



Changing Lives...Building Communities

Memorandum

Date: March 17, 2011

To: Senator Edward Kasemeyer, Chair
Senate Budget & Taxation Committee

Senator James DeGrange, Chair
Senate Capital Budget Committee

Delegate Norman Conway, Chair
House Appropriations Committee

Delegate Adrienne A. Jones, Chair
House Capital Budget Committee

Secretary Alvin Collins
Department of General Services

Secretary T. Eloise Foster
Department of Budget & Management

From: Kim M. James, CPA, M.B.A.
Vice President for Business and Finance

Re: Public – Private Partnerships Report

The attached Annual Report to the Maryland General Assembly regarding Public-Private Partnerships, in accordance with SB 979, HB 1370, Chapters 640 and 641, Acts of 2010; State Finance and Procurement Article § 10A-101(d) (2) and (3), is being submitted for your review.

If you have any questions, please do not hesitate to contact me at 410-462-8040, or email at kmjames@bccc.edu.

c: Carolane Williams, Ph.D.
President

Baltimore City Community College

**Annual Report to the
Maryland General Assembly**

On

Public-Private Partnerships

**SB 979, HB 1370, Chapters 640 and 641, Acts of 2010;
State Finance and Procurement Article § 10A-101(d) (2) and (3)**

March 2011

Baltimore City Community College



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Introduction

Baltimore City Community College (BCCC) hereby submits this *Annual Report to the Maryland General Assembly regarding Public-Private Partnerships* pursuant to Senate Bill 979/ House Bill 1370, Chapters 640 and 641, Acts of 2010 State Finance and Procurement Article § 10A-101(d)(2) and (3). This report is designed to ensure that the budget committees receive sufficient and timely information regarding the status of each public-private partnership in which BCCC is either involved or considering as required by the following statutory language from State Finance and Procurement Article § 10A-101(d)(2) and (3):

“(d) (2) By January 1 of each year, each reporting agency shall submit to the budget committees, in accordance with § 2-1246 of the State Government Article, a report concerning each public-private partnership under consideration at that time by the reporting agency that has not been reviewed or approved previously by the General Assembly.

(3) By January 1 of each year, each reporting agency shall submit to the budget committees, in accordance with § 2-1246 of the State Government Article, a status report concerning each existing public-private partnership in which the reporting agency is involved.”

I. The Scope of the Report

A. Definition of Public-Private Partnership

The scope of this report includes status reports on BCCC’s existing or contemplated projects that meet the following definition of public-private partnership (P3) provided in State Finance and Procurement Article § 10A-101(d)(2) and (3):

“A sale or lease agreement between a unit of State government and a private entity under which:

- 1. The private entity assumes control of the operation and maintenance of an existing State facility; or*
- 2. The private entity constructs, reconstructs, finances, or operates a State facility or a facility for State use and will collect fees, charges, rents or tolls for the use of the facility.”*

II. Public-Private Partnership Projects

BCCC is currently exploring the following project that has the potential of meeting this definition.

1. Redevelopment of the Baltimore City Community College Harbor Campus

III. Redevelopment of the Baltimore City Community College Harbor Campus

A. Overview

Baltimore City Community College recognized that it had a tremendous asset in its Inner Harbor property. The Bard Building-Harbor Campus has been challenged with escalating repairs, failing systems and air quality concerns. In FY 2007 and FY 2008 emergency mold remediation occurred in the Bard Building-Harbor Campus. Permanent remediation and correction of deficiencies including upgrading of the utility system, HVAC, fire suppression, electrical and plumbing in addition to replacing the external building façade/cladding to stop the penetration of weather and moisture was estimated at \$30.4 million (FY 2008 estimate).

BCCC desired to maximize the use of the Inner Harbor site to ensure that any and all future property development, property purchase, property leasing, etc. is to its fullest commercial potential, in the best interest of the College and the State. The project was developed to maximize revenue to the College without jeopardizing its educational mission. BCCC engaged the services of Jones Lang LaSalle (JLL) as its real estate consultant to assist the College as it examines all of its options with regard to the future of the Harbor Campus. Jones Lang LaSalle was selected through a procurement process and approved by the Board of Public Works. JLL has extensive experience supporting higher education and non-profit clients in developing and implementing comprehensive real estate strategies to achieve their institutional and financial objectives.

The Inner Harbor property consists of 168,891 square feet of space in the Bard Building and 4.1 acres that the building occupies, located at 600 East Lombard Street. The College also owns the adjacent property on which the Holocaust Memorial is located. Pursuant to the Transfer Agreement between the City of Baltimore and the State of Maryland, the Holocaust Memorial property is subject to a long-term lease for the purpose of the Holocaust Memorial.

