Downtown Investment Authority
Strategic Implementation Committee

Thursday, January 14th at 10 a.m.

SIC AGENDA

Oliver Barakat, Chair	Bill Adams, Esq.	
David Ward, Esq.	Craig Gibbs	Board Chair, Ron Moody

I. CALL TO ORDER

II. PUBLIC COMMENTS

III. Related Group – Revised Term Sheet (Steve Kelley) **Action Item**

IV. Baptist Convention Building & Federal Reserve Building – DPRP (Steve Kelley) **Action Item**

V. Regions Jacksonville Headquarters - DPRP (Steve Kelley) **Action Item**

VI. Vista Brooklyn – Additional REV Grant (Steve Kelley) **Action Item**

VII. ADJOURN

MEETING LOCATION

Physical Location

Jacksonville Public Library-Main Library/Downtown
303 North Laura Street
Multipurpose Room (located in the Conference Center)
Jacksonville, Florida 32202

At present, all visitors are subject to a COVID-19 screening upon entering a City of Jacksonville building. In addition, a mandatory face covering requirement is in place for all public buildings pursuant to Emergency Executive Proclamation 2020-005.

Directions to Multipurpose Room: Upon entering Laura Street entrance to the Library, follow directions and signage for temperature check, then proceed into the Main Library. Walk counterclockwise around the grand staircase and you will see signs for the public elevators. Take the elevator down to level C for Conference Level. Exit the elevator and follow hallway out. Turn left out of the hallway and proceed through glass doors into Conference Center. The Multipurpose Room is the first room on the left.

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Virtual Location
Interested persons desiring to attend this meeting virtually can do so via Zoom (including by computer or telephone) using the following meeting access information:

Join Zoom Meeting
https://zoom.us/j/92628882896?pwd=UCtsQVZyVE1LKzFQRnNMZmVzNnZxUT09

Meeting ID: 926 2888 2896
Passcode: 284239

One tap mobile
+1 (312) 626-6799 (Chicago)
+1 (646) 558-8656 (New York)

Find your local number: https://zoom.us/u/acSPRiVnGd

TAB III

RELATED GROUP – REVISED TERM SHEET

Exhibit B to Resolution 2020-11-01
Summary of Terms and Conditions
Negotiated Disposition and Development
January 14, 2021

BACKGROUND

The City of Jacksonville ("COJ") and the Jacksonville Economic Development Council ("JEDC") entered into a Ground Lease with Maritime Concepts, LLC ("Maritime") as its tenant on July 31, 1998, as amended, for a term of 99 years commencing August 1, 1998 ("Ground Lease") for the property commonly known as River City Brewing and its associated parking lot ("Property"). The lease term has 77 years remaining. The Ground Lease requires Maritime to pay Base Rent in the amount of $40,000/year for the remainder of the term together with a % rent based on sales over a floor (which has never been reached). No ad valorem tax is currently paid on the land subject the Ground Lease however tax is paid on the Improvements and sales tax is generated and there are approximately fifty (50) jobs attributable to the business on site with applicable economic benefits to COJ.

Maritime is obligated to make thirty (30) spaces within the parking lot available for the Museum of Science and History ("MOSH"), the City's ground lessor. The restaurant building and all personal property, and the docks were conveyed directly to Maritime as owner and Maritime is currently the holder of the Submerged Land Lease ("SLL") with the State of Florida ("State") on which the docks are located. The Ground Lease contains very few obligations regarding the operation of the business or maintenance of the improvements on the site and COJ and the Downtown Investment Authority ("DIA") (as successor to the JEDC) has little recourse regarding the current condition of the docks or any deterioration of the improvements, including the restaurant. Maritime has a right of first refusal in the event the COJ/DIA elects to sell the Property.

Maritime has entered into a contract to sell its interest in the Property and improvements to RD River City Brewery, LLC (hereafter, "Purchaser" or "Developer"). The Purchaser/Developer has approached the DIA with an offer to acquire the Property and construct new improvements thereon substantially in accordance with the terms below. The DIA has agreed to sell the Property and required the Developer to construct and operate a restaurant at a mutually agreed upon location along the boundaries of Parcels B and C (as defined below), approximately as depicted on Parcels R1, R2, R4, and R5 of the attached site plan (the "Restaurant Parcel"). The precise boundaries and square footage of various parcels described below is subject to further refinement but will be substantially consistent with the proposal below.

GROUND LEASE

The Ground Lease shall be terminated. Developer shall enter into a contract with Maritime to terminate the Ground Lease and Maritime shall waive its right of first refusal. Developer shall enter into a purchase agreement with COJ to purchase the fee interest in the Conveyed Land (as described in detail below), including the Property, and COJ/DIA shall consent to the termination of the Ground Lease.

LAND CONVEYANCE AND SWAP

Real Property Subject to Current Lease to be Retained by COJ ("Retained Land"):

1. Upon termination of the Ground Lease as described above, COJ shall retain the 0.232-acre (10,147.6 square foot) property described as Parcel B, <u>and</u> the .11-acre (4,583.1 square foot) property described as Parcel D, <u>and</u> the 0.10-acre (4,389.0 square foot) property described as Parcel I (as revised from Parcel G for clarification), collectively, the "Retained Land".

2. COJ shall relocate the storage tank to COJ property adjacent to the boat ramp to a location mutually agreed to by Developer and COJ.
3. COJ shall retain the fee title to a 25' wide strip of property parallel and adjacent to the bulkhead along dimension L11 on Parcel C, subject to an air rights agreement in favor of Developer prohibiting the construction of vertical improvements greater than 6 feet in height other than landscaping, cultural art pieces, lighting fixtures, shade structures, and signage within the retained strip Parcel I (as revised from Parcel G for clarification).

Leased Property to be Conveyed in Fee (collectively, with property described below, "Conveyed Land"):

1. Parcel C which consists of the Ground Leased Property less and except Parcels B, D, and I (as revised from "Parcel G" for clarification).
2. Parcel C conveyed subject to deed restriction requiring the provision of thirty (30) parking spaces at mutually agreed locations on levels 1 and/or 2 of the garage for City use ("MOSH Parking Spaces") and an obligation for Developer, or its assigns, to maintain all Improvements in Class A condition, repair casualty damage, or demolish and restore to grassed site.

Additional COJ Property to be Conveyed in Fee (collectively, with property described above "Conveyed Land"):

1. Parcel E less and except a portion of the northerly edge thereof (Approximately 20 feet wide as depicted on the site plan) and that portion along the western half of Parcel E which is north of the Durand Street ROW for a total conveyance of 0.06 acres (2,830 square feet).
2. An approximately 157.8 square foot sign parcel located generally at the northeast corner of Museum Circle and United Way Drive with the exact location to be determined prior to introduction to City Council.

Additional Access Easement to be Provided over COJ Property

1. COJ shall retain ownership of Parcel F, the former Durand Avenue right of way, as well as a portion of Parcel E, but shall provide Developer an easement for access over said retained property to provide access to the Project service garage area with loading spaces and trash pickup, and to the relocated fuel tank for operation of the Marina fuel service.
2. COJ shall provide Developer an easement for access over Parcel I (as revised from "Parcel G" for clarification) and the adjoining Riverwalk to provide access to the Marina.

SUBMERGED LAND LEASE

Developer shall enter into a contract with Maritime to amend the SLL or enter into a new SLL with the State in order to ensure uninterrupted operation, subject to the existing terms of the SLL, of the current dock post-closing. Any interest COJ has in the existing SLL shall be terminated.

Developer and/or COJ may apply for a new SLL with the State on RE#080270 1500. COJ and Developer to enter into a new, mutually agreed upon, sublease and/or management agreement regarding the dock(s) and marina ("Marina"). Developer shall retain ownership of the current docks as may be necessary to ensure uninterrupted service until such time as new docks are to be constructed and a new SLL is issued to COJ.

DEVELOPER OBLIGATIONS

1. Developer shall design and construct a minimum of 325 Class A multi-family units, including a Ship's Store, a restaurant/bar with not less than 1,800 square feet of heated and cooled space and not less than 3,200 square feet of outdoor seating, and approximately 500 structured parking spaces with a minimum capital investment of $80,000,000 (including acquisition), with a minimum of hard and soft construction costs totaling $70,000,000 substantially as depicted in the site plan attached as Exhibit 1 (the "Project"). It is anticipated that the Project will be delivered simultaneously with Riverwalk, Sidewalk and Marina improvements described herein.

2. The Developer shall cause the General Contractor to secure a payment and performance bond in an amount equal to the contract price and shall use commercially reasonable efforts to add the City of Jacksonville as an additional obligee. COJ/DIA shall bear any costs of being named as an additional obligee. Developer will also provide its construction lender with a completion guarantee for the satisfactory completion of all development activity contemplated by this agreement, and Developer shall provide the DIA with written notice of same. Developer will provide to the City, in Developer's sole discretion, a completion guarantee substantially in the same format as provided to Developer's lender, or an alternative commercially reasonable guarantee of completion.

3. The Developer shall take title to the Conveyed Land consistent with terms to be included in the RDA, and construct, as part of the Project, a structured parking garage on a portion of the Conveyed Land. Developer will ensure that the MOSH Parking Spaces shall be available for use by the general public visiting the COJ's tenant MOSH, or such other entity as the City may direct. During construction of the Project the MOSH Parking Spaces shall be provided under the Acosta Bridge or at some other mutually agreed upon location.

4. Developer, and/or its assigns shall construct, and a professionally recognized marina developer, manager and/or contractor) shall operate, a Ship's Store with a minimum of 1,000 square feet to be located on the Conveyed Land and proximate to the boat ramp for so long as the boat ramp remains in operation. The Ship's Store shall be open daily from 8am to 6pm in order to sell sundries, ice, and other necessities for patrons of the Marina and boat ramp. Developer shall spend a minimum of $300,000 to complete the Ship's Store.

5. Developer, and/or its assigns (i.e. a professionally recognized marina developer, manager and/or contractor) shall manage and execute the re-construction of "A" Dock in accordance with COJ and Developer approved plans and pay all costs in excess of $1,143,807 to reconstruct "A" Dock ("Excess Marina Costs"). Construction shall be performed by Developer, and/or its assigns, pursuant to a contract with the COJ similar to Palm Ave and Forest Street. All plans shall be subject to mutual approval by COJ and Developer, and/or its assigns, and shall include the fueling service location. Timing of construction and availability of facilities during construction shall be addressed in the contract. COJ shall retain ownership of the "A" Dock improvements. Commercially reasonable effort shall be made to maintain continuous operation of the dock, transient rentals, and fuel service throughout redevelopment.

6. Maritime or Developer will complete reconstruction of "B" Dock, subject to prior approval by COJ, prior to closing and Developer shall not have any obligation to complete "B" Dock. COJ or Developer may own "B" Dock. Provided however the City shall have no obligation to accept ownership of the "B" Dock unless "B" Dock is constructed in accordance with plans approved by the City.

7. Developer shall enter into a sublease and/or management agreement whereby Developer, and/or its assigns, shall manage the Marina to a commercially reasonable standard while retaining all revenue from and maintenance responsibilities for the Marina. Developer shall be required to maintain insurance (other than insurance for flood or hurricane damage) on the improvements and shall promptly repair all damage or deterioration. Developer shall maintain normal operating hours for the fuel dock consistent with the Ship Shop's hours. Developer will maintain at least twenty (20) of the slips on docks owned by COJ for public transient boat rental. Developer and DIA shall mutually agree in negotiation of the Redevelopment Agreement on the location and allocation of those twenty (20) public slips between transient (not to exceed forty-eight (48) hours) and transient short-term use of four (4) hours or less.

