<u>Sugar Hill Apartments</u>

Proposal Submission

for

1794 - 22nd STREET SOUTH

ST. PETERSBURG, FLORIDA, 33712

Prepared By:

Sugar Hill Group, LLC

June 24th, 2022

For:

CITY OF ST. PETERSBURG

SUGAR HILL NEW URBAN DEVELOPMENT LLC
AN AFFILIATE OF THE URBAN LEAGUE OF GREATER MIAMI

June 23, 2022

City of St. Petersburg
Division of Real Estate and Property Management
P.O. Box 2842, St. Petersburg, FL 33731-2842

Re. Proposal for Tangerine Plaza Located at 1794 – 22nd Street South St. Petersburg, Fl 33712

City of St. Petersburg:

The Sugar Hill Group, LLC is pleased to present our proposal to redevelop and revitalize Tangerine Plaza. We welcome the opportunity to work in collaboration with the City of St. Petersburg and its many stakeholders. Our group continues to be interested in working with the City on the revisions to our original proposal.

We share the City's goal of creating a vibrant, mixed-use development which appropriately serves South St. Petersburg's low-income and workforce families and seniors. Our team will work together to:

- Develop and build affordable/workforce housing on the site
- Create and preserve jobs in South St. Petersburg
- Explore development uses which are ancillary to the residential units and can serve as an amenity to the community

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
Roy Binger
Sugar Hill Group, LLC

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

Oliver L. Gross
Sugar Hill Group, LLC

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.

Sugar Hill Group, LLC (SHG) intends to redevelopment the City Owned site into a mixed-use community focused development. SHG's vision is to develop a newly constructed mixed-use building that will provide residential dwelling units for families as well as a retail/ commercial space located adjacent to one of the residential buildings. The proposed newly constructed buildings will include amenities and features consistent with market standards with adequate parking for all residents and guests. 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 one hundred and fifteen-five (115) residential units are thirty-four (34) one-bedroom units, fifty-eight (58) two-bedroom units and twenty-three (23) 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. All of the residential units will have income and rent restrictions for the tenants to ensure the development is achieving its goal to provide a sustainable living environment for the community. The residential units will be marketed and leases to community residents who's household incomes meeting the HUD standard income limits for 80% or below Average Medium Income (AMI). A portion of the total units will be earmarked for future residents who's AMI is low or very low (60% AMI and below) creating a truly inclusive residential development plan for the Deuces community.

In connection with the 115 residential units, the development plan includes approximately 10,000 square feet of commercial or retail space for future tenants. The commercial component will be located adjacent to one of the residential buildings, designed to front 22nd Street S, enhancing the curb appeal of the site. The commercial space will provide an opportunity for future businesses to provide goods and service to local community residents within the Deuces community, City of St. Petersburg and the residents who will ultimately reside in the residential units. SGH will prioritize supporting local small business enterprises to fit the space, although the end user of the commercial will be determined by tenant credibility, local participation, and overall benefit to the community.

Zoning:

The current zoning allows for approximately 86 units, and with the affordable/ workforce housing bonus, approximately 115 total units. The city owned site is approximately 3.6 acres (approx. 156,816 sqft), SHG and with our architect and engineering team, has developed a conceptual site plan that provides 115 dwelling units and 10,000 sqft of commercial retail space, maximize the total use of the land. It is important to also note that 210 parking spaces as well as open green space earmarked for outdoor amenities. A site plan has provided in **Exhibit A** of this proposal.

In our site analysis and conceptual design, we understand that the site has the capacity to produce additional units above the current zoning allowance. This can be achieved by a rezoning of higher density for workforce housing and successfully utilizing legislation HB 1339 which grants local governments the authority to establish criteria that would allow developers to apply to build affordable housing in zoning districts. Please note that SHG would like to request to utilize future density modifications approved by the City of St. Petersburg if mutually agreed upon by developer and City Staff.

Financial Plan and Development Budget for Residential Buildings

SHG is proposing a financing strategy that would support both the residential and commercial phases of the development plan. 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 **Exhibit B** of this proposal**.**

SHG plans to apply for affordable housing subsidies to support 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 New Urban Development (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.

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 ($100,000) 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. Acquisition price of the land will be in support of a third-party appraisal.

Sources	**Amount**
Permanent Debt	$10,800,000
State/ City Funding	$12,740,000
Private Equity (LIHTC)	$12,236,000
Developers Equity	$1,524,123
Total	**$37,300,123**

Uses	**Amount**
Hard Cost	$24,636,150
Soft Cost	$12,563,973
Acquisition	$100,000
Total	**$37,300,123**

Unit Mix and Bedroom Type

Proposed Unit Mix

	1BD	2BD	3BR	Total
Sugar Hill Apartments Unit Mix	**34**	**6558**	**23**	**115**

Proposed Rents Based on Current Average Median Income levels.

