

City of Fort Lauderdale

*City Hall
100 North Andrews Avenue
Fort Lauderdale, FL 33301
www.fortlauderdale.gov*



Meeting Minutes

Tuesday, February 6, 2018

2:30 PM

**OR AS SOON THEREAFTER AS POSSIBLE
City Commission Conference Room**

COMMUNITY REDEVELOPMENT AGENCY BOARD

***FORT LAUDERDALE COMMUNITY REDEVELOPMENT AGENCY BOARD OF
COMMISSIONERS***

***JOHN P. "JACK" SEILER - Chair
BRUCE G. ROBERTS - Vice Chair
DEAN J. TRANTALIS - Commissioner - District II
ROBERT L. McKINZIE Commissioner - District III
ROMNEY ROGERS Commissioner - District IV***

***LEE R. FELDMAN, Executive Director
JOHN HERBST, City Auditor
JEFFREY A. MODARELLI, Secretary
CYNTHIA A. EVERETT, General Counsel***

ROLL CALL

Present 5 - Commissioner Robert L. McKinzie, Commissioner Romney Rogers, Vice Chair Bruce G. Roberts, Commissioner Dean J. Trantalis, and Chair John P. "Jack" Seiler

QUORUM ESTABLISHED

Also Present: Executive Director Lee R. Feldman, Secretary Jeffrey A. Modarelli, General Counsel Cynthia A. Everett, City Auditor John Herbst, and Sergeant at Arms Jeff Brull

No e-comments were submitted for this meeting.

CALL TO ORDER

Chair Seiler called the Community Redevelopment Agency Board Meeting to order at 3:47 p.m.

MOTIONS

M-1 [18-0083](#) Motion to Approve an Amendment to the Property and Business Investment Program Agreement between the Fort Lauderdale Community Redevelopment Agency and Rechter Holdings, Inc., Modification of Mortgage between the Fort Lauderdale Community Redevelopment Agency and Rechter Holdings, Inc. and Subordination of Mortgage Agreement between the Fort Lauderdale Community Redevelopment Agency, Stonegate Bank, and Rechter Holdings, Inc.

Chair Seiler noted his service as an advisory board member for Stonegate Bank (Bank), confirming that he has no interest in the Bank. Chair Seiler confirmed he would abstain from any further discussion and would not vote on this item. He stated he will only chair the meeting.

Chair Seiler recognized D'Wayne Spence, Esq., Manager of the Northwest Progresso Flagler Heights (NWPFH) Community Redevelopment Agency (CRA). Mr. Spence explained this item was previously deferred from the December 5, 2017 CRA Board Meeting and is now being brought back before the CRA Board for consideration.

Chair Seiler stated that prior to deferral of this item, he did not have any interest in the Bank.

Mr. Spence recapped discussions at the December 5, 2017 CRA Board Meeting, giving a brief overview presentation. In response to Commissioner Trantalis' question, Mr. Spence confirmed the properties acquired by Mr. Rechter in the NWPFH CRA area.

A copy of this presentation is attached to these minutes.

Mr. Spence referenced a letter to the CRA Board from Mr. Rechter dated December 12, 2017.

A copy of this correspondence is attached to these minutes.

In response to Commissioner Trantalis' question, Mr. Spence confirmed that this loan will be forgivable approximately five years after the project's completion. The Certificate of Occupancy has not yet been issued due to an outstanding issue with Broward County concerning a right-of-way. Mr. Spence confirmed this outstanding issue is close to resolution and will bring the project to completion. Mr. Rechter explained the anticipated timeline. He confirmed approval from Broward County is expected within the next few weeks. The remainder of work should be completed within 30 days. The Certificate of Occupancy should be forthcoming within 30-45 days.

In response to Commissioner Rogers' question, Mr. Rechter confirmed he could wait until the Certificate of Occupancy is issued prior to CRA funding. Commissioner Rogers noted the loan was closed prior to CRA Board approval, confirming the City is still in first position. He commented on the Board's additional concerns and the lengthy duration of the project.

Commissioner Rogers made a motion to approve this item to include the language in the modified mortgage agreement. Mr. Spence confirmed the date of execution for the modified mortgage agreement would be today, February 6, 2018. Commissioner McKinzie seconded the motion.

APPROVED

Aye: 4 - Commissioner McKinzie, Commissioner Rogers, Vice Chair Roberts and Commissioner Trantalis

Abstain: 1 - Chair Seiler


ADJOURNMENT

Chair Seiler adjourned the Community Redevelopment Agency Meeting of February 6, 2018 at 4:58 p.m.



John P. "Jack" Seiler
Chair

ATTEST:



Jeffrey A. Modarelli
CRA Secretary

December 12, 2017

Dear Mayor Seiler, Commissioner Roberts, Commissioner Trantalis, Commissioner McKinzie, Commissioner Rogers and CRA Staff -

First, let me begin by sincerely apologizing for my behavior at the end of the CRA meeting last week. It is not typical of me and I am truly sorry for my actions. I can and will do better in the future.

