

Third Lake Partners and Echelon LLC
Responses to City of St. Petersburg
April 23, 2020

Additional Questions for Responses Received for the Request for Alternative
Proposals ("RAP") for a New Municipal Services Center ("MSC")
and to Purchase the Existing MSC

All respondents are requested to provide further information related to their proposals in response to the MSC RAP, as outlined following. In the event that the original proposal addresses the question already, please reference the portion of the original submission that addressed the question for ease of reference.

All responses to the additional questions are requested to be made in writing and submitted to the City's Real Estate & Property Management Department no later than April 24, 2020. Please direct the responses to Alfred Wendler, Director, Real Estate & Property Management, alfred.wendler@stpete.org, emailed responses are preferred.

- 1) Please use 120,000 square feet for the basis of proforma estimating the cost of the new MSC building.

Response: Affirmed.

- 2) Please provide an all-in development budget for the new MSC building. This needs to include hard and soft cost, tenant improvements, FF&E, all fees and contingencies. Please give us an all-in cost per square foot. Will you guarantee this cost?

Response: A cost guaranty can be provided once the project scope is complete, including all drawings and associated cost estimates. Customary carve-outs will exist for any latent environmental matters concerning the property.

- 3) Please provide a specific lease rate based on this cost minus value from sale of MSC building over a 5-year period. Will you guarantee this rate?

Response: As outlined in our proposal, the City will own the new MSC building outright so a specified lease rate would not be applicable.

- 4) Please provide your best purchase price for the existing MSC site. Will you guarantee this price? Explain why you are offering this price.

Response: Our offer of \$12,250,000 for the existing MSC was based on the assessed market value of the building at the time the proposal was prepared. This value may need to be adjusted once the market stabilizes after the COVID-19 pandemic subsides and its impact on the real estate market is ascertained.

- 5) Will the City receive credit for this value against the lease rate and the purchase price for the new MSC site?

Response: Based on our proposed structure, we believe this question may not be applicable given

that the City will own 100% of the new MSC, and therefore will not be required to purchase the building from us. If we are misinterpreting this question, please clarify and we will be provide an additional response.

- 6) Will the developer front this value until the transaction takes place and the new MSC building is built?

Response: Please provide clarification.

- 7) Please provide your best percent of workforce units - 120% or less of AMI - if you are proposing residential units.

Response: We are proposing residential units at the new site, and the standard of 120% or less of AMI is accurate. Our current proposed percentage of workforce units is 20%.

- 8) Please provide the specific terms and price for the city to purchase the new MSC building within a 5-year period after the completion of construction.

Response: Our proposal is structured so the City will own 100% of the new MSC building from inception of the transaction, and therefore no purchase is required.

- 9) Please provide specific information on what the development will be for the Central Ave property. The City will value definitive development that will go into a future development agreement. Office and new job creation will be most valued. Hypothetical projects will be less valued.

Response: Our original submission provided this data, along with elevations for both sites. Our proposal is unique in that it enables the activation for the highest and best use of both the MSC site and the 200 Central existing surface parking lot.

- 10) Please provide elevations for both sites developed enough to give a sense of scale and massing.

Response: Previously provided.

- 11) The City is not interested in a purchase and hold strategy for the existing MSC site. Can you give a firm timeline on development that can go into a development agreement? If so please provide the timeline.

Response: Our original proposal stated our development plans for the existing MSC site were two-fold, market dependent and that is still the case. We agree with the City that job creation for the downtown market is critical, and we plan to refurbish and reposition the existing MSC site upon acquisition to provide new downtown office space for employment, along with first-floor retail to eliminate the Central Avenue retail gap. When the market can support a complete redevelopment of the block, our partnership is committed to that investment. This two-step approach provides immediate investment in downtown St. Petersburg to fill current market needs, and a long-term investment commitment in support of the City's mission. While we respect the City's request for a firm commitment to full-scale re-development, we believe it would be counter-productive at this time. In a normal market, making a three-year forward commitment would be difficult, however given the current COVID-19 pandemic it is impossible to make such a prediction with any degree of

accuracy. We believe immediate full-scale re-development risks 'black' space which is counterproductive. Our immediate investment to the downtown real estate market affords a direct positive contribution to employment and retail, along with our assurance to the City of our long-term commitment. The Third Lake/Echelon partnership combines two local entities that have demonstrated a commitment to St. Petersburg, who know the office, retail and residential markets, and will make the best long-term business decisions in support of the City.

12) Affirm Integrated Sustainability Action Plan ("ISAP") standards developed by the City will be incorporated in the new MSC, details of which can be found at http://www.stpete.org/sustainability/integrated_sustainability_action_plan.php.

Response: The costs will depend on the items the City requests in the final proposal. Our current estimate, without knowing specific City requirements, is an additional 4-5% increase in cost. For comparison purposes this would provide a product similar to a LEED Platinum building.

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