Downtown Investment Authority
Strategic Implementation Committee

Thursday, June 15, 2023 at 2 p.m.

SIC AGENDA

Braxton Gillam, Esq., Chair
Craig Gibbs, Esq.
George Saoud, Esq.
Joshua Garrison

I. CALL TO ORDER

II. PUBLIC COMMENTS

III. MAY 12th, 2023 STRATEGIC IMPLEMENTATION COMMITTEE MEETING MINUTES APPROVAL

IV. RESOLUTION 2023-06-02 LAURA STREET TRIO

V. OTHER MATTERS TO BE ADDED AT THE DISCRETION OF THE CHAIR

VI. ADJOURN

MEETING LOCATION

Physical Location
Ed Ball Building
214 N. Hogan St.
8th Floor Conference Room 851
Jacksonville, FL 32202

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:

<u>Join Zoom Meeting</u>

https://us02web.zoom.us/j/82644809997?pwd=VGQ2d29qVHFoUEwrOGFlT2YxcEsyZz09

Meeting ID: 826 4480 9997
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TAB III.

MAY 12TH, 2023 STRATEGIC IMPLEMENTATION COMMITTEE MEETING MINUTES APPROVAL

Downtown Investment Authority
Strategic Implementation Committee Hybrid Meeting
Friday, May 12th, 2023, 9:30 a.m.

Strategic Implementation Committee Hybrid Meeting
Draft – MEETING MINUTES

Strategic Implementation Committee Members (CM) in Attendance:
Craig Gibbs, Esq. *(acting as Chair)*
George Saoud

Committee Members Excused: Braxton Gillam, Esq. Committee Chair
Committee Members not present: Joshua Garrison

DIA Board Members Participating Virtually: Joe Hassan

DIA Staff Present: Lori Boyer, Chief Executive Officer; Steve Kelley, Director of Downtown Real Estate and Development; Jovial Harper, Administrative Assistant and Ric Anderson, Communications and Marketing Coordinator.

Office of General Counsel: Joelle Dillard

Council Members Present: None.

I. CALL TO ORDER

The Strategic Implementation Committee meeting of May 12th, 2023 was called to order at 9:30 a.m. by Craig Gibbs, Esq., Committee Chair.

II. PUBLIC COMMENTS

Committee Chair Gibbs called for public comment.

The following persons made in-person public comments, made public comments virtually through Zoom, or provided comments that were read into the record by DIA Staff. Note: the subject matter of the comment(s) indicated to the right of each person:

III. MARCH 9TH, 2023 STRATEGIC IMPLEMENTATION COMMITTEE MEETING MINUTES APPROVAL

Motion: *Unable to vote.*
Seconded: *Unable to vote.*

Vote: Aye: 0 Nay: 0 Abstain: 0

IV. RESOLUTION 2023-05-01 RIVERS EDGE (THE DISTRICT)

CEO Boyer review the Staff Report and spoke to the details therein. She reviewed extensively the six listed modifications that provided clarifications on the terms within the Resolution. Chair Gibbs inquired about the timeline for the land proposal(s) to be reacquired by Downtown Investment Authority.

Developer David Cook on behalf of Elements, confirmed that there will be a land swap that will take place, removing the submerged land parcels for land within the intake. He states this is an ongoing process and approximates a six month timeframe before presenting this to Council.

CEO confirmed there is no confirmed plat. There is a 'right of way' issue that needs resolving prior to removing a portion of the public's right of way for this project.

**The was intermittent audio issues within the meeting* (1:00:40-1:01:28)*

CEO Boyer spoke regarding the various Contractors being used for the projects that are in developing in Downtown.

Motion: *Unable to vote.*
Seconded: *Unable to vote.*

Vote: Aye: 0 Nay: 0 Abstain: 0

V. RESOLUTION 2023-05-03 JONES BROTHERS DPRP

DIA Staff Member Steve Kelley spoke regarding the specifics of the Resolution. He provided a brief history of the original design concept, development costs and the proposed equity of the project.

Corner Lot representative, Cindi Trimmer spoke regarding the new construction components of the project.

Committee Member Saoud inquired the timeframe for this project to commence.

Committee Chair Gibbs asked about the Americans with Disabilities Act (ADA) requirements with rehabilitating a building of this age.

Motion: *Unable to vote.*
Seconded: *Unable to vote.*

Vote: Aye: 0 Nay: 0 Abstain: 0

ADJOURNMENT

Committee Chair Gibbs adjourned the meeting at 10:04 a.m.

The written minutes for this meeting are only an overview of what was discussed. For verbatim comments of this meeting, a recording is available upon request. Please contact Jovial Harper at HarperJ@coj.net to acquire a recording of the meeting.

TAB IV.
RESOLUTION 2023-06-02: LAURA STREET TRIO

RESOLUTION 2023-06-02

A RESOLUTION OF THE DOWNTOWN INVESTMENT AUTHORITY ("DIA") APPROVING A TERM SHEET FOR TWO DOWNTOWN PRESERVATION AND REVITALIZATION PROGRAM PACKAGES AND TWO REV GRANTS FOR THE THREE BUILDINGS COLLECTIVELY REFERRED TO AS THE "LAURA TRIO" AND INDIVIDUALLY KNOWN AS THE FLORIDA NATIONAL BANK BUILDING, THE BISBEE BUILDING AND THE FLORIDA LIFE INSURANCE BUILDING, AND ASSOCIATED NEW CONSTRUCTION MULTIFAMILY AND HOTEL; RECOMMENDING THAT CITY COUNCIL APPROVE THE INCENTIVES IDENTIFIED ON THE TERM SHEET ATTACHED HERETO AS EXHIBIT A IN ACCORDANCE WITH THE TERMS AND CONDITIONS THEREOF; FINDING THAT THE PLAN OF DEVELOPMENT IS CONSISTENT WITH THE DIA'S BUSINESS INVESTMENT AND DEVELOPMENT PLAN ("BID PLAN") AND THE NORTH BANK DOWNTOWN REDEVELOPMENT AREA PLAN ("CRA PLAN"); AUTHORIZING THE CHIEF EXECUTIVE OFFICER TO EXECUTE THE CONTRACTS AND DOCUMENTS AND OTHERWISE TAKE ALL NECESSARY ACTION IN CONNECTION THEREWITH TO EFFECTUATE THE PURPOSES OF THIS RESOLUTION; PROVIDING AN EFFECTIVE DATE.

WHEREAS, Laura Trio, LLC, is the owner of three (3) historic buildings collectively referred to as the "Laura Street Trio" and individually known as the Florida National Bank Building, the Bisbee Building and the Florida Life Insurance Building"; and

WHEREAS, Laura Trio, LLC , through its affiliates Laura Trio Hospitality, LLC and The Residences at Laura Trio, LLC proposes to renovate and restore these historic landmarks for repurposing as a mixed-use hotel and multifamily development respectively; and

WHEREAS, the historic component of each use and the new construction component of each use qualify for different incentive programs and accordingly have been evaluated independently; and

WHEREAS, Laura Trio LLC requested and received a previous Downtown Preservation and Revitalization Program incentive award pursuant to Resolution 2021-03-01 and Ordinance 2021-453 as memorialized in a Redevelopment Agreement dated December 13, 2021, between DIA and Laura Trio LLC, which agreement will be terminated simultaneously with approval of the agreement contemplated herein; and

WHEREAS, per section 55.301, Jacksonville Code of Ordinances, the Downtown Preservation and Revitalization Program ("DPRP"), this program is intended "to foster the preservation and revitalization of unoccupied, underutilized, and/or deteriorating historic, and qualified non-historic, buildings located in downtown Jacksonville…"; and

WHEREAS, the DIA is authorized by section 55.302, Jacksonville Code of Ordinances, to develop and administer the DPRP pursuant to Chapter 55, Part 3, Jacksonville Code of Ordinances; and

WHEREAS, the "Laura Trio" is located within the DIA boundaries; and

WHEREAS, the new construction multifamily and new construction boutique hotel proposed by Developer as interconnected developments to the historic renovation projects qualify for Recaptured Enhanced Value grants pursuant to the adopted DIA BID plan; and

WHEREAS, the DIA finds that this resolution is in furtherance of Redevelopment Goals and Strategic Objectives as adopted as part of the North Bank Downtown and Southside Community Redevelopment Area Plans, specifically:

Redevelopment Goal No. 2 | Increase rental and owner-occupied housing Downtown targeting diverse populations identified as seeking a more urban lifestyle.

Strategic Objectives

• Actively pursue a minimum of 8,140 built and occupied multi-family dwelling units by 2030; and strive to induce construction of 425 multifamily dwelling units per year, on average.

• Improve the breadth and diversity of housing options across Downtown Jacksonville to provide all types and varied price ranges of rental and owner-occupied opportunities, including mixed-income and mixed-use structures.

• Facilitate the restoration and rehabilitation of Downtown Jacksonville's historic building stock for multifamily and attached dwelling units.

• Ensure that no residential incentives, mobility credits or other incentives are provided to any residential development exempt from ad valorem taxes

Redevelopment Goal No. 3 | Increase and diversify the number and type of retail, food and beverage, and entertainment establishments within Downtown.

Strategic Objectives

• Facilitate adaptive reuse of vacant and underutilized storefronts for retail, food and beverage and entertainment establishments.

• Encourage growth of outdoor dining and entertainment options, most specifically within designated food and beverage districts and on the waterfront.

• Increase the number of retail, food and beverage, and entertainment establishments that are open for business weekends and other times outside of weekday business hours.

• Pursue the addition of one or more new neighborhood restaurant/entertainment venues in each District by 2025 and a second by 2030.

• Facilitate the restoration and rehabilitation of Downtown Jacksonville's historic building stock for use by retail/beverage/entertainment establishments.

• Contribute to resiliency, flexibility, and responsiveness to change in utilization of Downtown Jacksonville commercial retail space through innovation and creativity in policies and permitting, and by incentivizing the repurposing of unoccupied storefront space, where appropriate.

Redevelopment Goal No. 4 | Increase the vibrancy of Downtown for residents and visitors through arts, culture, history, sports, theater, events, parks, and attractions.

Strategic Objectives

• Increase awareness of Downtown Jacksonville's history and its historic structures. Provide resources that engage and educate the public on the historical and cultural stories of Jacksonville and its people.

• Increase number of daily visits to Downtown Jacksonville.

• Increase the occupancy rate and ADR of Downtown Jacksonville hotels and broaden the diversity of hospitality offerings for leisure travelers, groups, and business travelers

Redevelopment Goal No. 6 | Improve the walkability/bike-ability of Downtown and pedestrian and bicycle connectivity between Downtown and adjacent neighborhoods and the St. Johns River.