Not as an excuse but I was frustrated that after waiting over 4 months and having multiple rescheduled meetings, to finally get on the agenda and quickly realize that the underlying issues were not understood, and the issue was at best going to be pushed into 2018 was quite unnerving. With all of the time since August, my office happily and easily could have taken any steps to better explain or provide any additional information needed to clearly show the use of these funds to better the Progresso Village area and the protections that were in place for the City of Ft. Lauderdale CRA. Instead, I first received an email 3 hours prior to the meeting with a list of "concerns" and had little time to pull together the information that I would have had I been advised sooner.

So, in an effort to remedy that issue and hopefully to clearly explain things – I took notes of the day's events and listened to the questions and concerns of those in attendance and have tried to provide a comprehensive overview of the situation.

Please see below and attached documents.

Notes from CRA Meeting of 12/5/17 RE: Request for CRA to Approve Subordination of Mortgage Agreement for \$100,000 Property & Business Improvement Program forgivable loan made to Rechter Holdings, Inc. (\$50,000 of which has been funded to date with balance due post project completion).

In addition to underlying subordination agreement, the request is also to approve a "Modification of Mortgage" and an "Amendment to Property & Business Investment Program Agreement" to include the additional collateral/properties.

Concerns (as discussed by *John Herbst, CPA, CGFO, CGMA - City Auditor*)

1. **LOAN TO VALUE INCREASE:** The LTV is going from 30% to 68%, leaving the properties more highly leveraged.
In percentage terms, that is correct. In dollar terms, the previous 70% equity = \$1.076M and the current 32% of the revised mortgage to additional collateral = \$1.485M, i.e. the actual equity in the project is now HIGHER by \$409,000. As such, the \$100,000 CRA forgivable loan is MORE secure as there is more equity.
2. **OTHER LIENS / ENCUMBRANCES:** Are there any other liens/encumbrances on the additional properties being proposed as security for the mortgages?
No, there are no other liens/encumbrances. The two new properties (716 NE 2nd Ave & 835 NE 2nd Ave) that have been added to the CRA collateral were purchased using owner cash, were unencumbered previously and were included as part of the new Stonegate Bank loan.
3. **USE OF FUNDS:** What is the developer using the additional proceeds of the new mortgage for?

To purchase and rehabilitate other properties in the area. See below for details.

How much is being reinvested into the new properties and how much is cash going back to the developer?

ALL of the refinance proceeds are being used into the new properties. \$1.8M + closing and carrying costs were spent in June 2017 on acquiring 3 new properties one (1) block away on 2nd Avenue. These 2 properties are currently vacant former automotive uses, and the current condition of the properties is poor. As such, I expect to invest an additional \$400-500K for each of the two new buildings each minimum to renovate, lease, tenant improvement them. Plus \$100K minimum to redo the parking lot that will serve as shared parking for the 3 surrounding properties. At a minimum, the new projects inclusive of renovation costs, tenant improvements, etc will cost \$3M additional – which is a conservative estimate. This does not take into account the \$270K paid + the \$150K for renovations for the property that is also part of the collateral (716 NE 2nd Avenue) that is already stabilized. The \$3.2M that was refinanced is 100% invested into the other properties in the immediate area.

The ONLY difference – and apparently a source of confusion - here is that I have ALREADY bought the properties. Instead of promising to invest the money in the area (as the CRA apparently is accustomed to with sometimes less than stellar results and hence the reservations) – I have ALREADY done so.

4. **CASH OUT REFINANCE.** If it is a cash-out refinancing, shouldn't we get repaid? The refinancing is effectively the same as a sale in that instance.
This question is "off the mark" and it indicates that this situation was never understood by those evaluating it and discussing it. The refinancing was done to reinvest in the same area, which is the purpose of the CRA and achieves its objectives. But, besides that, for several technical reasons, the city should not get repaid as had been suggested:
 - A) The loan documents do not call for it as the property was refinanced **prior to project completion**. Specifically, see relevant language below:
*The Property and Business Improvement Program does not require payments on the principal amount of the CRA loan as long as the property is not sold, transferred, or refinanced **following project completion** and is not in default.*
 - B) It was always the intention of the developer to refinance. The need and plan to refinance was clearly and always part of the plan – and was communicated as such and is in the CRA Motion #15-0743 Page 3, from July 7, 2015.
"The developer plans to secure permanent financing for the project after completion and therefore would need to request a subordination of the CRA second mortgage for CRA Board consideration at that time".
 - C) It was not a "cash out" financing in the traditional meaning and use of this term or, as was ascribed to this refinance. Simply, the developer model is to invest all or nearly 100% of the cash needed for a project (as it is difficult to receive financing for dilapidated, vacant buildings) and then apply commercially reasonable debt after the renovations have been done, the property is repositioned and the building is leased up.
5. **FUTURE OF ADDITIONAL PARCELS:** What is the long-term intended use for the additional parcels?

