A&R DEVELOPMENT

PART OF THE A&R FAMILY OF COMPANIES

September 13, 2013

VIA US MAIL (Certified)
Rudy Washington
Department of Employment Services
Deputy Director-Employment Programs and Monitoring
4058 Minnesota Ave, N.E., Suite 500
Washington, D.C. 20019

RE: First Source Agreement for Zoning Commission Case #12-16

Dear Ms. Washington:

CG Marketplace, LLC the developer of the Project known as Capitol Gateway Marketplace is pleased to submit this executed First Source Agreement for the mixed-use building component of the Capital Gateway Marketplace planned unit development. The mixed-use component of the project includes approximately 288 residential units (plus or minus 10%) and approximately 23,500 square feet of ground floor retail use. Please counter-sign this agreement and send a copy to my attention at you earliest pleasure and convenience. The Zoning Commission will be taking final action on Zoning Application Case #12-16 on 9.30.2013. As such, it would be greatly appreciated to receive a final executed copy before 9.25.13 for inclusion in the record for the project.

In the interim should you have any questions please contact me directly at 410.783-4552 or at lperkins@ar-companies.com.

We are very excited to be participating in the First Source Agreement Program and equally excited to working forward with you.

Warm regards,

Logan Bailey-Perkins,
Development Manger

CC: Kyrus Freeman; Feras Qumseya (via email)

A&R Development Corp.
1040 Park Avenue, Suite 300
Baltimore, MD 21201
P 401.783.3200
F 410.783.3222
www.ar-companies.com

ZONING COMMISSION
District of Columbia
CASE NO.12-16
EXHIBIT NO.54A1

Offices in Baltimore, Maryland and Washington, D.C.

Government of the District of Columbia
FIRST SOURCE EMPLOYMENT AGREEMENT

Contract Number: Zoning Commission Case#12-16

Employer Name: CG Marketplace, LLC

Project Contract Amount: $65,000,000

Employer Contract Award: $65,000,000

Project Name: Capitol Gateway Marketplace- Mixed Use Building

Project Address: Portion of Square 5276 Ward: 7

Nonprofit Organization with 50 Employees or Less: ☐ Yes ☒ No

This First Source Employment Agreement, in accordance with The First Source Employment Agreement Act of 1984 (codified in D.C. Official Code §§ 2-219.01 – 2.219.05), The Apprenticeship Requirements Amendment Act of 2004 (Codified in D.C. Official Code §§ 2-219.03 and 32-1431) for recruitment, referral, and placement of District of Columbia residents, is between the District of Columbia Department of Employment Services, hereinafter referred to as "DOES", and CG Marketplace, LLC, hereinafter, referred to as EMPLOYER. Under this Employment Agreement, the EMPLOYER will use DOES as its first source for recruitment, referral, and placement of new hires or employees for all new jobs created by the Project. The Employer will hire 51% District of Columbia residents for all new jobs created by the Project, and 35 % of all apprenticeship hours be worked by DC residents employed by EMPLOYER in connection with the Project shall be District residents registered in programs approved by the District of Columbia Apprenticeship Council.

I. GENERAL TERMS

A. Subject to the terms and conditions set forth herein, the EMPLOYER will use DOES as its first source for the recruitment, referral and placement for jobs created by the Project.

B. The EMPLOYER will require all Project contractors with contracts totaling $100,000 or more, and Project subcontractors with subcontracts totaling $100,000 or more, to enter into a First Source Employment Agreement with DOES.

C. DOES will provide recruitment, referral and placement services to the EMPLOYER, which are subject to the limitations set out in this Agreement.

D. The participation of DOES in this Agreement will be carried out by the Office of Employer Services, which is responsible for referral and placement of employees, or such other offices or divisions designated by the Office of the Director, of DOES.

E. This Agreement will take effect when signed by the parties below and will be fully effective for the duration of the Project contract and any extensions or modification to the Project contract.

F. This Agreement will not be construed as an approval of the EMPLOYER'S bid package, bond application, lease agreement, zoning application, loan, or contract/subcontract for the Project.

