

**From:** "Bateman, Jr., Frederick L." <fbateman@batemanharden.com>  
**To:** <dresselk@leoncountyfl.gov>, <RosenzweigA@leoncountyfl.gov>  
**Date:** 9/11/2009 2:20 PM  
**Subject:** FW: Pepper: Circuit City Offer & Counter Offers  
**Attachments:** Pepper - Circuit City Offer & Counters.pdf

Here are Jeff's comments. He would like his proposal put forth to the commissioners.

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From: Jude Burk  
Sent: Friday, September 11, 2009 1:42 PM  
To: Bateman, Jr., Frederick L.  
Cc: Downey, Donald  
Subject: Pepper: Circuit City Offer & Counter Offers

**Bateman, Jr., Frederick L.**

**From:** Jude Burk  
**Sent:** Friday, September 11, 2009 12:32 PM  
**To:** Bateman, Jr., Frederick L.  
**Subject:** FW: response to Circuit City counter-proposal

PEPPER  
RESPONSE

**From:** Jeffrey Pepper [mailto:jeff@jeffmgmt.com]  
**Sent:** Friday, September 11, 2009 12:12 PM  
**To:** Jude Burk  
**Subject:** Fw: response to Circuit City counter-proposal

----- Original Message -----

**From:** Jeffrey Pepper  
**To:** Rick Bateman  
**Sent:** Thursday, September 10, 2009 4:24 PM  
**Subject:** response to Circuit City counter-proposal

There are three requested changes to the lease proposal. The most significant change eliminates the cost-of-living adjustment to the option price for the property. The CPI adjustment simply assures that the price stays the same in real dollars. It should not affect the buyer or seller negatively. And the County is not obligated to purchase the property so it can decline to do so for any reason, including the change in the CPI, and still be protected by a 15-year lease. The lease payments actually become cheaper in real dollars since they are adjusted at only 75% of the rate of inflation.

Under a 15-year lease the County would have use of the property for its foreseeable period of need and have ample time to amortize any investment it makes in the property. The Owner is putting up \$1,000,000 to make improvements desired by the County so it should not have to make a significant investment. The Improvement Allowance may be sufficient to make all needed improvements if used carefully. The Allowance of \$40 per square foot would be enough for a total renovation, but much of the space can be used as it is.

Because we are in a highly uncertain economy the dollars one receives in three years may be very different from the ones received today. The Owner has agreed to defer a possible purchase for three years because the County cannot make an outright purchase today. But the Owner cannot accept the additional risk of inflation during this period. The County does not bear this risk since it has no obligation to purchase.

The second requested change is to make the Lease contingent on an appraisal. The County can decline to make a deal for any reason it wants. And an appraisal today would probably not be relevant to a purchase in 3 years. The Owner does not want to put any unnecessary requirements on the County or itself.

The third requested change is to postpone the occupancy date target to December 1, 2010. The Supervisor's office has indicated that it might be able to transfer most of its warehouse functions to the property by July 1, 2010, and this would be useful for the coming election. The

Owner would be willing to arrange a phased move-in to suit the time and space requirements of the Supervisor, with a pro-rated rent schedule based on percentage of occupancy.

Attachment # 5  
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