

# NEW CARROLLTON METRO

## County-Based and Minority Business Enterprise Plan Prince George's County, Maryland

May 23, 2017



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**EXECUTIVE SUMMARY**

New Carrollton Metro Station Project (the “Project”) will consist of the development of retail, commercial, residential and office facilities and a hotel near the New Carrollton metro station in Prince George’s County, Maryland (the “County”).

Urban Atlantic Development, LLC, or an affiliate or subsidiary (the “Owner”), is the owner of the Project, and New Carrollton Developer, LLC, or an affiliate or subsidiary of the Owner (the “Developer”), will serve as the developer of the Project. As the Developer of the Project, New Carrollton Developer, LLC 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, CBSBs, MBEs and CBMEs with the goal of:

- Hiring and promoting qualified County residents in private sector employment positions at the Project; and
- Achieving contracting participation by CBBs/CBSBs/MBEs/CMBEs.

**I. PILOT and CIP Overview**

New Carrollton Metro Station Project (which may also be referred to as the “Project”) will consist of approximately 2.7 million square feet of development, including retail, commercial, residential and office facilities and a hotel near the New Carrollton metro station in Prince George’s County, Maryland (the “County”), which is near Route 50 and Interstate 495. New Carrollton metro station currently serves lines run by WMATA, MARC and Amtrak and is expected to be a stop on the planned Purple Line. The Project will support the community by providing high-quality residential units and a hotel and creating jobs while also increasing commercial, retail and restaurant opportunities.

Plan Prince George’s 2035 Approved General Plan (the “General Plan”), the primary official public policy document guiding land development in Prince George’s County, Maryland (the “County”), contemplates the development of “regional transit districts” as focal points for development and civic activity that will become mixed-use, economic generators for the County. Additionally, the General Plan designates New Carrollton metro as a “Downtown,” which is an area “best positioned to develop – in the near-term – into vibrant, walkable, regional-serving centers.”

The County has identified that “economic growth hinges on transit-oriented development” and adopted a policy to “create a diverse, innovative, and regionally competitive economy that generates a range of well-paying jobs and strategically grows the tax base.” Under the General Plan, the County is to “[e]stablish and direct the majority of County resources and

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investment to designated Downtowns to ensure their success.” To implement this policy, the County highlighted its strategy to “[p]rioritize capital improvement projects that encourage new private investment[.]”

The Developer plans to implement the improvements in accordance with the 2010 Approved New Carrollton Transit District Development Plan (the “New Carrollton District”) and Transit District Overlay Zoning Map Amendment (the “Sector Plan”), and as approved by the Department of Permitting, Inspections and Enforcement (the “DPIE”) and the Maryland-National Capital Park and Planning Commission (the “MNCPPC”) during the entitlement and permitting process. The Sector Plan seeks to develop the New Carrollton Metropolitan Center into a premier destination with up to 7,000 housing units; 6,180,000 square feet of office/retail space; and an extensive system of civic and park spaces. According to the Sector Plan, a “[d]edicated structured parking for WMATA” will be constructed and incorporated into use, while public spaces and parks will be placed throughout the zone to provide “aesthetic, recreational and environmental benefits” – all to “stimulate and coordinate new investment.”

In furtherance of these policies, the Developer has requested revitalization tax credits, payment in lieu of taxes agreements (“PILOT Agreement”) and assistance through the County’s capital improvement program (the “County CIP”) to provide funds to finance public infrastructure improvements that support commercial, retail and residential mixed-use development and ancillary facilities in the New Carrollton District. The Developer plans to develop a mixed-use development and complementary public improvements in the New Carrollton District pursuant to the Sector Plan and as approved by DPIE and MNCPPC. Accordingly, the County is considering a resolution authorizing the PILOT Agreement in connection with the Project, the authorization of which will enable the Project to be developed by the Developer.

The Developer will work closely with the County to confirm County-Based Minority Business Enterprise participation in the Project, pursuant to this County-Based and Minority Business Enterprise Plan (this “CMBE Plan”). The Developer has executed this CMBE Plan with the understanding that the Developer’s obligations under the CMBE Plan shall commence on the date that is the latter of (i) the execution and delivery of PILOT Agreement approved pursuant to CR-36-2017, or (ii) the execution and delivery of Developer’s Participation Agreement in form and substance acceptable to the County and the Developer, together with County approval of the related Capital Improvement Program funding source or other source of funds (the “Effective Date”).

## **II. Project Overview**

New Carrollton Metro Station is a large-scale economic and community development project that will provide residential, commercial and office space and hotels and improve the infrastructure within the area located near the New Carrollton metro station. As currently proposed, the Project will encompass approximately 2.7 million square feet of development and be bounded by Ellin Road to the north, Route 50 to the south and Corporate Drive to the east. The Project will be located within walking distance of the New Carrollton metro station.

