



**Coral Gables City Center
121 Alhambra Plaza
Suite 1600
Coral Gables, FL 33134**

February 25, 2019

City of Coral Gables
City Manager's Office
Peter Iglesias
City Manager
405 Biltmore Way
Coral Gables, FL 33134
piglesias@coralgables.com

RE: Proposed development between Coral Gables City Center, LLC, a Florida limited liability company, or affiliate thereof (“CGCC”), and the City of Coral Gables, a municipal corporation of the State of Florida (the “City”) in connection with the acquisition and development of real estate

Dear Mr. City Manager Iglesias,

The City requested CGCC to provide this Term Sheet detailing its updated proposal, by the deadline of February 25, 2019 (the "**Letter**"). This Letter sets forth the general terms and conditions of the transaction pursuant to which CGCC and the City shall enter into a development agreement (the "**Development Agreement**") (CGCC and City are collectively defined as the "**Parties**") for the development of (i) Folio: 03-4117-005-0400 (commonly referred to as City of Coral Gables Municipal Garage 1 at the 200 block of Andalusia Avenue, Coral Gables, Florida 33134) ("**G1**"); (ii) Folio: 03-4117-005-0150 (commonly referred to as City of Coral Gables Municipal Garage 4 at the 300 block of Andalusia Ave., Coral Gables, Florida 33134) ("**G4**"); and, (iii) Folio: 03-4117-005-0470 (street address 281 Andalusia Ave, Coral Gables, Florida 33134 ("**Lot 43**") (collectively, G1, G4 and Lot 43 shall be defined as the "**Property**").

Project Components:

The Parties shall enter into a Development Agreement, to govern the terms of the development of the Property, including the economic and other benefits to be conferred upon the City, for the development of the following components at the Property:

- G1 public municipal parking garage
- G1 ground floor retail use
- G4 private parking garage
- G4 private ground floor retail use
- G4 private residential building use

All improvements described immediately above shall be referred to herein as the "**Project**".

Project Designations:

The Property is located within the Central Business District (CBD) and Downtown Overlay District (DO). The Property's land use classification is Commercial High-Rise Intensity and the zoning classification is Commercial District. Importantly, the Property is also CGCC will satisfy the requirements of Coral Gables Code Section 5-605 and achieve a Level 2 bonus for Coral Gables Mediterranean Architectural Design. Level 2 bonus permits CGCC to achieve a height of 190' 6" and a Floor Area Ratio (FAR) of 4.375, inclusive an additional 25% FAR granted once qualified by the City. The Property and Project is also by Code Section 4-201 permitted to be a Mixed-Use District (MXD). In compliance with MXD requirements the Project will be constituted of multiple mixed use buildings and meet the mandatory requirement of Coral Gables Mediterranean Architecture Design. Alternatively, the Property and Project also meet the requirements of a Planned Area Development (PAD) pursuant to Code Section 3-501. Importantly, the Project meets the requirements of either a MXD or PAD with its current land use and zoning. Thus, **the Project DOES NOT require the City to increase the underlying land use or zoning designations.**

Project Description:

The Project is described as follows¹:

Project FAR: 4.017

¹ All improved building square foot measurements are measured as floor area, unless otherwise indicated.

Site Area:	<u>92,441 SF</u>	<u>Total</u>
	55,000 SF	G4
	34,941 SF	G1
	2,500 SF	Lot 43 (G1)

Project Floor Area:	<u>371,300 SF</u>	<u>Total</u>
	351,300 SF	G4
	20,000 SF	G1

Garage 4:

- Retail (ground floor)
 - o 1 floor
 - o 18,000 SF retail floor area
- Parking
 - o 4 floors
 - o 500 private spaces
- Residential Use
 - o 9 floors
 - o 245 units
 - 1,260 SF average unit size
 - o 333,300 SF residential floor area
- Occupiable Height²
 - o 150'
- Encroachments
 - o A 10' encroachment into the public alley is included at podium levels beginning at Level 2.
 - o No encroachment in Andalusia Ave. is required nor included.

