



November 3, 2021

Eric Carpenter, Deputy City Manager
City of Miami Beach
Office of the City Manager
1700 Convention Center Drive, 4th Floor
Miami Beach, FL 33139

RE: General discussion of terms for potential redevelopment of the parking lot at 1262 Collins Ave, Miami Beach to a parking garage structure by Location Ventures LLC

- General Purpose:** The purpose of this non-binding term sheet (the “Term Sheet”) is to establish the business terms relating to the proposed public private partnership between the Parties, as defined below, and to provide basic terms and conditions for the development of a parking garage structure and lease agreements.
- Parties:** Location Ventures LLC and/or its designee entity formed for the development of the Property (“LV”/ “Developer”) and City of Miami Beach in its property ownership capacity (the “City”) and/or its wholly owned subsidiary entities collectively owning the Property, as defined herein. Collectively LV and the City are referred to as “Parties”.
- Property Description:** The property is comprised of two parcels identified as Miami-Dade County Folio Numbers: 02-3234-008-1020; 02-3234-008-1030 (the “Property”). The Property is approximately 21,000 square feet (SF) in size, and consists of approximately sixty (60) at-grade parking spaces.
- Competitive Bidding:** Pursuant to Section 2-367(e) of the City Code of Ordinances, upon written recommendation of the City Manager may, by resolution adopted by a five-sevenths vote of the City Commission, waive competitive bidding requirements for the Project, as defined below.
- Proposed Project:** The project shall consist of the overall improvement of the Property from an approximate sixty (60) space parking lot to a 169 space parking garage structure, including 8,167 SF ground floor commercial use and 8,524 SF top floor office space, with a maximum height of seventy-five (75) feet (the “Project”).
- Financial Terms:** The City will execute a 99-year lease term and LV will maintain a leasehold interest in the to-be-built garage structure. LV financing of construction will be by way of a leasehold mortgage, at no more than seventy percent (70%) of the value of the land, leaving the City’s reversionary interest lien free. The ground lease will include customary protections for LV’s mortgagee. Once the Project is constructed, LV will refinance the construction loan solely on the structure, thereby leaving the parcel free from encumbrances.
- Price:** LV’s cost of the Project is estimated to be approximately \$20,000,000; in return for building the structure for the City, the City will reserve up to sixty (60) spaces

within the Project for purpose of providing parking for LV's project on 13th Street and Washington (the "Co-living and Office Project") at market rate.

Leasehold Agreement: LV will draft and deliver to the City for comment a proposed Lease Agreement (the "LA") within thirty (30) business days from the date the City Finance Committee recommends approval to the City Commission.

Construction: Within thirty (30) business days of the LA effective date LV shall deliver a budget for the development of the garage structure at its cost and shall exclude any development and/or construction budget (the "Project Cost") from its preferred construction company, Winmar Construction, Inc.

City Fees: In return, the City shall waive all fees it would not incur for developing a similar project, including but not limited to permit, parking, City impact fees, administrative fees, etc.

Construction Period: LV shall have a period of twelve (12) months (the "Construction Period") after the execution of the LA to obtain non-appealable development approvals from the Historic Preservation and Planning Board, and twenty-four (24) months for construction of the Project. The City will reasonably cooperate with LV pursuit of planning and construction. LV shall have the right to extend the Construction Period for delays in issuing permits by the City's permit reviewing departments (Planning, Building, Public Works, Fire, etc.), acts of God, or pandemic related problems. LV shall obtain a surety bond to guaranty the completion of the garage structure, which bond shall reflect the City and LV's construction lender as dual obligees.

Completion: Upon issuance of the Temporary Certificate of Occupancy, LV shall maintain the Project with input from the City with the shared goal of maximizing the economic feasibility of the Project.

Cashflow Participation: LV shall collect 100% of the net cashflow from the operation of the garage after debt service until the payoff of the Project equity and a ten percent (10%) Internal Rate of Return ("IRR") on the Project equity. Upon payback of the equity, the City and LV have the right to terminate the leasehold interest and the LV shall turnover management and operation of the Project to the City, and the City shall collect 100% of all operational income generated in a manner mutually agreed upon by City, LV, and lender.

Net Cashflow: Net cashflow shall be excess cash flow after operating expenses including management fees, debt service and other senior obligations.

Roles: A mutually developed, negotiated, and agreed upon business plan shall be included in the LA, and will set out final management roles and responsibilities of each of the Parties.
Any decisions to be made that are not specifically addressed in the business plan are to be considered major decisions which will require mutual agreement as well as expedited arbitration for disagreements on major decisions.



Guarantees: LV and/or their affiliates will be responsible for providing guaranties for any acquisition and construction loan financing, subject to lender requirements, it being understood that the Parties will cooperate in LV seeking non-recourse financing. Upon completion of the Project, LV will seek refinancing based on net cashflow from the Project.

Broker: LV and the City each represent that neither party are represented by a third-party broker for the contemplated transaction and if so, each party is obligated to said brokers per separate agreement.

If these terms and conditions are acceptable, please indicate by signing below and returning an executed copy of this Letter.

DEVELOPER
Location Acquisitions, LLC

CITY:
City of Miami Beach

By: _____
Name: Rishi Kapoor
Title: Manager
Date: _____

By: _____
Name: _____
Title: _____
Date: _____