	1BD	2BD	3BR	Number of Units
80% AMI	**$1,232**	**$1,478**	**$1,708**	**28**
60% AMI	**$924**	**$1,108**	**$1,281**	**75**
30%AMI	**$462**	**$554**	**$640**	**12**

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, support letters from local Pinellas County stakeholders are provided in **Exhibit C** of this proposal.

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 unparallel 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

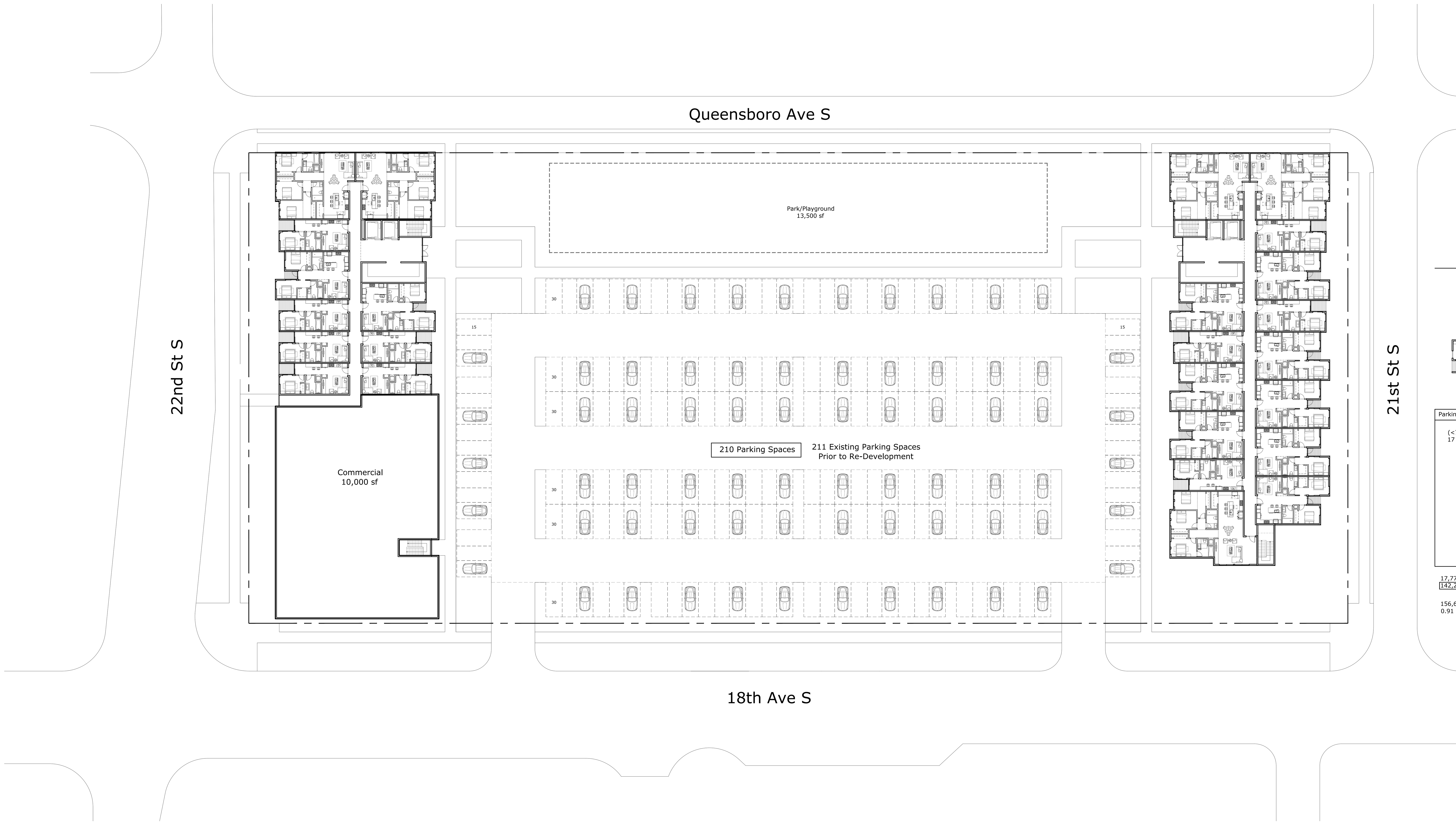
Located in Miami, Florida, The Villages Apartments is the first of a two-phased development plan to provide quality affordable housing to the neighborhood of Liberty City. The Villages Apartments is a multifamily 150-unit development for families who meet the necessary income limits. The property consist 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

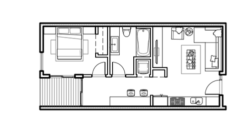
Historically known as Sugar Hill Apartments, this property is a storied part of Miami's urban community. Built in 1956, many through the years have called its 12 buildings and 132 garden-style, walk-up apartments home. Later renamed Renaissance at Sugar Hill, in the 1990s it was purchased by the Urban 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.

