

STUDER COMMUNITY INVESTMENTS
NON-BINDING LETTER OF INTENT TO LEASE

November 14, 2014

Edward Spears, Executive Director
Community Maritime Park Associates, Inc.
City Hall
222 West Main Street, 5th Floor
Pensacola, Florida 32502

Re: Response to RFP Dated September 8, 2014 and
Letter of Intent to Ground Lease Parcels 3 and 9 of the
Vincent J. Whibbs Community Maritime Park

Dear Mr. Spears:

On behalf of Studer Community Investments or its assigns we are pleased and excited to respond to the Request for Proposals issued by CBRE at the Vincent J. Whibbs Community Maritime Park. Please accept this letter as a non-binding letter of intent to ground lease two Private Development Parcels within the Maritime Park.

Studer Community Investments sees a bright future for the Maritime Park and surrounding areas. The principals of Studer Community Investments, Quint and Rishy Studer, have demonstrated their commitment to creating a vibrant downtown community by bringing a AA Baseball team to town, contributing \$3,000,000.00 to the construction of the Multi-Use Facility, constructing the Maritime Place office tower, and the retail redevelopment of South Palafox. Studer Community Investments wants to build on this record of success and create additional community developments to enhance the value of the Maritime Park and downtown Pensacola.

Rather than focus on the challenges that exist with these parcels, Studer Community Investments sees tremendous opportunities to find complimentary uses on these parcels and new uses which will positively impact the value of the remaining Private Development Parcels. Although the grand vision of a vibrant mixed-use development has not yet come to fruition, the existing and planned improvements offer some exciting options for consideration, including:

Parcel 3:

With the success of the Maritime Place Office Building and the anticipated Rotary Playground, we believe Parcel 3 has tremendous potential as a location for a first floor child care center to serve the downtown workforce. The upper floor(s) of any structure

on Parcel 3 could be utilized as a sports museum which incorporates a venue for watching events inside the Multi-Use Facility.

In addition, under the appropriate economic conditions, Parcel 3 could be utilized for retail shops and restaurants similar to the new re-development at South Palafox and Government Streets.

Parcel 9:

The CMPA obtained a huge win in finding an affiliated AA baseball tenant. While the current Use Agreement provides for a AA franchise over the next seven years, there is no guarantee that the present affiliation with the Cincinnati Reds will continue. Affiliations are subject to change and relocation. The viability and value of minor league teams varies greatly based on these affiliations. In order to attract the very best franchises it is necessary to provide state of the art training facilities. Parcel 9 is a natural place to expand the training amenities of the stadium using private funds. This potential use increases the value of the stadium and the surrounding parcels.

In addition, under appropriate economic conditions, Parcel 9 could be utilized for a mixed-use residential/retail re-development similar to what is happening at South Palafox and Government Streets.

While we are unable to commit to any specific development or time-line for construction, we are not proposing any delay in the accrual of rent on these parcels. To the contrary, if we are able to agree to a Ground Lease, Studer Community Investments or its assigns would begin paying ground rent and CAM upon lease execution, and for the 54 years. This intent evidences our commitment to developing the parcels to their highest and best use and to the high development standards we have utilized in our other projects.

Any development will need parking. It is critical that a reasonable number of spaces in the existing surface lot be exclusively reserved for these 2 parcels. The specific number can be negotiated or based on the ultimate use employed. As agreed in the Maritime Place ground lease, we would consent to a future reconfiguration of any required parking if it makes sense for the overall park development, but these parcels will require a certain number spaces—no matter who develops these parcels.

CALCULATION OF GROUND RENT:

We propose utilizing the existing ground lease document between Maritime Place, LLC and CMPA as a template for a to-be-created lease agreement between the parties, with modifications made for deal-specific terms. Our methodology for proposed rental amounts and CAM assumes the parcel values provided by CMPA, and applies the same discount rates used for Maritime Place (7.25% for ground rent, .75% for CAM). CMPA gave Parcel 3 a fair value of \$285,000, and Parcel 9 a fair value of \$436,000. These fair values form the basis for the lease rates set forth below.

Further, we read the RFP to propose that any Lessee of these parcels should pay a commission to CBRE not just based on the value of the parcel, but also on future improvements developed. We found this to be highly unusual, and could not agree to this. We would be willing to pay a cashed out commission of 4% of the values of the parcels as described above.

Proposed Terms and Conditions:

Property: Parcel 3, approx. 12,927 SF (.29 ac)
Parcel 9, approx. 19,798 SF (.45 ac)

Lease Term: Primary Term to be approx. 54.5 years (Jan 1, 2015 through May 28, 2069).

Commencement Date: January 1, 2015

Transaction Timing: We are prepared to enter into lease agreements immediately

Earnest Money: Open to discussion

Source of Funds: All cash

Rent:

Parcel 3: \$20,633 per year, paid in monthly installments. Amount shall increase 7% every 5 years

Parcel 9: \$31,610 per year, paid in monthly installments. Amount shall increase 7% every 5 years

CAM:

Parcel 3: \$2,137.50 per year, paid in monthly installments. Amount shall increase 7% every 5 years

Parcel 9: \$3,270.00 per year, paid in monthly installments. Amount shall increase 7% every 5 years

Signage:

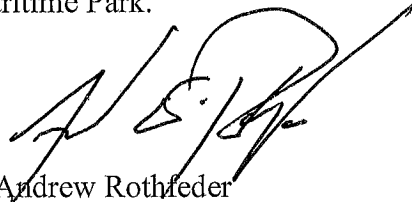
It is critical that these parcels be provided some signage on Main Street. It is our belief that at some point a significant marquee monument sign should be constructed at one of the entrances to the park, and that each private development parcel will have pro-rata representation on that sign. We would pay our pro-rata share. We believe it unlikely that other parcels deep into the site would not require same in order to lease.

Parking: Exclusive use of 50 spaces for Parcel 3, and 75 spaces for Parcel 9.
Specific language to mirror Maritime Place ground lease parking language

Commission: 4% of parcel values, cashed out at execution of ground lease.
\$11,400 for Parcel 3, and \$17,440 for Parcel 9.

References: Available upon request.

Thank you for the opportunity to submit this offer. We appreciate the work you and the CMPA have done, and look forward to playing a further role in the realization of original vision for the Community Maritime Park.



Andrew Rothfeder
Agent for **Studer Community Investments**

Addendum to Letter of Intent

Development Resume

Maritime Place	Pensacola, FL
The Artisan	Pensacola, FL
Bodacious Shops	Pensacola, FL
Five Sisters Blues Café	Pensacola, FL
DeVilliers Square Partners	Pensacola, FL

References

1. Bruce Vredenburg

President of Pensacola, Hancock Bank
101 W Garden St
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(850) 444-3217

2. Ashton Hayward

Mayor, City of Pensacola
222 W Main St.
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3. Debbie Ritchie

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