



CITY OF FORT LAUDERDALE
City Commission Agenda Memo
CRA BOARD MEETING

#23-0958

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

FROM: Greg Chavarria, CRA Executive Director 
Greg Chavarria (Nov 7, 2023 06:20 EST)

DATE: November 7, 2023

TITLE: **REVISED CRA R-2** - Resolution Approving an \$8,000,000 Development Incentive Program Forgivable Loan and a \$2,000,000 Development Incentive Program Zero Interest Loan to Sunshine Shipyard, LLC for the Arcadian Project located at 640 NW 7th Avenue, Authorizing a Lease of Commercial Space in the Project to the Fort Lauderdale Community Redevelopment Agency, Authorizing the Executive Director to Execute Any and All Related Instruments, and Delegating Authority to the Executive Director to Take Certain Actions - **(Commission Districts 2 and 3)**

Recommendation

Staff recommends the Community Redevelopment Agency (CRA) Board of Commissioners approve a Resolution for an \$8,000,000 Development Incentive Program forgivable loan and a \$2,000,000 Development Incentive Program zero interest loan to Sunshine Shipyard, LLC for the Arcadian Project at 640 NW 7th Avenue, authorize a lease of commercial space in the project to the Fort Lauderdale Community Redevelopment Agency, authorize the Executive Director to execute any and all related instruments, and delegate authority to the Executive Director to take certain actions.

Background

The Northwest-Progresso-Flagler Heights Community Redevelopment Agency (NPF CRA) has received a CRA funding application from Sunshine Shipyard, LLC (Developer) for a \$10,000,000 Development Incentive Program Loan for the "Arcadian", a new mixed use development project to be located at 640 NW 7th Avenue. A location map is attached as Exhibit 1, the Developer's CRA Funding Application is attached as Exhibit 2, and the Broward County Property Appraiser information is attached as Exhibit 3.

The project will be constructed on the city block bordered by Sistrunk Boulevard to the south, NW 7th Street to the north, Avenue of the Arts (NW 7th Avenue) to the west, and NW 6th Avenue to the east. It includes an area of 3.47 acres of land assembled by the Developer between June 6, 2018 and April 10, 2019 at a cost of approximately \$9.8 million. The property was previously occupied by industrial and light industrial uses including the Sunshine Auto Salvage Yard which occupied the majority of the site. At the request of the Developer, on September 1, 2020, those portions of the site zoned for

Industrial use were rezoned by the City Commission to NWRAC MUE (Northwest Regional Activity Center Mixed Use East) and on July 5, 2022, the City Commission approved the site plan for the project with an affordable housing height bonus and an affordable Housing Development Agreement on August 16, 2022. The site has been cleared of all prior structures and the Final Development Review Committee (DRC) Certificate of Compliance is attached as Exhibit 4.

The approved project consists of an 8-story, mixed-use, mixed-income, multi-family development containing 480 residential rental units which includes 8 live/work units with 15,235 square feet of ground floor commercial space consisting of 7,735 square feet of retail and 7,500 square feet of restaurant use, and 606 parking spaces with structured parking. The residential unit mix consists of 90 - approximately 482 square foot studio units, 292 - approximately 653-899 square foot one bedroom/one bath units, and 98 - approximately 923-1,062 square foot two bedroom/two bath units. Of the 480 residential units, 10% (48 units) will be permanent affordable units rented to residents with incomes less or equal to 100% of the Broward County median family income (MFI) adjusted for household size, as determined by HUD on an annual basis, with rent and utility costs not to exceed 30% of the gross annual household income. The residential units set aside as affordable units in perpetuity will include 10 studio units renting for approximately \$1,680/month, 28 one bedroom-one bath units renting for approximately \$1,856/month, and 10 two bedroom-two bath units renting for approximately \$2,089/month. The affordable units will be scattered between all eight floors and appearances, finishes, and materials will not vary between affordable units and other units. A copy of the Affordable Housing Agreement with the City of Fort Lauderdale is attached as Exhibit 5, including requirements for annual reporting, restrictive covenants and marketing plan to promote the rental of affordable units. The remainder of the residential units in the development will be rented at market rate. The average monthly rent for the market rate units will be approximately \$2,016 for a studio apartment, \$2,160 for a one bedroom-one bath apartment, and \$2,592 for a two bedroom-two bath apartment.

Residential unit amenities and features for all apartments will include Energy Star stainless steel appliances including range, refrigerator, washer/dryer, and microwave, majestic bathroom mirrors, upscale obsidian floor tile, stone composition countertops, and all units will have balconies. The very attractive design includes two mixed-use buildings with a central atrium and two swimming pools. There will be secure access to the parking garage for 606 cars, 24/7 recorded security camera monitoring, bicycle racks, two jumbo screens, one in each courtyard, each with its own swimming pool in addition to a kid's playground and pet park. Other features include a fitness center, club rooms, kid's room, business center, mail/package room, lounge area and pedestrian paseo that provides a 30 foot wide central passage from east to west at midblock with access to building services and features. The paseo creates a unique public space and access to ground floor residential amenities at the base of the parking garage such as the lobby and gym that face the paseo.

First floor retail is located primarily along Sistrunk Boulevard and the Avenue of the Arts. Three corners of the site will provide plazas that allow for ample pedestrian circulation

and outdoor dining opportunities. In addition to affordable housing, as a community benefit, 2,500 square feet of commercial space in the project will be reserved for the CRA (or Invest Fort Lauderdale, its Economic Development Corporation (EDC)) at \$12 per square foot NNN (with standard CPI annual escalations) for a period of 15 years. This will be a great opportunity for the CRA or its EDC to attract and target small businesses to the area offering an affordable rent.

