



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

#26-0017

TO: Honorable Mayor & Members
Fort Lauderdale City Commission

FROM: Rickelle Williams, City Manager

DATE: January 6, 2025

TITLE: Public Hearing - Resolution Approving an Amended and Restated Ground Lease, New Ground Lease, and Letter Agreement between New River Trading Post Development Ltd and the City of Fort Lauderdale for City-Owned Property Located at 330 SW 2 Street, Fort Lauderdale, Florida 33301, Commonly Known as "New River Trading Post", in Substantially the Form Provided – **(Commission District 2)**

Recommendation

Staff recommends that the City Commission consider adopting a resolution approving, (1) the Amended and Restated Ground Lease, and (2) a New Ground Lease between the City of Fort Lauderdale and New River Trading Post Ltd., for the redevelopment of City-owned property located at 330 SW 2 Street, Fort Lauderdale, Florida 33301 (the "Property"), commonly known as the "New River Trading Post".

On December 2, 2025, the City Commission approved a resolution scheduling a public hearing for December 16, 2025, to consider both the Amended and Restated Ground Lease and new long-term Ground Lease for the New River Trading Post property (Property) (CAM #25-1118). However, when staff submitted the required legal advertisement to the Sun Sentinel, the newspaper advised that the notice could not be accepted for publication. As a result, the public hearing was opened on December 16, 2025 and formally deferred to the January 6, 2026 City Commission Regular Meeting, to ensure compliance with statutory notice requirements.

Background

The existing ground lease authorizes a mixed-use commercial project on the Property, including retail, office, residential/work-live, and other supportive uses, consistent with the City Code. The Amended and Restated Ground Lease to be presented on January 6, 2026, affirms these permitted uses and recognizes the option to alter, reconstruct, or redevelop the site in alignment with current Regional Activity Center - Arts and Sciences (RAC-AS) Districts zoning. The Property has undergone a series of City Commission actions establishing the development framework and associated lease rights.

On June 13, 2003 (Memorandum No. 03-881), the Commission received background regarding a Request For Proposal (RFP) issued July 8, 2002, after which two proposals were submitted and New River Trading Post Development LLC was selected on October 1, 2002, to negotiate a lease.

On June 17, 2003, the City Commission considered the approval of the initial long-term ground lease under Charter §8.09, and on December 24, 2003, the City executed a fifty (50)-year ground lease with New River Trading Post Development, LLC. Subsequent actions include the First Amendment to the Lease on December 23, 2005, revising the site plan and development schedule; approval of rezoning from H-1 to RAC-AS on January 4, 2005 (Ordinance C-04-65); and Commission approval of the development plan on the same date (Resolution No. 05-08).

More recently, the City Commission adopted Resolution No. 24-78 on April 16, 2024 (CAM #24-0375), declaring its Notice of Intent to Lease pursuant to Charter §8.09 and authorizing Colliers International Florida, LLC, acting as the City's real estate broker, to market the Property, review sealed proposals, and return a recommendation to the City Commission. Colliers conducted the process and received one (1) proposal from Urban Street Development, LLC and Halmos Holdings, Inc. by the proposal deadline of May 16, 2024.

On June 18, 2024, the City Commission adopted Resolution No. 24-114 (CAM #24-0546), accepting the Developer's bid and authorizing staff to negotiate and prepare a lease under Charter §8.09. The resolution identified the minimum agreement terms and included language that stated that "the Ground Lease shall provide additional terms and conditions the City Staff deems necessary to protect the interests of the City."

After the adoption of Resolution No. 24-114, City staff requested supporting documentation from both Colliers International Florida, LLC and the Developer to substantiate the rent assumptions included in the accepted bid, specifically the one percent (1%) annual land appreciation factor described as "market rate." Neither party was able to provide data supporting this assumption. To ensure the City's financial position was appropriately evaluated, staff obtained an independent appraisal, which indicated that the commercial land appreciation in the surrounding market has historically been between three percent (3%) and five percent (5%) annually (Exhibit 4 – Page 58). Based on this analysis, the rent assumptions included in the bid significantly undervalued the City's interest, and the one percent (1%) factor would have disproportionately benefited the tenant over the long-term lease horizon.

Urban Street Development, LLC, Halmos Holdings, Inc., and New River Trading Post Ltd. (collectively "Developer") has expressed its intent to pursue a highest-and-best-use redevelopment of the Property. This action requires updated financing and long-term lease certainty; accordingly, both the Amended and Restated Lease (through 2058) and the new long-term Ground Lease commencing thereafter are necessary to support the redevelopment framework and lender underwriting.

If both lease agreements are approved on January 6, 2026, the Developer intends to pursue a comprehensive mixed-use redevelopment of the Property. While the final program will be determined through the City's development review, zoning, and entitlement processes, the contemplated project may include a high-rise structure with ground-floor retail or restaurant activation, integrated structured parking, and a vertical mix of residential apartments, hotel accommodations, or other commercial uses consistent with the RAC-AS zoning district. The Developer must still obtain all required land-use approvals, site plan entitlements, and building permits before any redevelopment activity may commence, and approval of the lease agreements does not constitute development approval.

