

Sugar Hill Apartments



**Proposal Submission
for
2100 18th Avenue South, St. Petersburg, Florida 33712,
Legal Description: Lot 2, Block 1, Tacra Phase III, Parcel ID#25-31-16-88981-001-0020
Request for Proposal.**

Prepared By:
Sugar Hill Group, LLC
February 16th, 2022

For:
CITY OF ST. PETERSBURG

Sugar Hill Group, LLC

Dennis Weber, Real Estate Coordinator, City of St. Petersburg,
Economic & Workforce Development Municipal Services Center,
9th Floor One Fourth Street North

February 15, 2022

St. Petersburg, Florida, 33701

RE: RFP for City Owned Property
2100 18th Avenue South

Dear Mr. Weber,

Thank you for the opportunity to present our proposal and qualifications for this proposed development.

New Urban Development is partnering with Sugar Hill Group, LLC to create an augmented mixed-use project in support of the revitalization of the 18th Avenue South site. The project will be anchored by an affordable housing component to address the current market voids of the community. This strategic approach will serve the overall community interests.

New Urban Development is the housing development affiliate of the Urban League of Greater Miami and has established itself as an emerging leader in the real estate development market, based on its core principles of, sensitivity to community needs, minority & community participation and projects that are a catalyst for neighborhood revitalization. Historically, NUD has developed over 1,500 units and currently has over 600 units in various stages of its' development pipeline with an estimated Total Development Cost of \$250,000,000.00. NUD is currently engaged in two PPP for the development of a mixed-use development consisting of workforce/affordable residential along with a commercial/retail component and an elderly residential project respectively. Sugar Hill Group is comprised of two distinguished leaders in the community; Reverend Louis Murphy, Sr. has served the community for the past 21 years with a focus on revitalizing the Mid-Town area; Roy Binger, former City President of SunTrust Bank has been serving the community for the past 17 years. The two entities will form a joint venture with the mission to develop the Tangerine Plaza and The Sugar Hill Apartments into a vibrant multi-purpose facility on the south side of the city.

This will be an asset the neighborhood and the City of St. Petersburg can be proud of for generations.

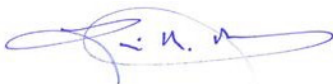
We have a proven track record of successful community-building working closely with community leaders and governmental entities to secure job creation and affordable housing within a Community Revitalization Area (CRA).

Thank you for your consideration, if you have any questions please contact me at 727-492- 3411 or rbinger@bingerfinancial.com.

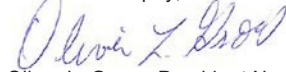
Sincerely,



Roy Binger, AMBR
Sugar Hill Group, LLC



Rev Louis Murphy, Sr., AMBR Sugar Hill Group, LLC



Oliver L. Gross, President New Urban Development, LLC

A. Development Summary

Our vision to participate in the revitalization of the Deuces Community consists of the planned development which is outlined below for your convenience.

18th Avenue South Parcel

Sugar Hill Group, LLC (SHG) is proposing to provide 95 affordable housing residential units and 115 parking spaces for future residents. The proposed newly constructed residential building will include amenities and features consistent with the restate market standards. Amenities will include a fitness/ wellness center, community room, computer/ business center and in unit washer and dryers for each dwelling unit. As a response to the affordable housing disparity that is currently seen across the nation, and specifically present in the City of St. Petersburg, SHG is committed to marketing and leasing all dwelling units to moderate and low-income residents of the community. The target demographic will be family-housing; therefore the unit mix will contain one-, two- and three-bedroom unit types. The residential unit mix that makes up the ninety-five (95) residential units are thirty-nine (39) one-bedroom units, thirty-eight (38) two-bedroom units and eighteen (18) three-bedroom units. SHG will also commit to providing a green energy building that follows the Nation Green Building Code to minimize the carbon footprint and create a sustainable, high-quality development.

In efforts to continue to provide quality affordable housing, SHG has had multiple discussions with the City office to provide residential housing on the site in which this RFP solicitation is requesting. Acquisition of this site, SHG can provide over two hundred (200) workforce and affordable housing units between the 18th Avenue parcel and the 22nd Street Parcel. which SHG was awarded the rights to develop. Collectively, the redevelopment of the adjacent parcels would be a catalyst to the revitalization of the neighborhood. SHG has begun the site configuration for the parcels which is shown on the site plan in **section E**.

22nd Street Parcel

On May 22, 2020 Sugar Hill Group LLC (“SHG”), responded to an Request for Proposals to the City of St. Petersburg to redevelopment the city owned real property located at 1794 22nd Street South, St Petersburg, Florida 33712

In September of 2020 the Sugar Hill Group, LLC was awarded the development rights to the city owned site and began finalizing negotiations to obtain site control in the form of a long-term land lease with an incentive purchase option based on project deliverables.

Sugar Hill Group intends to develop a mixed use/ mixed income community consisting of a newly renovated commercial space and a newly constructed residential building. SHG has designed a site plan that consist of renovating the existing 47,000 SF commercial building on the eastern half of the 3.6-acre Tangerine Plaza site by reusing 39,734 SF grocery to be demised into multiple commercial spaces containing a grocery store. In our efforts to provide quality affordable housing to the community, our development plan also consist of a 4-story multifamily housing development for families. The residential unit mix that makes up the 105 residential units are thirty-six (36) one-bedroom units, fifty-seven (57) two-bedroom units and twelve (12) three-bedroom units. The development plan also includes ground floor community space for resident activities and programs. SHG has begun the site configuration for the parcel which is shown on the site plan in **section E**.

B. Development Team Experience

The project team possesses a combined 118 years of community development experience, including commercial project development and finance expertise; affordable and market rate housing development and finance (for ownership and rental properties); small business development and capital access; and human and social services aiding low-income residents of high-poverty communities, including East Tampa, South St. Petersburg, and Miami- Dade County neighborhoods of Overtown, Liberty City and Little Haiti.

The Proposer entity for purposes of this proposal is Sugar Hill Group, LLC. The Sugar Hill Group, LLC partners will include Rev. Louis Murphy, Sr., Roy Binger, and New Urban Development (NUD). This Partnership was created to ensure the success and financial feasibility of housing program requirements. The group will also ensure strong local community support.

The detailed resumes for each member are included below.

Oliver L. Gross, President

Project Role: New Urban Development, LLC

Oliver Gross currently serves as President of New Urban Development, LLC a wholly owned subsidiary of the Urban League of Greater Miami, Inc. Mr. Gross, thru New Urban, has primary responsibility for the acquisition, development, construction oversight, financing and property management of the myriad of commercial and residential housing developments owned and/ or managed by the Urban League of Greater Miami, Inc. and its subsidiary entities (the "League"). Mr. Gross has experience as a real estate developer, public administrator, and commercial banker. Mr. Gross has earned certifications as a Real Estate Development Professional and a U.S.HUD Certified Occupancy Specialist.

Rev. Louis M. Murphy, Sr.

