

July 17, 2020
Mr. Alfred Wendler
Director, Real Estate & Property Management
City of St. Petersburg
1 4th Street North
St. Petersburg, FL 33701

Re: “Best and Final” to construct a new Municipal Services Center and redevelop the site of the existing Municipal Services Center

Dear Mr. Wendler,

Property Markets Group and Feldman Equities (collectively “the Joint Venture”) in consultation with KW Commercial are pleased to submit an updated proposal to construct a new Municipal Services Center (the “New MSC”) and redevelop the existing Municipal Services Center (the “Existing MSC” or “Central Avenue Site”).

We have updated our renderings with the assistance of internationally renowned architect Gensler. These renderings demonstrate the complete physical separation of the proposed office and residential components at the New MSC site. Our update also includes several options for the City of St. Petersburg (the “City”) to apply the purchase price of the Existing MSC towards the construction cost of the New MSC. **We are also open to adding additional office floors at the New MSC for potential third-party tenancy, delivering new office space years ahead of the Central Avenue site completion.** In addition, Jones Lang LaSalle (“JLL”) has provided up to date estimates for the New MSC construction financing.

The first seven pages of this submittal include a detailed written explanation of the proposed deal structures, financing estimates, lease estimates and construction estimates. We have also included an analysis of a two-tower site plan as compared to our proposed shared foundation site plan. The subsequent pages include detailed stacking diagrams and updated renderings.

We believe that our proposal best serves the public interest and that our Joint Venture is uniquely suited to complete the developments as envisioned. PMG is a nationally renowned residential developer with longstanding relationships with financing institutions. Feldman Equities is the largest privately held owner of office space in Tampa Bay and has a demonstrated track record of attracting outside businesses to downtown St. Petersburg, bringing new jobs to the city.

We look forward to your response.

Regards,

Kevin Maloney
Managing Partner

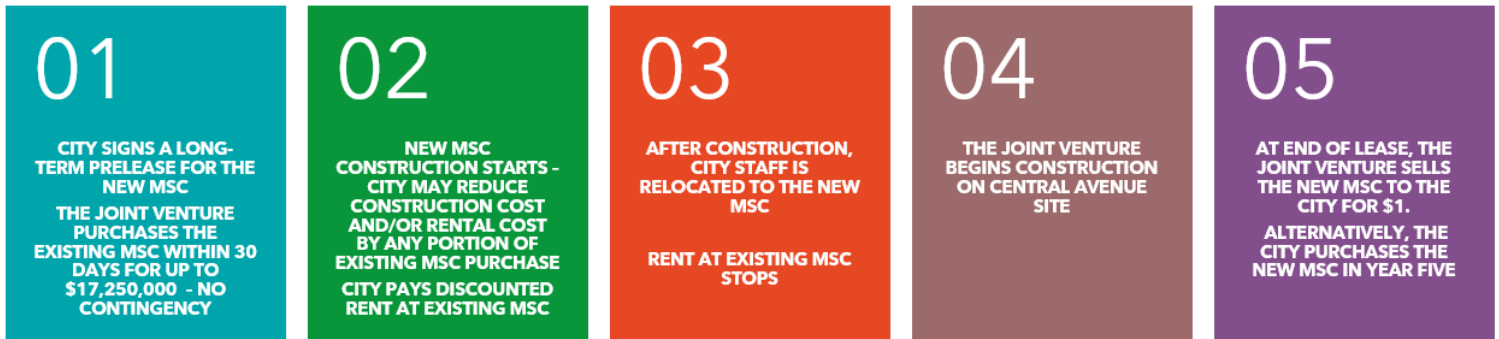
Larry Feldman
Chief Executive Officer



Executive Summary

- I. At the City's election, the Joint Venture will close without contingency in cash on the Existing MSC within thirty (30) days following the execution of a development agreement. The City may elect between any of the three purchase options listed below in Figure 1 ("Deal Structure #1"). Alternatively, the Joint Venture will close on the Existing MSC following City staff's relocation to the New MSC ("Deal Structure #2").
- a. In lieu of cash, the City may apply any portion of the Deal Structure #1 purchase price towards any combination of the following City costs:
- i. Rent at the New MSC
 - ii. Purchase Price of New MSC in Year Five
 - iii. Construction costs of the New MSC
- II. If the City elects to apply the purchase price of the Existing MSC towards the construction cost of the New MSC, the size of the construction loan amount will be commensurately lowered. ***According to JLL and in contrast with other bidders' claims, a lower loan to value ratio will not lower the financing interest rate.*** Only the City's underlying credit rating will affect the interest rate. ***In addition, JLL has confirmed that interest rate estimates of approximately 2.5% are not possible without using the City's bonding capacity.*** Nonetheless, the lower construction financing amount will result in a substantially lower rental rate at the New MSC (please refer to Figure 1).
- III. In both Deal Structure #1 and Deal Structure #2, the total annual cost of the City's occupancy at the New MSC will be equal to the annual debt service of the construction loan plus the City's operating costs. ***According to JLL, this lease structure preserves the City's bonding capacity as opposed to other proposals where the City owns the new MSC on Day 1.*** Every dollar saved from the financing estimates in Figure 1 or estimated budget in Figure 2 will be passed on to the City in the form of lower rent. The City will sit at the table with the Joint Venture during all design and materials selection decisions, ensuring the City arrives at its desired price point and building quality. The Joint Venture can deliver a Class B building at a discount to the estimated budget. Figure 2 reflects a Class A building. ***Other bids showing core & shell costs significantly below our estimate of \$195 per square foot will result in inferior construction quality and less desirable office space.***
- IV. In both Deal Structure #1 and Deal Structure #2, at the end of the proposed lease term the Joint Venture will sell the New MSC to the City for \$1. The lease effectively acts as an amortizing, 30-year mortgage. Alternatively, the City may elect to purchase the New MSC in Year Five for the purchase prices listed.

Deal Structure #1 Explanation



- I. If the City elects to be paid up front for the Existing MSC, the Joint Venture will close on the property within thirty (30) days following the execution of a development agreement. Concurrent with signing, the Joint Venture will begin to charge a below-market rent at the Existing MSC until the City relocates staff to the New MSC.
- II. Figure 1 below shows six purchase scenarios for the Existing MSC that the City may elect between. Depending on the City's preferences, it may elect between a lower rental rate and lower purchase price or a higher rental rate and purchase price.
 - a. Each scenario also shows an option with and without 20% workforce housing at the New MSC site. The Joint Venture will increase its Existing MSC purchase price in all scenarios by \$2,000,000 with no workforce housing requirement. The Joint Venture would also build 10% workforce housing for a \$1,000,000 increase. This amount will be funded at the construction start of the New MSC and may be applied to any of the below costs or funded in cash at that time.
- III. The City may apply any portion of the purchase price, up to \$17,250,000, towards any combination of the following City costs:
 - a. Rent at the New MSC
 - b. Purchase price of the New MSC in Year Five
 - c. Construction costs of the New MSC
- IV. The Joint Venture and City will work together to design the New MSC and select materials. Upon completion of a construction budget and architectural designs, the Joint Venture will secure financing at the lowest possible fixed interest rate. This will enable the Joint Venture to guarantee the City's rental rate. The City and Joint Venture will enter into a thirty-year lease at the New MSC. A thirty-year interest and amortization table will be applied to the project costs.
 - a. The City will have an option to purchase the New MSC in Year Five or the Joint Venture will sell the New MSC to the City for \$1 at the end of the lease term.

Figure 1 - Deal Structure #1 Purchase Options

	Option 1	Option 2	Option 3
Upfront Purchase Price (With Workforce)	\$13,250,000	\$14,250,000	\$15,250,000
Upfront Purchase Price (w/o Workforce)	\$15,250,000	\$16,250,000	\$17,250,000
Existing MSC Rental Rate (NNN)	\$12.50 psf	\$13.50 psf	\$14.50 psf
Total Annual Rent (No Escalations)	\$1,690,000	\$1,820,000	\$1,950,000
New Property Taxes (Estimated)	\$325,000	\$325,000	\$325,000
Total Addl. Existing MSC Annual Cost to City	\$2,015,000	\$2,145,000	\$2,275,000
Lowest New MSC Rental Rate (Estimated - Purchase Price Applied To Construction Cost + No Workforce)	\$14.51	\$14.10	\$13.69
Year Five Purchase Price	\$40,000,000	\$39,000,000	\$38,000,000

New MSC Lease and Finance Terms - Option 3 - w/o Workforce			
Financing Interest Rate (JLL as of July 14, 2020)	3.85%	Year Five Purchase Cap Rate	4.80%
Estimated Development Budget	\$50,000,000	Year Five Purchase Price (Year 6 NOI @ 4.8%)	\$38,000,000
Equity (Option 3 Purchase Price)	\$17,250,000	30 Year Purchase Price	\$1
Construction Loan Amount (Option 3)	\$32,750,000	Rent Escalations	2%
First Year Annual Rent	\$1,643,322	Preserves City Bonding Capacity?	Yes
Initial Rental Rate NNN (Per Square Foot)	\$13.69	LTV	Not Relevant