G. DOES and the EMPLOYER agree that, for purposes of this Agreement, new hires and jobs created for the Project (both union and nonunion) include all EMPLOYER'S job openings and vacancies in the Washington Standard Metropolitan Statistical Area created for the Project as a result of internal promotions, terminations, and expansions of the EMPLOYER'S workforce, as a result of this project, including loans, lease agreements, zoning applications, bonds, bids, and contracts.

H. This Agreement includes apprentices as defined and as amended, in D.C. Law 2-156. D.C. Official Code §§ 32-1401- 1431.

I. The EMPLOYER, prime subcontractors and subcontractors who contract with the District of Columbia government to perform construction, renovation work, or information technology work with a single contract, or cumulative contracts, of at least $500,000, let within a 12-month period will be required to register an apprenticeship program with the District of Columbia Apprenticeship Council; and this includes but is not limited to, any construction or renovation contract or subcontract signed as the result of, a loan, bond, grant, Exclusive Right Agreement, street or alley closing, or a leasing agreement of real property for one (1) year or more. In furtherance of the foregoing, the EMPLOYER shall enter into an agreement with its contractors, including the general contractor, that requires that such contractors and subcontractors for the Project participate, in apprenticeship programs for the Project that: (i) meet the standards set forth in Chapter 11 of Title 7 of the District of Columbia Municipal Regulations, and (ii) have an apprenticeship program registered with the District of Columbia's Apprenticeship Council.

II. RECRUITMENT

A. The EMPLOYER will complete the attached Employment Plan, which will indicate the number of new jobs projected to be created on the Project, salary range, hiring dates, residency status, ward information, new hire justification and union requirements.

B. The Employer will post all job vacancies in the DOES' Virtual One-Stop (VOS) at **www.jobs.dc.gov** within five (5) days of executing the Agreement. Should you need assistance posting job vacancies, please contact Job Bank at (202) 698-6001.

C. The EMPLOYER will notify DOES, by way of the First Source Office of its Specific Need for new employees for the Project, within at least five (5) business days (Monday - Friday) upon Employers identification of the Specific Need. This must be done before using any other referral source. Specific Needs shall include, at a minimum, the number of employees needed by job title, qualifications, hiring date, rate of pay, hours of work, duration of employment, and work to be performed.

D. Job openings to be filled by internal promotion from the EMPLOYER'S current workforce do not need to be referred to DOES for placement and referral. However, EMPLOYER shall notify DOES of such promotions.

E. The EMPLOYER will submit to DOES, prior to commencing work on the Project, the names, social security number, residency status and ward information of all current employees, including apprentices, trainees, and laid-off workers who will be employed on the Project.

III. REFERRAL

A. DOES will screen applicants and provide the EMPLOYER with a list of applicants according to the Notification of Specific Needs supplied by the EMPLOYER as set forth in Section II (B).

B. DOES will notify the EMPLOYER, prior to the anticipated hiring dates, of the number of applicants DOES will refer.

IV. PLACEMENT

A. The EMPLOYER will make all decisions on hiring new employees but will, in good faith, use reasonable efforts to select its new hires or employees from among the qualified persons referred by DOES.

B. In the event that DOES is unable to refer qualified personnel meeting the Employer's established qualifications, within five (5) business days (Monday - Friday) from the date of notification, from the EMPLOYER , the EMPLOYER will be free to directly fill remaining positions for which no qualified applicants have been referred. Notwithstanding, the EMPLOYER will still be required to hire 51% District residents for all new jobs created by the Project.

C. After the EMPLOYER has selected its employees, DOES will not be responsible for the employees' actions and the EMPLOYER hereby releases DOES, and the Government of the District of Columbia, the District of Columbia Municipal Corporation, and the officers and employees of the District of Columbia from any liability for employees' actions.

V. TRAINING

A. DOES and the EMPLOYER may agree to develop skills training and on-the-job training programs; the training specifications and cost for such training will be mutually agreed upon by the EMPLOYER and DOES and will be set forth in a separate Training Agreement.

VI. CONTROLLING REGULATIONS AND LAWS

A. To the extent that this Agreement is in conflict with any federal labor laws or governmental regulations, the federal laws or regulations shall prevail.

B. DOES will make every effort to work within the terms of all collective bargaining agreements to which the EMPLOYER is a party.

