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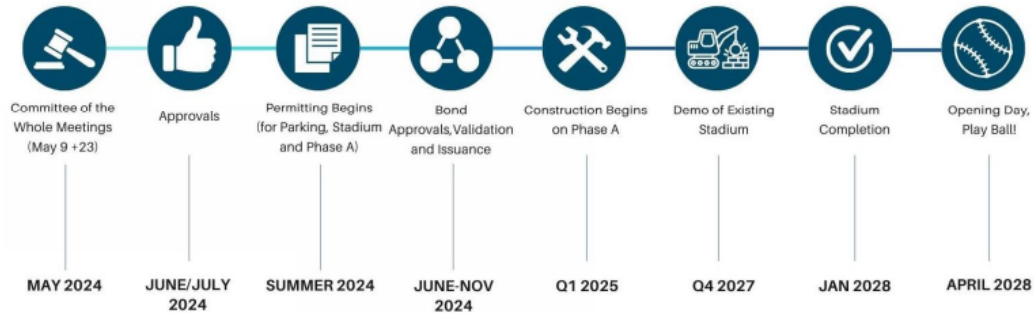
# Rays-Hines Development Agreement Explained

PUBLIC INFORMATION MEETING  
EVERY MONDAY AT 6 PM  
STARTING ON MAY 6<sup>TH</sup>, 2024

JOIN ZOOM MEETING  
[HTTPS://US02WEB.ZOOM.US/J/8925  
5975556?PWD=CLPJTLRRBVFVK2R  
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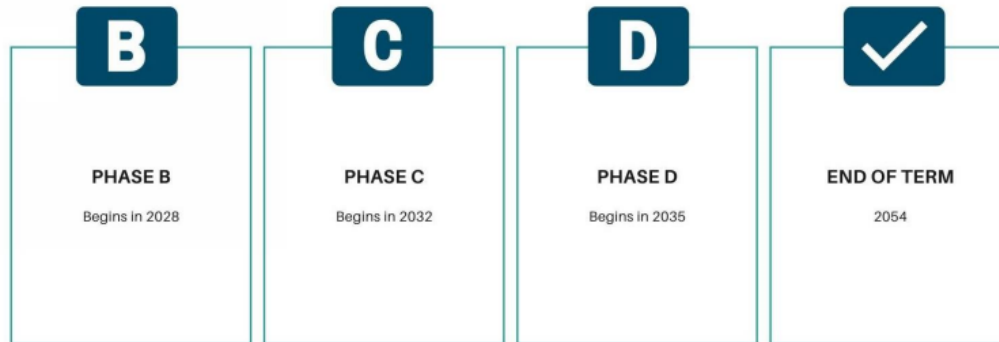
## TIMELINE: PRESENT TO PHASE A COMPLETION

### STADIUM CONSTRUCTION



Very specific schedule with major milestones to completion

## TIMELINE: PHASE B TO END OF TERM



### DEVELOPMENT OF GAS PLANT DISTRICT

Stadium  
Timeline versus  
Development  
Timeline



# How is the Development Agreement structured?

- ▶ If the City had tied performance of the stadium to the performance of the supporting development, the argument that future property taxes would pay City costs would have been much more credible.
- ▶ The City surrendered to how the Rays wanted to frame the deal, separating the stadium negotiations from the development of the entire Trop site, again conceding city leverage.
- ▶ The City should have demanded that the rest of the site be implemented within a similar timeframe as the stadium and at the Developer's expense (like it was in Atlanta and San Diego)
- ▶ The City completed the Economic Impact Study on the Rays/Hines proposal assuming full build-out, not based on the project as reflected in the D.A. that only requires weak minimum development requirements

# How Did We Get Here?

- ▶ When Mayor Welch and most Council members decided that all that mattered was keeping the Rays, at any cost, the City lost all negotiating leverage.
- ▶ Mayor Welch picked the Rays/Hines team without negotiating a Term Sheet before the selection announcement.
- ▶ The St. Pete Chamber of Commerce falsely claims that all the other proposals were not as good as Rays/Hines.
- ▶ The Chamber cites that the Economic Impact Study done for the Rays/Hines project was the strongest of all proposals. This claim is also false.