Deal Structure #1 - Option 3 - Existing MSC Terms		New MSC Physical Description and Features	
Existing MSC Purchase Price	\$17,250,000	Physically Separated Office and Residential?	Yes
Timing	Up Front	Physically Separated Garage?	Yes
Offer Contingent on Purchase of Adjacent Land?	No	Separate Residential and Office Systems?	Yes
Financing Contingency?	No	New MSC Retail?	Yes
New Development or Renovation?	New Development	New MSC Office (Square Feet)	120,000
Annual Est. Tax Revenue From Residential?	\$3,000,000	New MSC Residential (Units)	308
City Pays Market Rent?	No - Discounted	Annual Est. Tax Revenue From Residential?	\$1,300,000
Streamlined Approval Process? (Below 8.0 FAR)	Yes	Parking Spaces for Office	As Needed (360 shown)

New MSC Lease and Finance Terms - Option 3 - 20% Workforce			
Financing Interest Rate (JLL as of July 14, 2020)	3.85%	Year Five Purchase Cap Rate	4.80%
Estimated Development Budget	\$50,000,000	Year Five Purchase Price (Year 6 NOI @ 4.8%)	\$40,500,000
Equity (From Option 3 Purchase Price)	\$15,250,000	30 Year Purchase Price	\$1
Construction Loan Amount	\$34,750,000	Rent Escalations	2%
First Year Annual Rent	\$1,770,000	Preserves City Bonding Capacity?	Yes
Initial Rental Rate NNN (Per Square Foot)	\$14.72	LTV	Not Relevant

Total Cost to City - Option 3 w/o Workforce		
	Five Year Cost	Thirty Year Cost
Rent - New MSC (NNN)	\$8,551,913	\$66,666,414
Rent - Existing MSC - Three Years (NNN)	\$5,850,000	\$5,850,000
Purchase Price - New MSC	\$38,000,000	\$1
Total Cost to City (Excluding Operating Costs)	\$52,401,913	\$72,516,415

Figure 2 Estimated New MSC Budget - Class A Office

Hard Costs	Units	Cost/Unit	Cost
Core + Shell	120,000 sf	\$ 195	\$ 23,400,000
Tenant Improvements	120,000 sf	\$ 50	\$ 6,000,000
Parking Garage	360 spaces	\$ 23,000	\$ 8,280,000
FF&E		\$ 4	\$ 500,000
Subtotal			\$ 38,180,000
Soft Costs			
A&E		7%	\$ 2,672,600
General Conditions & Staff			\$ 1,600,000
Consultants			\$ 315,000
Inspection/Testing			\$ 420,000
Public Art			\$ 400,000
Permits/Utilities			\$ 275,000
LV			\$ 750,000
Contingency			\$ 3,000,000
Subtotal			\$ 9,432,600
Total Soft + Hard Costs		\$ 416.62	\$ 49,994,167
Project Management Fee		4%	\$ 1,999,767
Construction Management Fee		1%	\$ 381,800

Figure 3 - New MSC Rendering



Deal Structure #2 Explanation



- I. The City and Joint Venture enter into a development agreement for the New MSC.
 - a. As in Deal Structure #1, the Joint Venture will guarantee that the rental rate will be equal to the debt service on the construction loan. Based on the construction cost estimates in Figure 2 and financing estimates provided by JLL, **the Joint Venture estimates an initial rental rate of approximately \$20.65 per square foot NNN.**
- II. The Joint Venture and the City will work together to design the New MSC and select materials. Upon completion of a construction budget and architectural designs, the Joint Venture will secure financing at a fixed interest rate. This will enable the Joint Venture to guarantee the City's rental rate. The City and Joint Venture will enter into a thirty-year lease at the New MSC.
- III. The City and Joint Venture enter into a 30-year lease for the New MSC. Construction commences at the New MSC. City relocates after completion and Joint Venture closes on Existing MSC for either \$13,250,000 or \$15,250,000 (with and without workforce).
 - a. The City will have an option to purchase the New MSC in Year Five or the Joint Venture will sell the New MSC to the City for \$1 at the end of the lease term.

New MSC Physical Description and Features		Deal Structure #2 - Existing MSC Terms w/o Workforce	
Physically Separated Office and Residential?	Yes	Existing MSC Purchase Price	\$15,250,000
Physically Separated Garage?	Yes	Timing	After Relocation
Separate Residential and Office Systems?	Yes	Offer Contingent on Purchase of Adjacent Land?	No
New MSC Retail?	Yes	Financing Contingency?	No
New MSC Office (Square Feet)	120,000	New Development or Renovation?	New Development
New MSC Residential (Units)	308	Annual Est. Tax Revenue From Residential?	\$3,000,000
Annual Est. Tax Revenue From Residential?	\$1,300,000	City Pays Market Rent?	N/A
Parking Spaces for Office	As Needed (360 shown)	Streamlined Approval Process? (Below 8.0 FAR)	Yes

New MSC Lease and Finance Terms - w/o Workforce			
Financing Interest Rate (JLL as of July 14, 2020)	3.85%	Year Five Purchase Cap Rate	4.80%
Estimated Development Budget	\$50,000,000	Year Five Purchase Price (Year 6 NOI @ 4.	\$57,000,000
First Year Annual Rent	\$2,480,000	30 Year Purchase Price	\$1
Initial Rental Rate NNN (Per Square Foot)	\$20.65	Rent Escalations	2%
LTV	Not Relevant	Preserves City Bonding Capacity?	Yes

Total Cost to City - w/o Workforce		
	Five Year Cost	Thirty Year Cost
Rent - New MSC (NNN)	\$12,894,593	\$100,519,763
Rent - Existing MSC - Three Years (NNN)	N/A	N/A
Purchase Price - New MSC	\$57,000,000	\$1
Total Cost to City (Excluding Operating Costs)	\$69,894,593	\$100,519,764

New MSC Design Rationale

The Joint Venture carefully studied the New MSC site and potential configurations together with Gensler. The development team concluded that a shared foundation configuration with both office and residential is secure and provides the lowest possible cost to the City. Our proposed site plan calls for complete physical separation of the office and residential uses (please refer to pages 15-18), including as to building systems and parking (please refer to pages 12-14). We strongly advise against a two-tower site plan for the following reasons:

- I. A two-tower site plan will result in smaller floor plates for the New MSC, potentially forcing individual city departments onto several floors and lowering the building's operating efficiency (i.e. higher annual operating cost to the City).
- II. The two-tower configuration creates privacy concerns with adjacent residential windows looking directly into the City's office space (please refer to page 14). In addition, the City's views of Mirror Lake or Williams Park will be largely eliminated due to view blockage by the residential tower, and vice versa.
- III. A mixed-use tower will result in construction cost savings due to shared components such as the foundation, roof, and structural walls. As a result and holding building quality constant, our design will deliver the lowest possible construction cost for the New MSC relative to our competitors. Any construction costs that would not otherwise be incurred to construct a standalone New MSC (e.g. thicker structural walls to support the additional floors) will be allocated to the residential component. Maintenance costs such as landscaping would be contractually shared between the two components, lowering the City's operating costs.

Please refer to the diagrams on pages 12-18 for more detail on the physical separation between office and residential uses, including as to systems and parking. While we do not recommend a two-tower site plan, the Joint Venture will provide the City with a two-tower option at its election.



Municipal Services Center Proposal (Best & Final)

July 17, 2020



Vision

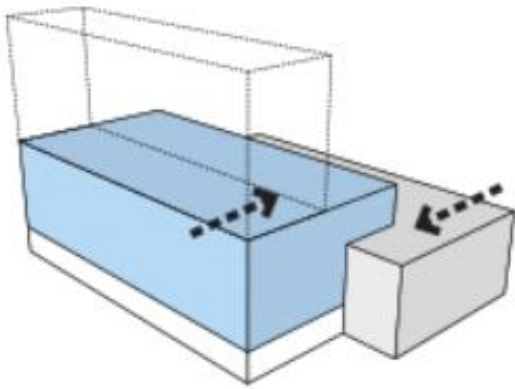
To construct two transformative mixed-use projects in the heart of downtown St. Petersburg, adding over a quarter million square feet of new office space, much-needed workforce housing, and a modern Municipal Services Center.



