

City of Philadelphia Economic Opportunity Plan

Chancellor Hotel

I. Introduction, Definitions and Goals.

The City of Philadelphia strongly encourages the use of certified Minority ("MBE"), Women ("WBE"), Disabled ("DSBE") and Disadvantaged¹ ("DBEs") Business Enterprises (collectively, "M/W/DSBEs") and minority and female workers in various aspects of the design and construction of the development to be known as **Chancellor Hotel** (the "Project") at 1602-1634 Chancellor Street, Philadelphia, 19103 (the "Site"). In support of this objective, the City of Philadelphia will require that **Chancellor Hotel GP, LLC** (the "Owner") of the Project commit to this Economic Opportunity Plan ("EOP" or "Plan"). This Plan contains ranges of projected M/W/DSBE utilization and goals for the employment of minority and female workers in connection with the Project at the Site. This Plan shall be a part of and incorporated into the resulting agreement(s) with the owners of the **Chancellor Hotel**.

The Owner hereby verifies that all information submitted to the Office of Economic Opportunity ("OEO") in response to this Plan, is true and correct and take notice that the submission of false information is subject to the penalties of 18 PA C. S. Section 4904, relating to unsworn falsification to authorities and 18 PA C. S. Section 4107.2 (a)(4), relating to fraud in connection with minority business enterprises or women's business enterprises.

For the purposes of this Plan, MBE, WBE, DBE and DSBE shall refer to certified businesses so recognized by OEO. Only the work or supply effort of firms that are certified as M/W/DSBEs by an OEO approved certifying agency² will be eligible to receive credit as a Best and Good Faith Effort. In order to be counted, certified firms must successfully complete and submit to the OEO an application to be included in the OEO Registry which is a list of registered M/W/DSBEs maintained by the OEO and available online at www.phila.gov/oeo/directory.

For this Plan, the term "Best and Good Faith Efforts," the sufficiency of which shall be in the sole determination of the City, means: efforts, the scope, intensity and appropriateness of which are designed and performed to foster meaningful and representative opportunities for participation by M/W/DSBEs and an appropriately diverse workforce and to achieve the objectives herein stated. Best and Good Faith Efforts are rebuttably presumed met when commitments are made within the M/W/DSBE participation ranges established for the improvements and a commitment is made to employ a diverse workforce as enumerated herein.

¹ Disadvantaged Business Enterprises ("DBEs") are those socially or economically disadvantaged minority and woman owned businesses certified under 49 C.F.R. Part 26.

² A list of "OEO approved certifying agencies" can be found at www.phila.gov/oeo

II. Project Scope.

310 room hotel, with underground parking and on grade retail.

III. Goals.

A. M/W/DSBE Participation Ranges.

As a benchmark for the expression of "Best and Good Faith Efforts" to provide meaningful and representative opportunities for M/W/DSBEs in the Project, the following participation ranges have been established. These participation ranges represent, in the absence of discrimination in the solicitation and selection of M/W/DSBEs, the percentage of MBE, WBE and DSBE participation that is reasonably attainable through the exercise of Best and Good Faith Efforts. These percentages relate to the good faith estimated cost of the Project. In order to maximize opportunities for as many businesses as possible, a firm that is certified in two or more categories (e.g., MBE and WBE and DSBE or WBE and DSBE) will only be credited toward one participation range as either an MBE or WBE or DSBE. The ranges are based upon an analysis of factors such as the size and scope of the improvements and the availability of MBEs, WBEs, DSBEs and DBEs to participate in the improvements:

The following contract goals have been set for the Project:

Contracts	Minority Owned	Female Owned	Total
Professional Services	15-20%	10-15%	25-35%
Construction	25-30%	5-10%	30-40%

B. Employment Goals.

The following Construction contract goals have been set for the Project:

	Local Residents	
	35%	

The **Chancellor Hotel GP, LLC** agrees to exercise Best and Good Faith Efforts to employ minority persons and females in its workforce of apprentices and journeymen at the following levels³:

- Minority Apprentices - 50% of all hours worked by all apprentices.
- Minority Journeymen - 32% of all journey hours worked across all trades.
- Female Apprentices - 7% of all hours worked by all apprentices.
- Female Journeypersons – 2% of all hours worked across all trades.

