



City of Hollywood

Hollywood City Hall
2600 Hollywood Blvd
Hollywood, FL 33020
<http://www.hollywoodfl.org>

Legislation Text

File #: R-2023-231, **Version:** 1

A Resolution Of The City Commission Of The City Of Hollywood, Florida, Approving And Authorizing The Appropriate City Officials To Execute A Comprehensive Development Agreement, Ground Lease Agreement, And License Agreement For Site Access With PPG GCF Orangebrook Owner, LLC For The Redevelopment Of The Orangebrook Golf Course And Country Club Located At 400 Entrada Drive, Hollywood, Florida.

Economic Vitality

Staff Recommends: Approval of the attached Resolution.

Explanation:

The City owns the Orangebrook Golf Course and Country Club located at 400 Entrada Drive, Hollywood, Florida ("Property").

On July 13, 2020, the City received an unsolicited proposal from Green Lynx, LLC, which upon City staff review pursuant to Section 255.065, Florida Statutes (Public-Private Partnerships), was determined to be a qualifying project for the Orangebrook Golf Course Redevelopment ("OB Redevelopment").

On February 17, 2021, the City Commission received a presentation on the unsolicited proposal, and authorized City staff to solicit additional proposals for the OB Redevelopment.

On April 15, 2021, City staff posted notices to solicit proposals for the OB Redevelopment through a public-private partnership ("P3"), and received six proposals by the due date of August 12, 2021.

On August 30, 2021, an Evaluation Committee, comprised of City staff voting members and two non-voting consultants (CBRE and National Golf Foundation) was assembled and began the process of evaluating the six proposals through a series of meetings and presentations.

On March 1, 2023, the Evaluation Committee's recommendations were presented to the City Commission, and the City Commission passed and adopted Resolution R-2023-028, approving and authorizing City staff to negotiate an agreement for the OB Redevelopment P3

with firms in the following ranked order:

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| 1. GCF Development LLC / PPG Development LLC | Ranked #1 |
| 2. E2L Real Estate Solutions, LLC | Ranked #2 |
| 3. Ernie Els Group | Ranked #3 |

On March 15, 2023, a Negotiation Committee comprised of City staff was assembled and began the process of negotiating an agreement with the #1 ranked firm, PPG GCF Orangebrook Owner, LLC (“Developer”), previously referred to as GCF Development LLC / PPG Development LLC, for the OB Redevelopment P3.

During the negotiation process, the City and Developer (“Parties”) negotiated a Comprehensive Development Agreement, Ground Lease Agreement and License Agreement for Site Access that sets forth the material rights and obligations of the Parties with respect to the OB Redevelopment P3 (“Agreements”).

The Agreements exclude the use of GO Bond Funds and includes financial benefits to the City as specified in the Agreements; and

The Parties desire that the Developer redevelop the Property in a manner consistent with the Agreements.

The Agreements are intended to be an integration of all the covenants, promises, agreements, warranties, and representations among the City and Developer.

The Agreements provide for all the components of the Project as presented to the Commission in the Developer’s Best and Final Offer (“BAFO”), including but not limited to: a new designed 18-hole championship golf course that exceeds 7,250 yards, a new designed 18-hole challenge golf course that is approximately 3,600 yards, a lighted practice facility including: (a) a driving range with ball tracing technology, (b) chipping/putting areas, and (c) a short game experience with a 9-hole PAR 3 course adjacent to Park Road, a new clubhouse, a starter shack, course restrooms, a maintenance facility, parking lot(s), a new entryway signage/entry feature, approximately 3 miles of a new walking trail, a four-star hotel with a minimum of 175 rooms, hotel facilities adjacent and attached to the clubhouse with cross access to the clubhouse, which hotel facilities will include (i) a new restaurant and bar, (ii) a banquet hall, (iii) a conference center and meeting areas and a (iv) fitness facility, a structured parking garage, 750 residential dwelling units in three residential towers with a minimum of 100 units of Hero Housing and up to three parking garages for the residential towers.

Significant community outreach has occurred and public input and suggestions have been incorporated into the Project.

Fiscal Impact:

In their BAFO, PPG/GCF had two revenue streams set forth for the benefit of the City. The first revenue stream would be the ad valorem taxes to be derived from the private components of the Project, including the three residential towers and the hotel sites. The estimated ad valorem taxes, based upon the current millage rate and the estimated taxable value of approximately \$380 million, would be \$2.98 million annually. This is upon completion of all the private components of the Project and their addition to the tax rolls.

The second revenue source provided in the BAFO is a 50/50 profit share of the net profits of the operations of the golf course. This is estimated at \$721,380 in the first full year of golf operations and estimated to increase by approximately 2.5% annually once stabilized.

During the negotiations between the City and the Development Team, two additional revenue sources were negotiated and agreed upon and are included in the Comprehensive Development Agreement to the benefit of the City.

The first of these is a share in the profits from the hotel operations through the means of a resort fee equal to 1% of gross room revenues. This will commence in year 11 after the ramp-up and stabilization periods of the hotel and is expected to generate approximately \$220,000 based on assumptions about percentage occupancy and room rates for a four-star hotel in this vicinity. This amount would reasonably be expected to grow by approximately 2-3% annually.

The second new revenue source negotiated and agreed to by the Developers and the City is a share of the gross revenue in the occurrence of a transfer of ownership of the private components of the Project. In the event of a transfer the new owner of that component would pay to the City an amount equal to one-half of one percent (.05%) of the gross revenues of the transfer less any real estate commissions and other expenses of the transfer. Based upon the projected value of the private components as of completion, assuming a transfer occurred using those estimated values, the amount of revenue shared with the City as a result of the transfer would be estimated at approximately \$1.9 million. This revenue will only occur if the private components are transferred, and also will not apply with the first transfer that may be done with the initial principals of the Developer.

Recommended for inclusion on the agenda by:

Steve Stewart, Director, Procurement & Contract Compliance

David E. Keller, Director, Financial Services

Raelin Storey, Assistant City Manager

Adam Reichbach, Assistant City Manager, Finance and Administration