

**GAP FUNDING COMMITMENT FOR DEVELOPMENT OF
“THE TROPIC” MIXED-INCOME WORKFORCE HOUSING PROJECT**

Van Jackson LLC and/or Tropic Hollywood, Inc., affiliates of Affiliated Development, LLC (“**Developer**”) intend to develop a mixed-income, workforce housing development in the City of Hollywood. The Developer seeks gap funding from the City of Hollywood (“**City**”) and the Hollywood Community Redevelopment Agency (“**CRA**”). The Developer, City and CRA are collectively referred to as the “Parties”, or individually as a “Party”.

The purpose of this funding commitment (“**Commitment**”) is to set forth the general understanding between the Parties regarding the proposed Project (as set forth herein). By resolution, the City Commission and CRA Board authorize City staff and CRA staff to prepare a Development Agreement incorporating the following terms and conditions.

These terms and conditions will serve as an outline of the proposed Development Agreement for approval by the Parties.

DEVELOPER: Van Jackson LLC, a Florida limited liability company and/or Tropic Hollywood, Inc., a Florida corporation, both affiliates of Affiliated Development, LLC (collectively referred to herein as the “Developer”), and any successor or assign thereof.

CRA: Hollywood Community Redevelopment Agency, a public body corporate and politic of the State of Florida pursuant to Part III, Chapter 163, Florida Statutes.

CITY: City of Hollywood, a municipal corporation organized and existing under the laws of the State of Florida.

DOWNTOWN CRA: The Downtown CRA district, created in 1979, is approximately 580 acres of land and extends from 22nd Avenue on the west to generally 17th Avenue on the east, Johnson Street on the north and Washington Street on the south. The Property falls within the boundaries of the Downtown CRA district.

DETERMINATION: The City determines that the Project is consistent with and furthers the City’s goals and objectives for removal of slum and blight, economic development, workforce and affordable housing, public infrastructure and other public benefits.

CRA DETERMINATION: The CRA determines that the Project is consistent with and furthers the CRA’s goals and objectives for removal of slum and blight, economic development and public benefits; is authorized by the Florida Redevelopment statutes under F.S. 163.358(4) as further defined under F.S. 163.370(c)(1), and is consistent with the CRA’s Redevelopment Plan.

CITY COMMISSION: The City Commission is the legislative body that governs the City and is comprised of six Commissioners and one Mayor. The City Commission also serves as the CRA Board and may be collectively referred to as the “Commission,” which shall vote in its separate capacity as City Commission and CRA Board.

CRA BOARD: The CRA Board consists of seven members who also serve as the City Commission for the City of Hollywood. The City Commission and CRA Board may be collectively referred to as the “Commission,” which shall vote in its separate capacity as City Commission and CRA Board.

PROPERTY: Located at 1744 & 1753 Federal Highway between Van Buren Street and Jackson Street (within the Downtown CRA and wholly located in a low-to-moderate income census tract) as more specifically described in the attached **Exhibit A**.

PROJECT: A mixed-use mixed-income multifamily workforce housing rental development comprised of approximately 210 units, two-third of which will be workforce housing, with Class-A amenities and garage parking.

See Project site plan and renderings attached as **Exhibit B**, which require all necessary Approvals and may be revised in order to obtain same. Notwithstanding the foregoing, any material change (or series of changes) to the Project as depicted in the Commitment representing a greater than ten percent (10%) change to the gross floor area, or greater than 25% change to the total number of dwelling units shall require approval by the Commission.

GAP FUNDING: Funding by the CRA and City necessary to make the Project financially and economically feasible.

REQUEST: On December 3, 2020, the Developer submitted a formal request for City and CRA funding to the City Manager and CRA Executive Director to provide Gap Funding necessary to finance the Project.

ILA: On October 3, 2018, Broward County, the City and CRA entered into an Interlocal Agreement (“ILA”) regarding funding for affordable housing attached as **Exhibit C**. This ILA provides a “County Contribution” to be used solely for approved Affordable Housing Programs as outlined in Exhibit 1 of the ILA.

AGREEMENT: The Development Agreement to be entered into by and between the Parties, detailing terms contained in this Commitment including any exhibits and any amendments.

