

Derek Conley
Economic Development Director
City of St. Charles
Two East Main Street
St. Charles, IL 60174
dconley@stcharlesil.gov

May 25, 2022

Re: St. Charles Police Station Site Redevelopment

Mr. Conley:

Thank you for your consideration of our submittal for the redevelopment of the St. Charles Police Station property, as well as the questions provided, which I have included below, for ease of review. Over the last few weeks, our development team and consultants have reviewed the questions and offer the following details for your review. Additionally, I have included our original submittal as a reference.

1. The proposed project includes the construction of eight new structures. The proposal refers to a phasing plan. Can T2 Capital Management provide an initial phasing plan or at a minimum phase 1?

Exhibit 1 lays out the phasing plan we propose. Our goal with this plan was to leave the existing municipal parking lot contiguous to City Hall until the last phase to limit the impact on the residents and municipal employees during construction.

2. The proposal mentions an expectation that the City would be responsible for the construction of the parking garage. The projects identify both Buildings 4 and 8 as parking garages. Please clarify which parking garage the City would be responsible for constructing. Exhibit 2 details two options, each with their own merit, that we believe provide solid traffic circulation and propose working with City staff to find the most suitable solution.

3. The site plan identifies Building/Use 10 as "City's replacement parking" however there is not a number 10 on the site plan. Can T2 Capital Management please identify where the City's replacement parking would be located?

The replacement parking would be accounted for in the garage/s detailed on our plan.

4. The proposal includes a 51-room hotel. What would the target market be for the hotel? Why does T2 Capital Management believe this size of hotel would be successful?

While working with the City, we would propose a market study to evaluate the highest & best use of for "Building 2". We acknowledge that further study is needed to quantify the viability of a hotel across from the Hotel Baker. We have evaluated Multi-Family Residential as well, and it is a solid alternative for this space.

5. Can T2 Capital Management please provide a preliminary budget?

Exhibit 3 addresses questions 5 & 6 collectively.

6. Can T2 Capital Management please provide a preliminary proforma?

Exhibit 3 addresses questions 5 & 6 collectively.

We are excited about the opportunity to work with the City of St. Charles on the redevelopment of this unique property and look forward to discussing our plan in further detail with the City Council. Please let us know if any further clarifications are needed in the meantime.

Thank you,



Dan Venard

Exhibit 1 Phasing Plan



Exhibit 2- Parking, Traffic, and Circulation

Our Team has continued to refine the plan since our initial submittal. As such we have updated our parking strategy to offer the most flexibility to the development team and the City of St. Charles. Our original parking strategy balances parking on-site and off-site in two parking garages. This strategy remains a good option for our team however we want to offer the City a self-contained option to park the project entirely on the City site. As a supplement to our initial proposal, we are presenting these two parking options and are prepared to collaborate with the City in a public private partnership on a preferred solution:

- Option 1: Dispersed parking:
 - On-site (City Parcel) and
 - Off-site (Baker Church parcel)
- Option 2: Contained parking:
 - On-site Parking (City Parcel)

There are advantages to each option which are highlighted below:

1. Advantages Option 1: Dispersed Parking:
 - a. Garage height is 3-stories.
 - b. Traffic flow is dispersed.
 - c. 1st Avenue and Main Street intersection impact.
 - d. Residential views.
 - e. Visual bulk and mass.
 - f. Baker Church parcel offers community and business parking benefits.
2. Advantages Option 2: Contained Parking:
 - a. Site control.
 - b. Cost.
 - c. Development phasing simplicity.

To support our team, we have added two expert traffic and parking consultants to our team:

- KLOA – Traffic Engineering
- Walker Consultants – Parking Design

Original Submittal layout (Option 1)



Parking Option 2



SERVICES

Traffic Impact Study

Study that evaluates the traffic impacts of new development or street modifications.

Transportation Master Plan

Community-wide multi-modal plan that identifies existing and future transportation needs with an implementation plan of improvements.

Corridor Access Study

An evaluation of traffic flow within a corridor and development of an access plan to improve operations, enhance pedestrian safety, and establish ultimate right-of-way requirements while using new-urbanist ideals, "complete streets" practices, and/or context sensitive solutions.

Neighborhood Traffic Control / Traffic Calming Plan

An evaluation of neighborhood traffic conditions and a plan to standardize traffic control, moderate traffic speeds and increase pedestrian and vehicle safety.

Residential Speed Limit Study

A review of neighborhood speed limits to create a higher level of standardization and safety.

Traffic Speed Study

Investigates the appropriateness of altering speed limits on roadways using engineering principles and IDOT procedures.

GIS / GPS Sign and Parking Meter Mapping

Location mapping and photo logging of municipal street equipment such as parking meters, signs, etc.

Safe Routes to School Plan

Includes maps of safe walking routes to school and a plan of safety improvements that address traffic controls, crosswalks, signage, sidewalks, lighting, etc.

Traffic Signal / Multiway Stop Control Warrant Study

Study that evaluates justification for the installation of new traffic controls or removal/modification of existing controls.

Intersection Design Study (IDS)

Depicts the preliminary engineering for roadway improvements (e.g. turn lanes), right-of-way requirements, traffic signal layout and phasing plans, and intersection capacity analysis results.

Traffic Signal Design Plan

Construction plans, specifications and cost estimates for traffic signal installations, modifications and/or interconnect.

Parking Demand/Shared Parking Study

Study that identifies current parking utilization, future parking needs, and potential for shared use of parking facilities.

Functional Parking Design

Review of parking layouts and circulation patterns and development of alternative plans that increase parking supply and/or improve traffic circulation, access, and processing efficiency.



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Mr. Aboona is a traffic and transportation engineer with over 35 years of experience and a founding Principal of Kenig, Lindgren, O'Hara, Aboona, Inc. He is currently responsible for traffic and transportation assignments and traffic signal design projects for the firm's private and public sector. He has served as project manager on a variety of public and private sector projects including traffic and parking studies; comprehensive thoroughfare planning studies; parking demand and shared parking studies, signal warrant studies, site access and related highway improvement studies and traffic signal design. Mr. Aboona has also appeared as an expert witness at public hearings. Prior to the forming of Kenig, Lindgren, O'Hara, Aboona, Inc., Mr. Aboona had been with Barton-Aschman Associates, Inc. for ten years.

EDUCATION

Bachelor of Science in Civil Engineering
University of Southampton, England

Master of Science in Structural Engineering
Northwestern University

REGISTRATIONS

Professional Engineer in State of Illinois

Registered Professional Traffic Operations Engineer (PTOE)

PROFESSIONAL ASSOCIATIONS

Institute of Transportation Engineers

Urban Land Institute

Traffic Impact Studies -

Residential, commercial, office, institutional, event centers, casinos, and mixed-use developments throughout the Chicago area and other states, including Arizona, California, Indiana, Iowa, Missouri, Nebraska, Tennessee, Texas, and Wisconsin.