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It is anticipated that the development will occur over multiple phases that will be implemented over time based on market demand and the availability of financing. Upon completion, the Project is expected to consist of approximately:

- 1 million square feet of office space;
- 1,375 multi-family housing units;
- 131,000 square feet of retail and restaurant space; and
- A 250-room hotel.

The Developer is actively working on the design, entitlement, permitting and financing of a 200,000-square foot office building and an 810-space parking garage as a part of Phase 1a. Phase 1b is also in the planning stages and will consist of an approximately 250-unit apartment building.

**III. Phase Overview**

The Developer expects that the Project will occur over the following phases:

- Phase 1a is expected to include the construction of a 200,000 square foot office building, an 810-space parking garage, which will include approximately 150 parking spaces dedicated as either publically available parking for transit users or as parking for WMATA, to be shared by the office tenants and Phase 1b apartment users, improvements to Garden City Drive at new intersections and related public improvements, including a public plaza.
- Phase 1b is expected to include the construction of a 250-unit multi-family apartment building and completion of the WMATA-related facility improvements.
- Phase 2 is anticipated to include 350 multi-family units; 150,000 square feet of office space; 55,000 square feet of retail and/or restaurant space; a 250-room hotel; associated parking and further infrastructure improvements to support the Project.
- Phase 3 is anticipated to include 495 multi-family units; 150,000 square feet of office space; 25,000 square feet of retail/restaurant place; associated parking and infrastructure improvements to support the Project.
- Phase 4 is expected to include 280 multi-family units; 525,000 square feet of office space; 30,000 square feet of retail and/or restaurant space; associated parking and further infrastructure improvements to support the Project.

The chart on the following page outlines the expected timing of the completion of the construction of the Project buildings.

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<u>Component</u>	<u>Building</u>	<u>Closing</u>	<u>Delivery</u>
<b>Phase 1</b>			
1A	4	2017	2018
1B	5	2018	2020
<b>Future Phases</b>			
	2A	2018	2020
	2B	2019	2021
	11A	2019	2021
	1B	2021	2023
	6A	2021	2023
	6B	2022	2024
	11B	2022	2024
	3B	2023	2025
	7	2023	2025
	1A	2024	2026
	3A	2024	2026
	8	2024	2026
	10	2025	2027
	9	2026	2028

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The construction of the Project will have a significant economic and fiscal impact to both the County and New Carrollton. The Project will represent a significant financial benefit to the County of \$122,124,316 within 39 years of full build-out. As a result of the construction and development of the Project, the Developer anticipates the creation of approximately 4,603 new temporary jobs in Prince George's County with total annual earnings of \$304,432,957. In addition, the Developer anticipates the creation of approximately 5,546 permanent jobs as a result of the Project at full build out with aggregate annual compensation of \$264,929,454.

**IV. The Development Team**

New Carrollton Developer, LLC, or an affiliate or subsidiary of the Owner, will be the developer of the residential and commercial portions of the Project. The Developer is an affiliate of Urban Atlantic Development, LLC, which will own and manage the Project. Urban Atlantic Development, LLC is one of North America's leading finance, investment and development firms and has completed over \$2.4 billion in real estate development and placed over \$1.3 billion in real estate investments.

Gensler, the Master Planner for New Carrollton and the architect for Phase 1a's office building, is a global architecture, design, planning and consulting firm that partners with clients on approximately 3,000 projects every year. Gensler's projects can be as small as a wine label or as large as a new urban district. With more than 3,500 professionals networked across 42 locations, Gensler serves its clients as trusted advisors, combining local expertise with global perspective whenever new opportunities arise. The firm's work reflects an enduring commitment to sustainability and the belief that design is one of the most powerful strategic tools for securing lasting competitive advantage.

**V. CBB, CBSB, MBE and CMBE Goals and Objectives**

As the developer of the Project, New Carrollton Developer, LLC is committed to the principle that local business enterprises, minority business enterprises and local minority business enterprises (respectively, and as further defined in Part X of this CMBE Plan, "CBBs," "CBSBs," "MBEs" and "CMBEs") should be afforded the opportunity to participate in the economic transformation of the County created by the Project. The Developer plans to implement programs that will be designed to achieve contracting participation by CBBs, CBSBs, MBEs and CMBEs. The Developer acknowledges that the following information relates to certain portions of the Project and that it intends to supplement Exhibit 1 to this CMBE Plan by providing information in substantively the same form as set forth in Exhibit 1 as a part of the County's review of each phase of the Project.