The College's goals for the project include:

- Maximizing the financial return to the College in order to help support its overall educational mission;
- Capitalizing on the Campus' location near the Inner Harbor to generate a strong market-based development opportunity;
- Creating a unique downtown development that complements the Inner Harbor Master Plan and realizes principles of Sustainability and LEED standards.

The development of the Harbor site is in line with BCCC's:

- Strategic Plan;
- Academic Master Plan ;
- Facilities Master Plan; and

- Supports the educational mission of the College.

B. Project Summary

On July 7, 2008, BCCC issued a Request for Proposal (RFP) No. BCCC-2008-001 to develop a mixed-use project which is to be located on the site of the Bard Building in downtown Baltimore, also known as the Harbor Campus. Several RFP modifications occurred including extension of the due date. Modifications were made for clarification, updating to meet LEED standards and time extension. The time period of the RFP corresponded with the economic and financial downturn of the economy in 2008 and as a result, to maximize the pool of potential developers, the RFP due date was extended to January 2009.

The RFP requested proposals for various mixed uses of the Harbor Campus property for consideration by the College. The College received proposals which included various mixed use scenarios, including various combinations of retail, hotel, office, and BCCC occupied space in January 2009. Due diligence, review of proposals, financial analysis, revenue projections and offer analysis including best and final offers occurred in 2009 and 2010.

In July 2010 the Board of Trustees approved “Preliminary Key Business Terms and Conditions” (Term Sheet) of the Harbor Campus Development and voted to exclusively negotiate with a developer. The Term Sheet outlined key concepts including:

- The site must be mixed use
- Resolution of the Holocaust Memorial site relocation must be finalized prior to approval of a ground lease
- Term of the ground lease
- Potential ground and participation rent

The Term Sheet and ground lease is predicated on the development of both the Bard Building and the Holocaust Memorial site.

The ground lease development and negotiations are being lead by Senior Counsel for Real Estate Transactions of the Office of the Attorney General in addition to outside counsel from the firm of Abramoff, Neuberger and Linder, LLP (procured by the Attorney General’s office).

C. Current Status as of this report

- The ground lease is under development and a final composition of the final mixed use of the site has not been determined.
- The College’s presence on the redeveloped site has not been finalized.
- Resolution of the Holocaust Memorial site relocation has not occurred.
- The College has exercised the extension of the Term Sheet to March 2011.
- The project is still considered an open procurement.

D. Potential Action in Calendar Year 2011

The Board of Trustees is still in negotiations with the developer and will meet in March 2011 to consider next steps in the development process.

Potential submittal of a ground lease approved by the Department of General Services to the Board of Public Works for State approval is anticipated by the end of calendar year 2011. This action would be contingent on resolution of the Holocaust Memorial relocation and final negotiation and approval of the lease between the College and developer.

IV. Summary of key dates and milestones for the redevelopment of the Baltimore City Community College Harbor Campus

Event or Milestone	Date
Procurement of Real Estate Advisor	September 2007
Request For Proposal (RFP) Release	July 7, 2008
Pre-Proposal Conference and Site Tour	July 31, 2008 at 2:00 pm
Modification No. 1 to RFP	August 11, 2008
Q & A Posted to Website	September 2, 2008
Modification No. 2 to RFP	September 9, 2008
Question Submission Cutoff Date	September 12, 2008
Q & A Posted to Website	September 17, 2008
RFP Responses Due - Initial	September 26, 2008 at 2:00 pm
Modification No. 3 to RFP	October 7, 2008
RFP Responses Due - Extension of Due Date	October 10, 2008 at 2:00 pm
RFP Responses Due - Extension of Due Date	January 30, 2009 at 2:00 pm
Bid Opening	January 30, 2009 at 2:00 pm
Bid Reviews	February – March 2009
Update on Harbor Project – 2009 Legislative Budget Hearings	February/March 2009
Financial Presentations of potential developers	April 2009
Due Diligence, bid review, market analysis	May – September 2009
Selection of Real Estate Counsel (OAG)	October 2009
Financial analysis, revenue projections and offer analysis	November 2009 – February 2010
Update on Harbor Project – 2010 Legislative Budget Hearings	February/March 2010
Best and Final Offers	March – April 2010
Preliminary Key Business Terms and Conditions (Term Sheet) development and negotiation	May – June 2010
Board of Trustees approves Term Sheet	July 2010
Board of Trustees votes to exclusively negotiate with a preferred developer	July 2010
Negotiations and development of ground lease	August 2010 – to date of report
Resolution of Holocaust Memorial relocation	October 2010 – to date of report
Extension exercised on “Term Sheet” to March 31, 2011	January 2011