External Affairs Alert
Public-Private Partnerships Perspective
June 2013

Overview

State and local budget constraints and the continuing priority of job creation have created a tumultuous environment for public private partnerships, generating a host of issues and opportunities. These fall principally in the areas of community development and "city-building," the traditional realm of our professional involvement. The emerging "P-3" of private development, ownership, and financing of infrastructure and public facilities is also an area of growing importance.

IN THIS ALERT:

California Redevelopment – A Cautionary Tale in which expansive success at redeveloping California cities and towns, including major support of affordable housing, led to what might kindly be called a perceived imbalance in the availability of public resources in the face of fiscal crisis and state responsibility for school funding. With the abolishment of redevelopment, the development community is scrambling to find alternatives to address core public-private development issues. **Ehud Mouchly, CRE**, shares his perspective.

A Bill Authorizing Redevelopment Without Eminent Domain Moving Forward In New Jersey to help redevelopment proceed in a post-Kelo world. Eminent Domain continues to be constrained in state-after-state, refocusing on public uses rather than the public interest, even as it relates to removal of blight as part of redevelopment. **Anthony DellaPelle, CRE**, brings us up to date on a fascinating New Jersey initiative.

New Markets Tax Credits, 2012 and 2013: A Bit of Help in a Difficult Environment comes with approval of two more years in the American Taxpayer Relief Act of 2012 (fiscal cliff bill) at year end. While very limited in total dollars, the distribution of credits supports projects in severely distressed communities throughout the country. Credits can be used for private projects as well as community facilities and have played a key role in commercial, industrial, and mixed-use properties; as well as charter schools, health centers, energy efficient investment, and training centers. Now is the time to investigate using such credits for projects. 2012 allocations recently have been made, and Community Development Entities (CDEs) are both looking to complete deals and line up projects for their next application. **Steve Friedman, CRE**, and his colleague Tony Smith provide an update.

What's Old Is New Again—Using Traditional Planning Tools to Foster Redevelopment: Good Planning Is Always A Good Solution and more and more communities are integrating development economics into planning teams along with land use, urban design, and transportation. Partly encouraged by federal initiatives to integrate transportation, land use, and environmental considerations in support of sustainable communities, the number of multi-disciplinary planning efforts that include "development

economics" has increased. Growing opportunities with sub-area or corridor plans and developing areas needing infrastructure, and transit-oriented developments offer an opportunity for CREs to apply their unique real estate and development expertise. **Maura Cochran, CRE**, profiles a recent and typical assignment.

Creating and Restoring Major Urban Parks and Open Spaces Via Public/Private Partnerships has taken off in the face of constrained public funding. This brings a renewed commitment from the private and philanthropic sectors to create fabulous public spaces which often drive development and value – or simply provide opportunities for fun and inexpensive ways to enjoy quality leisure time. **Richard Ward, CRE**, profiles Chicago's Millennium Park (everything you see was paid for privately), as well as three other examples from St. Louis – all of which represent the "tip of an iceberg" of a renaissance in public spaces using private money.

Wisconsin's NEW Economic Development Initiatives: Job Creation programs pursued by controversial Governor Scott Walker are profiled by **Fred Campbell, CRE**. Governor Walker has initiated major structural changes to shake up a moribund bureaucracy in an effort to create jobs. The lessons will apply to other states and cities as competition for retention and growth accelerates.

Texas/Southwest offers a slightly different perspective. Traditionally benefitting from federal spending on military and other programs, the area is less pro-active in the traditional state and local sense. But an interesting public/private space travel venture and other nascent projects suggest that, as circumstances change, this area too may begin to explore other options to accomplish key public and community goals. Pete Sellers, CRE, and his colleagues Mark Lautman and Sam Noble, CRE report.

Maryland's New Public-Private Partnership Legislation takes a dramatic leap forward in streamlining its ability to create public-private partnerships for development of infrastructure and real estate. The legislation allows for creative thinking and does not wait for public offerings: developers and contractors are encouraged to submit unsolicited proposals. Bob Aydukovic, CRE, reports on a new framework that is worthy of consideration in other states as well.

