

## CITY OF CLEARWATER DOWNTOWN DEVELOPMENT ANALYSIS SERVICES

This agreement made and entered into as of the 30th day of May, 2023 by and between the City of Clearwater, FL ("Client"), and HR&A Advisors, Inc., a corporation organized and existing under the laws of the State of New York ("Consultant"), who agree and contract as follows:

WITNESSETH THAT:

WHEREAS, Client desires to evaluate the proposed amendments to the development proposal from Gotham Property Acquisitions, LLC and The DeNunzio Group, the selected developer for the redevelopment of the former City Hall and Harborview sites, and

WHEREAS, Client desires to retain the Consultant to evaluate the proposed amendments from a financial, market, economic, and fiscal perspective and provide recommendations to the Client on the best way to move forward with the developer;

NOW, THEREFORE, the parties hereto do mutually agree as follows:

1. Employment of the Consultant  
Client hereby agrees to employ the Consultant, and the Consultant hereby agrees to perform services set forth hereinafter in connection with the Downtown Development Analysis as stated in the RFP issued by the Client on May 1<sup>st</sup>, 2023, in accordance with the terms and conditions set forth herein.
2. Term of Employment  
Consultant services for the scope of work set forth hereinafter will be completed by September 15<sup>th</sup>, 2023 subject to modification by mutual agreement by the parties hereto.
3. Scope of Services  
The Consultant agrees to satisfactorily render and provide services, as proposed in the response to the Client's RFP on May 18<sup>th</sup>, 2023, hereinafter set forth in "Exhibit A, Scope of Services."
4. Disposition of Work Materials  
Upon prompt payment of all sums due under this Agreement, all contract documents and similar work materials prepared by the Consultant in completing the scope of services shall be the property of Client. Notwithstanding any other provision to the contrary, the Consultant shall maintain copyright ownership of photographs and of all notes, terms and standard details included in all project-related documents, models, photographs, and other forms of expression created by the Consultant. Client grants the Consultant licenses to use and reproduce its work product and similar work materials prepared by the Consultant and the Consultant shall be permitted to retain copies thereof for its records and for its future professional endeavors. The Consultant grants Client a non-exclusive license to use and reproduce such models, photographs, and other forms of expressions created by the Consultant as long as payments due to the Consultant under this contract are made as provided herein.
5. Personnel  
The Consultant represents that it has, or will secure, at its own expense, all personnel or subconsultants required in performing the services under this Agreement. Such personnel shall not be employees of or have any contractual relationship with Client. All of the services required hereunder will be performed by the Consultant or under its supervision, and all personnel engaged in the work shall be fully qualified and shall be authorized under State, Federal and Local law to perform such services.
6. Termination and Suspension for Cause  
If, for any cause, the Consultant or Client shall fail to fulfill in a timely manner their obligations under this Agreement, or if the Consultant or Client shall violate any of the covenants, agreements, or stipulations of this Agreement, the other party shall thereupon have the right to terminate this Agreement by giving written notice. The Consultant shall be entitled to receive just and equitable compensation for work performed and expenses incurred as of the date of termination; likewise, Client shall be entitled to ownership of all documents, data, studies, surveys, drawings, maps, models, photographs and reports or other material prepared by the Consultant under this Agreement for which it has compensated the Consultant.

If Client fails to make payments to the Consultant in accordance with this Agreement, in addition to the right of termination of this Agreement as set forth herein, at the Consultant's option and upon written notice to Client, it may suspend some or all performance of services under this Agreement and retain all Contract Documents and Work Materials for which payment is outstanding. In the event of a suspension of some or all services, retention of Contract Documents and Work Materials and/or the termination of the Agreement by the Consultant, the Consultant shall have no liability to Client for delay or damage caused Client because of such suspension of services. Before resuming services, the Consultant shall be paid all sums due prior to suspension and any expenses incurred in the interruption and resumption of the Consultant's services. The decision by the Consultant not to cease or suspend services or any portion thereof, or the decision by the Consultant to suspend certain but not all services under this Agreement shall not constitute a waiver of its right to suspend or terminate performance of any or all services under this Agreement so long as payments of undisputed amounts remain outstanding.

