



**CITY OF FORT LAUDERDALE  
COMMUNITY REDEVELOPMENT AGENCY**

**DEVELOPMENT INCENTIVE PROGRAM LOAN LETTER OF INTENT**

July 5, 2022

Mr. Nick A. Inamdar  
Manager  
Magellan Housing, LLC  
2100 Coral Way, Suite 405  
Miami, Florida 33145

Ms. Burnadette Norris-Weeks  
Chair  
Invest Fort Lauderdale, Inc.  
914 Sistrunk Blvd., Suite 200  
Fort Lauderdale, FL 33311

Re: Letter of intent to provide a forgivable loan in an amount not to exceed Eight Million and No/100 Dollars (\$8,000,000) (the "DIP Loan") to Invest Fort Lauderdale, Inc. or other nonprofit ("IFL") to be secured by a lien on two (2) parcels described in Exhibit A (the "Property" or "CRA Property") to partially fund hard costs of construction of a mixed use affordable housing development on the Property as more particularly described under the "Uses of Proceeds" (the "Project")

Dear Mr. Inamdar and Ms. Norris-Weeks:

This letter is intended to establish a framework for negotiating and executing a Development Agreement under the Development Incentive Program (the "Development Agreement") by and between the Fort Lauderdale Community Redevelopment Agency (the "Lender" or "CRA"), IFL and its Guarantor, with the understanding that IFL shall enter into an arrangement with an experienced developer ("Guarantor") controlled by Nick A. Inamdar, acceptable to the CRA in its sole discretion to develop, construct, operate and manage the Project. The Guarantor shall provide guaranties of payment, performance and completion related to the Project directly to the CRA which guaranties



must be acceptable to the CRA in its sole discretion. Notwithstanding, the CRA reserves the right to select another non-profit in its sole discretion in the event the Guarantor and IFL are unable to reach an acceptable arrangement. The Forgivable Loan shall be used solely to fund hard costs related to the Project and the Guarantor shall provide the 1) construction and development expertise necessary to complete the Project, 2) creditworthiness necessary to secure sufficient financing for the Project and 3) such guarantees as required by the construction and/or permanent lender. Guarantor's obligations under the Development Agreement shall be primary and not secondary. Further, the Guarantor will provide the expertise necessary to manage and market the Project after construction is complete. It is anticipated that IFL and Guarantor shall create a single purpose entity which will be the borrower ("Borrower" or "borrower") in this transaction and it shall make certain guaranties and covenants in favor of the CRA. 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 IFL in an amount not to exceed Eight Million and No/100 Dollars (\$8,000,000) (the "Forgivable Loan" or "DIP Loan") for the Project. IFL will in turn loan the proceeds of the Loan to the Borrower solely for the purposes of developing and constructing the Project. The documents evidencing such Loan must be acceptable to the CRA and its counsel.

**COMPLETION DATE:** The Project and all amenities related thereto shall be completed within thirty-six (36) months from July 5, 2022 (the "Completion Date"), subject to extensions granted by the CRA's Executive Director for delays caused by circumstances beyond the Guarantor's control but not due to a lack of funding to complete the Project. Completion Date is defined as the date on which a 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. If the Project is not completed by the sunset date (November 7, 2025) of the CRA, then the CRA obligation to fund any undisbursed funds under the DIP Loan may be terminated. It is anticipated that the parties shall negotiate and execute a Development Agreement within two (2) months after the CRA board approves this award of funding and donation of the CRA Property. If the Project is not completed by the Completion Date (as may be extended by the CRA in its sole discretion) the CRA Property shall revert back to either the CRA and/or the City of Fort Lauderdale.

**ACQUISITION OF LAND:** Simultaneously with approval of this Letter of Intent, the CRA Board of Commissioners has approved the donation of real property located at 1204 Sistrunk Blvd. and 1620 NW 6<sup>th</sup> Court, Fort Lauderdale, Florida ("CRA Property") to IFL, subject to terms and conditions stated herein and in the Vacant Land Contract, for development and operation of the Project. Closing on the DIP Loan shall occur simultaneously with closing on the CRA Property. Neither closing shall occur until such time as the Guarantor and Borrower have closed on all other sources of funding necessary for completion of the Project. It is anticipated that the CRA Property will be transferred to Borrower at closing subject to review and satisfactory disclosure of the structure and ownership of the Borrower to the CRA.





