



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

March 18, 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 in which the City retains ownership of the G1 ground floor retail (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**"); and (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**") (collectively, G1 and G4 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:

Owned and Operated by City

- G1 public municipal parking garage
- G1 ground floor retail use

Owned and Operated by CGCC

- 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 of an additional 25% FAR granted once qualified by the City. By Code Section 4-201 and City Attorney's Office Opinion of March 8, 2019 the Project and Property are permitted to be a Mixed-Use District (MXD) and will 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 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:

CGCC Project FAR: 3.906 CGCC FAR²

Site Area:	<u>89,941 SF</u>	<u>Total</u>
	55,000 SF	G4
	34,941 SF	G1

CGCC Project Floor Area:	<u>371,300 SF</u>	<u>Total</u>
	351,300 SF	G4 – Private FAR
	20,000 SF	G1 – City-owned FAR

Garage 4:

- Retail (ground floor)
 - o 1 floor
 - o 18,000 SF retail floor area
- Parking
 - o 3 floors
 - o 400 private spaces
- Residential Use
 - o 9 floors
 - o 245 units
 - 1,260 SF average unit size
 - o 333,300 SF residential floor area
- Occupiable Height³
 - o 141'
- Encroachments
 - o A 10' encroachment into the public alley is included at podium levels beginning at Level 2.⁴
 - o Zero encroachment onto Andalusia Ave.

Garage 1:

- Retail (ground floor)
 - o 1 floor
 - o 20,000 SF retail floor area (publicly owned City retail)
- Parking
 - o 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 2.⁵

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

² CGCC Project FAR does not include floor area attributable to publicly owned G1 retail of 20,000.

³ Roof-top may contain amenity deck, which would require some level of ancillary bathroom facilities.

⁴ As expressly permitted and encouraged by Garage RFP.

⁵ As expressly permitted and encouraged by Garage RFP.

- o Zero encroachment onto Andalusia Ave.

Parking:

The City will own and manage all 750 spaces located in Garage 1. CGCC shall pay 100% of the construction costs of 750 spaces.

All 400 spaces in Garage 4 will be for private use; this parking count is below current parking code, but will provide commercially reasonable parking for the private residential use. Per the RFP document, no parking is needed for G4 retail parking.

Ownership:

The City shall retain fee simple ownership of G1 including all parking and the G1 ground floor retail space. The City shall reimburse CGCC \$3,000,000 for the cost to construct the G1 retail shell in two equal payments. The first \$1,500,000 will be due to CGCC when it begins demolition of the existing G1 garage, and the balance will be due to CGCC upon CO of the new G1 garage.

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 \$480,000 per year⁶. City staff estimates that the increment is equal to the property taxes due to the City from the CGCC Project, thus making the increment cost and debt neutral.

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.

⁶ Increment shall be paid monthly and escalate at 2% per year and the guaranteed payments shall terminate after 30-years.

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, 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 expeditiously.

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

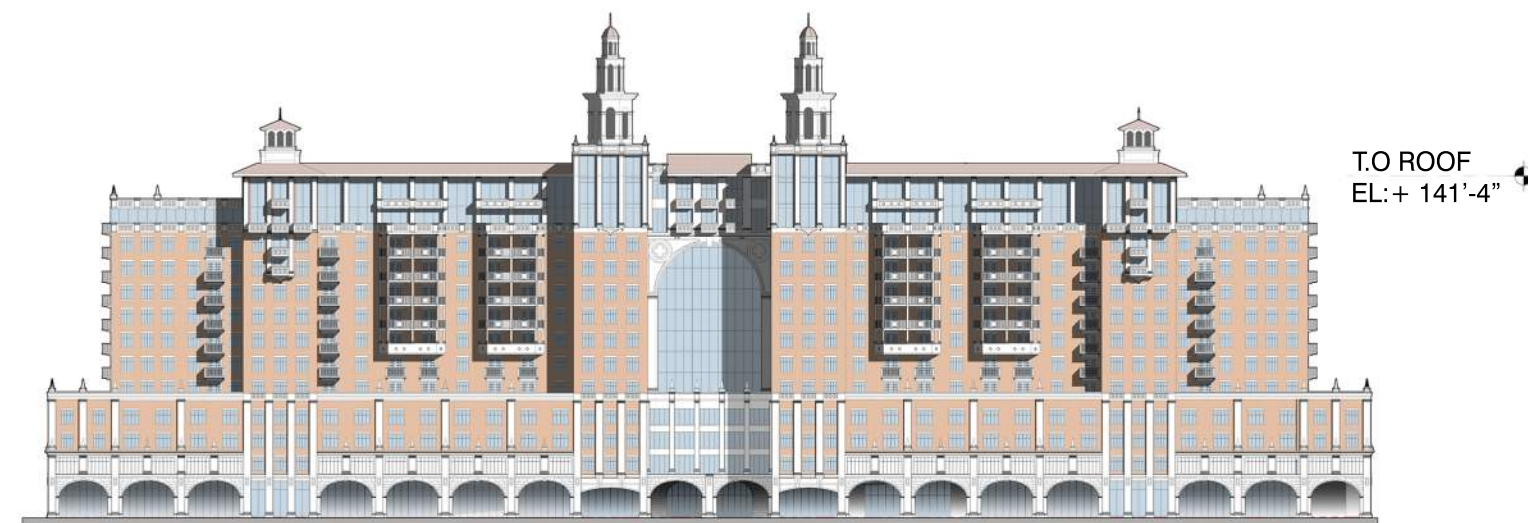
CGCC:

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

By: _____
Name: _____
Title: _____



G1 - 9 LEVEL PODIUM WITH 8 LEVELS OF PARKING



G4 - 4 LEVEL PODIUM WITH 3 LEVELS OF PARKING

Coral Gables City Center:

Coral Gables, Florida

ELEVATION / SECTION
STUDY

SCALE: NTS

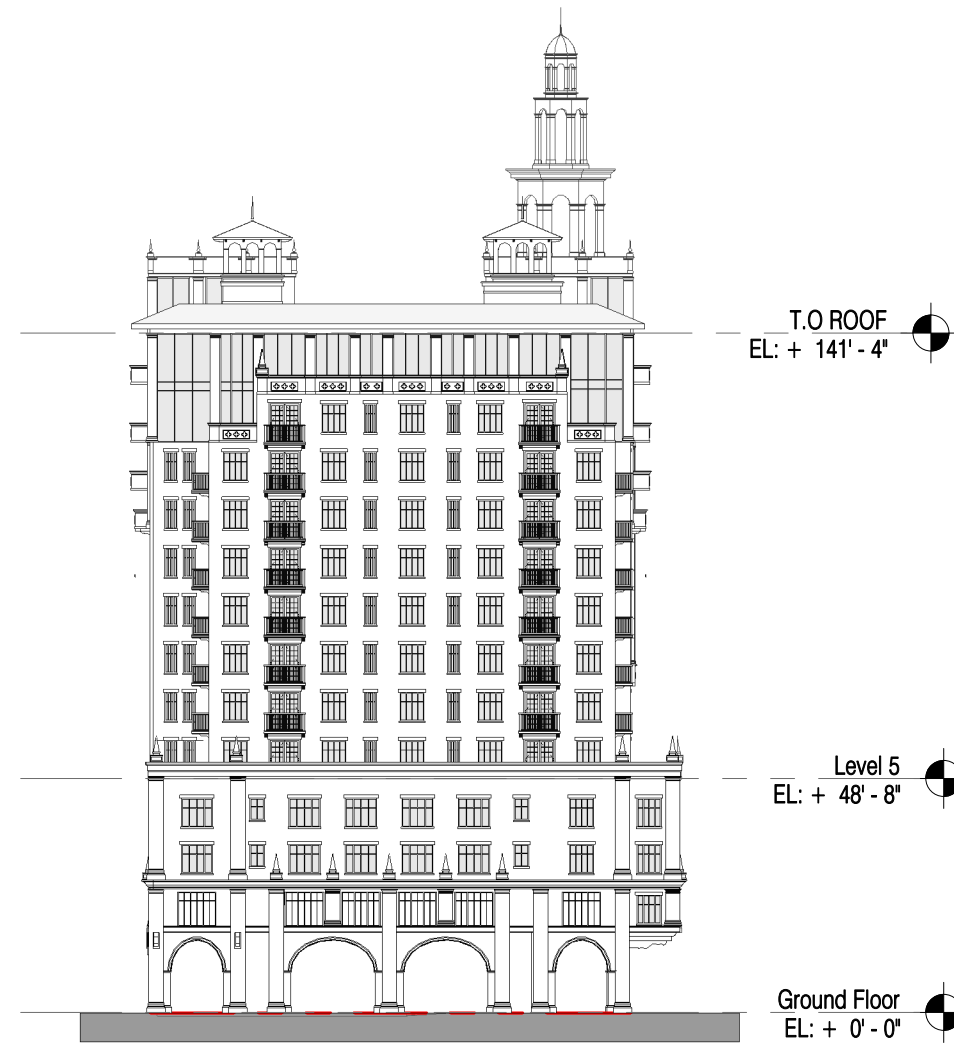
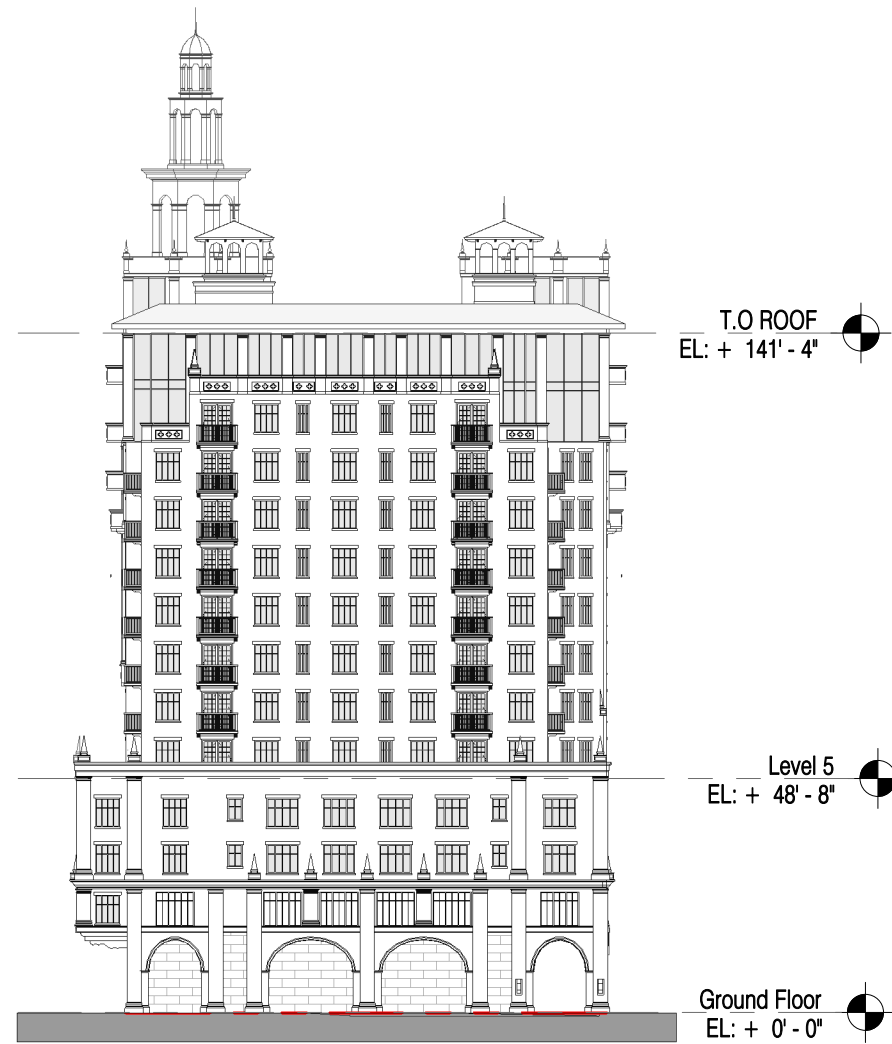
02.26.19

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ZYSCOVICH
ARCHITECTS

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Suite 501, Winter Park, FL 32789
407.674.1959

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w www.zyscovich.com



All measurements are subject to change. Not for construction.