The additional parcels added to the collateral – are BOTH 100% leased. As is the original building. (See attached leases)

ADDITIONAL NEW COLLATERAL BUILDINGS

- A) 716 NE 2nd Avenue, following renovation and mural (see attached photo) has been leased/stabilized for 3 years almost now to Trinit Imports – the US office of a European importer/wholesaler of luxury cigar, lifestyle goods (supplies Tommy Bahamas, etc).
- B) 835 NE 2nd Avenue, is 100% long term leased to SOL Yoga, a yoga studio opening it's 2nd location (the other is in Wynwood) (See attached elevation – it is currently in the building department for permit with expected start of construction date late January 2018)

ORIGINAL COLLATERAL BUILDING (see attached elevations)

- C) 913 NE 4th Avenue – Two Tenant
 - a. Restaurant/Bar - American Icon Kitchen & Taproom (www.americaniconbrewery.com)
 - b. Residential Real Estate Brokerage

RELEVANT FACTS:

1. PLAN TO REFINANCE.

The need and plan to refinance was clearly and always part of the plan – and was communicated as such and is in the CRA Motion #15-0743 Page 3, from July 7, 2015.

“The developer plans to secure permanent financing for the project after completion and therefore would need to request a subordination of the CRA second mortgage for CRA Board consideration at that time”.

2. ADDITIONAL OWNER EQUITY.

The CRA is now 2nd position behind 3 properties (with significantly more equity than previous), not 1. The amount of collateral in real dollar terms – the only figure worthy of discussion (measuring % is as good as saying that a business that went from \$10 in sales to \$15 or 50% is doing better than one that went from \$100 to \$120 or ONLY 20). Having 32% of equity of \$4.685M exceeds having 70% of \$1.526M by \$409,000. Thus, there is \$409,000 in additional owner equity to protect the \$100,000 CRA loan. The total is now \$1.485M of owner equity to collateralize \$100,000. A figure that I believe I have personally guaranteed – which represents less than 1/2 of 1% of my net worth. I am confident than any banker would agree that having \$100,000 loan against \$1.485M in equity or 6.7% loan to equity with a personal guarantee of a high net worth, experienced, unblemished borrower is about as safe as it gets.

3. ORIGINAL 2015 LTV.

Back in 2015, following purchase of the building for \$615,000 and a Landmark Bank mortgage of \$450,000 that was obtained after the acquisition, the CRA approved the \$206,000 package including the \$100,000 forgivable loan. Essentially, at that point in time – the CRA 2nd mortgage was behind ONLY \$170,000 in value/equity. Obviously, the amount of equity protection for the city has been elevated considerably since.

4. CRA BORROWER ABLE TO REFINANCE PRIOR TO PROJECT COMPLETION:

The loan documents CLEARLY state that the property is allowed to be refinanced prior to completion without the need to repay the loan (which has not been fully funded to date). I do

not believe that I should not be penalized or criticized for doing something that follows the agreement.

*The Property and Business Improvement Program does not require payments on the principal amount of the CRA loan as long as the property is not sold, transferred, or refinanced **following project completion** and is not in default.*

5. **STONEGATE BANK IS THE 1ST MORTGAGE HOLDER.**

Stonegate currently has a \$3.2M 1st mortgage on these 3 properties. The CRA is in 2nd position behind this mortgage. The subordination simply would have given Stonegate the comfort level that banks or other 1st mortgage holders oftentimes seek. Nothing more. And, in the process, it would have done what the CRA was designed to do, assist a developer doing positive things in an area that has few (and had fewer prior to the efforts that have helped spur the progress).

6. **IF THE CRA DOES NOT PROVIDE THE SUBORDINATION AGREEMENT.**

Not the end of world as nothing will occur except that the bank will simply keep our \$125,000 in escrow (or, preferably, apply it to the loan balance thereby reducing the outstanding loan balance). However, as a result, the city is little to no more “protected” than it would have been otherwise and I will have \$125,000 sitting in an escrow account for the next 5 years – that could have and would have been invested into the other properties in the area. At will cost 5% interest that I will now be forced to pay on unusable, inaccessible monies - it will cost me \$25K in interest during this time period

7. **BUSINESS PLAN/FINANCIAL STATUS OF THE PROPERTIES.**

See attached leases and proforma for these 3 properties, which are 100% leased to solid credit tenants.

INDIVIDUAL CRA BOARD AND STAFF NOTES/COMMENTS
With Michael Rechter Response/Comments (in blue)

Commissioner Trantalis:

Progresso is a “dicey area”. City is a “partner” that has assisted with change of zoning to assist developers.

Correct. It was and still is a dicey area. We continually deal with vandalism, graffiti and break ins and have always felt that the city was a “partner” in trying to improve that section of town. That is, until the recent CRA meeting. As a partner, I believe it is a reasonable request to seek from my partner a subordination agreement with an increased amount of owner equity as collateral so that the bank, who holds the 1st mortgage, and is another partner in our projects, can feel more secure.