City staff, in coordination with the Developer, collaboratively prepared additional language for inclusion in Section 2.1, Definitions, of the Amended and Restated Lease. The mutually agreed-upon language amends the definition of "Minimum Entitlements" to explicitly provide that the Redevelopment Project will "... (iv) not rely on the provisions of the Live Local Act in Section 166.04151, Florida Statutes, as amended, with the parties acknowledging that this limitation reflects the City acting in its proprietary capacity as landowner and contracting party, and not in its regulatory capacity."

Key highlights of the proposed Amended and Restated Lease and New Long-Term Lease include:

- *Lease Premises* - All of Parcel "A" of *The Barefoot Mailman*, Plat Book 152, Page 32, Public Records of Broward County.
- *Amended and Restated Lease Term* - Commencing retroactively to the original Lease date of February 24, 2008, and continuing through its original expiration date of expiring February 28, 2058.
- *New Lease Term* - Subject to a condition of approval that the certificate of occupancy for construction of the Redevelopment Project occur during the Amended and Restated Lease, the new ground lease will commence on March 1, 2058, immediately following the expiration of the existing lease, and will have a fifty (50)-year term, with five (5) additional years allocated from the construction condition of approval. Upon commencement of the New Lease, the base rent will increase to \$1,342,223.19 per year, subject to annual escalations of two percent (2%) through the lease expiration in 2112.
- *Revenue Enhancement* – As a result of negotiations, City staff secured an additional \$29,886,771 in estimated rent payments, increasing the Developer's original bid from \$119,387,548 to a potential total ground lease value of \$149,274,319 over the duration of the existing and new ground lease.
- *Rent Schedule Commencement* - The new rent schedule will begin upon completion of the redevelopment, as defined by the Redevelopment Construction Completion Date. If construction is not completed within the seven (7)-year

Redevelopment Option Period (extendable by one (1) year), the Developer may elect to abandon the redevelopment and continue under the Existing Rent and Payment Schedule. If developer has exercised the Redevelopment Option and is midway through construction after the seven (7)-year Redevelopment Option Period (extendable by one (1) year), it may continue performance under lease with payment of rent under enhanced Redevelopment Rent Schedule.

- *Existing Base Rent (During Construction)* - The existing rent schedule remains in effect throughout the redevelopment period. Rent payments shall be deferred for a period not to exceed thirty-six (36) months after the Construction Commencement Date. Any deferred rent shall accrue and be repaid in equal monthly installments commencing upon the Redevelopment Construction Completion Date, or such other date as may be mutually agreed. In the event the redevelopment is not completed and the tenant elects to remain under the existing lease, all deferred rent remains due and payable in accordance with the repayment provisions of the lease.
- *Redevelopment Base Rent* - Upon the construction completion date or the end of the redevelopment option period if construction is not complete after Redevelopment Option is exercised (whichever occurs first), the base rent will adjust in accordance with the enhanced Redevelopment Rent Schedule. For example, if construction is completed in 2031, the initial base rent will be \$358,363.38 per year, subject to annual escalations of 2.5% as provided under the new rent schedule.
- *Community Contribution* - \$1 million investment in Esplanade Park improvements within five (5) years of project commencement.
- *Development Fee* - The City will receive a \$375,000 development fee upon execution of the Amended and Restated Lease to offset administrative and transactional costs associated with the redevelopment.
- *Transfer Fee* - The City will receive a flat \$50,000 transfer fee for any assignment, transfer, or sale of leasehold interest, payable at the time of each transaction.
- *Improvements* - High-rise mixed-use development with ground-floor retail and restaurant space. The Developer has not provided City staff with a detailed development program.

Resource Impact

There is no fiscal impact associated with this item at this time. If approved on January 6, 2026, the future positive fiscal impact will occur upon completion of the redevelopment, when the new rent schedule begins. At that time, base rent will increase in accordance with the Redevelopment Rent Schedule, deferred rent (if any) will be repaid, and the City will receive higher annual lease revenues. The negotiated terms increase the total projected ground-lease value to approximately \$149.27 million over the combined lease

terms, along with a \$375,000 development fee, a \$1 million community contribution, and future transfer-fee revenue.

Strategic Connections

This item supports the *Press Play Fort Lauderdale Strategic Plan 2029*, specifically advancing:

- Guiding Principle: Fiscal Responsibility

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

Attachments

Exhibit 1 – Proposed Amended and Restated Ground Lease

Exhibit 2 – Proposed 2058 (New) Ground Lease

Exhibit 3 – Letter Agreement

Exhibit 4 – Appraisal

Exhibit 5 – Resolution

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