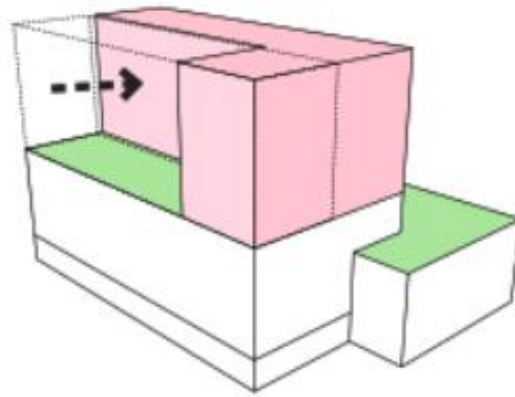
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- 2) New MSC – Development Proposal
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- 4) Deal Structure #1 Proposal
- 5) Deal Structure #2 Proposal
- 6) Comparisons
- 7) Notable Points and Updates
- 8) Timeline

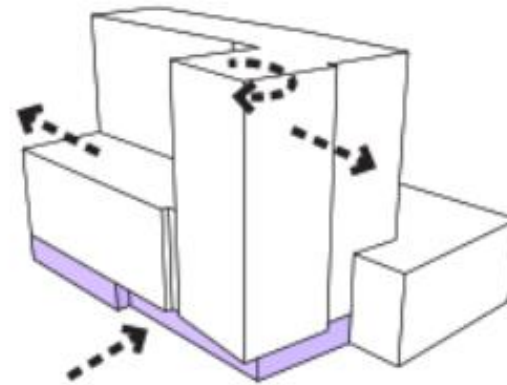
New MSC Concept



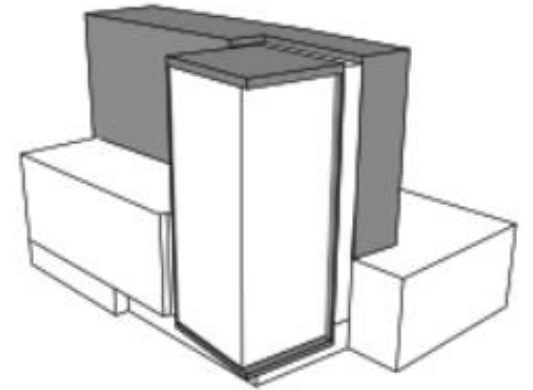
1 Office building interlocking parking garage



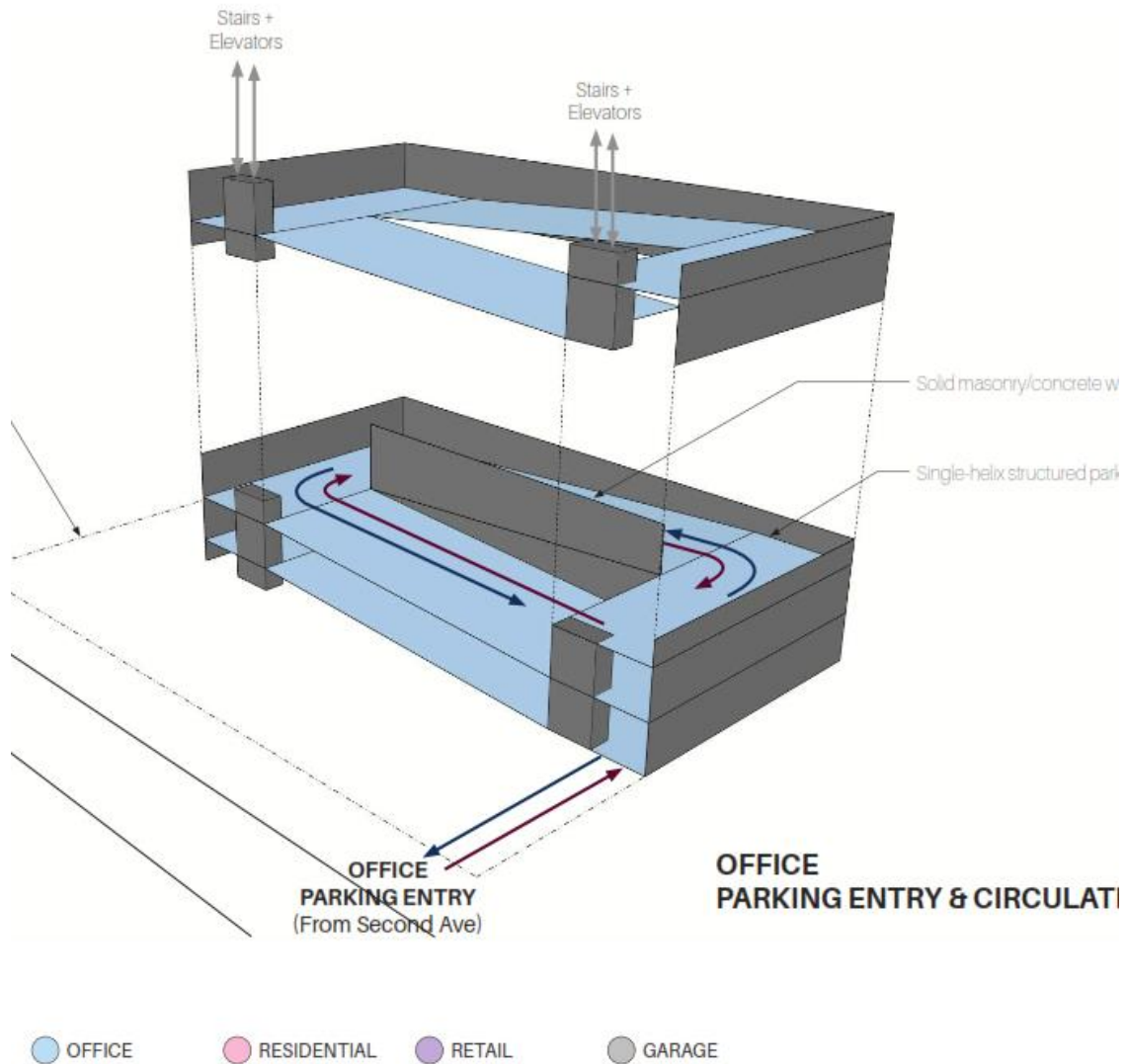
2 Residential building pulled from street to create outdoor spaces



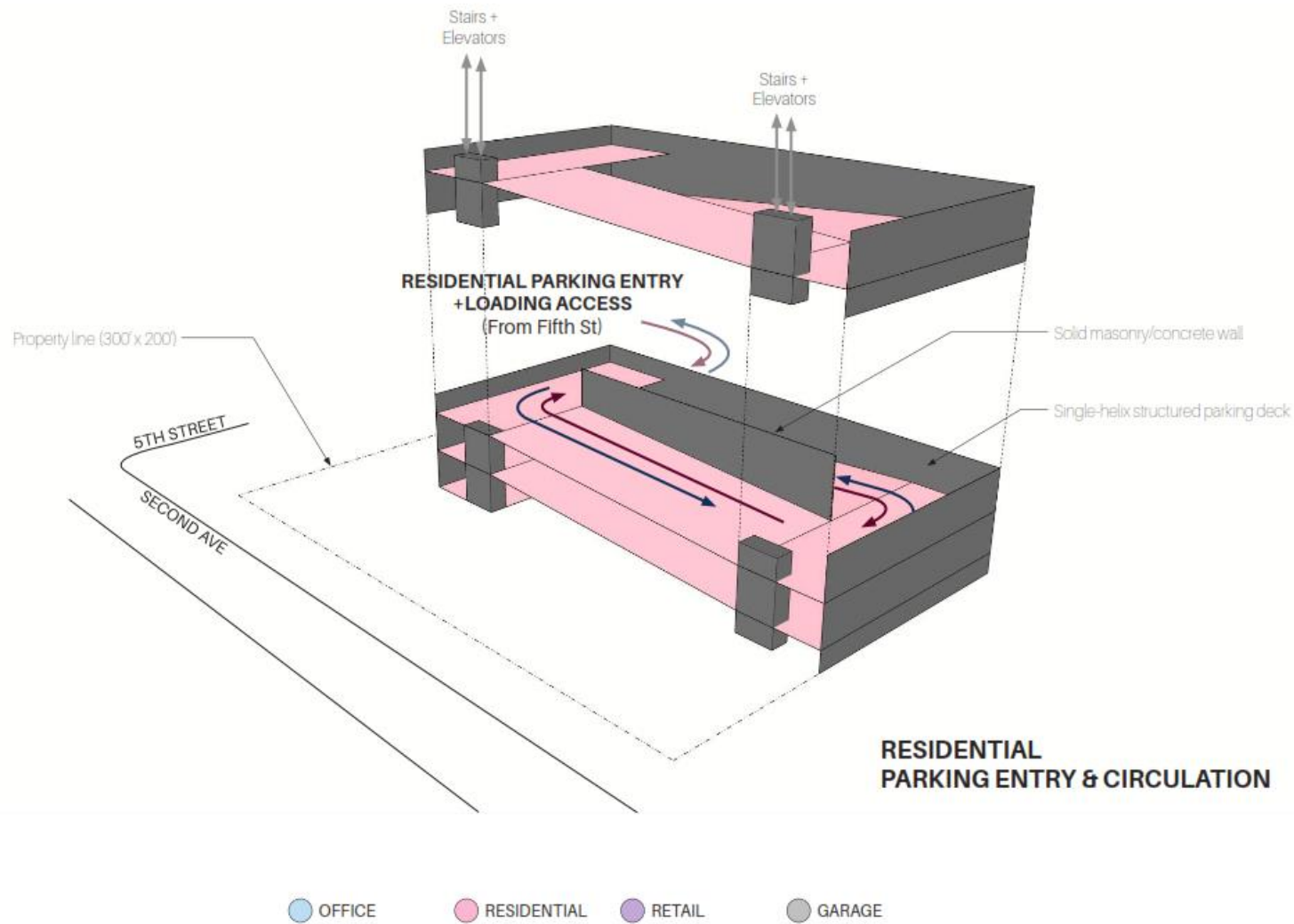
3 Rotate massing to orient towards Mirror Lake and Williams Park



