

**AMENDMENT TO  
TIF PROPOSAL AND DEVELOPER'S CERTIFICATE**

Hampton Park Project

June 29, 2018

Velocity Capital, LLC, ARC Trust, Inc. and CapHeights Central, LLC (collectively, the "**Developer**") submit this Amendment to TIF Proposal and Developer's Certificate for the Hampton Park Project (the "**Project**") for review by the County Council of Prince George's County, Maryland.

**Background.** Pursuant to Council Resolution CR-76-2010, the Kingdom Square Development District and Kingdom Square Special Taxing District were designated and the Kingdom Square Development District Tax Increment Fund and Kingdom Square Special Taxing District Special Taxing District Fund were established for the purpose of financing certain infrastructure through the issuance of special obligation bonds.

Pursuant to Council Bill CB-98-2010, as amended by Council Bill CB-109-2017, special obligation bonds in an aggregate principal amount not to exceed \$16,100,000, payable solely from amounts levied and deposited in the Kingdom Square Development District Tax Increment Fund and the Kingdom Square Special Taxing District Special Taxing District Fund, were authorized to finance said infrastructure.

Pursuant to Council Resolution CR-110-2010, as required by Council Resolution CR-98-2010, the County Council approved the report of the County's financial advisor dated October 19, 2010 (as amended), TIF Proposal and Certificate of Developer dated October 25, 2010 (the "**Original TIF Proposal**"), MBE Plan dated October 25, 2010 and Bond Counsel Certification of Compliance as required by CR-98-2010 dated October 25, 2010.

After the adoption of CR-110-2010, the County Council adopted CR-38-2011, which revised the requirements adopted pursuant to CR-98-2010 that must be complied with prior to the sale of special obligation bonds. Pursuant to CR-38-2011, prior to sale of the bonds, the Council must review the TIF proposal and a certificate of the developer that the provisions of CR-38-2011 have been complied with and that the MBE Plan has been approved by the Compliance Manager in conformance with the MBE Plan Guidelines promulgated by the Compliance Manager and approve the same by resolution. This Amendment to TIF Proposal and Developer's Certificate is provided to permit fulfillment of that requirement.

Only the sections of the Original TIF Proposal that are referenced herein are amended.

**Development.** The Project will consist of approximately 750,000 square feet of mixed-use development with a total approximate cost of \$200 million. The Project is expected to include approximately 400 multi-family residential units, a hotel, commercial office and retail space and structured parking. The Project is currently in pre-development and construction is slated to begin in fall 2018. The first building is expected to be delivered in summer 2019. The Developer is

seeking bids from Costello Construction and other contractors to serve as the primary general contractor for the Project.

### **Principal Parties and Consultants.**

Developer	Velocity Capital, LLC, ARC Trust, Inc. and CapHeights Central, LLC
County's Financial Advisor	Public Advisory Consultants
Bond Counsel	Ballard Spahr LLP

**Representations and Covenants Fulfilling CR-38-2011.** We amend the section titled "Representations and Covenants Fulfilling CR-98-2010" as follows:

**1. Be consistent with the County's General Plan and Sector Plans, as well as other economic and community development policies, strategies and tools.**

We adopt the response to the Original TIF Proposal.

**2. Generate additional significant revenue for the County.**

The Project generates additional significant revenue for the County based on the projections provided in the projections prepared by MuniCap, Inc. *See* Projections, attached as Exhibit A.

**3. Meet both a short-term and long-term "But-For Test," which demonstrates that the proposed project or initiative is not feasible without the County's participation and assistance.**

We adopt the response to the Original TIF Proposal.

**4. Be subject to a "Trigger Mechanism/Look Back Provision," which, on an ongoing basis, examines a project's proposed and projected cash flows, profits and other financial information to determine whether and when repayment of the County's investment is or may be necessary.**

The Project will be subject to a "trigger mechanism/look back provision," which on an ongoing basis, examines the Project's proposed and projected cash flows, profits and other financial information to determine whether and when repayment of the County's investment is or may be necessary. The Developer has agreed to a profit sharing arrangement with the County, under which the Developer will make an annual payment to the County of 5% of the Net Revenues of the Project (as defined in the Master Development Agreement, as may be amended).

**5. Where appropriate, be used to help fund the revitalization of an area or community in the County.**

We adopt the response to the Original TIF Proposal.

