



**CITY OF FORT LAUDERDALE  
City Commission Agenda Memo  
REGULAR MEETING**

**#17-0788**

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**TO:** Honorable Mayor & Members  
Fort Lauderdale City Commission

**FROM:** Lee R. Feldman, ICMA-CM, City Manager

**DATE:** June 20, 2017

**TITLE:** Lease Agreement with Las Olas SMI (Suntex Marina Investors), LLC

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On August 23, 2016, the City of Fort Lauderdale received one bid for the Las Olas Marina Lease, Management, and Development RFP #265-11791. Suntex Marina Investors LLC was the sole bidder on the RFP and as part of the bid submittal; Suntex included a Base Proposal, an Alternate A Proposal (Base Proposal plus Restaurant), an Alternate B Proposal (Mega Yacht Proposal), and an Alternate C Proposal (Mega Yacht Proposal plus Restaurant).

On September 19, 2016, the Evaluation Committee convened and received a presentation from Suntex in which they discussed their qualifications as well as the various options offered in their bid submittal. The Evaluation Committee made the recommendation for the City Commission to approve the Alternate C Proposal. On October 4, 2016, the City Commission approved Resolution 16-175 awarding Las Olas Marina Lease, Management, and Development RFP #265-11791 to Suntex Marina Investors LLC. At the October 18, 2016, City Commission Meeting, the City Commission approved the Alternate C Proposal from Suntex's bid package.

**Lease Agreement Terms**

The Lease Agreement with Las Olas SMI, LLC, a subsidiary comprised of partners Suntex Marinas and Edgewater Resources, LLC, will commence when the possession of the Demised Premises is tendered to the Lessee upon all final approvals are provided by the City Commission, State of Florida, and any other applicable authorities. The lease term will commence on the Commencement Date and continue for fifty (50) years plus such length of time, not to exceed five (5) years, to complete construction of Lessee improvements for the Demised Premises unless terminated earlier and subject to TIITF's agreement to extend the Submerged Lands Lease. A termination of the Submerged Lands Lease shall be deemed a termination of the lease.

Las Olas SMI, LLC is to contribute no less than \$19,425,063 toward the cost of the initial improvements of the development. The new marina facility will consist of 7,000 linear feet, a newly constructed waterfront support facility - containing a ship store, boat, and boater services - a casual dining restaurant, ancillary retail and hospitality services,

and a primary fine dining restaurant (Exhibit 2). As to the conceptual design of the Alternative C Proposal found in Exhibit 2, the developer has met extensively with adjacent condominiums and staff to address any concerns and issues raised to-date. Public outreach, and continued cooperation with staff, will continue the length of the development timeframe.

The structure of the lease rent is broken into two periods: Initial Base Rent Period and Subsequent Base Rent Period. During the Initial Base Rent Period, the City will collect \$550,000 from the period commencing on the Commencement Date and expiring on the date of substantial completion of the initial improvements. The lessee agrees to diligently pursue the substantial completion of the initial improvements on or before the fourth anniversary of the commencement date. Following the initial completion date the City will collect the base rent amount of \$1,000,000 annually during the Subsequent Base Rent Period. During the Subsequent Base Rent Period, but not before, the Base Annual Rental shall increase ten percent every five (5) years beginning on the first day of the second (2<sup>nd</sup>) lease year following the commencement of the Subsequent Base Rent Period.

In addition to Base Annual Rental, Lessee shall also pay throughout the Lease Term Percentage Rent determined by multiplying the total Gross Sales (defined below) in or from the demised premises during the particular lease year by the percentage rental rates set forth below:

- (a) Slip rentals and other sales revenue generated on the demised premises including recreational activity sales and boat rental sales which are not revenue described in sub-items (b) and (c) below: 12%
- (b) Ship store operations: 4%
- (c) Restaurants and Ancillary Retail Shops: 15%, but only during the Subsequent Base Rent Period and not before.

The percentage rental shall accrue as of the Commencement Date and shall be paid throughout the Lease Term in monthly arears on or before the first (1<sup>st</sup>) day of the second (2<sup>nd</sup>) calendar month following the month for which percentage rent is calculated in accordance with this Lease. Additionally, on or before the 120<sup>th</sup> calendar day after the end of the applicable lease year, Lessee shall pay to Lessor, a sum of money equal to the product of the percentage rental factor hereinabove specified, multiplied by the total Gross Sales made in or from the Demised Premises during such preceding lease year as indicated and not previously paid.

### **Strategic Connections**

This item is a *Press Play Fort Lauderdale Strategic Plan 2018* initiative, included within the Internal Support Cylinder of Excellence, specifically advancing:

- Goal 12: Be a leading government organization, managing resources wisely and sustainably

- Objective 1: Ensure sound fiscal management
- Initiative 1: Achieve a structurally balanced budget through viable revenue sources, smart financial management, comprehensive financial forecasting, and results-oriented and efficient services

This item advances the *Fast Forward Fort Lauderdale 2035 Vision Plan: We are United*.

**Attachments**

Exhibit 1 – Draft Lease Agreement

Exhibit 2 – Alternative C Proposal

Exhibit 3 – Memorandum from the City Attorney's Office

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Prepared by: Ryan Henderson, City Manager's Office

Department Director: Lee R. Feldman, ICMA-CM, City Manager