CALIFORNIA REDEVELOPMENT – A CAUTIONARY TALE

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Redevelopment in California is undergoing dramatic change as a result of State issues and problems that developed in certain programs over the last 70 years. This tale of caution does have a silver lining as local governments, non-profits and others with creative ideas (Counselors, for example) strive to find new development and finance mechanisms to move deserving projects forward.

Real estate redevelopment in California between 1945 and 2012 was facilitated by State legislation and constitutional amendments, and implemented by local government bodies – "redevelopment agencies" (RDAs). The critical financing tool for RDAs was the first-in-the-nation tax increment financing (TIF) mechanism. This provided RDAs with tax revenue to support redevelopment of underserved project areas, which would not be otherwise feasible. By the mid-70s, the Redevelopment Law was amended to require

that at least 20% of tax increment revenues from RDAs be diverted to production and improvement of affordable housing for very low, low, and moderate income families. Over the years, the RDAs contributed much to economic development, job creation and production of affordable housing in California. By 2012, when the RDAs were abolished (see below), with a state population of 38 million, the 427 RDAs had 743 project areas with total assessed valuation of $679 billion, of which $519 billion represented incremental assessed valuation. By 2010, however, the process had become too costly and bogged down with regulatory shortcomings and political abuses.

With California facing a serious budget deficit, and RDAs controlling over $2 billion in tax increment revenues, a bitter political struggle among the Governor, the legislature, and RDAs ensued during 2010-2011. By late 2011, following the Governor's initiative and State legislation affirmed by the State Supreme Court, the RDAs were abolished. Legislation established "Successor Agencies" to dissolve the RDAs and manage their respective obligations. Major conflicts arose between the successor agencies and the State Department of Finance regarding the nature and speed of resolving continuing obligations. This resulted in quite a few projects being suspended with many conflicts being currently litigated.

The current absence of properly regulated processes is compounded by other barriers to effective and affordable redevelopment, e.g., costly and long processing of project entitlements under the California Environmental Quality Act (CEQA) and prevailing wage requirements. At the same time, elected officials, public agencies, staff, and private sector entities are evaluating and brainstorming concepts which will permit interim private-public redevelopment activities. These include leasing of municipal land for development of private and quasi-public facilities. Some public-private development financing is still available through tax-free and taxable bonds issued by the California Infrastructure and Economic Development Bank, business improvement districts, industrial development authorities, and the Federal New Markets Tax Credit program.

Public-private partnerships are also emerging as a tool for "redevelopment," where private equity capital is deployed to finance infrastructure improvements under the 1996 California Infrastructure Finance Act (IFA).

Affordable housing production has also been seriously set back by the dissolution of the RDAs. Public, for-profit, and non-profit entities are struggling with the impact resulting from elimination of $2 billion in housing set-aside funds. As noted, local governments and development entities are working on new and modified mechanisms, e.g., complex "layered" financing, entitlements and regulatory streamlining.

The key to recovery of redevelopment in California and regenerating its benefits will require crafting revised or new tools for effective financing and the simplification of political regulations. This will permit, encourage and rely on effective public-private partnering.

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BILL AUTHORIZING REDEVELOPMENT WITHOUT EMINENT DOMAIN MOVING FORWARD IN NEW JERSEY

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Bipartisan legislation in New Jersey that would rework some of the procedures used by local governments concerning their local redevelopment powers is on its way to being enacted in the State legislature. In May, the New Jersey State Assembly unanimously approved a bill that codifies important redevelopment case-law, and provides municipalities with an option to undertake local redevelopment projects without using eminent domain. In late June, the State Senate also approved the measure by a 36-1 vote. The legislation codifies Gallenthin Realty Development Inc. v. Paulsboro, 191 N.J. 344 (2007), in which the New Jersey Supreme Court held that a blight determination requires a finding of a "deterioration or stagnation that has a decadent effect on surrounding property," which could not ordinarily be applied to a large tract of vacant land. The Gallenthin scrutinized the then-common use of municipalities in New Jersey of a standard in the Local Redevelopment and Housing Law, N.J.SA. 40A:12A-5(e) — a "stagnant or not fully productive condition" to justify that an area was blighted, or "in need of redevelopment."