The Developer will use Best Efforts (as defined in Part X of this CMBE Plan) to cause 35% or more of the costs of constructing Phase 1 of the Project and certain other costs incurred during the construction of Phase 1 as shown on Exhibit 1, including the total building costs, site work costs and soft costs, to be incurred pursuant to contracts with CBBs, CBSBs, MBEs and CMBEs. At a minimum, the Developer will cause at least 25% of such costs to be directed to

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contracts with CBBs, CBSBs, MBEs and CMBEs and at least 20% of these CBB/CBSB/MBE/CMBE-applicable costs to be expressly directed to contracts with CMBEs; provided, however, that the minimum requirements of 25% CBB/CBSB/MBE/CMBE and 20% CMBE participation set forth in this paragraph may be waived by the County's Compliance Manager upon a finding that the Developer has made a good faith effort to achieve such goals and the public interest otherwise is served by the grant of such waiver.

Total CMBE/CBSB/MBE/CBB-applicable hard and soft construction costs relating to the construction of Phase 1 of the Project and certain other costs incurred during the construction of Phase 1 are expected to be approximately \$81,700,000, as shown on Exhibit 1. The Developer will have the flexibility to meet the above-referenced goals on the Project on a contract-by-contract basis or as a whole. Further, the Developer will have the flexibility to exclude certain improvements and trade work from the applicable hard and soft construction costs should the bidding process conducted by the general contractor or the Developer reveal that CBB/CBSB/MBE/CMBE-subcontractors are unavailable to perform the necessary work or their bids are greater than 5% of the average of the non-CBB/CBSB/MBE/CMBE subcontractor bids.

Opportunities for CBBs, CBSBs, MBEs and CMBEs will include: 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 CMBE/MBE/CBSB/CBB-applicable construction costs are shown on Exhibit 1, which may be amended by the County's Compliance Manager and the Developer from time to time.

Certification of all CMBEs is required, and the selection of qualified CBBs, CBSBs, MBEs and CMBEs shall be made by the Developer in its sole discretion. Any CMBE certified by the County's County 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 other organization with similar certification authority), or any federal agency shall be deemed certified for purposes of this CMBE Plan. Unless waived by both the Developer and the County's Compliance Manager, all CBB/CBSB/MBE/CMBE contractors must be bondable at customary rates and have a demonstrated capacity to perform on projects of similar scope and magnitude as the Project.

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 CMBE Plan applicable budget available to MBEs and CBBs in all future phases of the Project. The Developer will work with the MBE Compliance Manager to establish out-reach programs, including vendor events, with a particular focus on increasing opportunities for CBBs and CMBEs.

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The Developer acknowledges that it will supplement this CMBE Plan by providing information for future phases of the Project as a part of the County's review of each phase.

**VI. Administration of the CMBE Plan**

Alan Lederman will serve as Program Manager and ensure consistent use of the best available contractors to meet the CBB/CBSB/MBE/CMBE participation goals. The Program Manager will assist in identifying qualified contractors through the County and State of Maryland MBE offices, the Prince George's County Office of Central Services, Supplier Development and Diversity Division, the Center for Entrepreneurial Development (and/or other 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 CBB/CBSB/MBE/CMBE companies through the internet, local newspapers, the Prince George's County Office of Central Services, Supplier Development and Diversity Division and the Prince George's County Center for Entrepreneurial Development (and/or other 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: Alan Lederman  
Title: Development Partner  
Urban Atlantic Development, LLC  
Address: 7735 Old Georgetown Road, Suite 600  
Bethesda, Maryland 20817  
Email: [alederman@urban-atlantic.com](mailto:alederman@urban-atlantic.com)  
Telephone: 301.370.0968

**VII. Reporting and Compliance**

The Developer will establish and maintain records to prepare and submit a report to the County's Compliance Manager, which will identify and assess progress in achieving the goals of this CMBE Plan. After the commencement of the construction of the Project and beginning on the first to occur of January 1, April 1, July 1 and October 1 and every January 1, April 1, July 1 and October 1 thereafter during construction of the Project, the Developer shall prepare a report detailing the utilization of CBBs/CBSBs/MBEs/CMBEs (the "Report"). The Report shall include the dollar amount of all contracts awarded by the Developer and/or the Contractor to CBBs/CBSBs/MBEs/CMBEs 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 CBB/CBSB/MBE/CMBE and its address, telephone number and individual contact; (ii) the amount of 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/CBSBs/MBEs/CMBEs; and (v) such other



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information reasonably determined by the County's Compliance Manager as necessary to achieve the goals set forth herein.

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

Failure to submit the Report on a timely basis may, at the discretion of the County's Compliance Manager, result in a penalty not to exceed \$1,000 each day such Report is late. Prior to any assessment of fees, the County's Compliance Manager shall provide written notice of such failure to the Program Manager. The Developer shall be provided a thirty (30)-day period to cure such default.

The Developer shall cooperate with the County in studies and surveys of the Developer's CBB, CBSB, MBE and CMBE procedures and practices that the County may from time to time conduct.

