

Carillon Prince George's County
Minority Business Enterprise Plan
Prince George's County, Maryland

October 18, 2019



Carillon

Minority Business Enterprise Plan

I. EXECUTIVE SUMMARY

Carillon (the “Project”) will consist of the redevelopment of a former predominantly retail venue into a mix of retail, residential, hospitality, and office space located proximate to the Largo Town Center Metro Station, which is designated by Prince George’s County (the “County”) as one of its three “Downtowns.” RPAI Capital Centre II, L.L.C., acting for itself and its Affiliates (as defined in the PILOT) (collectively the “Developer”) is the owner and Developer of the Project. As the Developer of the Project, Developer is committed to the principle that County-Based Businesses (“CBBs”), County-Based Small Businesses (“CBSBs”), Minority Business Enterprises (“MBEs”), and County-Based Minority Business Enterprises (“CMBEs”) must be afforded the opportunity to participate in the economic transformation of the County created by the Project.

The Developer intends to institute projects designed to achieve contracting participation by CBBs, CMBEs, CBSBs, MBEs with the goal of:

- ❖ Providing opportunities for CBBs, CMBEs, CBSBs, and MBEs to participate in the economic grow and development in the County.
- ❖ The Developer will present contractual opportunities for CBBs, CMBEs, CBSBs, and MBEs to provide professional and non-professional services and goods though the competitive bid process.
- ❖ Achieving or exceeding agreed upon contractual spend percentages for CBBs, CMBEs, CBSBs, and MBEs.

II. PAYMENT IN LIEU OF TAXES (“PILOT”)

Prince George’s County will execute a PILOT agreement with the Developer equal to 75% of the incremental County real property taxes for a maximum term of 15 years. Such PILOT agreement will require the property owner to pay 100% of real property taxes, and the County to subsequently refund up to 75% of the incremental County real property taxes to the Developer, subject to satisfaction of certain conditions as more particularly described in the PILOT agreement.

III. PROJECT DESCRIPTION (OVERVIEW)

The Project is a multi-phased mixed use large-scale economic and community development project in the County’s central Downtown, per the Prince George’s County Master Plan 2035, that will provide significant redevelopment resulting in retail, residential, hospitality, and office space. The Project will assist in the creation of downtown Largo with direct access to I-95/I-495, the Largo Town Center Metro station and integrated with the new University of Maryland Capital Region Medical Center. The Project is anticipated to be developed over several phases spanning over a 15-year time frame, the first phase is expected to include approximately 250,000 square feet of commercial space and 351 apartments.

It is anticipated that at completion of the Project it will consist of the following:

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- Up to 3.0 million square feet of retail, residential, hospitality and office use
- The Project's four-season open space, which will feature a variety of community activities and events
- Up to 300,000 square feet of retail space
- Up to 900,000 square feet of additional commercial space
- Up to 3,000 multi-family residential units
- Up to 300 hotel rooms

The Prince George's County 2035 Master Plan designated the areas around the Largo Town Center, New Carrollton and Prince George's Plaza metro stations as Downtown development areas. The Project will become an important part of the fabric of the County and reflect the social and economic strengths of the entire region while delivering on the vision of so many who were part of the master plan process. The Project development cost, prior to any exclusions, that will be subject to the CBB, CMBE, CBSB, and MBE requirements is estimated to be approximately \$973,569,965.00 as set forth in Exhibit 1 and discussed in greater detail in Section V below.

IV. SCOPE OF PARTICIPATION (PHASE OVERVIEW)

The Developer envisions that the Project will be built over multiple phases and include approximately:

- ❖ Phase I:
 - 351-unit residential multifamily units
 - 150,000 square feet of retail/restaurant/entertainment
 - 100,000 square feet of office
- ❖ Phase II
 - 97 condominium units
 - 200,000 sf of office
 - 20,000 square feet of retail/restaurant/entertainment
 - 150 Key Hotel
- ❖ Phase III
 - 292 multifamily residential units
 - 20,000 square feet of retail/restaurant/entertainment
- ❖ Phase IV
 - 289 multifamily residential units
 - 15,000 square feet of retail/restaurant/entertainment
- ❖ Phase V
 - 279 multifamily residential units
 - 13,000 square feet of retail/restaurant/entertainment
- ❖ Phase VI

