

**CITY OF OAKLAND PARK, FLORIDA  
CITY COMMISSION AGENDA ITEM REPORT**

**AGENDA ITEM NO. 2**

MEETING DATE: 9/20/2018

<b>PREPARED BY:</b>	Jennifer Frastai, Director Engineering & Community Development	<b>DEPARTMENT HEAD</b>	ECD Engineering
	Andrew Thompson, Director Financial Services	<b>APPROVAL:</b>	

**SUBJECT:**

Purchase and Sale Agreement for the acquisition of the West Dixie Lots by Integra Investments of Miami in the amount of \$2,550,000.

**1. BACKGROUND/HISTORY**

**Issue Statement:** On October 16, 2017, the City of Oakland Park and the Oakland Park CRA released Request for Qualifications - RFQ# 121617 West Dixie Lot Redevelopment Project Solicitation and received two responses: one from The New Urban Communities of Delray Beach, Florida and another from Integra Investments of Miami, Florida. On February 21, 2018, after extensive review by the City's Evaluation Committee, the City Commission awarded the Request for Qualifications: RFQ #121617 West Dixie Lot Redevelopment Project to the first ranked firm, Integra Investments of Miami, Florida (Developer) and authorized staff to begin negotiation of a Development Agreement with said firm.

Since the initial award and authorization to negotiate, the City's team met weekly with the Developer to create the most advantageous public private partnership for the development of the West Dixie Lots. On June 20, 2018, Staff provided an update to the City Commission that detailed the results of the public private partnership negotiations and detailed the critical path and associated approval milestones necessary to implement this project. During the June 20, 2018 presentation, Staff advised the Commission that the City's participation in the development of these sites as both the land owner and potential tenant, would require the execution of three key documents in addition to the normal development review and approval. The first of those documents being the Purchase and Sale Agreement, the second being the Development Agreement, and the final document being the Lease Agreement for the proposed new City Hall within the development.

This agenda item concerns the first of three key documents, the Purchase and Sale Agreement. A final draft of the proposed Purchase and Sale Agreement is presently being completed by the City and purchaser's legal counsels.

**Recommended Action:** The City Commission approve on First Reading, an Ordinance authorizing the City to enter into a Purchase and Sale Agreement in the amount of \$2,550,000 with Integra Investments of Miami, Florida for the sale of the West Dixie Lots.

The City secured two appraisals for the property, one on February 2017 and an update appraisal on April 2018. The negotiated purchase price falls within the appraised range of the properties.

**2. CURRENT ACTIVITY**

The action that is being presented for City Commission consideration is the approval on first reading of an ordinance to authorize the Purchase and Sale Agreement for the 2.07-acre West Dixie Lot parcels. This document will set forth the detailed process and conditions under which the West Dixie Lots would be transferred and sold the Integra Investments of

Miami for the express purpose of development of the Oakland Park Square project. The Purchase and Sale Agreement provides for the disposition of property and as such, an Ordinance is required.

The proposed ordinance would need two readings and a public hearing for adoption. If approved, the ordinance would authorize the City to initiate the process for the purchase and sale of the West Dixie Lots for the express purpose of the development of the Oakland Park Square Project as defined in the development agreement. The agreement seeks to transfer the property under a very specific set of conditions and in a responsible timeframe to ensure the success of the development. The development agreement will be brought to Commission at the second reading of this ordinance and will contain the essential terms and conditions as outlined in the staff presentation to Commission on September 20, 2018.