Strategic Objectives

• Create a compact and walkable Downtown Jacksonville through requiring a mixture of uses in each district so that housing, activities, retail, and other businesses are within useful walking distance, requiring buildings to have active facades at street level through a mixture of restaurants (including cafes with outdoor seating), retail, and services, and by requiring direct doorways and access to the street. Minimize blank walls and surface parking.

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

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

Section 2. The DIA approves the Term Sheet attached hereto as Exhibit 'A'.

Section 3. The DIA recommends that City Council authorize through adoption by ordinance the Downtown Preservation and Revitalization Program Loans for the two historic project components and the two REV grants for the new construction components in accordance with the terms set forth in the Term Sheet attached hereto as Exhibit A which among other things will include termination of the previously approved incentive package and RDA for the subject property.

Section 4. The Chief Executive Officer is hereby authorized to file legislation and upon City Council approval, to execute the contracts and documents and otherwise take all necessary action in connection therewith to effectuate the purposes of this Resolution.

Section 5. The Effective Date of this Resolution is the date upon execution of this Resolution by the Chair of the DIA Board.

WITNESS: **DOWNTOWN INVESTMENT AUTHORITY**

_______________________ _________________________ ___________________
Carol Worsham, Chairman Date

VOTE: In Favor: _________ Opposed: _________ Abstained: _______

Exhibit A:
TERM SHEET
THE LAURA STREET TRIO
SOUTHEAST DEVELOPMENT GROUP, LLC

I. Developer/ Applicant / Borrower:

- Laura Trio Hospitality, LLC as to the Hospitality Component
- The Residences at Laura Trio, LLC as to the Multifamily Component
  - ➢ Laura Trio, LLC: sole member and manager of each entity
    - ➢ SouthEast Holdings, LP: sole member and manager of Laura Trio, LLC
      - ➢ SouthEast Holdings I, Inc.: sole general partner of SouthEast Holdings, LP
        - ➢ Stephen L. Atkins: 100% stockholder of SouthEast Holdings I, Inc.

II. Total Development Costs (estimate): $175,097,700

III. Overall Project Scope: The Project comprises the redevelopment of three historic properties in City Center, Downtown Jacksonville known as the Laura Street Trio, and construction of two new buildings adjoining the historic properties. The projects will be undertaken as two separate, but related, components. Both the Hospitality Component and the Multifamily Component are identified further by a historic rehabilitation element and a new construction element found within each component.

The parcels being developed include RE#s 073676-0000, 073687-0000, and 073688-0000. To facilitate funding on the REV grants proposed and to measure certain requirements found herein, the parcels require modification to provide a stand-alone parcel each for the Hospitality Component–Historic Element ("HH"), the Hospitality Component–New Construction Element ("HNC"), the Multifamily Component–Historic Element ("MH"), and the Multifamily Component–New Construction Element ("MNC"). Reconfiguration of the existing parcels to accommodate this structure is a condition of the Term Sheet in order to process Requests for Payment and to determine tax payments for each component and element as described above.

For the purposes of this term sheet and further documentation, each component has been underwritten independently. However, the capitalization and incentive structures are interrelated, and this term sheet outlines terms and conditions for each component and each element either independently or jointly as appropriate.

A. Hospitality Component Developer's Project Cost - $89,302,000

1. Hospitality Component-Historic Element ("HH")

a) **Historic Florida National Bank Building (1902) - 51 W. Forsyth Street**
a/k/a Marble Bank Building: One story plus a basement, approximately 14,180 square feet total. Plans call for redevelopment with an estimated 4,067 square foot private dining/wine cellar space in the basement (3,700 square feet minimum) along with estimated 3,023 square feet of "back of house" space. The first floor would provide approximately 7,090 square foot restaurant service space (6,400 square foot minimum)

b) **Historic Bisbee Building (1909/1910) - 47 W. Forsyth Street**

Ten stories plus basement, approximately 50,539 square feet total. To be redeveloped with "back of house" operations in the estimated 4,639 square foot basement, and an approximately 4,590 square foot lobby on the first floor (4,200 square foot minimum (open to the public)). Floors two through ten provide six to seven hotel rooms per floor (projected 62 rooms total, 56 minimum).

Percent of COJ Investment to:

Developer HH project cost	$22,036,700/$46,002,000 = 47.9%
Total HH Development Cost (as underwritten)	$22,036,700/$35,841,200 = 61.5%

DPRP Terms: The DPRP Incentive outlined below applies to both historic buildings combined for hotel use as if they were one property following the plans for their redevelopment and operation.

Downtown Preservation and Revitalization Program ("HH DPRP"): Not more than $16,010,300 (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
Fl Nat'l Bank	$2,376,700	$1,067,700	$ 861,100	$ 4,305,500
Bisbee	$5,085,200	$4,278,600	$2,341,000	$11,704,800
TOTAL	**$7,461,900**	**$5,346,300**	**$3,202,100**	**$16,010,300**

Maximum loan amounts above will be documented on a combined basis as though the historic properties were one building. Additional details are shown here for reference.

At this level of funding and structure, the incentives proposed require funding through the City of Jacksonville General Fund and are subject to further approvals by the Jacksonville City Council.

To be eligible for funding, all work must be reviewed and approved by the Planning and Development Department for consistency with the United States Secretary of Interior Standards and applicable design guidelines during application processing and, further, for verification upon completion and request for funding under terms defined in the Redevelopment Agreement.

Loans: Developer is seeking gap funding through the Jacksonville City Council in the form of a Completion Grant which has been included in the COJ Investment figures above, but such amount is not presented for approval by the DIA Board. The expected additional amount applied to the Hospitality Component-Historic Element is $6,026,400. This gap funding request does not qualify under any current DIA program.

Infrastructure: No City of Jacksonville infrastructure improvements are contemplated.

Land: No City of Jacksonville land is committed to the project. Parking agreements within City owned parking garages or privately owned parking garages where COJ/DIA has parking rights is to be negotiated independently and will not impact project economics as presented in this Term Sheet.

Total HH Construction Budget: The construction budget for the Hospitality Component-Historic Element provided and reviewed by the DIA totals $30,332,600 (the "HH Total Construction Budget"), which includes construction costs to be incurred in each of the funding categories (each, a "HH Funding Category") and in the minimum amounts (each a "HH Funding Category Minimum") set forth in the table below:

Funding Category	Hospitality Minimums
Exterior	$ 5,288,600
Int Restoration	$ 174,800
Int Rehab	$ 10,418,200
Code Compliance	$ 7,973,600
Other	$ 5,617,900
N/A	$ 859,500
	$ 30,332,600

NOTE: The category "N/A" is not required to be met as a Funding Category Minimum for reimbursement of other categories under the DPRP. For further clarity, there will be no reimbursement for expenditures in the N/A category.

Minimum Sources and Uses: To be eligible for maximum funding under the HH DPRP Loan(s), Borrower must provide evidence and documentation sufficient to demonstrate to the DIA, in its sole but reasonable discretion, the following:

a) Equity capital contribution of at least $3,500,000 for the Hospitality Component (the "Hospitality Component Required Equity") and includes the Historic Element and New Construction Element combined, which shall exclude any amounts for the land/site brought into the development, predevelopment costs expended, tax credit equity, or mezzanine debt.

b) The minimum Hospitality Component-Historic Element Total Development Cost ("HH Total Development Cost") is $35,841,200 on a combined basis. HH Total Development Cost excludes developer fees paid or owed to Developer or any owner of the Project Parcel, existing debt repayment, costs allocated for funding under any other DIA program, holding costs, operating or interest reserves (although interest capitalized during the construction period is eligible for inclusion), tangible personal property, information technology, furniture, fixtures, equipment, marketing, third party costs for risk management, and loan fees. Land value for inclusion in this calculation shall be $963,000, and not more than $418,400 of Predevelopment Costs shall be eligible for inclusion.

c) Minimum Hospitality-Historic Element Eligible Construction Costs ("HH Eligible Construction Costs") incurred of $29,473,100 calculated as the HH Construction Budget less costs classified as "N/A," and

d) HH Eligible Construction Costs incurred of at least the HH Funding Category Minimum with respect to each respective HH Funding Category.

Notwithstanding the foregoing,

a) The HH Total Development Cost minimum of $35,841,200 may be reduced by a maximum of ten percent (10%) overall, as determined by the DIA in its sole and absolute discretion, without affecting the Borrower's eligibility for funding under the HH DPRP.

b) The HH Eligible Construction Cost minimum of $29,473,100 may be reduced by a maximum of ten percent (10%) overall, as determined by the DIA in its sole and absolute discretion, without affecting the Borrower's eligibility for funding under the DPRP.

c) Any HH Funding Category Minimum may be reduced by a maximum of ten percent (10%) on a stand-alone basis, as determined by the DIA in its sole and absolute discretion; provided that, in such event, there shall be a pro rata reduction in any or each of the related HH DPRP Loans, as required. Eligibility for funding under any HH Funding Category shall be eliminated if the corresponding HH Funding Category Minimum is reduced by more than ten percent (10%).

d) Applicant/Borrower may not reallocate more than 25% of the cost and related funding proposed for any line item in the construction budget provided with the application to a different line item without prior approval from the DIA. In addition, the elimination of a line item from the construction budget shall eliminate any funding associated with that line item and such funds may not be reallocated to any other line item.

The DIA shall have the authority, without further action by City Council, to approve reduced HH DPRP Loan amounts provided the HH Total Development Costs incurred are not less than $32,257,080 including HH Eligible Construction Costs incurred of not less than $26,525,790.

The proposed DPRP funding for the Hospitality Component - Historic Element requires waiver of DPRP Plan Guidelines for:

a) Minimum Developer Total Contribution (38.5% of Total Development Cost versus 60% minimum)
b) Maximum COJ Combined Funding (61.4% of Total Development Cost versus 40% maximum)

2. ***Hospitality Component-New Construction Element ("HNC")***

Forsyth Street Addition/Hospitality-New Construction Element– Expected to provide an estimated 58,096 square feet of additional hotel space on eleven floors plus basement. The approximate 896 square foot basement is for "back of house" operations, whereas the first floor provides an estimated 5,200 square feet of conference space (4,700 square foot minimum). Floors two through nine provide nine hotel rooms per floor (81 total, 74 minimum) and the eleventh floor provides an estimated 5,200 square foot rooftop food and beverage amenity (4,700 square foot minimum) that shall be open to the public.

