



**CITY OF FORT LAUDERDALE
COMMUNITY REDEVELOPMENT AGENCY**

December 5, 2023

Eyal Peretz
6 West Apartments LLC
900 NW 6th Street
Fort Lauderdale, FL 33311

Re: Amended and Restated Letter of intent to provide a forgivable loan in an amount not to exceed Four Million and No/100 Dollars (\$4,000,000) to 6 West Apartments, LLC, a Delaware limited liability company (the "Borrower") to be secured by a mortgage on real property located at 909 Sistrunk Blvd, Fort Lauderdale, Florida 33311 and real property located at 623,627,639 NW 9th Avenue, Fort Lauderdale, Florida 33311 all as legally described on Exhibit "A" (the "Property") to partially fund hard costs of construction of a mixed use development on the Property (the "Project")

Dear Mr. Peretz:

This letter is intended to establish a framework for preparation and execution of a Development Agreement under the Development Incentive Program (the "Development Agreement") by and between the Fort Lauderdale Community Redevelopment Agency (the "Lender" or "CRA") and 6 West Apartments LLC. Subject to the terms and conditions set forth herein and in the Development Agreement and other documents, Lender agrees to fund a forgivable loan to Borrower in an amount not to exceed Four Million and No/100 Dollars (\$4,000,000) (the "Forgivable Loan" or the "DIP Loan") that will be used to fund hard costs of construction of a mixed use development, more particularly described in Commission Agenda Memorandum No. 23-1033 (collectively, the "Project") on the Property. It is anticipated that the parties shall negotiate and execute a Development Agreement within nine (9) months after the date the CRA Board of Commissioners approves this amended Letter of Intent. The Letter of Intent is intended to amend and restate that Letter of Intent approved by the Board of Commissioners of the Fort Lauderdale Community

COMMUNITY REDEVELOPMENT AGENCY

914 SISTRUNK BLVD, SUITE 200, FORT LAUDERDALE 33311

TELEPHONE (954) 828-6130

WWW.FORTLAUDERDALE.GOV



Redevelopment Agency on December 7, 2021.

COMPLETION DATE: The Project and all amenities shall be completed within twenty-four (24) months from the issuance of a building permit by the City of Fort Lauderdale's Building Department for the Project, subject to extensions granted by the CRA's Executive Director for delays caused by circumstances beyond the Borrower's control but not due to a lack of funding to complete the Project. Completion Date is defined as the date on which a Temporary or Final Certificate of Occupancy has been issued by the City of Fort Lauderdale or other governing authority and an approval letter of the Project has been issued by the Agency or its successor. Borrower shall submit its application for a building permit with the appropriate governing authorities within ten (10)) months after the Effective Date of the Development Agreement between Borrower and CRA. Prior to the sunset date of the CRA, if the Borrower is in good standing with respect to its obligations under the DIP Loan, is proceeding in good faith to secure its development approvals for the Project and provides a letter of intent from an institutional lender, the CRA shall deposit all or a portion of the proceeds of the DIP Loan with an experienced escrow agent selected by the CRA, provided the CRA and escrow agent enter into a mutually acceptable construction disbursement agreement. After the CRA sunsets and provided the term of the CRA is not extended, the CRA shall designate a project manager to approve construction draws, handle inspections and such other duties and responsibilities under the DIP Loan documents and escrow agreement. Disbursement of the proceeds shall be subject to the conditions of the Development Agreement, the Funding Agreement and such other terms and conditions required by the CRA.

USES OF PROCEEDS: Borrower acknowledges that proceeds of the DIP Loan shall be used to reimburse Borrower or fund hard costs for the Project according to a construction budget approved by the CRA Executive Director, which approval shall not be unreasonably, conditioned or delayed, as may be amended by Borrower and its construction lender, so long as such expenses are allowed in accordance with Part III, Chapter 163, Florida Statutes. The proposed site plan and illustrations are attached hereto as Exhibit "B". The CRA proceeds shall not be used for operating and administrative expenses or general conditions of the Project or for soft costs related to construction of the Project. Further, hard costs are defined as costs for work, labor and materials required to construct the buildings and for approved site work. The proceeds of the DIP Loan shall not be used to construct improvements within a public right of



way.