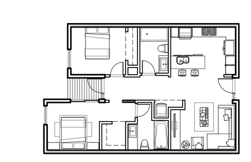
Exhibits

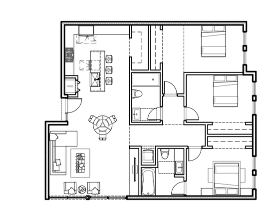
A. Site Plan Configuration and Conceptual Unit Layouts



Unit Mix:	1/2 Floor Plate:	7 Floor Plates:
(34) 1 Bedroom	(6) 1 Bedroom	28 - (4) 1 Bedroom
(58) 2 Bedroom	(2) 2 Bedroom	56 - (8) 2 Bedroom
(23) 3 Bedroom	(2) 3 Bedroom	21 - (3) 3 Bedroom
115 Units	10 Units	105 Units


40 Units @ 625 sf
1 BR / 1 BA


65 Units @ 970 sf
2 BR / 2 BA


30 Units @ 1560 sf
3 BR / 2 BA

Parking:

(<750 sf = .5/unit x 34 Units)
17 Parking Spaces

(>750 sf = .75/unit x 58 Units)
43.5 Parking Spaces

(3 Bedroom = 1.25/unit x 23 Units)
28.75 Parking Spaces

89.25 Parking Spaces
(Residential)

(= 10,000 sf x 1/300 sf)
33.33 Parking Spaces
(Commercial)

123 Total Parking Spaces Required

210 Total Parking Spaces Provided

Parking:

Residential:
<750 sf = .5/unit
>750 sf = 0.75/unit
3 BR = 1.25/unit

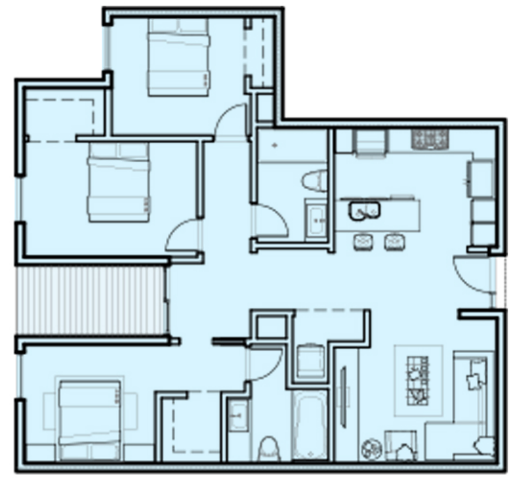
Non-Residential:
Office = 1/400sf
Retail/Sales = 1/300sf
School (K-9) = 2/Classroom or Office
School (10-12) = 4/Classroom or Office

17,775 sf / Level x 8 Floor Plates
142,200 sf Total Development Area

156,695 sf Property Area
0.91 FAR Proposed

1 BR / 1 BA @ 625 sf

2 BR / 2 BA @ 970 sf



3 BR / 2 BA @ 1270 sf

B. Letters of Intent

REDSTONE™
EQUITY PARTNERS

June 23, 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%

Guarantors	Developer and Manager	
General Contractor	TBD	
Property Manager	TBD	

3. **Tax Credits.** The Project is expected to receive an allocation of 4% Housing Credits from the Agency.

   The Anticipated Housing Credit Request is $1,330,086

   The total Housing Credits anticipated to be delivered to the Company is $13,300,863 (the "Projected Federal LIHTC")

   The total anticipated dollar amount of housing credit allocation to be purchased is $13,299,533

   The total amount of equity to be provided by Red Stone to the Project is $12,236,000 which is approximately $0.92 per Housing Credit ("Credit Price").

   Total equity paid prior to construction completion will be $5,319,813

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: Authorized Signatory
Date: 6/23/22

MANAGING MEMBER:

By: ___________________________
Its: ___________________________
Date: ___________________________

GUARANTOR:

By: ___________________________
Its: ___________________________
Date: ___________________________

GUARANTOR:

By: ___________________________
Its: ___________________________
Date: ___________________________

REDSTONE™

via e-mail

June 21, 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
115 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 $**19,000,000** 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 $19,000,000 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, $8,200,000 of Bonds shall be redeemed at par without any premium and the permanent bond amount shall be **$10,800,000** (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.