Percent of COJ investment to:

Developer HNC project cost	$11,644,000/$43,300,000 = 26.9%
HNC Minimum Private Capital (as underwritten)	$11,644,000/$39,089,600 = 29.8%

DIA Funding: Not more than $5,670,400 (through the City of Jacksonville Downtown Investment Authority, Northbank CRA Trust Fund), as follows:

Targeted Hotel REV Grant ("Hotel REV Grant"): Developer is eligible for a Targeted Hotel REV Grant for 75% of the ad valorem tax increment generated by the HNC project for a period of 20 years. The total Hotel REV Grant indebtedness will not exceed $5,670,400 and will be paid annually beginning the first year of taxation following completion based upon the incremental increase in the Duval County Operating Millage ad valorem taxes collected ("HNC Annual Project Revenues"), subject to other terms and conditions as found herein.

Loans: Developer is seeking gap funding through the Jacksonville City Council in the form of a Completion Grant which has been included in the COJ Investment figures above, but such amount is not presented for approval by the DIA Board. The expected additional amount applied to the HNC Element is $5,973,600. This gap funding request does not qualify under any current DIA program.

Infrastructure: No City of Jacksonville infrastructure improvements are contemplated.

Land: No City of Jacksonville land is committed to the project. Parking agreements within City owned parking garages or privately owned parking garages where COJ/DIA has parking rights is to be negotiated independently and will not impact project economics as presented in this Term Sheet.

Minimum Capital Contribution: The HNC Minimum Private Capital contribution through completion to remain eligible for the Targeted Hotel REV Grant is $39,089,600. The HNC Minimum Private Capital excludes developer fees paid or owed to Developer or any owner of the Project Parcel, existing debt repayment, costs allocated for funding under any other DIA program, holding costs, operating or interest reserves (although interest capitalized during the construction period is eligible for inclusion), tangible personal property, information technology, furniture, fixtures, equipment, marketing, third party costs for risk management, and loan fees. Land value for this calculation shall be $259,098 (2023 Property Appraiser valuation), and not more than $414,650 of Predevelopment Costs shall be eligible for inclusion. Any HNC Minimum Private Capital contribution below this amount will require a pro rata reduction in the REV Grant, and a reduction of the HNC Minimum Private Capital of greater than 10% will result in a forfeiture of the REV Grant in its entirety.

Hospitality Component-Historic Element		
DIA Downtown Preservation and Revitalization Program	$16,010,300	
Completion Grant (COJ City Council)	$ 6,026,400	
		$22,036,700
Hospitality Component-New Construction Element		
DIA Targeted Hotel REV Grant ("Hotel REV Grant")	$ 5,670,400	
Completion Grant (COJ City Council)	$ 5,973,600	
		$11,644,000
TOTAL HOTEL COMPONENT INCENTIVES PROPOSED:		**$33,680,700**

B. Multifamily Component $85,795,700 TDC

1. ***Multifamily Component-Historic Element "MH"***
   a) **Historic Florida Life Insurance Building (1912) - 117 N. Laura Street**
   Eleven stories plus a basement, estimated 23,613 square feet total. To be redeveloped with approximately 2,086 square feet of mechanical space in the basement, an entrance and

approximately 1,095 square foot lobby on the ground floor, and ten floors providing two apartments of approximately 882 square feet per unit on each floor (20 units total, 18 minimum).

Percent of COJ Investment to:
Developer project cost $6,024,300/$16,504,800 = 36.5%
MH underwritten project cost $6,024,300/$14,799,300 = 40.7%

Downtown Preservation and Revitalization Program ("MH DPRP"): Not more than $6,024,300 (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
Fl Life Ins	$2,840,000	$1,979,400	$ 1,204,900	**$ 6,024,300**

At this level of funding and structure, the incentives proposed require funding through the City of Jacksonville General Fund and are subject to further approvals by the Jacksonville City Council.

To be eligible for funding, all work must be reviewed and approved by the Planning and Development Department for consistency with the United States Secretary of Interior Standards and applicable design guidelines during application processing and, further, for verification upon completion and request for funding under terms defined in the Redevelopment Agreement.

Loans: Developer is seeking gap funding through the Jacksonville City Council in the form of a Completion Grant which has been included in the COJ Investment figures above, but such amount is not presented for approval by the DIA Board. No portion of this additional funding has been allocated to the Multifamily Component-Historic Element.

Infrastructure: No City of Jacksonville infrastructure improvements are contemplated.

Land: No City of Jacksonville land is committed to the project. Parking agreements within City owned parking garages or privately owned parking garages where COJ/DIA has parking rights is to be negotiated independently and will not impact project economics as presented in this Term Sheet.

Total Construction Budget: The construction budget for the Multifamily Component-Historic Element provided and reviewed by the DIA totals $13,212,100 (the "MH Construction Budget"), which includes Construction Costs to be incurred in each of the funding categories (each, a "MH Funding Category") and in the minimum amounts (each a "MH Funding Category Minimum") set forth in the table below:

Funding Category	Multifamily Minimums
Exterior	$ 2,299,000
Int Restoration	$ -
Int Rehab	$ 5,146,600
Code Compliance	$ 3,392,200
Other	$ 1,911,100
N/A	$ 463,200
	$ 13,212,100

NOTE: The category "N/A" is not required to be met as a Funding Category Minimum for reimbursement of other categories under the DPRP. For further clarity, there will be no reimbursement for expenditures in the N/A category.

Minimum Expenditures: To be eligible for maximum funding under the MH DPRP Loan(s), Borrower must provide evidence and documentation sufficient to demonstrate to the DIA, in its sole but reasonable discretion, the following:

a) Equity capital contribution of at least $11,500,000 (the "Required Equity") for the Multifamily Component (Historic Element and New Construction Element combined), which shall exclude any amounts for the land/site brought into the development, predevelopment costs expended, tax credit equity, or mezzanine debt.

b) The minimum Multifamily Component-Historic Element Total Development Cost ("MH Total Development Cost") is $14,799,300. MH Total Development Cost excludes developer fees paid or owed to Developer or any owner of the Project Parcel, existing debt repayment, costs allocated for funding under any other DIA program, holding costs, operating or interest reserves (although interest capitalized during the construction period is eligible for inclusion), tangible personal property, information technology, furniture, fixtures, equipment, marketing, third party costs for risk management, and loan fees. Land value for inclusion in this calculation shall be $247,200, and not more than $598,600 of Predevelopment Costs shall be eligible for inclusion.

c) Minimum MH Eligible Construction Costs ("MH Eligible Construction Costs") incurred of $12,748,900 calculated as the MH Construction Budget less costs classified as "N/A," and

d) MH Eligible Construction Costs incurred of at least the MH Funding Category Minimum with respect to each respective MH Funding Category. To be eligible for the maximum amount of the MH DPRP Loan, the Borrower must provide evidence and documentation prior to the applicable MH DPRP Loan closing sufficient to demonstrate to the DIA, in its sole but reasonable discretion, the following:

Notwithstanding the foregoing,

a) The MH Total Development Cost minimum of $14,799,300 may be reduced by a maximum of ten percent (10%) overall, as determined by the DIA in its sole and absolute discretion, without affecting the Borrower's eligibility for funding under the MH DPRP.

b) The MH Eligible Construction Costs minimum of $12,748,900 may be reduced by a maximum of ten percent (10%) overall, as determined by the DIA in its sole and absolute discretion, without affecting the Borrower's eligibility for funding under the MH DPRP.

c) Any MH Funding Category Minimum may be reduced by a maximum of ten percent (10%) on a stand-alone basis, as determined by the DIA in its sole and absolute discretion; provided that, in such event, there shall be a pro rata reduction in any or each of the related MH DPRP Loans, as required. Eligibility for funding under any MH Funding Category shall be eliminated if the corresponding MH Funding Category Minimum is reduced by more than ten percent (10%).

d) Applicant/Borrower may not reallocate more than 25% of the cost and related funding proposed for any line item in the construction budget provided with the application to a different line item without prior approval from the DIA. In addition, the elimination of a line item from the construction budget shall eliminate any funding associated with that line item and such funds may not be reallocated to any other line item.

The DIA shall have the authority, without further action by City Council, to approve reduced MH DPRP Loan amounts provided the MH Total Development Costs incurred are not less than $13,319,370 including MH Eligible Construction Costs incurred of not less than $11,470,010.

2. ***Multifamily Component-New Construction Element ("MNC")***

Laura St. Addition/Multifamily Component-New Construction Element – Eleven stories plus a basement, estimated 161,877 square feet total. First floor to provide approximately 6,550 square feet (5,900 square foot minimum) in leasable retail space, and approximately 6,300 square feet of amenity and back-of-house space. Floors two through ten provide an estimated 14,972 square feet and fifteen apartment units per floor, whereas floor eleven is estimated at 13,639 square feet and is proposed to provide 14 multifamily units. In total, 149 units are proposed for the new multifamily construction component (140 is the established minimum).

Percent of COJ investment to:

Developer MNC project cost	$23,853,600/$69,290,500 = 34.4%
MNC Minimum Private Capital (as underwritten)	$23,853,600/$63,490,200 = 37.6%

DIA Funding: Not more than $8,853,600 (through the City of Jacksonville Downtown Investment Authority, Northbank CRA Trust Fund), as follows:

Multifamily Housing REV Grant ("MF REV Grant"): Developer is eligible for a Multifamily Housing REV Grant for 75% of the ad valorem tax increment generated by the MNC project for a period of not more than 20 years. The total MF REV Grant indebtedness will not exceed $8,853,600 and will be paid annually beginning the first year of taxation following completion based upon the incremental increase in the Duval County Operating Millage ad valorem taxes collected ("MF Annual Project Revenues"), subject to other terms and conditions as found herein.

Loans: Developer is seeking gap funding through the Jacksonville City Council in the form of a Completion Grant which has been included in the COJ investment figures above, but such amount is not presented for approval by the DIA Board. The expected additional amount included in Multifamily Component-New Construction Element is $15,000,000. This gap funding request does not qualify under any current DIA program.

Infrastructure: No City of Jacksonville infrastructure improvements are contemplated.

Land: No City of Jacksonville land is committed to the project. Parking agreements within City owned parking garages or privately owned parking garages where COJ/DIA has parking rights is to be negotiated independently and will not impact project economics as presented in this Term Sheet.

Minimum Capital Contribution: The MNC Minimum Private Capital contribution through completion to remain eligible for the MF REV Grant is $63,490,200. The MNC Minimum Capital excludes developer fees paid or owed to Developer or any owner of the Project Parcel, existing debt repayment, costs allocated for funding under any other DIA program, holding costs, operating or interest reserves (although interest capitalized during the construction period is eligible for inclusion), tangible personal property, information technology, furniture, fixtures, equipment, marketing, third party costs for risk management, and loan fees. Land value for this calculation shall be $529,110 (2023 Property Appraiser valuation), and not more than $586,200 of Predevelopment Costs shall be eligible for inclusion. Any MNC Minimum Capital contribution below this amount will require a pro rata reduction in the REV Grant, and a reduction of the MNC Minimum Private Capital of greater than 10% will result in a forfeiture of the REV Grant in its entirety.