8. Developer shall manage and execute the re-construction of an approximately 25' wide Riverwalk, including a minimum 16' hardscape and additional landscaping ("Riverwalk") within Parcel I (as revised from Parcel G for clarification). The Riverwalk shall be completed in accordance with plans approved by DIA, DDRB and COJ deemed to be consistent with the adopted Riverwalk Design Standards, and jointly agreed to by the Developer. The Riverwalk shall be open and available for public use and enjoyment located landward of the riverside edge of the bulkhead along the Saint Johns River and within property described in Parcels I (as revised from "Parcel G" for clarification). Once completed, COJ shall retain ownership and all maintenance obligations of the Riverwalk, including the bulkhead. COJ shall maintain the Riverwalk and bulkhead in a Class "A" condition and Developer shall have the right of self-help and the ability to seek reimbursement from COJ in accordance with terms to be included in the RDA.

9. Developer shall manage and execute the re-construction of a minimum 5' wide sidewalk (to be legally described) available for public use and enjoyment ("Sidewalk") located landward of the riverside edge of the bulkhead adjacent to, and just east of, the boat ramp (to be legally described) that connects the Riverwalk to the boat ramp along and within the western boundary of the property described as Parcel C.

10. Developer shall spend a minimum of $250,000 to complete Riverwalk and Sidewalk improvements and other improvements available for public use and enjoyment.

11. Developer shall complete construction of a park-front restaurant consisting of not less than 1,800 square feet of heated and cooled space, no more than 25' in height, together with not less than 3,200 square feet of outdoor dining area as part of the Project in the area conceptually depicted as Parcels R1, R2, R4 and R5. Related and/or assigns will use best efforts to develop the restaurant outside of Parcel R3 and must come to the DIA for any further request as needed. Developer shall own the land on which the restaurant is constructed as well as the improvements. Developer shall ensure that the "back of house" is adequately screed from the adjacent park. Developer, and/or its assigns (i.e., a professionally recognized restaurant developer, manager and/or contractor) shall operate the restaurant, retain all revenue therefrom and be responsible for all maintenance thereof. The restaurant shall remain in operation throughout the term of the REV grant so long as it is either occupied or actively promoted for lease under prevailing market terms, using commercially reasonable efforts.

12. Developer agrees to pursue all approvals with commercially reasonable efforts and to meet the following Performance Schedule:

LAND CLOSINGS	"as is" sale within sixty (60) days after (i) the execution of the RDA, but no later than July 31, 2021.

FINAL DESIGN	to start thirty (30) days after final approval of the RDA by City Council, but to be completed no later than September 30, 2021.
PERMITTING	to start thirty (30) days after Final Design is completed, but to be completed no later than June 30, 2022.
DEMOLITION	to start thirty (30) days after Permitting is completed, but to be completed no later than September 30, 2022.
COMMENCE CONSTRUCTION	to start thirty (30) days after Demolition is completed, but no later than October 31, 2022.
COMPLETE CONSTRUCTION	30 months after Commencement of Construction, but no later than April 30, 2025.

In the event developer fails to meet the Construction Completion deadline above, the REV Grant shall be reduced by 5% for every two (2) month delay and forfeited if construction is not completed within two (2) years of the established completion date. Developer shall be entitled to extensions of the above deadlines for force majeure. As is customary, the CEO of DIA shall have the authority to grant extensions of the Performance Schedule not to exceed six (6) months in the aggregate. In the event Developer fails to Commence Construction by the deadline above, the DIA shall have the right to re-purchase all of the Conveyed Land for sixty (60) days at the same price paid by the Developer for the Ground Lease.

INCENTIVES

1. The Conveyed Land shall be conveyed through a process compliant with the DIA Disposition of Property procedures as a Negotiated Disposition with the required thirty (30) day public notice of proposed disposition.
2. COJ shall convey the Conveyed Land described above to Developer, all free of any reversionary interests, (except as provided above regarding COJ's right to re-purchase prior to Commencement of Construction as provided in the Performance Schedule above), for $1.00.
3. DIA to provide a 75% REV Grant for the Project for a term or twenty (20) years or the termination of the Southside CRA whichever occurs first, unless COJ agrees to assume the obligations of the Southside CRA.
4. COJ/DIA to provide up $1,143,807 to redevelop "A" Dock of the Marina subject to the SLL. Construction shall be performed by Developer, or assigns, pursuant to a contract with the COJ similar to Palm Ave and Forest Street. All plans shall be subject to mutual approval by COJ and Developer, and/or its assigns, and shall include the fueling service location. Timing of construction and availability of facilities during construction shall be addressed in the contract. COJ shall retain ownership of the "A" Dock improvements upon completion.
5. DIA to convey to Developer at the rate established by Ordinance the necessary stormwater credits for the Project to be compliant with all applicable COJ Ordinance Code requirements. Stormwater credits for the Project may be addressed in separate documents to be approved by the DIA.
6. DIA to request that COJ provide developer a completion grant for the restaurant in the amount of the lesser of $500,000.00 or 50% of the actual construction costs of the restaurant and associated outdoor dining space.
7. DIA to request that COJ provide Developer an infrastructure grant to address unsuitable soils in Parcel C in the amount of the lesser of $500,000.00 or 50% of the actual cost to address unsuitable soils.
8. DIA to request that COJ provide Developer expedited permitting pursuant to Chapter 651 of the Jacksonville Municipal Code.

ADDITIONAL REQUIREMENTS

1. COJ/DIA recognize that the restaurant has not been fully designed and acknowledge that Developer may pursue and secure "final" DDRB approval for the multi-family building before the restaurant has been fully designed. As a result, the restaurant design may be reviewed for "conceptual" approval at the same time the multi-family building is being reviewed for "final" approval by the DDRB. "Final" DDRB approval for the restaurant may be obtained within 12 months of "conceptual" DDRB approval. It is anticipated that a Certificate of Occupancy for the multi-family units will be secured simultaneously with the Certificate of Completion for the restaurant.
2. COJ/DIA shall grant to Developer a right of first refusal for a period of 10 years from the Effective Date of the RDA to purchase the MOSH site in the event such site is made available for private commercial redevelopment to be more fully defined in the RDA. The ROFR shall require developer to match not only the cash purchase price to be paid for the land but also to commit to construction of commercial improvements of equal value and similar use as to that proposed, on the same or shorter performance schedule, resulting in a similar tax revenue to the City. Such right of first refusal shall not be applicable to any sale, lease or redevelopment for civic use, park space or other use in which the public is invited to visit such as a museum, aquarium, gallery, etc. The CEO shall be authorized to further negotiate the terms of the ROFR with Developer and shall bring any material changes to the Board for approval.
3. COJ/DIA agree that adequate maintenance and programming of St. Johns River Park and Friendship Fountain are instrumental to Developer's decision to develop the Property and therefore DIA and the City agree that throughout the life of the REV Grant:
   a. 10% of the Annual Project Revenues will be dedicated by DIA to enhanced park maintenance and dedicated staff (estimated to average $79,350 annually during the 20-year REV period, total of $1,587,000); and
   b. COJ will provide $50,000 per year throughout the term of the REV grant for contract maintenance services to maintain St. Johns River Park and Friendship Fountain above the standard maintenance obligations of the City.

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1. Land Swap Values:
   a. Based on the per square foot value from an appraisal prepared for COJ dated October 1, 2020, the appraised value of the property described as Parcel B is $75.00/square foot or $761,070.
   b. Based on an appraisal prepared for COJ dated October 1, 2020, the appraised value of the COJ's residual interest in the property described as Parcel C is $735,000.
   c. Based on an appraisal prepared for COJ dated October 1, 2020, the value of the COJ's interest in RCBC Lease Revenue the existing lease (rental income stream) is $659,000.
   d. Based on the per square foot value from an appraisal prepared for COJ dated October 1, 2020, the appraised value of the property described as Parcel D is $75.00/square foot or $342,733.
   e. Based on the per square foot value from an appraisal prepared for COJ dated October 1, 2020, the appraised value of the portion of Parcel E conveyed is $30.00/square foot or $84,900.
   f. Based on an appraisal prepared for COJ dated October 1, 2020, the appraised value of the property described in Parcel I (as revised from "Parcel G" for clarification) is $75.00/square foot or $329,175.
   g. Based on the per square foot value assigned to Parcel B in the October 1, 2020 appraisal, the value of the Sign Parcel is approximately $4,734.

   The net benefit to COJ/DIA attributable to the Land Swap is: $1,344,344

2.	COJ Improvement costs:	
	a. Marina:	$ 1,143,807
	b. Parking and entrance to boat ramp	$ 1,650,380
3.	COJ Restaurant Completion Grant	$ 500,000
4.	Infrastructure Completion Grant	$ 500,000
5.	Developer Expenses for Public Improvements:	
	a. Riverwalk and Sidewalk	$ 250,000
	b. "A" Dock	$ TBD
	c. "B" Dock	$ TBD
6.	Local Option Sales Tax	$ 0
7.	Payroll	$ 0
8.	New ad valorem revenue over 20 years	$15,918,605
9.	REV Grant	$11,902,028

ROI of 1:02

ROI ANALYSIS DOES NOT INCLUDE[1]

"Other" taxes (SJRWMD/DCPS/FIND)	~$10,000,000
Real estate taxes on $6.3M base	~$ 1,000,000
Stormwater (w/ 2% escalator)	~$ 300,000

[1] All values over 20 years.

