



CITY OF FORT LAUDERDALE
City Commission Agenda Memo
CRA BOARD MEETING

#19-0926

TO: CRA Chairman & Board of Commissioners
Fort Lauderdale Community Redevelopment Agency

FROM: Chris Lagerbloom, ICMA-CM, Executive Director

DATE: September 17, 2019

TITLE: Resolution Approving a Subordinate Lien Position for the benefit of the Young Men’s Christian Association of South Florida, Inc.; Authorizing Execution of the First Amendment to the Agreement for a Development Incentive Program Loan between the Young Men’s Christian Association of South Florida, Inc. and the CRA, the Consent, Recognition and Mortgage Subordination Agreement and other documents; and Delegating Authority to the Executive Director to Take Certain Actions – (Commission District 3)

Recommendation

It is recommended that the Community Redevelopment Agency (CRA) Board of Commissioners approve a subordinate lien position on an Operating Lease by and between the Young Men’s Christian Association of South Florida, Inc (“YMCA”), as Lessee, and Young Men’s Christian Association of South Florida Support Organization, Inc., as Lessor (“Support Organization”); delegate authority to the CRA Executive Director to take certain actions and authorize the CRA Executive Director to execute the First Amendment to the Agreement for a Development Incentive Loan Program dated May 4, 2018 (“Development Agreement”), the Consent, Recognition and Mortgage Subordination Agreement and any and all other documents or instruments necessary or incidental to consummation of the transaction.

Background

On August 22, 2017, the City Commission approved a 50-year lease (the “Ground Lease”) with the YMCA (CAM #17-0927) for real property located at 1409 NW Sistrunk Boulevard in Fort Lauderdale (the “Property”). On August 22, 2017, the CRA Board of Commissioners approved funding in the amount of \$10 million for construction of a new 64,500 square feet facility, more or less, on the Property (CAM #19-0875). The YMCA has secured commitments from Suntrust Bank and two Community Development Entities to provide funding for the project under the New Markets Tax Credit Program. To qualify for the tax credit program, two additional leases have been presented to the City and a new entity, the Support Organization, a non-profit corporation, was created. The Support Organization is the Qualified Active Low Income Community Business under the New Markets Tax Credit Program structure and is the lessee under the sublease between the YMCA and the Support Organization. In turn, the Support Organization will sublet the

Property to the YMCA under an Operating Lease. The City Commission is being asked to approve a Sublease and Operating Lease under CAM #19-0909. The Development Agreement contemplated a second lien position on the Ground Lease. Suntrust Bank and the Community Development Entities lenders request the CRA approve a subordinate lien position on the sub-sub leasehold of the Operating Lease under which YMCA will manage the programs and activities of the new LA Lee/Mizell Center. The First Amendment to the Development Agreement acknowledges this change in lien position. The Consent, Recognition and Mortgage Subordination Agreement is intended to memorialize this new arrangement and to provide Suntrust certain notice and cure rights. Closing on the New Markets Tax Credit Program is scheduled for Thursday, September 19, 2019 and the CRA Board of Commissioners is delegating Authority to the CRA Executive Director to execute any and all documents and take all actions as necessary and reasonable to consummate this transaction.

Resource Impact

The Fiscal Impact to the CRA will remain unchanged. CAM#17-0875 was approved by the CRA Board on August 22, 2017. Funds will be spread over eight years at \$1,250,000 per year starting in Fiscal Year 2017/2018 and ending in Fiscal Year 2024/2025.

Strategic Connections

This item is a *Commission Annual Action Plan* priority, included within the Policy Agenda, advancing the Northwest Progresso Flagler Heights CRA – Capital Improvements and Housing strategy.

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

- Goal 7: Be a well-positioned City within the global economic and tourism markets of the South Florida region, leveraging our airports, ports and rail connections.
 - Objective 2: Facilitate a responsive and proactive business climate.
 - Initiative 1: Evaluate and expand our existing portfolio of business attraction Incentives.

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

Related CAM

#19-0909

Attachments

Exhibit 1 - NMTC Structure

Exhibit 2 - CAM #17-0927

Exhibit 3 - CAM #17-0875

Exhibit 4 - Agreement for a Development Incentive Program Loan

Exhibit 5 - First Amendment to Development Agreement

Exhibit 6 - Consent, Recognition and Mortgage Subordination Agreement

Exhibit 7 - Resolution

09/17/2019

CAM #19-0926

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