Exhibit to Agenda Item #3

Board Finance & Audit Committee Meeting and Special SMUD Board of Directors Meeting
Tuesday, August 13, 2019 scheduled to begin at 5:30 p.m.
Customer Service Center, Rubicon Room
Summary of Presentation

• 59th Street Reuse Process
• Project Goals and Vision
• Due Diligence Efforts
• Base Design and Land Use Alternatives
• Developer Selection Process
• Development and Disposition Agreement
59th Street Reuse Process

Phase 1
Due Diligence and Project Identification

Business structure and Phase 2 preparation

Phase 2
Developer Selection

Phase 3
Entitlements, Environmental Review and Construction
Project Goals

Find a concept for the reuse that would:

• Enhance the vitality of our community;
• Include innovative energy and climate elements; and
• Improve the value of the property
Project Vision

Create a project concept that:

- Is compatible with the neighborhood
- Is supported by the market
- Supports the City’s vision for infill development
- Can realistically be entitled
- Supports SMUD values
59th Street Reuse - Phase I

- Due diligence
  - Community and stakeholder engagement
  - Physical, environmental, legal and land use policy considerations
  - Market and economic assessments
- Identification of driving forces and constraints
- Identification of project concept
  - Balances the project goals and vision with driving forces and constraints.
Option 1
Option 2
Option 3
## Project Alternative Comparison

<table>
<thead>
<tr>
<th></th>
<th>Option 2 (lowest density)</th>
<th>Option 3 (highest density)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Density</strong></td>
<td>15-25 du/acre (SFH) 30-60 du/acre (MFH)</td>
<td>15-25 du/acre (SFH) 30-60 du/acre (MFH)</td>
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<tr>
<td><strong>Single Family Units</strong></td>
<td>130 units</td>
<td>81 units</td>
</tr>
<tr>
<td><strong>Multi Family Units</strong></td>
<td>260 units</td>
<td>521 units</td>
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<tr>
<td><strong>Commercial</strong></td>
<td>6,000 – 13,800 sq. feet</td>
<td>6,000 – 13,800 sq. feet</td>
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<td><strong>Total Units</strong></td>
<td>390 units</td>
<td>602 units</td>
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Developer Selection Process

- **RFQ**
  - Wide distribution
  - Obtain a variety of responses from developers
  - Developer engagement including pre-qualification meeting, site tour, expert discussion
  - Possible developer interviews

- **RFP**
  - Available to a short list of developers
  - More detailed than RFQ process
Developer Selection - Criteria

- **Experience:**
  - General experience
  - Experience with similar projects
  - Experience in Sacramento and the region
- **Project schedule**
- **Proposed project elements that support vision, goals and objectives**
- **Purchase price**
- **Financial capacity**
- **Approach development conditions and entitlements**
RFQ and RFP Schedule

3rd Quarter 2019
- Board meeting
- RFQ released (tentative)

4th Quarter 2019
- Qualifications statements due
- Notify Board of finalists
- RFP released to finalists

1st Quarter 2020
- Proposals due
- Proposal evaluation and selection of developer

2nd Quarter 2020
- Board approval of developer selection
Post – Developer Selection

• Exclusive Right to Negotiate
  – SMUD and Developer work through proposal and agree on term sheet

• DDA preparation and execution
  – SMUD and Developer prepare DDA
  – Execution

• Developer begins entitlement process with City

• SMUD remains involved
Disposition and Development Agreement

Includes typical terms of real property sale, plus:

• Scope of development
• Project schedule
• Additional project conditions

Frequently used with project such as this

• Flexible, negotiated terms
• SMUD maintains project oversight
• Developers, especially with infill experience, are familiar with the structure