



Hawkshaw Proposal

August 7, 2017

Fred Gunther, CCIM
P 850.433.0666
F 850.470.6397
fred@guntherproperties.com
www.guntherproperties.com

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3 – Hawkshaw Square Project Plan



4 – Offer

August 7, 2017

Ms. DeeDee Davis, SIOR
NAI Halford
24 W. Chase Street
Pensacola, Florida 32502

Re: Hawkshaw RFP

Ms. Davis,

I am pleased to submit this response to the above referenced request for proposal on behalf of Galveztown, LLC, a Florida Limited Liability Company, comprised of me (Fred Gunther) and The Myers Group, Inc., which is solely owned by my brother, Brad Myers. We have been investing in properties in this area for years and are now focusing on projects which we see as opportunities for community building within the City of Pensacola. Galveztown, LLC is currently redeveloping the former YMCA site at 400 N. Palafox Street into a mix of commercial and residential uses. More information on the Galveztown development can be obtained at www.galveztown.net.

I have enjoyed working successfully with the City of Pensacola since 2005, when I partnered with local architect, Scott Sallis, in response to an RFP issued by the City to redevelop a vacant parcel near City Hall. The result was the development of the Lofts on Intendencia, a workforce housing project located downtown at the Northeast corner of Reus and Intendencia Streets. The townhomes were completed on time, sold for the agreed upon price range of \$162,500 to \$175,000 and were all delivered to individuals meeting the City of Pensacola's required income restrictions. The units are located within the City's Urban Core CRA and continue to generate approximately \$6,000 in ad valorem tax revenue annually.

Another project within the City of which I am proud, is the redevelopment of three contributing structures in the downtown Historic District which sat neglected for many years, located at 503, 507 and 509 E. Government Street. I purchased these buildings in 2015, along with local business partners, and we invested an additional \$400,000 renovating and expanding the structures. The buildings are located in the City's Urban Core CRA and generate over \$6,000 in ad valorem tax revenue annually. The building at 503 E. Government serves as the offices for Gunther Properties and Dalrymple Sallis Architecture.

In addition to Gunther Properties, the development team for this proposal also includes the following development consultants, advisors and lenders:

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Dalrymple|Sallis Architecture, LLC

Rebol-Battle & Associates, LLC - Civil Engineers

Jay Brindley, Scott Covell, Sanjiv Kapur, James and Jennifer Waters - Consultants

ServisFirst Bank

We are offering to pay \$1,000,000 for the property. Our proposed mixed-use development on the site is called Hawkshaw Square and will contain at least 48 residential units (36 residential condominiums and 12 single family homes), as well as over 20,000 square feet of commercial space (office, retail or restaurant), for a total of 84,000 square feet of space which will be completed within five years. The 36 residential condo units will range in size from approximately 1,100 SF to 1,300 square feet. The anticipated price range for these units is expected to be \$330,000 to \$390,000. The size and price of the 12 single family residences will vary, but the homes will be a minimum of 1,800 square feet and each home will average over 2,000 square feet. We estimate the assessment for over 84,000 square feet of improvements developed on the site will be an average of at least \$200/square foot or approximately \$16,800,000. This should result in new annual ad-valorem tax revenues to the CRA of approximately \$300,000 per year. The design of this mixed use development will be modern, with the buildings being 3 stories or less, although the installation of the retaining wall system will effectively make it 4 stories since the height of the mixed use building will be over 40' above street level. There will be 32 parking spaces on-site and all of the homes will have rear entry garages. In addition, there will be at least 20 off-site spaces on the street within 50 feet of the development. We are proud to be retaining the Southeast corner of the parcel as a common area which will allow the large live oaks on that site to remain undisturbed. We believe the design, created by Dalrymple Sallis Architecture, coupled with nearby amenities such as Admiral Mason Park, will create an interesting place for both tourists and residents to visit and spend their time. The design of the development will also be perfect for connecting the modern features of the Gulf Power building to the nearby Aragon development and Historic District. More information on Dalrymple Sallis Architecture, as well as examples of their other designs, can be found at <http://dalsal.com>. Gunther Properties, LLC, which is designated as a SBE with the City of Pensacola, will handle the marketing of the development. More details regarding my experience can be found at www.guntherproperties.com/success-stories. Any member of the development team will have the ability to exercise a right to participate in the project as a principal during the development phase.

