

CHAPTER FOUR

THE BEACON ON 3RD STREET, A CONDOMINIUM NEW OWNER, NEW VISION



“St. Petersburg has been discovered and is experiencing a renaissance.”

— St. Petersburg Times

“There has been no other time in the history of the city that has been like today.”

St. Petersburg Mayor Rick Baker

“Welcome to St. Petersburg, where you can actually live in downtown.”

University Village developer Craig Sher

“This town is getting hip,” real estate developer Heidi Marling boasted.

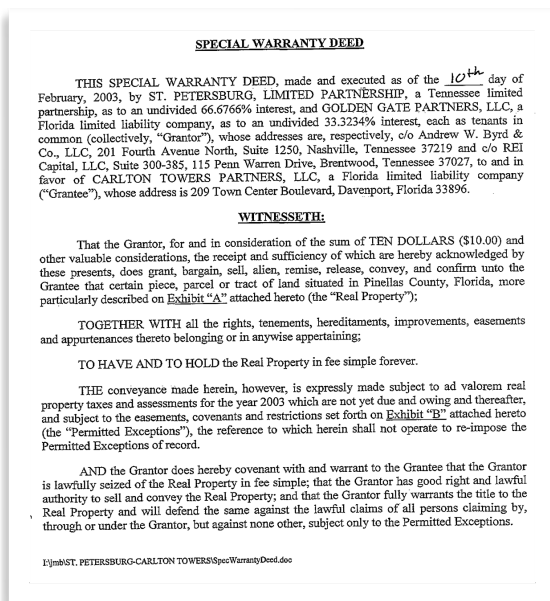
“And we will be a Beacon to St. Pete,” declared her husband and co-developer, John.

On February 3, 2003, the St. Petersburg Times reported the news.

“Carlton Towers, built by apartment developer Thomas Mahaffey Jr. in 1963 and described by the Times as swank and elegant when it opened, is under contract to an Orlando developer. John H. Marling said he expects to close on Carlton Towers... by month's end.”

"It's such a nice building," Marling said. "I think downtown St. Petersburg has figured out a lot of things other towns are trying to figure out."

While Mahaffey built the ten-story structure, he no longer owned it. In 1998 Carlton Towers had been sold to St. Petersburg, Limited Partnership (a business that is registered in Tennessee) and Golden Gate Partners, LLC, a Florida limited liability company.



On February 10, 2003 St. Petersburg, Limited Partnership and Golden Gate Partners, LLC sold their combined ownership interest in the property to Carlton Towers Partners, LLC, a 50-50 partnership between John and his brother Jules H Marling, Jr. A Special Warranty Deed guaranteed the title against problems that may have occurred while the seller owned the property.

Carlton Towers Partners secured a \$14.5 million loan from CF First Credit Union to buy Tract A, ARLINGTON TERRACE PARTIAL REPLAT and the building on it.

“But my brother, Jules, and I knew we also needed an additional \$4.5 million from Lehman Brothers and an equity partner (Barclay) to carry the conversion forward and build the parking garage,” explained John Marling.

In return for that loan to Carlton Towers Holdings the Barclay Group gained 50% ownership.

Carlton Towers Holdings (Barclay & Marlings) proceeded with the conversion; Carlton Towers, LLC for the conversion work and 'Holdings' for the purpose of sharing ownership and profits and losses.

In effect, the purchase and conversion of Carlton Towers into The Beaconn on Third Street was the result of a 50-50 partnership between Carlton Towers Partners, LLC and the Barclay Group. John Marling became the "Active partner" in the project.

