



Meeting Minutes – July 23, 2024

Call to Order:

Chair Edward Kasemeyer called the video-conference meeting of the Interagency Commission on School Construction to order at 10:00 a.m.

Members in Attendance:

Edward Kasemeyer, Appointee of the President of the Senate, Chair
Linda Eberhart, Appointee of the Speaker of the House, Vice-chair
Secretary Atif Chaudhry, Maryland Department of General Services
Michael Darenberg, Appointee of the Governor
Chuck Boyd as Designee for Secretary Rebecca Flora, Maryland Department of Planning
Brian Gibbons, Appointee of the Speaker of the House
Gloria Lawlah, Appointee of the President of the Senate
Krishna Tallur as Designee for Dr. Carey M. Wright, State Superintendent of Schools

Members Not in Attendance:

None.

Revisions to the Agenda:

Executive Director Alex Donahue noted Item 1C would be taken after Item 1A and before Item 1B.

1. **Public Private Partnership MOU and Project Agreement - Prince George's County Public Schools – [Motion Carried]**

Executive Director Alex Donahue presented Item 1, Prince George's County Phase II Public-Private Partnership for Public School Construction - MOU, Project Agreement, and Amendment 1 to the Project Agreement. The MOU between Prince George's County Public Schools (PGCPS), Prince George's County, the Maryland Stadium Authority, and the IAC serves as the structure for the initiative, setting forth the roles and responsibilities of the parties and how and when State and local funds will flow into and out of the State fund administered by the IAC. In the MOU, the parties expressly acknowledge that the State's planned investment of \$864 million over 30 years, plus any interest accrued by PGCPS on those funds, represents the maximum State contribution for the Phase 2 schools during the term of the MOU. Executive Director Donahue noted a letter submitted by State Superintendent Wright supporting the initiative and offering the Maryland State Department of Education's technical support and assistance as needed.

As part of the Maryland statute authorizing the Prince George's County public-private partnership, the IAC is required to review and approve the Project Agreement (PA) between Prince George's County Public Schools (PGCPS) and the selected private developer, Progressive Education Partners, LLC, for the developer to design, build, finance, and maintain eight schools in Prince George's County. The Expiration Date of this agreement is June 30, 2056. Consistent with most agreements, the PA sets forth the roles, rights, and responsibilities of the parties, as well as each party's remedies if the other party defaults or terminates the agreement.

Amendment 1 will become Exhibit JJ to the Project Agreement, so long as the Availability Payment during the first contract year that Project Readiness (as defined in the Project Agreement) is achieved and each year thereafter does not exceed \$70 million, which is the affordability ceiling for this transaction specified in the Project Agreement.

Chair Kasemeyer introduced Millard House II, Superintendent of PGCPs who spoke in support of the public-private partnership and praised the work of the Commission and staff.

a. Prince George's County Phase II Public-Private Partnership for Public School Construction - Memorandum of Understanding

Upon a motion made by Ms. Lawlah, seconded by Vice-chair Eberhart, the IAC voted unanimously to approve and authorize the Chair to execute on behalf of the Commission the "Memorandum of Understanding with Respect to the Public-Private Partnership for the Design, Construction, Financing, and Maintenance of the Prince George's County Public Schools Alternative Construction Financing Package 2" between Prince George's County Public Schools, Prince George's County, the Maryland Stadium Authority, and the Interagency Commission on School Construction in respect to the funding, governance, and roles and responsibilities of the parties in the Prince George's County Phase II Public-Private Partnership for the design, construction, financing, and maintenance of eight schools in Prince George's County.

Mr. Darenberg asked Executive Director Donahue about the amount of IAC staff time needed to review all the documents associated with the initiative and about IAC staff time that might be needed if additional school systems seek to enter into alternative financing initiatives. Executive Director Donahue noted IAC staff had to review and comment on over 14,000 pages of exhibits and spent months working with PGCPs to update the documents and address questions. He further expressed that, if additional jurisdictions seek to engage in alternative financing initiatives, the IAC may require additional resources.

Mr. Gibbons asked about an amendment to the Project Agreement that was requested by PGCPs yesterday. Ms. Dudderar explained that potential lenders had recently expressed concern about PGCPs' ability to terminate the MOU and the Developer's lack of recourse against PGCPs if PGCPs were to terminate or breach the MOU. To mitigate the lenders' concern, PGCPs and the Developer agreed to add language into the Project Agreement whereby PGCPs represents that it will not terminate the MOU without the Developer's consent and will not breach the MOU. That language was incorporated in the Project Agreement presented to the IAC for consideration and approval.

Mr. Tallur expressed the support of Dr. Wright for the public-private partnership and asked PGCPs to engage with MSDE's program teams on specific facility areas where program compliance is critical to ensure that State and federal funds will continue to be available to PGCPs to support those programs.

c. Prince George's County Phase II Public-Private Partnership for Public School Construction - Amendment 1

Upon a motion made by Ms. Lawlah, seconded by Mr. Gibbons, the IAC voted unanimously to approve the form of Amendment 1 to the "Project Agreement for the Design, Build, Finance, and Maintenance of Prince George's County Public Schools Alternative Construction Financing Package 2 by and between the Board of Education of Prince's George's County and Progressive Education Partners, LLC" (Project Agreement) and authorize Prince George's County Public Schools to finalize and execute Amendment 1 on the condition that the Availability Payment during the first contract year in which Project Readiness (as defined in the Project Agreement) is achieved and each year thereafter does not exceed \$70 million, as indicated in the final financial model, which will be included in Exhibit U to the Project Agreement and attached to Amendment 1.

b. Prince George's County Phase II Public-Private Partnership for Public School Construction - Project Agreement

Upon a motion made by Ms. Lawlah, seconded by Vice-chair Eberhart, the IAC voted unanimously to approve the "Project Agreement for the Design, Build, Finance, and Maintenance of Prince George's County Public Schools Alternative Construction Financing Package 2 by and between the Board of Education of Prince's George's County and Progressive Education Partners, LLC" for the design, construction, financing, and maintenance of eight schools in Prince George's County.

2. Updates to Executive Director Evaluation Policy and Form – [Motion Carried]

Assistant Attorney General Heidi Dudderar, counsel to the Commission, presented Item 2, Revisions to the Executive Director Evaluation Policy and Form. Upon a motion made by Vice-chair Eberhart, seconded by Secretary Chaudhry, the IAC voted unanimously to approve amendments as presented to the IAC Executive Director Evaluation Form and Policy, which were originally approved on April 20, 2023 and subsequently revised on October 12, 2023.

Announcements:

None.

Adjournment:

Upon a motion by Vice-Chair Eberhart, seconded by Mr. Gibbons, the IAC voted unanimously to adjourn the meeting at 10:33 am.