



RESPONSE TO RFP QUESTIONS

Rivera Beach Marina Village Project

Thank you for your request for additional information. Please find our comprehensive responses below in blue.

1. Risk/Reward

Given the substantial risk associated with a public/private venture of this nature, what's your thinking about a "market-based" deal provision that positions the CRA/City to share in the projects long-term upside potential (i.e. sharing in value creation in addition to new taxes and other direct/indirect economic benefits)?

We are open to a true public-private-partnership where the CRA/City can participate in the upside potential. It must be negotiated as a part of the developer agreement using a risk based approach where participation at different levels of risk and capital investment, The CRA/City has to be prepared to look at the risk side if it participates on the reward side. In order to be fair to all investors in the project there has to be a balance. APD has done this before in other projects with local governments or nonprofit partners. We welcome the opportunity to discuss and are confident there is a solution that will work for everyone involved.

Please provide a general overview description of where the money is going to come from to pay for construction and development as well as ongoing operations of the marina properties. If more than one source is anticipated, provide a general description of which source is going to provide what percentage of funds.

As the development team we would fund the pre-development activities ourselves and would secure construction financing through our list of lenders and investors that we have a previous working relationship with. We have provided you with a letter of interest from Key Banc whom we have worked with on previous projects. We anticipate the capital stack for the project including 20% equity and leveraged by 65% debt and synthetic equity/incentives the remaining amounts. We would like to identify opportunities for the CRA to invest in the project through the pre-development and also incentives to attract the amenities and tenants the City desires to have.

Please provide a general overall description of where the revenues are going to go that are created by this project with a listing of priorities, i.e., (who gets their money first, second, etc.?)

We plan to use a typical market-based waterfall where we use a risk-based levered return. The risk and reward are higher for equity participants. The returns and exposure losses are lowest for the senior debt. Below we have created an illustration of how we plan to approach the development and capitalization of Marina Village.

High	Marina Village Capital Source	First	TPC
Risk Levered and Expected Return ↑	Common Equity - Sponsor Equity - Regulation A+	Absorb Losses ↓	\$15mm- \$50mm
	Preferred Equity		\$25mm- \$50mm
	Subordinated Debt - NMTC - Incentivized Finance		\$8mm- \$30mm
	Senior Debt - Taxable Floaters - A Notes/Bonds - Institutional Financing		\$160mm- \$205mm
Low		Last	

Please provide a general overall description of who will be responsible for any shortfalls in revenues.

The shortfalls would be covered by the investor owners based on the percentage of equity. We also plan to protect our investors from potential losses through the use of a “Loss-of-rents” policy (strategic business interruption insurance). It is a mechanism we have effectively used in the past to guard against Disaster related losses. Otherwise, our approach toward absorbing any losses is market-based.

Please provide a description of the financial obligations that you anticipate being the responsibility of the CRA and/or City.

Please see our response to question 1. A deal structure would have to be negotiated, and as we mention in our RFP submission the City and CRA could come to the table with certain things such as: Tenant Improvements, and Support Activities of Community Benefits.

2. Leadership

What drives your recommendation that the Master Developer play a greater role in the management oversight of the Event Center and district services?

The effective, efficient, and profitable operation of the Event Center and Bicentennial Park are critical to the overall management of the Marina Village site and should be controlled by

the Master Developer. In a like manner, the effective and efficient operations of the district services supporting the Marina Village are also critical to overall management of the Marina Village. Although the Marina Village site is composed of a number of discrete business and entertainment activities, they must all function as if they are “one” organism. Each discrete entity on the Marina Village site must interact in a seamless manner with the other entities. Having critical site activities “controlled” by separate entities requires a higher level of management control that is inefficient and costly.

Another major reason for advocating centralized control of the Event Center, Bicentennial Park, and district services under the Master Developer relates to the financial feasibility of the Event Center, management of the Bicentennial Park site, and the cost effective provision of district services. By having a synergized private management approach it would also make the development team responsible for the success of other major assets in the area.