1624CGCC Coral Gables City Center - Garage 4

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WEST AND EAST
ELEVATIONS

1" = 40'-0"

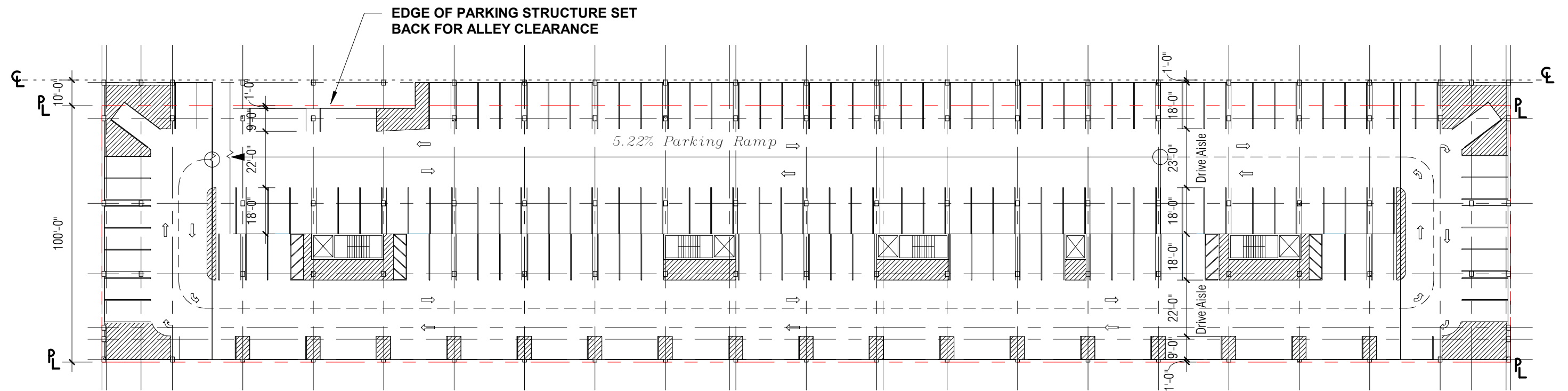
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SK-003



1624CGCC Coral Gables City Center - Garage 4

Version 1.5

LV 4 PARKING DECK

1" = 40'-0"

10/10/18

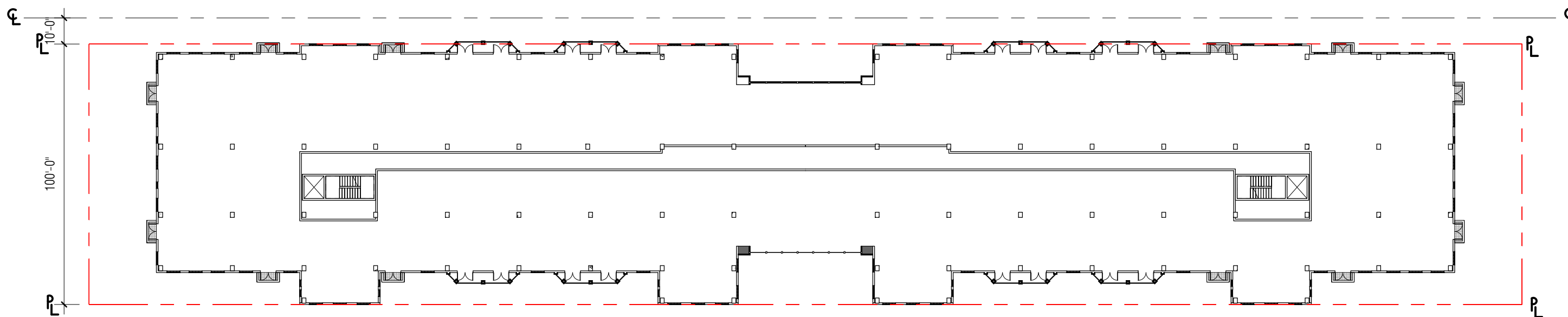
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SK-07



