

2020 ULI Hines Student Competition: La Mezcla Presentation Transcript

Columbia University and Pratt Institute

April 7, 2020

Gretchen Sweeney: Just a reminder that we will be recording the session, we have started that. And I will be keeping the time. I'll give you a five minute chat warning, and probably a one minute chat warning if you need it, and I'll interrupt if we get to the end of time. Okay, so I'll start the time when you start speaking. Go ahead, team. Or, Richard, sorry, real fast.

Richard Gollis: Again, I'll do a quick, quick hello and welcome to the team from Columbia and Pratt combined, which is always exciting to see different disciplines from design and planning, get together with the with the MRED students and see how that coalesces. So, welcome to our session. We're looking forward to it. We also have joining in listening, Mr. Hines, our sponsor, so we appreciate him again continuing to participate. So you all know that he's part of this, listening in as well. So, all yours!

Jonathan Hong: Awesome, thank you. Well, good afternoon, everyone. We are La Mezcla, which means the Mix, and we just want to start off by thanking all of you for taking the time this afternoon. We know you all have very busy schedules and you've been listening to presentations all day. So thank you. We're excited to share our vision with you. So we wanted to start off with this image because it does a great job of capturing the essence of our development project. The view from the pedestrian bridge, which democratizes the cityscape, looks out over the train station and the Nader Latin American Art Museum with public community space featuring a collection of Latin artists. This moment really encapsulates the heart of La Mezcla. So thank you so much for taking the time to listen and we look forward to hearing your thoughts.

I'm Jon Hong from Columbia University, MS real estate development.

Matea Kulusic: I'm Matea Kulusic, from Columbia University, MS in real estate development.

Pavel Petrov: Pavel Petrov, Columbia University, also real estate development.

Duane Martinez: Duane Martinez, City and Regional Planning from Pratt Institute.

Matthew Mitchell: Matthew Mitchell from Pratt Institute, Master of Architecture.

Jonathan Hong: And our team advisors are John Shapiro from Pratt Institute, David Cruz from Columbia University, Phil Warton from Twining Properties, and Eric Rose from Tishman Speyer.

La Mezcla, or the Mix, is a 2.7 million square foot, \$1.01 billion transit-oriented, mixed-use development project in Midtown Miami. It's designed around three major pillars ecology, community, and economy. Our goal here is to focus our design and development around these three themes while bringing together the socioeconomic diversity between Wynwood and Edgewater. So through ecology specifically, we're focusing on stormwater management, urban farming and increased density at the ridge line to combat climate change. In community, we created seven public plazas and green space, including the redevelopment of the Nader Latin American Art Museum. On top of that 30% of our 1,042 multifamily rental units will remain permanently affordable. Economically, we're focusing on preserving existing demand for tech talent but also bringing a new industry in the form of life science and vertical farming. Financially, La Mezcla was structured over two phases and six total years of construction. So that's three years per phase and our capital stack is made up of developer and LP equity, Opportunity Zone fund equity, LIHTC equity, and two city financing programs: a TIID SMART plan which focuses on transportation and the Miami Forever Bond, which focuses on ecological resilience. Lastly, construction loan debt. Our idea here is to establish value and a sense of place in phase one. It's a smaller space, 1.1 million gross square feet, that has a larger proportion of residential units and capitalize off of that increase in terms of value in phase two with additional residential units and commercial space.

Matthew Mitchell: As Jon mentioned, well, La Mezcla is based off of three, of three pillars ecology, community... community and economy. These pillars were created through a robust community engagement process with a diverse set of stakeholders. The diagram illustrated here is organized with these three pillars and their four associated goals. The implementation strategy of those four goals has resulted in a multi-layered vision that creates a 24/7 live, work, play environment. Ecology has been considered at various scales. Three of... three of these are the regional scale, the neighborhood scale, and the site scale. At the regional scale, La Mezcla offers a zoning plan that densifies along the ridge line 12 feet above sea level, which is one of Miami's highest points and also outside the current flood zone. The ridgeline also contains the train tracks and our new proposed Brightline station. In addition, the master plan includes a green scape that leads out to Biscayne Bay for stormwater management. La Mezcla's master plan offers a repeatable precedent for the east coastline of Florida, making the entire state more resilient. From the scale of the neighborhood, La Mezcla offers numerous ways to engage the ecology: from green roofs to park space as well as Baywalk. In addition, Las Rampas, the pedestrian walking bridge, and other elevated parks act as an emergency refuge during hurricanes. These areas can temporary housing emergency services while the agricultural hub and office tower can... can serve as emergency housing, raising the entire neighborhood above the storm surge. At the scale of the site, La Mezcla is a LEED Platinum development that services both its tenants and anyone who visits the site through the plazas, green scape, and promotion of pedestrian, bike, and public transportation. Through various efforts La Mezcla will reduce carbon, increase biodiversity, manage water with efficacy and mitigate the heat island effect, leading all to a greater community health and wellness.

