

HOWARD COUNTY CIRCUIT COURTHOUSE PROJECT

Case Study
May 2019



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INTRODUCTION

The Howard County Circuit Courthouse Public-Private Partnership (P3) Project (the Project) represents a landmark achievement in the P3 industry for public buildings. Howard County, Maryland (the County) and Edgemoor-Star America Judicial Partners LLC (the Project Company) entered into a project agreement on October 16, 2018. The project agreement was structured as a design-build-finance-operate-maintain (DBfOM), or hybrid P3. It is considered a hybrid P3 since the Project Company is providing all short-term and long term financing, and a milestone payment from the County will be used to repay all of the short-term construction financing.

With under 11 months from RFP issuance to financial close, the procurement was one of the fastest in the U.S and highly efficient. The robust preparation and procurement process resulted in a winning proposal that meets the County's objectives and a balanced project agreement that will protect the County's interests for the next 30+ years.

Key Project Facts

Location: Ellicott City, Maryland

Project Sponsor: Howard County, Maryland

Private Partner:

Edgemoor – Star America Judicial Partners

Co-equity investors: Star America Fund GP, LLC (acting in capacity as General Partner of Star America Infrastructure Fund, LP and Star America Infrastructure Fund Affiliates, LP) and Edgemoor Infrastructure and Real Estate

Design Builder: Clark Construction Group (with Associate Design-Build Contractor Harkins Builders)

Facilities Manager: Johnson Controls

Design-build: Harkins Builders

Lead Architecture: Hellmuth, Obata & Kassabaum, Inc. (HOK)

Capital Cost:

~\$150M

Advisors to Sponsor:

Financial: IMG Rebel

Legal: Hawkins Delafield & Wood LLP

Technical: Arcadis and Grimm + Parker / Ricci Greene JV

Infrastructure:

238,000 sqft courthouse with adjacent space parking garage

Delivery Method:

Design-build-finance-operate-maintain with milestone payment and availability payments

Lenders:

Short Term Bank Loan: Canadian Imperial Bank of Commerce, New York Branch (CIBC), Sumitomo Mitsui Banking Corporation (SMBC), and ING Capital LLC (ING)

Long Term Notes: MetLife

Advisors to Project Company:

Financial: Project Finance Advisory, Ltd.

Legal: Bracewell, LLP



This Project represents just the second successful availability payment DBfOM P3 courthouse procurement in the United States, the first successful P3 courthouse procurement on the east coast and the first successful DBfOM P3 courthouse procurement in the United States in almost eight years.

This document presents the Howard County Courthouse P3 preparation and procurement process and identifies insights that the larger P3 market can use in developing new projects. Additionally, this document

serves as a tool to memorialize the Project for Howard County and identify lessons learned. In developing this case study, stakeholders were interviewed including key members of the Project Team (Howard County and its advisors), County leadership and shortlisted bidders. The team also conducted a work session to discuss lessons learned and this case study is a culmination of these efforts. The intended audience of this report includes public agencies considering P3, and the larger P3 community, such as investors, advisors, and developers.

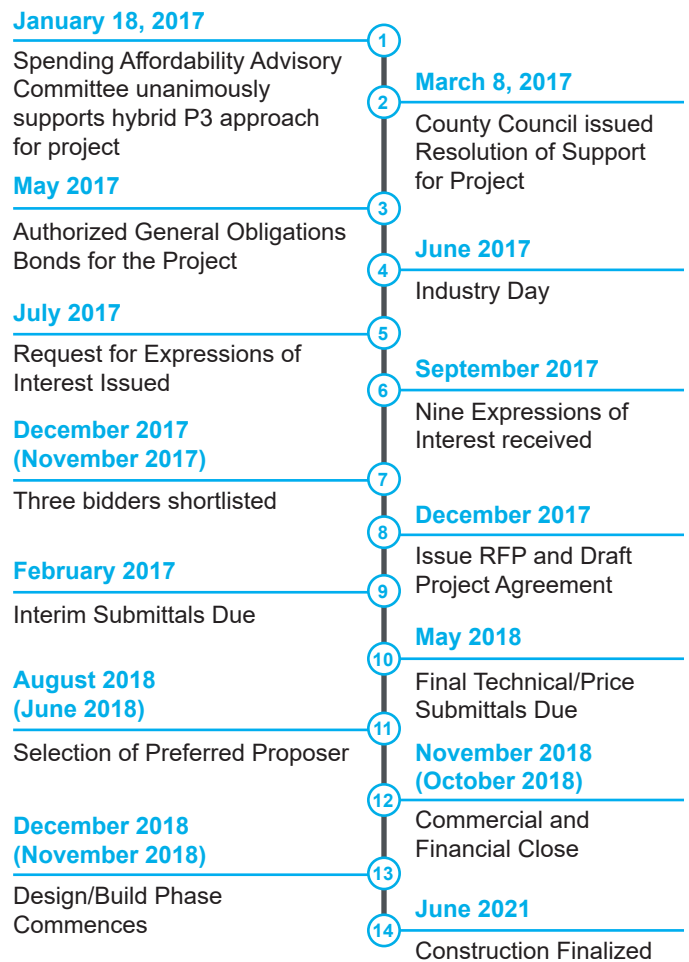
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COUNTY'S OBJECTIVES FOR THE PROJECT

