

DEVELOPMENT INCENTIVE PROGRAM LOAN LETTER OF INTENT

October 9, 2018

Mr. Ray Berry, President
Jack and Jill Children's Center, Inc.
1315 West Broward Boulevard
Fort Lauderdale, Florida 33312

Re: Letter of intent to provide a forgivable loan in an amount not to exceed Two Million Five Hundred Thousand and No/100 Dollars (\$2,500,000) to Jack and Jill Children's Center, Inc. ("Jack and Jill") to be secured by real property described in Exhibit A, attached hereto (the "Property") to fund new construction of a private school on the Property

Dear Mr. Berry:

This letter is intended to set forth the terms and conditions of a Development Agreement under the Development Incentive Program (the "Development Agreement") by and between the Fort Lauderdale Community Redevelopment Agency (the "Lender" or "CRA") and JACK AND JILL (the "Borrower"). Subject to the terms and conditions set forth herein and in the Development Agreement, Lender agrees to lend an amount not to exceed Two Million Five Hundred Thousand and No/100 Dollars (\$2,500,000) for a Development Incentive Program loan (the "DIP Loan") that will be disbursed in equal payments over a five year period starting from the Commencement Date (as defined herein) or the Operations Date (as defined herein) which date shall be determined by the Executive Director after consultation with the Borrower's lender and review of the lender's loan documents. Thereafter, Jack and Jill shall have five (5) years to satisfy the Job Creation and School Enrollment requirements starting four (4) years from the Operations Date. The DIP Loan shall be advanced to reimburse hard costs of construction of the JACK and JILL Elementary School, as proposed in its application to the CRA, it being a two story building of approximately 20,063 net square feet on the Property ("the Project").

By resolution, the CRA Board hereby authorizes the CRA General Counsel or outside legal counsel to prepare the Development Agreement under the authorization and direction of the CRA's Executive Director and to incorporate the following general terms and conditions as provided herein.

CONSTRUCTION LOAN: Prior to the Commencement Date, Borrower shall obtain firm commitments from an approved institutional lender for a construction loan in an amount sufficient (together with donations and funds from other sources) to construct

the Project, estimated at \$7,200,000 together with proof that it has sufficient capital to cover the operating deficit during the initial operations of the school. To date, Jack and Jill represents that it has received donations in the amount of Three Million Six Hundred Thousand Dollars (\$3,600,000.00) and is expecting an additional Four Hundred Thousand (\$400,000.00) by the end of October 2018 for a total of Four Million and No/100 Dollars (\$4,000,000) for the Project. The construction loan commitments must be approved by the Executive Director of the Lender prior to the Commencement Date, which approval shall not be unreasonably conditioned, withheld, or delayed. The construction loan shall be secured by a mortgage in favor of the institutional lender superior in lien and dignity to the mortgage held by the CRA (the "First Mortgage"). Closing on the DIP Loan shall occur simultaneously with closing on the construction/permanent loan. The CRA reserves the unilateral right to terminate this Letter of Intent if closing on the construction/permanent loan does not occur on or before the Commencement Date.

The Project shall commence within twelve (12) months of the Effective Date of the Development Agreement ("Commencement Date"). The Effective Date is the date that the last party signs the Development Agreement ("Effective Date"). It is anticipated that the parties shall negotiate and execute a Development Agreement within six (6) months after the CRA board approves this funding award under the Development Incentive Program.

COMPLETION DATE: The Project shall be completed within 16 months of the Commencement Date, unless otherwise extended by the CRA's Executive Director and is defined as the date which a Certificate of Occupancy has been issued by the City of Fort Lauderdale or other governing authority.

USES OF PROCEEDS: Jack and Jill acknowledges that the CRA proceeds of the Loan will be used only for the hard costs of construction of the Project according to a construction budget approved by the CRA Executive Director", (as may be amended by Borrower and its construction lender) and such other costs as may be approved by the Lender, so long as they are allowed expenses in accordance with Part III, Chapter 163, Florida Statutes. The CRA proceeds shall not be used for operating and administrative expenses of the Project. Further, hard costs are defined as costs for work, labor and materials required to construct a new structure on the Property.