Duane Martinez: The community pillar is driven by inclusivity. The social fabric that La Mezcla creates is reflective of the culturally diverse community that is Miami. And it is rooted in transportation, housing, cultural institution, and waterfront access equity. We've improved

circulation through the site to connect the amenities proposed at La Mezcla with the adjacent neighborhoods, offering community benefits not just to the neighborhood, but to the city and, through the Brightline connection, to the region. The open space and parkland that Matthew mentioned as part of the ecology pillar not only serves as crucial climate regulation and habitat, but provides abundant spaces for people to gather and enjoy the very social atmosphere that we have designed. Las Rampas, our signature elevated park, starts at the northwest corner inviting Wynwood Norte into the site and weaves through the community connecting to and providing views of the various native gardens and plazas that are programmed for pop up food and music events, street fairs, daily and destination shopping, and just relishing in the local art scene. Our jobs and housing mix also creates a diverse and vibrant community. Equity and social well being are crucial to the success of this project. Over 30% of our housing is affordable, and the first floor retail and light industrial spaces offer working class jobs alongside corporate and biotech offices.

Pavel Petrov: As far as the economy pillar goes, we understand that placemaking attracts talent and our goal is to raise the economic denominator for the community using our life science and technology platform, leveraging vertical farming, by preserving existing maker spaces, and partnering with local retail operators to drive growth and innovation. Florida itself has very strong fundamentals and is an attractive destination for both business and people. There's no state income tax, there's many lucrative incentives for corporations, and the university systems graduate large volumes of STEM graduates that can support the type of program we're proposing at La Mezcla. Life Science is the economic engine of the project and has been expanding into Florida in recent years, while major clusters remaining on the west coast and in the northeast, costs and land prices have escalated it so much so that Miami's affordability and global appeal make it a logical destination for expansion. The three mar... the three major market drivers that we've identified for the life science platform are federal funding, venture capital investment, and private donations. There's been a 5% year over year growth in NIH grant funding a 25% year over year growth in venture capital investment, and upwards of \$38 billion raised by private donors to research and fight diseases. This is critical given our current climate, especially when you consider that only 500 of 10,000 identified diseases have a cure, and we feel strongly that funding will continue to increase in the near term as a result. Our economic platform offers diverse job opportunities for a broad range of educational backgrounds.

Jonathan Hong: Based on those three pillars as a guide, we created the master plan highlighting community, ecology, and economy that you see here. Phase One, outlined in blue, starts by establishing a sense of community through the 501 residential units, 30% of which are affordable. It's 1.1 million gross square feet and includes the Brightline train station, 333,000 square feet of life science and technology space, and 160,000 square feet of retail and restaurant space including the urban agriculture and food hall space, denoted by items six and seven in the legend below. So create, we're creating a sense of place in phase one while maximizing the proportion of residential units. This is because the creation of more stable assets, the easier to sell the Opportunity Zone funds. Phase two, outlined in orange, is 1.6 million gross square feet and is made up of 541 residential units, 30% of which are affordable, a 275 key boutique hotel and 400... and a 480,000 square foot office tower both on Miami Avenue

with a retail corridor between them that activates the pedestrian experience. The future phase of the project moves past Second Avenue to the east through a linear public park towards Biscayne Bay and terminates at a future pier and ferry terminal. This connection satisfies regional needs for increased open space and coastal resilience, democratizing the waterfront.

Duane Martinez: In order to accomplish this community vision, we've rezoned our parcels as an SAP or special area plan under Miami 21 zoning code precise over nine acres. This allows us to fit the right density and the integrated mix of uses throughout the site. While the rezoning puts the entire site at a T-6-24 urban core zoning district, our design maintains the spirit of the D-2 industrial and D-1-C-2 commercial corridor districts from the original Miami 21 zoning, while adding appropriate height and dynamic open space programming for Midtown Miami's cultural transit hub. This rezoning allows our designed to respect and weave together the open air art experience of Wynwood to the west, and areas more vulnerable to sea level rise to the east.

