07

FINANCIAL PROPOSAL

07

RENUMERATION TO THE CITY

	Option 1	Option 2	Option 3
Lease Term	99 Years	99 Years	99 Years
Initial Upfront Payment to the City	$300,000	$300,000	$300,000
Schedule of Guaranteed Rent	$50,000	$100,000	$200,000
	Greater of base rent or 3% of effective gross income	Greater of base rent or 3% of effective gross income	Greater of base rent or 3% of effective gross income
Annual Escalations	1.50%	1.50%	1.50%
Proposed Compensation in connection with any sale or transfer	1% on any 3rd party transfer after the initial sale (or 10 years)	1% on any 3rd party transfer after the initial sale (or 10 years)	1% on any 3rd party transfer after the initial sale (or 10 years)
NOI Participation	0%	1%	1%

FINANCE PLAN

FINANCE PLAN

The Respondent, comprising of Urban American and Legacy, is a highly successful group with extensive capital markets experience across various asset classes, uses, markets, and cycles. They have a robust track record as sponsors and developers, including the development of workforce and affordable housing, and have financed hundreds of millions in real estate transactions over their storied histories. Furthermore, they have strong relationships with several capital partners that present a keen interest in Miami Beach investment.

To maximize this opportunity, the Respondent has explored three options that all include mixed-income buildings while restoring the historic building on-site.

OPTION 1: THE BARCLAY MIXED INCOME HOUSING (50/50)

This scenario includes only the rehabilitation of The Barclay into 9 market rate units and 9 workforce units targeting residents at or below 120% of the Area Medium Income (“AMI”). There will be no required government funding, but we will pursue a real estate tax abatement. Debt, interest rate,

OPTION 2: THE BARCLAY MIXED INCOME HOUSING (80/20)

This scenario includes only the rehabilitation of The Barclay into 4 market rate and 14 workforce units targeting residents at or below 120% of the Area Medium Income (“AMI”). There will be no required government funding, but we will pursue a real estate tax abatement.

OPTION 3: THE BARCLAY MIXED INCOME + NEW RESIDENTIAL BUILDING (80/20)

This scenario includes the rehabilitation of The Barclay and the construction of a new five-story building on-site where the existing parking and pool are located. There will be a total of 37 market rate units and 9 workforce units for residents at or below 120% AMI. There will be no required government funding, but we will pursue a real estate tax abatement.

FINANCE PLAN

Equity Investment Strategy

In terms of equity participation, the Respondent plans to fund project equity, including predevelopment costs through construction commencement. The remaining portion of the equity will come from a limited partner investor who will contribute 90% of the required equity to the project. The Respondent has attracted interest from Family Offices and High Net Worth Individuals who plan to invest capital for a vehicle specifically focused on funding the Project's necessary Limited Partner equity requirement.

Capital Markets Advisors

The third-party debt structure will be determined after a robust marketing process to ensure the project benefits from the best available terms in the marketplace. Senior capital markets professionals from both Berkadia and Gryestone believe the Project's equity and debt requirements, prestige, and location will drive economic recovery and yield a significant amount of interest from a slate of institutional investors. The Respondent eliminates execution concerns through a demonstrable and robust track record.

The Respondent has a history of strong relationships with lenders and is willing to provide the required level of any anticipated recourse or debt guarantees. The South Florida market has benefited from robust demand due to pandemic-related relocations, and large-scale institutional lenders have increased liquidity due to aggressive economic stimulus, creating an incredibly frothy credit environment for large-scale, institutional real estate projects. The irreplaceable nature of this asset, its location, and visibility provide a rare opportunity for debt providers to allocate substantial capital in a secure and profitable manner.

FINANCE PLAN

Construction Financing

The Respondent assumes a blended 67-70% Loan-to-Cost ratio. The loan principle sizing and interest rate are driven primarily from a 20% pre-leasing assumption to credit tenants and the inclusion of a robust Multi-Family residential rental component.

The loan is anticipated to be bifurcated into a senior and mezzanine tranche. The Senior component will be driven by a consortium of global banking institutions.

