

**CITY OF HOLLYWOOD
INTEROFFICE MEMORANDUM**

TO: Mayor and Commissioners

DATE: September 3, 2020

FROM: Douglas R. Gonzales, City Attorney

SUBJECT: Proposed Agreement with University Station II, LTD for Ground Lease and Development of Phase II of University Station

I have reviewed the above captioned agreement for form and legality. The general business terms and other significant provisions are as follows:

1) Department/Division involved – Communications, Marketing and Economic Development

2) Type of Agreement – Ground lease

3) Method of Procurement (RFP, bid, etc.) – Unsolicited proposal from Lessee pursuant to Florida Statute that regulates public-private partnerships.

4) Term of Contract

a) initial – 75 years

b) renewals (if any) -

c) who exercises option to renew -

5) Contract Amount – Lessee will pay one-time capital lease payment of \$3,000,000.00 (\$1,500,000 if Lessee does not achieve an allocation of 9% housing credits but project proceeds.

6) Termination rights – For cause only, subject to condition that (i) if in any year Lessee does not apply for housing credits from Florida Housing or doesn't close on financing for the project, including syndication of the housing credits, by 6/30/2023, either party may terminate ground lease, and (ii) notwithstanding anything to the contrary contained in the ground lease, Lessee shall terminate ground lease promptly upon making a good faith determination that its applications for housing credits will not be successful.

7) Indemnity/Insurance Requirements – Each party will indemnify the other, and Lessee will indemnify City and provide insurance.

8) Scope of Services – City will lease land to Lessee for development of a multifamily, missed-use and mixed-income project consisting of 108 housing units, parking, related amenities and commercial/community space.

9) City's prior experience with Vendor (if any) – Yes

10) Other significant provisions – If housing credits are achieved, the project will be subject to a restrictive covenant for affordable housing, workforce housing and/or low-income housing, but at least 25% of the units will have an income restriction of not greater than 80% AMI, or market rate.

All improvements will be owned by Lessee, and Lessee will pay all operating expenses of the leased premises.

At least 110 parking spaces to be built by Lessee will be for public use.

If during the first three years, city provides funding for additional improvements, Lessee will add those improvements.

Lessee will provide Barry a right of first refusal to sublease 11,000 sf under conditions similar to Barry's current lease. Barry's current lease will expire 11/23/2021. The ground lease allows City to extend the Barry lease by one year.

If Lessee achieves housing credits, City will provide to Lessee a cash loan of not more than \$640,000. If Lessee does not achieve housing credits, City will not provide a cash loan and the capital lease payment will be reduced to \$2, 360,000.

cc: Wazir A. Ishmael, Ph.D., City Manager