The current legislation also codifies Harrison Redevelopment Agency v. DeRose, 398 N.J. Super. 361 (App. Div. 2008), in which an appeals court held adequate written notice of condemnation for redevelopment needs to be provided during the redevelopment planning process.

The other significant provision in this legislation is that local governments will be given an option as to whether they will be empowered to use eminent domain to acquire properties in redevelopment areas. If signed into law, this bill could help to spur redevelopment in certain areas without having to threaten the property rights of the existing owners, as areas "in need of redevelopment" qualify for long-term tax abatements and financing incentives.

Thus far, the bill has received strong support from both parties and has been favorably reviewed by legislative committees and both houses of the State legislature. The bill has now been presented to New Jersey Governor Chris Christie to be signed into law.

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NEW MARKETS TAX CREDITS, 2012 AND 2013: A BIT OF HELP IN A DIFFICULT ENVIRONMENT

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The American Taxpayer Relief Act of 2012 bill included a 2-year extension of the New Markets Tax Credit ("NMTC") for 2012 and 2013, which in turn authorizes the US Treasury to allocate a total of $7 billion of NMTC authority in 2013 and 2014 (although technically these are referred to as the 2012 and 2013 allocation rounds, respectively).

This resource can provide a very attractive layer of "gap financing" for commercial, industrial, mixed-use, and community facilities projects and other business investments in low income Census tracts. Both real estate projects and some forms of operating business financing are possible. The net subsidy to a project can reach 20% of total project costs (although more is theoretically possible).

NMTCs provide a stream of federal income tax credits totaling 39% over 7 years. The credit is calculated based on qualifying project cost which in a common "leveraged" structure is close to total development cost. It is phased in over the 7 year period with 5 % applying to each of years one to three and 6 % applying in years four, five, six, and seven. The project is administered by the CDFI Fund division of the US Treasury. Allocations are made to mission-driven financing intermediaries called Community Development Entities (CDEs) on a competitive basis. CDEs compete for allocations of NMTCs from Treasury, and then in turn deploy the capital associated with these credits to qualifying borrowers. There is significant diversity among CDEs and their affiliates, including national-scale Community Development Financial Institutions (e.g. LISC, Enterprise), state economic development agencies, cities, and other private applicants. CDEs all designate "service areas" within which they are able to originate NMTC financing, and these areas range from a single city or county (local service area) to statewide, multi-state, and national footprints. The overall success rate of CDEs applying for credits has averaged about 26% over the last two rounds. Other than a preferential set-aside for rural applicants, the allocation process is not based on set formulas tied to population, geography, or other factors more typical for allocation of federal resources—instead, the program is an open national competition.

In 2008 and 2009, the scale of the federal NMTC program was expanded to $5 billion as part of the federal Stimulus; however, since that time, it has fallen back to $3.5 billion per year. This reduced level of funding availability has persisted over the past three rounds during a time period in which demand has grown as more and more entities have sought to become involved in the program, heightening the scarcity of the credits. Competition in the industry has escalated at two levels: among CDEs vying for credit allocations from Treasury, and also among project developers/sponsors seeking financing from the CDEs. Proposed projects are scrutinized closely; those with the most chance of successfully obtaining NMTC financing are:

- Likely to create significant community and economic benefits;
- Well-structured, with known and trusted players in the NMTC industry involved; and
- Able to project a high degree of certainty about transaction feasibility and closing timeframe

Typical projects include commercial centers such as retail in underserved areas ("food deserts"), industrial facilities including R & D centers and large manufacturing facilities, mixed-use projects where the residential revenue is less than 80% of project revenue, and community facilities including charter schools, libraries, health centers, and job training centers. NMTC provides one layer to complete the financing stack with senior debt or equity coming from traditional sources, tax increment financing, and, in the case of not-for-profits, philanthropy.

