



CONFIDENTIAL AND PROPRIETARY



ST. PETERSBURG MUNICIPAL BUILDING

REVISED PROPOSAL

7/17/2020





2ND AVENUE SITE - NEW MUNICIPAL SERVICE CENTER BUILDING

2ND AVENUE SITE - NEW MSC BUILDING

Office & Residential Building



Based on the feedback we were given for the new MSC Building site, The Allen Morris Company is proposing the following to the City of St. Petersburg:

I. Project Summary

- i. We have redesigned the New MSC Building to incorporate a dedicated 120,000 SF office tower, a separate 340-unit residential tower, a 550-space shared parking garage and approximately 12,000 SF of retail on the ground floor facing 2nd Avenue.
 - New program still allows for a portion of the garage to be converted for future office use

II. Ownership Structure

- i. The towers will initially be privately owned and financed but will have a separate ownership structure between the Office Component and Residential Component. The only shared element will be the parking garage.

III. Land Value

- i. The effective value of the land contribution totals \$12.5MM
 - \$4MM allocated to the office component
 - \$8.5MM allocated to the residential component
- ii. We have provided several options that outline different ways the City can use the Land value to either reduce the annual lease payment or use the proceeds to offset City ownership costs

IV. Purchase Price

- i. The Office Component can be purchased by the City any time during the first 5-years (*details of the overall financing proposal can be found starting on page 11 - Options 1-3*).

V. Workforce Housing

- i. The Residential Component will include 15% (52-units) of workforce housing at 120% of AMI.

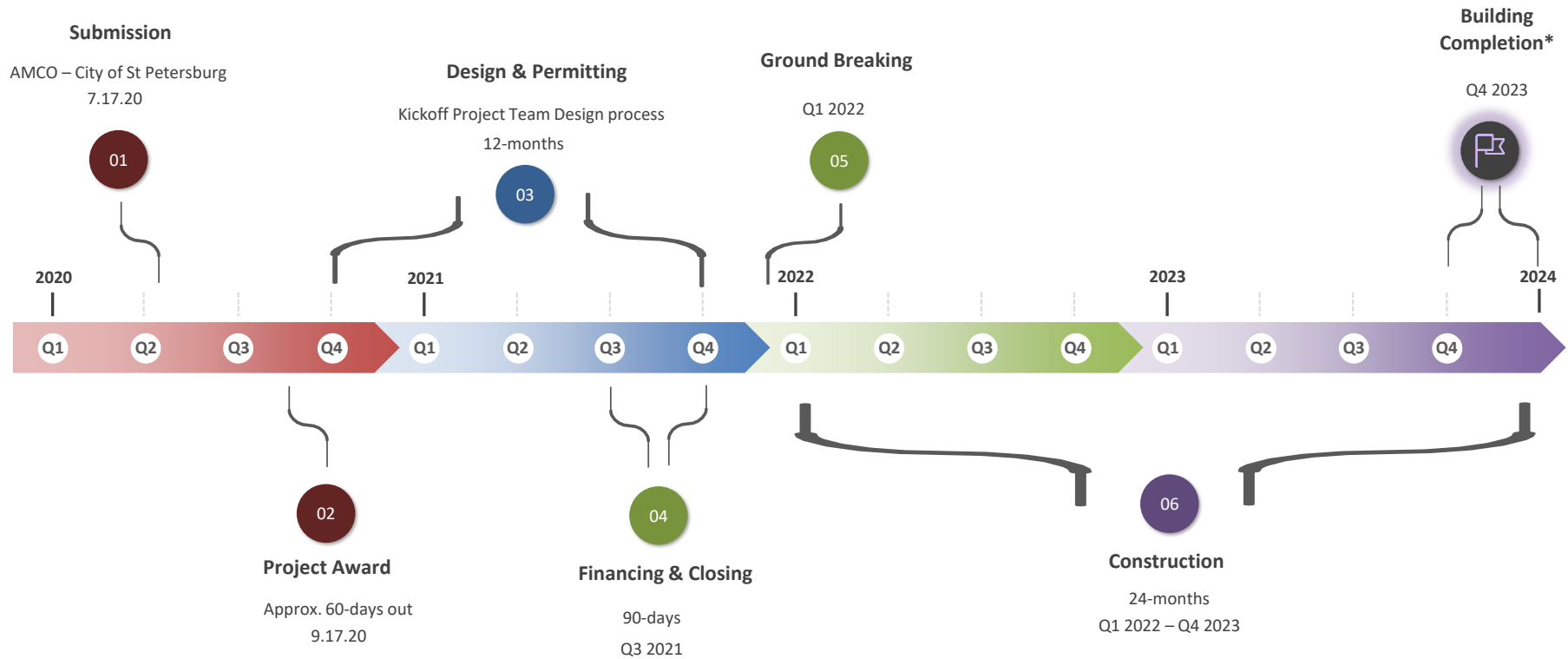
NEW MSC BUILDING RENDERING (FACING 2ND AVENUE)

