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COMMERCIAL REAL ESTATE

'They pushed us into a corner': Bahia Mar developer countersues boat show organizers for damages

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Reporter, South Florida Business Journal
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The developer that aims to redevelop 39 acres of city-owned land at the Bahia Mar Fort Lauderdale Beach hotel is countersuing the organizers of the Fort Lauderdale International Boat Show for damages in excess of \$10 million.

The countersuit, filed by Rahn Bahia Mar LLC, alleges that boat show organizers Marine Industries Association of South Florida and London-based Informa violated their

lease agreement by communicating privately with elected officials about their alleged lack of support for the redevelopment of the property.

Rahn Bahia Mar claims that MIASF and Informa conspired to ruin its business relationship with the city of Fort Lauderdale with the goal of preventing Rahn Bahia Mar's development plan from moving forward or gaining its own lease agreement with the city.

MIASF and Informa sublease the Bahia Mar Yachting Center from Rahn Bahia Mar for the annual boat show. It's one of the event's main sites.

The legal complaint is in response to a suit filed in March by MIASF and Informa that alleged their current lease with Rahn Bahia Mar violated their right to free speech and prevents them from communicating with city officials regarding concerns about how the developer's plans could adversely affect the boat show. Rahn Bahia Mar is seeking to have that suit dismissed.

David Haber, managing and founding shareholder of Miami-based Haber Law, is representing Rahn Bahia Mar. He claims his client has suffered financially due to the boat show organizers' attempts to derail negotiations with the city to amend their lease and site plans.

"They have cost us three years of development. ... Prices have gone up. Labor costs have gone up. There's supply-chain issues with Covid-19.... Interest rates are rising. And they're continuing with this activity of interfering," Haber said, adding that the developer wants "tens of millions of dollars" for the organizers' "fraud and tortious conduct."

James "Jimmy" Tate, one of the principals of Rahn Bahia Mar, said: "At the end of the day, they pushed us into a corner. They sued us for no reason."

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Jimmy Tate of Tate Capital in a newly renovated hotel room at Bahia Mar in Fort Lauderdale

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Sigrid McCawley, managing partner in the Fort Lauderdale office of Boies Schiller Flexner and counsel for the boat show organizers, said her clients want to share their "logistical concerns" on how the boat show can continue to be held at the Bahia Mar marina as the developer builds a \$1 billion mixed-use project with 256 new hotel rooms, 360 condo units and 88,000 square feet of commercial space.

McCawley claims Rahn Bahia Mar's financial loss claims are unfounded.

"Bahia Mar is poised to reap a windfall in profits," she told the *Business Journal* via email. "Bahia Mar filed this because it needs a distraction from the obvious question on why it insists on preventing the boat show parties from talking with the city and to the public at large."

Haber said the boat show organizers agreed to terms forbidding them from speaking with city officials privately in their 2017 amended lease with Rahn Bahia Mar. He said that term was added because of boat show organizers' alleged interference in Rahn's negotiations with the city.

"We said 'we will give you a new lease, but you can't do that again,'" Haber said. "And then they turn around and start stabbing us in the back again."

He alleges that boat show organizers and Informa's lobbyist, Stephanie Toothaker, met several times with elected

officials in 2021 in an effort to amend the site plan under their direction.

"In 2021, the [boat show organizers] went so far as to try and force the city to take a portion of the subject property from Rahn without compensation and then enter into a lease directly with MIAF and ... Informa, where they could design and build a 'Boat Show Park,'" the countersuit stated.

"The counter-defendants also engaged local public support through a local activist group called 'Lauderdale Tomorrow' - with whom they conspired," the countersuit alleges.

"Counter-defendants and Lauderdale Tomorrow purposely sent out grossly inaccurate information to the public in 2021 for the sole purpose of creating chaos and confusion about the facts and data being negotiated by Rahn with the city."

Drafted by Haber, the countersuit, also claims that Lauderdale Tomorrow "sent a letter to the city commission suggesting that the city take back the western portion of the subject property from Rahn."

McCawley said her clients' only goal is to protect the annual event, now in its 62nd year.

"The boat show parties are merely trying to ensure that they survive and can grow a show that has a \$1.79 billion economic benefit and supports a \$9.7 billion marine industry in Broward County, which employs over 121,000 people," she said.

Tate said the boat show will survive and thrive under Rahn's redevelopment plans. It's the boat show organizers that are trying to prevent him and his partners from developing the property, he told the *Business Journal*.

"The truth of the matter is we just want everyone to get along and play fairly in the sandbox," he said. "But no matter what we do to accommodate the boat show parties, they always try to stick the proverbial finger in our eye."

Tate Capital and Rok Enterprises, the main partners of Rahn Bahia Mar, have controlled the leasehold on the city-owned Bahia Mar property since acquiring it from Blackstone Group in 2014.

In 2017, the city approved plans for a mixed-use project with 651 residential units at Bahia Mar. After several months of negotiations, the city approved an amended plan.

That project was scrapped when the city commission approved a new 100-year lease deal in April with fewer residential units, less retail and - Tate has insisted - a site plan that allows much more room for the boat show to set up and operate.

The project was approved in spite of complaints from dozens of residents who opposed condominiums being built on publicly owned land.

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