

SOUTH LAKE

MINORITY BUSINESS ENTERPRISE (MBE) PLAN

May, 2019



Development by



SECTION I - COMPANY AND CONTACT INFORMATION

Developer Contact

SOUTH LAKE PARTNERS LLC

SOUTH LAKE INFRASTRUCTURE LLC

10100 Business Parkway
Lanham, Maryland 20706
POC: Gary W. Michael, Manager
Phone: 301-918-2930
FAX: 301-459-1533
www.naimichael.com
Email: gmichael@naimichael.com

Co-Developer Contact

CHESAPEAKE REALTY PARTNERS & AFFILIATES

4750 Owings Mills BLVD.
Owings Mills, Maryland 21117
POC: Jonathan C. Mayers, President
Phone: (410) 356-9900 x234
FAX: (410) 356-9937
EMAIL: jon@chesapeakerealtypartners.com

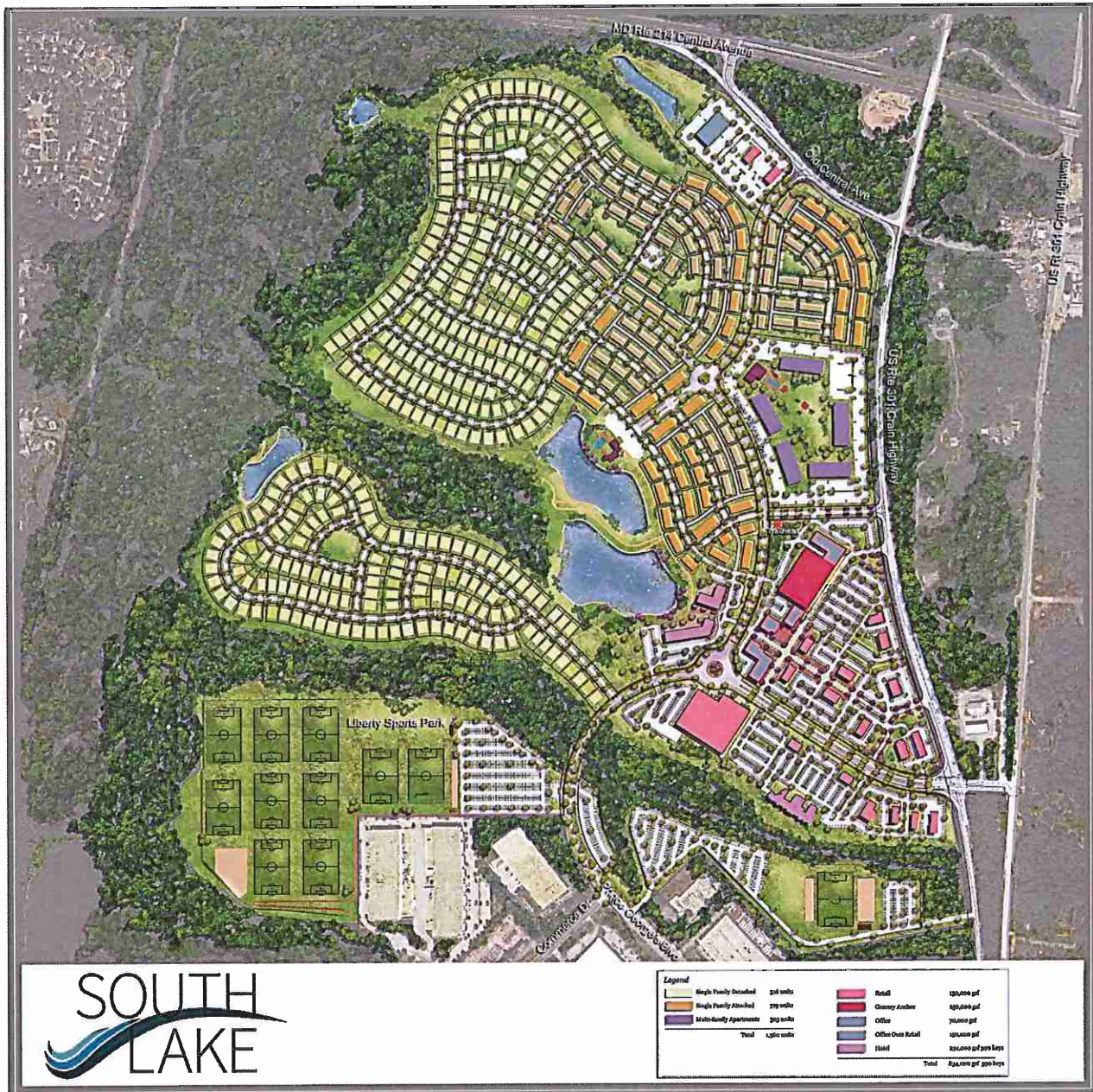
EXECUTIVE SUMMARY

South Lake Development, formerly known as the Karington Development, (the “Project”) will include the development of retail, commercial, residential, athletic, hotel and office facilities in Bowie, Maryland near the intersection of Central Avenue and Route 301.

South Lake Partners LLC is the owner of the Project and is an affiliate of the NAI Michael Companies, Inc., Chesapeake Realty Partners, and Karington, LLC; and with South Lake Infrastructure LLC will serve as the “Developer.” Both the owner and the Developer are fully committed to the County’s efforts to ensure that County Based Businesses (CBBs), County Based Small Businesses (CBSBs), Minority Business Enterprises (MBEs), and County-based Minority Business Enterprises (CMBEs) are afforded the opportunity to participate and benefit from the economic growth and development of Prince George’s County.

SECTION II – PROJECT DESCRIPTION

South Lake is a mixed-use smart growth development located at the intersection of Maryland Route 214 (Central Avenue) and U.S. Route 301 in the incorporated City of Bowie, Maryland in Prince George’s County. The \$344,903,300 Project (including the vertical cost of the commercial component), is proposed to include approximately 1,360 residential units, 390 hotel rooms, and 600,000 square feet of retail/office use, recreational and athletic facilities, a 25 acre central open space feature including a lake, and public trail systems.



South Lake Development Site Plan