2.1 Project Purpose and Need

The County's current circuit courthouse was opened in 1843. It has been periodically renovated and was last expanded in 1983. Since 1983, the County's population has grown by more than 142% and since 2005, there has been significant caseload growth (10% for non-domestic cases, 20% for civil domestic cases and 50% for reopened cases). As a result of the growth and space restrictions there is severely inadequate space to accommodate security needs at entrances, hallways, and courtrooms. Programs including the Sheriff's Office Administration, Land Records Department, and the States Attorney's Office were in remote facilities. Moreover, the building does not allow for needed technology enhancements and required Federal and State mandates for case administration and processing. Prior to the P3 procurement, the complete redevelopment of the courthouse had been delayed numerous times over a period of 20 years. Based on the latest engineering studies, the existing building could no longer be further renovated to solve space inadequacies. Due to the County's experience with deferred maintenance of the current courthouse, the County was interested in a solution for the new courthouse that included preventative maintenance and provided for a high-quality building over a longer duration. County leadership was open to exploring new ways of procuring capital projects that addressed long term maintenance needs while addressing fiscal and budgeting challenges associated with paying upfront for large infrastructure projects. The County researched successful P3s from other jurisdictions such as various Canadian provinces, and Long Beach, California and sought to engage expert consultants (technical, financial, and legal) to help explore the suitability of P3 delivery for the Project.

Original Project Milestones (Actual)



2.2 Project Elements and Scope

The Howard County Courthouse Project uses a design-build-finance-operate-maintain (DBfOM) delivery method. Under a DBfOM delivery method, the winning proposer was a single purpose entity composed of numerous proposer team members, such as investors and subcontractors. The procurement was awarded on a best value basis and the winning proposer is responsible to the County for the design, construction and partial financing of the Project as well as operation and maintenance of the new facility for a period of 30 years commencing from the date of occupancy. The Project is located on an approximately 27-acre County owned site. Demolition of the existing building at the site (known as the Dorsey Building) is part of the Project scope. Operations include utilities, water & sewer, HVAC, janitorial, partial building security, landscaping, trash removal, window washing, and snow removal.



Howard Countians and all those using the Howard County Circuit Courthouse expect and deserve superb access to justice and security that the 1843 Courthouse can no longer deliver



– Lenore R. Gelfman, Former Circuit Court Administrative Judge



KEY INSIGHTS

A P3 is a partnership and involves hard work from all parties: the public sponsor, private sector bidders, and approving authorities. Each party has a role to play in creating the partnership and making it a success. Below are five key insights particularly for the public sponsors and approving authorities on how to launch a deliberate and smooth P3 procurement:



We are excited to partner with the County to deliver an essential piece of infrastructure that will provide a safe and secure facility for its residents.