Proposed building materials consist of limestone, steel mesh, aluminum, stucco, glass and decorated perforated canvas for the garage. The building provides a 15-foot-high ground floor, stone finish walls, and decorative aluminum trellises for shading along Sistrunk Boulevard and Avenue of the Arts. Floors two through five are framed providing articulation to the facades. The parking garage is enhanced with artwork and balconies are contained throughout the building, providing depth, articulation and unit activation along the four facades. Shade trees along with the trellises shade pedestrian space and the sidewalks along all facades. The project's key sustainability features include over 75% green roof area, heat mitigation through choice of material, and electric vehicle charging stations. The project is committed to become National Green Building Standard (NGBS) Gold Certified by Home Innovation Research Labs, providing the highest performance levels in energy efficiency, water efficiency, resource efficiency, lot development, operation, maintenance and air quality. Plans for the Project are attached as Exhibit 6.

The Developer, Sunshine Shipyard LLC, is an affiliated company of Fuse Group Investment Companies, led by founder and CEO Eyal Peretz. Fuse Group has been investing in the CRA and specifically the Sistrunk area for the last six years, with a mission of making the Sistrunk District a vibrant epicenter which is full of life and occupied by businesses, retail, lifestyle and entertainment to serve and empower the community, proving infrastructure and transforming the visual experience of the area. Fuse Group (Fuse 9, LLC) has partnered with Boca Paila, LLC on this project. Boca Paila is led by Mauricio Girault, founder and CEO of Grupo Krea, a leading developer of affordable and workforce housing. Mr. Girault has built large-scale integrated communities amounting to over 14,000 residential units in eleven large scale projects and is known for innovation in construction using the latest cost and time efficient technologies. Grupo Krea has partnered with South Pointe Construction as a general Contractor to undertake the construction of the Arcadian using the aluminum form construction method. South Pointe Construction has a proven track record spanning over three decades in the construction and development industry of South Florida, including over \$1 billion of construction volume, including single family, multi-family, office, medical, restaurant and special purpose structures. A few sample projects include Sapphire Condominium in Fort Lauderdale, The Estates of Acqualina in Sunny Isles, The Ritz Carlton Residences in Sunny Isles, and Millicento Condominium on Brickell in Miami. Other members of the Arcadian project team include Behar Font & Partners (Architect), Witkin Hults + Partners (Landscape Architect), Flynn Engineering Services, PA. (Land Planner and Civil Engineering), and Holland & Knight, LLP (Land Use Attorney).

The total estimated project Development Budget is \$153,384,269 including:

Land	\$25,000,000
Design & Engineering	\$1,998,990
Permits & Licenses	\$4,505,979
Other Soft Costs	\$7,336,639
Hard Costs	\$103,168,054
Financial Costs	\$11,374,707

CRA funding for the project represents 6.5% of the total Development Budget. Developer equity (\$44,904,269) represents 29.3% of the budget, with lender financing of \$98,500,000 (64.2%). A comparison of other CRA funded Development Incentive Program projects is provided below.

Project	Estimated Capital Investment (ECI)	CRA Award	CRA Award Percentage of ECI
Food and Friends	\$1.3 Million	\$1.1 Million	84%
Dales Wheels and Tires	\$0.97 Million	\$0.7 Million	74%
Hoover Awning	\$1.5 Million	\$1.1 Million	73%
YMCA	\$15 million	\$10 Million	67%
Victory Complex	\$4 Million	\$2.4 Million	60%
Aldridge and Larimore	\$18.57 Million	\$8.0 Million	43%
Jack and Jill School	\$7.1 Million	\$2.5 Million	35%
Wright Dynasty	\$12.8 Million	\$3.5 Million	27%
Thrive Development	\$15.4 Million	\$3.5 Million	26%
Sistrunk Market	\$5.9 Million	\$1.4 Million	23%
Sistrunk Townhomes	\$6.9 Million	\$1.5 Million	22%
Six 13 Apartments	\$33.5 Million	\$7.0 Million	21%
Comfort Suites	\$17.4 Million	\$3.0 Million	17%
Triangle Services	\$7.8 Million	\$1.5 Million	19%
The Adderley	\$103.7 Million	\$12.0 Million	12%

The \$10,000,000 Development Incentive Program (DIP) Loan for the Arcadian Project will consist of an \$8,000,000 DIP forgivable loan, forgiven ~~once~~ 5 years after the entire project receives a Certificate of Occupancy (CO), and a \$2,000,000 DIP loan at 0% interest, repaid by the Developer at \$200,000 per year for 10 years following CO. CRA funding will be secured by a mortgage on the property subordinate to the first mortgage construction and permanent financing. CRA funding will be applied to project construction cost.

As an additional community benefit of the project, the DIP loan payments will be assigned to Invest Fort Lauderdale for reinvestment back into the CRA area. Community benefits from the project also include approximately 1,670 jobs, including 68 permanent jobs for retail employees, 1,460 direct and indirect jobs from construction activity, and 142 jobs from resident spending, and an estimated \$154 million in economic activity from

construction, retail and resident spending. In addition, the project is estimated to generate up to \$31 million in real estate taxes over the next 15 years.

A series of factors make CRA funding critical to the project, including an increase in construction cost (up 40% over the past 36 months), insurance premiums (a 33% increase over the last year), and increase in interest rates (significantly impacting the cost of development) since the project was initially planned. In this volatile and changing development market, without CRA funding, acceptable investment measures of risk cannot be met when analyzing the projected return on investment to the cost of the project.

