

COLLEGE PARK

MINORITY BUSINESS ENTERPRISE PLAN PRINCE GEORGE'S COUNTY, MARYLAND

September 26, 2018



QUALITY INN

MINORITY BUSINESS ENTERPRISE PLAN

EXECUTIVE SUMMARY

The proposed mixed-use development (the “*Project*”) is a sustainable community on the southern edge of the University of Maryland’s campus in College Park in the heart of Prince George’s County, Maryland (the “*County*”) located at the intersection Baltimore & Guildford Avenues inside the 495 beltway.

As the developers of the Project, Bozzuto Development Company (the “*Developer*”) and Willard are committed to the principle that County-Based Business Enterprises (“*CBBs*”), County-Based Small Business (“*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. To that end, the Developer intends to institute programs designed to:

- hire and promote qualified County residents in employment positions at the retailers which will operate at the Project;
- achieve contracting participation by CBBs, CBSBs, MBEs and CMBEs in the construction, operation and maintenance of the Project; and
- provide opportunities for CBBs, CBSBs, MBEs and CMBEs to provide professional services for the Project.

The Project involves the redevelopment of the Property, which includes the former Quality Inn site, into a vibrant mixed-use project. The Project seeks to provide the best aspects of mixed-use development to create synergy between the proposed multifamily units and retail uses. Proposed parking includes a combination of structured and on-street parking. The Property is located within the 2010 Approved Central US 1 Corridor Sector Plan and Sectional Map Amendment

The Project will consist of approximately 549,000 square feet of mixed-use development with a total approximate cost of \$145 million. The Project is expected to include approximately 393 multi-family residential units, and approximately 70,000 SF of retail space. The Project is currently in the pre-development stage and construction is anticipated to begin in Fall of 2019. The first multifamily unit delivery is expected in 2021. Bozzuto Construction Company or its affiliate will serve as the General Contractor for this project.

Bozzuto Development Company (“Bozzuto”), part of the Bozzuto Group, is a family owned, fully integrated real estate services firm headquartered in Greenbelt, Maryland. Bozzuto specializes in the development of high-end multifamily rental products in both urban & suburban settings. Over the last 30 years, Bozzuto has been responsible for developing over 45,000 apartments, 800,000 SF of retail, with more currently in planning.

The co-developer, Willard Retail, brings over 60 years of combined real estate experience in the retail arena. Founded by a group of former JBGR Retail principals with a trusted track record of long-time successes. Willard through varying partnerships has been involved in the acquisition and development of nearly 2 million SF of retail. Willard is headquartered in Bethesda, MD.

CONFIDENTIAL

I. Payment in Lieu of Taxes Overview

Prince George's County will execute a PILOT agreement with the Project Owner equal to (1) 60% of the Incremental real property taxes (TRIM-restricted taxes only) for a maximum term of 15 years on all use types. Such PILOT agreement will require (i) the property owner to pay 100% of real property taxes, and (ii) the County to subsequently refund 60% of the incremental real property taxes to the Project Owner. Prince George's County will also introduce legislation to authorize a 50% reduction in the applicable public safety surcharge per unit.

Prince George's County will provide a \$500,000 conditional loan from the Economic Development Incentive Fund (EDI Fund), subject to the normal due diligence, terms, conditions, including security (i.e. Letter of Credit, real estate, fixed assets, etc.) for the loan and approval processes for the EDI Fund.

The City of College Park will provide a Revitalization Tax Credit, Tax Increment Financing, or other financial incentive equal to 60% of the incremental real property tax for a term of a maximum of 15 years on all use types. Authorization for any financial incentive provided through a Revitalization Tax Credit, will require (i) the property owner to pay 100% of real property taxes, and (ii) the City to subsequently refund 60% of the incremental real property taxes to the Project Owner. Project Owner and City agree that the base value of the Project shall be established as the greater of (i) \$13,716,276, or (ii) the Assessed Value on the date of issuance of building permits for the Project.

II. CBB, CBSB, MBE and CMBE Goals and Objectives

As the developers of the Project, the Developer, is committed to the principle that County-Based Businesses, County-Based Small Businesses, Minority Business Enterprises and County-Based Minority Business Enterprises (respectively, and as each is further defined in Part VI of this MBE Plan, "**CBSBs**," "**CBBs**," "**MBEs**" and "**CMBEs**") should be afforded the opportunity to participate in the economic transformation of the County created by the Project. The Developer, Bozzuto and Willard plan additionally to implement programs that will be designed to:

- hire and promote qualified County Residents (as defined in Part VI of this MBE Plan) in employment positions at the companies which will operate businesses at the Project;
- achieve contracting participation by CBBs/CBSBs/MBEs/LMBEs in construction, operations and maintenance of the Project; and
- provide opportunities for CBBs/CBSBs/MBEs/CMBEs to provide professional services for the Project

Certification of all CBBs, CBSBs, MBEs and CMBEs shall be required, and the selection of qualified CBBs, CBSBs, MBEs and CMBEs shall be made by the Developer, Bozzuto and Willard in their sole discretion.

A. Employment

Per the PILOT, Developer expects to add at least 100 full-time, permanent jobs upon completion of the Project and shall use commercially reasonable efforts to fill 51% of such full-time, permanent jobs with employees who are County residents.

