



City of Pensacola

222 West Main Street
Pensacola, FL 32502

Memorandum

File #: 20-00558

City Council

10/8/2020

LEGISLATIVE ACTION ITEM

SPONSOR: Grover C. Robinson, IV, Mayor

SUBJECT:

ASSIGNMENT OF THE COMMUNITY MARITIME PARK OPTION AGREEMENT

RECOMMENDATION:

That City Council authorize the Mayor to execute the attached assignments of the Option Agreement between the City of Pensacola and Studer Properties, LLP to Inspired Communities of Florida, LLC and EJ Smith Enterprises, LLC (as a joint venture), Silver Hills Development, and Edwards Companies, Inc. (as a joint venture), and Valencia Development Corporation. Furthermore, City Council authorize the Mayor to enter into direct negotiations with Inspired/Smith, Edwards/Silver Hills, and Valencia for lots 3, 4, 5, 6, 7, 8, and 9 of the Community Maritime Park in order to renegotiate the terms of the option agreement, including the ground lease template, subject to City Council approval.

HEARING REQUIRED: No Hearing Required

SUMMARY:

On October 11, 2018, City Council authorized the Mayor to execute an eighteen (18) month option agreement with Studer Properties, LLP through the City's Direct Negotiation Option for the seven (7) vacant Community Maritime Park ("CMP") parcels (the "Agreement"). In consideration, the City received a \$271,659 Option Payment, which was 20% of the post-development base rent. The purpose of the Agreement was to provide for the development of the parcels in a manner consistent with the 2010 CRA Plan and provide for the development of the western side of the downtown in a cohesive manner.

On March 26, 2020, City Council authorized the Mayor to execute an addendum to the Agreement between the City of Pensacola and Studer Properties extending the Option Term twelve (12) months to March 31, 2021. In consideration for the addendum, the City shall receive a \$90,553.20 Addendum Option Payment payable in installments of \$7,546.10 per month.

On April 20, 2020, Studer Properties issued a Request for Proposals (RFP) intended to provide interested developers with the information and guidance necessary to submit a development proposal to Studer for any part(s) of the CMP site consistent with the West Main Master Plan created by DPZ Design and Speck and Associates in 2019. In order to provide a transparent, inclusive, and representative RFP review process, Studer Properties assembled an independent 8-person selection committee to review the proposals. Of the six proposals received by Studer Properties, the

committee recommended three proposals that they believed would accomplish the goals and realize the original vision of the West Main Master Plan project.

With the completion of the developer search and recommendation of the three developer proposals, Studer Properties would like to assign the Agreement to Inspired Communities of Florida, LLC and EJ Smith Enterprises, LLC (as a joint venture), Silver Hills Development and Edwards Companies, Inc. (as a joint venture), and Valencia Development Corporation so that the City may start direct negotiations with those developers for the ground lease and development of the parcels. The developers understand that the ultimate approval of the ground lease and parcel development will remain with City Council. **Once negotiations have been completed, a proposed amended Option Agreement that includes any new terms for the ground lease will be presented to City Council for approval.** Upon assignment, all option payments made by Studer Properties shall be considered earned by the City and deposited into the City's CMP Management Services Fund for use in developing the Community Maritime Park. Once these assignments are completed, no further liabilities shall be accrued by Studer Properties under this agreement.

All installments under this addendum paid by the assignees are non-refundable, but the assignees will receive a credit equal to any payments against any future lease. This agreement may be terminated by the assignees for convenience with 30 days written notice to the City. Pre-existing agreements the City has with third parties for parking lots located on lots 2 and 4 will be honored or modified only with the agreement of these third parties.

PRIOR ACTION:

August 21, 2010 - Policy for disposition of City-owned real property.

February 9, 2017 - Amendment to City Policy for disposition of City-owned real property.

October 11, 2018 - City Council authorized the Mayor to execute an option agreement with Studer Properties, LLP through the Direct Negotiation Option for lots 3, 4, 5, 6, 7, 8, and 9 of the CMP.

March 26, 2020 - City Council authorized the Mayor to execute an addendum to the Option Agreement between the City of Pensacola and Studer Properties, LLP extending the Option Term twelve (12) months to March 31, 2021.

June 13, 2020 - Andrew Rothfeder, with Studer Properties, LLP, provided City Council with a presentation on the West Main Master Plan project, which includes the development of the seven (7) vacant CMP parcels.

FUNDING:

N/A

FINANCIAL IMPACT:

The City will receive the remaining balance of the \$90,553.20 Addendum Option Payment in monthly installments of \$7,546.10 from the new Optionees. In addition, all option payments made by Studer

Properties, LLP shall be considered earned by the City and deposited into the City's CMP Management Services Fund to pay for professional services and other costs associated with the project.

CITY ATTORNEY REVIEW: Yes

9/29/2020

STAFF CONTACT:

Keith Wilkins, City Administrator

Kerrith Fiddler, Deputy City Administrator - Community Development

ATTACHMENTS:

- 1) Draft Partial Assignment of Option Agreement to Silver Hills Development, Inc.
- 2) Draft Partial Assignment of Option Agreement to Valencia Development Corporation
- 3) Draft Partial Assignment of Option Agreement to Inspired Communities of Florida, LLC
- 4) Proposal Silver Hills Development and Edwards Companies, Inc.
- 5) Proposal Valencia Development Corporation
- 6) Proposal Inspired Communities of Florida, LLC and EJ Smith Enterprises, LLC

PRESENTATION: No