Bayview Biomedical Research Center (BRC) Project: Additional Questions and Answers

Question: What is the total lease cost?

Answer: The annual lease payment is $13,253,000 for the entire project. This lease cost does not include the operating expenses. The breakdown of this annual lease cost is as follows:

$12,373,000	Debt Service for the loan
400,000	Ground Rent to FSK Land
240,000	Capital Repair Reserve
240,000	Estimated insurance cost

Based on the government lease, a favorable, below-market financing was arranged for the loan. The NIA's portion of the annual lease payment is approximately $6.7 million and the NIDA's portion is $6.0 million with the remaining $0.57 million is for the Director's Reserve Space.

Question: How many waivers from the NIH Research Design Requirements were granted? Who approved those waivers? Also, I still would like to know specifically what variances to the fire code were granted

Answer: As previously stated, it was not a requirement that this project design comply with the NIH Design Requirements Manual due to the fact that NIH will not own the facility. Had this design been for an NIH owned facility on NIH land, it would have been subject to the Design Requirements Manual and any variances would have been administered in accordance with the applicable procedures. Another pertinent point is that NIH does not have code jurisdiction over this property. Had variances been submitted to the NIH Fire Marshal, for example, he would not have had the authority to approve or disapprove them. Therefore, no specific variances or waivers relative to the BRC facility were processed by NIH. It is important to note that the facility does comply with all applicable building codes and that there were no compromises in life safety issues. These applicable building codes are very comprehensive. For example, the International Building Code is 660 pages long and it references other applicable codes such as the International Electrical Code, the International Fuel Gas Code, the International Mechanical Code the International Plumbing Code, the International Energy Conservation Code.

Relative to variances to the governing Maryland and Baltimore codes, in addition to the NFPA 45 design criteria for chemical storage, other variances were requested and obtained. The variance procedure is typically one in which the designer meets the intentions of the code via a different approach, or seeks to identify why any unique features of the facility require special consideration. The variance process allows the designer to meet the intention of the code with an alternative method that preserves life safety. In addition to the variances, there were a few code interpretations. The number

of variances (7) and interpretations (5) is within the average, based upon a comparison of projects of similar size and complexity. Following are the variances and interpretations that were approved.

Variance: Permission granted to omit fire dampers in hazardous exhaust ducts permitted without waiver. This was actually just a clarification of the existing code. Specifically, normal HVAC ductwork contains dampers that close in the presence of smoke. In the case of fume hoods that routinely exhaust smoke, such closure would impact their functionality by closing the damper and allowing fume buildup, negating the functionality of the fume hood. This variance was approved by the City of Baltimore.

Variance: A second variance was submitted for eliminating smoke dampers for the same justification as submitted above. This variance was approved by the City of Baltimore.

Variance: Another variance involved the substitution of a 1 hour atrium separation with water curtain for 2 hour control area separations at atrium areas 5 and 6. Stated differently, in lieu of constructing a wall with a 1 hour fire rating, the area was protected via a more robust sprinkler system to a 2 hour standard. This would contain the fire for 2 hours (in lieu of the code requirement of 1 hour). This variance was approved by the City of Baltimore.

Variance: Permission was granted to store small quantities of Class I flammable liquids in the basement. The Fire Marshal reviewed the types and quantities of liquids and approved this. As an example, the Nuclear Magnetic Resonance clinic requires small quantities of ethyl alcohol, acetone and electric contact cleaner. This variance was approved by the City of Baltimore.

Variance: Permission granted to locate Class I standpipe hose connection at the floor level in lieu of at the intermediate landing in stair enclosures. The firefighters actually preferred to have the standpipe hose connection at the floor level (instead of at the intermediate landing) to provide them more room to maneuver with the hoses. This variance was approved by the City of Baltimore.

Variance: Permission granted to protect hazardous exhaust duct penetrations with sprinklers in lieu of rated construction. This variance was approved by the City of Baltimore.

Variance: Permission was granted to allow 3 laboratory units on floors 5, 6 and 8. The code normally allows 2 per floor. On those floors, NIA has two labs and NIDA has one, for a total of three. This variance was granted because the code presumes that the facility is singular, but this facility consists of two towers and the towers have adequate separation between them. This variance was approved by the City of Baltimore.

