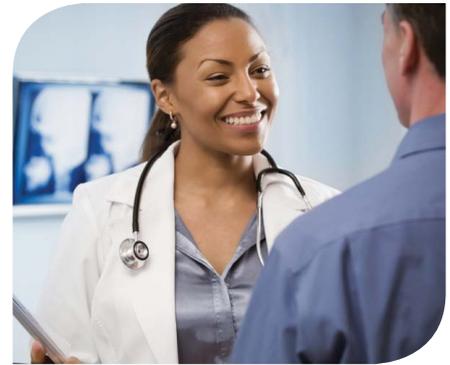


The Public Private Partnership Model

Sustainable Buildings for Those We Serve





Bringing the strengths of the private and public sectors together

Students excel in comfortable, well-lit classrooms. Patients deserve healing environments. Employees are more productive in efficient facilities. These are goals we all strive for.

However, in an era of tight economic conditions, public sector entities, including schools, hospitals and government agencies are stretched for the dollars needed to construct new facilities and maintain their existing ones.

Without the necessary resources, building projects are understandably delayed and maintenance is deferred. As buildings become inefficient, operating costs escalate, equipment fails and occupant conditions suffer. Organizations question whether their buildings can meet the long term needs of their communities.

The public and private sectors can solve these problems by working together.

INTRODUCING THE PUBLIC PRIVATE PARTNERSHIP (P3) FOR NEW AND EXISTING BUILDINGS

The P3 model delivers quality, well-maintained, energy efficient buildings despite challenging economic conditions. Unlike the traditional approach in which the public sector takes full responsibility for the construction and management of buildings, government entities transfer the risk of design, construction, finance and operations to the private sector in exchange for guaranteed fixed monthly payment terms and service levels.

This model enables governments to accurately measure, budget and manage the *total cost of ownership* of a building with guarantees from the private sector. This results in:

- Cost effective and efficient capital market access to address new and existing property needs
- Greater governance, transparency and discipline of public spending
- Timely construction of building projects
- Innovative building designs and operational strategies
- Continuous improvement in life safety, building operations and energy efficiency
- Job creation for your community

HOW DOES P3 WORK?

When the public sector identifies the need to develop a new building or update an existing facility, government leaders leverage the private sector and select a private sector consortium which includes a Developer, a General Contractor and a Facility Manager, such as Johnson Controls.

While the government organization maintains ownership of the asset, responsibility for the design, construction, financing, energy efficiency and ongoing operations is transferred to and managed by the consortium. Through the term of a contract, the government pays a guaranteed structured monthly fee that ensures financial predictability through a fixed cost of occupancy while avoiding unexpected costs and project delays.

The public sector leverages the knowledge of the private sector while reaping the reward of a building that produces sustainable business results.

P3 allows both the public and private sectors to focus on what they do best. The private sector takes responsibility for functions such as operating and maintaining buildings, while the government can focus on its priority – serving the community.

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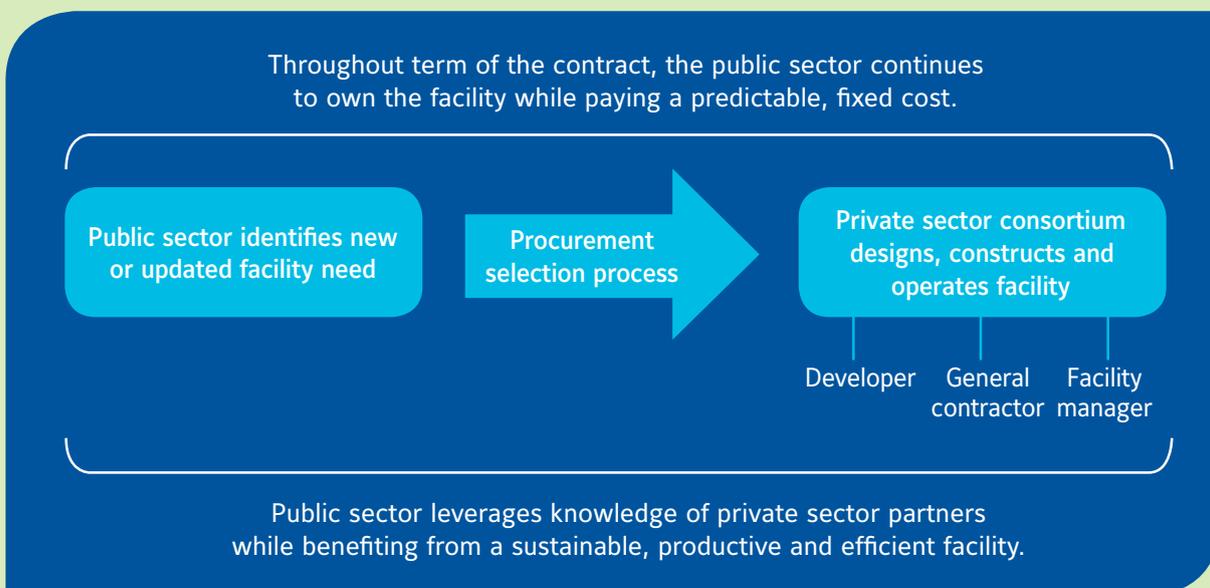
Optimizing building efficiency for the lifecycle