Matea Kulusic: Our development site is situated on five city blocks spanning the area between Northeast 26th Street and Northeast 29th Streets in the north-south direction, as well as between North Miami Avenue and Northeast Second Avenue the west-east direction. Our site is bisected by the Brightline which is a currently proposed rail line for the city of Miami. The Brightline coincides with the location of the ridge, which places our entire development site above the floodplain. The ridgeline and the Brightline both coincide with the Opportunity Zone boundaries noted in the yellow on the plan and extends over to Biscayne Boulevard. We are using the Opportunity Zone as a means to phase our project, with the area in blue being developed first. This is because Opportunity Zone funds are time sensitive. We currently own 48 parcels on the site, noted in the light blue and the light orange colors, and we are seeking to acquire an additional 32 parcels noted in the dark blue... orange and blue colors. Their total development site will consists of 80 parcels with an area of 739,000 square feet for a valuation of \$139 million or \$186 per square foot.

After we've assembled our site, the first move will be to realign the city grid. Currently, Miami is a north-south oriented city with limited east-west connections and poor waterfront access, largely owing to the fact that it's privatized. By strengthening the east-west connection through grid realignment, we will provide direct corridors leading from the graffiti walls of Wynwood to the waterfront of Biscayne Bay. Moreover, Miami is the seventh-worst congested city in the United States, and after visiting the site, we noticed that there are very few safe pedestrian crossings on the site. To alleviate this problem, we are creating a multimodal transit hub on our development site that begins with the Brightline station. The Brightline station will be supplemented by enhanced bus service as well as last mile mobility, automated vehicle loop, with designated drop offs at the train station. to accomodate the car, we're providing 800 parking spaces, both in garages and on the surface of the site. In addition, we're providing bike lanes as well as two pedestrian-only streets in either phase. They'll be located between tall buildings, ensuring ample shade in the tropical climate. The train line crosses our site at grade, so we are providing three safe crossings to pedestrians: one on Northeast 26th Street, one on Northeast 29th Street, and one via our elevated pedestrian bridge called Las Rampas. More than just a safe crosswalk, nonplussed mode and entering below will be a public amenity space with ample shading that provides expansive views to the heart of La Mezcla, the surrounding

neighborhoods, as well as the waterfront. Additionally, it will be a direct connection between our commercial tower and our food hall and will surely be a favorite lunch time spot for many.

Pavel Petrov: La Mezcla embraces live, work, play culture, providing the community with effective and strategic placemaking. The design takes advantage of the tropical climate while providing shading... for visitors. It leverages sustainable design practices and provides significant community benefits. These benefits are achieved through the use of public space and podium levels along with rooftop gardens. The design offers a linear park network that aspirationally reaches out to Biscayne Bay, and the pedestrian bridge democratizes views of the skyline for all members of the community. Along the bottom of the screen, you can see three examples of how these public spaces manifest in reality. The rendering on the left depicts the detention plaza. In the event of storms, the plaza acts as a catchment basin to alleviate pressure on the stormwater system. In general use, this is a flexible plaza space that's used for events, live music, theatrical screenings, or just people watching. The middle rendering depicts the restaurant row. This is offering a more formal dining experience to contrast the food truck plaza and the La Mezcla food hall situated between the life science and residential complexes. The third and final view on the bottom right hand corner of the screen shows the entrance to La Mezcla from Wynwood Norte. The office tower peels back to open up views of the site and views of the Bay while providing visitors with the option to either explore the pedestrian bridge and view the site from above or enter into the retail corridor to do some shopping. Again, all roads lead back to the station.

Matthew Mitchell: Unmute.

Duane Martinez: Yep. The station is the physical heart of our plan and the business, institutional, and sustainability partners create the heartbeat. The Wynwood Business Improvement District has helped organize the existing business community, some of whom... some of whom have secured tenancy in La Mezcla. By working with residents and community-based organizations, we've been... we've been able to ensure that nearly 3,000 new residents and over 1,700 new jobs find not only a new location at La Mezcla, but a resilient and cohesive community. Some of the key local community partners include Catalyst Miami, who has spearheaded our community engagement process, Urban Impact Lab, which worked with our team to develop the contextual placemaking strategies that Pavel was just talking about. The Nature Conservancy and the city of Miami's Parks and Rec department have been instrumental in making our big move to the water a reality. Some potential corporate tenants that will be... that we were thrilled to be in conversation with to anchor La Mezcla's business community includes Plaza Construction, Metro1 Real Estate, Fridababy, and Fluent, as well as numerous arts and food establishments that are located on the site already. We're already excited that AeroFarms out of Newark, New Jersey, has signed on to establish their second U.S. headquarters at La Mezcla with their hydroponic vertical farming and associated food hall.