The CRA is responsible for the overall management and operations for the Event Center, Bicentennial Park, and district services. None of these functions operate at a profit. In fact, the CRA’s operating budget for fiscal year 2018 showed a \$1,556,350 subsidy required to keep these entities and functions operational. The CRA’s 2019 fiscal year budget was approved with an operating subsidy of \$1,731,956. To our knowledge, there is no feasibility study for the Event Center that shows a profitable level of operations in the future. The 2019 fiscal year budgeted deficit for the Event Center is \$745,200. CRA’s are not normally in the business of operating “business” entities like the Event Center. Unless the City and the CRA want to view the Event Center as a municipal “community center” with no expectation of it becoming self sufficient and profitable, subsidies of the level reflected in the fiscal 2018 and 2019 budgets will be required.

However, if these functional entities are allowed to be included in the Master Developer’s plans for overall development of the site, the CRA’s operating subsidies may be reduced, over time, and possibly eliminated. The Event Center would be operated by experienced personnel and adequately programmed; Bicentennial Park would benefit from increased programming and use; and, district services would be managed and operated by professionals.

The City’s use of an experienced marina management company to oversee its dock operations exemplifies this approach. It should also be underscored here that Urban Retail has over 20 million SF of retail and office building under management nationwide. We feel it makes perfect sense to take advantage of the Urban Platform for the City-owned assets.

What difference do you think greater district management oversight will make in driving success (i.e. delivering a regionally appealing, locally relevant destination)?

Greater district management oversight will allow the Master Developer to exercise overall control of the Marina Village site and it will insure that the Event Center and Bicentennial Park are a part of the developer’s overall plans for effective and efficient management of all entities on the site. Without such control, effective and efficient coordination of site elements is problematic. In addition, having synergized management would make it easier to recruit larger tenants that may have more of an appeal to the entire region. Our team would also employ centralized marketing, branding and promotions which would have more clear messaging and

easier to market the Marina as a destination.

Municipalities are going toward 3rd party management/privatization. A private 3rd party entity manages the waterside part of the marina currently and is experiencing phenomenal success. We believe we could provide similar outcomes. By assigning responsibility to all the facilities to the development/management team we are now focused on the success of each of these components.

Combining, security, beautification, management, signage, wayfinding and communications will enhance the possibility of success. The whole point is to create a one-of-a-kind experience for visitors who come to the area regardless of why they come.

3. Teaming

Clarify parent company's intended financial commitment to the completion of Marina Village's ultimate "market-driven" full build-out program

Urban Retail will be a full development partner and has sanctioned the proposal as submitted. This includes sharing in the pre-development expenses and other investment commitments as requested. They will be actively involved in the structuring of the capital stack, property management and leasing. Given their experience and base of operation in Boca Raton they are very motivated to see this project successful as it is in their own backyard. Urban views Marina Village as a major project in the APD joint venture initiative.

What's the current development implementation and financing status of APD's Stonecrest Resort/Atlanta Sports Center project?

The project is scheduled to open phase 1 in February 2019. This will include the first 7 sports fields, conference center and food hall. Phase 2 will open in May with an additional 10 sports fields. The Emory clinic and medical office facility is scheduled to open August 2018. From a financing standpoint we are refinancing the shopping mall currently, and have secured additional equity and debt capital this summer. If awarded and under an NDA we are happy to share the term sheets from the financing we have secured.

Initial media releases (Year 2017) represented that Urban Retail and Emory University were committed to investing \$50M-\$60M:

Was this accurate at that time?

Yes, It was accurate at the time.

- Is it still accurate today?

Urban Retail and Emory have increased their original commitment and are investing more in the project than what was stated in the original release.

- Is the project being scaled back or adjusted?

The project is NOT being scaled back. The project has been expanded since the 2017 releases. This includes more acreage and the inclusion of more retail and attractions. So it has certainly not been scaled back.