B. Construction

The Developer, Bozzuto and Willard will use their Best Efforts to cause at least thirty five percent (35%) of available Project dollars in connection with construction of the Project to be expensed pursuant to pay contracts with CBBs, CBSBs, MBEs and CMBEs. At a minimum, the Developer will cause twenty-five percent (25%) of the Project's budget to be paid pursuant to contracts with CBBs, CBSBs, MBEs and CMBEs and twenty percent (20%) of the Project's budget to be paid pursuant to contracts with CMBEs. Total CBB/CBSB/MBE/CMBE-applicable project costs relating to the Project are \$68,606,786, as shown on Exhibit A, attached hereto, which may be amended by the County's Compliance Manager and the Developer from time to time.

Opportunities for CBB, CBSB, MBE and CMBE participation may include accounting and legal; engineering; bonding and insurance; permit expediting and construction management; site work, including excavating and hauling, concrete and foundations; welding, electrical, plumbing, window and door installation, drywall, painting, carpeting, tiling and interior design; asphalt and landscaping; property and program management; and signage, marketing, maintenance and cleaning.

Payment to CMBE, MBE, CBSB and CBB will be made in accordance with the lawful terms of a fully negotiated and executed contract between the Developer (or if appropriate, the general contractor) and the applicable CMBE, MBE, CBSB or CBB firm with payment due under said contract no more than forty (45) days after satisfactory completion of the entire scope of work under the contract unless otherwise contracted between Developer (or if appropriate, the general contractor) and the applicable CMBE, MBE, CBSB or CBB firm.

III. Administration of the MBE Plan

Sharon Jackson will serve as MBE Program Manager and ensure consistent use of the best available contractors to meet the CMBE/MBE/CBSB/CBB participation goals. Sharon Jackson will undertake the same responsibilities as the MBE Program Manager required under the Plan. Sharon's office telephone number and email address are as follows: 202-641-6489, Sharon@smjgovbizsolutions.com.

The MBE Program Manager duties at a minimum shall include the following:

- Assisting in developing source lists;
- Acting as Liaison between the County and the private sector businesses that will hire employees of the Project to ensure that Prince George's County residents are afforded employment opportunities;
- Attend workshops and other outreach events sponsored by the County's Compliance Manager and/or other stakeholders in the County, as appropriate.
- Prepare and submit Compliance Reports to the County's Compliance Manager ; and
- Monitor and ensure compliance with the MBE Plan.

IV. Reporting and Compliance

On behalf of the Developer, the MBE Program Manager will establish and maintain records to prepare and submit a report to the Compliance Manager, which will identify and assess progress in achieving CMBE, MBE, CBSB and CBB subcontracting goals, and employment efforts. The MBE Program Manager will make all records pertaining to this MBE Plan available to the County upon request. To commence after the issuance of the PILOT, on the first to occur of January 1, April 1, July 1 or October 1 and every January 1, April 1, July 1 or October 1 thereafter during construction of the Project and annually after the Project opens for business, on behalf of the Developer, the MBE Program Manager shall prepare the Report. The report shall include the dollar amount of all contracts awarded to CMBE, MBEs, CBSBs and CBBB and will list the names of each such CMBE, MBE, CBSB and CBBB, its address, telephone number and contact person, the amount of the contract, a description of the work, and such other information requested by the County Compliance Manager.

Failure to submit the Report on a timely basis following Developer's receipt of notice of such failure and failure to cure within thirty (30) days thereafter may, at the discretion of the Compliance Manager, result in a penalty not to exceed \$500 per day of such Report is late beyond the cure date. The MBE Program Manager understands that its failure to submit quarterly reports on a timely basis may result in the imposition of a penalty not to exceed \$500.00 for each day the report is late.

V. Defaults, Fines and Appeals

The Developer shall use its Best Efforts to meet the goals set forth herein. In the event that the Developer fails to employ Best Efforts as determined by the Compliance Manager exercising reasonable discretion in a written notice pursuant to the Compliance Manager's review of the Report, and such failure is not cured by the Developer within sixty (60) days after receipt of such notice, then such failure shall be deemed an "Event of Default."

Notwithstanding the foregoing, in the event the Developer disputes a determination by the Compliance Manager of an Event of Default hereunder, 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 County and the Developer shall jointly agree upon the third member of the panel. No penalty may be assessed against the Developer until the Developer has exhausted such appeal. The Developer agree 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.

VI. Definitions

"**Best Efforts**" means actions taken by the Developer in a true and genuine, good faith attempt to achieve compliance with and to further the intent and purpose of this MBE Plan, without any design to deceive or defraud Prince George's County, Maryland or the intended beneficiaries of this MBE Plan or to otherwise undermine the intent of this MBE 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
 - (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;
- 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

[SIGNATURES ON FOLLOWING PAGE]

DELIVERED in Prince George's County, Maryland, this 24th day of September, 2018.

WITNESS:

BOZZUTO DEVELOPMENT COMPANY

Emmanuel F. Gregorio

By: Jeffrey A. Kayce
Jeffrey A. Kayce
Senior Vice President JK

Exhibit A - Budget

Project Cost for County MBE Plan

<u>Category</u>	<u>Cost</u>
Total Construction Value ¹	\$101,414,151
Total Excluded Trades	(\$26,620,190)
Contingency/Escalation/Insurance	(\$6,187,175)
Total	\$68,606,786

Total Value Attributable to County-based Business & Minority Business Goals	\$68,606,786
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Excluded Trades²

Cast in Place Concrete ³	\$16,008,134
Building Wood Framing ³	\$8,231,135
Fire Protection	\$1,696,640
Elevators	\$684,281
Total Excluded Trades	\$26,620,190

Notes

1. Value includes fees and overhead costs for the General Contractor.
2. As the pool of subcontractors continue to evolve, the GC will revisit this list to identify qualified subcontractors within these trades.
3. General Contractor will work with subcontractors of these major trades to find opportunities for minority participation within second and/or third tier subcontractors.