PENNROSE, LLC
February 1, 2020

CINCINNATI HOUSING CONVERSATIONS
Equitable Development

THE DEVELOPMENT PROCESS
THE DEVELOPMENT PROCESS
Forming the Development Concept

1. Organization: Idea/Dream
2. Organization: Goals
3. Given site and/or given use
4. Evaluate site:
   - Architectural and Engineering
   - Legal
   - Acquisition
5. Test market for alternative uses
6. Set specific market goal
7. Select use and site
8. Start architectural program and design footprint schematic
9. Rough cost
10. Refine cost estimate
11. Identify realistic sources of financing
12. Review cost estimate and form financial goals
13. Identify role necessary to complete development; describe alternative roles for the organization
14. Identify project team for various roles
15. Estimate project development costs
16. Design general project management system
Feasibility

- Preliminary market test
- Detailed market analysis
- Design marketing strategy
  - Get site control
  - Identify governmental actions
  - Environmental testing and assessment
  - Refine schematics: Elevations
  - Test all cost assumptions: Operating pro forma
  - Contract potential financial sources
  - Negotiate tentative or conditional commitments
- Draft project development management plan
  - Identify all team members; discuss roles and project details
Operations or Sale

- Operating maintenance and management

- Negotiate leases / sales
  Re-lease as necessary

- Close permanent financing

- Equity pay-in (if scheduled)

- Owner's responsibility:
  - Manage
  - Pay mortgage
  - Report to investors
# Project Responsibility Matrix

**Example Project**  
Cincinnati, Ohio

<table>
<thead>
<tr>
<th>Project Stage</th>
<th>Responsible Party</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>Complet</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Engineer</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Civic</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Architect</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Interior</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Contractor</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Finance</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Law</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Brick &amp; Mortar</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Heart &amp; Soul</strong></td>
</tr>
</tbody>
</table>

**X** indicates Lead Responsibility

<table>
<thead>
<tr>
<th>Predevelopment</th>
<th>Development</th>
<th>Design</th>
<th>Construction</th>
<th>Finances</th>
<th>Civic</th>
<th>Architect</th>
<th>Interior</th>
<th>Contractor</th>
<th>Law</th>
<th>Brick &amp; Mortar</th>
<th>Heart &amp; Soul</th>
</tr>
</thead>
<tbody>
<tr>
<td>Predevelopment Budget</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Development Agreement</td>
<td>X X X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Draft RFP, with CRP</td>
<td>X X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Site &amp; Topographic and Draft ALTA Survey</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>City Approval Strategy / Plan / Schedule</td>
<td>X X X X X X X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>City Predevelopment Application</td>
<td>X X X X X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>City Predevelopment Hearing</td>
<td>X X X X X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community Engagement Strategy / Schedule</td>
<td>X X X X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community Engagement Meetings</td>
<td>X X X X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public Relations Strategy / Plan</td>
<td>X X X X X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Practice Project Goal</td>
<td>X X X X X X X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Final Project Program</td>
<td>X X X X X X X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Updates to Predevelopment Pre-Approval</td>
<td>X X X X X X X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Development Budget (ex. going)</td>
<td>X X X X X X X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Project Team Proposal</td>
<td>X X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pre-Construction Services Agreement</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Schedule Doc. Costs, Leases, Leases</td>
<td>X</td>
<td>X X X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Environmental Review</td>
<td>X X X X X X X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Workplan Study (if applicable)</td>
<td>X X X X X X X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Thorough Certification (if applicable)</td>
<td>X X X X X X X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Final Submission</td>
<td>X X X X X X X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Geotechnical Study</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Zoning Review</td>
<td>X X</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Utility Capacity &amp; Availability Letter</td>
<td>X X</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Traffic Study (if applicable)</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Addendums (if applicable)</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>100% Schematic Design Package</td>
<td>X X X X X X X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Utility Design Strategy / Scope</td>
<td>X X X X X X X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>For Sale-Price Design Package</td>
<td>X X X X X X X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>For Sale-Price Design Documentation</td>
<td>X X X X X X X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Construction Cost Update</td>
<td>X X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Final Drawings (or City Presentation)</td>
<td>X X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public Finance Plan (if applicable)</td>
<td>X</td>
<td>X</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Updated Tender Package</td>
<td>X X</td>
<td>X</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Submittal Process / Material Samples</td>
<td>X</td>
<td>X X X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Project Stage</td>
<td>DRAFT Operations Plan</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>-----------------------------</td>
<td>-----------------------</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Market Position Receiving</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>100% SD Construction Budget</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0% SD Construction Budget</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Partners Approve Final Development Plan</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cincinnati IDEO Approves Final Development Plan</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Final Package for Presentation to City of Cincinnati</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Closing