# Rays-Hines Development Timeline

Rays/Hines Draft Development Terms discussed in  
Committee of the Whole Meeting 10/26/23

**Final Draft Development Terms released 4/25/24**

Two Committee of the Whole Meetings:

5/9/24 (Redevelopment)

5/23/24 (Stadium)

**City Council will vote in June, 2024**

County Commission will also vote but  
date unknown



# Rays-Hines Development Summary

#1-60 ACRE LAND SALE FOR \$105 MILLION  
(APPRAISAL \$279.4 MILLION)

#2-\$287.5 MILLION STADIUM SUBSIDY\*

#3- \$130 MILLION IN PUBLIC FUNDING FOR INFRASTRUCTURE\*

#4- \$312.5 MILLION CONTRIBUTION OF COUNTY HOTEL TAXES\*

\*WITH INTEREST CITY OBLIGATION IS \$704 MILLION, COUNTY IS \$586.6 MILLION

# RAYS/HINES TO PAY \$105 MILLION FOR 60 ACRES (but only pays \$50 million in the first 12 years)

CITY OF ST. PETERSBURG ▶ City Slide 10-26-23 Agenda Committee of the Whole

## ESTIMATED SOURCES OF REPAYMENT VS BOND DEBT SERVICE ALL BONDS (INCLUDING PIER BONDS AND PAY-GO PROJECTS)

	Revenues/Resources for Annual Debt Payments					Expenses/Payments					
	General Fund (Non Ad Valorem)	TIF (County)	TIF City	Land Sale Proceeds	Total All Source	Gas Plant/Stadium All Series of Bonds	Pier Bonds 2016	Approved Pay-Go Projects	Aggregate Debt Service Plus Pay-Go	Annual Surplus Deficient	TIF Fund Balance
											\$63,057,440
2024	\$2,954,857	\$6,888,459	\$9,399,364		\$19,242,680		\$5,673,813		\$5,673,813	\$13,568,867	\$76,626,307
2025	\$2,950,032	\$7,245,665	\$9,886,775	\$4,400,000	\$24,482,472	\$22,340,250	\$5,765,688	\$3,686,156	\$31,792,094	-\$7,309,622	\$69,316,685
2026	\$2,945,250	\$7,620,731	\$10,398,556	\$7,000,000	\$27,964,537	\$22,339,500	\$5,760,888	\$3,686,156	\$31,786,544	-\$3,822,007	\$65,494,678
2027	\$2,939,516	\$7,974,478	\$10,881,247	\$4,400,000	\$26,195,240	\$22,347,000	\$5,762,531	\$3,686,156	\$31,795,687	-\$5,600,447	\$59,894,232
2028	\$2,934,830	\$8,385,921	\$11,442,864	\$2,400,000	\$25,163,415	\$22,341,500	\$5,763,594	\$3,686,156	\$31,791,250	-\$6,627,835	\$53,266,397
2029	\$2,929,192	\$9,171,643	\$12,514,790	\$4,400,000	\$29,015,625	\$25,367,250	\$5,758,850	\$3,686,156	\$34,812,256	-\$5,796,631	\$47,469,766
2030	\$2,922,609	\$9,946,669	\$13,572,319	\$3,400,000	\$29,841,597	\$25,362,000	\$5,760,750	\$3,686,156	\$34,808,906	-\$4,967,309	\$42,502,457
2031	\$2,917,080	\$4,747,522	\$14,748,428	\$2,400,000	\$24,813,030	\$25,363,750	\$5,762,850	\$3,686,156	\$34,812,756	-\$9,999,726	\$32,502,731
2032	\$2,910,608		\$15,983,342	\$4,400,000	\$23,293,950	\$25,371,000		\$3,686,156	\$29,057,156	-\$5,763,206	\$26,739,525
2033	\$2,904,192		\$17,193,601	\$4,400,000	\$24,497,793	\$26,879,500		\$3,686,156	\$30,565,656	-\$6,067,863	\$20,671,662
2034	\$3,125,000		\$18,548,287	\$4,400,000	\$26,073,287	\$26,885,500			\$26,885,500	-\$812,213	\$19,859,449
2035	\$3,125,000		\$19,970,706	\$4,400,000	\$27,495,706	\$26,881,500			\$26,881,500	\$614,206	\$20,473,655
2036	\$3,125,000		\$21,356,925	\$4,000,000	\$28,481,925	\$29,154,750			\$29,154,750	-\$672,825	\$19,800,830
2037	\$3,125,000		\$22,917,301		\$26,042,301	\$29,144,000			\$29,144,000	-\$3,101,699	\$16,699,131
2038	\$3,125,000		\$24,555,696		\$27,680,696	\$29,152,250			\$29,152,250	-\$1,471,554	\$15,227,578
2039	\$3,125,000		\$26,144,631		\$29,269,631	\$29,146,750			\$29,146,750	\$122,881	\$15,350,459
2040	\$3,125,000		\$27,941,930		\$31,066,930	\$29,151,250			\$29,151,250	\$1,915,680	\$17,266,139
2041	\$3,125,000		\$29,829,094		\$32,954,094	\$29,148,250			\$29,148,250	\$3,805,844	\$21,071,983
2042	\$3,125,000		\$31,651,563		\$34,776,563	\$29,151,000			\$29,151,000	\$5,625,563	\$26,697,546
2043	\$23,132,000				\$23,132,000	\$23,132,000			\$23,132,000	\$0	
2044	\$23,130,000				\$23,130,000	\$23,130,000			\$23,130,000	\$0	
2045	\$20,106,750				\$20,106,750	\$20,106,750			\$20,106,750	\$0	
2046	\$20,111,500				\$20,111,500	\$20,111,500			\$20,111,500	\$0	
2047	\$20,108,500				\$20,108,500	\$20,108,500			\$20,108,500	\$0	
2048	\$20,101,500				\$20,101,500	\$20,101,500			\$20,101,500	\$0	
2049	\$17,079,000				\$17,079,000	\$17,079,000			\$17,079,000	\$0	
2050	\$17,075,000				\$17,075,000	\$17,075,000			\$17,075,000	\$0	
2051	\$17,074,250				\$17,074,250	\$17,074,250			\$17,074,250	\$0	
2052	\$17,080,000				\$17,080,000	\$17,080,000			\$17,080,000	\$0	
2053	\$15,570,250				\$15,570,250	\$15,570,250			\$15,570,250	\$0	
2054	\$15,564,000				\$15,564,000	\$15,564,000			\$15,564,000	\$0	
2055	\$2,268,000			\$50,000,000	\$2,268,000	\$2,268,000			\$2,268,000	\$0	
	\$285,833,916	\$61,981,086	\$348,937,221	\$50,000,000	\$746,752,223	\$703,927,750	\$46,008,963	\$33,175,404	\$783,112,117		

