

TIF PROPOSAL AND CERTIFICATION

Town Center at Camp Springs Development District

August 14, 2013

Residences at Town Center, LLC, a Maryland limited liability company (the “Developer”) submits this TIF Proposal and Certification for review by the County Council of Prince George’s County, Maryland.

Background

Pursuant to Council Resolution No CR-88-2012, the Town Center at Camp Springs Development District was designated and the Town Center at Camp Springs Tax Increment Fund was established for the purpose of financing certain infrastructure described below to support the development of certain commercial office space for a federal agency tenant, parking facilities, retail, commercial and park facilities and residential units (“Town Center at Camp Springs” or the “Project”) by the Developer through the issuance of tax increment financing bonds under Sections 12-201 through 12-213, inclusive, of the Economic Development Article of the Annotated Code of Maryland, as amended.

Pursuant to Council Bill No. CB-53-2013, bonds in the aggregate principal amount not to exceed \$11,100,000, payable solely from amounts levied and deposited in the Tax Increment Fund, were authorized to finance certain infrastructure improvements including parking facilities, road improvements, water and sewer utilities and related infrastructure improvements.

Council Resolution No. CR-38-2011 requires that, prior to the sale of the bonds, the Council must review the TIF proposal and a certificate of the developer that the provisions of CR-38-2011 have been complied with and that the MBE Plan has been approved by the Compliance Manager in conformance with the MBE Plan Guidelines promulgated by the Compliance Manager, and approve of the same by resolution. This TIF Proposal and Certification is provided to permit fulfillment of that requirement.

Development

As currently proposed, Town Center at Camp Springs will be a mixed-use community located at the Washington Metropolitan Area Transit Authority (WMATA) Branch Avenue Terminal. Providing approximately 1,000 residential apartment units, as well as supporting retail, while improving demand for existing vacant retail tenants to thrive, Town Center at Camp Springs will allow individuals to live within a minute’s walk from the WMATA Branch Avenue Terminal. Residents will conveniently have the ability to commute to their employers using public transit, or may be employed at the proposed office to be developed as part of Town Center at Camp Springs. The 1,250,000 square foot office building is proposed to be the future site of a federal office tenant. Upon completion of the Project, Town Center at Camp Springs will provide:

- ▶ Up to 1,250,000 square feet of commercial office space;
- ▶ Approximately 65,000 square feet of commercial retail space;
- ▶ Approximately 1,000 residential apartment units; and
- ▶ Approximately 250,000 square feet of either commercial office or retail, or residential space.

Infrastructure to be Financed by the TIF

The improvements include, but are not limited to, parking facilities, road improvements, water and sewer utilities and related infrastructure improvements within the Development District as may be authorized by the Tax Increment Financing Act.

Estimated Infrastructure Costs

	Phase I	Phase II	Total
Construction cost - garages	\$4,500,000	\$5,600,000	\$10,100,000
Financing costs	500,000	500,000	1,000,000
Total uses	\$5,000,000	\$6,100,000	\$11,100,000

Terms of Bonds

Aggregate Principal Amount of Bonds: \$11,100,000

Interest Rate: 6.00%

Bondholder: Developer

Principal parties and consultants

Developer: Residences at Town Center, LLC

Bond Counsel: Reed Smith LLP

Representations and covenants fulfilling CR-38-2011

1. Consistent with the County's General Plan and Sector Plans, as well as Other Economic and Community Development Policies, Strategies and Tools.

The Project is consistent with Prince George's County's General Plan and Sector Plans, as well as other economic and community development policies, strategies and tools.

2. Generate Additional Significant Revenue for the County.

The Project generates additional significant revenue for the County, based on the projections provided in the TIF Application by MuniCap, Inc. *See* TIF Application.

3. Meet Both a Short-Term and Long-Term “But-For Test”, which Demonstrates that the Proposed Project or Initiative is not Feasible without the County’s Participation and Assistance.

The Project meets both a short-term and long-term “but-for test”, which demonstrates that the proposed project or initiative is not feasible without the County’s participation and assistance, based on financial information submitted by MuniCap, Inc. to the Administration, the County Council and their respective financial advisors.

4. Be Subject to a “Trigger Mechanism/Look Back Provision”, which, on an Ongoing Basis, Examines a Project’s Proposed and Projected Cash Flows, Profits, and Other Financial Information to Determine Whether and When Repayment of the County’s Investment Is or May be Necessary.

The Project will be subject to a “trigger mechanism/look back provision”, which, on an ongoing basis, examines the Project’s proposed and projected cash flows, profits, and other financial information to determine whether and when repayment of the County’s investment is or may be necessary. The Developer has agreed to the following “look back” provision:

The Project will be subject to a “trigger mechanism/look back provision”, which, on an ongoing basis, examines the Project’s proposed and projected cash flows, profits, and other financial information to determine whether and when repayment of the County’s investment is or may be necessary. The developer and the County will reach an agreement on the trigger mechanism prior to closing on the County’s bonds.

5. Where Appropriate, be Used to Help Fund the Revitalization of an Area or Community in the County.

The Project will be used to help fund the revitalization of an area or community in the County.