Total Project Development Costs

Total Estimated Development Costs		
Land and closing costs	\$	22,750,000.00
Indirect development	\$	5,822,588.00
General development	\$	38,752,849.00
Public infrastructure	\$	27,500,000.00
Lot development	\$	18,555,300.00
Development enhancements	\$	5,000,000.00
Vertical Construction - Commercial	\$	168,440,000.00
Soft costs	\$	15,117,648.00
Contingency - residential	\$	5,915,000.00
Contingency - commercial	\$	15,160,000.00
Cost escalation allowance - residential	\$	9,311,050.00
Cost escalation allowance - commercial	\$	12,578,865.00
Total Cost	\$	344,903,300.00
TIF funded portion of Total Cost	\$	27,500,000.00

Proposed Public Improvements

The purpose of the Karington Development District and the Karington Special Taxing District (the "Districts"), the special taxes to be levied in the Karington Special Taxing District, and the special obligation bonds to be issued with respect to the Districts, is to finance all or a part of the costs of the public improvements shown below in Table C.

Table C

Public Improvements		
Old Central Avenue & Route 214 improvements	\$	3,475,000.00
U.S. Route 301 improvements	\$	5,220,000.00
Lake improvements	\$	8,639,500.00
Arterial boulevard entrance roads	\$	4,708,793.00
Ballfield connector road	\$	1,150,000.00
Sewer outfalls	\$	1,616,539.00
Soft costs	\$	1,390,169.00
Contingency	\$	1,300,000.00
Total public improvements to be financed	\$	27,500,000.00

Costs may vary from these estimates and the improvements built may be modified from those described herein. A description of these improvements follows:

Lake Improvements

Lake improvements include the costs associated with clearing, grading, and constructing a public lake and storm water management system centrally located within the Districts. Costs also include constructing the core trench, storm drains, access road, stabilization, and landscaping.

Arterial Boulevard Entrance Roads

The arterial boulevard entrance roads include the cost to construct dual lane entrance boulevards at all ingress/egress points in the Districts, along with all corresponding public utilities, lighting, and landscaping.

