

Statement of Work

This Statement of Work, dated **February 1, 2022** (this “SOW”), is made by **Ernst & Young Infrastructure Advisors, LLC**, a Delaware limited liability company authorized to transact business in the State of Florida, (“we” or “EYIA”) and the City of Fort Lauderdale, a Florida municipality, (“you”, “the City” or “Client”), pursuant to the Agreement, dated **February 1, 2022** (the “Agreement”), between EYIA and the City of Fort Lauderdale.

Except as otherwise set forth in this SOW, this SOW incorporates by reference, and is deemed to be a part of, the Agreement. The additional terms and conditions of this SOW shall apply only to the transaction advisory Services covered by this SOW and not to Services covered by any other Statement of Work pursuant to the Agreement. Capitalized terms used, but not otherwise defined, in this SOW shall have the meanings in the Agreement, and references in the Agreement to “you” or “Client” shall be deemed references to you.

Scope of services

We understand that you are the owner and lessor of a portion of land in the City known as Bahia Mar and Rahn Bahia Mar LLC (“City’s Tenant”), wishes to renegotiate the terms of the lease (the “Proposal”). We understand that you are now seeking EYIA’s support with the analysis of the options available to the City related to the lease. The City has indicated their aim is to identify the best financial value to the City over the lease term from rent, future revenue sharing and tax revenues. In this context we will provide the City with the following services (the “Services”):

Task 1: Ground lease discussion and land valuation

- Read your existing ground lease with City’s Tenant to understand the current contractual payments and the implied net present value of the payments over the course of the remaining lease term
- Obtain updated information on City’s Tenant’s proposed redevelopment plans and project (e.g., site information, renderings, preliminary concept, phasing and proposed amenities, as available).
- Read and summarize other third-party market reports that City’s Tenant has obtained (as available) supporting their redevelopment plans.
- Obtain, read and summarize:
 - i. Project redevelopment financial budget and plan being proposed by City’s Tenant (uses, income streams, etc.)
 - ii. Key terms from your ongoing discussions with City’s Tenant related to the proposed new ground lease
- Assist you in your efforts to benchmark comparable ground rent market lease terms for redeveloped properties similar to what is being proposed by City’s Tenant based on the following:
 - i. Research of comparable (and recently signed) ground leases for similar mixed-use projects/uses, including base and percentage rents (if applicable);
 - ii. Calculation of a fee simple land value range with a ground rent cap rate applied;

- iii. Consider the impact of additional revenue sources including future revenue sharing and City tax impacts; and
- iv. Implied market land lease payment range based on City's Tenant proposed internal investment / development model, with market rent based on:
 - i. Construction cost estimates, as provided by City's Tenant, and benchmarked against similar projects;
 - ii. each component's net operating income (before ground lease payments) with estimates provided by City's Tenant and benchmarked against market research (see below Task 2 for a more detailed breakdown);
 - iii. an appropriate return (market-based capitalization rate) applied to each component's future value as if held in fee simple interest; and
 - iv. an appropriate market-based investment return capturing the above development and operating risk for City's Tenant.
- If requested, hold discussions with banks/lenders and other market participants to understand what is financeable/not financeable from a ground lease perspective for similar mixed-use sites.
- Share with you our observations, on a white paper basis, and be available to answer any questions you have.

Task 2: Commercial Market Assessment

- Evaluate the present economic climate to assess future growth potential, particularly as it relates to residential (condominium) developments in the Project's competitive market.
- If requested, interview market representatives (developers, investors, lenders, brokers, leasing agents) to gain insight on performance trends & outlook, and seek to obtain feedback and trends on the following for condominium developments:
 - Supply and demand trends and outlook (i.e. growth, new supply)
 - Performance trends
 - Competitive strengths and weaknesses
 - Critical success factors
 - Outlook
- Develop a SWOT (Strengths, Weakness, Opportunities, Threats) analysis for the Project and broadly the condominium market, with a focus on fundamentals and outlook that might impact the redevelopment of the Project, identifying potential opportunities and risks associated with the development, and helping you determine the merits (and risks) of whether the land use should be changed
- Compare key programmatic elements and performance inputs of City's Tenant's model against market trends. Where applicable, suggest refinements based on data collected that might impact your lease negotiations.