– **Christophe Petit, President, Star America Infrastructure Partners**

- **Create a strong foundation before going to the market:** The County team gathered as much information as possible and created a strong foundation for the Project before going to the market. The team conducted extensive stakeholder outreach and engagement with decision makers. Advisor IMG Rebel worked together with the Spending Affordability Advisory Committee, County staff, and the County Auditor in carrying out a value-for-money (VfM) analysis which became the basis for the County’s decision to pursue a P3 delivery for this Project. The County also reached out to other jurisdictions that worked on social infrastructure P3s in order to gather lessons learned. To further strengthen the foundation of the Project, most of the P3 documentation – including the EOI, the RFP, and the Project Agreement – were prepared prior to the launch of procurement. The County kicked off the procurement with a well-prepared industry day in which all the key stakeholders demonstrated their support for the Project.
- **Front load decision-making:** Potential bidders find comfort in knowing that many approvals for a Project are completed prior to procurement. Interviews with the shortlisted bidders revealed that the teams felt that Howard County Council’s Resolution in support of the Project, the Project’s inclusion in the County’s capital and operational budget, the bond authorization for the milestone payment at substantial completion, and the commitment of stipends for unsuccessful bidders all indicated affirmative decision-making by the County and impacted their decision to bid on the Project.
- **Keep the political timetable in mind:** The risk of having to re-start a political approvals process with new decision-makers was too great for the Project Team. Therefore, the County set out an ambitious, yet achievable, timeline at the start of the procurement based on their commitment to completing the transaction before the end of the term for the incumbent County Executive and County Council, who voted in favor of the Resolution supporting the Project. More importantly, the County did not deviate from that timeline, which resulted in a fast and efficient procurement for both the County and the bidders. Keeping the political “deadline” in mind was fundamental to keeping the internal Project Team momentum high and communicating the rationale behind the timeline to bidders.

- **Be clear about the project's purpose and need:** Project decision making isn't just about the delivery model and should always start with confirmation of the purpose and need for the Project. The Howard County Courthouse Project benefitted from clear Project champions who were able to effectively communicate the clear purpose and need for the Project. This was key to persuading decision makers, including the County Council, about the need for this Project amongst many other competing interests. Being clear and consistent about the Project's purpose and need allowed for focused work and decision-making, keeping the Project on-track.
- **Support the project from the top:** From the beginning, the County Executive was very supportive of the Project, and deliberately staffed the Project from various departments and agencies within the County to create an interdisciplinary team that was empowered to make progress on the Project. Members of the Project Team included the Administrative Judge, Court Administrator, and representatives from various departments such as Finance, Budget, Law, Purchasing, Planning and Zoning, and WorksBureau of Facilities-Department of Public Works. The Project Director had a broad mandate and reported directly to the County Administrator and the County Executive. This support from the top allowed for smooth decision-making within the Project Team, and high levels of collaboration that enabled the team to meet the ambitious timeline and provide strong support to decision-makers.



Another critical success factor was to pick the right advisors with relevant P3 experience, a deep understanding of both public sector interests and private sector imperatives, the willingness to work across silos and disciplines, and the determination and creativity to not just get the deal done but the best deal for the County.



– Nikki Griffith, Cash and Debt Management Bureau Chief, Howard County



Howard County set the benchmark for how a P3 project should be determined and procured. Enabling its compact procurement timeline was the County's organization prior to issuing the EOI. A year before the EOI was issued, the County brought on advisers that helped analyze a variety of project delivery models, before settling on a bit of a hybrid DBfOM. The County also obtained key preliminary approvals from the County Council pre-EOI.



– Brian Dugan, Managing Director, Edgemoor Infrastructure & Real Estate

EVALUATION BY PHASE

4.1 Pre-planning and upfront approvals

Technical analysis and site selection for the Project was conducted prior to P3 analysis as the Project was previously conceived as a traditional design-bid-build Project. With site evaluations and initial technical feasibility completed in 2016 by Arcadis and Grimm + Parker / Ricci Greene JV, the County sought to complete a VfM analysis to aid decision-making on the appropriate delivery model for the Project.

The County understood from the onset that aligning the decision-making process for the Project with the existing budgeting process was key. In Howard County, the Spending Affordability Advisory Committee (SAAC) is tasked to review in detail the status and projections of revenues and expenditures for the County, evaluate expenditure levels in relation to future county revenues and economic indicators, and recommend a General Obligation Bond authorization amount. The SAAC is comprised of members that are appointed by both the County Executive and members of the County Council and tasked to present an impartial opinion. For the FY 2018 budget season, the SAAC was also tasked with evaluating different options for the Project given it's size and the potential use of P3 arrangements. Additionally, as Howard County is AAA-rated by the three major credit agencies, significant time was dedicated to analyzing how the Project might impact these ratings.

