



August 21, 2023

TO: David Wirth
City of St. Petersburg
500 1st Ave SE
St. Petersburg, FL 33701

FROM: David Filler, Chief Developer Officer
St. Petersburg SMI, LLC / Suntex Marinas
17330 Preston Road, Suite #100C
Dallas, TX 75252

RE: City of St. Pete – Suntex Follow-up RFP Questions

Mr. Wirth – please see below responses to the City’s follow-up questions to the Suntex RFP submittal:

1. Is a referendum affording a multi-decade term a requirement for Suntex Marinas to enter into an agreement with the City of St. Petersburg?

RESPONSE: Suntex requires a multi-decade lease based on the following reasons: In direct response to the RFP, Suntex provided a clear path to delivering the City of St. Petersburg (the “City”) a world-class marina consistent with its world-class waterfront and recent world-class improvements to the Pier and surrounding area. To that end, the current state of the existing St. Petersburg Municipal Marina (the “Marina”) warrants a complete and immediate redevelopment, not incremental changes over time as other may propose. It is Suntex’s intent to partner with the City and go through a collaborative process to deliver a world-class marina by investing a substantial amount of upfront capital to bring the Marina up to this world-class standard. Due to the proposed capital infusion of \$70M to replace all of the existing Marina facilities, substantially grow the green space and usable park area, and increase the parking count for all of citizens of St. Petersburg to enjoy, Suntex will require a ground lease with a commensurate term to support the necessary investment. Suntex believes that by piecemealing improvements with a slower influx of capital and fewer capital improvements, the City of St. Petersburg will simply not get the world-class marina that it deserves.

Suntex is not proposing a termination fee, yield maintenance requirement, or any other City of St. Petersburg financial backstop/subsidy because:

- **Marina Developer Should Take the Risk** – any type of minimum economic return provided by the City to a marina developer effectively shifts development and operating risk to the City, as the developer’s economic incentive to operate at a competitive, world-class level is diminished. The developer selected by the City should be obligated and committed to operating at the highest level, providing the best possible services, and readily willing to commit their capital without an economic backstop guaranteed by the City.

- **Economic Hurdle to Termination** – with any type of minimum return, yield maintenance, etc., the City will face an unnerving decision every 5 years to either: (a) write a very large check – which will easily be tens of millions of dollars¹ – or (b) execute another 5 year agreement and hope the lease holder achieves an economic return in excess of the minimum yield (including any returns accrued but not paid in prior years). This is inherently problematic, as the City will lose its ability to control the future of its marina. Suntex believes it is better to negotiate long-term operating standards and economic terms while concurrently partnering with the City to define a project vision that Suntex is ready, able, and willing to implement.
- **Alignment of Goals and Objectives** – Suntex’s proposal is a public private partnership and follows the trend established by many municipal jurisdictions in Florida (including Sarasota, Ft Myers, Fort Lauderdale, City of Miami, City of Miami Beach, etc.). Given the scope of the contemplated development, the metric for performance should be delivering a world-class marina with specific performance goals and objectives. Achieving these goals and objectives will take both time and capital, but if the City provides a financial guarantee with a termination fee so large it virtually assures a lease renewal, then a development partner will not be incentivized to expeditiously complete improvements, make capital investments, and execute on a daily basis to deliver the best possible customer service. Suntex fundamentally believes its development and operations team is best suited to deliver a world-class marina to City and want to ensure we are aligned with the City.

Suntex looks forward to a long and lasting partnership with the City and looks forwards to discussing the above in greater detail and working through a collaborative process with City leadership.

2. If compliance with the charter limited 5-year term is possible, please provide any adjusted metrics to achieve both a 5-initial term and termination fee in the event of a separation.

RESPONSE: please see response to Question #1, above.

3. Your proposal adds parking, activity centers and vertical elements to Demens Landing. Can you provide more detail on the process envisioned to receive approvals for new component changes as (i.e. restaurants, parking etc.)?

RESPONSE: Suntex envisions an extensive community outreach process that builds off of the Waterfront Master Plan, Suntex’s recent discussions with numerous stakeholder groups, and an in-depth design process to iterate through numerous plan concepts. Suntex’s initial design for the RFP is our vision for the Marina and park area (increasing green space, usable park area and adding approximately 200 parking spots), but we understand the City and community may have different ideas and we see our response to the RFP as the starting point to foster the collaborative process. Suntex welcomes the opportunity to present, adjust, and revise our vision and plan during the course of outreach and engagement.

¹ See Safe Harbor’s proposal, specifically page 42, which would obligate the City to a \$60.695 million yield maintenance / termination fee after 5 years if the agreement was not renewed.