In order to be able to fund this project, the CRA, at the request of Fuse Group (Exhibit 7), will take the \$4 million approved under the DIP Program by the CRA Board on December 7, 2021 for the proposed 909 Sistrunk Project awarded to 909 NW 6 St LLC (A Fuse Group subsidiary) and reallocate these funds to the Arcadian Project.

These are not CRA tax increment funds (TIF), but rather are funds that are part of the \$22.5 million Truist Bank Loan the CRA took out in 2021 to help jump start larger development projects before the NPF CRA is scheduled to sunset in November 2025. Fuse Group has proposed changes to the 909 Sistrunk Project that will delay the start of construction. To accommodate the changes, funding for the 909 Sistrunk Project will now be recommended from CRA TIF FY 2024-2025 tax increment revenues. An Amended Letter of Intent with 909 NW 6 Street LLC and changes in CRA source of funds for the 909 Sistrunk Project will be presented to the CRA Board for their consideration at their meeting of November 21, 2023.

An additional \$3 million will be allocated to the Arcadian Project in CRA TIF FY 2023-2024 funding, with the last \$3 million installment to the Arcadian Project of CRA funding allocated in TIF FY 2024-2025. The Arcadian Project will be developed in two phases. With CRA funding approval, Phase 1 of this shovel ready project will commence immediately with completion and stabilization at the end of 2025. Phase 2 will commence in April 2025 with completion and stabilization in 2027.

At their meeting of September 12, 2023, the NPF CRA Advisory Board unanimously recommended that that the CRA Board:

- 1) Approve a \$10,000,000 Development Incentive Program loan to Sunshine Shipyard, LLC for the Arcadian Project, consisting of a \$8,000,000 forgivable loan and a \$2,000,000 zero interest loan repaid over 10 years with CRA loan payments assigned to Invest Fort Lauderdale, the CRA's economic development corporation, and
- 2) Approve changes to the 909 Sistrunk Project with 909 NW 6 St LLC, including scope, schedule, and source of CRA funds.

A copy of the minutes of the September 12, 2023 NPF CRA Advisory Board is attached as Exhibit 8. The Development Incentive Program Letter of Intent with Sunshine Shipyard LLC for the Arcadian Project and Resolution is attached as Exhibits 9 and 10.

Consistency with NPF CRA Community Redevelopment Plan

The NPF CRA Community Redevelopment Plan promotes programs and projects that will have a positive impact on neighborhood residents and low and moderate income households within the NPF CRA. The Redevelopment Program will assist in providing incentives as inducements to stimulate development to upgrade and replace incompatible land uses and blighting conditions affecting the area, and the Redevelopment Plan will help preserve and expand the supply of affordable housing and provide improvements to enhance the overall environment, improve the quality of life and attract sound business and commercial development that provide employment and job opportunities.

A major component of the redevelopment strategy for the NPF CRA is the revitalization of the residential neighborhoods. The Redevelopment Program seeks to preserve and expand affordable housing in the entire redevelopment area. Per the CRA plan, the CRA will establish incentive programs to address redevelopment obstacles. The CRA Program identifies strategic objectives, goals and measurements that include targeting and attracting businesses, retail uses and industries to establish a presence in the redevelopment area. In addition, it calls for investing in development projects that create job opportunities, promote public private partnerships and investment in the redevelopment area. In addition, per the Future Land Use Plan and CRA Plan, redevelopment and housing opportunities for low, very low, and moderate-income households within the Northwest RAC should be encouraged.

Resource Impact

There will be a fiscal impact to the CRA in the amount of \$10,000,000. Funds for this transaction will be spread over two years; \$7,000,000 in Fiscal Year 2024 and \$3,000,000 in Fiscal Year 2025.

Future expenditures are contingent upon approval and appropriation of the annual budget.

<i>Funds available as of October 1, 2023</i>					
ACCOUNT NUMBER	COST CENTER NAME (Program)	CHARACTER /ACCOUNT NAME	AMENDED BUDGET (Character)	AVAILABLE BALANCE (Character)	AMOUNT
20-119-1532-552-40-4203- CRA092113	NPF CRA Business Incentives - Debt	Other Operating Expense/Redevelopment Projects	\$20,000,000	\$17,550,000	\$4,000,000
20-119-1531-552-40-4203- CRA092404	Development Incentive Improvement Program FY24	Other Operating Expense/Redevelopment Projects	\$15,150,540	\$15,150,540	\$3,000,000
TOTAL AMOUNT ►					\$7,000,000

Strategic Connections

This item is a *FY2024 Commission Priority*, advancing the Economic Development & Housing Accessibility initiatives.

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: Nurture and support existing local businesses

- The Neighborhood Enhancement Focus Area
- Goal 4: Build a thriving and inclusive community of neighborhoods
- Objective: Ensure a range of affordable housing options

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

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

- The Business Development Focus Area
- The Economic Development Element
- Goal 2: Enhance the economic competitiveness of Fort Lauderdale through policies and encourage retention and recruitment of businesses and industry which provide living wage employment and increased training and competitiveness in the local workforce.

- The Neighborhood Enhancement Focus Area
- The Future Land Use Element
- Goal 2: Sustainable Development: The City shall encourage sustainable, smart growth which designates areas for future growth, promotes connectivity, social equity, preservation of neighborhood character and compatibility of uses.
- The Housing Element
- Goal 1: The Comprehensive Plan shall support the provision of adequate sites for future housing, including affordable workforce housing, housing for low-income, very low-income, and moderate-income families, mobile homes, and group home facilities and foster care facilities, with supporting infrastructure and public facilities.
- Goal 2: Be a community of beautiful and healthy neighborhoods.

