



RESPONSE FOR CLARIFICATIONS

January 3, 2023

PLEASE DISCUSS YOUR PLAN TO COORDINATE ALL THE ENTITIES IDENTIFIED WITHIN YOUR PROPOSAL. ESPECIALLY DISCUSS COORDINATION BETWEEN ENTITIES THAT HAVE NOT WORKED ON A MAJOR PROJECT BEFORE TOGETHER.

The Sugar Hill Community Partners (SHCP) development and development management team has deep experience on highly complex projects and will apply best practices from those experiences. For example, JMA partnered with then-mayor of Sacramento, Kevin Johnson (now a JMA principal), and the Sacramento Kings to successfully deliver the Downtown Commons, a \$400m+ mixed-use project in Sacramento that is widely viewed as one of the most successful stadium-adjacent mixed-use projects in the country. The project required:

- Design, financing, and delivery of the 1m square foot project, which includes hotel, residential, office, retail, and below-ground parking.
- Coordination with the Kings' development, which was simultaneously constructing Golden 1 Center, an 18,000-seat multi-purpose arena on the project site.
- Accommodation of existing retail tenants, including a 330k square foot Macy's department store.

Machete Group, with support from McKissack & McKissack and Sterling Project Development, will lead day-to-day coordination of the SHCP team. Machete Group has broad expertise assembling and leading large project teams including Chase Center in San Francisco, which required an extensive team of designers, engineers, contractors, attorneys, community advisors, and other consultants just to secure project entitlements.

We will draw heavily on those experiences to efficiently coordinate the Historic Gas Plant District (HGPD) team. Specifically:

- Leverage active working relationships: Many of the core SHCP team members have been working together on the HGPD project for more than two years. That has included:
 - Production of more than 700 pages of RFP response work product covering a diverse set of issues and considerations.
 - Extensive and detailed project design, programming, financing, and delivery discussions to consistently update, refine, and optimize our vision and ensure it can be reliably delivered.
 - Preparation for and participation in formal City-sponsored outreach events.
 - Extensive collective community engagement at events such as the Saturday Morning Shoppes, the Collard Green Festival, and the Woodson Museum Gala.
 - Participation on a weekly coordination call that has been held and attended without interruption since February 2021.
 - A number of collaborations among team members on other projects, such as Robles Park (PMG, VoltAir, DuCon, Suffolk, Stantec, Jerel McCants Architecture, and Fred Hearn) and a large mixed-use development in Orlando (JMA, Machete Group, Stantec, VoltAir, and DuCon).
- Carefully define project goals and requirements: The first, and, in many ways, most crucial part of successfully managing complex projects is to invest the time and effort upfront to understand in detail the desired project outcomes and parameters. This lays the foundation for:
 - Team resourcing needs (in all forms, including subject matter expertise, staffing, budgeting, schedule, and financing).
 - Team member scope and deliverables.
 - Development and refinement of implementation strategies.
 - Definition of success metrics (see next page).

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- Implement document management and coordination protocols: Creating and implementing efficient processes to manage project communication, organize documents, and monitor activities is a vital framework and often not afforded appropriate attention. This includes, but is not limited to, the following:
 - Web-hosted file repository that adheres to defined taxonomy.
 - Note taking and distribution practices enforced across the team.
 - Establishment of weekly "all hands" meetings for overall project coordination and, as necessary, for specific workstreams.
 - Creation of "north star" documents including, by way of example:
 - Project branding narrative and style guide.
 - Community outreach implementation plan.
 - Community benefits implementation plans.

- Establish activity and success metrics: Successful project management is ultimately about accountability, but accountability is a meaningless concept in the absence of measurement. We accordingly work through the exercise of defining specific metrics aligned with project goals, and then work backwards to identify activity metrics that will tell us if we are on track. For example, we have set an M/WBE inclusion goal of 25% for construction. In this case, while the ultimate metric – percentage of contract work awarded to M/WBEs – is fairly straightforward, there are other metrics, both outcomes and activity, that will help ensure accurate tracking. For example:
 - Number of individual firms and average contract value.
 - Participation tier (e.g., first, second, third).
 - Number of outreach meetings.
 - Timing of outreach meetings with respect to bid package release.
 - Number of M/WBE potential bidders identified.
 - For each M/WBE, relevant profile data (e.g., certification status, bonding capacity, prior work history, key personnel, staffing levels).
 - Bid package segmentation (to ensure we have explored opportunities to break large packages down so that smaller firms can successful bid).
 - Once awarded:
 - Support provided (e.g., monthly M/WBE check-in conducted, monthly prime check-in conducted (if applicable)).
 - For prime/subprime partnerships, adherence to contractual inclusion level.
 - Overall job progress and billing progression.

The most critical metrics are aggregated and displayed on a project dashboard, which provides an accurate and highly valuable snapshot into project status. The dashboard is also used as the basis for reporting out to key stakeholders (in this case, the City of St. Petersburg, community partners, and the community at large). We will also quickly establish an in-market, on-the-ground team led by an HGPD project executive with a full staff and support functions consistent with our model for other large-scale mixed-use developments.

PLEASE DISCUSS HOW YOUR TEAM ENVISIONS THE MAINTENANCE AND UP-KEEP FOR THE GREENSPACE, ESPECIALLY BOOKER CREEK WATERSHED, IDENTIFIED IN THE PROPOSAL.

No matter how strong the design and program may be, the long-running success of any public space depends on the management of operations and maintenance over time. Too many urban public spaces are left unloved and unmaintained and fall into disrepair. These spaces become places to avoid instead of places to come together. SHCP understands the need to have a comprehensive maintenance and operations program to keep the spaces clean, safe, and inviting, creating value for a district and stimulating economic development. No two public spaces are alike, and each requires a tailored management and operations plan to ensure long-term success.