EXHIBIT 1 – SITE PLAN

EXHIBIT 2 – SUBJECT PARCELS
***Parcel A, F, G, and H Intentionally Omitted**

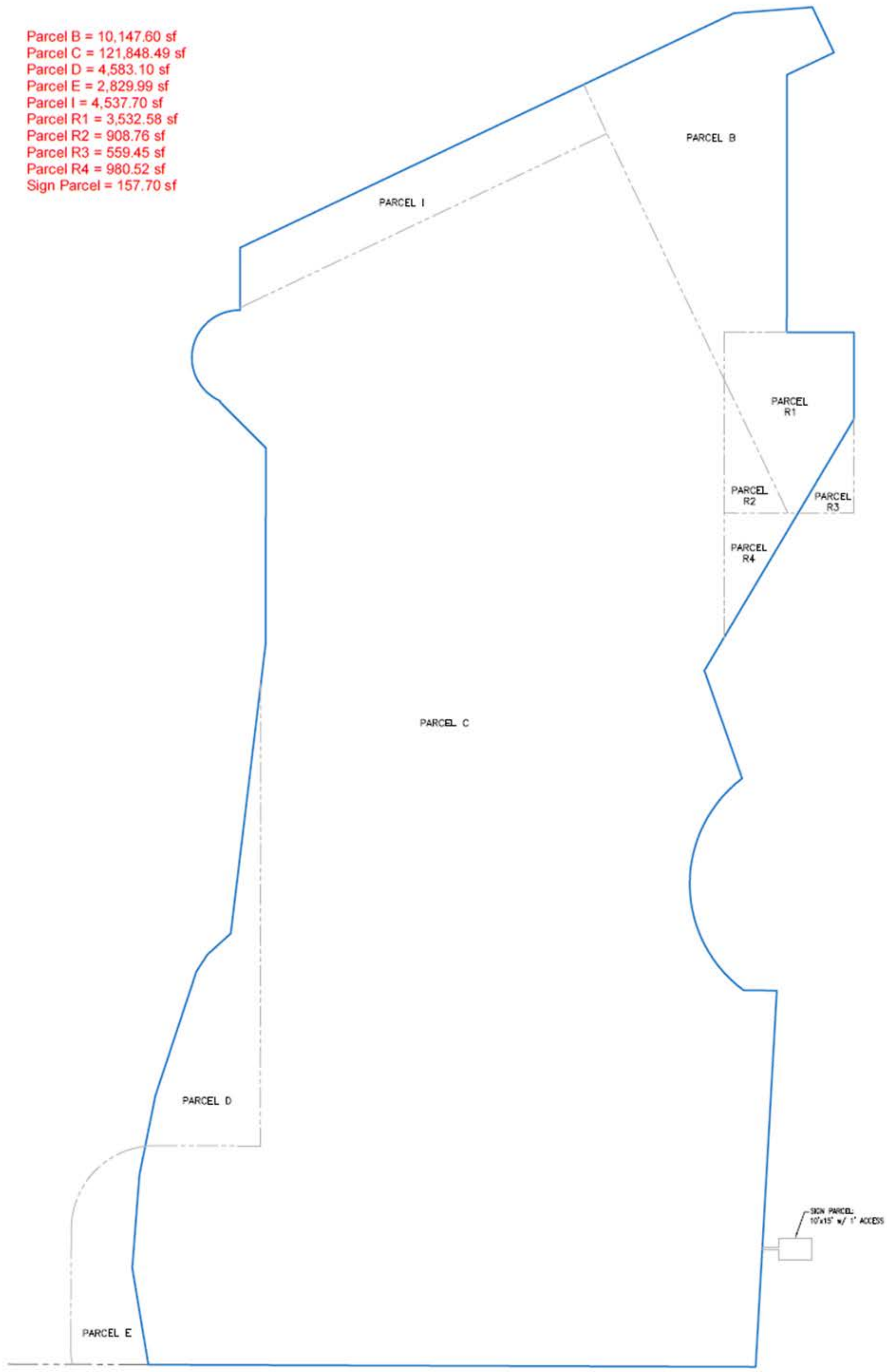

EXHIBIT 3 – SUBJECT PARCELS
Proposed Restaurant Site Parcels R1, R2, R4 and R5

Handout for DIA SIC Meeting 1-24-2021
ROI Calculation for Related/RCBC Site Redevelopment Plan

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$75 Million in Capital Expenditures (01/14/21)

Ad Valorem Taxes Generated Incremental County Operating Millage	(1)	$ 15,918,605	
Local Option Sales Tax	(2)	$ -	
Payroll	(3)	$ -	
Add'l Benefits Provided (Parcels B/D, Riverwalk improvements)	(4)	$ 1,683,978	
Total City Expected Benefits			$ 17,602,582
Total City Investment	(5)		$ 17,179,849
			$ 422,733
Return on Investment Ratio			**1.02**

(1) - The investment from the Company is estimated to be $75,015,000 in eligible Capital Contribution for development and $0 in taxable Tangible Personal Property

(2) - Local Option Sales Tax is based on the revenue generated through retail sales, food and beverage, and commercial leases.

(3) - Job estimates are calculated at # of jobs * avg. wage. Assumes 20% spent locally and a 1 percent sales tax over 20 years.

(4) - Value of any additional contribution being made for the benefit of the city in consideration of the incentive

(5) - City Incentives as follows:

REV	$ 11,902,028
Land (Parcel E), lost lease revenue, boat ramp improvements, completion grant	$ 5,277,821
Total Direct Incentives	***$ 17,179,849***

NOTE:

			Square Feet (SF)	$/SF	TOTAL to REL	TOTAL to COJ	Acres:
COJ to receive Parcel B from REL (Modified by the release of property to the restaurant site)			10,148	$75.00		$ 761,070	0.233
COJ to receive Parcel I from REL (as revised from Parcel G for clarification)			4,389	$75.00		$ 329,175	0.101
COJ to receive a portion of Parcel D from REL (Modified by add'l property granted to the south)			4,583	$75.00		$ 343,733	0.105
REL to receive a portion of Parcel E from COJ (Estimated)			2,830	$30.00	$ 84,900		
REL to receive a Parcel for a sign placement			158	$30.00	$ 4,734		
COJ lost RCBC lease revenue ($40k **@ X%** for 77 yrs)	6.0%				$ 659,000		
COJ restaurant completion grant					$ 500,000		
COJ infrastructure completion grant					$ 500,000		
REL to pay for improved Riverwalk						$ 250,000	
COJ to improve boat ramp hammerhead, relocation of fuel tank					$ 1,650,380		
COJ lost Residual Value Parcel C							
FV of $9.75M Parcel C purchase compounded **@ Y%** for 77 yrs	2.5%	$65,274,304					
NPV of FV of Parcel C discounted **@ Z%** for 77 yrs	6.0%				$ 735,000		
Marina					$ 1,143,807	$ -	
TOTAL					**$ 5,277,821**	**$ 1,683,978**	

TAB IV

BAPTIST CONVENTION BUILDING & FEDERAL RESERVE BUILDING – DPRP

Florida Baptist Convention Building – 218 W Church Street
Federal Reserve Building – 424 N Hogan Street
a/k/a Church and Hogan

Downtown Preservation and Revitalization Program
Staff Report
January 14, 2021

Applicant:	**JWB Real Estate Capital (“JWB”) or Assigns**
Project:	**Church and Hogan Redevelopment**
Program Request:	**Downtown Preservation and Rehabilitation Program (“DPRP”)**
Total Development Costs (as submitted):	**$18,552,224**
Total Development Costs (as underwritten):	**$18,511,030**

DPRP Requested:

1) Historic Preservation Restoration and Rehabilitation Forgivable Loan (HPRR)	**$3,370,170**
2) Code Compliance Renovations Forgivable Loan (CCR)	**$3,594,915**
3) DPRP Deferred Principal Loan	**$1,741,271**
	$8,706,356

DPRP Recommended:

1) Historic Preservation Restoration and Rehabilitation Forgivable Loan (HPRR)	**$3,570,556**
2) Code Compliance Renovations Forgivable Loan (CCR)	**$3,325,900**
3) DPRP Deferred Principal Loan	**$1,727,864**
	$8,624,320

Project Background:
The subject project includes the simultaneous redevelopment of two important historic buildings on adjacent properties in the Central Core District of Downtown Jacksonville as discussed further below.

The Florida Baptist Convention Building (“Church Street Building”), located at 218 W Church Street, is a five-story structure plus basement designed by Henry John Klutho, Jacksonville's most significant architect during the period between the Great Fire of 1901 and World War 1. Constructed in 1924, the Florida Baptist Convention building was built during the later years of Jacksonville’s rebirth after the Great Fire and is the last downtown Jacksonville office building designed by Klutho.

The Florida Baptist Convention Building has had local historic landmark status since 2003. City Council approved the local designation under ordinance 2003-1410-E. Prior to being locally designated, the building was individually listed on the National Register of Historic Places in 1984.

In its conditional conceptual approval, staff for the Historic Preservation Section of the Planning and Development Department notes that, “the structure is significant for its architect, architectural style, connection with the Florida Baptist Convention, construction during the city’s rebuilding phase after the

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Great Fire, contribution to the historic setting of the block and potential contribution to downtown revitalization through its future rehabilitation."

The Florida Baptist Convention Building, located at 218 W Church Street

Redevelopment plans for the Church Street Building call for 24 studio and one-bedroom, market rate, multifamily housing units. Each apartment will range in size from 382 to 618 square feet with proposed rents established at $1.80 per square foot. In addition, the property is slated to house two restaurant spaces at just over 2,000 square feet each and two retail spaces of 655 square feet and 492 square feet. The restaurant and retail spaces will be found on the first floor and in the basement.

The Old Federal Reserve Bank Building ("Hogan Street Building"), located at 424 North Hogan Street, is a three-story structure plus basement designed by designed by A. Ten Eyck Brown, a prominent architect from Atlanta in conjunction with Henrietta Dozier of Jacksonville. Dozier was the first female architect in Georgia, the first woman in the South to receive formal architectural training, the third woman to be admitted to the American Institute of Architects (AIA), and one of the charter members of the Atlanta Chapter of the A.I.A. The property also has significance as being one of the five early Federal Reserve Bank branches established in the south, and the first and the only one in Florida until the Miami branch opened in 1975. Constructed in 1922, the property has most recently been used as a private medical office but has not been utilized in several years and has fallen into significant disrepair.

The Florida Baptist Convention Building has had local historic landmark status since 2003. City Council approved the local designation under ordinance 2006-859-E. Prior to being locally designated, the structure was listed as a contributing structure to the Downtown Jacksonville National Register Historic District in 2016. Additionally, the structure is highlighted in the Jacksonville Architectural Heritage book, in which it is ranked with three stars for "moderate significance to the city and great value to the immediate neighborhood and important for preservation if economically feasible."

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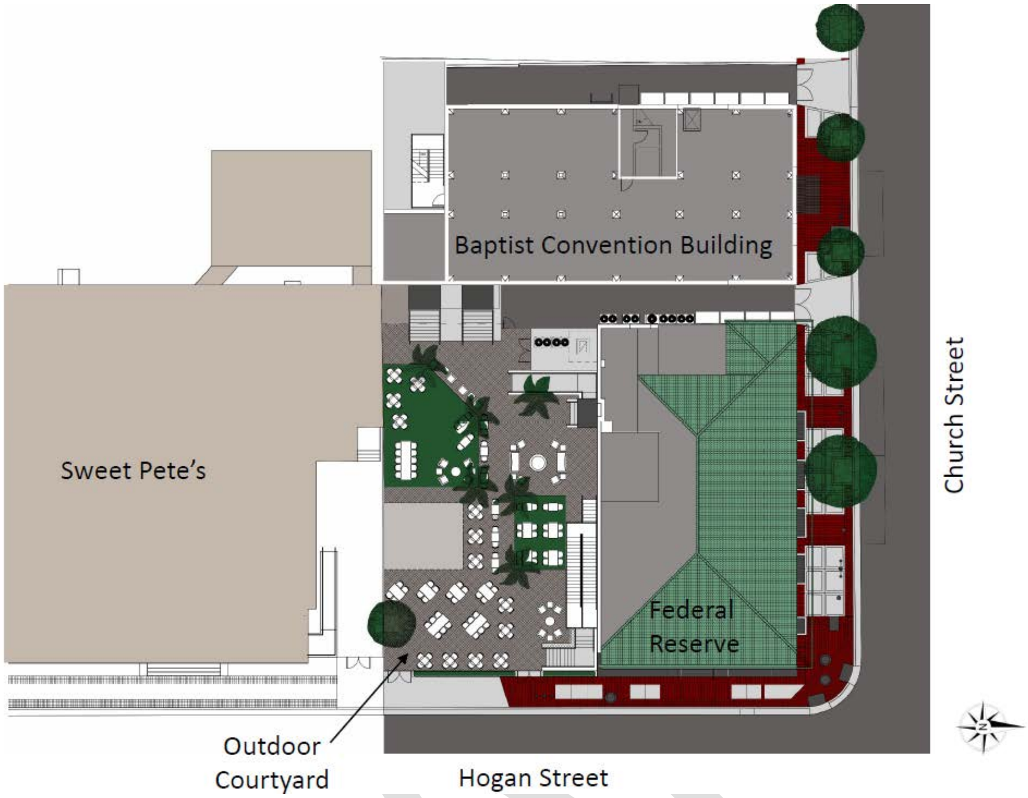
In the conditional conceptual approval, staff for the Historic Preservation Section of the Planning and Development Department notes that, “the structure is significant for its architects, construction during the city’s rebuilding phase after the Great Fire, contribution to the historic setting of the block and potential contribution to downtown revitalization through its future rehabilitation.”

The Old Federal Reserve Bank Building, located at 424 North Hogan Street

Redevelopment plans for the Hogan Street Building call for two restaurant spaces to be housed on the first floor (4,500 square feet) and the basement (2,900 square feet). The second and third floors of the property will each offer 4,500 square feet of event space.