Garage 1:

- Retail (ground floor)
 - o 1 floor
 - o 20,000 SF retail floor area
- Parking
- 750 public spaces via precast garage over retail; architecture will meet minimum standard for Mediterranean Bonus.
- Encroachments
 - o A 10' encroachment into the public alley is included at podium levels beginning at Level 2.
 - o No encroachment in Andalusia Ave. is required nor included.

² Roof-top may contain amenity deck, which would require some level of ancillary bathroom facilities.

Parking:

The total number of parking spaces for the Project shall be 1,250 (750 in G1 and 500 in G4).

The public will have access to 750 spaces, all located in Garage 1; these spaces shall be owned by the City. CGCC shall pay 100% of the construction costs of 750 spaces. The City will manage the G1 garage in accordance with its system preferences at City cost.

All spaces in Garage 4 will be for private use. Garage 4 is fully parked to code – both the residential and retail required spaces are accounted for within the 500 total private space pool.

Benefits to City:

Property Tax Revenues

Benefit to City - Ranges are being vetted with staff, but estimates are in excess of \$20,000,000 over 30 years due specifically to the City of Coral Gables.

Parking Revenues

The City shall retain ALL NET PARKING INCOME as follows:

The City shall retain all parking net income for its 750 City owned parking spaces. The City's consultant Tim Haahs estimates each full time parking space generates approximately \$1,866 per space per year in net operating income according its study dated August 24, 2018 for a total of \$1.4M in its first year of operation.

City Improvements

CGCC shall construct 750 parking stalls to be owned by the City. These stalls shall be constructed at zero cost to the City. Full costs to be borne by CGCC include: allocable share of demolition of existing garage structures and site work, allocable financing costs, allocable design/engineering/insurance, and parking system allowance. CGCC will not charge a developer fee.

Ownership:

The City shall retain fee- simple ownership of G1. The City shall enter into a 30-year lease for the G1 retail space to CGCC at a lease rate of \$10 / month. CGCC shall have unlimited renewal rights in 10-year terms, except in such case that the City wishes to redevelop the G1 site at their option after the 30-year initial lease term. Mutually agreeable terms for

termination of lease for redevelopment will be finalized in the Development Agreement.

CGCC shall be provided with fee-simple title to G4.

City Increment/Waiver: Due to the extraordinary scope, risks and costs associated with the development of the City's improvements, in order to complete the same, the City must contribute a portion of the City's increment of additional revenues generated from the Project.

The required City increment from the increased net income created by the Project is \$350,000 per year³

This increment factors the requirement of the City waiving permit, impact, art, and other development fees associated with the project, payable to the City. CGCC will pay Miami-Dade county fees as required.

Construction Sequencing: CGCC shall proceed with G4 first, and upon completion of the parking garage component, will open a portion of this garage for public use.

Upon opening of the G4 garage to the public CGCC shall commence with the demolition and construction of the G1.

Governance/Control: CGCC shall be responsible for implementing the development and construction of the Project and shall be authorized and directed to take all actions necessary for the same.

Other Provisions: This Letter shall be effective upon the date upon which it is approved by completion of all the following: (1) execution by all Parties to the Letter; and, (2) passing of a resolution of the City approving this letter and expiration of applicable appeal period for same (the "**Effective Date**"). This Letter includes all forms of consideration to be paid by CGCC to the City and no additional consideration will be due to the City unless expressly written herein. Upon the Effective date, CGCC shall draft the Development Agreement and the Parties agree to negotiate, in good faith, to produce and execute the Development Agreement to be presented to the City for passing of a resolution approving the same.

Considering the escalating nature of construction costs, a large portion of which is going directly to construct a public parking garage for the City,

³ Increment shall be paid monthly and escalate at 2% per year and the guaranteed payments shall terminate after 30-years.

CGCC requests expediting of all Project related City regulatory review and approval. In particular, the Parties must commit to completion of development agreement within ninety (90) days of the Effective Date. During this 90 day period, the parties will also commit to an expedited schedule for all other required approvals and permitting for the Project to commence construction of the first garage.

We look forward to working with the City of Coral Gables on this Project. If this Letter accurately sets forth our understanding, please execute a copy of this Letter in the space provided below and return the signed Letter to CGCC.

