

Developer's Proposed Term Sheet
Bryon Carlyle Cultural Center
Workforce Housing
November 30, 2020

1. Project Description ("Project")

- Property type – Cultural center, multi-family residential units, retail space.
- The multi-family component:
 - 151 Units consisting of: (61) 1-bedroom units ("Standard"); (28) 1-bedroom units ("Loft"); (40) 1-bedroom units ("Classic"); and (22) 2-bedroom units ("Classic").
- The ground floor space will be subdivided for retail and cultural center use as follows:
 - Ground Floor Retail: approximately 4,500 sq. ft. – 2-3 retail bays.
 - Ground Floor Retail West: approximately 4,500 sq. ft. – 2-3 retail bays.
 - Ground Floor Cultural Center: a minimum of 10,500 sq. ft.
 - Shared back of the house service area

2. Cultural Center Component

- Location: SW corner of the building with an entrance on 71st Street ("Cultural Center").
- Delivery: The Developer will deliver the Cultural Center to the City as a Grey Shell (cold shell):
 - Includes bare stud walls, unfinished floors, with a point of connection for sewer within the space and electrical service within the electrical room.
 - Developer providing an additional \$1,500,000.00 for buildout of t space for city.
 - Upon receiving building permit approval, Developer to deliver to City either a letter of credit or cash bond to secure the \$1.5M commitment for the Build Out.
 - If city selects a tenant for the space within 60 days after Developer obtaining building permit, Developer would commit to provide construction services for the Build Out as part the Project. [Bond securing completion should remain in place until work gets done, with developer ability to reduce the bond amount as is customary during construction.
 - If City selects tenant at later date, City to be responsible for the Build Out, with funds to be provided in escrow, and available to City for draws to cover hard and soft costs for the Build Out only.
- Square footage: approximately 10,500 sq. ft.
- Estimated cost: \$5.1 million.

- Estimated market value of land is \$4.5 million.
- Estimated market value of cultural center valued at \$12 million.

3. Project Budget / Operating Budget

- The Cultural Center's proportionate share of operating/maintenance costs (i.e. CAM) is currently estimated at \$8.00/square foot or \$84,000.00 annually.

4. Project financing to be obtained

- Financing mix: financing through a regional bank and/or a mix of regional bank financing and private lender financing.
 - Collateral: developer will retain, as a term of the lease, the ability to fully collateralize the leasehold interest, subject to City Manager approval of institutional lender, with such approval not to be unreasonably withheld.
- Tax credits and subsidies: Not applicable unless offered by the City, County and State.

5. The Development Agreement

- Construction period: five (5) years to TCO (aspirational); with outside date of seven (7) years from Effective Date of Development Agreement.
- Zoning: City to rezone property from GU to TC-C. If the project remains GU → city will convert the property to TCC after thirty (30) years. [Note: Contract zoning issue; not agreed, as not legally enforceable.]
- Required approvals:
 - City Commission shall approve the Concept Plan design.
 - Developer responsible for all design approvals (DRB).
 - the City Manager will approve the final Plans and Specifications and material modifications thereto, and will not unreasonably withhold any approvals. City Manager or designee will either approve or provide objections/comments to the proposed Plans and Specifications (or material modifications thereto), within 14 business days of receipt of the proposed plans. If the City has not provided a response within the 14-day time period, the proposed plans shall be deemed approved.
- Outside date of 9 months following Effective Date of Development Agreement for DRB approval (plus 1 month to exhaust all appeals).
- Outside date of 1 year after DRB Approval to complete construction documents.
- Outside date of 7 months following construction documents completion for final Building permit.
- Outside date of 7 years for TCO (5-year aspirational goal).

6. Term of Ground Lease

- Initial Term: ninety-nine (99) years
- Workforce housing covenant: thirty (30) years
- **Rent: \$1/annually**
- **Percentage rent: 0%**
- **10,500 SF city-owned cultural center with a \$1.5 mil budget for build out.**

7. Condition of Property/Environmental

- AS IS condition, subject to:
 - review of the environmental phase I and/or II to be obtained for the project
 - confirmation of the non-existence of any environmentally hazardous materials or conditions affecting the property and/or abutting or adjacent properties.
- Phase 1/Phase 2 costs: The City will be responsible for the first \$350,000.00 for costs of the phase 1 and if necessary, a phase 2, remediation [and demolition][Note: Administration does not recommend covering demolition costs] and the Developer will be responsible for costs in excess of \$350,000.00.
- City's warranties/representations:
 - As City is not able to make reps as to environmental condition until the phase 1/phase 2 reports are completed, D.A. will include due diligence period to permit Developer to estimate the environmental costs prior to the Project financial close / Lease Possession Date.
 - City to pay for environmental remediation costs, up to a maximum of \$350,000.00. Any amount in excess shall be approved by the City Commission at its sole discretion. If City Commission declines to cover any excess costs, Developer has option to either cover costs and proceed with the project, or terminate the agreement for convenience.

8. Terms re: Management and Operation of Facility

- Marketing Plan: Developer to provide City with a marketing plan within ninety (90) days of receiving final (no planning board approval needed), Design Review Board plan approvals.
- Leasehold condominium: Developer may submit the real property and improvements thereon, and the appurtenances thereto, to leasehold condominium ownership.
- Each condo unit/lessee shall be responsible for all utilities, repairs and maintenance within each unit.
- The to-be-formed condominium association shall be responsible for all repairs and maintenance for the common areas as paid for by the common area maintenance charges.

9. Use Restrictions/Project Requirements

- Ground Lease will incorporate the workforce housing requirements of Chapter 58 of the City Code.
- Restrictive covenants period: relating to the workforce housing units shall run with the land for a total period of thirty (30) years (“Restrictive Covenant Period”).
- Short term rentals: None.
- Tenant mix: (20%) at or below one hundred percent (100%) of AMI – all other units shall be capped at one-hundred forty percent (140%) of AMI.
- Lottery. Priority to City employees, any teachers working in Miami beach (whether public or private schools), medical personnel in Miami Beach (Tier 1). After Tier 1, placement via lottery system for all other income-eligible tenants.
- Tiers shall be consistent with requirements of Chapter 58 Workforce Housing

10. City Participation

- City’s contribution:
 - providing the Ground Lease.
 - City will not be responsible for any costs or expenses related to the development, financing, design and construction
 - Costs and expenses of the operation and maintenance of the Cultural Facility.

11. Termination Rights

- Developer Termination:
 - Developer shall be responsible for all City’s incurred costs and expenses up to \$350,000.00 in the event the Developer terminates other than for convenience.
- City Termination:
 - City will not have the right to terminate for convenience.

12. Other

- Developer and/or Lessee to comply with all applicable laws in the performance of their obligations for the project.
- Developer will use its best efforts to incorporate the City’s local workforce hiring goals.

Each party responsible for payment of its own attorney fees [and costs] incurred in connection with the project and its approvals.
- Developer will split the costs for the review of D.A. and Ground Lease, including public hearing ads and required mailers. [Note: need to be clear that application fees, public hearing notices, mailers, and appraisal costs, as required under the City Code, are Developer costs, and will be borne by the Developer.]