Transportation Thoroughfare Studies -

Wheeling, West Dundee, Rosemont, Orland Park, DeKalb, and Morton Grove, Illinois; Erie, Pennsylvania; and Indianapolis, Indiana.

Traffic Signal Design and Intersection Design Studies (IDS) -

New and modified signalized intersections for numerous locations within the Chicago metropolitan region.

Traffic Signal/Multiway Stop Sign Warrant Studies -

Along state, county, and local roadways at numerous locations within the Chicago area.

Trip Generation Studies -

McDonald's facilities and Home Depot stores nationwide.

Pedestrian Crossing Improvement Studies -

Chicago, La Grange, River Forest, and Evanston.

Transit-Oriented Development Transportation Studies -

Chicago, Des Plaines, Arlington Heights, Evanston, Skokie, River Forest LaGrange, Lake Forest, Oak Park, Wilmette, Winnetka, Highland Park, and Western Springs.

Safety Studies -

Preschools, elementary, middle, and high schools and day care facilities within the Chicago area

University and Medical Campus Traffic and Parking Planning Studies -

Chicago, Hinsdale, Lake Forest, Oak Lawn, Oak Park, Berwyn, Naperville, La Grange, Glenview, Peoria, and Rockford.

Parking Needs and Feasibility Studies -

Residential, commercial, office, institutional, and mixed-use developments within the Chicago area and other states including Indiana, Wisconsin, and Ohio.

Transportation and Planning Studies -

Various communities, downtowns/central business districts (CBD), and roadway corridors within the Chicago area.

Expert Testimony -

Court, Plan Commission, Zoning Board of Appeals, and Village Boards throughout the Chicago area.

<div><div>T2</div><div>CAPITAL MANAGEMENT™</div></div> <div>PROJECT NAME: St Charles Police Station Redevelopment PROJECT DESCRIPTION: Mixed Use Development St Charles CBD PROJECT LOCATION: Riverside Avenue St. Charles, IL EXCLUDES COST ASSOCIATED W/ HOTEL/HOSPITALITY/EVENT SPACE Date: 5/27/2022</div> <div><div>Returns</div><div>Project Equity Multiple: 1.89 Project IRR: 23.41% 8% Pref10% Pref12% Pref GP Equity Multiple: 2.932.792.65 GP IRR: 43.83%41.57%39.17% LP Equity Multiple 1.771.791.81 LP IRR: 20.60%20.87%21.14%</div></div>				<div>Project Information</div> <div>Land Area: 217,800 Square Feet 5.00 Acres Building Info: Commercial7,100 sf Commercial2,500 sf -0 sf -0 sf -0 sf Apartments150,000 sf Lobby5,000 sf Above Grade Parking0 sf Below Grade Parking0 sf Podium BOH Finished15,000 sf Exterior Amenity Deck10,000 sf Total189,600 GSF 170,000 Residential SF 139,550 NRSF 82.09%</div>				<div>Equity Requirement</div> <div>Project Costs\$53,557,587\$359,447 per unit \$282.48 per GSF \$383.79 per NRSF Debt\$34,812,432 Equity Required\$18,745,15565% of total project costs 35% of total project costs \$14,996,124 LP Equity80% \$3,749,031 GP Equity20% Yield on Cost: 6.49%</div>				<div>Net Proceeds from Sale</div> <div>\$3,477,335 NOI 5.00% Capitalization Rate \$69,546,706 Project Value \$695,467 Less Cost of Sale (\$34,812,432) Less Mortgage Amount (\$18,745,155) Less Equity Requirement \$16,684,586 Net Proceeds from Sale</div> <div>Parking213 Parking Req'd: 0 sf average per stall 225 Parking Provided1.51 stalls per unit</div> <table><tr><th>Unit Type</th><th># of Units</th><th>% of Units</th><th>Avg. SF</th><th>Total SF</th><th>Rent PSF</th><th>Monthly</th><th colspan="2">Annual Escalation</th></tr><tr><td>Studio</td><td>10</td><td>6.71%</td><td>650</td><td>6,500</td><td>\$2.55</td><td>\$1,657.50</td><td>3.00%</td><td></td></tr><tr><td>1 Bedroom</td><td>50</td><td>33.56%</td><td>775</td><td>38,750</td><td>\$2.50</td><td>\$1,937.50</td><td>\$2.50</td><td>2024</td></tr><tr><td>2 Bedroom</td><td>50</td><td>33.56%</td><td>950</td><td>47,500</td><td>\$2.50</td><td>\$2,375.00</td><td>\$2.58</td><td>2025</td></tr><tr><td>3 Bedroom</td><td>39</td><td>26.17%</td><td>1,200</td><td>46,800</td><td>\$2.50</td><td>\$3,000.00</td><td>\$2.65</td><td>2026</td></tr><tr><td>Total</td><td>149</td><td></td><td>937</td><td>139,550</td><td>\$2.50</td><td>\$2,343.62</td><td>\$2.73</td><td>2027</td></tr><tr><td colspan="6">Total Monthly:</td><td>\$349,200</td><td>\$2.82</td><td>2028</td></tr></table>						Unit Type	# of Units	% of Units	Avg. SF	Total SF	Rent PSF	Monthly	Annual Escalation		Studio	10	6.71%	650	6,500	\$2.55	\$1,657.50	3.00%		1 Bedroom	50	33.56%	775	38,750	\$2.50	\$1,937.50	\$2.50	2024	2 Bedroom	50	33.56%	950	47,500	\$2.50	\$2,375.00	\$2.58	2025	3 Bedroom	39	26.17%	1,200	46,800	\$2.50	\$3,000.00	\$2.65	2026	Total	149		937	139,550	\$2.50	\$2,343.62	\$2.73	2027	Total Monthly:						\$349,200	\$2.82	2028
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Total Monthly:						\$349,200	\$2.82	2028																																																																								
1) Land Cost				Total	\$/GSF	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12																																																															
a Site Acquisition	\$0.00 psf land \$0 per acre \$0 per unit	0	0.00			0																																																																										
b Surplus Property Disposition		0	0.00														0																																																															
c TIF/Municipal Assistance		0	0.00			0																																																																										
d Real Estate Taxes		0	0.00			0																																																																										
e Demolition / Site Clearing		350,000	1.85				350,000																																																																									
f Environmental Remediation		0	0.00				0																																																																									
g Acquisition Fee	1.00% project cost	530,000	2.80			530,000																																																																										
h Legal		50,000	0.26			50,000																																																																										
i Zoning, Subdivision, Land Use		0	0.00			0																																																																										
Subtotal				930,000	4.91	580,000	350,000	0	0	0	0	0	0	0	0	0	0																																																															
				\$6.66 NRSF \$6.242 per unit																																																																												
2) Construction Costs																																																																																
a Commercial Shell Const.	7,100 sf \$175.00	1,242,500	6.55				112,955	112,955	112,955	112,955	112,955	112,955	112,955	112,955	112,955	112,955	112,955																																																															
b Commercial Shell Const.	2,500 sf \$175.00	437,500	2.31				39,773	39,773	39,773	39,773	39,773	39,773	39,773	39,773	39,773	39,773	39,773																																																															
c - Shell Const.	0 sf \$0.00	0	0.00				0	0	0	0	0	0	0	0	0	0	0																																																															
d - Shell Const.	0 sf \$0.00	0	0.00				0	0	0	0	0	0	0	0	0	0	0																																																															
e - Shell Const.	0 sf \$0.00	0	0.00				0	0	0	0	0	0	0	0	0	0	0																																																															
f Residential Vert Const	150,000 sf \$205.00	30,750,000	162.18				2,795,455	2,795,455	2,795,455	2,795,455	2,795,455	2,795,455	2,795,455	2,795,455	2,795,455	2,795,455	2,795,455																																																															
Ground Floor	50,000 sf																																																																															
Floor 2	50,000 sf																																																																															
Floors 3 - 4	50,000 sf																																																																															
Floors 5 - 23	0 sf																																																																															
Floor 24	0 sf																																																																															
Floor 25	0 sf																																																																															
g Lobby and Amenity	5,000 sf \$150.00	750,000	3.96				68,182	68,182	68,182	68,182	68,182	68,182	68,182	68,182	68,182	68,182	68,182																																																															
h Above Grade Structured Parking	0 sf \$0.00	0	0.00				0	0	0	0	0	0	0	0	0	0	0																																																															
Total number of Parking Stalls	225 stalls																																																																															
Ground Floor	0 sf																																																																															
Floor 2	0 sf																																																																															
Floor 3	0 sf																																																																															
Floor 4	0 sf																																																																															
Floor 5	0 sf																																																																															
i Below Grade Parking	0 sf \$0.00	0	0.00				0	0	0	0	0	0	0	0	0	0	0																																																															
Total number of Parking Stalls	0 stalls																																																																															
Lower Level 1	0 sf																																																																															
Lower Level 2	0 sf																																																																															
Lower Level 3	0 sf																																																																															
j Podium BOH Finished	15,000 sf \$135.00	2,025,000	10.68				184,091	184,091	184,091	184,091	184,091	184,091	184,091	184,091	184,091	184,091	184,091																																																															
k Exterior Amenity Deck	10,000 sf \$150.00	1,500,000	7.91				136,364	136,364	136,364	136,364	136,364	136,364	136,364	136,364	136,364	136,364	136,364																																																															
l On-Site Improvements	\$750,000 per acre \$22.06 psf land	3,750,000	19.78				625,000	625,000	625,000	625,000	625,000	625,000																																																																				
m Off-Site Improvements		500,000	2.64				125,000	125,000	125,000	125,000																																																																						
n Utility Relocation		250,000	1.32			125,000	125,000																																																																									
o Poor Soils Provision		0	0.00			0																																																																										
p Owner Contingency	8.00% Construction Cost	3,296,400	17.39			3,296,400																																																																										
Subtotal				44,501,400	234.71	3,421,400	4,211,818	4,086,818	4,086,818	4,086,818	3,961,818	3,961,818	3,336,818	3,336,818	3,336,818	3,336,818	3,336,818																																																															
				\$318.89 NRSF \$298,667 per unit																																																																												
3) Commercial Tenant Improvement Costs																																																																																
a Commercial Interior Const.	40.00 psf	284,000	1.50							142,000	142,000																																																																					
b Commercial Broker Comssn	10.00 psf	71,000	0.37			71,000																																																																										
c Lease Negotiations		10,000	0.05			10,000																																																																										
Subtotal				365,000	1.93	81,000	0	0	0	142,000	142,000	0	0	0	0	0	0																																																															
Commercial Tenant Improvement Costs																																																																																
d Commercial Interior Const.	40.00 psf	100,000	0.53							50,000	50,000																																																																					
e Commercial Broker Comssn	15.00 psf	37,500	0.20			37,500																																																																										
f Lease Negotiations		10,0																																																																														

