Maryland Department of Health Headquarters Project
Maryland Economic Development Corporation
Tax-Exempt Revenue Bonds, Series 2025

I. Proposal

Resolution authorizing MEDCO to (i) lease the Leased Premises (defined below) from Greene Street Ventures, LLC ("GSV") pursuant to a Ground Lease, (ii) issue and sell its non-recourse, limited obligation tax-exempt and/or taxable revenue bonds in one or more series at any time and from time to time in an aggregate principal amount not to exceed $220,000,000 (the "Bonds"), and (iii) use the proceeds of the Bonds and any other moneys available to the Corporation for such purpose (a) to pay all or a portion of the costs of the acquisition, development, construction and equipping of the Project (as defined below), and (b) to pay (1) other costs associated with the acquisition, development, construction and equipping of the Project, including the reimbursement to the Corporation and/or DGS/MDH for any of such costs incurred by or on behalf of the Corporation or DGS/MDH, as applicable, prior to the issuance and sale of the Bonds, (2) the costs of issuance of the Bonds, and (3) other related costs associated with the financing of the Project, including the funding of capitalized interest, if necessary, and any required reserve funds, (iv) own the Project, (v) lease the Project to State of Maryland to the use of the MDH in accordance with the terms of the Lease, and (vi) enter into one or more management agreements (or amendments) with one or more third-party managers providing for the management of the Project by such third-party manager or managers, or any other necessary or desirable contracts in connection with the Project.

Bond proceeds will be used to finance (i) the renovations and build-out of interior space (all such work being referred to as the "Building Project") related to a condominium unit consisting of (A) real property known as 300 N. Greene Street, Baltimore, Maryland (comprising 3.4867 acres improved by a 5-story building with 494 parking spaces), (B) an area comprising the skybridge connecting the 300 N. Greene Street building and a building known as 400 N. Greene Street, Baltimore Maryland 21201, and (C) certain easement rights within the 400 N. Greene Street building (collectively with the 300 N. Greene Street building, referred to as the "Buildings") for the benefit of the 300 N. Greene Street building, including approximately 32,500 net square feet of storage and administrative office space in the lower level of the 400 N. Greene Street Building, and (ii) the acquisition of a condominium unit consisting of certain real property located at 660 West Saratoga Street, Baltimore, Maryland 21201, or any such other address that may be assigned by the Mayor and City Council of Baltimore ("660 W Saratoga" and together with real property and interests described in (i)(A), (B) and (C) above, the "Leased Premises") and (ii) the design and construction of a new structured parking garage facility to contain approximately 1,100 parking spaces (the "Garage") on 660 W Saratoga (the "Garage Project;" and together with the Building Project, the "Project").

MEDCO will be the issuer of the Bonds, the ground lessee of the Leased Premises and owner of the bond financed assets. MDH will occupy the Project and lease space at the Project from MEDCO pursuant to an Intergovernmental Lease Agreement. The revenue collected from the intergovernmental lease with MDH will be the used pay debt service, ground rent, and operating and maintenance expenses.

II. Project Sponsor / Beneficiary

MDH, as a public health department, has a goal to improve the health status of every Maryland resident and to ensure access to quality health care. MDH is responsible for helping each person live a life free from the threat of communicable diseases, tainted foods, and dangerous products. To assist in this mission, it regulates health care providers, facilities, and organizations, and manages direct services to patients, where appropriate.

MDH has an annual budget of $12 billion, employs 6,500 staff members and is organized into four major divisions - Public Health Services, Behavioral Health, Developmental Disabilities, and Health Care Financing to provide needed services to Maryland communities. A summary of each division is as follows:

- Public Health Services Division - oversees vital public services to Maryland residents including infectious disease and environmental health concerns, family health services and emergency preparedness and response activities.

- Behavioral Health Division - promotes recovery, resiliency, health, and wellness for individuals who have emotional, substance use, addictive and/or psychiatric disorders.

- Developmental Disabilities Administration - provides a coordinated service delivery system to ensure appropriate services for individuals with developmental and intellectual disabilities.

- Health Care Financing Division - implements the Medicaid program, which features the department's HealthChoice and Children's Health Program along with other initiatives, including those that help people with the cost of prescription medications.

MDH also overseas 20 boards that license and regulate health care professionals and various commissions that issue grants, and research and make recommendations on issues that affect Maryland's health care delivery system

III. Project Overview

The Project will deliver a new state-of-the-art headquarters for MDH designed to the department's specific needs with office space conducive for collaborative work. The current MDH facilities are aging and include operational inefficiency compared to more modern facilities. Currently MDH staff is spread throughout several buildings and not consolidated in one location as they would be upon delivery of the Project. The Project will provide 3,000 MDH employees with a modern, safe and efficient workspace.

The building to be occupied by MDH was a former federally owned Social Security Administration ("SSA") facility. The building was designed to house almost 5,000 employees and peaked at an occupancy of approximately 3,500 employees. SSA vacated the building in 2009, leaving an empty structure in the heart of the west side of Baltimore City. The impact of SSA leaving the area was detrimental to many local businesses, especially Lexington Market.

