

## **CGL Workshop Minutes September 30, 2019**

The Berks County Board of Commissioners met in special session on Monday, September 30, 2019, at 8:30 A.M. in the Commissioners' Boardroom, 13th floor of the Berks County Services Center, pursuant to due notice to Board Members and the public, for the purpose of receiving information concerning the CGL Prison Project Study and such other business as may regularly come before the Board.

The Meeting was called to order by Commissioner Chairman Leinbach with Commissioners Barnhardt and Scott also in attendance. Others attending from the County were Christine Sadler, County Solicitor, Chad Schnee, First Assistant County Solicitor, Paul Bradshaw, Assistant County Solicitor, Mary Buerer, Executive Assistant, Jessica Blauser, Executive Assistant, Michelle Kircher, Executive Assistant, Jessica Weaknecht, Human Resources Director, Robert Patrizio, Chief Financial Officer, Matt Connell, Special Counsel, Sandra Graffius, County Controller, John Adams, District Attorney, Janine Quigley, Warden, Jeffrey Smith, Chief Deputy Warden, Stephanie Smith, Deputy Warden- Treatment, Michael Buono, Deputy Warden- Operations, Dorn Reppert, Jail Facilities Manager, Kay Leisey, Administrative Assistant and Ronald Seaman, Chief Administrative Officer.

Present on behalf of CGL were Joseph Lee, CEO, Chloe Jaco, CGL Senior Vice-President, Richard Davidson, Architect and Rod Moss, Senior Vice-President, Hunt Companies, Inc.

The session began with Chloe Jaco giving a brief overview of the project to date and outlining the agenda for the day, followed by Joe Lee making brief remarks with heavy emphasis on the concept that the cost of money is less important than operational costs over a thirty (30) year period when it comes to construction of a new jail facility. Rod Moss then reviewed several case studies to illustrate the "Total Cost of Ownership Approach" to solution finding and then reviewed six (6) delivery models of new construction. Three (3) models are currently statutorily approved in Pennsylvania and three (3) are not largely due to PA's Separation Act. One concept covered by Mr. Moss was the Progressive Design-Build. Other options available without new legislation are a Tax Exempt Lease with maintenance covered under a qualified maintenance agreement; a Taxable Lease with maintenance and transfer lifecycle risk of refurbishment and hand-back condition at end of lease; Develop-Transfer or delivery under an Economic Development Corporation. Mr. Ross ended with a presentation on the business case for the delivery method considering a value for money analysis by stating that first, it becomes necessary to create a public sector comparator financial model fully capturing all of the costs of ownership and risk factors, including delays and escalation, which then becomes the baseline for evaluating the other three (3) options. Next, it is necessary to have an understanding of the risks that can be and should be transferred and the political reality of transferring them and determine the risk allocation for each of the three (3) options so that the net present value of each can be

compared to the public sector comparator model. This is followed by establishing the affordability threshold and development of a contractual framework that correlates to the lowest cost option. The County then needs to conduct an expression of interest process to seek feedback from the industry to validate assumptions and confirm our business case and finally, confirm the bankability of the balance sheet implications for the County. He then outlined the steps of the Progressive Development Process, starting with the selection of a developer based on qualifications and price on percentages of fees and cost of equity, if required; entering into a pre-development agreement with the developer in which the developer is required to fund the design and development costs within the target price and schedule commitment to the project and lastly, assure the ability to terminate for the County's convenience at any point with the only obligation to pay the actual costs of design and then procure the project traditionally. This creates alignment of interests to optimize the cost of capital and program and does not financially commit the County.

It was recommended that the County consider entering into an agreement with CGL to serve as the County's Representative in this project moving forward. The first order of business would be to set qualitative parameters with respect to the project and then begin the modeling. It was estimated that could be accomplished in approximately three (3) to four (4) months. Another possibility is to present CGL with goals and objectives of the jail and then allow CGL to come back with proposed designs of how those goals and objectives might be accomplished.

The remainder of the meeting was spent in questions and answers with final adjournment occurring at 1:15 PM.

Respectfully submitted,

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Ronald R. Seaman, Deputy Chief Clerk