

RESOLUTION NO. 2020-31343

A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, APPROVING, FOLLOWING SECOND READING/PUBLIC HEARING, A DEVELOPMENT AGREEMENT AS AUTHORIZED UNDER SECTION 118-4 OF THE CITY CODE, AND SECTIONS 163.3220 – 163.3243, FLORIDA STATUTES, BY AND AMONG THE CITY, MARINA PARK RESIDENTIAL, LLC AND MARINA PARK COMMERCIAL, LLC (JOINTLY AND SEVERALLY, THE “DEVELOPER”), WHICH DEVELOPMENT AGREEMENT: (1) DELINEATES CONDITIONS FOR THE DEVELOPMENT OF THE CITY-OWNED PROPERTIES LOCATED AT 300-390 ALTON ROAD, THE CURRENT UPLAND SITE OF THE MIAMI BEACH MARINA (FOLIO NOS. 02-4203-009-9210, 02-4203-000-0010, AND 02-4203-009-9250) (COLLECTIVELY, THE “DEVELOPMENT SITE”), WITH SUCH DEVELOPMENT SITE LIMITED TO A MAXIMUM FLOOR AREA OF 319,802 SQUARE FEET (OF WHICH THERE SHALL BE A MAXIMUM OF APPROXIMATELY 275,000 SQUARE FEET FOR RESIDENTIAL USES AND APPROXIMATELY 45,000 SQUARE FEET FOR RETAIL, RESTAURANT, OFFICE AND MARINA USES), WITH THE BUILDING CONSTRUCTED THEREON LIMITED TO UP TO 385 FEET IN HEIGHT, WITH UP TO 60 RESIDENTIAL UNITS, AND WHICH SHALL INCLUDE AN AT-GRADE PARK CONSISTING OF AT LEAST 1.0 ACRES (THE “MARINA PARK PROJECT”); (2) MEMORIALIZES THE CONDITIONS FOR THE CITY’S SALE TO MARINA PARK RESIDENTIAL, LLC OF THE PORTION OF THE DEVELOPMENT SITE, AND AIR PARCEL, WITHIN WHICH THE APPROXIMATELY 275,000 SQUARE FOOT RESIDENTIAL PORTION OF THE MARINA PARK PROJECT IS TO BE CONSTRUCTED (“SALE OF RESIDENTIAL PARCEL”), AND THE CITY’S NINETY-NINE (99) YEAR LEASE TO MB MARINA PARK, LLC, AN AFFILIATE OF SUNTEX MARINA INVESTORS, LLC, OF THE DEVELOPMENT SITE (EXCLUDING THE RESIDENTIAL PARCEL) AND ASSOCIATED LEASE OF SUBMERGED LANDS FOR MARINA USE (THE “MARINA LEASE” OR “NEW LEASE”); (3) MEMORIALIZES CONDITIONS FOR VACATING THE WESTERN HALF OF THE CITY’S RIGHT-OF-WAY AT ALTON ROAD ADJACENT TO THE DEVELOPMENT SITE, PURSUANT TO SECTION 82-37 OF THE CITY CODE AND SECTION 1.03(B)(4) OF THE CITY CHARTER (COLLECTIVELY, THE “CITY RIGHT-OF-WAY AREA”); AND (4) PROVIDES FOR THE DEVELOPER’S DESIGN, PERMITTING, AND CONSTRUCTION OF THE MARINA PARK PROJECT, INCLUDING RESILIENCY ENHANCEMENTS AND OTHER CAPITAL IMPROVEMENTS, AT DEVELOPER’S SOLE COST AND EXPENSE; FURTHER, AUTHORIZING THE MAYOR AND CITY CLERK TO EXECUTE THE DEVELOPMENT AGREEMENT, WITH THE FOREGOING DEVELOPMENT AGREEMENT SUBJECT TO AND CONTINGENT UPON APPROVAL OF THE MARINA LEASE AND THE SALE OF THE RESIDENTIAL PARCEL BY A MAJORITY OF THE VOTERS VOTING IN A CITY-WIDE REFERENDUM, PURSUANT TO SECTION 1.03(B)(1) OF THE CITY CHARTER.

