

RESOLUTION 2020-06-04

A RESOLUTION OF THE DOWNTOWN INVESTMENT AUTHORITY (“DIA”) AUTHORIZING THE CHIEF EXECUTIVE OFFICER (“CEO”) OF THE DIA TO NEGOTIATE AND EXECUTE LOAN AGREEMENTS BETWEEN THE DOWNTOWN INVESTMENT AUTHORITY AND THE DISTRICT BOARD OF TRUSTEES OF FLORIDA STATE COLLEGE AT JACKSONVILLE (“FSCJ”) FOR TWO SUBSIDIZED LOANS RELATING TO A COMPLETED PROJECT AT 20 WEST ADAMS STREET; FINDING THAT THE PROJECT WAS CONSISTENT WITH THE DIA’S BUSINESS INVESTMENT AND DEVELOPMENT PLAN (“BID PLAN”); PROVIDING AN EFFECTIVE DATE.

WHEREAS, FSCJ executed a long-term lease with 20 West Adams Street Development, LLC (the “Developer”) who redeveloped the Lerner Building located at 20 West Adams Street into a mixed use building consisting of student housing providing approximately 60 beds and approximately 5,000 square feet of first floor retail space, an investment of approximately \$6.2 million for the restoration, preservation, and construction of the building and associated improvements; and

WHEREAS, the reuse of the building as 60 beds of student housing and approximately 5,000 sq. ft. of retail space placed back into service a vacant building in the urban core of Downtown Jacksonville; and

WHEREAS, the increased private capital investment totaling \$6.4 million in real property has increased the county ad valorem tax base over the useful life of the assets; and

WHEREAS, to assist completing the project, the DIA previously approved Resolution 2015-11-02 authorizing \$1,200,000 in financial assistance from the City of Jacksonville; and

WHEREAS, DIA Resolution 2015-11-02 provided the project with \$600,000 in grant funds from the Downtown Historic Preservation and Revitalization Trust Fund (the “HPTF”) to the Developer to help pay for the exterior façade restoration and the preservation of significant interior features of the building which were authorized purposes pursuant to Sec. 111.910(e), *Ordinance Code*, and

WHEREAS, DIA Resloution 2015-11-02 also supported funding two subsidized loans to FSCJ in an amount in total not to exceed \$600,000 (the “Credit Facilities”); each with a five (5) year term, the first to run from Fiscal Year 2017 through 2021, and the second to run from Fiscal Year 2022 through 2026, funded in ten (10) annual draws of no more than \$60,000 each; and

WHEREAS, the DIA supported funding of the two subsidized loans to FSCJ from the Downtown East Tax Increment Trust Fund to facilitate rental and operation of the student housing by FSCJ, consistent with the Northbank CRA Plan, and

WHEREAS, the Loan Agreements were not executed prior to the expiration of the term sheet for the same, and

WHEREAS, FSCJ recently requested the DIA Board consider reauthorizing the DIA CEO to negotiate and execute two new subsidized loans from the Downtown East Tax Increment Trust Fund, each with a five (5) year term, and

WHEREAS, at its November 2019 meeting, DIA approved Resolution 2019-11-01 authorizing its CEO to negotiate and execute new Loan Agreements for two subsidized loans, the terms of which were outlined in a Term Sheet attached thereto which had an expiration date of December 15, 2019, and

WHEREAS, FSCJ failed to execute the Term sheet attached to Resolution 2019-11-01 by the December 15, 2019 deadline, and

WHEREAS, Pursuant to Resolution 2020-02-03 , the deadline was extended to May 15, 2020 to complete the execution of all Loan Agreements in accordance with the Term Sheet attached hereto as Exhibit 1, and

WHEREAS, due to the COIVD 19 Declarations of Emergency, neither DIA nor FSCJ were able to complete execution of the Loan Documents within the established timeframe; and

WHEREAS, FSCJ still wished to move forward with the transaction.

NOW THEREFORE, BE IT RESOLVED, by the Downtown Investment Authority:

Section 1. The DIA finds that the recitals set forth above are true and correct and are incorporated herein by this reference.

Section 2. The DIA hereby reaffirms that the project achieved the following Goals and Strategic Objectives of the Northbank CRA Plan:

Redevelopment Goal 2: Increase rental and owner-occupied housing downtown, targeting key demographic groups seeking a more urban lifestyle.

- Strategic Objective: Actively pursue a minimum of 3,850 built and occupied multi-family dwelling units by 2025; and strive to induce construction of 350 multi-family dwelling beds per year.
- Strategic Objective: Promote and attract neighborhood retail to support downtown residents.

Redevelopment Goal 4: Improve walkability/bikeability and connectivity to adjacent neighborhoods and the St. Johns River while creating highly walkable nodes.

- Strategic Objective: Throughout Downtown and particularly in neighborhood nodes, require all buildings to have active facades at street level. Encourage active street life through a mixture of restaurants (including cafes with outdoor seating), retail services and connection to the street.

Section 3. The DIA authorizes its CEO to negotiate and execute new Loan Agreements for two subsidized loans, the terms of which are outlined in **Exhibit "1."** attached hereto.

Section 4. The Effective Date of this Resolution is the date upon execution of the Resolution by the Chairman of the DIA Board.