APPROVALS: All required site plan, zoning and land use approvals necessary by the applicable Governmental Authority to construct the Project on the Property.

LENDER: The Construction first mortgage lender to be selected by Developer to disburse proceeds to Developer to fund costs for developing the Project, which may be secured by a first priority mortgage, security interest, pledge, lien or other encumbrances.

FINANCIAL CLOSING: The date on which all Project financing agreements have been signed and all required conditions contained in such agreements have been satisfied in order to disburse funds.

PROJECT COSTS: All capital costs necessary to acquire and develop the Project including but not limited to acquisition costs, hard costs, soft costs, public infrastructure, fees, and reserves. The estimated total cost for the Project is approximately \$57,000,000, which shall be evidenced in a Sources and Uses budget attached as an exhibit to the Agreement and made final by Lender approval upon Financial Closing.

CLDA: “Construction Loan Disbursement Agreement” means an agreement to be executed by Lender, the Developer, and other funding sources setting forth the obligations of each party to disburse construction funds, including the Gap Funding, to pay for (or reimburse) Project Costs.

FORGIVABLE ILA LOAN: City shall provide a \$3,500,000 forgivable loan (the “ILA Loan Funds”) to be used to fund Project Costs and public infrastructure improvements exclusively from the outstanding FY 2018 and FY 2019 County Contribution requested to be paid to the City per the ILA and provided that the County approves the use of these funds for this Project in accordance with the ILA (the “County Approval”). The ILA Loan Funds shall be disbursed to a Lender-designated funding agent upon Financial Closing, and disbursed to pay or reimburse Project Costs in accordance with the CLDA. At Financial Closing, the Developer shall execute (a) a Promissory Note in the amount of \$3,500,000, and (b) a Second Mortgage in a form acceptable to the Parties and Lender. The Promissory Note and Second Mortgage shall be held in trust by the City Attorney (or a designated third party) and not recorded unless an uncured event of default occurs exists as of the Completion Date. Upon the Completion Date the principal amount of the Forgivable ILA Loan shall be forgiven, provided no uncured event of default exists. The City agrees to work in good faith to obtain the County Approval within 30 days from

Commission approval of this Commitment.

FORGIVABLE CRA LOAN: CRA shall provide a \$3,000,000 forgivable loan (the “CRA Loan Funds”) to be used to fund Project Costs and public infrastructure improvements. Disbursement of the CRA Loan Funds shall be made in \$1,000,000 increments over the span of three fiscal years beginning in FY2022, and continuing to FY2024. At the discretion of the Commission, CRA Loan Funds may come from tax increment revenues received by the CRA or from proceeds from a revenue bond to the extent permitted by law. CRA Loan Funds shall be due on October 1st of each Fiscal Year. All CRA Loan Funds due by the time of Financial Closing shall be disbursed to a Lender-designated funding agent upon Financial Closing to be disbursed to Developer to pay or reimburse Project Costs in accordance with the CLDA. Any amounts due for fiscal years after Financial Closing shall be disbursed as indicated herein to the Lender-designated funding agent, which may be funded into the Project to pay for or reimburse Project Costs. At Financial Closing, the Developer shall execute (a) a Promissory Note in the amount of \$3,000,000, and (b) a Second Mortgage in a form acceptable to the Parties and Lender. The Promissory Note and Second Mortgage shall be held in trust by the City Attorney (or a designated third party) and not recorded unless an uncured event of default exists as of the Completion Date. Upon the Completion Date, the principal amount of the Forgivable CRA Loan shall be forgiven, provided no uncured event of default exists as of the Completion Date.

REPAYMENT: Notwithstanding adequate cure rights contained in the Agreement, an event of default shall have occurred should the Project not achieve a Completion Date within the timeframes set forth herein (a “Completion Default”). Should a Completion Default occur, all outstanding principal balances plus 3.25% interest annually accruing from the Developer’s receipt of payment of the Forgivable ILA Loan from the City and the Forgivable CRA Loan from the CRA shall become due and payable to each respective Party within 120 days following each Party’s written notice of Completion Default. Notwithstanding the forgoing, no interest or principal payments shall be owed by Developer to either City or CRA unless an uncured Completion Default exists.