			\$12.43 NRSF													
			\$11,638 per unit													
6) Financing Fees																
a Construction Loan Fees	1.00% loan amount															
Points		325,284	1.72	325,284												
Closing & Title		50,000	0.26	50,000												
Transfer Tax		12,500	0.07	12,500												
Owner Legal		50,000	0.26	50,000												
Lender Legal		50,000	0.26	50,000												
Appraisal		7,500	0.04	7,500												
Inspecting Architect			25,000	0.13	25,000											
b Interest Carry / Const Interest	Calculated at: 6.00%															
Commercial Interest		45,387	0.24		1,195	1,817	2,280	2,744	3,672	4,585	5,039	5,419	5,830	6,211	6,594	
Commercial Interest		24,640	0.13		855	1,074	1,237	1,400	2,026	2,646	2,806	2,940	3,084	3,219	3,354	
- Interest		9,253	0.05		296	296	296	296	757	1,219	1,219	1,219	1,219	1,219	1,219	
- Interest		8,895	0.05		263	263	263	263	725	1,186	1,186	1,186	1,186	1,186	1,186	
- Interest		2,113	0.01		0	0	0	0	163	325	325	325	325	325	325	
Apartments Interest		847,523	4.47		19,816	34,274	45,384	56,525	67,859	78,907	89,827	99,171	109,182	118,578	128,000	
c Post Const Interest (6%)		9.00 Months	1,500,726	7.92												
d Interest Cap Rate (est)	500,000		2.64	500,000												
e Pre-stabilization OpEx (est)		250,000	1.32	250,000												
f Misc Financing Fees		0	0.00	0												
Subtotal		3,708,821	19.56	1,020,284	22,425	37,723	49,460	61,228	75,200	88,868	100,403	360,259	120,826	130,739	1,641,404	
		\$26.58 NRSF														
		\$24,891 per unit														
Total Project Costs		53,557,587	282.48	7,838,043	5,426,252	4,124,541	4,136,278	4,527,547	4,416,519	4,050,687	3,437,221	3,697,078	3,457,645	3,467,557	4,978,222	
		\$383.79 NRSF														
		\$359,447 per unit														

Income Analysis									
Commercial	\$25.00	psf	\$21.27 Computed return of:		Total Rent:	\$4,430,400			
	\$177,500	total rent	\$151,028 7.00%		Total Other Income:	\$723,369			
Commercial	\$25.00	psf	\$22.05		TIF/Incentive Income:	\$0 annually			
	\$62,500	total rent	\$55,114		Total Gross Effective Rent:	\$5,153,769 annually			
-	\$0.00	psf	\$0.00		Vacancy Loss:	\$24,000	Retail	10.00%	
	\$0	total rent	\$0			\$125,712	Residential	3.00%	
-	\$0.00	psf	\$0.00		Adjusted Total Income:	\$5,004,057			
	\$0	total rent	\$0		Expenses:	\$7,200	Retail Management	Percentage of net rent	3.00%
-	\$0.00	psf	\$0.00			\$19,200	Retail Reserves	Cost per square foot	\$2.00
	\$0	total rent	\$0			\$1,500,322	Residential Expenses	Cost per unit	\$10,069
Apartments	\$2.50	avg psf rent						Expense Ratio	29.11%
	\$2,344	avg rent / unit (monthly)			Net Operating Income:	\$3,477,335	annually	Return on Project Cost:	6.49%
\$4,190,400 Annual Revenue/Income									

