



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

**#19-0034**

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

**FROM:** Chris Lagerbloom, ICMA-CM, City Manager

**DATE:** January 8, 2018

**TITLE:** Resolution Authorizing Execution of 1) a Termination of Leases as to  
Parcels 8-C/E, 10-ABCD and 11-ABCD and 2) a New Lease Agreement  
with Lynx FBO Fort Lauderdale, LLC, a Delaware Limited Liability  
Company for Parcels 8-C/E, 10-ABCD and 11-ABC at Fort Lauderdale  
Executive Airport

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**Recommendation**

It is recommended that the City Commission adopt a resolution authorizing execution of termination of Leases as to Parcels 8-C/E, 10-ABCD and 11-ABCD and enter into a new Lease Agreement with Lynx FBO Fort Lauderdale, LLC, a Delaware limited liability company for Parcels 8-C/E, 10-ABCD and 11-ABC at Fort Lauderdale Executive Airport.

**Background**

World Jet, Inc. (World Jet) leases Parcels 8-C/E, 10-ABCD and 11-ABCD at the Fort Lauderdale Executive Airport (FXE) (Exhibit 1). Parcel 8-C/E Lease commenced on September 1, 1982 with a 40-year term expiring on August 31, 2022. In 1996 the Lease Agreement was amended to extend the term by an additional six years for a new term of 30 years with an expiration date of August 31, 2028. Parcel 8-C/E consists of approximately 955,109 square feet (21.926 acres) of General Aviation Airport (GAA) zoned property. The property has been improved with aircraft hangars, office space and associated parking. The current annual rent is \$171,918.90 (\$0.18 per square foot) and is adjusted annually using the Consumer Price Index (CPI) adjustment method.

Parcel 10-ABCD Lease commenced on August 1, 1982, with a 40-year term expiring on July 31, 2022. The property consists of approximately 385,670.57 square feet (8.853 acres) of General Aviation Airport (GAA) zoned property located in the northeast quadrant of the Airport. The property has been improved with aircraft hangars, office space and associated parking. The current annual rent is \$74,944.60 (\$0.17 per square foot) and is adjusted annually using the Consumer Price Index (CPI) adjustment method.

Parcel 11-ABC Lease commenced on August 1, 1982, with a 40-year term expiring on July 31, 2022. The property consists of approximately 405,713 square feet (9.32 acres)

of General Aviation Airport (GAA) zoned property located in the northeast quadrant of the Airport. The property has been improved with aircraft hangars, office space and associated parking. The current annual rent is \$111,558.07 (\$0.30 per square foot) and is adjusted annually using the Consumer Price Index (CPI) adjustment method. Parcel 11-D was established as a Temporary Parking Agreement for aircraft in 1999, and consist of 28,800 square feet, with annual renewal terms.

In August 2017, World Jet advised staff of their interest to assign the Leases for Parcel 10-ABCD and 11-ABC to Mr. Chad Farischon of Lynx FBO Fort Lauderdale, LLC, a Delaware limited liability company (Lynx). Lynx was formed in 2016, and is principally owned by the Sterling Group, a Houston based middle market private equity investment firm. During the past two years, Lynx has acquired several Fixed Base Operations throughout the country; located in Florida, Minnesota, Oregon, Arkansas, California, and Pennsylvania.

In December 2017, Mr. Farischon submitted a beautification and lease term proposal, which included a \$4.5 million capital improvement investment with a 30-year lease for the parcels. On May 2, 2018, Lynx submitted their second proposal, which included a \$10 million capital improvement investment, with the rental structure remaining the same, and a 30-year lease term. On May 28, an updated proposal was submitted by Lynx, with the additional request to include Parcel 8-C/E as part of the Lease Assignment.

