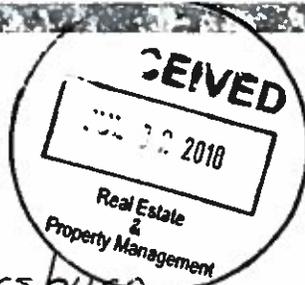


JES INTERESTS, INC
1830 SW 23RD TER
FORT LAUDERDALE, FL 33312-4522

1037

63-751/631 10951
3881778348



Date 6/27/2018

Pay To The
Order of

City of St. Petersburg

\$ 250.00

Two hundred fifty and 00/100

Dollars



Wells Fargo Bank, N.A.
Florida
wellsfargo.com

For Proposal For Tangerine Plaza

John Sybil

⑈000000 1037⑈



**Response to Request for Proposal for City-Owned Real Property Located at 1794
22nd Street South Saint Petersburg, FL 33712**

June 2018

If you have any questions or require additional information, please contact members of the Management Team:

John Strzalka john.strzalka@gmail.com 954-654-0632

Jason Glaser jason@tciicapital.com 786-282-9841

Marc Lewin marc@tciicapital.com 305-984-7496

Introduction

Pursuant to The City of St. Petersburg's ("City") request for proposals for Tangerine Plaza, TCII Capital Group LLC ("TCII") is submitting the following proposal for a ground lease with an option to purchase Tangerine Plaza ("Property" or "Tangerine Plaza"), a +/-47,390 square-foot shopping center on +/-3.6 acres and located at 1794 22nd Street South Saint Petersburg, FL 33712. TCII's intent is to re-active the dark big-box space at the Property with tenants that would benefit the local community.

TCII (www.tciicapital.com) is a fully-integrated commercial property management and acquisition company based in Hollywood, FL with a specific focus on shopping centers in central and northern Florida. Founded in 2001, the company currently operates in excess of 1mm square-feet of space. Resumes of the key personal ("Management Team") that will form the operating entity for the Property are listed below:

Jason Glaser

Jason Glaser is a graduate of the University of Florida in 2007 with a B.A. in Economics. After graduation Jason worked for Americas Property Management Corp. in Doral managing a 500,000 SF warehouse park.

In 2008, Jason returned to the University of Florida and received a Master in Science of Real Estate and then pursued a second degree and received a Master of Arts in International Business.

While completing the two Master's degrees Jason worked for Butler Enterprise based in Gainesville, Florida. Butler Enterprises is a privately held real estate company that owns, develops and operates large commercial shopping centers. Jason responsibilities included all of the day to day property management responsibilities for Butler Plaza, a 1,000,000 Square Foot retail shopping center, with various National and regional tenants.

In 2010, Jason took a position with Southeast Centers as a financial analyst. Southeast Centers is responsible for managing Prudential Real Estate Investment's grocery anchored portfolio across the entire state of Florida. A portfolio valued at close to \$1 Billion. Jason responsibilities included underwriting pro-formas for over \$200,000,000 in acquisitions. Jason was also involved with the day to day management of 25 commercial shopping centers throughout the state and also assisted with development and leasing teams.

In 2012, Jason received an offer to go work with Triarch Capital Group based out of Aventura, FL. Triarch Capital specializes in acquisition and redevelopment of commercial properties throughout the entire state of Florida. While at Triarch Jason was responsible for all tenant relations regarding the portfolio as well as financial analysis for the underwriting of all acquisitions. Jason also acted as their leasing agent for local properties and worked with the banks to provide proper financials for each loan, refinance and acquisition.

In 2013, Jason joined his step-father, Spencer Enslein, at TCII Property Management Inc. in an effort to create an investment strategy that would allow them to increase their portfolio through the acquisition of commercial retail properties. At TCII Jason is responsible for day to day management operations for the portfolio. He handles tenant relations and assists with all types of capital improvement work. Jason is also a leasing agent on the properties.

John Strzalka

John Strzalka is a 2004 graduate of Villanova University, with Bachelor Degrees in Finance, International Business, and Spanish. In 2006, he also earned his Master of Science in Finance from Villanova University.