IV. Responsiveness.

A. The Owner and relevant participants shall identify M/W/DSBE commitments and other agreements evidencing its intent to use Best and Good Faith efforts to employ minority persons and females at the levels stated herein. The identified commitments constitute a representation that the M/W/DSBE is capable of providing commercially useful goods or services relevant to the commitments and that the Owner and participants have entered into legally binding commitments or other legally binding agreements with the listed M/W/DSBEs for the work or supply effort described and the percentage amounts set forth. In calculating the percentage of M/W/DSBE participation, the standard mathematical rules apply in rounding off numbers.

B. M/W/DSBE commitments are to be memorialized in a written subcontract agreement. Letters of intent, quotations, contracts, subcontracts and any other documents evidencing commitments with M/W/DSBEs, including the M/W/DSBE Participation and Workforce Commitments Form, become part of and an exhibit to the Agreement.

C. OEO reserves the right to request further documentation and/or clarifying information at any time during the construction of the Project to ensure that Best and Good Faith Efforts have been made.

V. Compliance and Monitoring of Best and Good Faith Efforts.

A. To the extent required by law, the Owner shall ensure that its on-site contractors maintain certified payrolls which include a breakout of hours worked by minority and female apprentices and journeypersons. These documents are subject to inspection by OEO.

B. Prompt Payment of M/W/DSBEs.

The Owner agrees and shall cause its contractors to ensure that M/W/DSBEs participating in the Project receive prompt payment for their work or supply effort within five (5) business days after receipt of a proper invoice following satisfactory performance.

C. Oversight Committee.

The Owner and the City of Philadelphia, in consultation with the appropriate agencies and entities, will establish and identify the members of a Project Oversight Committee, including representatives from the Owner, the Developer and/or the General Contractor and Construction Manager, the Office of Economic Opportunity, City Council, community organizations and the Building Trades. Participants will engage in

³ These goals, which have been adopted by the Economic Opportunity Cabinet, are the recommendations of the Mayor's Commission on Construction Industry Diversity.

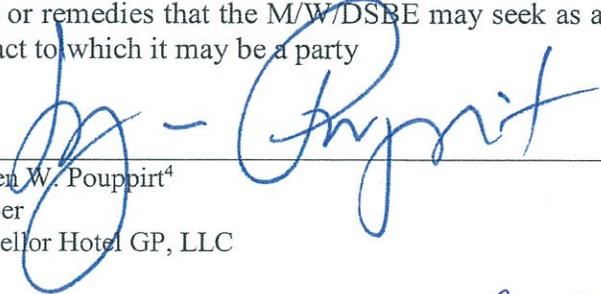
monitoring, reporting and problem solving activities which are to include regular meetings to address all matters relevant to further development of the Plan, carrying out its implementation and the successful completion of the Project.

D. Reporting.

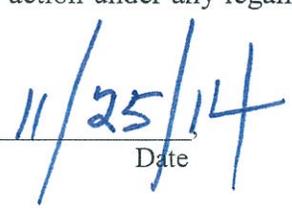
The Owner agrees to file an annual report with the City of Philadelphia and City Council concerning the performance of the Economic Opportunity Plan through the duration of the Project. In addition, during construction, the Owner will provide "snapshot" reports containing updates for certain categories of information contained in its annual report on a monthly basis during construction. Snapshot reporting will include: (i) utilization of M/W/DSBEs and/or DBEs, and (ii) the hiring and employment of minorities and females. All reports (quarterly & annually) provided to the City under this section will also be provided to the Office of Economic Opportunity.

VI. Remedies and Penalties for Non-Compliance.

A. The Owner agrees that its compliance with the requirements of this Plan is material to the Agreement. Failure to comply with the Plan may constitute a substantial breach of the Agreement and is subject to the remedies and penalties contained therein or otherwise available at law or in equity. Notwithstanding the foregoing, no privity of contract exists between the City and any M/W/DSBE identified in any contract resulting from implementation of the Plan. Neither the Owner nor the City intends to give or confer upon any such M/W/DSBE any legal rights or remedies in connection with subcontracted services under any law or policy or by any reason of any contract resulting from implementation of the Plan except such rights or remedies that the M/W/DSBE may seek as a private cause of action under any legally binding contract to which it may be a party



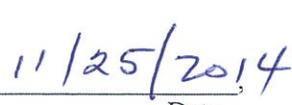
Stephen W. Pouppirt⁴
Member
Chancellor Hotel GP, LLC



Date



Angela Dowd-Burton⁵
Executive Director
City of Philadelphia
Office of Economic Opportunity



Date

⁴ The Owner's Representative is required to sign and date, but the City reserves the right to obtain the Owner's Representative signature thereon at any time prior to Plan certification. The Owner Representative will receive from the City a certified copy of its Plan which should be filed with the Chief Clerk of City Council within fifteen (15) days of the issuance and published by OEO, in a downloadable format, on the OEO website.

