



POWER DISTRICT

DEVELOPMENT PRESENTATION

OCTOBER 16, 2017

ANDREW MEEKER 352.393.8200
MEEKERAG@GAINESVILLECRA.COM



POWER
DISTRICT

PRESENTATION OUTLINE

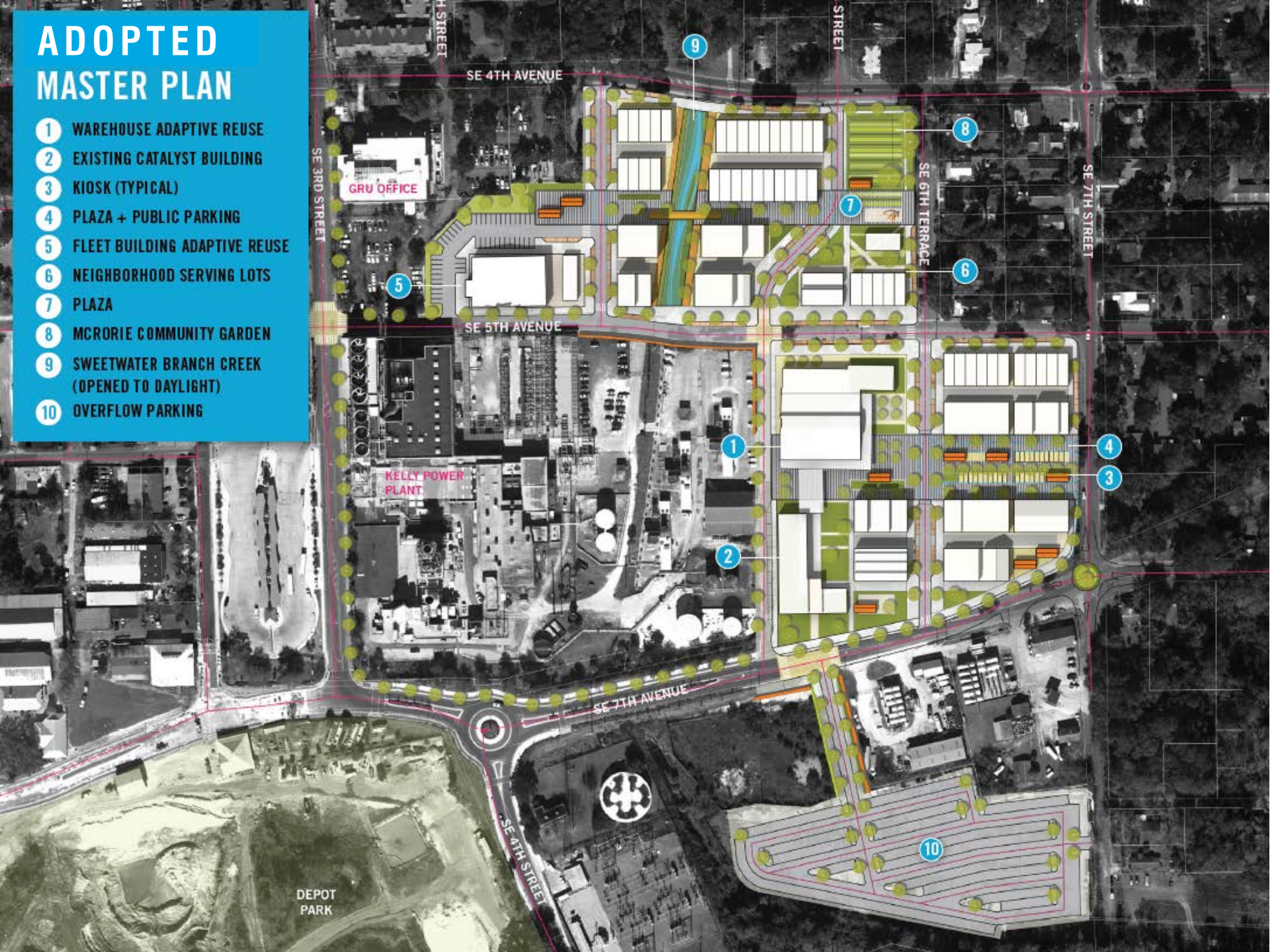
1. PROJECT RECAP & BACKGROUND
2. DEVELOPMENT SOLICITATION & RECOMMENDATION
3. SCHEDULE & NEXT STEPS





ADOPTED MASTER PLAN

- 1 WAREHOUSE ADAPTIVE REUSE
- 2 EXISTING CATALYST BUILDING
- 3 KIOSK (TYPICAL)
- 4 PLAZA + PUBLIC PARKING
- 5 FLEET BUILDING ADAPTIVE REUSE
- 6 NEIGHBORHOOD SERVING LOTS
- 7 PLAZA
- 8 MCRORIE COMMUNITY GARDEN
- 9 SWEETWATER BRANCH CREEK (OPENED TO DAYLIGHT)
- 10 OVERFLOW PARKING



POWER DISTRICT GOALS

1. Attract private investment into the area while maintaining the principles and community vision of the 2013 Redevelopment Plan and current zoning allowances
2. Leverage public resources that directly encourage economic development activities
3. Create a distinctive “sense of place” by creatively celebrating the industrial character of the area by way of architecture, urban design, engineering, and place making
4. Develop density differently by breaking up single large scale buildings into a series of multiple smaller scale buildings with decentralized parking
5. Daylight Sweetwater Branch Creek and activate public spaces
6. Re-connect the urban fabric throughout the Power District by way of integrated pedestrian and vehicular facilities