Successful, vibrant parks require careful attention to detail by a manager or managers who provide a first-class experience; a dense schedule of programs and activities in partnership with local small businesses, nonprofits, and institutions; and solicit input from the community. Further, successful park management needs to provide financial and budget oversight, assure the long-term financial sustainability of the park, oversee the park's policies and regulations, and set the vision and strategy for the park's future. To achieve these needs and desires, stakeholders have increasingly turned to public-private partnerships to run public parks.

SHCP team member Biederman Redevelopment Ventures (BRV) – a national leader in programming public urban spaces – brings extensive operating experience expertise on the public-private partnership model. Based on our current understanding of project requirements, we suggest one of two potential approaches:

- Developer-Controlled: In this instance, the developer directly controls and takes responsibility for public space maintenance as well as programming.
- Non-Profit: Under the non-profit framework, the developer, potentially in partnership with a local stakeholder or stakeholders focused on public space activation and beautification, establishes a new, not-for-profit entity (e.g., Friends of Booker Creek Park) that takes responsibility for public space maintenance and programming. This is consistent, for example, with BRV's Bryant Park structure in Manhattan.

In either case, costs associated with upkeep and programming are funded by a combination of sources:

- Common area maintenance (CAM) fees from project tenants.
- Sponsorship revenue from marketing partners associated with specific events (e.g., the Verizon Summer Concert Series).
- Use fees from public space vendors.
- Rental fees from private event users.
- TIF and/or CDD revenues (which function as a backstop).

In any case, other than supporting establishment of the TIF and CDD, the City will not be responsible for any public green space maintenance or programming expense.

THERE ARE A LOT OF COMMUNITY PARTNERS INVOLVED IN THIS PROPOSAL. PLEASE ELABORATE ON HOW THE TEAM PLANS TO COORDINATE WITH ALL THESE ENTITIES.

Our HGPD plan includes nine specific community benefits initiatives:

1. Affordable Housing
2. Arts and Culture
3. Community Wellness
4. Equity Participation
5. Historical Context
6. SBE/MBE/WBE Inclusion
7. Sustainability and Resiliency
8. Workforce Development
9. Youth Engagement and Education

We have in our RFP response described specific outcomes that we will deliver or, in some instances, conceptual goals for these programs. If selected, we will establish working groups for each area of focus. The working groups will consist of the appropriate SHCP team members and relevant community partners and advisors. Those groups will work collaboratively to develop implementation plans that include the following:

- o Clearly defined goals and resource requirements.
- o Success and activity metrics.
- o Other potential strategic partnerships that will help to amplify our efforts.

Following development of the plan, the working groups will monitor implementation and track progress as we move through the development and then operating cycles for each phase of the project.

As noted in our RFP response, our strong view is that, even with our strong local team and comprehensive community outreach (to date and going forward), it is critical that we engage with community partners to ensure that we receive direct, unfiltered community feedback and establish a culture of measurement and accountability. We have found that this issue-specific, working group model is very effective at creating alignment and efficiently managing complex processes (and is an approach that we have used and continue to use on a broad spectrum of project activities). In the case of community benefits programs, fully-integrated local partners emphasize ownership and transparency, qualities that we believe are vital to generating maximum value to the community.

To achieve our goal of making the redeveloped HGPD the standard-bearer for inclusive and equitable urban infill development, it is critical that we empower our community partners, providing meaningful agency in the design and development of the project. Additionally, it is important to assemble a project executive team that prioritizes these functions and establishes a consistent cadence of working sessions and reporting tools to effectively incorporate community partner contributions.

WHAT IS THE LEVEL OF CONFIDENCE IN YOUR PHASING TIMELINE? (2023-2034)

Our phasing plan is based on extensive market research, including conversations with lenders, brokers, asset managers, and equity capital providers. We have been highly encouraged by the strength of the market and the appetite of our capital partners to invest in this project, and accordingly have a high degree of confidence in the timing and phasing of our plan.

That notwithstanding, the one thing we can all be sure of is that the actual development phasing will almost certainly to some degree shift from the current plan. On any multi-phase development, project program and timing will be affected by a number of factors, including market response to the initial phase(s), delivery of competitive products in the submarket, and macroeconomic conditions. At the HGPS, whether the Rays remain in St. Petersburg or move elsewhere will also have implications for project program and schedule, as will the timing of sitework, remediation, and establishment of public financing tools like the TIF and CDD.

One valuable strategy that will mitigate potential delay is to assemble a diverse development team with asset-specific delivery partners. To that end, we have brought onboard PMG (affordable, workforce, and market rate residential) and KDC (office). Each partner is exceptionally well capitalized and dedicated to delivering against our shared vision of a mixed-use, mixed-income district. This approach will allow us to deliver a more thoughtful, nuanced, and dynamic project, as well as increase the reliability and predictability of project delivery.

WHAT EXPERIENCE DO THE INDIVIDUAL MEMBERS HAVE WITH OTHER THE MEMBERS OF THE TEAM? HAS ANY OF THE LEADING FIRMS (DESIGN OR DEVELOPMENT) WORKED TOGETHER ON OTHER COMPARABLE DEVELOPMENTS?

Our team has the benefit of a strong working history and collaboration among a variety of core team members. For example:

- o JMA and then-mayor Kevin Johnson (and now JMA principal) collaborated on the Downtown Commons mixed-use development in Sacramento. SHCP team member Sterling Project Development represented lender Bank OZK on the project.
- o JMA and Machete Group have partnered to develop a ~\$500m mixed-use project in Orlando that will be announced in Q1 2023. Stantec, BRV, and VoltAir are part of the consultant team.
- o Over the last two decades, JMA and its principals have partnered with Dan Coakley of PMG on \$500m+ of development projects in the housing, hospitality, and leisure spaces, including the complete redevelopment of Ghirardelli Square in San Francisco, CA, as well as several other high-profile mixed-use projects.
- o SHCP team members Suffolk, DuCon, Cardno (now Stantec), VoltAir, Jerel McCants Architecture, and Fred Hearn are working on Robles Park, a PMG-led, 1,400+ unit affordable housing development in Tampa, FL.
- o Perkins Eastman first worked with Machete Group in 2007 on two large transit-oriented development projects proposed by Houston METRO, the City's public transit entity.