Multifamily Component-Historic Rehabilitation Element		
DIA Downtown Preservation and Revitalization Program	$ 6,024,300	
Completion Grant (COJ City Council)	$ 0	
		$ 6,024,300
Multifamily Component-New Construction Element		
DIA Targeted Hotel REV Grant ("Hotel REV Grant")	$ 8,853,600	
Completion Grant (COJ City Council)	$ 15,000,000	
		$23,853,600
TOTAL MULTIFAMILY COMPONENT INCENTIVES PROPOSED:		**$29,877,900**

TOTAL DIA and CITY OF JACKSONVILLE FUNDING:
Funding through the Downtown Investment Authority and the City of Jacksonville of not more than $63,558,600 as follows:

Figure 1. - Incentive Table Summary:

Laura Trio Adaptive Reuse Program DIA and City of Jacksonville Incentives	Hospitality Component		Multifamily Component		TOTALS	
Recaptured Enhanced Value (REV) Grant		$ 5,670,400		$ 8,853,600		**$ 14,524,000**
Downtown Preservation & Revitalization Program (DPRP)						
HPRR	$ 7,461,900		$ 2,840,000		$ 10,301,900	
CCR	$ 5,346,300		$ 1,979,400		$ 7,325,700	
DPRP Deferred Principal Loan	$ 3,202,100		$ 1,204,900		$ 4,407,000	
		$ 16,010,300		$ 6,024,300		**$ 22,034,600**
DIA PROGRAM TOTALS		$ 21,680,700		$ 14,877,900		**$ 36,558,600**
COJ Completion Grant Request		$ 12,000,000		$ 15,000,000		**$ 27,000,000**
TOTALS		**$ 33,680,700**		**$ 29,877,900**		**$ 63,558,600**

Termination of Existing Redevelopment Agreement dated December 13, 2021 as authorized by Ordinance 2021-453: A termination of the existing RDA will be executed by Developer upon City Council approval of the terms contemplated herein and will be a condition to entry into a new RDA.

Performance Schedule:

A) Execution of Redevelopment Agreement(s) within thirty (30) days of City Council Approval and Bill Effective Date
B) Apply for and receive DDRB Final Approval within the ninety (90) days of City Council Approval and Bill Effective Date.
C) Application for Building Permit as required to commence construction of each element of both components is to be submitted to the COJ Building Inspection Division within sixty (60) days following final approval from DDRB.
D) Commencement of Construction within ninety (90) days following receipt of Building Permit(s) from the COJ Building Inspection Division to break ground and commence construction on each element of both components of the Project. Commencement of Construction means:
    1) As reasonably can be considered necessary so that physical construction of the eligible Project (or any applicable phase thereof) may begin and proceed to completion without foreseeable interruption:
        a) Completion of all pre-construction engineering and design,
        b) All necessary licenses, permits, and governmental approvals,
        c) Engagement of general contractor(s),
        d) Essential equipment and supplies on site; and,
    2) Financial commitments and resources to complete the construction of the project have been finalized; and,
    3) Evidence of having "broken ground" and begun physical, material renovation and construction of such improvements on an ongoing basis without any Impermissible Delays.
E) Substantial Completion: Within thirty-six (36) months following Commencement of Construction as defined above.
The DIA CEO will have the authority to extend this Performance Schedule, in the CEO's discretion, for up to six (6) months for good cause shown by the Borrower / Applicant. Any extensions to the Commencement Date shall have the same effect of extending the Completion Date simultaneously.

Additional Commitments:

A) Developer commits to develop and deliver within the Hospitality Component:
    1. A minimum of 130 hotel rooms.
    2. A minimum of 11,600 square feet of Retail/restaurant/lounge space open to the general public which may include outdoor/rooftop space open to the general public, but excludes lobby, office, conference room, hotel back of house, and mechanical space.
    3. The Hospitality Component shall have the Marriott Autograph flag (or equivalent as may be approved by the DIA in its sole discretion) so long as any funding from the City of Jacksonville remains outstanding.
B) Developer commits to develop and deliver within the Multifamily Component:
    1. A minimum of 158 multifamily dwelling units.
    2. A minimum of 6,550 square feet of space available to be leased exclusively to Retail tenants, but excludes lobby, office, conference room, multifamily back of house, or mechanical space.
C) "Retail" for these purposes is identified as: 1) businesses that sell products on a transactional basis to end consumers; 2) food and beverage establishments; or 3) providers of services targeted towards the general public (other than health care, legal, or financial

advisory). Businesses operating exclusively or primarily on a membership or appointment basis and not welcoming walk-in customers, or providing goods and services targeted principally to other businesses, shall not generally meet this definition, unless approved on a case-by-case basis.

D) Recommendation as to the eligibility of the approved scope of work on the each historic element by the Historic Preservation Section of the COJ 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").

E) Upon completion and request for funding, all work on the Properties must be inspected by the Historic Preservation Section of the Planning and Development Department or designee for compliance with the approved application prior to funding under any DPRP loan component.

F) Funding may be requested and approved subject to the terms above on the DPRP loans approved for a historic element of either component that has received a final certificate of occupancy so long as the redevelopment progress on the other historic buildings are 75% complete, at minimum, and proceeding without interruption.

G) Funding under the DPRP will be secured by a stand-alone, subordinate lien position on each component behind any senior secured, third-party lender providing construction, mini-perm, or permanent financing.

H) Each DPRP Forgivable Loan or Deferred Principal Loan within each component will be cross-collateralized, and cross-defaulted with one another.

I) 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 related loans or other financial awards from the City of Jacksonville on the same component.

J) As Developer 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 or the loan agreements.

K) Standard claw back provisions will apply such that:
   a) In the event the Borrower sells, leases, or otherwise transfers any Historic property 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.

L) 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.

M) The DPRP Deferred Principal Loan component requires an annual interest payment equal to the total principal outstanding multiplied by the prevailing yield on the Ten-Year Treasury Note at the time of funding.

N) 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.

O) DIA reserves the right to approve any sale, disposition of collateral property, substitution of equity, substitution of collateral, or refinance of senior debt during the DPRP Compliance Period and such approval shall not be unreasonably withheld.

P) 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.

Q) Any liens filed against any of the historic or new construction elements of either component must be resolved to the satisfaction of the DIA within 30 days of notice from DIA to the Developer.

R) 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).

SUPPLEMENTAL INFORMATION
LAURA STREE TRIO STAFF REPORT

LAURA STREET TRIO ADAPTIVE REUSE

Hospitality Component
Historic Florida National Bank Building - 51 W. Forsyth Street
Historic Bisbee Building - 47 W. Forsyth Street
Hospitality New Construction

Multifamily Component
Historic Florida Life Insurance Building - 117 N. Laura Street
Multifamily New Construction

Staff Report
June 15, 2023

Applicant: **Laura Trio Hospitality, LLC as to the Hospitality Component**
The Residences at Laura Trio, LLC as to the Multifamily Component

Laura Trio, LLC (sole member and manager of each entity)
SouthEast Holdings, LP (sole member and manager of Laura Trio, LLC)
SouthEast Holdings I, Inc. (sole general partner of SouthEast Holdings, LP)
Stephen L. Atkins (100% stockholder of SouthEast Holdings I, Inc.)

Project: **Laura Street Trio Adaptive Reuse**
Autograph Collection Hotel by Marriott
The Klutho at Laura Street / Multifamily Apartments

Program Requests: **Downtown Preservation and Rehabilitation Program ("DPRP")**
Targeted Hotel REV Grant
Multifamily Housing REV Grant

Laura Trio Adaptive Reuse Program DIA and City of Jacksonville Incentives	Hospitality Component		Multifamily Component		TOTALS	
Recaptured Enhanced Value (REV) Grant		$ 5,670,400		$ 8,853,600		**$ 14,524,000**
Downtown Preservation & Revitalization Program (DPRP)						
HPRR	$ 7,461,900		$ 2,840,000		$ 10,301,900	
CCR	$ 5,346,300		$ 1,979,400		$ 7,325,700	
DPRP Deferred Principal Loan	$ 3,202,100		$ 1,204,900		$ 4,407,000	
		$ 16,010,300		$ 6,024,300		**$ 22,034,600**
DIA PROGRAM TOTALS		$ 21,680,700		$ 14,877,900		**$ 36,558,600**
COJ Completion Grant Request		$ 12,000,000		$ 15,000,000		**$ 27,000,000**
TOTALS		**$ 33,680,700**		**$ 29,877,900**		**$ 63,558,600**

Estimated City Benefits/Proposed DIA Program Totals $42,082,780/$36,558,600 = 1.15X
Estimated City Benefits/ DIA & COJ Requested Amounts $42,082,780/$63,558,600 = 0.66X

<u>Project Background</u>:

The Laura Street Trio (Florida National Bank Complex) is a grouping of three formerly individual buildings, the two-story Florida National Bank (1902/1906) that is flanked to the east by the 10-story Bisbee Building (1909/1910), and to the north by the 11-story Florida Life Building (1912). The three buildings were interconnected for use by the Florida National Bank between 1919 and 1925. Since 1925, the complex has been known as the Laura Trio or Laura Street Trio, in response to its prominent location at the northeast corner of N. Laura and W. Forsyth Streets. These three buildings are contributing structures to the downtown Jacksonville Historic District, are recognized as local landmarks, and are in the process of being listed collectively on the National Register. The remainder of the three-parcel site is currently an open lot used principally for parking and the staging of construction on other nearby projects.

<u>Historic Florida National Bank Building (1902) - 51 W. Forsyth Street</u> – Constructed in 1902 with a major addition in 1906, the building is two stories in height with a load bearing brick structural system. The Classical Revival style designed by Edward H. Gidden extends to the lobby where a great banking room was created through renovations in 1916. The integrity of the building is excellent, and its condition is fair. Originally built for the Mercantile Exchange Bank to replace its earlier facility that was destroyed in Jacksonville's Great Fire of 1901, the building remains as the oldest bank building in Jacksonville. It is currently vacant and has been so for many years.