John began his commercial real estate career at Equity One (now Regency Centers) in North Miami Beach, working in acquisitions, capital markets, and research. In 2007, he moved with three former Equity One executives to the newly-formed Global Fund Investments (www.gfinvestments.com) as VP of Acquisitions. During his tenure with Global, John acquired in excess of \$450mm of shopping centers through various methods: non-performing mortgage and REO acquisitions, fee-simple institutionally owned purchases, and portfolio acquisitions, focusing primarily on Florida and Texas.

In 2014, John joined Ibis Development at COO. In partnership with family offices and private institutions, he acquired in excess of \$100mm of shopping center and single tenant retail assets. He currently has ownership interests in approximately 700,000 square-feet of retail and office space, predominantly in the southeast. John also serves as the president of JES Interests, Inc., in which he pursues strategic development and acquisition opportunities with TCII Capital.

John is a licensed Real Estate Sale Associate in the state of Florida, holds a certification in Argus underwriting software, is an active member of the International Council of Shopping Centers (ICSC), and sits on the board for Villanova's DiLella Center for Real Estate.

Marc Lewin

Marc Lewin is a graduate of the University of Michigan in 2002 with a B.A. in Economics. In 2007, he received a Juris Doctorate degree from Nova Southeastern Law School. Marc passed the Florida Bar Exam in 2007 and has been a licensed lawyer ever since.

While completing his law school degree, Marc worked as a Realtor doing leasing and sales for Image Setters Realty with a focus on luxury condos. After graduating from law school in 2007, Marc went to work for his family office involved in Multi Family development, as well as leasing and management of office and industrial properties in Florida, Texas, and California.

In 2015, Marc moved his real estate license to TCII Capital Group, LLC in an effort to join a team looking to increase their portfolio through the acquisition of commercial retail properties. Marc's responsibilities included underwriting proformas, leasing of current assets, investment strategy and investor relations.

At TCII, Marc is responsible for day to day leasing of the properties in the portfolio. He handles tenant relations and assists in day to day management.

Since coming on board at TCII, Marc has facilitated in all nine of its acquisitions in the state of Florida since 2015. He is now helping to create an investment strategy to acquire income producing properties as well as development opportunities throughout the country to grow the TCII portfolio outside of Florida.

Completed Grocery Box Redevelopments by Management Team

Seven Hills Shopping Center – Spring Hill, FL

The +/-87,000 square-foot shopping center was acquired in May of 2015. It was anchored by a +/-43,500 square-foot SweetBay store, which had ceased operations but still had lease term. The space was demised into a +/-21,000 square-foot Planet Fitness, whose lease commenced in 2017, and is a highly-successful location. The remainder of the box is currently in negotiations for a grocery store.

Imperial Bonita – Bonita Springs, FL

The +/-70,000 square-foot shopping center was acquired as a non-performing mortgage in October of 2014. It was anchored by a +/-61,000 square-foot Albertsons store, which had ceased operations but still had a long lease term. The Albertsons lease termination was finalized in December 2016. The box was close to being redeveloped into grocery and fitness lease but is now being acquired by a large-format medical end user.

Cobblestone Crossing – Jacksonville, FL

The +/-102,000 square-foot shopping center was acquired in 2008 and was anchored by a non-prototypical Publix store. In 2015, that store was redeveloped from a 32,000 square-foot store into a modern, 53,000 square-foot store. The redevelopment took eight months and involved closing the existing store and rebuilding the new store from the ground up.

Tangerine Plaza – Strengths & Weaknesses

Strengths

- 1.) Modern, attractive construction with a minimum of unusable retail space. Property appears to be in very good physical condition.
- 2.) The Property is cash flow positive with a strong credit tenant making up 75% of the cash flow.
- 3.) The grocery box could potentially be turn key, and a lease termination can provide capital to demise the box (see response to question 9.3 for further details).
- 4.) The Property has substantial developments/redevelopments occurring in the immediate area.