WHEREAS, the City Commission of the City of Miami Beach desires to maximize the performance of the property commonly referred to as the “Miami Beach Marina” (described more fully below) and upgrade its facilities, enhance the neighborhood through neighborhood-oriented commercial and retail spaces, improve resiliency with capital improvements focused on sustainability, provide a park with additional public green space in the City, and generate substantial lease and other revenues for the City; and

WHEREAS, the City is the owner of the properties located at 300-390 Alton Road, the current location of the Miami Beach Marina, Folio Nos. # 02-4203-000-0010, 02-4203-009-9210 and 02-4203-009-9250 (the “Development Site”); and

WHEREAS, the City is the lessee of the submerged lands area leased to the City and the Miami Beach Redevelopment Agency by the Board of Trustees of the Internal Improvements Trust Fund of the State of Florida, as more fully described in BOT File No. 130765469 (“Area 2”). The Development Site and Area 2, as depicted in **Exhibit “1”** to the Commission Memorandum accompanying this Resolution, shall be collectively referred to herein as the “Miami Beach Marina”; and

WHEREAS, since 1983, the Miami Beach Marina (excluding Lots 30/31 thereof) has been leased to Miami Beach Marina Associates, Ltd. (“Current Lessee”), for use solely as a boat port, marina and recreation facility offering dockage, mooring and other marina related services for use by the general public (the “Existing Lease”); and

WHEREAS, the Existing Lease provides for an initial term expiring on January 1, 2022, and provides the Lessee with the right to renew three (3) times, for a period of ten (10) years for each renewal term, through January 1, 2052; and

WHEREAS, Marina Park Residential, LLC, f/k/a Alton Road Mixed Use Investments, LLC (“Marina Park Residential”) and an affiliate thereof, Marina Park Commercial, LLC (“Marina Park Commercial, LLC”) (jointly and severally, the “Developer”), along with Suntex Marina Investors, LLC, an affiliate of the Current Lessee, are proposing a public-private partnership with the City for the purpose of developing and constructing a project on the Development Site that includes:

(1) a private luxury residential tower that would include a maximum of 60 residential units and a maximum of approximately 275,000 gross square feet, with a maximum height of 385 feet; and

(2) a new Marina building and enhanced neighborhood retail uses on the site of the current Miami Beach Marina building, with a maximum of approximately 45,000 gross square feet of accessory restaurant, retail and office space, to upgrade the existing condition of the Miami Beach Marina facilities, which are dated and unattractive; and

(3) substantial green space, including a contiguous, one (1) acre ground-level public park for the benefit of the general public, as well as other improvements, including resiliency enhancements and enhancements to the public baywalk along the Miami Beach Marina (collectively, (1) – (3) above, the “Project” or “Marina Park Project”); and

WHEREAS, the Developer intends to develop the mixed-use residential and commercial Marina Park Project pursuant to a Florida Statute Chapter 163 development agreement entered into between the City and the Developer (the "Development Agreement"), and to develop, design and construct the Marina Park Project, at the Developer's sole cost and expense, including the resiliency and other capital improvements; and

WHEREAS, the Administration and Developer have negotiated the proposed Development Agreement, a copy of which is attached as **Exhibit "3"** to the Commission Memorandum accompanying this Resolution; and

WHEREAS, in addition to the Development Agreement, the Marina Park Project includes four other major components that must be approved by the City Commission in order for the Marina Park Project to proceed (the second readings for which are all the subject of companion agenda items on the July 29, 2020 City Commission Agenda), namely:

(1) The Purchase and Sale Agreement ("PSA") for the sale to Marina Park Residential, LLC ("Purchaser") of up to 0.3 acres of the Development Site, and an air parcel, within which the approximately 275,000 square foot residential portion of the Project would be constructed ("Residential Parcel"), with the sale of the Residential Parcel subject to approval by a majority of the voters voting in a City-wide referendum pursuant to Section 1.03(b)(1) of the City Charter ("Sale of Residential Parcel");

(2) A new lease for the Miami Beach Marina (excluding the Residential Parcel), to MB Marina Park, LLC, an affiliate of Suntex Marina Investors, LLC ("New Lessee"), which would be effective at the Closing for the Sale of Residential Parcel, with the term to commence on January 1, 2022 (following the expiration of the existing lease), for a term of ninety-nine (99) years, with the new lease subject to approval by a majority of the voters voting in a City-wide referendum pursuant to Section 1.03(b)(1) of the City Charter (the "New Lease");

(3) The vacation of the western half of Alton Road that lies adjacent to the City-owned properties that are part of the Development Site, consisting of a fifty (50) foot wide right-of-way, containing 25,500 square feet in total lot area, as depicted in **Exhibit "1"** to the Commission Memorandum accompanying this Resolution (the "City Right-of-Way Area");