The redevelopment of these two properties with four restaurant sites and the event space is complimented by the already active Sweet Pete’s building (the former Seminole Club), site of the Candy Apple Café, also owned by JWB Capital. As shown in the site plan below, a parking lot exists between the Hogan Street Building and the Sweet Pete’s property that is proposed to be activated as outdoor courtyard dining space to be utilized by each of these three properties simultaneously. This business plan would make this corner of downtown Jacksonville one of the most cohesive and interesting destinations in our city. The plans represent a meaningful step forward in the goals of the DIA to bring food and beverage establishments to the area in support of housing growth and more residents downtown, which are also furthered by the addition of the 24 residential units in the Church Street Building. Notably, the Old Independent Life project (Augustine Development Group) with its proposed 140 apartments, 10,000 square foot restaurant and lounge, and 21,000 square foot grocery, is located on the westerly end of the same block where these properties are located.

The Church and Hogan Activated Site Plan



Developer:
JWB Capital was founded in 2006 by Alex Sifakis (now President) and Gregg Cohen, and subsequently added partners Adam Eiseman (now CEO) and Adam Rigel. The firm was recently highlighted in a Jacksonville Business Journal cover story for the impact they are making across the Jacksonville market: https://www.bizjournals.com/jacksonville/news/2020/11/20/jwb-from-flipping-homes-to-history.html

Company highlights from that article and other sources include:

- Revenue for 2019 of $113.67 million
- Number of rental homes owned by JWB: approximately 400
- Total number of rental homes managed by JWB: 3,676
- Number of Employees: 79
- Acquired the Town and Country shopping center in Arlington and is converting it to a mixed-use development.
- JWB has eight times been named a top 50 fastest growing company in Jacksonville (most recently #35 in 2019), and seven times been named a Best Place to Work.
- JWB has been invested in the community and has been named a *Company with Heart* by 904 Magazine on multiple occasions for its dedication to community service.
- JWB was given the 2017 Affordable Housing Award from NEFBA

Serving as the primary point fo contact on this redevelopment effort, Sifakis is a 2005 graduate of the University of Florida with a BS in marketing and is also a licensed residential contractor and real estate broker in the State of Florida. He serves on the boards of Downtown Vision, Inc. and Habitat for Humanity of Jacksonville and is a graduate of Leadership Jacksonville (2014) and Leadership Florida Connect (2018-2019).

Out of respect for public discovery and disclosure, the firm provided two bank reference letters (BBVA Compass and Hancock Whitney) in lieu of personal tax returns and financial statements. Each letter is dated within December 2020 and attests to the sound credit and depository relationship maintained by JWB and JWB Property Management.

General Contractor:
Auld & White Constructors (AWC) provided the construction costs associated with each redevelopment project. The firm asserts to have over 50 skilled craftsmen on staff providing the ability to self-perform unique carpentry tasks, concrete work, and drywall finishes. The firm has previously completed work on a number of historic buildings including The Holmes Building, Suddath Lofts, Intuition Ale House building, and recently completing renovations at the historic portions of San Jose Country Club. This experience is viewed as being in line with qualifications required by the DPRP Guidelines for historic restoration and adaptive re-use construction.

Architect:
Brooke A. Robbins, AIA, Principal Architect and Interior Designer of Robbins Design Studio serves as the architect on each project. Ms. Robbins provides more than 18-years' experience in Adaptive Reuse and Historic Renovation projects serving as the Project Architect for the transformation of the Haydon Burns Library into the Jessie Ball duPont Center, Architectural Consultant on the Barnett Bank Adaptive Reuse Historic Renovation, and Project Architect on the Brewster Hospital Renovation for North Florida Land Trust. Ms. Robbins founded Robbins Design Studio in 2016 and continues to focus her work in the Jacksonville area.

Request and Structure:
To facilitate redevelopment of these properties, the Applicant requests approval of funding under the DPRP totaling $8,706,356. As will be outlined in more detail below, the recommendation from DIA Staff is for DPRP funding in the amount of $8,624,320 to be structured as follows:

	Historic Preservation, Restoration, and Rehabilitation Forgivable Loan (HPRR)	Code Compliance Forgivable Loan (CCR)	DPRP Deferred Principal Loan	TOTAL
Church	$2,375,479	$1,922,083	$1,074,390	**$5,371,953**
Hogan	$1,221,151	$1,377,743	$ 653,474	**$3,252,368**
TOTAL	**$3,596,630**	**$3,299,827**	**$1,727,864**	**$8,624,321**

At this level, the incentive structure and funding under the DPRP will be subject to further approvals by the Jacksonville City Council.

Underwriting this application established the need for financial support from the City based on the extensive redevelopment costs for both buildings, deemed important to the preservation of Jacksonville's historic building stock and consistent with the goals of the BID and CRA plan as well as the stated purpose of the Downtown Preservation and Revitalization Program.

The second step in underwriting called for a review of each line item of the construction budgets for each Property by both DIA staff in conjunction with staff from the City's Historic Preservation Section (HPS) of the Planning and Development Department. This review establishes the funding limits per line item in accordance with DPRP Guidelines as captured below:

DPRP Funding Limits			
Exterior	*75%*	*Max*	*of eligible costs*
Restoration Int	*75%*	*Max*	*of eligible costs*
Rehabilitation Int	*30%*	*Max*	*of eligible costs*
Code Compliance	*75%*	*Max*	*of eligible costs*
Other	*20%*	*Max*	*of eligible costs*

In step three, other DPRP funding limits based on equity contribution in relationship to Total Development Cost ("TDC"), and requirements for the DPRP Deferred Principal Loan are considered for each property individually and on a combined basis. Total equity of $3,224,492 (17.4% of TDC) meets the minimum requirement of 10%, allows DPRP funding up to 50% of TDC, but falls short of the 25% minimum requirement to avoid requirement of the DPRP Deferred Principal Loan. As such the DPRP Deferred Principal Loan is required to be established at a minimum of 20% of total DPRP funding.

Each of these parameters are captured in the tables below for each property individually and combined:

DPRP Modeling Parameters – Florida Baptist Convention/Church Street Building

BAPTIST CONVENTION (Church St)

Sources			
Federal Historic Tax Credit	$	1,375,733	12.7%
HPRR Forgivable Loan	**$**	**2,375,478**	**22.0%**
CCR Forgivable Loan	**$**	**1,922,083**	**17.8%**
DPRP Def Prin Loan	**$**	**1,074,390**	**9.9%**
Other COJ Funding	$	-	0.0%
1st Position Debt	$	2,200,000	20.3%
Owner Equity	$	1,868,381	17.3%
TOTAL SOURCES	$	10,816,066	100.0%

Uses			
Purchase Price	$	675,000	6.2%
A&E Costs	$	350,000	3.2%
Construction Costs	$	9,791,066	90.5%
Developer Fee			0.0%
TOTAL USES	$	10,816,066	100.0%

Maximum Funding Level	$	5,408,033
DPRP Funding	$	5,371,952

	DPRP Guidelines			**As Calculated**
Measurement	**% of TDC**		***Net of Developer Fee***	**Project**
Developer Equity	10%	Min	of TDC	17.3%
3rd Party Loan			No min or max	20.3%
Subsidy or Tax Credit			No min or max	12.7%
Developer Combined	50%	Min	of TDC	50.3%
DPRP				
Exterior	*75%*	*Max*	*of eligible costs*	
Restoration Int	*75%*	*Max*	*of eligible costs*	
Rehabilitation Int	*30%*	*Max*	*of eligible costs*	
Code Compliance	*75%*	*Max*	*of eligible costs*	
Other	*20%*	*Max*	*of eligible costs*	
HPRR Forgivable Loan	30%	Max	of TDC	22.0%
CCR Forgivable Loan	30%	Max	of TDC	17.8%
DPRP Def Prin Loan	20%	Max	of TDC	9.9%
DPRP Def Prin Loan		Min	Must be ≥ 20% of Gap	20.0%
Other COJ Funding				0.0%
COJ Combined	50%	Max	of TDC	49.7%

As shown above, developer equity in the Church Street Building equals 17.3% of TDC, whereas equity plus third-party debt, and historic tax credits combined exceeds the minimum requirement of 50% of TDC, at 50.3%. Redevelopment of the property is proposed to be supported by a HPRR Forgivable Loan of

$2,375,478, a CCR Forgivable Loan of $1,922,083, and a DPRP Deferred Principal Loan of $1,074,390. Program guidelines allow for the HPRR and CCR Forgivable Loans to amortize concurrently with principal forgiven at the rate of 20% annually over a five-year period.

The DPRP Deferred Principal Loan is an interest only loan with the rate established at the level of the Ten-Year Treasury Note at the time of funding. For conservative modeling purposes, a rate of 1.0% is used; however, this rate of the 10-year T has been rising in recent weeks and is expected to be 25-50 basis points higher, at minimum, by the point of funding, which will be accretive to the ROI.

DPRP Modeling Parameters – Federal Reserve / Hogan Street Building

FEDERAL RESERVE (Hogan St)

Sources			
Federal Historic Tax Credit	$	786,485	10.2%
HPRR Forgivable Loan	**$**	**1,221,151**	**15.9%**
CCR Forgivable Loan	**$**	**1,377,743**	**17.9%**
DPRP Def Prin Loan	**$**	**653,474**	**8.5%**
Other COJ Funding	$	-	0.0%
1st Position Debt	$	2,300,000	29.9%
Owner Equity	$	1,356,111	17.6%
TOTAL SOURCES	$	7,694,964	100.0%

Uses			
Purchase Price	$	1,750,000	22.7%
A&E Costs	$	300,000	3.9%
Construction Costs	$	5,644,964	73.4%
Developer Fee			0.0%
TOTAL USES	$	7,694,964	100.0%

Maximum Funding Level	$	3,847,482
DPRP Funding	$	3,252,368

	DPRP Guidelines			As Calculated
Measurement	**% of TDC**		***Net of Developer Fee***	**Project**
Developer Equity	10%	Min	of TDC	17.6%
3rd Party Loan			No min or max	29.9%
Subsidy or Tax Credit			No min or max	10.2%
Developer Combined	50%	Min	of TDC	57.7%
DPRP				
Exterior	*75%*	*Max*	*of eligible costs*	
Restoration Int	*75%*	*Max*	*of eligible costs*	
Rehabilitation Int	*30%*	*Max*	*of eligible costs*	
Code Compliance	*75%*	*Max*	*of eligible costs*	
Other	*20%*	*Max*	*of eligible costs*	
HPRR Forgivable Loan	30%	Max	of TDC	15.9%
CCR Forgivable Loan	30%	Max	of TDC	17.9%
DPRP Def Prin Loan	20%	Max	of TDC	8.5%
DPRP Def Prin Loan		Min	Must be ≥ 20% of Gap	20.1%
Other COJ Funding				0.0%
COJ Combined	50%	Max	of TDC	42.3%

As shown above, developer equity in the Hogan Street Building equals 17.6% of TDC, whereas equity plus third-party debt, and historic tax credits combined exceeds the minimum requirement of 50% of TDC, at 57.7%. Redevelopment of the property is proposed to be supported by a HPRR Forgivable Loan of $1,221,151, a CCR Forgivable Loan of $1,377,743, and a DPRP Deferred Principal Loan of $653,474.