Office & Residential Building



NEW MSC BUILDING PROJECT TIMELINE

Office & Residential Building



*At Building completion, the TI work will begin for the office interior



CENTRAL AVENUE SITE - GRAND CENTRAL DEVELOPMENT

CENTRAL AVENUE SITE - GRAND CENTRAL DEVELOPMENT

Grand Central Premier Mixed-Use Development

The design of the Grand Central Development remains largely unchanged from our previous proposal. Based on the zoning clarifications provided by the City and additional market research, we were able to make the following changes to optimize value:

I. Project Summary

- i. Our Grand Central Development will consist of 40,000 SF of office, 308 residential units, and approximately 13,000 SF of activated retail.

II. Land Value

- i. The site will be purchased for \$13.25MM upon the City vacating and moving to the new MSC Building.

III. Workforce Housing

- i. The development will include 15% (47 units) of workforce housing at 120% of AML.

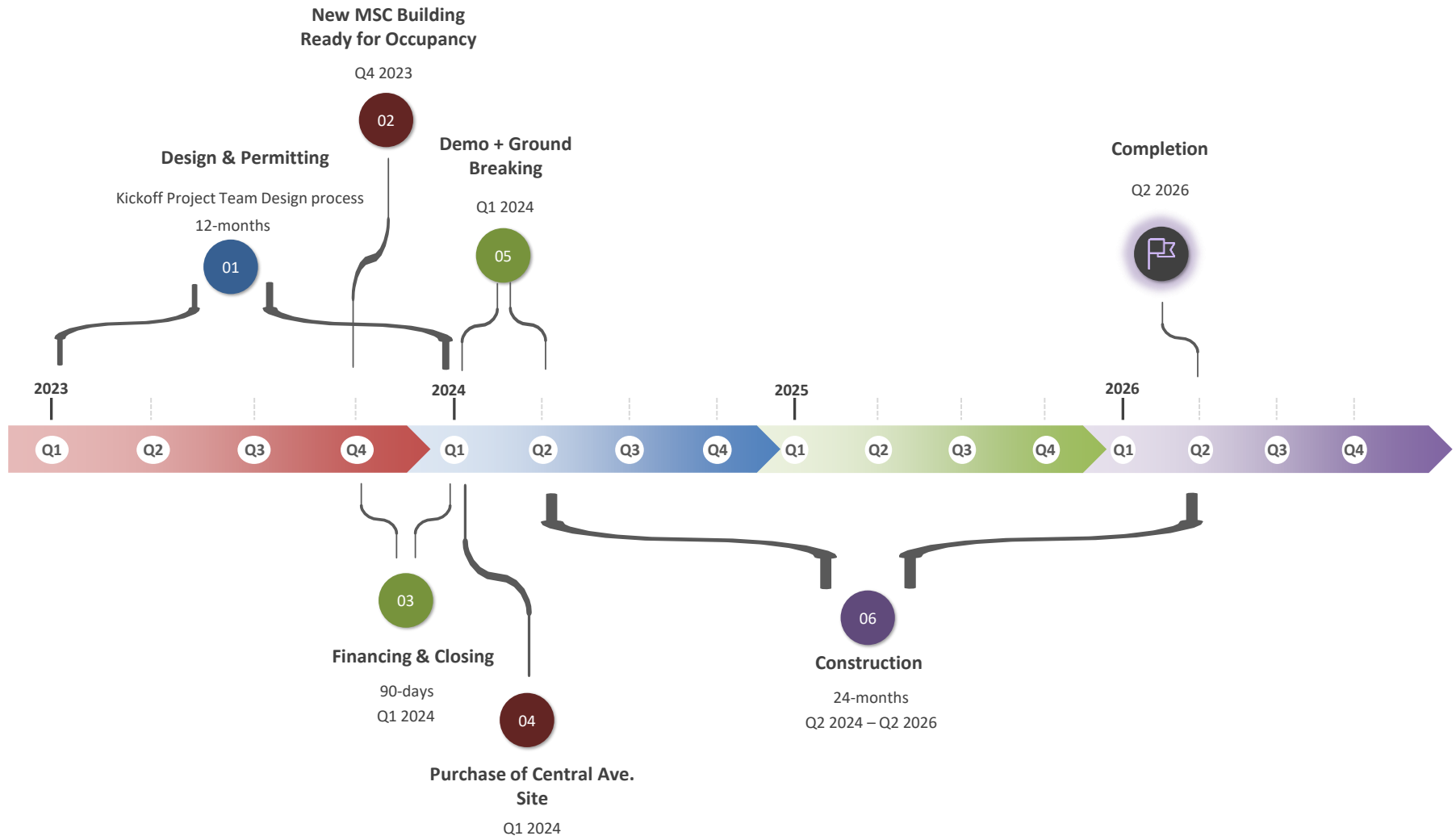
GRAND CENTRAL BUILDING RENDERING (FACING CENTRAL AVE)

