



**CITY OF FORT LAUDERDALE
COMMUNITY REDEVELOPMENT AGENCY**

DEVELOPMENT INCENTIVE PROGRAM LOAN LETTER OF INTENT

August 4, 2021

Mr. Victor G. Harvey, Sr.
Mr. Jay Adams
Managers
Northeast 6th Development, LLC
1126 North Federal Highway, #308
Fort Lauderdale, Florida 33316

Re: Letter of intent to provide a forgivable loan in an amount not to exceed Two Million Four Hundred Fifty Thousand and No/100 Dollars (2,450,000) to Northeast 6th Development, LLC, a Florida limited liability company ("NED" or "Borrower") to be secured by a lien on parcels described in Exhibit A (the "Property") to partially fund hard costs of construction of a commercial building and entertainment complex on the Property (the "Project")

Dear Messrs. Harvey, Sr. and Adams:

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") and Borrower. 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 Borrower in an amount not to exceed Two Million Four Hundred Fifty Thousand and No/100 Dollars (\$2,450,000) (the "Forgivable Loan" or "DIP Loan") for hard costs associated with the Project.

COMMUNITY REDEVELOPMENT AGENCY
914 SISTRUNK BLVD, SUITE 200, FORT LAUDERDALE 33311
TELEPHONE (954) 828-6130
WWW.FORTLAUDERDALE.GOV



COMPLETION DATE: The Project and all amenities shall be completed within twenty four (24) months from the date of this letter, subject to extensions granted by the CRA's Executive Director for delays caused by circumstances beyond the Borrower'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 CRA. 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 nine (9) months after the CRA board approves this award of funding and transfer of the CRA Property.

ACQUISITION OF LAND: Simultaneously with approval of this Letter of Intent, the CRA has approved the sale of the real property located at 606 NW 10th Terrace, 1017 Sistrunk Blvd and XXX Sistrunk Boulevard, Fort Lauderdale, Florida 33311 ("CRA Property" or "Property") in consideration of \$450,000. Closing on the DIP Loan shall occur simultaneously with closing on the CRA Property.

USES OF PROCEEDS: Borrower acknowledges that the proceeds of the DIP Loan shall be used to reimburse or fund hard costs of construction of a three (3) story commercial building and entertainment complex of approximately 13,000 square feet according to a construction budget approved by the CRA Executive Director, as may be amended by Borrower 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 be used for hard costs and not for operating, general conditions 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 Building.

CONDITIONS FOR CLOSING: The Lender shall have no obligation to close on the DIP Loan 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;
2. Satisfactory evidence that Borrower has sufficient funds, combined with the DIP Loan, to complete construction of 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 the 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, subject to those special exceptions approved by the CRA and providing for Florida Form 9 coverage and other customary endorsements;
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;
9. All development approvals from the appropriate governing authority have been issued for the Project;
10. Execution of the CRA documents for the DIP Loan, including without limitation, the Promissory Note, Second Mortgage, Assignment of Leases, 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, 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 or Borrower along with copies of the organizational document;
12. An acceptable Appraisal of the Property;
13. Survey of the Property prepared in accordance with the minimum technical requirements and standards promulgated by the Florida Board of Professional Land Surveyors, Chapter 5J-17 of the Florida Administrative Code and Section 427.027 of the Florida Statutes.



14. Closing and transfer of title to the Property owned by the CRA located at 606 NW 10th Terrace, 1017 Sistrunk Blvd and XXX Sistrunk Blvd, Fort Lauderdale, Florida pursuant to a Purchase and Sale Agreement bearing the same date as this Letter of Intent.
15. Such other documents, instruments, studies, analysis and evaluations as required by the CRA in the exercise of its reasonable discretion.

LOAN PAYMENTS AND TERM:

The Forgivable Loan shall be discharged upon satisfaction of the following conditions:

1. Issuance of a final Certificate of Occupancy for the Project
2. Scholarship donation in the amount of TBD over five (5) years to a local youth group approved by the CRA for training for hospitality service sector jobs.
3. Management and operation of the Project for five (5) years starting from the date the Project is open for business. Further, the Property shall not be sold or any interest in the Borrower shall be transferred during the five year period.