LAND PAID FOR ON A PARCEL BY PARCEL BASIS WITH MAXIMUM \$50,000,000 IN FIRST TWELVE YEARS

# How is the Development Agreement structured?

- ▶ Did the City overpay for the stadium/development?
- ▶ Why did the Atlanta Braves and San Diego Padres NOT receive a penny for development around the stadium? Why was it paid for by the Developer, yet in St. Pete, the City is giving away land and paying for all of the Infrastructure (\$130 million) related to the development in and around the stadium? This decision is unheard of in a development market as strong as St. Pete and a site adjacent to one of the strongest downtowns in the country.
- ▶ Cobb County and San Diego gave NO incentives to the Developer for development outside of the stadium. St. Pete has given approximately \$304 million to the developer in land value reduction and Infrastructure for non-stadium development, if applying the two-year-old land appraisal. The giveaway number is much higher if the City uses a more current and accurate appraisal. The Atlanta Braves and San Diego Padres' developer paid the total cost of land and Infrastructure for its non-stadium development, unlike the Rays.



# Questions about the current Development Agreement

- ▶ Why isn't Rays/Hines held responsible for all development on the site since they get all the benefits?
- ▶ Why are Parcel Developers allowed without any Rays/Hines' responsibility?
- ▶ What will the financial transaction be between the Rays/Hines and the Parcel Developers?
- ▶ Why are development timelines and deliverables non-existent, except for absurdly lengthy 10, 20 and 30-year deadlines for minimum development?

# Questions about the current Development Agreement

- ▶ What happens when the current owner sells the Rays?
- ▶ Does the City get paid back for its investment, or does ownership obtain all the increased financial value caused by the stadium when a sale occurs?
- ▶ Will the City share in non-stadium real estate revenue since they are paying \$130 million in Infrastructure costs and giving up \$174 million in land value (land appraised at \$279 million)?
- ▶ Has the City seen the non-stadium financial proforma for the non-stadium development?
- ▶ Will this be shared with the public? If not, why not?
- ▶ When do cities make a blind investment like this?