Attachments

Exhibit 1 - Location Map – The Arcadian

Exhibit 2 - Developer's CRA Funding Application for the Arcadian

Exhibit 3 - Broward County Property Appraiser Information

Exhibit 4 - Final Development Review Committee (DRC) Certificate of Compliance

Exhibit 5 - Affordable Housing Agreement for the Arcadian

Exhibit 6 - Arcadian Project Plans

Exhibit 7 - Letter from Fuse Group

Exhibit 8 - September 12, 2023 CRA Advisory Board Draft Minutes Recommending
Funding for the Arcadian Project and Changes to the 909 Sistrunk Project

Exhibit 9 - Development Incentive Program Letter of Intent – The Arcadian Project

Exhibit 10 - Resolution

Prepared by: Bob Wojcik, AICP, CRA Housing and Economic Development Manager
Clarence Woods, CRA Manager

CRA Executive Director: Greg Chavarria

- R-2 [23-0958](#) Resolution Approving an \$8,000,000 Development Incentive Program Forgivable Loan and a \$2,000,000 Development Incentive Program Zero Interest Loan to Sunshine Shipyard, LLC for the Arcadian Project located at 640 NW 7th Avenue, Authorizing a Lease of Commercial Space in the Project to the Fort Lauderdale Community Redevelopment Agency, Authorizing the Executive Director to Execute Any and All Related Instruments, and Delegating Authority to the Executive Director to Take Certain Actions - (Commission Districts 2 and 3)

ADOPTED AS AMENDED

Yea: 5 - Commissioner Sturman, Commissioner Herbst, Commissioner Glassman, Vice Chair Beasley-Pittman and Chair Trantalis

ADJOURNMENT

RESOLUTION NO. 23-13 (CRA)

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE FORT LAUDERDALE COMMUNITY REDEVELOPMENT AGENCY APPROVING A FORGIVABLE LOAN OF EIGHT MILLION DOLLARS (\$8,000,000) AND A NON-FORGIVABLE LOAN OF TWO MILLION DOLLARS (\$2,000,000) TO SUNSHINE SHIPYARD, LLC FOR THE ARCADIAN PROJECT UNDER THE DEVELOPMENT INCENTIVE PROGRAM; AUTHORIZING A LEASE OF COMMERCIAL SPACE OF REAL PROPERTY LOCATED AT 640 NW 7TH AVENUE TO THE FORT LAUDERDALE COMMUNITY REDEVELOPMENT AGENCY; AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE ANY AND ALL RELATED INSTRUMENTS; DELEGATING AUTHORITY TO THE EXECUTIVE DIRECTOR TO TAKE CERTAIN ACTIONS; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the Fort Lauderdale Community Redevelopment Agency ("CRA"), an agency authorized under Chapter 163, Part III of the Florida Statutes, was created to eliminate "slum and blight" and to stimulate community redevelopment; and

WHEREAS, the City Commission adopted Resolution No. 95-86 on June 2, 1995, finding the existence of slum and blight conditions in that area of the City of Fort Lauderdale, Florida (the "City") known as the Northwest-Progresso-Flagler Heights Community Redevelopment Area, as more particularly described in that resolution, (herein referred to as the "Redevelopment Area"); and

WHEREAS, by adoption of Resolution No. 95-170, the redevelopment plan for the Redevelopment Area was approved by the City Commission on November 7, 1995, and was amended in 2001 by Resolution No. 01-86, in 2002 by Resolution No. 02-183, in 2013 by Resolution No. 13-137, in 2016 by Resolution No. 16-52 and in 2018 by Resolution No. 18-226 and as subsequently amended (the "Redevelopment Plan"); and

WHEREAS, the CRA Development Incentive Program (DIP) is intended to support projects with an investment of \$5,000,000 or more; and

WHEREAS, Sunshine Shipyard, LLC, a foreign limited liability company ("Sunshine"), has applied for funding in the amount of \$10,000,000 for a mixed-use, mixed income development project located at 640 NW 7th Avenue with a total development cost of approximately \$153,384,269 (the "Project"); and

WHEREAS, the CRA Advisory Board for the Redevelopment Area approved funding for this Project on September 2, 2023; and

WHEREAS, staff finds that the physical improvements comply with the Redevelopment Plan and will improve the Redevelopment Area; and

WHEREAS, the Board of Commissioners of the CRA finds that development of the Project will enhance the physical appearance of the Redevelopment Area, create new businesses, affordable housing retail spaces, as well as facilitate a responsive and proactive business climate, all in accordance with and in furtherance of the Redevelopment Plan, as authorized by and in accordance with the Act; and

WHEREAS, the CRA Board finds that Sunshine has demonstrated that it has the financial capacity, legal ability, development experience and qualifications to develop this Project.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE FORT LAUDERDALE COMMUNITY REDEVELOPMENT AGENCY:

SECTION 1. That the Recitals set forth above are true and correct and incorporated herein by this reference.

SECTION 2. That the Fort Lauderdale Community Redevelopment Agency hereby approves a forgivable loan under the CRA's Development Incentive Program (DIP) in the amount of Eight Million and No/100 Dollars (\$8,000,000) and a non-forgivable loan in the amount of Two Million and No/100 Dollars (\$2,000,000) (collectively the "DIP Loans"), payable in equal installments of \$200,000 per year over a ten (10) year term following issuance of the Certificate of Occupancy, subject to the terms and conditions set forth in the Letter of Intent to Sunshine Shipyard, LLC.