LOAN AMOUNT AND DISBURSEMENTS: The total appropriation for this Project is 2,500,000.00 which shall be disbursed over 5 years at \$500,000.00 per fiscal year. In the exercise of his reasonable discretion, the Executive Director may agree to disburse the DIP loan to either reduce the principal balance of the construction loan or to service that portion of the construction/permanent loan which funded hard costs of the Project or a combination of both which decision shall be made after consultation with authorized representatives of Jack and Jill, its construction/permanent lender and review of the construction/permanent lender loan documents. The Borrower, the construction or permanent lender, and the CRA may enter into a inter creditor agreement whereby disbursements will be made directly to the

construction/permanent lender, or a blocked account to be paid to Borrower's construction/permanent lender. Disbursements will be made subject to an absence of uncured defaults under the Development Agreement or the Second Mortgage.

Disbursements are conditioned on the following requirements:

- (i) Closing on the construction loan with the first lender or alternatively, satisfactory evidence that Borrower has secured sufficient funding to cover all reasonable and necessary construction costs for the Project and such other construction related conditions as reasonably requested by the CRA, and
- (ii) Satisfactory evidence that a minimum of \$2,500,000 has been expended on hard costs to construct the Project or in the event of direct funding, that the DIP loan proceeds are being used to fund hard costs; and
- (iii) Such other reasonable conditions imposed by the Executive Director in the exercise of his discretion.

LOAN PAYMENTS: This is a forgivable loan and repayment shall not be required except in the event of default as defined in the Development Agreement. Borrower shall be required to fulfill the Job Creation and School Enrollment requirements described below. The DIP Loan shall be forgiven on a prorata basis to the extent the Job Creation and School Enrollment Requirements are met. As to the Job Creation requirement, the Borrower shall be entitled to carry forward or carry back annual FTE hours in excess of the annual minimum Job Creation Requirement to meet its cumulative requirement over the five (5) year period. At the end of the term of the DIP loan, the loan shall become due and payable to extent that the cumulative Job Creation requirement has not been met.

COVENANT TO FUND: The Lender shall budget and appropriate legally available funds sufficient to make all such required loan disbursements for each fiscal year, beginning with fiscal year 2018, subject to the approval as to form and substance by the CRA's General Counsel and City Auditor. Such obligations to annually appropriate and disburse the DIP Loan are subordinate to overhead and administrative costs related to operations of the CRA and senior CRA debt and previously approved CRA projects.

JOB CREATION AND SCHOOL ENROLLMENT: Starting four years from the Operations Date, Borrower shall create thirty seven (37) new non-construction related Full Time Equivalent (FTE) jobs on an annual basis at the Project with at least thirty five percent (35%) of the new hires of the Project being residents of the Northwest-Progresso –Flagler Heights Community Redevelopment Area. The new jobs shall be created within four (4) years of the Operations Date and maintained for a period of five (5) years thereafter. The Job Creation Requirement is calculated based on the sum of: (i) Full Time Equivalent (FTE) Job Hours for 37 employees,

multiplied by (ii) 40 hours per week, multiplied by (iii) 52 weeks per calendar year. Full Time Job Hours shall include each and every hour for which the employees is paid or entitled to payment for a period of time in which no duties are performed due to vacation, holiday, illness, incapacity (including disability, layoff, jury duty, military duty or leave of absence) The Borrower shall also ensure that at least fifty one percent (51%) of JACK AND JILL Elementary School students reside within the boundaries of the Northwest-Progresso-Flagler Heights Community Redevelopment Area and that JACK and JILL will market the Jack and Jill Elementary School to residents in the Northwest-Progresso-Flagler Heights Community Redevelopment Area using commercially reasonable efforts. Operations Date, which date shall occur on or before August 2020, is defined as the date the Project is open and ready to receive students and began continuous operations and administration related to providing classroom instructions in accordance with an approved curriculum to eligible students.

JOBS AND SCHOOL ENROLLMENT REPORT: The jobs and school enrollment reports shall be in a form approved by the CRA. Borrower shall provide to the Lender a certified annual written report prepared by an independent licensed accountant for the immediately previous calendar year stating:

- 1) The number of Full Time Equivalent job hours created, date of hire, type of job for each employee and whether the hires are residents of the Northwest-Progresso-Flagler Heights Community Redevelopment Area.
- 2) The total number of students enrolled at Jack and Jill Elementary School and the percentage of enrolled students who are residents of the Northwest-Progresso-Flagler Heights Community Redevelopment Area.
- 3) A description and documentation of JACK AND JILL's marketing efforts to students and families to ensure that at least 51% of the students reside in the Community Redevelopment Area.