**USES OF PROCEEDS:** IFL and Guarantor acknowledges that the proceeds of the DIP Loan shall be used to reimburse or fund hard costs of construction of a green certified mixed use affordable housing development, consisting of two (2) five (5) story buildings (named the Aldridge and the Laramore) which shall include no less than 72 rental units (36 in each building) of residential apartments, total commercial space of approximately 4,400 square feet (2,200 square feet in the Aldridge and 2,200 square feet in the Laramore) and a parking structure with state of the art security system and carded access (the "Project") according to a construction budget approved by the CRA Executive Director, as may be amended by Guarantor and its construction lender, so long as the CRA's share of such construction costs 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 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.

**CONDITIONS FOR CLOSING:** The Lender shall have no obligation to close on the DIP Loan or advance any funds until completion of the following conditions to the satisfaction of the Lender in its sole discretion:

1. Review and acceptance of environmental assessment on the Property. The CRA disclosed in its Invitation for Proposals that one of the parcels may have contamination that could affect development of the site. Guarantor, in the exercise of its own independent judgement, will conduct such further investigations and analysis that it deems appropriate and necessary;
2. Satisfactory evidence that sufficient funds, combined with the DIP Loan, are available to complete construction of the Project and such funds have been legally committed to the Project;
3. Receipt and review of a draw schedule, construction schedule and budget, sources and uses, project schedule 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 IFL, Guarantor and borrower;
6. Builder's Risk Insurance and Payment and Performance Bond listing the CRA as an additional obligee and such other insurances as are customary and standard for a Project of this scope and size;
7. Title Insurance Commitment and Lender Title 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 and providing Florida Form 9 endorsements and other customary endorsements, subject to those special exceptions approved by the CRA;
8. Simultaneous closing with the construction lender which shall include a guaranty of payment and completion from principals with a ten (10%) percent interest or more in the borrower, but shall not include the CRA controlled or approved non-profit, including IFL;
9. All development approvals by the appropriate governing authority have been issued for the Project;
10. Execution of the CRA documents by the appropriate parties for the DIP Loan, including without limitation, the Promissory Note, Second Mortgage, Assignment of Leases, Guaranty from the Guarantor, 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, Commercial Lease, 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, IFL, Guarantor and the borrower along with copies of the organizational documents and satisfactory evidence that IFL and Guarantor have a controlling interest in the Borrower;
12. Transfer of all right, title and interest in the Property to borrower, if appropriate;
13. An acceptable Appraisal of the Property;
14. Survey of the Property according to state and local standards.
15. Closing and transfer of title to the Property owned by the CRA located at 1204 NW 6<sup>th</sup> Street and 1620 NW 6<sup>th</sup> Court, Fort Lauderdale, Florida.





16. Option/Exclusive Rights Agreement between IFL and Guarantor, and borrower regarding control and leasing of commercial space in both buildings.
17. Such other documents, instruments, studies, analysis and evaluations as required by the CRA in the exercise of its reasonable discretion.

#### **LOAN PAYMENTS AND TERM:**

No repayment of the Forgivable Loan shall be required so long as the parties comply with the Affordable Housing Requirement (defined below). The Forgivable Loan shall be discharged upon satisfaction of the following conditions:

1. One Hundred Percent (100%) of the units shall be set aside and affordable for families and individuals whose income does not exceed 60% of Area Median Income, as adjusted for family size, for Broward County, Florida as published by the Housing and Urban Development ("HUD") and Florida Housing Finance Corporation ("FHFC") for a minimum of 30 years (the "Affordable Housing Requirement"). The allowable rents shall be gross rents published annually by HUD and FHFC as restricted by household size and income. The DIP Loan shall be forgiven prorata for each year the Project complies with the Affordable Housing Requirement.
2. Creation and management of program to provide educational, health, and occupational training for residents of both buildings. This condition is not tied to forgiveness of the loan.

**LOAN DISBURSEMENTS:** The Guarantor and Lender shall develop a schedule for disbursement of the DIP Loan proceeds as constrained by conditions under the CRA loan and construction schedule for completion of the Project. Such disbursement schedule shall be incorporated in a Construction Loan Agreement and Funding Agreement, if necessary. Both parties anticipate the DIP Loan shall be available to fund construction draws. If so, then the CRA shall fund construction draws *pari passu* with the construction lender and only for hard costs.