RECORD AND RETURN TO:
Barbara U. O'Quinn
BROAD AND CASSEL
P. O. BOX 4961
DUNLARD, FL 32808-4961
(407) 834-4200

THIS INSTRUMENT PREPARED BY
AND AFTER RECORDING MAIL TO:
Rogene V. Tubman, Esq.
Freeman, Mermill & Tubman
Two North LaSalle Street
Suite 800
Chicago, Illinois 60602

KORLEEN F. DE BLAVER, CLERK OF COUNTY
PINELLAS COUNTY, FLORIDA (727) 464-3008

42095337 09-15-2003 16:06:29 WEB
SI ACB-CF FIRST U LLC
040185
TRACESERIES BK:13069 SPS:1517 EPG:1551
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TOTAL: \$159.00
CHECK AMT. TENDERED: \$159.00
CHARGE: \$0.00
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PINELLAS CO BK 13069 PG 1517

INTERCREDITOR AND SUBORDINATION AGREEMENT

THIS INTERCREDITOR AND SUBORDINATION AGREEMENT is made as of this 22nd day of August, 2003 by and between CF FIRST U, L.L.C., an Illinois limited liability company ("Senior Lender"), and LEHMAN BROTHERS HOLDINGS INC., a Delaware corporation (the "Subordinated Lender");

RECITALS:

A. Senior Lender is the owner and holder of (i) a Note in the principal amount of \$14,500,000.00 (the Note, together with all notes issued and accepted in substitution or exchange therefor, and as any of the foregoing may from time to time be modified or extended, are hereinafter collectively referred to as the "Senior Note"), dated as of August 22, 2003 and payable to the order of Senior Lender, made by CARLTON TOWERS PARTNERS, L.L.C., (the "Borrower").

B. Senior Lender is also the owner and holder of the following documents securing the Senior Note:

(i) a certain Mortgage (the "Mortgage") made by the Borrower in favor of Oaktree II CF Lender, L.L.C. ("Original Lender") dated March 13, 2003 and recorded March 21, 2003 as Instrument No. 03112714 in the Official Records of the County Clerk of Pinellas County, Florida ("Public Office"), encumbering certain property (the "Property") located in St. Petersburg, Florida and legally described on Exhibit A attached hereto, as amended by a Modification of Loan Documents dated as of August 22, 2003 (the "Modification Agreement"); and

(ii) a certain Assignment of Leases and Rents (the "Assignment of Rents") dated March 13, 2003 and recorded March 21, 2003 as Instrument No. 03112714 in the Public Office, made by the Borrower to Original Lender, as amended by the Modification Agreement encumbering the Property;

"The Beacon stood out like a beacon," John declared. "I thought we were a beacon to St. Petersburg."

"We think the size of the building is kind of significant," he told Sharon Bond, business editor for the Neighborhood Times. "As you come off (inter-state) 175, it's got significant stature."

"That fits with the atmosphere Marling wants to create in the building at 470 Third St. S, wrote Bond. "He didn't want anything as generic as harbor side but he didn't want anything flashy, either."

Residents of the building were officially notified of "the acquisition of St. Petersburg's landmark high-rise, and your home, Carlton Towers" by letter.

"As a resident you are in a unique position, not only will you have a front row seat as our renovation unfolds, but you will have the first opportunity to take advantage of our plans to pursue the conversion of the building to a condominium property. Residents will be given a priority position and a resident discount available only to residents and offered exclusively to our resident roster before outside marketing begins.

Residence Management, Inc.

April 22, 2003

Dear Mr. and Mrs. Harrison,

Residence Management Inc., on behalf of Carlton Towers Partners, LLC is delighted to officially announce the recent acquisition of St. Petersburg's landmark high-rise, and your home, Carlton Towers. Since it's introduction to the St. Petersburg skyline in 1963, this building has continued to benefit from the active development of St. Petersburg into one of the most highly sought after downtown residential communities in the country. We are proud to be your new landlord and excited about the plans we have for your home.

As a resident you are in a unique position, not only will you have a front row seat as our renovation unfolds, but you will have the first opportunity to take advantage of our plans to pursue the conversion of the building to a condominium property. Residents will be given a **priority position** and a **resident discount** available only to residents and offered exclusively to our resident roster before outside marketing begins.

The multi-million dollar renovation planned for this building will include a new roof and roof top garden, a new parking deck, a new life safety sprinkler system with remodeled hallways and an expanded amenity package to include a fitness center, pool side cabanas, business center and much more. In the coming weeks and months, we will be working to design and implement this plan, as well as to prepare the proper conversion documentation. As all this exciting activity begins, we will do our best to continue to provide you with the best possible service and communication. We value your residency, and will continue to keep your comfort and satisfaction our primary goal.

