

RESOLUTION 2026-05-01

A RESOLUTION OF THE DOWNTOWN INVESTMENT AUTHORITY (“DIA”) RECOMMENDING THAT THE CITY COUNCIL APPROVE A DOWNTOWN PRESERVATION AND REVITALIZATION PROGRAM LOAN PACKAGE FOR REHABILITATION OF THE BUILDING LOCATED AT 420 JULIA STREET (THE “PROPERTY” A/K/A THE “AMBASSADOR HOTEL”) PURSUANT TO A REDEVELOPMENT AGREEMENT WITH 420 JULIA STREET LLC (“OWNER” OR “DEVELOPER”); FINDING THAT THE PLAN OF DEVELOPMENT IS CONSISTENT WITH THE DIA’S BUSINESS INVESTMENT AND DEVELOPMENT PLAN (“BID PLAN”) AND THE DOWNTOWN NORTHBANK COMMUNITY 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, the DIA is the Community Redevelopment Agency and Economic Development entity for Downtown Jacksonville; and

WHEREAS, the DIA is authorized by the Jacksonville City Council through Ordinance 2020-0527-E to administer the Downtown Preservation and Revitalization Program (“DPRP”) for the purpose of fostering the preservation and revitalization of unoccupied, underutilized, and/or deteriorating historic buildings within the boundaries of Downtown Jacksonville with further approval required by the City Council; and

WHEREAS, the Property, owned by 420 Julia Street LLC, has been awarded designation as a local historic landmark status by the City of Jacksonville through ordinance 2004-0027-E, and itself is a National Landmark within the National Historic District of Downtown Jacksonville within the boundaries of the Downtown Northbank CRA; and

WHEREAS, 420 Julia Street LLC, (“Developer”), and entity owned by Gateway Companies LLC proposes to provide a minimum of 107 upscale hotel keys, approximately 4,220 square foot, full-service restaurant and approximately 1,000 square feet public coffee bar and lounge within the Northcore neighborhood, Downtown Jacksonville; and

WHEREAS, the private capital investment is estimated to exceed \$50,000,000 in real property and improvements, will increase the county ad valorem tax base over the useful life of the assets beyond the 10-year exemption period, and will add to the hospitality and food and beverage offerings in Downtown Jacksonville; and

WHEREAS, The DIA hereby finds that the Project furthers the following Goal(s) of the BID Plan:

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

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

WHEREAS, Developer agrees to provide City with a public benefit payment structure based on the Project's pre-tax, levered Net Cash Flow that exceeds an agreed-upon internal rate of return on Developer's equity with specific definitions, calculation methodology, and payment timing to be established in the Redevelopment Agreement.

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 instructs the Chief Executive Officer of the Downtown Investment Authority to take all necessary actions, including the filing of legislation before the City Council, to seek funding for up to TEN MILLION ONE HUNDRED THOUSAND AND NO/100 DOLLARS (\$10,100,000.00) pursuant to the Downtown Preservation and Revitalization Program guidelines in accordance with the terms set forth on the term sheet attached hereto as Exhibit A.

Section 3. The Chief Executive Officer is hereby authorized to execute the contracts and documents and otherwise take all necessary action in connection therewith to effectuate the purposes of this Resolution.

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

Section 5. To the extent that there are typographical, clerical, or administrative errors that do not change the tone, tenor, or context of this resolution, the DIA authorizes DIA staff to revise such errors without the subsequent approval of the Downtown Investment Authority Board.

WITNESS:

DOWNTOWN INVESTMENT AUTHORITY


Patrick Krechowksi, Esq., Chairman

5/28/26
Date

VOTE: In Favor: 8 Opposed: 0 Abstained: 0

**Exhibit A:
DOWNTOWN PRESERVATION AND REVITALIZATION PROGRAM
TERM SHEET**

420 Julia Street, Jacksonville FL 32202

Project: The project comprises the redevelopment of the historic building located at 420 Julia Street in the Northcore, Downtown Jacksonville utilizing funding through the Downtown Preservation and Revitalization Program (“DPRP”).

