Dear Mayor Kriseman,

Property Markets Group (PMG) would like to help the City of St. Petersburg’s Municipal Services Center relocate from its current location on Central Avenue between 3rd and 4th Streets, including the parking facility, approximately .8 acres, to the city owned parcels located at the North side of 2nd Avenue N. between 4th and 5th Streets, approximately 1.38 acres.

Our proposal includes offering the City a Joint Venture for the construction of a new office building and parking facility. The City will sell their existing site on Central Avenue to PMG for $12,000,000 all cash. The City will contribute the 2nd Avenue N Land to the Joint Venture, valued at approximately $10,000,000, to help construct a new office facility on the site located at 2nd Avenue. If additional cash is needed to build the office building, the city will contribute the funds.

PMG will borrow or raise approximately $35,000,000 to complete the construction of the new City office building and will act as developer and guarantor for this new project. The site will include 100,000 square feet of class A office space located on top of a 500-car parking facility, as well as 220 residential rental units and additional parking. Of the 220 residential units, approximately 33 units, or 15%, will be workforce housing (120% AMI). The costs associated with developing the residential portion and its respective parking spaces shall be the developer’s responsibility. The office project design will be approved by the City.

Upon occupancy, the City will pay rent to the developer in an amount that will cover the cost of the debt and maintain a minimum debt service coverage ratio of 1.0. To clarify, assuming a 5% interest rate on $35,000,000 of debt, the net operating income from the office and associated parking must be at least $1,750,000 to support a 1.0 debt service coverage ratio.

The city will continue to pay a below the market rent for a period up to five years. At any time during the initial 5-year term, the City can elect to purchase the building from the Joint Venture at cost. If the purchase option is not exercised, the City will agree to pay a market rent at the end of the 5-year term, and the building will be sold. At that time of the sale, the City will realize a return of its capital plus an additional 50% of the net profits from the sale.

The development plan of PMG on the Central Avenue site is to build a world class mixed-use building. Potential uses include residential condominium units, residential rental units, upscale retail, an office component, a hotel and parking for all the different uses.

While our proposal and site mix are still in its preliminary stages, we anticipate that we would build approximately 1,500,000 gross square feet in the new structure. We have identified the following amount of space, within the new building, for each use as follows:

1) Office : 100,000 square feet
2) Retail : 100,000 square feet
3) Hotel : 150,000 square feet (200+ Keys)
4) Residential : 500 Units
5) Parking : 1,000 parking spaces
We are excited to partner with the City of St. Petersburg and create two great additions to the city’s growing skyline. We are available to meet and discuss this basic outline with you at your convenience. We look forward to hearing from you soon. Thank you.

Best Regards,

Jon Glickman