DEBT SERVICE	
Mortgage Amount	\$34,812,432
Interest Rate	6.00%
Amort Schedule (years)	25
Payment	\$224,297 Monthly
	\$2,691,564 Annual Fully Amortized Loan
	\$174,062 Monthly
	\$2,088,746 Annual Interst Only Loan
Net Income	\$785,771 Cash Flow Annual (Amortized Loan)
	\$1,388,589 Cash Flow Annual (Interest Only Loan)
Debt Service Coverage:	1.29 Amortized Loan
	1.66 Interest Only
Return on Project Cost:	6.49%
Cash Flow Return on Equity	4.19% on amortized loan
	7.41% on an interest only loan

RESIDENTIAL INCOME (Other)			
Admin & App Fees			
Units	149		
Non-refundable admin fee	\$250		
Turnover %	30%	11,175.00	annually
Garage Parking:			
Number of Above Grade Stalls:	225		
Parking Fee:	\$100	\$270,000	annually
Number of Lower Level Stalls:	0		
Parking Fee:	\$0	\$0	annually
Pet Income			
Percentage of Units:	40%		
NonRefundable Pet Fee:	\$300	\$17,880	annually
Monthly Fee	\$30	\$21,456	annually
Storage Fees			
# storage units	100		
% in use	80%		
Price/Month	\$50	48,000.00	annually
Utilities / RUBS Income			
310.25%	Utility Recovery		
Electric			
Tenant pays	\$0	separately metered	
Gas			
Units	149		
Occupancy	95%		
Price/Month	\$20	33,972.00	annually
Water/Sewer			
Units	149		
Occupancy	95%		
Price/Month	\$50	84,930.00	annually
Trash			
Units	149		
Occupancy	95%		
Price/Month	\$30	50,958.00	annually
Bulk Data / Wi-Fi			
Units	149		
Occupancy	95%		
Price/Month	\$100	169,860.00	annually
Misc. Other Income			
Club / Business Ctr Room Rental Fees			
# per month	5		
Charge	\$50	3,000.00	annually
Forfeited Security Deposits			
# per month	2		
Charge	\$250	6,000.00	annually
Keys and Key Cards			
# per month	5		
Charge	\$50	3,000.00	annually
Late Rent Fees			
Units	149		
% of tenants per month	2%		
Charge	\$50	1,788.00	annually
NSF Fees			
# per month	1		
Charge	\$50	600.00	annually
Cleaning Charges			
		\$250	annually
Damages			
		\$500	annually
Total Residential Income (Other):		\$723,369	annually
		\$4,855	per unit

RESIDENTIAL EXPENSES			
Management Fee			
	3.00%	\$150,122	
Total Management Fee:		\$150,122	annually
		\$1,008	per unit
Administrative Expenses			
Management Expense		\$5,000	
Resident Screening		\$2,500	
Dues & Subscriptions		\$1,000	
Office Supplies		\$500	
Postage and Courier Exp		\$500	
Computer Expenses		\$5,000	
Telephone		\$5,000	
Bank Fees		\$2,500	
Total Admin Expenses:		\$22,000	annually
		\$148	per unit
Payroll & Benefits			
Management		\$100,000	
Leasing		\$65,000	
Commissions / Bonuses		\$16,500	
Maintenance		\$50,000	
Housekeeping		\$0	
Payroll Expense / Benefits		\$38,700	
Group Insurance		\$43,000	
Total Payroll & Benefits:		\$313,200	
		\$2,102	per unit
Repairs and Maintenance			
Vehicle Expense		\$0	
Life Safety Expense		\$2,500	
Security Contract		\$0	
Cleaning Supplies		\$1,000	
Contract Cleaning-Common Area		\$0	
Appliance Repair		\$2,500	
Pest Control		\$2,500	
Maintenance Supplies		\$2,500	
Plumbing Supplies		\$2,500	
Plumbing Contract		\$5,000	
Elevators Repairs & Maintenance		\$20,000	
HVAC Repairs		\$2,500	
HVAC Supplies		\$2,500	
Electrical R&M		\$2,500	
Electrical Supplies		\$2,500	
Elevator Contract		\$7,500	
HVAC Contract		\$5,000	
Painting-Decorating & C		\$2,500	
Blinds/Window Treatment		\$2,500	
Exterior Building Supplies		\$5,000	
Exterior Repair & Maint		\$5,000	
Amenity Areas R&M		\$5,000	
Fitness Room Expense		\$5,000	
Doors-Repairs & Supplies		\$2,500	
Window Washing Contract		\$2,500	
Maintenance Equipment		\$1,000	
Maintenance Equipment R		\$1,000	
Locks, Keys & Fobs		\$1,000	
Total Repairs & Maintenance:		\$94,000	
		\$631	per unit
Total Operating Expense		\$829,822	
		\$5,569	per unit
Real Estate Taxes		\$670,500	
		\$4,500	per unit
Total Operating Expenses		\$1,500,322	
		\$10,069	per unit
		29.11%	GPI



ST CHARLES

ILLINOIS

SUBMITTAL

MARCH 15, 2022

T2 Capital Management
120 N. Hale Street, Suite #300
Wheaton, IL 60187

T2investments.com

T2 || **CAPITAL
MANAGEMENT™**

March 15, 2022

City of Saint Charles, Illinois

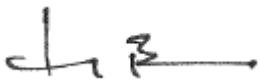
Re: Riverfront Development and Enhancements

Thank you for your consideration of our request for proposal. St. Charles' long-range vision and its commitment to creating a strong local quality of life through attractive housing, supportive community services, and economic, cultural, and natural prominence align with the goals T2 sets forth when developing a new property.

T2 is a fully integrated private equity real estate firm that is locally based in Wheaton, Illinois. We share in St. Charles' strong community pride and recognize its historical significance. At T2, our hands-on approach to each of our investment properties sets us apart. Our management team is comprised of high-capacity individuals with diverse and complementary skill sets that creates consistency in projects from start to finish as we see visions become reality.

Since 2011, T2 has invested over \$1.15 billion in a variety of projects. Many of those projects parallel what St. Charles is desiring to see with this riverfront development. Our track record with similar projects in towns like Naperville, IL, Naples, FL, Huntsville, AL, and Mount Prospect, IL speaks for itself. You will see a highlight of these projects late in this submittal.

