

CIS PROJECT AT CAMP SPRINGS

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

November 10, 2017



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EXECUTIVE SUMMARY

CIS Project at Camp Springs (the “*Project*”) will consist of the development of a large federal government office building and a related parking garage in the Camp Springs area of Prince George’s County, Maryland (the “*County*”), which is off of Interstate 495. The proposed site will be located within walking distance of the existing Branch Avenue Metro station.

The Project will be situated on property at 1 Capital Gateway Drive in Camp Springs, Maryland (the “*Property*”), which is currently owned by Town Center at Camp Springs LP (the “*Developer*”). It is expected that, in the near future, the Property will be purchased by One Town Center, LLC. The Project will be developed by the Developer, an affiliate of the Developer or the Developer’s successors and assigns.

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 institute projects designed to achieve contracting participation by CBBs, CBSBs, MBEs and CMBEs.

I. Overview

The CIS Project at Camp Springs (the “*CIS Project*” or the “*Project*”) will consist of the construction of a federally leased office building and an associated parking garage in the Camp Springs area of Prince George’s County, Maryland (the “*County*”), which is off of Interstate 495, near the Branch Avenue Metro Station. The Project will support the community by providing high-quality office space and creating jobs while also increasing commercial, retail, office and restaurant opportunities.

Plan Prince George’s 2035 Approved General Plan (the “*General Plan*”), the primary official public policy document guiding land development in the County, contemplates the development of “job centers” around transit hubs that will “attract[] new employers[.]” The County has identified that “economic growth hinges on transit-oriented development” and adopted a policy to “encourage projected . . . employment growth . . . concentrate[d] in the Regional Transit Districts[.]” Additionally, the County has adopted a policy to “[m]aximize the competitiveness of County sites to . . . secure new, General Services Administration (GSA) leases.”

The Developer plans to start construction and development of the improvements per the 2008 Approved Branch Avenue Corridor Sector Plan (the “*Sector Plan*”). The Sector Plan seeks to revitalize and redevelop the sector plan area to attract new jobs while preserving and strengthening the existing residential area. In support of this goal, the County created the Camp Springs Development District (the “*TIF District*”), pursuant to CR-88-2012, for the purpose of facilitating the issuance of revenue bonds, notes or other similar instruments by the County and authorized the issuance of special obligation bonds secured by the incremental tax revenues

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generated by the TIF District, pursuant to CB-53-2013, to provide funds to finance public infrastructure improvements that support commercial, retail and residential development and ancillary facilities in the TIF District. Under CB-53-2013's authority, on June 30, 2014, a \$4,900,000 developer note was issued, which is supported by the TIF District. Pursuant to CB-53-2013's authority, a second developer note or bond will be issued in the aggregate principal amount of \$6,200,000, which will also be supported by the TIF District. This debt issuance is included as a part of the CIS Incentive Term Sheet (as defined below).

The County has entered into a term sheet with the Developer dated as of October 11, 2017 (the "*CIS Incentive Term Sheet*"), outlining the County's incentives that will the support of Project. The incentives include a \$4,000,000 conditional loan from the County's Economic Development Incentive Fund, a cash contribution of \$1,000,000, a payment in lieu of taxes agreement (the "*PILOT Agreement*") and enterprise zone tax credits to fund infrastructure improvements in connection with the Project (collectively, the "*Incentives*"), the authorization of which will enable the Project to proceed (such authorization date shall be referred to herein as the "*Effective Date*").

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 CIS Incentive Term Sheet. The Developer's obligations hereunder shall begin on the Effective Date.

II. Project Overview

One Town Center, LLC has entered into a lease with the federal General Services Administration for office space to the United States Citizenship & Immigration Service (the "*USCIS*") for a term of no less than 15 years. In its bid for the lease, One Town Center, LLC proposed to construct the Project -- a Class A, 575,000-square foot, high-security, blast-resistant office building and corresponding leasehold improvements and a 1,000-space parking structure for the use of the building's tenants. The Project will be the first privately owned, federally leased building in Prince George's County.

The Property is located in the Camp Springs area, which is a mixed-use, master-planned community in the County. The overall master-planned project will contain over 2,000 apartment units and 60,000 square feet of retail within the 900-acre area of Camp Springs in addition to the Project -- all of which will be within walking distance of the existing Branch Avenue Metro Station. One Town Center, LLC will purchase the Property from the Developer in the near future.

Construction on the Project began in September 2017, with a construction and stabilization period of approximately 36 months and a projected lease-up of 29 units per month. The following milestones provide an overview of the Project schedule:

Foundation Permit	November 2016
Building Permit	December 2016

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Construction Commencement	September 2017
Completion of Phase I Construction	March 2020
Initial Occupancy	June 2020

The construction of the Project will have a significant economic and fiscal impact to both the County and the Camp Springs Development District. The Project will represent a significant financial benefit to the County over the 10-year life of the Enterprise Tax Zone Credit and the 15-year life of the PILOT Agreement. The Developer anticipates that the Project will create approximately 3,200 new, full-time construction jobs.

III. The Development Team

Town Center at Camp Springs LP, a Delaware limited partnership, is the current owner of the Project. In the near future, One Town Center, LLC, an affiliate of Town Center at Camp Springs LP, will purchase the Project. The Project will be developed by the Developer, an affiliate of the Developer or the Developer’s successors and assigns.

James G. Davis Construction Corporation (“*Davis Construction*”) will serve as the general contractor for the Project. Davis Construction was founded in 1966 and is based in the D.C. metro area. Davis Construction has extensive experience managing large-scale government building construction projects, including the construction of headquarters for 3 different health and research related agencies in Rockville, Maryland. In addition to Davis Construction, Shalom Baranes Associates P.C. and Powers Brown serve as the architects for the Project, and Stantec is the civil engineer for the Project.

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

As the owner of the Project, Town Center at Camp Springs LP 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. Although the CIS Project will be located within the Camp Springs Development District, the Project will be governed by this CMBE Plan and will not be subject to the Development District’s Phase I CMBE Plan.

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 these CBB/CBSB/MBE/CMBE-applicable costs to be expressly directed to contracts with CMBEs.

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Total CBB/CBSB/MBE/CMBE-applicable construction costs relating to the construction of the Project are estimated to be \$138,600,000, 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

Kevin Clark 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: Kevin Clark
Title: Vice President in Operations
James G. Davis Construction Corporation
Address: 12530 Park Lawn Drive, Rockville, Maryland 20852

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Email: kclark@davisconstruction.com
Telephone: 301.881.2990

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, 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

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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 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 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 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 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 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.

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 sixty (60) 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.

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“**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:

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(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]

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DELIVERED to Prince George's County, Maryland this 10th day of November, 2017.

TOWN CENTER AT CAMP SPRINGS LP



By:
Title:

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EXHIBIT 1

Total Construction Costs

<u>Category</u>	<u>Costs</u>
Parking Garage Construction	\$17,600,000
Office Building Construction	72,000,000
Tenant Improvements	49,000,000
Total	\$138,600,000

EXHIBIT 2

Exclusions

1. Pre-cast parking garage components
2. Elevators
3. Escalators