For the avoidance of doubt EYIA is not undertaking diligence on City's Tenant, nor advising you on the merits or otherwise of any specific transaction or providing any recommendations with regards the acceptance, rejection or otherwise of the Proposal or any other particular approach. The City will be responsible for the final determination of evaluation outcomes.

Restrictions

EYIA, as a member firm of EY, is restricted by law and auditor professional requirements from performing certain work for its audit clients. The scope of work and fee arrangements set out in this letter have been approved under EY's applicable independence requirements, and any additional services requested under this or other statements of work will be subject to the same such requirements.

Any projections or estimates used as inputs into our analysis will be based on third party data or based on defined assumptions. We will have no responsibility to evaluate or verify such information but shall state the source of the information we use.

Unless otherwise specifically stated, we will not verify the accuracy of data provided by you or other third parties and will not be responsible for any errors in outcome resulting from inaccurate or incomplete data provided by the Client or others.

Limitations on scope

We will not identify, address or correct any errors or defects in your computer systems, other devices or components thereof ("Systems"), whether or not due to imprecise or ambiguous entry, storage, interpretation or processing or reporting of data. We will not be responsible for any defect or problem arising out of or related to data processing in any Systems.

We will not, in connection with the performance of the Services or otherwise be supporting or working with the Client in a broker-dealer capacity, including without limitation (i) acting as a broker for the sale of any securities, (ii) soliciting any potential buyer or seller (including you) to engage in any transaction, or (iii) acting as a negotiator of a transaction.

Your specific obligations

We draw your attention to the reservations set out in paragraph 5 of the General Terms and Conditions of the Agreement, as well as your management responsibilities under paragraph 6, your obligations under paragraph 11 and 12, and your representation, as of the date hereof, under paragraph 26 thereof.

We may provide you with sample tools and/or templates, based on our professional experience and industry leading practices, for your completion or customization in connection with your project. You will be responsible for completion, customization, implementation, use and effectiveness of these tools or templates, and we will have no obligation with respect thereto.

Specific additional terms and conditions

The Services are advisory in nature. EYIA will not render an assurance report or assurance opinion under the Agreement, nor will the Services constitute an audit, review or examination of any entity's financial statements or prospective financial statements in accordance with generally accepted auditing standards or other applicable professional standards.

None of the Services or any Reports will constitute any legal opinion or advice. Whilst we will review legal documents when required to do so in order to advise on their financial and commercial consequences, it will not be a legal review and your lawyers will retain responsibility for legal drafting. In order for us to carry out this review, you or your advisors will need to notify us of any changes made to the documentation, highlighting the particular clauses that require review. We assume no responsibility for the effects of any changes that are not notified to us.

We will not conduct a review to detect fraud or illegal acts, nor will we render any opinion as to the fairness or advisability of the proposed transaction or any other transaction.

In providing the Services, we also will utilize and rely on data and information from third party sources (including publicly-available information). We will have no responsibility to evaluate or verify such information.

Notwithstanding anything to the contrary in the Agreement or this SOW, except as to those of any EY Firms, we do not assume any responsibility for any third-party products, programs or services, their performance or compliance with your specifications or otherwise.

We will base any comments or recommendations as to the functional or technical capabilities of any products in use or being considered by you solely on information provided by their vendors, directly or through you. We are not responsible for the completeness or accuracy of any such information or for confirming any of it.

Compliance with U.S. immigration requirements may require EY to provide certain information to the U.S. Citizenship and Immigration Services ("USCIS") to confirm that EY employees on certain visas are, in fact, EY employees and not employees of Client or other clients of EY. This will include providing certain information regarding work locations to support compliance with the visa requirements. As such, EY may disclose to USCIS information regarding this SOW, including Client's identity and location, as well as redacted agreements. Upon providing this information, EY will request that USCIS keep any such information confidential. In further support of these legal requirements, the U.S. Department of Labor (DOL) regulations, at 20 CFR § 655.734(a)(1)(ii)(A), require the posting of notice of a Labor Condition Application (LCA) in instances where individuals holding H-1B visas will be working on Client's premises. EY and Client will work together to develop an appropriate notice as required.

EY resources will be operating at all times as employees of and under the direction and control of EYIA's management, and all activities including supervision, hiring and firing decisions, and performance evaluations are controlled by EYIA. Client will not have the right to control EY resources, but will be responsible for directing our work and making all decisions derived from it. The Services do not include activities that involve participation in the management and decision making that are the responsibility of the Client.