In 2016, the federal government ran an auction process to sell the vacant structure and GSV was the winning bidder. GSV has maintained and improved the property over the last eight years in hopes of attracting a new tenant.

In November 2022, the Board of Public Works approve an operating lease with GSV as the Lessor. Over the last three years, the GSV and the State have been working on due diligence efforts, space planning, architectural design, demolition, the beginning of construction, and other key foundational aspects of this project.

On April 23, 2025, DGS and MDH will seek Board of Public Work (BPW) approval to terminate the original 2022 operating lease with GSV and enter into a new intergovernmental lease with MEDCO for the Buildings and Garage and a temporary parking lease with GSV.

MEDCO will engage GSV, through a Development Agreement, to contract for the design, development, construction, equipping and furnishing (open point) of the Buildings and the Garage. GSV has entered a guaranteed maximum price contract with Chesapeake Contracting Group, a third-party general contractor, for construction of the Project. Occupancy by the MDH at the Building is expected in FY 2027. The Garage is expected to be completed in July 2027.

IV. Financing Overview

The Lease

The Project generally comprises renovations, improvements and equipping by MEDCO of an existing five-story office building located at 300 N. Greene Street and a portion of the multi-story building located at 400 N Greene Street, each in Baltimore, MD and a new multi-story parking garage to be located on the land comprising 2.323 acres at 660 West Saratoga Street. The Buildings and the Garage would be leased by GSV to MEDCO pursuant to a 29-year ground lease. The Buildings and the Garage in turn would be leased by MEDCO to the State of Maryland for the use of the Maryland Department of Health pursuant to an intergovernmental lease with a term that exceeds the term of the Bonds. MEDCO would be the owner of the Buildings and the Garage for federal tax purposes during the initial term of the Lease.

Bond Structure

Type of Financing:	Tax-Exempt Bonds (competitive public offering)

Bond Term:	Approximately 27 years
Bond Amortization Period:	25 years
Bond Security:	Pledge of Base Annual Rent/assignment of Lease Leasehold mortgage on Project
Anticipated Credit Rating:	AA
Closing Date:	7/15/2025
Principal Payment Frequency:	Annual
Interest Payment Frequency:	Semi-Annual
Capitalized Interest Period:	Approximately 24 months

The estimated sources and uses of funds for the project are as follows:

Sources of Funds	
Bond Proceeds	$220,000,000
Interest Earnings on Bond Proceeds held in Trust	$ 4,800,000
Total	**$224,800,000**

Uses of Funds	
Office Building Construction	$128,000,000
Garage Construction	$ 30,000,000
FF&E / Moving Costs	$ 45,500,000
Capitalized Interest and Reserve Funds	$ 18,800,000
Cost of Issuance	$ 2,500,000
Total	**$224,800,000**

V. Economic Benefit

The capital lease model with MEDCO participation will save the State of Maryland approximately $80 million over a 25-year period.

Cost Comparison of Lease Options

2022 Operating Lease (extrapolated to 25 years, with 1,101 parking spaces)	**2025 Capital Lease (25-year term, with 1,666 parking spaces)**
$642.4 million (including the 565 additional parking spaces in the 2025 Capital Lease) $51.69 (including the 565 additional parking spaces in the 2025 Capital Lease) • 497,100 square footage • 451 onsite parking spaces in the existing garage • 151 onsite surface parking spaces • 499 offsite parking spaces • Does Not Include Furniture, Fixtures, Equipment, and other Move Related Expenses	$562.5 million (estimated cost over 25 years) $45.18 (average rate / sq. ft. over 25 years) • 497,100 square footage • 494 onsite parking spaces in the existing garage • Newly constructed state-owned garage with 1,172 spaces (565 more parking spaces than the 2022 Operating Lease) • Does Not Include Furniture, Fixtures, Equipment, and other Move Related Expense

25 Year Savings: ~$80 Million

In addition to the savings highlighted above, other benefits are:

- The ability to finance $44.5 million in furniture, fixtures, equipment, and move costs will alleviate this expense from the State's operating budget.

- The 27-year lease term (inclusive of the 25-year bond financing), with seven 10-year renewal options will provide the State with long-term control of the site

- The State shall have the option to purchase (i) MEDCO's interest in the buildings, the project improvements and the underlying real property and (ii) GSV's interest in the buildings upon the end of the 20th year of the Lease Term and the end of the 27th year of the lease term and any time thereafter upon twelve (12) months written notice.

- The title to the Garage will be conveyed to the State at the end of the 25-year bond amortization period.

- The Project includes the electrification of the HVAC system. The new all electric HVAC system will be a high efficiency system designed to assist in achieving efficiency above standard code compliant HVAC systems and lower operating costs.

- The MEDCO intergovernmental / capital lease model allows the State to preserve the efforts from 2022 to the present within a statutorily approved framework.