(4) Amendments to the City's Comprehensive Plan and Land Development Regulations, to permit public-private marina redevelopments (including residential and other uses), increase the maximum building height, and amend other design regulations (the "Proposed LDR Amendments");

WHEREAS, the City engaged two independent appraisers, namely CBRE, Inc. ("CBRE") and Walter Duke + Partners, Inc. ("Walter Duke") to independently estimate the

fair market value of the development rights in connection with the Sale of Residential Parcel (the square footage of which incorporated the 25,500 square feet associated with the to-be-vacated City Right-of-Way Area) and the fair market rental value for the New Lease; and

WHEREAS, Walter Duke's appraisal valued the Residential Parcel at \$70 million, and CBRE's appraisal valued the Residential Parcel at \$87 million. A copy of the updated CBRE and Walter Duke Appraisal Reports are attached as **Exhibit "7"** to the Commission Memorandum accompanying this Resolution; and

WHEREAS, the proposed PSA for the Sale of Residential Parcel is attached as **Exhibit "4"** to the Commission Memorandum accompanying this Resolution. Among other terms, the PSA provides for payment to the City for the Sale of Residential Parcel in the amount of \$55 million, payable in specified installments, with the balance evidenced by a promissory note and secured by a first mortgage on the Residential Parcel in favor of the City. In addition to the cash purchase price of \$55 million, Developer has agreed to spend a minimum of \$22.5 million toward specified capital improvements to the Development Site (including delivery of the baseline commercial building of the Project, park improvements, resiliency enhancements, Baywalk enhancements, Alton Road right-of-way enhancements, retail enhancements, and additional art in excess of the required AIPP contribution), which commitments are memorialized in the Development Agreement; and

WHEREAS, the proposed New Lease for the Miami Beach Marina is attached as **Exhibit "5"** to the Commission Memorandum accompanying this Resolution. Among other terms, the New Lease would be effective at the Closing for the sale of the Residential Parcel, with the term to commence on January 1, 2022 (following the expiration of the Existing Lease), for a term of ninety-nine (99) years, and would permit a master sublease of the leased property (the "Master Sublease"), between New Lessee and Marina Park Commercial, LLC (the "Master Sublessee"); and

WHEREAS, the proposed Vacation Resolution, which is attached to the Commission Memorandum accompanying this Resolution, would vest the City with the fee interest in and to the City Right-of-Way Area. Pursuant to the Development Agreement, the Marina Park Project shall be developed as a unified development site, and the unified abutting parcels (consisting of the City Right-of-Way Area and Development Site) would be aggregated via a covenant in lieu of unity of title, to permit Developer to utilize the F.A.R. associated with the City Right-of-Way Area within the Marina Park Project. Following the vacation, the City Right-of-Way Area would continue to be owned by the City as a separate stand-alone parcel, and used solely for pedestrian and vehicular travel; and

WHEREAS, the Finance and Economic Resiliency Committee ("Finance Committee") reviewed the proposed transaction at its April 17, 2020 and May 22, 2020 meeting, and favorably recommended proceeding with the Marina Park Project, including

the proposed (1) Development Agreement, (2) PSA, (3) New Lease, and (4) Vacation Resolution; and

WHEREAS, as set forth above, the proposed Development Agreement contemplates that the City Commission may approve, at its sole discretion, the Proposed LDR Amendments; and

WHEREAS, on May 26, 2020, the Land Use and Sustainability Committee favorably recommended the Proposed LDR Amendments; and

WHEREAS, on June 23, 2020, the Planning Board approved the proposed vacation of the City Right-of-Way Area pursuant to the requirements of Section 1.03(b)(4) of the City Charter, and voted to transmit the Development Agreement and the Proposed LDR Amendments to the City Commission with a favorable recommendation, in accordance with the City's Land Development Regulations; and

WHEREAS, on June 24, 2020, the Mayor and City Commission approved, on first reading, the (1) Development Agreement; (2) the Sale of Residential Parcel; (3) the New Lease; the (4) proposed vacation of the City Right-of-Way Area and (5) the Proposed LDR Amendments; and

WHEREAS, the Planning Department analysis of the Sale of Residential Parcel, New Lease, and vacation, pursuant to Section 82-38 of the City Code, is attached as **Exhibit "2"** to the Commission Memorandum accompanying this Resolution; and

WHEREAS, Sections 163.3220 – 163.3243, Florida Statutes, and Section 118-4 of the City's Code require two public hearings for a Development Agreement; and

