



OFFICE OF MAYOR LENNY CURRY  
OFFICE OF ECONOMIC DEVELOPMENT  
JACKSONVILLE, FL

June 2, 2016

*U.S. Certified Mail*

Ms. JoAnn M. Brown  
COWEALTH LLC  
4446 Hendricks Ave., Suite 345  
Jacksonville, FL 32207

Re: Notice of Default: Redevelopment Agreement dated June 21, 2011 ("Agreement") between the City of Jacksonville ("City") and COWEALTH LLC (the "Company"), as successor in interest to KJB Specialties, Inc.; \$380,000 Loan from City to Company, dated February 16, 2012 (the "Loan"); Second and Mortgage and Security Agreement between City and Company securing the Loan ("Second Mortgage"); all capitalized terms not otherwise defined herein shall have the meanings given to them in the Agreement.

Dear Ms. Brown:

On behalf of the City, this letter shall serve as the City's written notice of the Company's Defaults under Section 9.1 of the Agreement, Section 7 of the Promissory Note, and Section 13 of the Second Mortgage and Security Agreement, as a result of the Company's failure to:

- make monthly payments of \$1,884.10 for the months of March, April and May, 2016, as required by Section 6.1(f) of the Agreement and the loan documents;
- submit the annual reports demonstrating the creation and retention of 56 permanent jobs, as required by Section 7.3 of the Agreement;
- submit to the City the annual audited financial statements as required for years ended 2014 and 2015 as required by Section 8.12(a) of the Agreement; and
- pay ad valorem taxes attendant to the Company's real and tangible personal property located at 5638 Commonwealth Avenue, Jacksonville, Florida (the "Mortgaged Property"), currently delinquent in the amount of \$26,109.09, as required by Section 2 of the Second Mortgage.

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As required by Section 9.1 of the Agreement, the Company shall have fifteen (15) business days from receipt of this letter to: (i) remit \$7,536.40 (comprised of \$5,652.30 in delinquent payments, the June, 2016 payment of \$1,884.10) to the City; (ii) provide the annual jobs report showing the creation and retention of any New Jobs; (iii) provide the audited financial statements as set forth above; and (iv) pay all outstanding ad valorem taxes attendant to the Mortgaged Property to the Duval County Tax Collector.

Please send all loan payments described above and the annual reports and audited financial statements within the time frames set forth herein to the Office of Economic Development, 117 West Duval Street, Suite 275, Jacksonville, Florida, 32202, attention Sonia Carroll, Finance and Compliance Manager.

This letter is not a waiver of any of the City's rights, interests or remedies to which it is entitled under the loan documents or the laws of the State of Florida, and the City specifically reserves its right to avail itself of any rights, remedies or privileges provided under such agreements or by law.

If the foregoing Defaults are not cured within fifteen (15) business days of receipt of this letter, the City will seek such approvals as are necessary under the Subordination Agreement (as defined in the Second Mortgage) to pursue without further notice all available remedies available to the City, which may include terminating the Agreements and loan documents and pursuing all remedies available thereunder and under applicable law.

Please be governed accordingly.

Sincerely,  
  
ON BEHALF OF  
Kirk R. Wendland  
Executive Director

cc: Guarantors:

Katrina L. Brown, Manager  
KJB Specialties, Inc.  
Basic Products LLC

City of Jacksonville:

Sam E. Mousa, Chief Administrative Officer (via e-mail)  
Mike Weinstein, Director of Finance (via e-mail)  
John Sawyer, Assistant General Counsel (via e-mail)  
Sonia Carroll, Office of Economic Development