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- 86 condominium units
- 13,000 square feet of retail/restaurant/entertainment
- 150,000 square feet of office
- 150 key hotel
- ❖ Phase VII
 - 282 multifamily residential units
 - 15,000 square feet of retail/restaurant/entertainment
- ❖ Phase VIII
 - 260,000 square feet of office

V. CBB, CMBE, CBSB, AND MBE GOALS AND OBJECTIVES

The Developer plans to implement programs that will be designed to achieve contracting participation by CBBs, CMBEs, CBSBs, and MBEs. The Developer acknowledges that the following information relates to certain portions of the Project and that it intends to supplement Exhibit 2 to this MBE Plan by providing information in substantively the same form as set forth in Exhibit 2 as a part of the County's review of each phase of the Project.

To the extent that Developer, directly or indirectly, incurs such costs, the Developer, will use Best Efforts (as defined in Part XI of this MBE Plan) to cause 35% or more of the costs of constructing the Project and certain other costs incurred during the construction of the Project, including the total building costs, site work costs and soft costs, to be incurred pursuant to contracts with CBBs, CMBEs, CBSBs, and MBEs. At a minimum, the Developer will cause at least 25% of such incurred costs to be directed to contracts with CBBs, CMBEs, CBSBs, and MBEs, with at least 20% of such construction costs to be expressly directed to contracts with CMBEs. These percentages apply to the total building cost, site work cost, and related construction services of the Project that are directly controlled and procured by Developer.

Opportunities for CBBs, CMBEs, CBSBs, and MBEs will include, but not be limited to: accounting, engineering and legal; permit expediting and construction management; site work, including excavating and hauling, concrete and foundations; welding, electrical, plumbing, door installation, drywall, painting, carpeting, tiling and interior design; asphalt and landscaping; property and program management; signage, marketing, maintenance and cleaning. Exclusions of certain trades from the total CBBs, CMBEs, CBSBs, and MBEs -applicable construction costs (as defined in Part XI of this MBE Plan) may be amended by the agreement of the County's MBE Compliance Manager and the Developer from time to time. Certification of all CBBs, CMBEs, CBSBs, and MBEs is required, and the selection of qualified CBBs, CMBEs, CBSBs, and MBEs shall be made by the Developer in its sole discretion.

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Any CBBs, CMBEs, CBSBs, and MBEs certified by the County's Office of Central Services, Supplier Development and Diversity Division, the Maryland Department of Transportation, the Washington Metropolitan Area Transit Authority, the Capital Region Minority Supplier Development Council, the National Minority Supplier Development Council, the Department of Veterans Affairs, the Women Presidents Education Organization and the U.S. Pan Asian American Chamber of Commerce, or any federal agency shall be deemed certified for purposes of this MBE Plan. The Developer will also encourage local business opportunities at the Project.

The MBE Compliance Manager shall exclude certain improvements and trade work from the applicable hard and soft construction costs if Developer demonstrates to the MBE Compliance Manager's reasonable satisfaction that the bidding process conducted by the general contractor or the Developer reveals that CBBs, CMBEs, CBSBs, and MBEs -subcontractors are unavailable to perform the necessary work or their bids are significantly greater than the average of the non-CBBs, CMBEs, CBSBs, and MBEs subcontractor bids. The general contractor or the Developer shall provide documentation to the MBE Compliance Manager to assist in the determination, including copies of the bid documents, the number of respondents by category (CBB, CMBE, CBSB, MBE, other), bid amounts by each respondent, evidence of outreach efforts to CBBs, CMBEs, CBSBs, and MBEs, and any other information deemed reasonably necessary. After submitting the documentation to and consulting with the MBE Compliance Manager about vendor outreach efforts, if requested by the MBE Compliance Manager, the general contractor or Developer shall conduct a Best and Final Offer (BAFO) bidding process. If following such BAFO process the pricing of bids, if any, by CBBs, CMBEs, CBSBs and MBEs-subcontractors remains significantly greater than the average of the non-CBBs, CMBEs, CBSBs, and MBEs subcontractor bids, the MBE Compliance Manager shall grant the requested exclusion. Any exclusions approved under this process must be evidenced in writing from the MBE Compliance Manager to the general contractor or Developer, and shall contain the specific amount excluded, the trade work or improvements, and indicate the revised MBE baseline project cost that the various MBE goals and requirements are calculated.