# Why the Development Agreement is so bad for Saint Petersburg

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- ▶ The Target Development Plan is meaningless in the D.A. since all that matters is Minimum
- ▶ The Minimum requirements require 500,000 square feet of commercial, retail, arts, recreation, entertainment, education, public administration, healthcare, and institutional space over 30 years. In other words, develop whatever you want so that the Developer can get credit for this category.
- ▶ The Minimum requirements require 500,000 square feet of Class A Office Space, which breaks down to only 16,000 square feet/year.
- ▶ The City needs Class B and C office space as well but its not required to be built within the DA
- ▶ What is Entertainment?
- ▶ Why isn't Moffitt addressed like we have been told repeatedly would happen?
- ▶ Two hotels with 400 keys, a small 50,000-square-foot conference center, and open space of only 10 acres, (which the City is paying for), round out the minimum development requirements that must be delivered over 30 years.



# Why the Development Agreement is so bad for Saint Petersburg

- ▶ Can you imagine that after the City provides huge funding early for the stadium, the land, the Infrastructure, and all the other incentives, the Developer gets to take 30 years to deliver an ill-defined non-stadium development agenda?
- ▶ There is no mention of Grow Smarter Industries.
- ▶ There is no mention of the Innovation District.
- ▶ There is no mention of local small business office requirements.
- ▶ There is no mention of the Arts District or Deuces Live.
- ▶ So, the Developer gets everything upfront, but the City may wait 10 years to see 33% of the non-stadium MINIMUM development.

# Why the Development Agreement is so bad for Saint Petersburg

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- ▶ Section 4.2.1: The language in this section results in the Developer being able to reject almost any parcel for development that it wants, showing again how weak the development requirements are and how unpredictable property tax revenue from the project will be.
- ▶ The Developer can reject any parcel for archaeological, environmental, geotechnical, soils, subsurface conditions, and materially impaired access to a parcel. Another out for the developer.

# Why the Development Agreement is so bad for Saint Petersburg

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- ▶ The Developer will have 10 years to do nothing if they want.
- ▶ They will have 10 years to manipulate the individual Parcel rejection process.
- ▶ They will have 10 years to sit and look at the costly, taxpayer-funded stadium.
- ▶ They will act, they will say, but the D.A. does not require it. Why not?
- ▶ How does the City, any City, give away all this money without requiring a payback or comparable activity from the Developer?
- ▶ Can you imagine spending \$130 million on Infrastructure without a strong "commitment" back on development?



# Why the Development Agreement is so bad for Saint Petersburg

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- ▶ Section 8.1.3: The Developer and Parcel Developers must pay a minimum of \$50.4 million for property on site in the first 12 years of the term of the agreement (about half the discounted land).
- ▶ These provisions mean the City pays out a minimum of approximately \$80 million in Infrastructure during this time, not to mention \$287.5 million for the stadium upfront (over four years approximately) and \$174 million in land value, and the Developer doesn't have to pay anything until year 12.
- ▶ Even after paying for this land, there is no development requirement until year 10, and it's only 1/3 of the Minimum.
- ▶ This unfairness to the City is simply hard to comprehend.

# What does the Development Agreement say about Affordable Housing?

- ▶ For the money that the City is putting into the development, paying for all Infrastructure and discounted land, not to mention all the other developer incentives, the return on Affordable Housing is deplorable.
- ▶ Five hundred units at 120% of AMI is just about the Market Rate for the Tropicana area
- ▶ Section 5.1.2: It is interesting that the DA says at least 50% of 1250 housing Affordable units must be built on-site "or as may be mutually agreed by Developer and City."
- ▶ Section 5.1.7: The Developer selects four properties where this housing will be isolated, and instead of buying the land, the City will ground lease the land for 99 years.
- ▶ Section 5.2: This is where the City guarantees "grant" money to these three Affordable Housing sites in addition to paying for Infrastructure and giving free land.
- ▶ Section 5.3: These penalties for failing to build Affordable Housing are meaningless because the City has made it impossible for the Developers not to reach these numbers with all the financial giveaways
- ▶ Section 5.4: All Affordable Units should be rent-restricted forever based on the subsidy provided by the City, whether ground leased or not.