IMG Rebel, as financial advisor, conducted the VfM analysis and presented the results to the SAAC through a series of meetings from December 2016 to January 2017. The effort culminated in a unanimous recommendation by the SAAC that a P3 DBfOM approach with partial public financing is the most advantageous delivery method for the courthouse. Due to its high credit rating, the County is able to borrow at very low rates, which impacted the decision to recommend partial public financing. This recommendation was documented in a SAAC report and factored heavily into the decision-making by both the County Executive and the County Council. In turn, the County Executive included the Project in the proposed capital budget in April 2017. The buy-in from the SAAC was influential to the approval of the General Obligation bond issuance necessary to finance the Project. On March 6, 2017, the County adopted Resolution No. 27-2017 that indicated support by both County Council and County Executive for the Project. This type of indicative approval for a Project is not

Hybrid Financing Solution

- Full private financing during construction up to substantial completion
- The \$75 million milestone payment at substantial completion covering less than half of the financing need was publicly financed with Howard County 30-year General Obligation (GO) Bond
- A combination of long-term debt and equity was used by the project company to finance the portion of the project that was secured by 30 years of availability payments
- This solution allowed the County to transfer 100% of the delivery risk (construction costs and schedule) to the private sector but reduced the amount of long-term private financing carried during the operating term



Getting the Spending Affordability Committee involved in the decision on a P3 helped to get people across political lines onboard.



– Craig Glendenning, Howard County Auditor

the typical process within the County. However, both branches of government understood that the P3 market is interested in these types of approvals and that it would positively impact the Project. In subsequent interviews with P3 bidders, they agreed that both upfront decision-making efforts, inclusion in the budget, and the Resolution, increased their confidence in the County and impacted their decision to bid on the Project.

4.2 Developing procurement process and documents

Following P3 best practices, the County conducted a two-step procurement process, consisting of (1) shortlisting bidders through a Request for Expressions of Interest (EOI) process and (2) a Request for Proposals (RFP) process that allowed for extensive dialogue between the County and bidders on the draft Project Agreement (PA). Drafting these three main procurement documents—the EOI, the RFP, and the PA—was the major collective work of the Project Team between April and November 2017.

A five-member Selection Committee was established, consisting of the Administrative Judge, Budget Administrator, Planning and Zoning Director, the Public Works Facilities Bureau Chief, and Public Works O&M Division Chief. The County Purchasing Administrator served as a

fairness advisor during the procurement. The role of the fairness advisor is to ensure the integrity and fairness of the procurement process, particularly during the one-one-one meetings with shortlisted bidders. The Project Team, along with its technical, financial and legal advisors, managed the evaluation and incorporation of bidder feedback between December 2017 and April 2018.

The Project Team found that one key point to keep in mind while developing these documents is that they are interdisciplinary by nature and involve high levels of coordination and discussion amongst various team members. To this end, making items such as the payment mechanism a joint effort was critical. For Howard County, this involved creating a small payment mechanism subgroup with members representing technical, financial, and legal perspectives that met on a weekly.. Smaller groups were also used to help work through the milestone payment and other financial terms to create the best value for the County. In order to make strong headway on these interdisciplinary topics, having all advisors on board (legal, financial, and technical) as well as the appropriate subject matter experts within the County as soon as possible is key.

For many jurisdictions implementing their first P3s (such as Howard County) one substantial challenge is that P3s necessitate doing things that are rather routine differently, such as developing technical specifications and procurement procedures. These differing procurement procedures need additional time to not just develop, but to also come to an understanding as to why it is done differently in a P3. Particularly, the team found