WHEREAS, the Development Agreement provides, among other provisions, the following terms and conditions:

- Developer shall develop the Project in accordance with the City's Land Development Regulations and the limitations set forth in the Development Agreement with respect to the Project, including, without limitation, the following conditions:
 - The private residential component of the Project will consist of a maximum of approximately 275,000 square feet, and contain up to 60 residential units, with restrictions on the rental, lease, use or occupancy of residential units within the Development Site for periods of less than six months and one day;
 - The commercial component of the Project will consist of a maximum of approximately 45,000 gross square feet, for accessory restaurant, retail, office and marina uses;

- The building on the Development Site would have a maximum height not-to-exceed 385 feet to the top of the roof, with the height to be calculated in accordance with the City's Land Development Regulations;
- The Project would include a contiguous, ground-level park of at least 1 acre which, once completed, will be delivered to the City and dedicated as a public park for the benefit of the general public, as well as other improvements, including resiliency improvements and enhancements to the public baywalk along the Miami Beach Marina;
- Developer shall be solely responsible for all costs and expenses to develop, design, and construct the Marina Park Project, with no City funding for the Project; and
- The Development Agreement includes the City's approval, in its proprietary capacity as owner of the Development Site, of the preliminary site plan for the Marina Park Project. Notwithstanding the preceding, and in further recognition that the design for the Marina Park Project will evolve as part of the City's regulatory development process, including review and approval by the City's Design Review Board, the Development Agreement also requires the City's approval, in its proprietary capacity, of changes to Mandatory Project Elements for the Marina Park Project; and
- Developer shall submit its application to the Design Review Board within six (6) months of the Effective Date (defined as the later of (i) 30 days following the date the City Commission certifies the results of the November 3, 2020 election, or (ii) January 31, 2021), and shall obtain all requisite Project approvals within fifty-four (54) months following the Effective Date (subject to extension for force majeure or during the pendency of any lawsuit challenging the Project or any component thereof ("Lawsuits"), provided however, that any such extension for a Lawsuit shall be limited to a maximum period of 42 months); and
- Subject to voter referendum approval, the closing on the Sale of Residential Parcel shall take place on or prior to March 15, 2021 (the "Closing"); and
- The City shall be paid a purchase price of \$55 million for the Residential Parcel, in the following installments, with the balance evidenced by a Promissory Note and secured by a first mortgage in favor of the City:
 - \$5 million at Closing;
 - \$5 million, on or before January 1, 2022;
 - \$5 million, on or before September 1, 2022; and
 - \$40 million, due on the date all conditions precedent to Commencement of Construction have been satisfied (as provided in the Development Agreement); and

- The Closing shall be contingent upon the execution of the New Lease, which New Lease shall be subject to voter approval and would have a term commencing on January 1, 2022, following the expiration of the existing Lease; and
- Among other terms, the New Lease provides for New Lessee to undertake \$40,000,000 in Marina Improvements (largely for Area 2) over the course of 35 years, to complement the Developer's \$22.5 million in upgrades to the upland Development Site, and provide for a world-class marina; and
- The Development Agreement and PSA also contemplate a Reciprocal Easement Agreement among the City, the New Lessee/Master Sublessee and the Residential Parcel Purchaser, which would be executed at the Closing of the Sale of Residential Parcel, to accomplish the subdivision of the Development Site to create two separate fee parcels: the fee interest in the Residential Parcel (to be owned by Marina Park Residential, LLC) and the fee interest in the balance of the Development Site, which would remain owned by the City at all times (and leased to the New Lessee under the New Lease) ("REA"). After the construction of the Project, the Residential Parcel would be further subdivided pursuant to a declaration of condominium to create individual residential units for purchase and sale; and
- The REA would also serve to grant necessary easements including those of support, ingress and egress, and utilities, and contain covenants with respect to cost-sharing and maintenance; and
- Developer has proposed a twelve (12) year duration of the Development Agreement, within which time Developer shall complete the construction of the Project, with Commencement of Construction not later than eight (8) years from the Effective Date, and the Construction Completion Date within forty-eight (48) months from the Commencement of Construction), with an additional construction period of up to six (6) months granted for early Commencement of Construction each month prior to the eight (8) year outside date for Commencement of Construction, and provided that the term shall be subject to extension for Unavoidable Delays and City Delays (as each of the foregoing terms is defined in the Development Agreement); and
- Transfers by Developer prior to the issuance of a certificate of occupancy ("CO") for the Project shall be restricted, and only permitted if (1) Mr. David Martin (or a "Martin Entity," in the event of incapacity of Mr. Martin) controls the day-to-day development of the Project through C.O. and continues to own at least ten percent (10%) of the Project; and (2) transfers are to entities satisfying City's "Acceptable Owner" criteria, or are involuntary transfers (such as mortgage foreclosure), encumbrances in favor of lenders, transfers of minority interests and transfers for estate planning purposes; and