POWER DISTRICT GOALS

7. Implement an eclectic and wide range of land uses within the Power District that provide employment, housing, entertainment, and recreation opportunities
8. Compliment the adjacent surrounding neighborhood and land uses including the Southeast Historic District and McRorie Community Garden
9. Adaptively re-use buildings and materials to maintain the history and character of the area
10. Develop flexible spaces for independent, local, and diverse businesses with a wide range of rental rates and property ownership options
11. Foster relationships between small, diverse, local developers and larger developers to ensure local participation
12. Utilize a diversity of temporary programming events to promote and market the Power District
13. Use innovative environmentally-friendly architecture and site design to promote sustainability

MILESTONES ACCOMPLISHED

1. OPENING EASTSIDE OPERATIONS CENTER
2. CATALYST PROJECT
3. 2013 REDEVELOPMENT PLAN + STAKEHOLDER ENGAGEMENT
4. REZONING
5. INFRASTRUCTURE ANALYSIS
6. SWEETWATER DAYLIGHTING
7. BUILDING NEEDS ASSESSMENTS
8. ENVIRONMENTAL ANALYSIS
9. AESTHETIC IMPROVEMENTS
10. PROGRAMMING & SPECIAL EVENTS



MARKET INTEREST

Over the past several years we have received numerous inquiries from local and international parties such as developers, companies, businesses, entrepreneurs, retailers, and organizations interested in locating in the Power District



POWER DISTRICT SOLICITATION

an

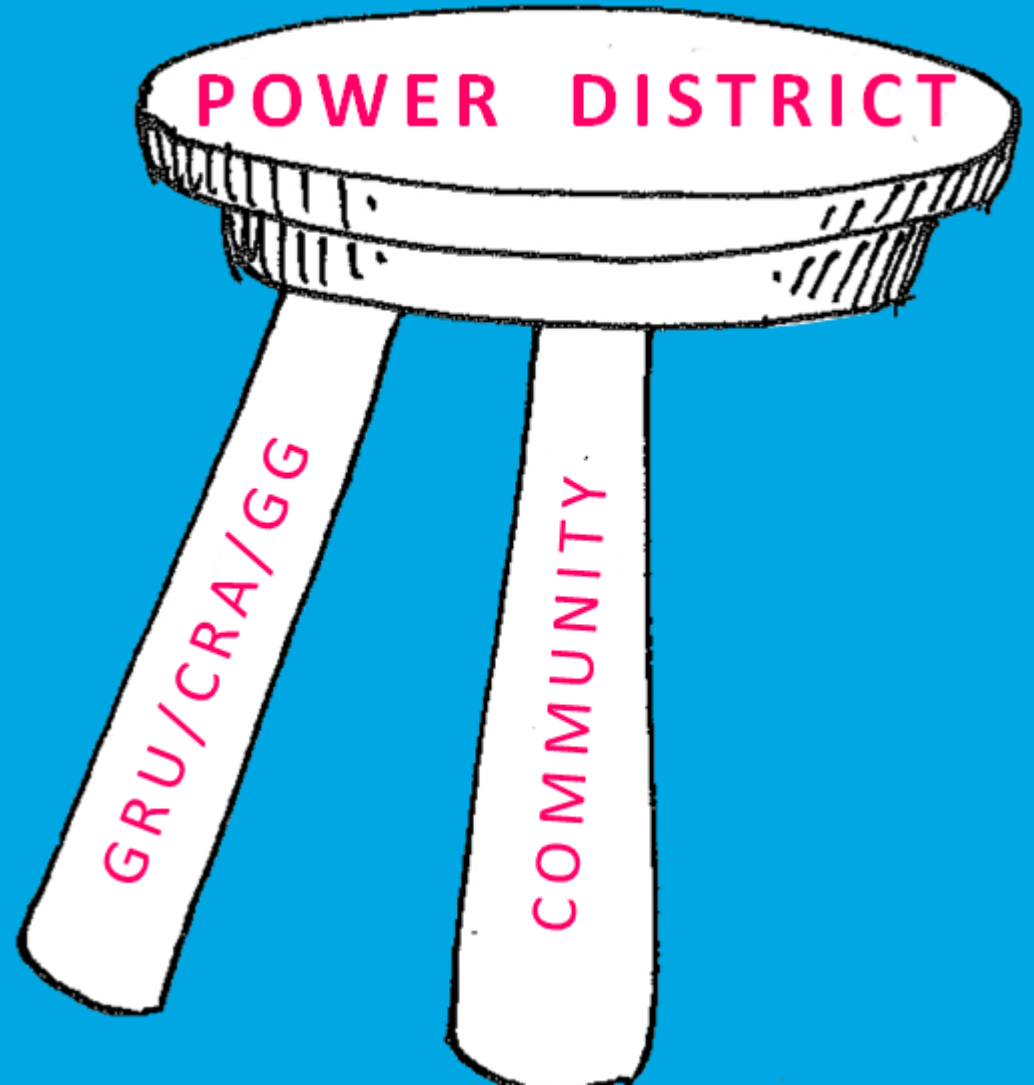
**ACTIVE “MANAGED”
DEVELOPMENT
APPROACH**

THE “P3” PRIVATE PUBLIC PARTNERSHIP APPROACH WAS UTILIZED TO IDENTIFY DEVELOPMENT DRIVEN INVESTMENT **PRIORITIES** SUCH AS...