FEE OFFSET: To the extent permitted by law, at the time the Project reaches the final two months of construction (pursuant to the construction schedule attached as an exhibit in the construction contract and subject to verification by the City), the Developer may make a request to the City to have an amount equal to any

government fees related to the Project that are paid to the City by the Developer or Developer's subcontractors reimbursed in an amount not to exceed \$2,000,000 (the "Fee Offset Funds"). Developer shall make such request with supporting documentation (paid invoices) substantiating the amounts paid. Within 20 days following the request, the Fee Offset Funds shall be disbursed to a Lender-designated funding agent and used to fund remaining Project Costs in accordance with the CLDA. Notwithstanding anything contained herein, in lieu of Developer paying certain government fees to the City and then being reimbursed, the City, in its sole discretion, may elect to waive or delay payment of certain fees at the time the government fees relating to the project are due and payable.

FUTURE CRA ADVANCE: Within 60 days following the date the Project receives its temporary certificate of occupancy (the "Future Advance Date"), the CRA shall provide a \$1,000,000 payment (the "Future Advance Funds") to the Developer to reimburse Project Costs and public infrastructure improvements. If the Project does not achieve the Completion Date within the timeframes set forth herein, the CRA has no obligation to provide or disburse the Future Advance Funds.

TIF REIMBURSEMENT: Beginning on the Commencement Date and until 2025, the CRA shall provide an amount equivalent to 95% of the tax increment revenues attributable to the Project ("TIRAP") and collected by the CRA, in the form of an annual reimbursement, within 30 days of receipt of the TIRAP through September 30, 2025. From October 1, 2025 through September 30, 2030, the CRA shall provide an annual payment to Developer, within 30 days following the receipt by the City of ad valorem taxes attributable to the Project, an amount equal to 95% of what the City's portion of the TIF generated from the completed Project would be if the TIF was still being paid to the CRA ("City TIRAP"). The TIRAP and the City TIRAP paid from the CRA to the Developer shall collectively be called the "TIF Reimbursement".

In order to qualify for the TIF Reimbursement, the Developer shall be obligated to pay full property taxes each year as required by Florida law, and provide a payment receipt to the CRA.

The calculation of the estimated TIF Reimbursement is shown in **Exhibit D**. The TIF Reimbursement shall not exceed \$2,400,000. Once this amount is reached, neither the CRA nor the City shall have any further obligation to provide TIF Reimbursement payments to the Developer.

Should construction of the Project fail to be completed pursuant to the terms of the Development Agreement, the CRA shall have no further obligation to make TIF Reimbursement payments. The TIF Reimbursement shall be in consideration of the development and completion of the Project.

GAP FUNDING: The Forgivable ILA Loan, Forgivable CRA Loan, Fee Offset, CRA Future Advance and TIF Reimbursement may be collectively referred to as the "Gap Funding". For the avoidance of doubt, all Gap Funding not subject to repayment as provided herein shall be converted to, and/or in the form of, a grant.

COVENANT TO FUND: Notwithstanding anything to the contrary contained in this Commitment, the City and CRA shall be required to make all Gap Funding solely from legally available funds subject to the provisions set forth herein. The City and CRA covenant and agree to budget and appropriate in their annual budgets, by amendment if necessary, from legally available funds in each fiscal year, amounts sufficient to satisfy the obligations set forth herein. Such covenants to budget and appropriate do not create any lien upon such legally available funds. Such covenants to budget and appropriate legally available funds are subject, junior, inferior and subordinate as to source and security for payment and in all other respects to obligations secured by a pledge of City and CRA Revenues heretofore or hereinafter entered into (including the payment of debt service on bonds and other debt instruments). The duty of the City and CRA to budget and appropriate amounts sufficient to meet their obligations is subject in all respects to the restrictions of Florida law and as set forth herein.

AMI: Area Median Income ("**AMI**") shall mean the Broward County Area Median Income, as set forth each year by the Department of Housing and Urban Development ("**HUD**").