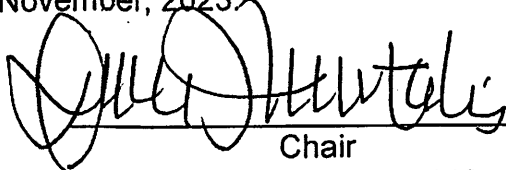
SECTION 3. That the Board of Commissioners of the Fort Lauderdale Community Redevelopment Agency hereby approves a lease of commercial space not to exceed two thousand five hundred (2,500) square feet within the Project for a term of fifteen (15) years at the rate of \$12.00 per square feet plus its proportionate share of operating cost, taxes and insurance associated with the property to support and sustain small business development. This governing body delegates authority to the Executive Director to assign the commercial lease space to Invest Fort Lauderdale, Inc.

SECTION 4. That the governing body of the Fort Lauderdale Community Redevelopment Agency hereby authorizes execution of the Letter of Intent, in substantially the form attached to Commission Agenda Memorandum No. 23-0958, and any and all other documents or instruments, without further action or approval of this body. Except for the authority to increase the amount of the DIP loans, the Executive Director or his designee is delegated authority to negotiate additional terms and conditions, modify the terms, take further actions, and make such further determinations he deems advisable in furtherance of the goals and objectives of the Redevelopment Plan and to execute all instruments and documents necessary or incidental to consummation of the DIP Loans and lease of commercial space within the Project, including without limitation, execution of a Commercial Lease, Development Agreement, Satisfaction of Mortgage, Subordination Agreement or Estoppel Certificates.

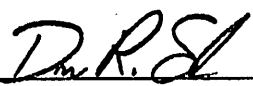
SECTION 5. That the office of the General Counsel shall review and approve as to form all documents prior to their execution by the Executive Director.

SECTION 6. That this Resolution shall be in full force and effect upon final passage.

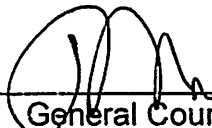
ADOPTED this 7th day of November, 2023.


Chair
DEAN J. TRANTALIS

ATTEST:


CRA Secretary
DAVID R. SOLOMAN

APPROVED AS TO FORM
AND CORRECTNESS:


General Counsel
THOMAS J. ANSBRO

Dean J. Trantalis Yea

John C. Herbst Yea

Steven Glassman Yea

Pamela Beasley-Pittman Yea

Warren Sturman Yea

This document prepared by:
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:

Subject to the Agency's rights under that certain Subordination, Standstill and Intercreditor Agreement dated May ___, 2024 by and between Centennial Bank, the Owner and the Agency, the Agency's rights hereunder are subordinate to the rights of Centennial Bank, as Construction Lender under a construction loan for the project being created in regard to the Property, including without limitation those arising under the lien of that certain mortgage (the "Senior Mortgage") dated _____, made by Owner in favor of the Construction Lender to be recorded in the Public Records of Broward County, Florida.

DEVELOPER RESTRICTIVE COVENANT

THIS DEVELOPER RESTRICTIVE COVENANT (this "Agreement") is made and entered into as of _____, 2024, by and among **SUNSHINE SHIPYARD LLC**, a Delaware limited liability company (the "Owner") and **FORT LAUDERDALE COMMUNITY REDEVELOPMENT AGENCY**, a public body corporate and politic of the State of Florida created pursuant to Part III, Chapter 163, Florida Statutes (the "Agency").

RECITALS:

A. Owner and Agency entered into that Development Agreement for the Arcadian Project (the "Development Agreement") dated _____, 2024.

B. This Agreement memorializes the "Declaration of Developer Restrictive Covenant" referenced in the Development Agreement.

C. The Development Agreement provides for a forgivable loan (the "Forgivable Loan") in the amount of Eight Million and No/100 Dollars (\$8,000,000.00) and a Non-Forgivable Loan in the amount of Two Million and No/100 Dollars (\$2,000,000) (the "Non-Forgivable Loan") both to be made to Owner for development of the Project as defined in the Development Agreement on real property located in Fort Lauderdale, Broward County, Florida, more fully described in Exhibit "A" attached hereto (the "Land").

D. Owner has agreed to enter into this Agreement to set forth certain terms and conditions granting to the Agency the right to lease commercial space at reduced rents within Phase II of the Project, in consideration of the Forgivable and Non-

Forgivable Loans (collectively referred to as the Loans”).

NOW THEREFORE, in consideration of providing the Loans by the Agency, acknowledging that compliance with this Agreement is necessary to the accomplishment of the public purpose of making the Loans, the parties hereto agree as follows:

1. Definitions and Interpretation.

1.1 Terms not defined but capitalized herein shall have the meanings given to such terms in the Development Agreement.

1.2 Unless the context clearly requires otherwise, as used in this Agreement, words of the masculine, feminine or neuter gender shall be construed to include any other gender when appropriate and words of the singular number shall be construed to include the plural number, and vice versa, when appropriate. This Agreement and all the terms and provisions hereof shall be construed to effectuate the purposes set forth herein and to sustain the validity hereof.

1.3 The titles and headings of the sections of this Agreement have been inserted for convenience of reference only, and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof or be considered or given any effect in construing this Agreement or any provisions hereof or in ascertaining intent, if any question of intent shall arise.

