



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

#19-0909

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

FROM: Chris Lagerbloom, ICMA-CM, City Manager

DATE: September 17, 2019

TITLE: Resolution Approving Sublease Agreement between the Young Men's Christian Association of South Florida, Inc., ("YMCA") and Young Men's Christian Association of South Florida Support Organization, Inc. ("Support Organization") for the Property located at 1409 NW 6 Street; and Delegating Authority to the City Manager to Execute the Sublease, Consent and Estoppel Agreement, Mortgage Subordination Agreement and Related Instruments - **(Commission District 3)**

Recommendation

It is recommended that the City Commission adopt a resolution approving a sublease agreement between Young Men's Christian Association of South Florida, Inc ("YMCA or Sublessor") and Young Men's Christian Association of South Florida Support Organization, Inc. ("Support Organization or Sublessee") for the property located at 1409 NW 6 Street, Fort Lauderdale, Florida ("Property"), commonly known as the Mizell Center. In addition, it is recommended the City Commission authorize the City Manager to execute the sublease, consent and estoppel agreement, mortgage subordination agreement, and other related instruments.

Background

On October 3, 2017, the City Commission approved a lease agreement (the "Ground Lease") with the Young Men's Christian Association of South Florida, Inc., ("YMCA") to lease the Property to construct a modern contemporary 64,000 square feet community facility ("Project"). On October 23, 2018, the City Commission approved the first amendment of the lease by establishing the "Effective Date" to be October 24, 2018 under Section 3.4.3 of the lease.

As part of the Initial Development Milestones of the lease agreement (Section 3.4.2), the YMCA is required to provide satisfactory evidence for a construction loan; these include a third-party lender and additional commitments such as donations, pledges, lease commitments, and New Markets Tax Credit Program ("NMTC"). The YMCA seeks to utilize NMTC to finance the costs of construction of the Project through qualified low-income community investment loans. One of the restrictions under the New Markets Tax Credit Program is that a borrower may not hold more than 5% of the average value of its property in cash or similar assets and this rule would unduly restrict the ability of the

YMCA in its operations and fundraising. In order to accommodate this rule, the YMCA created the Support Organization who is the borrower under the NMTC structure.

The Support Organization is a Florida non-profit organization and has applied for tax exempt status with the Internal Revenue Service as a support organization pursuant to Section 509(a)(3) by the Internal Revenue Service. The limited purposes of the Support Organization will be to support the non-profit purposes of the YMCA by entering into the sublease to accommodate the New Markets Tax Credit structuring requirements and leasing the Project back to the YMCA. Under section 2.1.1 of the Ground Lease, the YMCA may enter into a sublease with non-profit entities. Presented before the City Commission is a Sublease Agreement between the YMCA and the Support Organization (Exhibit 1), a Consent and Estoppel Agreement (Exhibit 2) and Mortgage Subordination Agreement (Exhibit 3).

Resource Impact

There is no fiscal impact to this item.

Strategic Connections

This item is a *Press Play Fort Lauderdale Strategic Plan 2018* initiative, included within the Public Places Cylinder of Excellence, specifically advancing:

- Goal 3: Be a community that finds opportunities and leverages partnerships to create unique, inviting, and connected gathering places that highlight our beaches, waterways, urban areas, and parks.

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

Attachments

Exhibit 1 – Sublease Agreement
Exhibit 2 – Consent and Estoppel Agreement
Exhibit 3 – Mortgage Subordination Agreement
Exhibit 4 – Resolution

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