P3 Evaluation Criteria

- Responsiveness of the technical proposals and responsiveness and robustness of the financial proposals were used as pass/fail criteria
- The “best value” evaluation was based on a combination of financial and technical score
- The financial score formula calculated the net present value of 30 years of proposed availability payments and translated it into points
- The technical score was broken down into four main components: project approach, design approach, construction approach and facilities management approach
- By assigning 20 of the 100 points to the financial proposal, the Project Team communicated its preference for a superb technical solution over a very low price.
- Upfront clarity about the dollar value per point, breakdown of technical proposal score, and a detailed definition of the quality of the technical proposals helped bidders to find the right balance between investing in quality and reducing the price

that the development of output-based specifications, payment mechanism, and evaluation criteria define the critical path for the procurement preparation. Therefore, investing time and resources into these topics early was critical. Moreover, the various page-turn sessions to go through and finalize all the procurement documentation proved extremely useful, not only to get the full Project Team familiar with the key elements of the P3 transaction and get ready for the RFP phase, but also to ensure that solutions for the many interdisciplinary issues were thoroughly considered.



P3 projects need an advocate. We were fortunate to have Judge Gelfman tirelessly champion our project from start to finish.



4.3 Industry Day and REOI

Industry Day for the Project was held on June 16, 2017. The County was deliberate in its choice to have both leadership from the executive and legislative branches of government speak at the event, in order to show a unified front in support of the Project. Additionally, Judge Lenore Gelfman, the Circuit Court Administrative Judge at the time and a strong Project champion, spoke passionately at the Industry Day on the purpose and need for the courthouse, which helped to show the business community that Howard County was fully committed to the Project. In subsequent conversations with bidders, they all affirmed that Industry Day helped to alleviate any concerns that they had about political risk to the Project and that the County was able to answer many of their questions and presented a well-thought-out Project.

– **Lonnie R. Robbins, Chief Administrative Officer**

The Request for Expressions of Interest (EOI) was released shortly after the Industry Day and served as the official launch of procurement. The County received nine expressions of interest—showing significant interest from the market. The result of the EOI process was a shortlist of three bidders who were invited to proceed to the RFP stage of the process. Interviews with the shortlisted bidders as part of this case study process revealed that all the bidders thought that a shortlist of three was a good number and allowed for all parties to manage resources properly during the RFP phase.

4.4 Request for Proposals

To kick off the RFP process, the County decided to conduct introductory RFP meetings with individual bidders, rather than having a larger meeting that included all bidders. The bidders appreciated the individual meetings because it allowed for them to have more open and interactive dialogue from the onset and established the tone of the subsequent one-on-one meetings. Many features of the P3 procurement process were debated because they deviate from the typical way County procurements are conducted, particularly the need to have one-on-one discussions with bidders and how these interactions would be structured.

Over a period of four months, the County organized three rounds of one-on-one meetings with all shortlisted bidders. The one-on-one meetings were a venue to discuss risk allocation and bring up opportunities for increasing value-for-money for the Project. The first round of one-on-one meetings were each four hours long and the second and third rounds of one-on-one meetings were each eight hours long. Each round was typically split evenly between technical and design discussions and commercial discussions. Throughout the meetings, the County and its advisors remained open to considering changes proposed by the bidders, and accepted some of the changes if they determined that it would improve the delivery and value-for-money for the Project. For the County, finding the right balance between providing specific feedback to individual bidders while maintaining consistency between bidders was a delicate issue. This issue was particularly relevant to the architectural design of the building and site layout where each bidder had a different approach. Looking back,



the Project Team believes that dry run through questions and practice sessions prior to each of the one-on-one meetings can help with setting the right expectations on the level of feedback to provide each bidder.

Overall, bidders thought that for a project of this size and complexity, that three one-on-one meetings were appropriate and that the County was able to provide appropriate feedback through a combination of responses during the meetings and amendments to the RFP. The bidders also appreciated that Howard County, through its advisors, made a strong effort to present a reasonable set of contract documents from the beginning. Overall, this helped to minimize lengthy discussions over language and allowed all involved to focus on material issues.

4.5 Bid Evaluation

The County wanted to ensure that under all potential scenarios financial close could be reached within the 180-day bid validity period, without any renegotiations. Originally, the technical and financial submissions were due on the same day. However, after initial feedback from bidders, and reconsideration by the County, the County opted for a staggered bid submission, with technical proposals submitted first, and financial proposals submitted two weeks later. Bidders were comfortable with this process, as it allowed them to fully focus on the technical proposal first, and then move on to the financial proposal submission. This was an example of how all parties allowed for flexibility in the process to mitigate risks.

