

# SONNENBLICK DEVELOPMENT LLC

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August 30, 2017

To The City Commission of Panama City, Florida:

Please find attached to this letter the conceptual massing and density/intensity plan pursuant to Section 2.2 of the Amended Exclusive Negotiating Agreement dated as of May 28, 2017. It is my understanding that the City Commission will have the two public hearings contemplated in Section 2.2 at 6:00PM on Monday September 11 and Tuesday, September 19, and I have made plans to be present at both public hearings.

This concept plan should be read as supplemental to my earlier submittals on August 23, 2016 and December 15, 2016, and of course the concept plan also amends and changes the earlier submittals where the plan is different than the earlier submittals (such as the site plan).

As I have stated many times, the marina project is to be built in one phase; the concept plan should be viewed as a whole, and not as individual separate uses. Without all of the different uses working together the marina project (as a whole) will not be feasible. For example, the hotel needs are very dependent on the Civic Center events, restaurants, conference space, movie theaters, retail shopping district, and general activity of the marina. The Civic Center will be used by both locals and visitors, and it is dependent on the hotel and restaurants. The restaurants all depend on people/foot traffic, and the total draw of the marina uses will bring people to the restaurants. We believe the conference areas will be a tremendous asset for both locals and visitors, and the conference areas will encourage and enhance the use of the hotels and restaurants. Finally, we do believe that the waterfront retail shopping district will be a huge draw that will be a tremendous asset to the rest of the marina uses.

It is important to remember that 150,000 square feet of walkable retail space is needed to create a successful retail shopping district. Our belief is that visitors will travel for an hour to a destination retail shopping district, provided there are a variety of quality stores there. A normal shopper will spend 2 to 3 hours at a destination retail shopping district, and we anticipate gross annual sales of over \$60,000,000 from the retail shopping district, not counting sales from the restaurants, movie theaters, hotels and Civic Center/Auditorium. Although visitors to Bay County

will be attracted to this retail shopping district, it is our intention to also include local stores that would serve residents that live in the downtown area or nearby. For example, a small grocery store or deli or other store that is needed by nearby local residents will be recruited along with other quality retail stores.

Based upon the excitement of the developers/operators of the marina, commercial retail space, hotels, movie theater, and restaurants (the Active Participants), it is our belief and hope that the enclosed concept plan will be successful; however, we will not know for certain that the concept plan is feasible and can be financed until all feasibility studies are completed later this calendar year.

The Active Participants will include major groups such as MadisonMarquette, Bellingham Marine Industries, Regal Theaters, Marriott Hotel Corp, Hilton Hotel Corp, AEG Facilities, GAC Construction, Coastal Marina Mgmt, Bank of America, etc.

We think that this venture can be a success for The Commission and the community as well as for us and the Active Participants. We have envisioned what success would look like to Panama City, and we have concluded that Downtown Panama City is uniquely positioned to benefit from this development.

- The City's basic infrastructure appears to be adequate. The road grid system allows for numerous travel options in and through the downtown area so that traffic can be distributed in multiple paths allowing visitors to egress and ingress the marina and downtown area. The City's water and sewer systems appear to have the capacity to handle the proposed plan.
- The soil borings provided by the City demonstrated that the marina could handle the proposed construction on pier pilings which is typical for beach or Bayfront construction.
- The new visitors that come to the marina will benefit all businesses in the entire downtown area, and the marina can be the catalyst that starts economic growth in downtown Panama City.
- We believe that significant new tax revenues will be generated by the concept plan. We estimate that the City will annually realize many millions from Merchant Taxes, bed tax revenues and CRA property tax revenues. Property values in the downtown area should increase as well. The City would be taking an asset that is presently losing money (costs to operate and maintain the Civic Center and marina) and turning it into a revenue producer.

We do strongly urge the City Commission to explore providing incentives to entice developers to construct residential apartments in the downtown area. We see

that residents living in Downtown Panama City are essential to the long-term health of the downtown area and the re-developed marina.

We sincerely believe that the plan submitted with this letter is consistent with your original intentions as they were expressed in the Sources Sought Document of April 2014. This plan can result in "a premier destination for the use and enjoyment of both local citizens and visitors to Bay County." (Sources Sought Document). We believe that the plan addresses all of the elements in the Sources Sought Document, and will provide "substantial economic benefit and impact to showcase and stimulate the Marina site and broader Downtown area, special increase in tourism activity." (Sources Sought Document)

I look forward to the public hearings. Our Active Participants and I need a favorable vote (with any changes that are mutually agreeable) to proceed with the Letters of Intent, feasibility studies and other milestones in the ENA.

Yours truly,

R o b e r t   S o n n e n b l i c k

Mr Robert Sonnenblick  
LLC Manager