EYIA and other EY Firms may render professional services to other clients in your industry. You agree that any EY Firm may provide the Services under this SOW, as well as services to other such parties, as long as the EY Team does not disclose to any other such team any confidential information relating to you except as required by applicable law, regulation or professional obligation, in either case without your prior written consent.

The Services may involve our review of, or advice relating to, agreements to which you are a party with, or products produced by, a third party (an “EY Client”) for which EYIA (or another EY Firm) performs, or has performed, services unrelated to the agreements or products. On behalf of yourself and your affiliates, you acknowledge and consent to our performance of such services for any EY Client, and agree that neither you nor your affiliates will make a claim that these circumstances present a conflict of interest, real or perceived, for us or any other EY Firm. If, however, our services for an EY Client directly relate or related to the agreements or products, we will seek the consent of both you and the EY Client to the continued performance of the Services. In any event, we confirm that, except as you and the EY Client otherwise agree in writing, your respective confidential or privileged information will remain confidential to that client in accordance with applicable professional standards.

We may subcontract a portion of the Services to one or more EY Firms and to subcontractors, including retired EY partners and/or principals, working under our direction who may communicate directly with you. EYIA, however, will remain solely responsible to Client for the performance of the Services.

Timetable

This SOW will be undertaken over a 6-week period from the time of your instruction to commence, subject to the relative complexity of the Proposal, stakeholder availability and timely exchange of information across the relevant parties.

Contacts

You have identified Susan Grant as your contact with whom we should communicate about these Services. Your contact at EYIA for these Services will be Nicole Doheny.

Fees and expenses

The General Terms and Conditions of the Agreement address our fees and expenses generally. The City will pay to EYIA a fixed fee of \$85,000 (“Fixed Fee”) for the provision of Services and any additional scope or time would be subject to the rate card below:

EYIA level	\$/hour
Senior Managing Director / Managing Director	\$575
Senior Vice President / Director	\$520
Vice President / Manager	\$410
Senior Associate / Associate	\$345
Analyst	\$245
Global Analyst	\$170

Rates will be subject to 2.5% annual inflation from the anniversary of the Agreement.

EYIA has budgeted 250 hours of staff time, but the City acknowledges that the level of information available in respect of the lease renegotiation options available may be limited. Should the estimated level of effort required to deliver the Services materially change, EYIA will advise the Client in a timely manner to discuss the scope and indicative budget as relevant.

In addition, you shall reimburse EYIA for expenses incurred in connection with the performance of the Services, including expenses such as travel, meals, and accommodations in accordance with the City’s Travel Allowance and Subsistence Policy, and other reasonable expenses specifically related to this engagement, all of which shall not exceed \$4,999.

Billing and Payment

We will submit an invoice for the Fixed Fee after the conclusion of the Services. Payment is due forty-five days following your receipt of our proper invoice.

You will provide a Purchase Order or other such details in a timely manner, should this be required by you for payment. Any delays in providing a Purchase Order or any information necessary for our invoicing will not affect the payment terms based on the date of your receipt of our invoice.

You shall also pay all applicable taxes (including VAT and others imposed), except to the extent you are exempt, incurred in connection with the delivery of the Services or the Reports (except for taxes imposed on EY’s income).

Your obligation to pay our fees and expenses is not contingent upon the results of the Services or the consummation of the proposed transaction.

In witness whereof, the parties have executed this SOW as follows:

City of Fort Lauderdale

By: _____
Christopher J. Lagerbloom, ICMA-CM
City Manager

Approved as to form:

Assistant City Attorney

WITNESSES:

Ernst & Young Infrastructure Advisors, LLC

Signature
Print Name:

By: _____
Nicole Doheny
Senior Managing Director

Signature
Print Name:

ATTEST:

By:
Print Name:
Title:

STATE OF _____ :
COUNTY OF _____ :

The foregoing instrument was acknowledged before me by means of physical presence or online notarization, this ____ day of _____, 2022, by _____ as _____ for Ernst & Young Infrastructure Advisors, LLC, a Delaware limited liability company authorized to transact business in the State of Florida.

(SEAL)

Signature of Notary Public – State of _____

Print, Type, or Stamp Commissioned Name of
Notary Public

Personally Known ____ OR Produced Identification ____

Type of Identification Produced _____