

## Exhibit B: GPSA Letter Agreement Status

(2017.10.13)

Below is a summary list of some of the key items that HMW has adjusted, accommodated, or modified at GPSA request or to liveaboard slip license holders benefit in order to resolve the issues raised by GPSA.

- **Single Marina Move:** HMW re-sequenced the transition plan to allow for a single move of the existing liveaboard community to the new docks. This consolidated move approach had cost and schedule impacts to HMW. Further, as with previous moves, HMW will provide professional towing services at no cost to the Slipholders for those vessels that are unable to relocate on their own power.
- **Water Building 3 (WB3) Design:** HMW used the feedback from the previous GPSA Charrette and more recent individual slip license holder input, as well as the feedback of current GPSA leadership to design the program, allocation, and function of WB3. Further, prior to starting the design, HMW and the architect of WB3 toured the existing facilities with GPSA members to get direct feedback about what works and doesn't work in the existing facilities. HMW appreciates the insights and feedback from GPSA on the design of WB3. Select images of WB3 and the interior concepts are provided at the bottom of this Exhibit.
  - Increasing capacity, privacy, and quality of all shower and bath facilities;
  - Reconfiguring interior space to optimize GPSA preferred views;
  - Adjusting security locations for the gated waterfront community;
  - Creating upper level accessible outdoor space;
  - Creation of a large open "great room" for community gatherings;
  - Inclusion of smaller private co-working spaces for slip license holders that work from their vessel;
  - Design of a large kitchen with communal dining table for slipholder access; and
  - Reconfiguring the placement of the building to enhance its exclusive private nature.
- **Marina Design:** HMW listened to the feedback and requests of GPSA when completing the design of the new Wharf Marina and made a number of modifications to accommodate their requests and desires. HMW appreciates the insights and feedback from GPSA on marina design.
  - Placement of the docks where the Live-aboard vessels are located (X, Y, & Z) adjacent to Waterfront park and proposed office building in response to a preference for a quieter space and questions about noise pollution from adjacent buildings and open spaces.
  - Provision for individual large volume dock boxes for each slip holder in response to GPSA's request for in-slip storage solutions.
  - Marina redesign that reconfigured slips to be stern/bow to prevailing winds due to a familiarity with that orientation and questions regarding wind impact. This rearrangement decreased the overall slipcount in the marina.
  - Marina redesign that includes enhanced fairway widths beyond design standard requirements to facilitate easier access and maneuverability for the liveaboard vessels that can leave slip.

- Relocation of the proposed fuel docks from X Dock to W Dock in response to concerns raised by GPSA regarding the potential nuisance caused by the fuel dock;
  - Relocation of WB2 (which includes restaurant use and is intended home for Cantina Marina) from base of X Dock to base of W Dock in response to concerns from GPSA about ambient noise, light and privacy impacts from Cantina Marina and their patrons being a disturbance to Slipholders.
  
- **Dock and Slip Design:** HMW took into account lessons learned from Phase 1 as well as the feedback and requests of GPSA when completing the design of the new docks and made a number of design adjustments that will improve the level of service and function for the liveaboard slip license holders. HMW appreciates the insights and feedback from GPSA on Dock and Slip design.
  - Slip fingers and trunks have been increased in width from 3'-4' wide in the current configuration to 4'-8' wide in the new design to create a safer pedestrian environment and increase dock cart maneuverability. Increased low level lighting will be provided with additional light bollards along main walkways to increase night time safety and accessibility.
  - HMW is constructing world class concrete docks, state of the art marina power components including "artic" winter water service and industry leading pump out services. The Docks are durable concrete docks with an open layout and include increased storage with dock boxes at each slip. Other features include dedicated WiFi, trash & recycling receptacles throughout the marina, paddler craft storage, and event/gathering space opportunities. These are prime examples of the investments in safety, security, and functionality, over simply aesthetic items, that GPSA requested in their charrette documents.
  - Marina Slip mix was redesigned to be optimized for the current stock of vessels to ensure that all existing Liveboards could be placed in slips that were within 5' of their overall boat (including dinghy) length. These slips were made "bearthier" to accommodate the wide nature of many of the house-style barges and trends towards wider vessels.
  - Dock fingers were designed by HMW to provide large open use deck space at end of Z dock for sunset views and community use in response to GPSA feedback requesting outdoor communal spaces. The space was outfitted with outdoor furniture.
  