MIXED-INCOME

HOUSING REQUIREMENT: The Developer agrees to rent the units in accordance with the following: Tier One: one-third (1/3) of the total dwelling units to tenants that earn up to 100% of the AMI; Tier Two: one-third (1/3) of the total dwelling units to tenants that earn up to 120% of the AMI; Tier Three: one-third (1/3) of the total dwelling units shall be unrestricted. Tier One and Tier Two shall be the "Workforce Housing Units" and Tier Three shall be the "Market Rate Housing Units".

RESTRICTIVE COVENANT: At Financial Closing, the Developer will record a Restrictive

Covenant containing the Mixed-Income Housing Requirements, which shall remain in effect for a period of 15 years following Financial Closing (“Term”). The Restrictive Covenant form shall be attached to the Agreement, which shall not be in final form until approved by Lender.

COMPLIANCE: Developer shall ensure that the Workforce Housing Units are occupied by eligible households at the time of initial occupancy during each year of the Term of the Restrictive Covenant. During the Term, the Developer shall provide annual reports, in such form as attached at **Exhibit D**, in order to determine compliance with the Mixed Income Housing Requirements.

FORCE MAJEURE: Neither party shall be held liable or responsible to the other party nor be deemed to have defaulted under or breached this Agreement for failure or delay in fulfilling or performing any term of this Agreement to the extent and for so long as such failure or delay is caused by or results from causes beyond the reasonable control of the affected party, including but not limited to fire, floods, embargoes, war, acts of war (whether war be declared or not), acts of terrorism, pandemics (to the extent that such delays from pandemics result in the unavailability or delay of governmental authorities to grant Approvals or to perform inspection and/or the unavailability or delay of design professionals, engineers, contractors or laborers) insurrections, riots, civil commotions, strikes, lockouts or other labor disturbances, acts of God or acts, omissions or delays in acting by any governmental authority, except for the City of Hollywood or the City of Hollywood Community Redevelopment Agency if not under a State of Emergency, or the other party. Events of Force Majeure shall extend the period for the performance of the obligations for a period equal to the period(s) of any such delay(s).

COMMENCEMENT DATE: Date on which the Project starts construction for the improvements on the Property. Commencement shall occur within three months of Financial Closing. The approval of both the City Manager and CRA Executive Director shall be required to authorize any extensions of the Commencement Date for a period of time up to 90 days without Commission approval. Any extensions of time beyond 90 days shall require the approval of the Commission.

COMPLETION DATE: Date on which the Project is substantially complete and a temporary certificate of occupancy has been issued by the appropriate governing authority. The Completion Date shall be on or before 36 months from the Commencement Date, subject to

Force Majeure. The approval of the City Manager and CRA Executive Director shall be required to authorize any extensions of the Completion Date for a period of time up to 90 days without Commission approval. Any extensions of time beyond 90 days, other than those extensions of time resulting from events of Force Majeure, shall require the approval of the Commission.

SUBORDINATION: All the terms and provisions of the Agreement, with the exception of the provisions regarding the Covenant to Fund, shall be subordinate to the Lender and the rights granted to Lender in connection with the loan secured by a first mortgage, including all subsequent agreements required by any funding party, such as the CLDA. Without requiring Commission approval, and subject to any statutory provisions related to the use of public funds, the City and CRA agree to tailor any provisions necessary in any of its documents in order to meet the commercially reasonable requirements of the Lender.

MAINTENANCE/REPAIRS: During the construction of the Project, the Developer shall at its own expense keep the Project and Property in good and clean order and condition, and in compliance with all applicable statutes, codes, regulations, and ordinances. All construction will be done in accordance with applicable Approvals, building codes, and to the permitted set of plans and specifications. Upon the Completion Date, Developer, its successors and assigns, at its own expense, shall have a continuing obligation to maintain the Project and Property, in good repair and in a commercially reasonable manner as may be required by the Code of Ordinances.

TAX PAYMENTS: Developer shall be obligated to pay all ad valorem property taxes due upon the Property and the Project as required by Florida law.

INSURANCE: The Developer and the general contractor for the Project, as applicable, shall purchase and maintain, at their own expense, insurance in forms and from companies reasonably satisfactory to the City, CRA and Lender. The City and CRA shall be named as additional insureds on all required policies of insurance until such time as the Project obtains its certificate of occupancy. Thereafter, the Developer, its successors and assigns, shall have a continuing obligation to adequately insure the Project, at its own expense.