WITNESS:

DOWNTOWN INVESTMENT AUTHORITY


Craig Gibbs, Chairman

VOTE: In Favor: 8 Opposed: 0 Abstained: 0 DATE: 06-18-20

EXHIBIT 1

2020 TERM SHEET

Project Name: 20 West Adams Street

Developer/Applicant: The District Board of Trustees of Florida State College at Jacksonville

City Funding: No more than **\$600,000** (through the City of Jacksonville Downtown Investment Authority)

Breakdown:

Infrastructure: No city of Jacksonville infrastructure improvements are contemplated.

Land: No City of Jacksonville land is committed to the project.

REV Grant: No REV Grant is contemplated for this project.

Grants: A previous HPTF grant, in the amount of \$600,000, was awarded pursuant to DIA Resolution 2015-11-02.

Loan: Loan documents (originally authorized by DIA Resolution 2015-11-02) were never executed and the 2015 term sheet for the same has since expired.

First Note (Note 1)

- 0% interest rate
- Five year term (January 1, 2019 – December 31, 2023)(Retroactive to January 1, 2019 which allows the College to submit for calendar year 2019 losses)
- No annual draw shall exceed \$60,000
- Maximum outstanding balance shall not exceed \$300,000
- Outstanding balance due by June 30, 2024

Second Note (Note 2)

- 0% interest rate
- Minimum term (January 1, 2024 – July 31, 2027) ⁽¹⁾
- Maximum term (January 1, 2024 – December 31, 2028) ⁽²⁾
- No annual draw shall exceed \$60,000
- Maximum outstanding balance shall not exceed \$300,000
- Outstanding balance due by January 31, 2028 ⁽¹⁾ or June 30, 2029 ⁽²⁾

1, 2 FSCJ's current master lease for student housing expires on July 31, 2027. Minimum term for Note 2 shall apply if the lease is not renewed. Maximum term for Note 2 shall apply if the lease is renewed through at least December 31, 2028.

Both Notes will provide a drawdown facility to Florida State College of Jacksonville (FSCJ) to offset costs associated with the operation of the project space as student housing. Each Note will be taken down in annual loan amounts not to exceed \$60,000 with a maximum outstanding balance of no more than \$300,000 during the term of each Note. The annual loan amount shall be based upon any shortfall (for the same year) resulting from the difference of;

- a. the sum of all revenues received by FSCJ in conjunction with the operation of the student housing, including room/dorm rentals, housing grants or subsidies, incidental revenue or net revenues, less the sum of the student housing lease rate FSCJ paid to the building owner and the operating expenses of the building, and
- b. the sum of net revenues (before taxes, insurance, interest and depreciation) received from the operation or rental of the retail space (an approximate 5,000 sq. ft. restaurant), less the sum of the retail space lease rate paid to the building owner.

To qualify for an annual loan amount in the second year of the term for the First Note, FSCJ shall have achieved a student housing occupancy rate of at least eighty five percent (85%) for that year's spring and fall semesters, by the end of that year and the retail space shall have been open at least forty (40) hours a week for a minimum of 50 weeks during that year. (The first year of first term, 2019, no requirement of minimum occupancy or retail hours of operation shall be applicable)

The second year requirement shall take into consideration the COVID 19 pandemic and its impact on business operations and student occupancy in the spring semester of 2020. Failure to meet the operating hour requirement or occupancy requirement as a result of the declared emergency shall not constitute a default or disqualify the loan period from calculation of operating loss.

To qualify for an annual loan amount after the second year of the term of the First Note, or for any year during the term of a Second Note, FSCJ shall have maintained a student housing occupancy rate of at least eighty five percent (85%) for that year's spring and fall semesters, and the retail space shall have been open at least forty (40) hours a week for a minimum of 50 weeks during that year.

For the purposes of this term sheet, FSCJ's spring semester shall be defined as January 1-May 31, and its fall semester shall be defined as September 1-December 31. The student housing occupancy rate for the

spring and fall semesters shall be calculated by dividing the number of occupied beds for each semester by the number of total beds in the building.

If, for any year after the second year of the term of the First Note, it is determined that the student housing occupancy rate fell below eighty five percent (85%) during the fall or springs semesters, or the retail space was not open for at least forty (40) hours each week, the College will not be able to seek any loan amount for the year in which the noncompliance occurred. If such failure to meet student housing occupancy and retail occupancy continues for two consecutive years, the no further loan amounts will be available and any outstanding balance will be immediately due and payable.

Any request for an annual drawdown shall be submitted by FSCJ to DIA by no later than 30 days following the end of each calendar year and shall be accompanied with a detailed summary of all revenues received and expenses incurred. The annual drawdown amount shall be subject to review and verification by the DIA or their authorized agent, and FSCJ shall provide, upon request by DIA, evidence of such revenues and expenses. The drawdown facility will be provided to FSCJ solely for the use on this project and for the building's use as student housing.

Notwithstanding the foregoing, the request for the annual drawdown for the first calendar year of the First Note, 2019, shall be submitted within thirty (30) days of the effective date of the loan documents.

The First Note must be paid in its entirety prior to execution of the Second Note.

Conditions: This term sheet is limited by the following conditions;

These proposed financial terms are subject to the approval of the Downtown Investment Authority/City of Jacksonville.

Any additional terms, conditions, rights, responsibilities, warranties and obligations for both parties shall be determined in a later negotiated mutually agreeable loan document (or multiple loan documents) as is deemed necessary. Failure to agree upon and execute a written loan document (or documents) for these proposed loan terms, and any additional terms which may have been agreed upon, on or before July 15, 2020 will result in the nullification of all obligations of the parties.