

RESOLUTION 2023-02-02

A RESOLUTION OF THE DOWNTOWN INVESTMENT AUTHORITY (“DIA”) ACTING AS THE ECONOMIC DEVELOPMENT AGENCY FOR DOWNTOWN JACKSONVILLE (“GRANTOR”) APPROVING THE AWARD OF A DPRP LOAN PACKAGE TO REGIONS BANK (“GRANTEE”); AUTHORIZING THE CEO OF THE DIA TO NEGOTIATE A LOAN AGREEMENT AND RELATED SECURITY DOCUMENTS; AUTHORIZING THE DIA CEO TO EXECUTE SUCH AGREEMENTS; AND FINDING THAT THE DEVELOPMENT PLAN IS CONSISTENT WITH THE DIA’S BUSINESS INVESTMENT AND DEVELOPMENT PLAN (“BID PLAN”) AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, Regions is the owner of the building and property located at 51 W Bay Street, RE# 073663 0000, which has been designated a local historic landmark and is within the National Historic District of Downtown; and

WHEREAS, Ordinance 2021-0210-E was enacted by the City of Jacksonville on May 11, 2021, approving up to \$900,000 of funding for Grantee under the DIA Downtown Preservation and Revitalization Program (“DPRP”) to be drawn through not more than five stand-alone DPRP Loan Requests for expenditures eligible under DPRP guidelines; and

WHEREAS, on June 15, 2021, Grantor and Grantee entered into the Economic Development Agreement (“EDA”) providing the contractual terms and conditions under which funding from the DPRP approval could be drawn and providing approval authority to the DIA Board for stand-alone DPRP Loan Requests that comply with DPRP Guidelines; and

WHEREAS, Grantee submitted an initial request on August 22, 2022, for funding under the DPRP to rehabilitate the interior of the property in its first draw request in the Central Core District of Downtown Jacksonville; and

WHEREAS, the Renovation Improvements Performance Schedule, memorialized in Section 3.1 of the EDA, includes a requirement that Regions will submit its first DPRP Loan Request within 180 days from the effective date, which established the outside date for the first submission as December 12, 2021; and

WHEREAS, Regions submitted its first DPRP Loan Request beyond the above-mentioned time frame, which nullifies the processing of any funding requests for DPRP Loans; and

WHEREAS, upon further review of the terms of the EDA, including the Renovation Improvements Performance Schedule, and recognizing the benefits to the City from the rehabilitation and preservation of this historic building, the Grantor and Grantee agreed to seek approval to amend and reinstate the EDA, which requires legislative action by City Council, with such legislation recommended for approval by DIA Board Resolution 2022-11-08 and planned to be filed with City Council February 22, 2023; and

WHEREAS, the request brought forth for approval by this Resolution 2023-02-02, if approved by the DIA Board, may not be entered into prior to consideration and approval by the City of Jacksonville of the Ordinance that would amend and reinstate the EDA previously entered into with an Effective Date of June 15, 2021, and re-establish the authorities of the DIA found therein; and,

WHEREAS, the Strategic Implementation Committee of the Downtown Investment Authority (“DIA”) met on February 14, 2023, to consider the term sheet and recommendation of the Historic Preservation, Restoration, and Rehabilitation Forgivable Loan and Code Compliance Forgivable Loan in accordance with the DPRP Guidelines in accordance with the terms contained in the term sheet attached hereto as Exhibit A; and

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 to effectuate the purposes of this Resolution, subject only to the prior approval by the City of Jacksonville of the amended and reinstated EDA and execution of the amended and reinstated EDA by the Grantor and the Grantee prior to entering into the loan documents approved by this Resolution 2023-02-02.

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, and to provide funding of up to \$149,760 pursuant to the Downtown Historic Preservation and Revitalization Program guidelines from funds appropriated by City Council, in accordance with the terms set forth on the term sheet attached hereto as Exhibit A.

Section 4. 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:

**DOWNTOWN PRESERVATION AND REVITALIZATION PROGRAM
LOAN REQUEST #1
TERM SHEET**

**REGIONS BANK
51 W Bay Street, Jacksonville, FL 32202**

Project: This term sheet provides the terms and conditions of the first advance on the Regions Downtown Preservation and Revitalization Program (“DPRP”) as originally approved by Ordinance 2021-0210-E and as amended and restated by Ordinance 2023-XXX.

The building being rehabilitated, known as the historic “Old Bisbee Building,” located at 51 W. Bay Street, RE# 073663 0000, is a historic two-story building originally constructed in 1909. Upon completion of the first phase, the building will provide ADA-compliant ingress/egress directly into the adjacent VyStar garage, an ADA chair lift, and various improvements to plumbing and electrical systems.

Developer/ Applicant / Borrower: Regions Bank

Total Development Costs (estimate): \$1,834,037

Total Construction Costs (estimate): \$401,037

City Funding: No more than **\$149,760** (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	\$38,970	\$110,790	N/A	\$149,760

Approval of the incentive structure and funding under the DPRP is delegated to the DIA Board under Ordinance 2021-0210-E, and as amended and restated by Ordinance 2023-XXX and is not subject to further approvals by the Jacksonville City Council.

