

October 14, 2021

City Council – Parcel 4 & 5 Qualifying Notes – Carson Lovell

I. Property's History Points

- a. 2008 – Maritime Park RFP – required and stated
 1. The developer would “Create iconic needs that contribute to the enjoyment and quality of life to Pensacola citizens while stimulating economic redevelopment and growth”
 2. Defined these public infrastructure “needs” to include “parking, conference, and public assembly space to replace the Palafox Pier Auditorium”
 3. Identified these public infrastructure items to be paid for by \$40MM of bonds with support from the CRA.

- b. 2019 – the DPZ Masterplan Plan was developed
 1. Defines the ultimate plan and look, but not the process to get there.
 2. Includes 58,143 sqft of “Conference Center Space”
 3. Assumes a “total build out” which is the only way parking is wrapped by dwellings.

- c. 2019 – the Weitzman Study accompanied the DPZ Plan
 1. Defined the market expectations of the DPZ plan
 2. “Based on current zoning and the DPZ plan, the land can accommodate 3,000 dwellings which is more than we (Weitzman) recommend”
 3. “We (Weitzman) recommend build-out is driven by the market’s ability to absorb products”
 4. “(Weitzman) Should long-term demand or conditions change; the urban plan (DPZ Plan) should be flexible”
 5. “(Weitzman) Overall, the absorption schedule is projected to be approximately 15-years”
 6. Since the Weitzman Study, private residential development opportunities have exploded within the downtown market. Over 1,000 dwellings within the core downtown market are in various stages of planning, permitting, and under construction. These do not include any dwellings within West Main.

II. Our Plan and Initiative

- a. The city released an open-ended solicitation asking teams to be creative and express their thoughts for the best uses on the land.

- b. Our team reviewed data, market conditions, and the other properties within West Main and the surrounding communities. Because of the growth of private sector

development and ability of other properties to be privately developed, we identified the following goals for Parcels 4 & 5:

1. Provide uses that don't cannibalize existing or pending projects.
 2. Provide uses that complement existing and new businesses.
 3. Provide uses that serve as an economic and business catalyst to spur growth.
 4. Maximize the public uses afforded to public property.
 5. Create civic engagement.
 6. Bring forth projects previously discussed and planned for in both the 2008 and DPZ plans (parking, meeting space, income specific housing).
 7. Meet Covenants of the Community including diversity, inclusion, and equality standards.
 8. Allow parking to be easily scalable and available in a prudent manner when needed.
- c. Thus, we focused on the following development opportunities.
1. Flexible public meeting space able to host conferences, small conventions, banquets, and civic meetings, including tribute space to allow Pensacola to celebrate its heritage and past successes.
 2. Entertainment options.
 3. Income targeted housing.
 4. Scalable public parking - able to grow as needed

III. Current Objective

- a. The City Council selected our team based on our merits and visions, we've maintained our honesty and candor during the process and continued to point out potential needs and benefits.
- b. Our proposal is focused on products which are traditional public infrastructure. As with any public infrastructure project, specific details, design, and costs must be studied and evaluated first.
- c. This week, Ellen Dunham-Jones was invited to Pensacola through CivicCon, like past speakers including Donald Shoup we agree with many of these speakers' suggestions.
 1. The need for cities to control its urban/downtown parking system to assure maximum share uses and allow it to keep pace with demand while not creating over supply.
 2. Our parking program is predicated on the city controlling the parking to assure maximized shared use of the parking, minimize costs, and provide actual publicly available parking.

- d. The Document before City Council tonight is solely focused on a due diligence period to allow our team, stakeholders, citizens, and the other West Main teams, to evaluate needs, costs, and other conditions.
- e. An important factor which must be studied includes how these projects can be paid for.
 - 1. Our team has experience and interest in providing capital to finance these projects.
 - 2. Any portions of our projects which are not “public infrastructure” will include land lease considerations and private funding without city obligations.
- f. Monday, I suggested to City Council our document could be modified to include three phases within our MOU period. These phases would allow City Council to evaluate the project in stages and determine appropriateness to continue forward, thus mitigating potential costs or wasted efforts.

IV. Process Forward

- a. Our team has the correct resources and is the right team for the projects we propose.
- b. Valencia, the selected hotel developer for South Main agrees and has submitted a letter to City Council stating their support of our MOU.
- c. We’ve spoken to the developers owning properties south of Main Street, they agree parking must be provided on parcels 4 & 5 for their projects to succeed.
- d. By executing our MOU, the city allows our team to independently evaluate parking and other uses, and report back with an appropriate plan of action for the City’s final review.

October 13, 2021



City of Pensacola
Attn: Mr. Don Kraher
222 West Main Street
Pensacola, Florida 32502

Dear Mr. Kraher:

I write this letter on behalf of Valencia Development Corporation ("VDC") in support of the Memorandum of Understanding ("MOU") between the City of Pensacola and Carson Lovell Company up for consideration at the City Council meeting on October 14, 2021. Valencia Development Corporation has an option with the City of Pensacola to negotiate for the development of a hotel at Lot 7 of Community Maritime Park. This option was recently extended by City Council through September 30, 2022.