⁵ Pursuant to Section 17-1603 (2) of The Philadelphia Code, the representative of the City of Philadelphia's Office of Economic Opportunity, the "certifying agency", certifies that the contents of this Plan are in compliance with Chapter 17-1600.

EXHIBIT A

STATEMENT OF DIVERSITY PRACTICES, POLICIES AND PAST ACHIEVEMENTS

In compliance with Chapter 17-1603 entitled Equal Opportunity Plan: Contents The Economic Opportunity Plan shall contain a statement from the contractor, developer and/or recipient of financial assistance summarizing past practices by identifying and describing examples of processes used to develop diversity at any/all levels of its organization including, but not limited to, Board and managerial positions. This statement shall also summarize strategic business plans specific to current or past practices of M/W/DSBE utilization on government and non-government projects and procurement. Where appropriate, such a statement should contain:

All answers below are related to Clemens Construction Company, the expected General Contractor on this project.

1. Describe employment and recruitment policies used to achieve diversity in your workforce.

Clemens is an equal opportunity employer and seeks to find the best qualified candidates for all open positions. They advertise open positions on our website, <http://www.clemensconstruction.com/join-the-team/>. Additionally, they network with professional and trade organizations to identify people to fill open positions.

2. Provide the race, gender, and residential (local) status of your

- a) Board of Directors

100% Male White. City of Residence: Philadelphia

- b) Management

Race: 14.3% African American; 85.7% White

Gender: 14.3% Female; 85.7% Male

Residential Status: 42.9% Philadelphia; 57.1% Philadelphia suburbs

- c) General Workforce:

Race: 8.3% African American; 4.2% Latino; 8.3% White; 4.2% Asian

Gender: 25% Female; 75% Male

Residential Status: 29.2% Philadelphia; 70.8% Philadelphia suburbs

3. Identify your organization’s methods of solicitation and utilization of Minority, Woman and Disabled Businesses (M/W/DSBEs). Please be specific in describing outreach and any procurement policies that are focused on creating or sustaining business relationships with M/W/DSBEs.

Clemens advertises broadly and extends the invitation to bid to the contracting community. Additionally, they have made efforts to try to find Minority, Woman and Disabled Businesses (M/W/DSBEs) for their projects.

4. What percentage of your company’s total spend with vendors and suppliers is attributable to M/W/DSBEs? Please include a list of the largest M/W/DSBEs used by your organization in the last 12 months.

23.8%

- a) Identify the type of goods or services purchased

*Majek Fire Protection
 Tamburri: Structural Steel
 Genesisio: Mechanical
 Ideal Shield: Barriers & Protection
 Tracorp: Division 10: Miscellaneous Accessories
 Airs Appliances: Appliances*

- b) Amount of the contract.

<i>Majek Fire Protection</i>	<i>\$34,105</i>
<i>Tamburri: Structural Steel</i>	<i>\$1,586,575</i>
<i>Genesisio Mechanical</i>	<i>\$213,803</i>
<i>Ideal Shield: Barriers & Protection</i>	<i>\$4,399</i>
<i>Tracorp: Division 10: Miscellaneous Accessories</i>	<i>\$74,576</i>
<i>Airs Appliances: Appliances</i>	<i>\$12,943</i>

- c) Indicate if any of these M/W/DSBEs are listed in the City of Philadelphia’s Office of Economic Opportunity Registry.

Yes some are.

- d) Are these companies certified as M/W/DSBEs? Do you rely on any particular certifying agency?

Yes some are. We do not rely on one particular certifying agency.

e) If there is no previous M/W/DSBE utilization, the Plan shall contain a statement that explains the reason for the lack of M/W/DSBE participation in past contract(s) or project(s).

5. Describe any initiatives made by your organization to increase investment and promote equity ownership by minorities and women.

At present, Clemens does not have an initiative to increase investment and equity ownership by minorities and women.