<table>
<thead>
<tr>
<th>Project Summary &amp; Commitment</th>
<th>X</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Confirm Financing Commitment</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Confirm Bank Orders Approved</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Confirm Bank Engages Due Diligence Firm</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Confirm Bank Initiates Loan Documents</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recruit Tender Closing and Due Diligence Checklist</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Schedule Regular Closing Call</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entity Set Up</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Partner Ship Documents</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Order Tax ID</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Set Up Initial Bank Accounts</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Construction Contract &amp; Risk Review</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sign-off of Closing Pro Formats</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indigo Site Goals &amp; Requirements</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Private Equity Investment Package</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Relocation of Existing Tenants, If Any</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>100% Construction Documents - For Permit</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Address Assignments</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property Marketing Plan</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Confirm Final Zoning Approval</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issue for Building Permits</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>ETS Approved</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prepare Closing Statement</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Closing</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recruit Closing Binder / All Digital Files Required</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Clean up of Shared Drive Project Folder</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Construction Period

| 100% Construction Documents - For Construction | X | X | X |   |   |
| Notice of Commencement | X |   |   |   |   |
| Construction Kick-off Meeting | X | X | X | X | X |
| Construction Administration / Oversight | X | X | X |   |   |
| Manage Change Orders | X | X |   |   |   |
| Selection Management | X |   |   |   |   |
| MU Management | X |   |   |   |   |
| Submittals Management | X | X | X | X | X |
# Project Responsibility Matrix

*X* indicates lead responsibility

<table>
<thead>
<tr>
<th>Project Stage</th>
<th>Responsible Party</th>
</tr>
</thead>
<tbody>
<tr>
<td>Confirm Accounting Process</td>
<td>X</td>
</tr>
<tr>
<td>Data Inspections &amp; Processing</td>
<td>X</td>
</tr>
<tr>
<td>Interior Design Completion</td>
<td>X</td>
</tr>
<tr>
<td>Legal / Branding Design</td>
<td>X</td>
</tr>
<tr>
<td>Signage Design</td>
<td>X</td>
</tr>
<tr>
<td>A/S Team Management During Construction</td>
<td>X</td>
</tr>
<tr>
<td>Monthly Progress Reporting</td>
<td>X</td>
</tr>
<tr>
<td>Final Unconditional Letter of Intent</td>
<td>X</td>
</tr>
<tr>
<td>Punch List</td>
<td>X</td>
</tr>
<tr>
<td>Substantive Completion</td>
<td>X</td>
</tr>
<tr>
<td>Certificate of Occupancy</td>
<td>X</td>
</tr>
<tr>
<td>Final Operations and Marketing Plans</td>
<td>X</td>
</tr>
<tr>
<td>Partners' Approval Operations and Marketing Plans</td>
<td>X</td>
</tr>
</tbody>
</table>

## Delivery
- Building Committee/Tenant Meeting | X | X |
- Schedule Professional Photography | X |
- Manage Punch List Process | X | X |
- Tenant Move-In | X |
- Project Accounting Close Out | X | X | X |
- Receive As-Built Drawings and O&M Manual | X | X | X |
- Submit As-Built Drawings to Municipality (as required) | X |
- Manager and Partner Lease-Up Schedule | X |
- Warranty Management | X | X |
- Tenant Improvement (if applicable) | X | X |
- Vendor Service Agreements | X |

## Stabilization
- Capital Budget / Plan | X |
- Tenant Relationship | X |
- Public Relations | X | X |
- Accounting | X |
- Manage Lease-Up Schedule / Achieve Stabilization | X |
- 12 Month Warranty Inspection | X | X |
- Warranty Close-Out | X | X |
- Achieve Stabilization | X | X | X |
THANK YOU