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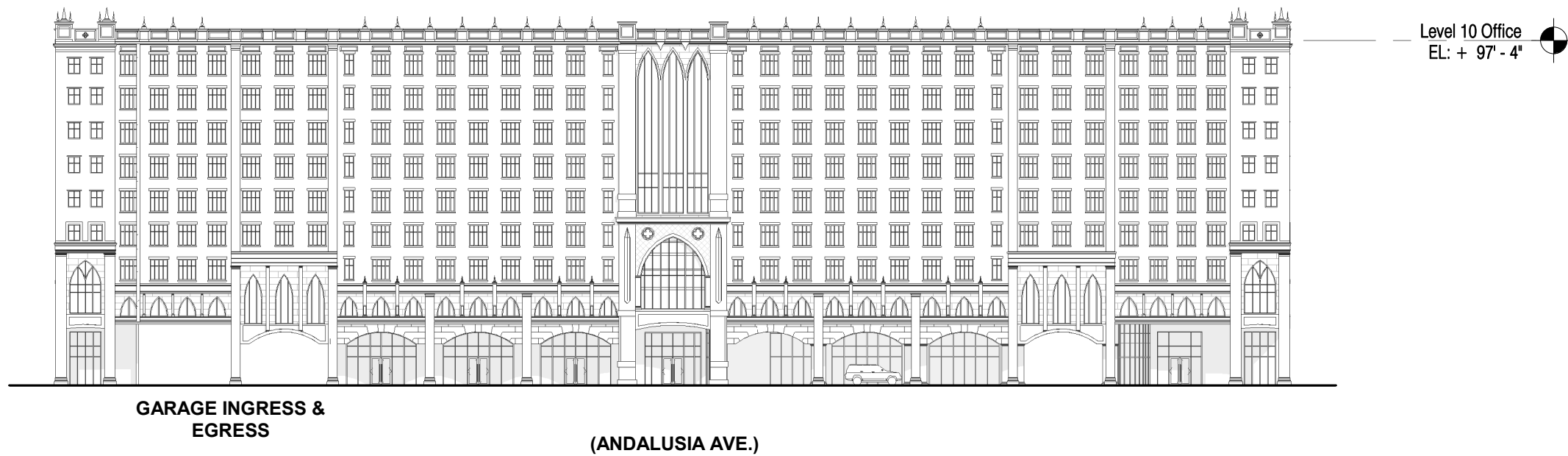
1624CGCC Coral Gables City Center - Garage 4 TYPICAL FLOOR PLAN 1" = 40'-0" 02.26.19

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Coral Gables City Center Garage 1

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SOUTH ELEVATION

1" = 40'-0"

02.26.2019

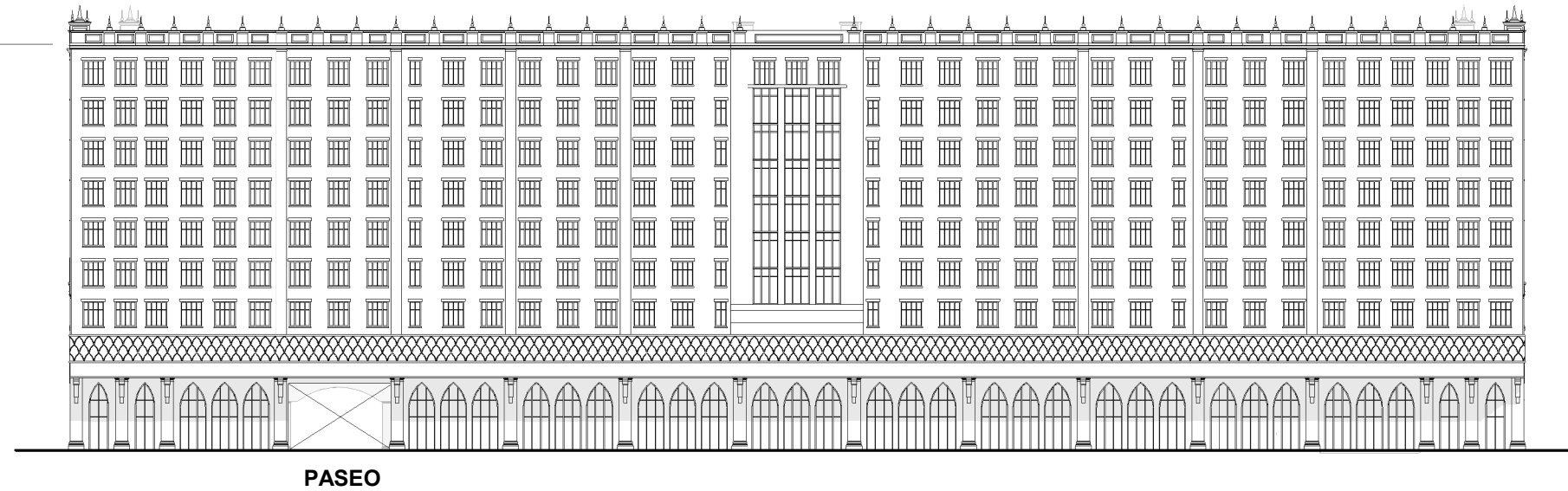
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SK-01

Level 10 Office
EL: + 97' - 4"