CONDITIONS FOR CLOSING: The Lender shall have no obligation to close on the DIP Loan until completion of the following conditions subject to the approval of the Lender which approval shall not be unreasonably withheld, conditioned or delayed: :

1. Review and acceptance of environmental site assessment, at Borrower's expense, on the Property.
2. Satisfactory evidence that Borrower has sufficient funds to complete construction of the Project.
3. Receipt and review of a draw schedule, construction schedule and budget, sources and uses, Project schedule, survey and schedule of values for the Project.
4. Receipt and review of a construction contract between the Borrower and a qualified and experienced general contractor along with copy of the general contractor's license.
5. Certificate of Good Standing and corporate authorization of the Borrower.
6. Builder's Risk Insurance and Payment and Performance Bond listing the CRA as an additional obligee and such other insurance as are customary and standard for a Project of this scope and size.
7. Title Insurance Commitment and policy insuring the interest of the CRA in the Property in the amount of the DIP Loan, deleting all schedule B-I requirements and all standard exceptions, subject to those special exceptions approved by the Executive Director.
8. Simultaneous closing with the construction lender which shall include a guaranty of payment by the controlling entity and completion by its controlling members, Eyal Peretz and any other principals.
9. All development approvals from the appropriate governing authority have been issued for the Project.
10. Execution of the CRA documents for the DIP Loan, including without limitation, the Promissory Note, Second Mortgage, Assignment of Leases, Rents and Profits, Assignment of Development Approvals, Environmental Indemnity Agreement, Construction Loan Agreement, Regulatory Agreement, Security Agreement, UCC-1 Financing Statement, Funding Agreement, Development Agreement, Negative Pledge Agreement and such other agreements and instruments required by the CRA in the exercise of its



reasonable discretion.

11. Receipt and review of all owners who hold a direct or beneficial interest in the Property or Borrower along with certified copies of the organizational documents.
12. An acceptable "as-completed" appraisal of the Project as procured by the construction lender. Such appraisal shall be certified to the CRA.
13. Survey of the Property which meets the minimum local and state technical standards.
14. Such other documents, instruments, studies, analysis and evaluation as required by the CRA in the exercise of its reasonable discretion.

LOAN PAYMENTS AND TERM: Repayment of the DIP Loan shall not be required except upon the occurrence of an uncured event of default as defined in the Development Agreement. The DIP Loan shall not be subject to a charge of interest except in the event of an uncured default. Upon such an occurrence, interest shall accrue at the maximum rate permitted by law.

SATISFACTION: The DIP Loan shall be discharged upon satisfaction of the following conditions:

1. Issuance of a Temporary or Final Certificate of Occupancy by the appropriate governmental authority for the entire Project: and
2. In order to encourage entry level/start-up companies to lease space in the Project, the Borrower will establish a separate fund in the amount of \$200,000.00 (the "Rental Subsidy Fund"), subject to audit by the Agency, to provide rental subsidies to potential tenants of the commercial portion of the Project which do not have the financial ability to pay market rate rents for the first year of their tenancy (hereinafter referred to as the "Rental Subsidy"). The Rental Subsidy will range from 20% to 30% reduction in the market rate rental rates. Market rate rents is defined as rents charged by a unaffiliated and independent commercial landlord within a three (3) mile radius leasing space comparable in size and quality to the space of the Borrower. Potential tenants who are also residents of Northwest-Progresso-Flagler Heights CRA or currently own or operate a business in the Northwest -Progresso-Flagler Heights CRA will be eligible for a maximum Rental Subsidy of 30% reduction



in the then market rate rental rates. Potential tenants who do not reside in the Redevelopment Area nor own or operate a business in the Redevelopment Area shall only be eligible for a maximum 20% reduction in the then market rate rental rates. Any potential tenant that has received funding from the CRA in the 2 years before the date of the potential tenancy will not be eligible for a Rental Subsidy. The evaluation of the potential tenant's ability to pay market rate rents will be made by the Borrower using the following standard: Borrower leasing and asset management team shall conduct a review of applicant's financials and business projections. The Rental Subsidy Fund will be held and managed by Borrower and on the anniversary of the issuance of a Certificate of Occupancy for the Project Borrower will provide an annual report to the CRA reflecting the Rental Subsidy paid during that reporting period; such Rental Subsidy payments and reports will be provided to the CRA until the Rental Subsidy Fund is depleted Borrower agrees that rental increases after the first year of the term of the lease for tenants receiving the subsidy shall not exceed the inflation rate, year over year, for a minimum of five (5) years starting from the term of the lease ; and