Project Role: Senior Equity Partners

Rev. Louis M. Murphy, Sr. has dedicated his pastoral career to kingdom building, inside and outside the walls of Mt Zion Progressive Missionary Baptist Church, where he was installed as Pastor in May 1999. He entered the ministry with a life-long track record in secular leadership. A one-time Drum Major for the famous Florida A&M Marching 100 band, a former non-commissioned Marine Corps officer, and a 4-year District Executive for the West Central Florida Council of Boy Scouts of America, Rev. Murphy brought his passion for service to Mt Zion Progressive. Rev. Murphy's business and experience includes over a decade in the corporate sector as a purchasing agent and manager for the St. Petersburg Housing Authority, the St. Petersburg Times and Florida Progress. In his role as Senior Pastor of Mt Zion Progressive Missionary Baptist, Rev. Murphy led the congregation to pay-off the church's \$2.1 million mortgage 13 years ahead of schedule, before spearheading a multi-year campaign to redevelop the Mt Zion campus. The effort has so far resulted in Mt Zion's acquisition of over 20 parcels of land in areas adjacent to Mt Zion's three-story headquarters, and the church's redevelopment of 50,000 square feet of space across multiple buildings owned by the congregation. Rev. Murphy's has purchased and rehabilitated two residential properties in South St. Petersburg and acquired land to begin a third project.

Roy Binger, CEO, Binger Financial Services, LLC

Project Role: Financial Strategy

Roy Binger is CEO and Founder of Binger Financial Services, LLC. The company specializes in property and casualty insurance, personal insurance, commercial lending, and commercial real estate solutions. Mr. Binger received his bachelor's degree in Economics from Holy Cross College in Massachusetts, an MBA at the University of Miami in Finance, and graduated from the Emory Executive Advanced Leadership Program, Guizueta Business School. He was the CEO for a local community bank

Peoples Bank, Miami, Florida. As the Senior Vice President, Retail Group Executive for Huntington Bank, Roy oversaw the expansion of a loan portfolio of over \$1 billion while maintaining one of the lowest business banking delinquency ratios at the bank. He also served as Executive Vice President for one of SunTrust Bank's largest divisions, overseeing \$12 billion in assets, and as City President for SunTrust Bank St. Petersburg. With over 25 years in the financial sector he is uniquely qualified to highlight risk management and commercial lending solutions to maximize profits within the guidelines of client's risk tolerance for growth. Some of the financial solutions provided to clients include directors and officers' insurance, trade credit insurance, bonds, mergers, private equity and commercial loans, which help companies gain strong footing in the financial world. He has been awarded the Tampa Bay Business Innovator of 2013 award and was inducted into the Florida Business Hall of Fame. Roy currently serves on the boards of several organizations, including the Museum of Fine Arts and the University of South Florida, St. Petersburg. Locally, he was instrumental in working with the City of St. Petersburg to bring a financial institution to the Midtown area. He worked on the TLM initiative that is bringing a gas station and convenience store to Midtown; and insured the St. Petersburg College Midtown building and the Isaiah project with the Brayboys. As a former member of the USF Board of Advisors, he was part of the process that led to the development of a student center and a school of business. Roy was also part of the team that led the sale of Bayfront Medical Center for \$205 million.

Keith Franklin, Vice President of Development

Project Role: New Urban Development, LLC

Keith Franklin currently serves as the Vice President of Development to New Urban Development a subsidiary of The Urban league of Greater Miami, New Urban specializes in building quality, affordable housing for families within Miami's urban core, while meeting the highest quality standards for apartment living and designed to foster a sense of community. Keith is an accomplished real estate professional who is intricately involved in sourcing project funding, underwriting new developments and asset acquisitions. He brings a diverse experience to New Urban Development with over 15 years in the Finance, Construction Management, and Real Estate Development industries.

Ahmad J. Zachary, Project Manager

Project Role: New Urban Development, LLC

Ahmad currently serves a development manager to New Urban Development a subsidiary of The Urban league of Greater Miami, New Urban specializes in building quality, affordable housing for families within Miami's urban core, while meeting the highest quality standards for apartment living and designed to foster a sense of community. From concept through construction and lease up, Ahmad is intricately involved in sourcing project funding, underwriting new developments and asset acquisitions this includes developmental research, application submissions, narrative analysis and development financing.

Jason Jensen, AIA, LEED AP, Principal, Wannemacher Jensen Architects, Inc.

Project Role: Lead Architect

Jason joined the firm in 2002. After gaining experience in New York City, he returned to St. Petersburg with a goal to innovate architecture for this generation in the Tampa Bay area. Throughout his career, Jason has worked on a range of project types, styles, scales, and budgets. His work is highly awarded by various entities and recognized by a long roster of international media. His thorough approach focuses on respecting the space and its intended use, relating the building to its site, and adding value with purposeful, thoughtful, memorable designs. Jason manages processes and communications to translate visions and desires of clients into cohesive designs and master plans. A University of Florida graduate, Jason remains active with the UF School of Architecture as a guest critic and lecturer. He also has been a guest critic/lecturer at the University of South Florida, Pratt University, Urban Land Institute,

and Green Building Council.

He earned a Master of Architecture from the University of Florida and is the recipient of numerous awards in the field, including the University of Florida Eduardo Garcia Award, the 2016 AIA Tampa Bay H. Dean Rowe FAIA Award for Design Excellence - Madeira Beach City Hall, the 2011 AIA Tampa Bay Environment Sustainability Award, COTE - Largo Community Center; and the 2009 AIA Tampa Bay H. Dean Rowe FAIA Award for Design Excellence - Roberts Recreation Center.

Recent and Relevant Development Experience

Following this page are three recently affordable housing developments that New Urban Development currently owns and operates in Miami, FL. Through various strategic partnerships, over 1,300 units of affordable housing units have been delivered. At present, New Urban Development has over 1,500 units in our current and active pipeline. Through following the strategies set forth by our executive management team, NUD continues to successfully meet its goals and performance metrics while also providing unparalleled service to our communities.

New Urban Development has facilitated the development of over thirteen housing projects. While also providing leadership in the management of eight properties. To date NUD has approximately \$100MM in projects in the permitting and pre-construction phase. Additionally, the portfolio also has approximately \$120M in site-controlled projects in various phases of pre-development. All of NUD's properties are currently targeting the affordable/workforce market and our primary residents include single parents, female heads of household, the disabled, seniors, and working families.

SUPERIOR MANOR APARTMENTS, PHASE I

Located in Miami, Florida, Superior Manor is the first of a two-phased development plan to provide quality affordable housing to the neighborhood of Liberty City. Designed and financed to meet the needs of elderly, affordable housing, the units are leasable residents who meet the age requirement of 65+. The property consist of 139 residential units, with onsite amenities such as a community room, business center, in-unit washer and dryer, fitness center and rooftop terrace. Superior Manor Apartments was completed in November 2018.



THE VILLAGES MIAMI APARTMENTS, PHASE I

Located in Miami, Florida, The Villages Apartments is the first of a two-phased development plan to provide quality affordable housing to the neighborhood of Liberty City. The Villages Apartments is a multifamily 150-unit development for families who meet the necessary income limits. The property consist of 150 residential units across two buildings, with onsite amenities such as a community room, business center, in-unit washer and dryer, fitness center, outdoor playground and swimming pool. The property was completed in April 2018.