Grand Central Premier Mixed-Use Development



GRAND CENTRAL BUILDING PROJECT TIMELINE

Grand Central Premier Mixed-Use Development





FINANCIAL OPTIONS

OPTION 1 - CITY CONTRIBUTES 2ND AVENUE LAND

Cost Summary

- 2nd Avenue land contributed to reduce the City's rent
- City signs lease at a below market rate of \$17 NNN
- City will have option to purchase stand-alone office building within first 5 years starting at a fixed price of \$46.0MM in year 1. Purchase option will increase by \$2MM increments per year*
- Upon completion of new MSC building, AMCO will purchase the Central Avenue site for \$13.25MM
 - In the following chart, the sales proceeds have been used to pay rent and offset the purchase price of the new MSC building. Please note the sales proceeds can be used by the City at their discretion.

	Annual Cash Flow				Net Cost to City by Year of Purchase				
	2nd Ave Land Sales Proceeds	Central Ave Land Sales Proceeds	Rent Expense	New MSC Purchase Option	Total Land Sales Proceeds	Cumulative Rent Expense	Remaining Land Sales Proceeds	New MSC Purchase Option	Net Cost to City
Present	<i>contributed</i>	13,250,000	-	fixed purchase options	13,250,000	-	13,250,000	-	-
Year 1	-	-	2,040,000			2,040,000	11,210,000	46,000,000	(34,790,000)
Year 2	-	-	2,080,800			4,120,800	9,129,200	48,000,000	(38,870,800)
Year 3	-	-	2,122,416			6,243,216	7,006,784	50,000,000	(42,993,216)
Year 4	-	-	2,164,864			8,408,080	4,841,920	52,000,000	(47,158,080)
Year 5	-	-	2,208,162			10,616,242	2,633,758	54,000,000	(51,366,242)

Notable Updates from Previous Proposal

- The City's rent has been reduced by \$10 PSF to a rate of \$17 NNN.
 - This was possible because of the increase in the effective value of the land contribution. The value of the land increased with the addition of the residential component.
- The City's purchase option of the New MSC Office Building has been rounded to a fixed purchase price starting at \$46,000,000.
- \$5.25MM of value added to the Central Ave site to arrive at a total purchase price of \$13.25MM.

