

From: [Turner, Chelsey](#)
To: [Matt Picket](#); [Charlie Loskant](#); [Bryan Kelly](#)
Cc: [Lowe, Elizabeth](#)
Subject: RE: Gotham Project in Clearwater, FL/Insurance Budget
Date: Monday, December 19, 2022 3:20:11 PM
Attachments: [image001.jpg](#)
[image002.png](#)
[image003.png](#)
[image004.png](#)
[image005.png](#)
[image006.png](#)
[image007.png](#)
[Gotham - Clearwater FL MF - Insurance Budget \(CHRA 12.12.22\).xlsx](#)

Matt –

Attached is an updated insurance outlook for the Clearwater project.

Construction Insurance – I kept all the values the same for the construction insurance. Lender's will require builders risk be placed for commencement of foundations.

Operational Insurance:

- I backed out \$70M for foundations, as requested. Lenders will need to confirm they are in agreement with any proposed replacement cost values. This number directly effects the property insurance premium.
- **Liability Insurance:** I backed out some of the liability rate to align with the market today.
 - We originally had \$515 per door.
 - I backed this down to \$406 per door. This is based on the range that brokers are seeing in today's liability insurance market.
- **Property Insurance:** There has been a significant jump in property insurance rates from before Hurricane Ian to after Hurricane Ian. Post Ian, many properties are seeing 100% increases in their rates over expiring. While the property rates continue to rise and remain vulnerable, we would anticipate that by the time this building is operational, the market will have stabilized and rates have come down from Post-Ian levels.
 - **Pre-Ian:** \$0.25 - \$0.40 range for similar properties. If we were to use pre-Ian rates, I would add 20-25%.
 - **Post-Ian:** Many properties right now are being quoted north of \$1.00. The budget uses a \$0.70 post-Ian rate.
 - *While you asked us to budget in today's rates, as noted, the market is incredibly vulnerable. It may make sense to budget using pre-Ian rates and adding 20%-25%. Right now, rates are fluctuating on a daily basis.*
- **Benchmarking:** No buildings are going to be underwritten exactly the same. Underwriting will take into account a variety of factors including but not limited to: exact location, loss history, crime score, site security, deductible, amount of wind coverage purchased, umbrella limits purchased, etc. Therefore, a building next door that was recently underwritten for a very high rate doesn't necessarily mean this particular building will get that same high rate and vice versa. Additionally, due to the instability in the market place these rates are changing by the

week, if not by the day.

Please review the attached and let me know if you have any questions. Once reinsurance renews, we can take another look at this to see what the market is doing.

Best,
Chelsey



Chelsey Turner, J.D.
Custom House Risk Advisors
Senior Risk Management Consultant

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From: Matt Picket <mpicket@gothamorg.com>
Sent: Tuesday, December 13, 2022 2:19 PM
To: Turner, Chelsey <CTurner@customhouserisk.com>; Charlie Loskant <CLoskant@gothamorg.com>; Bryan Kelly <bkelly@gothamorg.com>
Cc: Lowe, Elizabeth <ELowe@customhouserisk.com>
Subject: RE: Gotham Project in Clearwater, FL/Insurance Budget

Ok thanks

From: Turner, Chelsey <CTurner@customhouserisk.com>
Sent: Tuesday, December 13, 2022 2:17 PM
To: Matt Picket <mpicket@gothamorg.com>; Charlie Loskant <CLoskant@gothamorg.com>; Bryan Kelly <bkelly@gothamorg.com>
Cc: Lowe, Elizabeth <ELowe@customhouserisk.com>
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Just about. I'm waiting on a couple updates as far as what rates are currently being quoted in the market for similar operational properties.



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From: Matt Picket <mpicket@gothamorg.com>
Sent: Tuesday, December 13, 2022 2:15 PM
To: Charlie Loskant <CLoskant@gothamorg.com>; Turner, Chelsey <CTurner@customhouserisk.com>; Bryan Kelly <bkelly@gothamorg.com>
Cc: Lowe, Elizabeth <ELowe@customhouserisk.com>
Subject: RE: Gotham Project in Clearwater, FL/Insurance Budget

Thanks Charlie.

Chelsey – do you have all the info you need now to send updated budget?

From: Charlie Loskant <CLoskant@gothamorg.com>
Sent: Tuesday, December 13, 2022 10:50 AM
To: Turner, Chelsey <CTurner@customhouserisk.com>; Matt Picket <mpicket@gothamorg.com>; Bryan Kelly <bkelly@gothamorg.com>
Cc: Lowe, Elizabeth <ELowe@customhouserisk.com>
Subject: RE: Gotham Project in Clearwater, FL/Insurance Budget

As far as the value of foundations and structure, its in the \$70-75M range.