Historic Bisbee Building (1909/1910) - 47 W. Forsyth Street – Constructed in 1909/1910, the Bisbee Building is regarded as the first high-rise building in Jacksonville built with a reinforced concrete structural system. William Adolphus Bisbee, a successful entrepreneur and real estate investor, constructed the building and it was the tallest in the state for a short time. The design by noted architect Henry J. Klutho provides example of the Chicago Commercial Style with beaux arts detailing on the south elevation. The interior consists of a lobby and two open bays on the first floor and an open floor plan originally used as office space on the upper nine floors. The Bisbee building has been subjected to some interior remodeling, but the overall integrity of the building is good. The building is currently vacant and in poor condition.

Historic Florida Life Insurance Building (1912) - 117 N. Laura Street - Completed in 1912, the Florida Life building surpassed the Bisbee Building as the tallest building in the state. Also designed by Klutho, the building was a unique application of the Prairie style to a commercial skyscraper. Recognized as one of the city's most notable landmarks, the Florida Chapter of the American Institute of Architects included the Florida Life Building on its 2012 list of the 100 most significant buildings in the state. The building was once noted for its elaborate cornice and plaster Sullivanesque Capitals that adorned the upper corners of the structure that were removed in 1993, after concern was raised about their condition and public safety. Most of a copper cornice, its historic windows, and most of its interior finishes on the upper floors are also missing; however, the overall integrity of the building is good and the overall form and much of the original architectural detailing remains. The building is currently vacant and is in poor condition.

The exteriors of each building will be rehabilitated in accordance with the Secretary of the Interior's Standards for Rehabilitation. The project will return the buildings to productive use and will stop further deterioration. The essential character-defining exterior historic fabric and features of the buildings will typically be retained and repaired as needed to match existing adjacent and/or documented historic conditions in design, materials, and workmanship. In addition to enhancing the historic character of the buildings through exterior repairs, the project proposes to recreate the highly significant and character-defining cornice elements of the Florida Life Building that were destroyed in 1993.

Per the conditional approval memo from the Historic Preservation Section of the COJ Planning and Development Department ("HPS"), "The Old Florida National Bank Building, Bisbee Building and Florida Life Building all have had local historic landmark status since 2002. City Council approved the local designation under ordinances 2002-433-E, 2002-434-E and 2002-435-E respectfully. Based on this landmark designation, all three structures meet the threshold requirement for Historic Preservation Restoration and Rehabilitation Forgivable Loan funding in the DPRP."

The Laura Street Trio properties currently reside on a single 35,582 square foot parcel, RE# 073676-0000. The development will further extend to two adjacent lots with each providing 5,488 square feet, RE# 073688-0000 and RE# 073687-0000. To facilitate funding on the REV grants proposed and to measure certain requirements found herein, the parcels require modification to provide a stand-alone parcel each for the Hospitality Component–Historic Element ("HH") to include the former Florida National bank Building and Bisbee Building, the Hospitality Component–New Construction Element ("HNC"), the Multifamily Component–Historic Element ("MH") which includes the former Florida Life Insurance

Building, and the Multifamily Component–New Construction Element ("MNC"). Reconfiguration of the existing parcels to accommodate this structure is a condition of the Term Sheet to determine tax obligations for each component and element as described above, and process Requests for Payment.

Development Plan:

The project will be undertaken as two separate, but related, components. Both the Hospitality Component and the Multifamily Component are identified further by a historic rehabilitation element and a new construction element found within each component. The following is the table of Sources and Uses for each component and in total as provided by the Applicant. From this summary, detailed information was provided for development costs at the level of each individual historic and new construction building (Uses); however, capital is sourced at the overall Component level and the presentation is summarized at that level. Therefor, the allocation of debt and equity by DIA Staff within each Component to the Historic Element or the New Construction Element of that Component offers some flexibility as to how they might be applied for analysis. That point is made here for the understanding of the reader as a caveat to analytical insights that follow relating to those sources of funding for the Historic Element or new Construction Element of each Component.

AUTOGRAPH COLLECTION HOTEL BY MARRIOTT

Uses	Total $	% of Total
Land / Site	4,000,000	4.48%
Predevelopment	1,666,000	1.87%
Hard Costs	63,480,000	71.08%
Special Construction	3,000,000	3.36%
Soft Costs	5,884,000	6.59%
Financing Fees	1,322,000	1.48%
Capitalized Interest	5,600,000	6.27%
Retired Debt	4,000,000	4.48%
Debt & Operating Reserves	350,000	0.39%
Total Uses:	$89,302,000	100.00%

Sources	Total $	% of Total
Land Contribution	4,000,000	4.48%
Predevelopment Contribution	1,666,000	1.87%
COJ Forgivable Development Loan	2,000,000	2.24%
Federal Historic Tax Credits	6,960,000	7.79%
Limited Partner (LP) Investment	3,500,000	3.92%
C-PACE Financing	16,898,000	18.92%
Senior Loan	25,000,000	27.99%
HPRR Forgivable Loan	7,463,000	8.36%
CCR Forgivable Loan	5,418,000	6.07%
Deferred Principal Loan	3,220,000	3.61%
REV Grant	3,177,000	3.56%
COJ Completion Grant	10,000,000	11.20%
Total Sources:	$89,302,000	100.00%

THE KLUTHO AT LAURA STREET / MULTIFAMILY APARTMENTS

Uses	Total $	% of Total
Land / Site	4,300,000	5.01%
Predevelopment	2,370,000	2.76%
Hard Costs	72,006,000	83.93%
Soft Costs	4,620,000	5.38%
Financing Fees (see Hotel)	0	0.00%
Capitalized Interest	2,500,000	2.91%
Total Uses:	$85,796,000	100.00%

Sources	Total $	% of Total
Land Contribution	4,300,000	5.01%
Predevelopment Contribution	2,500,000	2.91%
Federal Historic Tax Credits	3,806,000	4.44%
Limited Partner (LP) Investment	11,500,000	13.40%
Senior Loan	35,000,000	40.79%
HPRR Forgivable Loan	2,837,000	3.31%
CCR Forgivable Loan	1,969,000	2.29%
Deferred Principal Loan	1,201,000	1.40%
REV Grant	7,683,000	8.95%
COJ Completion Grant	15,000,000	17.48%
Total Sources:	$85,796,000	100.00%

LAURA STREET TRIO ADAPTIVE REUSE COMBINED

Uses	Total $	% of Total
Land / Site	8,300,000	4.74%
Predevelopment	4,036,000	2.30%
Hard Costs	135,486,000	77.38%
Special Construction	3,000,000	1.71%
Soft Costs	10,504,000	6.00%
Financing Fees	1,322,000	0.76%
Capitalized Interest	8,100,000	4.63%
Retired Debt	4,000,000	2.28%
Debt & Operating Reserves	350,000	0.20%
Total Uses:	$175,098,000	100.00%

Sources	Total $	% of Total
Land Contribution	8,300,000	4.74%
Predevelopment Contribution	4,166,000	2.38%
COJ Forgivable Development Loan	2,000,000	1.14%
Federal Historic Tax Credits	10,766,000	6.15%
Limited Partner (LP) Investment	15,000,000	8.57%
C-PACE Financing	16,898,000	9.65%
Senior Loan	60,000,000	34.27%
HPRR Forgivable Loan	10,300,000	5.88%
CCR Forgivable Loan	7,387,000	4.22%
Deferred Principal Loan	4,421,000	2.52%
REV Grant	10,860,000	6.20%
COJ Completion Grant	25,000,000	14.28%
Total Sources:	$175,098,000	100.00%

Additional points relating to the information as provided:

- Developer is seeking a $27 million Completion Grant for gap funding through the Jacksonville City Council which has been included in the analysis to maintain a balance between Sources and Uses, *but such amount is not presented for approval by the DIA Board as the gap funding request does not qualify under any current DIA program*.
- An appraisal prepared by Cushman & Wakefield is presented and provides a fee-simple "As Is" value for the property of $8.3 million at April 12, 2022. That value is based on a "per door" and "per key" valuation approach based on the development plan of the applicant. The overall value

yields a value of $191.57 per square foot for the 43,558 sf development site which far exceeds any valuation DIA staff has seen in our Downtown including developments of multifamily and hospitality properties immediately adjacent to the St. Johns River. Accordingly, adjustments are made to the value of the property for analysis using $70 sf, approximately midway of the range of values of a psf basis as provided in the appraisal ($6.20 sf - $140.31 sf).

- The applicant includes more than $4 million in Predevelopment Costs among Sources and Uses, that cover several years of holding costs, insurance, taxes, legal expenses, studies, protective measures, architecture and engineering, and other costs that are not all considered to contribute directly to the current development effort. These costs are reportedly shown at 60% of actual cost but are further reduced by 50% by DIA staff in the analysis, or the equivalent of 20% of the gross amount.
- Adjustments are made for calculation of proposed DIA funding levels to exclude from Soft Costs and other Uses any developer fees paid or owed to Developer or any owner of the Project Parcel, existing debt repayment, holding costs, operating or interest reserves (although interest capitalized during the construction period is eligible for inclusion), tangible personal property, information technology, furniture, fixtures, equipment, marketing, third party costs for risk management, and loan fees, unless specifically identified elsewhere as eligible.
- The existing $4 million Bridge Loan from Romspen has a maturity date on or around September 30, 2023, and no other debt exists on the property, including any further obligations to LISC.
- The Molasky Group, an investor and development partner in earlier efforts to rehabilitate these properties, is reported to have no continuing relationship with the property, previous related debts, or the SouthEast Development Group.
- As it relates to parties currently interested in providing debt on the project, the Applicant reports, "Stonebriar's term sheets have expired and not renewed given their significant increase in proposed rates. We have a set of term sheets for all project financing needs from Enhanced Capital, LLC. Upon receipt of the DIA term sheet, we expect three additional offers from senior lenders. We have term sheets for CPACE financing from Nuveen Green Capital and anticipate receiving updated term sheets from Octagon Finance for bridging DPRP and HTC funding during construction, and one from LISC for capitalizing REV Grants."

<u>Principal Development and Operation Team Members:</u>

<u>SouthEast Development Group (Master Developer & Team Lead)</u>

SouthEast Development Group, LLC is a commercial real estate firm based in Jacksonville, Florida providing a full complement of development services, design-build programming, and asset management across multiple market sectors, with a portfolio of work from the Carolinas to South Florida. SouthEast Community Investment Fund, LLC is a certified Community Development Entity (CDE) providing "community-centric" planned development support with targeted investments through U.S. Federal Tax Credits, federal subsidies, and public-private-partnerships. SouthEast is committed to Downtown Jacksonville, especially in the adaptive reuse space, having recently completed redevelopment of the $50+ million multi-use, historic Barnett Building which has won numerous awards and is now home to Chase Bank, the Jacksonville Business Journal, the UNF Center for Entrepreneurship and Innovation, and more than 100 residential apartment units.