We are excited to be working with Blue Stem Design, Inc. and Retown on this endeavor. Blue Stem Design, Inc.'s roots in St. Charles bring a unique and valuable perspective to the project. Their 30 years of expertise in the design and planning can be seen in their seamless integration of community connection with the preservation of key natural features. ReTown's commitment to having the community being the heart and soul of the project is seen in their design, planning, and execution. T2, Blue Stem Design, Inc., and Retown, together look forward to helping this next step in St. Charles' vision become a reality, as we strive to make the downtown St. Charles "everyone's neighborhood."



Jeff Brown
T2 Capital Management, LLC

DEVELOPER INFORMATION

Developer: T2

Co-Developer: Retown

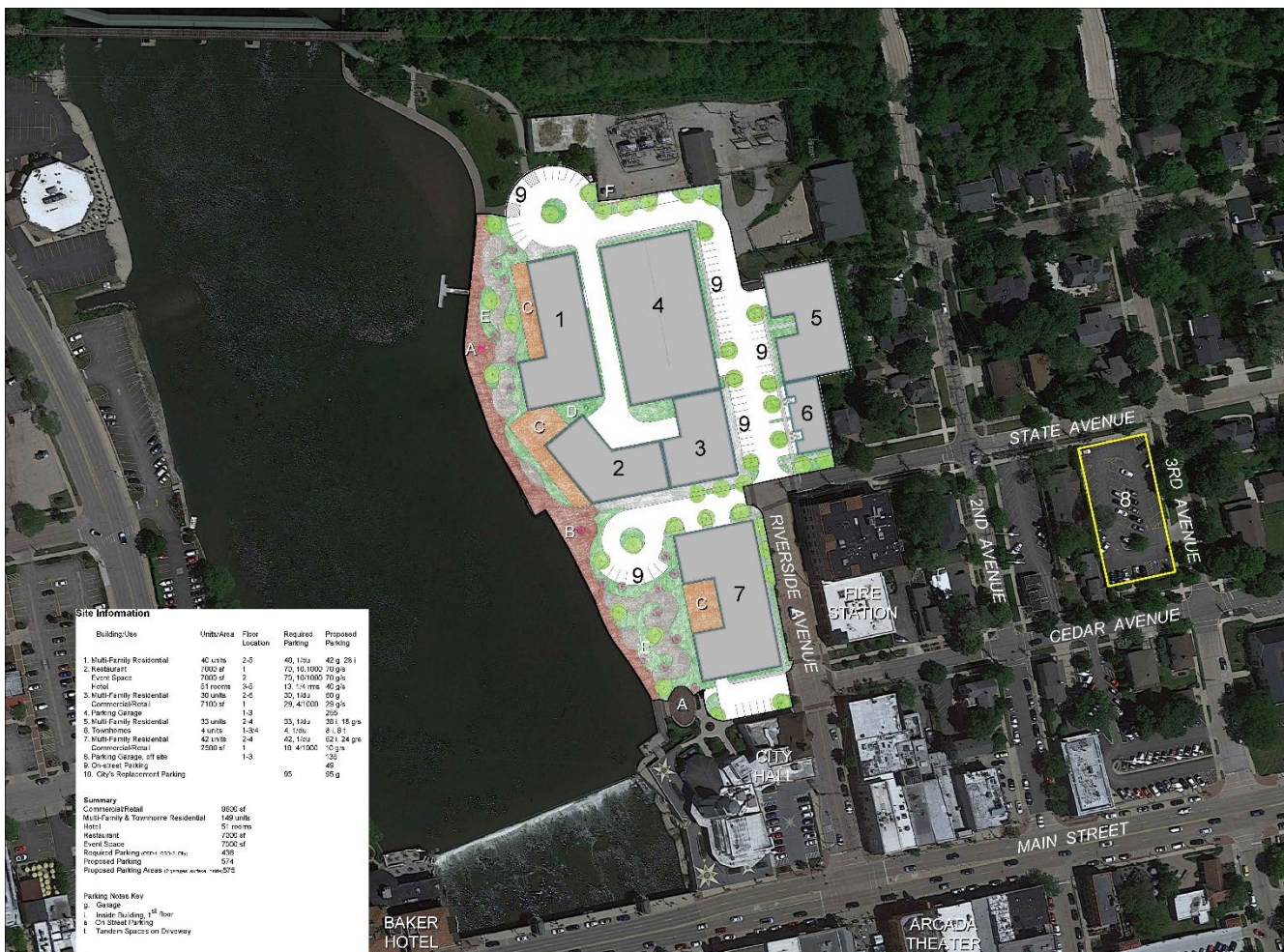
Planner & Landscape Architect: Blue Stem Design, Inc.

To Be Determined: Architect
Engineer
Contractors



Information regarding any potential conflicts of interest, including any relationship to any City official or staff member: Peter Vargulich, Plan Commission Chairperson

CONCEPT PLAN



GENERAL DESCRIPTION

We respect the City's leadership and action to free-up this important site for development and would consider it an honor to develop the property in a public private partnership. We understand that it is important for the City to assure that the project is of the highest caliber.

Our vision matches the City's goals and is envisioned to be a mixed-use waterfront destination that activates this in-fill riverfront site. We believe that our master plan is consistent with the City Comprehensive Plan and is respectful of the City's rich history while celebrating its future. The plan includes an iconic public waterfront linear park that is overlooked by restaurants, event spaces, hotel rooms and residences all located within a cluster of multi-layered buildings that overlook the river and downtown. One unique feature of our plan is the off-site overflow public garage that creates the unique opportunity to maximize the uses on the City site. This off-site parking site is made possible given the support of Baker Church. As such, our redevelopment plan delivers parking ratios that the market will demand and each use is at or above code. The plan uses are described in the table below:

Proposed Mixed-Uses:

1. Commercial/Retail	9600 sf
2. Multi-Family & Townhome Residential	149 units
3. Hotel	51 rooms
4. Restaurant	7000 sf
5. Event Space	7000 sf
6. Proposed Parking	575 spaces
7. Waterfront Park	60' wide

CONSISTENCY WITH THE CITY COMPREHENSIVE PLAN

We have familiarized ourselves with the City's Comprehensive Plan and in tune with the community goals and objectives. We have worked to incorporate these priorities into our plan including our multiple uses the are incorporated into our waterfront development plan.

PARKING

The Comp Plan states: *"This area is suitable for residential or parking uses. Residential uses would transition from the neighborhood to the east and take advantage of views of the river. Alternately, a parking garage in this location could be used to support City parking needs, if the current municipal parking lot(s) are redeveloped for mixed use."*

Our Plan agrees and proposes an on-site centrally located 3-story parking garage. Its location and relationship to other buildings minimizes its view from key locations. A large percentage of the required parking is accommodated with this garage. It is possible to have the adjacent uses connected for direct access and protection from inclement weather. In addition we have designed the right of ways to provide on-street parking at designated locations. This parking solution and relationship to the building elevations provides for beautiful streetscape adorned with paving textures, landscape plantings, lighting, wayfinding, and public art.