The Respondent and its financing partners understand the complexity of the transaction and Project and realize the need for a targeted approach to capitalization.

Berkadia is a leader in the commercial real estate industry, offering a robust suite of services to multifamily and commercial property clients across the country. Powered by deep relationships and industry-changing technology, Berkadia sells, finances, and services commercial real estate, providing support for the entire life cycle of clients' assets. Their unique ownership structure allows them to put clients' interests first and create a marketplace that delivers a superior performance. In 2022, their mortgage banking platform completed $35 billion in transactions. Berkadia's coverage is broad, and knowledge is deep.

Permanent Financing

Permanent financing assumptions are driven from an analysis of recent comparable closed transactions and input from a variety of financial professionals. The Respondent has sized the permanent loan to a 70% LTV and an 5.75% Debt Yield.

FINANCE PLAN

Historic Tax Credits

Miami Beach is a vibrant city filled with beautiful historic buildings that showcase the city's rich history and architectural heritage. As a member of the community, we are committed to preserving these buildings and ensuring that they remain an integral part of our city's identity for generations to come. One way to accomplish this is through the use of historic tax credits. Historic tax credits are a powerful tool that can be used to finance the rehabilitation of historic buildings. They provide a tax incentive for property owners who invest in the preservation and restoration of historic buildings.

We will work with state and federal agencies responsible for administering the tax credit program, and providing guidance on the documentation and reporting requirements.

To integrate historic tax credits in our Miami Beach historic building financing, we will work with a our consulting Heritage Consulting Group, these experts specialize in historic preservation and tax credit financing. Throughout the rehabilitation process, we will work closely with our consultants to ensure that the work meets the requirements of the tax credit program, and that the building is preserved in a way that honors its history and architectural significance.

In summary, integrating historic tax credits in The Barclay financing will involve working closely with our team of architects, engineers, contractors, and financial advisors. By leveraging this powerful tool, we can help preserve Miami Beach's historic architecture and ensure it continues to be an integral part of the community's identity for generations to come

BERKADIA

February 3, 2023

Jerrod Delaine
Legacy Development
Miami, Florida

Project Name: Miami Beach RFP
Location: Miami, FL
Subject: Letter of Support

Dear Mr. Delaine:

Berkadia provides debt and equity solutions for commercial real estate transactions of all sizes nationwide. Our unique multidisciplinary approach provides maximum efficiency and greater expertise. Our capital sources enable short, intermediate, and long-term solutions to meet your needs in the acquisition, refinance, rehabilitation, and repositioning of your asset.

Berkadia is the largest lender as measured by combined HUD/FHA, Fannie Mae and Freddie Mac loan volume. In 2021, we completed over $27 billion in transactions. Berkadia is the largest non-bank servicer in the country, servicing over $300 billion across the nation.

Berkadia will be brokering this transaction with its portfolio lenders and is estimating a leveraged loan in the amount 65%-70% of total cost. Assuming all information is properly received, Berkadia & lending partners will work to close in the proper time-frame.

If there are any questions or concerns, please feel free to reach out to the signature below.

Sincerely,

Hassan Dixon
Associate Director
Berkadia Commercial Mortgage
Email: Hassan.Dixon@Berkadia.com
Phone: 240-793-8513