RENAISSANCE AT SUGAR HILL

Historically known as Sugar Hill Apartments, this property is a storied part of Miami's urban community. Built in 1956, many through the years have called its 12 buildings and 132 garden-style, walk-up apartments home. Later renamed Renaissance at Sugar Hill, in the 1990s it was purchased by the Urban League (and later New Urban Development) at the request of Miami-Dade County leaders. The organization operated it for some time, eventually moving all the residents out so the property could undergo a much-needed renovation. Renaissance now has enjoyed a renaissance of its own. Today, with all twelve buildings completed, it includes a new Community Center and a computer center. On-site staff, management and maintenance ensure the property's preservation and management's interaction with tenants to create a comfortable home for its residents.



C. Financial Plan and Development Budget for Residential Buildings

SHG is proposing a financing strategy that would allow the construction of the residential units on the 18th Avenue South parcel (95 units) and the 22nd Street South parcel (105 units) to commence simultaneously, ultimately producing 200 affordable housing units for the Deuces Community concurrently. The capital stack for the residential development will reflect a traditional 4% LIHTC Tax Exempted Bonds transaction. SHG plans to utilize local Pinellas County bonds from the Housing Finance Authority paired with both State and City subsidies. SHG, understands that the application process to obtain a bond inducement from the Pinellas County HFA are accepted and reviewed on a rolling basis, this is important as it allows SHG to pursue financing almost instantly once site control is obtained. SHG has solicited Letter of Intent for the purchase of the Bonds as well as the Tax Credit Equity, these LOI's are provided in **section F**.

SHG plans to apply for affordable housing subsidies to compliment the Debt and Equity derived from the affordable units. This includes Penny4Pinellas, SAIL/ SAIL ELI and other potential local contributions from the CRA. SHG's partner (NUD) has had recent success in being selected for the allocation of the 2019 Florida Housing Finance Corporation's SAIL funding cycle for a development currently under construction. NUD also currently has multiple successful partnerships with both Miami-Dade County and the City of Miami in efforts to provided affordable housing.

Through obtaining site control of the 18th Avenue Parcel, SHG can pursue financing on a 200 units development plan, this creates a huge advantage in leveraging the development when applying for subsidies because of the increased unit count. SHG, through the development experience of New Urban Development has experience in successfully obtain subsidies at every municipal level (City, County, State, Federal). Below is a snapshot of the sources and uses SHG is underwriting in relation to this RFP response.

Acquisition Terms:

Ground Lease: 75 Year ground lease between Sugar Hill Group, LLC and the City of St. Petersburg. Payment for the ground lease will be one million, five-hundred thousand dollars (\$1,500,000) in the form of a capitalized lease payment. Payment in relation to the ground lease will occur at the financial closing.

Purchase Option: Sugar Hill Group, LLC would like to reserve the right to negotiate the purchase of the city owned land throughout the duration of the ground lease.

Sources	Amount
Permanent Debt	\$12,300,000
State/ City Funding	\$14,850,000
Private Equity	20,401,000
City of St. Petersburg Grant	1,050,000
Developers Equity	\$1,047,727
Total	\$48,598,727

Uses	Amount
Hard Cost	\$30,100,000
Soft Cost	\$16,998,727
Acquisition	\$1,500,000
Total	\$48,598,727

For you convenance a development pro forma is provided in section G.

D. Unit Mix and Bedroom Type

Proposed Unit Mix

	1BD	2BD	3BR	Total
18th Avenue South Unit Mix	39	38	18	95
22nd Street South Unit Mix	36	57	12	105
Total	78	95	27	200

Proposed Rents Based on Current Average Median Income levels.

	1BD	2BD	3BR	Number of Units
60% AMI	\$831	\$997	\$1,152	180
30%AMI	\$415	\$498	\$576	20