1.4 Restrictive Covenant. In consideration of the Loans, the Owner agrees to provide a community benefit on the Land by reserving to the Agency or its successors and/or assigns, Two Thousand Five Hundred (2,500) square feet of commercial space in Phase II of the retail section of the Project (“Reservation”). Initially, the Owner shall charge the Agency twelve dollars (\$12.00) per square foot, triple net, plus sales tax, if any, subject to adjustment based on the Consumer Price Index, as published by the U.S. Bureau of Labor Statistics or other comparable index- plus its prorated share of common area expense (which will include real estate taxes, insurance and common area maintenance expenses) for fifteen (15) years starting from the thirtieth (30) calendar day following issuance of the Certificate of Occupancy for Phase II of the Project with the understanding that the Agency, or its successors and/or assigns, may sublet all or a portion of the retail space to small Class A businesses, as determined by the Agency in its sole discretion, as part of its initiative to support and sustain small businesses. Such businesses shall be compatible with other businesses in the Project and meet certain quality standards of the Owner. Both parties acknowledge they must further agree on the exact location of the commercial/retail space which may or may not be contiguous. The Agency shall have the absolute right to assign its entire leasehold interest to a third party, without recourse and without the necessity of consent from the Owner or its successors and/or assigns. Further, upon such an assignment, the Agency shall be released from any and all liability under this Agreement, this Development Agreement or master lease. All subtenants of the Agency must comply with applicable rules and regulations related to rental of retail or commercial space within the Project and will receive the same benefits and privileges as other similarly situated tenants. The Agency, its successors and/or

assigns, or any subtenants will be required to execute the standard lease which may include prepaid rents and/or a security deposit. The Agency reserves the right to charge rent in excess of the rate charged by Owner, or its successor and/or assigns, and Owner shall not be entitled to share in the excess rents or receive any benefits from the excess rents. If necessary, the Agency shall cooperate with Owner to execute a mutually acceptable master lease. In the event Phase II of the Project is not constructed within ten (10) years from the date of recording of this instrument, then Agency will not be able to fulfill its public purpose and its ability to provide opportunities for small businesses is materially impaired. Consequently, in the event Phase II of the Project is not completed within 10 years, Owner agrees to pay a lump sum penalty of \$3,000,000, without interest, upon demand by the Agency or its successors and/or assigns.

2. Priority. Agency's rights hereunder shall not be encumbered by or subordinated in any way to (a) any mortgage now or hereafter existing **except the mortgage granted by Owner in connection with a senior construction loan for the Project in favor of Centennial Bank** (b) any other liens or encumbrances hereafter affecting, created or suffered by Owner, or (c) any lease, sublease or any mortgages, liens or encumbrances now or hereafter placed on any interest of any tenants of subtenants. Owner shall in no event have any right or authority to create liens or encumbrances on or affecting any interest in or rights of Agency hereunder.

3. Notices.

All notices under this Agreement to be given by one party to the other shall be in writing and the same shall only be deemed given if transmitted by facsimile, certified mail, return receipt requested, by courier or overnight service or personal hand-delivery to the following addresses:

Owner:

Sunshine Shipyard LLC
900 NW 6th Street, Suite 201
Fort Lauderdale, FL 33311
eyal@fusefunding.com

Agency:

Fort Lauderdale Community
Redevelopment Agency
914 Sistrunk Blvd., Suite 200
Fort Lauderdale, Florida 33311
Attn: Executive Director,
e-mail: sgrant@fortlauderdale.gov

With a copy to:

City of Fort Lauderdale
City Attorney's Office
1 East Broward Blvd, Suite 1605
Fort Lauderdale, Florida 33301
Attn: Lynn Solomon, Esq.
e-mail: LSolomon@fortlauderdale.gov

Or to such other addresses as the parties may by writing designate to the other party from time to time. All notices, demands, deliveries, or other communications hereunder shall be deemed to have been given or served for all purposes hereunder, forty-eight (48) hours after the time that such communication was deposited in the United States mails (Saturdays, Sundays and legal holidays excluded), postage prepaid, in the manner aforesaid, one (1) day after delivery to a recognized overnight courier service, or upon delivery, whichever event shall first occur.

Refusal by any person to accept delivery of any notice delivered to the office at the address indicated above (or as it may be changed) shall be deemed to have been an effective delivery.

4. Covenants to Run with the Land. This Agreement and the covenants, reservations and restrictions set forth herein shall be deemed covenants running with the Land and, during the term of this Agreement, shall pass to and be binding upon the Owner and its assigns and successors and all subsequent owners of the Land or the Project or any interest therein; provided, however, that upon the termination of this Agreement in accordance with the terms hereof and the Development Agreement, said covenants, reservations and restrictions shall expire. Each and every contract, deed or other instrument hereafter executed covering or conveying the Land or the Project or any portion thereof or interest therein shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instruments. If a portion or portions of the Land or the Project are conveyed, all of such covenants, reservations and restrictions shall run to each portion of the Land or the Project.

5. Remedies; Enforceability. The benefits of this Agreement shall inure to the benefit of the Agency and may be enforced by all legal and equitable remedies available at law to the Agency including the right of specific performance.

6. Filing. Upon execution and delivery by the parties hereto, the Owner shall cause this Agreement and all amendments and supplements hereto to be recorded and filed in the official public records of Broward County, Florida, and shall pay all fees and charges incurred in connection therewith.

7. Governing Law. This Agreement shall be governed by the laws of the State of Florida.

8. Amendments. This Agreement shall not be amended, revised, or terminated except by a written instrument, executed by the parties hereto (or their successors in title), and duly recorded in the official public records of Broward County, Florida.

