

Note 28. Public-Private Partnerships

The government enters into various collaborative relationships with private sector entities in which the goals, structures, governance, roles and responsibilities are mutually determined to produce a risk-sharing arrangement. These relationships are referred to as P3s, in accordance with SFFAS 49, *Public-Private Partnerships: Disclosure Requirements*. Although there are inherent financial risks to the federal government in these types of complex, risk-sharing arrangements, P3s by nature are used to manage certain risks, and federal entities take steps to mitigate risks of loss to the government and continue to evaluate the risks associated with these arrangements. P3 arrangements that federal entities identified are related to energy savings, broadband network and communication projects, and housing and building rehabilitation projects. While many of the government's relationships may be referred to as a P3, only those meeting the disclosure requirements outlined in SFFAS 49 are disclosed.

First Responder Network Authority (FirstNet) was created to develop, deploy, and enhance wireless broadband communications for first responders; to give 21st century communication tools to help save lives; and to keep U.S. communities and responders safe. This network must be designed to be reliable, functional, safe, and secure, and to provide optimal levels of operational capability at all times. The NPSBN is being built out, deployed, operated, and maintained under a 25-year contract awarded by FirstNet to American Telephone & Telegraph Company (AT&T) in March 2017. The service will cover all 50 U.S. states, five territories, and D.C., including rural communities and tribal nations. Under the terms of the contract, total receipts for DOC over the life of the contract are \$18.0 billion based on annual payments AT&T is required to make. FirstNet oversees and monitors the contract with AT&T to ensure it delivers on the requirements associated with deploying, operating, and maintaining the NPSBN through various mechanisms, including subscriber adoption targets, successful milestone completion, disincentives, and other mechanisms outlined in the contract. Additionally, DOC is required to make payments to AT&T for success-based payment milestones under firm-fixed price buildout and continuing enhancement Task Orders.

DOD identified Military Housing Privatization Initiative (MHPI) agreements as P3s requiring disclosure. The MHPI agreements are with private sector entities established as Limited Liability Companies (LLCs) or Limited Partnerships (LPs). These MHPI project LLC and LP entities serve as the project's managing members and have assumed responsibility for operation, maintenance, sustainment, demolition, and recapitalization of the housing during the lease term. By engaging MHPI agreements, DOD benefits through use of private sector expertise and funding to improve the quality of installation housing in the U.S. much faster than the DOD could have done through traditional military construction and ongoing operation and maintenance funding. Private sector developers serve as the majority managing member ensuring performance objectives are met over the expected life of the agreement. Military departments generally serve as the minority member and enter a long-term ground lease (generally 50 years), and convey the associated real property assets (buildings, structures, facilities, and utilities) to the MHPI project LLC or LP. The contractual terms and termination clauses vary by agreement. The main role of the DOD is to monitor the MHPI projects to ensure adherence to the terms of the project documents, such as following legal and regulatory requirements, and ensuring project financial performance can sustain quality housing over the life of the ground lease. The DOD may provide contributions to the MHPI project LLC or LP through: 1) Investments, refer to Note 8—Investments for more information; 2) Direct Loans; 3) Loan Guarantees; and 4) Differential Lease Payments.

The consolidated amounts the government received and paid in FY 2025 were \$0.5 billion and \$6.4 billion, respectively. The estimated amounts to be received and paid in the aggregate over the expected life of the P3s is \$21.1 billion and \$21.0 billion, respectively. Refer to the financial statements of DOC, DOD, and GSA for additional information.