The building located at 420 Julia Street with RE# 073806 0000 was originally constructed in 1922 (the “Property”). The Property was provided with local historic landmark status through ordinance 2004-027-E and is itself a National Landmark within the National Historic District of Downtown Jacksonville within the boundaries of the Downtown Northbank CRA. The six-story building with basement of approximately 54,042 gross square feet is an example of the Beaux Arts Architectural Style applied to a traditional commercial building. The structure is characterized by its flat roof with a cast stone arched parapet topped with finials, a symmetrical façade with rusticated pilasters between bays, a rusticated base, and cast stone brackets, pediments, keystone, and quoins.

Upon completion of the proposed rehabilitation, the building will provide approximately 107 upscale hotel keys, approximately 4,220 square feet full-service restaurant, and approximately 1,000 square foot public lounge and coffee bar. Rehabilitation efforts proposed include, but are not limited to, restoring interiors to their historic condition, HVAC and ventilation replacement, plumbing and electrical code compliance work, fire sprinklers to meet code requirements, window waterproofing, roof repairs, providing for ADA accessibility as required, exterior repairs, and paint.

Developer/ Applicant / Borrower:

420 Julia Street LLC
Gateway Companies LLC, Managing Member

Total Development Costs (estimate):

\$49,991,439

Equity (proposed):

\$ 8,000,000 (16 % of Underwritten TDC)

City Funding: No more than **\$10,100,000.00** (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
TOTAL	\$4,762,642	\$3,317,555	\$2,019,803	\$10,100,000

Per DPRP program guidelines as further captured in Section 55.303 of the Ordinance Code, the proposed incentive structure and funding will be subject to further approvals by the Jacksonville City Council.

Work proposed must be reviewed and approved by the Planning and Development Department, Historic Preservation Section for consistency with the United States Secretary of Interior Standards and applicable design guidelines during application processing. Upon completion, work will be inspected and verified against plans as previously approved in conjunction with the request for funding under terms defined further in the Redevelopment Agreement.

As the project nears completion, legislation will be required to seek appropriation from City Council from the General Fund to fulfill the funding commitment previously approved.

Public Benefit. Developer agrees to provide City with a public benefit payment structure based on an agreed-upon percentage of the Project's pre-tax, levered Net Cash Flow that exceeds an agreed-upon internal rate of return on Developer's equity. Specific definitions, calculation methodology, and payment timing shall be established in the Redevelopment Agreement.

Budget. The construction budget reviewed and approved by the DIA totals \$24,194,000 (the "Total Budget Amount"), which includes Construction Costs to be incurred in each of the funding categories (each, a "Funding Category") and in the minimum amounts (each a "Funding Category Minimum") set forth in the table below:

Funding Category	Funding Category Minimum
Exterior	\$ 4,693,600
Interior Restoration	\$ 831,800
Interior Rehabilitation	\$ 7,929,800
Code Compliance	\$ 6,697,500
General Requirements/Other	\$ 3,441,300
N/A ¹	\$ 600,000
Total Budget Amount:	\$ 24,194,000

¹ 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 categorized as "N/A" in the construction budget.

Minimum Expenditures: In order to be eligible for the maximum amount of the DPRP Loans, the Developer must provide evidence and documentation prior to the applicable DPRP Loan closing, sufficient to demonstrate to the DIA in its sole but reasonable discretion, the following:

- (i) a total equity capital contribution of at least EIGHT MILLION DOLLARS AND NO/100 (\$8,000,000.00) (the "Required Equity");

- (ii) Total Development Costs incurred of at least FORTY-NINE MILLION NINE HUNDRED NINETY-ONE THOUSAND FOUR HUNDRED THIRTY-NINE DOLLARS AND NO/100 (\$49,991,439.00) which shall exclude holding costs, tangible personal property (IT, FF&E), tenant improvements beyond vanilla shell, marketing, third party costs for risk management, developer fees, and loan fees (the "Minimum Total Development Costs");
- (iii) Minimum Eligible Construction Costs incurred of TWENTY-FOUR MILLION ONE HUNDRED NINETY-FOUR THOUSAND AND 00/100 DOLLARS (\$24,194,000.00), calculated as the Total Budget Amount less costs classified as "N/A" (the "Minimum Eligible Construction Costs"), and
- (iv) Construction Costs incurred at least in the amount of the Funding Category Minimum with respect to each respective Funding Category.