LINE OF CREDIT: This CRA obligation to close on the Forgivable Loan is subject to the CRA securing a line of credit from the City of Fort Lauderdale, Florida or a loan from a financial institution.

LOAN DISBURSEMENTS: The Borrower and Lender shall develop a schedule for disbursement of proceeds of the DIP Loan as constrained by conditions under the line of credit or 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: Borrower 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.

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. 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 the 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 of 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.

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 which shall be incorporated in the Development Agreement 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, except for monetary defaults which shall have a grace period of 15 days and no notice shall be required of Lender:

- 1) Borrower defaults in its obligations under the terms and conditioned contain herein or the Development Agreement; 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, 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".

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 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 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 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. Borrower fails to secure the equity or construction loan on or before January 30, 2022.
- i. 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, 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 obligations of the 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 assumption, and (vii) other reasonable factors. Borrower agrees to disclose the principals with controlling interest in the Borrower, 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, Victor G. Harvey, Sr. and Jay Adams 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 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.

This Letter of intent has been issued for the sole and exclusive benefit of the Borrower and no third party shall have any rights hereunder without the express written consent of the Lender. Further, Borrower shall not assign its rights under this Letter of Intent without the written consent of the Lender which may be withheld 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 set forth below.

WITNESSES:

[Print Name]

[Print Name]

AGENCY

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

By _____
Christopher J. Lagerbloom, Executive
Director

Date: _____

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 ____ 2021.

NORTHEAST 6TH DEVELOPMENT, LLC, a
Florida limited liability company

Victor G. Harvey, Sr. Manager

Jay Adams, Manager



EXHIBIT A
(LEGAL DESCRIPTION)

EXHIBIT "A"

LEGAL DESCRIPTION

WEST 50 FEET OF LOT 25, LESS BEGINNING SW CORNER OF SAID LOT, NORTH 15.61 FEET, EAST 50 FEET, SOUTH 15.26 FEET, WEST 50 FEET TO POB FOR ROAD, WEST 50 FEET OF LOTS 26 AND 27, BLOCK 330, ACCORDING TO THE PLAT THEREOF, RECORDED IN PLAT BOOK 2, AT PAGE 18 OF THE PUBLIC RECORDS OF MIAMI-DADE COUNTY, FLORIDA; SAID LANDS SITUATE, LYING AND BEING IN BROWARD COUNTY, FLORIDA.

AND

LOTS 28, AND 29, IN BLOCK 330, OF PROGRESSO, ACCORDING TO THE PLAT THEREOF, AS RECORDED IN PLAT BOOK 2, AT PAGE 18, OF THE PUBLIC RECORDS OF MIAMI-DADE COUNTY, FLORIDA; SAID LANDS SITUATE, LYING AND BEING IN BROWARD COUNTY, FLORIDA.