We would suggest that over the next several weeks, you might call or stop by the office to **schedule an appointment** to discuss your individual plans. We understand that while many of you will want to take advantage of this fantastic opportunity for ownership, there will be those of you who will prefer to remain in the building on a rental basis. We will strive to accommodate each of your individual needs. With terrific interest rates, great location and exciting high-rise living, your building is sure to be in big demand. Please do not hesitate to call Paige or Tina at 894-5454. We look forward to speaking with you.

Our Warmest Regards,
Residence Management Inc.

Heidi J. Marling
President

Residence Management, Inc. 209 Town Center Blvd. Davenport, FL 33896 (863) 424- 5536 (863) 424 - 5628 fax

We understand that while many of you will want to take advantage of this fantastic opportunity... We will strive to accommodate each of your individual needs. With terrific interest rates, great location and exciting high-rise living, your building is sure to be in big demand."

Carlton Towers Partners LLC, in its declaration to the city

WIRELESS F. DE BEACON, CLERK OF COURT
PINELLAS COUNTY, FLORIDA 33702-3771

03-454883 NOV-20-2020 11:24am
PINELLAS CO BK 13222 PG 2102

Instrument assessed by and return to:
Richard E. Larson, Esq.
Larson & Associates, P.A.
45 E. Pine Street
Orlando, FL 32801
(407) 844-4555

RECORDING FEE	1	\$370.50
OFFICIAL COPIES	5	\$1.00
CERTIFICATION	6	\$1.00
TOTAL		\$372.50
CASH AMT. TENDERED		\$372.50
CHECK AMT. TENDERED		\$0.00
FINES		\$0.00
BY _____	REPUTY CLERK	

PAGES: 62
ACCT: 270250
REC: 270250
DPTD: 05
INT: 05
FEES: 05
MTH: 05
REV: 05
TOTAL: 272250
CK BAL: 05
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DECLARATION OF CONDOMINIUM
OF
THE BEACON ON 3RD STREET, A CONDOMINIUM

1. **SUBMISSION TO CONDOMINIUM OWNERSHIP:** This Declaration of Condominium is made by Carlton Towers Partners, LLC, a Florida Limited Liability Company, hereinafter referred to as "Developer," as owner of the property designated as The Beacon On 3rd Street, A Condominium, hereby declares the purpose of the Declaration to submit the lands described in this instrument and improvements on those lands to the condominium form of ownership and use in the manner provided by Chapter 710, Florida Statutes, as may be amended. The covenants and restrictions contained in this Declaration shall run with the land and be binding upon and inure to the benefit of all present and future owners of condominium parcels. The acquisition of title to a Unit or any other interest in the condominium property, or the lease, occupancy or use of any portion of a Unit or the condominium property, constitutes an acceptance and ratification of all provisions of this Declaration, as amended from time to time, and an agreement to be bound by its terms.

2. **NAME:** The name of this Condominium is The Beacon On 3rd Street, A Condominium.

3. **DESCRIPTION OF CONDOMINIUM PROPERTY:** The land submitted to the condominium form of ownership by this Declaration (hereinafter "Land") is legally described in Exhibit "A" attached to this Declaration, which Exhibit is hereby incorporated by reference.

4. **DEFINITIONS:** The terms used in this Declaration and its exhibits shall have

1

"hereby declares the purpose of the Declaration to submit the lands described in this instrument and improvements on those lands to the condominium form of ownership"

The land submitted to the condominium form of ownership by this Declaration (hereinafter "Land") is legally described in Exhibit "A" attached.