DPRP Modeling Parameters –Combined

Combined

Sources			
Federal Historic Tax Credit	$	2,162,218	11.7%
HPRR Forgivable Loan	**$**	**3,596,629**	**19.4%**
CCR Forgivable Loan	**$**	**3,299,827**	**17.8%**
DPRP Def Prin Loan	**$**	**1,727,864**	**9.3%**
Other COJ Funding	$	-	0.0%
1st Position Debt	$	4,500,000	24.3%
Owner Equity	$	3,224,492	17.4%
TOTAL SOURCES	$	18,511,030	100.0%

Uses			
Purchase Price	$	2,425,000	13.1%
A&E Costs	$	650,000	3.5%
Construction Costs (1)	$	15,436,030	83.4%
Developer Fee	$	-	0.0%
TOTAL USES	$	18,511,030	100.0%

Maximum Funding Level	$	9,255,515
DPRP Funding	$	8,624,320
ROI		0.50

	DPRP Guidelines			As Calculated
Measurement	**% of TDC**		***Net of Developer Fee***	**Project**
Developer Equity	10%	Min	of TDC	17.4%
3rd Party Loan			No min or max	24.3%
Subsidy or Tax Credit			No min or max	11.7%
Developer Combined	50%	Min	of TDC	53.4%
DPRP				
Exterior	*75%*	*Max*	*of eligible costs*	
Restoration Int	*75%*	*Max*	*of eligible costs*	
Rehabilitation Int	*30%*	*Max*	*of eligible costs*	
Code Compliance	*75%*	*Max*	*of eligible costs*	
Other	*20%*	*Max*	*of eligible costs*	
HPRR Forgivable Loan	30%	Max	of TDC	19.4%
CCR Forgivable Loan	30%	Max	of TDC	17.8%
DPRP Def Prin Loan	20%	Max	of TDC	9.3%
DPRP Def Prin Loan		Min	Must be ≥ 20% of Gap	20.0%
Other COJ Funding				0.0%
COJ Combined	50%	Max	of TDC	46.6%

(1) Construction costs include interest and taxes capitalized during the construction period, not captured in the GC construction budget total

On a combined basis, developer equity equals 17.4% of TDC, whereas equity plus third-party debt, and historic tax credits combined exceeds the minimum requirement of 50% of TDC, at 53.4%. Redevelopment of the property is proposed to be supported by HPRR Forgivable Loans of $3,596,629, CCR Forgivable Loans of $3,299,827, and DPRP Deferred Principal Loans of $1,722,864.

As shown by the table below, the overall ROI for the redevelopment of these properties equals the minimum requirement of 0.50X as found in the DPRP Guidelines:

Church and Hogan ROI Calculation

$16.1 Million in Capital Expenditures

Ad Valorem Taxes Generated			
County Operating Millage	(1)	$ 2,232,230	
Local Option Sales Tax	(2)	$ 643,309	
Payroll	(3)	$ 63,010	
Add'l Benefits Provided	(4)	$ 1,290,263	
Total City Expected Benefits			$ 4,294,159
Total City Investment	(5)		$ 8,624,320
Return on Investment Ratio			0.50

(1) - The investment from the Company is estimated to be $16,086,030 in Capital Contribution for development and $0 in taxable Tangible Personal Property

(2) - Local Option Sales Tax is based on the revenue generated through retail sales, food and beverage, and commercial leases.

(3) - Job estimates are calculated at # of jobs * avg. wage. Assumes 20% spent locally and a 1 percent sales tax over 20 years.

(4) - Value of any additional contribution being made for the benefit of the city in consideration of the incentive

Interest on the DPRP Deferred Principal Loan	$ 65,347
Present value of Forgivable Loan Payoff discounted at 3.5% over 10 years	$1,224,916
Total Add'l Benefits Provided	$ 1,290,263

(5) - City Incentives as follows:

DPRP Loans	$ 8,624,320
Land	$ -
Other	
Total Direct Incentives	$ 8,624,320

Historic Preservation Section Findings:

The following provide information taken from the Conditional approval of the HPS in their review of the subject properties:

Florida Baptist Convention/Church Street Building: "To get a more accurate upper cap of the funding calculation, additional construction cost numbers need to be provided for a larger canopy, restoration of the stone work on the first floor front facade, custom door sizes for the two storefront bays, altering the knee wall back to the original angled entry or to match the 1958 no door design, a taller main entry set of doors matching the documented proportions and an upgraded window product from fixed to a wood or clad double hung sash design. Based on these findings, the Historic Preservation Section issues a conditional conceptual APPROVAL WITH CONDITIONS on this project. ” The detailed report goes on to list 15 specific conditions the HPS feels will be required to meet NPS standards for rehabilitation of historic properties. To be eligible for the Historic Tax Credits, the project is subject to approvals by the NPS for which a Part 2 application has been submitted and is under consideration.

Federal Reserve/Hogan Street Building: “To get a more accurate upper cap for the funding calculation based on likely requirements on the HTC and/or the HPS conditions, additional construction cost numbers need to be provided for matching the historic main entry doors, using a matching tile roof product on all roof slopes in need of repair, costs for the mural should be deducted, costs for repairing the skylight added versus its removal, restoring the “wave” detail of the coffered ceiling and the cost to provide a full ceiling on the third floor added. Based on these findings, the Historic Preservation Section issues a conditional conceptual APPROVAL WITH CONDITIONS on this project.” The detailed report goes on to list 14 specific conditions the HPS feels will be required to meet NPS standards for rehabilitation of historic properties. To be eligible for the Historic Tax Credits, the project is subject to approvals by the NPS for which a Part 2 application has been submitted and is under consideration.

The Developer has received copies of these reports and incorporated costs associated with the findings into the construction costs provided for underwriting of the request. Based on underwriting parameters as presented in this Staff report, additional costs in the redevelopment of these properties will require support from a combination of additional debt, equity, Historic Tax Credits, or other funding sources. Compliance with these findings and any provided by the NPS are required as a condition of funding and will be verified by inspection upon completion.

Downtown Development Review Board (“DDRB”) Status:

The DDRB reviewed plans for the redevelopment of the properties at its meeting September 10, 2020 and issued conceptual approval for each following that presentation made by project architect Brooke Robbins, AIA. In each case, the feedback was very positive with minimal requirements beyond the incorporation of those imposed by NPS in their pending approval. Requirements to be addressed in presentation for final review and approval focus on meeting the Ordinance Code related to the Pedestrian Zone and streetlights, benches, and street furnishings to be found in the Amenity Area in accordance with the Downtown Streetscape Design Guidelines. The Applicant will pursue final approval through DDRB once it has received and incorporated changes that may be required by NPS in its conditional approval of the Part 2 application currently under consideration.

Recommendation:

DIA Staff recommends approval of a the DPRP loans as outlined herein.

All requirements outlined within the HPS conditional approval or as may be established by the NPS in its conditional approval must be incorporated into the redevelopment project and inspected for adherence upon completion and prior to funding.

Final review by the DDRB and adherence to findings within it conceptual approval and others as may be set into place are concurrent requirements of this recommendation for approval.

Other conditions and requirements of approval and administration of the subject facilities are captured in the Exhibit A Term Sheet.

Staff report prepared by:

Steven T. Kelley, DBA
Director of Downtown Real Estate and Development

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Exhibit A:

DOWNTOWN PRESERVATION AND REVITALIZATION PROGRAM TERM SHEET

Florida Baptist Convention Building – 218 W Church Street
Federal Reserve Building – 424 N Hogan Street
a/k/a Church and Hogan

Project: The project comprises the redevelopment of two historic properties in the Central Core District of Downtown Jacksonville utilizing funding through the Downtown Preservation and Revitalization Program (“DPRP”).

A) The Florida Baptist Convention Building (“Church”) located at 218 W Church Street, RE# 073776 0000, is a historic structure with five stories plus a basement to be redeveloped with 24 residential units and a projected 5,330 square feet of restaurant/retail space at the ground floor and basement.
B) The Federal Reserve Building (“Hogan”) located at 424 N Hogan Street, RE# 073777 0000, is a historic structure with three stories plus a basement to be redeveloped with two restaurant spaces totaling approximately 7,400 square feet, plus two floors of event space totaling 9,000.

The redevelopment of these two buildings (“Property” or “Properties”) is underwritten and conditioned upon both being undertaken simultaneously as a single project. All financial metrics used in underwriting are based upon this situation. However, stand-alone forgivable loan documentation will be prepared and entered into with the Applicant for each loan, on each Property, individually.

Developer/ Applicant / Borrower: JWB Real Estate Capital or Assigns (“JWB”)
Total Development Costs (estimate): $18,552,244
Underwritten Development Costs Used for DPRP Calculations: $18,511,030
Equity (proposed): $3,224,493 (17.4% of TDC)

City Funding: No more than **$8,624,321** (through the City of Jacksonville Downtown Investment Authority), as follows:

	Historic Preservation, Restoration, and Rehabilitation Forgivable Loan (HPRR)	Code Compliance Forgivable Loan (CCR)	DPRP Deferred Principal Loan	TOTAL
Church	$2,375,479	$1,922,083	$1,074,390	**$5,371,953**
Hogan	$1,221,151	$1,377,743	$ 653,474	**$3,252,368**
TOTAL	**$3,596,630**	**$3,299,827**	**$1,727,864**	**$8,624,321**

At this level, the incentive structure and funding under the DPRP will be subject to further approvals by the Jacksonville City Council.

Infrastructure: No City of Jacksonville infrastructure improvements are contemplated.
Land: No City of Jacksonville land is committed to the project.

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Loans: No other loans, grants, or other funding from the City of Jacksonville are contemplated for this project, although commercial tenants leasing space within these Properties may be eligible for funding under separate programs.

No costs may be submitted for duplicative funding under more than one DIA incentive program. However, costs incurred by the DPRP Applicant may count towards their required contribution under the Food and Beverage, Retail Enhancement Program ("FAB-REP") to the extent such costs are directly attributable to space that would be occupied by the FAB-REP Applicant.

Minimum Capital Contribution:

A) The minimum total equity capital contribution through completion to remain eligible for the maximum DPRP Funding as outlined is $2,777,500. If Total Development Cost remain unchanged at $18,511,030, this lower level of equity can only be achieved, and program funding eligibility maintained, through additional debt and/or tax credit support in an offsetting amount up to $447,000.

B) The minimum Total Development Cost for the Project on a combined basis is $18,511,030, which is further broken down to each property as $10,816,066 for the Florida Baptist Convention Building (Church), and $7,694,964 for the Federal Reserve Building (Hogan). *Note: This is the minimum for maximum funding as applied for and underwritten. The Projects may be eligible for funding at lower levels subject to maintaining compliance with DPRP Guidelines.*

C) Percent of COJ investment to overall project cost: $8,624,320 / $18,552,244 = 46.5%

D) Percent of COJ investment to underwritten project cost: $8,624,320 / $18,511,030 = 46.6%

Performance Schedule:

A) Commencement of Construction: Within six (6) months following execution of the Redevelopment Agreement, Applicant commits to commencement of construction, meaning receipt of all required approvals, permitting, and closing on all required financing to allow the start of construction activities and has actually broken ground to begin work.

B) Substantial Completion: Within twenty-four (24) months following commencement of construction as defined above.

C) The DIA CEO will have authority to extend this Performance Schedule, in the CEO's discretion, for up to six (6) months for good cause shown by the Developer / Applicant.

Additional Commitments:

A) The Developer commits to the development of:
   1. A minimum of 24 dwelling units.
   2. 12,700 square feet of retail/restaurant space.
   3. 9,000 square feet of event space, which may also be utilized as commercial/retail/or restaurant space.

B) Recommendation as to the eligibility of the approved scope of work on the Properties by the Planning and Development Department shall be required prior to DIA Board approval of any program funding. Such recommendation by the Planning and Development Department may be conditional on further review and approvals by the State Historic Preservation Office ("SHPO") and/or the National Park Service ("NPS").