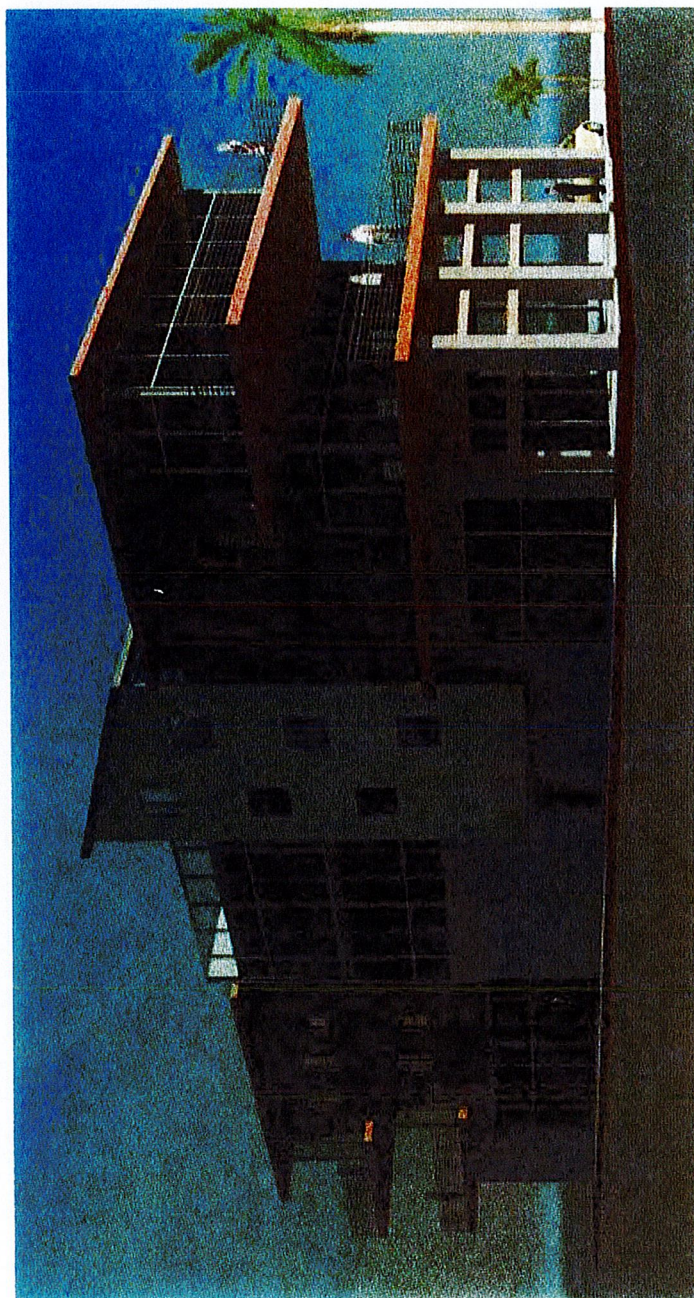
AND

LOTS 25, 26 AND 27, BLOCK 330, PROGRESSO, ACCORDING TO THE PLAT THEREOF, AS RECORDED IN PLAT BOOK 2, PAGE 18, OF THE PUBLIC RECORDS OF DADE COUNTY, FLORIDA, LESS THE WEST 50 FEET THEREOF, AND LESS THE FOLLOWING DESCRIBED PARCEL OF LAND: BEGINNING AT THE SOUTHEAST CORNER OF LOT 25, THENCE RUNNING S 89° 54' 10" W, ALONG THE SOUTH LINE OF LOT 25, THEREOF A DISTANCE 85 FEET; THENCE N 00° 07' 10" W, ALONG THE EAST LINE OF THE WEST 50 FEET OF LOT 25, A DISTANCE OF 15.26 FEET, TO A LINE 35 FEET NORTH OF AND PARALLEL TO THE SOUTH BOUNDARY LINE OF SECTION 4, TOWNSHIP 50 SOUTH, RANGE 42 EAST; THENCE S 89° 41' 50" E, ALONG SAID PARALLEL LINE A DISTANCE OF 85 FEET; THENCE S 00° 07' 10" E, ALONG THE EAST LINE OF LOT 25 A DISTANCE OF 14.67 FEET TO THE POINT OF BEGINNING; SAID LANDS LYING, SITUATE AND BEING IN BROWARD COUNTY, FLORIDA.