- If interest rates are reduced in the future, the bonds can be refinanced to further reduce the State's costs. A lower interest rate environment would not change lease payments under the operating lease model.

<u>Local Business Benefit</u>

The relocation of 3,000 State employees, plus visitors, to the Project site will have a large positive impact on the local businesses on the west side of Baltimore City, especially the Lexington Market. The University of Maryland, Baltimore and the University of Maryland Medical Systems, adjacent neighbors to the Project, are very excited to collaborate with MDH upon arrival.

<u>MBE Contracting</u>

GSV is using Chesapeake Contracting Group ("CCG") as the general contractor for the Project. GSV and CCG will use best efforts to bid the Project to as many MBE/WBE/LBE subcontractors as possible. To date, demolition work on the Project has been completed by MBE subcontractors. The title company used for the Project is a WBE company.

The Project intends to provide the opportunity for inclusion at all levels of property management and prospective offerors responding to the existing MEDCO released RFP are encouraged to partner with local and/or minority business enterprises (Baltimore City and MDOT certifications will be accepted for the Project) in the staffing approach to the Project and when awarding to 3rd party vendors and contractors.

MEDCO will engage an MBE firm to serve as a management consultant to work in tandem with the onsite owner's rep and work closely with the asset management team at MEDCO.

Morgan State University
Harper-Tubman Student Housing Project
Maryland Economic Development Corporation
Tax-Exempt Revenue Bonds, Series 2025

I. Proposal

Morgan State University (the "University") has requested that the Maryland Economic Development Corporation (the "Corporation") (a) issue the Corporation's non-recourse, limited obligation revenue bonds for the purpose of financing all or a portion of the cost of (i) the renovation of Harper-Tubman House, an existing student residential housing project, to provide residential housing for approximately 226 students in approximately 100 units, on a parcel or parcels of land located on the University's campus in Baltimore City, Maryland (the "Project Site"), to be ground leased or leased as an air rights parcel to the Corporation by the State of Maryland for the use of the University (the "Site Lessor"), and (ii) certain furnishings, machinery and equipment to be located in, and used in connection with, such student residential housing project (the "Harper-Tubman Student Housing Project"), (b) assist the University with the development of the Harper-Tubman Student Housing Project (as further described below); (c) own the Harper-Tubman Student Housing Project; and (d) use and operate the Harper-Tubman Student Housing Project for the purpose of providing residential housing for the University's students.

The resolution authorizes the Corporation to (i) enter into an intergovernmental development services agreement with the University related to the development and construction of the Harper-Tubman Student Housing Project; (ii) lease the Project Site from the University; (iii) issue and sell its non-recourse, limited obligation tax-exempt and/or taxable revenue bonds in one or more series at any time and from time to time in an aggregate principal amount not to exceed $60,000,000 (the "Bonds"), as "Additional Bonds" as defined in and permitted under that certain Trust Indenture dated as of May 1, 2002 between the Corporation and The Bank of New York (predecessor to Manufacturers and Traders Trust Company), as trustee (as supplemented and amended, the "Indenture"), on parity with the Corporation's outstanding University student housing bonds (iv) use the proceeds of the Bonds and any other moneys available to the Corporation for such purpose (A) to pay or reimburse all or a portion of the costs of the acquisition, development, construction and equipping of the Harper-Tubman Student Housing Project, and (B) to pay (1) other costs associated with the acquisition, development, construction and equipping of the Harper-Tubman Student Housing Project, including the reimbursement of the Corporation and/or the University for any of such costs paid by the Corporation and/or the University prior to the issuance and sale of the Bonds, (2) the costs of issuance of the Bonds, and (3) other related costs associated with the financing of the Harper-Tubman Student Housing Project, including the funding of capitalized interest, if necessary, and any required reserve funds, (v) own the Harper-Tubman Student Housing Project, (vi) use and operate the Harper-Tubman Student Housing Project for the purpose of providing residential housing for the University's students or other permitted residents, and (vii) enter into one or more management agreements (or amendments) with one or more third-party managers providing for the management of the Harper-Tubman Student Housing Project by such third-party manager or managers.

II. University Overview / MEDCO Partnership

MEDCO has a long history of facilitating student housing development and operations at the University. The University's commitment to providing safe, affordable and modern housing has been a key element in the enrollment growth trend. Below is a list of existing MEDCO's parity debt obligations, that have been the source of funding for the construction of the MEDCO owned student housing for the University.

- Maryland Economic Development Corporation Senior Student Housing Revenue Bonds (Morgan State University Project), Series 2020 issued in the original aggregate principal amount of $80,825,000
- Maryland Economic Development Corporation Senior Student Housing Refunding Revenue Bonds (Morgan State University Project), Series 2022 issued in the original aggregate principal amount of $21,145,000
- Maryland Economic Development Corporation Senior Student Housing Revenue Bonds (Morgan State University Project), Series 2022A in the original aggregate principal amount of $113,520,000

UNIVERSITY OVERVIEW

Morgan State University, founded in 1867, is one of the nation's oldest historically African-American institutions and has maintained a record of providing educational opportunities to a student body from a wide variety of backgrounds; of offering academic programs that have been used as national models; of attracting qualified faculty who have made contributions in teaching, research and service to the profession and the community; of increasing the number of minorities in a wide variety of professions; and of being a center of learning in the Baltimore-Washington corridor, attracting students and faculty from across the nation and around the world.