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 115 units. The Property will include 34 one-bedroom units, 58 two-bedroom units, and 23 three-bedroom units comprising approximately 120,000 net rentable square feet. The units will rent between 30% and 80% 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 $20,405,000 ($177,440 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 $670,812 (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	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. In addition to the above stated interest rate, the Borrower will pay all trustee and issuer fees associated with the transaction.
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 ($190,000) payable to Red Stone at Closing.
Construction Administration Fee	1.00% of the Facility amount ($190,000) 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 $12,236,000 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 \$12,740,000 of state, city, and county subsidies, with 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 $645,000. 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 July 29, 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 $19,000,000 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: Oliver L. Gross

Title: Authorized Signatory

Date: 6/21/22

C. Letters of Support

COMMUNITY SERVICE FOUNDATION, INC.
Affordable Housing Services
925 Lakeview Road • Clearwater, FL 33756-3420 • (727) 461-0618 • Fax (727) 443-6287
mail@csfhome.org • www.csfhome.org

To: Tangerine Plaza Proposal Review Committee
Re: Letter of Support
Date: May 18, 2022

This is in support of the Sugar Hill Group LLC and New Urban Development proposal to develop Tangerine Plaza, located at 1794 -22nd Street South St. Petersburg. In September 2019, the Community Service Foundation Inc. acquired 21 single family properties within the South St. Petersburg Community Redevelopment Area. Our 80-year-old Foundation is dedicated to community development and affordable housing; this acquisition provided an opportunity to preserve affordable housing in perpetuity.

Our transaction for the South St. Petersburg properties is directly attributed to the leadership of Roy Binger and Pastor Murphy, who facilitated the process to secure the funding. Sugar Hill Group LLC and New Urban Development has the financial capacity to fulfill its proposed multi-purpose affordable housing and retail development.

Also, being embedded in the South St. Petersburg Community means that the Sugar Hill Group and New Urban Development have lived experiences with community members. This will ensure that its proposed development reflects the heritage and culture of South St. Petersburg.

Most importantly, the Tangerine Plaza project represents a unique opportunity to fill the gap of a fresh grocery option; this aligns with Pastor Murphy's and Roy Binger's commitment to the health and wellness of South St. Petersburg residents.

For these reasons, the Community Service Foundation Inc.'s Board of Trustees strongly endorses the Sugar Hill Group LLC and New Urban Development proposal to develop Tangerine Plaza. We respectfully request your consideration to award the Tangerine Plaza Development to Sugar Hill Group LLC and New Urban Development.

Sincerely,

Edward A. Thiebe

Edward A. Thiebe
Executive Director

Pinellas County Urban League, Inc.

Building for Equal Opportunity

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

May 18, 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

AFFILIATED WITH THE NATIONAL URBAN LEAGUE, INC.

SANKOFA GROUP

ONE COMMUNITY
A COMPREHENSIVE PLAN FOR ECONOMIC GROWTH FOR SOUTH ST. PETERSBURG

May 18, 2022

Mr. Roy Binger
Sugar Hill Group, LLC
146 2nd Street N., Suite 310N
St. Petersburg, Florida 33701 RE: Tangerine Plaza

Dear Roy:

The 2020 Plan /One Community Plan is pleased to support the partnership and joint venture of Sugar Hill Group, LLC and New Urban Development, LLC, to develop much needed affordable housing and commercial spaces that enrich the landscape of the Deuces corridor.

Community-led development of the kind reflected in your vision for Sugar Hill is central to the strategies embodied in the One Community Plan, which include bridging new partnerships that build the capacity of African Americans to lead the revitalization of the historic 22nd Street corridor.

It would be ideal to see the City of St. Petersburg partner with the Sugar Hill Group to realize the potential of the site, through joint exploration of mainstream and community tenants for new commercial spaces.

The location of the project also feeds the synergy of Sugar Hill and Sankofa on the Deuces as bookends to the 12 blocks that encompass the historic "Black main street." The two project teams are already leveraging points of synergy such as:

- A new Market Study by GAI Consultants to reflect the fast-changing residential landscape and labor market in the South St. Petersburg CRA;
- Joint support of tenant marketing by Tahisia Scantling, CEO of Right Turn Realty, who is courted potential tenants to both locations; and
- A partnership to build-out the City-supported South St. Petersburg Development Fund.

We look forward to continued collaboration with you and the team to ensure the success of the project.

Yours in Service,

Gypsy C. Gallardo

Gypsy C. Gallardo, M.P.P., CEO
The 2020 Plan, Inc. & One Community
and Managing Member, The Sankofa Group