PROFORMA

CASH FLOW

OPTION #1

GROUND LEASE - $50,000

CASH FLOW	INCREASES	YEAR	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
POTENTIAL GROSS REVENUE							
GROSS POTENTIAL RENT	2.0%	0	0	849,081	866,062	883,384	901,051
LOSS TO LEASE	0.0%	-	-	-	-	-	-
GROSS POSSIBLE RENT		0	0	849,081	866,062	883,384	901,051
VACANCY	0.0%	$0	-	-	-		-
COLLECTION LOSS/BAD DEBT	0.0%	-	-	-	-	-	-
EFFECTIVE (RENT) INCOMES		0	0	849,081	866,062	883,384	901,051
LATE FEES	0.0%	-	-	-	-	-	
UTILITY REIMBURSEMENT	0.0%	-	-	-	-		
OTHER INCOME	0.0%	-	-	-	-	-	-
EFFECTIVE GROSS INCOME		0	0	849,081	-866,062	883,384	901,051
EXPENSES				-			
					-		-
REAL ESTATE TAXES	0%			-			
M&O EXPENSES	3%	-	-	183,135	188,629	194,288	200,116
MANAGEMENT FEE		$0	-	-	-	-	-
CAPITAL RESERVE			-	-	-	-	-
TOTAL EXPENSES		0	0	183,135	188,629	194,288	200,116
NOI		0	0	665,946	677,434	689,096	700,935
CAPITAL EXPENDITURES							
CASH FLOW FROM OPERATIONS		0	0	665,946	677,434	689,096	700,935
DEBT SERVICE		0	0	554,955	554,955	554,955	554,955
CASH FLOW AFTER FINANCING				110,991	122,479	134,141	145,980
POTENTIAL SALE		0	0			11,682,251	
DSCR		#DIV/0!	#DIV/0!	1.20	1.22	1.24	1.26
12 YEAR CUMULATIVE CASH FLOW		1,648,213					

DEBT SERVICE	554,955	554,955	554,955	554,955	554,955	554,955
DSCR	0.00	0.00	1.20	1.22	1.24	1.26
NET CASH FLOW	-554,955	-554,955		122,479	134,141	145,980
CASH ON CASH RETURN	-46.0%	-46.0%		10.2%	11.1%	12.1%

CASH FLOW

OPTION #2

GROUND LEASE - $100,000

CASH FLOW

	INCREASES	YEAR	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
POTENTIAL GROSS REVENUE							
GROSS POTENTIAL RENT	2.0%	0	0	918,282	936,647	955,380	974,488
LOSS TO LEASE	0.0%	-	-	-	-	-	-
GROSS POSSIBLE RENT		0	0	918,282	936,647	955,380	974,488
VACANCY	0.0%	$0		-	-		-
COLLECTION LOSS/BAD DEBT	0.0%	-	-	-		-	-
EFFECTIVE (RENT) INCOMES		0	0	918,282-	936,647	955,380	974,488
LATE FEES	0.0%	-	-	-	-	-	
UTILITY REIMBURSEMENT	0.0%	-	-	-		-	-
OTHER INCOME	0.0%	-	-		-		
EFFECTIVE GROSS INCOME		0	0	918,282 -	936,647	955,380	974,488
EXPENSES					-		-
REAL ESTATE TAXES	0%		-	-			
M&O EXPENSES	3%	-		186,630	192,229	198,99	203,935
MANAGEMENT FEE		$0	$0	-	-	-	-
CAPITAL RESERVE				-	-	-	-
TOTAL EXPENSES		0	0	186,630	192,229	197,996	203,935
NOI		0	0	731,652	744,419	757,385	770,553
CAPITAL EXPENDITURES							
CASH FLOW FROM OPERATIONS		0	0	731,652	744,419	757,385	770,553
DEBT SERVICE		0	0	609,710	609,710	609,710	609,710
CASH FLOW AFTER FINANCING		0	0	731,652	122,479	147,675	160,843
POTENTIAL SALE						12,942,544	
DSCR		#DIV/0!	#DIV/0!	1.20	1.22	1.24	1.26
12 YEAR CUMULATIVE CASH FLOW		1,818,328					

DEBT SERVICE	609,710	609,710	609,710	609,710	609,710	609,710
DSCR	0	0	1.20	1.22	1.24	1.26
NET CASH FLOW	-609,710	-609,710	121,942	134,709	147,675	160,843
CASH ON CASH RETURN	-123.5%	-123.5%	24.7%	27.3%	29,9%	32.6%