Dasher Hurst (Architects)

Dasher Hurst is an award-winning, Jacksonville-based architecture firm with decades of experience in a broad array of complex commercial and residential projects. Their portfolio includes a number of high-profile adaptive reuse projects, including several in Downtown Jacksonville such as the Barnett Building, Independent Life Building, Union Terminal Warehouse, and Farah & Farah Office. Their regional work is also demonstrated in other sectors such as higher education with nationally recognized projects including the UNF Student Union as well as Jacksonville University Marine Science Institute and UF Whitney Center.

Danis Construction (General Contractor)

Founded in 1916 by B.G. Danis, Danis is a third generation, privately owned company based in Dayton, Ohio. Danis serves the Midwest and Southeast regions of our country, specializing in public and private building and industrial projects. Danis offers expertise in construction management, general construction, design/build, and build-to-suit lease-back, as well as experience in the corporate, healthcare, senior living, education, retail, hospitality/entertainment, and industrial markets. Throughout the company's history, Danis has received praise for quality work and service, timely delivery, and the ability to remain under the project budget. Danis prides itself on meeting client challenges, whether they are budgets, tight schedules, difficult site conditions, or unique designs, and boasts an 85% repeat customer rate. The Danis Group of Companies operates five offices located in Ohio, North Carolina, and Florida. Danis' historic preservation and adaptive reuse portfolio includes multiple complex, important projects in Downtown Jacksonville, including the Barnett Building, Cowford Chophouse, and Jessie Ball duPont Center.

Piper Sandler Companies (Financing Partner)

Founded in 1895, Piper Sandler Companies (NYSE: PIPR) is a leading investment bank and institutional securities firm. They are headquartered in Minneapolis with more than 50 offices across the U.S. and in London, Aberdeen, and Hong Kong. Piper's areas of expertise include investment banking, public finance, institutional equities, research, and more. The Piper Sandler Companies portfolio includes billions of dollars of investments across a wide range of market sectors including public-private partnerships in the education, healthcare, and hospitality spaces.

Winegardner & Hammons (Hotel Operator)

Winegardner & Hammons Hotel Group, LLC (WHG) is a privately held, full-service development and management company based in Cincinnati, Ohio. The company was founded in 1958 by Roy E. Winegardner and John Q. Hammons. The company is guided by its Mission Statement and maintains a unique goal of providing consistently superior performance and proven results, both of which have allowed them to be one of the most successful independent developers, owners, and operators in the nation. Currently, Winegardner & Hammons Hotel Group, LLC (WHG) manages more than 20 hotels throughout the United States. Within their hotels, WHG operates several dozen signatures, award-winning Food & Beverage concepts. The WHG portfolio includes lifestyle, University, urban, midtown and suburban full service, select service, resorts, all-suite, extended-stay, independent and brand affiliated hotels in many diverse markets throughout the United States. Winegardner also has deep experience operating Marriott-branded hotels as part of adaptive reuse projects, including The Lytle Park Hotel (Autograph Collection) and The Phelps (Residence Inn) in Downtown Cincinnati.

A. HOSPITALITY COMPONENT DEVELOPER'S TOTAL PROJECT COST - $89,302,000

The Hospitality Component includes redevelopment of the Florida National Bank Building and Bisbee Building along with new construction of an eleven-story building which collectively will become a hospitality property proposed to be operated under the Autograph Collection Hotel by Marriott flag. As it relates to the relationship with Marriott International, the Applicant reports "There is a fully executed Franchise Licensing Agreement between Marriott International and Laura Trio Hospitality, LLC for an Autograph Collection Hotel. This agreement was executed on December 20, 2021." Further, "We are engaged with Pyramid Global Hospitality Hotel Group, Inc. (previously Winegardner & Hammons, Inc.) as the hotel operator."

The Hospitality Component is reviewed here as its Historic Element and its New Construction Element.

Hospitality Component-Historic Element		
DIA Downtown Preservation and Revitalization Program	$16,010,300	
Completion Grant (COJ City Council)	$ 6,026,400	
		$22,036,700
Hospitality Component-New Construction Element		
DIA Targeted Hotel REV Grant ("Hotel REV Grant")	$ 5,670,400	
Completion Grant (COJ City Council)	$ 5,973,600	
		$11,644,000
TOTAL HOTEL COMPONENT INCENTIVES PROPOSED:		**$33,680,700**

1. ***Hospitality Component-Historic Element ("HH")***

   Percent of COJ Investment[1] to:

Developer HH Project Cost	$22,036,700/$46,002,000 = 47.9%
Total HH Development Cost (as underwritten)	$22,036,700/$35,841,200 = 61.5%

1 – COJ Investment to the Hospitality Component-Historic Element includes a portion of the Completion Grant proposed to be submitted to COJ City Council in the allocated amount of $6,026,400. The amount attributable to the HH is somewhat flexible in modeling.

Florida National Bank Building (The Marble Bank Building): Located at 51 W. Forsyth Street a/k/a Marble Bank Building, the one-story building plus a basement, offers approximately 14,180 square feet total. Plans call for redevelopment with an estimated 4,067 square foot private dining/wine cellar space in the basement (3,700 square feet minimum) along with estimated 3,023 square feet of "back of house" space. The first floor would provide approximately 7,090 square foot restaurant service space (6,400 square foot minimum). Earlier plans to offer a mezzanine floor have since been abandoned due to structural and construction considerations.

Bisbee Building: Located at 47 W. Forsyth Street, the building provides ten stories plus basement, approximately 50,539 square feet total. To be redeveloped with "back of house" operations in the estimated 4,639 square foot basement, and an approximately 4,590 square foot lobby on the first floor (4,200 square foot minimum (open to the public)). Floors two through ten provide six to seven hotel rooms per floor (projected 62 rooms total, 56 minimum).

The applicant provided detailed construction budgets in support of a request for funding through the DIA Downtown Preservation and Revitalization Program. The information below summarizes the funding proposed for this Component and Element of the overall project.

DPRP Terms: The DPRP Incentive outlined below applies to both historic buildings combined for hotel use as if they were one property following the plans for their redevelopment and operation.

Downtown Preservation and Revitalization Program ("HH DPRP"): Not more than $16,010,300 (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
Fl Nat'l Bank	$2,376,700	$1,067,700	$ 861,100	$ 4,305,500
Bisbee	$5,085,200	$4,278,600	$2,341,000	$11,704,800
TOTAL	**$7,461,900**	**$5,346,300**	**$3,202,100**	**$16,010,300**

Maximum loan amounts above are proposed to be documented on a combined basis as though the historic properties were one building. Additional details are shown here for reference.

To be eligible for funding, all work must be reviewed and approved by the Planning and Development Department for consistency with the United States Secretary of Interior Standards and applicable design guidelines during application processing and, further, for verification upon completion and request for funding under terms defined in the Redevelopment Agreement. At this level of funding and structure, the incentives proposed require funding through the City of Jacksonville General Fund and are subject to further approvals by the Jacksonville City Council.

DPRP program parameters are examined in the table that follows and demonstrate that with equity and the additional City funding request split along overall development cost proportions, the capitalization falls short of guideline minimums for minimum developer contribution and its reciprocal maximum COJ contribution. Notably, this situation could be remedied by shifting more of the Hotel Component Equity to the Historic Element, and offsetting that change by shifting an equivalent amount of the Other COJ Funding to the New Construction Element, but those amounts are maintained at their proportional levels for analysis.

Total from Const Budget	$	30,332,600

Sources			
Federal Historic Tax Credit	$	6,960,000	19.4%
HPRR Forgivable Loan	$	**7,461,900**	**20.8%**
CCR Forgivable Loan	$	**5,346,300**	**14.9%**
DPRP Def Prin Loan	$	**3,202,100**	**8.9%**
Other COJ Funding	$	6,026,400	16.8%
1st Position Debt	$	3,260,400	9.1%
Owner Equity	$	3,584,100	10.0%
Add'l Capital Needed	$	-	0.0%
TOTAL SOURCES	$	35,841,200	100.0%

Uses			
Value "As Is"	$	963,000	2.7%
Predevelopment Costs	$	418,400	1.2%
Construction Costs	$	30,332,600	84.6%
Special Construction / FF&E			0.0%
Soft Costs	$	2,270,600	6.3%
Finance and other costs	$	2,812,300	7.8%
Developer Fee	$	(955,700)	-2.7%
Existing Debt Repayment			0.0%
TOTAL USES	$	35,841,200	100.0%

Maximum Funding Level	$	14,336,480
DPRP Funding	$	16,010,300
ROI		0.571

	DPRP Guidelines			As Calculated
Measurement	**% of TDC**		***Net of Developer Fee***	**Project**
Developer Equity	10%	Min	of TDC	10.0%
3rd Party Loan			No min or max	9.1%
Subsidy or Tax Credit			No min or max	19.4%
Developer Combined	60%	Min	of TDC	38.5%
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	20.8%
CCR Forgivable Loan	30%	Max	of TDC	14.9%
DPRP Def Prin Loan	20%	Max	of TDC	8.9%
DPRP Def Prin Loan		Min	Must be ≥ 20% of Gap	20.0%
Other COJ Funding				16.8%
COJ Combined	40%	Max	of TDC	61.4%

As shown on the summary below, the ROI incorporating only the DPRP funding is calculated at 0.78X, which exceeds program guidelines of 0.50X. When the additional City funding is incorporated at the levels modeled, the ROI drops to 0.57X.

$37 Million in Capital Expenditures				
Ad Valorem Taxes Generated				
County Operating Millage	(1)	$ 3,764,700		
Local Option Sales Tax	(2)	$ 5,213,700		
Payroll	(3)	$ 140,000		
Add'l Benefits Provided	(4)	$ 3,390,700		
Total City Expected Benefits			$ 12,509,100	
Total City Investment	(5)		$ 22,036,700	
Return on Investment Ratio DPRP Only				**0.78**
Return on Investment Ratio All In				

(1) - The investment from the Company is estimated to be $37 million in Capital Contribution for development and $1,500,000 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	$ 1,120,700
PV of DPRP Deferred Principal Repayment	$ 2,270,000
TD Tax (Room Surchage)	
Total Add'l Benefits Provided	$ 3,390,700

(5) - City Incentives as follows:	
DPRP	$ 16,010,300
Land	$ -
Other	$ 6,026,400
Total Direct Incentives	$ 22,036,700

Assumptions incorporated into the HH DPRP ROI analysis include:

a) Starting property value is held consistent with current Property Appraiser value which is equal to the base level of the land value at the Barnett Residences property ($30 psf). This value is not further reduced by the 85% property appraiser reduction in value as it has already been discounted by that amount.

b) Starting value of improvements is equal to the construction hard costs of $30.3 million and discounted by the 85% adjustment imposed by the Duval County Property Appraiser's office.

c) Growth rate is 2%, consistent with DIA convention.

d) Interest in the Deferred Principal Loan is estimated at the yield on the Ten-Year Treasury Note of 3.50%, the principal repayment required at year ten is discounted at 3.5%, consistent with DIA convention.

e) Local Option Sales Tax is based on Operating Pro Forma provided that initial estimates for Food and Beverage Revenue attributable to HH Element of $1.6 million, and Room Revenue of $2.8 million, based further on occupancy of 67% and average room rate of $187. The Room revenue also feeds the 6% Tourist Development Tax that is also included in the analysis.