- **Landside Design:** HMW worked with our landside design teams and responded to the feedback and requests of GPSA when completing the design of surrounding site. Design moves and provisions done intentionally to the benefit of the marina include:
  - The Terrace Park adjacent to WB3 was designed to create communal gathering spaces and open recreation spaces directly adjacent to the entrance to the marina. This park includes large rain gardens for stormwater management, seat steps and a deck for gathering, and an open lawn area.
  - The one of the two garage shuttle elevators for Garage 3 was located as close to the marina entrance as possible to provide convenient access between the marina and the garage. This includes an ADA accessible path from the elevator location down to the waterfront promenade.
  - Two loading and service spaces have been identified for non-exclusive marina use on M Place, directly adjacent to the marina entrance

- In the interim condition, two signed accessible parking spaces will be made available along M Place for marina use
  - HMW has proposed to add a new Capital Bikeshare Station along M Place or in Waterfront Park to bring a public transit option to a location most convenient for the marina.
  - HMW has placed a carsharing spot on M Place that is convenient and accessible to the marina.
  
- **Slip License Agreement:** HMW agreed to enter into a negotiation with GPSA regarding several adjustments that were being requested of the Slip License Agreement. This provided an opportunity for both parties to attempt to create a document that more accurately depicted the operational realities of the marina and included several adjustments at GPSA's request that represent direct improvements to the liveboard slipholder's position in the marina.
  
- **Parking:** GPSA and HMW have worked together to better understand our respective needs and positions regarding the issues surrounding parking. All of the below mentioned parking accommodations are more fully detailed in the Letter Agreement on which HMW and GPSA are working in good faith to reach a mutually acceptable agreement.
  - HMW has committed to allowing existing Slipholders that are currently actively utilizing parking permits to continue to park one car for free on the surface lots until such time as the lots must be closed for construction purposes. Second spaces for existing Slipholders currently purchasing additional parking will continue to be made available for \$150/month. Currently, less than half of the current Slipholders have vehicles that are registered in the District of Columbia and would be eligible for neighborhood Residential Permit Parking. For context, residents at nearby 525 Water Street or Vio condominiums pay between \$40,000 and \$50,000 for a full-sized parking space and residents of the Channel and Incanto apartment buildings pay \$275/month for parking.
  - HMW has committed to a one-time facilitation of access to monthly parking in nearby area garages for existing Slipholders actively using parking during the transition period between when the surface lots are closed and Garage 3 has been opened. HMW agreed to eliminate the existing parking lot at 25 M St SW due to fears raised by GPSA regarding the safety of the Slipholders if they had to regularly walk through that part of the Southwest community.
  - HMW has committed to providing an opportunity for existing Slipholders to rent non-assigned monthly parking in the Garage 3 area designated for Marina Liveboards.
  
- **Slip & Liveboard Fee Schedule:** GPSA and HMW have worked together to better understand our respective needs and positions regarding the issues surrounding slip and liveboard fees. Although requiring a significant operational subsidy, HMW has agreed to adopt the slip fee schedule for the Interim Period that GPSA proposed and has created a similar schedule for Liveboard fees during the Interim Period for the current existing liveboards. The below mentioned fee schedule is more fully detailed in the Letter Agreement that HMW and GPSA are working in good faith to reach a mutually acceptable agreement on.

HMW cannot commit to pre-setting or capping the market rates for the marina after conclusion of the Transition Period. However, HMW has provided a very consistent Consumer Price Index (CPI)-based fee schedule for the period of time that it has operated the marina to-date and agrees to establish the GPSA requested fee schedule for the duration of the Transition Period.