RIGHT TO AUDIT: City and CRA shall have the right to audit the Project as may be reasonably required, and Developer shall provide City and/or CRA with necessary information to conduct such audit within 60

days of a written request by the City or CRA. Such right shall remain in effect for three years from the Completion Date.

LOCAL DEVELOPER: Developer shall provide City with a written certification from Developer's legal counsel identifying Affiliated Development LLC key principals, Jeffrey Burns and Nicholas Rojo, as managers of the Developer and Project.

CONDITIONS TO CLOSE: The following conditions and documentation must be provided by Developer to City and CRA prior to the Financial Closing:

1. Evidence that (a) Developer is in existence under the Laws of the State of Florida; (b) Developer is qualified to do business and operate the Premises under the laws of the State of Florida; and (c) Developer has full power to execute and deliver the documents contemplated herein and to engage in and consummate the transaction contemplated by the Commitment;
2. Copy of a fully executed construction contract;
3. Evidence that Developer owns the Property;
4. Final Sources & Uses budget;
5. Copy of the Performance Bond (or another form as may be acceptable to Lender, such as Subcontractor Default Insurance);
6. Evidence of funding sources to fund total Project Cost;
7. Plans & specifications for the Project;
8. Survey for the Property;
9. Evidence that required building permits have been obtained by Developer;
10. Evidence of Approvals necessary to build the Project;
11. Insurance policies satisfactory to City and Lender; and
12. Articles of organization for the Developer.

AUTHORITY TO EXECUTE: The City Manager and CRA Executive Director are granted authority to execute the Agreement consistent with the terms and conditions of this Commitment and approved for legal sufficiency by the City Attorney and CRA General Counsel, who serve the Commission.

The Parties will use good faith efforts to finalize the Agreement in accordance with the terms set forth herein no later than 60 days following the approval of this Commitment by the Commission.

This Commitment and the Agreement shall be made and construed in accordance with the

laws of the State of Florida. This Commitment supersedes any prior commitments and agreements, oral or written, to and with City, CRA and Developer or any affiliate thereof, with respect to the subject matter contained herein.

This Commitment may be executed in one or more counterparts, each of which shall constitute an original and together shall constitute one agreement. No unauthorized transfers of this Commitment shall be permissible without written approval from the other Party, unless such transfer is managed by Local Developer.

The Commission authorizes the City Attorney and CRA General Counsel to prepare the Agreement in consultation with the City Manager and CRA Executive Director incorporating all terms and conditions set forth herein.

The parties acknowledge that the undersigned have the legal authority to execute this Commitment and to bind the entities named herein.

(SIGNATURE PAGE TO FOLLOW)

AGREED TO AND ACCEPTED:

DEVELOPER:

TROPIC HOLLYWOOD, INC.

A Florida corporation

By: _____
Jeffrey Burns, President

Date: _____

VAN JACKSON, LLC

A Florida limited liability company

By: _____
Jeffrey Burns, Manager

Date: _____

ATTEST:

CITY OF HOLLYWOOD

By: _____
Patricia Cerny, City Clerk

By: _____
Josh Levy, Mayor

Date: _____

Approved as to form and legal sufficiency
for the use and reliance of the City of
Hollywood, Florida only.

By: _____
Douglas R. Gonzales, City Attorney

ATTEST:

HOLLYWOOD CRA

By: _____
Phyllis Lewis, Board Secretary

By: _____
Josh Levy, Board Chair

Date: _____

Approved as to form and legal sufficiency
For the use and reliance of the
Hollywood CRA only.

By: _____
Douglas R. Gonzales, CRA General Counsel

EXHIBIT "A"

PROPERTY LEGAL DESCRIPTION

EXHIBIT "B"
SITE PLANS & RENDERINGS

EXHIBIT "C"

INTERLOCAL AGREEMENT (ILA) AFFORDABLE HOUSING

EXHIBIT "D"

MIXED-INCOME HOUSING COMPLIANCE FORM