Public Sewer Outfalls

This represents the costs of the developer installed public sewer outfalls to expand the public sewer service in the project area and to serve the South Lake project.

Route 214 & Old Central Avenue Improvements

Route 214 improvements include the costs associated with constructing acceleration/deceleration lanes on Route 214, installing traffic lights and signage, relocating existing poles and utilities, fine grading, landscaping, mobilization, stabilization, and sediment control. Route 214 forms the northern boundary of the Districts.

Old Central Avenue improvements include the costs associated with constructing acceleration/deceleration lanes on Old Central Avenue, along with the corresponding storm drain system, installing traffic lights and signage, relocating as needed any existing poles, utilities, natural gas, and fiber optics, fine grading, landscaping, mobilization, stabilization, and sediment control. Old Central Avenue forms the northeastern boundary of the Districts.

U.S. Route 301 Improvements

U.S. Route 301 improvements include the costs associated with constructing both acceleration/deceleration lanes and a thru lane on U.S. Route 301, along with the corresponding storm drain system, installing traffic lights and signage, relocating as needed any existing poles, utilities, natural gas, and fiber optics, fine grading, landscaping, mobilization, stabilization, and sediment control. U.S. Route 301 forms the eastern boundary of the Districts.

Summary of Development

Property Type	Estimated Completion	Projected Development			
		Units	GSF Per Room/Unit	GSF	Rooms
Residential					
For Rent					
Apartments	2022	325	1,050	341,250	
For Sale					
Townhouse	2029	693	2,119	1,468,400	
Single family	2028	342	3,012	1,030,000	
Sub-total for sale		1,035		2,498,400	
Sub-total residential		1,360		2,839,650	
Commerical					
Grocery center anchor	2022			250,000	
Retail pad	2022			130,000	
Office	2026			220,000	
Hotel	2024		600	234,000	390
Sub-total commercial				834,000	390
Total		1,360		3,673,650	390

SECTION III - SCOPE OF PARTICIPATION

The Developer will work closely with the County to confirm Minority Business Enterprise participation in the initial phase of the Project, pursuant to this County-Based Minority Business Enterprise Plan (this “MBE Plan”) and the criteria set forth in Resolution CR-21-2019 of the County Council of the County, as well as applicable sections of the Term Sheet dated August 16, 2018 and signed by the Developer, the County, and the City of Bowie. The Developer’s obligations hereunder shall commence on the date of the issuance of the initial series of Bonds (the “Effective Date”)

The Developer will use Best Efforts as defined in this MBE Plan to cause the award of Thirty-Five (35%) or more of the Project Cost to CBBS, CBSBs, MBEs, and CMBEs. At a minimum, the Developer will cause at least Twenty-Five Percent (25%) of such dollars to be incurred pursuant to contracts with CBBs, CBSBs, MBEs, and CMBEs, and Twenty Percent (20%) to be 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 the Developer and detailed in Section II – Project Description of this MBE Plan.

The anticipated approximate cost to CBBS, CBSBs, MBEs, and CMBEs applicable to the hard and soft construction cost are anticipated to be as specified below. Detailed eligible cost will be determined as part of the approved MBE Plan by the MBE Compliance Manager. Exclusions of certain cost from the total baseline of \$344,903,300 may be granted from time to time by the Compliance Manager, in her

sole discretion, upon the written request of the Developer. Such exclusions shall include but are not limited to commercial development cost and other related employment and training requirements, not controlled by the Developer, and allows for exceptions for retailers and builders that self-perform construction on vertical improvements. Additionally, waivers may be granted if such waivers are necessary to ensure compliance with the goals set forth below. The following estimates will be modified throughout the project development based on any approved exclusions from the baseline project total of \$344,903,300.