- As the New Lease and the Sale of Residential Parcel are each subject to approval by a majority of the voters voting in a City-wide referendum pursuant to the City Charter, the Development Agreement would be effective only upon the City Commission's adoption of a Resolution certifying the election results. The Closing would not take place, and no aspect of the proposed Project would proceed, unless the requisite approval of the voters is obtained for both the New Lease and Sale of Residential Parcel; and
- The Development Agreement provides that the vacation of the City Right-of-Way Area shall be subject to the conditions set forth in the Vacation Resolution, which conditions provide that the vacation shall only be effective upon (1) approval of the New Lease and the Sale of Residential Parcel by a majority of the voters voting in a City-wide referendum, pursuant to Section 1.03(b)(1) of the City Charter; (2) the Closing on the Sale of Residential Parcel to Marina Park Residential, LLC; and (3) the execution of the New Lease at Closing; and
- The Development Agreement and PSA provide for contingencies in the event that Developer is unable to obtain the regulatory Project approvals, or in the event the New Lease is successfully challenged, which contingencies, among other terms, provide for the Developer and Lessee to indemnify, defend, and hold harmless the City in connection with any challenges or lawsuits regarding any component of the Project; and

WHEREAS, for the reasons as outlined in the Commission Memorandum accompanying this Resolution, which Commission Memorandum, and exhibits thereto, are incorporated by reference as if fully set forth herein, the Administration recommends approval of the Development Agreement on second reading.

NOW THEREFORE BE IT DULY RESOLVED BY THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, that the Mayor and City Commission hereby approve, following second reading/public hearing, a Development Agreement as authorized under Section 118-4 of the City Code, and Sections 163.3220 – 163.3243, Florida Statutes, by and among the City, Marina Park Residential, LLC and Marina Park Commercial, LLC (jointly and severally, the "Developer"), which Development Agreement: (1) delineates conditions for the development of the City-Owned properties located at 300-390 Alton Road, the current upland site of the Miami Beach Marina (Folio Nos. 02-4203-009-9210, 02-4203-000-0010, And 02-4203-009-9250) (collectively, the "Development Site"), with such Development Site limited to a maximum floor area of 319,802 Square Feet (of which there shall be a maximum of approximately 275,000 square feet for residential uses and approximately 45,000 square feet for retail, restaurant, office and marina uses), with the building constructed thereon limited to up to 385 feet in height, with up to 60 residential units, and which shall include an at-grade park consisting of at least 1.0 acres (the "Marina Park Project"); (2) memorializes the conditions for the City's sale to Marina Park Residential, LLC of the portion of the Development Site, and air parcel, within which the approximately 275,000 square foot residential portion of the Marina Park Project is to be constructed ("Sale of

Residential Parcel”), and the City’s ninety-nine (99) year lease to MB Marina Park, LLC, an affiliate of Suntex Marina Investors, LLC, of the Development Site (excluding the Residential Parcel) and associated lease of submerged lands for marina use (the “Marina Lease” or “New Lease”); (3) memorializes conditions for vacating the western half of the city’s right-of-way at Alton Road adjacent to the Development Site, pursuant to Section 82-37 of the City Code and Section 1.03(b)(4) of the City Charter (collectively, the “City Right-Of-Way Area”); and (4) provides for the Developer’s design, permitting, and construction of the Marina Park Project, including resiliency enhancements and other capital improvements, at Developer’s sole cost and expense; further, authorizing the Mayor and City Clerk to execute the Development Agreement, with the foregoing Development Agreement subject to and contingent upon approval of the Marina Lease and the sale of the Residential Parcel by a majority of the voters voting in a city-wide referendum, pursuant to Section 1.03(b)(1) of the City Charter.

PASSED AND ADOPTED this 29 day of July, 2020.

ATTEST:

781 AUG 2, 2020
Rafael E. Granado, City Clerk

[Signature]
Dan Gelber, Mayor



**APPROVED AS TO
FORM & LANGUAGE
& FOR EXECUTION**
[Signature] 7/21/20
City Attorney RAP Date