Matthew Mitchell: As Duane mentioned, AeroFarms is one of our anchor tenants, and has helped drive our sustainability initiatives. As tenants of the urban agriculture and food hub seen in the renderings on the left of the screen, they offer food resiliency to our neighborhood, and build off the already thriving food culture of Miami. In the rendering on the bottom left of the screen, you also see street level shading techniques like umbrellas and the street canopy... and the tree canopy. La Mezcla achieves a LEED Platinum status as a neighborhood development and has various elements which make the development sustainable and resilient. Access to public and shared transportation as well as civic space and various shading techniques all enhance the comfort and walkability of La Mezcla, building on the sa... sustainability as well as health and wellness. There are two main reasons we would strive for such strong sustainability goals. First, because it is the ethically correct decision, but in addition, we believe the higher upfront costs will result in a higher return on investment, as well as lower ongoing... ongoing maintenance fees. Ultimately, the theory is "community investment will attract quality business."

Jonathan Hong: The return on cost for sustainability and placemaking is one of the core drivers for our economic pillar. So to reiterate, our total development costs are \$1.1 billion, and we're building to a \$55.2 million stabilized NOI, roughly a 5.5% return on costs. One thing that I want to highlight on this slide is that the phase two returns are substantially higher than those of phase one. And aside from the upfront risk of creating a sense of place, we structured the financing to be relatively lower risk on the first phase. We think this is defensible for four main reasons. The first is that we're taking substantial Opportunity Zone fund equity in the first phase, \$53.6 million. We're also taking \$18.4 million of LIHTC equity in the first phase, and you can see on the chart on the right, that's roughly 20% of the cap stack as compared to 4% in phase two. We're also taking 60% leverage in phase one versus 65%. And lastly, there's a potential to convert some of our 501 residential units and phase one to condos giving us more upfront cash flow and increase returns while mitigating risk. We wanted to show the base case with all rental units because it's important to inclusivity narrative and the market is already saturated with condos in Edgewater. From an underwriting perspective, each of the properties will be capitalized individually. And in order to expand on the defensibility of our risk adjusted returns, we highlighted some of our underwriting from our pro forma. So from an efficiency perspective, we targeted 85% for multifamily. Vacancy 5% for multifamily upwards of 10% for retail, and we matched rent and the expense inflation at 2.5% with a 2% management fee across the board. From a construction financing perspective, we underwrote L plus 550 using a floor of 165. And we think that given today's debt capital markets, this is a conservative with 60% LTC and 1% origination fee, which is high for a project of this scale. From an exit valuation perspective, our blended valuation cap rates were 5.6% for phase one and 5.5% for phase two, ranging anywhere from... ranging from 4.5% for the multifamily assets up to 7% for the hotel. The takeaway here is that we're not assuming cap rate compression, we're building to a similar return on cost that we're valuing in exit. So for all these reasons, we think there's a lot of upside potential from the base case returns presented here while we can still justify and support the existing scenario.

From a strategy perspective, and just to reiterate, we're focusing on the Pportunity Zone first to establish fundamentals with more stable multifamily assets and supported by this, we're also establishing a sense of place in phase one by redeveloping theNader Latin American Art Museum, making La Mezcla a destination. You can see that the residential proportion is 49% of

the programming, so that's the yellow buildings in both of the phases. That's \$53.6 million of Opportunity Zone funding that's going towards that first phase of yellow buildings. In both phases, we were sure to include commercial assets to help diversify potential cash flow deficiency. Uh... In the first phase, that's specifically the life science and biotech cluster - those blue buildings in the bottom - and the second phase, that's the 480,000 square foot office tower, which will be anchored by Itau Bank, one of the largest... largest banks in Latin America. So that helps us to support the narrative of capitalizing on Miami and now La Mezcla as the gateway to Latin American capital markets. From a financing partners perspective, we're going to partner with the Banyan Opportunity Zone fund. They're a \$90 million fund focus specifically on Florida investment. Deutsche Bank will provide the construction debt. They have experienced in capital to lend to mixed use development projects of this scale. And from an LP equity perspective, we're going to partner with the Florida teachers pension fund, because they align interest with community development in Florida with us.