**6. Local Minority Business Enterprise Equity Participation and MBE Plan.**

**A.** *Provide documentation, prior to any issuance of TIF bonds, showing not less than 5% of the value of the TIF issued to the development through LMBE ownership or participation equal to 5% of the TIF note issued.*

Since the Project's inception, local minority-owned businesses have held a majority equity ownership interest in the Project. The Gateway at Kingdom Square Church is an African American church located in Capital Heights, Maryland, and it established the Central Gateway CDC, which remains involved in the Project but is no longer a co-developer. The co-developer, Velocity Capital, LLC, is a minority-owned and operated limited liability company, headquartered in Bowie, Maryland.

**B.** *Minority Business Enterprise ("MBE") Plan to include a goal of 30% for local business enterprise (LBE), minority business enterprise (MBE) and local minority business enterprise (LMBE); however, at no time shall the LMBE participation be less than 20% of the available project dollars.*

The Developer has agreed to comply with a goal of 35% for CBB, CBSB, MBE and LMBE participation with a minimum of 25% of CBB, CBSB, MBE and LMBE participation and 20% of LMBE Participation. These requirements are in excess of the requirements of CR-38-2011 and will be memorialized in an update to the MBE Plan, which will be approved by the Compliance Manager prior to the issuance of the Bonds.

**7. Not have an adverse impact on the County's credit/bond rating.**

We adopt the response to the Original TIF Proposal.

**8. Expand and strengthen employment opportunities with a minimum employment goal of 30% for County residents.**

We adopt the response to the Original TIF Proposal.

**9. Expand the County's commercial base.**

The Project will expand the County's commercial base. The Project is projected to provide approximately 117,500 square feet of commercial space and 115,000 square feet of office space, as well as a 120 room hotel, for the County in an area situated between both Largo Town Center and Morgan Boulevard metro stations.

**10. Use best efforts to afford opportunities for public and private partnerships.**

We adopt the response to the Original TIF Proposal.

**11. Use best efforts to offer creative and unique opportunities for economic and community development projects and initiatives.**

The Project will use best efforts to offer creative and unique opportunities for economic and community development projects and initiatives. The Project is expected to provide approximately 400 units of residential property and 117,500 square feet of commercial property in an area of the County that is targeted for redevelopment. Due to its location within 1 mile of both the Largo Town Center and Morgan Boulevard metro stations, the Project presents an opportunity to increase transit-oriented development in an area deemed to be blighted.

**12. Certify to the Compliance Manager, as a condition of receive assistance, verifying that all construction contractors and subcontractors, of whatever tier, performing work on the assisted project, shall meet the apprenticeship requirements, or submit to the Compliance Manager a request for a partial waiver of such requirement.**

The Developer agrees to meet the apprenticeship requirements, or submit a request for a partial waiver of such requirements, for all construction contractors and subcontractors performing work on the Project.

**13. Participate in a Class A Apprenticeship Program for each separate trade or classification in which it employs craft employees and shall continue to participate in such program or programs for the duration of the project, or submit to the Compliance Manager a request for a partial waiver of such requirement.**


The Developer agrees to participate in a Class A Apprenticeship Program, or submit a request for a partial waiver of such requirement, for each trade or classification in which it employs craft employees.

**14. Provide to the Compliance Manager with the certification required by paragraph 12 a list of all trades or classifications of craft employees it will employ on the project and documentation verifying it participates in a Class A Apprenticeship Program for each trade or classification listed, or submit to the Compliance Manager a request for a partial waiver of such requirement.**

The Developer agrees to provide the certification required by paragraph 12 and a list of all trades or classifications of craft employees it will employ on the project and documentation verifying such participation, or submit a request for a partial waiver of such requirement.

**Incorporation of Representations and Covenants Fulfilling CR-38-2011.** Upon issuance of the bonds, each of the “Representations and Covenants Fulfilling CR-38-2011” set forth above shall be deemed incorporated into the development agreement (or other contract) between the Developer and the County with respect to the Project, whether or not expressly addressed by the development agreement (or other contract) and shall be enforceable by the County against the Developer as if set forth in full therein.

**CAPHEIGHTS CENTRAL, LLC**

By:   
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Brandon Bellamy  
Manager