Commissioner Rogers:

You closed without getting our permission. You already closed.

Frankly, I did not know that I needed a subordination agreement from CRA until late in the refinance process with Stonegate. I learned of it after simply sending an email to Mr. Wojcik in August advising him of the refinance and he/Lynn Solomon notified me and the attorneys working on the closing of the need for CRA board approval – which at that time was scheduled for late September. As such, as a solution to keep the closing on track, the decision was made to escrow 1.25x the total CRA forgivable loan. While Stonegate is the 1st mortgage holder and the CRA currently has the 2nd position behind Stonegate’s new mortgage – banks want clarity, hence the request for the subordination from the CRA.

Mayor Seiler:

Wants to see documentation the monies are being reinvested; making sure that city is "protected"; He has concerns if it takes this long to explain this deal; . I don't have any problem extending this but I thought it was a much simpler matter.

I think the previously provided appraisals and other pertinent data regarding the other area investments properly document the additional significant investment in the area. Any lack of clarity is ONLY because it has not been laid out properly and/or nobody has taken the time to evaluate it, request the information, ask the right questions and provide reasonable time to reply, etc. We are happy to provide any additional information that is requested.

*Where the funds are going – to incentivize two other properties.
What protections are in place?*

The use of funds has been answered elsewhere. As far as the protections in place, I was under the impression that they city attorney's drafted documents – (Amendment to the Property and Business Investment Program Agreement; Modification of Mortgage; and of course CRA Board and Staff review) sufficiently satisfied this need.

Trust Issue - regarding the closing despite it not being recorded properly at the time of the refinance. I am not following. If we do this, our funds are protected. I don't like that someone said "you didn't do something, that I am not honoring our deal". That's problematic. We are IN THIS TOGETHER. That's a trust issue, a relationship.

That is NOT what I said and definitely NOT what I meant. I am nothing without honor and integrity. I have NEVER not honored a promise or an obligation, and is a large part of my success in business, as a parent and husband, and as a person. I would honor an agreement that was not in writing – let alone, not recorded. Over 20 years, I have built, from scratch, a nearly 250 person company, been married to a woman I met when I was 15 and received recognition for accomplishments in both business and for philanthropic efforts. I don't know of many that can accomplish these things without honor and high levels of integrity.

That said – it is fact that the original mortgage was incorrectly recorded as it both lacked a date and was attached to the agreement, which was recorded. However, It has been since corrected.

The CRA gave these dollars to assist with redevelopment of this area.

I think that the CRA funds have satisfied their purpose as it created the climate for me to invest in this area – and I, in turn, I have gone above and beyond with this project. And, then additionally, I then invested millions more of my money into the same area. So, it seems to be working as a viable incentive to spur redevelopment.

John Herbst:

Mr. Herbst correctly recognized that I have already “fronted” the money and invested in the area, specifically, in purchasing building 2 and building 3. Would like to see a business plan.

Financials for all 3 properties have been provided along with actual signed leases and elevations of each property (either completed or underway)

STRATEGIC OBJECTIVES OF THE CRA:

- Objective 2 – Facilitate a responsive and proactive business climate.
- Initiative 1 – . . . Expand our exiting portfolio of business attraction incentives.

I believe that, following a thorough analysis and understanding of the underlying facts, the failure to approve DOES NOT help advance and is detrimental to the these objectives.

Also, I think it is a fact and I believe strongly that my work both on 913 NE 4th Avenue and the new 2nd Avenue properties advances the CRA Strategic Objective of its 5 Year Program to target and attract specific businesses, retail users and industries to establish a presence in the redevelopment area and create jobs for area residents.

Michael R. Rechter
CEO | INTEGRA Corporations
C: 954.224-4655 | O: 954.727.0054

241 East Prospect Road
Ft. Lauderdale, FL 33334
www.integracorp.com

Michael Rechter Properties in the NPF CRA Area

**Since 2014, Michael Rechter has acquired the following
NPF CRA properties in cash transactions totaling \$2,685,000**

<u>NPFCRA Property</u>	<u>Purchase Price</u>	<u>Date of Purchase</u>	<u>Est.Rehab Cost</u>
• 913 NE 4 Ave	\$615,000	4/29/14	\$1,400,000 (90% complete) plus \$500,000 (Est. proposed build- out for American Icon Restaurant /Brewery Tap Room)
• 716 NE 2 Ave	\$270,000	4/2/14	\$25,000 (Completed)
• 835 NE 2 Ave	\$450,000	6/16/17	\$351,580 (Proposed)
• 837 NE 2 Ave	\$450,000	6/16/17	\$254,837 (Proposed)
• 838 NE 2 Ave	<u>\$900,000</u>	6/16/17	<u>\$100,000 (Proposed)</u>
\$2,685,000 (plus closing and carrying cost)		\$2,631,417 (Est. Cost)	

