



CITY OF FORT LAUDERDALE
City Commission Agenda Memo
CRA BOARD MEETING

#20-0331

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

FROM: Chris Lagerbloom, ICMA-CM, Executive Director

DATE: May 5, 2020

TITLE: Motion Approving a Third Modification of Mortgage Agreement with Yacht Chandlers, Inc. – (Commission District 2)

Recommendation

It is recommended that the Community Redevelopment Agency (CRA) Board of Commissioners approve a Third Modification of Mortgage Agreement by and between the CRA and Yacht Chandlers, Inc.

Background

On September 16, 2014, the CRA Board approved a CRA property and business investment loan to Yacht Chandlers, Inc. in the amount of \$100,000. CRA funding was in the form of a forgivable loan at zero interest forgiven in equal amounts over seven years after the completion of the project. The loan was secured by a mortgage at 750 West Sunrise Boulevard (Property ID 4942 34 05 4281) and the property used for parking located across the street in the 900 block of NW 7th Terrace (Property ID 4942 34 05 380).

The purpose of the loan was to assist in the renovation of a 41,000 square foot deteriorated property and a 2.56-acre site into a new world headquarters and crew training facility for Yacht Chandlers. The improvements were completed on November 28, 2016 and Yacht Chandlers now occupies the site in accordance with their agreement with the CRA. Yacht Chandlers' total capital investment was \$3,078,315 including \$1,950,000 for the acquisition of the property and \$1,128,315 for the renovations.

The project was funded by developer's equity and by SunTrust Bank under the US Small Business Administration (SBA) Loan Program.

At the request of Yacht Chandlers, Inc., on January 5, 2016 the CRA Board approved a Modification of Mortgage Agreement subordinating the CRA Mortgage to two SunTrust SBA loan program mortgages of Yacht Chandlers such that the CRA mortgage was moved to a third mortgage position. In 2017, the CRA consented to a second modification to the CRA mortgage to allow Yacht Chandlers to refinance the SunTrust credit facility which placed the CRA in a second mortgage position subordinate to a loan from Stonegate Bank in the principal amount of \$2,950,000.

Yacht Chandlers is seeking to refinance its Stonegate Bank loan and has requested the CRA to subordinate its mortgage to the lien to be held by BankUnited. The purpose of the loan is to satisfy the Stonegate loan and to provide working capital. A copy of the BankUnited Loan Commitment is attached hereto as Exhibit 1. The current amount owed on the CRA loan is \$52,416.68. Yacht Chandlers may close on its loan with BankUnited prior to the date of CRA meeting with the escrow agent holding this amount in trust pending resolution of this request. If approved, the funds would be disbursed to Yacht Chandlers.

Since Yacht Chandlers is continuing to operate its business in the manner contemplated under the program, staff recommends approval of the Third Modification of Mortgage Agreement which places the CRA in a second lien position behind the lien of BankUnited. A copy of the Mortgage, First Modification and Second Modification are attached hereto as Exhibit 2. A copy of the proposed Third Mortgage Modification Agreement is attached hereto as Exhibit 3.

Resource Impact

There is no fiscal impact associated with this action.

Strategic Connections

This item is a *Commission Annual Action Plan* priority, included within the Policy Agenda, advancing the Northwest Progresso Flagler Heights CRA – Capital Improvements and Housing strategy.

This item is a *Press Play Fort Lauderdale Strategic Plan 2018* initiative, included within the Neighborhood Enhancement Cylinder of Excellence, specifically advancing:

- Goal 7: Be a well-positioned City within the global economic and tourism markets of the South Florida region, leveraging our airports, ports and rail connections.
- Objective 2: Facilitate a responsive and proactive business climate.
- Initiative 1: Evaluate and expand our existing portfolio of business attraction Incentives.

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

Attachments

Exhibit 1 - Bank United Loan Commitment

Exhibit 2 - Mortgage, First Mortgage Modification, Second Mortgage Modification

Exhibit 3 - Proposed Third Mortgage Modification

Prepared by: Lynn Solomon, Assistant General Counsel

Department Director: Clarence Woods, NPF CRA Manager