



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

**#18-1243**

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

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

**DATE:** November 20, 2018

**TITLE:** Motion to Approve Second Lease Amendment with Third Street  
Development, LLC for the City's Health & Wellness Center; and  
Subordination, Non-Disturbance and Attornment Agreement

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**Recommendation**

It is recommended that the City Commission approve a second amendment to a lease agreement with Third Street Development, LLC (formerly the lease was held by 105 NE 3 street, LLC) for the City's Health & Wellness Center at 105 NE 3rd Street. In addition, it is recommended that the City Commission approve a Subordination, Non-Disturbance and Attornment Agreement with Maximum Credit Group, LLC, and BH3 TCO, LLC, to be held in escrow by the City Attorney pending a closing on the sale and financing of the Landlord's interest in the property.

**Background**

The City's Health & Wellness Center has held office space at 105 NE 3rd Street since 2013. The First Amendment of the lease transferred the landscaping maintenance from the property owner to the City increasing the annual lease by \$3,600 for landscaping fees. Under the second amendment, the changes are as follow:

- The Renewal Options and Right of First Refusal are terminated.
- Property owner offers the City the right to terminate the initial term of the Lease as early as January 1, 2019 with a 30-day notice.
- After January 1, 2019, property owner offers the right to extend the lease on a month-to-month basis until no later than October 5, 2019 at the same rental rate under the Initial Term.

City staff is currently in lease negotiations for a new Health & Wellness Center location.

A sale of the Landlord's interest in the property to BH3 TCO, LLC is pending in January. The Lender Maximum Credit Group, LLC in that transaction is requesting execution of a Subordination, Non-Disturbance and Attornment Agreement ("SNDA") whereby the City

subordinates its leasehold interest to the Lender's lien; permits the Lease, as amended, to remain in full force and effect in the event of a foreclosure action by the Lender and provides that the Lease will not be terminated upon foreclosure of the Lender's lien against the Landlord. Inasmuch as the closing on that transaction is not anticipated until January, 2019 it is recommended that upon execution by the proper City officials the SNDA be held in escrow by the City Attorney and delivered to the Lender contemporaneous with the closing.

### **Resource Impact**

There will be a fiscal impact associated with this item.

### **Strategic Connections**

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

- Goal 12: Be a leading government organization, managing resources wisely and sustainably
- Objective 1: Ensure sound fiscal management
- Initiative 1: Achieve a structurally balanced budget through viable revenue sources, smart financial management, comprehensive financial forecasting, and results-oriented and efficient services

### **Attachments**

Exhibit 1 – Lease Agreement 03-19-2013

Exhibit 2 – First Amendment to Lease Agreement

Exhibit 3 – Second Amendment to Lease

Exhibit 4 – Subordination, Non-Disturbance and Attornment Agreement

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