The Developer represents that it will collaborate with the MBE Compliance Manager early on in the planning of the construction of future phases of the Project with a goal of increasing the percentage of the MBE Plan applicable budget available to CMBEs, CBSBs, MBEs and CBBs in all future phases of the Project. The Developer will work with the MBE Compliance Manager to establish outreach programs, including vendor events, with a particular focus on increasing opportunities for CBBs, CMBEs, CBSBs, and MBEs. Exhibit 2 lists the procurement opportunities that will be presented to CBBs, CMBEs, CBSBs, and MBEs for them to respond to in a competitive bidding process.

The Developer acknowledges that it will supplement this MBE Plan by providing information for future phases of the Project as a part of the County's review of each phase. The Developer will provide the required additional information 45 days before the beginning of the next phase, and

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will thereafter work in good faith to obtain the MBE Compliance Manager’s approval of such supplement as soon as reasonably practicable thereafter. The existing exclusions under this MBE Plan and any supplement hereto previously approved by the MBE Compliance Manager shall continue to control until any new proposed supplement to the MBE Plan by Developer for a future phase of the Project is approved by the MBE Compliance Manager.

The following estimates will be modified throughout the project development based on any approved exclusions from the baseline project total of \$973,569,695.00.

Best Efforts at 35%	\$ 340,749,393.25
CBB, CMBE, CBSB, and MBE at 25%	\$ 243,392,423.75
CMBE at 20%	\$ 194,713,939.00

In addition to the requirements set forth above in this Section V, the Developer shall request that any third party owner of land within the Project who contracts with a general contractor for (1) vertical construction of rental or for-sale residential buildings, or (2) vertical construction of office or mixed-use buildings, in each case, as part of the initial construction of the Project (not including any tenant build-out or other interior improvements) (a “Third-Party Builder”) use commercially reasonable efforts to cause 25% to 35%, with 35% being the target, utilization of CBBs, CBSB, MBEs and CMBEs to the extent practical in connection with the construction of any such building by a Third-Party Builder. The Developer will request that each Third-Party Builder or its general contractor, prior to the commencement of vertical construction of any such building within the Project, meet with the MBE Compliance Manager and develop a plan to facilitate the accomplishment of the goals set forth in this paragraph. Notwithstanding anything to the contrary in the foregoing, Developer shall have no obligation to ensure the satisfaction of the commercially reasonable efforts goals by any Third-Party Builder or its general contractor, or to condition any sale, lease, contract or other agreement pertaining to the Project on the satisfaction of the goals set forth above with respect to a Third-Party Builder. Developer shall have no liability to any party in the event the above goals are not met by any Third-Party Builder for any reason. This paragraph is not intended in any way to limit the goals and requirements applicable to Developer set forth in the previous paragraphs of this Section V.

VI. ADMINISTRATION OF THE MBE PLAN

Craig Friedson, Assistant Vice President Development, Retail Properties of America, Inc., will serve as Program Manager and supervise efforts to meet the CBBs, CMBEs, CBSBs, and MBEs participation goals. The Program Manager will assist in identifying qualified contractors through the County and The State of Maryland’s Governor’s Office of Small, Minority & Women Business Affairs, the Prince George’s County Office of Central Services, Supplier Development and Diversity Division, the Prince George’s Community College’s Center for Entrepreneurial

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Development, Prince George's County Chamber of Commerce (and/or other County and non-County stakeholders involved in economic development), community briefings and contractor job fairs. The Program Manager will track the use of the selected qualified contractors, make available to the public information about possible subcontract opportunities and market contract opportunities for CBBs, CMBEs, CBSBs, and MBEs companies through the internet, social and traditional media, the Prince George's County Office of Central Services, Supplier Development and Diversity Division and the Prince George's County Community College's Center for Entrepreneurial Development, Prince George's County Chamber of Commerce (and/or other County and non-County stakeholders involved in economic development). In addition, the Program Manager will be responsible for communicating with and generating reports for the oversight board.