4 Unify massing with architectural expression

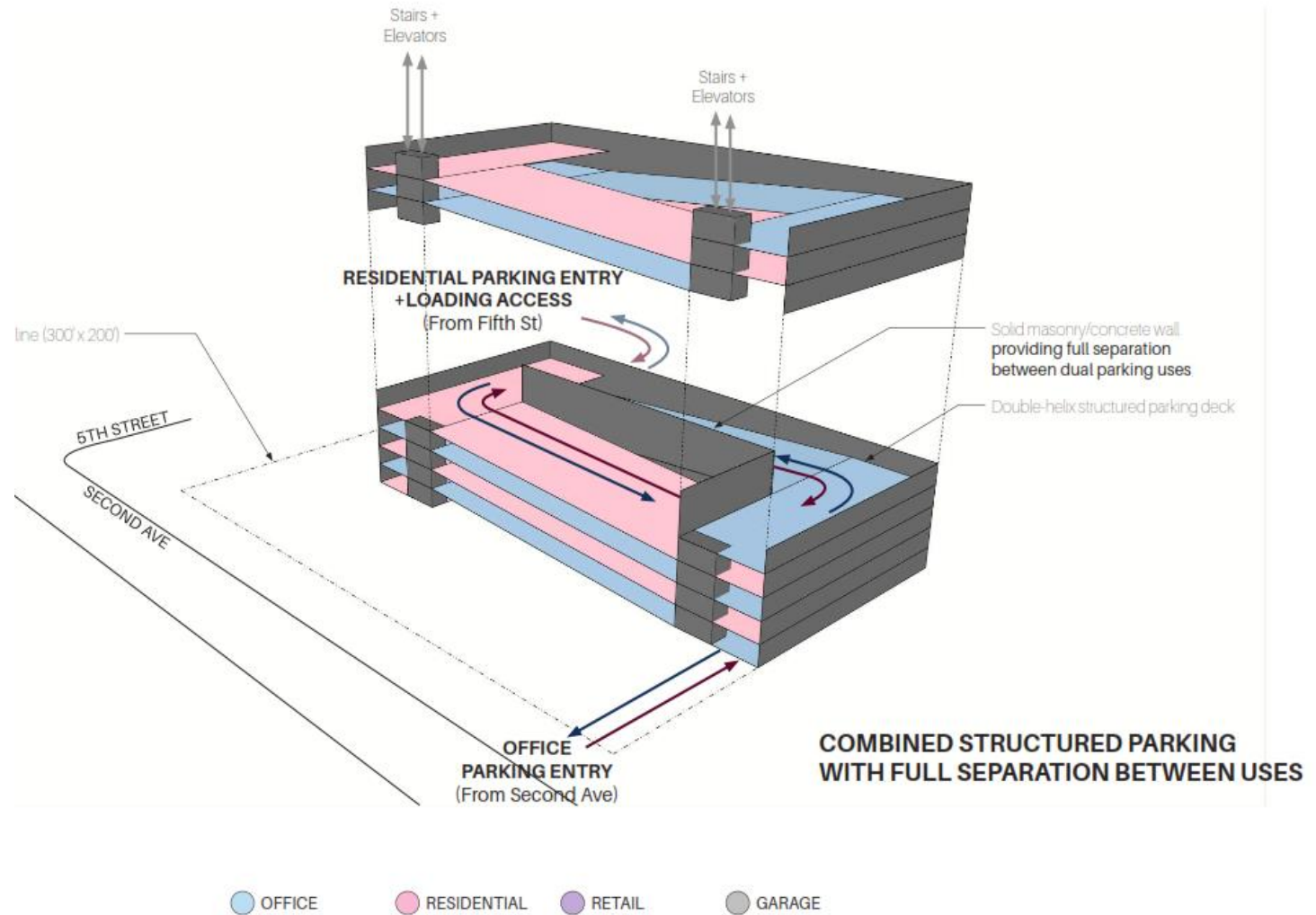


Physically Separated Garages

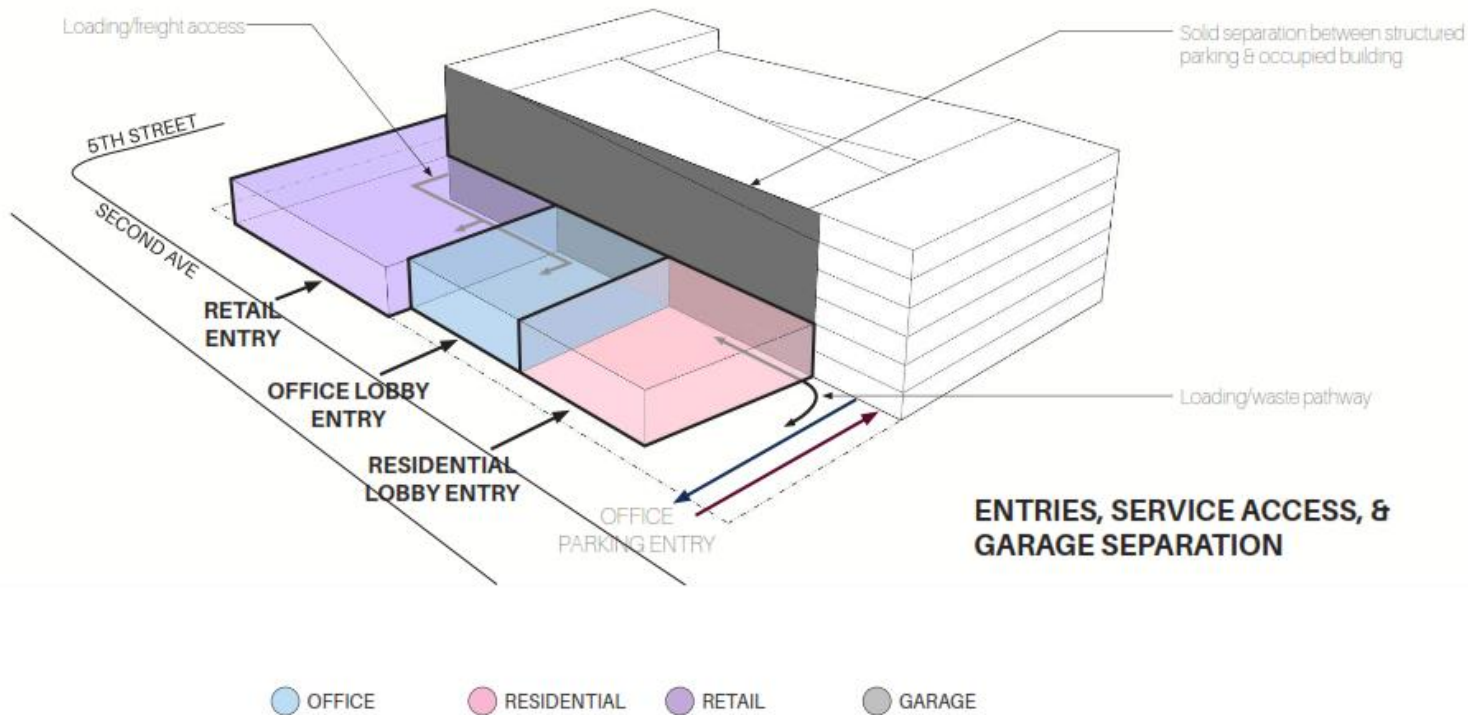


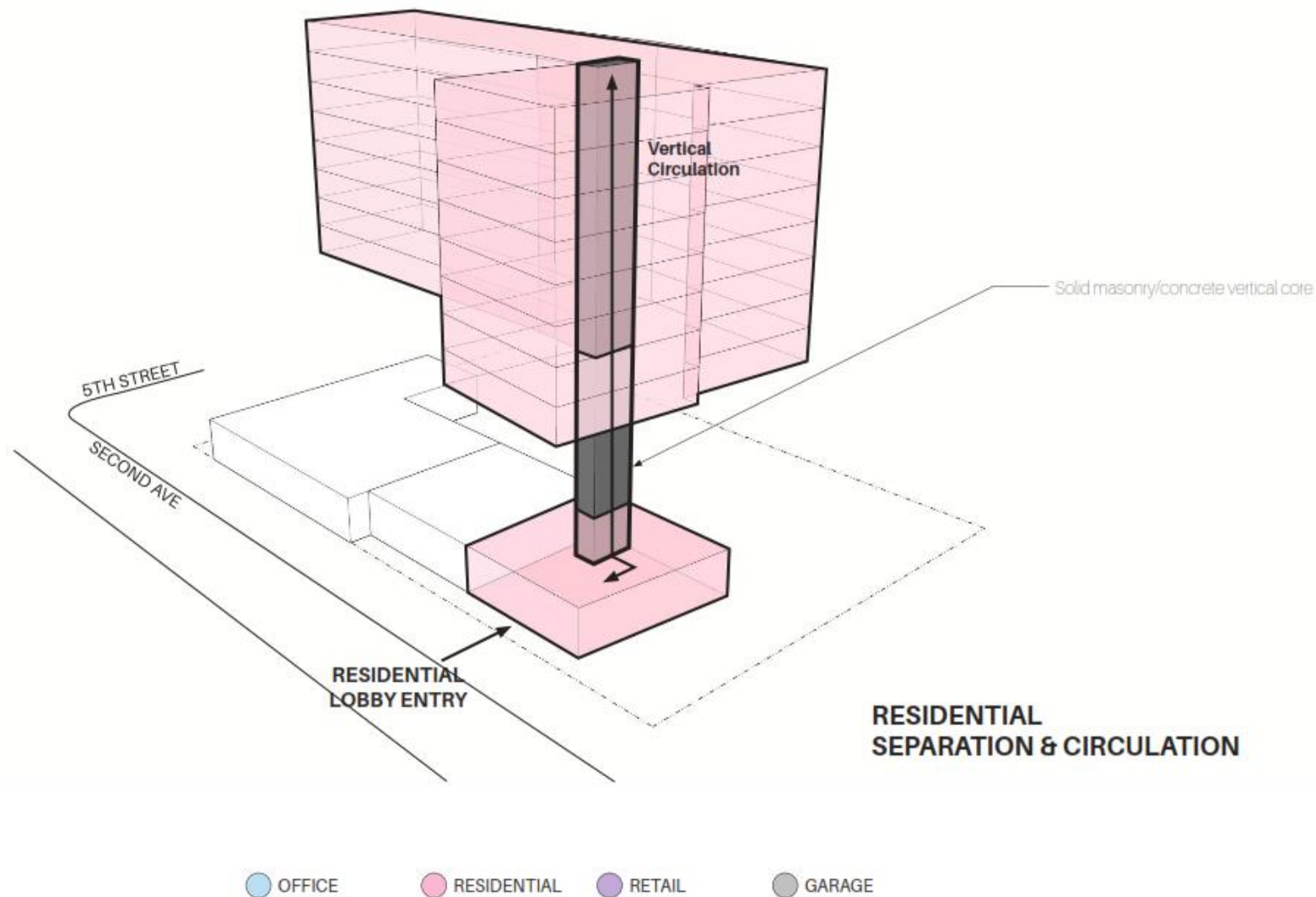
Different Garage Entrances

Complete Garage Separation

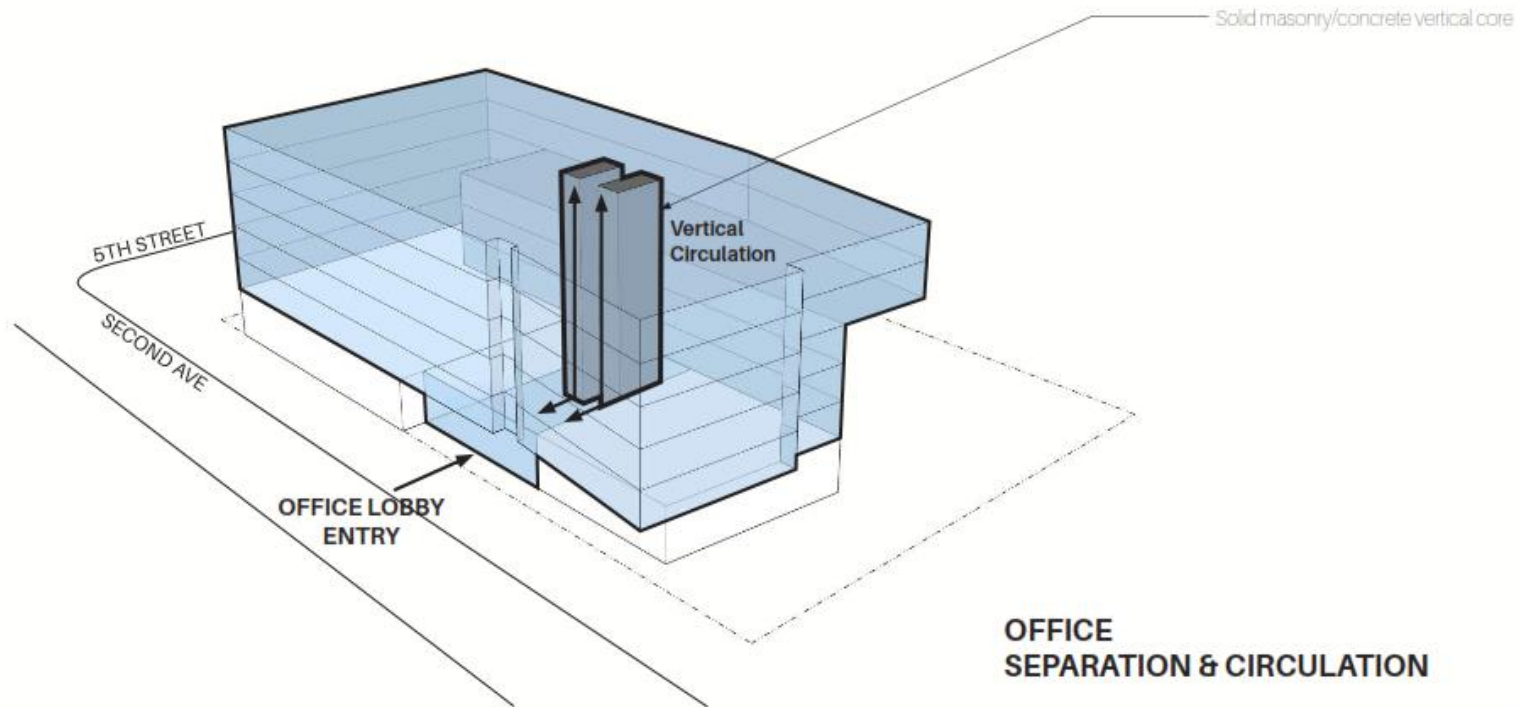


Physically Separated Pedestrian Entrances



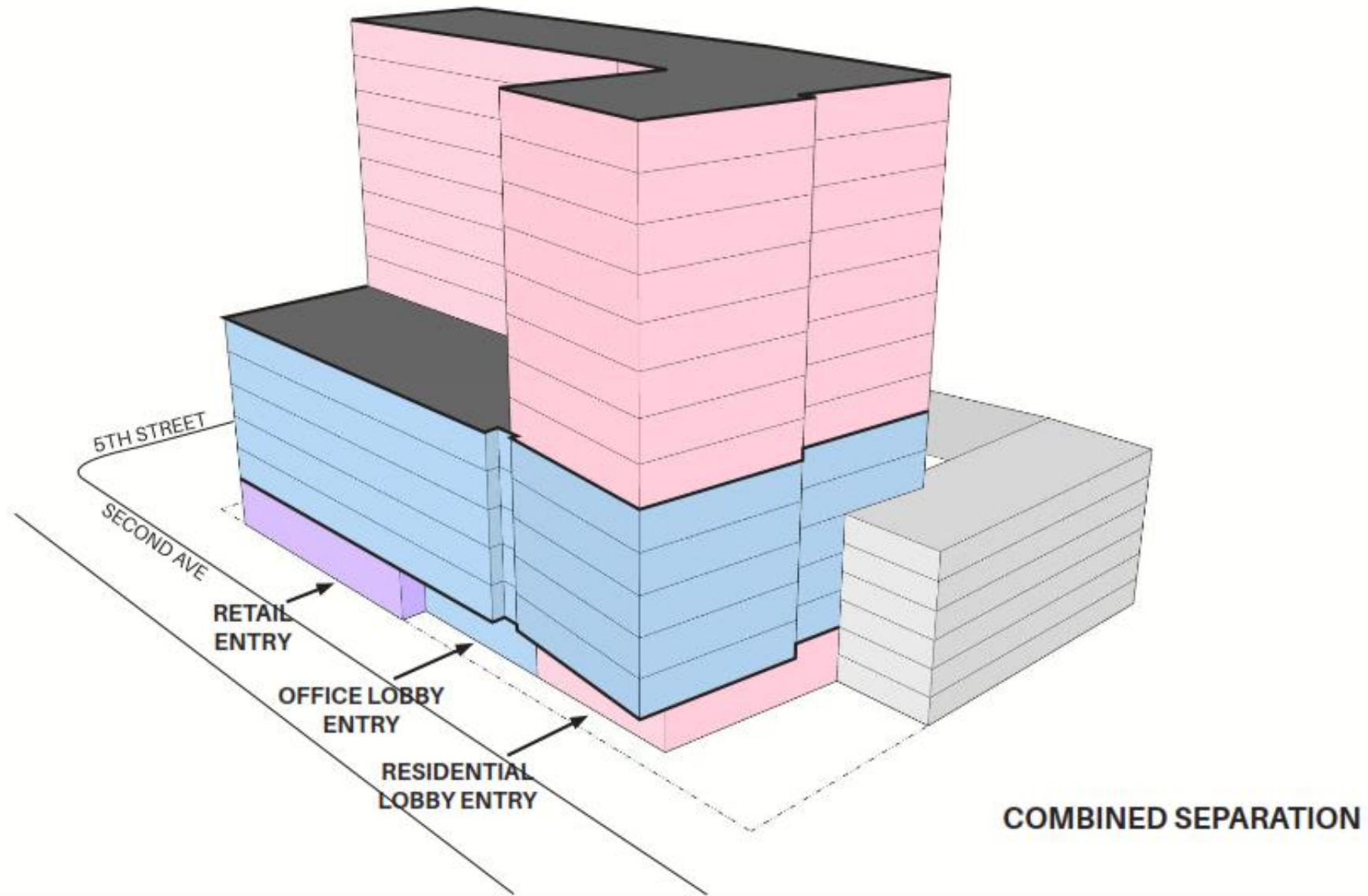