3. The Borrower covenants and agrees with the CRA that it and its principal owners shall lease, manage, operate and maintain the Project for a period of no less than five (5) years commencing on the Project Completion Date. During this five-year period, the Developer agrees to submit on the annual anniversary of the Effective Date of the Agreement an affidavit executed by the Developer that the Project has not been sold or any interest in the Developer has been transferred or conveyed. Further, Borrower agrees that the building shall not be used for those non-permitted uses as provided in Section 47-12 of the ULDR and shall not be used for the following (i) "adult uses" as such term is defined in Section 47-18.2 of the ULDR; (ii) tattoo parlors; or (iii) massage parlors (other than as an ancillary use to a health club or beauty salon or beauty space; or (iv) liquor store or convenience kiosk as provided in the ULDR, during a five (5) year term commencing on Project Completion Date and will execute at Closing a restrictive covenant to be recorded in the public records of Broward County evidencing these restrictions.

CONDITION TO FUND: Funding for the DIP Loan is subordinate to overhead and administrative costs related to operating and managing the CRA and senior CRA debt



and previously approved CRA projects.

LOAN DISBURSEMENTS: The Borrower and Lender, shall develop a schedule for disbursement of the DIP Loan proceeds. Such disbursement schedule shall be incorporated in a Construction Loan Agreement and Funding Agreement, if necessary. Both parties anticipate a portion of the DIP Loan may be available to fund construction draws. If so, then the CRA shall fund construction draws for hard costs only after the Borrower has fully funded its equity contribution but before the construction lender funding.. To the extent CRA funds are available after construction has commenced and the construction lender has to advance construction funds on behalf of the CRA, then CRA funds will be used to reimburse the construction lender for hard costs only and only to extent that the CRA would have funded had the proceeds been available and only to the extent the construction lender can document that its proceeds were used for hard costs. The construction lender may make additional or future advances under the construction loan so long as the principal balance of the DIP Loan and the principal balance of the construction/permanent loan does not exceed a loan to value ratio of 100% as determined by a current MAI appraisal based on the Project on an "as-complete basis.

CLOSING COSTS: Borrower shall bear all closing and transactional fees, expenses and costs, including without limitation, documentary stamp taxes, intangible taxes, title insurance premium and lien search fees, recording fees, in connection with closing on the DIP Loan.

SECOND MORTGAGE AND SUBORDINATION: The DIP Loan shall be secured by a second mortgage, assignment of leases, rents, profits and proceeds on the Property, and security interest in the personal property of the Project in favor of the CRA, subordinate to the lien of the First Mortgage of the construction/permanent lender. The Borrower agrees that the First Mortgage shall include a provision requiring the First Mortgagee to give notice of default and an opportunity to cure in favor of the CRA. Borrower shall execute a negative pledge agreement in which it agrees not to further encumber the Property. Any approvals of or consents to subsequent agreements or arrangements required by Borrower or the First Mortgage lender as a condition of closing the DIP loan, shall be granted at the discretion of the CRA's Executive Director without any further approval of the governing body of the CRA, subject to



approval of the CRA General Counsel. In the event the Borrower seeks to refinance its construction loan, the CRA will subordinate its lien to a new loan, provided the loan to value for the CRA loan, as established at closing on the DIP Loan is not diminished. At the time of a refinance, Borrower shall provide an MAI appraisal from an experienced and licensed appraiser reasonably acceptable to the CRA.

LOCAL CONTRACTING: Borrower will use its best efforts to work with the Lender to notify local business firms, minority owned firms, women-owned firms or labor surplus area firms of the opportunity to submit bids for construction work on the Project, with the goal of achieving a minimum 30% participation of the Project for minorities. Further, Borrower shall use its best efforts to hire local business firms, minority owned firms, women owned firms for the operation and management of the commercial uses within the Project and shall provide annual reports, in form, substance and content, using commercially reasonable standards, acceptable to the CRA and its successors and/or assigns.

LOAN DEFAULT: The occurrence of any one or more of the following Loan Defaults and the continuance thereof uncured or uncorrected for a period of 30 days, or longer period of time as may be necessary so long as Borrower is diligently pursuing cure, following proper notice, except for monetary defaults which shall have a grace period of 15 days and Lender shall not be required to give notice:

- 1) Borrower fails to maintain managerial control and decision making authority over the Project until the DIP Loan is satisfied which period of time is five (5) years from the Project Completion Date; or
- 2) A final order, judgment or decree is entered by any court of competent jurisdiction adjudicating the Borrower bankrupt or insolvent; or
- 3) Any misrepresentation made by Borrower in any material respect and which adversely affects the rights, duties and obligations of the CRA; or
- 4) Foreclosure proceedings have commenced against the Project; or
- 5) A default under the First Mortgage and subsequent failure to cure within



applicable cure periods; or

6) Such other commercially reasonable defaults as incorporated in the Development Agreement and other CRA loan documents.