CITY:

CITY OF CORAL GABLES, FLORIDA

By: _____
Name: Peter J. Iglesias
It's: City Manager

Attest:

By: _____
Name: Walter Foeman
It's: City Clerk

Approved as to Legal Form:

Miriam Soler Ramos, City Attorney

CGCC:

**CORAL GABLES CITY CENTER, LLC, A FLORIDA
LIMITED LIABILITY COMPANY**

By: _____
Name: _____
Title: _____

Combined Development Pro Forma

CGCC Garage 1 & G4 | January 11, 2019 vs February 26, 2019

Net Operating Income	Jan 19	Feb 19	Delta	Notes
G1 Private NOI	5,589,087	740,000	(4,849,087)	<i>Only 20,000 sqft of ground floor retail remains</i>
G4 Private NOI	8,007,888	8,251,948	244,060	<i>Same as before, plus approximately 49 additional residential parking spaces to be leased out to tenants and an additional 5,200 sqft of ground floor retail</i>
Total Private NOI	13,596,975	8,991,948	(4,605,027)	
Total City Increment	0	350,000	350,000	
Total Private NOI + City Increment	13,596,975	9,341,948	(4,255,027)	
Total Development Cost				
G1	84,716,000	29,968,000	(54,748,000)	
G4	127,168,000	119,450,000	(7,718,000)	
Total Development Cost	211,884,000	149,418,000	(62,466,000)	
Yield on Cost	6.42%	6.25%	-0.16%	Bare minimum to finance residential development

CORAL GABLES CITY CENTER - G1 BUDGET VARIANCE

CGCC Garage 1 & G4 | January 11, 2019 vs February 26, 2019

	G1 Budgets		Delta	Notes
	G1 - Jan 2019	G1 - Feb 2019	Feb vs Jan	
DEVELOPMENT SOURCES				
Construction Loan	55,065,351	19,479,000	(35,586,351)	
Project Equity	29,650,649	10,489,000	(19,161,649)	
Total Development Financing	84,716,000	29,968,000	(54,748,000)	Deletion of office; transferring all public spaces to G1
DEVELOPMENT USES				
Full Time Public Parking	14,379,200	20,625,000	6,245,800	750 full time dedicated public parking spaces
Nights/Weekends Public Parking	4,280,000	-	(4,280,000)	No office spaces to share with public as office is deleted
Smart Parking Allowance	150,000	-	(150,000)	Not included
Garage Demo + Site Work	253,000	253,000	-	
Paseo Acquisition Costs	2,400,000	-	(2,400,000)	Not included
Paseo Renovation	1,600,000	-	(1,600,000)	Not included
Actor's Playhouse Lodging	-	-	-	Not included
Alley Improvements	250,000	-	(250,000)	Not included
Capitalized Public Pkg Financing Costs	800,949	1,272,882	471,933	
Design/Engineering/Insurance etc.	1,053,851	626,340	(427,511)	Office deleted
Capitalized RFP Costs	25,167,000	22,777,222	(2,389,778)	
GC Contract/Parking Costs	6,420,632	-	(6,420,632)	Office deleted, retail to park in public garage
GC Contract/All Other	25,852,089	3,000,000	(22,852,089)	20,000 sqft of retail to be owned by City, leased back to CGCC long term basis at \$10 per month
Owner Controlled	8,954,476	2,000,000	(6,954,476)	TA on 20,000 sqft of retail
FF&E	--	--	-	
Total Hard Costs	41,227,197	5,000,000	36,227,197	
Professional fees	3,723,615	250,000	(3,473,615)	Deletion of office
Permits/ impact fees	729,400	261,000	(468,400)	Only county fees on retail portion of development
Project management	1,835,641	150,000	(1,685,641)	Reduced scope to manage
RFP Pursuit Costs	500,000	-	(500,000)	Moved to G4
Reserves/Leasing Cost	5,782,015	510,000	(5,272,015)	Deletion of office
Financing/closing costs	3,441,517	201,811	(3,239,706)	Deletion of office
Total Soft Costs	16,012,188	1,372,811	(14,639,377)	
Contingency	2,309,615	817,967	(1,491,648)	
Total Development Cost	84,716,000	29,968,000	(54,748,000)	