6. Local Minority Business Enterprise Equity Participation and MBE Plan.

a. Provide Documentation, prior to any Issuance of TIF Bonds, Showing LMBE ownership or participation equal to 5% of the TIF note Issued.

The Project is owned by Residences at Town Center, LLC, a Maryland limited liability company. B&W Solutions, Inc. is an LMBE equity participant who will hold a 5% equity ownership position in Residences at Town Center, LLC in exchange for its consulting and development support. The value of its equity ownership will exceed

\$250,000 (or 5% of the \$5,000,000 TIF). *See* MBE Plan.

b. MBE Plan to Include a Goal of 30% for Local Business Enterprises (LBE), MBE and Local Minority Business Enterprise (LMBE); With LMBE Participation of no Less than 20% of the Available Project Dollars.

The Developer will use best efforts to cause thirty percent (30%) or more of the LMBE, MBE and LBE - applicable hard costs incurred in connection with the construction of the Project to be incurred pursuant to contracts with LMBEs, MBEs, and LBEs. Further, the Developer will use best efforts to cause a minimum of twenty percent (20%) of these LMBE, MBE, and LBE - applicable hard and soft costs to be expressly directed to contracts with LMBEs.

7. Not Have an Adverse Impact on the County's Credit/Bond Rating.

The Project will not have an adverse impact on the County's credit/bond rating.

8. Expand and Strengthen Employment Opportunities with a Minimum Employment Goal of 51% for County Residents.

The Project will expand and strengthen employment opportunities with a minimum employment goal of fifty-one percent (51%) for County residents. *See* MBE Plan.

9. Expand the County's Commercial Base.

Upon the completion of Town Center at Camp Springs, Prince George's County's commercial base represented by this property will increase from its current state to full buildout. The County will facilitate the transformation of vacant land into a mixed-use development comprised of approximately 1,000 residential units, 1,250,000 square feet of commercial office space intended for a federal office tenant, 65,000 square feet of commercial retail space, and an additional 250,000 square feet of commercial retail or office, or residential space. The estimated increase in taxable value in today's dollars resulting from the proposed Phase I and Phase II development of Town Center at Camp Springs, the phases in which bonds have been authorized, is highlighted in the table below. Source: MuniCap, Inc.

Total Estimated Increase in Taxable Value

	<i>Taxable Value</i>
Phase I assessed value	\$54,365,687
Phase II assessed value	\$50,063,366
Total assessed value	\$104,429,053
Total phase I & II base assessed value	(\$2,546,000)
Total increase in taxable value	\$101,883,053

Source: MuniCap, Inc.

10. Use Best Efforts to Afford Opportunities for Public and Private Partnerships.

The Project will use best efforts to afford opportunities for public and private partnerships. Town Center at Camp Springs provides opportunities for public and private partnerships through the collective commitments of the County and the developer to transform vacant land into a vibrant mixed-use development.

11. Use Best Efforts to Offer Creative and Unique Opportunities for Economic and Community Development Projects and Initiatives.

Since the construction of the WMATA Branch Avenue Terminal in 2001, the County has envisioned a mixed-use transit-oriented development adjacent to the terminal. Through the creation of a tax increment financing district created for the purposes of financing improvements associated with the Town Center at Camp Springs, the County has the opportunity to fulfill the objective associated with the goal of improving quality of life and increase economic opportunities in established communities through residential and commercial redevelopment, specifically by encouraging commercial and residential redevelopment in established communities by minimizing risk and cost to developers by establishing tax increment financing districts that correlate to revitalization corridors as outlined in the *Prince George's County Five-Year Economic Development Strategic Plan* (June 2005). Additionally providing financial assistance will allow the County to fulfill the goal of encouraging transit-oriented development in the County's metro station areas to provide local employment opportunities and increase the local tax base by attracting a federal tenant to the Branch Avenue Terminal, along with the described residential component.

12. Certification of all LMBEs Shall Be Required.

The Developer will cooperate with the County Compliance Officer and its contractors to ensure that all LMBEs are certified in accordance with County policy and with the Resolution.

13. Meets the Apprenticeship Program Requirements.

The Developer has committed to use best efforts to participate in a Class A Apprenticeship Program (as such term is defined in CR-38-2011) for each separate trade or classification in which it employs craft employees for the construction of the Phase I Garage. *See* MBE Plan.

14. Compliance with CR-38-2011.

The Developer certifies that the provisions of CR-38-2011 have been complied with and that the MBE Plan has been approved by the Compliance Manager in conformance with the MBE Plan Guidelines promulgated by the Compliance Manager.

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Incorporation of Representations and covenants fulfilling CR-38-2011

Upon issuance of the shall be deemed incorporated into the Development Agreement (or other contract) between the Developer and the County with respect to the project, whether or not expressly addressed by the Development Agreement (or other contract), and shall be enforceable by the County against the Developer as if set forth in full therein.

RESIDENCES AT TOWN CENTER, LLC
a Maryland limited liability company

By:  _____

Name: Peter Schwartz

Title: Manager