Optimal positioning of an NMTC project takes significant advance preparation and lead time. NMTC financing structures usually have a material impact on how the other sources in the project's overall "capital stack" are configured. Ideally, the financing plan should be designed up-front with NMTCs in mind. Also, it is best to begin presenting the proposed NMTC-financed project to one or more of the most appropriate CDEs at least one year before the transaction is anticipated to close. This helps get the proposed project into the CDEs' pipeline, enabling them to make their most effective case to the US Treasury for more tax credits and, if they are successful in their application, set aside resources for the project in question.

The most recent federal competitive round was announced Wednesday, April 24, 2013 by the US Treasury, and many of the transactions to be financed with this round of credits are currently in their closing process. Now is the time to investigate whether a New Markets layer is an appropriate part of your project.

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WHAT'S OLD IS NEW AGAIN—USING TRADITIONAL PLANNING TOOLS TO FOSTER REDEVELOPMENT:
GOOD PLANNING IS ALWAYS A GOOD SOLUTION

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Prior to 2008, most of the Request for Proposals (RFPs) issued by governments and their economic development agencies were for their underutilized or surplus assets. Since 2008 when most, if not all, new development ground to a halt, municipalities have looked to be more creative in growing their Grand Lists (property tax roles). A trend we have observed is economic development studies being funded by municipalities for properties that they do not own. This has greatly expanded the demand for these studies.

The leads for these assignments are usually planners and architects. They look to round out their team by including economic development consultant firms and local real estate experts. Civil, traffic, environment engineers as well as law firms, or companies that specialize in advising on zoning changes, may also be team members.

For example, a report we just finished for a suburban Boston city had a functionally obsolete industrial area of 125 acres that abuts their main arterial highway. In addition to having a super-fund site, it features decaying mill buildings, and generally Class C- industrial space. The goal of the report was to provide the city and the property owners with a road map of what could be redeveloped, as well as what had to be torn down and rebuilt.

The scope of work included making an inventory of the assets in the study area, having a property condition analysis (PCA) done of select properties, determining the functional obsolesce of the properties (and the cost to remediate), interviewing the stakeholders (including the owners of the property, municipal staff, elected officials), preparing a market report and a feasibility analysis of various development

alternatives, advising on funding alternatives, doing a tax impact study, preparing 2-3 development alternatives, attending commission and public meetings, and the preparation of the report in draft and final form.

For the CREs that focus on planning and economic development, this is not breaking news. For CREs that may have other real estate focuses, this field may be an interesting opportunity. We suggest that you meet with architects and planners to discuss adding your market expertise to their team.

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CREATING AND RESTORING MAJOR URBAN PARKS AND OPEN SPACES VIA PUBLIC/PRIVATE PARTNERSHIPS

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It is well recognized that strategically located and well-designed and maintained public spaces can have a profound influence on private property values and development opportunities. Some traditional examples include Central Park in New York City, Boston Commons, Golden Gate Park and the Presidio in San Francisco, Rittenhouse and Washington Squares in Philadelphia, Forest Park and the Jefferson National Expansion Memorial in St. Louis and Grant Park in Chicago. New public spaces that are having dramatic impacts on their surroundings include the High Line and Brooklyn Bridge Park in New York City, Cumberland Park in Nashville, and City Garden in St. Louis.