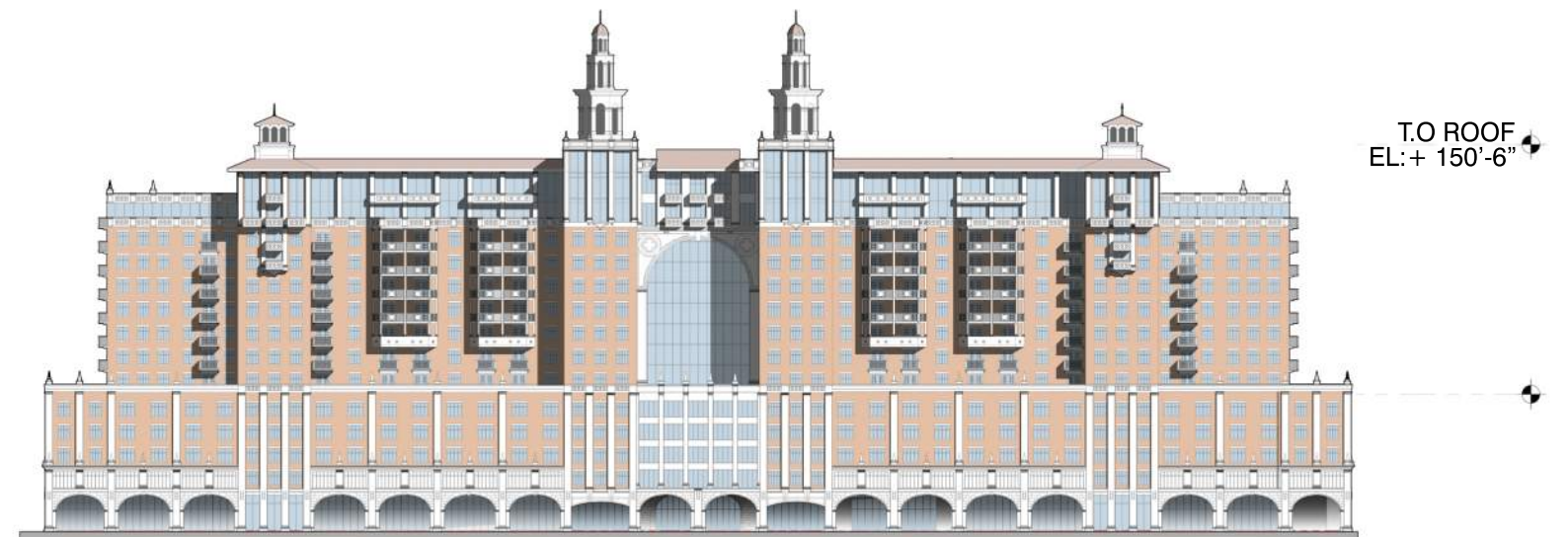
CORAL GABLES CITY CENTER - G4 BUDGET VARIANCE

CGCC Garage 1 & G4 | January 11, 2019 vs February 26, 2019

	G4 Budgets		Delta	Notes
	G4 - Jan 2019	G4 - Feb 2019	Feb vs Jan	
DEVELOPMENT SOURCES				
Construction Loan	82,659,000	77,642,000	(5,017,000)	
Project Equity	44,509,000	41,808,000	(2,701,000)	
Total Development Financing	127,168,000	119,450,000	(7,718,000)	
DEVELOPMENT USES				
Full Time Public Parking	6,353,600	-	(6,353,600)	No public parking in G4
Nights/Weekends Public Parking	-	-	-	
Smart Parking Allowance	150,000	-	(150,000)	Not included
Garage Demo + Site Work	758,000	758,000	-	
Paseo Acquisition Costs	2,400,000	-	(2,400,000)	Not included
Paseo Renovation	600,000	-	(600,000)	Not included
Actor's Playhouse Lodging	-	-	-	Not included
Alley Improvements	250,000	-	(250,000)	Not included
Capitalized Public Pkg Financing Costs	278,209	-	(278,209)	
Design/Engineering/Insurance etc.	468,191	-	(468,191)	
Capitalized RFP Costs	11,258,000	758,000	(10,500,000)	
GC Contract/Parking Costs	12,540,000	15,000,000	2,460,000	Increased private parking count to 500