- MSU's 152-acre campus in northeast Baltimore City features state-of-the-art facilities geared toward innovative teaching and learning in the 21st century and is designated as a National Treasure by the National Trust for Historic Preservation.
- The University, which by law is designated as Maryland's Preeminent Public Urban Research University, has also been recognized for the important contribution it makes in accelerating the diversification of the workforce.
- The University offers a comprehensive range of more than 126 academic programs leading to degrees from baccalaureate to the doctorate, with a particular emphasis on programs in Business, Education, Engineering and the Sciences. The University is committed to offering graduate programs in fields that reinforce its undergraduate offerings, that provide for the continuing education of the population of the region, and in which minorities are substantially underrepresented.
- The University recently completed a $250 million Anniversary Campaign, which has given birth to 30 new research and academic programs, as well as new scholarship opportunities for students.
- In 2018, the University was proud to be reclassified as an "R2" (high research) institution by the Carnegie Classification of Institutions of Higher Education.

Source: University website, https://www.morgan.edu/

Academics

- MSU provides a world-class education to over 10,000 undergraduate and graduate students from all 50 states and approximately 60 countries and has a strong global network of approximately 45,000 active alumni.
- The University has 10 schools and colleges offering 47 baccalaureate programs, 36 master's programs, 16 doctoral programs and 12 post- baccalaureate certificates.
- Since 2020, the University has introduced over 30 new high-demand programs that address workforce needs. Popular majors among this year's freshmen include Nursing, Psychology, Management, Business Administration, Biology, and Computer Science.

Morgan State University Schools and Colleges

1) James H. Gilliam Jr. College of Liberal Arts
2) School of Architecture and Planning
3) Earl G. Graves School of Business Management
4) School of Community Health and Policy
5) School of Computer, Mathematical and Natural Sciences
6) School of Education and Urban Studies
7) Clarence M. Mitchell Jr. School of Engineering
8) School of Global Journalism and Communication
9) School of Graduate Studies
10) School of Social Work

Enrollment

- Total headcount enrollment at MSU in Fall 2024 was a record total of 10,739 students enrolled, consisting of 9,027 undergraduate students and 1,712 graduate students.
- This spike marks the fourth consecutive year of growth and represents a 9.4% increase from the previous year.
- Graduate enrollment also saw notable growth, with the School of Graduate Studies reporting a 14% increase.

Headcount Enrollment

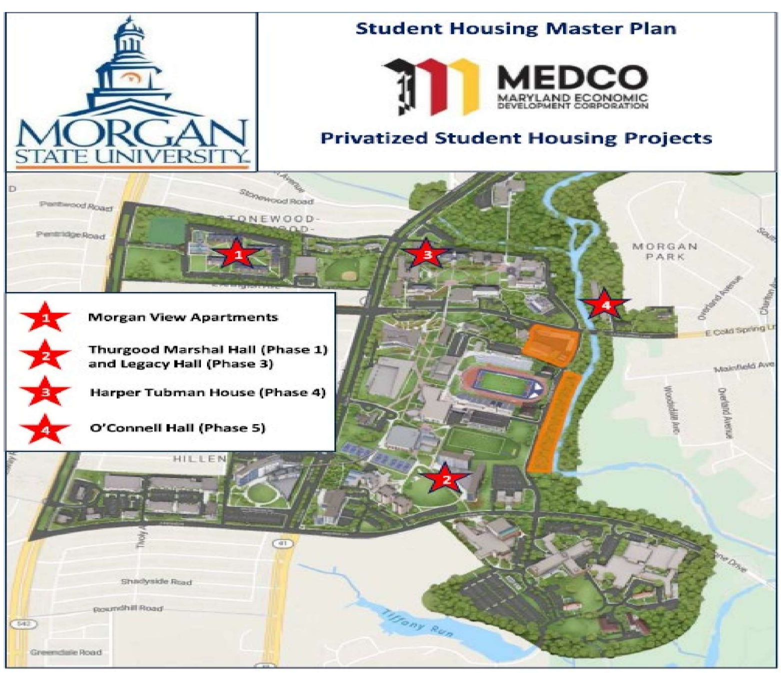
Fall Semester	2019	2020	2021	2022	2023	2024
Undergraduate	6,461	6,270	7,034	7,609	8,300	9,027
Graduate	1,302	1,365	1,435	1,492	1,508	1,712
Total	**7,763**	**7,635**	**8,469**	**9,101**	**9,808**	**10,739**

FTE

Fall Semester	2019	2020	2021	2022	2023	2024
Undergraduate	5,993	5,811	6,517	7,209	7,883	8,593
Graduate	1,100	1,167	1,241	1,283	1,325	1,503
Total	**7,093**	**6,978**	**7,758**	**8,492**	**9,208**	**10,096**

III. Project Overview

In 2017, Morgan State University developed a Student Housing Master Plan, creating a long-term strategy to improve the amount and quality of its on-campus student housing inventory. As recommended by this master plan, MSU replaced its old Thurgood Marshall Apartments with the new Thurgood Marshall Hall (Phase 1, which opened in 2022) and Legacy Hall (Phase 3 which opened in 2024). Phases 4 & 5 of the Master Plan call for the complete renovation of Harper-Tubman House and the demolition and replacement of O'Connell Hall.