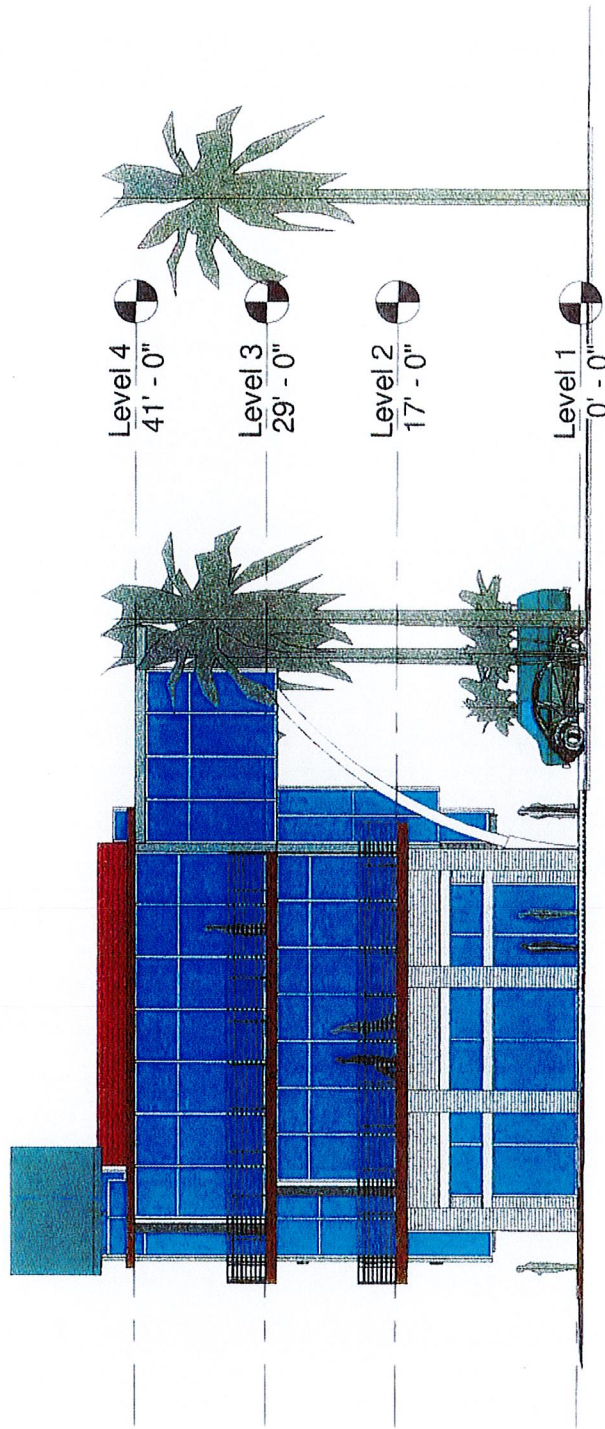
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EXHIBIT B
SITE PLAN ILLUSTRATIONS