Please refer to the next page for a matrix indicating shared work history for core SHCP team members. We also want to make the point that in our experience, the strongest teams feature a mix of familiar and new voices. Diversity in many forms – local and national development partners and consultants, minority- and women-owned firms, and a broad range of subject matter expertise – coupled with tight mission alignment and a properly-resourced, locally-based project team and project management tools (see our response to Question #A above) create the strongest team culture and best results.

WHAT ASSURANCE DOES THE CITY HAVE THAT THIS TEAM WILL STAY CONNECTED, ENGAGED AND FOCUSED OVER THE TERM OF THE AGREEMENT?

The HGPD is one of the most compelling development opportunities on the east coast. While its location and scale are important, the project resonates most profoundly with our team because of its potential to have a transformative effect on St. Petersburg. The SCHP team has, collectively, been fortunate to work on many exciting, high-profile projects around the country and we are gratified by the financial results we have generated for our partners, investors, and lenders.

That said, we are most proud of the positive impact we have had on the communities where those projects are located. In this respect, we view the HGPD as a once-in-a-career chance to have a truly profound impact on a community and to play a key role in making good on the legacy of broken promises at the site. The size and multi-phase nature enable the creation of true neighborhoods and allow us to adopt a long-term approach that will maximize the impact of community benefits programs like workforce development, inclusion, and affordable housing. And the site lies in the middle of a culturally-vibrant, diverse, and growing city that recognizes the possibilities offered by the project and is firmly committed to delivering maximum benefit to the community. This sets the table to deliver the most equitable and inclusive project in the country, which is our vision for the HGPD and a mission that we find truly inspirational.

As evidence, we would point to a team that has been working tirelessly on pursuing this project for more than two years, most without pay. We have held a project team call every week without exception since February 2021. We have attended dozens of community events, including the Saturday Morning Shoppes (even when it gets a little warm), the Collard Green Festival, and Sunday morning church services. We have supported a variety of charitable activities like We have supported a variety of charitable activities including the Christmas Toy Drive benefitting the Woodson Museum, the Holiday Gingerbread Houses benefitting the Woodson Museum, Juneteenth Celebration benefitting the Woodson Museum, School Supplies Drive organized by Saturday Morning Shoppes, Thanksgiving Food Drive organized by Saturday Morning Shoppes, and Camp 66 Youth Basketball Camp at Campbell Park coordinated with the City of St. Petersburg Parks & Rec. And we have met with more than 150 community leaders and advocates, including educators, small business owners, neighborhood associations, civic leaders, and CEOs.

In short, we respectfully point to our collective efforts to date and investment of thousands of man- and woman-hours to develop our vision, build out our team, and engage the community. And, if selected, we can say with certainty that we are just getting started.

WHAT P3 PROJECTS OTHER THAN THE DOWNTOWN COMMONS SUPPORTS JMA'S EXPERIENCE?

SHCP development and development management team members have worked and are working closely with public partners on a variety of projects. Examples include:

- Downtown Commons (Sacramento, CA): JMA and now JMA principal and then mayor of Sacramento, Kevin Johnson, partnered with the NBA's Sacramento Kings to concurrently plan, develop, and finance Golden 1 Center, the new home of the Kings, and the Downtown Commons mixed-use project.
- Barclays Center (Brooklyn, NY): Machete Group represented the NBA's Brooklyn Nets on development of Barclays Center, a new multi-purpose arena in downtown Brooklyn. The project included partnerships with a number of public stakeholders, including the Brooklyn Borough President, and the City and State of New York.
- TQL Stadium (Cincinnati, OH): Machete Group represented Major League Soccer's FC Cincinnati on the development of TQL Stadium, a new, best-in-class soccer venue, and on the planning and entitlement of a planned mixed-use district adjacent to the stadium. The project was delivered in partnership with the City of Cincinnati.
- Robles Park (Tampa, FL): PMG is currently developing Robles Park, a 1,400+ unit affordable housing project in partnership with the Tampa Bay Housing Authority.
- Hub RTP (Durham, NC): KDC has partnered with Durham County to deliver the Hub RTP project in North Carolina's Research Triangle Park. The project includes 1,200 multi-family residential units, 425 hotel keys, up to 1m square feet of Class A office space, and a 16-acre park.
- CentrePoint P3 (Ft. Worth, TX): KDC partnered with the City of Ft. Worth to develop a 1,300-acre former international airport. Project program includes 800k square feet of office, 600k square feet of industrial, 150k square feet of retail, 120 acres for multi-family residential development, 600 hotel room keys, and two miles of infrastructure.

WHAT ARE THE OPTIONS CONTEMPLATED BY THE PROPOSER FOR FUNDING THE DEVELOPMENT, INCLUDING THE ADDITIONAL FUNDING NEEDED TO CONSTRUCT THE AFRICAN AMERICAN HISTORY MUSEUM?

Setting aside affordable housing financing strategies, which we address in our response to Questions #13 and #14 below, our financing approach can be broadly segmented into the following:

- o Private financing: We have underwritten a conventional GP/LP structure to finance the design, engineering, and delivery of all commercial improvements. This assumes that the general and limited partners will typically contribute approximately 35% of total project costs. The balance of the private capital stack will come from debt, construction loans during development phase, and then permanent loans once the asset or phase has stabilized. The general partners (different members of the SHCP development team subject to the specific asset being developed) will contribute 5% to 10% of the total equity required and the limited partner, typically a large institutional investor or real estate fund (along with the 10% we will make available to local investors of color), will contribute the remaining 90% to 95%.