- ❑ real estate market-based development vision
- ❑ financing, subsidy, & tenant recruitment
- ❑ planning, design, engineering
- ❑ building improvements/demo
- ❑ utility relocations/upgrades
- ❑ land-use allocation
- ❑ streetscapes + public spaces + daylighting

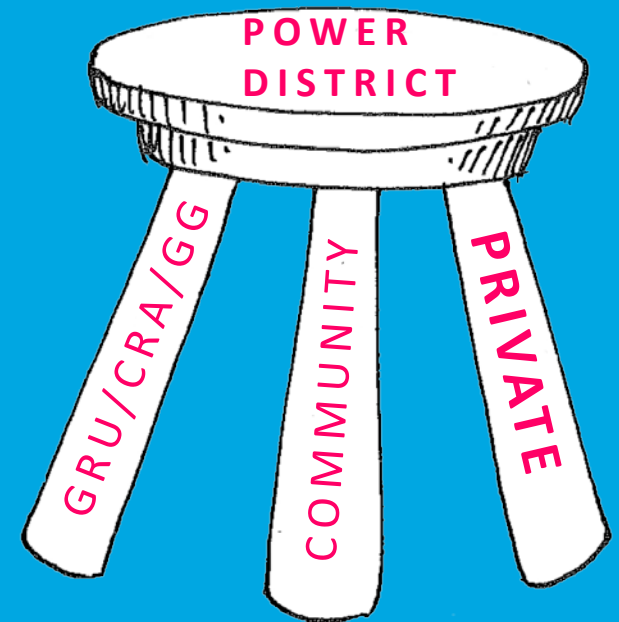


**WE BELIEVE THIS
APPROACH
WILL....**



...CREATE A SUSTAINABLE ECONOMIC reDEVELOPMENT FRAMEWORK BY...

1. DEFINE MARKET INTEREST,
PHASING, & DEVELOPMENT
DRIVEN INVESTMENTS
2. DETERMINING PUBLIC
FINANCIAL ASSISTANCE
& RISK MITIGATION
3. BALANCE “HIGHEST AND
BEST USE” WITH...
4. HONORING THE 2013 REDEVELOPMENT PLAN
THAT INCLUDES OPPORTUNITIES FOR LOCAL,
DIVERSE, AND INDEPENDENT BUSINESSES AND
ENTREPRENEURS



SOLICITATION APPROACH

STEP 1 – REQUEST FOR QUALIFICATIONS (RFQ)



gai consultants

STEP 2 – INVITATION TO NEGOTIATE (ITN)

STEP 1 – RFQ

In **April 2016** the CRA issued a **RFQ** seeking qualified developers desiring to participate in the redevelopment of the Power District. A total of three proposals were received from the following firms :

1. **Cross Street Partners** of Baltimore, MD
2. **Concept Companies** of Gainesville, FL
3. **1220G** of Gainesville, FL



All three firms that submitted their qualifications demonstrated development experience and were considered responsive, responsible, and qualified by the **CRA Board** in **July 2016**. The motion which was passed in July 2016 was to advance all three firms to the next solicitation phase.

STEP 2 – ITN

In **December 2016** the CRA issued an **ITN** to the previously pre-qualified Master Developers to begin the negotiation process and submit a **BAFO** (Best and Final Offer)

OBJECTIVE

1. Designate a Master Developer with whom the City will enter negotiations culminating in a real estate contract and Development Agreement.
2. These agreement(s) will secure the purchase and address the development of approximately 17-acres of Power District property
3. The City expects to identify the Developer who will:
 - (a) develop the highest-quality, most comprehensive expression of the Redevelopment Plan and community's interests and objectives;
 - (b) assure the timely completion of the project
 - (c) provide the most significant financial contributions and assurances to the project and City.

STEP 2 – ITN

PROCESS

1. ITN Advertisement
2. Round 1 of discussions
3. Clarifications and Questions
4. Submission 1 with draft financing outline
5. Round 2 of discussions
6. Submission 2 BAFO with draft development agreement
7. Round 3 of discussions via BAFO presentations
8. Evaluation Committee review + clarification questions submissions
9. BAFO clarification response
10. Evaluation Committee evaluation + recommendation



THEMES & AFFIRMATIONS

1. Private investment interest exists for a joint venture P3
2. Expand the boundary of the redevelopment area northwest and south
3. Public subsidy critical to mitigate risk and incentivize below market rates
4. Daylighting Sweetwater Branch Creek is important
5. Support for adaptive re-use of existing buildings
6. McRorie Community Garden should be preserved and enhanced
7. Develop in phases
8. Leverage relationships between Power District and adjacent land-uses
9. Diverse and mixed land-uses are feasible
10. Temporary parking utilization then structured parking to support infill

SELECTION PROCESS

EVALUATION CRITERIA

1. **Development Concept** - Is the concept in keeping with Redevelopment Plan goals and objectives?
2. **Compatibility & Integration** - Does it create a seamless concept that ties various aspects of the community together?
3. **Public Benefits** - How will the concept make use of local vendors, tenants and other local resources?
4. **Project Viability** - Is the project a financially feasible enterprise and a plausible response to the marketplace?
5. **Fiscal Impact To City** - How do the above impact the City's financial position?

EVALUATION COMMITTEE RESULTS

BASED ON THE EXTENSIVE NEGOTIATION PERIOD,
IN-DEPTH DISCUSSIONS, AND TECHNICAL
ANALYSIS THE EVALUATION COMMITTEE
UNANIMOUSLY RECOMMENDED **CROSS**
STREET PARTNERS AS THE MOST
RESPONSIBLE AND RESPONSIVE TO THE
OBJECTIVES AND CRITERIA OUTLINED IN THE
ITN.