Best Efforts at 35%	<u>\$120,716,155</u>
CBB, CBSB, MBE, CMBE at 25%	<u>\$86,225,825</u>
CMBE at 20%	<u>\$68,980,660</u>

SECTION IV – METHODOLOGY & OBJECTIVES

Over the past several years, the South Lake Development has evolved from a series of conceptual drawings into the full scale master plan development that exists today. During this evolution, cost budgets have been created and updated to capture the scope of the project and any changes as they materialized during the conceptual design process. The aforementioned budget proposals included explicit segregation of all TIF related work and their associated costs in order to track the cost progression for this area of public participation in the project. The Developer commits to full compliance and achieving the participation requirements as required by the County and stated in this MBE Plan. In addition, it is the commitment of the Developer to promote and support the participation of CBBs, CBSBs, MBEs, and CMBEs in all phases of the development inclusive of those areas of design, construction and management not directly under the control of the Developer. The Developer will strongly encourage participants in all phases of the project to employ their best efforts towards meeting and exceeding the goals of this MBE Plan.

The primary objectives are to:

- Ensure the achievement of the contracting and hiring goals of CBBs, CBSBs, MBEs, and CMBEs in the project development.
- Provide equity ownership and participation opportunities to CBBs, CBSBs, MBEs, and CMBEs in all aspects of the project including retail, dining, entertainment, residential and office.
- Encourage all contractors, vendors and companies involved in the project to recruit and hire qualified Prince George’s County residents in all levels of positions within the respective companies.
- Identify and provide opportunities for CBBs, CBSBs, MBEs, and CMBEs to be hired for the provision of professional services for the project.

To achieve and exceed the requirements of this MBE Plan, The Developer intends to solicit and award contracts and purchase orders in the following (but not limited to) trades to work toward the defined CBB, CBSB, MBE and CMBE goals set for this project.

- Electrical and Signalization
- Aggregate Base Placement
- Asphalt Paving
- Concrete Paving
- Striping and Signage
- Erosion and Sediment Control
- Landscaping
- Storm Drain Materials
- Water Line Materials
- Sanitary Sewer Materials
- Architectural & Engineering Services
- Construction materials and supplies
- Construction/Project Management
- Architectural/Design
- Professional Consulting Services

Potential Sources of CBBs, CBSBs, MBEs, and CMBEs participation will be identified via a thorough bid solicitation process as the project scope is defined and progresses. The County's list of available CBBs, CBSBs, MBEs, and CMBEs firms will be utilized in order to solicit proposals for each specific package of work. In addition, we will advertise in media streams geared towards the CBBs, CBSBs, MBEs, and CMBEs. This may include but not limited to: social media, advertisements, radio, print media, and designated workshops and conferences.

The Developer shall take all necessary and reasonable steps to ensure that target group businesses have the maximum opportunity to compete for and perform on the project. The Developer will not discriminate on the basis of race, color, national origin, or sex in the award and performance of contracts.

SECTION V - IDENTIFICATION, FUNCTIONS AND DUTIES OF THE MBE PROGRAM MANAGER

The MBE Program Manager for this project is listed below along with a brief bio and reporting structure:

Developer's MBE Program Manager

Dennis C. Brownlee

NAI Michael Companies, Inc.

10100 Business Parkway

Lanham, Maryland 20706

Phone: 301-918-2940 Email: dbrownlee@naimichael.com

Bio: Mr. Brownlee has been with NAI Michael for over 20 years and currently serves as Senior Vice President. His responsibilities include the oversight of the property management division which manages 6 million square feet of commercial properties. In addition, he has direct responsibility for the construction and contract administration for tenant improvements, capital projects and related contract administration. Prior to joining NAI Michael Mr. Brownlee served as the Director of the Prince George's County Office of Central Services for 12 years where his duties included the construction, acquisition, and management of most county owned facilities. As the first Executive Director of the County's Minority Business Enterprise Commission, he fully understands and is committed to the goals of the County in ensuring participation of MBEs, CMBEs, CBBs, and CBSBs in the development, construction, ownership and all aspects of a development.

Functions and Duties of the MBE Program Manager

The MBE Program Manager will work closely with the Prince George's County Supplier Development and Diversity Division, the Center for Entrepreneurial Development at the Prince George's Community College, the Compliance Manager, The Prince Georges County Economic Development Corporation and other organizations in an effort to achieve the requirements and goals of the MBE Plan. Specific activities will include conducting meetings; procurement fairs; seminars; pre-bid conferences; social media announcements and other activities in an effort to recruit and facilitate participation in the bidding and awarding of contracts to CBBs, CBSBs, MBEs, and CMBEs.