7. Changes

Client or Consultant may, from time to time, request changes in the terms of this Agreement. Such changes, including any increase or decrease in the amount of compensation due to the Consultant, shall be mutually agreed upon by the parties hereto and shall be executed and incorporated in written amendments to this Agreement.

8. Compensation

The cost of the Scope of Services shall not exceed \$136,500 plus \$5,000 in reimbursable expenses for a total of up to \$141,500. The cost of services will be invoiced by the Consultant on a time and materials basis at the hourly rates established in "Exhibit B, Consultant Hourly Rates." Invoices will be transmitted monthly by the Consultant to Client and will include requests for reimbursement of expenses incurred by the Consultant in performance of the Scope of Services at cost. Client shall remit payment for an approved invoice within 30 days of receipt of the invoice provided all work is performed satisfactorily as reasonably determined by Client.

9. Equal Employment Opportunity

The Consultant will not discriminate against any employee or applicant for employment with regard to race, religion, sex, color, national origin, age, or disability. The Consultant will act to ensure that applicants are employed, and that employees are treated during employment, without regard to race, religion, sex, color, national origin, age or disability.

10. Assignability

The Consultant shall not assign any interest in this Agreement and shall not transfer any interest in the same, whether by assignment or notation without the prior written consent of Client thereto; provided, however, that claims for money may be assigned to a bank, trust company, or other financial institution without such approval. Notice of any such assignment or transfer shall be furnished promptly by Client.

11. Conditions and Assurances

- A. Access to Records: Consultant agrees that Client or any of its duly authorized representatives shall have access to any books, documents, papers, and records of the Consultant for the purposes of making audit, examination, excerpt, and transcripts.
- B. Retention of Records: Consultant shall maintain all records pertaining to this contract for three (3) years after Client makes final payment.

12. Miscellaneous Provisions

- A. This Agreement shall be constructed in accordance with the laws of the State of New York. Each party waives any right to a trial by jury either party may have pursuant to any claim or action arising from this Agreement.
- B. In case one or more of the provisions in the Agreement shall for any reason be held invalid, illegal, or unenforceable in any respect, such as invalidity, illegality, or non-enforceability, it shall not affect any other provision thereof, and this Agreement shall not be effective unless consented to, in writing, by both parties.

- C. Nothing in this Agreement shall be construed as granting any rights to any person other than the parties hereto.
- D. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which shall be constitute one and the same instrument.
- E. This Agreement shall be binding upon and inure to the benefit of each of the Consultant's and the Client's respective successors and assigns.

13. Indemnification Consultant shall indemnify, defend and hold harmless Client and its officers, employees, agents and permitted assigns from and against any and all suits, claims, losses, damages, charges, or expenses, whether direct or indirect, and liability of every name and nature to which they or any of them may be put or subjected by reason of any personal injury or damage to real or tangible property arising from or in connection with any acts or omissions on the part of the Consultant or arising from any breach by Consultant under this Agreement. Notwithstanding anything to the contrary herein, Consultant's liability under this Agreement shall be limited to the amount of the Consultant Fee received by the Consultant hereunder.

In no event shall any officer, shareholder, member, employee or agent of Consultant or Client (or any of Consultant's or Client's affiliates) be personally liable for the performance of either party's obligations hereunder.

IN WITNESS WHEREOF, the City of Clearwater and the Consultant have executed this Agreement on this the 30<sup>th</sup> day of May, 2023.

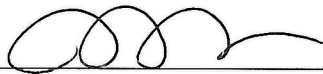
**HR&A Advisors, Inc.**

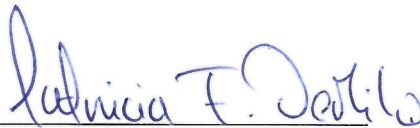
\_\_\_\_\_  
CARY HIRSCHSTEIN, PARTNER

\_\_\_\_\_  
ATTEST

\_\_\_\_\_  
Date

**City of Clearwater**

  
\_\_\_\_\_  
Jennifer Poirrier, City Manager

  
\_\_\_\_\_  
ATTEST

\_\_\_\_\_  
Date

## Exhibit A: Scope of Services

Contractor will perform the following Scope of Services:

### Project Kickoff

HR&A will participate in a kickoff meeting with key members of the City. This initial meeting will include review of scope, planned deliverables, cadence of meeting check ins and associated schedules.

