

City Council Work Session 11/13/17

McIntyre Federal Building Partnership for Re-Use and Redevelopment

Request for Proposal Summary

Proposal Developer	Linden Square Legat McCall Properties hotelAVE - hotel partner	Ocean Properties Hotels & Two International Group JV	SoBow Square LLC Redgate & The Kane Company JV
Program			
Residential	Rental Apts	Rental Apts	Condos, THs
# Units	122	34	50
Hotel	98	120	-
# rooms	includes 15,500 SF of restaurants	includes 2,944 SF bar	
Office			
GSF			-
Office Gross, Net SF			43,075
Retail/Rest Gross, Net SF	23,128	29,460	45,330
Total Gr SF (excl parkg)	237,710	172,419	149,505
Total Net SF	178,518	132,109	140,355
Parking # Spaces	184	239	75
Total Development Cost	\$83,683,467	\$65,930,618	\$67,600,000
Budget Allocation for:			
Site, Demo, Abatement	\$7,176,309	\$1,300,000	?
Environmental Remediation	?	\$500,000	?

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Program	Rehab	New	Total	Rehab+Addtn	New	Total	Rehab	New	Total
Residential			Rental Apts			Rental Apts			Condos, THs
Gross SF		152,312	152,312		47,954	47,954		61,100	61,100
Net SF (units)		108,236	108,236		37,691	37,691		51,950	51,950
# Units		122	122		34	34		50	50
		primarily 1- & 2-bed			mostly one-bed & studios			42 1- & 2-bed & 8 THs	
Hotel									
# rooms	98		98	120		120			-
Gross SF	62,270		62,270	95,005		95,005			-
Net SF	47,154		47,154	64,958		64,958			-
	includes 15,500 SF of restaurants			includes 2,944 SF bar					
Office Gross, Net SF							43,075		43,075
Retail/Rest Gross, Net SF	2,032	21,096	23,128	14,701	14,759	29,460	25,820	19,510	45,330
	plus artist stalls								
Total Gr SF (excl parkg)	64,302	173,408	237,710	109,706	62,713	172,419	68,895	80,610	149,505
Total Net SF	49,186	129,332	178,518	79,659	52,450	132,109	68,895	71,460	140,355
Parking # Spaces		184	184		239	239		75	75
	2 levels structured 122 resi (1/unit), 62 retail, valet hotel			236 in 2 levels structured & 3 surface for project and public			67 partially structured & 8 surface All for residtl @ 1.5/unit		
Total Development Cost	\$28,605,300	\$55,078,167	\$83,683,467	\$37,695,660	\$28,234,958	\$65,930,618			\$67,600,000
Budget Allocation for:									
Site, Demo, Abatement	\$2,063,156	\$5,113,153	\$7,176,309	\$500,000	\$800,000	\$1,300,000			?
Environmental Remediation			?	\$500,000		\$500,000			?

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Proposal Terms General	If scope/character of project is substantially modified from proposal, may also impact ground lease payments	Developer and City will evaluate any adjustments to the rental stream if development costs are materially different than what is anticipated to extent if affects Developer's reasonable return	Flexible should City prefer an alternative payment structure with comparable economics									
Base Rent	Two separate parcels with two separate ground leases re. ground lease payments and participation <table border="1" data-bbox="443 581 953 673"> <thead> <tr> <th>Rehab</th> <th>New</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>\$120,000</td> <td>\$380,000</td> <td>\$500,000</td> </tr> </tbody> </table> escalating 10% every 5 yrs	Rehab	New	Total	\$120,000	\$380,000	\$500,000	None	Should City desire to increase density and reduce scale of public realm, we are more than willing to work with City to optimize this relationship and increase value of bid			
Rehab	New	Total										
\$120,000	\$380,000	\$500,000										
Participation Rent (subordinated)	25% of remaining proceeds once respective parcel has achieved cumulative unleveraged return on cost of 12% (cash flow) or cumulative unleveraged IRR of 12% (sale)	Rent abated 1st 3 yrs following CO Yr 4 - 1% of Gross Revenues Yr 5 & 6 - 2% of Gross Revenues Thereafter - 3% of Gross Revenues Participation Rent Based on Developer Est Gross Revenues <table border="1" data-bbox="959 906 1457 1003"> <tbody> <tr> <td>Yr 4</td> <td>1%</td> <td>\$110,000</td> </tr> <tr> <td>Yr 5</td> <td>2%</td> <td>\$220,000</td> </tr> <tr> <td>Yr 7</td> <td>3%</td> <td>\$350,000</td> </tr> </tbody> </table>	Yr 4	1%	\$110,000	Yr 5	2%	\$220,000	Yr 7	3%	\$350,000	Prepaid \$4.5M ground lease payment or alternatively an annual ground rent based on profitability level of project Additional annual payment based on profits above a "reasonable rate of return"
Yr 4	1%	\$110,000										
Yr 5	2%	\$220,000										
Yr 7	3%	\$350,000										
Contingencies	LMP will conduct thorough environmental and site due diligence prior to finalizing project budget, which may affect base ground lease payments (\$7,000,000 in budget)	Developer has included \$500,000 in budget for environmental remediation. City will bear cost over \$500,000	Environmental, geotechnical, building condition (no allowance in budget) Assume city infrastructure in good condition, not requiring repair									
Term	99 yrs from COI, no renewals	25 yrs plus 3 25 yr automatic extensions	99 yrs from COI, no renewals									
Renewal Options	None	Automatic extension for up to 3 25-yr extension terms @ same terms	None									
Other	Landlord will permit Tenant to seek Right of first refusal to acquire land if City chooses to sell	No tax obligation until 2nd year Open to TIF to fund portion infrastructure to extent benefits to City & developer Right of first refusal to acquire land if City chooses to sell	Anticipating preservation covenant for ongoing maintenance for McIntyre building, intend to deposit a lump sum into a capital expenditures maintenance reserve escrow account during lease term									