Regards

Charlie

From: Turner, Chelsey <CTurner@customhouserisk.com>
Sent: Friday, December 9, 2022 1:25 PM
To: Matt Picket <mpicket@gothamorg.com>; Bryan Kelly <bkelly@gothamorg.com>; Charlie Loskant <CLoskant@gothamorg.com>
Cc: Lowe, Elizabeth <ELowe@customhouserisk.com>
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I wish I had better news, but we anticipate they'll be high for the foreseeable future.



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From: Matt Picket <mpicket@gothamorg.com>
Sent: Friday, December 9, 2022 1:23 PM
To: Turner, Chelsey <CTurner@customhouserisk.com>; Bryan Kelly <bkelly@gothamorg.com>; Charlie Luskant <CLuskant@gothamorg.com>
Cc: Lowe, Elizabeth <ELowe@customhouserisk.com>
Subject: RE: Gotham Project in Clearwater, FL/Insurance Budget

Do rates ever meaningfully come down or should we expect them to remain this high for the foreseeable future?

From: Turner, Chelsey <CTurner@customhouserisk.com>
Sent: Friday, December 9, 2022 1:21 PM
To: Matt Picket <mpicket@gothamorg.com>; Bryan Kelly <bkelly@gothamorg.com>; Charlie Luskant <CLuskant@gothamorg.com>
Cc: Lowe, Elizabeth <ELowe@customhouserisk.com>
Subject: RE: Gotham Project in Clearwater, FL/Insurance Budget

Hi Matt –

We can do Monday at 11. I'll send an invite.

And yes, we are in an unprecedented insurance market. As you know, insurance alone is killing deals and stalling projects in FL right now. We don't know exactly what the future holds but we do know rates are going up.



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From: Matt Picket <mpicket@gothamorg.com>
Sent: Friday, December 9, 2022 1:14 PM
To: Turner, Chelsey <CTurner@customhouserisk.com>; Bryan Kelly <bkelly@gothamorg.com>; Charlie Luskant <CLuskant@gothamorg.com>
Cc: Lowe, Elizabeth <ELowe@customhouserisk.com>
Subject: RE: Gotham Project in Clearwater, FL/Insurance Budget

Do you have availability to review 430-5 today? We could also do Monday 11-1130 or 5-530

From: Matt Picket

Sent: Friday, December 9, 2022 1:07 PM

To: 'Turner, Chelsey' <CTurner@customhouserisk.com>; Bryan Kelly <bkelly@gothamorg.com>; Charlie Loskant <CLoskant@gothamorg.com>

Cc: Lowe, Elizabeth <ELowe@customhouserisk.com>

Subject: RE: Gotham Project in Clearwater, FL/Insurance Budget

Chelsey – how can it be that insurance is \$3k / door once the building is 100% operational? I don't think there's a single rental project in the country that could support these costs

From: Turner, Chelsey <CTurner@customhouserisk.com>

Sent: Friday, December 9, 2022 11:04 AM

To: Matt Picket <mpicket@gothamorg.com>; Bryan Kelly <bkelly@gothamorg.com>; Charlie Loskant <CLoskant@gothamorg.com>

Cc: Lowe, Elizabeth <ELowe@customhouserisk.com>

Subject: RE: Gotham Project in Clearwater, FL/Insurance Budget

Matt/Charlie/Bryan –

Please see the insurance budget attached for the Clearwater, FL project.

Let me know if you have some time next week to walk through this. There were several assumptions made that could affect the premium projections.

When reviewing, please keep in mind that these are estimates only. The market is in flux right now, especially in Florida.

There are 5 tabs on the spreadsheet. There are 3 tabs for construction insurance, which lay out the worst, best and middle ground scenarios. There are 2 tabs for the operational coverage – one contemplate the full project as operational and the other contemplates only one tower being operational. The operational coverage projections are for annual premiums. The construction coverage projects premium for the term of the project.

Best,
Chelsey



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From: Matt Pickett <mpickett@gothamorg.com>
Sent: Tuesday, December 6, 2022 1:21 PM
To: Turner, Chelsey <CTurner@customhouserisk.com>
Cc: Bryan Kelly <bkelly@gothamorg.com>; Charlie Loskant <CLoskant@gothamorg.com>; Lowe, Elizabeth <ELowe@customhouserisk.com>
Subject: RE: Gotham Project in Clearwater, FL

Chelsey – please find updated model for 525 units attached.

From: Matt Pickett
Sent: Monday, December 5, 2022 7:45 PM
To: 'Turner, Chelsey' <CTurner@customhouserisk.com>
Cc: Bryan Kelly <bkelly@gothamorg.com>; Charlie Loskant <CLoskant@gothamorg.com>; Lowe, Elizabeth <ELowe@customhouserisk.com>
Subject: RE: Gotham Project in Clearwater, FL

Chelsey,
Attached is the model for City Hall. We only need an insurance budget for the residential project. The attached model reflects a 600-unit project. I am going to send an updated model tomorrow that reflects the currently contemplated 525 units. See answers below in red.
Thanks,
Matt

From: Turner, Chelsey <CTurner@customhouserisk.com>
Sent: Monday, December 5, 2022 12:23 PM
To: Matt Pickett <mpickett@gothamorg.com>
Cc: Bryan Kelly <bkelly@gothamorg.com>; Charlie Loskant <CLoskant@gothamorg.com>; Lowe, Elizabeth <ELowe@customhouserisk.com>
Subject: RE: Gotham Project in Clearwater, FL

Hi Matt –

Nice speaking with you this morning.