Notwithstanding the foregoing,

- 1) the required Minimum Total Development Costs of \$49,991,439.00 may be reduced by a maximum of ten percent (10%) overall, to \$44,992,295.00, as determined by the Chief Executive Officer (the "CEO") of the DIA in its sole and absolute discretion, without affecting the Borrower's eligibility for funding under the DPRP.
- 2) the required Minimum Eligible Construction Costs of \$24,194,000.00 may be reduced by a maximum of ten percent (10%) overall, to \$21,774,600.00, as determined by the DIA CEO in its sole and absolute discretion, without affecting the Borrower's eligibility for funding under the DPRP.
- 3) any Funding Category Minimum may be reduced by a maximum of ten percent (10%) on a stand-alone basis, as determined by the DIA CEO 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 DPRP Loans, as required. Eligibility for funding under any Funding Category shall be eliminated if the corresponding Funding Category Minimum is reduced by more than ten percent (10%).
- 4) Developer may not reallocate more than 25% of the proposed funding amount for any line item in the Budget to a different line item without prior approval from the DIA CEO and such reallocation shall not modify the related Funding Category Minimum; provided, however, that Developer may reallocate amounts from the "contingency" line item in the Budget to different line items as needed for the payment of costs related to the construction of the Project without the prior approval of DIA. In addition, the elimination of a line item from the Budget shall eliminate any funding associated with that line item and such funds may not be reallocated to any other line item without the prior approval from the DIA CEO which approval may be given or withheld in DIA CEO's sole and absolute discretion.
- 5) As the Developer may incorporate the use of Historic Tax Credits in capitalization for the Project, DIA acknowledges that a tax credit investor may enter the ownership structure in an amount up to 99.99% ownership for structural purposes without a reduction in equity contributed by the Developer. In such arrangements, an entity controlled by the Developer must remain the General Partner with a minority ownership interest if utilizing a traditional HTC structure. Otherwise, in a master lease structure, an entity controlled by the Developer

must have majority ownership and controlling interest in the landlord entity. Under either structure, the Developer, or its related entity, must be the surviving entity and majority owner following exercise of the put option of the tax credit investor at the end of the five-year HTC compliance period or other exit of the tax credit investor from the ownership structure.

The DIA CEO shall have the authority, without further action by City Council, to approve reduced DPRP Loan amounts provided the Total Development Costs incurred are not less than \$44,992,295.00, including Minimum Eligible Construction Costs incurred of not less than \$21,774,600.00.

Infrastructure: No City of Jacksonville infrastructure improvements are contemplated.

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

Loans/Other Funding: Future tenants are expected to present application for funding under the FAB-REP program, although information has not yet been provided for that request.

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

Performance Schedule:

- A) Redevelopment Agreement to be approved for filing with City Council within sixty (60) days following presentation and negotiation (As captured in the Resolution approved by the DIA Board for this DPRP funding).
- B) Redevelopment Agreement to be executed within thirty (30) days of the Bill Effective Date which shall establish the Redevelopment Agreement Effective Date (To be captured in the legislation filed with City Council for approval of this DPRP funding).
- C) Commencement of Construction: Within six (6) months following the Redevelopment Agreement Effective Date, Applicant commits to commencement of construction, meaning receipt of all required approvals, permitting, and closing on all required financing to allow the start of construction activities and has actually broken ground to begin work.
- D) Substantial Completion: Within eighteen (18) months following Commencement of Construction as defined above.
- E) The DIA CEO will have authority to extend this Performance Schedule, in the CEO's discretion, for up to six (6) months for good cause shown by the Developer / Applicant. Thereafter, the DIA Board may extend each component of the Performance Schedule for up to an additional six (6) months in its sole discretion for good cause shown by Developer. For purposes of clarity, each of the Commencement of Construction Date and Completion Date may receive up to a six (6) month extension by the CEO of the DIA and the DIA Board, respectively. Any extensions to the Commencement Date shall have the same effect of extending the Completion Date simultaneously.