The approval of the Carson Lovell Company's MOU for the development of Lot's 4 and 5 at Community Maritime Park and the future planned development on those lots is critical for VDC's ability to move forward with the City to develop at Lot 7. The Carson Lovell Company proposal to the City includes among other things parking and a conference/convention facility. The parking at Lots 4 and 5 has always been a component requirement for VDC to develop at Lot 7. Without adequate parking for the hotel in Lot's 4 and 5, the hotel to be built by VDC at Lot 7 is not feasible. Furthermore, the conference/convention space to be built by Carson Lovell Company is a complementary use that VDC welcomes into the overall Community Maritime Park Development.

I ask that you please read this letter in at the City Council meeting on October 14, 2021 in support of the Carson Lovell Company MOU.

Sincerely,

A handwritten signature in black ink, appearing to read 'David A. Miller', written over a horizontal line.

David A. Miller

PRIMARY USES

100% income qualified housing

Based on needs of the City, not national averages

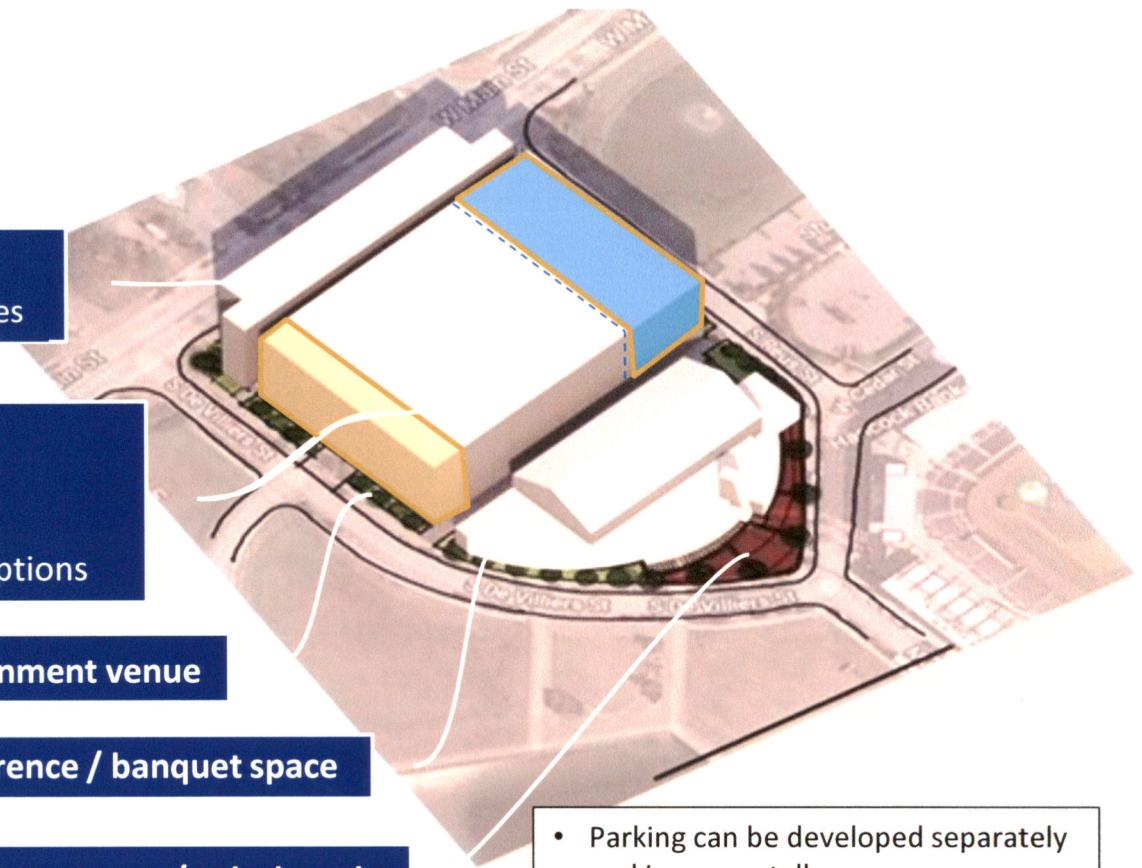
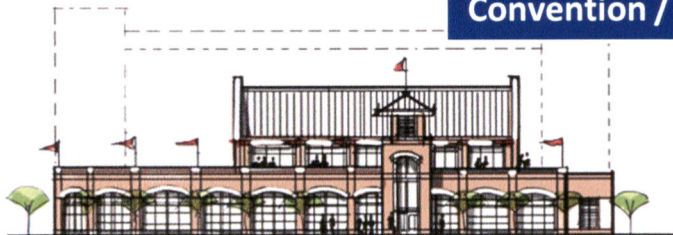
Parking garage

- Easy and affordable to expand as needed
- Efficient design
- Wrapping a garage precludes expansion options

Ground level retail / entertainment venue

Convention / conference / banquet space

Green space / splash park



- Parking can be developed separately and incrementally
- Housing is expandable
- Conference / convention space must be studied and properly programmed