Our team will submit a data request to the City of Clearwater for any initial materials already produced or other relevant documents for review. In this period, we will undertake initial research and reconnaissance to get up to speed on project status and schedule initial meetings with the Project Manager and City representatives, as necessary.

#### Deliverables:

- Inception Report: Brief memorandum that includes a proposed work plan with interim milestones, resources needed, and data availability.

### Proposed Tasks

#### Task 1. Overall Project Management and Coordination

HR&A will serve as the day-to-day manager of all activities.

- **Project Management** | HR&A will schedule and facilitate internal and external meetings, manage key documents and establish information sharing protocols and platforms, and support the City in identifying, producing, and managing any third-party consultant or service providers necessary to advance the project.
- **Project Coordination** | On an as-needed basis, HR&A will consult with City Manager, Assistant City Manager, Councilmembers, Legal, and Project Manager on the evolving needs of the City.

#### Task 2: Review of Assumptions and Model Inputs (3 weeks from Notice To Proceed)

At the onset of this contract, HR&A will review the materials provided by Gotham Property Acquisitions, LLC and The DeNunzio Group (“the Buyers”) regarding the original and the new program and will develop a side-by-side comparison of the key program, revenue, cost, timing assumptions, and financial metrics assumptions to quickly identify the areas that will need more analysis from our team. To have a full picture of the approved and the proposed program, we would like to have access to the existing development agreement between the Buyers and the City.

|                                                       | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|-------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Task 2. Review of Assumptions and Model Inputs</b> | <ul style="list-style-type: none"><li>• HR&amp;A will review all materials provided by the Buyers, including the soundness and reasonableness of the model. Assumptions, and estimates, and all other supporting materials provided. We will benchmark the assumptions and estimates by conducting an additional due diligence of the market conditions in the region.</li><li>• We will work with the City on crafting potential questions for the Developer as we review the assumptions of the model to make sure we have a comprehensive understanding of the overall project and the model.</li><li>• Based on the comparison from Task 2, HR&amp;A will first evaluate the Buyers’ proposed modifications to determine if general assumptions and estimates comport with generally observed market/environmental conditions consistent with a best practice of determining project viability and fair terms of the partnership.</li><li>• HR&amp;A will then use this comparison to start identifying areas in question which will provide guidance for the City with regard to evaluation of the revised proposal. The comparison will serve as the starting point for the analysis in the subsequent tasks.</li></ul> |

## Exhibit A: Scope of Services

### Task 3 Assessment of impacts and benefits under new program and comparison to prior proposal (6 weeks after completion of Task 2)

The analysis from Task 3 will allow the City to understand the impacts and benefits expected from the new proposal, relative to the initial one, and the potential implications for the Buyers and the City as it relates to changes to the existing deal terms. Building upon inputs from Task 2, HR&A will be testing the sensitivity of any relevant alternate assumptions in the Buyers' model to understand the impact that certain assumptions might have on the deal terms and the financial thresholds identify by the Buyers. HR&A will also estimate the projected future tax increment revenues from the original and the proposed program.

Lastly, HR&A will conduct an economic impact analysis to understand the changes in the projected impacts to the City and County. We have not included a no agreement (i.e., the Buyers pulls out) scenario as any financial implications beyond the land price and any City incentives is extremely challenging to quantify and requires assuming what a third-party would be willing to offer to the City. Due to the expediency of the analysis, we are not pursuing any quantitative analysis under a no agreement scenario.