P3 causes a dynamic shift in the way buildings are designed, built, financed and maintained. As a performance-based contracting agreement, buildings within the P3 model are constructed and managed to optimize efficiency, lifecycle costs and occupant comfort.

The transfer of risk to the private sector empowers renewed, sustainable, creative and innovative thinking. Each step of the process drives down costs throughout a building's lifecycle while:

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Leveraging more than 125 years in the building efficiency business and decades of innovation in asset management, Johnson Controls understands the technologies, training and expertise needed to maximize building efficiency at every stage of the lifecycle.

- **Enhancing creativity and innovation during project** development by engaging the private sector to evaluate the impact that design decisions have on the cost to operate and maintain the facility.
- **Improving budget certainty** and creating a fixed cost of occupancy. The P3 model helps government avoid cocreating fixed costs. The P3 model helps government avoid budget overruns from unforeseen circumstances during project development and ongoing management.
- **Improving cost-effectiveness** by taking advantage of private sector innovation, experience and flexibility. P3s often deliver building services more cost-effectively than traditional approaches.
- **Delivering capital projects** faster by making use of the private partner's increased flexibility and access to resources.





A partner that understands the lifecycle of building efficiency

P3s are successful when the weight and magnitude of these types of projects is understood by all parties. That is why it is called a partnership.

While project agreements ensure that all building infrastructure requirements are recovered in fixed service payments, this – simply put – is a long term relationship. Both the public and private sectors must meet their commitments in order to transfer risk and deliver quality buildings.

Johnson Controls understands and accepts this responsibility as we work with our P3 partners globally to help governments deliver new hospitals, schools, community centers and courthouses to the communities they serve. Through our technologies, equipment and solutions, we enhance the lifecycle of buildings, optimize operating costs, and promote building efficiency while producing sustainable energy and measurable environmental results.

WHY JOHNSON CONTROLS?

When you combine the expertise of one of the world's largest facility management companies with global leadership in energy efficiency solutions, you have a P3 partner that truly understands the meaning of *building efficiency*.

Leveraging more than 125 years in the building efficiency business and decades of innovation in asset management, Johnson Controls understands the technologies, training and expertise needed to maximize building efficiency at every stage of the lifecycle. We continue to prove to our customers and consortium partners that we have the proven ability to integrate building technologies into the base design in order to maximize overall operational efficiency. Additionally, we provide a sustainable facility management plan that promotes productivity and achieves overall building efficiency and sustainability.

OUR P3 ACHIEVEMENTS

Through our growing list of P3 projects, Johnson Controls is helping governments around the globe develop social infrastructure projects to improve service to their communities.

This level of success has allowed us to take a portfolio approach to asset management which further reduces the risk and total cost of occupancy. In addition, we can develop new creative solutions for both our public and private customers, such as P3 for Existing Buildings (P3EB) and Design Build with Extended Warranties.

GLOBAL EXPERTISE IN FACILITY MANAGEMENT

Operating from 500 branch offices in 150 countries, Johnson Controls manages more than 1.5 billion square feet throughout a wide variety of building environments. We are involved in more than 500 renewable energy projects, including solar, wind and geothermal technologies. Our solutions have reduced carbon dioxide emissions by 15 million metric tons, and generated savings of \$7.5 billion since 2000.

The combination of these strengths proves why customers and consortium partners look to Johnson Controls to play a vital role in P3 projects around the world. Contact a Johnson Controls representative for more information.

P3 for Existing Buildings (P3EB)

P3EB is similar to a sale lease back, however the ownership remains in place and our clients are able to enjoy a total cost of occupancy model while transferring the risk under a fixed price agreement.

Design Build with Extended Warranties

In this solution, Johnson Controls works with a General Contractor to design, build and operate a building while providing a long term warranty for the facility. Similar to traditional P3s, these warranties can be as long as 30 years.



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