E. Site Plan Configuration and Conceptual Unit Layouts

22nd St S

Queensboro Ave S

21st St S

18th Ave S



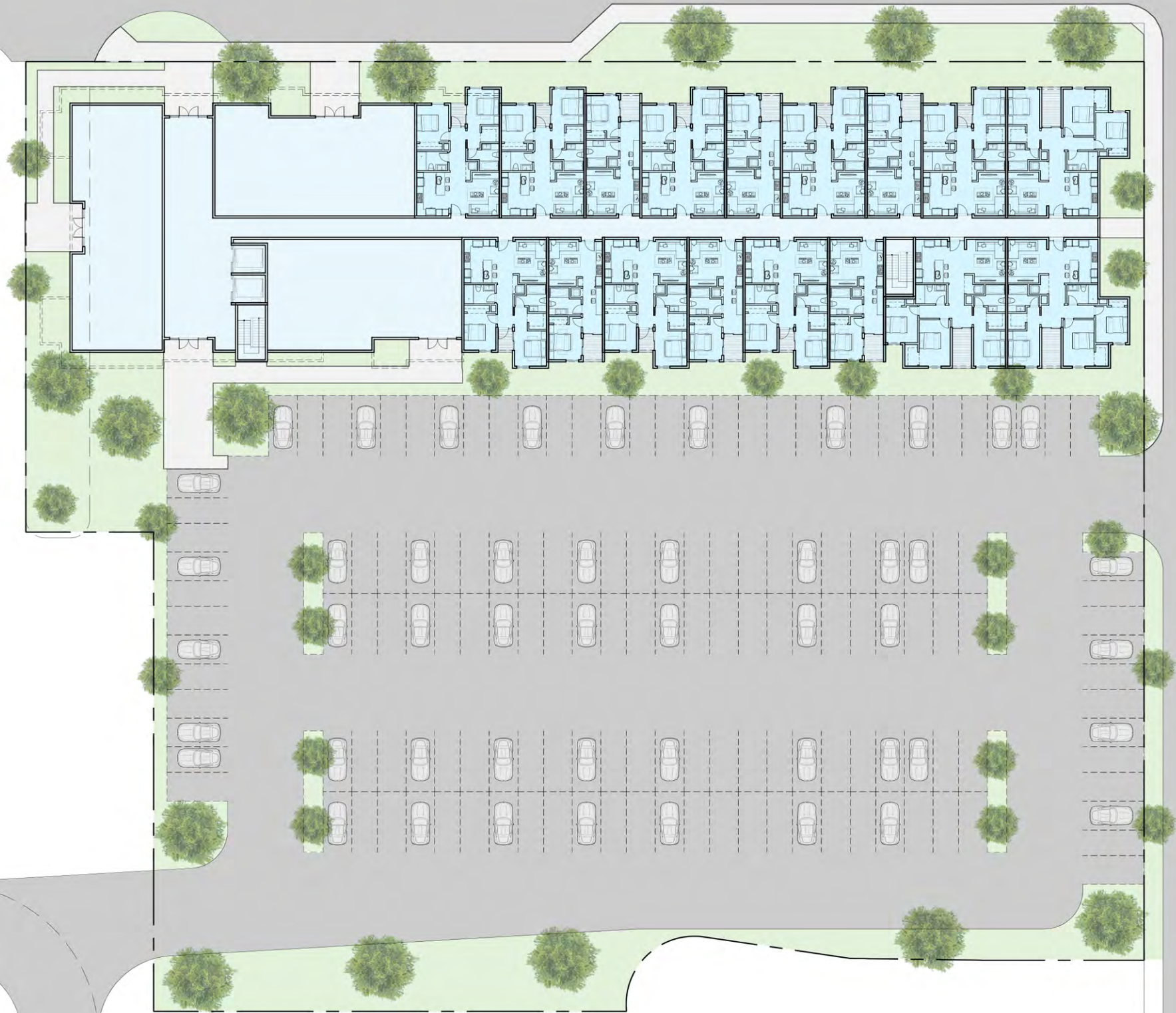
22nd St S

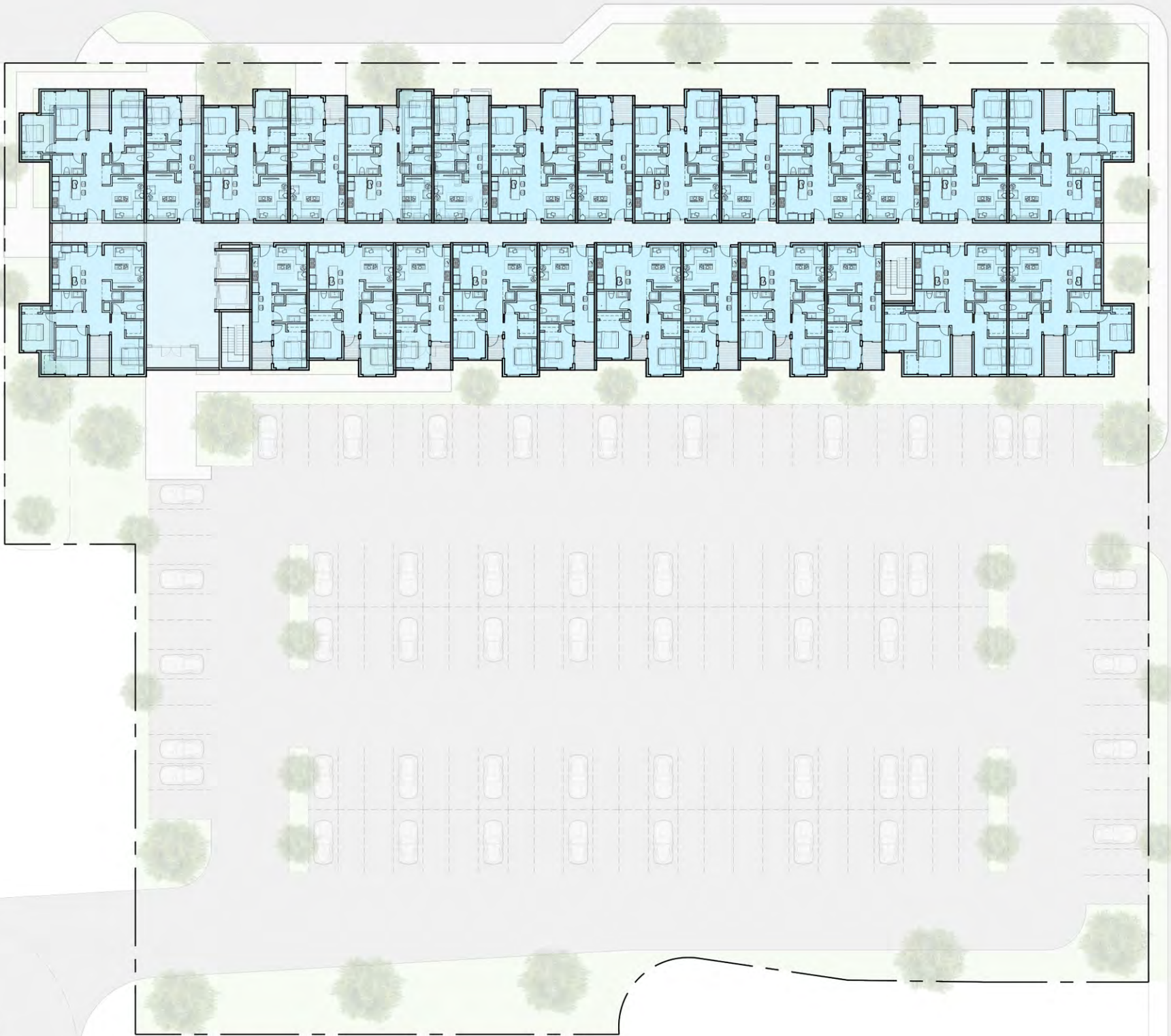
Queensboro Ave S

21st St S

18th Ave S







Queensboro Ave S

22nd St S

18th Ave S



Queensboro Ave S

22nd St S

18th Ave S





1 BR / 1 BA @ 625 sf



2 BR / 2 BA @ 970 sf



3 BR / 2 BA @ 1270 sf





F. Letters of Intent

via e-mail

February 14, 2022

Oliver L. Gross
Authorized Signatory
Sugar Hill Group, LLC
136 4th Street, Suite 354
Saint Petersburg, FL 33701

Re: Sugar Hill Apartments
St. Petersburg, Florida
200 Units

Dear Mr. Gross,

Red Stone A7 III, LLC (“Red Stone”) is pleased to present Sugar Hill Group, LLC or its affiliates (the “Sponsor”) with the following proposal to purchase up to **\$24,800,000** of tax-exempt bonds which shall be used to construct the property and provide permanent financing as outlined below, issued by Florida Housing Finance Corporation (the “Issuer”) for the benefit of the above referenced property (the “Property”). The bond purchase shall hereinafter be defined as the facility (the “Facility”).

This letter sets forth the basic business terms and conditions of Red Stone’s proposed financing, as well as summarizes key assumptions that Red Stone used in preparation of this proposal that were provided to us by the Sponsor or its representatives.

Structure

Red Stone will provide the Facility by purchasing approximately \$24,800,000 of fixed rate tax-exempt bonds (the “Bonds”) directly or through its designee. The Bonds shall mature 40 years after the closing, subject to redemption prior to maturity as described below.

At or prior to Stabilization, as defined below, \$12,500,000 of Bonds shall be redeemed at par without any premium and the permanent bond amount shall be **\$12,300,000** (the “Permanent Bond Amount”).

Red Stone will purchase the Bonds at issuance and the proceeds will be lent to the Borrower pursuant to the loan agreement (the “Loan Agreement”) to be used to pay a portion of the costs incurred by the Borrower for the acquisition of the land and construction of the Property.

The documents evidencing the Facility shall contain covenants, representations and warranties customarily provided in financing documents for bond financings of this size and nature.

Borrower

Sugar Hill Group, LLC (the “Borrower”). The Borrower and [GP ENTITY] (the “General Partner”) shall each be a single-purpose, bankruptcy-remote entity.

Letter of Intent for Bond Purchase (Debt)

**Guarantors /
Key Principals**

[GUARANTOR ENTITY] (the “Guarantor”, Guarantors subject to Red Stone approval) shall provide guarantees of certain specific obligations of the Borrower, as described herein. Guarantors will be required to maintain a minimum amount of net worth and liquidity (cash & cash equivalents) through Stabilization (amount and forms to be reasonably determined during underwriting). The Guarantor shall be jointly and severally obligated for certain non-recourse carve-outs as described herein.