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

**RESERVATION OF COMMERCIAL SPACE AND BENEFIT TO IFL:** As part of its legal arrangement with the Guarantor and as a condition of the DIP Loan, IFL, or other non-profit selected by CRA, shall have the exclusive right and option to lease all the commercial space in both buildings for a minimum of fifteen years at a rate of \$ 5.00 per

square foot for years 1 through 5, \$6.00 per square feet for years 6 through 10 and \$7.00 per square feet for years 11 through 15 with the understanding that IFL may sublet all or a portion of the retail and commercial space to small businesses as part of its initiative to support and sustain small businesses and economic development. IFL shall also be responsible for its proportionate share of taxes, insurance, maintenance and other common expenses, as defined in the Master Lease. All subtenants must comply with applicable rules and regulations related to rental of retail and commercial space within the Project and will receive the same benefits and privileges as other similarly situated tenants. As part of its legal arrangement with the Guarantor, IFL shall have the right to charge rent in excess of the rate charged by the borrower, or its successor and/or assigns, and neither borrower nor Guarantor shall be entitled to share in the excess rents or receive any benefits from the excess rents. Further, the agreement between IFL and the Guarantor shall not require IFL to execute a guaranty of performance, payment or completion and shall not require it to assume any risk for completion or management of the Project. IFL shall receive twenty percent (20%) interest of all distributions made to all partners of the Borrower (other than the tax credit investor) as well as twenty percent (20%) of all fees paid to the partners that would otherwise be distributions (such as so-called incentive management fees, incentive leasing fees, etc.) and twenty (20%) of the Developer's Fee. IFL shall not have any liability to any third parties.

**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, subject only to the right, title and interest of the construction lender and the permanent first mortgage lender (the "Senior Lenders"). The construction lender must give notice of Borrower's default and an opportunity to cure in favor of the CRA. The construction lender shall not make future advances under its first mortgage except for protective advances. Borrower shall execute a negative pledge agreement in which it agrees not to further encumber the Property. Any approvals or subsequent agreements required by borrower 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.

**ENVIRONMENTAL REMEDIATION:** Borrower shall bear the cost and is responsible for investigating and removal of any and all environmental remediation, transport and disposal of any hazardous substances on the Property.

**LOCAL CONTRACTING:** Borrower will use its best efforts to work with the CRA to notify local business firms, minority owned firms, women-owned firms or labor surplus





area firms of the opportunity to submit bids for work on the Project, with the goal of achieving a minimum 30% participation for minorities.

**LOAN DEFAULT:** The occurrence of any one or more of the following Loan Defaults shall be incorporated in the Development Agreement and/or CRA Loan Documents 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 and Guarantor are diligently pursuing cure, following proper notice, except for monetary defaults which shall have a grace period of 15 days and no notice shall be required to be given by Lender:

- 1) Borrower defaults in its obligation to maintain the residential income and rent restrictions within the Project for a minimum of thirty (30) years under the terms and conditioned contain herein; 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; or
- 6) Failure to pay the real property taxes and insurance on the Project;
- 7) Such other 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, and Guarantor shall have a continuing obligation to maintain the Project in good repair and provide adequate insurance coverages at its expenses, 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.

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

**RIGHT TO AUDIT:** 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 and Guarantor shall provide CRA with necessary information



and access 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 engaged as a result of this DIP Loan or fees owed to any broker, realtor or finder and indemnifies the Lender against any claims, losses, fees or expenses in connection with the DIP Loan.

**TERMINATION:** Prior to execution of the Development Agreement, Lender, IFL or Guarantor may terminate this letter of intent if any of the following events shall occur:

If IFL or Guarantor:

- 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 file 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 or Guarantor and Lender are unable to agree on the terms of the guaranty; or
- h. Borrower fails to secure the equity or construction loan on or before March 30, 2023.
- i. IFL, Guarantor or borrower seeks to sell or transfer its interest in the Project prior to execution of the Development Agreement.





**ASSIGNMENT:** During the term of the DIP Loan, IFL, Guarantor, borrower/developer/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 the right, title and interest in the Property or developer of the Project, without the express written consent of the CRA which consent 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 effecting 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 has sufficient financial resources to acquire, operate, manage and maintain the Project, (ii) the proposed assignee has the reasonable ability to perform the applicable obligations of the IFL, Guarantor or 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. IFL, Guarantor and borrower agrees to disclose the principals with controlling interest in the borrower, Guarantor, 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, in consultation with IFL, Nick A. Inamdar 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 and enter into a binding agreement 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, IFL and Guarantor .