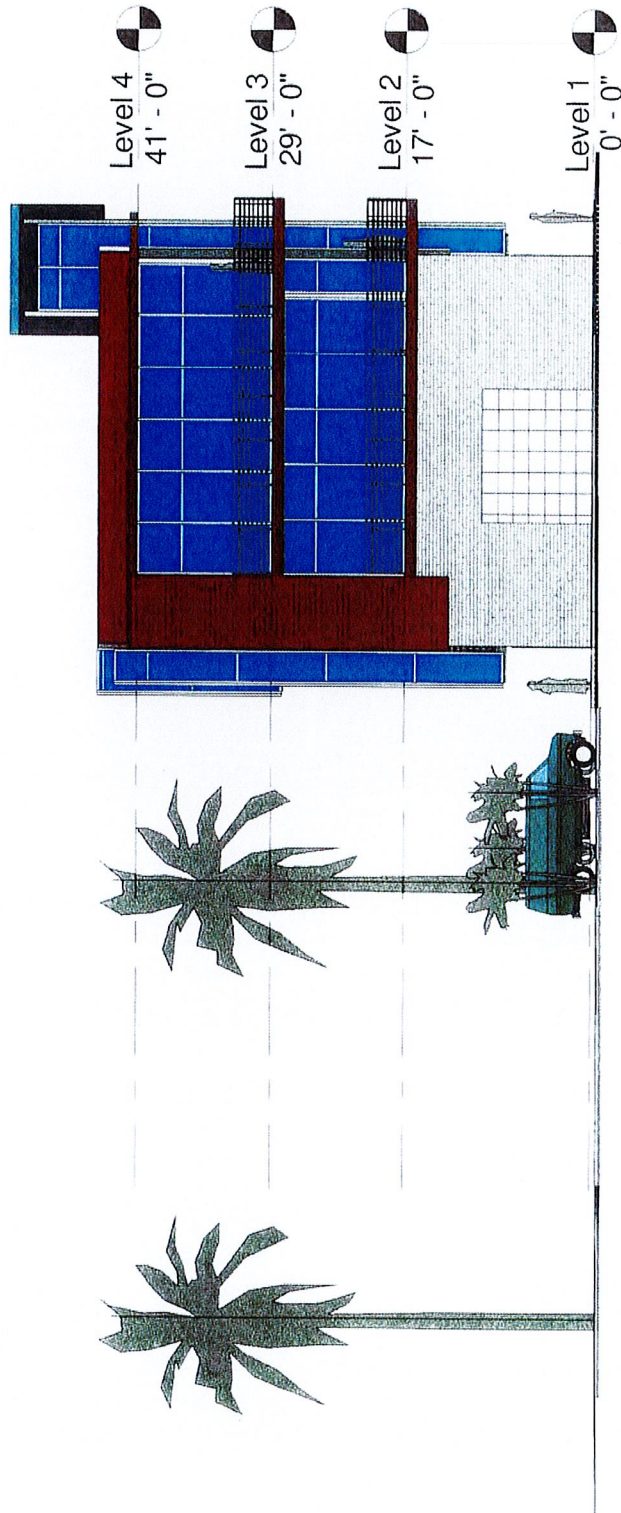




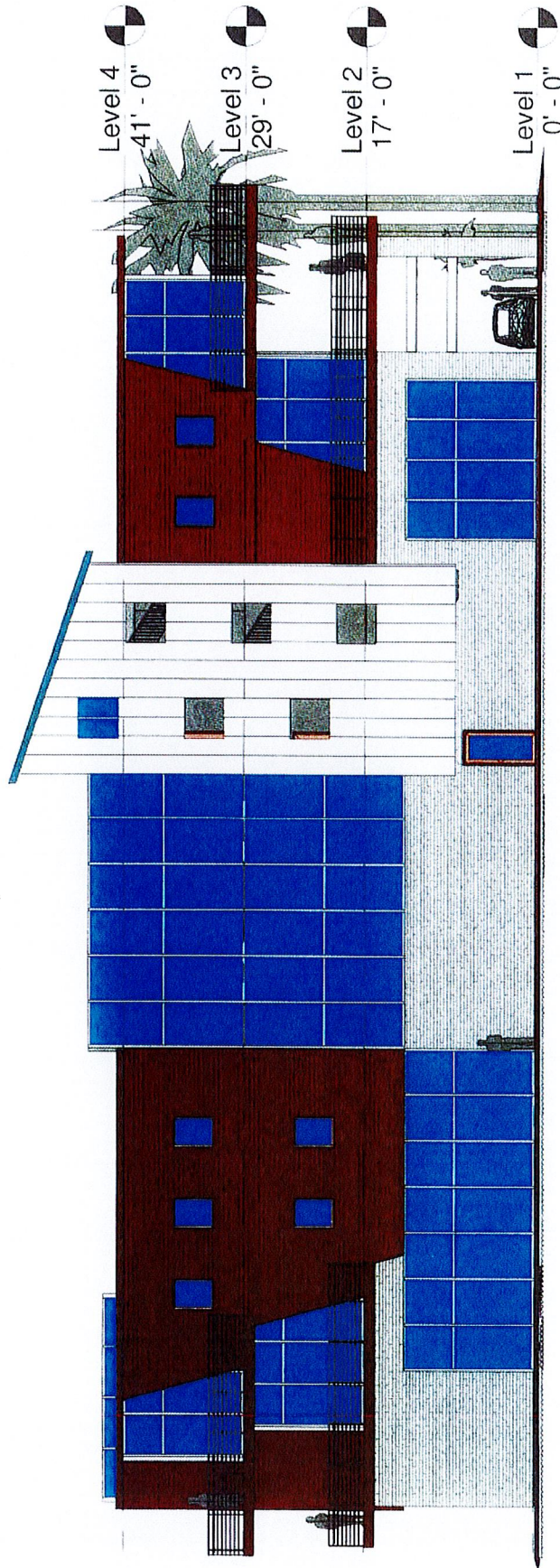


East Elevation

1/16" = 1' - 0"