**VIII. Defaults, Fines and Appeals**

The Developer shall use Best Efforts to meet the CBB/CBSB/MBE/CMBE participation goal of 35% set forth herein. In the event the Developer fails to meet the minimum 25% CBB/CBSB/MBE/CMBE or 20% CMBE participation requirements set forth in this Plan, as determined by the County's Compliance Manager in a written notice pursuant to the 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 Compliance Manager, then such failure shall be deemed an "Event of Default."

From the Effective Date until one (1) year after the completion of the Project, upon the occurrence of an Event of Default, in which the Developer fails to meet the minimum requirements of this CMBE Plan, the Developer shall be subject to a "claw back" of incentives provided by the County to the Project in the form of a maximum aggregate fine or liquidated damages in the amount of \$300,000 in any calendar year with the amount of any individual fine for each Event of Default to be determined in the County Compliance Manager's reasonable discretion. Such amount represents compensation for the failure to meet a goal freely approved by the Developer, is a material consideration for the County in entering into the PILOT Agreement and providing the County CIP funding and is not to be construed as a penalty.

Notwithstanding the foregoing, in the event the Developer disputes a determination by the County's 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

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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 agreed 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.

**IX. Payments**

Payment to CBBs, CBSBs, MBEs and CMBEs 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 another general contractor), and the applicable CBB, CBSB, MBE or CMBE 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.

**X. Definitions**

**“Best Efforts”** means actions taken by the Developer in a true and genuine attempt to achieve compliance with and to further the intent and purpose of this CMBE Plan, without any design to deceive or defraud Prince George’s County, Maryland or the intended beneficiaries of this CMBE Plan or to otherwise undermine the intent of this CMBE Plan.

**“County-Based Business (CBB)”** means a business whose principal place of operation, as determined by Prince George’s County, Office of Central Services, is located within the County.

**“County-Based Minority Business Enterprise (CMBE)”** means a MBE or DBE whose principal place of operation, as determined by the Prince George’s County Office of Central Services, is located within the County.

**“County-Based Small Business (CBSB)”** means a business that meets the requirements of Section 10A-161(b) of the Prince George’s County Code and whose application for certification as a County-based small business is approved by the County’s Purchasing Agent.

**“County-Located Business (CLB)”** means a business (subject to verification by the Prince George’s County Office of Central Services), that:

(a) has a County Office or pays applicable County property taxes; and

(b) either has at least:

(1) five (5) FTE employees in the County Office for full duration of the County Office’s lease,

(2) three (3) FTE employees in the County Office, with at least two (2) of the FTE employees being County Residents, for the minimum required duration of the County Office’s lease (as specified in the definition for County Office), or

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(3) three (3) FTE employees in the County Office, if such business has an ownership interest in the building.

**“Disadvantaged Business Enterprise (DBE)”** means a for profit small business concern that is:

(a) 51% owned by one or more individuals who are both socially and economically disadvantaged or, in the case of a corporation, in which 51% of the stock is owned by one or more such individuals; and

(b) whose management and daily business operations are controlled by one or more of the socially and economically disadvantaged individuals who own it.

**“Minority Business Enterprise (MBE)”** means:

(a) any entity or business that is at least fifty-one (51%) percentage owned and controlled by one (1) 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 (1) or more Minority Individuals) and is managed or operated on a daily basis by one of such individuals; and

(b) either is certified by:

(1) one of the following authorized third party organizations: (A) MDOT, (B) Washington Metropolitan Area Transit Authority, (C) Business Enterprise National Council, (D) Women Business Enterprise National Council, (E) Pan Asian Chamber of Commerce (or any other organization with similar certification authority),

(2) any Federal agency as a MBE, or

(3) the Prince George’s County Office of Central Services as a MBE.

**“Minority Individuals”** means only individuals who are members of the following groups:

- African Americans (Black Americans) which includes persons having origin in any of the Black racial groups of Africa;

- 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 US 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;

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- Subcontinent Asian Americans, which includes persons whose origins are from India, Pakistan, Bangladesh, Bhutan, the Maldives Islands, Nepal, or Sri Lanka;
- 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;
- Native American which includes persons who are American Indian, Eskimos and Aleuts, or Native Hawaiians;
- Females, regardless of race, ethnicity or origin; and
- Veterans and Service-Disabled Veterans

*[Signature on Following Page]*

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**DELIVERED** to Prince George's County, Maryland this 23rd day of May, 2017.

**NEW CARROLLTON DEVELOPER, LLC**

By: Urban Atlantic Development, LLC, its Manager

By:   
\_\_\_\_\_  
Lois S. Fried  
Managing Partner

**EXHIBIT 1**

**Adjusted Participation Budget**