- Shed light on past media and other reports related to:

- Atlanta Sport Center is experiencing development and financing delays except for the purchase of \$2.5M Kohl's property (Stonecrest, GA)

The original timeline for the project only included the sports complex. Once the Medical office, Retail, Entertainment, Hotel components were added the scope of the project and the timeline was adjusted. There were some original partners in the project who had their role diminished to accommodate new partners. As of today, the project is scheduled to open phase 1 on February 2019.

- Panola Slope Project (completed phase 1 condominium/commercial): efforts underway to reposition/market stalled project as a gaming resort (South Dekalb, GA)

This reports was not accurate. APD built the project during the recession. During 2012 there was an inability to sell the units due to the nationwide credit crunch at that time. The property was then proposed to be sold to a Native American Tribe, but there was never any plan to create a gaming resort.

- Clarify APD and NSV's intentions respecting management and financial obligations outlined in the proposal's teaming agreement narrative

- Clarify ADP's Syracuse Project involvement:

- Advisory/consulting vs. developer vs. operator involvement and outcomes
- Community Café involvement and outcomes

In the Syracuse project it is a multi-faceted involvement where our Urban Planning and Development Services areas have been hired to redevelop the Southside of the City. The various aspects of the project are listed below:

- 1) Creation of the Southside 5-year Plan – titled Southern Compass. We were hired by the City of Syracuse Neighborhood Planning Department – Tomorrow's Neighborhoods Today (TNT). It took our staff 2 years of community-based research and mobilization to complete the plan. Published in January 2018. It can be found here. (<https://www.apdsolutions.com/tntsouthside5yearplan>)
- 2) South Salina Street Mural and Gateway project – As a part of the recommendations from the Plan we worked with the City to coordinate the design and implementation of the gateway into the Southside. This includes the design and project management of the mural. Additional information can be found here in the Syracuse Newspaper article from July 19, 2018

(https://www.syracuse.com/living/index.ssf/2018/06/from_decay_to_inspiration_a_beat-up_syracuse_bridge_will_offer_messages_of_hope.html)

- 3) The Community Café project – Another initiative of our TNT 5-year Plan. We collaborated with local nonprofit Syracuse Model Neighborhoods. We coordinated the design, construction, and business planning for this project. We recently completed the hiring of staff and will operate the café through one of our subsidiary companies once construction is complete in November. A Syracuse Newspaper article can be found at the following link:
(https://www.syracuse.com/living/index.ssf/2018/07/an_old_firehouse_and_a_bridge_are_keys_to_bring_life_back_to_syracuses_southside.html)
- 4) Single-family home rehabilitation and leasing – Starting in 2016 APD began to acquire, rehabilitate and rent affordable housing in the Southside neighborhood to stimulate market activity. We have nearly 20 units in portfolio currently and planning to acquire more.

- Does APD have a prior working relationship with Florida-based D. Stephenson Construction and Cooper Construction Management

APD does not have a prior working relationship with D. Stephenson Construction and Cooper Construction Management. However, APD's development partner, New Synergy Ventures, does possess such a relationship with both entities. The principal of NSV has a personal and professional relationship with both D. Stephenson Construction and Cooper Construction Management. In fact, D. Stephenson is currently completing a \$34 million construction project for one of his clients. Cooper Construction Management was the company he arranged to provide the City (City Manager, City Attorney, and City Director of Community Development) and the CRA (CRA Executive Director, CRA attorney, and consultants) with a special consultation meeting on the different types and uses of various construction contractual relationships (lump sum contract, unit price contract, cost plus contract, incentive contracts, guaranteed maximum price contract, design-build contract, etc.) and the effective use of an "owner's representative" during the early phases of the Marina Village Phase I Project's development. Both companies have excellent references and they enjoy good professional relationships with development professionals throughout South Florida.

4. Financial

- Clarify parent company's intended financial commitment to the completion of Marina Village's ultimate "market-driven" full build-out program

- Clarify \$5.2M miscellaneous income on APD profit and loss statement (2018)
The \$5.2 M is profits from property sales gained from various development projects in our portfolio. This includes some single-family and commercial properties sold.