It is also well recognized that government funding to create new urban open spaces, much less to maintain the traditional ones we take for granted, is a growing challenge at the local as well as federal and state levels. As a result, there is a growing inventory of cases where public/private partnerships have been created to fill the financial gap. Four examples are cited here to suggest the range of possibilities open to communities facing this challenge – one in Chicago and a trio in St. Louis:

Millennium Park, Chicago – A new park within a park

In 1839, the City of Chicago designated the land east of Michigan Avenue and south of Randolph as "Public Ground, Forever to Remain Vacant of Buildings." As time passed the land area within this designation was named Grant Park in honor of President Grant and his role as Commander in Chief of the Union forces in the Civil War. Its land area grew substantially from dredging and filling to extend the lake front. A variety of buildings of a civic, cultural, or public necessity nature were allowed over time despite much public debate given the area's original charter. The northwest corner of the park became the site of the city's Art Institute while also accommodating a large public parking lot and the Illinois Central Railroad commuter rail yards and Loop terminal.

In 1997 the city created a plan to extend park facilities on air rights over the railroad and parking facilities.

To be named Millennium Park with 24.5 acres, it would be built with both public and private funds with a variety of specialized art and cultural features and facilities. While initially budgeted at $150 million, total costs reached $475 million with the city paying $270 million and private donors contributing $205 million. Major facilities were sponsored by wealthy individuals and corporations such as the Crown Fountain, Boeing Galleries, Chase Promenade, Jay Pritzker Pavilion and Great Lawn, Wrigley Square, Lurie Garden, McCormick Tribune Plaza & Ice Rink and Park Grill, BP Pedestrian Bridge, Harris Theater, McDonalds Cycle Center, Excelon Pavilion, Nichols Bridgeway, and AT&T Plaza and Cloud Gate. The park hosts some four million visitors annually.

Forest Park, St. Louis – Restoration via public/private partnership

Forest Park was established in 1876 as a rural retreat three miles west of the western boundary of the City of St. Louis at that time. It became the site of the World's Fair in 1904 while also hosting the swimming events of the 1904 Olympics. With 1375 acres (1 ½ times Central Park in New York City), it later became host to an array of the region's primary cultural and arts institutions, including the St. Louis Zoo, St. Louis Art Museum, Missouri History Museum, Saint Louis Science Center, and The Municipal Theater (Muny). However, while these institutions were operating successfully on various combinations of public and private funds, by the 1960s the park's grounds, infrastructure and landscaping were in serious decline. An effort in the 1980s to create a special city/county tax district to broaden the park's financial base was rejected by the voters of both jurisdictions.

Despite this setback and decades of hand wringing, the city commissioned a new park Master Plan in 1995 in partnership with an informal alliance of "Friends of Forest Park." With a plan and budget in hand, the friends group formalized its organization as "Forest Park Forever" and stepped up with its offer to raise half the necessary $100 million for the first phase. Work was begun to implement these sweeping improvements, which were largely completed by 2003 – in time to celebrate the centennial of the World's Fair. Park visitation today is estimated at 12 million annually, including patrons of the major cultural facilities.

The public /private partnership that enabled this dramatic restoration of one of America's largest landmark urban parks continues with on-going refinements of park facilities and features. The partnership likewise provides high quality maintenance and improvements to grounds, landscaping and infrastructure. Forest Park Forever operates a park Visitors' Center while taking primary responsibility for expanding and upgrading the urban forest with some 25,000 trees. Meanwhile Forest Park Forever is building an endowment to ensure continued high quality maintenance of park grounds.

Citygarden, St. Louis – A new public/private park

Citygarden is an award-winning urban park and sculpture garden in the heart of downtown St. Louis. While located on land owned by the city (2.9 acres comprised of 2 city blocks) which also provides water and electricity to the park, all other costs of construction ($30 million) and on-going maintenance are provided by the Gateway Foundation, a local non-profit dedicated to supporting public art. The Foundation owns, insures, and locates, within the park, some 24 important works of art by an array of renowned sculptors (estimated value above $15 million). It also provides on-site private security supported by city police oversight and patrol.

Opening on July 1, 2009, Citygarden received the prestigious Amanda Burden Urban Open Space Award from the Urban Land Institute two years later. While difficult to estimate with its free access via a completely porous perimeter, park visitation is estimated at about 1 million annually.

