



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

FROM: Lee Feldman, ICMA-CM, City Manager

DATE: June 4, 2013

TITLE: Motion – Pending Sale of Ritz Carlton - Lease Agreement and Pedestrian Overpass Agreement – Consent to Assignment and Assumption of Lease Agreement from Castillo Grand LLC to RCFL Investor, LLC –Fourth Amendment to Lease Agreement – Second Amendment to Overpass Agreement between City of Fort Lauderdale and Castillo Grand, LLC.

Recommendation

It is recommended that the City Commission approve a motion authorizing execution by the proper City officials of the following: (a) Consent to Assignment and Assumption of Lease Agreement (Exhibit 3); and (b) Pedestrian Overpass Agreement from Castillo Grand, LLC, a Florida Limited Liability Company to RCFL Investor, LLC, a Delaware Limited Liability Corporation (“RCFL”) (Exhibit 4); together with (c) a Fourth Amendment to Lease Agreement (Exhibit 5); and (d) a Second Amendment to Overpass Agreement between City of Fort Lauderdale and Castillo Grand, LLC (Exhibit 6).

Background

Castillo Grand, LLC (Castillo Grand) leases an ingress/egress easement leading from southbound A1A, across the City parcel to the Ritz Carlton Hotel (f/k/a St. Regis Hotel) property to obtain vehicular and pedestrian ingress to and egress from the hotel property by virtue of a lease agreement dated March 20, 2001 with a fifty-year term (Exhibit 1). The initial annual rent was \$1,000. The rent is adjusted every year in accordance with the Consumer Price Index (CPI). The current annual rent is \$1,320. This lease also includes six (6) landscape parcels which are remnants of parcels remaining from the eminent domain proceedings relative to the creation of what is now southbound A-1-A obligating the Lessee to landscape and maintain such landscape parcels during the term of the lease.

On October 17, 2000, Castillo Grand entered into a Pedestrian Overpass Agreement (Exhibit 2), with a fifty-year term, allowing for the construction, operation, and maintenance of a pedestrian overpass for public traverse from the west side of A1A at Valencia Street and the hotel property east across A1A to the beach.

As part of the proposed sale of the Ritz Carlton from Castillo Grand, LLC to RCFL, Castillo Grand, LLC has requested to assign its interest in the ingress/egress lease as well as the overpass agreement to RCFL. RCFL has agreed to assume and perform all of the duties and obligations arising under ingress/egress lease and overpass agreement, in connection with the sale, transfer, assignment and conveyance of Castillo Grand's fee simple interest in the hotel property. In accordance with the terms of the lease and agreement, the City Commission is asked to authorize execution of the consent to assignments and assumptions by the proper City officials.

Some technical amendments to the ingress/egress lease and overpass agreement are needed in order to consummate the sale of the Ritz Carlton relative to insurance and authorizing a collateral assignment the Lessee's interest in the ingress/egress lease and overpass agreement to an institutional lender who holds the first mortgage on the property. This assignment will not impair the City's superior interests under the lease and agreement.

A closing on the sale is pending, subject to the City Commission authorizing the Consent to Assignment and Assumption of the respective Leases. The Consent will be held in escrow by the City Attorney's Office pending a closing on the transaction.

Resource Impact

No resource impact in FY 12/13.

Attachments

Exhibit 1 – Lease Agreement with Amendments

Exhibit 2 – Pedestrian Overpass Agreement with Amendments

Exhibit 3 – Assignment and Assumption of Lease Agreement

Exhibit 4 – Assignment and Assumption of Pedestrian Overpass Agreement

Exhibit 5 – Fourth Amendment to Lease Agreement

Exhibit 6 – Second Amendment to Overpass Agreement

Prepared by: Stacey Daley, Administrative Assistant, x5316

Department Director: Phil Thornburg