CROSS STREET BAFO HIGHLIGHTS

1. Extensive P3 experience with infill reDevelopment as Master Developer
2. Team Composition + Structure (Including Capital Partner)
3. Upfront cash for land acquisition \approx \$10.5M (includes GRU Admin. Prop)
4. Technical + community due diligence
5. Daylighting Sweetwater Branch Creek concept
6. Defined not only what they want to do, but ALSO how they would do it
7. Mixture of housing types and affordability rates
8. Outlined critical path schedule + sequencing
9. Defined specific expectations + obligations of City
10. Strategy to blend market rates for small businesses + anchor tenants
11. District management approach + financing

CROSS STREET PARTNERS

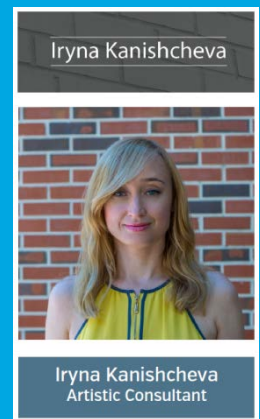
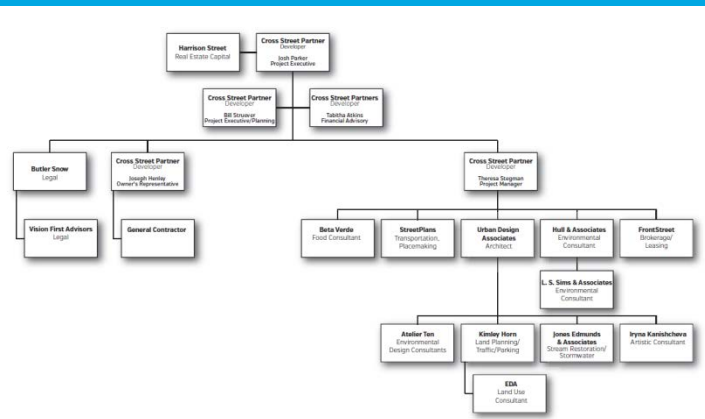
BAFO HIGHLIGHTS



cross
street
PARTNERS

CROSS STREET BAFO HIGHLIGHTS

Local Team Members & Letters of Interest



The Tech Toybox
2153 SE Hawthorne Rd
Gainesville, FL 32641
Phone: 352.474.8802
Email: info@fitechtoybox.org

April 13, 2017

Joshua Parker
Theresa Stegman
Cross Street Partners
2400 Boston Street, Suite 404
Baltimore, MD 21224

Re: Letter of Interest, Gainesville Power District

Dear Mr. Parker and Ms. Stegman,

It was great meeting you again last week, and hearing more about your plans for the Power District. I am glad we had the opportunity to further discuss supply and demand for maker's space in Gainesville, and where there may be a gap in the current market.

Based on our discussions, I would like to provide this letter of interest for operating a "mini maker's space" on the Power District campus. This space, possibly located within the food hall, would provide entry-level exposure to making for Gainesville residents. The Tech Toybox, Inc. would operate and schedule this space, filling classes geared toward a large variety of advanced arts and crafts and creative skills. This viable and inviting space would be part of a continuum of makers spaces in Gainesville, where the casual passerby may sign up for a class and then advance to a more robust makers space at The Tech Toybox, Cade Museum, or other suitable venue of interest.

I look forward to further developing this concept and working with your team. Please let me know if you have any questions.

Sincerely,

Mark Davidson
Founder, Tech Toy Box

April 13, 2017

Joshua Parker
Theresa Stegman
Cross Street Partners
2400 Boston Street, Suite 404
Baltimore, MD 21224

Re: Letter of Interest, Gainesville Power District

Dear Mr. Parker and Ms. Stegman,

Thank you for meeting with me last week. For your consideration, I am submitting this letter of interest to relocate and expand my company, ApexTek Labs, at the Power District. Should you win the redevelopment rights to the district, I look forward to working with you to fill about 15,000 SF.

My main interest is in purchasing the three buildings and surrounding land located north of SE 5th Avenue.



Please feel free to contact me with any questions and I look forward to working with you.

Sincerely,

Augi Lye
CEO, ApexTek Labs

Power District Development Letter of Interest

Elestial Sound, INC
Davis@elestialsound.com
MTDH, LLC
MITCHELL.L@comcast.com
1705 NE 18th Avenue
Gainesville, FL 32601

Dear Joshua Parker, Theresa Stegman
Cross Street Partners

This letter has been prepared by MTDH, LLC, Elestial Sound, INC and Humble Wood Fire, LLC in regards to The Power District Redevelopment Plan in Gainesville, FL. Our organizations, in partnership with a local Brewmaster, are interested in developing the "Fleet Garage" located on the west edge of the power district. Our interests include a Restaurant and Micro Brewery as well as a multipurpose event space and possible further development of the surrounding site. We hope to purchase the fleet garage parcel of property and develop the building and property site into a vibrant "art centric" brewpub that would serve as a point of first contact for power district visitors as they enter the 15 acres of future business district. We have an interest in the potential of developing the property further with possible structures while maintaining as much parking as possible.

Our companies are local to Gainesville, FL and work in property development, events, creative media, and food service. Humble Wood Fire is a local wood fired pizza business in operation since 2012 and have multiple food truck operations. Brett Adler, owner of Humble Wood Fire, is in search of a brick and mortar facility and would be the restaurant element of the development. Elestial Sound is a local creative media agency with a focus on events, art installation and music and would provide the space with atmosphere and event management. MTDH is a property management and development company located in Gainesville, FL and would be in charge of rehabilitation and remodeling of the facility.

We have included basic renders of our vision for the facility and would love to be included in the ongoing development of the area. Our ideas and ambition for the space are only limited by what the future zoning would allow for the area, however some of our other projects include expansion of our shipping container artist studios (renders included) and alternative fuel and biodiesel production and sales.

Thank you for your consideration and we look forward to future conversations.

Sincerely,
Davis Hart
904-540-9443

CROSS STREET BAFO HIGHLIGHTS

Stakeholder Engagement

“While our initial conversations with the community, potential users, and key stakeholders have been informative and useful, we have tried to be circumspect about making commitments or promises until we have a full and exclusive engagement with GRU, the City of Gainesville and GCRA. Unfortunately this has limited to some degree the amount of information we can provide to prospective tenants or within this response. However, we know how to move quickly down a community engagement path once we are given a green light.”