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Coral Gables City Center Garage 1

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NORTH ELEVATION

1" = 40'-0"

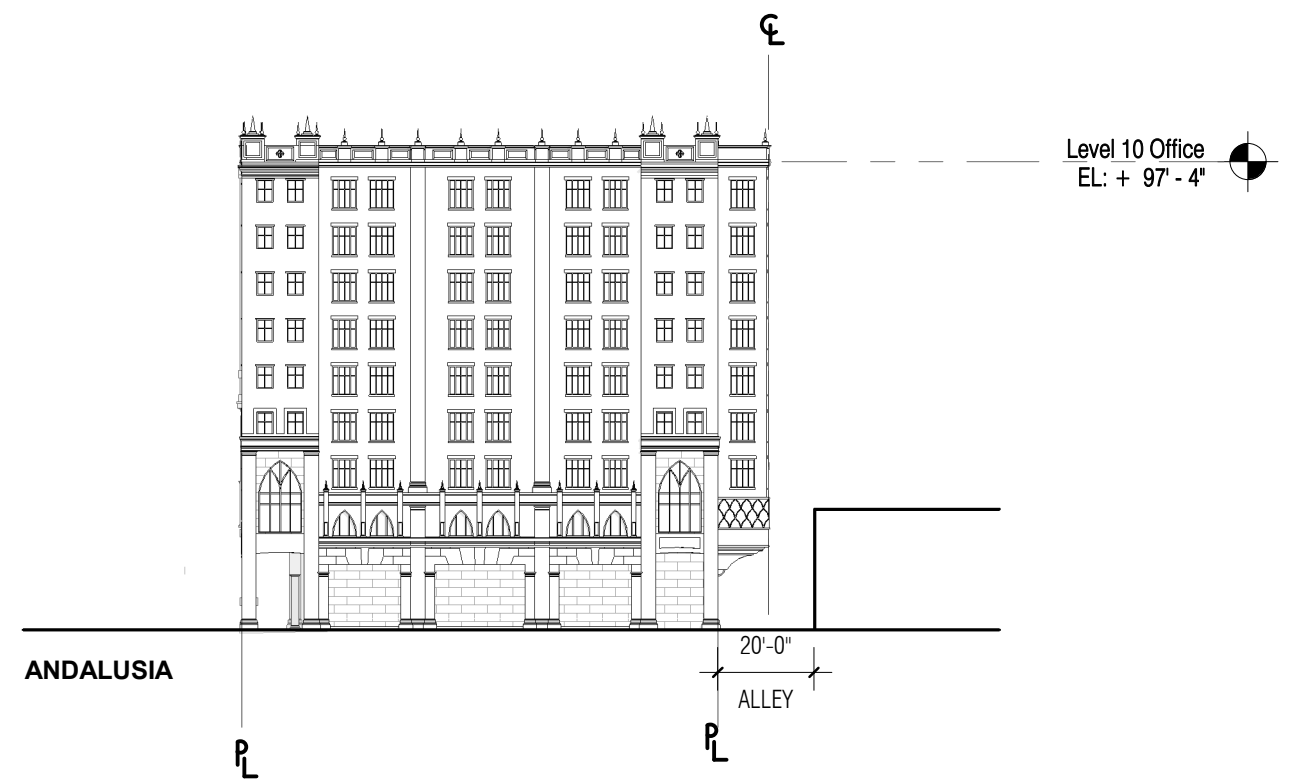
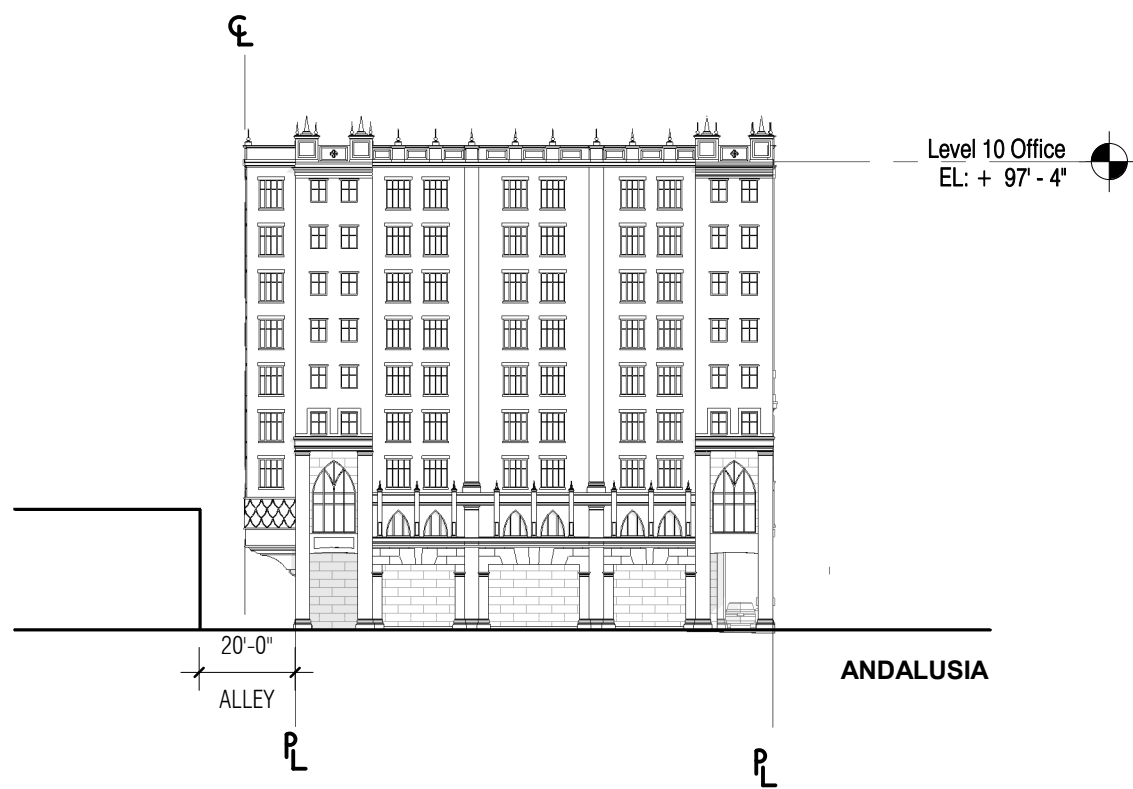
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SK-02



