

MIAMI BEACH

COMMITTEE MEMORANDUM

TO: Public Safety and Neighborhood Quality of Life Committee Members

FROM: Rickelle Williams, Interim City Manager

DATE: July 10, 2024

TITLE: **A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, DIRECTING THE ADMINISTRATION TO NEGOTIATE APPROPRIATE TERMS AND CONDITIONS FOR THE POSSIBLE EXTENSION OF THE TERM OF THE MIAMI BEACH MARINA LEASE, TO INCLUDE OPTIONS FOR BOTH A SHORT-TERM (LESS THAN 10 YEARS) AND LONG-TERM (10 YEARS OR MORE) EXTENSION, AND TO PRESENT A DRAFT TERM SHEET THAT INCLUDES BOTH OPTIONS TO THE FINANCE AND ECONOMIC RESILIENCY COMMITTEE (FERC) AND THE PUBLIC SAFETY NEIGHBORHOODS AND QUALITY OF LIFE COMMITTEE (PSNQLC) FOR REVIEW BY EACH COMMITTEE AS SOON AS REASONABLY PRACTICABLE**

BACKGROUND/HISTORY

On June 15, 1983, the Mayor and City Commission adopted Resolution No. 83-17385, approving, and authorizing the execution of a Lease Agreement (the "Marina Lease") with Carner-Mason Associates, Ltd. for the construction and management of a marina and dry storage facility (the "Marina") in the South Shore development area (generally lying south of 6th Street). The Marina Lease was subsequently executed on June 24, 1983.

On October 17, 1989, pursuant to a judgment of foreclosure of the Marina leasehold interest, Tallahassee Building Corporation, a Delaware Corporation and a wholly owned subsidiary of Heller Financial, Inc., acquired the interest of Carner-Mason in the Marina Lease.

Thereafter, the Marina Lease was amended four (4) times as follows: 1) First Amendment, which consisted of the parties' agreement to a "Modified Lease", dated October 23, 1991; 2) Second Amendment, which consisted of "Marina Parking and Facilities", dated August 11, 1994; 3) Third Amendment, dated May 27, 1997, which included the adoption of Resolution No. 97-22398, where the City consented to the assignment of the Lease from Tallahassee Building Corporation to Miami Beach Marina Associates, Ltd., a Florida Limited Partnership; and 4) Fourth Amendment, which consisted of "Parking and Easements", dated April 15, 1998.

On October 18, 2017, the Mayor and City Commission adopted Resolution No. 2017-30050, authorizing approval for a change of operator of the Marina, naming SMI Concierge Services, Ltd., a Florida Limited Partnership, which is a wholly owned subsidiary of Suntex Marina Investors, LLC. ("Suntex" or "Marina Operator"), a limited liability company, as the new operator and current Lessee of the Marina.

The Marina Lease has an initial term of thirty (30) years with three (3) additional renewal options of ten (10) years each. The Marina Lease term is set to expire in 2052.

ANALYSIS

On April 3, 2024, the Mayor and City Commission approved Resolution No. 2024-32992, sponsored by Commissioner David Suarez, directing the Administration to negotiate appropriate terms and conditions for the possible extension of the term of the Marina Lease, to include options for both a short-term (less than 10 years) and long-term (10 years or more) extension. Said Resolution further directed the Administration to present a draft sheet that includes both options to the Finance and Economic Resiliency Committee ("FERC") and the Public Safety and Neighborhoods Quality of Life Committee ("PSNQLC") for review by each Committee as soon as reasonably practicable.

Previously, there have been discussions regarding a possible extension of the Marina Lease. During 2023, the South of Fifth Neighborhood Association ("SOFNA"), created a sub-committee of Marina Condo Stakeholders (the "Sub-Committee") to work the City and Suntex to find ways to address resident concerns regarding at-times unruly passengers on "party charters". The meetings focused on addressing concerns of residents living in the condominium towers abutting the Marina and other residents who use the baywalk adjacent to the Marina ("Affected Residents"). Following several months of discussions between the Sub-Committee and Suntex, a framework in the form of a letter of intent ("LOI") was drafted by the parties which provided changes to the Marina Lease that would benefit the Affected Residents and, in exchange, Marina Operator indicated certain modifications to the Marina Lease that it would desire. A copy of the LOI between the Sub-Committee and Suntex is attached hereto as Exhibit A.

In considering the appropriate terms for a possible extension of the Marina Lease, the Administration has contemplated many of the points provided in the LOI. The Administration has met with Suntex representatives and others to negotiate terms to update unfavorable and/or dated terms and conditions that exist in the Marina Lease. A copy of the draft term sheet is provided as Exhibit B. The proposed draft term sheet contemplates a possible nine (9) year and 364 days extension (short-term) to the lease. Among the items noted are requiring capital improvement investments, updating maintenance standards for a "world class" Marina, and other financial terms.

By way of this item the PSNQLC may review and discuss the proposed key terms to consider an extension to the Marina Lease.

FISCAL IMPACT STATEMENT

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CONCLUSION

The Administration recommends the PSNQLC review and discuss the proposed key terms and provide direction on a possible modification to and extension of the Marina Lease.

Applicable Area

South Beach

Is this a "Residents Right to Know" item, pursuant to City Code Section 2-17?

Yes

Is this item related to a G.O. Bond Project?

No

Was this Agenda Item initially requested by a lobbyist which, as defined in Code Sec. 2-481, includes a principal engaged in lobbying? No

If so, specify the name of lobbyist(s) and principal(s):

Department

Facilities and Fleet Management

Sponsor(s)

Commissioner David Suarez

Co-sponsor(s)

Condensed Title

Discuss a Resolution Directing the Administration to Negotiate Appropriate Terms and Conditions for the Possible Extension of the Term of the Miami Beach Marina Lease