

Letter of Intent

Developer: Concept Companies (Developer)

Property Owner: City of Gainesville (City)

Owner's Agent: Community Redevelopment Agency (CRA)

Property: The Cornerstone Development consists of approximately 13.6 acres. GTEC is located on Cornerstone property and will remain a part of the larger Cornerstone Development

Cornerstone Development: The CRA as agent for the City has prepared a site plan, attached to this Letter of Intent as Exhibit 1. City intends to dispose of the individual building pads either by lease or by creating a condominium and selling the individual pads as a land condominium. City intends to construct the infrastructure improvements in phases, or require a developer to construct the infrastructure improvements. Phase 1 infrastructure improvements will support buildings A and B. Phase 2 infrastructure improvements will support Buildings C and D. Phase 3 infrastructure improvements will support Buildings E and F. Phase 4 infrastructure improvements will support Building G.

Developer expressed an interest in acquiring Building Pads C and D, if City would construct the infrastructure improvements to support those Building Pads, if City would make the building site pad ready, and if CRA would make incentives available to tenants of Building Pads C and D.

Infrastructure Improvements: Infrastructure improvements include site work both on and off site, turn lanes, landscaping, exterior lighting, paving, storm water management, sidewalks, parking, water and sewer lines and fire protection to within 5 feet of the building pad. The water, sewer, and fire protection lines will be sized based on 100% of each buildings maximum construction size

Subject Property: The properties that are subject to this Letter of Intent are Building Pads C and D, as depicted on Exhibit 1. Building Pads C and D will be combined into one pad and will be at or near the location as depicted in attached Exhibit 1.

City Commitment to Design and Construct: City will complete all civil engineering and other related site design elements for Cornerstone Development Phases 1, 2 and 3. City will construct the infrastructure improvements for Phases 1, 2, and 3, provided Developer enters into an agreement for the acquisition (through lease or purchase) of Building Pads C and D. City will install utilities including water, sewer, and fire to within 5 feet of the building pad. City will make Building Pads C and D ready for vertical construction by Developer.

Developer's Commitment to Lease or Purchase and Construct: Developer agrees to enter into a long-term lease for Building Pads C and D. The lease will include an option to purchase if the City places the Cornerstone Development into condominium form of ownership. Developer will construct and lease or sell a 23,290 square foot structure on Building Pads C and D.

Lease with Option to Purchase: Developer will enter into a ground-lease with the City which will

be executed before Developer commences construction. The full amount of the ground lease shall be abated during design and construction. The abatement of rent shall not extend beyond December 31, 2017. Developer will begin collecting rent from its tenant 15 days after Developer receives its certificate of occupancy. Once the Developer's tenant is obligated to pay rent to Developer, or on January 1, 2018, whichever is sooner, Developer will be obligated to pay rent to City. The following terms will be part of the Ground Lease:

- Developer and City will enter into a 50 year ground lease. The rent to be paid to the City during the ground lease term is set forth in Exhibit 2.
- The City intends to convert Cornerstone into a commercial condominium. Upon execution of the Ground Lease, City will commence the process to convert the project into commercial condominium and will endeavor to complete the process prior to Developer's completion of construction on Building Pads C and D. When the conversion of Cornerstone to a commercial condominium is completed during Developer's construction, Developer may, at Developer's discretion exercise the option to close on the land prior to or at the time of rent commencement.
- If Developer exercises its Option to Purchase Building Pads C and D within one (1) year of completion of the building, the purchase price will be \$391,272.00
- If Developer exercises its Option to Purchase Building Pads C and D later than one year from the completion date of Pads C and D, the Purchase Price will be \$500,000.00 x 3% annual appreciation, compounded annually as of September 1 of each year. (For example, if the Lessee elects at the end of year 15 to exercise its option to purchase, the Purchase Price would be \$778,982.00). The Parties further agree that the Rent paid by Lessee shall be applied to the Purchase Price. (For example, if Lessee exercises its option to purchase Building Pads C and D at the end of year 15, the Purchase Price would be reduced by \$211,340.36, assuming this is the actual amount of Base Rent paid to City in years 6 through 15). Accordingly, if Developer exercises its Option to Purchase at the end of Year 15, Lessee shall pay Lessor \$567,641.64.

Parking. City will develop the infrastructure, including parking spaces, in substantially the same manner as depicted in Exhibit 1. City will address each Tenant and/or Condominium Owner's need for parking space in an equitable manner, based on the size of the building, the type of establishment and the need for parking. At this time City cannot commit to exclusive parking spaces per tenant however, the City agrees to provide a minimum of 1 space per 300 sf of combined exclusive / non-exclusive parking per building.

Loading Areas: City will construct a loading zone in a mutually agreeable area.

Common Areas: City will establish a condominium association or commons area maintenance charges to fund and manage all commons areas including shared and exclusive parking. The costs will be equitably allocated.

Tenant Incentive Programs: The CRA has developed two incentive programs to encourage businesses to relocate in East Gainesville. One program provides reimbursement for moving costs. The other program provides incentives for job creation. If a business applies for both

programs and meets each programs eligibility requirements, the business may be entitled to up to \$300,000.00 in incentives. A copy of the two incentive programs are attached to this letter as Exhibits 3 and 4.

Developer Incentive to City: To encourage City to commence site work while the parties negotiate a Ground Lease, Developer agrees to be liable to City for all expenses of the City's site work engineer in the event that Developer and City do not enter into a Ground Lease or Purchase Agreement.

This Letter of Intent is a non-binding agreement between the Developer, City and CRA to be used as the parties in preparing a long-term lease agreement, option to purchase, and to continue developing Cornerstone.

CITY OF GAINESVILLE

CONCEPT COMPANIES, INC

Anthony Lyons, City Manager



Brian Crawford, President

GAINESVILLE COMMUNITY REDEVELOPMENT AGENCY

Sarah Vidal-Finn, CRA Director

Approved as to Form and Legality:

Approved as to Form and Legality:

City Attorney

CRA Attorney