| HR&A Tasks                                      | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|-------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Task 3.1. Financial Offer Comparison            | <ul style="list-style-type: none"> <li>• HR&amp;A will compare the direct financial repercussions of the current agreement versus the proposed revisions. This analysis will allow HR&amp;A to understand the real implications of moving forward with the proposed deal terms as it shapes its recommendations in Task 5.</li> <li>• HR&amp;A will also evaluate the potential for the modified terms to include future financial reimbursement (claw back) provisions. The claw back provisions will consider and will be predicated on easily verifiable information on market conditions should they improve</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Task 3.2. Economic Impacts and Benefits         | <ul style="list-style-type: none"> <li>• HR&amp;A will evaluate the overall economic impacts, one-time capital investments and annual, ongoing operations of the residential development to assess the impact it will have on the local and regional economy, measured in terms of full-time equivalent (FTE) jobs, personal income, and economic output (i.e., spending) generated. The analysis will use industry-approved input-output models such as IMPLAN or EMSI (now Lightcast). The economic impact that HR&amp;A quantifies direct activity (including all jobs and wages that follow from the business activity that results from redevelopment and the significant direct spending of the building's occupants); indirect activity (business activity generated locally to supply and support functions of the developments); and induced activity (local business activity supported by household spending that results from the new jobs supported by the development).</li> <li>• HR&amp;A's analysis will compare the changes in the one-time and ongoing economic impact as a result of the proposed changes in development.</li> </ul> |
| Task 3.3. Fiscal Impacts and Benefits           | <ul style="list-style-type: none"> <li>• HR&amp;A will run a fiscal impact analysis to understand the projected tax increment revenues and the additional City's costs due to the new development. Our analysis will keep in mind the unique structure of the CRA, along with its anticipated expiration to make sure the analysis is accurate and informative.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| Task 3.4. Comparison Against Prior Transactions | <ul style="list-style-type: none"> <li>• To support the City's understanding of the new proposal from the Buyers, HR&amp;A will compare the Buyers' proposal to other publicly available arrangements they have negotiated previously. We recognize that information on these deals may be limited in nature. HR&amp;A will also compare the Buyers' proposal to other market rate developments in other cities' redevelopment areas or opportunity zones, acknowledging that differences in location, timing and current terms during negotiation, which might not provide a direct comparison to the Buyers' original and proposed deal terms.</li> <li>• The analysis will allow the City to understand the fairness and soundness of the proposed changes in the deal terms and in the development program.</li> </ul>                                                                                                                                                                                                                                                                                                                               |

## Exhibit A: Scope of Services

### Task 4. Risk Assessment (2 weeks after completion of Task 3)

HR&A will support the City's understanding of key areas of sensitivity for the proposed development to inform the City's response to the revised proposal from the Buyers. Our team will also support the City understanding the trade-offs based on the decision of the City to move forward or not with the proposed changes.

|                                | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|--------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Task 4. Risk Assessment</b> | <ul style="list-style-type: none"><li>• Based on the analysis from Tasks 2 and 3, HR&amp;A will identify areas of sensitivity including but not limited to future cost and revenue estimates.</li><li>• HR&amp;A will support the City understand the trade-offs by providing an opinion on the core concept of deal modifications during due diligence, and especially after referendum.</li><li>• If applicable, HR&amp;A will provide examples of cases like the one the City is facing right now to understand the potential impacts different scenarios would have on the City's credibility with other negotiation partners.</li></ul> |

### Task 5. Deliverable Production (2 weeks after completion of Tasks 3 and 4)

Based on the analysis from Tasks 1-4, HR&A will summarize its findings in a brief memorandum to support the City's understanding of the proposed deal terms compared to the approved terms. HR&A will also present its findings and recommendations to City Staff and/or City Council if needed.

|                                       | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|---------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Task 5. Deliverable Production</b> | <ul style="list-style-type: none"><li>• HR&amp;A will summarize in a memorandum clear recommendation to either: (1) accept the Buyers' new proposal, (2) extend a specific counteroffer, or (3) stand firm on the current agreement and readvertise.</li><li>• HR&amp;A will also do a brief presentation of the findings and recommendations to City Staff and/or City Council. The timing of presentation to City Council will be dependent upon the alignment of delivery of our work product and the first available City Council session.</li></ul> |