

TIF PROPOSAL AND DEVELOPER’S CERTIFICATE
Prince George’s County Policy for Tax Increment Financing

Amore Apollo

June 19, 2020

Ascend Apollo II LLC (the “*Developer*”) submits this TIF Proposal and Developer’s Certificate for review by the County Council of Prince George’s County, Maryland.

Background. Pursuant to Council Resolution CR-92-2014, as amended by Council Bill CB-14-2020, as further described below, the Largo Town Center Metro Development District (the “*Development District*”) was designated and the Largo Town Center Metro Tax Increment Fund (the “*Tax Increment Fund*”) was established for the purpose of financing certain public roads and related improvements to support residential development by the Developer through the issuance of special obligation bonds under Sections 12-201 through 12-213, inclusive, of the Economic Development Article of the Annotated Code of Maryland, as amended (the “*Tax Increment Financing Act*”). Council Bill CB-14-2020 amended CR-92-2014 to (a) exclude the from the Largo Town Center Metro Tax Increment Fund real property taxes related to the parcel owned by RPAI Capital Centre II, L.L.C. (“*RPAI*”), including the refunds due to RPAI pursuant to the Payment in Lieu of Taxes Agreement between the County and RPAI, (b) amend the improvements permitted to be financed by the Tax Increment Fund to include public or private parking facilities, roads, streets, water and sewer utilities and related infrastructure improvements (the “*Infrastructure Improvements*”), and (c) provide that the provisions of Resolution CR-21-2019 are applicable to this transaction.

Pursuant to Council Bill CB-14-2020, bonds in an aggregate principal amount of \$5,750,000, payable solely from amounts levied and deposited in the Tax Increment Fund, were authorized to finance said Infrastructure Improvements.

Council Resolution CR-21-2019 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-21-2019 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 Developer’s Certificate is provided to permit fulfillment of that requirement.

Development. Amore Apollo is an approximately \$65,600,000 mixed-use development project with structured parking located in the immediate vicinity of the Largo Metro Station, one of the County’s five (5) priority Metro Stations. The project will include 379 multi-family units, 4,489 square feet of retail, and 419 structured parking spaces. The project will add critical residential density to “Downtown Largo”.

Infrastructure to Be Financed by the TIF. The Infrastructure Improvements include, but are not limited to a privately owned parking facility and such other infrastructure improvements associated with the development and construction of a multi-family residential building within the District as may be authorized by the Tax Increment Financing Act.

Estimated Infrastructure Costs.

Parking Structure and Related Costs	\$ 5,750,000
Total	\$ 5,750,000

The Developer acknowledges that the County is not required to issue TIF bonds in an amount sufficient to pay for all of the estimated infrastructure costs set forth herein.

Terms of Bonds.

Principal Amount of Bonds	\$5,750,000
Interest Rate	0% (no interest)
Public Offering or Private Placement	Private Placement
Term	10 years
Form of Note	Draw-down Developer Note

Representations and Covenants Fulfilling CR-21-2019.

1. Be 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 the Prince George’s County General Plan and Largo Sector Plan, as well as other economic and community development policies, strategies and tools. See correspondence from Arthur Horne, Esq., Shipley & Horne, P.A., describing the Project’s compliance with this requirement, attached as Exhibit A.

2. Generate additional significant revenue for the County.

The Project will support an approximately \$65,600,000 mixed-use project (379 multi-family units and 4,486 square feet of retail), which will by increasing housing opportunities within a transit-oriented development generate additional significant revenue for the County.

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.

MuniCap, Inc. has been retained and has determined that the Project meets both a short-term and long-term “but-for test,” which demonstrates that the Project is not feasible without the County’s participation and assistance.

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 Developer agrees that 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.

5. Where appropriate, be used to help fund the revitalization of an area or community in the County.

The Project is not located in an area requiring revitalization or classified formally as a revitalization project.