The Program Manager's contact information is as follows:

Name: **Craig Friedson**
Title: **Assistant Vice President Development**
Address: **7900 Tyson One Place, Suite 280**
 McLean, VA 22102
E-Mail: **Friedson@RPAI.com**
Telephones: **571-635-8931**

VII. PAYMENT

Payments to each CBBs, CMBEs, CBSBs, and MBEs will be made in accordance with the lawful terms of a fully negotiated and executed contract between the Developer (or, if appropriate, the contractor or general contractor), and the applicable CBB, CMBE, CBSB, or MBE firm, with payment due under said contract no more than sixty (60) days after satisfactory completion of the entire scope of work under the contract, unless other written special arrangements are made.

VIII. RECORD KEEPING, REPORTING, AND COMPLIANCE

The Developer will establish and maintain records to prepare and submit a report to the County's MBE Compliance Manager, which will identify and assess progress in achieving the goals of this MBE Plan. Beginning on the first to occur of January 1, April 1, July 1 and October 1 after the commencement of the construction of the Project, and every January 1, April 1, July 1 or October 1 thereafter during construction of the Project, the Developer shall prepare a report detailing the utilization of CBBs, CMBEs, CBSBs, and MBEs (the "Report"). The Report shall include the dollar amount of all contracts awarded by the Developer and/or the Contractor to CBBs, CMBEs, CBSBs, and MBEs on the Project and a description of the development team's plans to improve performance if necessary. The Report shall also include (i) the name of each CBBs, CMBEs, CBSBs, and MBEs and its address, telephone number and individual contact; (ii) the amount of

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the subject contract; (iii) a description of the scope of work covered by the subject contract; (iv) the year-to-date amount paid to CBBs, CMBEs, CBSBs, and MBEs; and (v) such other information reasonably determined by the County's MBE Compliance Manager as necessary to achieve the goals set forth herein. The initial report shall include all CBBs, CMBEs, CBSBs and MBEs who have provided services allowing for the proposed construction since the initiation of the Project in September 2016.

The Developer will meet with the County's MBE Compliance Manager at least quarterly to discuss the activities reported and identify future activities that will help achieve the objectives set forth in this MBE Plan. The Developer will establish and maintain the records pertaining to procedures which have been adopted to comply with the policies set forth in this MBE Plan, including the establishment of a source list of CBBs, CMBEs, CBSBs, and MBEs; awards to businesses in the various categories set forth in this MBE Plan; and specific efforts undertaken to identify and award contracts to CBBs, CMBEs, CBSBs, and MBEs. The Developer will make all records pertaining to this MBE Plan available to the County upon request.

Failure to submit the Report on a timely basis may, at the discretion of the County's MBE Compliance Manager, result in a penalty not to exceed \$1,000.00 each day such Report is late. Prior to any assessment of fees, the County's MBE Compliance Manager shall provide written notice of such failure to the Program Manager.

The Developer shall reasonably cooperate with the County in studies and surveys of the Developer's CBBs, CMBEs, CBSBs, and MBEs procedures and practices that the County may from time to time conduct.

IX. EMPLOYMENT

The Project is anticipated to create significant employment opportunities and significant economic impact to the County both during construction and at full build out. The Developer will work with Employ Prince George's, use the Project website, social media outlets, local newspapers, and other venues to attempt to provide notice to Prince George's County residents of job opportunities for the Project. The Developer anticipates the creation of 5,255 temporary construction-related, direct and indirect jobs to develop and construct the Project resulting in annual earnings of approximately \$350,000,000.00. In addition, the Developer anticipates the creation of 2,633 permanent jobs as a result of the Project at full build-out with aggregate annual compensation of approximately \$400,000,000.00.

