Overview: New Long Beach Courthouse

- 545,000 Square Foot Building; $495 Million Budget
- Completed below budget & ahead of schedule in 32 months in August 2013
- Administrative Office of the Courts in California, Judicial Council of California led the multi-phased procurement for L.A. Superior Court
- L.A. Superior Court occupies 415,000 SF including 31 civil and criminal courtrooms, detention center and holding cells, sally-port, and office space
- LA County under a separate office lease agreement occupies 100,000 SF: 5 Depts.
- Retail and commercial space: approx. 5,500 SF
- Facility accommodates 800 workers and 3,500-4,500 visitors daily
- 1,000 space parking structure renovation
- Project agreement spans a 35 year operating period
- Replaces outdated and overcrowded existing facility built in 1959
Original Long Beach Courthouse had fallen into a State of Disrepair

- Portions of the ceilings in several courtrooms had fallen down
- The building had leaks, mold, and termite infestation
- Attorney interview areas were used to house “keep-aways,” thus eliminating private areas for attorneys to interview criminal defendants
- Top parking structure level was closed due to ponding and structural issues.
PROJECT SIGNIFICANCE

- First true performance-based, availability-payment social infrastructure P3 to reach financial close in U.S.
- First with all U.S. enterprises: Meridiam NA; AECOM; Clark and JCI
- Effective partnership during procurement: aligned interests between Governors Office, State Legislature, AOC, County of LA, City of Long Beach and Long Beach RDA
- Change from AOC’s traditional Design-Bid-Build Procurement Method to meet facility replacement needs
- Project is being closely monitored by other states & government entities looking for new ways to meet social infrastructure needs in tight economic times.
Project Timeline

Jun 28, 2007
- Project Feasibility Report published by AOC

Aug 24, 2007
- Special Legislation, CA Budget Act 2007

Nov 26, 2008
- Transaction launch and RFQ issued

May 12, 2009
- 3 bidders shortlisted

Jun, 2009
- RFP issued

Dec 9, 2009
- RFP bids submitted

Jun 28, 2010
- Long Beach Judicial Partners selected preferred bidder

Nov 26, 2010
- Project Agreement finalized and approved by DOF

Early Dec, 2010
- DOF approval of VFM

Mid Dec, 2010
- Financial and commercial Close

Late Dec, 2010
- Scheduled Occupancy

Dec 9, 2010
- Final Value for Money analysis submitted to DOF

Mid Dec, 2010
- Mid Dec, 2010

Early Dec, 2010
- Early Dec, 2010

Nov 26, 2010
- Nov 26, 2010

Dec 20, 2010
- Dec 20, 2010

Sep 1, 2013
- Sep 1, 2013
Project Counterparties

Procuring Authority

Design and Builder

Guarantor

Construction Services

Design Services

Operating Service Provider

Lead Investor

Other Investors

MI LongBeach, LLC

Holding Company

Design and Builder

AECOM
Contractual Structure of the LBCB Project

Judicial Council of California, Administrative Office of the Courts
The County of Los Angeles

Long Beach Judicial Partners LLC

Meridiam Infrastructure
Senior Lenders

Operating Services Provider: Johnson Controls, Inc.
Design-Build Agreement: Clark Design/Build of California, Inc.

AECOM Services, Inc.
Clark Construction Group – California, LP

Design Services
Construction Services

Contract Price
Operating Service Fee
Lease Payments

Security Package
Operating Service Agreement
Project Agreement
Service Fee

Contractual Relations
Guarantee
Financial Commitments
Legal Relationship

Dividends
Equity
Debt
Principal+ Interest
Lease

Operating Service Fee
Security Package

Design Build
Finance
Operate Maintain

Financial
Commitments

Legal Relationship

Guarantee

The County of Los Angeles

Operating Service Agreement

AECOM Services, Inc.
Clark Construction Group – California, LP

Design Services
Construction Services

Design-Build Agreement
Operating Service Fee
Lease Payments

Security Package
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Design Build
Finance
Operate Maintain

Financial
Commitments

Legal Relationship

Guarantee
Availability Deduction Example

The project agreement includes a full schedule of values for unavailability deductions

<table>
<thead>
<tr>
<th>Functional Unit</th>
<th>Linked Functional Unit</th>
<th>Deduction Value</th>
<th># of Units</th>
<th>Sessions Unavailable</th>
<th>Total Deduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trial Courtrooms</td>
<td>✓</td>
<td>$320</td>
<td>2</td>
<td>2</td>
<td>$1,280</td>
</tr>
<tr>
<td>Courtroom Entry/Vestibule</td>
<td>✓</td>
<td>$133</td>
<td>2</td>
<td>2</td>
<td>$532</td>
</tr>
<tr>
<td>Holding Cells between Courtrooms</td>
<td>✓</td>
<td>$160</td>
<td>1</td>
<td>2</td>
<td>$320</td>
</tr>
<tr>
<td>Interview Room @ Courtroom</td>
<td>✓</td>
<td>$107</td>
<td>2</td>
<td>2</td>
<td>$428</td>
</tr>
<tr>
<td>Video Remand Booth</td>
<td>✓</td>
<td>$133</td>
<td>2</td>
<td>2</td>
<td>$532</td>
</tr>
<tr>
<td>Courtroom Waiting Area</td>
<td>✓</td>
<td>$80</td>
<td>1</td>
<td>2</td>
<td>$160</td>
</tr>
<tr>
<td><strong>Total Unavailability Deduction</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>$3,252</strong></td>
</tr>
</tbody>
</table>

Example: One courtroom holding area is unavailable for one full day (2 court sessions)
BENEFITS TO AOC/STATE OF CA

- Provides State with significant leverage over Private Sector by transferring Full Integration Risk to the P3 developer: Finance, Design, Build, Operate & Maintain.
- State is insured of an “on schedule”, “fast-track” delivery high quality project delivery at an equal or lower cost than if traditional “design-bid-build” process with customary institutional O&M program had been implemented.
- Switch from Lowest Upfront Construction Costs to Lowest Lifecycle Costs: lowest NPV of all costs which are amortized over 35 years.
- Because Developer has significant equity investment and is dependent on the State for payments, State has unusual leverage over maintenance of quality performance standards throughout project life.
- No impact on State’s credit limit and no additional State Debt created.
- Creates a Culture of Long Term Asset Management and Maintenance. Penalty regime as enforcement mechanism.
- Sustainability is a key goal: LEED Silver and Energy Model.
SUCCESES

- Strong team effort during design and construction: traditional conflicts eliminated between Owner and GC
- JCI, Operating Service Provider, involved throughout design and construction, and even made changes they paid for
- Independent Building Expert was an important member of the team and highly responsive
- Strong quality management component
- Project came in ahead of schedule and under budget
- Extensive Project Legal Documentation covered most situations that have arisen.
- Accelerated move-in went smoothly (mostly)
- Some minor availability deductions in first 4 months but none in next two.
- Outstanding communications through frequent meetings