“We’ve also heard that local tenancy is important so we have tried to meet with groups who have expressed interest in the site and folks we were pointed to where one conversation leads to the next. We’ve heard clearly that local ownership is important and affordability will be key. This will guide our planning and thinking going forward.”

CROSS STREET BAFO HIGHLIGHTS

Master Plan



CROSS STREET BAFO HIGHLIGHTS

800,000 SQ.FT. OF PROPOSED DEVELOPMENT

“We conducted an informal market analysis to generate our proposed lease rates, and drew upon the leasing experience of our team. If awarded, we would undertake a full-scale, formal market study, in addition to conducting focus group sessions with our target markets.”



1. 21% adaptive re-use **VERSUS** 79% new construction
2. **Office** = 144k GSF @ \$12 - 22 NNN
3. **Retail** = 61k GSF @ \$20 NNN
4. **Creative/Studio/Flex & Maker Space** = 43k GSF @ \$4-5 sf NNN
5. **Market** = \$10 sf
6. **Residential** = 423,067 GSF
 - i. 20% affordable rental units (85 units). \$570 (1BR), \$683 (2BR), and \$789 (3BR)
 - ii. 342 market rate units \$950–1100 (1BR), \$1200–2000 (2BR), \$1800–2500 (3BR)
 - iii. 45-50 for-sale townhomes with 20% long affordable. \$180-300/SF
7. **Open Space** = 8.8 acres

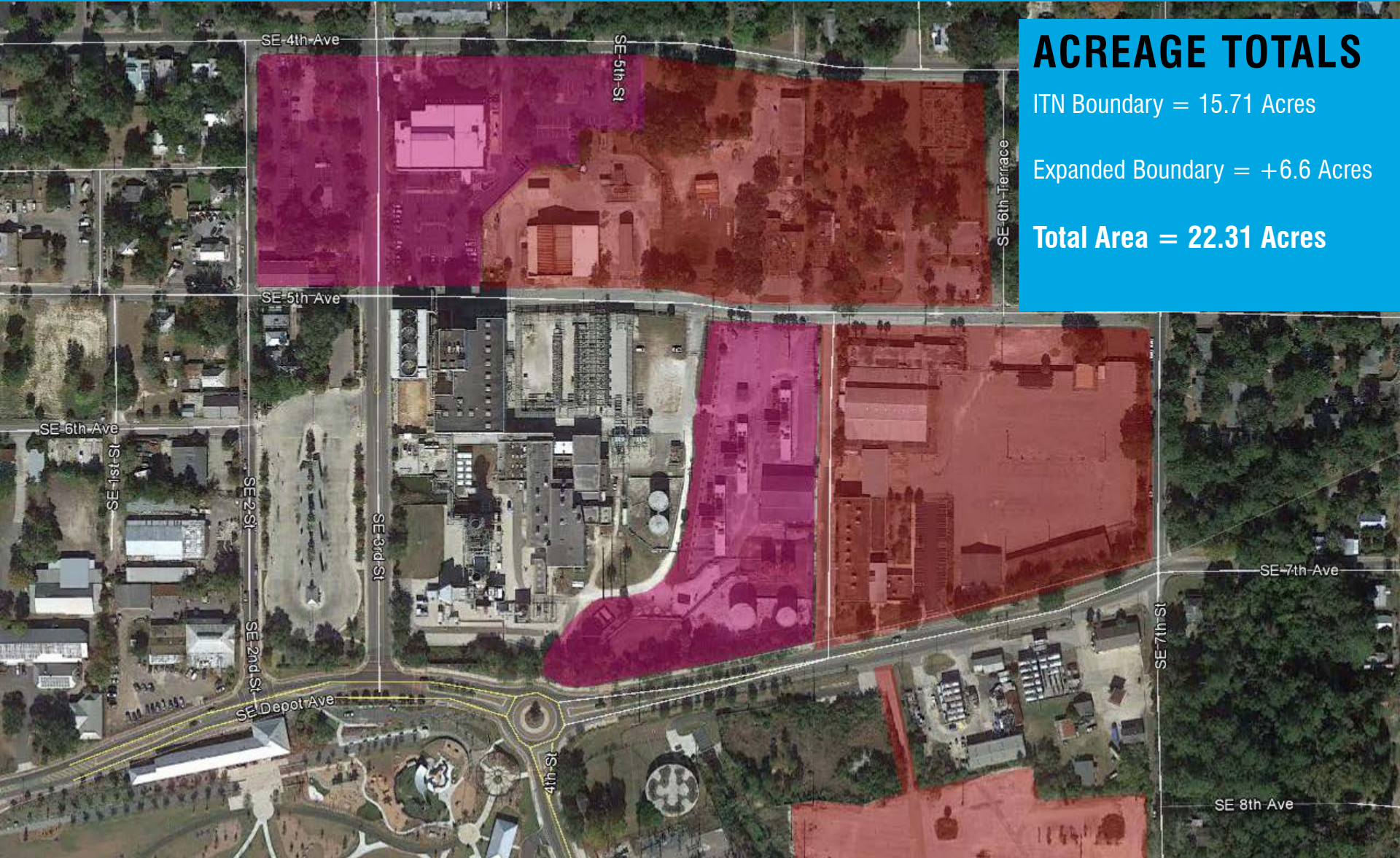
CROSS STREET BAFO HIGHLIGHTS

Expanded Boundary

1. "...we feel this expanded boundary is critical to the success of the site development and its ability to be integrated into the surrounding community."
2. "As originally envisioned, the Power District lacks a "front door" in that it does not connect to any major streets. Visitors will be required to travel on secondary streets to reach the parcels identified in the RFQ. We propose to plug the Power District into the SoMa Creative District to form a single larger district, the Soma/Power District, with a broader mix of complementary uses."
3. "It became clear very quickly that we would need to expand the boundaries of the project site for strategic and connective purposes, appropriate restoration of Sweetwater Branch Creek, and to allow for the right mix of uses with efficient sizing, appropriate setbacks and contextual scale. We find it especially important to bury well located parking into the interior of the site, which begins to set basic dimensions that must be respected. A connection to downtown, Depot Park and streets that lead into the neighborhood are critical to mitigate an island effect. And finally, a partial restoration of Sweetwater Branch creek leads to more issues than it solves, so we find it imperative to deal with the entirety of the buried section."