Our plan does, however, reflect the initial input we received from several groups and community leaders that we approached during the RFP process (specifically the addition of parking, the increase in green space, usable park area, enrichment of public amenities on Demens Landing, etc.), but we recognize that our plan is conceptual in nature. We welcome further discussions, design charrettes, and engagement to collaborate and define a vision for Demens Landing and the Marina.

On a technical basis, Suntext anticipates submitting site plan, zoning, land-use, and other necessary applications to the City consistent with its established procedures for development review. Suntext will also submit permit applications to the respective regulatory agencies that oversee the contemplated scopes of work (i.e., Federal, State, and County agencies).

4. Are all of the new components at Demens Landing required to maintain your targeted ROI?

RESPONSE: No, not all of the improvements to Demens Landing are required but were a reflection of input we received from stakeholders. The key improvements to Demens Landing that support ROI are the parking spaces and facilities that support marina operations, but Suntext's design intent is to deliver a world-class marina that is paired with exemplary public amenities. We believe the public improvements will provide – at no cost to the City – substantial recreational amenities and opportunities for the City's residents, provide additional public parking during special events, and add to Downtown St. Petersburg's rich cultural offerings through permanent infrastructure improvements to support its arts and cultural activities. The scale of these improvements, however, can be revised and adjusted during the course of the entitlement and community engagement process.

5. There are several build options within your concept plans – which one was used to project cashflows?

RESPONSE: Suntext presented three options (Options A, B, and C), with the key difference being the inclusion of a restaurant/retail building in Options B and C. The proposed square footage of the restaurant/retail building in both options is ±20,000 SF (two floors of 10,000 SF, which is less than a quarter of an acre of coverage on a 17-acre parcel). The cashflow provided anticipated the City electing to pursue Option B or C, but Suntext is prepared to move forward with any of the presented options. If the City elects pursue Option A, annual rent to the City would be slightly reduced.

Please see Question #8, below, which clarifies that the “Pier/Marina Entry” restaurant is not included in Suntext underwriting.

6. Your phasing plan begins with Demens Landing activities vs. the Central Basin – is there a more specific reason for this phasing plan?

RESPONSE: Suntext's construction sequence focuses on delivering the public areas within Demens Landing as quickly as possible to ensure special events, festivals, and other activities have minimal disruptions and ample parking.

Demans Landing is also the focal point of the initial construction activities, as substantial site civil work will be required to install new utilities (including water, sewer, power, gas, and site drainage), landscaping and irrigation, paving/asphalt for parking areas and drive isles, and all of proposed

recreational improvements. Once the initial sitework is underway, staging and laydown areas will be established for the building, marine, and overwater construction activities, as a substantial amount of construction material will need to be received, stored, and craned into the water for installation. Notwithstanding the foregoing, it is extremely early in the process and Suntex has no issues with modifying or changing the construction sequence after collaboration with all of the stakeholders involved.

7. Please respond to the RFP's Guiding Principals section, specifically items 10, 11, 13, 14 and 15.

RESPONSE: see below responses to the noted guiding principles:

10. Retention of covered slips in the Central Yacht Basin should be evaluated.

RESPONSE: The existing covered slips will be evaluated during the course of the approvals and permitting process to confirm the structural integrity of the below-water foundations, pre-cast columns, pre-cast joists, and structural connections. In addition, the structural condition of the covered slips will be reviewed to ensure they are able to withstand hurricane rated winds and tidal surges during the term of the lease. The material contained in the City's due diligence reports was abundant, but Suntex needs more information to confirm the structural viability and remaining lifespan of the structures.

Suntex is not opposed to retaining and maintaining the Marina's covered slips, but more information is required to evaluate the condition of the existing structures.

11. The City retains final approval rights over Marina design and specifications.

RESPONSE: Acknowledged. Suntex looks forward to being a partner with the City and anticipates that all of the proposed improvements will go through a collaborative design review process, including a site plan approval process, and the City's landlord approval process will be further enumerated within the contemplated ground lease.

13. The layout and configuration of the Marina will be designed in a manner that enhances access to the waterfront for the general public.

RESPONSE: The marina layout was designed to expand access to the waterfront by eliminating the fencing around the Marina to create a more open environment and clear view corridors; providing a larger number of commercial and transient slips; larger fuel docks with substantially more side-tie availability; increased availability of transient dockage for dock-and-dine; greater upland access for public parking and marina customers; a new promenade wrapping the entirety of Demens Landing for pedestrian and recreational access; and, new features – including restaurants, retail, walking paths, park areas, etc. – to enjoy the views into Tampa Bay.

14. Marina slip rates will be established with an eye towards affordability for all users while staying market competitive.