- Currently it costs boat owners a Base Slip Fee of \$11.85/ft per month to store a boat at the marina. There is an additional Liveaboard Fee of \$154.53 per month which supports the boat owner’s the ability to live on their vessel. As an example, the current average length of vessel at the marina is approximately 47ft. Accordingly, the average cost to store the boat is \$556.95/month of Base Slip Fees plus the Liveaboard Fee of \$154.53 for a monthly total paid to the Marina of \$711.48.
- When HMW took control of the marina during the 2013/2014 SLA period, Base Slip Fees were \$11.50/ft, with a Liveaboard Fee of \$150. At that time, a 47ft. boat would have therefore paid a total of \$690.50. Therefore, total cost of Slip Fees and Liveaboard Fees has increased by only just over \$20/month over a 5-year period.
- This increase of since 2013/2014 of \$0.35/ft in Base Slip Fees and \$4.53 in Liveaboard Fees (\$20/month total) represents a total increase of just 3% over the intervening 5 years, compared to typical landside apartment rental rates for the neighborhood that have increased at approximately 3% each year over that same 5 year period.
- The slip fee schedule (see chart below) that GPSA proposed, and HMW agreed to comply with in the interest of concluding the negotiation, typically increases Base Slip Fees each year by \$1.25/ft/month. For the typical 47’ boat example above this equates to a \$58.75/month increase in Base Slip Fees. Further, the established fee schedule that HMW has agreed to comply with for the current existing liveaboards during the interim period includes a typical increase of \$15/month each year in the Liveaboard Fee. In sum, this creates a total annual increase of less than \$75 in monthly fees paid to the Marina during a Transition Period, during which the liveaboard community is provided new concrete floating docks (at a cost of approximately \$26.2 million) and a new clubhouse building and marine support facilities (at a cost of approximately \$4.5 million) for a total cost of \$30.7 million for just the Liveaboard portion of the Marina.

<b>Existing Liveaboard Fee Schedule</b>	<b>Slip Fees</b>	<b>LA Fees</b>
Existing	\$11.85	\$154.53
2018/19 SLA	\$13.10	\$175.00
2019/20 SLA	\$14.35	\$190.00
2020/21 SLA	\$15.60	\$205.00
2021/22 SLA	\$16.85	\$220.00
Completion of Transition Period	Market	Market
Any vessel sale at any time	Market	Market

- In 2017, HMW completed the construction of the Z Dock facility at a cost of approximately \$7.5M (part of the aforementioned \$30.7 million), which provided new concrete dock facilities that are currently hosting 18 liveaboard vessels. HMW incurred this expense in order to build the 7<sup>th</sup> St Recreation Pier, a significant public amenity, but, despite providing new state of the

art facilities, did not increase slip fees for the vessels on Z Dock. The marina currently operates at a deficit to break-even level each year, before considering the additional costs, debt service, expenditures related to the investment in the new marine facilities.

- With the proposed Transition Period fee schedule, over the 12-year period from when HMW started the zoning entitlements work in 2010 to the anticipated completion of Phase 2 in 2022, the Base Slip Fee will have only increased by an average of \$0.45/lf/month each year (or just over \$20/month each year for the 47' boat). The Liveaboard Fee during that 12 years will increase by a total of \$70, or an annual average increase of \$5.83/month, for an approximate average increase of only \$26/month each year for 12 years.
- These fees create a marina that requires a significant operational and investment subsidy by HMW and provides what in theory is “market rate” housing that is actually priced at or below some of the actual affordable and workforce rental housing that the Wharf is already obligated to construct landside.
- Should those existing Liveaboards that are able to qualify for the Wharf landside income-restricted affordable and workforce units wish to enter into the lottery for the approximately 115 affordable and workforce units in Phase 2 that will become available near the end of the Transitional Period, as an alternative way of remaining in the community, HMW will, while complying with all relevant Fair Housing and other statutes, work to ensure that these affordable and workforce housing opportunities are known to the existing liveaboards and will release, without penalty, any slipholder that wishes to terminate their license agreement in order to sign a landside lease.