GC Contract/All Other	79,656,373	78,486,373	(1,170,000)	Net change from removal of arch structure, redundant vertical transportation, addition of glass arch detail and addition of 5200 sqft of ground floor retail.
Owner Controlled	1,865,000	2,385,000	520,000	Addition of 5,200 sqft of ground floor retail TA (Now 18,000 SF total)
FF&E	950,000	950,000	-	
Total Hard Costs	95,011,373	96,821,373	(1,810,000)	
Professional fees	2,650,809	2,650,809	-	
Permits/ impact fees	1,213,431	1,213,431	-	
Project management	5,824,825	5,824,825	-	
RFP Pursuit Costs	500,000	1,500,000	1,000,000	Deletion of office, shift total cost to residential which has grown to \$1.5MM from \$1MM total due to multiple design iterations and legal costs
Reserves/Leasing Cost	5,997,017	6,121,817	124,800	
Financing/closing costs	1,533,130	1,573,593	40,463	
Total Soft Costs	17,719,213	18,884,476	1,165,263	
Contingency	3,179,414	2,986,151	(193,263)	
Total Development Cost	127,168,000	119,450,000	(7,718,000)	



G1 - 9 LEVEL PODIUM WITH 8 LEVELS OF PARKING



G4 - 5 LEVEL PODIUM WITH 4 LEVELS OF PARKING

Coral Gables City Center:

Coral Gables, Florida

ELEVATION / SECTION
STUDY

SCALE: NTS

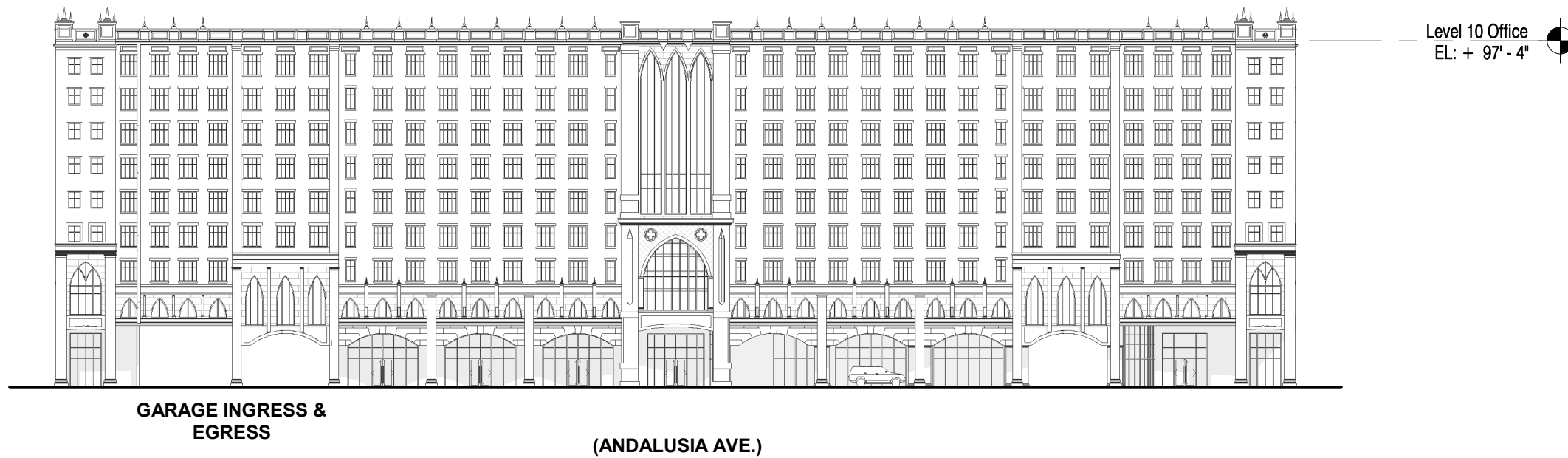
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All measurements are subject to change. Not for construction.