Further, 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 for verification upon completion and request for funding under terms defined further herein.

Budget. The construction budget reviewed and approved by DIA staff (which excludes Architectural and Engineering fees and project management costs) in the total amount of THREE HUNDRED AND THREE THOUSAND EIGHT HUNDRED FIFTY-NINE AND NO/100 DOLLARS in each of the funding categories (each, a “Funding Category”) and in the minimum amounts (each a “Funding Category Minimum”) as set forth in the table below:

Funding Category	Funding Category Minimum
Interior Rehabilitation	\$ 90,172
Interior Restoration	\$ 0
Exterior	\$ 0
Code Compliance	\$ 147,719
General Requirements/Other	\$ 59,610
N/A ¹	\$ 33,358
Total Budget Amount:	\$ 330,859

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 Borrower 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) Minimum Eligible Construction Costs incurred of TWO HUNDRED NINETY-SEVEN THOUSAND FIVE HUNDRED ONE AND NO/100 DOLLARS (\$297,501), calculated as the Total Budget Amount less costs classified as “N/A” (the “Minimum Eligible Construction Costs”), and
- (ii) Construction Costs incurred of at least the Funding Category Minimum with respect to each Funding Category.

Funding Eligibility:

Notwithstanding the foregoing,

- 1) To be eligible for maximum commitment of \$900,000 in forgivable loans under the DPRP, Regions shall incur not less than \$2,633,000 in Total Development Costs (as defined in the DPRP Guidelines) to preserve and rehabilitate the Property (collectively, the "Improvements"), it being understood and agreed that the tax assessed value of the Property (\$1,433,000.00) shall be included towards the required Total Development Costs. However, minimum funding levels will ultimately be determined by the mix of funding components and the related advance rates as outlined in the DPRP Guidelines.
- 2) The required Minimum Eligible Construction Costs of \$297,501 may be reduced by a maximum of ten percent (10%) overall, as approved by the DIA Staff 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 approved by DIA Staff in its sole and absolute discretion, provided that, in such event, there shall be a pro rata reduction in the applicable DPRP Loan(s), as required. Eligibility for funding under any Funding Category shall be eliminated if the corresponding Funding Category Minimum is reduced by more than fifteen percent (10%), and eligibility for funding under the remaining Funding Categories shall remain in place unless it has been determined that material components of the rehabilitation have not been met as determined by DIA and HPS staff, in their sole discretion.
- 4) Funds shall have been appropriated by City Council to effectuate the purpose of each DPRP Loan Request as approved by the DIA Board.

Infrastructure: No City of Jacksonville infrastructure improvements are contemplated.

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

Loans: This DPRP Loan request is the first of three requests as made available under the Amended and Restated Economic Development Agreement as approved by Ordinance 2023-XXX. Of the total \$900,000 approved, the remaining commitment totals \$750,240. Regions was also awarded a Downtown Economic Development Grant in the amount of \$200,000 remains in effect under the terms as provided in the Amended and Restated Economic Development Agreement. Funding of any amount approved by the DIA Board under either of these commitments shall require final inspections of the work completed by DIA and HPS staff in accordance with the approval.

Performance Schedule:

- A. Application for a building permit from the City of Jacksonville must be made within 90 days of final approval by the DIA Board.
- B. Commencement of Construction for Phase I shall occur not later than 90 days following receipt of the City of Jacksonville building permit that is necessary for commencement of such construction.
- C. Completion of Construction for Phase I shall occur not later than 365 days after the date that the City of Jacksonville issues the building permit for such work.

Additional Commitments:

- A. 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.

- B. Upon Substantial 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.
- C. 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.
- D. Each DPRP loan will be cross defaulted with one another.
- E. 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.
- F. As the Borrower will be utilizing a combination of an HPRR Forgivable Loan and a CCR Forgivable Loan, the maturity of each of these Forgivable Loans 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 no defaults exist per loan documents.
- G. Standard clawback 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 during the first five (5) years after the disbursement of the Forgivable Loans, the following amounts of any Forgivable Loan 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 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 to become due and payable by the Borrower.

- H. Funding in the amount of the DPRP Deferred Principal Loan component (if any) 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.
- I. The DPRP Deferred Principal Loan component (if any) requires fixed annual interest payments equal to the total principal outstanding multiplied by the prevailing Yield on the US Treasury Ten-Year Note at the time established for closing.
- J. Partial Principal reductions on the DPRP Deferred Principal Loan (if any) 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.
- K. DIA reserves the right to approve any sale, disposition of collateral property, or refinance of senior debt prior to the forgiveness or repayment of any DPRP Loan. DIA Staff may negotiate terms in the Redevelopment Agreement and/or Loan Documents that allow de minimis levels of refinancing that may be undertaken without requiring further approvals.
- L. 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.
- M. Minimum insurance requirements as established by the City of Jacksonville Risk Management Department must be met prior to closing and maintained throughout the term of the development agreement.
- N. 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)