Our conversations with long-standing institutional investor partners have been very encouraging. The location, market fundamentals, and our vision for a highly-amenitized mixed-use, mixed-income district aligns with investment mandates and the underwritten return profiles are compelling. Importantly, the HGPD is best seen as a series of phase-by-phase financings as opposed to a single fundraising effort for the project in its entirety. Within each phase, the different asset classes (e.g., multifamily, office, hotel, etc.) will have different investment profiles and will, at least generally, attract separate pools of investors. This distribution of risk and reward helps to ensure our project is reliably and predictably delivered by enabling our asset-specific development partners to execute in a parallel, coordinated fashion.

WHAT ARE THE OPTIONS CONTEMPLATED BY THE PROPOSER FOR FUNDING THE DEVELOPMENT, INCLUDING THE ADDITIONAL FUNDING NEEDED TO CONSTRUCT THE AFRICAN AMERICAN HISTORY MUSEUM?

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- Public financing: As described in our responses to Question 7 below, the most efficient way to finance site infrastructure is via a conventional designer TIF that bonds against the site's future property taxes. This "let growth pay for growth" model does not require any capital, backstop, or guarantee from the City or County. We are also proposing a CDD – essentially a self-tax on the developer – that, at a millage rate of \$0.10 for every \$100 of assessed value, will contribute approximately \$30m of net proceeds. Our analysis of project-derived tax capacity to pay for site infrastructure does not include a number of other potential project revenue streams that could contribute to project-required costs, including additional bed tax, additional meal tax, and additional sales tax revenues on purchases within the district. Based upon experience on other large-scale mixed-use, mixed-income stadium-anchored districts, we anticipate that these bondable revenue streams could, if necessary, support additional proceeds to support public infrastructure to bring the project to fruition. Identifying all public financing tools and optimizing their use to support the redevelopment of the HGPD requires detailed discussions with the City and County, which we are prepared to do immediately upon selection. In addition, our team will leverage its deep expertise in securing State and federal grants to offset specific costs related to infrastructure, brownfield remediation, stream restoration, and resiliency. To date, SHCP team members have helped to deliver over \$4b in State and federal grants for infrastructure projects like the HGPD and are confident that we will be able to successfully leverage these programs in service of this project. Finally, as described in our RFP response, we believe that substantial demand exists for a large conference facility in St. Petersburg and have accordingly proposed a 150,000 square foot venue. In the current economic climate, we project that development of the conference facility will require \$39m of public financing, which we suggest be derived from bed tax revenues. This investment will be substantially offset by the associated economic impact on St. Petersburg and Pinellas County.

With respect to the construction of the new African American History Museum, we have pledged – if selected – to make a \$1m contribution to the project, provide free land, and provide, at no expense, the project management services necessary to oversee design and construction of the project. We have also committed to working collaboratively with the museum team to identify additional sources of funding, including the possibility of directing a portion of the unallocated Community Equity Endowment funds (projected to be \$20m) to the project.

DESCRIBE IN DETAIL HOW THE \$292 MILLION PUBLIC FUNDING COMMITMENTS IDENTIFIED IN THE PROPOSAL WILL BE PAID FOR?

Our proposal assumes that:

- Bonds will be issued for each phase to fund the approximately \$292m in improvements necessary for the project.
- The bonds will be repaid over a thirty-year period from a combination of sources:
 - The creation of a new TIF limited to the project site with a pledge of both City and County CRA property tax revenues (excluding those collected to fund schools), which we expect our project will contribute approximately \$336m to over 20 years.
 - Community Development District (CDD) assessment revenues in two proposed forms:
 - An ad valorem special assessment.
 - A back-up special assessment to provide additional security on the bonds.
- School tax revenues are NOT pledged to bond repayment.
- No public-side guarantee is assumed or requested.

Please note that SHCP team member MuniCap, a nationally-recognized leader in public financing, has prepared detailed cash flow schedules consistent with the above and is prepared to review with the City at its request.

YOUR TIF FINANCING PLAN STATES THAT NO CITY BACKSTOP OR PLEDGES WILL BE REQUIRED FOR BOND FINANCING FOR THE PROJECT. DOES YOUR PLAN USE THE CITY'S EXISTING CRA'S STRUCTURE AS THE BONDING MECHANISM OR ANOTHER ALTERNATIVE?

Our proposal assumes the issuance of special obligation bonds backed by pledged, project-generated revenues and a back-up special assessment. No City guarantee or backstop is requested. Purchasers of these types of bonds are familiar with this structure and will not expect the City to act as a source of bond repayment.

With respect to the existing CRA, our proposal assumes that existing intown CRA revenues will continue to flow back to the City and that a new TIF, limited to the boundaries of the HGPD, will be created (so that only new revenues created by the project will be pledged).

THE PROPOSAL INDICATES ADDITIONAL AFFORDABLE UNITS MAY BE BUILT OFF-SITE. WHAT IS THE STRATEGY FOR ACCOMPLISHING THE OFF-SITE AFFORDABLE HOUSING AND WHEN IS THE EXPECTED DELIVERY DATE?

Please refer to our response to Question #12 below.

IN YOUR PLAN YOU DESCRIBE A CDD WITH A SELF-TAXATION TO FINANCE IMPROVEMENTS. CAN YOU FURTHER ELABORATE ON WHAT TYPES OF SELF-TAXATION ARE INCLUDED IN YOUR PLAN?

Our proposal contemplates two forms of self-taxation:

- o Ad valorem special assessment: The ad valorem special assessment levies an additional ad valorem tax on HGPD properties on top of the existing property tax.
- o Back-up special assessment: The back-up special assessment functions as a backstop on bond repayment, providing bond purchasers comfort that an additional mechanism is in place to provide repayment in the event HGPD TIF revenues and ad valorem special assessment revenues are insufficient to cover annual debt service. Please note that the back-up special assessment is only collected if a shortfall occurs. This is a common bond structure and MuniCap has successfully used this structure on recent offerings.

