



CITY OF FORT LAUDERDALE
City Commission Agenda Memo
CRA BOARD MEETING

#22-0576

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

FROM: Chris Lagerbloom, ICMA-CM, Executive Director

DATE: July 5, 2022

TITLE: Motion Approving a Satisfaction of Mortgage Securing a Forgivable Loan Under the Property and Business Investment Improvement Program Agreement and the Non-Residential Façade Improvement Agreement for Sandbox LLC in Exchange for a Prorated Payment of \$51,000 and Delegate 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 satisfaction of mortgage of a forgivable loan under the Property and Business Investment Improvement Program (PBIP) Agreement and the Façade Improvement Agreement for Sandbox101 LLC, an entity controlled by owners Abby and Robert Laughlin (Developer), in exchange for a prorated payment of \$51,000. Furthermore, staff recommends the Board delegate authority to the CRA Executive Director to issue and execute an estoppel letter that is valid for 60 days as well as the satisfaction of mortgage.

Background

On September 20, 2018, CRA funding in the amount of \$70,000 in PBIP funds and \$100,000 in Façade funds were granted to Sandbox LLC, by administrative approval for improvements of the following commercial properties:

Parcel No.	Address
1	520-530 NE 13 Street, Fort Lauderdale, FL 33304
2	535 NE 13 Street, Fort Lauderdale FL 33304
3	545 NE 13 Street, Fort Lauderdale FL 33304
4	603 NE 13 Street, Fort Lauderdale, FL 33304

Pursuant to the Central City CRA Incentive Programs, the terms of repayment in the agreements under Article 6, section 6.4, require that the developer operates its current business on the project site, the property is not sold or transferred and is maintained and not in default for a five-year period following the completion date. So long as the businesses operate for the full five years, nothing has to be paid back. Repayment of the entire principal amount, plus maximum interest rate allowable by applicable law, will

become due and payable upon sale, or transfer of the Property during the five-year period or a default of the terms of the agreement occurs. Copies of the mortgages, promissory notes, and incentive agreements are provided as Exhibits 1-3. The project was completed in July 2019.

On July 6, 2021, the CRA Board approved a partial release of mortgage for the sale of parcel no. 1, in exchange, the developer paid back the CRA \$42,500 reducing the principal balance from \$170,000 to \$127,500 of the zero percent interest loan.

The developer is now requesting a full release of mortgage for the sale of the three remaining parcels, and a prorated payoff amount for the two-years left on the mortgage term. The prorated payoff balance is \$51,000. The information below provides additional notes on credits applied and years remaining on the term.

KEY NOTES		
• Total Loan Amount	\$170,000	Credits Applied
• Number of Parcels	4	• YR 1 Continued business
• Owe Per Parcel	\$42,500	• YR 2 Payment for parcel 1 sale
• Owe Per Parcel/ per year	\$8,500	• YR 3 Continued business
• Term	5 Years	
• Interest	0 %	

PAY OFF AMOUNT PER YEAR						
	2020	2021	2022	2023	2024	
PARCEL No.	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTAL
1	\$ 8,500	\$ 8,500	\$ 8,500	\$ 8,500	\$ 8,500	\$ 42,500
2	\$ 8,500	\$ 8,500	\$ 8,500	\$ 8,500	\$ 8,500	\$ 42,500
3	\$ 8,500	\$ 8,500	\$ 8,500	\$ 8,500	\$ 8,500	\$ 42,500
4	\$ 8,500	\$ 8,500	\$ 8,500	\$ 8,500	\$ 8,500	\$ 42,500
PAY OFF PER YEAR	\$ 34,000	\$ 34,000	\$ 34,000	\$ 34,000	\$ 34,000	\$ 170,000

CREDIT YEARS 1-3 & BALANCE YEAR 4- 5					
	2020	2021	2022	2023	2024
PARCEL No.	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
1	\$ 8,500	\$ 8,500	\$ -	\$ -	\$ -
2	\$ 8,500	\$ 8,500	\$ 8,500	\$ 8,500	\$ 8,500
3	\$ 8,500	\$ 8,500	\$ 8,500	\$ 8,500	\$ 8,500
4	\$ 8,500	\$ 8,500	\$ 8,500	\$ 8,500	\$ 8,500
CREDIT	- \$34,000	-\$42,500	-\$25,500	\$ 25,500	\$ 25,500
PRORATED PAY OFF BALANCE				\$ 51,000	

Upon the developer's request, Staff issued a payoff letter stating balance of \$127,500. The developer has closed on the sale of the remaining properties and an escrow agent

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is holding back escrow funds totaling \$170,000 — the original CRA loan amount — specifically to satisfy the two outstanding mortgages in favor of the CRA (Exhibit 4).

Staff recommends giving the developer credit for the period of time she operated the business subsequent to the project completion date and thus reducing the payoff for the forgivable loan. If approved, the mortgage and related documents will reflect a full release of all three parcels in exchange for \$51,000.

Consistency with the Central City CRA Community Redevelopment Plan

The Central City Redevelopment Plan is designed in part to stimulate commercial development, support retention of businesses and create employment opportunities in the area. The project is consistent with the Plan which provides for physical improvements to enhance the overall environment, improve quality of life and attract sound business and commercial development that provide employment and job opportunity.

Resource Impact

There will be a positive impact to the CRA in the amount of \$51,000.

Funds available as of June 6, 2022					
ACCOUNT NUMBER	INDEX NAME (Program)	CHARACTER CODE/ SUB-OBJECT NAME	AMENDED BUDGET (Character)	AMOUNT RECEIVED (Character)	AMOUNT
106-CRA080808-N900	Central City/Middle River Redevelopment	Miscellaneous Revenue/Miscellaneous Income	N/A	N/A	\$51,000
TOTAL ►					\$51,000

Strategic Connections

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

- The Business Development Focus Area
- Goal 5: Build an attractive global and local economic community marketplace.
- Objective: Create a responsive and proactive business climate to attract emerging industries
- Objective: Nurture and support existing local businesses

This item advances the Fast Forward Fort Lauderdale 2035 Vision Plan: We Are Community and We Are Prosperous.

Attachments

Exhibit 1 – Copy of Mortgages and Notes – Instruments 115925138 and 115925139

Exhibit 2 – Copy of Property and Business Investment Improvement Program Agreement

Exhibit 3 – Copy of Non-Residential Façade Improvement Program Agreement

Exhibit 4 – Escrow Holdback Agreement

Prepared by: Clarence Woods, CRA Manager

Department Director: Chris Lagerbloom, ICMA-CM, Executive Director

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