Coral Gables City Center Garage 1

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SOUTH ELEVATION

1" = 40'-0"

02.26.2019

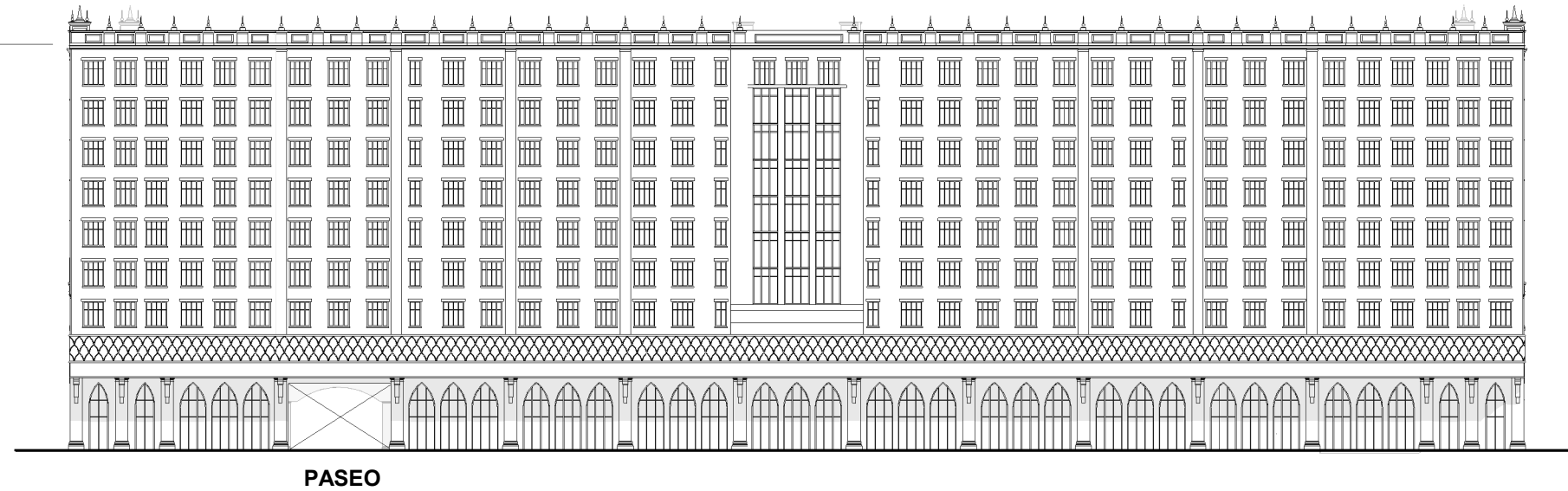
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SK-01

Level 10 Office
EL: + 97' - 4"



All measurements are subject to change. Not for construction.

Coral Gables City Center Garage 1

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NORTH ELEVATION

1" = 40'-0"