THE PROPOSAL INCLUDES A COMMITMENT BY THE PROPOSER TO PAYING THE CITY FAIR MARKET VALUE FOR THE COMMERCIALY DEVELOPED PROPERTIES. ARE CERTAIN PARCELS/PHASES WITHIN THE HGP SITE CONSIDERED NOT COMMERCIALY DEVELOPED PROPERTIES AS PART OF THE DEVELOPMENT, AND NOT INCLUDED AS PART OF THE FAIR MARKET VALUE PAYMENT FROM THE PROPOSER TO THE CITY? IF SO, WHICH PARCELS/PHASES OF THE DEVELOPMENT ARE NOT SUBJECT TO FAIR MARKET VALUE COMPENSATION?

The commercially developed properties are defined as buildings that generate market returns. This includes parcels that the market rate and mixed-income residential buildings, hotel, office, retail, and live performance venue sit on. Under current market conditions, the uses that do not generate a conventional market return, and accordingly, have not been ascribed a land value, are primarily the affordable housing elements of our program and, to a lesser extent, parking associated with the office program, which we believe can be addressed as part of more detailed exploration of shared and district parking strategies. We will also explore a wrap and other alternate parking schemes that reduce first cost but, in our view, negatively impact human scale and public realm design.

As noted in our response, we believe that the “open book” approach will create substantial additional value for the City for at least the following reasons:

- o The current interest rate and construction cost environment is generally exerting substantial downward pressure on land value. We are seeing land repricing on other projects in the 10% for 15% range. Under the likely scenario that these forces will dissipate over the near to mid-term, the supportable land value should increase.
- o As the project is delivered, future phases will benefit. This will increase land value over time and from one phase to the next. The “open book” approach will allow the City to participate in that value creation.

PROPOSING 2,291 AFFORDABLE UNITS ON SITE – AND ANOTHER 325 AFFORDABLE UNITS OFF SITE IS SIGNIFICANT; HOWEVER, WHO WILL PROCURE THE LAND TO CONSTRUCT THE OFF-SITE UNITS? LOCAL NON-PROFIT AGENCIES ARE ALREADY PRICED OUT OF VACANT LAND THAT COULD POTENTIALLY BE AVAILABLE FOR THE PRODUCTION OF NEW UNITS.

We have identified the following immediate off-site development opportunities and believe that additional prospects, as noted below, exist:

- o St. Petersburg Housing Authority (SPHA) Sites: SPHA controls multiple parcels that can, through rehabilitation and development, accommodate between 125 and 165 units of new affordable housing. Development of these sites will be structured to ensure that the SPHA retains long term ownership. We anticipate that delivery of the newly renovated or developed affordable housing can occur in 2025.
- o Commerce Park: Relocating the new African American History Museum to the HGPD as proposed in our plan frees up the 5.3-acre parcel on 22nd Street South currently earmarked for the museum for development. We have completed a conceptual review of the site which indicates that it can accommodate approximately 240 units of affordable housing. We anticipate that delivery of the new affordable housing can occur in 2025.
- o St. Pete College (SPC) Site: SPC owns a parking lot in South St. Petersburg at the corner of 21st St S and 13th Ave S that we believe is under-utilized and an excellent candidate for affordable housing development. We have completed a conceptual review of the site which indicates that it can accommodate between 210 and 315 affordable housing units. If selected, we look forward to further engagement with SPC and specifically exploring how this and potentially other under-utilized real estate assets could be developed to support SPC and community interests. Additional discussion with SPC is required before a delivery timeframe can be established.
- o Additional Multi-Family Affordable/Workforce Housing Sites: Our initial analysis suggests that there are other under-utilized parcels currently controlled by public entities that are good candidates for affordable housing development. Our conversations with key local stakeholders, including USF Chancellor Christian Hardigree, USF School of Nursing Dean Usha Menon, and Pinellas County School superintendent Kevin Hendrick, suggest that the opportunities for compelling partnerships focused on development of efficient, high-value affordable housing exist.
- o Single Family Affordable Homes: As noted in our response, we have proposed allocating one third of projected Community Equity Endowment (CEE) proceeds to renovation and development of single-family affordable homes in St. Petersburg. Please note that, in our response, total projected CEE proceeds were incorrectly indicated as \$30m over the first 20 years of the project. The correct value is \$60m. We have partnered with Habitat for Humanity to "close the gap" on renovation or development opportunities identified by the Habitat team.

WILL THE 2,291 ON SITE UNITS NEED TO BE AWARDED COMPETITIVE FINANCING FROM THE STATE IN ORDER TO BE PRODUCED?

Our highly capable affordable and workforce housing development team has decades of experience financing projects in the State of Florida and is familiar with the intricacies of assembling a capital stack to successfully deliver these deals. Importantly, our team has unique relationships with capital providers (Bank of America, JP Morgan, PGIM, ASREF, and others) that are deploying innovative affordable and workforce housing financing tools that our project will qualify for.

Of the 2,291 on-site units, approximately 40% (or 836 units) are designated workforce for renters making between 80 and 120% of AMI. The units will be principally privately financed, either as part of a mixed-income building or as a stand-alone workforce housing project, and accordingly do not require any competitive financing from the City or State. We will want to explore the applicability of Penny for Pinellas dollars administered by the County that the workforce product could qualify for.

The remaining 1,455 units are designated as affordable for renters making less than 80% of AMI and, as is customary in affordable housing project financing, we will look to take advantage of all available funding programs, some of which require competitive financing from the State (such as the 4% and 9% Low-Income Housing Tax Credits that, while technically a federal tax credit, is administered by the State).

