ST. PETERSBURG MUNICIPAL BUILDING
REVISED PROPOSAL
7/17/2020
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

Submission
AMCO – City of St Petersburg
7.17.20

Project Award
Approx. 60-days out 9.17.20

Design & Permitting
Kickoff Project Team Design process
12-months

Ground Breaking
Q1 2022

Financing & Closing
90-days Q3 2021

Construction
24-months
Q1 2022 – Q4 2023

Building Completion*
Q4 2023

*At Building completion, the TI work will begin for the office interior
CENTRAL AVENUE SITE - GRAND CENTRAL 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 AMI.
GRAND CENTRAL BUILDING RENDERING (FACING CENTRAL AVE)

Grand Central Premier Mixed-Use Development
GRAND CENTRAL BUILDING PROJECT TIMELINE
Grand Central Premier Mixed-Use Development

Purchase of Central Ave. Site
Q1 2024

Design & Permitting
Kickoff Project Team Design process
12-months
Q2 2024

Demo + Ground Breaking
Q1 2024

Financing & Closing
90-days
Q1 2024

New MSC Building Ready for Occupancy
Q4 2023

Completion
Q2 2026

Construction
24-months
Q2 2024 – Q2 2026

Completion
Q2 2026

New MSC Building Ready for Occupancy
Q4 2023

Design & Permitting
Kickoff Project Team Design process
12-months
Q2 2024

New MSC Building Ready for Occupancy
Q4 2023
FINANCIAL OPTIONS
OPTION 1 - CITY CONTRIBUTES 2\textsuperscript{ND} AVENUE LAND

Cost Summary

- 2\textsuperscript{nd} 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.

<table>
<thead>
<tr>
<th>Annual Cash Flow</th>
<th>Net Cost to City by Year of Purchase</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2nd Ave Land Sales Proceeds</td>
</tr>
<tr>
<td>Present</td>
<td>contributed</td>
</tr>
<tr>
<td>Year 1</td>
<td>-</td>
</tr>
<tr>
<td>Year 2</td>
<td>-</td>
</tr>
<tr>
<td>Year 3</td>
<td>-</td>
</tr>
<tr>
<td>Year 4</td>
<td>-</td>
</tr>
<tr>
<td>Year 5</td>
<td>-</td>
</tr>
</tbody>
</table>

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.

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<thead>
<tr>
<th>Annual Cash Flow</th>
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<tbody>
<tr>
<td></td>
<td>2nd Ave Land</td>
</tr>
<tr>
<td>Present</td>
<td>12,500,000</td>
</tr>
<tr>
<td>Year 1</td>
<td>-</td>
</tr>
<tr>
<td>Year 2</td>
<td>-</td>
</tr>
<tr>
<td>Year 3</td>
<td>-</td>
</tr>
<tr>
<td>Year 4</td>
<td>-</td>
</tr>
<tr>
<td>Year 5</td>
<td>-</td>
</tr>
</tbody>
</table>

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.

<table>
<thead>
<tr>
<th>Annual Cash Flow</th>
<th>Net Cost to City by Year of Purchase</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2nd Ave Land Sales Proceeds</td>
</tr>
<tr>
<td>Present</td>
<td>8,500,000</td>
</tr>
<tr>
<td>Year 1</td>
<td>-</td>
</tr>
<tr>
<td>Year 2</td>
<td>-</td>
</tr>
<tr>
<td>Year 3</td>
<td>-</td>
</tr>
<tr>
<td>Year 4</td>
<td>-</td>
</tr>
<tr>
<td>Year 5</td>
<td>-</td>
</tr>
</tbody>
</table>

6.25% rate variable purchase option

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.

<table>
<thead>
<tr>
<th>OPTION 1</th>
<th>OPTION 2</th>
<th>OPTION 3</th>
<th>Previous Proposal</th>
</tr>
</thead>
<tbody>
<tr>
<td>2nd Ave Land Contribution Scenario</td>
<td>2nd Ave Land Cash Sale Scenario</td>
<td>2nd Ave Land Hybrid Scenario</td>
<td></td>
</tr>
<tr>
<td>2nd Ave Sales Proceeds -- Residential Component</td>
<td>-</td>
<td>8,500,000</td>
<td>8,500,000</td>
</tr>
<tr>
<td>2nd Ave Sales Proceeds -- Office Component</td>
<td>-</td>
<td>4,000,000</td>
<td>-</td>
</tr>
<tr>
<td>Central Avenue Sales Proceeds</td>
<td>13,250,000</td>
<td>13,250,000</td>
<td>13,250,000</td>
</tr>
<tr>
<td>Year 1 Lease</td>
<td>$17 NNN</td>
<td>$30 NNN</td>
<td>$27 NNN</td>
</tr>
<tr>
<td>Year 2 Lease</td>
<td>(2,040,000)</td>
<td>(3,600,000)</td>
<td>(3,240,000)</td>
</tr>
<tr>
<td>Year 3 Lease</td>
<td>(2,080,800)</td>
<td>(3,672,000)</td>
<td>(3,304,800)</td>
</tr>
<tr>
<td>Year 4 Lease</td>
<td>(2,122,416)</td>
<td>(3,745,440)</td>
<td>(3,304,800)</td>
</tr>
<tr>
<td>Year 5 Lease</td>
<td>(2,164,864)</td>
<td>(3,820,349)</td>
<td>(3,304,800)</td>
</tr>
<tr>
<td>Year 5 Lease</td>
<td>(2,208,162)</td>
<td>(3,896,756)</td>
<td>(3,304,800)</td>
</tr>
<tr>
<td>2nd Ave Purchase Price -- Office Component</td>
<td>fixed price</td>
<td>6.25%</td>
<td>6.25%</td>
</tr>
<tr>
<td>Total Sales Proceeds to City (2nd Ave &amp; Central Ave)</td>
<td>13,250,000</td>
<td>25,750,000</td>
<td>21,750,000</td>
</tr>
<tr>
<td>Total Lease Payments by City (5 years)</td>
<td>10,616,242</td>
<td>18,734,545</td>
<td>16,861,090</td>
</tr>
<tr>
<td>Total Buyout by City (year 5)</td>
<td>54,000,000</td>
<td>62,348,092</td>
<td>56,113,283</td>
</tr>
<tr>
<td>City's Total Cash Requirement (year 5)</td>
<td>51,366,242</td>
<td>55,332,637</td>
<td>51,224,373</td>
</tr>
</tbody>
</table>
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:

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Equity Partners</th>
<th>Lenders</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hermitage</td>
<td>AIG</td>
<td>TD Bank, BB&amp;T</td>
</tr>
<tr>
<td>SLS Lux</td>
<td>Rockpoint Group</td>
<td>TPG</td>
</tr>
<tr>
<td>Maitland City Centre</td>
<td>Mesirow Financial, LCMA University</td>
<td>SunTrust, TD Bank</td>
</tr>
<tr>
<td>Star Metals Residences</td>
<td>ICM</td>
<td>CapitalSource, Square Mile Capital</td>
</tr>
<tr>
<td>The Julian at Creative Village</td>
<td>Athos Capital Partners</td>
<td>SunTrust, Santander</td>
</tr>
<tr>
<td>Star Metals Offices</td>
<td>ICM</td>
<td>Bank OZK, Barings</td>
</tr>
</tbody>
</table>
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