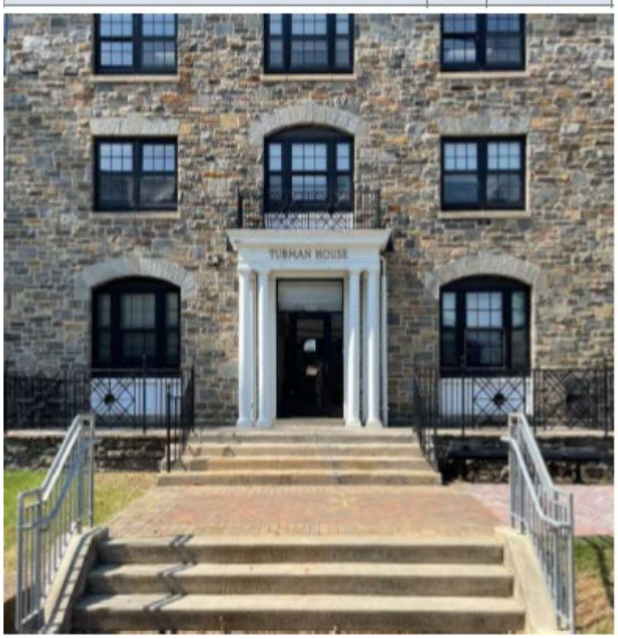


- Phase I - Thurgood Marshall Hall: 670 beds of semi-suite and full-suite style housing and dining facility
- Phase 2: Greenfield improvements to land adjacent to Thurgood Marshall Hall
- Phase 3 Legacy Hall: 604 beds of semi-suite, full-suite and apartment style housing
- Phase 4 Harper-Tubman House: An existing 220-bed, semi-suite style facility built in 1952, scheduled to be completely renovated for the Fall 2026 semester.
- O'Connell Hall (Phase 5): Replacement of the existing building with a new 600-700 bed residential facility, ready for occupation in Fall 2027.

Harper-Tubman Renovation

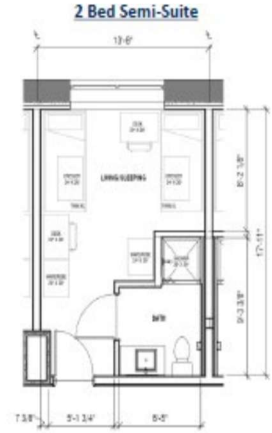
The Phase 4 renovations will completely replace the existing units with primarily semi-suites. Construction is scheduled to begin in the Summer 2025 and be completed for the Fall 2026 semester.

Unit Type	Units	Beds
1 Bedroom Semi-Suite	10	10
2 Bedroom Semi-Suite	71	142
4 Bedroom Semi-Suite	18	72
2 Bedroom Resident Director Apartment	1	2
	100	226

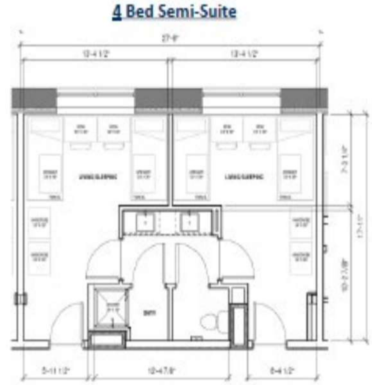


1 Bed Semi-Suite

2 Bed Semi-Suite



4 Bed Semi-Suite



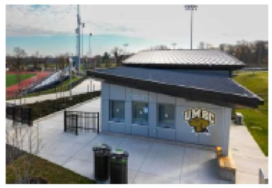
Harper Tubman Development Team

Plano Coudon (Lead Construction Manager)

- Founded in 1998, Plano-Coudon provides design-build, construction management, and general contracting services to private, public and non-profit clients. The company is headquartered in Baltimore, Maryland.
- The firm has completed more than $800 million in construction over 25 years of business, accumulating over 50 awards.
- Representative projects are included below:

