



CITY OF FORT LAUDERDALE
City Commission Agenda Memo
REGULAR MEETING

#21-0667

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

FROM: Chris Lagerbloom, ICMA-CM, City Manager

DATE: July 6, 2021

TITLE: Motion Approving a Lien Settlement Agreement between the City of Fort
Lauderdale, Terminal Ventures, LLC, and Ignacio Martinez for Parcel 8G at
the Fort Lauderdale Executive Airport - **(Commission District 1)**

Recommendation

Staff recommends the City Commission approve a Lien Settlement Agreement, in substantially the form attached, between the City of Fort Lauderdale, Terminal Ventures, LLC, and Ignacio Martinez for Parcel 8G at the Fort Lauderdale Executive Airport and authorize execution of the Agreement by the City Manager.

Background

On December 18, 2012, the City approved a Consent to Lease Assignment from K.S.R. LLC (KSR) to D.H.S. Investments LLC (DHS). The property included an improved two-story office building with ample parking and aesthetic landscaping. DHS performed work in the building but did not acquire permits. During an annual fire inspection in 2013 the City's Fire Prevention Bureau identified several code violations with the building entailing work without a permit, obstructed corridors, inadequate signage for sprinkler system and fire alarm panel, and inadequate self-closing door mechanisms.

After several attempts to encourage DHS to correct the code violations, the Special Magistrate imposed fines and recorded code enforcement liens in May 2014, August 2014, and January 2016, respectively. As of June 7, 2021, the combined total amount due on the code enforcement liens is \$4,908,600. Said fines continue to accrue at a daily rate per violation until such time that the property is brought into full compliance.

Due to a default of Lease for failure to pay outstanding property taxes, sales tax, and rent, the City Commission approved a Lease termination with D.H.S. Investments, LLC at the July 7, 2015 Commission meeting. The building remained vacant since that time. Unfortunately, in 2016 the building was vandalized and now requires significant rehabilitation.

On February 24, 2020, Terminal Ventures, LLC (Terminal Ventures) signed a Lease Agreement for Parcel 8G (Exhibit 1). On April 20, 2021, the City Commission approved a Second Amendment to the Lease Agreement providing for a new schedule to complete improvements due to the hardship brought on by the COVID-19 pandemic (Exhibit 2).

According to the terms of the Lease, Terminal Ventures will renovate the building interior on Parcel 8G in three phases, for a total of \$1,500,000.00 in rehabilitation costs.

Terminal Ventures is requesting settlement of the existing liens filed by the City against DHS and KSR so they can proceed with closing on their financing arrangements and begin making improvements in accordance with the terms of the Second Amendment to Lease Agreement. Pursuant to Paragraph 22 of the Lease Agreement, the improvements to be made shall become City property when the Lease expires.

Staff recommends a settlement in the amount of \$1,475.06, which represents all administrative and hard costs incurred by the City in association with the liens. All terms of the Settlement Agreement shall be binding upon its execution (Exhibit 3).

Resource Impact

There is no resource impact associated with this action.

Strategic Connections

This item supports the *Press Play Fort Lauderdale 2024* Strategic Plan, specifically advancing:

- The Business Development Focus Area
- Goal 5: Build an attractive global and local economic community marketplace.
- Objective: Provide best-in-class regional general aviation airport amenities and services

This item supports the *Advance Fort Lauderdale 2040 Comprehensive Plan* specifically advancing:

- The Business Development Focus Area
- The Economic Development Element
- Goal 3: Recognize and include in economic development planning the role of Port Everglades and the Fort Lauderdale-Hollywood International Airport and Fort Lauderdale Executive Airports.

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

Attachments

Exhibit 1 – Lease Agreement

Exhibit 2 – Second Amendment to Lease Agreement

Exhibit 3 – Lien Settlement Agreement

Prepared by: Rufus A. James, Airport Director - City Manager's Office

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