Estimated Acquisition and Rehab Cost: \$5,316,417



913 NE 4 Ave

837 NE 2 Ave

835 NE 2 Ave

838 NE 2 Ave

716 NE 2 Ave

Properties Acquired by Applicant in the Community Redevelopment Area

- **913 NE 4 Avenue (Rechter Holdings, Inc)**
- **716 NE 2 Avenue (Rechter Holdings, Inc)**
- **835 NE 2 Avenue (Rechter Progresso 835, LLC)**
- **837 NE 2 Avenue (Rechter Progresso 837, LLC)**
- **838 NE 2 Avenue (Rechter Holdings, Inc)**



913 NE 4 Avenue



716 NE 2 Avenue



835 NE 2 Avenue



837 NE 2 Avenue



838 NE 2 Avenue

This instrument prepared by:
Lynn Solomon, Esq.
Assistant City Attorney
City of Fort Lauderdale
100 North Andrews Ave.
Fort Lauderdale, FL 33301

(Space above this line for recording data)

Note to Clerk: THIS INSTRUMENT IS A MODIFICATION OF A PRIOR MORTGAGE RECORDED UNDER INSTRUMENT NO. _____.

MORTGAGE MODIFICATION AGREEMENT

THIS AGREEMENT, made and entered into this _____ day of _____, 2017, by and between Fort Lauderdale Community Redevelopment Agency created pursuant to Chapter 163, Part III, Florida Statutes ("Mortgagee"), whose mailing address is _____ and Rechter Holdings, Inc., a Florida corporation and Rechter Progresso 835, LLC, a Florida limited liability company, (collectively referred to as "Mortgagor"), whose mailing address is 241 East Prospect Road, Fort Lauderdale, FL 33334, is as follows.

WITNESSETH:

WHEREAS, Mortgagor executed a Promissory Note ("Note") dated _____ in the principal amount \$ _____ as secured by Mortgage and Security Agreement ("Mortgage") dated _____, in favor of Mortgagee said Mortgage recorded in Official Record Book _____, Page _____, (or instrument no. _____) Public Records of Broward County, Florida, encumbering that certain real property situate in Broward County, Florida, more particularly described as follows:

See Attached Exhibit "A"

and,

WHEREAS, upon request of the Mortgagor, Mortgagee agrees to modify the terms of the Mortgage as more particularly set forth hereinafter and

Whereas as a condition to modify the Mortgage, the Mortgagee requires additional collateral as described in Exhibit "B" attached hereto to secure the Note.

NOW, THEREFORE, for good and valuable consideration, the sufficiency of which is acknowledged by the parties, it is agreed as follows:

1. The above recitals are true and correct and are incorporated herein by reference as if set forth in full.
2. The outstanding principal balance as of _____, 2017 is \$ _____.

3. The Mortgagee hereby agrees to amend the Mortgage as follows:
4. Mortgagor agrees to provide additional collateral as described in Exhibit "B". Rechter Progresso 835 LLC joins in and consents to this Mortgage Modification Agreement and grants a lien in favor of Mortgagee on the Property described in Exhibit "B". Mortgagor hereby acknowledges and agrees that the Mortgage and Note are valid and enforceable and Mortgagor hereby expressly covenants, warrants and agrees that all the terms, conditions, covenants and warranties contained therein are hereby ratified and confirmed and shall remain in full force and effect, and constitute the binding and valid obligations of Mortgagor unto Mortgagee, in accordance with their respective terms, except as expressly modified herein, without set-off, defense or counterclaim.
5. All of the Property (as described in Exhibits "A" and "B") secured by the Mortgage and loan documents executed in connection therewith shall in all respects be subject to the lien, charge and encumbrance of the Mortgage and nothing contained herein shall constitute a novation or in any way adversely affect, disturb or impair the lien, validity, charge or encumbrance of the Mortgage and the loan documents executed in connection therewith or the priority thereof over other liens, charges, encumbrances or conveyances and the Mortgage shall remain a valid second lien encumbering the Property. The parties hereto acknowledge and agree that Mortgagor is not released from or relieved of any of the liabilities or obligations on the Note or Mortgage and that Mortgagee hereby reserves all of its rights against all parties who may be primarily or secondarily liable.
6. Mortgagor shall be responsible for the payment of all costs incident to this Modification, including attorneys' fees and costs for Mortgagee's counsel and state recording taxes, documentary stamp tax and intangible tax, if any.
7. Mortgagor expressly warrants, covenants, and represents to Mortgagee and agrees that there are no claims, off-sets or defenses whatsoever to the validity or enforceability of the Mortgage and Note or any portion of the loan evidenced thereby nor does Mortgagor have any claims, set-offs, defenses or credits of any kind or nature whatsoever against the Mortgagee which would reduce or eliminate all or any part of its liability under the Note and Mortgage or loan documents executed in connection therewith. Mortgagor hereby releases any right of action, defenses, set-offs and claims he/she/it may have against Mortgagee arising from any matter existing prior to the execution of this Agreement.
9. Mortgagor warrants and represents to Mortgagee as follows:
 - a. To the best of his/her/its knowledge, (a) the Property is now and at all times hereafter will continue to be in full compliance with all federal, state and local environmental laws and regulations, including but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), Public Law No. 96-510, 94 Stat. 2767, 42 USC 9601 et seq., and the Superfund Amendments and Reauthorization Act of 1986 (SARA), Public Law No. 99-499, 100 Stat. 1613, and (b) (i) to the best of their knowledge, as of the date hereof, there are no hazardous materials, substances, wastes or other environmentally regulated substances (including without limitation, any materials containing asbestos) located on, in or under

