Round 3 – Addendum

Please provide a revised financial analysis under two infrastructure funding scenarios, using the assumption/criteria below to assist in standardizing proposals with Metro's goals and needs. Our goal is to try to create more common assumptions in the financial approach for the purposes of comparison while retaining the ability to negotiate with the selected candidate in the future on these topics.

<u>Criteria and Assumptions</u>

- Use 2% annual escalation for purposes of consistency.

- The East Bank falls within Metro's Urban Services property tax district, in which commercial property is taxed on 40% of the assessed value at a rate of 3.254%. Multifamily residential is taxed as commercial property.

- In recognition of the collective feedback received from proposals so far, please locate TPAC on <u>*block F*</u> only for the purpose of this analysis. The decision around the final TPAC location and terms will be subject to other agreements and will inform negotiations with the selected candidate.

- Block C, the South Village, needs to maintain an open plaza space at the stadium's main entrance, as shown by the green triangle just outside the red "NFL secure line" on the "Overall Site Layout Plan – Stadium" shared with proposers during the Stage III Q&A.

- It is unlikely that new infrastructure sequenced with the Titans new stadium construction will provide access and utilities sufficient to open any new buildings within the IDA prior to 2027.

- For the purposes of this analysis, proposals should include only blocks C, D, E, F, and G within the IDA (those in the south portion of the IDA). For purposes of this analysis, Block A (mobility hub) has been removed in recognition of the infrastructure that is necessary to enable development to occur efficiently on that block. Metro will continue to prioritize Block A development concurrently with the IDA to advance the mobility hub as a critical early project to deliver on the goals of *imagine* **east** bank. The inclusion of Blocks A and B may be reconsidered during negotiations with the selected candidate.

- There has been a wide range of interpretations of the East Bank affordability goals. To simplify, please identify 1-2 future buildings that can deliver within the first 2-3 years of development and accommodate approximately 200 housing units that meet the stated *imagine* **east** bank Phase I goals. Beyond Phase I and within the remainder of your proposed development in the IDA (blocks C, D, E, F, and G), an aggregate of 20% of the units should meet the following affordability targets: 10% of units for up to 60% AMI; and 10% of units for up to 80% AMI which may include both dedicated building parcels and units within market-rate buildings. Metro retains the right to request additional affordable and mixed-income units during future negotiations and recognizes there may be tradeoffs in its other goals to achieve a higher percentage.

- For the purposes of this analysis, please assume that the external infrastructure necessary to develop the IDA costs $75M. This includes both projects the developer may contribute to but not build (such as a sewage pump station) and projects that may be wholly funded and constructed by the developer (such as the pedestrian bridge reconfiguration and extension). Any infrastructure within the development sites, such as utility connections, minor streets, or additional parks/plazas is the developer's responsibility under any scenario and not included in the $75M assumption.

- For the purposes of this analysis, please assume that new parking dedicated to the Titans can be funded by the Surplus Projects Fund described in the RFP.

<u>Requested Scenarios for Financial Analysis</u>

Scenario 1: Assume the developer is not responsible for funding the $75M in external infrastructure described above. Proposals are not expected to suggest other funding sources for the $75M.

- Provide ground lease terms, annual ground lease revenue projections, and annual property tax projections through 2057 (30 years from first building delivery)

Scenario 2: Assume the developer is responsible for sourcing $75M in private funding for the external infrastructure described above. Adjusted ground rent terms, up to 50% of property taxes, and other private capital repayment sources are available repayment options. Sales tax is not an available option.

- Propose how the funding will impact the site revenues from Scenario 1.
- Provide adjusted ground lease terms, annual ground lease revenue projections, and property tax projections through 2057.

<u>Additional Requests</u>

In addition to the projections above, please outline key assumptions informing your plan and financial projections, including:

- Development program at a building and parcel level in both RBA and GSF, excluding parking SF.
    - In addition to SF, show any proposed residential uses in terms of units and any hotel uses in terms of rooms/keys.
    - Provide average residential unit size (net) and average hotel key size (net) assumptions within each building
    - Provide total parking spaces by parcel that serve the new development, including whether they are underground or in an above-grade garage
- Identify building(s) to meet the stated *imagine* **east** bank Phase 1 affordability goals as articulated in this addendum and describe how/where you would meet the target affordability expectations for the remainder of the IDA (blocks C, D, E, F, and G)
- Specify how the Titans parking needs will be met, including how many spaces are dedicated to the Titans and where, and whether any new spaces provided for them are underground or in an above-grade garage

- Delivery year by building
- Clearly state the assumptions informing your annual ground rent and property tax revenue streams.

<u>Additional Follow up Questions</u>

The questions below are recaps from the questions we directed to your firm at the previous Webex meeting and are intended to document for the record your response.

- We were impressed with the percentage of affordable and we're really curious how you're making it work.
- Can you tell us more about how you determined your phasing schedule and when you could deliver your first project?
- Your program is heavily weighted towards hotel and residential. Can you describe how you arrived at the proposed mix?
- How does the proposed share of affordable units within the project impact the retail viability on site?