The Comp Plan further states: *"Structured parking should be concealed by buildings where possible.*

Structured parking could be established east of Riverside Ave., with an upper-level access from N. 2nd Ave. A traffic study and analysis is needed to determine the impact on the existing street network and traffic controls."

Our process intends to be completed in partnership with the City. The process anticipates a traffic and parking study for the SSA1A related to on-site and off-site traffic impacts. This would address the proposed on-site garage and the possibility of the proposed off-site garage on the Baker Church parcel. We believe that this can be delivered a few blocks away at the existing surface parking lot owned by Baker Church where we propose a publicly owned parking garage that can park the waterfront overflow parking and can also service the needs of the sub-area. This is a comprehensive approach and can take into the account the existing parking supply on the two Baker Church existing lots. These spaces plus Baker Church's and the existing neighborhood retail demand can be incorporated into the traffic study for a holistic sub-area solution.

ZONING AND LAND USE

The Comp Plan calls for any proposed development to contain the following characterizes, which our Plan accommodates:

1. Maintain 60 feet of open space along the river.
2. Maintain Riverside Ave. to provide access for existing utility infrastructure.
3. Conceal parking within the development is achieved by a 3-story deck that is below the upper floors of the wrap-around buildings.
4. Building heights are in line with current zoning and step down towards the river;
5. We reserve the right to pursue taller buildings during the plan development and welcome the outcome of the PUD review process.
6. Building setbacks will be determined based on riverfront/ shoreline improvements, which may include enhancements identified in the 2015 River Corridor Master Plan Update ("Riverpark Concept").

MIXED USE

Our Plan will adhere to the City's goals as stated in the Request for Concept Proposals including: *"The old police station and surrounding parking lots are some of the best opportunities for redevelopment along the river within downtown. The preferred land use of these sites is Mixed Use, such as ground floor commercial and upper floor hotel or residential uses. New uses proposed for the old police station site will need to maintain access to the City Well site. Any new development that would remove the public parking behind City Hall would need to accommodate the removed public parking within the proposed plan"*

BUILDING DESIGN GUIDELINES

Our Plan will adhere to the City's goals as stated in the Request for Concept Proposals including the use of brick and stone as the dominant material. Also we agree with the Comp Plan recommendation that states: *"New buildings should reflect the architectural heritage of downtown without copying historic architecture and should be "of their own time." Buildings also should be of high quality and enduring value, so that in the future, they are as revered as the landmark buildings in the rest of downtown. While the design standards and guidelines do not encourage the replication of historic structures, they do promote compatibility with the character of existing buildings in downtown. Any proposed structure being designed and built as part of this site*

redevelopment should address both the river and street frontage present at the site. Since the buildings along the Fox River are visible from several locations in Downtown and accessible from all sides, they should utilize 360 Degree architecture with traditional building materials and design elements on all sides that generally align with surrounding buildings in terms of horizontal elements and vertical rhythm."

BUILDING DESIGN RENDERINGS



OPEN SPACE

Our Plan will adhere to the City's goals as stated in the Request for Concept Proposals including: *Maintain public open space along the river. The location and size of the open space may vary depending on river front/shoreline improvements. However, the public open space should not be reduced to less than 60 feet, which is the approximate width of the current 100-year floodplain along the riverfront* Furthermore we will adhere to delivering an enhanced 20' minimum river trail and promenade. Our Plan agrees and provides a 60' open space corridor with an undulating pathway connecting to gardens for large gatherings and smaller nodes for sitting, reading, and resting. Additionally we acknowledge the need to provide public space near the bike bridge for a viewpoint and to relocate the Freedom Shrine.

OPEN SPACE RENDERINGS



LANDSCAPE AND PUBLIC ART

Our Plan will adhere to the City's goals as stated in the Request for Concept Proposals states:

Intent: Enhance developed areas with landscaping, public art, and unique features that tell the stories and commemorate the heritage of St. Charles. 1) Comply with the provisions of Chapter 17.26, Landscaping and Screening. 2) Refuse and recycling containers shall be located away from the streets and pedestrian areas and shall be screened from the street view in compliance with Section 17.26.120 (Additional Screening Requirements). 3) Develop landscape patterns that are shaped as spaces for people (pocket parks, courtyards and urban open spaces and gardens) as opposed to more suburban landscape treatments such as berm plantings and vegetative buffers. 4) Use Public Art to tell stories about the heritage, people and events of the community, and the natural history of the region. Public art can be made purposeful, as well. For example, sculpture may double as a seating surface, manhole covers might convey messages about nature, and wide sidewalks or street intersections might become tableaux for art

COMMUNITY ENGAGEMENT & BAKER CHURCH

Our Plan is responsive to the needs of other important existing businesses and attractions in the subarea including Baker Church and Arcada Theater. We understand that the site is adjacent to a historic neighborhood and we believe that the redevelopment plan is well-organized and considerate of views, traffic, and topography.

UTILITIES

Our Plan will adhere to the City's goals as stated in the Request for Concept Proposals including the maintenance of Riverside Ave. to provide access for existing utility infrastructure.

SCHEDULE

The following is a preliminary, high-level Project Development Schedule:

- 60 days – Developer selection
- 90 days – Site control / transaction documentation
- 12 months – Entitlements, Zoning, and Site Plan Approval, as required, including
 - Planning
 - Phasing Plan
 - Platting
 - Preliminary Engineering
 - Zoning / Planned Unit Development
 - RDA
- 180 days – Final Plat approval & Phase 1 Building Permit
- 60 days – Closing on transaction
- Groundbreaking of Phase 1

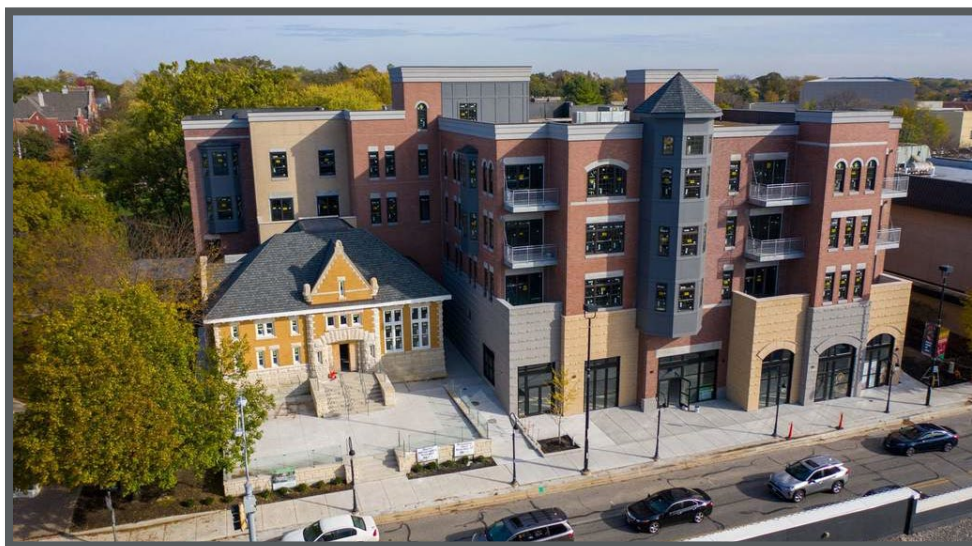
STRUCTURE

We envision an open book approach with the City of St. Charles to effectuate a market rate transaction. The development team has recent, successful experience establishing a public-private partnership to develop municipally owned real estate in a northwest suburban Chicago community, being awarded the redevelopment of that Village's Police and Fire Headquarters into a mixed-use residential project in its downtown core. Based upon that particular transaction, and history with other public-private partnerships, the development team proposes the following high-level deal structure:

