



September 6, 2018

Mayor Brudnicki and City Commissioners
City of Panama City
City Hall
819 E. 11th Street
Panama City, Florida 32401

Mayor Brudnicki and City Commissioners,

The St. Joe Company is vested in this area as are our employees, vendors, tenants, residents, and partners. When positive things happen in the area, positive things happen with us so we are strong believers in the concept of a rising tide lifts all boats. A healthy and vibrant downtown with an ecosystem of workers, residents, shoppers, and guests is an important component of the rising tide of a community.

We believe that successful downtowns redevelop one step at a time with each step building on the next, as opposed to trying to execute too many steps at one time. Each step must be thoughtfully planned and carefully executed. It must also be done consistent with the existing character of the surrounding area as opposed to forcing a new and different character that does not fit. We believe that downtown Panama City has its own unique character that is different from Panama City Beach, Lynn Haven, or West Bay to name a few.

This letter is to express our interest in exploring the taking of the first step that can perhaps be a catalyst for other successes in the downtown area.

For various reasons, we believe the first step should be the construction of a hotel on the City's marina property. We envision a quality, branded, full service hotel with a lounge and restaurant open for all meal periods that would cater to hotel guests, nearby residents, businesses, and visitors to the downtown area. We anticipate the hotel will have no more than 5 stories in height. It would be our intent via a wholly owned subsidiary to fund, construct, own, and operate the hotel and restaurant on the City's property without requesting financial assistance from the City. As with any first step, there is inherent risk that we would take to build and operate the hotel and restaurant so we ask that the City consider a ground lease structure that is based upon the performance of the hotel. That way, we all win if the hotel does well.

As part of our exploration, we would conduct our due diligence on the property, develop a site plan, evaluate hotel and restaurant brand concepts, negotiate ground lease terms with the City, and finalize a financial model. We believe that we can complete this exploration in an efficient time frame. The end result of the exploration would be a formal decision on whether we would

move forward with the project. If this process is of interest to the City, please let us know how and when we can commence. We are prepared to move forward with the exploration immediately.

Sincerely,

ST. JOE COMPANY

A handwritten signature in blue ink, consisting of several loops and a long horizontal stroke.

Jorge Gonzalez
President and Chief Executive Officer

xc: City Manager
City Attorney