Given the conceptual nature of our master plan and the lag between project award and capitalization of our first phase of affordable housing development, providing a definitive description of project underwriting and the capital stack is not realistic at this point in time. That notwithstanding, we will look to leverage a variety of financing mechanisms, including, but not limited to:

- Federal:
 - 4% and 9% federal housing tax credits purchased by large national banks and other community-driven investors to provide equity for affordable housing communities.
 - National Housing Trust Fund (NHTF)/ELI for lower income units.
 - Home Investment Partnership (HOME) program funds.
 - HUD community block grants (CDBG funds).
 - Use of tenant and project-based voucher programs controlled and administered by SHCP team member St. Petersburg Housing Authority (SPHA) to enhance the financeability of affordable phases (voucher rents are higher than regulated affordable AMI-based rents, so higher project incomes may be achieved to support financing).
- State of Florida:
 - State Apartment Incentive Loan (SAIL) program (competitive state funds allocated by Florida Housing Finance Corporation through the Sadowski Housing Trust Fund).
 - State Housing Initiatives Partnership (SHIP) program.

WILL THE 2,291 ON SITE UNITS NEED TO BE AWARDED COMPETITIVE FINANCING FROM THE STATE IN ORDER TO BE PRODUCED?

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- Pinellas County:
 - Penny for Pinellas Land Trust and Economic Development Funds, which can be used for affordable and workforce housing units.
 - Penny for Pinellas has \$50m+ in remaining funds that can be paired with other funding sources.
- City of St. Petersburg:
 - HCIP and CRA funds (the HGPD site is located within a CRA, which qualifies the project for certain funds and financing opportunities).

As stated in our proposal and noted elsewhere in this response, the current development environment is challenging, putting additional pressure on affordable housing financing. It will accordingly be critical to relentlessly and creatively leverage every capital source available. In addition to the above, our team has experience with private investors looking to make philanthropic and corporate investments in affordable housing projects, reducing reliance on competitively administered funds. A good example of this is our Letter of Support from CVS/Aetna, who has expressed interested in investing in our HGPD affordable housing plan.

We also have access to two other noteworthy sources of funding:

- As noted in our response and under Question #21 below, our pioneering Community Equity Endowment (CEE) is projected to generate \$60m over the first 20 years of the project, \$20m of which (at least based on proposed uses) is unallocated. Those funds could be tapped if necessary to provide gap financing for multi-family affordable housing.
- As described in our response to Question #6 above, there are a number of bondable revenue streams that could be used to support affordable housing financing. Specifically, additional bed tax, additional meal tax, and additional sales tax revenues on purchases within the district.

In the spirit of a true public-private partnership, we would also welcome a discussion with the City about the merits of investing land proceeds derived from the phased acquisition of the site back into the project to help meet any gaps in our affordable program, a commonly used structure on affordable housing deals with municipal partners.

WILL THE PRODUCTION OF THE 2,291 ON-SITE UNITS REQUIRE ANY ADDITIONAL GAP FINANCING FUNDS TO BE PROVIDED BY THE CITY OR COUNTY?

Please refer to our response to Question #13 above.

WHAT EXPERIENCE DOES YOUR TEAM HAVE IMPLEMENTING COMMUNITY BENEFITS AT A DISTRICT SCALE? PLEASE PROVIDE SPECIFIC EXAMPLES.

The SHCP team has extensive experience developing and implementing community benefits on large scale projects. Specific examples include:

- St. HOPE (Sacramento, CA): JMA principal Kevin Johnson has redeveloped and re-energized Sacramento's Oak Park neighborhood through his St. HOPE non-profit and other initiatives. St. HOPE is a nonprofit community development corporation whose mission is to revitalize inner-city communities through job creation, public education, civic leadership, economic development, and the arts. St. HOPE launched as an after-school program for African American boys in 1989 and subsequently expanded into Sacramento's public charter schools, working relentlessly to close the achievement gap for minority students. Oak Park has been historically underserved and suffered from high levels of poverty, crime, and unemployment, and low levels of educational attainment. In 1991, Kevin developed a 7,000 square foot building to house the St. HOPE organization. That led to extensive investment in local business and real estate projects to help revitalize the Oak Park neighborhood, including:
 - Restoration and redevelopment of prominent historic buildings into office space and a US Bank branch.
 - Development of the 40 Acres Art Gallery & Cultural Center. Located in the heart of the once thriving Oak Park commercial district, and now widely recognized as the cornerstone of the Oak Park corridor's revival, the 25,000 square foot mixed-use complex houses a coffee shop, bookstore, barbershop, 12 loft-style apartments, a world-class art gallery, and a 200-seat theater. The project received an Award for Excellence in Mixed Use Development from the California Redevelopment Agency.
 - A recent economic impact report found that St. HOPE contributes nearly \$30m annually to the local economy, creating hundreds of jobs, and generating tax revenue to fund essential city services and programs.
 - In 2022, 96% of St. HOPE's graduating high school seniors were accepted at four-year universities.
- Barclays Center (Brooklyn, NY): Machete Group represented the Brooklyn Nets on the development and implementation of a comprehensive community benefits program – created in partnership with Forest City Ratner Companies – related to the development of the \$1B arena, including workforce development, small business development and inclusion, and community facilities and amenities. Similar to the proposed SHCP model for the HYPD, the project established initiative-specific partnerships with community organizations (including the All-Faith Council of Brooklyn, Association of Community Organizations for Reform Now, Brooklyn United for Innovative Local Development, Downtown Brooklyn Neighborhood Alliance, the Downtown Brooklyn Educational Consortium, and the New York State Association of Minority Contractors) and formed working groups as well as executive committees to coordinate implementation and track progress against program goals. The project exceeded both its M/WBE inclusion goal of 20% and racial/gender minorities hire goal of 20%.

WHAT EXPERIENCE DOES YOUR TEAM HAVE IMPLEMENTING COMMUNITY BENEFITS AT A DISTRICT SCALE? PLEASE PROVIDE SPECIFIC EXAMPLES.