- **Value of Liveaboard Status:** Both HMW and GPSA acknowledge that vessels in the marina trade at a significant premium above the value of the actual vessel itself due to the Liveaboard Slip License that comes along with the vessel. This premium in value goes strictly to the boat owner upon sale and the marina or HMW does not participate in the appreciated value, despite providing the investment in improving the facilities and providing subsidized fees during the transition period and developing the surrounding community amenities that help to give the Liveaboard status its inherent value.
  - Recent sales of vessels in the marina have seen this premium increase markedly as Phase 1 of the Wharf prepares to open and the adjacent Waterfront Park has opened – as an example, the last vessel that sold in the marina achieved a premium of approximately \$50,000 above the value of the actual vessel itself.
  - Further, a recent article in the Washington Business Journal interviews two current prominent Slipholders (the former president of GPSA and Commodore of the in-marina Yacht Club) who expect that they could sell their vessels, should they choose to, at premiums between \$58,000 and \$70,000 due largely to the surrounding amenities The Wharf will add. These estimated sales prices of \$90,000 and \$150,000 on boats which originally cost \$32,000 and \$80,000 represent increases in vessel value (with liveaboard SLA) of 281% and 188%, respectively, over the past 5 to 6 years, due largely to HMW’s redevelopment of the Wharf and the exclusive nature of the limited number of liveaboard slips available in the Marina.
  - GPSA and the HMW together came to the idea of offering a “Vessel Purchase Program” whereby, as further described in the Letter Agreement that GPSA and HMW are working to

conclude, within 12 months of the execution of the letter agreement, HMW would purchase any Slipholders' vessel, inclusive of the liveaboard status, for the appraised value of the vessel plus a \$15,000 premium above appraiser determined fair-market value of the vessel. This idea was proffered by both parties as a way to ensure than any Slipholder who wished to capitalize on the value of the liveaboard slip and exit the marina would have a simple and established mean to do so for a fixed period of time.

- **Commitment to a 94 slip liveaboard community:** since the earliest agreements with GPSA, HMW has never wavered in its commitment to restore the liveaboard portion of the marina back to the 94 slips that existed before the redevelopment. The liveaboard community, as with any community, is a very dynamic "entity" with significant turnover of individual members. Some examples of the changing composition of the Marina are noted below:
  - 14 Slipholders joined the marina before the city put the property out for RFP to start the redevelopment process (though the city had plans on the books for redevelopment well before this)
  - 25 Slipholders joined during the zoning entitlement period for the project
  - 34 Slipholders, or more than 38% of the current liveaboard Slipholders, joined after Phase 1 construction had commenced
  - 42 Slipholders, or almost 48% of the current liveaboard Slipholders, joined after the original 2012 agreement was signed between GPSA and HMW.
  - Despite this significant turnover and change in the boat owners with liveaboard slips, HMW's commitment to maintaining this dynamic and evolving community has always remained. As requested by GPSA, HMW has agreed to commence the restoration of the number of liveaboard slips to a minimum of 94 within twelve months of the completion of the Transition Period and that there will be a reasonable process established by HMW for filling the available liveaboard slips.

As demonstrated above, HMW takes its commitments to the community very seriously, has provided immense value for the existing Slipholders, has never wavered from the commitment to 94 liveaboards, has made every reasonable accommodation available for the existing Slipholders, has implemented or committed to a decade long period of below-market cost controls, and is investing more than \$30 million in a world-class marina with the features and amenities designed to improve the quality of life for the liveaboard community.

- **See WB3 Design Progress and Concept images on following pages**





**Water Building 3: View South**



**Water Building 3: View North**



GREAT ROOM LOOKING NORTH  
THE WHARF - WATER BUILDING 3



STUDIOS  
architecture

**Water Building 3: Great Room Interior Concept**



GREAT ROOM LOOKING SOUTH  
THE WHARF - WATER BUILDING 3



STUDIOS  
architecture

**Water Building 3: Great Room Interior Concept**





**ENTRANCE LOBBY LOOKING WEST**  
THE WHARF - WATER BUILDING 3



**STUDIOS**  
architecture

**Water Building 3: Lobby Entrance Interior Concept**



**SECTION PERSPECTIVE @ KITHCEN & DINNING**  
THE WHARF - WATER BUILDING 3



**STUDIOS**  
architecture

**Water Building 3: Kitchen and Exterior Entrance Concept**



SECTION PERSPECTIVE @ GREAT ROOM  
THE WHARF - WATER BUILDING 3



STUDIOS  
architecture

**Water Building 3: Great Room Interior Concept**



SECTION PERSPECTIVE @ LOBBY  
THE WHARF - WATER BUILDING 3



STUDIOS  
architecture

**Water Building 3: Lobby and Balcony Concept**