The reports shall be in a form approved by the CRA. The annual report shall be provided no later than October 31st of the first full year after four years from the Operations Date and by October 31st thereafter for a period of 5 years. Only jobs and students approved by the CRA, or its successors and/or assigns, shall satisfy the requirements of this DIP Loan and notice of any disapproval shall be provided by the CRA within 60 days after the reports have been received.

LOAN DOCUMENTS: Borrower shall execute;

- (a) a Promissory Note in the amount of \$2,500,000;
- (b) a Second Mortgage in a form reasonably acceptable to the Lender;
and
- (c) such other documents and assurances as are reasonably requested

by the CRA.

The Loan shall carry an interest rate of 0% per annum, except in the event of a default interest shall accrue at the maximum rate permitted by law, and be forgivable after a period of nine (9) years. Payment of the outstanding principal amount of the Loan shall not be required except for an uncured default under the Development Agreement, and/or Second Mortgage ("Loan Default"). Provided that there is not an uncured default and provided the Borrower complies with the enrollment requirements and jobs creation requirements under the Development Agreement, the Loan will be forgiven.

SUBORDINATION: All the terms and provisions of the Second Mortgage shall be subordinate to the lien of the First Mortgage of the construction/permanent lender. The Borrower agrees that First Mortgage will not contain a prepayment penalty and the First Mortgage shall include a notice provision requiring the First Mortgagee to provide notice of default and an opportunity to cure in favor of the CRA. Any subsequent agreements required by Borrower or the First Mortgage lender as a condition of closing the construction loan, shall be 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 City Attorney's office.

LOCAL CONTRACTING: Borrower will use its best efforts to work with the Lender to notify local business firms, minority owned firms, women-owned firms or labor surplus area firms of the opportunity to submit bids for work on the Project, with a the goal of achieving a minimum 30% participation for minorities

LOAN DEFAULT: The occurrence of any one or more of the following Loan Defaults and the continuance thereof uncured or uncorrected for a period of 30 days, or longer period of time as may be necessary so long as Borrower is diligently pursuing cure, following proper notice:

- 1) Borrower defaults in its obligation to complete the Project under the terms and conditioned contain herein;
- 2) A final order, judgment or decree is entered by any court of competent jurisdiction adjudicating the Borrower bankrupt or insolvent;
- 3) Any misrepresentation made by Borrower in any material respect and which adversely affects the rights, duties and obligations of the CRA; and
- 4) Foreclosure proceedings have commenced against the Project.
- 5) Sale of the Property.

MAINTENANCE/REPAIRS: Upon completion of the Project, Borrower, its successors

and/or assigns, shall have a continuing obligation to maintain the Project in good repair and provide adequate insurance 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.

REPORT FROM BORROWER: The Borrower shall give Lender a report, in sufficient detail and scope after each construction draw is paid by the construction lender identifying the hard construction costs paid in each construction loan disbursement.

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 Borrower and including the Lender as an "Additional Insured".

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 shall provide CRA with necessary information to conduct such audit.

CROSS DEFAULT: The Development Agreement, and the Second Mortgage will all 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 and indemnifies the Lender against any claims in connection with the DIP Loan.

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

If the Borrower:

- a. Applies for or consent to the appointment of a receiver, trustee, or liquidator for it or for any of its property;
- b. Admit in writing an inability to pay its debts as they mature;
- c. Make a general assignment for the benefit of creditors;
- d. Be 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
- h. Failure by Jack and Jill to close on the construction/permanent loan prior to the end of the Commencement Date.

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

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

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

The letter of intent shall not be assignable to any person or entity without Lender's prior written consent. Any assignment of this DIP Loan or the Sale of Property or the business shall be subject to the approval of the CRA and conditioned on the successor or assigns qualifications and experience as determined by the CRA in its sole discretion and assumption of liability in form and substance acceptable to the CRA in its sole discretion.

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

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

SIGNATURES ON FOLLOWING PAGE

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

WITNESSES:

AGENCY

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

Print Name

By _____
Dean J. Trantalis, Chair

Print Name

By _____
Lee R. Feldman, Executive Director

ATTEST:

CRA General Counsel:
Alain E. Boileau, General Counsel

Jeffrey A. Modarelli, CRA Secretary

Lynn Solomon, Assistant General Counsel

AGREED TO AND ACCEPTED this _____ of October, 2018.