Pavel Petrov: La Mezcla is a 24/7/365 live, work, and play oriented mixed use community that's at the nucleus, of the surrounding neighborhoods of Wynwood, Wynwood Norte, Midtown, Edgewater, and really the entire Miami-Dade region. This is a destination where these communities can all come together. The design focuses on ecological resilience, sustainable practices, ... achieves LEED Platinum status for Neighborhood Development, and offers a strong connection to Biscayne Bay, as you can see in the rendering on the screen. La Mezcla also offers ample public and open space, seven plazas ranging in program, 30% affordable units, and a variety of housing, dining and workplace options. Finally, our development team has generated an attractive, but more importantly, feasible capital structure with realistic returns. Our emphasis has been on utilizing local infrastructure and local capital, through ecology, economy and community, La Mezcla will create an inclusive place propagated by learning, leisure, and resilience. Thank you. We'll take your questions at this time.

Gretchen Sweeney: Great job. Richard, do you want to start off this question?

Richard Gollis: Yeah, well, our team, um I'll turn it over to either Jose or Ellen if they want to do the first question.

Ellen Lou: Sure, I will take it.

Jose Gonzalez: Go ahead, Ellen, you go. Ladies first.

Ellen Lou: Thank you. It's a very interesting proposal here. I was really impressed, especially your three pillars approach to this project. Not to take too much time for what you have just told us, I like to just ask the question about urban form. It is very interesting that you... you pick some interesting angular geometry and then you also have some interesting building forms. I

was hoping that you get to talk a little bit about your concept to, to help us understand the rationale or the inspiration. And also in particular, the museum that spans over the train tracks. You know, why take that expense or long span structure? What benefit are you going to... is that project going to bring to the community that worth the extra expense?

Matea Kulusic: Thank you for the question. So, the forms initially started out with the most efficient form for each type. So each building was first... for residential, was first conceived as either a double load or a single loaded corridor with units on either side. And for commercial uses, we start... we started out with the most optimal rectangle shape with a central core. The way the buildings became shapes was when we took a look at the existing street grid, which we realigned. But then there's also these streets such as Northeast First Avenue, which is a diagonal that runs through our site. And so when we looked at the surrounding context that pushed and pulled some of our buildings and created angles based on the new corridors, such as in the first phase, we had a diagonal corridor leading in from Wynwood Norte. So that's how some of the buildings are reshaped.

To answer your question about the museum, we kept the... so currently on site, the Nader Museum is existing and it's much more sculpture storage space and we want to rebuild it for the community in that location. It is currently next to the train tracks, so we wanted to provide a space that connects over to the other phase of the project, so it's easily accessible for both phases. And there's direct entrance to the museum from our food hall, so both sides of the project have equal access to it. And also by bridging across the rail line, we're creating views to the surrounding neighborhood which enhance the good neighbor aspect of our project, meaning people who typically don't have views from above can have... they can enjoy the article above or below. And it makes sense for us to give as many viewing opportunities...as we could.

Ellen Lou: Thank you.

Gretchen Sweeney: Jose, do you want to go next?

Jose Gonzalez: Yeah, just let me... I guess this is a great slide to have up because my question really dealt with the public space. I love the public spaces that the plan has, and the ability that it brings in a... the property and connects it to the water. My question really is, is this something that the project is taking on as an expense? Or is this something that you're looking to partner up with the city and the public partners to fund that, that public open space out to the water? And is that sort of a... we talked about the other part, two part question. First of that, it was about the SAP and how you looked at the zoning and wanted to take advantage of that opportunity in the code. What do you see as the benefits of doing an SAP versus just trying to work within the boundaries of the code?

Jonathan Hong: I can answer the first part of that question and then Duane, maybe you can take the second part. To your point about financing the plaza. So the seven public plazas that

we spoke to, we budgeted for in our pro forma and those are all within the blue and orange outlines in the first two phases. And then going forward in the future phase past Second Avenue and towards Biscayne Bay, those will... the idea there... to your point, you're right on the dot, is to work with the city and future developers and planners and capitalize that going forward.

Jose Gonzalez: Okay

Duane Martinez: Yeah. And then to the... to the zoning question, I think the SAP allowed us to take both sides of the track really, as one sort of unit when we really looked at the design of the place and I think it allowed us to really design around that connection across the tracks connecting Wynwood and Edgewater. And I think the... the existing zoning also the... the NRD, the neighborhood revitalization district that is in Wynwood now also was really focusing on, on keeping the form based code to the, to the west of the tracks. And so I think by creating an SAP around the entire site, we're allowed to be a little more intentional with our design to really connect to Edgewater and then also play out this masterplan idea to the Bay, which is just as close and important, I think, to the site as Wynwood is to the... to the west.