*If City does not exercise purchase option, rent will reset to market

OPTION 2 - CITY RECEIVES CASH FOR 2ND AVENUE LAND

Cost Summary

- City receives \$12.5MM from sale of 2nd Avenue land
 - \$4MM allocated to the office component
 - \$8.5MM allocated to the residential component
 - City can apply sales proceeds to cover the cost of the initial lease and/or reduce the purchase price of the new MSC building
- City signs market rate lease of \$30 NNN
- City will have option to purchase stand-alone office building within first 5 years at a 6.25% rate
- Upon completion of new MSC building, AMCO will purchase the Central Avenue site for \$13.25MM
 - In the following chart, the sales proceeds have been used to pay rent and offset the purchase price of the new MSC building. Please note the sales proceeds can be used by the City at their discretion.

	Annual Cash Flow				Net Cost to City by Year of Purchase				
	2nd Ave Land Sales Proceeds	Central Ave Land Sales Proceeds	Rent Expense	New MSC Purchase Option	Total Land Sales Proceeds	Cumulative Rent Expense	Remaining Land Sales Proceeds	New MSC Purchase Option	Net Cost to City
Present	12,500,000	13,250,000	-	6.25% rate variable purchase option	25,750,000	-	25,750,000	-	-
Year 1	-	-	3,600,000			3,600,000	22,150,000	57,600,000	(35,450,000)
Year 2	-	-	3,672,000			7,272,000	18,478,000	58,752,000	(40,274,000)
Year 3	-	-	3,745,440			11,017,440	14,732,560	59,927,040	(45,194,480)
Year 4	-	-	3,820,349			14,837,789	10,912,211	61,125,581	(50,213,370)
Year 5	-	-	3,896,756			18,734,545	7,015,455	62,348,092	(55,332,637)

Notable Updates from Previous Proposal

- The City receives \$12.5MM of sales proceeds from 2nd Avenue rather than contributing the land.
- The City's rent is set to market at a rate of \$30 NNN.
- \$5.25MM of value added to the Central Ave site to arrive at a total purchase price of \$13.25MM

OPTION 3 - CITY CONTRIBUTES SOME LAND, RECEIVES SOME CASH

Cost Summary

- City receives \$8.5MM from sale of residential component of 2nd Ave land and contributes the office component of 2nd Ave land
 - City can apply sales proceeds to cover the cost of the initial lease and/or reduce the purchase price of the new MSC building
- City signs below-market rate lease of \$27 NNN
- City will have option to purchase stand-alone office building within first 5 years at a 6.25% rate
- Upon completion of new MSC building, AMCO will purchase the Central Avenue site for \$13.25MM
 - In the following chart, the sales proceeds have been used to pay rent and offset the purchase price of the new MSC building. Please note the sales proceeds can be used by the City at their discretion.

	Annual Cash Flow				Net Cost to City by Year of Purchase				
	2nd Ave Land Sales Proceeds	Central Ave Land Sales Proceeds	Rent Expense	New MSC Purchase Option	Total Land Sales Proceeds	Cumulative Rent Expense	Remaining Land Sales Proceeds	New MSC Purchase Option	Net Cost to City
Present	8,500,000	13,250,000	-	6.25% rate variable purchase option	21,750,000	-	21,750,000	-	-
Year 1	-	-	3,240,000			3,240,000	18,510,000	51,840,000	(33,330,000)
Year 2	-	-	3,304,800			6,544,800	15,205,200	52,876,800	(37,671,600)
Year 3	-	-	3,370,896			9,915,696	11,834,304	53,934,336	(42,100,032)
Year 4	-	-	3,438,314			13,354,010	8,395,990	55,013,023	(46,617,033)
Year 5	-	-	3,507,080			16,861,090	4,888,910	56,113,283	(51,224,373)