9. Severability. If any provision hereof shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining portions hereof shall not in any way be affected or impaired thereby.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Agency and Owner have executed this Agreement by duly authorized representatives, all as of the date first set forth below.

WITNESSES:

FORT LAUDERDALE COMMUNITY REDEVELOPMENT AGENCY, a community redevelopment agency created pursuant to Part III, Chapter 163, Florida Statutes

Donna Varisco

Print Name Donna Varisco

Print address 10110 E. 3rd Ave, Fort Lauderdale, FL

33301

Print Name Erica Harper

Print Address 1 E. Broward Blvd.

#11005, Ft. Lauderdale, FL

33301

By: [Signature]
Susan Grant, Acting Executive Director

Ben Rogers, Acting

Date: May 28, 2024

By: [Signature]
David R. Soloman, CRA Secretary

APPROVED AS TO FORM AND CORRECTNESS:

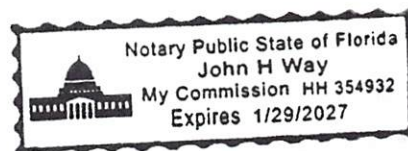
Thomas J. Ansbros, General Counsel

By: [Signature]
Lynn Solomon,
Assistant General Counsel

STATE OF FLORIDA
COUNTY OF BROWARD

The foregoing instrument was acknowledged before me this by means of ☐ physical presence or ☐ online, this 28th day of May, 2024, by Susan Grant, Acting Executive Director of the Fort Lauderdale Community Redevelopment Agency, a body corporate and politic of the State of Florida created pursuant to Part III, Chapter 163 on behalf of the Agency.

[Signature]
Notary Public, State of Florida



Name of Notary Typed, Printed or Stamped

Personally Known _____ OR Produced

Identification _____

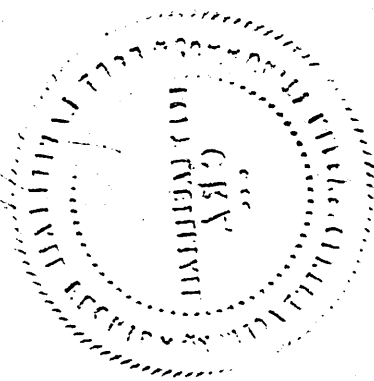
Type of Identification Produced _____

[Faint, mostly illegible text at the top of the page, possibly a header or introductory paragraph.]

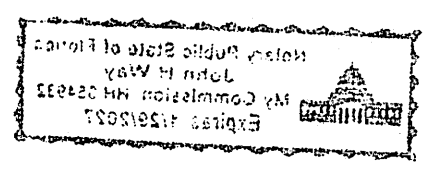
[Handwritten text, possibly a signature or name, in the upper left quadrant.]

[Handwritten text and a circular stamp in the upper right quadrant. The stamp contains the text "RECEIVED" and "FEB 19 1967".]

[Handwritten text in the middle left quadrant, appearing to be a list or series of notes.]



[Small handwritten note or signature on the left side of the lower half.]



[Handwritten text and a circular stamp in the lower right quadrant. The stamp contains the text "RECEIVED" and "FEB 19 1967".]

WITNESSES:

Print Name: _____
Address: _____

Print Name: _____
Address: _____

OWNER:

SUNSHINE SHIPYARD, LLC, a Delaware limited liability company, acting by and through its Administrative Member, to wit:

By: FUSE 9 LLC, a Delaware limited liability company, acting by and through its Manager, to wit:

By: FLORIDA PRIME ACQUISITIONS, LLC, a Florida limited liability company, acting by and through its Manager, to wit:

By: R.E.L. PARTNERS LLC, a Florida limited liability company

By: _____
Eyal Peretz, Manager

STATE OF FLORIDA
COUNTY OF BROWARD

The foregoing instrument was acknowledged before me by means of ☐ physical presence or ☐ online notarization, this ____ day of _____, 2024, by Eyal Peretz, as Manager of R.E.L. Partners LLC, as manager of Florida Prime Acquisitions LLC, as Manager of Fuse 9 LLC, as administrative member of Sunshine Shipyard, LLC a Delaware limited liability company, on behalf of and as an act of the company who is personally known to me or has produced _____ as identification.

Notary Public
Print Name: _____
My Commission Expires: _____

(NOTARY STAMP/SEAL

Exhibit "A"

Parcel 1

Lots 2 through 24, Block 325, PROGRESSO, according to the Plat thereof, as recorded in Plat Book 2, Page 18, of the Public Records of Miami-Dade County, Florida, said lands situate, lying and being in Broward County, Florida.

Less and except from Parcel 1, the following property conveyed by C. W. HENDRIX et. al. to the CITY OF FORT LAUDERDALE, a municipal corporation by deed recorded in Official Records Book 3411, Page 994:

That part of Lots 23 and 24 in Block 325 of "PROGRESSO", as recorded in Plat Book 2, Page 18 of the public records of Miami-Dade County, Florida; described as follows:

BEGIN at the southwest corner of said Lot 24; thence go easterly 135.0 feet along the south line thereof to the southeast corner of said Lot 24; thence northerly along the east line thereof 37.36 feet to the tangent point of a circular arc having a radius of 25 feet and being concave to the northwest; thence southerly to westerly along said arc, 39.27 feet through a central angle of 90°00' to the end of said arc; thence westerly and tangent to said arc along a line being 35 feet north of and parallel to the south boundary of the N 1/2 of Section 3, Township 50 South, Range 42 East, 110.0 feet to the west line of said Lot 24; thence southerly 12.32 feet along said west line to the POINT OF BEGINNING.