Property

The Property, known as Sugar Hill Apartments, will be a newly constructed multifamily apartment complex, located in St. Petersburg, Florida, consisting of 200 units. The Property will include 78 one-bedroom units, 95 two-bedroom units, and 27 three-bedroom units comprising approximately 178,750 net rentable square feet. The units will rent between 30% and 60% of AMI.

Capital Expenditures

Funds necessary to construct the Property will be deposited into an escrow account (the “Project Fund”) to fund capital expenditures on a schedule and with terms approved by Red Stone prior to the Closing Date.

The construction of the Property will be for a period no longer than 24 months from the Closing (the “Construction Period”). During the Construction Period, amounts in the Project Fund shall be disbursed to the Borrower from time to time, not more often than monthly, as the construction progresses upon submission of a proper requisition with proof of completion of work and approval of such requisition by Red Stone and its consulting engineer.

The Borrower will spend approximately \$26,180,000 (\$130,890 per unit) in hard costs for the construction of the Property. Any monies remaining in the Project Fund at the end of the Construction Period which are not needed for capital items approved by Red Stone prior to the Closing Date shall be used to pay developer fee then used to redeem Bonds.

NOI

Red Stone’s proposal is based on the pro-forma NOI of \$769,590 (subject to Red Stone confirmation). This figure assumes a 5.00% vacancy rate, a 5.00% must-pay management fee, and \$300/unit/year in replacement reserves (subject to confirmation by Red Stone’s underwriter and engineer).

Debt Sizing

Red Stone is sizing the Permanent Bond Amount based on a minimum 1.15x Debt Service Coverage Ratio and a maximum 90.0% Loan to Value Ratio. Upon completion of the Construction, the Loan Documents shall contain a stabilization requirement (“Stabilization”) as defined below.

Stabilization

Stabilization shall mean the point at which the ratio of net operating income of the Property for the prior three months to a maximum principal and interest payable in any three month period equals or exceeds 1.15 to 1.0 and the average monthly occupancy in each of the three consecutive months equals at least 90%. For purposes of the foregoing, net operating income shall be (a) the lesser of (i) actual Property income or (ii) actual Property income adjusted to reflect 5.0% economic vacancy over (b) the greater of (i) actual Property expenses in the aggregate or (ii) projected expenses in the aggregate

determined in Red Stone's underwriting (except for expense line items relating to property taxes, insurance and utilities which shall in all cases be actual).

Notwithstanding the above, Stabilization of the Property will occur no later than 36 months from the Closing Date (the "Stabilization Period").

Extension	A one-time 6 month extension of both the Completion Period and Stabilization Period shall be allowed, provided the Borrower is not in default and the payment of an extension fee equal to 0.20% of the Bond Amount.
Bond Interest / Ongoing Fees	<p>Beginning on the date of delivery of the Bonds (the "Closing") interest will be paid monthly at a fixed rate of 4.50% per annum on the Bonds. This rate is set to equal the sum of (i) the 17 year SIFMA Swap Rate (currently 1.40%) and (ii) a spread of 3.10% per annum on the Bonds.</p> <p>In addition to the above stated interest rate, the Borrower will pay all trustee and issuer fees associated with the transaction.</p>
Term of Bond Purchase	Upon the 17 Year Anniversary of Closing, Red Stone shall have the option, with 6 months' notice, to require a mandatory tender of the Bonds.
Termination	Optional Prepayment of the Facility shall be prohibited until 16 years after the Closing Date. Thereafter, the Bonds may be paid off at par.
Interest Only Period	36 Months
Amortization	After the Interest Only Period, an amount of the Facility equal to Permanent Bond Amount shall be subject to mandatory redemption in part in monthly installments sufficient to amortize such Bonds fully over 40 years.
Origination Fee	1.00% of the Facility amount (\$248,000) payable to Red Stone at Closing.
Construction Administration Fee	1.00% of the Facility amount (\$248,000) payable to Red Stone at Closing.
Stabilization Fee	At the time the Borrower submits for Stabilization, the Borrower will pay a one-time fee of \$6,000 to cover the Stabilization costs of Red Stone Servicer, LLC.
Completion & Stabilization Guarantees	The Guarantors shall jointly and severally guarantee the lien-free completion of the construction prior to the end of the Construction Period, payment of all costs associated with the construction, and any payment required to achieve Stabilization.
LIHTC Equity	In addition to the Bonds, the acquisition and construction of the Property will be funded through the sale of Federal Low Income Housing Tax Credits (the "LIHTCs"). The Sponsor estimates that the proceeds from the sale of the LIHTCs will generate approximately \$20,401,000 of proceeds for investment

in the Property. The LIHTC investor is required to invest a minimum of 10% of their total LIHTC equity contributions at Closing. The additional terms and pay-in commitments of the LIHTC proceeds is subject to Red Stone review.

Other Sources

The acquisition and construction of the Property shall also be funded with a \$8,000,000 Pennys 4 Pinellas Loan, \$5,800,000 of SAIL ELI funds, a \$1,050,000 City of Pinellas County Grant, and Deferred Developer Fee covering the remainder (the “Soft Funds”). Any payments due under the Soft Funds shall be subordinated to Red Stone’s Facility.

MORTGAGE AND NOTE TERMS:

Security / Collateral

The Facility shall be secured at all times by the following items: (a) first priority mortgage lien on the Property; (b) first priority assignment of leases and rents; (c) a collateral assignment of the management agreement and all project documents; (d) a general partner/managing member pledge; (e) a developer fee pledge; (f) the aforementioned guaranties; (g) assignment of capital contributions in respect of the tax credits; (h) an environmental indemnity from the Borrower and the Guarantors.

Other Costs

Borrower shall be responsible for all closing costs and expenses of compliance with this proposal including, but not limited to costs of issuer, bond counsel, issuer’s counsel, trustee’s counsel, and Red Stone’s counsel. During the Construction Period, the Borrower shall be responsible for third-party inspection draw fees in an amount estimated not to exceed \$1,500 per month per property. The Borrower shall also be responsible for any title and transfer costs associated with the transaction. In the event that the proposed transaction does not close for any reason other than the failure of Red Stone to comply with its obligations hereunder, Borrower shall be responsible for all third-party costs and out-of-pocket costs incurred by Red Stone not satisfied by the Application Deposit.

Property Management

The property management company and the management contract shall be subject to approval by Red Stone. The property management fee shall be 5.00% of Effective Gross Income and any amount in excess of 5.00% shall be subordinate to payment of interest on the Bonds, third-party fees, and mandatory redemption/sinking fund payments.

**Application
& Legal Deposit**

Application Deposit: \$25,000

To be applied to the cost of preparing the third-party appraisal, engineering, and environmental reports, and Red Stone’s out-of-pocket underwriting costs. Any unused portion of the deposit shall be returned to the Borrower. Said deposit is payable upon the execution of this financing proposal by Borrower.

Legal Deposit: \$25,000

An additional deposit is required to commence legal documentation. However, this deposit is not payable upon the execution of this financing proposal by the Borrower.

Reserves & Escrows

Monthly payments to escrow accounts held in the partnership name by the Bond Trustee will be required for taxes, insurance premiums, and replacement reserves. Any draws from the escrow accounts shall require Red Stone's consent. The initial replacement reserves will be set at \$300 per unit per year (subject to confirmation by Red Stone's underwriter and engineer).