Weaknesses

- 1.) The Property has a well-known history of failed grocery stores: SweetBay (failure/acquisition of chain by BiLo) and Walmart (closing likely due to cannibalization of other location's sales).
- 2.) Walmart lease termination negotiations may be protracted and create future use restrictions on the Property.
- 3.) Although a "food desert," the income demographics and estimated retail expenditures are typically below many retail tenant's thresholds. See attached demographic/expenditure report in Exhibit "A."
- 4.) The location is considered a "neighborhood" site, meaning it is not located on a major artery, which limits retailer interest.

Responses to Request for Proposal Questions

9.1. A description of the proposed use and identification of the end-user, if not the Proposer. Include a conceptual site plan or illustration

TCII is a landlord who leases to tenants. Since TCII does not have an existing agreement with the City, we are not able to yet identify or talk to end users for the empty box. Our intent is to retain the existing local shop tenancy at the Property and solicit tenant leases from local and national tenants for the former box. Intended uses are grocery, fitness, soft goods, medical, and discounters. The box may be leased as a whole but will likely need to be demised into two smaller spaces with two separate facades. Based on TCII's experience in demising grocery boxes, the total cost of demising the space should be in the \$1,000,000 range. We do not yet have an illustration or plan of this design but would be open to providing the City with a design should tenants show interest. Anchor box lease negotiations can take months or years to complete prior to delivery to the tenant.

Before any end-user can be identified, a termination with Walmart must be completed. The economics of this termination will need to be analyzed not only from a termination fee perspective but also from a potential use restriction perspective (the tenant may require a grocery use restriction as part of a lease termination). As suggested in the "Completed Grocery Redevelopments" section above, lease termination negotiations can be lengthy and fluid, based on the tenant's current corporate edicts and submarket conditions. Through a close leasing contact, TCII has a strong connection with decision makers in Walmart Real Estate department and is ready to commence discussions should an agreement with the City be reached. By TCII's estimation, through its December 2026 expiration, Walmart owes \$1.82mm in base rent, and an estimated \$3.21mm in gross rent (including operating expense reimbursements). An estimate for a termination payment with Walmart would be about 60% of the base rent due for the remainder of the lease, or approximately \$1mm. TCII cannot guarantee or validate this estimate without prior discussions with Walmart or having the tenant provide corporate approvals for a termination.

Below is a list of national tenants who currently are missing from the market:

Auto Parts / Tires		Clothing Apparel		Fitness	
Firestone	5.36 Mi NE	Cato	19.85 Mi NE	Crunch	9.82 Mi NW
Goodyear	12.36 Mi NW	dd's DISCOUNTS	21.78 Mi NE	Gold's Gym	21.22 Mi NE
Honest-1	24.24 Mi NE	K&G Superstore	25.17 Mi NE	Planet Fitness	6.17 Mi NW
Just Brakes	5.71 Mi NW	Burlington Coat Factory	9.66 Mi NW	Powerhouse Gym	19.67 Mi NE
Pep Boys	7.13 Mi NW	Deal\$	17.43 Mi NE	Snap Fitness	12.62 Mi NW
Quick Lane	22.37 Mi NE	Five Below	10.35 Mi NW		

Grocery Stores		Restaurants	
Luckys Market	5.06 Mi NW	Krystal	19.91 Mi NE
IGA	24.61 Mi NE	Long John Silver's	9.63 Mi NW
Home Improvement		Popeyes	6.79 Mi NW
Harbor Freight Tools	5.90 Mi NW	Wing Stop	21.69 Mi NE
Northern Tool	19.19 Mi NE	CiCi's Pizza	5.90 Mi NW

9.2. Preferred real estate interest to be conveyed (i.e. Lease, Lease w/ Purchase Option etc.) and specific terms thereto

TCII proposes the following terms, which would be memorialized in a formal Ground Lease:

Ground Lease Term: Forty (40) Years from the City.

Initial Rent Per Year: One-hundred thousand dollars (\$100,000.00), paid in equal monthly installments.