Residential Completely Separated From Office



Distinct and Separated Office Building

● OFFICE ● RESIDENTIAL ● RETAIL ● GARAGE



OFFICE

RESIDENTIAL

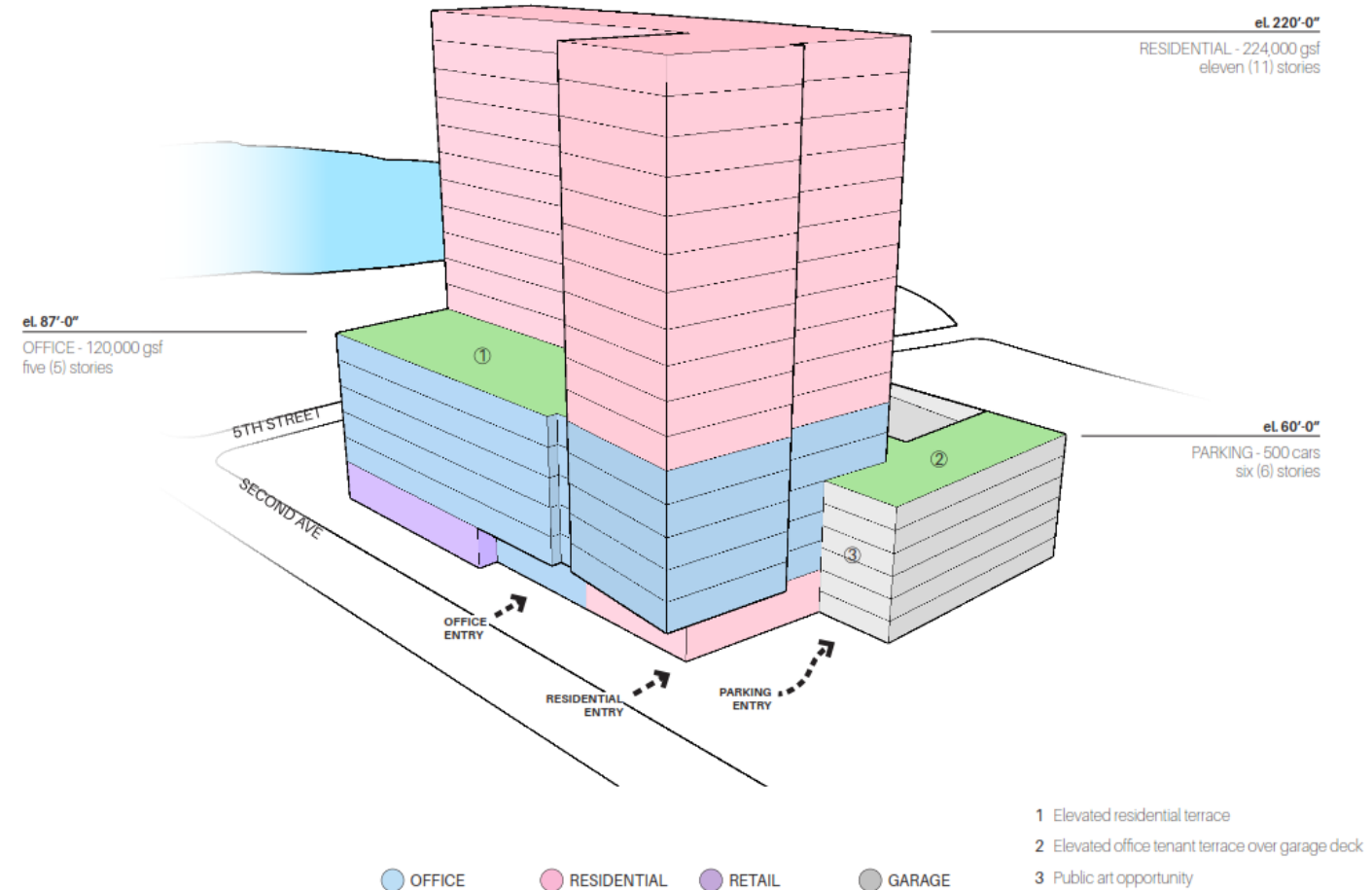
RETAIL

GARAGE

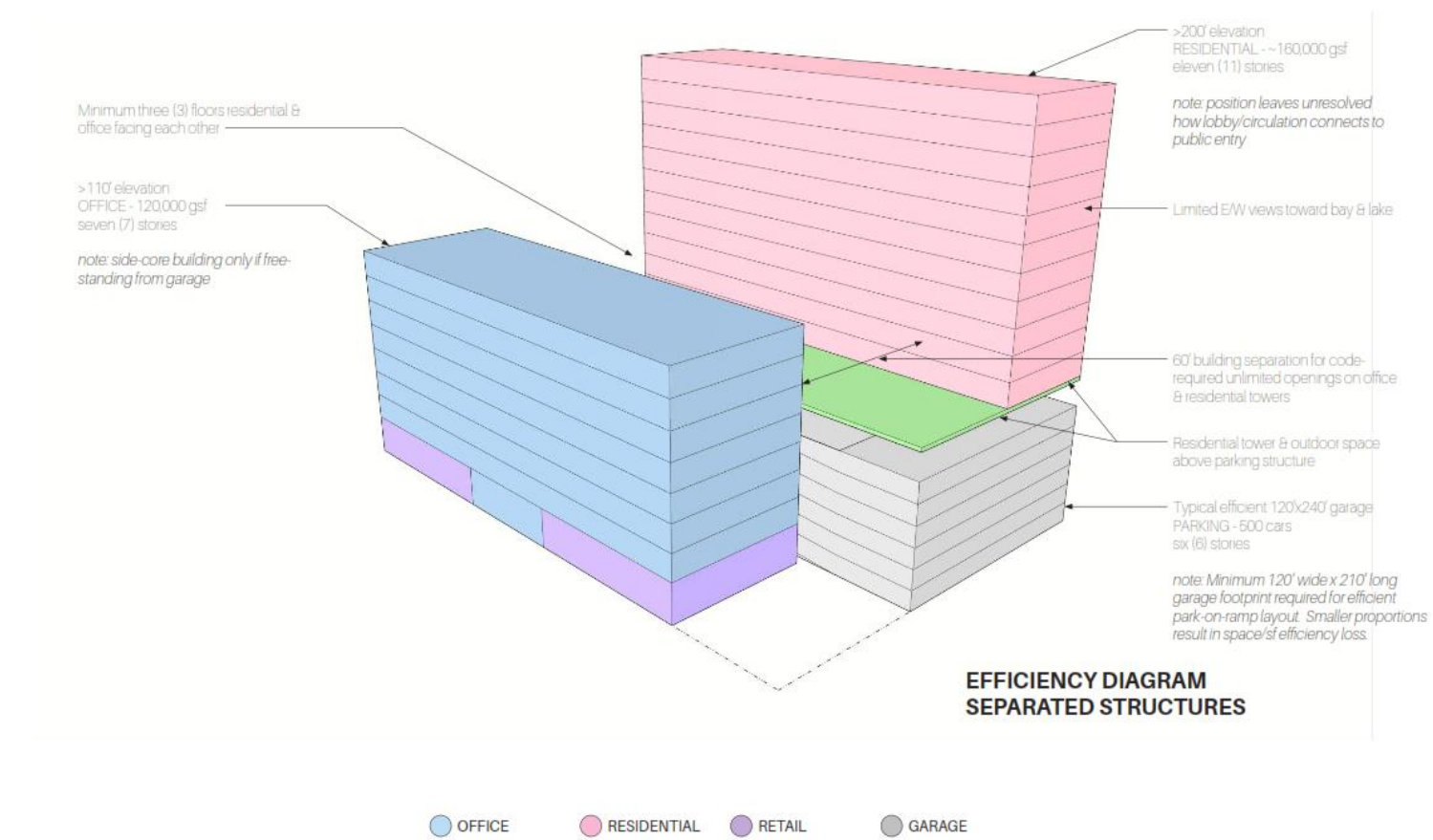
New MSC

- 120,000 square feet of Class A office space
- Estimated **308 (updated)** residential units - 20% will be workforce housing at City's election
- Two physically separated buildings with a common footprint
- Views of Mirror Lake, Williams Park
- City will own the office after lease expiration or upon purchase option in year five
- ***At the City's election, the Joint Venture will add additional office floors for potential third-party tenancy. This would deliver new office space to downtown years ahead of the Central Avenue Site (updated).***