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Coral Gables City Center Garage 1

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EAST & WEST ELEVATIONS

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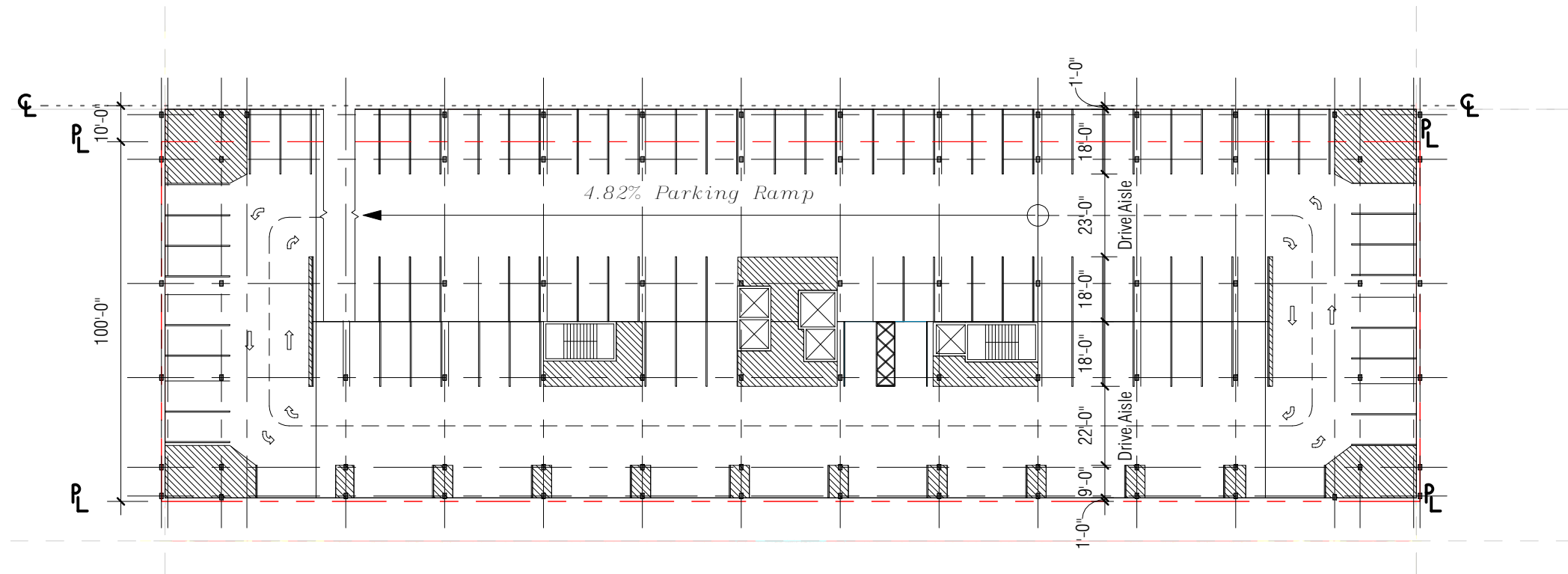
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SK-03