Operating Reserve

The Borrower has budgeted the funding of a permanent operating reserve (the "Operating Reserve") in the amount of approximately \$890,000. Upon Stabilization, the Borrower shall deposit this amount into a reserve held by the LITHC equity investor. The Operating Reserve shall be used for debt service payments and/or operating deficits during the Bond Term and Red Stone's approval shall be required for any other releases of the Operating Reserve during the Bond Term. The Operating Reserve shall be released to the Borrower per the following schedules, assuming the DSCR benchmarks below are met. Any amount of the Operating Reserve that is released will be supplemented with guarantees by the Guarantors that have combined net worth of \$5 million and liquidity of \$1 million at the time of the release, not including the reserve released.

Exclusivity

Upon execution of this financing proposal, the Sponsor agrees (i) to cease its efforts to obtain financing from other sources, (ii) to terminate any other financing proposals currently in process and (iii) to not sell, lease, or transfer the Property (or any interest therein). This exclusive arrangement shall terminate should Red Stone notify the Sponsor in writing that it does not intend to proceed with this transaction. Breach of this exclusivity clause shall cause both the Origination Fee and Construction Administration Fee, and any out-of-pocket due diligence costs and legal fees incurred by Red Stone, to be immediately due and payable to Red Stone.

**Due Diligence /
Conditions to Closing**

Red Stone and its agents shall have 45 days to perform due diligence from the later of the date on which Red Stone receives an executed copy of (i) this proposal and the Application Deposit and (ii) necessary preliminary due diligence information as requested by Red Stone. During the due diligence period, Red Stone's due diligence shall include, but not be limited to, engineering and environmental investigations, bond document review, title and survey review, market analysis, satisfactory review of borrower/sponsor financial statements, and other investigations deemed appropriate by Red Stone. At its sole discretion, Red Stone has the right, at any time during the due diligence period, to decline to proceed with this proposal and shall not be under any obligation to the Borrower. In the event Red Stone declines to proceed with this proposal, the Application Deposit (less actual out-of-pocket costs incurred by Red Stone and authorized hereby) and the Legal Deposit (less all fees and costs actually incurred by Red Stone's counsel) will be returned to the Borrower.

Budgets / Reporting

The Borrower shall provide Red Stone or its designee with an annual budget for operations and capital expenditures to be approved by Red Stone within 30 days of submission. Periodic reporting requirements shall include delivery of operating statements, occupancy reports, rent rolls, and other reports reasonably requested by Red Stone.

Borrower shall provide to Red Stone an annual audit report of each Property's financial statements from a firm approved by Red Stone not more than 120 days after the end of each fiscal year.

Other

At closing, Red Stone will purchase the Bonds directly or indirectly with a designee through a placement agent or underwriter at no cost to the Borrower. The designee (usually a large financial institution) will abide by all the terms included in this term sheet. To the extent permitted by the Issuer, the Bonds will be issued in book-entry-only form and purchased through a DTC participant selected by Red Stone.

Red Stone reserves the right to sell, assign, or participate all or part of their interests in the Facility in a form they find satisfactory, provided the sale does not adversely affect the Borrower or increase the costs, expenses, or obligations of Borrower. Red Stone shall notify the Borrower of any transfer.

The Borrower shall cooperate fully with Red Stone in this matter and shall take all actions reasonably requested by Red Stone and the new participant, but will not be required to enter into any documents which are materially adverse to the Borrower. The Borrower shall not incur any costs or additional liability from any such transfer or securitization.

Offer Expiration

If the terms set forth in this letter are satisfactory, please indicate your acceptance by executing and returning to Red Stone a copy of this letter and the Application Deposit before May 20, 2022. If you have not done so by such date, this proposal shall expire and be of no further effect.

This letter is a proposal to purchase of up to \$24,800,000 of tax-exempt bonds. This letter does not constitute a commitment or approval to lend or purchase in any manner. Any commitment by Red Stone to lend or purchase the Bonds is contingent upon the completion and ratification by Red Stone's Board of Directors of our due diligence review.

Very truly yours,

Red Stone A7 III LLC



Cody Z. Langeness
President

Agreed and Accepted:

Sugar Hill Group, LLC

By: _____

Name: _____

Title: _____

Date: _____

Letter of Intent for Private Equity (Tax Credit Equity)

REDSTONETM

EQUITY PARTNERS

February 15, 2022

Oliver Gross
Sugar Hill Group, LLC
136 4th Street N
Suite 354
Saint Petersburg, FL 33701

Re: **Project:** Tangerine Plaza
Partnership/Applicant: Sugar Hill Group, LLC

Dear Mr. Gross,

Red Stone Equity Partners, LLC (“Red Stone”) is pleased to be given an opportunity to submit a proposal for Tangerine Plaza (“Project”). This letter serves as an outline of the business terms regarding the acquisition of Investor Membership interests in a to-be-formed Limited Liability Company (the “Company”) that will own the Project. Red Stone or its designee (the “Investor Member”) will acquire a 99.99% Investor Member interest (the “IM Interest”) and a 0.00% special Investor Membership interest (the “SIM Interest”) in the Company. The terms of this proposal are subject to ratification and countersignature by Red Stone’s investment committee as described below. Furthermore, this proposal is neither an expressed nor implied commitment by Red Stone or any of its affiliates to provide equity financing to the Project. Any such commitment shall only be as set forth in a to-be-negotiated agreement of Investor Membership and will be subject to, among other things, (i) satisfactory transaction structure and documentation, (ii) satisfactory due diligence, including third party reports and (iii) other standard conditions for transactions of this type as described more fully in Paragraphs 11 and 12 below.

1. **Project Information.** The Company has been formed to acquire, own, develop and operate the Project, which is anticipated to be eligible to claim Low Income Housing Tax Credits (“Housing Credits”) under Section 42 of the Internal Revenue Code. The residential unit mix shall conform to any other set-asides as required by the Florida Housing Finance Corporation (“Agency”). The means for such conformance shall be reviewed by and be acceptable to Red Stone.
2. **Project Ownership.** The ownership will be a single purpose, taxable, bankruptcy remote entity with a 0.01% ownership interest in the Company. Any change in the ownership of the Manager shall be subject to Red Stone’s consent. The anticipated ownership structure and other key Project participants are set forth below.

Entity	Name	Ownership Interest
Applicant/Owner	Sugar Hill Group, LLC	
Manager	To-be-formed	0.01%
Developer	Sugar Hill Group, LLC	
Investor Member	RSEP Holding, LLC or its designee	99.99%
Special Investor Member	Red Stone Equity Manager, LLC,	0.00%

805 Third Avenue, 15th Floor, New York, NY 10022

TEL: 646-690-6110 WEB: www.rsequity.com

Boston ■ Charlotte ■ Chicago ■ Cleveland ■ Los Angeles ■ New York ■ San Diego

Guarantors	Developer and Manager	
General Contractor	TBD	
Property Manager	TBD	

3. **Tax Credits.** The Project is expected to receive an allocation of 9% Housing Credits from the Agency.