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C) Upon completion and request for funding, all work on the Properties must be inspected by the Planning and Development Department or designee for compliance with the approved application prior to funding under any DPRP loan component.
D) Funding may be requested and approved subject to the terms above on any DPRP loan component for one Property so long as the redevelopment progress on the other related Property is 75% complete, at minimum.
E) Funding under the DPRP will be secured by a stand-alone, subordinate lien position on each property behind any senior secured, third-party lender providing construction, mini-perm, or permanent financing.
F) Each loan, on each property, will be cross-collateralized, and cross-defaulted with one another.
G) Payment defaults, or other defaults that trigger legal actions against the Applicant that endanger the lien position of the City, shall also be a default on the subject facilities.
H) As JWB will be utilizing a combination of HPRR Forgivable Loans, and CCR Forgivable Loans, the maturity of each of these Forgivable Loan will be five (5) years. Principal outstanding under each note will be forgiven at the rate of 20% annually, on the anniversary date of each such funding, so long as each Forgivable Loan is not in default per DPRP Guidelines.
I) Standard claw back provisions will apply such that:
   a) In the event the Borrower sells, leases or otherwise transfers the Historic Building during the first five (5) years after the disbursement of the Forgivable Loan, the following shall be due and payable at closing of the Sale:
      i. 100% if the Sale occurs within 12 months after disbursement of the Forgivable Loan;
      ii. 80% if the Sale occurs after 12 months but within 24 months of disbursement of the Forgivable Loan;
      iii. 60% if the Sale occurs after 24 months but within 36 months of disbursement of the Forgivable Loan;
      iv. 40% if the Sale occurs after 36 months but within 48 months of disbursement of the Forgivable Loan; or
      v. 20% if the Sale occurs after 48 months but within 60 months of disbursement of the Forgivable Loan.
   b) In the event Borrower or any lessee or assignee of the Borrower uses the Project or the Historic Property or Properties for any use not contemplated by this Agreement at any time within five years following the disbursement of the Forgivable Loan, the full amount of the Grant, together with all accrued but unpaid interest thereon, shall immediately become due and payable to the City by the Borrower.
J) Funding in the amount of the DPRP Deferred Principal Loan component will have a stated maturity date of ten years from the Funding Date. The loan balance is due in full upon maturity, sale, or refinancing of the property prior to maturity subject to terms of the disposition and value of the property at the time of such event.
K) The DPRP Deferred Principal Loan component requires an annual interest payment equal to the total principal outstanding multiplied by the prevailing Ten-Year Treasury Note Rate at the time of funding.
L) Partial Principal reductions on the DPRP Deferred Principal Loan may be made after the fifth anniversary with no prepayment penalty; however, a minimum of 50% of the initial loan balance must remain outstanding through the loan maturity date unless the Property or Properties are sold or refinanced during that period, subject to DIA approval.

M) DIA reserves the right to approve any sale, disposition of collateral property, or refinance of senior debt during the DPRP Compliance Period.
N) All Property, business, and income taxes must be current at the time of application and maintained in current status throughout the approval process, the term of the Redevelopment Agreement, and through the DPRP loan period.
O) Payment defaults, bankruptcy filings, or other material defaults during the DPRP loan period will trigger the right for the City of Jacksonville to accelerate all amounts funded and outstanding under any or all programs at such time, plus a 20% penalty of any amounts amortized or prepaid prior to that date.

There will be additional terms, conditions, rights, responsibilities, warranties, and obligations for both parties which shall be determined in a later negotiated mutually agreeable written contract (or multiple written contracts as is deemed necessary).

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TAB V

REGIONS JACKSONVILLE HEADQUARTERS – DPRP

Regions Bank Headquarters
Downtown Preservation and Rehabilitation Program and Economic Development Grant
Staff Report
January 14, 2021

Applicant:	**Regions Bank or a related real estate holding company**
Project:	**Regions Jacksonville Headquarters Redevelopment**
Program Request:	**Downtown Preservation and Rehabilitation Program (“DPRP”)** **Economic Development Grant (“EDG”)**
Total Development Costs:	**Estimated at $2,633,000**
DPRP Request:	**$900,000**
EDG Request:	**$200,000**

Project Background:

Headquarters Building

Regions Bank is a multi-state regional bank with $114.4 billion in assets and eleven financial centers in Duval County. The Regions Bank headquarters for Jacksonville is located in the historic Old Bisbee Building at 51 W. Bay Street, RE# 073663 0000 (the “Property”), at the highly traveled intersection of Laura Street and Bay Street.

The Property was originally constructed in 1909 following the Great Fire of 1901 and is considered one of the most historic properties in downtown Jacksonville for its contribution to the resurgence of the city following the fire, as well as its architecture and continuing structural integrity. The Property was recommended for local landmark status by the Jacksonville Historic Preservation Committee ("JHPC") on October 28, 2020 and is under consideration for final designation by the City Council at this time under bill 2020-0728.

Surface Parking Lot
Regions also owns the surface parking lot located at 54 W Forsyth Street, RE #073669 0000, (the "Surface Lot") immediately to the north of its downtown Jacksonville headquarters and uses this space for its employee and customer parking. The negotiated sale of this property to VyStar Credit Union is integral to modified development plans for the parking garage along Forsyth street between Main Street and Laura Street being constructed under a redevelopment agreement executed with the City July 15, 2020 as authorized by ordinance 2020-73-E (the "Parking Garage"). Regions is not a direct party to that redevelopment agreement.

Construction of the Parking Garage is instrumental to growth in this area of Downtown Jacksonville and will bring additional retail to the Laura Street corridor on the site currently owned by Regions. A parking agreement with the developer makes 250 spaces available to the City for the benefit of local development. However, the construction of the Parking Garage will block existing signage and limit branding opportunities at Regions' Jacksonville headquarters. In negotiating and closing on the sale, Regions has incurred and will continue to incur substantial legal fees in addition to other costs related to the planning, design, and implementation of the signage strategy to mitigate the impact of those changes. The applicant also anticipates significant costs related to the temporary parking requirements for employees and customers which will be eligible for reimbursement under the match funding terms of the agreement.

The proposed signage package developed by Regions received a Certificate of Appropriateness ("COA") from the Jacksonville Historic Preservation Commission on October 28, 2020. Plans for branding, sign design and placement were then presented to the Downtown Development Review Board ("DDRB") who issued final approval for the proposed signs and up lighting on the Property on October 12, 2020. Costs associated with the negotiation and closing on the sale of the Surface Lot, costs incurred for temporary parking, the addition of back door access, and the design and implementation of the signage strategy are expected to exceed $400,000.

Request and Structure
The Regions team that manages the company's real estate assets approached the DIA with interest in the DPRP program in conjunction with plans for bringing the property back to more historic standards and other improvements needed to preserve and maintain the integrity of the structure for their continuing operating needs. The bank's five-year capital plan for the property begins with window replacement and exterior renovations to remove plant growth and better seal the historic structure against weather and elements. Future phases will focus on other needs related to Code Compliance requirements to make the property more accessible and functional as part of its growth strategy in the Jacksonville market. Improvements made to this Property are deemed instrumental to the DIA redevelopment goals and objectives for Downtown Jacksonville related to protecting and revitalizing historic assets through creation of public private partnerships.

To facilitate redevelopment of the property, Regions is requesting approval of a $900,000 commitment under DPRP guidelines that will be drawn in phases over five years with work beginning in 2021. Although this approach to utilizing this DPRP program is unique, each phase will be processed as a stand-alone request under the commitment demonstrating adherence to DPRP guidelines including the approval of development activity by the Historical Preservation Section of the Planning and Development Department and analysis of construction budgets for determination of the appropriate funding levels.

Each such request will be presented to the DIA Board for further approval and will be limited to no more than

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five draws over a five-year period from the Execution Date of the Redevelopment Agreement. Each forgivable loan approved will be documented as a standalone note with a unique amortization period of five years.

Further, Regions requests $200,000 as an Economic Development Grant (EDG) for costs associated with the sale of the Surface Lot, construction of backdoor access to the garage, and signage relocation necessitated by the sale of the property to VyStar. Funding will require verification of expenses incurred and inspection of work. As a grant, the award is fully earned on receipt without the need for amortization or claw back provisions.

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<u>Capital Considerations</u>

Downtown Preservation and Rehabilitation Program

- DPRP guidelines preclude gap funding analysis for requests of $1,000,000 or less. However, under the proposed structure, funding limits by category, ROI calculations, and other parameters will remain in place and be analyzed with each draw.
- To fully utilize the $900,000 commitment, aggregate eligible development costs will range between a minimum of $1.2 million (DPRP is 75% of the total) and as high as $3.0 million (DPRP is 30% of the total).
- With a tax assessed value on the Property of $1.43 million, Developer Equity as defined in the DPRP Guidelines would approximate 63.4% to 77.9% of Total Developer Costs (TDC) depending on the blended average funding level. As such, a DPRP Deferred Principal Loan (required when Developer Equity is less than 25% of TDC) will not be required under the proposed structure.
- It is expected that funding under the commitment will utilize a combination of Historic Preservation, Restoration, and Rehabilitation Forgivable Loans (HPRR) and Code Compliance Renovation Forgivable Loans (CCR). When used in combination, the maturities are coterminous with principal forgiveness of 20% each loan, each year. This determination will be made at the global commitment level although each draw will be amortized over its respective five-year term. No interest charges are assessed on these forgivable loans.
- DPRP Guidelines restrict funding from other DIA programs to 10% of TDC. Calculated at a maximum level of %, the $200,000 EDG proposed falls within this requirement.
- The following table provides detail of the DPRP Guidelines at the assumed level of utilization necessary to achieve the minimum ROI calculation of 0.50X.

Total from Const Budget	$	1,200,000

Sources			
Federal Historic Tax Credit			0.0%
HPRR Forgivable Loan	**$**	**720,000**	**25.4%**
CCR Forgivable Loan	**$**	**180,000**	**6.4%**
DPRP Gap Loan			**0.0%**
Other COJ Funding	$	200,000	7.1%
1st Position Debt	$	-	0.0%
Owner Equity	$	1,733,000	61.2%
TOTAL SOURCES	$	2,833,000	100.0%

Uses			
Purchase Price	$	1,433,000	50.6%
A&E Costs	$	200,000	7.1%
Construction Costs	$	1,200,000	42.4%
Developer Fee			0.0%
Soft Costs			0.0%
TOTAL USES	$	2,833,000	100.0%

DPRP Funding	$	900,000
Other COJ Funding	$	200,000
ROI		0.502

	DPRP Guidelines			As Calculated
Measurement	**% of TDC**		***Net of Developer Fee***	**Project**
Developer Equity	10%	Min	of TDC	61.2%
3rd Party Loan			No min or max	0.0%
Subsidy or Tax Credit			No min or max	0.0%
Developer Combined	50%	Min	of TDC	61.2%
DPRP				
Exterior	75%	*Max*	*of eligible costs*	
Restoration Int	75%	*Max*	*of eligible costs*	
Rehabilitation Int	30%	*Max*	*of eligible costs*	
Code Compliance	75%	*Max*	*of eligible costs*	
Other	30%	*Max*	*of eligible costs*	
HPRR Forgivable Loan	30%	Max	of TDC	25.4%
CCR Forgivable Loan	30%	Max	of TDC	6.4%
DPRP Def Prin Loan	20%	Max	of TDC	0.0%
DPRP Def Prin Loan		Min	Must be ≥ 20% of Gap	N/A
Other COJ Funding				7.1%
COJ Combined	50%	Max	of TDC	31.8%

KEY:

DPRP Downtown Preservation and Revitalization Program
HPRR Historic Preservation Restoration and Rehabilitation
CCR Code Compliance Renovations
ROI Return on Investment

- As calculated on the proposed of DPRP of $900,000 and minimum construction costs of $1.2 million, the projected ROI is 0.50X in line with program requirements.
- DPRP funding will occur upon the completion and inspection of each phase per the COA and approval obtained for each such phase.