Jack and Jill Children's Center, Inc.,
a Florida Not For Profit Corporation

Ray Berry, President

Return to:
 WILL CALL 119
 DAVID G. MURRAY, ESQ.
 P. O. BOX 2427 *men*
 FT. LAUDERDALE, FL 33303

INSTR # 101144322
OR BK 31790 PG 1488
 RECORDED 06/29/2001 04:26 PM
 COMMISSION
 BROWARD COUNTY
DOC STNP-D 1,470.00
 DEPUTY CLERK 2015

PREPARED BY AND RETURN TO:
 ARTHUR W. LAMBERTUS, ESQ.
 LAMBERTUS & LAMBERTUS, P.A.
 2929 E. Commercial Boulevard, Suite 604
 Fort Lauderdale, Florida 33308

Parcel ID #: 10204-20-00700

WARRANTY DEED

THIS WARRANTY DEED made this 19 day of June, 2001, by The Salvation Army, a Georgia Corporation, (hereinafter called the "GRANTOR"), to Jack and Jill Nursery, Inc., a Florida Non-Profit Corporation, whose post office address is 812 Southwest 2nd Street, Fort Lauderdale, Florida 33312, (hereinafter called the "GRANTEE").

(Wherever used herein the terms "GRANTOR" and "GRANTEE" include all the parties in this instrument and the heirs, legal representatives, and assigns of individuals, and the successors and assigns of corporations)

WITNESSETH:

That the GRANTOR, for and in consideration of the sum of TEN AND 00/100 (\$10.00) DOLLARS and other valuable considerations, receipt whereof is hereby acknowledged, hereby grants, bargains, sells, aliens, remises, releases, conveys and confirms unto the GRANTEE, all that certain land situate in Broward County, Florida, to wit:

Lots 16 through 26, Block 1, SEMINOLE FOREST, according to the map or plat thereof as recorded in Plat Book 14, Page(s) 16, Less Right of Way for State Road 842 (Broward Boulevard Fort Lauderdale, Florida), Public Records of Broward County, Florida.

Subject to: (1) land use designation, zoning restrictions and prohibitions imposed by governmental authority; (2) restrictions, easements and other matters appearing on the Plat and/or common to the subdivision, including utility easements, without serving to reimpose same and (3) taxes for the year 2001 and subsequent years.

The benefits and obligations hereunder shall inure to and be binding upon the heirs, executors, administrators, successors, and assigns of the respective parties hereto. The word "GRANTEE" shall be construed as if it read "GRANTEES" whenever the sense of this indenture so requires, and the use of the gender shall include all genders.

TOGETHER with all the tenements, hereditaments and appurtenances thereto

belonging or in anywise appertaining.

TO HAVE AND TO HOLD the same in fee simple forever.

AND THE GRANTOR hereby warrants the title to said land and will defend the same against the lawful claims of all persons whomsoever.

IN WITNESS WHEREOF, the said GRANTOR has hereunto set his hand and seal the day and year first above written.

Signed, sealed and delivered
in our presence:

Alberta Parish

Witness Signature

Alberta Parish

Printed Name of Witness

Lynn Searcy

Witness Signature

Lynn Searcy

Printed Name of Witness

The Salvation Army, a Georgia
Corporation

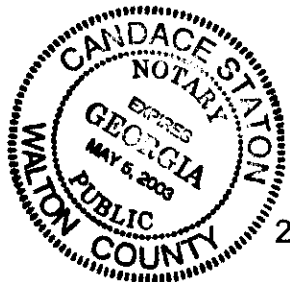
By: [Signature]

RAYMOND COOPER, PRESIDENT
1424 NE Expressway
Atlanta, Georgia 30329

STATE OF GEORGIA
COUNTY OF DEKALB

I HEREBY CERTIFY that on this day personally appeared before me, an officer duly authorized to administer oaths and take acknowledgments, RAYMOND COOPER, PRESIDENT as President, a duly authorized officer of The Salvation Army, who is personally known to me or has produced a _____ as identification, and who executed the foregoing Warranty Deed and acknowledged before me that he/she executed the same freely and voluntarily under authority duly vested in him by said corporation for the purposes therein expressed, and who did take an oath.

WITNESS my hand and official seal in the City of Atlanta, County of Dekalb, and State of Georgia, this 19 day of June, 2001.



Candace Statton
Notary Public, State of Georgia
Printed Name: Candace Statton
My Commission Expires: 5/5/03