CASH FLOW

OPTION #3

GROUND LEASE - $150,000

CASH FLOW

	INCREASES	YEAR	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
POTENTIAL GROSS REVENUE							
GROSS POTENTIAL RENT	2.0%	0	0	1,907,598	1,945,741	1,984,655	2,024,349
LOSS TO LEASE	0.0%	-	-	-	-	-	
GROSS POSSIBLE RENT		0	0	1,907,598	1,945,741	1,984,655	2,024,349
VACANCY	0.0%	$0		-	-	-	-
COLLECTION LOSS/BAD DEBT	0.0%	-	-	-			-
EFFECTIVE (RENT) INCOMES		0	0	1,907,598	1,945,741	1,984,655	2,024,349
LATE FEES	0.0%	-	-	-	-	-	
UTILITY REIMBURSEMENT	0.0%	-	-	-			-
OTHER INCOME	0.0%	-	-		-	-	
EFFECTIVE GROSS INCOME		0	0	1,907,598 -	1,945,741	1,984,655	2,024,349
EXPENSES					-	-	-
REAL ESTATE TAXES	0%		-	-			
M&O EXPENSES	3%	-		440,595	453,813	467,427	481,450
MANAGEMENT FEE		$0	$0	-	-	-	-
CAPITAL RESERVE				-	-	-	-
TOTAL EXPENSES		0	0	440,595	453,813	467,427	481,450
NOI		0	0	1,466,994	1,491,928	1,517,228	1,542,899
CAPITAL EXPENDITURES							
CASH FLOW FROM OPERATIONS		0	0	1,466,994	1,466,994	1,517,228	1,542,899
DEBT SERVICE		0	0	1,222,495	1,222,495	1,222,495	1,222,495
CASH FLOW AFTER FINANCING		0	0	244,499	269,433	294,733	320,404
POTENTIAL SALE						25,714,978	
DSCR		#DIV/0!	#DIV/0!	1.20	1.22	1.24	1.26
12 YEAR CUMULATIVE CASH FLOW		3,611,690					

DEBT SERVICE	1,222,495	1,222,495	1,222,495	1,222,495	1,222,495	1,222,495
DSCR	0	0	1.20	1.22	1.24	1.26
NET CASH FLOW	-1,222,495	-1,222,495	244,499	269,433	294,733	320,404
CASH ON CASH RETURN	-62.5%	-62.5%	12.5%	13.8%	15.1%	16.4%

PRELIMINARY DEVELOPMENT BUDGET

SOURCES AND USES
OPTION #1
GROUND LEASE - $50,000

PERMANENT SOURCES		
FIRST MORTGAGE	$8,538,648	72%
HISTORIC TAX CREDITS	$2,000,000	17%
SPONSOR EQUITY		10%
GAP	$1,205,550	0.00%
	($0)	
TOTAL SOURCES		100%
	$11,744,198	
USES		
ACQUISITION COST		3%
CONSTRUCTION COST	$300,000	76%
SOFT COST	$8,934,500	21%
DEVELOPER'S FEE	$2,509,698	0%
	$0	
TOTAL USES		100%
	$11,744,198	

SOURCES AND USES
OPTION #2
GROUND LEASE - $100,000

PERMANENT SOURCES		
FIRST MORTGAGE	$9,381,120	79%
HISTORIC TAX CREDITS	$2,000,000	17%
SPONSOR EQUITY		4%
	$493,880	
GAP		0%
	($0)	
TOTAL SOURCES		100%
	$11,874,999	

USES		
ACQUISITION COST		3%
CONSTRUCTION COST	$300,000	75%
SOFT COST	$8,934,500	22%
DEVELOPER'S FEE	$2,640,499	0%
	$0	
TOTAL USES		100%
	$11,874,999	

SOURCES AND USES

OPTION #3

GROUND LEASE - $150,000

PERMANENT SOURCES		
FIRST MORTGAGE	$19,450,643	72%
HISTORIC TAX CREDITS	$2,600,000	10%
SPONSOR EQUITY	$4,888,843	18%
GAP	($0)	0%
TOTAL SOURCES	$26,939,486	100%

USES		
ACQUISITION COST	$300,000	1%
CONSTRUCTION COST	$22,435,607	83%
SOFT COST	$4,203,879	16%
DEVELOPER'S FEE	$0	0%
TOTAL USES	$26,939,486	100%