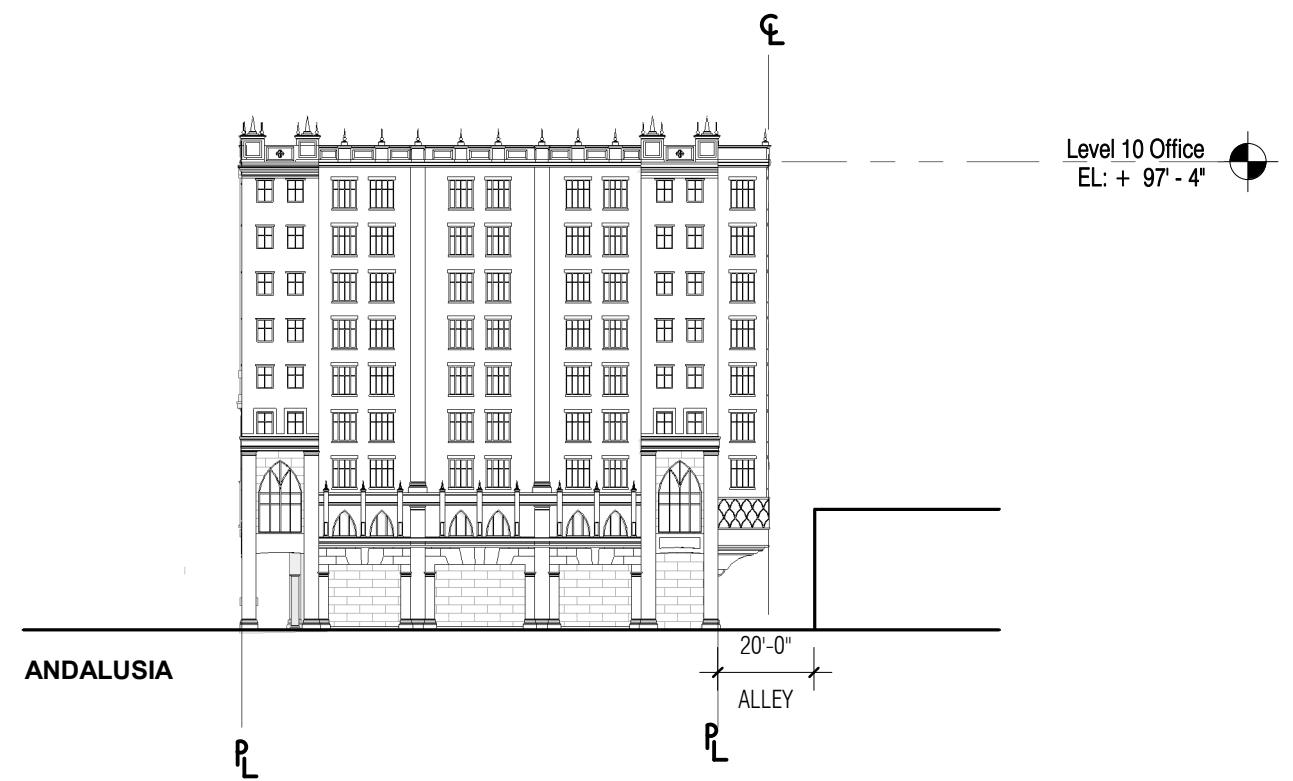
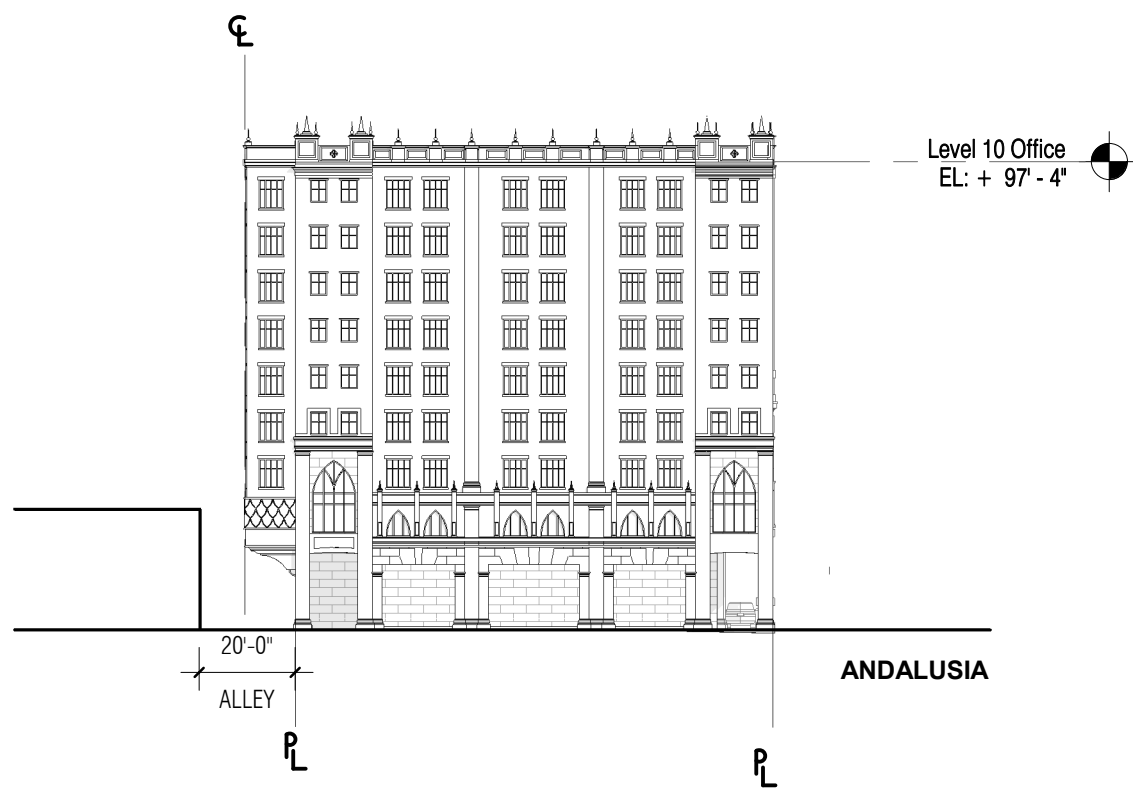
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SK-02