MAINTENANCE/REPAIRS: Upon completion of the Project, Borrower, its successors and/or assigns, shall have a continuing obligation to maintain the Project in good repair and provide adequate insurance coverage at its expense, all as set forth in the Development Agreement. All construction will be done in accordance with necessary approvals and the permitted and approved set of plans and specifications by the appropriate governing authority for the Project.

INSURANCE: The Borrower and/or the general contractor for the Project, as applicable, shall purchase and maintain at its own expense, insurance, as shall be required by the Lender and incorporated in the Development Agreement and shall include the Lender as an "Additional Insured".

RIGHT TO AUDIT: Upon reasonable advance written notice to the Borrower, Lender shall have the right to audit, at its expense, the books and records relating to the Project as may be reasonably required, and Borrower shall provide CRA with necessary information to conduct such audit.

CROSS DEFAULT: The Development Agreement, and the Second Mortgage will be cross defaulted with the construction loan and First Mortgage.

BROKER: Borrower certifies that there were no brokers or finders engaged as a result of these DIP Loan and indemnifies the Lender against any claims, losses, fees or expenses in connection with the DIP Loan by any brokers or finders.

TERMINATION: Prior to execution of the Development Agreement, Lender or Borrower may terminate this Letter of Intent if any of the following events shall occur:

If the Borrower:

- a. Applies for or consents to the appointment of a receiver, trustee, or liquidator for it or for any of its property;



- b. Admits in writing an inability to pay its debts as they mature;
- c. Makes a general assignment for the benefit of creditors;
- d. Is adjudicated bankrupt or insolvent;
- e. Files a voluntary petition or an answer seeking reorganization or an arrangement with creditors or take advantage of any bankruptcy, reorganization, insolvency, readjustment of debt, dissolution, or liquidation law or statute, or files an answer admitting the material allegations of a petition filed against it or them in any proceeding under any such law; or
- f. If condemnation proceedings are commenced against the Project or any part thereof;
- g. If the Lender and Borrower are unable to agree to the terms of the Development Agreement.
- h. fails to secure the necessary equity and construction loan for the Project on or before _____, 2025.

ASSIGNMENT: During the term of the DIP Loan and upon execution of the Development Agreement, Borrower, developer and owner of the Property shall not sell, assign, convey or transfer (all of the foregoing referred to as an “Assignment”) its interest in the Project or Property to any person, or a controlling interest in Borrower or such entities which hold all right, title and interest in the Property or developer of the Project, without the express written consent of the CRA which shall not be unreasonably withheld. CRA shall either approve such Assignment or specify in reasonable detail the basis for its disapproval within thirty (30) days after request for such approval. Such Assignment shall not be valid until the CRA has consented in writing to such Assignment and there shall have been delivered to CRA a true copy of the proposed instruments effectuating such Assignment, and an original counterpart of an agreement in which each such assignee assumes and agrees to perform all the



terms, covenants and conditions under the DIP Loan on Borrower's, or such applicable entity's, part to be performed, including those matters that arose or became due prior to the effective date of the Assignment, and proof that the assignee has been approved as the successor under all third party agreements affecting the Project and Property. After the aforesaid instruments have been delivered to CRA and CRA has consented in writing to such Assignments, then from and after the effective date of Assignment, the assigning party shall be released of all obligations under the DIP Loan for matters arising after the effective date of the Assignment, but shall remain liable to the CRA for all obligations under the DIP Loan relating to matters that arose or became due prior to the effective date of the Assignment. The factors upon which CRA may base its decision on whether to grant consent to an Assignment will be limited to whether (i) the proposed assignee and/or any of the direct or indirect principals of such proposed assignee (as may be set forth in a certification to the Agency by a certified public accountant) meets standards of creditworthiness and have sufficient financial resources to acquire, operate, manage and maintain the Project, (ii) the proposed assignee has the reasonable ability to perform the obligations of the Borrower under the DIP Loan or other parties related to the Project; (iii) the proposed assignee has prior business experience related to operating property with uses similar to the Project, (iv) the reputation of the proposed assignee, and (vi) the form of the documents evidencing the assignment and the assumption, and (vii) other reasonable factors. Borrower agrees to disclose the principals with controlling interest in the Borrower, owner of the land and building and the developer of the Project and to provide such documents requested by the CRA in a timely manner. Notwithstanding this process for Assignment, Eyal Peretz shall retain managerial and decision making control over the Project during the term of the DIP Loan.