Due to required County Council approval of multi-year contract documents, the timeframe to evaluate bids was fairly narrow—only five weeks for the technical proposal and three weeks for the financial proposal (which were conducted by separate evaluation teams). The sheer amount of work needed to evaluate the technical proposals was very challenging. Following the finalization of the evaluation, the technical team presented its analysis to the Selection Committee, which made its decision on technical scores based on their own analysis and the technical team's recommendation. Only after the finalization of the technical score, did the financial team meet with the Selection Committee to discuss the evaluation of the financial proposals and present the financial score. The committee finalized the evaluation after hearing analysis from both evaluation teams and selected the preferred bidder.

The Project Team recommends that for future procurements a concerted effort to streamline the volume of information required will make the evaluation process more manageable.

4.6 County Council approval

The County Council was able to approve the Project rather quickly due to a tremendous amount of work conducted by the Project Team and other County leadership in meeting with County Council members and providing volumes of detailed information in advance. At the end, the Project documents were rather voluminous, and the timeframe for review was short. Therefore, upfront information sharing was needed. Prior to the launch of procurement, and throughout the procurement, the executive team met with the County Auditor and County Council members and staff members every month to share information and progress. Continuously providing information to County Council helped to make the last hurdle of County Council approval a more seamless effort.

4.7 Finalizing Project Agreement and Design Validation

Due to the County Council legislative process and extensive discussion with bidders during the RFP phase, a near-final version of the Project Agreement (PA) was provided to County Council for approval in July 2018. Therefore, the process of finalizing the Project Agreement after County Council approval was limited, with all parties looking to avoid any material changes to the agreement. Finalization of the Howard County courthouse PA was limited to non-material revisions.

Shortly after County Council approval, the Project Company proactively sought to engage County stakeholders and conducted a design validation process prior to commercial and financial close. This process led to several technical clarifications and revisions, at no cost to the County. This design validation process prior to commercial and financial close can be considered a good practice for future projects to follow.

4.8 Commercial and Financial Close Process

The process to reach commercial close was led by the County and the process to reach financial close was led by the Project Company. Weekly, and toward the end of the process near daily, calls were engaged in by both sides to ensure that commercial and financial close were on track to occur simultaneously. There were several dry runs of the financial close process, which were well-received and resulted in a smooth closing process. The desired simultaneous close occurred on October 16, 2018.

IMG Rebel: IMG Rebel is a financial and transaction advisor specializing in working with local governments and private entities bridge the gap between infrastructure needs and financial resources through innovative funding, financing and delivery models, including P3s. (www.imgrebel.com)

Hawkins Delafield & Wood LLP: Hawkins offers governmental agencies, non-profit corporations and financial institutions exceptional legal service and sophisticated counsel in finance and infrastructure transactions. (www.hawkins.com)

Arcadis: Arcadis is the leading global Design & Consultancy firm for natural and built assets, offering deep market sector insights and collective design, consultancy, engineering, program, and project management services. (www.arcadis.com)

APPENDIX I

RISK ALLOCATION

This table is representative of the risk allocation in the Howard County Courthouse P3 contract documents, and procurement process.

Risk Category	Description	Risk Allocation		
		Howard County	Project Company	Shared
Design	Risks associated with design of the Project, including delays with design, errors & omissions, etc.		X	
Construction	Risks associated with construction phase of the Project including cost overruns, delays, coordination, etc.		X	
Site conditions	Howard County has worked towards mitigating risks by providing information on site conditions through documentation such as environmental reviews, hazardous materials report, and preliminary geotechnical information, etc.			X
Permits	The Project Company will be expected to assume responsibility for the permitting process, which will follow usual Howard County standards.		X	
Operations & Maintenance	Risks associated with O&M for the Project include cost and availability of labor, and maintenance materials, asset failures, etc. The Project Company will be responsible for making the facilities available as per the definition in the Project Agreement, and for the condition of the asset at handback (as defined in the PA).		X	
Financial	Howard County is sought a Project that combine lowered cost public financing and private financing. Therefore, the responsibility of securing financing for the Project is shared between Howard County and the Project Company.			X