Jose Gonzalez: Okay, great. Thank you.

Richard Gollis: Excellent. So my question relates sort of to the phasing but really on the same page you have here, related to the difference in financial returns that are coming from phase two versus phase one. And my question, a common question that I always have on these large scale long term deals, is what would you do to rebalance the plan? Okay, to have those returns be more congruent? Because we always find in these long term deals that if we go in with a lower return on phase one, it's very rare that you get the higher return on phase two.

Jonathan Hong: Yeah.

Richard Gollis: Unless something blows up. So the question really is, how would you, looking at this mix more conceptually, not necessarily mathematically financially, how would you rebalance the mix to have a more appropriate return or market driven return purely for phase one? Because you don't know if phase two is going to happen.

Jonathan Hong: Right. Yeah, to answer your point directly, I think... I think you hit it right on the money. And that's, that was definitely something that we were trying to highlight is, look, we understand that these returns are low on phase one, but there are a lot of ways in which we underwrote conservatively and we think that we give them...

Richard Gollis: I was going to interrupt. Let's sit... let's assume that for this conversation, because I'm not sure I agree that it's underwritten conservatively in context. So the question I have specifically is what would you do in the land use mix? And maybe it's a planning question, architecture question as much to rebalance the uses so that we have a more congruent set of returns.

Matea Kulusic: In terms of land use currently, in phase one, we're providing 49% residential, and we have 30% affordable units. We could do this a number of ways in which we either reduce the affordability mix, so we would tend to not want to do that because a lot of the neighborhood... the surrounding neighborhood wants optionality in residential. So we can lower the total number of units slightly in order to favor more commercial uses, where we can potentially charge higher rents. So from a land use perspective, we could cut down on our affordable on our residential units, increase our commercial, and maybe dedicate less space to our urban agriculture, which might not receive as high rents as some of our life science tech tenants do.

Jonathan Hong: And then just add on that, I think that was great Matea. I think, yeah, increasing commercial and then potentially increasing some of our 501 residential units that are all currently rentals in that first phase to condos to get more cash flow upfront.

Richard Gollis: Okay.

Gretchen Sweeney: I see...

Richard Gollis: Good.

Gretchen Sweeney: ...has a question and then Steve.

Steve Navarro: Did you say me first?

Gretchen Sweeney: Oh, well, you go ahead, and then we'll do Suzette next.

Ellen Lou: Oh, okay. Um, my question that is... actually piggybacks pretty nicely be after Richard's. It's also about sources and uses and phasing. Your... your equity expectation, and your equity raise is pretty substantial with almost 30% of the entire project and just basically the developer writing a check. So I'm curious, are you anticipating that as the the developer, if you

were the development entity, you're expecting to write those big checks, or did you have any conversation at all about where that money's coming from, in terms of a financial partner that may take a stake in that that might also road some of your returns? Specifically in that phase one, where the, the equity is a little bit less, \$56 million, which represents about 17% of the, of the investment when you strip out the public funds. But when you get to phase two, you're really at about 27%. You're anticipating down the line writing \$159 million dollar check. What went through your mind and you in terms of strategy with that, that we're going to raise a smaller amount of money in phase one, and then we're hoping that phase two is gonna have better returns but we're also going to be looking at writing this really big equity check? How are you doing that and then... and then that resilient park which I, by the way, love, is there a promise to your phase one investors that that is going to come into play? Do you have to have that in play or basically have that together before you move forward?

Jonathan Hong: Yeah, absolutely. I think just to finish the last part of your thought first, we didn't think about a contingent on the future phasing. But to just start back at the beginning, Matt, do you mind going to the second to last, the first financing slide? Or sorry, the second to last total slide? Yes. So I don't know if this was clear, and sorry about that if it wasn't, but our equity, total equity, will be split between a typical probably waterfall structure from 10% GP 90% LP structure. So the Florida's teachers pension fund is who we were targeting as the LP equity. So specifically in that first phase, to take up 90% of that \$59 million. And we think that there's liquidity in the market, given the capital markets today and you know, the amount of dry powder that's out there that needs to be put out. If not from them, then definitely someone else. And I think to speak on your point that, I completely agree, the equity check in phase two is substantially higher. And that was kind of feeding into the narrative of building, kind of showing a system that works in phase one and saying, "hey, look, here, we can do this. We understand the neighborhood, we understand everything that's going on. And this is the plan that we're going into. And now that we've established this value that we can build off of, we can go... go forward and syndicate more equity at a higher rate."