Rental Increases: Five percent (5.0%) after every ten (10) years of the Lease Term.

Option to Purchase: TCII shall have the option to purchase the ground lease under the Property for two-million dollars (\$2,000,000.00) with thirty (30) days' notice to the City. Said option to purchase shall increase by five percent (5.0%) every ten (10) years.

Feasibility Term / Cancellation Right: During the first twenty-four (24) months of this lease, TCII will endeavor to re-tenant the shopping center with acceptable tenants, pursuant to the "Approvals and Major Decisions" and "Reporting Requirements" described below. Should TCII decide, in their sole discretion, that the Property cannot be leased or redeveloped, TCII may terminate this lease with thirty (30) days' notice to the City with no further liability. Should TCII fail to report leasing progress noted in "Reporting Requirements" below, the City shall have the option to terminate this lease with thirty (30) days' notice with no further liability to either party.

Reporting Requirements: TCII shall report leasing/redevelopment/lease termination progress no less than twice monthly to the City via the appropriate channels.

Approvals and Major Decisions: TCII shall negotiate letters of intent, leases, and lease terminations directly with the tenant(s).

Lease Termination Escrow: Should a termination with Walmart be reached, the termination monies shall be placed in escrow and shall only be used to fund property improvements and/or soft costs. Any remaining funds shall be credited to future ground lease payments or the option purchase price.

Redevelopment Assistance: The City will prioritize any zoning or building department approvals required for the redevelopment of the Property.

9.3. A project pro-forma and construction budget

Tangerine Plaza: Stabilized Income after Walmart Box Re-Tenancing

1794 22nd Street South Saint Petersburg 33712												
Ste	Tenant	GLA	Start	Expiry	ABR	CAM	INS	TAX	MGT	Gross	% Gross	
1754	Suit World	1,310	Feb-07	MTM	15.00	1.50	0.70	1.97	0.00	19.17	6%	
1762	China Star	1,293	May-06	MTM	15.00	1.50	0.70	1.97	0.00	19.17	6%	
1766	Cell Touch	1,293	Dec-14	Nov-19	14.50	1.50	0.70	1.97	0.00	18.67	5%	
1770	Vacant	1,293								0.00	0%	
1778	My Beauty Supply	1,293	Jul-14	MTM	14.50	1.50	0.70	1.97	0.00	18.67	5%	
1782	Meme's Beauty Supply	1,293	May-07	MTM	13.00	1.50	0.70	1.97	0.00	17.17	5%	
1786	Vacant	536								0.00	0%	
1794A	Demised Space #1	20,000		10 Yrs	4.00	1.50	0.70	1.97	0.00	8.17	37%	
1794B	Demised Space #2	19,079		10 Yrs	4.00	1.50	0.70	1.97	0.00	8.17	35%	
Total		47,390			249,667	68,342	31,893	89,741	0	439,642	100%	
Total Anchor		39,079	82%									
Total Local		8,311	18%									
Total Local Vacant		1,829	22%									
Total Overall Vacant		1,829	4%									
Gross Revenue		439,642										
CAM		71,085	1.50									
INS		33,173	0.70									
TAX		93,344	1.97									
MGT (5% Gross)		21,982	0.46									
Capex/Reserves		11,848	0.25									
Total Operating Expenses		231,431	4.88									
Net Operating Income		208,211										

Project Sources & Uses	
Sources	
Walmart Lease Termination Fee	1,000,000
Total Sources	1,000,000
Uses	
Legal / Closing Costs	25,000
Box Demising Costs	550,000
Façade Improvements	250,000
Leasing Commissions	150,000
Capital Expenditures	25,000
Total Uses	1,000,000

9.4. Confirmed or verifiable sources of funds supporting the Proposer's financial capability of undertaking the proposed development, including company operating revenues and expenses, history of debt repayments, and letters of credit

TCII is adequately capitalized, and able to provide financials should the City require them. The assumptions regarding the redevelopment of the Property do not require substantial out-of-pocket costs as 1.) the Property is currently cash flow positive to cover ground lease payments and 2.) there should be an adequate re-tenancing capital from a potential termination with Walmart.