This Letter of intent has been issued for the sole and exclusive benefit of IFL and Guarantor and no third party shall have any rights hereunder without the express written consent of the Lender. Further, neither IFL nor Guarantor shall assign its rights under this Letter of Intent without the written consent of the Lender which may be withheld in its sole discretion.

Lender, IFL and Guarantor 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, IFL or Guarantor 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**

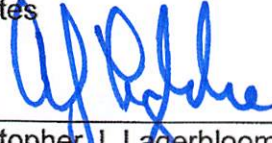




IN WITNESS OF THE FOREGOING, the parties have set their hands and seals  
the day and year set forth below.

**AGENCY**

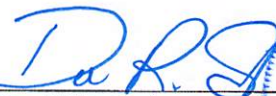
**FORT LAUDERDALE COMMUNITY  
REDEVELOPMENT AGENCY**, a  
Community Redevelopment Agency created  
pursuant to Chapter 163, Part III, Florida  
Statutes

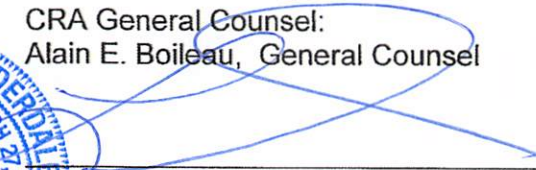
By   
Christopher J. Lagerbloom, ICMA-CM,  
Executive Director

Date: 07 16 22

ATTEST:

CRA General Counsel:  
Alain E. Boileau, General Counsel

  
David R. Soloman, CRA Secretary

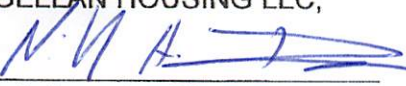
  
Lynn Solomon, Assistant General Counsel

AGREED TO AND ACCEPTED this \_\_\_\_ day of July 2022.

INVEST FORT LAUDERDALE, INC.

By:   
Burnedette Norris-Weeks, chair

MAGELLAN HOUSING LLC,

  
Nick A. Inamdar, Manager



COMMISSION AGENDA ITEM  
DOCUMENT ROUTING FORM  
Today's Date: 7/11/2022

2L

DOCUMENT TITLE: Letter of Intent for Aldridge and the Laramore – 1204 Sistrunk Blvd. - and 1620 NW 6 Court - Affordable housing Projects

COMM. MTG. DATE: 7/5/2022 CAM #: 22-0376 ITEM #: CRA -R-1 CAM attached: ☒ YES ☐ NO

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

CIP FUNDED: ☐ YES ☒ NO

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

1) Dept: \_\_\_\_\_ Router Name/Ext: \_\_\_\_\_ # of originals routed: 1 Date to CAO: \_\_\_\_\_

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

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

Date to CCO: 7/11/22 Lynn Solomon  
Attorney's Name Initials

3) City Clerk's Office: # of originals: 2 Routed to: Donna V./Aimee L./CMO Date: 07/11/22

4) City Manager's Office: CMO LOG #: JUL-28 Document received from: CCO

Assigned to: CHRIS LAGERBLOOM ☐ TARLESHA SMITH ☐ GREG CHAVARRIA ☐  
CHRIS LAGERBLOOM as CRA Executive Director ☐

☐ APPROVED FOR C. LAGERBLOOM'S SIGNATURE ☐ N/A FOR C. LAGERBLOOM TO SIGN

PER ACM: T. Smith \_\_\_\_\_ (Initial/Date) PER ACM: G. Chavarria \_\_\_\_\_ (Initial/Date)

☐ PENDING APPROVAL. (See comments below)

Comments/Questions: \_\_\_\_\_

Forward \_\_\_\_\_ originals to ☐ Mayor ☐ CCO Date: \_\_\_\_\_

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

6) City Clerk: Forward \_\_\_\_\_ originals to CAO for FINAL APPROVAL Date: \_\_\_\_\_

7) CAO forwards \_\_\_\_\_ originals to CCO Date: \_\_\_\_\_

8) City Clerk: Scan original and forwards 2 original to: Sonia /Ext. 5598 / CAO

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

2L