

AMORE APOLLO
COUNTY-BASED AND MINORITY BUSINESS ENTERPRISE
PLAN

June 12, 2020



EXECUTIVE SUMMARY

Amore Apollo (the “**Project**”) will consist of the development of a mixed-used project, including a multifamily residential building and retail space, along with associated structured parking, to be located in the Largo area of Prince George’s County, Maryland (the “**County**”). The proposed building will be located within a transit-accessible, transit-oriented community near the Largo Town Center Metro Station.

The Project will be located at 9420 Grand Boulevard in Largo, Maryland (the “**Property**”), which is currently owned by Commons at Largo LP. The Project will be developed by Ascend Apollo II LLC (the “**Developer**”), an affiliate of the Developer or the Developer’s successors and assigns. Developer agrees to require any affiliate, successor or assign to abide by the terms and conditions of this plan during the construction period of the Project

The Developer of the Project is committed to the principle that County-based business enterprises (“**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 manage the construction of the Project in a manner to achieve contracting participation by CBBs, CBSBs, MBEs and CMBEs.

Additionally, the Developer has agreed to not less than 5% CMBE equity participation through the ownership of 5% of the Developer by The Cornelius Group, a certified CMBE entity.

I. Overview

Upon completion, Amore Apollo (the “**Project**”) will be a mixed-use development with multifamily units, retail space and associated structured parking located in the immediate vicinity of the Regional Medical Center in the Largo area of Prince George’s County, Maryland (the “**County**”). The Project will be located in a community near the Largo Town Center Metro Station – a targeted area in the Plan Prince George’s 2035 Adopted General Plan (the “**General Plan**”) by the County for vibrant, walkable and transit-oriented development for County residents.

The General Plan, the primary official public policy document guiding land development in the County, designated eight regional transit districts, including Largo. The General Plan recommends directing the “majority of future employment and residential growth in the County” to these regional transit districts. The General Plan recognized the need for housing growth in regional transit districts, noting that the County is “facing a looming deficit in multifamily housing, particularly in walkable and mixed-use, transit-accessible locations.” To combat this, the County envisioned that regional transit districts would “capture the majority of future residential . . . growth and development in the County”. The Project will support the community by providing high-quality multifamily units within walking distance of the Largo Metro station, while also increasing retail opportunities.

The Developer plans to start construction and development of the improvements consistent with the Largo Town Center Approved Sector Plan and SMA (the “**Sector Plan**”). The Sector Plan seeks to revitalize and redevelop the sector plan area by, among other things, transforming the area into a “compact, walkable, transit-oriented community.” In furtherance of this goal, the “County supports incentives for new mix-income multifamily housing in appropriate locations within the sector plan area” to advance the Sector Plan’s goals. The Sector Plan identified the use of tax increment financing as a primary method to support development in Largo Town Center.

In furtherance of the Sector Plan’s goals, the County created the Largo Town Center Metro Development District (the “**TIF District**”), pursuant to CR-92-2014, for the purpose of facilitating the issuance of revenue bonds, notes or other similar instruments by the County. Pursuant to CB-014-2020, the County authorized the issuance of special obligation bonds in an aggregate principal amount not to exceed \$5,750,000 (the “**Bonds**”) secured by certain incremental tax revenues generated by the TIF District to provide funds to finance parking facilities in the District that support the Project in the TIF District. The Bonds are included as a part of the Incentive Term Sheet (as defined below).

The County has entered into a term sheet with the Developer, dated as of March 19, 2020 (the “**Incentive Term Sheet**”), outlining the County’s incentives that will the support of the Project. The incentives include the Bonds, a partial waiver of public safety surcharge fees and a partial waiver of the Washington Suburban Sanitary Commission’s systems development charge, the authorizations of which will enable the Project to proceed.

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**”) and the Incentive Term Sheet. The Developer’s obligations hereunder shall commence immediately following the issuance of the Bonds (the “**Effective Date.**”)

II. Project Overview

The Project will be located in the Largo area, which is an identified regional transit area within the County. The Developer plans to construct a multifamily residence containing approximately 379 units and more than 4,000 square feet of retail space. In addition to the residential building, the Developer intends to construct a parking garage with approximately 419 structured parking spaces to support the residential building. Upon completion, the Project will provide quality housing and retail opportunities within walking distance of the existing Largo Town Center Metro Station.

Construction on the Project is expected to begin in the third quarter of 2020, following the issuance of the Bonds, with a construction and stabilization period of approximately 30-32 months and a projected lease-up of 15-17 units per month. The following milestones provide an overview of the Project schedule:

Building Permit

3rd Quarter, 2020

Construction Commencement	3 rd Quarter, 2020
Initial Occupancy	1 st Quarter, 2022
Completion of Construction	4 th Quarter, 2022

The construction of the Project will have a significant economic and fiscal impact to both the County and the Largo Town Center Metro Development District. The Project will represent a significant financial benefit to the County over the 10-year life of the Bonds. The Developer anticipates that the Project will create opportunities for full-time construction jobs for County residents during the construction of the Project. While the Project has a limited amount of retail space, the Developer intends to promote and engage in the marketing of retail space at the Project and the benefits of locating in retail space in the County generally. Additionally, the Developer expects that at least 40% of the employees of the management company to be hired by the Developer will be County residents.