Parcel 2

Lots 25 through 48, less the West 15 feet for right of way of said Lots, in Block 325, PROGRESSO, according to the Plat thereof, as recorded in Plat Book 2, Page 18, of the Public Records of Miami-Dade County, Florida, said lands situate, lying and being in Broward County, Florida.

Less and except from Parcel 2, the following property conveyed by C. W. HENDRIX et. al. to the CITY OF FORT LAUDERDALE, a municipal corporation by deed recorded in Official Records Book 3411, Page 995:

That part of Lots 25 and 26 in Block 325 of "PROGRESSO", as recorded in Plat Book 2, Page 18 of the public records of Miami-Dade County, Florida; described as follows:

BEGIN at the intersection of the east line of the west 15 feet and the north line of the south 17 feet of said Lot 25; thence go northerly along said east line and along the east line of the west 15 feet of Lot 26, 20.27 feet to the tangent point of a circular arc concave to the northeast; thence southeasterly along said arc, having a radius of 25 feet and arc distance of 23.64 feet through a central angle of 54° 10' 48" to the north line of the south 17 feet of Lot 25; thence westerly along said north line 10.37 feet to the POINT OF BEGINNING.

AND Less the South 17 feet of the aforesaid Lot 25 for right of way.

And further less from Parcels 1 and 2, above the land conveyed by deed attached to Resolution No. 2023-446

(accepting same) recorded as Instrument Number 119240434 more particularly described below:

Legal description: Right-of-Way Dedication

A portion of Lots 25 through 48, Block 325, "Progresso", according to the plat thereof, as recorded in plat book 2. Page 18, of the public records of Miami-Dade County, Florida, being more particularly described as follows:

Commence at the Northwest corner of said Block 325; thence North 87°52'38" East along the North line of said Block 325 for 15.00 feet to the Point of Beginning.

Thence continue North 87°52'38" East along said North line 40.01 feet; thence South 42°52'08" West 42.43 feet to a point on a line 25 feet East of and parallel with the West line of said Block 325; thence South 02°08'22" East along said parallel line 523.00 feet; thence South 47°07'52" East 42.42 feet to a point on a line 17 feet North of and parallel with the South line of said Block 325; thence South 87°52'38" West along said parallel line 29.62 feet to a point on the arc of a circular curve concave Northeasterly from which a radial line bears North 33°40'48" East; thence Northwesterly along the arc of said curve to the right, having a radius of 25.00 feet, a central angle of

54°10'48", for an arc distance of 23.84 feet to a point of tangency on a line 15 feet East of and parallel with said West line of Block 325; thence North 02°08'22" West along said parallel line 562.73 feet to the Point of Beginning.

Said land lying and being in the City of Fort Lauderdale. Broward County, Florida.



COMMISSION AGENDA ITEM DOCUMENT ROUTING FORM

Today's Date: 5-28-24 **RUSH**

1. **DOCUMENT TITLE:** Declaration of Restrictive Covenant- Sunshine Shipyard (Arcadian Project)

COMM. MTG. DATE: 11/07/2023 **CAM #:** 23-0958 **ITEM #:** R-2 **CAM attached:** ☒ YES ☐ NO

Routing Origin: CAO **Router Name/Ext:** Erica K./6088 **Action Summary attached:** ☒ YES ☐ NO

CIP FUNDED: ☐ YES ☐ NO

Capital Investment / Community Improvement Projects defined as having a life of at least 10 years and a cost of at least \$50,000 and shall mean improvements to real property (land, buildings, or fixtures) that add value and/or extend useful life, including major repairs such as roof replacement, etc. Term "Real Property" include: land, real estate, realty, or real.

1) **Dept:** _____ **Router Name/Ext:** _____ **# of originals routed:** 1 **Date to CAO:** _____

2) **City Attorney's Office:** Documents to be signed/routed? ☒ YES ☐ NO **# of originals attached:** 1

Is attached Granicus document Final? ☒ YES ☐ NO **Approved as to Form:** ☒ YES ☐ NO

Date to CCO: 5-28-24 Lynn Solomon [Signature]
Attorney's Name Initials

3) **City Clerk's Office:** # of originals: _____ **Routed to:** Donna V./Aimee L./CMO **Date:** _____

4) **City Manager's Office:** **CMO LOG #:** _____ **Document received from:** _____

Assigned to: SUSAN GRANT ☐ ANTHONY FAJARDO ☐ LAURA REECE ☐
SUSAN GRANT as CRA Executive Director ☐ BEN ROGERS ☐

☐ APPROVED FOR S. GRANT'S SIGNATURE ☐ N/A FOR SUSAN GRANT TO SIGN

PER ACM: L. Reece (Initial/Date) PER ACM: S. Grant (Initial/Date)

☐ **PENDING APPROVAL** (See comments below)

Comments/Questions: _____

Forward _____ originals to ☐ Mayor ☐ CCO **Date:** _____

5) **Mayor/CRA Chairman:** Please sign as indicated. Forward _____ originals to CCO for attestation/City seal (as applicable) **Date:** _____

6) **City Clerk:** Forward _____ originals to CAO for **FINAL APPROVAL** **Date:** _____

7) **CAO forwards** _____ originals to **CCO** **Date:** _____

8) **City Clerk:** Scan original and forwards 1 original to: Erica Keiper/ xt. 6088

Attach _____ certified Reso# _____ ☐ YES ☐ NO **Original Route form to:** Erica K./6088