Economic Development Grant

- The Economic Development Grant is structured as a match funding incentive to defray costs incurred by Regions in facilitating the sale of the Surface Parking Lot to the parking garage developer, temporary parking, costs of establishing back door access to the garage, and additional costs incurred in the signage strategy required by losing that visibility to their building.
- The EDG will be funded following completion of the sale of the Surface Lot to the garage developer, and upon completion of the signage installation and inspection. Request for funding must be accompanied by receipts and other evidence of total costs incurred up to a minimum of $400,000.

<u>Recommendation:</u>

DIA Staff recommends approval of a DPRP commitment of $900,000 and an Economic Development Grant of $200,000 with the terms and conditions as outlined herein and further detailed on the attached Exhibit A Term Sheet.

Staff report prepared by:

Steven T. Kelley, DBA
Director of Downtown Real Estate and Development

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Exhibit A – Term Sheet

Regions Bank

Terms and Conditions
Downtown Preservation and Rehabilitation Program ("DPRP") Forgivable Loans
Economic Development Grant

January __, 2021

Developer/ Applicant: Regions Bank, an Alabama state banking corporation, or related entity ("Regions").

Project Location:

1) Regions' Jacksonville headquarters located at 51 W. Bay Street, RE# 073663 0000 (the "Property")
2) The surface parking lot located at 54 W Forsyth Street, RE #073669 0000, (the "Surface Lot")

City Funding:

DPRP Forgivable Loans:

1) The DIA shall reimburse eligible expenses as determined in each request up to an aggregate total of $900,000 in DPRP Forgivable Loans, with each phase underwritten and approved by the DIA Board for adherence to the DPRP Guidelines. There shall not be more than five requests for funding made through the Completion Date under this agreement.

Economic Development Grant:

1) The DIA shall reimburse Regions up to $200,000 in matching funds for approved costs incurred related to the sale of the Surface Lot, addition of back door access, temporary parking during construction of the VyStar garage, and proposed signs, including architectural up lighting on the Property. Signage and up lighting to be completed as approved by the JHPC on September 23, 2020 and the DDRB on October 12, 2020.

No other loans, grants, or other incentives from the City of Jacksonville are contemplated for this project.

Structural Considerations and Requirements:

DPRP:

1) To be eligible for maximum commitment of $900,000 in forgivable loans under the DPRP, Regions shall incur not less than $2,633,000 in Total Development Costs (as defined in the DPRP Guidelines) to preserve and rehabilitate the Property (collectively, the "Improvements"), it being understood and agreed that the tax assessed value of the Property ($1,433,000.00) shall be included towards the required Total Development Costs. However, minimum funding levels will ultimately be determined by the mix of funding components and the related advance rates as outlined in the DPRP Guidelines.

2) Regions shall secure a COA from the JHPC for each phase of Improvements prior to permitting such Improvements, and each phase of Improvements will require approval by the DIA Board under approval granted to that body by the City Council for this purpose as made by this request.

3) Developer equity, as defined under the DPRP Guidelines, has been determined to be in excess of 25% for the purposes of eliminating the need for DPRP Deferred Principal Loan and establishing the following expected advance rates within the funding request for each phase as currently proposed:

   a. Historic Preservation Restoration and Rehabilitation Forgivable Loan ("HPRR Forgivable Loan"):
      i. Historic Rehabilitation – Building Exterior - 75%
      ii. Historic Rehabilitation – Building Interior - 30%
      iii. Historic Rehabilitation – General Requirements - 20%

   b. Code Compliance Renovations Forgivable Loan ("CCR Forgivable Loan")
      i. Code Compliance - 75%
4) As Regions will be utilizing a combination of HPRR Forgivable Loans and CCR Forgivable Loans under this commitment, the maturity of each Forgivable Loan will be five (5) years. Principal outstanding under each note will be forgiven at the rate of 20% annually, on the anniversary date of each such funding, per DPRP Guidelines.
5) Standard claw back provisions will apply such that:
   a. In the event the Borrower sells, leases or otherwise transfers the Historic Building during the first five (5) years after the disbursement of the Forgivable Loan, the following shall be due and payable at closing of the Sale:
      i. 100% if the Sale occurs within 12 months after disbursement of the Forgivable Loan;
      ii. 80% if the Sale occurs after 12 months but within 24 months of disbursement of the Forgivable Loan;
      iii. 60% if the Sale occurs after 24 months but within 36 months of disbursement of the Forgivable Loan;
      iv. 40% if the Sale occurs after 36 months but within 48 months of disbursement of the Forgivable Loan; or
      v. 20% if the Sale occurs after 48 months but within 60 months of disbursement of the Forgivable Loan.
   b. In the event Borrower or any lessee or assignee of the Borrower uses the Project or the Historic Building for any use not contemplated by this Agreement at any time within five years following the disbursement of the Forgivable Loan, the full amount of the Grant, together with all accrued but unpaid interest thereon, shall immediately become due and payable to the City by the Borrower.
6) Each funding request must demonstrate compliance with DPRP Guidelines including the overall ROI calculation of 0.50X to achieve full utilization of the $1,000,000 commitment.

<u>Economic Development Grant</u>:

1) To be eligible for the $200,000 Economic Development Grant, total approved costs for the Sign and Transition Expenses (as defined in the following sentence) shall not be less than $400,000. The term "Sign and Transition Expenses" shall mean the sum of the following costs (with such costs being calculated from PSA execution, July 15, 2020): (a) professional services fees incurred in connection with the sale of the Surface Lot and renovation of the Property (including without limitation, legal fees by the law firms of Balch & Bingham LLP and Driver, McAfee, Hawthorne & Diebenow, PLLC); (b) soft and hard costs associated with installation of the New Signage (including without limitation, costs associated with (i) engineering and architectural services related to the New Signage, (ii) production of the New Signage, (iii) installation of the New Signage, and (iv) structural enhancements to support the New Signage); and (c) soft

and hard costs associated with installation of the door on the rear of the Regions branch building to allow for access from the Parking Garage (including without limitation, costs associated with (i) engineering and architectural services related to the installation of the back door, (ii) production of the back door, (iii) installation of the back door, and (iv) structural enhancements to support the back door); and (d) temporary parking during construction of the VyStar garage.

2) Regions shall demonstrate that it has closed on the sale of the Surface Lot to VyStar prior to April 31, 2021.
3) Funding eligibility shall be limited to $100,000 during the City's fiscal year, 2020/2021 ending September 2021 and $100,000 during the City's fiscal year 2021/2022 ending September 2022.

Funding Considerations:

1) Funding shall be made as reimbursement to costs as approved for each phase of the DPRP redevelopment activity as well as for the Economic Development Grant.
2) Funding requests must be accompanied by receipts or other objective documentation of work completed and costs incurred.
3) Each funding request will require inspection and approval by DIA staff or JHPC staff as appropriate to determine compliance with plans as approved.
4) Costs that would have been eligible for Economic Development Grant, but were not submitted for the Economic Development Grant, may still be used for the DPRP, provided such costs are otherwise eligible under DPRP Guidelines.

Performance Schedule - Regions agrees to pursue all approvals with commercially reasonable efforts and to meet the following Performance Schedules:

DPRP Forgivable Loans:

1) Phase I:
   a. Applications for Phase I of Redevelopment, including all required plans, budgets, exhibits, and other information as may be required, shall be submitted to the DIA, JHPC, and the DDRB, or other City departments as appropriate not later than 180 days following the Execution Date of the Redevelopment Agreement incorporating the Terms and Conditions.
   b. Commencement of Construction for Phase I shall occur not later than 90 days following receipt of the City of Jacksonville building permit that is necessary for commencement of such construction.
   c. Completion of Construction for Phase I shall occur not later than 365 days after the date that the City of Jacksonville issues the building permit for such work.

2) Phases II through V:
   a. Upon approval of subsequent applications and related plans, budgets, exhibits, and other information as may be required by the DIA, JHPC, and the DDRB, or other City departments as appropriate, Commencement of Construction for subsequent Phases shall occur not later than 90 days following receipt of the City of Jacksonville building permit that is necessary for commencement of such work.
   b. Completion of Construction for subsequent Phases shall occur not later than 365 days after the date that the City of Jacksonville issues the building permit for such phased work unless agreed to otherwise by such approvals.

<u>Economic Development Grant</u>:

1) Application for permits for sign relocation and related activities shall occur not later than 90 days following the Execution Date of the subject Redevelopment Agreement, but not later than August 31, 2021.
2) Commencement of Construction for the sign relocation and related activities shall occur not later than 90 days following receipt of permits required, but not later than November 30, 2021.
3) Completion of Construction for the sign relocation and related activities shall occur not later than 180 days following Commencement of Construction, but not later than May 30, 2022.
4) Reimbursement for approved costs incurred in the sign relocation and related activities shall be made upon inspection of the work in accordance with approvals, and verification of such costs incurred by this effort.

- The DIA CEO will have authority to extend these Performance Schedule, in the CEO's discretion, for up to three (3) months for good cause shown by the Developer / Applicant. In the event Regions fails to meet any of the Commence of Construction deadlines, the ability to secure funding for that tranche of capital as described above shall be forfeited.
- The DIA will have the authority to extend EDG funds unspent from fiscal year 2020/2021 into fiscal year 2021/2022 at its sole discretion.
- Regions shall be entitled to extensions of the above deadlines for force majeure.

ROI:
Eligibility and approval for each draw under the DPRP Commitment must be accompanied by an update to the ROI spreadsheet that demonstrates continuing adherence to the minimum ROI threshold of 0.50X at the aggregate project level.

OTHER REQUIREMENTS:
There will be additional terms, conditions, rights, responsibilities, warranties, and obligations for both parties which shall be determined in a later negotiated mutually agreeable written contract (or multiple written contracts as is deemed necessary).

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TAB VI

VISTA BROOKLYN – ADDITIONAL REV GRANT

Downtown Investment Authority
Strategic Implementation Committee
REV Grant Proposal Staff Report
HP-BDG 200 RIVERSIDE, LLC
a/k/a VISTA BROOKLYN APARTMENTS
f/k/a 200 Riverside Apartments
January 15, 2021

Project name: **Vista Brooklyn Apartments**

Developer/Applicant: **HP-BDG 200 RIVERSIDE, LLC**
Hallmark Partners – Co-developer
Bristol Development Group – Co-developer

Project Location: 200 Riverside Avenue
Jacksonville, Florida 32204

Recommended REV Grant Funding:	**$1,556,000, 12.5%, 10 years**

Project Description:
Vista Brooklyn Apartments is a mixed-use development being constructed at 200 Riverside Avenue in the Brooklyn District of the Northbank CRA. The project consists of 308 Class "A" apartments with amenities including a wellness studio and fitness center on the first floor, a latte lounge on the second floor, an indoor-outdoor pet spa on the eight floor, and an outdoor swimming pool and club area with beer garden and gaming areas located on the rooftop, tenth floor. Lease rates range from $1.67 sf for the 1,626 sf three-bedroom units to $3.03 sf for the 460 sf studio units.

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As shown by the rendering on the previous page, the property is being built with nearly 13,000 sf of retail space fronting Riverside Avenue, which is integral to the request detailed below. The retail spaces at this site are important to the continuity of retail facing Riverside Avenue beginning at Leila Street two blocks to the east and continuing through Edison Avenue two blocks to the west .