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

A. Provide documentation, as required by the County’s Compliance Manager, prior to any issuance of TIF bonds, showing not less than 5% of the value of the TIF bonds issued to the developer through either (i) County-based Minority Business Enterprise (“CMBE”) equity ownership in the entity receiving TIF bonds, (ii) CMBE ownership or participation equal to 5% of the TIF bonds issued or (iii) County minority resident equity ownership or participation equal to five percent (5%), cumulative, of the TIF bonds issued.

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. The Developer acknowledges and agrees that the approval of this TIF Proposal in no way approves issuance of the TIF bonds until the County receives documentation of The Cornelius Group’s participation or other acceptable participation equal to 5% ownership in the Developer.

B. Minority Business Enterprise (“MBE”) Plan, acceptable to the County’s Compliance Manager, that shall include a goal of thirty-five percent (35%) for County-based Businesses (“CBBs”), CMBEs, County-based Small Businesses (“CBSBs”), and MBEs; however, at no time shall the CMBE participation be less than twenty percent (20%) of the available project dollars and the cumulative CBB, CMBE, CBSB and MBE participation be less than twenty-five percent (25%).

The Developer has agreed to comply with a goal of 35% for CBB, CMBE, CBSB and MBE participation with a minimum of 25% of CBB, CMBE, CBSB and MBE participation and 20% of CMBE Participation. These requirements are in compliance with the requirements of CR-21-2019 and are memorialized in the MBE Plan, which has been approved by the Compliance Manager. See MBE Plan, attached as Exhibit C.

7. Not have an adverse impact on the County’s credit/bond rating.

Based on the fiscal analysis of MuniCap, Inc., the Project will not have an adverse impact on the County’s credit or bond rating.

8. Expand and strengthen employment opportunities with a minimum employment goal of 40% for County residents.

The Project will expand and strengthen employment opportunities with a minimum employment goal of 40% for County residents.

9. Expand the County's commercial base.

The Project will expand the County's commercial base. The Project and the multifamily residential building it will support is projected to expand the County's commercial base by adding an additional 379 housing units in the County in a transit-oriented development. As a result, the County's commercial property tax base is expected to increase with annual increases thereafter due to enhanced value and inflation.

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. The Project provides opportunities for public and private partnerships through the collective commitments of the County and the Developer to transform an area into a vibrant and energetic transit-oriented development. The Project will make workforce housing available to County residents in the immediate vicinity of the University of Maryland Capital Region Medical Center.

11. Use best efforts to offer creative and unique opportunities for economic and community development projects and initiatives.

The Developer will use best efforts to offer creative and unique opportunities for economic and community development projects and initiatives. The Project offers creative and unique opportunities for economic and community development from both the private and public sectors through the transformation of the Largo sector into an economic and community hub.

12. Certify to the Compliance Manager, as a condition of receiving assistance, verifying that all construction contractors and subcontractors, of whatever tier, performing work on the assisted project, shall meet the apprenticeship requirements, or submit to the Compliance Manager a request for a partial waiver of such requirement.

The Developer will meet the apprenticeship requirements, or submit a request for a waiver of such requirements, for all construction contractors and subcontractors performing work on the Project.

13. Participate in a Class A Apprenticeship Program for each separate trade or classification in which it employs craft employees and shall continue to participate in such program or programs for the duration of the project, or submit to the Compliance Manager a request for a partial waiver of such requirement.

The Developer will participate in a Class A Apprenticeship Program through its general contractor to the extent practical, or submit a request for a waiver of such requirement, for each trade or classification in which it employs craft employees.


14. Provide to the Compliance Manager with the certification required by paragraph 13 a list of all trades or classifications of craft employees it will employ on the project and documentation verifying it participates in a Class A Apprenticeship Program for each trade or classification listed, or submit to the Compliance Manager a request for a partial waiver of such requirement.

The Developer will provide the certification required by paragraph 13 and a list of all trades or classifications of craft employees it will employ on the project and documentation verifying such participation, or submit a request for a waiver of such requirement.

[Signature on Following Page]

Incorporation of Representations and Covenants Fulfilling CR-21-2019. Upon issuance of the bonds, each of the “Representations and Covenants Fulfilling CR-21-2019” set forth above 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.

ASCEND APOLLO II LLC

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