The Anticipated Housing Credit Request is \$2,267,054

The total Housing Credits anticipated to be delivered to the Company is \$22,670,537 (the “Projected Federal LIHTC”)

The total anticipated dollar amount of housing credit allocation to be purchased is \$22,668,270

The total amount of equity to be provided by Red Stone to the Project is \$20,401,000 which is approximately \$0.90 per Housing Credit (“Credit Price”).

Total equity paid prior to construction completion will be \$8,160,400

4. **Adjusters.**

- A. Increase or Decrease in Housing Credits. To be determined at a late date subject to the approval by the partners.
- B. Timing of Housing Credit Delivery. To be determined at a late date subject to the approval by the partners.

5. **Reserves.** The Company will fund the following reserves:

- A. Operating Reserve. The Company will fund and maintain an Operating Reserve to be determined at a later date.
- B. Replacement Reserve. The Project operating expenses will include the funding of a Replacement Reserve in the amount to be determined at a later date.

6. **Guarantees.** The Guarantors will guarantee the following obligations of the Manager:

- A. Construction Completion Guarantee.
- B. Operating Deficit Guarantee
- C. Repurchase Guarantee.
- D. Housing Credit Shortfall and Recapture Guarantee.
- E. Environmental Indemnification.

- F. Guarantors. The Guarantors will guarantee all of the Manager's obligations including those set forth above. The Guarantors will maintain a minimum liquidity and a minimum net worth as determined by Red Stone. The Guarantors will provide Red Stone with annual financial statements evidencing compliance with the liquidity and net worth covenants above.
7. Construction. The Manager will arrange for a Cost Plus Contract with a Guaranteed Maximum Price subject to the approval by Florida Housing Finance Corporation.
8. Fees. The following fees will be paid by the Company for services rendered in organizing, developing and managing the Company and the Project.
- A. Developer Fee. The Developer will earn a developer fee in an amount not to exceed Florida Housing Finance Corporation Guidelines.
- B. Property Management Fee. The terms of the property management agreement, are subject to the prior approval of Red Stone.
- C. Asset Management Fee. The Company will pay Red Stone an annual asset management fee in an amount equal to \$7,500 per annum. The asset management fee will be paid annually and such fee shall accrue beginning on the placed in service date, and each anniversary thereafter. The asset management fee will increase annually by 3%.
- E. Incentive Management Fee. An incentive management fee may be payable to the Manager on an annual basis in an amount determined by and acceptable to tax counsel to Red Stone.
9. Distribution of Tax and Cash Benefits.
- A. Tax Benefits. Tax profits, tax losses, and tax credits arising prior to the sale or other disposition of the Project will be allocated 99.99% to the Investor Member, 0.00% to the Special Investor Member and .01% to the Manager. The Investor Member will have the right in its sole discretion to undertake a limited deficit restoration obligation at any time during the term of the Company.
- B. Net Cash Flow Distributions. Distributions of net cash flow, as defined in the Company Agreement.
- C. Distributions upon Sale or Refinance. Net proceeds resulting from any sale or refinance will be distributed as defined in the Company Agreement.
10. Purchase Option and Right of First Refusal. For a period of two (2) years following the 15-year LIHTC compliance period, the Manager shall have an option to purchase the Project at the end of the compliance period for a purchase price equal to the greater of (i) fair market value or (ii) the sum of the amount of indebtedness secured by the Project, which indebtedness may be assumed by the Manager at its discretion, the amount of the federal, state, and local tax liability that the Investor Member would incur as a result of the sale and any amount of credits below the amount stated in Paragraph 3.

11. **Due Diligence, Opinions and Financial Projections.** The Manager will satisfy all of Red Stone's due diligence requirements, including an acceptable local law opinion. The Investor Member's tax counsel will provide the tax opinion. The Company will reimburse the Investor Member an amount equal to \$50,000 toward the costs incurred by the Investor Member in conducting its due diligence review and for the costs and expenses of Red Stone's counsel and in connection with the preparation of the tax opinion, and for the costs of Red Stone's other third party reports. Red Stone may deduct this amount from its first Capital Contribution and such amount will be payable to Red Stone in the event the Manager elects not to close the transaction for any reason. The financial projections to be attached to the Company Agreement and that support the tax opinion will be prepared by Red Stone based on financial projections provided by the Manager. The Manager financial projections will include eligible basis calculations, sources and uses, and cash flow statements.
12. **Company Closing.** Final Company closing will be contingent upon Red Stone's receipt, review and approval in its sole discretion of all due diligence including the items set forth on its due diligence checklist to be delivered to the Manager. Final Company closing also is contingent upon (i) a satisfactory site visit conducted by Red Stone to determine overall market feasibility, including an analysis of proforma rents and expenses, (ii) Red Stone's review and approval of all third party reports and the construction budget, and (iii) review and approval of any shared use, cost sharing or reciprocal easement agreements with the previous phase. Red Stone's agreement to acquire the Interest on the pricing, terms and conditions contained in this letter are further based on the assumption that the Company closing will occur in 2022. Terms and credit pricing herein shall be valid until such date. Notwithstanding the forgoing, if any terms materially deviate from the terms or assumptions set forth herein, either party may cancel this proposal without penalty or liability to the other.

Remainder of page left intentionally blank.

Please confirm your acceptance of the terms described in this letter by signing the enclosed counterpart and returning to us at the address set forth on the first page of this letter. The terms of this letter are not binding until countersigned and accepted by an authorized officer of Red Stone.

Sincerely,



By: _____
Name: Chris Murray
Title: Managing Director

The undersigned approves and accepts the terms of this letter agreement and agrees to work with Red Stone.

MANAGING MEMBER:

By: _____
Its: _____
Date: _____

GUARANTOR:

By: _____
Its: _____
Date: _____

MANAGING MEMBER:

By: _____
Its: _____
Date: _____

GUARANTOR:

By: _____
Its: _____
Date: _____

G.Pro Forma

Sugar Hill Apartments- 15 Year Pro Forma

<i>Income:</i>			<u>Year 1</u>	<u>Per Unit</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Year 6</u>	<u>Year 7</u>
Net Rental Income			1,952,676	9,763	1,991,730	2,031,564	2,072,195	2,113,639	2,155,912	2,199,030
Reserve for Vacancy @ 5.0%			(97,634)	(488)	(99,586)	(101,578)	(103,610)	(105,682)	(107,796)	(109,952)
Laundry Income			0	0	0	0	0	0	0	0
Other Income			0	0	0	0	0	0	0	0
Total Income			1,855,042	9,275	1,892,143	1,929,986	1,968,586	2,007,957	2,048,116	2,089,079
<i>Expenses:</i>										
Administrative			100,000	500	103,000	106,090	109,273	112,551	115,927	119,405
Management Fee @ 5.0%			92,752	464	95,535	98,401	101,353	104,393	107,525	110,751
Utilities			140,000	700	144,200	148,526	152,982	157,571	162,298	167,167
Payroll, Taxes & Benefits			240,000	1,200	247,200	254,616	262,254	270,122	278,226	286,573
R & M			160,000	800	164,800	169,744	174,836	180,081	185,484	191,048
Insurance			130,000	650	133,900	137,917	142,055	146,316	150,706	155,227
Real Estate Taxes			160,000	800	164,800	169,744	174,836	180,081	185,484	191,048
Replacement Reserves			60,000	300	60,000	60,000	60,000	60,000	60,000	60,000
HFA Monitoring Fee			2,700	14	2,781	2,864	2,950	3,039	3,130	3,224
Total Expenses			1,085,452	5,427	1,116,216	1,147,902	1,180,539	1,214,155	1,248,780	1,284,443
Net Operating Income			769,590	3,848	775,927	782,084	788,046	793,802	799,336	804,635
<i>Debt Service:</i>										
Permanent Tax Exempt Bond	{a}		663,555	3,318	663,555	663,555	663,555	663,555	663,555	663,555
Pennys 4 Pinellas	{b}		80,000	400	80,000	80,000	80,000	80,000	80,000	80,000
SAIL Funding/ SAIL ELI	{c}		58,000	290	58,000	58,000	58,000	58,000	58,000	58,000
Total Debt Service			801,555	4,008	801,555	801,555	801,555	801,555	801,555	801,555
Distributable Cashflow			-31,965	-160	-25,627	-19,471	-13,508	-7,753	-2,218	3,081
Debt Service Coverage										
{a - 1} As Per Standard Formula			1.16%		1.17%	1.18%	1.19%	1.20%	1.20%	1.21%
Cash Flow After First			\$ 106,035.34		\$ 112,372.62	\$ 118,529.01	\$ 124,491.67	\$ 130,247.20	\$ 135,781.69	\$ 141,080.62