EXHIBIT "A"

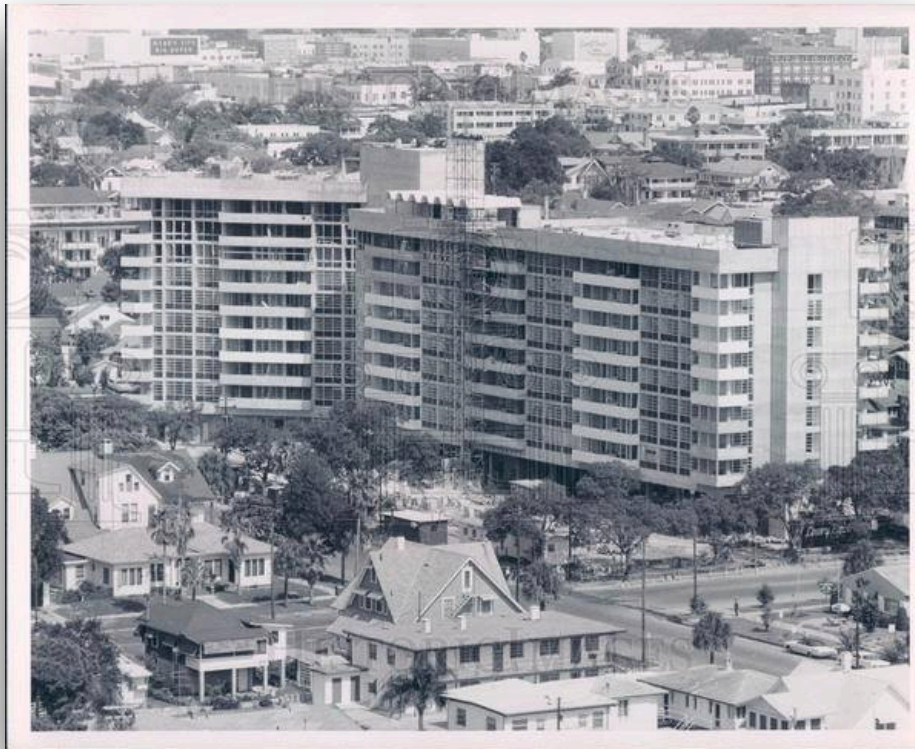
PINELLAS COUNTY FLA
OFF. REC. BK 13222 PG 2102

LEGAL DESCRIPTION

All of Tract A, ARLINGTON TERRACE PARTIAL REPLAT, according to the plat thereof, as recorded in Plat Book 55, Page 12 of the Public Records of Pinellas County, Florida.

Parcel Two
North 50 feet of Lots 14, 15 and 16, LESS the West 20 feet of the North 50 feet of Lot 14, all in Block 76, REVISED MAP OF ST. PETERSBURG, FLORIDA, according to the plat thereof as recorded in Plat Book 1, Page 49, Records of Hillsborough County, Florida, of which Pinellas County was formerly a part.

The filing also officially changed the building's name to
THE BEACON ON 3RD STREET, A CONDOMINIUM



MULTI-MILLION DOLLAR RENOVATION

“The building was an eyesore,” one interior designer declared.

“When (the Marlins) took over and renters began moving out, the building was basically an empty shell, but at that point the place needed tons of work,” according to Mike Harrison.

“Wear and tear took their toll” is how Judy Stark, Tampa Bay Times Homes Editor, described the Carlton Towers. “Cosmetic changes made over the years were inappropriate for the building’s sleek ‘60s look: Greek columns, French doors, elaborate silk draperies in public areas, a hodgepodge of glassed-in or screened terraces. A karaoke bar took over where there was a fine restaurant.”

But the Carlton Towers Partners promised to spend millions to upgrade and modernize the 40-year old building.