The residential unit mix for the property is broken down as follows:

Layout	Units	Square Footage	Price Range
Studio	42	460 - 468	$1,395 - $1,420
1 Bedroom	153	585 - 593	$1,495 - $1,525
1 Bedroom plus flex space	25	858	$1,775 - $1,800
2 Bedroom	80	1,007 – 1,011	$1,900 - $1,925
3 Bedroom	8	1,626	$2,520 - $2,725

Existing Incentives

The property is being constructed under an existing Redevelopment Agreement (RDA) with an Effective Date of May 15, 2017 (the “2017 RDA”). The 2017 RDA calls for a mixed-use development with not less than 295 residential units and 12,750 square feet of retail space, supported in part by a REV Grant authorized under City Ordinance 2017-101-E with current terms as follows:

Minimum Capital Contribution:	$50,000,000
Maximum REV Amount:	$9,000,000
REV Term:	20 years
REV Level:	62.5%
Base year:	2017 Tax Year
Final Year of Funding:	2041 Tax Year

Proposal:

Due to the COVID-19 pandemic, retail activity across the country has shifted towards e-commerce and slowed dramatically in brick-and-mortar locations. As presented by industry analysts, “CBRE Research forecasts that retail store closures in 2020 and 2021 each will exceed the 2019 record of 9,800 reported by the International Council of Shopping Centers (ICSC). Many of the bankruptcies and store closures will result from COVID-related failures of structurally declining categories such as department stores and apparel, along with an unexpected cyclical reversal in restaurants, gyms, and entertainment.”

In the late Summer and early Fall of 2020, DIA began discussions with the Vista Brooklyn Developer regarding how to fulfill plans to lease the subject retail space and to keep the momentum going started in the Brooklyn area, pre-pandemic. The Developer surveyed

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potential regional and national retailers targeted for this area and learned that combinations of rent abatement and tenant improvement assistance in amounts exceeding $100 sf is the current requirement for reaching commitments to fill the space in the current environment.

Recognizing the detriment to growth in the Brooklyn area expected if this retail space is to remain dark for a protracted period, an Additional REV Grant structure was developed based on maximum funding equivalent to $120 per square foot of retail space, or $1,556,000. This funding level is roughly equal to the amount of additional Ad Valorem taxes the property is expected to generate over a five-year period once placed into service, above the existing 62.5% REV Grant outlined above.

Although the REV Grant commitment amount is calculated by these methods, an additional measure of flexibility addressing the current uncertain economic environment allows the Developer a period of 10 years to earn the maximum amount of $1,556,000. Annual funding will be made following the traditional approach based on 12.5% of the Annual Project Revenue created by the county's portion of the incremental ad valorem that flows to the Tax Increment District of the CRA. This amount is above and beyond the 62.5% earned under the existing REV Grant, for which the payment structure will not be modified by this Additional Rev Grant as proposed. If the applicant were to fulfill all conditions for payment under each REV Grant, the maximum payment in a given year would equate to 75% of Annual Project Revenue.

The ROI calculated on an all-in basis is estimated at 1.81X as shown by the calculations below.

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$85.5 Million in Capital Expenditures				
Ad Valorem Taxes Generated				
County Operating Millage	(1)	$ 19,156,277		
Local Option Sales Tax	(2)	$ -		
Payroll	(3)	$ -		
Add'l Benefits Provided	(4)			
Total City Expected Benefits			$ 19,156,277	
Total City Investment	(5)		$ 10,556,000	
Return on Investment Ratio				**1.81**

(1) - The investment from the Company is estimated to be $85,532,664 in Capital Contribution for the development.
(2) - Local Option Sales Tax is based on the revenue generated through retail sales, food and beverage, and commercial leases.
(3) - Job estimates are calculated at # of jobs * avg. wage. Assumes 20% spent locally and a 1 percent sales tax over 20 years.
(4) - Value of any additional contribution being made for the benefit of the city in consideration of the incentive

(5) - City Incentives as follows:	
REV	$ 9,000,000
Additional REV	$ 1,556,000
Total Direct Incentives	$ 10,556,000

Qualifications:

1. Eligible Year – A tax year in which more than 50% of the total space is leased or made available for lease to a retail business defined as: "Businesses that sell products on a transactional basis to end consumers, food and beverage establishments, or providers of services targeted towards the general public (other than healthcare, advising, or counseling). Locations should be ground floor, street facing, and designed to attract the general public onto the property. Businesses operating primarily or exclusively on a membership basis, conducting business with customers under term arrangements, or providing goods and services targeted principally to other businesses shall not generally meet this definition, unless approved on a case-by-case basis." All available Retail Space shall be actively promoted for lease under prevailing market terms, using commercially reasonable efforts, at all times.
2. Payments - The calculation for REV Grant payments in any Eligible Year will be determined by multiplying 12.5% by the Annual Project Revenues, consistent with the definition found 2017 RDA, multiplied further by the proportion of Retail Space to Total Space on an annual basis as supported by monthly rent rolls provided to the DIA. To be eligible for payment, the Retail Space shall demonstrate average occupancy of not less than 60% during the applicable Tax Year as supported by monthly rent rolls provided to the DIA.
3. Non-Retail Space - The Developer may lease up to 50% (6,484 square feet) to commercial users that do not meet the definition for Retail Tenant above but do meet the broader definition for commercial/retail as found in the allocation of development rights under the DRI (Non-Retail Space).
4. Additional detail and recommendations are found in the Exhibit A Term Sheet provided with this Staff Report.

Staff Recommendation:

Approval of the Additional Rev Grant in the amount of $1,556,000 with payment over ten Eligible Years is recommended with the following conditions:

1. The Additional Rev Grant will be documented as a separate stand-alone agreement with the Developer.
2. The minimum total capital contribution through Completion of Construction to remain eligible for the Additional REV Grant is $80,000,000. This represents an increase of $30,000,000 above the minimal capital contribution required in the existing REV Grant redevelopment agreement.
3. The 2017 RDA will be amended to include this Additional REV Grant and clarify that the 2017 RDA permits any use as allowed by the Additional REV grant in the Retail Space without jeopardizing the 2017 REV Grant.
4. The Performance Schedule and all other terms and conditions remain unchanged within the 2017 RDA.

Staff report prepared by:

Steven T. Kelley, DBA
Director of Downtown Real Estate and Development

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Exhibit A:

January 20, 2021
DIA Additional REV Grant
TERM SHEET
HP-BDG 200 RIVERSIDE, LLC
a/k/a VISTA BROOKLYN APARTMENTS
f/k/a 200 RIVERSIDE APARTMENTS

Project: Vista Brooklyn Apartments is being constructed under a Redevelopment Agreement (RDA) with an Effective Date of May 15, 2017 (2017 RDA) The 2017 RDA calls for a mixed-use development with not less than 295 residential units and 12,750 square feet of retail space, supported in part by a REV Grant authorized under City Ordinance 2017-101-E with current terms as follows:

Minimum Capital Contribution:	$50,000,000
Maximum REV Amount:	$9,000,000
REV Term:	20 years
REV Level:	62.5%
Base year:	2017 Tax Year
Final Year of Funding:	2041 Tax Year

Developer/ Applicant: HP-BDG 200 RIVERSIDE, LLC, a joint venture between Hallmark Partners and the Bristol Development Group.

Total Development Costs (revised estimate): $80,000,000

Request: Additional REV Grant in response to COVID 19 impact on retail lease demand and achievable rents. Reduction of required true retail square footage in current RDA to allow commercial office uses.

Additional REV Funding: Not more than **$1,556,000** (through the City of Jacksonville Downtown Investment Authority), as follows:

REV Amount:	$1,556,000 maximum[1]
REV Level:	12.5%
REV Term:	10 Years

1- The Additional REV Grant is based on a calculation that equates to $120 per square foot of Retail Space.
2- The Applicant shall be eligible for Additional REV Grant funding only in tax years (Eligible Year) where more than 50% of the Total Space is either leased or made available for lease to bona fide retail businesses as defined further below, and under the terms provided herein.

Additional REV Grant funding will be based on the incremental ad valorem property taxes and Tangible Personal Property paid by the Applicant attributable only to municipal and county ad valorem taxes above the established Base year level, and does not include taxes paid for the benefit of the Duval County

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School Board, the St. Johns River Water Management District, Florida Inland Waterways or any other such entity or agency.

Infrastructure: No City of Jacksonville infrastructure improvements are contemplated.
Land: No City of Jacksonville land is committed to the project.
Completion Grant: No City of Jacksonville land is contemplated with this development.
Loans: No other loans, grants, or other funding from the City of Jacksonville are contemplated for this project beyond the $9,000,000 REV Grant with an Effective Date of May 15, 2017.

Minimum Capital Contribution:

1) The minimum total capital contribution through completion to remain eligible for the Additional REV Grant is $80,000,000.

Additional Requirements: As the Additional REV Grant is designed to facilitate leasing activity within the designated first floor retail spaces of the project, the following requirements apply:

1) Additional REV Grant shall be available for actual square footage up to 12,969 square feet of Total Space leased to Retail Tenants who occupy such space. Retail Tenants for these purposes are identified as businesses that sell products on a transactional basis to end consumers, food and beverage establishments, or providers of services targeted towards the general public (other than healthcare, advising, or counseling). Locations should be ground floor, street facing, and designed to attract the general public onto the property. Businesses operating primarily or exclusively on a membership basis, conducting business with customers under term arrangements, or providing goods and services targeted principally to other businesses shall not generally meet this definition, unless approved on a case-by-case basis.
2) Of the 12,969 square feet of Total Space to be made available for lease, the Developer may lease up to 50% (6,484 square feet) to commercial users that do not meet the definition for Retail Tenant above but do meet the broader definition for commercial/retail as found in the allocation of development rights under the DRI (Non-Retail Space). Windows and doors in such space shall exhibit visible light transmittance of a minimum of 60 percent in compliance with Subpart H. - Downtown Overlay Zone and Downtown District Use and Form Regulations, and to allow pedestrians to see into the space. Further, such Non-Retail Space must have an entrance facing the street and allow access by the public that may come onto the property to conduct business. However, Non-Retail Space will not qualify for the Additional REV Grant, as defined herein. In the event that Non-Retail Space is leased in the project, the Additional REV Grant shall be applicable only to the proportion of the Total Space available or occupied as qualifying Retail Space.
3) Payments of the Additional REV Grant are applicable only in the first ten (10) Eligible Years following Substantial Completion. To be eligible for payment, the Retail Space shall demonstrate average occupancy of not less than 60% during the applicable Tax Year as supported by monthly rent rolls provided to the DIA.
4) To the extent that the Applicant is eligible for a REV Grant payment under 3) above, the calculation for REV Grant payments in any Eligible Year will be determined by multiplying 12.5% by the Annual Project Revenues, consistent with the definition found 2017 RDA, multiplied further by the proportion of Retail Space to Total Space on an annual basis as supported by monthly rent rolls provided to the DIA.
5) All available Retail Space shall be actively promoted for lease under prevailing market terms, using commercially reasonable efforts, at all times. For purposes of this calculation, all space is considered

Retail Space unless it is classified as Non-Retail Space as provided under Paragraph 2 above (i.e., all vacant or unoccupied space shall be considered Retail Space for this calculation).

6) Property owner shall offer any combination of funding for Tenant Improvement and/or Concessions for bona fide retail users in Retail Space of not less than $100 per square foot.
7) All Leased Space is required to be designed, built out, and maintained at Class A standards, including signage, ceilings, millwork, restrooms, floor coverings, etc.

Performance Schedule:

1) The 2017 RDA will be amended to include this Additional REV Grant and clarify that the 2017 RDA permits any use as allowed by the Additional REV grant in the Retail Space without jeopardizing the REV Grant.
2) The Performance Schedule and all other terms and conditions remain unchanged from the 2017 RDA.

This Term Sheet proposal is limited by the following conditions:

There will be additional terms, conditions, rights, responsibilities, warranties, and obligations for both parties which shall be determined in a later negotiated mutually agreeable written contract (or multiple written contracts as is deemed necessary).

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