(continued from previous page)

- TQL Stadium (Cincinnati, OH):
 - **Inclusion:** Machete Group acted as development manager on the \$300m new Major League Soccer stadium in downtown Cincinnati. Machete Group partnered with Turner Construction and the Port of Cincinnati to design and implement an SBE/MBE/WBE participation program that included outreach and awareness initiatives, certification support, bid package configuration (to maximize bidding opportunities for smaller businesses), prime/subprime partnerships, and progress tracking and formal reporting procedures. The project exceeded all three of its inclusion goals (SBE – 30%, MBE – 20%, and WBE – 7%).
 - **Workforce Development:** Machete Group worked with Citylink, a City of Cincinnati-affiliated job training program (akin to St. Pete Works!), the local chapter of the NAACP, and Turner Construction to create a job-specific workforce development effort that leveraged Citylink's Cornerstone training platform. Working with the NAACP, we conducted outreach efforts in high-risk local neighborhoods and then worked on onboarding interested candidates. Result include:
 - The first class of the Cornerstone Construction training program graduated on June 18, 2019. Subsequent cohorts graduated in September 2019 and February 2020.
 - 34 participants graduated and all 34 received job offers.
 - 30 are still employed in construction careers (an 88% retention rate).
 - The average annual income of all Cornerstone Construction program participants prior to their construction training was \$2,616. The average annual income post-graduation from the training program was \$22,032.
 - **Local Hire:** Again, working in partnership with Turner Construction, Machete Group identified and hired 231 workers from target, high-risk census tracts. Total project wages for that group exceeded \$2.7m.

WHAT IS THE TOTAL PROPOSED SQUARE FOOTAGE OR ACREAGE OF OPEN SPACE TO BE CREATED UNDER YOUR PLAN?

Our plan includes 40.3 acres of open space, 21.5 of which is green space, and the other 18.8 is streets/public ROWs.

YOUR PROPOSAL INCLUDES A SEPARATE CONFERENCE CENTER HOTEL (350 KEYS) IN ADDITION TO A HOTEL PROGRAM OF 400 KEYS. HOW WILL THESE HOTELS' FUNCTIONS DIFFER? HOW DO YOU ENVISION THEIR USE WHEN THERE ARE NO CONFERENCES?

We have proposed the following hotels as part of our development program:

- o Flagship business/conference center hotel (Phase 1A, 350 keys): While we have referred to the property as the “conference center hotel,” it is better thought of as a full-service, highly-amenitized property generally catering to business and leisure travelers while also providing an anchor for conference center events. As examples, an appropriate flag would be a Renaissance, Westin, Hilton, or Hyatt. The hotel will accordingly not be dependent on the conference center (in fact, meetings will likely be a relatively low yield channel) and will be well-utilized at all time. We also want to note moderate and large meetings will very likely require additional rooms so spillover demand related to the conference center will benefit other hotels both on and off the HGPD site.
- o Lifestyle hotel (Phase 1B, 200 keys): The soft-branded lifestyle hotel property will be more design forward, intimate, and generally a little edgier than the flagship business/conference center hotel. It will cater to higher end tourists as well as business travelers (including convention center guests) looking for a more interesting place to stay. The lifestyle hotel will also attract a substantial number of private events like weddings and parties. Examples of comparable product include Marriott Autograph, Hilton Curio, and Hilton Unbound.
- o Premium branded select service hotel (Phase 3, 200 keys): The select service property will be positioned to attract middle-market business travelers and tourists. Potential flags include AC Marriott, Hilton Tempo, Hilton Canopy, and Hilton Caption.

YOUR TEAM PROPOSES THE VALUATION OF PARCELS AT THE COMMENCEMENT OF EACH PHASE OF DEVELOPMENT AND ATTRIBUTES A VALUE OF \$48 MILLION.

• WHAT IS YOUR PROPOSED STRUCTURE FOR SETTING LAND VALUE?

At the outset of the detailed planning process for each project phase, SHCP will conduct a detailed review with City staff to determine supportable land value for each parcel. The review will include all relevant underwriting inputs and associated analysis, including applicable development costs, operating economics, and relevant submarket dynamics. Supportable land value will be determined based on a stabilized return on cost that yields a financeable spread to exit cap rates (which we anticipated will be in the 200 to 300 bps range) and meets other generally accepted feasibility metrics. This analysis will be indexed to a mutually agreed sale comp set in the St. Petersburg market.

As noted in our RFP response and under Question #11 above, we believe that the “open book” approach will create substantial additional value for the City by allowing land pricing to occur in what will likely be a less challenging environment (from an interest rate and construction cost standpoint) and by participating in appreciation of the land based on general market forces as well as the impact of initial HGPD development phases.

• PLEASE PROVIDE A SCHEDULE SHOWING THE ESTIMATED VALUE BY PARCEL OR PHASE AND ASSUMED ACQUISITION YEAR.

Land Payment Schedule											
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
		2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
<i>\$ Nominal, Unescalated</i>	Total										
Apartments - Market Rate	\$34,512,050	\$12,344,000	\$0	\$2,796,000	\$0	\$0	\$0	\$19,372,050	\$0	\$0	\$0
Apartments - Affordable (4%)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Apartments - Affordable (9%)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Conference Hotel	\$4,375,000	\$4,375,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Hotel	\$5,000,000	\$2,500,000	\$0	\$0	\$0	\$2,500,000	\$0	\$0	\$0	\$0	\$0
Office	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Retail	\$4,099,056	\$1,629,000	\$0	\$370,886	\$0	\$344,320	\$0	\$1,754,850	\$0	\$0	\$0
Performance Hall	\$390,000	\$0	\$390,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Land Payment	\$48,376,106	\$20,948,000	\$390,000	\$3,166,886	\$0	\$2,844,320	\$0	\$21,126,900	\$0	\$0	\$0

Please note that the above schedule is conceptual and does not reflect the “open book” process outlined above. It should be considered a floor that we expect will be raised substantially as land generally appreciates, current market conditions improve, and we generate value by executing against our phased master plan. We welcome the opportunity to discuss this structure in detail with the City.

• IS THE \$48 MILLION FIGURE IN NET PRESENT VALUE TERMS OR NOMINAL TERMS? IF IN NET PRESENT VALUE TERMS, PLEASE PROVIDE YOUR ASSUMPTION ON DISCOUNT RATE.

