# Ask the Professionals

### Business answers to pressing B2B matters

#### LAW

#### What is a Public-Private Partnership, and how might it help my project?

Public-Private Partnerships or "PPPs" are arrangements whereby public and private dollars are combined to complete a project that neither the public nor the private sector could accomplish on its own. Large development projects ranging from sports stadiums to shopping centers to transportation facilities require large amounts of up-front cash for basic infrastructure; cash the public and private sectors may be unwilling to or unable to commit alone. By entering into PPPs, public and private entities stimulate development and reduce their individual risk by spreading cost.



lim T. Johnson **Managing Director** Otten Johnson

High profile projects and those with significant infrastructure benefitting the general public are usually the best candidates for PPPs. Generally speaking, public dollars are restricted to those items that provide a public benefit. Depending on the public entity providing the funding, the public benefit may be construed either narrowly or broadly. Public funding originating from an entity designated to stimulate economic development, for example, may be used more extensively than funding coming from an urban renewal authority, which is tasked to remove certain designated blight conditions.

A PPP can reduce up-front and overall cash requirements, thereby making otherwise impractical projects, practical.

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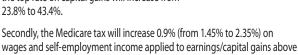
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#### Wealth

### **Act Increase Your Taxes?**

Believe it or not, your 2013 taxes may increase even if the Bush tax cuts are extended. There are two less-known income taxes legislated in the Affordable Health Care Reform Act beginning January 1, 2013 for most joint filers with an Adjusted Gross Income (AGI) over \$250,000 (\$200,000 for

The first tax is a 3.8% tax on net investment income. Effectively, for "high" income earners, the tax rate on long-term capital gains and dividends will increase from 15% to 18.8% assuming the current tax cuts are extended. If the Bush tax cuts expire, the top rate on capital gains will increase from



As an income earner with an AGI under the \$250,000/\$200,000 minimum you may think you dodged this "tax bullet." Not so fast - it appears the new taxes are not adjusted for inflation, so unless lawmakers pass "patches," the tax will apply to additional taxpayers as incomes increase.

As with any new tax, there is always the possibility of repeal. More will be known after the November elections. In the meantime, for those investors above the \$250,000/\$200,000 income amount, you may want to consider a strategy to accelerate capitals gains in 2012 to avoid the additional taxes.



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#### Business Coaching

#### Will the Affordable Health Care Reform What can we do to support businesses impacted by the wildfires?

The recent wildfires in Colorado have impacted several of our business communities and many businesses need our support. While the first phase of assistance for those affected comes from organizations such as FEMA and Red Cross there are several other organizations to help our Colorado business brothers and sisters. Areas of support can include financial donations to umbrella organizations based on a percentage of your sales for a specified time (be aware of fraudulent organizations), donate your companies products or services, volunteer your time, contact the Chamber of Commerce in the impacted areas to learn about their wildfire support initiatives. Perhaps the most important



Michael S. Feinner President, Colorado Region

way that we support our fellow Colorado businesses is to form or participate in a 'Cash Mob' and spend money with those businesses impacted. Gather your family or group of colleagues and make a point of supporting those affected businesses.

ActionCOACH Colorado is forming several Cash Mobs across the areas and working with local Chambers and organizations to provide additional recovery assistance.

The Colorado business community is one community. When one business is affected we are all affected. Let's keep advancing Colorado businesses and economy!

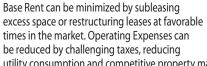


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#### COMMERCIAL RE

#### How can real estate contribute towards a company's profitability?

From a tenant's perspective, real estate is important because it is typically one of their two or three largest overheads. Consequently, it should receive significant attention. Astute companies view corporate real estate as an opportunity to enhance profits rather than view as a fixed cost. Real estate costs are made up of Base Rent, Operating Expenses and Space Utilization.





The impact of these savings can have a profound effect on the profitability of a company. It is also important to realize that virtually all elements of a commercial real estate lease are negotiable. Accepting the terms and conditions as they are proposed by the landlord often means a tenant will absorb too much cost and risk. The difference between landlords' advertised terms and fully negotiated economics can mean a difference of 15% or more. These savings would contribute directly towards a company's profitability and demonstrate why smart real estate decisions are essential.



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#### **A**CCOUNTING

#### How does Colorado measure up re: VC investment in cleantech?

Since 1995, nearly 74 percent of all venture capital dollars invested within the cleantech sector in Colorado have been allocated to organizations focused on alternative energy and clean industrial products and services. Private and government funded programs within our state, including the Colorado-based headquarters of the National Renewable Energy Lab, have likely driven the increased focus in these areas. On a national scale, the U.S. results mirror that of Colorado -- 72 percent of total investment in cleantech was allocated to this facet of the sector. However, it should be noted that majority of this activity has been generated by



With respect to overall dollars invested in cleantech, Colorado ranked 8th during the first quarter of 2012, with just over \$17 million dollars invested. Southern California, the Silicon Valley, New England, Texas, and the Washington, DC Metro area received the most cleantech venture capital funding with Southern California in the top spot receiving \$342 million. This marks the first time since 2006 that Silicon Valley has not held been first in cleantech funding.



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