



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

**#13-0667**

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

**FROM:** Lee Feldman, ICMA-CM, City Manager

**DATE:** May 21, 2013

**TITLE:** Consent Resolution – Executive Airport Parcel 15 – Second Amendment  
to Lease Agreement with FXE Parcel 15, LLC

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**Recommendation**

It is recommended that the City Commission approve a resolution authorizing the City Manager to execute a Second Amendment to Lease Agreement for Executive Airport Parcel 15 with FXE Parcel 15, LLC to:

1. Amend the property description for Parcel 15 to move the east boundary on the north side of the parcel 90 feet to the east, increasing the parcel size to 363,892.15 square feet.
2. Increase the annual rent to \$120,084.41 on December 1, 2013, with annual CPI adjustments commencing on December 1, 2014.
3. Approve the amended site plan.

**Background**

The City consented to an assignment of the lease for Parcel 15 at Executive Airport from Macaulay Investments to FXE Parcel 15, LLC on October 18, 2011. In conjunction with the assignment, the City entered into an Amended and Restated Lease with FXE Parcel 15, LLC for a 30 year term commencing on January 1, 2012. As part of the new lease, the lessee was to make a minimum capital investment of \$3 million including the demolition of one hangar and the construction of two hangars totaling 27,100 square feet of new hangar space. At that time, the lessee presented a proposed site plan that met these requirements (Exhibit 1). FXE Parcel 15, LLC also agreed to an increase in the rent from \$0.18 to \$0.33 per square foot, effective 18 months from lease commencement to allow for the completion of the improvements. The new annual rent for the Parcel was to be \$99,804.54, an increase of \$55,033.17 commencing on July 1, 2013. In addition, the lease terms required annual CPI adjustments and market rent adjustments at years 10 and 20.

Following the execution of the Amended and Restated Lease, the City and the lessee entered into a First Amendment to Lease Agreement on August 21, 2012 increasing the

size of the parcel by an additional 1.03 acres of property to accommodate additional aircraft parking along the north side of the parcel (Exhibit 2). This additional property allowed FXE Parcel 15, LLC to develop a new site configuration that included the construction of an additional 15,000 square foot hangar on the north side of the parcel. The amended site plan reflecting those changes was approved by the City and will result in a total of 42,100 square feet of new hangar space being constructed on the parcel and increased the ground rent to \$114,593.49.

Although identified on a utility atlas, as site work progressed, the actual location of an 18" City force main was found to be under the proposed location of one of the new hangars. To relocate the force main would add several hundred thousand dollars to the cost of the project possibly jeopardizing FXE Parcel 15, LLC's financing and ability to complete the project. Airport staff worked with the tenant and the Public Works Department to achieve a feasible remedy to the situation determined that the best course of action will be to extend the eastern edge of the northern property line for Parcel 15 by 90 feet to the east (Exhibit 3). This will allow the site plan to be amended to move the two north hangars to the east, away from the force main, and increasing the overall size of the parcel by 61,454.15 square feet to a total of 363,892.15 square feet (Exhibit 4).

The increased size of the parcel will raise the new rent increase, when applied, from \$114,593.49 to \$120,084.41. Due to the delays the project has encountered, the projected date for the completion of the improvements needs to be extended by six months to December 1, 2013. In addition, FXE Parcel 15, LLC has requested that the effective date of the rent increase be extended to coincide with the completion of the improvements. If approved, the annual CPI adjustments will commence on December 1, 2014 and the scheduled market adjustments at years 10 and 20 contained in the lease will remain unchanged based on the lease commencement date of January 1, 2012.

This item was reviewed and approved by the Aviation Advisory Board at its April 25, 2013 meeting.

### **Resource Impact**

There will be a positive impact to FY 13/14 revenues of \$4,575.70.

#### Attachments:

- Exhibit 1 – Original Site Plan
- Exhibit 2 – Additional Parking Site
- Exhibit 3 – Property Line Extension
- Exhibit 4 – Amended Site Plan
- Exhibit 5 – Second Amendment to Lease Agreement
- Exhibit 6 – Resolution

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