2. <u>Hospitality Component-New Construction Element ("HNC")</u>

Percent of COJ Investment[1] to:

Developer HNC Project Cost	$11,644,000/$43,300,000 = 26.9%
HNC Minimum Private Capital (as underwritten)	$11,644,000/$39,089,600 = 29.8%

1 – COJ Investment includes a portion of the Completion Grant proposed to be submitted to COJ City Council in the allocated amount of $5,973,600. The amount attributable to the HH is somewhat flexible in modeling.

Forsyth Street Addition/Hospitality-New Construction Element– Expected to provide an estimated 58,096 square feet of additional hotel space on eleven floors plus basement. The approximate 896 square foot basement is for "back of house" operations, whereas the first floor provides an estimated 5,200 square feet of conference space (4,700 square foot minimum). Floors two through nine provide nine hotel rooms per floor (81 total, 74 minimum) and the eleventh floor provides an estimated 5,200 square foot rooftop food and beverage amenity (4,700 square foot minimum) that shall be open to the public.

Targeted Hotel REV Grant ("Hotel REV Grant"): Per the factors assessed and summarized in the table below, which apply only to the new construction element, Developer is eligible for a Targeted Hotel REV Grant for 75% of the ad valorem tax increment generated by the HNC project for a period of 20 years. The total Hotel REV Grant indebtedness will not exceed $5,670,400 and will be paid annually beginning the first year of taxation following completion based upon the incremental increase in the Duval County Operating Millage ad valorem taxes collected ("HNC Annual Project Revenues"), subject to other terms and conditions as found in the Redevelopment Agreement.

TRIO -Targeted Hotel REV Grant Factors			
DESCRIPTION	Maximum	Proposal	Qualified Points
GRANT			
1.In any mixed-use hotel property development not immediately adjacent to the river, McCoy's Creek, Hogan's Creek, or a City owned public park, no less than 30% of the ground level of the linear street frontage shall be retail/food and beverage space.		Approximately 60% of the total hotel project provides activated street front along Forsyth	
•10% for each 2,500 square feet of ground level retail space (frontage must be equal to or greater than depth), or balcony/rooftop food and beverage, each accessible by the public directly from the street (maximum 20%); plus	20%	5,200 SF rooftop bar/restaurant open to the public	20%
•Up to 20% for enhanced design and quality including unique architectural features and materials in the subject hotel building(s) or any visible portion of an associated structured parking garage, or both, beyond minimum compliance with DDRB standards (to qualify for this factor, conceptual plans including exterior materials, must have received DDRB approval and the interior plans presented must reflect a level of finish and uniqueness required to qualify as a boutique hotel) plus,	20%		10%
•Up to 15% for the inclusion of additional amenities open to the public such as one or more bar or lounge spaces, additional restaurant offerings, spa, meeting rooms, or the like; plus	15%	5,200 sf ground floor conference space	10.0%
•Up to 10% total for the provision or utilization of shared use parking.	10%		
–5% shall be available for every 25 spaces serving the residential development that are secured through off-site shared use arrangements (maximum of 10%); plus	10%	100 + spaces to be negotiated	10%
•10% for each occupiable floor above seven (excluding any basement or rooftop space) when developing in the Central Core or Sports and Entertainment (maximum of 30%); plus,	30%	11 Stories (11-7=4X10 = 40% but Max is 30%)	30%
REV ALLOWANCES TOTAL			80%

As shown on the summary below, the ROI incorporating only the HNC REV Grant funding is calculated at 1.33X, which exceeds the PIP hurdle of 1.0X. When the additional City funding is incorporated at the levels modeled, the ROI drops to 0.65X, below the PIP hurdle of 1.0X.

$ 43.30 Million in Capital Expenditures			
Ad Valorem Taxes Generated			
County Operating Millage	(1)	$ 7,560,500	
Local Option Sales Tax	(2)	$ 7,215,347	
Payroll	(3)	$ -	
Add'l Benefits Provided	(4)	$ -	
Total City Expected Benefits			$ 14,775,847
Total City Investment	(5)		$ 11,644,000
Return on Investment Ratio - REV Only			2.61
Return on Investment Ratio - All In			1.27

(1) - The investment from the Company is estimated to be $43.3 million in Capital Contribution for development and $1.5 million in taxable Tangible Personal Property

(5) - City Incentives as follows:	
REV	$ 5,670,400
Additional Funding	$ 5,973,600
Total Direct Incentives	$ 11,644,000

Assumptions incorporated into the HH DPRP ROI analysis include:

a) Starting property value is $70 psf, approximately midway of the range of values of a psf basis as provided in the Cushman-Wakefield appraisal ($6.20 sf - $140.31 sf) and adjusted downward from $191.57 as calculated by that appraisal's valuation.

b) Starting value of improvements is equal to the construction hard costs of $33.1 million and discounted by the 85% adjustment imposed by the Duval County Property Appraiser's office.

c) Growth rate is 2%, consistent with DIA convention.

d) Interest in the Deferred Principal Loan is estimated at the yield on the Ten-Year Treasury Note of 3.50%, the principal repayment required at year ten is discounted at 3.5%, consistent with DIA convention.

e) Local Option Sales Tax is based on Operating Pro Forma provided that initial estimates for Food and Beverage Revenue attributable to HNC Element of $4.1 million, and Room Revenue of $3.7 million, based further on occupancy of 67% and average room rate of $187. The Room revenue also feeds the 6% Tourist Development Tax that is also included in the analysis.

II. MULTIFAMILY COMPONENT — DEVELOPER'S TOTAL PROJECT COST - $85,795,700

The Multifamily Component includes redevelopment of the Historic Florida Life Insurance Building along with new construction of an eleven-story building which together will become a mixed-use, residential and retail property providing a proposed 169 dwelling units and 6,550 SF street level retail space for lease to third party tenants. The combined properties are proposed for development that meets LEED certification requirements. Of the 169 units proposed, 70% will be developed and marketed at market rate, while 30% will be restricted for Attainable-Workforce tenants making 80% Area Median Income ("AMI") or less. The Developer's intention to provide the Workforce was to contribute to the affordable housing needs of Downtown workers, and to take advantage of lower interest rate debt available in the market for these purposes. Those restricted rent levels are captured in the table below for 2022, 2023, and projected 2024.

Attainable Workforce Rent rates – Jacksonville FL Metro region			
One Bedroom Units	**2022**	**2023**	**2024**
120% AMI	$2,076	$2,244	$2,322
100% AMI	$1,730	$1,870	$1,935
80% AMI	$1,348	$1,496	$1,548
60% AMI	$1,038	$1,122	$1,161

Source: UNF Northeast Florida Center for Community Initiatives, February 2023

The Multifamily Component is reviewed here as its Historic Element and its New Construction Element.

Multifamily Component-Historic Rehabilitation Element		
DIA Downtown Preservation and Revitalization Program	$ 6,024,300	
Completion Grant (COJ City Council)	$ 0	
		$ 6,024,300
Multifamily Component-New Construction Element		
DIA Targeted Hotel REV Grant ("Hotel REV Grant")	$ 8,853,600	
Completion Grant (COJ City Council)	$15,000,000	
		$23,853,600
TOTAL MULTIFAMILY COMPONENT INCENTIVES PROPOSED:		**$29,877,900**

1. *Multifamily Component-Historic Element "MH"*

Percent of COJ Investment[1] to:

Developer MH Project Cost — $6,024,300/$16,504,800 = 36.5%

MH underwritten project cost — $6,024,300/$14,799,300 = 40.7%

1 – COJ Investment to the Multifamily Component-Historic Element includes a portion of the Completion Grant proposed to be submitted to COJ City Council in the allocated amount of $0. The amount attributable to the MH is somewhat flexible in modeling.

Florida Life Insurance Building: Located at 117 N. Laura Street, the property includes eleven stories plus a basement, estimated 23,613 square feet total. To be redeveloped with approximately 2,086 square feet of mechanical space in the basement, an entrance and approximately 1,095 square foot lobby on the ground floor, and ten floors providing two apartments of approximately 882 square feet per unit on each floor (20 units total, 18 minimum).

The applicant provided detailed construction budgets in support of a request for funding through the DIA Downtown Preservation and Revitalization Program. The information below summarizes the funding proposed for this Component and Element of the overall project.

Downtown Preservation and Revitalization Program ("MH DPRP"): Not more than $6,024,300 (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
Fl Life Ins	$2,840,000	$1,979,400	$ 1,204,900	**$ 6,024,300**

At this level of funding and structure, the incentives proposed require funding through the City of Jacksonville General Fund and are subject to further approvals by the Jacksonville City Council.

To be eligible for funding, all work must be reviewed and approved by the Planning and Development Department for consistency with the United States Secretary of Interior Standards and applicable design guidelines during application processing and, further, for verification upon completion and request for funding under terms defined in the Redevelopment Agreement.

DPRP program parameters are examined in the table that follows and demonstrates compliance with DPRP Guidelines by these assumptions.

Total from Const Budget	$	**13,212,100**	
Sources			
Federal Historic Tax Credit	$	3,806,000	23.1%
HPRR Forgivable Loan	**$**	**2,840,000**	**17.2%**
CCR Forgivable Loan	**$**	**1,979,400**	**12.0%**
DPRP Def Prin Loan	**$**	**1,204,900**	**7.3%**
Other COJ Funding			0.0%
1st Position Debt	$	2,572,300	15.6%
Owner Equity	$	4,102,200	24.9%
Add'l Capital Needed			0.0%
TOTAL SOURCES	$	16,504,800	100.0%
Uses			
Value "As Is"	$	789,000	4.8%
Predevelopment Costs	$	1,197,200	7.3%
Construction Costs	$	13,212,100	80.1%
Soft Costs	$	847,800	5.1%
Financing Costs	$	458,700	2.8%
Developer Fee			0.0%
TOTAL USES	$	16,504,800	100.0%
Maximum Funding Level	$	8,252,400	
DPRP Funding	$	6,024,300	
ROI		0.50	

	DPRP Guidelines			**As Calculated**
Measurement	**% of TDC**		***Net of Developer Fee***	**Project**
Developer Equity	10%	Min	of TDC	24.9%
3rd Party Loan			No min or max	15.6%
Subsidy or Tax Credit			No min or max	23.1%
Developer Combined	50%	Min	of TDC	63.5%
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	17.2%
CCR Forgivable Loan	30%	Max	of TDC	12.0%
DPRP Def Prin Loan	20%	Max	of TDC	7.3%
DPRP Def Prin Loan		Min	Must be ≥ 20% of Gap	20.0%
Other COJ Funding				0.0%
COJ Combined	50%	Max	of TDC	37.0%

As shown on the summary below, the ROI incorporating only the DPRP funding is calculated at 0.50X, equal to the maximum found in program guidelines of 0.50X.