X. DEFAULTS, FINES, AND APPEALS

The Developer shall use Best Efforts to meet the CBBs, CMBEs, CBSBs, and MBEs participation goal of 35% set forth herein. In the event the Developer fails to meet the minimum 25% CBBs,

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CMBEs, CBSBs, and MBEs or 20% CMBE participation requirements set forth in this Plan, as determined by the County's MBE Compliance Manager in a written notice pursuant to the MBE Compliance Manager's review of the Report, and such failure shall not be cured by the Developer within sixty (60) days after receipt of such notice from the County's MBE Compliance Manager, then such failure shall be deemed an "Event of Default." To the extent that Developer is behind in meeting the minimum participation requirements, Developer may demonstrate its ability to meet such requirements upon completion of the Project.

Upon the occurrence of an Event of Default, Section 9(c) of the PILOT agreement shall apply.

Notwithstanding the foregoing, in the event the Developer disputes a determination by the County's MBE Compliance Manager of an Event of Default, the Developer shall have the right to appeal such determination to a panel of neutral mediators. The County shall appoint one member to the panel, and the Developer shall appoint one member of the panel. The third member of the panel shall be jointly agreed upon by the County and the Developer. No penalty may be assessed against the Developer until the Developer has exhausted such appeal. The Developer agrees to pay all reasonable expenses incurred by a panel of neutral mediators, but only if the Developer is found by the panel to be in default.

XI. DEFINITIONS AND CERTIFICATIONS BEST EFFORTS

Best Efforts means actions taken by the Developer in a true and genuine attempt to achieve compliance with and to further the interest and purpose of its MBE Plan, without any design to deceive or defraud the County or intended beneficiaries of this MBE Plan or to otherwise undermine the interest of this MBE Plan.

Business means any association, corporation, partnership, individual, sole proprietorship, joint stock company, joint venture, or any other legal entity through which business is conducted.

Code means the County Code of Prince Georges County, Maryland.

County-Based Business means a County-based business in accordance with [Section 10A-163](#) of the Code.

County-Based Minority Business Enterprise means a business that is both:

- (A) a Minority Business Enterprise as certified by the Supplier Development and Diversity Division; and
- (B) a County-Based Business.

County-Based Small Business means a business that:

- (A) (i) meets the requirements of [Section 10A-163](#)(b) of the Code and

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- (ii) whose application for certification as a County-based small business is approved by the Purchasing Agent; or
- (B) is a County-Based Minority Business Enterprise that meets the requirements of [Section 10A-163\(g\)](#) of the Code.

Minority Business Enterprise means any business enterprise:

- (A) Which is at least fifty-one percent (51%) owned by one or more minority individuals, or, in the case of any publicly owned corporation, at least fifty-one percent (51%) of the stock of which is owned by one or more minority individuals; and
- (B) Whose general management and daily business affairs and essential productive operations are controlled by one or more minority individuals; and
- (C) Which has been certified by the Supplier Development and Diversity Division as a Minority Business Enterprise pursuant to Division 6 of the Code.

Minority individuals are those who have been subjected to prejudice or cultural bias because of their identity as a member of a group in terms of race, color, ethnic origin, or gender, without regard to their individual capabilities. Minority individuals are limited to members of the following groups:

- (A) African Americans (Black Americans), which includes persons having origins in any of the Black racial groups of Africa;
- (B) Asian-Pacific Americans, which includes persons whose origins are from Japan, China, Taiwan, Korea, Burma (Myanmar), Vietnam, Laos, Cambodia (Kampuchea), Thailand, Malaysia, Indonesia, the Philippines, Brunei, Samoa, Guam, the U.S. Trust Territories of the Pacific Islands (Republic of Palau), the Commonwealth of the Northern Marianas Islands, Macao, Fiji, Tonga, Kiribati, Tuvalu, Nauru, Federated States of Micronesia, or Hong Kong;
- (C) Subcontinent Asian Americans, which includes persons whose origins are from India, Pakistan, Bangladesh, Bhutan, the Maldives Islands, Nepal or Sri Lanka;
- (D) Hispanic Americans, which includes persons of Mexican, Puerto Rican, Cuban, Central or South American, or other Spanish or Portuguese culture or origin, regardless of race;
- (E) Native Americans, which includes persons who are American Indians, Eskimos, Aleuts, or Native Hawaiians;
- (F) Females, regardless of race, ethnicity or origin; and
- (G) Veterans and Service-Disabled Veterans.