CROSS STREET BAFO HIGHLIGHTS

Expanded Boundary



ACREAGE TOTALS

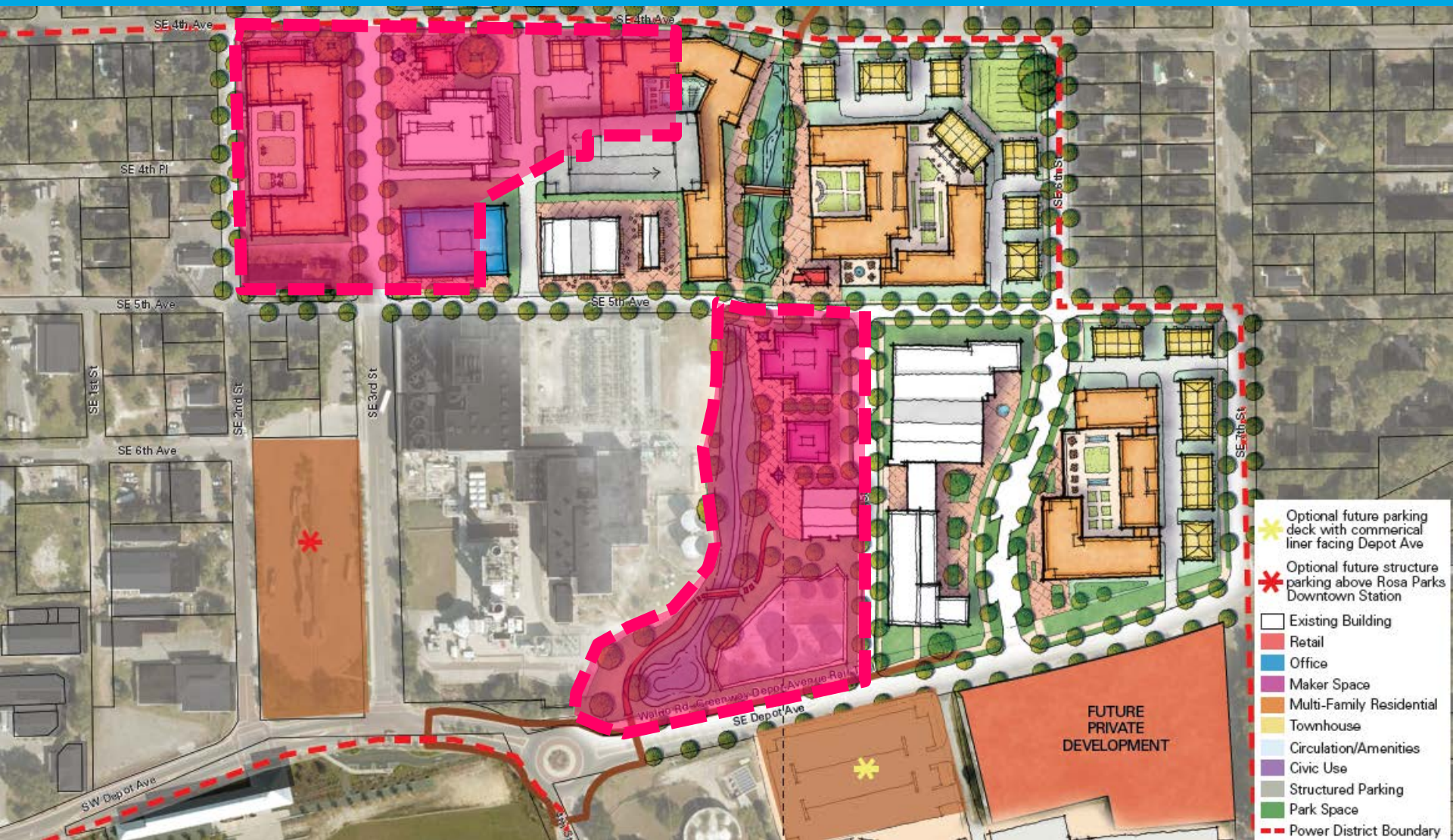
ITN Boundary = 15.71 Acres

Expanded Boundary = +6.6 Acres

Total Area = 22.31 Acres

CROSS STREET BAFO HIGHLIGHTS

Expanded Boundary



CROSS STREET BAFO HIGHLIGHTS

Sweetwater Daylighting

“It is clear that daylighting one block of the creek is not an acceptable approach. We feel very strongly that a partnership with the City of Gainesville, GCRA and GRU must expand the restoration area to include areas north of SE 4th Avenue for pooling that mitigates flooding and helps control flow during drier periods and south of SE 5th Avenue to eliminate the bottleneck that causes flooding well upstream.”

“A continuously daylight creek provides the opportunity to extend the Sweetwater Branch Creek trail and create a greenway connection to Depot Park.”