We'll work to put together an insurance budget for the Clearwater – City Hall project. We'll put worst case and best case scenario budgets together for both the course of construction and the stabilized asset.

Please confirm you only need a budget for the City Hall residential portion of the project, NOT the hotel portion.

Please confirm the following or send over an OM, budget, etc., and I can extract the info:

Construction insurance budget:

- Construction term: 36 months
- Hard Costs: \$276M – **will be reduced ~10% with updated model**
- Soft Costs (including loan interest): \$64M – **will be reduced ~10% with updated model**
- Year-1 Net Operating Income (if not included in the soft costs): **Included in model**
- Project Description: 600 door MF (for rent), 2 towers, subterranean garage, shared podium
 - How many stories? **22-stories**
 - Construction type? **Concrete**
- Stabilized insurance budget: **All included in model**
 - 12 month rental income for each tower
 - # units: 600 units
 - Total square footage:
 - Retail space: 25,000sf

Thank you!



Chelsey Turner, J.D.

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From: Matt Picket <mpicket@gothamorg.com>

Sent: Thursday, December 1, 2022 11:27 AM

To: Turner, Chelsey <CTurner@customhouserisk.com>

Cc: Bryan Kelly <bkelly@gothamorg.com>; Charlie Loskant <CLoskant@gothamorg.com>; Lowe, Elizabeth <ELowe@customhouserisk.com>

Subject: RE: Gotham Project in Clearwater, FL

Chelsey – please see answers below.

From: Turner, Chelsey <CTurner@customhouserisk.com>

Sent: Wednesday, November 30, 2022 2:50 PM

To: Matt Picket <mpicket@gothamorg.com>

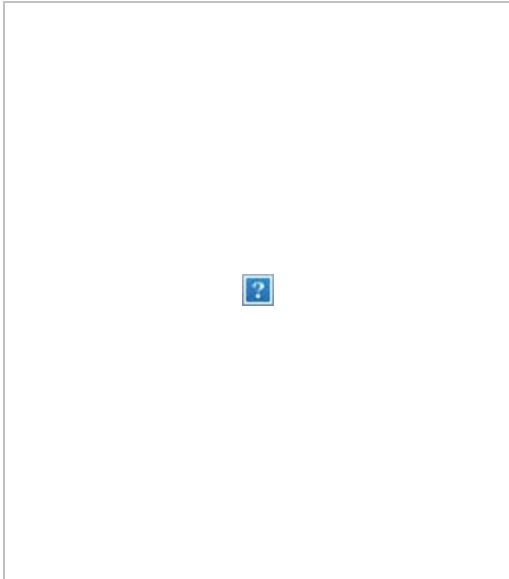
Cc: Bryan Kelly <bkelly@gothamorg.com>; Charlie Loskant <CLoskant@gothamorg.com>; Lowe, Elizabeth <ELowe@customhouserisk.com>

Subject: RE: Gotham Project in Clearwater, FL

Hi Matt –

In preparation for our call Monday, can you tell me a little about the project?

- Does Gotham currently own the land currently? **No** If so, where is it insured? If no, let us know when you close on it and we will add to the master Gotham program.
- Can you provide a description of the project? **City Hall is a projected ~\$340M development budget; Harborview is ~\$75M. Gotham is focused on the City Hall component (residential)**



- When are you hoping for construction to commence? **4Q 2024**

Thank you,
Chelsey



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From: Matt Pickett <mpickett@gothamorg.com>
Sent: Wednesday, November 30, 2022 9:58 AM
To: Turner, Chelsey <CTurner@customhouserisk.com>; Lowe, Elizabeth <ELowe@customhouserisk.com>
Cc: Bryan Kelly <bkelly@gothamorg.com>; Charlie Loskant <CLoskant@gothamorg.com>
Subject: Gotham Project in Clearwater, FL

Chelsey and Liz,

We have a Geotech engineer onsite taking borings for our project in Clearwater. Please review the attached COI ASAP and let us know if everything looks ok. I've also asked them to include the following Gotham entities as additionally insured:

1. Gotham Organization

2. GO REM
3. Go Dev I
4. Go Dev II
5. Gotham Property Acquisitions
6. Gotham Construction Company

Let us know if you think we should add others. We have a yet to form a project specific LLC.

Also, we read today that projects in Florida (specifically southern FL) have started to be put on hold due to insurance costs. Can we have a call to wrap our arms about what the current insurance environment is for new construction in the Tampa area.

Thanks,

Matthew Picket

Vice President, Development & Acquisitions
Gotham

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Gotham is a proud contributor and founding member of [Project Parachute](#)



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