

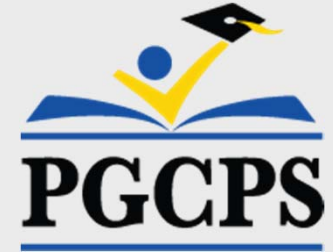
OVERVIEW OF KEY  
CONCEPTS IN THE PGCPS  
ALTERNATIVE  
CONSTRUCTION  
FINANCING PACKAGE I

*Board of Education Retreat*

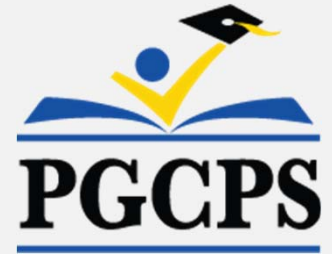
*August 21, 2020*

# Agenda

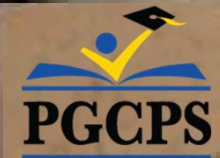
1. Background
2. Introduction of New P3 Director
3. Project Schedule
4. Exclusive Negotiating Period
5. School Delivery Schedule Adjustments
6. Agreement Overview
  - Parties Responsibilities
  - MBE/CBB Requirements
  - Timeline
  - Stimulus Impact
  - Payment Terms
  - Handback Provisions
7. Agreement Timeline
8. Questions.



# ACF Project Drivers



- Address critically urgent overcrowding across school system by accelerating school delivery;
- Facilitate equitable investment in schools throughout the County;
- Ensure that nearly 8,000 students in the County will have access to lasting educational equity;
- Create meaningful job opportunities for local County-based businesses and Minority-owned businesses not only during the construction period, but also over the long-term maintenance period as well;
- Provide PGCPS and the County with life-cycle budget certainty, while also ensuring long-term maintenance at prescribed standards (better stewardship of public assets);
- Disperse (spread out) funding requirements for implementing the **\$8 billion 20-year Education Facilities Master Plan** to better align with available budgets (including the ability to defer payments until after completion); and
- Establish a community investment platform to attract and allocate private sector resources to address key County and PGCPS priorities such as, student food insecurity, career and technical education programs, after-school care, and summer school affordability.



# THE CHANGING OF THE GUARD

**Director of Public Private Partnerships  
Jason O. Washington, Esq.  
Former Executive Director of NCPPP**

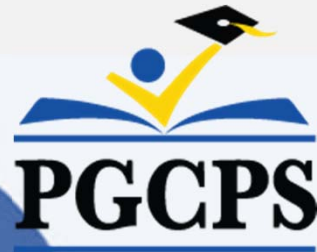


# Key Project Dates

- Aug. 19, 2020 – PGCPS releases Final RFP (includes final Exclusive Negotiating Agreement (ENA) form and final draft Project Agreement)
- Sept. 14, 2020 – Proposals due from bidders
- Oct. 20, 2020 – Board of Education meeting to approve Successful Proposer, and key Project terms.
- Oct. 29, 2020 – PGCPS enters into ENA period with Successful Proposer
- Dec. 28, 2020 – ENA period ends; and Commercial Close
- Financial Close- No later than 45 days after Commercial Close (Effective Date)



# Exclusive Negotiating Period

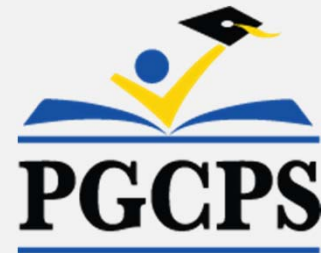


## COVID-19 Related Adjustment

- 60 day period to finalize negotiations on the Project Agreement to refine financing terms, and for Successful Proposer to obtain committed financing. The majority of the Project Agreement is locked, not subject to negotiation.
- ENA terminates when: (1) Project Agreement executed; (2) ENA term expires; (3) by PGCPS, if Successful Proposer fails to comply with ENA terms (can't repudiate Proposal, can't assign); (4) by PGCPS, for convenience; or (5) mutual termination
- If PGCPS terminates because of (3), PGCPS retains \$1.5M Proposal Security

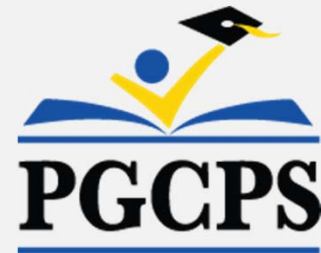


**Potential  
PGCP  
Payment  
Obligations/  
Risk  
During ENA  
Period**



- Cost if PGCPS cancels project.
- If ENA terminated for PGCPS fault, then design fee owed.
- PGCPS bears the risk of certain interest rates and credit spreads during ENA period.