C. The EMPLOYER will provide DOES with written documentation that the

EMPLOYER has provided the representative of any collective bargaining unit involved with this Project a copy of this Agreement and has requested comments or objections. If the representative has any comments or objections, the EMPLOYER will promptly provide them to DOES.

VII. EXEMPTIONS

A. All contracts, subcontracts or other forms of government-assistance less than $100,000.

B. Employment openings the contractor will fill with individuals already employed by the company.

C. Job openings to be filled by laid-off workers according to formally established recall procedures and rosters.

D. Construction or renovation contracts or subcontracts in the District of Columbia totaling less than $500,000 are exempt from the requirements of Section I(H) and I(I) of the General Terms hereof.

E. Non-profit organization with 50 or less employees are exempt from the requirements.

VIII. AGREEMENT MODIFICATIONS, RENEWAL, MONITORING, AND PENALTIES

A. If, during the term of this Agreement, the EMPLOYER should transfer possession of all or a portion of its business concerns affected by this Agreement to any other party by lease, sale, assignment, merger, or otherwise this First Source Agreement shall remain in full force and effect and transferee shall remain subject to all provisions herein. In addition, the EMPLOYER as a condition of transfer shall:

1. Notify the party taking possession of the existence of this EMPLOYER'S First Source Employment Agreement.

2. Notify DOES within seven (7) business days of the transfer. This advice will include the name of the party taking possession and the name and telephone of that party's representative.

B. DOES will monitor EMPLOYER'S performance under this Agreement. The EMPLOYER will cooperate with the DOES monitoring and will submit a Contract Compliance Form to DOES monthly.

C. To assist DOES in the conduct of the monitoring review, the EMPLOYER will make available to DOES, upon request, payroll and employment records for the review period indicated for the Project.

D. The Employer will provide DOES additional information upon request.

E. With the submission of the final request for payment from the District, the EMPLOYER shall:

1. Document in a report to DOES its compliance with the requirement that 51% of the new employees hired by the EMPLOYER for the Project be District residents; or

2. Submit to DOES a request for a waiver of compliance of the requirement that 51% of the new employees hired by the EMPLOYER the Project be District residents which will include the following documentation:
   a. Documentation supporting EMPLOYERS good faith effort to comply;
   b. Referrals provided by DOES and other referral sources; and
   c. Advertisement of job openings listed with DOES and other referral sources.

F. The DOES may waive the requirement that 51% of the new employees hired by the EMPLOYER for the Project be District residents, if DOES finds that:

1. A good faith effort to comply is demonstrated by the EMPLOYER; or

2. The EMPLOYER is located outside the Washington Standard Metropolitan Statistical Area and none of the contract work is performed inside the Washington Standard Metropolitan Statistical Area:

   The Washington Standard Metropolitan Statistical Area includes the District of Columbia, the Virginia Cities of Alexandria, Falls Church, Manasas, Manasas Park, Fairfax, and Fredericksburg; the Virginia Counties of Fairfax, Arlington, Prince William, Loundon, Stafford, Clarke, Warren, Fauquier, Culpeper, Spotsylvania, and King George; the Maryland Counties of Montgomery, Prince Georges, Charles, Frederick, and Calvert; and the West Virginia Counties of Berkeley and Jefferson.

3. The EMPLOYER enters into a special workforce development training or placement arrangement with DOES; or

4. DOES certifies that there are insufficient numbers of District residents in the labor market possessing the skills required by the EMPLOYER for the positions created as a result of the Project. No failure by Employer to request a waiver under any other provision hereunder shall be considered relevant to a requested waiver under this Subsection.

G. Willful breach of the First Source Employment Agreement by the EMPLOYER, failure to submit the Contract Compliance Report, or deliberate submission of falsified data, may be enforced by the DOES through imposition of penalties, including monetary fines of 5% of the total amount of the direct and indirect labor costs of the contract for the positions created by EMPLOYER.

H. The parties acknowledge that the provisions of E and F of Article VIII apply only to First Source hiring.

I. Nonprofit organizations with 50 or less employees are exempt from the requirement that 51% of the new employees hired by the EMPLOYER on the Project be District

residents.