$16 Million in Capital Expenditures				
Ad Valorem Taxes Generated				
County Operating Millage	(1)	$ 1,633,313		
Local Option Sales Tax	(2)	$ 83,726		
Payroll	(3)	$ -		
Add'l Benefits Provided	(4)	$ 1,275,891		
Total City Expected Benefits			$	2,992,930
Total City Investment	(5)		$	6,024,300
Return on Investment Ratio				**0.50**

(1) - The investment from the Company is estimated to be $16 million 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	$ 421,715
PV of DPRP Deferred Principal Repayment	$ 854,176
Other	
Total Add'l Benefits Provided	$ 1,275,891

(5) - City Incentives as follows:

DPRP	$ 6,024,300
Land	$ -
Other	
Total Direct Incentives	$ 6,024,300

Assumptions incorporated into the MH ROI analysis include:

a) Starting property value is held consistent with current Property Appraiser value which is equal to the base level of the land value at the Barnett Residences property ($30 psf). This value is not further reduced by the 85% property appraiser reduction in value as it has already been discounted by that amount.

b) Starting value of improvements is equal to the construction hard costs of $13.2 million and discounted by the 85% adjustment imposed by the Duval County Property Appraiser's office.

c) Growth rate is 2%, consistent with DIA convention.

d) Interest in the Deferred Principal Loan is estimated at the yield on the Ten-Year Treasury Note of 3.50%, the principal repayment required at year ten is discounted at 3.5%, consistent with DIA convention.

2. *Multifamily Component-New Construction Element ("MNC")*

Percent of COJ Investment[1] to:

Developer MNC Project Cost $23,853,600/$69,290,500 = 34.4%

MNC Minimum Private Capital (as underwritten) $23,853,600/$63,490,200 = 37.6%

1 – COJ Investment includes a portion of the Completion Grant proposed to be submitted to COJ City Council in the allocated amount of $15,000,000. The amount attributable to the HH is somewhat flexible in modeling.

Laura St. Addition/Multifamily Component-New Construction Element – Eleven stories plus a basement, estimated 161,877 square feet total. First floor to provide approximately 6,550 square feet (5,900 square foot minimum) in leasable retail space, and approximately 6,300 square feet of amenity and back-of-house space. Floors two through ten provide an estimated 14,972 square feet and fifteen apartment units per floor, whereas floor eleven is estimated at 13,639 square feet and is proposed to provide 14 multifamily units. In total, 149 units are proposed for the new multifamily construction component (140 is the established minimum).

Multifamily Housing REV Grant ("MF REV Grant"): Per the factors assessed and summarized in the table below, which apply only to the new construction element, Developer is eligible for a Multifamily Housing REV Grant for 75% of the ad valorem tax increment generated by the MNC project for a period of not more than 20 years. The total MF REV Grant indebtedness will not exceed $8,853,600 and will be paid annually beginning the first year of taxation following completion based upon the incremental increase in the Duval County Operating Millage ad valorem taxes collected ("MF Annual Project Revenues"), subject to other terms and conditions as found herein.

TRIO - MULTIFAMILY REV GRANT FACTORS			
DESCRIPTION	Maximum	Proposal	Qualified Points
REV GRANT FACTORS			
5% FOR EVERY 10 UNITS PRODUCED IN DOWNTOWN JACKSONVILLE WITH A MINIMUM AVERAGE SIZE OF 500 SQUARE FEET (MAX 25%); PLUS	25%	149 units average of 732-769 sf	25%
10% FOR EACH 2,500 SQUARE FEET OF GROUND LEVEL RESTAURANT/BAR, RETAIL SPACE, OR BALCONY/ROOFTOP ACCESSIBLE BY THE PUBLIC DIRECTLY FROM THE STREET (MAX 25%) PLUS	25%	Ground level spilt floor plan offering 5,903 sf of retail/restaurant space fronting Adams St and Laura St	20%
5% FOR EACH 10% OF ACTIVATED LINEAR FRONT FOOTAGE ABOVE THE 30% MINIMUM REQUIRED PER STREET FRONTAGE (MAX 20%)	20%	Approximately 70%-75% of retail frontage 70 - 30 = 40 /10 = 4 X 5% = 20%	20%
5% FOR EVERY 10 UNITS PROVIDED IN ADHERENCE TO HUD MAXIMUM RENT ESTABLISHED AND MAINTAINED AT THE 80% AMI LEVEL AND/OR ENHANCED ACCESSIBILITY ABOVE THE MINIMUM REQUIREMENTS OF THE ADA AND FAIR HOUSING ACT (MAX 10%)	10%	88 units at 80% AMI	10%
10% FOR EACH OCCUPIABLE FLOOR ABOVE SEVEN (EXCLUDING ANY BASEMENT OR ROOFTOP AMENITY) WHEN DEVELOPING ON THE SOUTHBANK OUTSIDE THE LIMITED INCENTIVE AREA, THE CENTRAL CORE OR SPORTS AND ENTERTAINMENT DISTRICTS (MAX 30%)	30%	11 floors (11-7 = 4, 4 X 10% = 40%)	30%
10% FOR A PROJECT OF NOT LESS THAN 50 UNITS LOCATED IN CENTRAL CORE DISTRICT;	10%	Project in Central Core	10%
UP TO 10% FOR RESILIENCY THROUGH ONE OR MORE OF THE FOLLOWING:	10%		
RESILIENT BUILDING DESIGN – UP TO 5% FOR UTILIZATION OF RESILIENT BUILDING TECHNIQUES, SUCH AS USE OF FLOOD-PROOF MATERIALS ON FIRST FLOOR/SUBSURFACE ELEMENTS, ELEVATION OF CRITICAL ASSETS (HVAC, GENERATORS, UTILITY BOXES, ETC.) TO ABOVE THE FIRST FLOOR, AND USE OF REFLECTIVE MATERIALS ON THE ROOF TO CREATE A "COOL ROOF"		LEED Certification	5%
REV ALLOWANCES TOTAL			120%

As shown on the summary below, the ROI incorporating only the MNC REV Grant funding is calculated at 1.33X, which exceeds the PIP hurdle of 1.0X. When the additional City funding is incorporated at the levels modeled, the ROI drops to 0.49X, below the PIP hurdle of 1.0X.

$ 63.50 Million in Capital Expenditures			
Ad Valorem Taxes Generated			
County Operating Millage	(1)	$ 11,804,903	
Local Option Sales Tax	(2)	$ -	
Payroll	(3)	$ -	
Add'l Benefits Provided	(4)	$ -	
Total City Expected Benefits			$ 11,804,903
Total City Investment	(5)		$ 23,853,600
Return on Investment Ratio - REV only			1.33
Return on Investment Ratio - All In			0.49

(1) - The investment from the Company is estimated to be $63.5 million in Capital Contribution for development and $0 in taxable Tangible Personal Property

(5) - City Incentives as follows:	
REV	$ 8,853,600
Land	$ -
Other	$ 15,000,000
Total Direct Incentives	$ 23,853,600

Assumptions incorporated into the HH DPRP ROI analysis include:

a) Starting property value is $70 psf, approximately midway of the range of values of a psf basis as provided in the Cushman-Wakefield appraisal ($6.20 sf - $140.31 sf) and adjusted downward from $191.57 as calculated by that appraisal's valuation.

b) Starting value is equal to the construction hard costs of $58.8 million and discounted by the 85% adjustment imposed by the Duval County Property Appraiser's office. This amount is also further reduced proportionately by the reduction in Potential Gross Income related to the affordability limits as found in the table that follows:

Unit Count	New Const	Gross Rent	SF	$ SF
94	Market	219,861	76,847	2.86
55	Workforce	76,890	38,065	2.02
		296,751	114,912	2.58

c) Growth rate is 2%, consistent with DIA convention.

d) Interest in the Deferred Principal Loan is estimated at the yield on the Ten-Year Treasury Note of 3.50%, the principal repayment required at year ten is discounted at 3.5%, consistent with DIA convention.

Review and Approvals:

The DDRB Board provided conceptual approval of the development at its January 13, 2022, board meeting. The Developer is required to receive DDRB final approval within 90 days within the ninety (90) days following City Council Approval and the Bill Effective Date. Once those steps have been achieved, the project may proceed for permitting and initiate construction activity. The Developer must then apply for building permits as required to commence construction of each element of both components within sixty (60) days following final approval from DDRB.

HPS provided conditional approval for the Laura Street Trio project, March 4, 2021. A Part 2 Federal Historic Preservation Certification Application was made in February 2020 and was awarded Conditional Approval by the National Park Service May 2021, with amended approval awarded March 2022.

Historic Preservation Section Findings:

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

"…a preliminary review of the project scope was performed by the Historic Preservation Section for consistency with the Secretary of the Interior's Standards for Rehabilitation. Since going out of use, deferred maintenance, vandalism, and extensive interior demolition by previous owners has left the three structures in a deteriorated and architecturally compromised state with most all of the interior walls removed, many finishes damaged due to exposure to the elements and severe water damage in basement areas, especially that of the Bisbee Building. The owner is passionate about preserving the limited remaining architectural details of both the interior and exterior of the three structures. However, the HTC submittal description does not fully commit to this approach for the upper floors of the Florida Life Building, is not always specific as to the level or method of how finishes, features and spaces will ultimately be addressed often leaving the approach open-ended, and at times conflicts with what is in the architectural plan notes. Overall, aside from most of the windows, the plan is to repair all existing historic exterior elements and materials. Most of the details are focused on the exterior restoration efforts of the Florida Life Building and interior restoration in the Florida National Bank Building. Without the benefit of the NPS detailed guidance through the HTC part 2 approval on the issues, the HPS has applied the available NPS resources for evaluating historic buildings and their rehabilitation Florida Baptist Convention/Church Street Building…"

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.

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