After closing the sale of the land we will hire a contractor to construct the retaining wall and bring in the required fill, then develop the 12 single family residences on the East side of the property, which we estimate will take no more than three years. During that time, we will also

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complete bid drawings for the mixed-use building, which is approximately 60,000 square feet. We plan to begin pre-selling the condominium units upon closing and commence construction of the mixed-use building within four years.

Alternatively, if the CRA would like to increase its profit on the sale, we are willing to pay \$1,200,000 for the property if it can be purchased in phases, as the development plan is executed, over a two year period. As the land is developed and sold, the City of Pensacola Community Redevelopment Agency (CRA) would receive 125% of the price paid per square foot for the entire parcel, until the entire amount owed is satisfied. For example, if half the parcel is developed and sold initially, the CRA would receive \$750,000 towards the amount owed of \$1,200,000 at that time. As you know, the City of Pensacola had the property appraised in May 2015 for \$1,740,000, so I would like to point out two major reasons why the market value of this property has decreased substantially.

1.) The vacation of Colfax Street. Now, all but approximately 5' of Colfax Street is owned by the neighbor to the North. As a result, there is no guarantee Colfax Street, and the access it provides, will remain. Our last proposal required the City of Pensacola to ensure access via Colfax Street. We have removed this requirement from this proposal which has resulted in a design change, as well as an increase in development costs.

2.) The proposed FEMA floodplain maps. As a result of the new maps, over half of the site will likely be in an AE9 flood zone, which will require raising the finished floor elevation of any improvements to at least 12 feet. Considering the current elevation of the site appears to be as low as 4 feet, we estimate the site will require an average of 6 feet of clean fill material. Based upon this, over 26,800 cubic yards of dirt will be required on the site, or approximately 1,340 truckloads. We estimate the cost to purchase and haul this dirt to the site will be approximately \$268,000, and the cost to spread and properly grade it will be approximately \$250,000. In addition, a retaining wall system will need to be built around the site, which we estimate will cost an additional \$250,000. These requirements not only significantly increase the development costs, but they delay completion of the project and increase risk.

3.) A limited amount of the land is usable. Much of the land on the site cannot be built on because of utility easements and setbacks. While the site itself is 2.2 acres, the net buildable area, after easements and setbacks are accounted for, is approximately 1.7 acres.

When these factors are taken into consideration, our offer is well above market value.

Other requirements are as follows:

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- 1.) Buyer will have a 180 day due diligence period in order to obtain Phase I & Phase II environmental assessments, geotechnical reports, a variance to the West side setback line, CRA approval of the final design and building permits from the City of Pensacola. Closing to be held within 30 days from the end of said due diligence period.
- 2.) Much of the surrounding area was previously a swamp. Poor soils, which could significantly increase our construction costs, are not uncommon in the area. During the first 45 days of the due diligence period, the CRA must provide a geotechnical report which includes at least twelve soil borings, with the location of said borings evenly distributed across the property.
- 3.) Any required storm water retention will flow to the retention area at Admiral Mason Park.
- 4.) The soil conditions, as well as the topography of the parcel, will influence the structural engineering and design of the development, including the design of the retaining wall system. If the terms of this offer are acceptable, we ask that we be allowed to produce building elevations for the CRA's approval upon delivery of the geotechnical report.
- 5.) If there is demand from the community for smaller units, we request the ability to split some of the condominium units in half, which would create units in the range of 500 to 650 square feet. The price point of these units would be \$175,000 to \$225,000, depending on size and location.
- 6.) We plan to request a variance to the 10' side setback along the West property line, in order to better connect the commercial spaces with the sidewalk.

We appreciate your time and consideration and are excited to have the opportunity to partner with the CRA in this endeavor.

