



CITY OF FORT LAUDERDALE
City Commission Agenda Memo
REGULAR MEETING

#22-0355

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

FROM: Chris Lagerbloom, ICMA-CM, City Manager

DATE: April 5, 2022

TITLE: Resolution Approving a Master Lease Between the City of Fort Lauderdale and Rahn Bahia Mar, LLC for City Owned Property Known as Bahia Mar, Approving the Proposed Form of the Phased Lease and Proposed Form of the Amended and Restated Declaration of Covenants and Restrictions of the Bahia Mar Master Association, Inc., and Terminating the Existing Lease - **(Commission District 2)**

Recommendation

Staff recommends the City Commission consider approving a Master Lease between the City of Fort Lauderdale and Rahn Bahia Mar, LLC for City owned property, commonly known as Bahia Mar, and located at 801 Seabreeze Boulevard, Fort Lauderdale, FL, and approving the proposed form of the Phased Lease, and the proposed form of the Amended and Restated Declaration of Covenants and Restrictions of the Bahia Mar Master Association, Inc.

Background

At the November 16, 2021, November 29, 2021, and December 21, 2021, Conference Meetings, the City Commission discussed the existing 1995 Original Lease Agreement with Rahn Bahia Mar LLC and the new lease agreements proposed by the Lessee. Thereafter, on December 21, 2021, at the request of the City Commission, a new appraisal was ordered. On February 1, 2022, the City Commission directed the City Manager to provide a financial analysis of the proposed new lease and the projections provided by Rahn Bahia Mar LLC in relation thereto. Collier's International ("Collier's") was subsequently retained and assigned to the task.

At the March 15, 2022, Conference Meeting, the City Commission discussed the appraisal report, with a fee simple value of \$256,400,000 provided by Integra Realty Resources (Exhibit 1). The City Commission further discussed and analyzed the new Master Lease, Phased Lease, and Amended and Restated Declaration of Covenants and Restrictions proposed by Rahn Bahia Mar, LLC. A financial analysis was presented by Collier's inclusive of an annual cash flow (total annual average including taxes – present value) of roughly \$12 million per year (which equates to \$8.6 million present value excluding taxes). The City Commission directed the City Manager and the City Attorney

to continue negotiating with Bahia Mar to finalize the Master Lease, Phased Lease, and Amended and Restated Declaration of Covenants and Restrictions- with the most recent financial terms included in Exhibit 3

Strategic Connections

This item is a Press Play Fort Lauderdale Strategic Plan 2024 initiative, specifically advancing:

- Internal Support Focus Area
- Goal 8: Build a leading government organization that manages all resources wisely and sustainably.
- Objective: Maintain financial integrity through sound budgeting practices, prudent fiscal management, cost effective operations, and long-term planning.

This item advances the *Fast Forward Fort Lauderdale Vision Plan 2035: We Are United*.

The item advances the *Advance Fort Lauderdale 2040 Comprehensive Plan* specifically advancing:

- The Neighborhood Enhancement Focus Area
- The Future Land Use Element
- Goal 2: The City shall encourage sustainable, smart growth which designates areas for future growth, promotes connectivity, social equity, preservation of neighborhood character and compatible uses.

Attachments

Exhibit 1 – Bahia Mar Hotel and Marina Appraisal 2022
Exhibit 2 – Bahia Mar Hotel and Marina Proposal Review 2022
Exhibit 3 – Summary of Financial Terms
Exhibit 4 – Draft Master Lease Agreement
Exhibit 4a – Draft Master Lease Agreement (redlined)
Exhibit 5 – Draft Phased Lease Agreement
Exhibit 5a – Draft Phased Lease Agreement (redlined)
Exhibit 6 – Draft Master Declaration
Exhibit 6a – Draft Master Declaration (redlined)
Exhibit 7– Resolution

Prepared by Luisa Agathon, Senior Assistant to the City Manager

Charter Officer: Chris Lagerbloom, ICMA-CM, City Manager