CROSS STREET BAFO HIGHLIGHTS

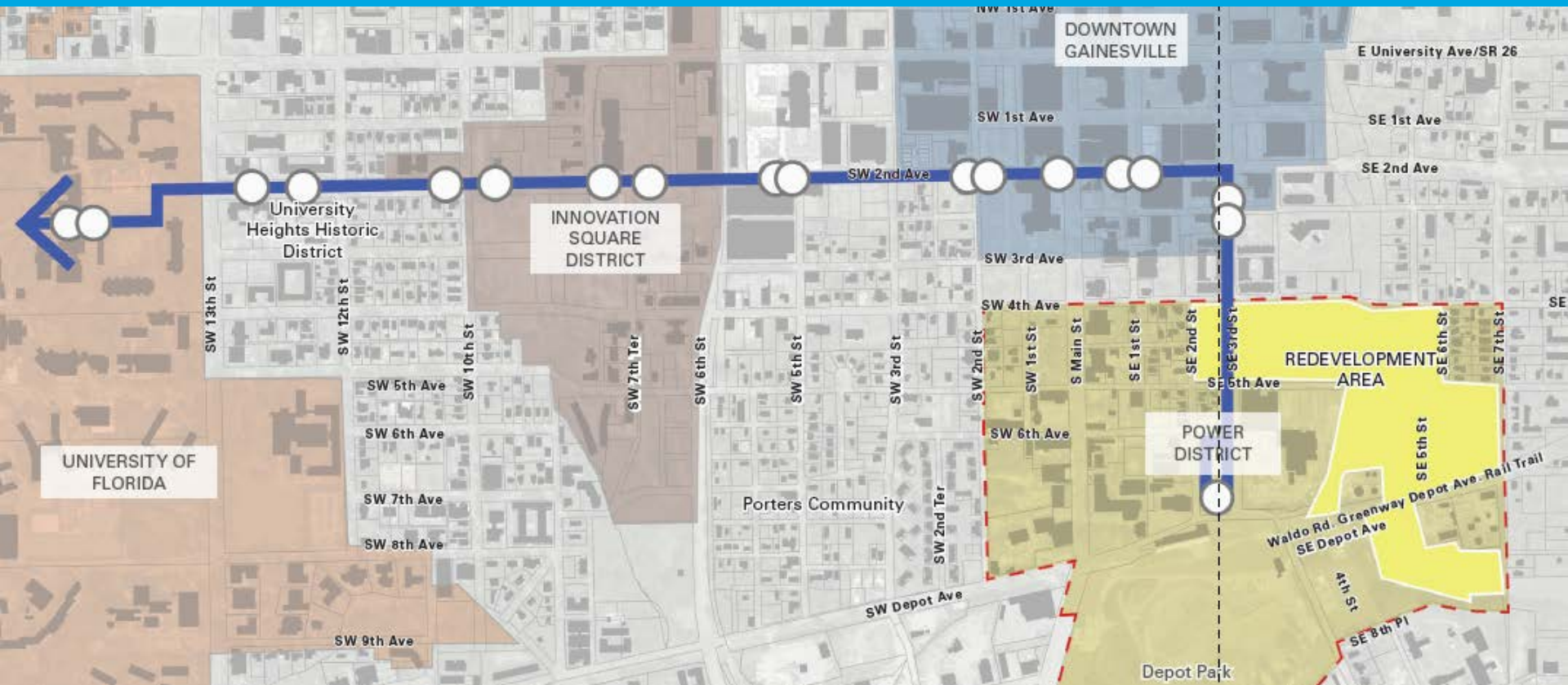
Industrial Character



CROSS STREET BAFO HIGHLIGHTS

Circulator Bus

“To provide connectivity to other areas of the community, support engagement of the anchor institution and manage parking demand we are proposing the creation of a free circulator bus route. This circulator bus would be funded through a CRA driven BID, would be uniquely branded, operated by RTS, and would be free or offered with a minimal charge to riders.”



CROSS STREET BAFO HIGHLIGHTS

“BELOW MARKET LEASE RATES: For many start-ups and retailers, paying market rent for newly renovated space is simply not feasible. Drawing on our experience, we propose to employ the following strategies in order to offer below-market lease terms to commercial tenants.”

1. **“Pass Through Subsidy:** Cross Street Partners has an established track record of attracting subsidy to challenging projects. The benefit of this subsidy, drawn from programs like New Markets Tax Credits (NMTCs) and EDA grants, is passed through to tenants in the form of below-market rents and flexible lease terms. For example, at our recently completed Lion Brothers project in Baltimore, NMTCs enabled us to sign leases for the majority of the space with rents ranging from 55% to 14% below market. These terms will be critical to fledgling breweries and start-up tech companies that typically do not see cash flow right away.”
2. **“Lease Guarantees:** A proposed anchor lease from the Anchor Institution and lease guarantee from the CRA would give the project the financial footing to take risks on less established tenants. As we saw with our experience at Tide Point, a lease backstop from the Maryland Economic Development Corporation provided us flexibility to offer below-market terms to what was then a little-known start-up called Under Armour, which at the time only had 14 employees. Under Armour is now an internationally recognized company with over 2,000 employees at its Tide Point headquarters.”
3. **“Percent Rent:** Borrowing from a Cincinnati model, we would like to explore a structure with the CRA whereby philanthropic and public funding could be leveraged to create a pool of low interest capital for Tenant Improvement allowances. The TI loans would be paid off by percent rent. The low-cost TI loan pool would allow the landlord to offer a lower rental rate and as well as an expanded TI package, lowering barriers to entry for retailers. In the Cincinnati example, not all retailers were successful, but by pooling the TI risk together with patient capital, Cincinnati has been successful in growing businesses and returning invested capital.”

CROSS STREET BAFO HIGHLIGHTS

“The glue holding all of these programmatic and infrastructure pieces together will be a robust district management strategy.”