Steve Navarro: Okay, so where your returns I did hear you talk about your financial partner, but I didn't see the breakout in that split, how much developer would put in how much your equity partner was going to put in and then are these returns that you're projecting an overall, or is this to the to the financial partner, investor? Ultimately, what's the developers return?

Jonathan Hong: The... the over, these are overall returns from a project level and we structured it as a as a waterfall, 10% Gp 90% LP.

Steve Navarro: Okay, thank you.

Jonathan Hong: Yep.

Gretchen Sweeney: Suzette, do you want to go ahead? I can unmute you.

Suzette Goldstein: Yeah, the question I had had to do with your, the train station. I was hoping you could explain better for me, to me the sectional relationship between the train station, the upper plaza that goes across it, and the street and how do you get between those three levels?

Matea Kulusic: Yes, thank you. So the, the rail line is at grade so it's equal at the... at the street level with the rest of the site. The crossings happen basically above and below our site, at Northeast 26th Street and 29th Street. The pedestrian bridge is three stories above the train line with access points from the commercial tower and from a fairway on the Wynwood Norte side and that leads back into our food hall and train station building on the Edgewater side. So there are really two planes at play here as a pedestrian and train level are both at grade on the pedestrian bridge is three stories above.

Suzette Goldstein: So, if I can, a follow on question. If your, if your bridges are three stories up, you have quite a lot of space underneath that bridge that it doesn't have access to daylight. So what do you do with that space?

Matea Kulusic: Uh, that space is where we store our Citi bikes. I believe it's on the third slide where we have our financing overview [unintelligible], we give a snapshot of what that space looks like. That is part of the transit hub and it's actually... go forward, Matt. Matt, go to the fourth slide.

Jonathan Hong: Slide number three.

Matea Kulusic: So this is a snapshot... one, one after, Matt. One aft... this one. Okay, so that's a snapshot of what life beneath the bridge looks like. So this is an afternoon view, taken late afternoon, six o'clock, seven o'clock. So the bridge is calling up where once it's morning and daylight, there will be light penetrating below it. But we have strategically planted the area with succulents and we created bike parking beyond. And we've also created enough space between the bridge and the surrounding buildings to create a wide plaza that's not directly beneath it. So it's not going to be oppressively dark space.

Pavel Petrov: The bottom of the bridge is about 40 feet off of...

Suzette Goldstein: Thank you.

Gretchen Sweeney: I don't see any other hands raised. Are there any other jurors we have... until 3:30. So we actually have five to seven more minutes. Brad, Jenni, Manisha, Kim, anyone have some questions?

Jose Gonzalez: I just have one question, Gretchen. It's Jose. I saw that you guys went after the LEED certification. Is that for all of the buildings or is that, you know, you're trying to be aspirational for the project as a whole to have LEED certification, or are you just doing it building per building?

Matthew Mitchell: Yeah, Jose, we went after LEED Neighborhood Development certification that, that's what we talked about in the... in the presentation. So that is actually for the entire site. And then for each building, we would allow... we allowed for LEED to be pursued on a, you know, singular buildings status. And there are, you know, certain requirements for buildings on the site to be... to be a certain LEED standard under our site. But that was for the entire site not just specifically to buildings,

Jose Gonzalez: Thank you for clarifying that.

Gretchen Sweeney: Diana, Dave, anyone have additional questions for the team?

Richard Gollis: Looks like Brad does.

Brad Power: Yeah I raised my hand. Good afternoon, everybody. I wanted to talk about and get you to comment on your, your retail strategy around keeping, as you... as you called them in the uh... some of the materials, the mom-and-pop stores that have been existing in the area for a while. And I'm wondering how you're doing that financially? Are you underwriting them at all in terms of their participation in the project? Or how are you retaining those shops and particularly targeting them for the project?

Jonathan Hong: So I can speak to the underwriting perspective and then maybe, Pavel, you can expand on, on the design. From an underwriting perspective, we underwrote about \$30 triple net rents based on our review of the market with... with expense... the same expense growth and inflation that we did before. And we've valued them at a five cap. But just in terms of financially underwriting them, yeah, they were very much built into... built into how we structured the financing and overall development pro forma for the, for the project.

Brad Power: And how much of the overall retail program do you think that... that group occupies? How much of it?

Jonathan Hong: It's 13% of the total programming space. Does that... speak to your question?

Brad Power: Yes, it does. Thanks.