the Property or used in connection therewith, or (ii) Mortgagor has fully disclosed to Mortgagee in writing the existence, extent and nature of any such known hazardous materials, substances, wastes or other environmentally regulated substances, which Mortgagor is legally authorized and empowered to maintain on, in or under the Property or used in connection therewith, and Mortgagor has obtained and will maintain all licenses, permits and approvals required with respect thereto, and is in full compliance with all the terms conditions and requirements of such licenses, permits and approvals. Mortgagor further warrants and represents that it will promptly notify Mortgagee of any known change in the nature or extent of any hazardous materials, substances or wastes maintained on, in or under the Property or used in connection therewith, and will transmit to Mortgagee copies of any citations, orders, notices or other material governmental or other communications received with respect to any other hazardous materials, substances, wastes or other environmentally regulated substances affecting the Property.

Mortgagor shall indemnify and hold Mortgagee harmless from and against any and all damages, penalties, fines, claims, liens, suits, liabilities, costs (including clean-up costs), judgments and expenses (including attorneys', consultants, or experts' fees and expenses) of every kind and nature suffered by or asserted against Mortgagee as a direct or indirect result of any warranty or representation made by Mortgagor in the preceding paragraph being false or untrue in any material respect or any requirement under any law, regulation or ordinance, local, state or federal, which requires the elimination or removal of any hazardous materials, substances, waste or other environmentally regulated substances by Mortgagee, Mortgagor or any transferee of Mortgagor or Mortgagee.

Mortgagor's obligations hereunder shall not be limited to any extent by the term of the Note secured hereby, and, as to any act or occurrence prior to payment in full and satisfaction of said Note which gives rise to liability hereunder, shall continue, survive and remain in full force and effect notwithstanding payment in full and satisfaction of said Note and the Mortgage or foreclosure under the Mortgage, or delivery of a deed in lieu of foreclosure.

- b. The Mortgagor is the fee simple owner of the Property; there are no other lien owners or mortgagees who have any encumbrances against the Property except for the first mortgage in favor of Stonegate Bank; the Mortgage is a second lien on the Property, no third party will be adversely affected by the actions taken herein; and these representations will be relied upon by Mortgagee and constitute a material inducement for Mortgagee to accept this Agreement; and
- c. The Mortgagor has the full capacity, right, and authority to execute and deliver this Agreement, and all documents pursuant hereto, and all formal requirements necessary or required by any governmental authority or any partnership or corporate agreement or any other agreement have been fully complied with. The individual signing this Agreement and all other documents executed pursuant hereto on behalf of the Mortgagor is duly

authorized to sign the same on behalf of the Mortgagor. The provisions of this Agreement and the obligations, covenants and agreements contained herein are and shall be legal, valid, and binding upon and enforceable against the Mortgagor in accordance with there respective terms.

10. In the event that any suit or action be brought to enforce or interpret the terms of this Agreement, all costs of such litigation, including, but not limited to, reasonable attorney fees and costs through all trial and appellate levels, to include without limitation, any proceedings pursuant to the Bankruptcy Laws of the United States, shall be paid by Mortgagor.
11. Mortgagor agrees to execute, acknowledge and deliver to Mortgagee and cause to be done, executed, and acknowledged and delivered all further acts, assignments, assurances, and documents as shall be requested of Mortgagor in order to carry out this Agreement and the Mortgage, Note, and related documents to give effect thereto.
12. The terms and conditions of the Mortgage and Note and loan documents executed in connection therewith are amended and modified to include all of the provisions contained in this Agreement as if fully set forth therein. The provisions of this Agreement shall control in the event of any conflict with the provisions of any such loan documents, the unaffected provisions of which are specifically reaffirmed and incorporated herein by reference.
13. Mortgagor further certifies that a copy of this notice has been furnished to Stonegate Bank this date by certified mail and by any other form of notice as may be required under the provisions of the First Mortgage. (if applicable)

IN WITNESS WHEREOF, the parties hereto have set their hands and seals the day and year first above written.