Sincerely,



Fred Gunther, CCIM

5 – SBE Certification



FINANCIAL SERVICES
PURCHASING

June 21, 2016

Fred Gunther
Gunther Properties, LLC
503 East Government Street
Pensacola, FL 32502

Dear Mr. Gunther:

Please be advised that your company has been approved for the City of Pensacola's Small Business Enterprise program. Your company's name will appear in the City's Small Business Directory. This certification remains valid for five years from the date of this letter, and you will be notified when re-certification is due.

The City appreciates your participation in the SBE program and its procurement efforts. If you have any questions in this matter, or if your contact information changes, please contact me at 435-1835.

Sincerely,

A handwritten signature in blue ink that reads "Rebecca Donahue".

Rebecca Donahue
Administrative Officer I

6 – Financial Capacity

SERVISFIRST BANK
Post Office Box 1832
Pensacola, Florida 32591-1832
T 850.266.9100 F 850.266.9101
servisfirstbank.com

August 7, 2017

Mr. Frederick M. Gunther
Galveztown, LLC
503 E. Government Street
Pensacola, FL 32502



Re: Hawkshaw proposal to the CRA

Dear Fred,

Servis First Bank has reviewed your proposed site and development plan for the Hawkshaw project. Based on the proposal you submitted, this is a feasible project in which Servis First Bank would like to offer financing terms for the project.

This financing would be contingent upon the completion of acceptable underwriting, to include, but not limited to, acceptable appraisal, plans, surveys, title insurance, pre-sales, etc.. Any conditions precedent customarily required by Bank in similar financings, to include any additional conditions precedent deemed appropriate by Bank in good faith in the context of this transaction, including, without limitation, the absence of any material adverse change in the financial condition, business, or prospects of Borrower(s), satisfactory completion of all due diligence items deemed necessary by Bank.

Again, thank you for the opportunity to assist with your banking needs. ServisFirst Bank looks forward to building a lasting relationship.

Very truly yours,

SERVISFIRST BANK

A blue ink signature of Karen P. Wright, written in a cursive style.

Karen P. Wright
Senior Vice President

7 – Expression of Interest

Hawkshaw Development Opportunity
Request for Proposal
Deadline Submission: August 7, 2017

Galveztown, LLC hereby expresses an interest in pursuing opportunities to develop 2.2 acres in the 100 S 9th Avenue Block of Pensacola, Florida, otherwise known as “Hawkshaw.”

8 – Authorized Representative

Authorized Representative:



Fred Gunther, Manager, Galveztown, LLC

Date: 8/7/17

Evaluation committee will recommend one preferred proposal to CRA for consideration. The CRA reserves the right to accept or reject any or all proposals.

The vicinity of southern 9th Avenue and the subject property is envisioned to be developed as a walkable, urban mixed-use corridor. The CRA seeks a high-density residential or mixed use Project. Proposers are advised to conduct necessary research, beyond re-view of these documents, to establish existing conditions of this property and to properly understand the requirements of its redevelopment including but not limited to the Hawkshaw Urban Design Guidelines.

No Known Environmental Conditions

The CRA is not aware of unusual existing regulated environmental conditions that could render development of this site infeasible. A reasonable due-diligence period will be in effect between selection of the successful proposer and contract closing.

Note: Upon the publication of any solicitation for sealed bids, requests for proposals, requests for proposals, requests for qualifications, or other solicitation of interest or invitation to negotiate by any authorized representative of the City of Pensacola or the Community Redevelopment Agency, City Council, any party interested in submitting a bid, proposal, or other response reflecting an interest in participating in the purchasing or contracting process shall be prohibited from engaging in any communication pertaining to formal solicitations with any member of the Community Redevelopment Agency Board or any member of a selection/evaluation committee for RFPs, whether in person, by mail, or by electronic communications until such time as the CRA has completed all action with respect to the solicitation.

Additionally, any material submitted in response to the RFP will become a public document pursuant to Florida Statute 119.07. All proposal forms must be submitted in a sealed envelope and be signed by an authorized representative of the Proposer.