Coral Gables City Center Garage 1

TYPICAL PARKING LEVEL

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SK-07

Combined Development Pro Forma

CGCC Garage 1 & G4 | January 11, 2019 vs March 18, 2019

Net Operating Income	Jan 19	Mar 19	Delta	Notes
G1 Private NOI	5,589,087	0	(5,589,087)	<i>No private interest in G1</i>
G4 Private NOI	8,007,888	8,103,448	95,560	<i>Same as January, less 50 residential parking spaces to be leased out to tenants and an additional 5,200 sqft of ground floor retail in G4</i>
Total Private NOI	13,596,975	8,103,448	(5,493,527)	Private NOI reduced by 40% due to deletion of G1 private development
Total City Increment	0	480,000	480,000	
Total Private NOI + City Increment	13,596,975	8,583,448	(5,013,527)	
Total Development Cost				
G1	84,716,000	24,191,000	(60,525,000)	
G4	127,168,000	116,331,000	(10,837,000)	
Total Development Cost	211,884,000	140,522,000	(71,362,000)	
Yield on Cost	6.42%	6.11%	-0.31%	

CORAL GABLES CITY CENTER - G1 BUDGET VARIANCE

CGCC Garage 1 & G4 | January 11, 2019 vs March 18, 2019

	G1 Budgets		Delta	Notes
	G1 - Jan 2019	G1 - Mar 2019	Mar vs Jan	
DEVELOPMENT SOURCES				
Construction Loan	55,065,351	15,724,000	(39,341,351)	
Project Equity	29,650,649	8,467,000	(21,183,649)	
Total Development Financing	84,716,000	24,191,000	(60,525,000)	Deletion of office; transferring all public spaces and retail to City.
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	-	(25,852,089)	Deleted \$3MM G1 retail shell costs as retained by City who will reimburse CGCC for its construction.
Owner Controlled	8,954,476	-	(8,954,476)	Deleted \$2MM in retail TA as it is now to be owned by City
FF&E	--	--	-	
Total Hard Costs	41,227,197	0	41,227,197	No CGCC interest in the G1 garage upon CO
Professional fees	3,723,615	250,000	(3,473,615)	Deletion of office
Permits/ impact fees	729,400	-	(729,400)	No fees as City is retaining G1 retail and office is removed
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	30,000	(5,752,015)	Deletion of office and leasing commissions for retail
Financing/closing costs	3,441,517	201,811	(3,239,706)	Deletion of office
Total Soft Costs	16,012,188	631,811	(15,380,377)	
Contingency	2,309,615	781,967	(1,527,648)	
Total Development Cost	84,716,000	24,191,000	(60,525,000)	

CORAL GABLES CITY CENTER - G4 BUDGET VARIANCE

CGCC Garage 1 & G4 | January 11, 2019 vs March 18, 2019

	G4 Budgets		Delta	Notes
	G4 - Jan 2019	G4 - Mar 2019	Mar vs Jan	
DEVELOPMENT SOURCES				
Construction Loan	82,659,000	75,615,000	(7,044,000)	
Project Equity	44,509,000	40,716,000	(3,793,000)	
Total Development Financing	127,168,000	116,331,000	(10,837,000)	
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	12,000,000	(540,000)	Change to 400 private spaces in G4, no public spaces
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	93,821,373	1,190,000	
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	1,532,231	(899)	
Total Soft Costs	17,719,213	18,843,114	1,123,901	
Contingency	3,179,414	2,908,513	(270,901)	
Total Development Cost	127,168,000	116,331,000	(10,837,000)	