Gateway Arch, St. Louis – CityArchRiver 2015, Refurbishing a National Park

Private interests in St. Louis created the CityArchRiver 2015 Foundation (CAR2015) to be the catalyst for the revitalization of the grounds (82 acres) and surroundings of the Aero Saarinen designed Gateway Arch. Situated on the west bank of the Mississippi River in downtown St. Louis and officially titled the Gateway National Expansion Memorial, the Gateway Arch is the centerpiece of a National Park—owned and managed by the U.S. National Park Service. With its unofficial title, The Gateway to the West, the park is comprised of the iconic Arch structure (630 feet high) and its below ground visitors center and museum, plus the original federal courthouse (built in 1828, and the first west of the Mississippi). The park's mission is to celebrate and memorialize the settlement of the western United States, with St. Louis as the point of outfitting and departure for the settlers' great trek into the wilderness. Annual park visitation averages an estimated 3 million annually.

The current project target is to complete the primary elements of a $380 million upgrade in time for the 50th anniversary of the completion of the arch on October 28, 1965 (new entry and expanded museum, raising the street with new street and landscaping at the river's edge, restructured auto and pedestrian access, and circulation including a landscaped "lid" over Interstate 70, replacement trees throughout, park expansion on the north, et al). The basic funding plan, comprised of 42% public and 58% private contributions, is well underway with construction starting Fall 2015:

Capital Cost Allocation:

$69 million in public funds committed (primarily National Park Service and Federal and State highway-related)

$90 million in public open space improvement funds (Prop P bonds of the Great Rivers Greenway District, approved by voters April, 2013)

$221 million in private funds being raised by CAR2015 (plus additional $29 endowment)

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NEW DEVELOPMENTS IN WISCONSIN'S ECONOMIC DEVELOPMENT INITIATIVES RE: JOB CREATION

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Background

The November 2010 Wisconsin elections shifted control of the Assembly, Senate and Governorship from the Democratic to the Republican Party. This shift encouraged Wisconsin to reconsider ways of promoting economic development, in much the same way that other states have been recognized as laboratories for innovation in economic development, taxation, and public policy, as well as becoming a more vigorous competitor for development. The shifts and initiatives may offer ideas and options to other states. This initiative and others like it may open new funding sources for projects that can be useful to CREs in filling financing gaps or incentivizing clients to locate or expand in a particular locale.

One of the first initiatives passed in the new legislative session in January 2011 was a major overhaul of Wisconsin's Economic Development function. Initially created in 1955 as the Division of Industrial Development within the Office of the Governor, this function operated under a variety of division names and within various departments over the decades. In early 2011, this function rested with the Division of Business Development and was embedded in the Department of Commerce where it was overseen by the Secretary of Commerce along with the divisions of Administrative Services, Environmental and Regulatory Services, Global Ventures, Housing and Community Development and Safety and Buildings. Over the years it had earned a reputation as being a sleepy, ineffective group lost within a department that was dominated by a culture of regulation and administration.

The cornerstone of Wisconsin's revised Economic Development Function was the creation of the Wisconsin Economic Development Corporation (WEDC), as a public-private corporation to replace the Wisconsin Department of Commerce. This was set in place in early 2011 by Governor Scott Walker and the Wisconsin Legislature with the calling of a Special Session focused on job creation. This session produced 2011 Wisconsin Act 7 – a law which created and enabled WEDC. This new approach was based upon the findings of a 2010 independent, non-partisan study titled Be Bold Wisconsin: The Wisconsin Competitiveness Study jointly commissioned by The Wisconsin Economic Development Association (WEDA), Wisconsin Counties Association (WCA) and Competitive Wisconsin Inc. (CWI).