- The development team will be responsible for all required private financing;
- The development team will procure traditional bank financing and will be responsible for typical equity contributions;
- A Redevelopment Agreement will be negotiated and executed with the City of St Charles. The RDA will include the following provisions:
 - The City of St Charles will contribute the property at a zero basis
 - The City will fund public improvements including Right of Way improvements, public streets, public sidewalks, streetscapes, and construction of the parking garage
 - The City of St Charles will waive any application fees, permit review fees, building permit fees, inspection fees, impact fees, and/or utility connection fees;
- Upon review and approval of a developer-generated project budget and proforma, any additional GAP financing required will be negotiated with the City of St Charles, as well as the mechanism for funding project eligible expenses.

PORTFOLIO HIGHLIGHT

Central Park Place (T2)



LOCATION: Naperville, Illinois

PROPERTY DETAILS: Ground-up construction of 17 luxury residential condominiums + 12,270 SF of ground-floor retail space

GROUND BREAKING: 2016

La Perle (T2)



LOCATION: Naples, Florida

PROPERTY DETAILS: Ground-up construction of 13 luxury residential condominiums

GROUND BREAKING: 2019

St. Clair (T2)



LOCATION: Huntsville, AL
PROPERTY DETAILS: Ground-up construction of a 5-story 325-unit multi-family complex
GROUND BREAKING (EST): 2022

HQ Residences (T2)



LOCATION: Mount Prospect, Illinois
PROPERTY DETAILS: Ground-up construction of a 6-story 88-unit multi-family complex
GROUND BREAKING (EST): 2022

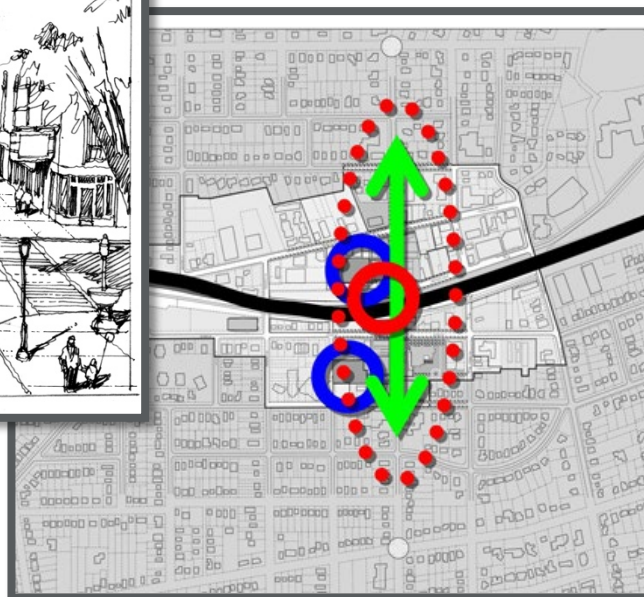
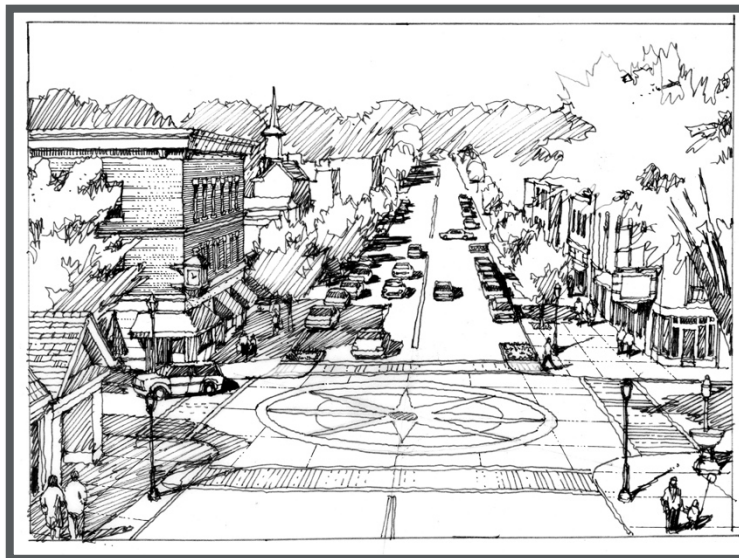
Black River Station (ReTown)



LOCATION: Lorain, OH

PROJECT DETAILS: Black River Station Riverfront Park & Festival Grounds

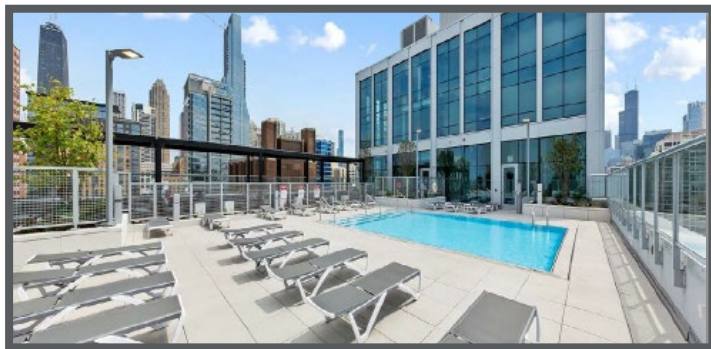
Glen Ellyn Downtown Master Plan (ReTown)



LOCATION: Glen Ellyn, Illinois

PROJECT DETAILS: Downtown Master Plan

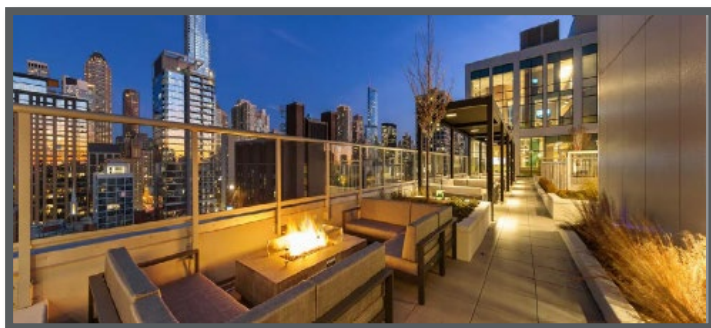
AMLI at Wells (Blue Stem Designs, Inc.)



