

**CITY OF HOLLYWOOD
INTEROFFICE MEMORANDUM**

TO: Mayor and Commissioners

DATE: October 31, 2018

FROM: Douglas R. Gonzales
City Attorney

SUBJECT: Proposed Funding Agreement with Pinnacle at Peacefield, Ltd. for the construction of an 120 unit multi-family rental community for seniors.

I have reviewed the above captioned Agreement for form and legal sufficiency. The general business terms and other significant provisions are as follows:

1) Department/Division involved – Dept. of Development Services/Community Development Division

2) Type of Agreement – Funding Agreement

3) Method of Procurement (RFP, bid, etc.) – n/a

4) Term of Contract

a) initial – commences upon complete execution of the parties and shall end on the earlier of the Project Completion date or December 31, 2020.

b) renewals (if any) –Yes.

c) who exercises option to renew – Mutual, however Pinnacle must file a written request for an extension no less than 90 days prior to the expiration date.

5) Contract Amount – The total funds payable shall be the sum of \$578,000.00. The City shall provide the loan funding as follows: (a) the maximum amount of HOME funds shall be \$84,000.00 for eligible Project costs set forth in Exhibit “B” of the Agreement; (b) the maximum amount of NSP-1 funds shall be \$350,000.00 for eligible Project Costs set forth in Exhibit “B”; and (c) the City’s Remaining Loan Funds shall be in the amount of \$144,000.00 for eligible Project Costs set forth in Exhibit “B”. **Note: The City’s disbursement of the \$144,000.00 is contingent upon the disbursement of the HOME and NSP-1 Funds as well as contingent upon the approval of an Interlocal Agreement between the CRA and City whereby CRA will be loaning the \$144,000.00 to the City for this Project.**

6) Termination rights – For convenience or cause (see Article 12 of the Agreement). This agreement is subject to the availability of HOME and NSP-1 funding from HUD. In the event that HUD terminates, suspends, discontinues, or substantially reduces the HOME or NSP-1 funding for the Project activity, the City may terminate the Agreement upon Pinnacle’s receipt from City of such action with no less than 24 hours’ notice. The City shall be the final authority as to the availability of HOME and NSP-1 Funds. **At any time after execution of this**

Agreement but before Closing and funding, the City may at its option, for convenience, terminate this Agreement upon 30 days written notice.

7) Indemnity/Insurance Requirements – Yes. See Article for Indemnification and Article 11 for Insurance, which includes Exhibit “K insurance requirements.

8) Scope of Services - Pinnacle shall provide for the development, construction and rental activities for a multi-family rental new construction housing project for seniors (see Article 3 of the Agreement and Exhibit “A”, entitled Project Description).

9) City’s prior experience with Vendor (if any) – Yes.

10) Other significant provisions – **(a) All funding will be secured by Mortgages and Promissory Notes and Declaration of Restrictive Covenants; (b) All funding is at 0% deferred interest and the funding has been structured as deferred payment loans. The loans are recourse loans and non-amortizing with a term of 32 years; (c) The recapturing of the loan funds are set forth in Exhibit “A” of the Agreement;** (d) This Project is governed by federal regulations and for the HOME-assisted units (see Articles 4 and 5) whereby these units shall be governed by the rent limitations set forth in the regulations; (e) Pinnacle will comply with the Affirmative Marketing Policy set forth in Exhibit “J” as well as the federal requirements; (f) Pinnacle will display a sign identifying the City and HUD as contributing lenders for the property; (g) The Affordability Period for the Project shall be 30 years commencing upon Project Completion; (h) Pinnacle has to comply with Auditing, Retention, and Monitoring requirements set forth in Article 14.

cc: Wazir A. Ishmael, Ph.D., City Manager