The Act designated WEDC as the lead economic development organization in the state and charged it with: (1) developing and implementing economic programs to provide business support, expertise, and financial assistance to companies that are investing and creating jobs in Wisconsin; (2) supporting new business startups and business expansion and growth in Wisconsin; and (3) developing and implementing any other programs related to economic development in Wisconsin. The bill removed non-business Commerce responsibilities from WEDC and eliminated program mandates in favor of a larger, more flexible economic development fund. The corporation set up with a 12 member Board of Directors, seven drawn from the private sector and five elected officials with the Governor serving as its chair.

Current Status

In just over two years WEDC now stands as the state's leading economic development agency to stimulate job growth. Its current strategy is to promote new start up ventures, grow existing businesses, expand exports, and help fund public infrastructure improvements. WEDC, in conjunction with more than 600 regional and local business development organizations as well as federal resources, is working to create customized solutions to stimulate economic growth. These solutions come primarily in the form of direct capital investment via loans, grants, tax credits at the state level, and community development by

partnering with local municipalities on infrastructure improvements with grants that supplement the TIF funding by local municipalities on major projects. The impact of the emphasis on job creation, appears to show up both in the prioritizing of which projects to assist and in the drafting of language on loan, grant and development agreements that spell out performance benchmarks as well as penalties for non-performance.

WEDC has only a few success stories so far and no major achievements. Job creation continues to lag behind stated goals. However, WECD did get off to a very slow start due to political opposition generated by Act 10, which reduced public employee collective bargaining rights and the resignation of its CEO over controversies involving lack of oversight on economic development loan defaults from previous years. Now that the political headwinds have calmed down and a new CEO is in place, it will be interesting to observe WEDC's performance going forward, considering lessons that may be learned from both its successes and failures. This initiative should also be of interest to Counselors of Real Estate everywhere who practice in the field of Public Private Partnerships.

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New Mexico – From Mark Lautman

Until recently, New Mexico has had strong representation in Washington which has resulted in an abundance of high paying jobs both in the public and private sectors. These jobs were created as a result of White Sands Missile Range, Holloman Air Force Base, Sandia Research Labs, and various other public sector endeavors as well as supporting jobs from the private sector.

However, with the retirement of Senator Domineci, there has been a loss of approximately 20,000 federally funded jobs. With the sequester, the State could lose an additional 50,000 jobs in both the private and public sectors.

Even with this bleak forecast there are bright spots. The Spaceport which is a private/public venture is scheduled to begin sending tourists into space in the near future. This has created new jobs and opportunities in the southern portion of the state. A new limited-service hotel which will support the

spaceport was finished about six months ago. The fixed based operator at the Santa Teresa Airport won a contract to provide fuel and maintenance to the aircraft at the spaceport.

Western Texas

San Antonio—Sam Noble, CRE

There is very little private/public sector activity in the San Antonio area with the exception of The Performing Arts Project to which Tobin Endowment has contributed $15 million and AT&T $10 million to support development of a $100 million performing arts complex approved by Bexar County.

El Paso—Pete Sellers, CRE

In a plan to revitalize downtown El Paso, Hunt Building Corporation and Paul Foster CEO of Western Refining, have purchased a triple A baseball team to occupy a $50 million facility the City is currently building. In Socorro, land owners have pledged to donate land needed to construct a connector highway. This along with a TRZ zone will fund the construction that should spur development in the community.

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MARYLAND'S NEW PUBLIC-PRIVATE PARTNERSHIP LEGISLATION

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In April 2013, Maryland took a dramatic leap forward in streamlining its ability to create public-private partnerships for development of infrastructure and real estate. Maryland jurisdictions have a long history of creating P-3s, the most widely known is Baltimore's Inner Harbor project. This new legislation allows the state to partner with private industry to invest in what historically has stayed in the public realm, namely infrastructure projects. The state is planning two new commuter rail lines, the Red Line in Baltimore and the Purple Line in the Washington, DC region. These projects total nearly $3 billion in construction costs alone and P-3 is under consideration for portions of the financing. Beyond rail lines, P-3 could be used for roadway, bridges, tunnels and public buildings. Private development is also under consideration for transit oriented developments, air-rights for any number of commercial or mixed use facilities. The legislation allows for creative thinking and does not wait for public offerings: developers and contractors are encouraged to submit unsolicited proposals. For more information on Maryland's P-3 law, visit:mdta.maryland.gov/Partnerships/.