PUBLIC RECORDS. Unless a specific statutory exemption exists, all documents, instruments, surveys, reports, etc. received by the CRA are subject to review by the public.

The letter of intent shall be made and construed in accordance with the laws of the State of Florida.

The individuals executing this Letter of Intent are authorized to execute this letter on behalf of the respective entities.



The provisions of the letter of intent cannot be modified unless such modification is in writing and signed by Lender and Borrower.

This Letter of intent has been issued for the sole and exclusive benefit of the Borrower and no third party shall have any rights hereunder without the express written consent of the Lender. Further, Borrower shall not assign its rights under this Letter of Intent without the written consent of the Lender which may be withheld in its sole discretion.

Lender and Borrower agree to act in good faith to formalize the Development Agreement within a timely manner. However, nothing in this letter of intent shall be deemed an obligation of Lender or Borrower to execute a Development Agreement.

This Letter of Intent may be executed in one or more counterparts, each of which shall constitute an original and together shall constitute one agreement.

SIGNATURES ON FOLLOWING PAGE



IN WITNESS OF THE FOREGOING, the parties have set their hands and seals the day and year as written below.

WITNESSES:

AGENCY

**FORT LAUDERDALE COMMUNITY
REDEVELOPMENT AGENCY**, a
Community Redevelopment Agency created
pursuant to Chapter 163, Part III,
Florida Statutes

Print Name

By _____
Greg Chavarria, Executive Director

Print Name

Date: _____

ATTEST:

Approved as to form and correctness:
Thomas J. Ansbro, General Counsel

David R. Soloman, CRA Secretary

Lynn Solomon, Assistant General Counsel

AGREED TO AND ACCEPTED this _____ of December, 2023.

6 West Apartments LLC, a Delaware limited
liability company

By: _____
Eyal Peretz, Administrative Manager

EXHIBIT A

(LEGAL DESCRIPTIONS OR SUMMARY)

The Land referred to herein below is situated in the County of BROWARD, State of Florida, and is described as follows:

PARCEL 1: Lots 3, 4, 5, 6, 7 and 8 of JUNE PARK, according to the Plat thereof, as recorded in Book 22, Page 16, of the Public Records of Broward County, Florida, TOGETHER WITH the East 1/2 of vacated alley (as vacated by Ordinance No. C-89-21 recorded in Official Records Book 16461, Page 101, of the Public Records of Broward County, Florida) abutting said Lots on the West.

PARCEL 2: Lots 9, 10, 11 and 12, of June Park, according to the Plat thereof, as recorded in Book 22, Page 16, of the Public Records of Broward County, Florida. LESS the following described parcel: BEGIN at the Northeast corner of Lot 9; thence go South 00° 17' 10" East along the East line of Lots 9, 10 and 11, 225 feet to the Southeast corner of Lot 11; thence South 89° 54' 10" West along the South line of Lots 11 and 12, 127.5 feet to the Southwest corner of Lot 12; thence North 00° 07' 10" West along the West line of Lot 12, 12.45 feet to a line 35 feet North of and parallel to the South boundary of the Northeast 1/4 of Section 4, Township 50 South, Range 42 East; thence South 89° 41' 50" East along said parallel line 91.32 feet to the beginning of a circular arc curve concave to the Northwest; thence Northeast along said arc having a radius of 25 feet and a central angle of 90° 25' 20", an arc distance of 39.45 feet to a point of tangency of a line 11 feet West of and parallel to the East line of Lots 10, 11 and 9; thence North 00° 07' 10" West along said parallel line, 188.18 feet to the North line of Lot 9; thence North 89° 54' 10" East along said North line, 11 feet to the POINT OF BEGINNING, TOGETHER WITH the East 1/2 of vacated alley (as vacated by Ordinance No. C-89-21 recorded in Official Records Book 16461, Page 101, of the Public Records of Broward County, Florida, abutting said Lots on the West.

EXHIBIT B
SITE PLAN ILLUSTRATIONS
To be provided