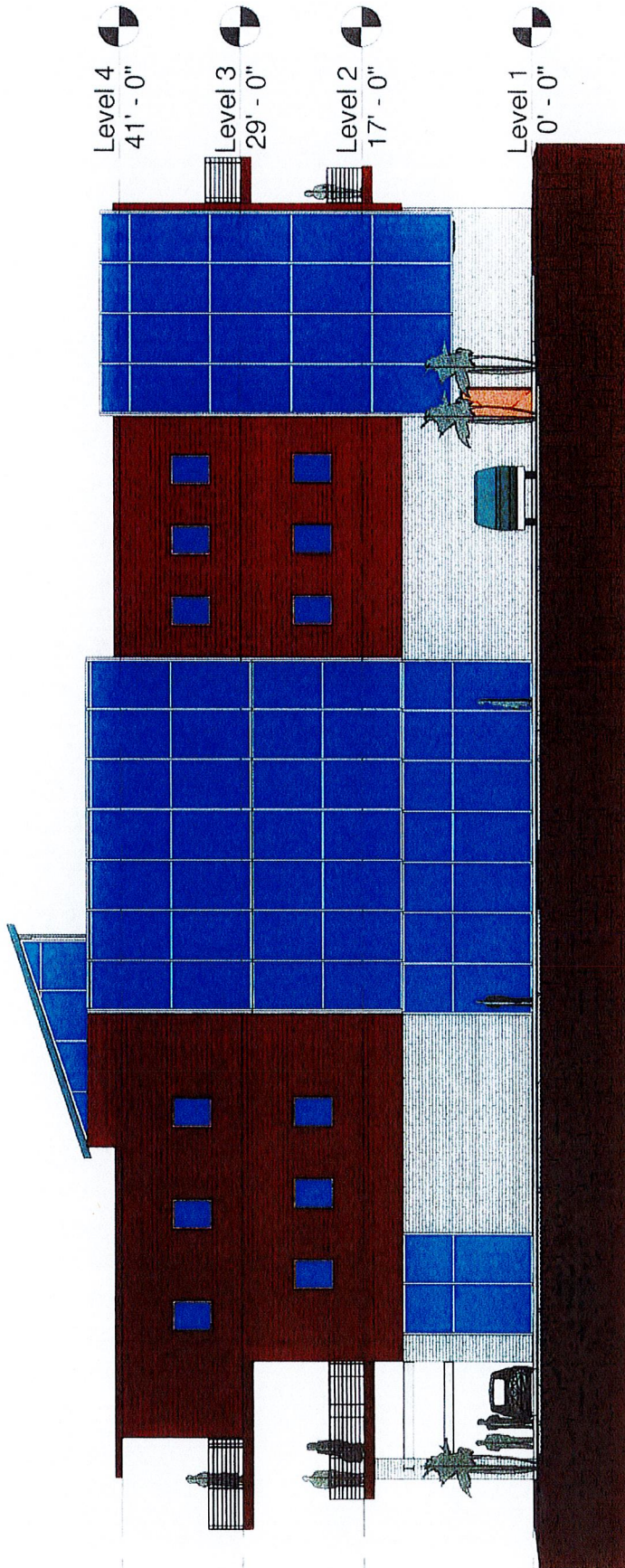


West Elevation
 1/16" = 1' - 0"



South Elevation

1/16" = 1' = 0"



North Elevation

1/16" = 1' - 0"