“The multi-million dollar renovation planned for this building will include a new roof and a roof top garden, a new parking deck, a new life safety sprinklers system with remodeled hallways and an expanded amenity package to include a fitness center, pool side cabanas, business center and much more. “

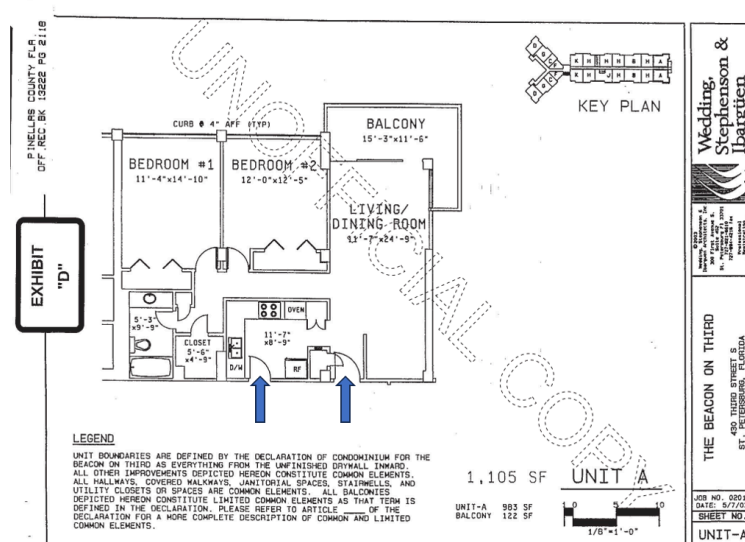


Architect and former St. Petersburg mayor Randy Wedding led the building’s conversion, while his partner, Mark Stephenson, oversaw the design and construction of the new parking garage.

Wedding, Stephenson & Ibarguen Architects Inc., 300 First Ave. S, Suite 402, St. Petersburg, announced the following contract:
 Marling Group, conversion of Carlton Towers from apartments to condominiums, 200,000 square feet, and design of parking garage, 40,000 square feet, 470 Third St. S, St. Petersburg, \$4-million.

“Randy had all the original plans, so he understood the workarounds—and he handled everything with the city,” said John Marling.

Magellan Construction, LLC was brought on as the general contractor for the rehabilitation work. Alan Clermont(sp?) was the rehab contractor on site. Renovations began even as tenants were moving out and new condominium owners moved in.



Apartments along the east tower were originally built with two entry doors, one into the kitchen and one into the living room. Workers removed the door into the kitchen, providing more liveable space in those units. They also installed sprinklers, fire alarms, smoke detectors, and an emergency communication system in the condos, the hallways, and the common areas.



“Otherwise, there were no upgrades to the units whatsoever,” condo buyer Rich Alexander discovered. “You bought a unit as it was in Carlton Towers. This was a sparsely furnished building. If you needed floors tiled or the bathroom updated in your condo, there were people working in the building. The construction crew was a little scary, not a front line crew, but that’s who many people hired.”

In the midst of construction, the push to sell the condos stepped up. Real estate attorney Denny Shoemaker was hired as Director of Sales.

“I was living in Colorado and visiting my uncle in St. Petersburg when we drove by Carlton Towers. ‘They’re going to turn that building into condos,’ he told me. Well, I had experience with condo conversions, so I sent the developers my resume and they offered me the job. They even gave me a condo to live in.

“Apartment dwellers were offered substantial incentives to buy their units. Remember, Carlton Towers was senior housing apartments. We sent these flyers to them, offering steep discounts. But if (renters) didn’t buy, we still honored their leases, never kicked anyone out.”



I'M BUYING

Mike and Jeannette Harrison and Deby Cassill were Carlton Towers tenants who chose to take advantage of the opportunity.

“We were going to move out when (the Marlings) showed up,” Mike Harrison remembered. “I told ‘em we’re going to someplace nicer. But they said look at the artist renderings. ‘Look what we’re going to do. It’s going to look like Miami Beach.’ They were so nice, so we believed ‘em! Like many other early buyers, we did so based almost entirely on artists’ renderings. Jeannette and I were one of the first buyers of a condo here at the Beacon.” The date was December 17, 2003.



Cassill, the USFSP biology professor, never considered moving from Apt 915.


“I loved my unit. It looked out over the water. I could see planes land at Whitted Airport. It was walkable to groceries. I’m buying.”

The Harrisons were just down the hall, in Apt 912, but they preferred a corner unit and bought #902. Peter and Adelia Bartz purchased #701. Rich Alexander bought #1021 and #1022. These buyers saw the condos as property investments initially. But, like Cassill, they eventually became residents of the Beacon on 3rd.