Sugar Hill Apartments- 15 Year Pro Forma

Income:	<u>Year 8</u>	<u>Year 9</u>	<u>Year 10</u>	<u>Year 11</u>	<u>Year 12</u>	<u>Year 13</u>	<u>Year 14</u>	<u>Year 15</u>
Net Rental Income	2,243,011	2,287,871	2,333,629	2,380,301	2,427,907	2,476,465	2,525,995	2,576,515
Reserve for Vacancy @ 5.0%	(112,151)	(114,394)	(116,681)	(119,015)	(121,395)	(123,823)	(126,300)	(128,826)
Laundry Income	0	0	0	0	0	0	0	0
Other Income	0	0	0	0	0	0	0	0
Total Income	2,130,860	2,173,478	2,216,947	2,261,286	2,306,512	2,352,642	2,399,695	2,447,689
Expenses:								
Administrative	122,987	126,677	130,477	134,392	138,423	142,576	146,853	151,259
Management Fee @ 5.0%	114,073	117,496	121,020	124,651	128,391	132,242	136,210	140,296
Utilities	172,182	177,348	182,668	188,148	193,793	199,607	205,595	211,763
Payroll, Taxes & Benefits	295,170	304,025	313,146	322,540	332,216	342,183	352,448	363,022
R & M	196,780	202,683	208,764	215,027	221,477	228,122	234,965	242,014
Insurance	159,884	164,680	169,621	174,709	179,950	185,349	190,909	196,637
Real Estate Taxes	196,780	202,683	208,764	215,027	221,477	228,122	234,965	242,014
Replacement Reserves	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
HFA Monitoring Fee	3,321	3,420	3,523	3,629	3,737	3,850	3,965	4,084
Total Expenses	1,321,177	1,359,012	1,397,982	1,438,122	1,479,466	1,522,050	1,565,911	1,611,088
Net Operating Income	809,684	814,466	818,965	823,164	827,046	830,593	833,784	836,600
Debt Service:								
Permanent Tax Exempt Bond	663,555	663,555	663,555	663,555	663,555	663,555	663,555	663,555
Pennys 4 Pinellas	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000
SAIL Funding/ SAIL ELI	58,000	58,000	58,000	58,000	58,000	58,000	58,000	58,000
Total Debt Service	801,555	801,555	801,555	801,555	801,555	801,555	801,555	801,555
Distributable Cashflow	8,129	12,911	17,410	21,609	25,492	29,038	32,229	35,046
Debt Service Coverage	1.22%	1.23%	1.23%	1.24%	1.25%	1.25%	1.26%	1.26%
{a - 1} As Per Standard Formula								
Cash Flow After First	\$ 146,128.89	\$ 150,910.80	\$ 155,409.99	\$ 159,609.46	\$ 163,491.52	\$ 167,037.79	\$ 170,229.15	\$ 173,045.71

H. Letters of Support



501c 3 Non-Profit
833B 22nd St. South
St. Petersburg, FL 33712

Phone: (727)4Deuces
(727)433-8237

Board President
Tony Macon

Vice President
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Treasurer
Antwaun Wells

Executive Director
Veatrice Farrell

February 14, 2022

City of St. Petersburg Development
P.O. Box 2842
St. Petersburg, Florida 33731

RE: Sugar Hill Expanded Project – 18th Avenue South

Dear City Economic Development Department:

The Deuces Live, Inc., is a certified Florida Main Street, operating on the historic 22nd Street South corridor in St. Petersburg, Florida.

The Sugar Hill Development Team shared their expanded plans – inclusive of Tangerine Plaza and an additional housing development on 18th Avenue South.

The Deuces Live, Inc., welcomes and are open to partner with organizations that seek to relocate on and around the 22nd Street South corridor.

Sincerely,



Veatrice Farrell
Executive Director



Pinellas County Urban League, Inc.

Building for Equal Opportunity

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RABBI EMERITUS MICHAEL TOROP
TEMPLE BETH-EL

PRESIDENT EMERITUS
JAMES O. SIMMONS

February 14, 2022

To Whom It May Concern:

Please accept this letter on behalf of the Pinellas County Urban League (PCUL), in support of the Sugar Hill Group, LLC application for the revitalization efforts of the Deuces Community to provide affordable housing residential units for moderate and low-income residents.

Although the City of St. Petersburg has strongly invested on infrastructure, housing rehabilitation, neighborhood infrastructure and programs, and economic development projects, persistent economic hardship remains high in South St. Petersburg. The Urban League has a keen interest in the success of this revitalization effort and wholeheartedly support Sugar Hill Group's objectives in creating new housing and job opportunities to local low-income residents of the Midtown community.

Since the PCUL chapter inception in 1978, we have worked tirelessly to improve the lives of citizens in the areas of youth development, health, education, housing and community empowerment, employment and crime prevention. These efforts have led to countless collaborations and partnerships with various community organizations and entities.

The Urban League has had direct correlation with New Urban Development and its projects in Miami, FL. Through our well-established partnership, our organization has witnessed firsthand their strong commitment in responding to housing disparities, green energy and creating a culture of opportunity in targeted communities. Additionally, we have firsthand knowledge that this group has a track record of successfully completing commercial development projects. We applaud their effort to support the revitalization and redevelopment of our community and help enhance economic and housing opportunities for residents in South St. Petersburg.

In closing, we hope you will carefully review and approve Sugar Hill Group's application. Should you have any questions or require additional information, please feel free to contact me via email at whaynes@pcul.org.

Sincerely,



Rev. Watson L. Haynes, II
President & CEO

WLH:lza

333 – 31st Street North
St. Petersburg, FL 33713

Phone: (727) 327-2081
Fax: (727) 321-8349

Website: www.pcul.org
E-Mail: info@pcul.org

SUPPORTED BY:



AFFILIATED WITH THE NATIONAL URBAN LEAGUE, INC.