The \$48m is unescalated. If we assume that land escalates going forward at the 7% annual rate consistent with the last 20 years in St. Petersburg, the nominal value of the land is \$65m. That figure also excludes the benefit of HGPD early phase development noted above.

ON PAGE 77, YOUR PROPOSAL LISTS ROUGHLY \$292 MILLION IN TIF/CDD FUNDS FOR INFRASTRUCTURE, PARKING, AND DEVELOPMENT SUBSIDY.

- **WHAT DO YOU EXPECT THE BREAKDOWN OF THOSE TWO SOURCES TO BE?**
- **PLEASE PROVIDE FURTHER DETAIL ON THE NEED AND STRUCTURE FOR PARKING SUBSIDY AND DEVELOPMENT SUBSIDY.**

As noted in our response to Question #7 above, we are proposing that a TIF limited to the HGPD site will be established and that the associated increment will be pledged to bond repayment (excluding the school tax revenues). These assumptions yield TIF proceeds of \$284m. We are further proposing the creation of a Community Development District (CDD), which will levy an ad valorem special assessment of \$0.10 per \$100 of assessed value. The CDD yields an additional \$30m of proceeds. Additional discussions with the City will be required to determine the appropriate structure, pledge of revenue, and prioritization of expenditures to develop a detailed breakdown of TIF/CDD funds by source.

\$120m of TIF/CDD proceeds will be used to finance structured parking (to be shared between affordable housing and other uses) and necessitated by relatively dense, urban development. Please note that this is not atypical. The parking in our proposal is included within mixed-use, mixed-income buildings and managed on a shared-use basis (we do not believe that separate, stand-alone parking structures represent the best use of available development area).

The balance of TIF/CDD proceeds will be used to fund costs associated with the design, engineering, and delivery of site infrastructure, including improvements to Booker Creek and development of new public open spaces. As noted above, the use of the proposed TIF/CDD structure ensures that the project is self-funding, avoiding any direct public subsidy, city guarantees, and/or backstops.

PLEASE PROVIDE YOUR CASH FLOW STATEMENT IN EXCEL FORMAT.

We have attached the Excel file for your reference.

WHAT IS THE GOVERNANCE STRUCTURE FOR THE EXECUTION AND DISBURSEMENT OF PROPOSED COMMUNITY BENEFIT COMMITMENTS? SPECIFICALLY, WHAT IS THE GOVERNANCE STRUCTURE FOR THE COMMUNITY EQUITY ENDOWMENT (CEE)?

We are proposing to structure the CEE as follows:

- SHCP will establish a new, non-profit entity. For the purposes of this description, we will refer to the new entity as the Gas Plant Community Trust (GPCT).
- The GPCT will be endowed by SHCP with a profit interest in the project (please refer to our response to Question #22 below for the related calculation).
- The GPCT will be governed by trustees to be identified and appointed by the City of St. Petersburg and SHCP. We propose either three or five trustees and are open to discussing the specific number. There may also be value for SHCP to act as a trustee but, again, the model is open for discussion.
- As described in our RFP response, the following parameters will be established as it relates to disbursement of proceeds:
 - One third will be allocated to renovation and/or development of single-family affordable homes in partnership with Habit for Humanity and other qualified builders active in the affordable housing space. The grants will be used to “close the gap” on potential projects identified by the builder partners to maximize impact.
 - One third will be allocated to support local MBEs through SHCP's *MBE Merchant Plus* program. *MBE Merchant Plus* will include, but not be limited to, grants, low- or no-interest loans, funding of a merchant incubator, subsidizing flexible and discounted lease structures, and providing marketing and other support.
 - The remaining third will be allocated to activities and programs identified by the trustees.
- SHCP will seed the GPCT with \$5m when project development begins.
- Treatment of the GPCT's profit interest, including disbursements to fund approved initiatives and recapitalization or reversion on a specific project, will be determined by the trustees.
- Detailed GPCT bylaws will be established. At a summary level, we anticipate that funds will be allocated subject to the above parameters and based on a simple majority of trustee votes.
- The GPCT will also be responsible for tracking performance – based on defined goals and metrics – associated with each of its investments.

YOU MENTION THAT THE CEE WILL HAVE AN ESTIMATED VALUE OF \$30M IN THE FIRST 20 YEARS. CAN YOU PROVIDE MORE DETAIL ON THE PROFIT-SHARING MECHANISM AND HOW YOU ARRIVE AT THAT VALUE? IS THIS VALUE IN NOMINAL DOLLARS OR NET PRESENT VALUE, AND WHAT IS THE DISCOUNT RATE ASSUMED?

As noted above, the \$30m CEE value in our RFP response was inadvertently misstated. The correct value is approximately \$60m as noted below. The CEE will receive 1% of general partner and 1% of limited partner cash flows which, over the initial 20 years of the project, totals \$60m. That value is in nominal dollars, so no discount rate is assumed.

WATERFALL PAYMENT SUMMARY - 80%/20% after 9% ROC; 70%/30% after 14% and, 60%/40% after 18%				
INVESTOR	CONTRIBUTIONS	CONTRIB %	DISTRIBUTIONS	PROFIT
<u>JV Partner</u>				
JV Partner CEE Contrib.	\$9,350,636	1.0%	\$0	(\$9,350,636)
<u>JMA Ventures</u>				
JMA Ventures CEE Contrib.	\$9,350,636	1.0%	\$0	(\$9,350,636)
<u>Community Equity Endowment</u>				
CEE (LP Entity)	\$0	0.0%	\$27,387,969	\$27,387,969
CEE (GP Entity)	\$0	0.0%	\$27,387,969	\$27,387,969
CEE Promote (GP Entity)	\$0	0.0%	\$4,757,742	\$4,757,742
Total CEE Funding	\$0	0.0%	\$59,533,681	\$59,533,681
CEE Distributions as a % of Developer Profits				9.61%