Gretchen Sweeney: How about we go with Ellen next and then Steve and then Richard?

Richard Gollis: Good.

Ellen Lou: Sure. It's just a follow up question on phasing. I guess, phase one, it's not... or I guess the other way to put it, you have put the open space connection to the bay in the last phase. If it's not a project that you are going to be funding but working with the city, would you consider doing it first to bring benefit to the community as part to support your project and also enhance your... the value of your development?

Matea Kulusic: So the first part of that future phase park actually begins in phase one between buildings three and four noted in this plan. So the way we conceived this park is that it will be a flexible space, depending on availability of land surrounding us. So we've proposed this form on the plan because we believe that we could acquire those sites down the line. But as parcels become more or less available, that shape would be more or less malleable, but we are creating the beginning of it on our site to help build the value by providing publicly open space in phase one.

Pavel Petrov: And to piggyback on that... Sorry, I was going to say to piggyback on Matea's point, I think part of the appeal of this gesture to the water is that we think that it actually be replicated in other areas. And creating a strong, resilient waterfront will actually help with some of the climate concerns that South Florida faces in the near term. So we just wanted to create a system that's flexible and adaptable to the existing conditions, realizing that there's going to have to be some give and take in order to make it a reality. And it may not take on this final form.

Ellen Lou: Thank you.

Gretchen Sweeney: Steve.

Steve Navarro: Yep. My question...

Richard Gollis: We've go one minute for Steve. Yeah.

Ellen Lou: My question has to do with parking. So you're projecting 2.7 million square feet of built space exclusive of any parking structure. You're only projecting 694 spaces. And I know this is a transit-based project, but if you do the math on that, just on the commercial retail space alone, that's providing one half a space per thousand square feet and leaving no spaces for anyone in the residential multifamily. A Miami auto-centric market like that, feel good about that projection? Or do you think that's a hard sell for your investors?

Matea Kulusic: So this is the way we conceive of parking: currently with where we get the 1,042 dwelling units on site and that's one half spaces, as you've mentioned, for dwelling units with about... with a total of 695 spaces within garages. And we've provided roughly 111 additional spaces in garages and on the surface. The reason we feel okay with this... with this number is because one, we're a multimodal transit space. We're accommodating jobs for different education levels, so we're anticipating that a lot of our employer and employees on the site will be coming through the train line, through the bus service, the automated vehicle loop. And also, there's also significant turnover over during the day. So the people who will be there in the morning will not be there in the evening and the demand will be varied throughout the day. Moreover, Wynwood Norte is a very low dense neighborhood. And as such, has plenty of on street parking that we noticed when we went to see the site. So we believe that this will be sufficient, given all of our modes of transportation.

Steve Navarro: Thank you.

Richard Gollis: So we just have a quick minute. I'll ask a quick question and maybe it can be a quick, very quick answer. As you're thinking about the life sciences and biotech, what analogues have you seen, either, you know, across the country where you kind of envision this being comparable? Where it's actually... where it's been successful as a catalyst? And did you think about that, in terms of your programming?

Pavel Petrov: Sure. Yeah, that's a great question. We did look at the west coast and the northeast in particular. But I think the Research Triangle in Raleigh has really taken off in the last couple years and I think it's one of the Sunbelt, it's the closest to the Sunbelt markets that I think would be applicable. There's been a lot of growth, particularly around Tampa. I believe Bill Gates's foundation just partnered with somebody and they expanded research, I believe at University of South Florida, if I remember correctly. But the... I guess part of why we feel like it's an appealing destination is it's a place where people want to be in general. Miami's very, I guess the... the type of workers that work in these environments really value the type of lifestyle that you would be able to have. And I think that the corporations will follow where their talent wants to be. And so if you create a destination that is appealing to the types of workers that will occupy

the space and provide the service these companies need, I think there's a really good sales pitch there, along with when you consider the land value and the volume... Well, one the business, [unintelligible] state and the volume of STEM grads, I think you can start to ideally pluck talent out of some of these more distant places on the west coast and in the northeast.

Richard Gollis: Great, well, thank you. We... I think we're out of time. Gretchen, is that correct?

Gretchen Sweeney: That's right.

Richard Gollis: And we want to thank the... the Columbia/Pratt team for excellent presentation and some good back and forth on our Q&A, which was always a lot of fun. And unfortunately, we're not there face to face to do it with you, but we appreciate the the technological connection as well. So we'll talk to you all probably in about an hour and a half.

Matthew Mitchell: Thank you very much.

Richard Gollis: Thank you