Diagrams
Second Avenue



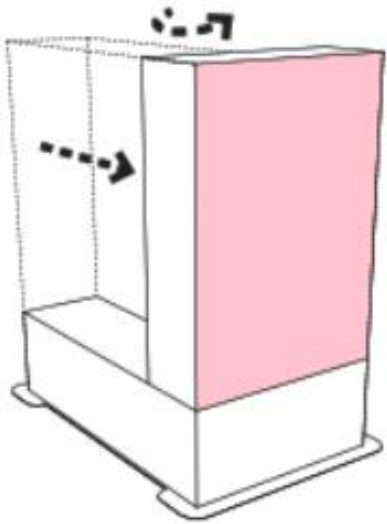




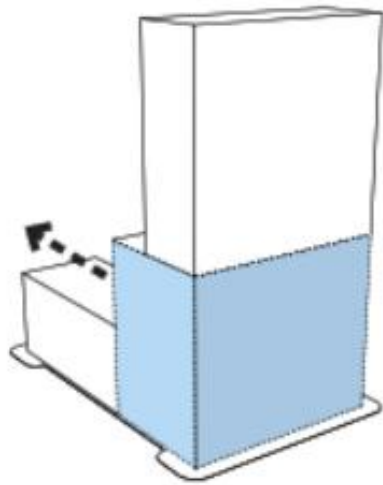
Two Separate Towers Concept

- Small office floorplates forcing city departments onto multiple floors
- Privacy issues with residential windows facing into office
- Higher construction costs for the office
- Poor views from the office space
- **NOT RECOMMENDED BUT POSSIBLE AT CITY'S ELECTION**

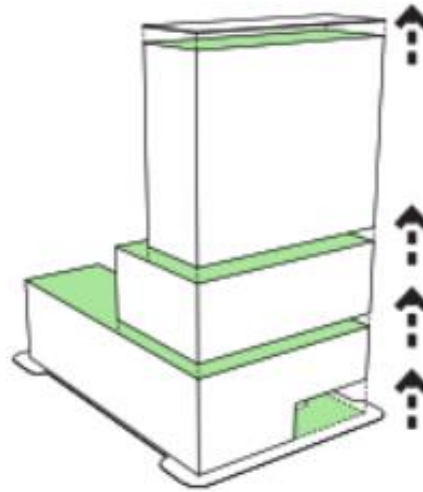
Central Avenue Concept



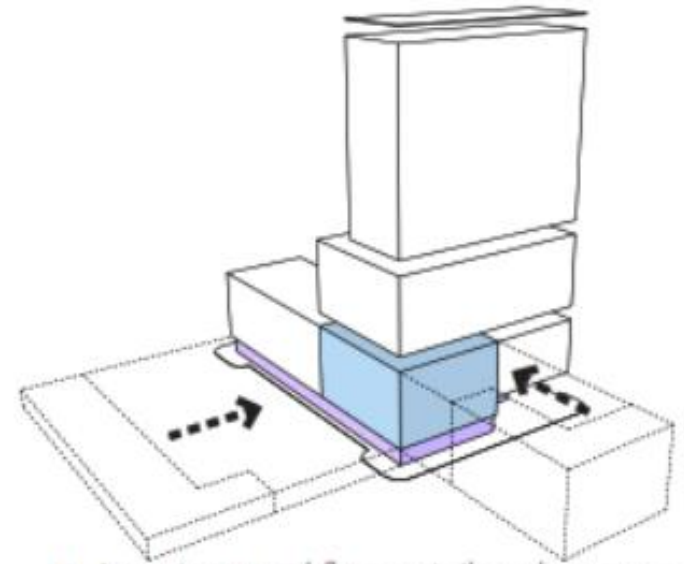
1 Orient views toward Tampa Bay



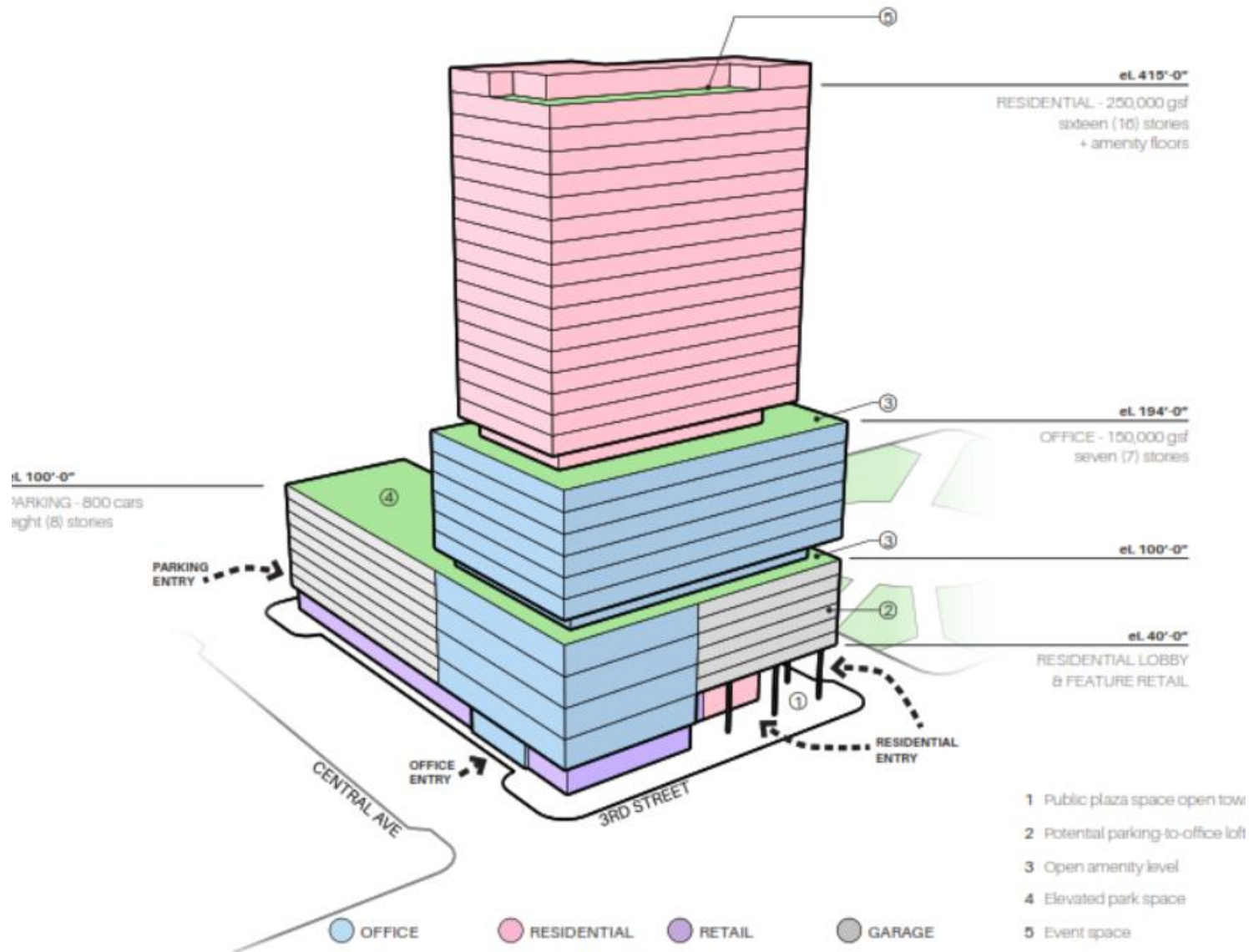
2 Extend office building facade toward Central Ave



3 Lift masses to create outdoor spaces



4 Insert ground-floor retail and garage-liner loft office product



Central Avenue

- At least 150,000 square feet of Class A office space
- Approximately 400 residential units
- Wraparound shops, activating 3rd St and Central Ave
- Landscaped setbacks
- Corner lot optional - building can be re-oriented (same program)



-
- Greenery obscures garage façade
 - Creative, loft office lining the garage and facing Central
 - Distinctive, modern design
 - Extensive outdoor landscaped spaces
 - Sufficient parking to attract new companies to downtown





Central Avenue Site

- Development will commence immediately following the relocation of City staff to the New MSC
- No contingencies
- The Joint Venture intends to pursue traditional construction financing augmented by but not dependent on preleasing
- Purchase of adjacent site will maximize efficiency. However, neither our purchase offer nor the building program are contingent on its acquisition.

Deal Structure #1 – Upfront Purchase of MSC

01

CITY SIGNS A LONG-TERM PRELEASE FOR THE NEW MSC
THE JOINT VENTURE PURCHASES THE EXISTING MSC WITHIN 30 DAYS FOR UP TO \$17,250,000 - NO CONTINGENCY

02

NEW MSC CONSTRUCTION STARTS - CITY MAY REDUCE CONSTRUCTION COST AND/OR RENTAL COST BY ANY PORTION OF EXISTING MSC PURCHASE
CITY PAYS DISCOUNTED RENT AT EXISTING MSC

03

AFTER CONSTRUCTION, CITY STAFF IS RELOCATED TO THE NEW MSC
RENT AT EXISTING MSC STOPS

04

THE JOINT VENTURE BEGINS CONSTRUCTION ON CENTRAL AVENUE SITE

05

AT END OF LEASE, THE JOINT VENTURE SELLS THE NEW MSC TO THE CITY FOR \$1.
ALTERNATIVELY, THE CITY PURCHASES THE NEW MSC IN YEAR FIVE