In addition, the MBE Program Manager will identify and work with regional and national organizations that promote the utilization of CBBs, CBSBs, MBEs, and CMBEs. The MBE Program Manager will develop certain campaigns designed to present the South Lake Project and solicit the involvement of CBBs, CBSBs, MBEs, and CMBEs. The South Lake website will serve as a direct avenue for CBBs, CBSBs, MBEs, and CMBEs to receive information regarding all bids and contracting opportunities. The interactive site

will allow CBBs, CBSBs, MBEs, and CMBEs to register their company thus allowing them to electronically receive contract bids and critical information regarding the Project.

The MBE Program Manager will be responsible for all aspects of the MBE Plan including monitoring and compliance assessment of the goals and objectives of the program. This will entail involvement in the entire project life cycle including the procurement, communication, coordination, subcontracting, payment, etc. of CBBs, CBSBs, MBEs, and CMBEs, as well as the management of all reporting requirements specific to the Prime Contractor's and Developer's scope of work for the Project.

The MBE Program Manager will attend Prince George's County Supplier Development & Diversity Division events in order to network and develop a rapport with the organization and its members. The MBE Program Manager will compile and maintain reference directory of all interested CBBs, CBSBs, MBEs, and CMBEs. Utilizing this and other directories, the Manager will create and use the data base of CBBs, CBSBs, MBEs, and CMBEs when soliciting for contract services, products, equity participation and other areas of the project targeted for participation.

SECTION VI - PAYMENT

Payment to all CBBs, CBSBs, MBEs, and CMBEs subcontractors and suppliers will be made in accordance with the terms specified in each respective subcontract and purchase order agreement. Payment will be due 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. These payments will be documented and kept on file for review and quarterly reporting to the Compliance Manager. The MBE Program Manager will be responsible for all reports and information transmitted to the County. The MBE Program Manager will meet with the Compliance Manager as necessary, but not less than quarterly, to present the referenced reports and engage in discussions and planning to further ensure the success of the MBE Plan.

SECTION VII - RECORD KEEPING AND REPORTING

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, following the issuance of the special obligation bonds, and during construction of the Project, the Developer shall prepare a report detailing the utilization of CBBs/CBSB/MBEs/CMBEs. The report shall 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/CBSB/MBEs/CMBEs; and (v) such other information reasonably determined by the Compliance Manager as necessary to achieve the goals set forth herein.

Failure to submit the report on a timely basis, at the discretion of the Compliance Manager, may result in a penalty not to exceed \$1000.00 each day such report is late. Prior to any assessment of fees, the Compliance Manager shall provide written notice of such failure to the MBE Program Manager. The Developer shall be provided a thirty (30) day period to cure such default.

In the procurement phase, records will be kept for all bid solicitations that are made to CBBs, CBSBs, MBEs, and CMBEs contractors along with their associated responses. Once an award has been made, the subcontract and purchase order agreements will be maintained at the Prime Contractor's office for review as necessary. Copies will also be maintained and viewable at the office of the Developer's MBE Program Manager. Monthly invoice and payment documentation will be maintained over the project life cycle and stored at the same office for review as required.

SECTION VIII - EQUITY PARTICIPATION

Equity Participation requirements for the Project have been met and exceeded by virtue of the level of County Minority Resident ownership in the Project.

Based upon the Project participants' organizational documents provided to the County, total County Minority Resident membership interests in South Lake Partners LLC, at the time of the issuance of the TIF Bonds, will equal 5.59%.

In addition to the existing Equity Participation of ownership, the Developer will work to achieve further participation of MBEs, CMBEs, CCBs, and CMBEs through franchise opportunities, retail ownership, and further development investment opportunities. The Developer will provide technical assistance and guidance to CBBs, CBSBs, MBEs, and CMBEs in the areas of investments, leasing, ownership, and equity participation in an effort to meet and exceed the program goals.

SECTION IX - EMPLOYMENT

At present, the South Lake Development site is a vacant lot producing very little fiscal and economic activity for the County. During the construction of the project and at the completion of the development significant temporary and permanent jobs will be created.