Signed, sealed and delivered
in the presence of:

[WITNESS SIGN BY "X"]

MORTGAGOR

**RECHTER HOLDINGS, INC., a Florida
corporation**

(Print name of witness)

(Print name of witness)

By: _____

Print Name: _____

Its: _____

Date: _____

MORTGAGOR

**RECHTER PROGRESSO 835, LLC, a Florida
limited liability company**

(Print name of witness)

(Print name of witness)

By: _____

Print Name: _____

Its: _____

Date: _____

MORTGAGEE

**Fort Lauderdale Community Redevelopment
Agency**

(Print name of witness)

(Print name of witness)

By: _____

John P. "Jack" Seiler, Chair

(Print name of witness)

By: _____

Lee R. Feldman, Executive Director

Approved as to form:

Cynthia A. Everett, General Counsel

Lynn Solomon, Assistant General Counsel

ATTEST:

Jeffrey A. Modarelli, CRA Secretary

STATE OF FLORIDA
COUNTY OF BROWARD

The foregoing instrument was acknowledged before me this _____ day of _____, 2017, by _____, as _____, of Rechter Holdings, Inc., a Florida corporation who is personally known to me **OR** produced _____ as identification and who did not take an oath.

(Notary Seal)

Print Name: _____
NOTARY PUBLIC
Commission No: _____
Commission Expires: _____

STATE OF FLORIDA
COUNTY OF BROWARD

The foregoing instrument was acknowledged before me this _____ day of _____, 2017, by _____, as _____, of Rechter Progresso 835, LLC, a Florida limited liability company who is personally known to me **OR** produced _____ as identification and who did not take an oath.

(Notary Seal)

Print Name: _____
NOTARY PUBLIC
Commission No: _____
Commission Expires: _____

STATE OF FLORIDA
COUNTY OF BROWARD

The foregoing instrument was acknowledged before me this _____ day of _____, 2017, by John P. "Jack" Seiler, as Chair, of Fort Lauderdale Community Redevelopment Agency created pursuant to Chapter 163, Part III, Florida Statutes, who is personally known to me **OR** produced _____ as identification and who did not take an oath.

(Notary Seal)

Print Name: _____
NOTARY PUBLIC
Commission No: _____
Commission Expires: _____

STATE OF FLORIDA
COUNTY OF BROWARD

The foregoing instrument was acknowledged before me this _____ day of _____, 2017, by Lee R. Feldman, as Executive Director, of Fort Lauderdale Community Redevelopment Agency created pursuant to Chapter 163, Part III, Florida Statutes who is personally known to me **OR** produced _____ as identification and who did not take an oath.

(Notary Seal)

Print Name: _____
NOTARY PUBLIC
Commission No: _____
Commission Expires: _____

EXHIBIT "A"
LEGAL DESCRIPTION

Lot 17 less the East 10 feet thereof, of Block 214 of PROGRESSO, according to the Plat 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 (PCN 49434-05-7040); and

Lots 18, 19, and 20, all less the East 10 feet thereof, of Block 214 of PROGRESSO, according to the Plat thereof 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 (PCN 494234-05-7050); and

Lot 21 of Block 214, less the East 10 feet thereof, and all that part of Block 214 of PROGRESSO lying South of said Lot 21 and East of the alley running North and South through said Block 214, according to the Plat thereof 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 . (PCN 494234-05-7180)

EXHIBIT "B"
LEGAL DESCRIPTION

Lots 4, 5 and 6, Block 257, of PROGRESSO, according to the plat thereof, as recorded in Plat Book 2, Page 18 of the Public Records of Miami-Dade County, Florida; said land lying and situate in Broward County, Florida.

Lots 33 and 34, Block 289, 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 situated, lying and being in Broward County, Florida.

FORM 8B MEMORANDUM OF VOTING CONFLICT FOR COUNTY, MUNICIPAL, AND OTHER LOCAL PUBLIC OFFICERS

LAST NAME—FIRST NAME—MIDDLE NAME Seiler - John P. "Jack"		NAME OF BOARD, COUNCIL, COMMISSION, AUTHORITY, OR COMMITTEE Community Redevelopment Agency Board	
MAILING ADDRESS 100 North Andrews Ave.		THE BOARD, COUNCIL, COMMISSION, AUTHORITY OR COMMITTEE ON WHICH I SERVE IS A UNIT OF:	
CITY Fort Lauderdale, FL 33301	COUNTY Broward	<input checked="" type="checkbox"/> CITY <input type="checkbox"/> COUNTY <input type="checkbox"/> OTHER LOCAL AGENCY	
DATE ON WHICH VOTE OCCURRED 2/06/2018		NAME OF POLITICAL SUBDIVISION: City of Fort Lauderdale	
		MY POSITION IS: <input checked="" type="checkbox"/> ELECTIVE <input type="checkbox"/> APPOINTIVE	

WHO MUST FILE FORM 8B

This form is for use by any person serving at the county, city, or other local level of government on an appointed or elected board, council, commission, authority, or committee. It applies to members of advisory and non-advisory bodies who are presented with a voting conflict of interest under Section 112.3143, Florida Statutes.

Your responsibilities under the law when faced with voting on a measure in which you have a conflict of interest will vary greatly depending on whether you hold an elective or appointive position. For this reason, please pay close attention to the instructions on this form before completing and filing the form.