J. The EMPLOYER and DOES, or such other agent as DOES may designate, may mutually agree to modify this Agreement.

K. The EMPLOYER's noncompliance with the provisions of this Agreement may result in termination.

IX. LOCAL, SMALL, DISADVANTAGES USINESS ENTERPRISE

A. Is your firm a certified Local, Small, Disadvantaged Business Enterprise (LSDBE)? ☐ YES ☒ NO

If yes, certification number:_____

X. APPRENTICESHIP PROGRAM

A. Do you have a registered Apprenticeship program with the D.C. Apprenticeship Council? ☐ YES ☒ NO

If yes, D.C. Apprenticeship Council Registration Number: _____

XI. SUBCONTRACTOR

A. Is your firm a subcontractor on this project? ☐ YES ☒ NO
If yes, name of prime contractor: _____

Dated this 13th day of September 20 13

Signature Dept. of Employment Services

Signature of Employer

CG Marketplace, LLC
Name of Company

1040 Park Ave., Suite 300 Baltimore, MD 21201
Address

410 783-4563
Telephone

fqumseya@ar-companies.com
E-mail

EMPLOYMENT PLAN

NAME OF EMPLOYER: CG Marketplace, LLC

ADDRESS OF EMPLOYER: 1040 Park Ave., Suite 300, Baltimore, MD 21201

TELEPHONE NUMBER: 410-783-4563 FEDERAL IDENTIFICATION NO.: _____

CONTACT PERSON: Feras Qumseya TITLE: VP

E-MAIL: Fqumseya@ar-companies.com TYPE OF BUSINESS: Real Estate Development

---

DISTRICT CONTRACTING AGENCY: Office of Zoning

CONTRACTING OFFICER: N/A TELEPHONE NUMBER: N/A

TYPE OF PROJECT: Mixed-Use (residential+retail) CONTRACT AMOUNT: N/A

EMPLOYER CONTACT AMOUNT: N/A

PROJECT START DATE: Spring 2014 PROJECT END DATE: Fall 2016

EMPLOYER START DATE: Spring 2014 EMPLOYER END DATE: Fall 2016

NEW JOB CREATION PROJECTIONS: Please indicate ALL new position(s) your firm will create as a result of the Project. If the firm WILL NOT be creating any new employment opportunities, please complete the attached justification sheet with an explanation. Attach additional sheets as needed.

	JOB TITLE	# OF JOBS F/T P/T	SALARY RANGE	UNION MEMBERSHIP REQUIRED NAME LOCAL#	PROJECTED HIRE DATE
A	None				
B					
C					
D					
E					
F					
G					
H					
I					
J					
K					

CURRENT EMPLOYEES: Please list the names, social security numbers, residency status and ward information of all current employees, including apprentices, trainees, and transfers from other projects, who will be employed on the Project. Attach additional sheets as needed.

NAME OF EMPLOYEE	CURRENT DISTRICT RESIDENT √Please Check	WARD	SOCIAL SECURITY NUMBER REQUIRED
	☐		
	☐		
	☐		
	☐		
	☐		
	☐		
	☐		
	☐		
	☐		
	☐		
	☐		
	☐		
	☐		
	☐		
	☐		
	☐		
	☐		
	☐		
	☐		
	☐		
	☐		
	☐		
	☐		
	☐		
	☐		

JUSTIFICATION SHEET: Please provide a detailed explanation of why the Employer will not have any new hires on the Project.

CG Marketplace, LLC is a real estate development company that will develop a mixed-use project known as Capitol Gateway Marketplace, LLC. The Developer's role in this project is to provide management and oversight of the project, facilitate project financing, submit and obtain zoning and other entitlements/approvals, hire and monitor the project's selected general contractor and prepare and provide reports to DC agencies as required by the final Zoning Order. All of these functions will be performed prior to the start of construction and will be performed by the developer's existing personnel and consultants. As a result, no new hires or apprenticeship opportunities will be created directly by the developer.

The selected general contractor and its sub-contractors will enter into seperate first source agreeements with DOES. The developer will review, approve, and monitor the general contractor's First Source agreement(s) to ensure compliance with DC regulations and the requirements of the final zoning order.