“The market was good,” explained Shoemaker. “There was a lot of fanfare and we hit the ground running. Within the first six months, nearly half of the condos were under contract.”

It was the same story across downtown St. Petersburg. City officials noted that over \$1 billion had been invested in the area within the past ten years, with additional projects already underway.

85 Homes Sold in 45 Days!
That's A Reality!




Carlton Towers is now The Beacon on 3rd Street.
 This 1960's landmark is being remodeled and restored to its full glory. This includes a sparkling pool, deck and cabanas, 24-hour doorman, fitness room, business center and clubroom.

And you can't beat the location. It's within walking distance to fine restaurants, waterfront parks, marinas, museums, historic landmarks and across from the University of South Florida. This is what downtown living is all about.

Stand on your private, open-air balconies or your roof-top garden/sundeck and look to the future. The Beacon on 3rd Street: an address of distinction, once again.

Don't Let This Opportunity to Buy at the Beacon Slip Away. Visit NOW!
 Studio, 1 and 2-bedroom Homes available from mid \$70's - mid \$200's




470 3rd Street South • St. Petersburg, FL 33701
 727-894-5454
 www.thebeaconon3rd.com

Directions: Take I-275 South to exit 22 (I-175). Stay on I-175 until it ends, go 2 blocks and turn left on 3rd Street South. We're on the corner on the right.
 Price subject to change without notice.

BE TIMES SUNDAY, AUGUST 24, 2003 15

**Live It Up
 Downtown
 Save Now
 Before the Dust Settles**




Carlton Towers is now a condominium, The Beacon on 3rd Street.
 This 1960's landmark is being remodeled and restored to its full glory. This includes a sparkling pool, deck and cabanas, 24-hour doorman, fitness room, business center and clubroom.

And you can't beat the location. It's within walking distance to fine restaurants, waterfront parks, marinas, museums, historic landmarks and across from the University of South Florida. This is what downtown living is all about.

Stand on your private, open-air balconies or our roof-top garden/sundeck and look to the future. The Beacon on 3rd Street: an address of distinction, once again.

Studio, 1 and 2-bedroom Homes available from \$70's - \$200's



MODELS OPEN DAILY 10-6 AND SUNDAY 12 - 5
 470 3rd Street South • St. Petersburg, FL 33701
 727-894-5454
 www.thebeaconon3rd.com

Directions: Take I-275 South to exit 22 (I-175). Stay on I-175 until it ends, go 2 blocks and turn left on 3rd Street South. We're on the corner on the right.
 Price subject to change without notice.

18 TIMES SUNDAY, DECEMBER 14, 2003 BE

Three blocks north of the Beacon on 3rd, the Sembler Corporation acquired the Dimmitt/Dew Cadillac site. They would bulldoze the land and build University Village, a ten store commercial complex anchored by Publix at a cost of \$8.1-million and open in 2004.

The immediate area around the Beacon on 3rd was evolving from traditional single-family houses to mixed-use, higher-density housing. The Madison at St. Petersburg apartment complex, just across Delmar Terrace, covered two blocks when it opened in 2002. Within two years, Building II had converted to condominiums, and 90% of its units sold. Building I would convert the following year.

“Denny (Shoemaker) helped my husband, Steve, and I decide which condo would be best for us when we decided to buy a unit in the Beacon’s newly converted condo building in 2004,” said Pat Garvey.

Even Shoemaker bought a couple of condos.

By the close of 2004, investors had purchased about a third of the condominiums, retirees a quarter, and the remaining were acquired by people who planned to live in St. Petersburg.

Among those to step up and buy a condominium in the Beacon on 3rd; a Chicago architect escaping winter, a hurricane hunter living on a sailboat, a Spanish teacher from Michigan, and a German-born chef . Their stories and the memories of other first buyers will be shared in Chapter 6.

In Chapter 5, a revealing look at the conversion of Carlton Towers into The Beacon on 3rd Street, A Condominium.