9.5. A project time line, including date specific milestones such as project approvals, commencing and completing construction and opening for business. Phased projects must include this information for each phase

Below is the estimated timeline from when TCII and the City sign a binding Letter of Intent ("LOI"):

LOI to 12 months: Signed termination agreement with Walmart.

LOI to 18 months: Signed lease(s) with potential tenant(s).

LOI to 24 months: Demising or retrofitting of the Walmart box.

LOI to 24 months: Delivery to potential tenant(s).

Month 30: Tenant(s) begin to pay rent.

9.6. Estimated type and number of new jobs that the development will create, including a time line, and projected salaries

TCII cannot yet comment on the amount of jobs created due to the unknown variables of 1.) taking back the Walmart space and 2.) the potential backfill tenant(s). TCII will however, be give preference to hiring local vendors and contractors when it comes to capital improvement and renovation work at the property.

9.7. Estimated type and number of existing jobs that will be relocated and/or retained at the Property, including salaries

TCII cannot yet comment on the amount of jobs created due to the unknown variables of 1.) taking back the Walmart space and 2.) the potential backfill tenant(s).

9.8. Affirmative agreement by Proposer to enter into a binding agreement to ensure the completion and occupancy of the development and to ensure the City's objectives for the property are achieved

TCII affirms that it is aligned with the City to ensure the objectives are achieved. Both parties shall have the ability to confirm those objectives pursuant to the "Feasibility Term / Cancellation Right" noted above.

9.9. A complete description of the Proposer's entity (corporation, partnership, etc.) and identification of all parties including disclosure of all persons or entities having a beneficial interest in the proposal

TCII will form a Florida Limited Liability Corporation to hold the proposed ground lease. Managers within that entity will be Jason Glaser, John Strzalka, and Marc Lewin.

9.10. Resume of Proposer's previous experience and a description of the scope and quality of past projects

Resumes of the proposed Managers and their prior grocery box re-tenanting experiences are included above.

9.11. A list of any previous or current City-project that the Proposer or any member of the Proposer's team was involved with, whether directly or indirectly

TCII has not participated in any City projects.

9.12. A complete description of the development team including names, addresses, individual resumes' of those individuals to be assigned to the project; the responsibilities of each team member or firm; and the experience of all those involved

Resumes of the proposed Managers and their prior grocery box re-tenanting experiences are included above.

Contact information for the proposed Managers is below:

John Strzalka, President, JES Interests Inc.

john.strzalka@gmail.com

954-654-0632

1830 SW 23rd Terrace Fort Lauderdale, FL 33312

Jason Glaser, Vice President, TCII Capital Group LLC

jason@tciicapital.com

786-282-9841

2429 Hollywood Boulevard Ste 300 Hollywood, FL 33020

Marc Lewin, Associate, TCII Capital Group LLC

marc@tciicapital.com

305-984-7496

2429 Hollywood Boulevard Ste 300 Hollywood, FL 33020

9.13. Any extraordinary terms or conditions

None noted.

9.14. An affirmative statement that Proposer is not party to or affected by any litigation, administrative action, investigation or other governmental or quasi-governmental proceeding which would or could have an adverse effect upon the Property or upon the ability of Proposer to fulfill its obligations under any agreement relating to this RFP, and there are no lawsuits, administrative actions, governmental investigations or similar proceedings pending or, to Proposer's actual knowledge, threatened against or affecting the Proposer's interest herein

TCII is not involved in any of the above situations which would affect an interest in the Property.

9.15. A primary contact name and numbers including phone, fax, and email

John Strzalka: john.strzalka@gmail.com 954-654-0632

Jason Glaser; jason@tciiicapital.com 786-282-9841

We appreciate the opportunity to work with the City of St. Petersburg and welcome any questions your staff may have.

Sincerely,


John Strzalka


Jason Glaser


Marc Lewin