XII. EXCLUSIONS

The following is a list of exclusions for the Carillon Prince George's Project. During the period of performance of the Project there may be other exclusions that will need to be reviewed by the County's MBE Compliance Manger and the Developer.

- Utilities

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- Funds Expended in an emergency
- Structural steel
- Escalators
- Elevators
- Payments to government (including permits, taxes, and any incurred cost where the government is the sole provider of that good or service)
- Land
- Insurance Premiums use for the purpose of underwriting the project
- Rebar
- Concrete
- Pre-cast concrete
- Fire protection
- Fire proofing
- Interior and exterior signage
- Monies expended before September 1, 2016.


[Signature on Following Page]

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DELIVERED to Prince George's County, Maryland this 18th day of October, 2019

RPAI CAPITAL CENTRE II, L.L.C.,
a Delaware limited liability company

By: Retail Properties of America, Inc.,
a Maryland corporation, its sole member

By: 
Name: **Matthew A. Beverly**
Title: **President - Eastern Division**

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EXHIBIT 1

Project Budget by Phase

Phase I:	\$213,039,557.00
Phase II	\$104,673,744.00
Phase III	\$110,938,289.00
Phase IV	\$111,141,042.00
Phase V	\$109,145,094.00
Phase VI	\$96,255,501.00
Phase VII	\$118,351,319.00
Phase VIII	\$110,025,419.00
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Total	\$973,569,965.00

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EXHIBIT 2

Procurement Opportunities for CBBs, CMBEs, CBSBs, and MBEs

NAICS CODES	DESCRIPTION
236220	Commercial and Institutional Building Construction
237110	Water and Sewer Line and Related Structures Construction
237310	Highway, Street, and Bridge Construction
238110	Poured concrete Foundation and Structure Contractors
238120	Structural Steel and Precast Concrete Contractors
238130	Framing Contractors
238140	Masonry Contractors
238150	Glass and Glazing Contractors
238160	Roofing Contractors
238170	Sliding Contractors
238190	Other Foundation, Structure, and Building Exterior Contractors, Welding
238210	Electrical Contractors and Other Wiring Installation Contractors
238220	Plumbing, Heating, and Air-Conditioning Contractors
238290	Other Building Equipment Contractors
238310	Drywall and Insulation Contractors
238320	Painting and Wall Covering Contractors
238330	Flooring Contractors
238340	Title and Terrazzo Contractors
238350	Finish Carpentry Contractors
238390	Other Building Finishing Contractors
238910	Site Preparation Contractors
238990	All Other specialty Trade Contractors, Construction cleanup
323114	Quick Printing
324121	Asphalt
327320	Ready-Mix Concrete Manufacturing
339950	Sign Manufacturing
423210	Furniture Merchant Wholesalers
423420	Office Equipment Merchant Wholesalers
423430	Computer and Computer Peripheral Equipment and Software Merchant Wholesalers

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423440	Other Commercial Equipment Merchant Wholesalers
423610	Electrical Apparatus and Equipment, Wiring suppliers, and Related Equipment Merchant
423690	Other Electronic Parts and Equipment Merchant Wholesalers
423850	Service Establishment Equipment and Suppliers Merchant Wholesalers
424120	Stationery and Office Suppliers Merchant Wholesalers
484121	General Freight Trucking, Long-Distance, Truckload
492110	Couriers and Express Delivery Services
517110	Wired Telecommunications Carriers
517210	Wireless Telecommunications Carriers (except Satellite)
531312	Property management
541110	Legal, Construction Management
541211	Accounting
541330	Engineering
541410	Interior design
541613	Marketing, Program Management
561730	Landscaping
811490	Maintenance
926150	Permit expediting