III. The Development Team

Commons at Largo LP, a Delaware limited partnership, is the current owner of the Property. Prior to the issuance of the Bonds, Ascend Apollo II LLC (the “**Developer**”) will become the owner of the Property. The Project will be developed by the Developer, an affiliate of the Developer or the Developer’s successors and assigns.

The Developer anticipates that Bozzuto Construction Company (the “**Contractor**”) will serve as the general contractor for the Project.

In addition to the Contractor, Phillips Partnership, PC serves as the architect for the Project, and Gutschick, Little & Weber, PA is the civil engineer for the Project.

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

As the developer of the Project, Ascend Apollo II LLC, is committed to the principle that County-based business enterprises, County-based small businesses, minority business enterprises and County-based minority business enterprises (respectively, and as further defined in Part IX 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 will use Best Efforts (as defined in Part IX of this CMBE Plan) to cause 35%, but at minimum cause 25%, of the hard and soft costs incurred in connection with the construction of the Project, including the total building costs, site work costs and related construction services, to be incurred pursuant to contracts with CBBs, CBSBs, MBEs and CMBEs. Further, the Developer will cause a minimum of 20% of the applicable costs to be expressly directed to contracts with CMBEs.

Total CBB/CBSB/MBE/CMBE-applicable construction costs relating to the construction of the Project are estimated to be approximately \$65,600,000, as shown on Exhibit 1, attached

hereto, which may be amended by the County's Compliance Manager and the Developer from time to time. Opportunities for CBBs, CBSBs, MBEs and CMBEs may include: accounting and legal; 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; signage, marketing, maintenance and cleaning. Exclusions of certain trades and construction items from the total CMBE/MBE/CBSB/CBB-applicable construction costs are shown on Exhibit 2, attached hereto, 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.

V. Administration of the CMBE Plan

Jeffrey Harris 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 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 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: Jeffrey Harris
Title: Chief Development Officer
Address: 1350 Connecticut Ave, NW, Suite 1200
Email: jeffrey@pngs.com
Telephone: 202-861-0796

VI. 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 until the later of 60 months after the delivery of the Bonds or completion 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 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.

VII. 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 ninety (90) 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 the Incentives provided by the County to the Project in the form of a maximum aggregate fine or liquidated damages in the amount of \$250,000 with the amount of any individual fine for any 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 granting the Incentives 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 to 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.

VIII. 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 forty-five (45) days after satisfactory completion of the entire scope of work under the contract, unless other written special arrangements are made.

IX. 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
 - (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:

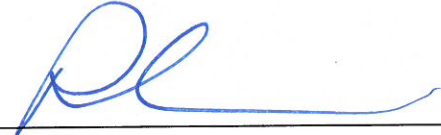
- African Americans (Black Americans) which includes persons having origin in any of the Black racial groups of Africa;

- 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.

[Signature on Following Page]

DELIVERED to Prince George's County, Maryland as of the 12th day of June, 2020.

ASCEND APOLLO II LLC,
a Delaware limited liability company

By: 
Name: Peter N.G. Schwartz
Title: Manager

[Signature Page to Amore Apollo County-Based and Minority Business Enterprise Plan]

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EXHIBIT 1

Total Construction Costs

<u>Category</u>	<u>Costs</u>
Site	\$3,085,234
Parking Garage Construction	\$7,315,782
Multifamily Building Construction	\$55,201,608
Total	\$65,602,624

AVAILABLE WORK FOR CMBEs, MBEs, CBSBs AND CBBs

Trades expected to be utilized include:

- 1) Excavation/Wet Utilities
- 2) Concrete Turnkey
- 3) Dry Utilities
- 4) Mechanical
- 5) Electrical
- 6) Plumbing
- 7) Drywall
- 8) Masonry
- 9) Waterproofing & Joint Sealers
- 10) Site Concrete
- 11) Asphalt Paving
- 12) Landscaping/Irrigation
- 13) Overhead Doors
- 14) Storefront Glazing
- 15) Pavement Markings
- 16) Fencing
- 17) Final Cleaning
- 18) Window Cleaning
- 19) Dumpsters
- 20) Hauling
- 21) Temporary Toilets
- 22) Fuel, Oil, Gas
- 23) Fire Extinguisher Servicing
- 24) Office / Trailer Supplies
- 25) Temporary Trailer Power
- 26) Staffing

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EXHIBIT 2

Exclusions

Item	Description of Work	Value
	GC - General Conditions (general contractor employee salaries / benefits)	\$2,831,767
	GC Payment & Performance Bonds (provided by independent surety company)	\$393,777
	Insurance	\$1,445,136
	GC Fee (general contractor's profit)	\$3,420,042
	GC Fee Change Orders	TBD
	Precast Parking Structure	\$4,871,393
	Swimming Pool	\$150,000
	Elevators	\$544,000
	Fire Protection	\$959,782
	Total Contract Value	\$65,602,624
	Exclusion Value	\$14,615,897
	Remaining Value	\$50,986,727