<p>Force Majeure</p>	<p>Risks associated with the impact of force majeure events, which can impact construction, and availability of the facility during O&M. Force majeure events are defined in the PA and will be shared by Howard County and the Project Company since this risk cannot be reasonably controlled by either party.</p>			<p>X</p>
<p>Procurement / Political</p>	<p>Risk of completing the procurement process in a fair and timely manner, and the political risk associated with obtaining approvals necessary to award the contract. Due to the nature of this risk, it is largely retained by Howard County, as they are in the best position to mitigate that risk. However, note that bidders also carried some procurement risk and had to produce a lot of information and complete steps to submit compliant bids, and then later reach financial close within the 180-day period</p>	<p>X</p>		

APPENDIX II

P3 TERM SHEET

<p>Service Provider</p>	<p>Edgemoor-Star America Judicial Partners LLC (the “Project Company”), a single purpose entity formed by Edgemoor Infrastructure & Real Estate LLC and Star America Fund GP LLC, (acting in its capacity as General Partner of Star America Infrastructure Fund, LP and Star America Infrastructure Fund Affiliates, LP), for the purpose of performing under the Project Agreement. The Project Company subcontracted with Clark Construction Group, LLC for the design-build work and with Johnson Controls, Inc. for the facilities management services.</p>
<p>Scope of Services</p>	<p>The Project Company will design, build, partially finance, operate and maintain, a 238,000 square foot, LEED Silver certified courthouse that is equipped with additional courtrooms and space for juries, staff, and other judicial functions and a parking structure with 682 spaces.</p>
<p>Term</p>	<p>30 years, commencing with Occupancy Readiness (the “Term”). The County may terminate the Project Agreement at any time for its convenience.</p>
<p>Ownership of Assets</p>	<p>The Project, in its entirety, is owned by the County.</p>
<p>Private Financing</p>	<p>The Project Company shall be responsible for obtaining and repaying all financing necessary for the Project at its own cost and risk and without recourse to the County.</p>

Commercial Close and Financial Close	Commercial Close and Financial Close occurred simultaneously.
Project Company Responsibilities	The Project Company is responsible for the design of the Project and for all construction work relating to the Project. The Project Company is also responsible for the facilities management services, such as repair and maintenance, janitorial, landscaping, trash removal, parking structure management, window washing and snow removal services.
County Responsibilities	The County retains responsibility for: (1) building security operations; (2) payment of utility costs; and (3) payment of the Construction Milestone Payment, the Moveable FF&E Payment and the Service Fee.
Occupancy Readiness Date	The Project Company will complete all design, construction and commissioning required to cause the Project to be fully operational and ready for occupancy by the County (“ Occupancy Readiness ”) within 975 days following the later of Financial Close, which occurred on October 16, 2018 (the “ Scheduled Occupancy Readiness Date ”).
Handback Requirements	The Project is required to meet a Facilities Condition Index (FCI) of .10 or better at handback. Each Project component also will be in a condition consistent with the remaining useful life requirements at handback.
Construction Milestone Payment and Moveable FF&E Payment	The County will make two, one-time payments, within three business day of the achievement of Occupancy Readiness by the Project Company: (1) a \$75,000,000 “Construction Milestone Payment” and (2) a “ Moveable FF&E Payment ”, for reimbursement of moveable furniture, fixtures and equipment, which shall not exceed \$3,000,000.
Service Fee	The County will make monthly Service Fee payments, over the Term, to the Project Company following the achievement of Occupancy Readiness. The Service Fee will be composed of (1) a fixed capital component in respect of the financing of the Project; (2) an inflation-adjusted facilities management services component; (3) a deductions credit for failure to achieve performance requirements of the Project Agreement; and (4) an extraordinary items component, primarily for Relief Event costs incurred from time to time. The Service Fee is approximately \$10.3 million, annually (2019\$).
Relief Events	Changes in law, force majeure events, and other uncontrollable circumstances are “ Relief Events ” and may entitle the Project Company to price, schedule, and performance relief (or any appropriate combination thereof).



IMGMABEL

Hawkins
DELAFIELD & WOOD LLP

ARCADIS | Design & Consultancy
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built assets

ARCHITECTURE + PLANNING

RICCI GREENE ASSOCIATES

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