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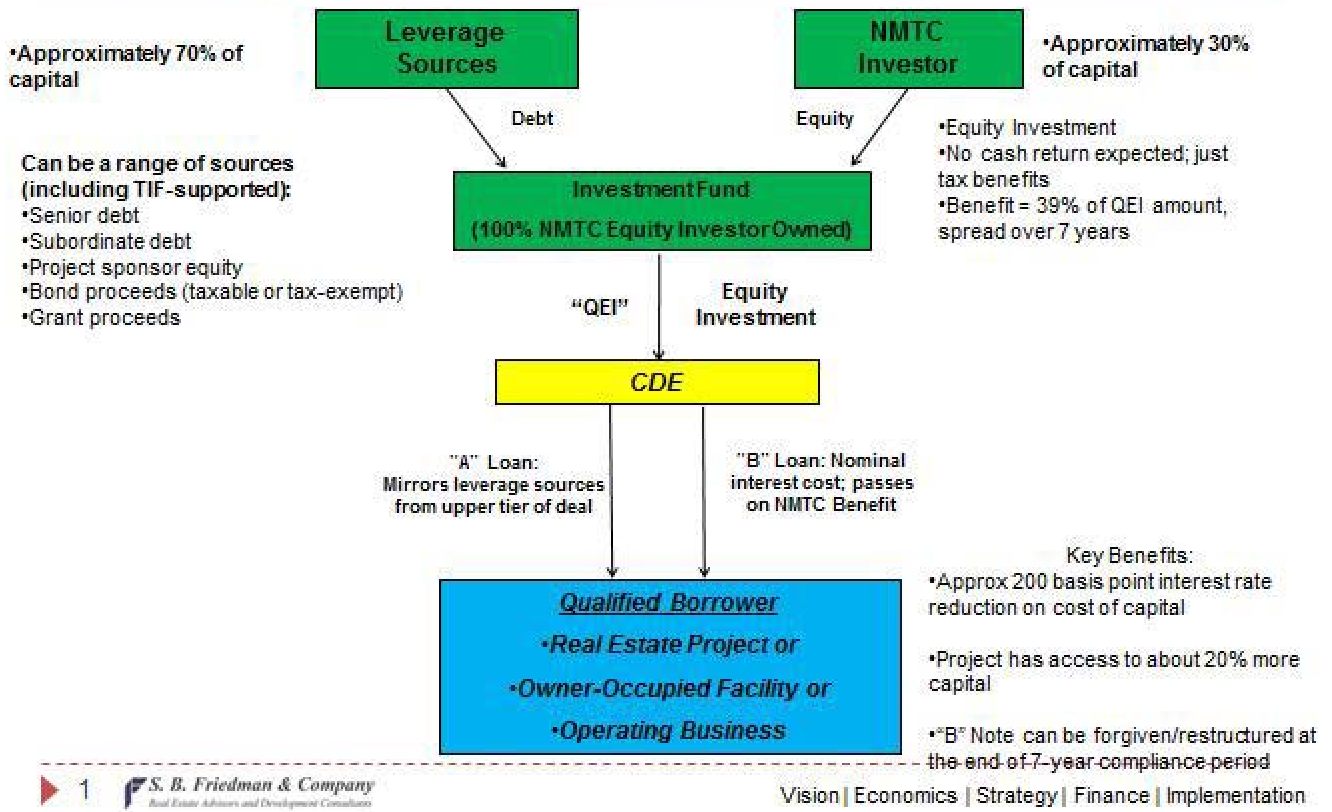

The External Affairs Committee welcomes feedback on these issues as well as identification of issues you think are critical to real estate and/or of interest to Counselors and the broader industry.

Please direct comments to:

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