



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

**#20-0594**

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

**FROM:** Chris Lagerbloom, ICMA-CM, City Manager

**DATE:** October 6, 2020

**TITLE:** Resolution Approving the First Amendment to the Lease Agreement with Lynx FBO Fort Lauderdale, LLC for Parcels 8-CE, 10-ABCD and 11-ABC at the Fort Lauderdale Executive Airport (FXE) - **(Commission District 1)**

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**Recommendation**

Staff recommends the City Commission adopt a resolution approving the First Amendment to the Lease Agreement between the City of Fort Lauderdale and Lynx FBO Fort Lauderdale, LLC and authorize the City Manager to execute the first amendment to the lease agreement for Parcels 8-CE, 10-ABCD and 11-ABC at the Fort Lauderdale Executive Airport (FXE).

**Background**

Lynx FBO Fort Lauderdale, LLC (Lynx) leases Parcels 8-CE, 10-ABCD and 11-ABC at the Fort Lauderdale Executive Airport (FXE) (Exhibit 1) under a thirty (30) year Lease Agreement dated January 8, 2019 and scheduled to expire in 2049. Lynx was formed in 2016, and is principally owned by the Sterling Group, a Houston based middle market private equity investment firm. During the past three years, Lynx has acquired several Fixed Base Operations throughout the country located in Florida, Minnesota, Oregon, Arkansas, California, New Jersey, and Pennsylvania.

Parcel 8-CE consists of approximately 955,109 square feet (21.926 acres), Parcel 10-ABCD consists of approximately 385,670.57 square feet (10.33 acres) and Parcel 11-ABC consists of 405,713 square feet (9.32 acres) of General Aviation Airport (GAA) zoned property, that were improved with aircraft hangars, office space and associated parking from the previous leasehold. The total annual rent is approximately \$697,751 and is adjusted annually using the Consumer Price Index (CPI) adjustment method.

Lynx proposed an initial capital investment of \$14 million in improvements and completed the Phase 1 street front beautification of hangars and enhancement of the landscaping, on time as required. Phase 2 improvements involved the demolition of several hangars, concrete ramp repairs, and construction of a world class FBO terminal on Parcel 11-ABC in the location of the demolished hangars. Phase 3 improvements included construction of a new hangar on Parcel 11-ABC, and Phase 4 also included construction of a new hangar on Parcel 8-CE. Phase 5 improvements included demolition of hangars on Parcel

10-ABCD and 11-ABC, construction of two new hangars.

A First Amendment to the Lease Agreement is being proposed and entails two items for consideration. The first item requires the elimination of Parcel 10-CD (3.6 acres) from the Lease package in order to accommodate the Taxiway Foxtrot relocation project, which also includes the development of a new aircraft run-up area, a blast fence, and storm runoff drainage swale.

The Airport will experience a loss of monthly rent totaling approximately \$3,420. However, staff has identified an improved site (1.3 acres), located adjacent to Parcel 11-ABC, which will be added to the premises included in the Lease Agreement as Parcel 11D. The proposed addition is expected to generate approximately \$1,915 in monthly rent.

The second item for consideration is a request from Lynx for an extension on the commencement of the Phase 2 work of the new FBO terminal building. The updated Phase 2 proposal presented by Lynx identified Parcel 8-CE as a more advantageous location for the new FBO terminal building and construction of the new hangars with twenty-eight (28') feet clearance door heights that can accommodate modern day aircraft (Exhibit 2). In addition to fulfilling the Phase 2 requirement, Lynx has also proposed relocating the Phase 3, 4, and 5 capital expenditures to the alternative site on Parcel 8-CE, resulting in a state of the art complex with larger ramp space, new perimeter fencing and gates, new parking lot, and new landscaping and irrigation system (Exhibit 3).

The terms of the Lease Amendment still require the minimum total capital expenditure of \$14 million and include all hard and soft costs, without limitation, as related to the design approval, permitting, professional fees, demolition, site work, grading, and construction of the required Improvements.

This alternative site selection brings much needed improvements and rehabilitation of older facilities, promotes continual development, and recognizes quality improvements that meet the current aviation needs of the industry.

Staff recommends that the Lynx FBO Fort Lauderdale, LLC lease for Parcels 8-CE, 10-ABCD, and 11-ABC be amended as follows:

1. The elimination of Parcel 10-CD consisting of 3.6 acres (157,870.35 sf).
2. The addition of an improved site consisting of 1.3 acres (57,448 sf.) to Parcel 11-ABC.
3. The Construction Deadline Date for Phase 2 Improvements on or before the end of the twenty-fourth (24th) month after the Commencement Date of the Lease Amendment.
4. Relocation of Phase 2, 3, 4, and 5 capital expenditures from Parcels 10-AB and 11-ABC to Parcel 8-CE.

At its meeting of July 23, 2020, the Aviation Advisory Board supported staff's recommendation to approve the First Amendment to Lease Agreements with Lynx Fixed Based Operator Network at the Fort Lauderdale Executive Airport.

### **Resource Impact**

The new agreement will have a negative fiscal impact of \$18,060 per year. The impact amount for FY2020 will be \$1,505 for the September 2020 reduced rent amount.

Revenue related to this agreement is included in the FY 2020 operating budget in the accounts listed below.

| <b>Funds available as of September 29, 2020</b> |                                 |  |   |  |                  |
|---|---------------------------------|--|---|--|------------------|
| <b>ACCOUNT NUMBER</b>                           | <b>INDEX NAME<br/>(Program)</b> | <b>CHARACTER CODE/<br/>SUB-OBJECT<br/>NAME</b> | <b>AMENDED<br/>BUDGET<br/>(Character)</b> | <b>AMOUNT<br/>RECEIVED<br/>(Character)</b> | <b>AMOUNT</b>    |
| 468-TAM070101-J619                              | Executive Airport               | Charges for Service/ Par 8C                    | \$4,766,828                               | \$3,584,373                                | \$0              |
| 468-TAM070101-J627                              | Executive Airport               | Charges for Service/ Par 10                    | \$4,766,828                               | \$3,584,373                                | (\$3,420)        |
| 468-TAM070101-J637                              | Executive Airport               | Charges for Service/ Par 11                    | \$4,766,828                               | \$3,584,373                                | \$1,915          |
|   |                                 |  |   | <b>TOTAL AMOUNT ►</b>                      | <b>(\$1,505)</b> |

### **Strategic Connections**

This item supports the *Press Play Fort Lauderdale 2024* Strategic Plan, specifically advancing:

- The Business Development Focus Area
- Goal 5: Build an attractive global and local economic community marketplace.
- Objective: Provide best-in-class regional general aviation airport amenities and services.

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

### **Attachments**

- Exhibit 1 – Lynx Parcel Map
- Exhibit 2 – Lynx Terminal Building
- Exhibit 3 – Proposed Phase 4 and 5
- Exhibit 4 – Lease Amendment
- Exhibit 5 – Resolution

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