Lynx has presented an updated proposal (Exhibit 2), which calls for a plan to rehabilitate Parcels 8-C/E, 10-ABCD and 11-ABC, and redevelop certain hangars over the course of 15 years. Parcel 11-D will revert back to the Airport to fulfill the operational needs of an aircraft runup area. Lynx has also proposed investing \$14 million in capital improvements, a rent increase to \$0.40 per square feet, and 5% of gross hangar rental receipts.

The proposed project will consist of the following:

#### Parcel 8-C/E

- A new 30-year Lease
- Increase ground rent to current market rate of \$0.40 per square feet
- Remittance of 5% gross hangar rental receipts
- Investment of \$2.5 million in Years 6-10 for a new hangar

#### Parcel 10-ABCD and 11-ABC

- A new 30-year Lease
- Increase ground rent to current market rate of \$0.40 per square feet
- Remittance of 5% gross hangar rental receipts
- Hangar demolition, and construction of an FBO terminal on Parcel 11
- Investment of \$4.5 million within 24 months for curb front beautification
- Investment of \$2.5 million in Years 6-10 for new hangar on Parcel 11
- Investment of \$4.5 million in Years 11-15 for rehabilitation of hangars on Parcel 10

The proposed ground rent represents an approximate increase of \$210,123 for parcel 8-C/E, \$35,707.40 for Parcel 10-ABCD, and \$62,187.08 for Parcel 11-ABC with annual CPI adjustments and market adjustments at years 10 and 20. Additionally, the 5% gross hangar rental receipts is expected to potentially generate additional revenue totaling approximately \$197,500 for the parcels.

World Jet is requesting the City's consent to terminate the Leases for Parcels 8C/E, 10ABCD, and 11ABCD to enter into a new Lease Agreement with Lynx. If approved, this proposal brings rehabilitation of some older hangars, allows capital investment in the Airport, and generates a rental return. Therefore, the World Jet Leases should be terminated and a new 30 year Lease created with Lynx.

At its meeting of December 6, 2018, the Aviation Advisory Board supported staff's recommendation to terminate the World Jet Leases for Parcels 8-C/E, 10-ABCD and 11-ABCD and enter into a new Lease Agreement with Lynx for Parcels 8-C/E, 10-ABCD and 11-ABC at Fort Lauderdale Executive Airport.

### **Resource Impact**

There is a positive fiscal impact to the City in FY 2019, related to this agreement, which is included in the operating budget in the accounts listed below.

<b>Funds available as of December 12, 2018</b>					
<b>ACCOUNT NUMBER</b>	<b>INDEX NAME (Program)</b>	<b>CHARACTER CODE/ SUB-OBJECT NAME</b>	<b>AMENDED BUDGET (Character)</b>	<b>AMOUNT RECEIVED (Character)</b>	<b>AMOUNT</b>
468-TAM070101-J619	Executive Airport	Charges for Service/ PAR 8-C/E FBO – World Jet	\$4,046,153	\$64,347	\$275,956.00
468-TAM070101-J627	Executive Airport	Charges for Service/ PAR 10-ABCD – World Jet	\$4,046,153	\$64,347	\$101,540.40
468-TAM070101-J637	Executive Airport	Charges for Service/ PAR 11-ABC – World Jet	\$4,046,153	\$64,347	\$128,021.08
			<b>APPROPRIATION TOTAL ►</b>		<b>\$505,517.48</b>

### **Strategic Connections**

This item is a *Press Play Fort Lauderdale Strategic Plan 2018* initiative, included within the Business Development 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, port, and rail connections.
- Objective 4: Deliver best-in-class regional general aviation airport amenities and services to domestic and international stakeholders.

- Initiative 1: Examine the highest and best use of airport property to stimulate economic development and create jobs.

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

**Attachments**

Exhibit 1 - Map of Parcels 8-CE, 10-ABCD and 11-ABCD

Exhibit 2 - Parcel 8, 10 & 11 Project & Lease Proposal

Exhibit 3 - Termination of Lease Agreement

Exhibit 4 - Lease Agreement

Exhibit 5 - Resolution

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