



City of Coral Gables
CITY COMMISSION MEETING
September 25, 2018

ITEM TITLE:

An Ordinance authorizing entering into a Purchase and Sales Agreement for the sale of the City owned parcel located at 7350 Coral Way, Miami, FL 33155 to highest bidder, Miami Development Fund, LLC, a Florida Corporation.

DEPARTMENT HEAD RECOMMENDATION:

Approval

BRIEF HISTORY:

Under Resolution 30255, dated February 5, 2002, the City leased its property located at 7350 Coral Way, Miami, FL (the "Lot") to the Police Benevolent Association ("PBA"). The PBA used the Lot as a gun range. Per Resolution No. 2003-169, the City entered into an Interlocal Agreement with Miami-Dade County dated October 9, 2006 to make available 80 parking spaces on its Lot for non-exclusive use of the County's park located at 7360 Coral Way Miami, FL 33155 (the "Park") in perpetuity as long as the park is in operation.

Due to PBA's limited use of the Lot, on March 16, 2016, the City Attorney's Office issued an opinion that the lease had been abandoned and terminated, CAO 2016-012. Per Resolution 2017-234, dated August 29, 2017, the City Commission authorized the City Manager to market and sell the City owned property located at 7350 Coral Way, Miami, FL 33155 (the "Lot") for a period of six months and come back to the City Commission with a Purchase and Sales Agreement and/or a Letter of Intent.

In accordance with Section 2-1092 of the Procurement Code, two real estate appraisals are required for the sale or purchase of property. One recent appraisal was provided by Slack Johnston Magenheimer, Inc. resulting in a value of \$11,700,000 for the 4.16 acre (180,580 square feet) lot. The appraisal did not take into consideration the 80 parking spaces required nor the lead contamination. The second appraisal was provided by Waronker and Rosen in September, 2018 valuing the Lot at \$9.9 Million.

In November 2017, the City initiated its marketing of the Lot City including a "For Sale" sign and posting on several real estate marketing sites for a \$12,000,000 asking price with the understanding that the City would provide a credit/price reduction to a potential buyer to remediate the lead contamination and providing the 80 parking spaces for visitors of the Park. The marketing resulted in millions of ad views, hundreds of emails/phone inquiries, and several letters of intents. The City received a significant amount of interest, but the uncertainty of the lead and parking cost led the City to change the price

to its “as is” asking price of \$10,000,000 and purchaser would assume all costs and risks to remediate the lead contamination and provide parking for the Park. Based on discussions with the Parking Director and review of previously estimated clean-up costs, the City valued the cost of both lead remediation and providing 80 parking spaces at more than \$2,000,000 which would result in a value less than \$10,000,000. The “as is” price reduction and request for the highest and best offer resulted in offers greater than \$10 Million. The City entered into good faith negotiations with the potential purchasers; per Resolution 2018-126 and 2018-211, dated April 24 and August 28, 2018, respectively, the City provided extensions to negotiate terms to recommend to the City Commission for approval.

The terms of the Purchase and Sales agreement are as follows:

1. Sale to Miami Development Fund, LLC (“Purchaser”) for \$10.4 Million with no financing contingency
2. An initial deposit of \$150,000
3. A 30 day due diligence period to inspect the property
4. A second deposit of \$400,000 after the due diligence period
5. A restrictive covenant for Purchaser to make available 80 parking spaces for visitors of the Park while it’s in operation.
6. No Broker involvement
7. Closing to occur 30 days after inspection period.

The proposed terms were presented to the members of the Property Advisory Board (PAB) on July 11, 2018, who voted 3 out of 4 to sell and use the proceeds towards the acquisition of real estate within the City’s boundaries. On August 1, 2018, the Economic Development Board voted unanimously to approve the sale. The Budget/Audit Advisory Board (BAB) voted to defer a vote until they received the second appraisal. The next BAB meeting is scheduled on September 19th and we were not able present the new appraisal before this item came to Commission.

Staff is requesting authorization from the City Commission to execute the Purchase and Sales contract with the Purchaser for the \$10.4 Million sales price.

LEGISLATIVE ACTION:

Date.	Resolution/Ordinance No.	Comments
8/28/18	Resolution 2018-211	Extension for negotiations
4/24/2018	Resolution 2018-126	Extension for negotiations
8/27/2017	Resolution 2017-234	Approval to market Lot for sale
9/9/2003	Resolution 2003-169	Interlocal Agreement Approval
2/5/2002	Resolution 30255	Lease Approval

ADVISORY BOARD/COMMITTEE RECOMMENDATION(S):

Date.	Board/Committee	Comments
7/11/18	Property Advisory Board	Recommended sale & proceeds used to

		purchase real estate in the City
8/1/18	Economic Development Board	Recommended sale 3 out of 5 votes (2 absences)
8/15/18	Budget Advisory Board	Defer until receipt of 2 nd appraisal

FINANCIAL INFORMATION: (If Applicable)

No.	Amount	Source of Funds
N/A		

ATTACHMENT(S):

1. Proposed Resolution;
2. Purchase and Sales Agreement
3. Excerpt minutes from the Property Advisory Board meeting of July 11, 2018;
4. Excerpt minutes from the Economic Development Advisory Board meeting of August 1, 2018;
5. Final minutes from the Budget/Audit Advisory Board meeting of August 15, 2018
6. Appraisals by Slack Johnston Magenheimer, Inc.
7. Appraisal by Waronker and Rosen
8. CAO 2016-012