University of Maryland

Eppley Recreation Center Natatorium Renovation



University of Maryland Baltimore

County Stadium Upgrades

University of Maryland Baltimore

County Administration Lecture Hall

University of Baltimore

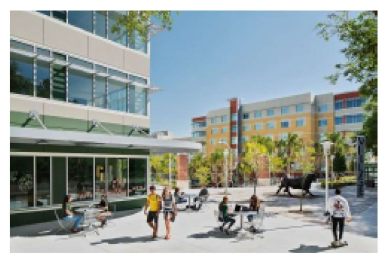
Bogomolny Library Renovation

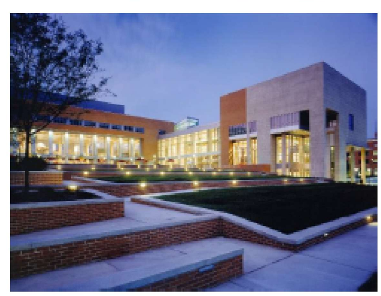
Mahogany Inc. (Construction Mentee)

- Founded in 1991, Mahogany, Inc. provides general construction services, furnishing and installation of architectural millwork, commissioning, joint ventures, diversity partnerships, construction management, and more.
- Mahogany Inc. has been named one of the largest and fastest growing minority contractors in Maryland by the Baltimore Business Journal.
- Mahogany has worked on a vast number of projects in the Baltimore and surrounding area including Johns Hopkins, The Hilton Hotel, University of Maryland Medical Center, Baltimore Convention Center, Exelon Towers, Horeshoe Casino, Maryland Live, and the MGM Grand at the National Harbor.

Design Collective, Inc. (Design Consultant)

- Design Collective, Inc. ("DCI") is an award winning multi-disciplinary design firm with a diverse portfolio of successful projects throughout the United States and abroad.
- The firm offers expertise and national leadership in the disciplines of architecture, planning, urban design, landscape architecture, interior design and sustainability, ensuring comprehensive design solutions.
- Their holistic approach to problem solving, together, with a talented staff of over 80 professionals with diverse educational and cultural backgrounds has served their clients well since 1978. The firm's principals and senior staff are at the forefront of design and technical innovation for living, learning, and working environments.
- DCI's student housing projects are designed to be an integral and meaningful part of the student's living-learning environment. As a national leader in the planning and design of student housing, DCI understands the specific needs of today's students. They have established models to successfully integrate their needs with the mission, culture, context, and economics of each college and university.
- DCI has completed student housing projects for the University of Maryland, Bowling Green State University, Towson University, Johns Hopkins University, among others.
- For additional information regarding DCI, please visit its website at https://www.designcollective.com/.





IV. Financing Overview

The 2025A Project will be financed under a privatized financing model where the State of Maryland, on behalf of the University, will enter into an amendment to the Air Rights and Ground Lease with MEDCO incorporating the Harper-Tubman House land with the land already leased to MEDCO for its existing student housing facilities. MEDCO will issue tax-exempt and, to the extent necessary, taxable student housing revenue bonds (pursuant to a supplemental Indenture), the proceeds of which will fund the renovation cost of Harper-Tubman House. MEDCO will enter into an Architect's Agreement with Design Collective for the design of the renovation project, a Construction Management Agreement with Plano Coudon for the renovation and an amended Management Agreement with Capstone On Campus Management for the physical operations of the 2025A Project.

The Project will be financed with the proceeds of the 2025A Bonds, the proceeds of which will fund the renovation costs, capitalized interest, debt service reserve fund, and costs of issuance. The 2025A Bonds will be issued under the Additional Bonds provisions of the existing Indenture for MEDCO's Outstanding Bonds and, as such, the 2025A Project will be cross-collateralized with MEDCO's existing student housing projects at MSU.