Deal Structure #1 – Lease and Purchase Options

	Option 1	Option 2	Option 3
Upfront Purchase Price (With Workforce)	\$13,250,000	\$14,250,000	\$15,250,000
Upfront Purchase Price (w/o Workforce)	\$15,250,000	\$16,250,000	\$17,250,000
Existing MSC Rental Rate (NNN)	\$12.50 psf	\$13.50 psf	\$14.50 psf
Total Annual Rent (No Escalations)	\$1,690,000	\$1,820,000	\$1,950,000
New Property Taxes (Estimated)	\$325,000	\$325,000	\$325,000
Total Addl. Existing MSC Annual Cost to City	\$2,015,000	\$2,145,000	\$2,275,000
New MSC Initial Rental Rate (Estimated - Purchase Price Applied To Construction Cost + No Workforce)	\$14.51	\$14.10	\$13.69
Year Five Purchase Price	\$40,000,000	\$39,000,000	\$38,000,000

Deal Structure #1 Details + Estimates

Deal Structure #1 - Option 3 - Existing MSC Terms

Existing MSC Purchase Price	\$17,250,000
Timing	Up Front
Offer Contingent on Purchase of Adjacent Land?	No
Financing Contingency?	No
New Development or Renovation?	New Development
Annual Est. Tax Revenue From Residential?	\$2,000,000
City Pays Market Rent?	No - Discounted
Streamlined Approval Process? (Below 8.0 FAR)	Yes

New MSC Physical Description and Features

Physically Separated Office and Residential?	Yes
Physically Separated Garage?	Yes
Separate Residential and Office Systems?	Yes
New MSC Retail?	Yes
New MSC Office (Square Feet)	120,000
New MSC Residential (Units)	308
Annual Est. Tax Revenue From Residential?	\$1,300,000
Parking Spaces for Office	As Needed (360 shown)

New MSC Lease and Finance Terms - Option 3 - w/o Workforce

Financing Interest Rate (JLL as of July 14, 2020)	3.85%	Year Five Purchase Cap Rate	4.80%
Estimated Development Budget	\$50,000,000	Year Five Purchase Price (Year 6 NOI @ 4.8%)	\$38,000,000
Equity (Option 3 Purchase Price)	\$17,250,000	30 Year Purchase Price	\$1
Construction Loan Amount (Option 3)	\$32,750,000	Rent Escalations	2%
First Year Annual Rent	\$1,643,322	Preserves City Bonding Capacity?	Yes
Initial Rental Rate NNN (Per Square Foot)	\$13.69	LTV	Not Relevant

New MSC Lease and Finance Terms - Option 3 - 20% Workforce

Financing Interest Rate (JLL as of July 14, 2020)	3.85%	Year Five Purchase Cap Rate	4.80%
Estimated Development Budget	\$50,000,000	Year Five Purchase Price (Year 6 NOI @ 4.8%)	\$40,500,000
Equity (From Option 3 Purchase Price)	\$15,250,000	30 Year Purchase Price	\$1
Construction Loan Amount	\$34,750,000	Rent Escalations	2%
First Year Annual Rent	\$1,770,000	Preserves City Bonding Capacity?	Yes
Initial Rental Rate NNN (Per Square Foot)	\$14.72	LTV	Not Relevant

Deal Structure #1 Total Cost

Total Cost to City - Option 3 w/o Workforce

	Five Year Cost	Thirty Year Cost
Rent - New MSC (NNN)	\$8,551,913	\$66,666,414
Rent - Existing MSC - Three Years (NNN)	\$5,850,000	\$5,850,000
Purchase Price - New MSC	\$38,000,000	\$1
Total Cost to City (Excluding Operating Costs)	\$52,401,913	\$72,516,415

Proposed Deal Structure #2

01

CITY SIGNS A LONG-TERM LEASE FOR THE NEW MSC

02

CONSTRUCTION ON THE NEW MSC BEGINS

03

AFTER CONSTRUCTION, CITY STAFF IS RELOCATED TO THE NEW MSC

04

THE JOINT VENTURE CLOSES ON THE CENTRAL AVE SITE FOR UP TO \$15,250,000 AND BEGINS CONSTRUCTION

05

**AT END OF LEASE, THE JOINT VENTURE SELLS THE NEW MSC TO THE CITY FOR \$1
ALTERNATIVELY, THE CITY PURCHASES THE NEW MSC IN YEAR FIVE**

Deal Structure #2 Lease Terms – New MSC

30-year lease will enable competitive financing for new MSC

Avoids rent + property taxes at Existing MSC

Estimated at \$20.65 NNN given current market conditions

Over five years of free rent available

City will own the building at the end of the lease term

Preserves city's bonding capacity

Deal Structure #2 Details + Estimates

Deal Structure #2 - Existing MSC Terms w/o Workforce

Existing MSC Purchase Price	\$15,250,000
Timing	After Relocation
Offer Contingent on Purchase of Adjacent Land?	No
Financing Contingency?	No
New Development or Renovation?	New Development
Annual Est. Tax Revenue From Residential?	\$2,000,000
City Pays Market Rent?	N/A
Streamlined Approval Process? (Below 8.0 FAR)	Yes

New MSC Physical Description and Features

Physically Separated Office and Residential?	Yes
Physically Separated Garage?	Yes
Separate Residential and Office Systems?	Yes
New MSC Retail?	Yes
New MSC Office (Square Feet)	120,000
New MSC Residential (Units)	308
Annual Est. Tax Revenue From Residential?	\$1,300,000
Parking Spaces for Office	As Needed (360 shown)

New MSC Lease and Finance Terms - w/o Workforce

Financing Interest Rate (JLL as of July 14, 2020)	3.85%	Year Five Purchase Cap Rate	4.80%
Estimated Development Budget	\$50,000,000	Year Five Purchase Price (Year 6 NOI @ 4.8%)	\$57,000,000
First Year Annual Rent	\$2,480,000	30 Year Purchase Price	\$1
Initial Rental Rate NNN (Per Square Foot)	\$20.65	Rent Escalations	2%
LTV	Not Relevant	Preserves City Bonding Capacity?	Yes

Total Cost to City - w/o Workforce

	Five Year Cost	Thirty Year Cost
Rent - New MSC (NNN)	\$12,894,593	\$100,519,763
Rent - Existing MSC - Three Years (NNN)	N/A	N/A
Purchase Price - New MSC	\$57,000,000	\$1
Total Cost to City (Excluding Operating Costs)	\$69,894,593	\$100,519,764

Comparisons

Item	PMG/Feldman	Allen Morris	Echelon/Third Lake
Budgeted New MSC Quality	Class A	Class B	Class C
Existing MSC Price	Up to \$17,250,000	\$8 or \$12 million	\$12,250,000
Developing or Renovating Central	Developing	Developing	Renovating
Central Ave Delivery Timeline	3 years after relocation	3 years after relocation	"When market demand supports"
Workforce Housing	20% at new MSC	10% at existing MSC	20% at new MSC
New Office Space on Central	Minimum 150,000 sf	41,000 sf	None
New MSC Est. Lease Rate (NNN)	\$13.69 psf	\$27 psf	\$13.53 (w/o City Bonding Used)
Year Five New MSC Price	\$38,000,000	\$51,840,000 (\$27 PSF @ 6.25% cap rate)	\$45,925,000 (w/o City Bonding Used)

Notable Points and Updates

- At the City's election, the Joint Venture can add or remove parking at the new MSC.
- ***At the City's election, the Joint Venture will add additional New MSC office floors for potential third-party tenancy. This would deliver new office space to downtown years ahead of the Central Avenue Site.***
- All construction and financing savings realized at the new MSC will be passed onto the City as lower rent, guaranteeing the lowest possible cost.
- The City will sit at the table with the Joint Venture during all design and materials selection decisions, ensuring the City arrives at its desired price point and building quality. ***The Joint Venture can deliver a Class B building at a significant discount to the estimated budget.***
- The financing interest rate has grown since our last estimate due to current market conditions. **Our figures are up to date as of July 14, 2020.**

Estimated New MSC Budget

Hard Costs	Units	Cost/Unit	Cost
Core + Shell	120,000 sf	\$ 195	\$ 23,400,000
Tenant Improvements	120,000 sf	\$ 50	\$ 6,000,000
Parking Garage	360 spaces	\$ 23,000	\$ 8,280,000
FF&E		\$ 4	\$ 500,000
Subtotal			\$ 38,180,000
Soft Costs			
A&E		7%	\$ 2,672,600
General Conditions & Staff			\$ 1,600,000
Consultants			\$ 315,000
Inspection/Testing			\$ 420,000
Public Art			\$ 400,000
Permits/Utilities			\$ 275,000
LV			\$ 750,000
Contingency			\$ 3,000,000
Subtotal			\$ 9,432,600
Total Soft + Hard Costs		\$ 416.62	\$ 49,994,167
Project Management Fee		4%	\$ 1,999,767
Construction Management Fee		1%	\$ 381,800

Estimated Timeline

- *Month 0: City awards contract*
- *Month 9: Predevelopment plans completed for new MSC, bidding commences*
- *Month 12: Construction commences on new MSC*
- *Month 30: Predevelopment plans completed for Central Ave, bidding commences*
- *Month 36: Delivery of new MSC retail and office components, city occupancy commences*
- *Month 42: Construction commences on Central Avenue, delivery of new MSC residential component*
- *Month 60: Delivery of Central Ave development retail component*
- *Month 66: Delivery of Central Ave development office component*
- *Month 72: Delivery of Central Ave development residential component*



Thank You