Variance: Permission granted to allow both Level 1 and Level 2 to be classified as "Level 1 Above Grade" per Table 414.2.2. This variance was approved by the City of Baltimore.

Interpretation: In the Integrated Utility Plant, permission was granted to utilize the freight elevator as the handicap accessible elevator to the second floor and loading dock. It is anticipated that the use of an elevator by a handicapped utility operator would be limited and that such a need could be satisfied by use of the freight elevator. This variance was approved by the Maryland Codes Administration.

Interpretation: Permission granted to make 2 of 3 required exits handicap accessible in lieu of all 3 at Level 3 entry plaza. This variance was approved by the Maryland Codes Administration.

Interpretation: Permission granted to use "Bio-bubble" animal cage enclosures within building. At the request of NIA, we constructed a plastic bubble animal holding room in the vivarium. This unique feature required a code interpretation. This variance was approved by the City of Baltimore.

Interpretation: Permission was granted to lock egress side of Seclusion Room 02BB09 with provision of unlocking upon fire alarm activation. A Seclusion Room is a permission granted to classify as part of Institutional Use. This room was intended to be constructed for NIDA outpatient clinic and was intended to ensure that a patient under observation. Subsequently, NIDA decided that the Seclusion Room was not required and the Seclusion Room was omitted. This variance was approved by the City of Baltimore Fire Marshal.

Interpretation: Permission was granted to provide no internal access to atrium roof. The code requires such an access ladder because it is presumed that the roof has mechanical equipment on and that maintenance personnel will need to access it. This roof has no mechanical equipment, so such a fixed internal entrance was not required. This variance was approved by the City of Baltimore Fire Marshal.

Question: On the rent, my understanding is that the $13.2 million annually will come out of the research budget and not the capital budget. Is that correct?
Answer: Rent will come out of the IC operating budget, not the capital (Buildings & Facilities) budget, in keeping with NIH-wide budgeting and accounting practices. To the best of our knowledge, all Federal agencies follow this same process; that is, using operating dollars to pay for leases.

Question: Also are there any other annual fees on top of the $13.2 million?
Answer: $13.2 million is the lease contract rent for the debt service, ground rent, insurance and capital repair reserve for the entire project. In addition to this "contract

rent", there will be the building operation and maintenance expenses which are estimated to be in the range of $16M and $18M per year depending on the cost of utilities. Utilities costs have increased significantly over recent years due to market volatility, impacting private and public enterprises.

Question: Who or what is the lessor? Who gets the $13.2 million per year?
Answer: The lease is with BRC Lease Co. LLC, a special purpose entity created to guarantee repayment of $200 million loan to finance the project. BRC Lease Co. will collect the contract rent ($13.2M) from NIH and disburse it to the lender, the insurance company, and Johns Hopkins for the ground lease.

Question: Was not the decision not to anchor the foundation to bedrock due to the fact that the building sits on top of a former landfill site? If the site was so stable, why were there repeated collapses on the foundation site during early construction and why was a retaining wall constructed to prevent further collapses?

Answer: The building is not sited on top of a former landfill. Perhaps this thought arose from the fact that a parcel to the north of the BRC site was once used by Johns Hopkins as a landfill. Based on the geotechnical analysis of the site, the building foundation is designed to be spread footings, which are approximately 45 feet below grade where the ground compaction is such that it can support the building load imposed on the footings. The spread footing foundations never collapsed. The sheeting and shoring retaining wall moved approximately 1.5" to 2.5" during the early phase of construction. This wall had nothing to do with the foundation and never collapsed. However, while the contractor was forming the building basement concrete wall and while the cause of the shifting of the retaining wall was being investigated, the contractor decided to further reinforce the wall as a precautionary measure.

Bayview Biomedical Research Center (BRC) Project Chronology

September 1998: NIH, with substantial input from the Institutes and their Scientific Directors, conducted a Facility Feasibility Study. The study ultimately recommended a consolidated replacement facility for NIA and NIDA. The study did not specifically describe whether such a replacement facility should be owned or leased. An alternative option of renovating the existing facilities was considered but deemed inadequate for a number of reasons including lack of swing space, substantial disruption to sensitive research programs, little opportunity for consolidation or joint use of facilities, little or no expansion capability, and protracted construction phasing and cost. The studies showed that these existing facilities were obsolete and did not meet the present needs of the institutes, let alone their needs for the 21st century.