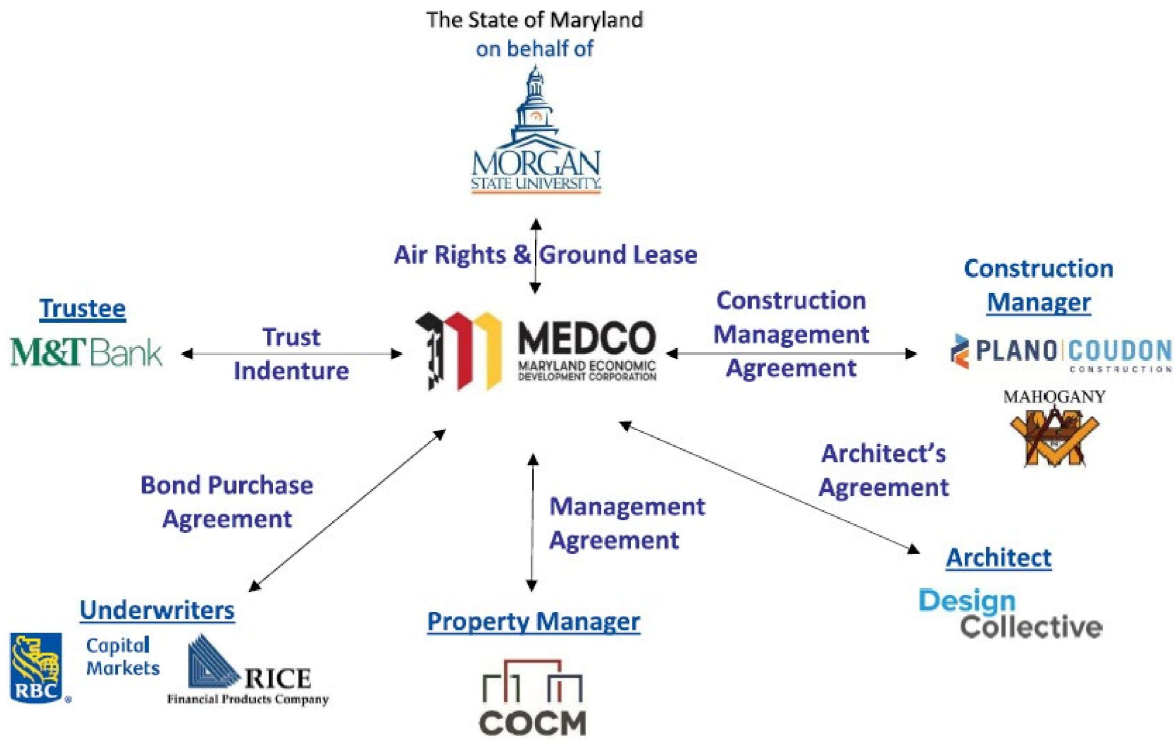
Par Amount:	$53,015,000*
Structure:	Fully amortizing, tax-exempt with an approximately 40-year term
Air Rights Lease:	Long-term ground lease with a term extending beyond the final maturity of the bonds
Bond Payment Dates:	Interest - Semi-annually on January and July 1st Principal - Annually on July 1st
Optional Redemption:	On or after July 1, 2035*
Security of the Bonds:	Leasehold Mortgage, Security Interest in Revenues & Assets of the Projects, Capitalized Interest During Construction & Stabilization, Debt Service Reserve Fund| Operating Reserve Fund
Coverage Ratio:	Debt Service Coverage Ratio Covenant at 1.20x
Bond Sale Date:	Anticipated to be in June 2025

The estimate sources and uses of funds for the project are as follows:

Sources and Uses*

Par Amount	$53,015,000
Net Premium / Discount	(870,152.35)
Investment Earnings	1,061,796.98
Total Sources	**$53,206,644.63**
Project Fund	45,860,929.05
Capitalized Interest	2,744,888.27
Debt Service Reserve Fund	3,450,975
Cost of Issuance	1,147,612.50
Additional Proceeds	2,239.81
Total Uses of Funds	**$53,206,644.63**

**Preliminary, subject to change*



V. Economic Benefit

The approximately $46 million project budget for constructing and equipping the Harper-Tubman Student Housing Project will have positive direct and indirect impacts on employment and economic activity in Baltimore City and the surrounding areas.

MBE Contracting

Rice Financial Products Company (https://ricefinancialproducts.com) is an MBE selected to be part of the Underwriters for the Bonds.

Mahogany Inc. (https://www.mahoganyinc.com) been selected as a construction manager and was named one of the largest and fastest growing MBE contractors in Maryland by the Baltimore Business Journal.

MEDCO will engage an MBE firm to serve as a management consultant to work in tandem with the onsite owner's rep and work closely with the asset management team at MEDCO.

The Harper-Tubman Student Housing Project has a 35% goal for construction related MBE contracting.

Prince George's County Public Schools
Administrative Building Project
Maryland Economic Development Corporation
Tax-Exempt Revenue Bonds, Series 2025

I. Proposal

Resolution to issue and sell non-recourse limited obligation tax-exempt and/or taxable revenue bonds in one or more issues or series in an aggregate principal amount not to exceed $150,000,000 (the "Bonds"), and loan the proceeds of the Bonds to the Board of Education of Prince George's County, Maryland (the "Borrower") for the purpose of financing or refinancing a portion of the costs of (a) the acquisition, improvement and equipping of an approximately 338,000 square foot office building and accompanying land located at 7900 Harkins Road, Lanham, Maryland for use by the Prince George's County Public Schools ("PGCPS") for administrative and support facilities, together with certain other necessary and useful capital improvements and expenditures, (b) funding capitalized interest on the Bonds and any necessary reserves, and (c) paying certain costs relating to the issuance of the Bonds and other related eligible costs (collectively, the "Project").

MEDCO is the proposed issuer of the Bonds. PGCPS will operate the Project, and the Borrower is obligated to pay debt service related to the Bonds.

II. Borrower and PGCPS Overview

The Borrower works to advance student achievement through community engagement, sound policy governance, accountability and fiscal responsibility. The school system's highest priority is to prepare students to meet the demands of college and careers.

PGCPS, one of the nation's 20th largest school districts, has 200 schools and centers, more than 132,854 students and nearly 20,000 employees. The school system serves a diverse student population from urban, suburban and rural communities located in the Washington, DC suburbs. PGCPS administers a $2.3 billion annual budget and approximately 22,000 employees. PGCPS is nationally recognized for college and career-readiness programs that provide students with unique learning opportunities, including dual enrollment and language immersion.