# COVID-19 Impact on School Delivery

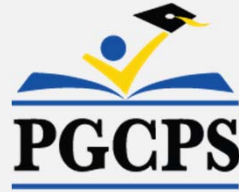


- Six Schools: Adelphi Area Middle School, Drew-Freeman Middle School, Hyattsville Middle School, Kenmoor Middle School, Southern Area K-8 School, Walker Mill Middle School
- Pre-COVID Close date June 2020 (Target Delivery All Schools 7/15/2023)
- Post-COVID Close date January 2021 (Target Delivery Date Adjustments)
- Bidders designate each school as:
  - Group A – Scheduled School Occupancy Readiness Date of 7/15/2023
  - Group B – Scheduled School Occupancy Readiness Date of 12/30/2023 (only Kenmoor and Walker Mill eligible for this)
  - Group C – Scheduled School Occupancy Readiness Date of 7/15/2024





# Parties Responsibilities



## Developer

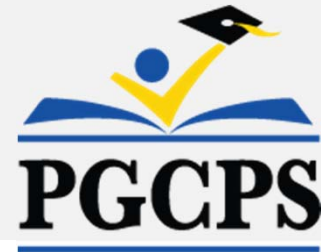
- Perform the “Design-Build Work” – everything required to be furnished and done for and relating to the design, construction, and Commissioning of the Project
- Perform the “Services” – all maintenance obligations of the Developer, including anything required to be furnished by the Developer, during the Services Period

## PGCPS

- Make each of the Sites available to the Developer
- Make required payments
- Perform PGCPS Retained Responsibilities (Such as Custodial)
- Provide approval and oversight



# MBE CBB Requirements



- Bidders bid MBE and CBB participation through submission of a Plan, which becomes attached to the Agreement (at least thirty percent (30%) of the Total Contract Value in connection with the Project must be incurred pursuant to contracts with certified MBEs, with a minimum of twenty percent (20%) of those MBE contracts being directed towards CBBs)
- Active reporting by Developer and monitoring by PGCPS
- Penalties at end of Design-Build Period and Services Period for non-compliance

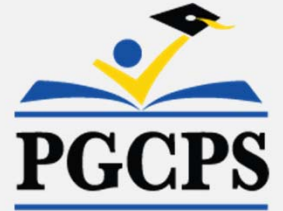


# POTENTIAL ECONOMIC STIMULUS



CONFIDENTIAL  
CONTAINS WORK PRODUCT

# PGCPS Capital Investment Obligations



- Progress Payment – \$15M when 50% of Design-Build Agreement Price expended
- Milestone Payment – \$5M/School after School Occupancy Readiness Date (one time payment per school)
- Availability Payment (Paid Monthly after Occupancy Readiness)
- Normal Construction Charges Related to PGCPS issues
  - Delay Payments
  - Relief Payments

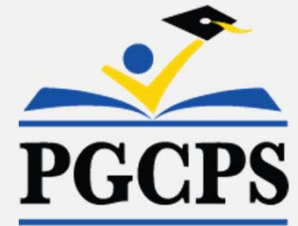


## Availability Payment Components

- Capital Charge – flat amount that can escalate by up to 1.5% (bidders select)
- Services Charge – flat amount that is Index-Linked
- Deductions – offsets PGCPS can take based on specified instances of non-performance (subject to a quarterly cap and monthly carry over with interest)
- Extraordinary Items – credit or a charge



# Handback Requirements



- On Expiration Date (30 years after Occupancy), Schools Condition Standards

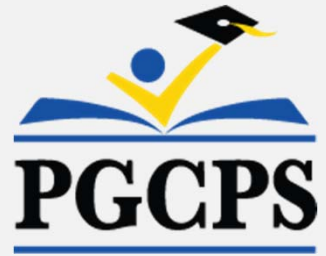
Project Component	Minimum Remaining Useful Life
Basic Structure	30 years
Heating Ventilation and Air Conditioning System	15 years
High Voltage Distribution and Secondary Distribution Equipment	15 years
Emergency Electrical System	15 years
Building Envelope	10 years
Roads and Walkways	10 years
Interior Finishes and Millwork	5 years
Security/Audio Visual	5 years
Emergency Power Source	5 years
Fire Suppression System	5 years
Building Management System	5 years
Communication System	5 years
Plumbing System	5 years
Conveying Equipment	5 years

# Agreement Timeline

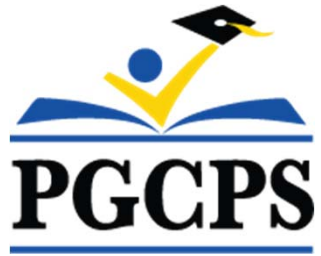
- Effective Date = all Conditions Precedent fulfilled or waived.
- Design-Build Period = starts on the Effective Date and ends when final Design-Build Work completed
- Scheduled School Occupancy Readiness Dates = bidders identify Group A Schools (July 15, 2023), Group B Schools (December 30, 2023), and Group C Schools (July 15, 2024)
- Services Period = Begins upon school occupancies (30+ years)



TEXT







# QUESTIONS?



Design



Build



Finance



Maintain