To calculate employment impacts, MuniCap, Inc. used IMPLAN Professional 3.0 software ("IMPLAN") developed by IMPLAN Group, LLC. IMPLAN is an industry-accepted economic impact assessment software system with which trained users can create local area *Social Accounting Matrices* and develop *Multiplier Models* that can be used to estimate detailed economic impacts of jobs. For the inputs used in developing the models, such as square footage and sales revenue, MuniCap, Inc. relied on a variety of sources.

Full time equivalent jobs and indirect impacts during the construction period were calculated based on construction costs estimates and IMPLAN Professional 3.0 software. Construction costs are assumed to equal seventy-five percent (75%) of projected assessed value. As a result of the construction and development of South Lake, 4,374 new temporary jobs will be created in Prince George's County.

The table below outlines the projected temporary employment impacts resulting from the development at South Lake. Direct impacts are jobs at the project; indirect impacts are jobs created within Prince George's County, but not at the project.

	# Jobs
Temporary job impacts during construction:	
Direct impacts	2,382
Indirect impacts	1,992
Total temporary impacts	4,374

The Developer will target Prince George’s County residents first to fulfill future employment needs specific to this project to meet a County resident minimum employment goal of 40%. It is anticipated that nearly seventy (70) temporary positions will be created through the construction of the TIF financed improvements. For the additional temporary construction jobs created by the TIF financed portion of the project, the Developer plans to post advertisements in the local papers to concentrate company efforts on candidates located in Prince George’s County.

SECTION X - EXAMINATION OF RECORDS

The Developer and Prime Contractor intend to maintain all applicable records for a period not to exceed four (4) years from the completion of the TIF funded scope of work. These records will be available to the County for review upon proper written notification of not less than seven (7) business days prior to the intended review date.

SECTION XI - DEFAULTS, FINES, APPEALS

The Developer shall use its Best Efforts to meet the goal of 35% participation, as set forth herein. In the event the Developer fails to meet the minimum of 25% CBB, CMBE, CBSB and MBE participation or 20% CMBE participation requirements as set forth in this MBE Plan, as determined by the Compliance Manager in a written notice pursuant to the Compliance Manager’s review of the report referenced in Section VII, and such failure shall not be cured by the Developer within sixty (60) days after receipt of such notice from the Compliance Manager, then such failure shall be deemed an “Event of Default.” In evaluating the Developer’s compliance with the goals and requirements set forth herein, the Compliance Manager will review the Developer’s progress toward the overall Project goals on a quarterly basis. To the extent that the Developer is behind in one year, the Developer will

demonstrate its ability to meet the Project's goal requirements upon completion of the Project.

Upon the occurrence of an Event of Default, from the date of issuance and delivery of the Bonds until one (1) year after the completion of the construction of the Project in which the Developer failed to meet the minimum requirements of this MBE Plan, the Developer shall collectively be subject to a maximum fine of \$200,000. Such amount represents compensation for the failure to meet a goal freely approved by the Developer, is a material consideration for the County in issuing the Bonds and is not to be construed as a penalty.

Notwithstanding the foregoing, in the event the Developer disputes a determination by the 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.

SECTION XII – 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 intent and purpose of the 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 the business.

“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 in Africa;
- Asian-Pacific Americans, which includes persons whose origin 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 include persons of Mexican, Puerto Rican, Cuban, Central of 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

COUNTY RESIDENTS

Residents of Prince George's County, Maryland.

CERTIFICATIONS

Certification of all CBBs, CBSBs, MBEs, CLBs, and CMEs shall be required. Any CBBs, CBSBs, MBEs, CLBs, and CMEs certified by the County, the Maryland Department of Transportation (MDOT), the Washington Metropolitan Area Transit Authority (WMATA), the Maryland/DC Minority Supplier Development Council (or other organizations with similar certification authority) or any Federal agency shall be deemed certified for purposes of the MBE Plan.

SOUTH LAKE Development


Minority Business Enterprise Plan

DELEIVERED to Prince George's County, Maryland this 3rd day of May, 2019.

WITNESS:

SOUTH LAKE PARTNERS LLC





SOUTH LAKE INFRASTRUCTURE LLC