RESPONSE: Please refer to Part C, Page 51, of the Suntex RFP submittal. Suntex's rate structure grows the City's adopted rate schedule by CPI on an annual basis for the current vessel sizes in the marina (currently rates are ±\$17.50/LF in FY2023 and growing to ±\$25/LF in FY2028) when stabilized. Suntex's marina plan includes the addition of a range of slip sizes and accommodations – including lift slips – that will average ±\$28/LF in

FY2028. These rates are competitive with current rates of full-service marinas in the regional St. Petersburg market. Furthermore, Suntex proposed a 10% discount to the residents of the City.

15. Performance standards for operations & maintenance of the Marina will be developed jointly by the City and selected Proposer.

RESPONSE: Acknowledged. Suntex anticipates the operating parameters, capital improvement requirements, and marina management plan will be documented in the ground lease. Suntex has provided anticipated operating hours in the RFP in Part F, Page 102, based on our anticipated operating hours.

8. How much of your pro-forma is tied to the new restaurant space(s), particularly at the Pier/Marina entry.

RESPONSE: The “Pier/Marina Entry” is a stand-alone project and not included the overall project proforma. The proforma noted in Part G, Page 106, of Suntex’s RFP would be accretive to the City’s economic returns if the City elected to include the existing restaurant as part of the contemplated ground lease.

9. Please provide additional details supporting revenue calculations.

RESPONSE: Please see notes below for the respective revenue sources:

Marina Slips (based on 2028 stabilized rates)

- Entire Marina: ±\$28/LF (2028) averaged across the entire marina
- Vessels 35’ and below: ±\$25/LF (in 2028 which is ±\$875 for a 35’ vessel)
- Total Leasable Linear Footage: 34,350LF

Upland Buildings (3rd Party Tenants)

- Leasable SF: ±20,000
- \$/Leasable SF: \$70/SF (annual) plus percentage rent

Marina & Ship Store:

- Estimated stabilized gross revenue of \$200,000
- Suntex anticipates the ship store sales will focus on boater amenities, as other on-site retailers are likely to capture sales for food, beverage, and provisioning needs.

Fuel

- Estimated stabilized gross revenue of ±\$2,200,000 based on prior sales at the Yacht Basin. Please note fuel sales are a key marina amenity that Suntex will provide, but are economically a high volume, low margin business.

10. Explain breakwater/wave attenuator plan for all basins and applicability within a closed basin.

RESPONSE: The breakwater/wave attenuator will be, in part, determined by the results of a “Wind/Wave/Tide” study to confirm the strength of the wind and currents, including during storm events, that will impact the marina. Suntex is planning to replace all of the piers and docks with floating docks, and depending on the results of the Wind/Wave/Tide study, these docks may be

increased in weight/strength to serve as wave attenuators. If additional breakwater is required, Suntex will pursue that during the entitlement/approval process with the respective regulatory agencies. Given the physical size of the Central and South Basins, existing breakwater, entry depth and orientation of the channel, the most likely risk is tidal surge associated with a hurricane event; this risk will be addressed by ensuring sufficient pile lengths are installed to accommodate surging water.

11. Can you articulate any proposed locations for future commercial and transient dock locations?

RESPONSE: The proposed commercial dockage will be in highly trafficked pedestrian areas, specifically along 2nd Ave. and Bayshore. In our experience, commercial charter vessels benefit from pedestrian activity and proximity to major destinations. Our plan contemplates that the seawall and dockage for the charter vessels will be expanded along 2nd Ave., as the current sidewalk/walkway is insufficient for guest accommodations.

Transient dockage for dock-and-dine will be provided by the proposed restaurant on Demens Landing (see notes/legend in Part E, Pages 73-78, for the specific area identified on the conceptual site plan). Expanded transient dockage has also been added near the fuel dock / ship store. Additional transient dockage can be provided in other locations throughout the marina, but the final location will depend on the final site plan and marina layout selected.

12. Can you provide additional detail (beyond 30' minimum dock length) or associated rate structures, more particularly will it be a rate per linear foot or set rate by designated dock space/location or alternative structure?

RESPONSE: The contemplated rate structure is a rate per linear foot based on dock size/length. Larger vessels will have higher rates per linear foot than smaller vessels, as they physically occupy larger surface areas. Suntex underwriting does not ascribe premiums/discounts to specific slips at this stage of analysis.

13. What water quality initiatives are considered within the site development?

RESPONSE: Protecting St. Petersburg's environment is a top priority for Suntex, and water quality within the basins will be the most important part of the environmental / marine permits. In addition to new stormwater throughout the entirety of Demens Landings and on-site retention of all runoff, Suntex anticipates installing large culverts/interconnects between the basins to assist with flushing and enhanced water quality. Additional dredging will be required between Bayshore Drive and Demens Landing, as the area has silted up to the point that water is not able to readily exchange between the two basins. Please refer to area shaded in red in Appendix A, Pages 119-121, for the bathymetric survey Suntex completed April 26, 2023; these areas will need to be dredged down a number of feet.