INSTRUCTIONS FOR COMPLIANCE WITH SECTION 112.3143, FLORIDA STATUTES

A person holding elective or appointive county, municipal, or other local public office **MUST ABSTAIN** from voting on a measure which would inure to his or her special private gain or loss. Each elected or appointed local officer also **MUST ABSTAIN** from knowingly voting on a measure which would inure to the special gain or loss of a principal (other than a government agency) by whom he or she is retained (including the parent, subsidiary, or sibling organization of a principal by which he or she is retained); to the special private gain or loss of a relative; or to the special private gain or loss of a business associate. Commissioners of community redevelopment agencies (CRAs) under Sec. 163.356 or 163.357, F.S., and officers of independent special tax districts elected on a one-acre, one-vote basis are not prohibited from voting in that capacity.

For purposes of this law, a "relative" includes only the officer's father, mother, son, daughter, husband, wife, brother, sister, father-in-law, mother-in-law, son-in-law, and daughter-in-law. A "business associate" means any person or entity engaged in or carrying on a business enterprise with the officer as a partner, joint venturer, coowner of property, or corporate shareholder (where the shares of the corporation are not listed on any national or regional stock exchange).

* * * * *

ELECTED OFFICERS:

In addition to abstaining from voting in the situations described above, you must disclose the conflict:

PRIOR TO THE VOTE BEING TAKEN by publicly stating to the assembly the nature of your interest in the measure on which you are abstaining from voting; *and*

WITHIN 15 DAYS AFTER THE VOTE OCCURS by completing and filing this form with the person responsible for recording the minutes of the meeting, who should incorporate the form in the minutes.

* * * * *

APPOINTED OFFICERS:

Although you must abstain from voting in the situations described above, you are not prohibited by Section 112.3143 from otherwise participating in these matters. However, you must disclose the nature of the conflict before making any attempt to influence the decision, whether orally or in writing and whether made by you or at your direction.

IF YOU INTEND TO MAKE ANY ATTEMPT TO INFLUENCE THE DECISION PRIOR TO THE MEETING AT WHICH THE VOTE WILL BE TAKEN:

- You must complete and file this form (before making any attempt to influence the decision) with the person responsible for recording the minutes of the meeting, who will incorporate the form in the minutes. (Continued on page 2)

APPOINTED OFFICERS (continued)

- A copy of the form must be provided immediately to the other members of the agency.
- The form must be read publicly at the next meeting after the form is filed.

IF YOU MAKE NO ATTEMPT TO INFLUENCE THE DECISION EXCEPT BY DISCUSSION AT THE MEETING:

- You must disclose orally the nature of your conflict in the measure before participating.
- You must complete the form and file it within 15 days after the vote occurs with the person responsible for recording the minutes of the meeting, who must incorporate the form in the minutes. A copy of the form must be provided immediately to the other members of the agency, and the form must be read publicly at the next meeting after the form is filed.

DISCLOSURE OF LOCAL OFFICER'S INTEREST

I, John P. "Jack" Seiler, hereby disclose that on February 6, 20 18 :

(a) A measure came or will come before my agency which (check one or more)

- ☒ inured to my special private gain or loss; *(may)*
- ☐ inured to the special gain or loss of my business associate, _____ ;
- ☐ inured to the special gain or loss of my relative, _____ ;
- ☐ inured to the special gain or loss of _____, by
whom I am retained; or
- ☐ inured to the special gain or loss of _____, which
is the parent subsidiary, or sibling organization or subsidiary of a principal which has retained me.

(b) The measure before my agency and the nature of my conflicting interest in the measure is as follows:

Item M-1

Motion to Approve an Amendment to the Property and Business Investment Program Agreement between the Fort Lauderdale Community Redevelopment Agency and Rechter Holdings, Inc., Modification of Mortgage between the Fort Lauderdale Community Redevelopment Agency and Rechter Holdings, Inc. and Subordination of Mortgage Agreement between the Fort Lauderdale Community Redevelopment Agency, Stonegate Bank, and Rechter Holdings, Inc.

Our bank (Centennial Bank) purchased/acquired Stonegate Bank. I am an Advisory Board Chair.

If disclosure of specific information would violate confidentiality or privilege pursuant to law or rules governing attorneys, a public officer, who is also an attorney, may comply with the disclosure requirements of this section by disclosing the nature of the interest in such a way as to provide the public with notice of the conflict.

02/24/18
Date Filed

JP Seiler
Signature

NOTICE: UNDER PROVISIONS OF FLORIDA STATUTES §112.317, A FAILURE TO MAKE ANY REQUIRED DISCLOSURE CONSTITUTES GROUNDS FOR AND MAY BE PUNISHED BY ONE OR MORE OF THE FOLLOWING: IMPEACHMENT, REMOVAL OR SUSPENSION FROM OFFICE OR EMPLOYMENT, DEMOTION, REDUCTION IN SALARY, REPRIMAND, OR A CIVIL PENALTY NOT TO EXCEED \$10,000.

Received of the Hon. Secy. of the Navy
the sum of \$100.00 for the purpose of

for the purpose of

for the purpose of