September 1998: NIH Director Review: The studies were reviewed with then-Director of NIH, Dr. Harold Varmus, and he agreed with the recommendation for a new NIA/NIDA facility on the Bayview Campus. Dr. Varmus also considered a number of transaction structures to implement the project. He ultimately approved a transaction structure consisting of a lease from JHU to NIH that would balance the up-front planning costs by NIH with the best overall rent structure over the term of the lease while still assuring the appropriate level of quality for the building.

January 1999: GSA awarded contract to Dome Real Estate of Johns Hopkins University to develop a concept plan for the new Bayview project.

February 1999: Dome selected the architectural firm, HLM Design, to prepare the concept design.

October 1999: Dome Real Estate developed a Business Plan and Project Budget to seek project authorization via GSA/OMB and Congress. HLM completes Concept Design.

June 2000: GSA Mid-Atlantic submitted prospectus to GSA Central Office, proposing a replacement lease of 392,482 rentable square feet of laboratory, office and related spaces for NIH.

June 2000: Basis of Construction Cost for Concept Design, Scoring Analysis and Construction Cost submitted by Dome to NIH.

June 21, 2000: Congressman Shuster Briefing by Mr. Steve Ficca, Director of the Office of Research Services. (Congressman Shuster was the chairman of Committee on Transportation and Infrastructure), focusing on the need for new NIA and NIDA facilities. Justification included the 30-year old buildings needing extensive HVAC upgrading.

June 29, 2000: GSA engaged Dome for Schematic Design with HLM as the prime Architects.

July 26, 2000: House Committee on Transportation and Infrastructure requests Report on the Project pursuant to Section 11(b) of the Public Building Act.

September 2000: GSA Central submitted via OMB a report to Congress under Section 11(b) of the Public Buildings Act confirming the need for a new leased NIA/NIDA facility. NIH coordinated on this action.

September 19, 2000: GSA forwarded the 11B Report to House Committee on Transportation and Infrastructure.

October 20, 2000: Mr. Steve Ficca, Director of the Office of Research Services met with the staff of Senate Committee on Public Buildings to discuss the project.

December 2000: The Consolidated Appropriations Act for FY 2001 authorizes a lease at Bayview Campus in Baltimore, Maryland.

February 2001: HLM completed Schematic Design

June 2001: Lease signed by among NIH, FSK Land Corporation (a Hopkins Entity), and BRC Lease Co (the Lessor). Mr. Joe Friel, a Contracting Officer, signed the lease on behalf of NIH.

Summer 2001: Johns Hopkins Real Estate & NIH ORF Project Team selected Smith Management Construction Inc. (SMCI) as the project Development Manager.

September 17, 2001: Development Management Agreement approved between BRC Lease Co. (a Special Purpose Entity serving as Lessor) and SMCI.

February 2002: CUH2A was selected by NIH ORF Project Team/SMC/BRC Lease Co. to design the facility.

June 2002: Skanska USA was selected by NIH ORF Project Team/SMCI/BRC Lease Co. as the project Construction Manager.

June 26, 2002: 15% Design completed. NIH User ICs and NIH ORF Project Team reviewed and provided comments.

October 2, 2002: 35% Design completed. NIH User ICs and NIH ORF Project Team reviewed and provided comments.

February 14, 2003: 65% Design completed. NIH User ICs approved and signed-off on these documents. ORF Project Team provided comments and approved with the stipulation that comments would be incorporated in the subsequent submission.

June 2, 2003: Construction Documents submitted to Baltimore City for Building Permit Review (minimum 90-day process) by Smith Management Construction Inc. (SMCI), the Development Manager.

August 2003: Guaranteed Maximum Price (GMP) received from Skanska USA by SMCI. NIH and BRC Lease Co. were copied.

April 15, 2004: Guaranteed Maximum Price approved by SMCI in consultation with NIH

April 30, 2004: Bid Documents completed.

May 20, 2004: Skanska awarded construction subcontracts to various trade subcontractors and issued notice-to-proceed.

May 21, 2004: Construction site preparation started.

October 12, 2004: Ground Breaking Ceremony.

August 2005: Steel structure topped out.