### **The Purchase and Sale Agreement – Summary of Provisions:**

1. **Definitions:** Establishes clear understanding of terms and conditions within the contract.
2. **Purchase Price:** Sets purchase price at \$2,550,000 with earnest money deposit provisions (the purchase price is within the appraised values on the lots and is not discounted for potential environmental issues).
3. **Inspections:** Provides that the Developer will be allowed a 120-day inspection period for the property; this section also includes provisions that govern access, responsibilities, and deadlines (the Inspection period can be extended to 180 days or 30 days after receipt of the approved environmental plan).
4. **Sellers Representations/ Closing Costs/Purchasers Deliveries/Real Estate Commissions:** These provisions generally establish clarity regarding the City's knowledge of the site conditions; closing cost obligations between the parties; clarifies the fact that there are no real estate commissions being paid in this transaction.
5. **Default:** Sets clear provisions for notice and cure periods for default; establishes provisions regarding liquidated damages to the City.
6. **Long-Term Lease:** Provides that the City and the Developer will negotiate and execute a long term lease for the City Hall during the inspection period.
7. **Timelines and Development Approvals:** The City expects that the developer will advance through their required approvals at a steady and responsible pace; this provision set forth the expectations for that process and restricts the ability for material changes to the development program and design.
8. **Evidence of Title/Survey and Legal descriptions/Risk of Loss/Title Transfer/Adjustments at Closing/Closing Date and Place:** These provisions generally work together to provide requirements for orderly closing and proper legal paperwork associated with the transfer of property.
9. **Termination/Default by Purchaser/Default by Seller:** These provisions set forth the process and cause for which the agreement can be terminated as well as the responsibilities of each party under these circumstances.
10. **Environmental Site Mitigation/Remediation:** The terms of the Purchase and Sale Agreement under Section 4.10 provide for the remediation/mediation of the contamination on the North Parcel. The costs and strategy to address the environmental issues will be determined using mutually agreed upon process for testing, assessment, and permitting. At the conclusion of this process, Purchaser and Seller will review permitting requirements and scopes of work from all Governmental agencies and both parties will assess the costs and either commit to the costs necessary to fulfill permitting requirements and scope of work or terminate the agreement under certain conditions. In light of the potential complexity of the Environmental review, the Inspection period can be extended to the later of 180 days or 30 days after receipt of the approved plan by all government agencies with jurisdiction, which may include the City, County, FDEP, etc., whichever is later.  
  
*Purchaser* - may terminate for reasons of environmental concerns and provide the City will all reports and work product from the environmental engineer, the Buyer would receive 50% reimbursement of the environmental assessment costs.

**Seller** – may terminate the agreement for reasons of environmental costs if it is established that the cost of the implementation of the scopes of work required by all governmental agencies in order for the project to be built by Purchaser, which is over and above the cost of Purchaser’s intended implementation of engineering controls, exceeds the one-year limit for BSRA reimbursement OR if the cost estimate is less than the one-year limit for BSRA reimbursement and the City’s out-of-pocket, un-reimbursable environmental costs will exceed \$250,000 as certified by the environmental consultant.

The City has committed to placing \$1M in escrow after closing on the property has taken effect, in order to ensure that there is funding available to reimburse the Purchaser for unanticipated additional environmental costs. These costs are defined as additional environmental costs beyond the scope included in the governmental approvals and originally required by a governmental agency. Escrow will be held in an interest bearing account controlled by the City (it should be noted, that the City will seek BSRA reimbursement for environmental costs occurred in Brownsfield remediation on the site).

11. **Brokers/Closing Costs/Purchasers Warranties:** Establishes that there are no brokers associated with this transaction and no fees associated with same; clarifies the parties’ financial responsibilities regarding closing costs; defines the Developer’s power and authority to enter into this agreement.
12. **Option to Repurchase:** Establishes the City’s sole right to repurchase the property if the Developer does not perform in a timely fashion; cost will not exceed original sale price.
13. **Conditions Precedent to Closing:** This provision seeks to protect the City’s assets, requiring that the Developer and the City have proof of the following **before** the transfer of the property: (1) Proof of Development Financing; (2) All necessary Development Approvals and associated requirements; (3) Brownfields Remediation Agreement with the City; (4) Development Agreement with City; (5) Lease Agreement with the City. This section also establishes the process under which an extension to obtain Construction Loan Financing may be granted.
14. **Notice/Headings/Effective Date/Governing Law and Venue/Entire Agreement/No Change/Successors/Counterparts/Radon Gas and Radon Gas Disclosure /Attorney’s Fees/Cooperation/Escrow/ Time is of the Essence/ No Third Party Beneficiaries/ Counterpart Execution/Survival/:** These provisions work together to ensure the proper legal transactional requirements and disclosures are included in this agreement.

If approved, the second reading of Ordinance will be brought before the City Commission, along with the second of the three key documents, the Development Agreement for consideration. The Development Agreement will establish all provisions and requirements for the Development of the Oakland Park Square Project.

### 3. FINANCIAL IMPACT

The sales price of the West Dixie Lots is \$2.55 million. A financial forecast of the project is included in the presentation attached to this item.

### 4. RECOMMENDATION

Staff Recommends approval of the attached Ordinance authorizing the City to enter into a Purchase and Sale Agreement in the amount of \$2,550,000 with Integra Investments of Miami, Florida for the sale of the West Dixie Lots.

#### ATTACHMENTS:

[Ordinance](#)

[Purchase and Sale Agreement](#)

[City Commission 6-20-18 presentation](#)

[Community Meeting 7-30-18 Presentation](#)

[Appraisal Report - April 2018](#)

[Appraisal Report - Feb 2017](#)