# What does the Development Agreement say about Infrastructure?

- ▶ Article 7: Infrastructure work includes open spaces/parks, remediation, roads, and bike paths, which should be the Developer's responsibility.
- ▶ The Developer has complete control over what the work entails and over change orders.
- ▶ Section 7.8.5: The Developer's share of the Infrastructure will be paid for from a special assessment of all new property owners on the Trop site.
- ▶ Future property owners and subsequently tenants will be required to pay into a fund to pay the Developer's share of any Infrastructure cost. Please remember this includes all predevelopment costs.
- ▶ This pushes rents higher, hurting affordability. It's ominous how this special assessment district only benefits the Developer. Why not the City?
- ▶ Crediting the Developer with Infrastructure financial participation in the Term Sheet is disingenuous.



# What does the Development Agreement say about Infrastructure?

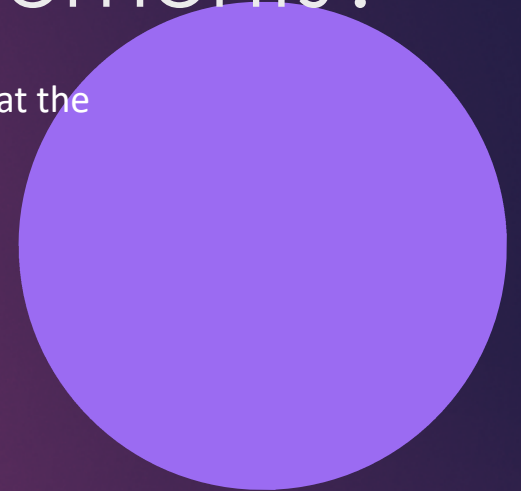
- ▶ Section 7.10: The Developer has complete control over the timing and the order of Infrastructure work
- ▶ Since some of the Minimum Development Requirements do not need to be completed for 10 years, you can bet that the Infrastructure over the first 10 years will almost exclusively be for the stadium, which makes this City giveaway even worse.
- ▶ Section 8.1.3: The Developer and Parcel Developers must pay a minimum of \$50.4 million for property on site in the first 12 years of the term of the agreement (about half the discounted land price)
- ▶ The City pays out a minimum of approximately \$80 million in Infrastructure during this time, not to mention \$287.5 million for the stadium upfront (over four years approximately) and \$174 million in land value, and the Developer doesn't have to pay anything until parcels are developed.
- ▶ That makes the City's contribution \$543.5 million versus the developer's \$15 million expenditure in approximately the same period of time.
- ▶ Even after paying for this land, there is no development requirement until year 10, and it's only 1/3 of the Minimum Development Requirements.

# What happens in the event of Developer defaulting?

- ▶ Section 8.20: In the event of an uncured Material Event Default by the Developer, the only penalty is that "the Developer shall no longer have any rights to acquire any Parcels pursuant to this Agreement not already acquired by Developer and/or Parcel Developers, except for Parcels located in Phases for which Developer has Commenced Construction of the Infrastructure Work applicable to such Phase."
- ▶ You might as well say that the Developer can do whatever they want.
- ▶ Rays/Hines D.A. reads in section 16.9.5, "In no event shall the City have the right to terminate this agreement notwithstanding any Default by the Developer under this agreement or by any Parcel Developer . . ." Section 16.9.6 and 16.9.7 are even worse for the City

# What about Open Space requirements?

- ▶ Section 9.3: 10 acres of required Open Space must be a mistake. It says that the Developer will try to expand it to 14 acres, but there is no commitment.





# Summary

- ▶ A city should never approve a deal based on hope, trust, and the spoken word.
- ▶ It must protect its interest, and the City must ensure Developer performance is clearly articulated in the D.A. with accountability
- ▶ The Rays have proven one thing over their tenure in St. Pete: They have no interest in Trop development. Some argue that is why Hines is involved. Hines will do what the Rays want. Period.
- ▶ If the Rays cared about the City's interest, do you think the Trop site would have been vacant of development all these years? Where was Hines for the last three decades?
- ▶ Great public-private partnerships benefit both the Developer and the residents of the City. Poor public-private partnerships that conceal and minimize city needs have a devastating impact on the health of cities over time.