March 29, 2019

Real Estate and Property Management Department
City of St. Petersburg
One 4th Street North
St. Petersburg, Florida, 33701

RE: PROPOSAL TO PURCHASE AND REDEVELOP CITY OWNED PROPERTY
1794 22nd Street South, St. Petersburg (the “Property”)

To whom it may concern,

We are very pleased to present this offer to purchase and redevelop the Tangerine Plaza property in South St. Pete. Blue Sky is a leading advocate for helping communities reach their workforce housing goals by developing state of the art, environmentally sound apartment communities. Blue Sky will implement a well-defined development schedule, financing proposal and project scope for this property. We are the 45th largest Affordable Housing Developer in the USA. We have already brought in more than $35 Million federal and state dollars to the City of St. Petersburg for our recent affordable housing activities inside the City.

Tangerine Plaza represents a unique opportunity to bring the best quality workforce housing to South St. Pete, and provide a viable food component for nearby residents as well.

We expect the final product to include 84 units of workforce rental housing and a 10,000 square foot commercial building that will be a neighborhood asset that the City of St. Petersburg and local stakeholders can be proud of for decades.
REDEVELOPMENT PLAN.

Please see attached conceptual site plans. The below terms assume the Preferred Option. However, we are including an Alternate Option for the City to consider. We would be willing to negotiate with the City regarding incorporating the additional City-owned Site ("TACRA Site") into the Redevelopment Plan.

1. Property Size: +/- 3.6 Acres
2. Current use: +/- 48,500 Sf Commercial, +/- 12% Occupied
3. Proposed use:
   a. Demolition of all current structures.
   b. New Construction of:
      i. 84 Apartment units, 3 story buildings. 20 1br @ 750 SF, 52 2br @ 950 SF, and 12 3br @ 1,150 SF.
      ii. Clubhouse, swimming pool.
      iii. 10,000 SF Commercial building, 1 story.
   c. Parking: interior parking shared.
   d. All Apartment units to be affordable to Households in the surrounding neighborhood. Specifically:
      i. 18% of units @ 80% Area Median Income (AMI) (Rental range $960-$1,330)
      ii. 67% of units @ 60% AMI (Rental range $720-$997)
      iii. 15% of units @ 30% AMI (Rental range $420-$581)
   e. Commercial building to be divided into 3 spaces:
      i. 6,000 SF leased to a small grocer. Based on our observations, this size is adequate to provide for a full line of food and sundry items, including fresh produce, fresh meat, packaged food, canned food, household goods, prepared food counter.
      ii. 2,000 SF for neighborhood retail or office.
      iii. 2,000 SF for neighborhood retail or office.
4. Financing plan:
   a. Apartments: As always, we will leverage as much private capital into the project as possible. We will obtain a Bank loan on standard market terms and standard underwriting criteria. Additionally, we will utilize 9% Housing Credits and some City funds.
   b. Commercial: Blue Sky will seek a loan from either Neighborhood Lending Partners or Florida Community Loan Fund. We expect that the Grocer will be a small operator. The family that owns Joyce's Sandwich Shop in East Tampa has already expressed interest. Joyce's has been in operation for 40 years and formerly had a small produce section. This family is very active in a variety of social benefit organizations in Hillsborough County.
c. Blue Sky will seek an investment from a Qualified Opportunity Zone Fund to increase the affordability for and the interest of tenants for the Commercial space.
d. The Residential and the Commercial component will be allowed to proceed independently, as Financing is approved.

Blue Sky Communities LLC hereby offers to redevelop the property upon the following terms:

1. Blue Sky will lease the Property from the City for a 50-year term.
2. Prior to signing the lease, the Parties shall determine a phasing line to divide the 2 phases.
3. Lease Payment to the City shall be $1,000 per month for the first 36 months.
4. Lease Payment to the City shall be $3,000 per month after month 36.
5. Blue Sky intends to develop the Apartments first, because we specialize in that type of development.
6. Blue Sky shall diligently pursue an allocation of 9% Federal Housing Credits for a 24-month period. If Blue Sky fails to win the Credits through no fault of its own, Blue Sky may elect to extend this period for an additional 12 months. After this period, the City may terminate the agreement.
7. The City shall provide a commitment of funding in an amount necessary to qualify as Local Government Area of Opportunity Funding according to FHFC rules. Currently this amount is $576,500.
8. Upon completion of construction of the Apartments, parking lot, and residential amenities, Blue Sky shall have the option to purchase the land pertaining to these improvements for $1,700,000. The lease payments made up to this point shall be credited.
9. Upon completion of construction of the Commercial building, Blue Sky shall have the option to:
   a. Purchase the land pertaining to these improvements for $100,000, or
   b. Continue leasing the Commercial property from the City at a rate to be determined, or
   c. Terminate the lease. In this event, the Commercial Building shall revert to the City. The loans related to the development of the Commercial building shall be assigned to City; and City shall accept such assignment and assume obligations as Borrower.

Thank you for your consideration, if you have any questions please contact me at 813-384-4825 or swilson@blueskycommunities.com.

Sincerely,

Shawn Wilson
President