Notable Updates from Previous Proposal

- The City receives \$8.5MM of sales proceeds from residential component of 2nd Ave land.
- The City's rent is set to below-market rate of \$27 NNN, the same rate of our previous proposal
- \$5.25MM of value added to the Central Ave site to arrive at a total purchase price of \$13.25MM

COST TO THE CITY - COMPARISON CHART OF ALTERNATIVE OPTIONS

2nd Avenue and Central Avenue Site





















The following chart compares the cost to the City assuming a Year-5 purchase under the various proposed scenarios.

	OPTION 1		OPTION 2		OPTION 3			
	2nd Ave Land Contribution Scenario		2nd Ave Land Cash Sale Scenario		2nd Ave Land Hybrid Scenario		Previous Proposal	
2nd Ave Sales Proceeds -- Residential Component	-		8,500,000		8,500,000		<i>no residential component</i>	
2nd Ave Sales Proceeds -- Office Component	-		4,000,000		-		-	
Central Avenue Sales Proceeds	13,250,000		13,250,000		13,250,000		8,000,000	
Year 1 Lease	\$17 NNN	(2,040,000)	\$30 NNN	(3,600,000)	\$27 NNN	(3,240,000)	\$27 NNN	(3,240,000)
Year 2 Lease		(2,080,800)		(3,672,000)		(3,304,800)		(3,304,800)
Year 3 Lease		(2,122,416)		(3,745,440)		(3,370,896)		(3,370,896)
Year 4 Lease		(2,164,864)		(3,820,349)		(3,438,314)		(3,438,314)
Year 5 Lease		(2,208,162)		(3,896,756)		(3,507,080)		(3,507,080)
2nd Ave Purchase Price -- Office Component	fixed price	(54,000,000)	6.25%	(62,348,092)	6.25%	(56,113,283)	6.25%	(56,113,283)
Total Sales Proceeds to City (2nd Ave & Central Ave)	13,250,000		25,750,000		21,750,000		8,000,000	
Total Lease Payments by City (5 years)	10,616,242		18,734,545		16,861,090		16,861,090	
Total Buyout by City (year 5)	54,000,000		62,348,092		56,113,283		56,113,283	
City's Total Cash Requirement (year 5)	51,366,242		55,332,637		51,224,373		64,974,373	

PROPOSED FINANCING STRUCTURE FOR EXISTING MSC BUILDING

The Allen Morris Company will solely purchase the land for the existing MSC Site upon the City vacating and moving to the new MSC Building. Upon closing on the land, The Allen Morris Company will raise the needed debt and remaining equity to finance the proposed development. The Allen Morris Company has a proven track record of raising over \$850MM in capital over the last 5-years with strong relationships with both equity and debt as outlined below:

Project Name	Equity Partners	Lenders
Hermitage		 Bank 
SLS Lux		
Maitland City Centre	 	 
Star Metals Residences		 
The Julian at Creative Village		 
Star Metals Offices		 

KEY CONSIDERATIONS

2nd Avenue and Central Avenue Site

- I. **Workforce Housing:** We are proposing to build 15% workforce housing on both the 2nd Avenue and Central Avenue sites – totaling about 99 workforce housing units
- II. **Competitive Economic Proposal:** By developing a mixed-use project on both 2nd and Central Avenue with retail, office, and residential, it will spur economic development in the local area and increase tax base for the City
- III. **Flexible Financial Structure:** Customizable financing solution to meet City's short-term and long-term goals
- IV. **Simplified Development Strategy:** Our development program is not dependent on acquiring other sites as part of an assemblage
- V. **No Public Hearing:** Our proposed developments are within the City's current Zoning; no public hearing required
- VI. **Experienced Developer:** An established Sponsor with a proven track record in commercial, office and multi-family mixed-use developments. The team has developed mixed-use projects in markets across the Southeast U.S - including St. Petersburg

www.allenmorris.com

