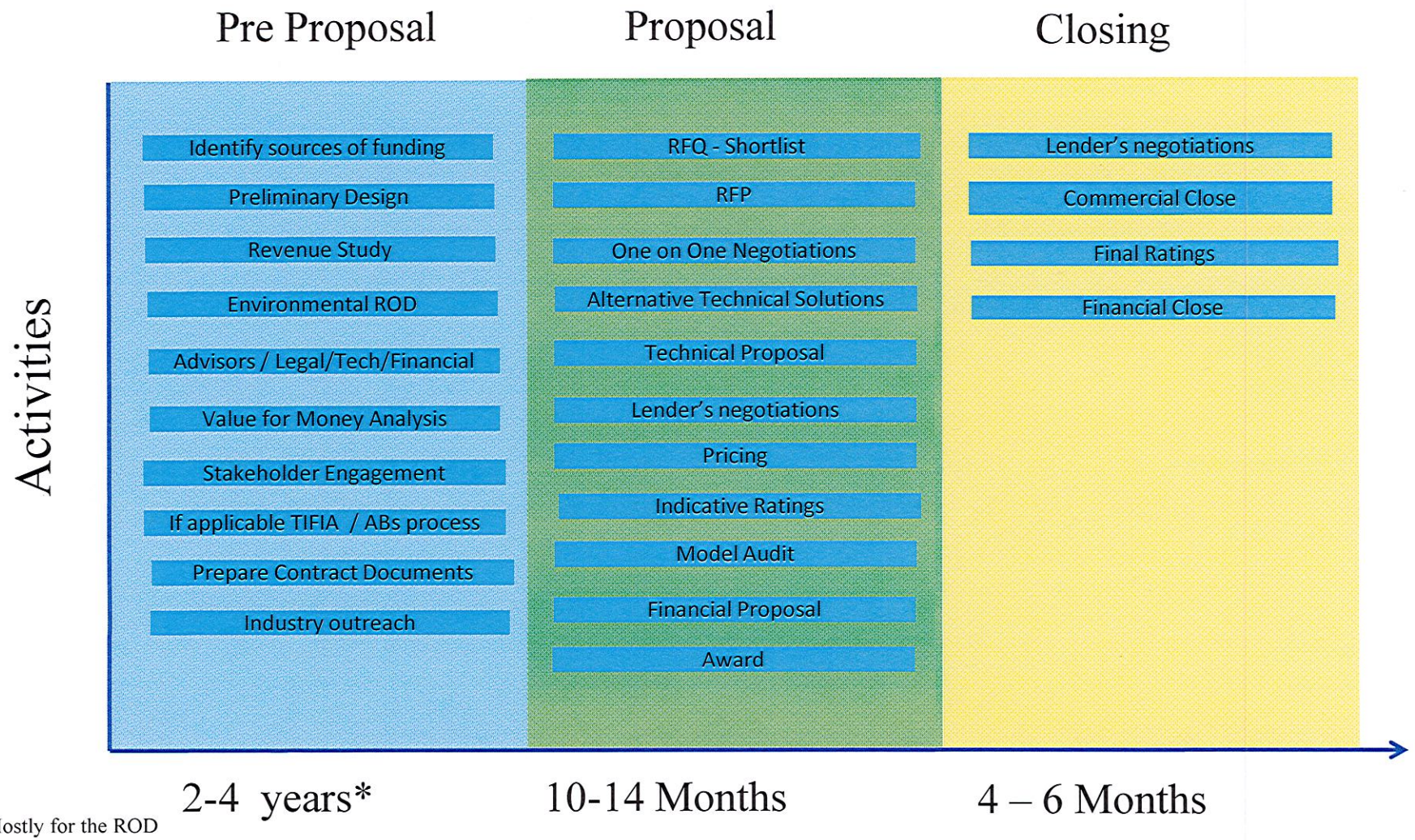
Typical P3 Procurement



*Mostly for the ROD

Above all, Identify the Project Champion!

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Key Success Factors

- Having a real need project
- Experienced advisors
- Public and political support
- Objective communications among all stakeholders
- Clear objectives/scope
- Careful early-stage analysis
- Proper allocation of risk and reward
- Value for money over project life cycle
- Protection of public interest
- Willingness for each side to adjust to expectations of other party
- Private sector innovation
- Long-term partnership
- Having a champion

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Questions?

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