1. “Cross Street Partners will establish a district management, or Business Improvement District (BID) structure that will ensure the Power District is a clean, safe, and fun destination for Gainesville residents and visitors. District management will be funded by a \$1.00 per square foot management fee and a \$.25 per square foot community programming fee.”
2. “We have learned from past projects that a strategy of engaging anchor institutions is the best guarantee of building economic sustainability and programmatic engagement to ensure growth of the development. While a fully realized plan is not ready to be agreed to, the basic outline of a partnership with an anchor institution would include...”
3. “Investing significant capital and limited subsidy in structures that are slated for demolition, such as the wastewater building, would work against our efforts to offer low rents to start-ups and food entrepreneurs.”

CROSS STREET BAFO HIGHLIGHTS

1. Estimated Taxable Value at full build-out \approx **\$166M**
2. Estimated annual TIF generated at full build-out \approx **\$1.1M**
3. Estimated private equity investment \approx **\$146M**
4. Estimated public investment \approx **\$30M**
 - A. \$14M infrastructure (daylighting, utilities, streetscapes, open space)
 - B. \$7M structured parking
 - C. \$8M incentives for small & local business
5. Estimated annual sales receipts at full build-out \approx **\$21M**
6. Estimated annual employee payroll at full build-out \approx **\$29M**

PHASE 0



1220G/Collier BAFO HIGHLIGHTS

POWER DISTRICT

1220G/Collier – Best & Final Offer

Power District Redevelopment

Solicitation No. 2017-022

Issue Date: 12/21/2016

June 15, 2017 2:00PM Best & Final Offer Submission Section 8.5

City of Gainesville
Gainesville Regional Utilities
Gainesville Community Redevelopment Agency

1220G
3324 W. University Avenue #267
Gainesville FL 32607

The Collier Companies
220 N. Main Street
Gainesville FL 32601



1220G/Collier BAFO HIGHLIGHTS

Power District



1220G/Collier **BAFO HIGHLIGHTS**

565,000 SQ.FT. OF PROPOSED DEVELOPMENT

"A formal market analysis was not conducted to generate proposed lease rates due to the nature and character of the space and tenancy in the localized submarket area of downtown Gainesville. An informal market survey with similar approach and data was performed to generate local market rates based on input from actual existing rates, space utilization, and locations."

1. 25% adaptive re-use **VERSUS** 75% new construction
2. **Office** = 91k GSF @ \$8 - 10 (NNN Unkown)
3. **Retail** = 14k GSF @ \$15 - 20 (NNN Unknow)
4. **Creative/Studio** = 29k GSF @ \$6 - 8/sf
5. **Warehouse** = 25,200 @ \$10/sf
6. **Light Manufacturing/Warehouse** = 34,500 GSF @ \$10 -12/sf
7. **Flex Space** = 72k @ \$10/sf
8. **Residential** = 241k GSF
 - i. \$800 - 1,000 (1BR); \$1,200 - \$1,800 (2BR); and \$1,600 - \$2,200 (3BR)
7. **Open Space** = 6.2 acres

1220G/Collier BAFO HIGHLIGHTS

“Our anticipation is that City projects to deliver infrastructure, utilities, special public areas (SWBC daylighting, Walk Street) using traditional means.”

1. “We have not attempted to determine cost for public investment in Sweetwater Branch Creek, daylighting, infrastructure, etc. due to the challenge of trying to figure this amounts at this stage.”
2. Extensive local tenant + stakeholder outreach
3. “Redevelopment of **ALL** the existing buildings for adaptive reuses is primary in keeping with the existing character but allows for flexible adaptations over time as compatible new structures are built.”
4. All proposed housing “**market rate**”, no affordable housing proposed.
5. No Critical Path schedule
6. Density/Interface with neighborhood
7. Phased Closings
8. Construction Cost Estimates

Exhibit G

Completion Schedule

Project Deliverable	Responsible Party	Estimated Commencement Date	Estimated Completion Date

NEXT STEPS & TENTATIVE SCHEDULE

*****Pending CRA Board approves Evaluation Committee ranking**

City/CRA/GRU + Cross Street MOU Negotiation_____Nov. - Dec. 2017

Expanded Property Disposition Via GRU/UAB/CCOM_____Nov. - Dec. 2017

Initiate Daylighting Engineering_____Dec. 2018

Development Agreement Negotiation_____Jan. - Feb. 2018

Development Agreement Ratification_____Feb. - Mar. 2018

Land Purchase Closing_____April 2018

Phase 0 Construction Commencement_____Fall 2018

RECOMMENDATIONS

CRA EXECUTIVE DIRECTOR TO CRA BOARD:

1. Approve the evaluation committee's ranking for ITN 2017-022 of:
#1 = Cross Street Partners
#2 = 1220G/Collier Companies
2. Authorize the CRA Executive Director or designee to negotiate a public private partnership with Cross Street Partners. If negotiations with Cross Street Partners fail, authorize the CRA Executive Director or designee to negotiate with 1220G/Collier Companies.

CRA BOARD TO CITY COMMISSION:

1. Approve the evaluation committee's ranking for ITN 2017-022 of:
#1 = Cross Street Partners
#2 = 1220G/Collier Companies
2. Authorize the CRA Executive Director or designee to negotiate a public private partnership with Cross Street Partners. If negotiations with Cross Street Partners fail, authorize the CRA Executive Director or designee to negotiate with 1220G/Collier Companies.
3. Recommend the City Commission discuss, review, and consider a disposition strategy for additional "expanded boundary" land to be included in the Power District.

DOWNTOWN REDEVELOPMENT ADVISORY BOARD TO CRA BOARD:

1. Motion that the Evaluation Committee go back into ITN phase and try to extract additional information from both companies.