Additional Commitments:

- A) The Developer commits to the development of not less than 107 upscale hotel keys, approximately 4,220 square feet full-service restaurant, and approximately 1,000 square foot public lounge and coffee bar, or other permissible uses which create taxable value for the property as may be further approved by the DIA CEO.
- B) Applicant to provide an appraisal in support of the \$9,712,947 stated acquisition cost for review and acceptance by the DIA prior to filing legislation with the City Council.
- C) Recommendation as to the eligibility of the approved scope of work on the Properties by the Planning and Development Department shall be required prior to DIA Board approval of any program funding. Such recommendation by the Planning and Development Department may be conditional on further review and approvals by the State Historic Preservation Office ("SHPO") and/or the National Park Service ("NPS") as may be required.
- D) Upon completion and request for funding, all work on the Properties must be inspected by the Planning and Development Department or designee for compliance with the approved application prior to funding under any DPRP loan component.
- E) Funding under the DPRP will be secured by a stand-alone, subordinate lien position on the Property behind any senior secured, third-party lender providing construction, mini-perm, or permanent financing, as long as such subordination does not alter the DIA approved maturity date of any DPRP Loan.
- F) Each DPRP Loan will be cross defaulted with one another.
- G) Payment defaults, or other defaults that trigger legal actions against the Applicant that endanger the lien position of the City, shall also be a default on the subject facilities.
- H) As the Borrower will be utilizing a combination of HPRR Forgivable Loans, and CCR Forgivable Loans, the maturity of each Forgivable Loan will be five (5) years. Principal outstanding under each note will be forgiven at the rate of 20% annually, on the anniversary date of each such funding, so long as each Forgivable Loan is not in default per DPRP Guidelines.
- I) Standard claw back provisions will apply such that:
 - a) In the event the Borrower sells, including without limitation a capital lease transaction, or otherwise transfers the Historic Building or allows permanent alteration of improvements considered material to the historic nature of the property during the first five (5) years after the disbursement of the Forgivable Loans, 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) Changes in the proposed intended use of the property must continue to contribute towards the relevant Redevelopment Goals and Performance Measures of the DIA and shall be presented to the DIA CEO for further approval not less than 90 days in advance of such changes, and such approval shall not be unreasonably withheld. 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 or Loan without such approval, the full amount of the amounts awarded, together with all accrued but unpaid interest thereon, may be declared by the DIA CEO to become due and payable by the Borrower.
- J) Funding in the amount of the DPRP Deferred Principal Loan component will have a stated maturity date of ten years from the Funding Date. The loan balance is due in full upon maturity, sale, or refinancing of the property prior to maturity subject to terms of the disposition and value of the property at the time of such event.
- K) The DPRP Deferred Principal Loan component requires fixed annual interest payments equal to the total principal outstanding multiplied by the prevailing yield on the Ten-Year Treasury Note at the time of closing, unless the Senior Lender requires setting of that interest rate at an earlier date.
- L) Partial Principal reductions on the DPRP Deferred Principal Loan may be made after the fifth anniversary with no prepayment penalty; however, a minimum of 50% of the initial loan balance must remain outstanding through the loan maturity date unless the Property or Properties are sold or refinanced during that period, subject to DIA CEO approval.
- M) DIA CEO reserves the right to approve any sale, disposition of all or any portion of collateral property, or the refinance of senior debt prior to the forgiveness or repayment of any DPRP Loan.
- N) All Property, business, and income taxes must be current at the time of application and maintained in current status throughout the approval process, the term of the Redevelopment Agreement, and through the DPRP loan period.
- O) Payment defaults, bankruptcy filings, or other material defaults during the DPRP loan period will trigger the right for the City of Jacksonville to accelerate all amounts funded and outstanding under any or all programs at such time, plus a 20% penalty of any amounts amortized or prepaid prior to that date.

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