Student Demographics: (as of September 30, 2023)

- Hispanic/Latino of Any Race (52,606) 40.67%
- American Indian or Alaska Native (73) 0.06%
- Asian (3,156) 2.44%
- Black/African American (67,375) 52.09%
- Native Hawaiian or Other Pacific Islander (20) 0.02%
- White (4,844) 3.74%
- Two or More Races (1,277) 0.99%
- Free and Reduced Meals: 62.0%
- Special Education: 10.9%
- English Language Learners: 25.7%

III. Project Overview

PGCPS has the second oldest school facilities in the state. Forty percent of the asset portfolio was constructed nearly 60 years ago and in need of replacement or complete renovation. Among those facilities are 18 administrative offices, many at the end of their useful lives, that PGCPS must continue to maintain and invest in. The costs of maintaining these administrative facilities continue to rise, with approximately $7 million annual cost for the most recent fiscal year. PGCPS has identified over $300 million that is needed to address deferred maintenance within these administrative facilities.

As mandated by PG 501-24 and encouraged by the County Climate Change Action Plan, PGCPS began examining the feasibility of a headquarters relocation in 2024. The effort quickly focused on the possibility of consolidating a significant portion of its administrative facilities to yield significant annual savings by negating deferred maintenance costs for its outdated administrative facilities. PGCPS identified 7900 Harkins Road as the most viable option to best meet its objectives. The size of the Harkins Road property will enable PGCPS to consolidate 18 current administrative facilities to less than 10 in the next five years. The recognized operational savings through consolidating the administrative building portfolio will be directly reinvested back into school operations

Harkins Road Property

- 336,000 SF Class A Building conveniently located near prominent transportation arteries and public transit adjacent, thus improving transportation access to PGCPS Administration by the community.
- Allows PGCPS to fulfill its objectives of consolidating administrative offices into a modern and well-maintained facility for less than ½ the replacement cost and to generate significant operational cost savings that can be reinvested into its schools.
- Provides department co-location that will improve organizational synergy, leading to PGCPS efficiency, collaboration & innovation.
- Provides a quality and safe work environment that offers full code compliance and ADA accessibility.
- Supports the Climate Change Action Plan by reducing its administrative footprint and occupying an energy-efficient building.

PGCPS has entered a non-binding Letter of Intent with KCP Harkins Fee Owner LLC ("Seller") to purchase the Harkins Road property for $78 million, in addition to certain closing costs and other carrying costs (dependent upon the closing date) and is currently negotiating a Purchase and Sale Agreement. Tenant improvements are needed to ensure that PGCPS can operate its administrative duties fully and effectively and become the new home of its Northern County Information Technology Server Room, the Safety and Security Services, and the Transportation Department's Central Command Centers, new curriculum development maker spaces, multiple training rooms, and the new Board Room and associated offices. Tenant improvements will be part of the total financing of the transaction.

IV. Financing Overview

The Borrower is responsible for the payment obligations of the Bonds. The expected maturity of the Bonds will be approximately 30 years, with an approximate 10-year call provision. The Bonds are expected to have a credit rating in the range of AA to A. The underlying credit rating of Prince George's County general obligation debt is AAA. The source of funding for the payment obligations of the Bonds will be funds appropriated to the Borrower or PGCPS through the County budget process. The Bond sale is expected in late July 2025.

The estimate sources and uses of funds for the project are as follows:

Sources of Funds	
Bond Proceeds	$140,000,000
PGCPS Contribution for Tenant Improvements	$ 10,000,000
Total	**$150,000,000**

Uses of Funds	
Building Acquisition Cost	$ 78,000,000
Tenant Improvements and other soft costs	$ 50,000,000
Project Contingency	$ 13,300,000
Capitalized Interest and Reserve Funds	$ 5,300,000
Cost of Issuance	$ 3,400,000
Total	**$150,000,000**

V. Economic Benefit

The PGCPS administrative building relocation project will help to reduce operating facilities and maintenance costs by approximately $7 million annually and help address the over $300 million in deferred maintenance expenses. PGCPS is committed to creating a competitive and balanced economic environment by ensuring non-discrimination and equal opportunity in the procurement of goods and services, as well as community growth through local business opportunities. The goal of PGCPS is to promote the growth and success of minority and county-based businesses and to increase the percentage of PGCPS procurement dollars flowing to minority and local businesses.

PGCPS will cause at least 30% of the total contract value of tenant improvements in connection with the project to be incurred pursuant to contracts with certified MBE and County-based businesses (CBB), which must be allocated as follows: (a) a minimum of eight percent (8%) of the total contract value to be incurred pursuant to contracts with African-American-owned businesses, (b) a minimum of eleven percent (11%) pursuant to contracts with Women-owned businesses, (c) a minimum of four percent (4%) pursuant to contracts with County-based MBEs (CBMBE), and (d) a minimum of seven percent (7%) pursuant to contracts with CBBs.