LOCATION: Chicago, Illinois

FEATURES:

- Curbed planters
- 2nd floor paw walk
- Exterior kitchen and bar
- Rooftop pool
- 6th floor private patios
- Vegetable and herb garden
- Casual seating areas
- Fire pit



AMLI at River North (Blue Stem Designs, Inc.)



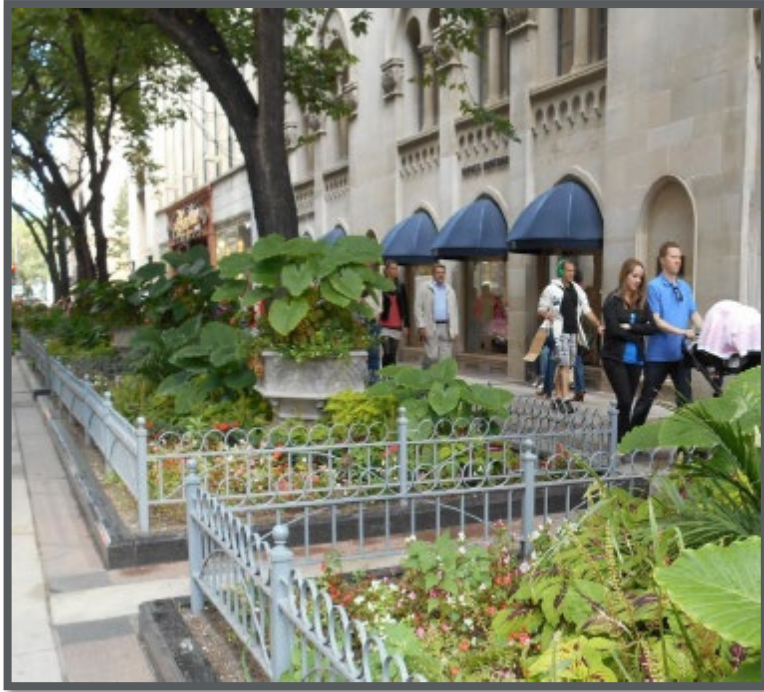
LOCATION: Chicago, Illinois

FEATURES:

- Water features
- Seating nodes
- Grill islands
- Several trellis structures
- Raised plant beds
- Dog run
- Swimming pool
- Green roof



Allerton Hotel (Blue Stem Design, Inc.)



LOCATION: Chicago, Illinois

FEATURES:

- Plant mix of perennials, grasses, and annuals to maximize color and texture throughout growing season
- Custom stone planters
- Wrought iron fence patterned after Moorish and Gothic design of building.



Allerton Hotel (Blue Stem Design, Inc.)



LOCATION: Chicago, Illinois

FEATURES:

- Added green space and reconfigured parking spaces to address surface flow and ice concerns from roof discharged
- Bio-swales/rain gardens
- Employee patio
- New canopies
- ADA accessibility
- Bike racks



REFERENCE

**BAKER MEMORIAL
UNITED METHODIST CHURCH**
Experience Christianity for Today's World

Monday, March 14, 2022

Russell Colby, Director
City of St. Charles Illinois
Community Development Department
2 E. Main Street
St. Charles IL 60174

Dear Mr. Colby,

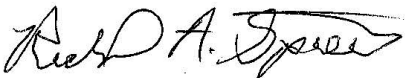
On behalf of Baker Memorial United Methodist Church, we want to offer our support of Retown's proposal to develop the City-owned waterfront property. Our Congregation is a long time community stakeholder who cares deeply about the welfare of our City. We agree with Retown's approach for a master planned approach that is mindful of Baker Memorial Church's development plans as well as the City development plans.

Please be advised that Baker Memorial UMC is in conversation with Retown to develop the Main Street parking lot and two residential houses located at 3rd and Cedar Avenues. We have found Retown to be highly professional in their dealings. We especially appreciate their working toward an integrated and attractive parking solution for the church, neighborhood businesses, the redevelopment of the police station (and adjacent parcels) and the residential neighborhood.

We agree that parking is an important factor in the growth of downtown St. Charles. As such we are open to considering a City-owned parking garage being developed to replace the surface lot bound by Cedar, State and 3rd Avenues. We understand that taking this approach would allow for a less concentrated parking mass by the river while only being a short walk to the river front. We believe this would result in reduced traffic congestion overall, reduced size/scale of the riverside structure, and also address current demand of the church and neighboring businesses.

Please contact us at your convenience to discuss our support and the development opportunity.

Sincerely,



Baker Memorial United Methodist Church
Board of Trustees

307 Cedar Avenue | St. Charles, Illinois 60174 | office: 630.584.6680 | fax: 630.584.6712 | bakermemorialchurch.org

HERE, NEAR & FAR AWAY | reaching beyond the borders of our church community



Two East Main Street
St. Charles, IL 60174
630.377.4400

MEMO

Dan Venard
T2 Capital Management
120 N. Hale Street, Suite #300
Wheaton, IL 60187

Dear Dan Venard,

Thank you for submitting a project proposal for the St. Charles Police Station Site Redevelopment. City staff has completed the initial review for the proposal. The City finds T2 Capital Management to be a quality developer with vast experience in development. The proposed project is a very intriguing opportunity for the City. City staff is seeking additional information on the conceptual project and requests T2 Capital Management respond to the questions specific to the T2 Capital Management proposal listed below. T2 Capital Management may supplement answers with updated site plans, renderings, or other modified documents to better illustrate the project. Please respond to each question via email to dconley@stcharlesil.gov and send five (5) hard copies to St. Charles City Hall (2 East Main Street, St. Charles, IL 60174) by Friday, May 27 at 4:30pm. If you have additional questions, please contact Derek Conley, Economic Development Director.

Questions

1. The proposed project includes the construction of eight new structures. The proposal refers to a phasing plan. Can T2 Capital Management provide an initial phasing plan or at a minimum phase 1?
2. The proposal mentions an expectation that the City would be responsible for the construction of the parking garage. The projects identify both Buildings 4 and 8 as parking garages. Please clarify which parking garage the City would be responsible for constructing.
3. The site plan identifies Building/Use 10 as "City's replacement parking" however there is not a number 10 on the site plan. Can T2 Capital Management please identify where the City's replacement parking would be located?
4. The proposal includes a 51-room hotel. What would the target market be for the hotel? Why does T2 Capital Management believe this size of hotel would be successful?
5. Can T2 Capital Management please provide a preliminary budget?
6. Can T2 Capital Management please provide a preliminary proforma?

Derek Conley
Economic Development Director
City of St. Charles
dconley@stcharlesil.gov
630.762.6924