- Clarify Urban Retail financials provided (project budgets vs. balance sheet)
We provided a current budget to actual not a project budget so that there could be a clear understanding of Urban's financial capability. Urban Retail has dozens of shopping centers throughout the United States. Their property management and development arms include

properties with various different owners. We provided what the Urban CFO was comfortable sharing in a document that is subject to open records request.

Clarify budget notes (i.e. construction, cost not covered by CF, projected levered capitalization)

Clarify statement that "litigation claim" listed does not impact: APD - REG (GA); APD - Solutions (DEL); and Urban Retail (FL)

In all real estate projects we create special purpose entities in order to protect the assets from comingling financially or legally. The litigation referenced was a lawsuit where one of the investors in a project filed suit for additional share of project income. It does not impact APD Solutions because it is between those partners invested in that particular development project and portions of it have since been settled.

5. Physical Plan

Highlight for the Board the key success drivers that will make your project regionally appealing (i.e. residents, workers and tourist compelled to travel more than 30 minutes to visit, stay long, spend and return)?

APD has recently embarked on a new approach for mixed uses development which is designed to give people multiple reasons for choosing our projects as a destination. We believe Marina Village must be multi-functional, and appeal to a wide-array of households from an income and cultural perspective. We believe our mission with Marina Village is to build a unique venue, where everyone is welcome and once get them here to keep them safe.

We plan to not only offer a wide array of attractions, amenities and services but create the ability for visitors to customize their experience through the use of technology and visitor engagement. We plan to implement tools to collect profiles on each visitor and leverage that Information to assist us with targeted marketing that will not just draw people but specifically draw the optimum mix of patrons.

When looking at the proposal we included a mix of real estate assets that we believe can create a cross-pollinated appeal for local residents, the workers on site and tourists. We will also implement a cross-functional customer service approach that will leave a lasting impression for all who visit.

Highlight your thinking behind the location of potential hotel, anchor retail, attractions
The major success drivers that will make the project regionally appealing are the attractions and entertainment components. Having these as part of the development alongside the hotel positions the property to be a regional tourist attraction where locals and visitors alike will want to frequent. (i.e. ferris wheel) and promenade retail uses to maximize the site's potential and create a differentiated sense of place?

It was important that we keep the site lines and keep the views of the beach when factoring in where to put everything. We wanted the restaurants to be on the waterfront to enhance the experience of the visitors.

The attractions allow us the opportunity to get something going faster and start creating a destination and generating income for the city.

6. Inclusion Plan

Prioritize for the Board your thinking about what would be required (i.e. personnel, funding, program resources etc.) from the City/CRA in order to support the Master Developer's efforts in achieving the economic inclusion goals and target outcomes outlined in the proposal?

The Marina Village Phase II Project RFP identified the Board of Commissioners' priorities to "guide outreach efforts, joint planning, goal-setting and program management by the City/CRA and Developer." Based on those priorities, we proposed a plan that represented the key steps we feel are required to jointly structure an approach that would position a community benefits program to achieve local participation success. Economic inclusion and local participation are key ingredients of our development plan.

The developer has identified the following areas where economic inclusion and local participation can be achieved.

- Local Business Enterprise Opportunities
- Local Investment Opportunities
- Business Contracting Opportunities
- Job Creation
- Permanent Job Opportunities for Local Residents Post-Construction
- Construction Skilled Workforce Opportunities
- Area Resident and Youth Workforce Development Program

The effective implementation of these program initiatives requires funding that is not typically supported through private-sector based project development funding sources. However, the developer is committed to planning, developing, and implementing these initiatives, with the City/CRA as a partner.

We feel the following is required from the City/CRA to support our efforts in achieving the economic inclusion goals and target outcomes included in our proposal.

- The developer would require program planning, development, and implementation funding assistance from the City/CRA, as required for these initiatives; and,
- The developer would require the appropriate resources from the City/CRA to formally incorporate the initiatives into ongoing programs supported by the City/CRA.