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Coral Gables City Center Garage 1

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EAST & WEST ELEVATIONS

1" = 40'-0"

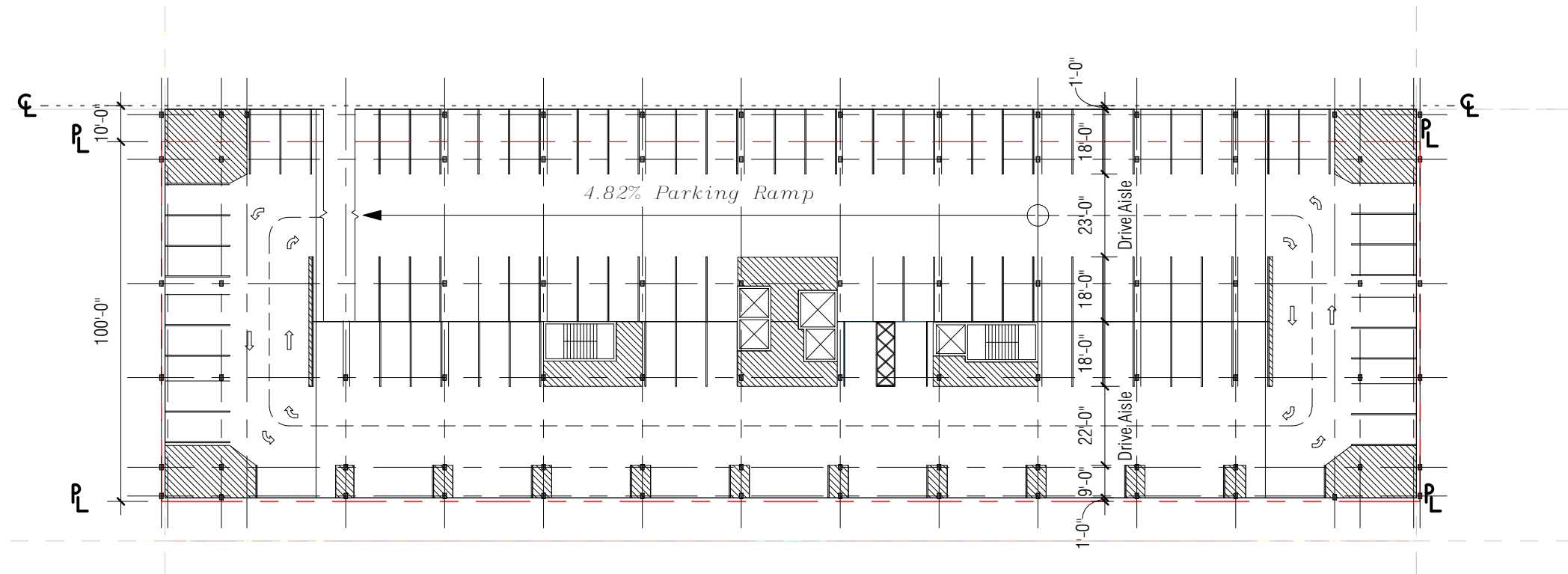
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SK-03



Coral Gables City Center Garage 1

TYPICAL PARKING LEVEL

1" = 40'-0"

02.26.2019

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SK-07