

RESOLUTION 2024-12-01

A RESOLUTION OF THE DOWNTOWN INVESTMENT AUTHORITY RECOMMENDING APPROVAL OF A RETAIL ENHANCEMENT PROGRAM GRANT (“REP”), AND A RECAPTURED ENHANCED VALUE GRANT (“REV GRANT”) TO BE FUNDED THROUGH THE DOWNTOWN NORTHBANK CRA TRUST FUND, FOR THE DEVELOPMENT OF A GROCERY STORE IN THE NORTHCORE DISTRICT IN THE DOWNTOWN NORTHBANK COMMUNITY REDEVELOPMENT AREA BY A PROSPECTIVE TENANT (“GROCER TENANT”) AND WITHIN A PROPERTY OWNED BY 119 BEAVER ST W LLC (“OWNER”) KNOWN AS THE N7 COMPONENT OF A LARGER MULTIPARCEL MASTER DEVELOPMENT PLAN BEING UNDERTAKEN UNDER THE DIRECTION OF GATEWAY JAX, AUTHORIZING THE CHIEF EXECUTIVE OFFICER (THE “CEO”) TO NEGOTIATE A REDEVELOPMENT AGREEMENT REGARDING THE SAME BETWEEN THE CITY OF JACKSONVILLE, DOWNTOWN INVESTMENT AUTHORITY, AND OWNER (OR A SINGLE PURPOSE ENTITY TO BE FORMED OR GROCER TENANT); AUTHORIZING THE CEO OF THE DIA TO TAKE ALL NECESSARY ACTION TO EFFECTUATE THE PURPOSES OF THIS RESOLUTION; PROVIDING AN EFFECTIVE DATE.

WHEREAS, the DIA is the Community Redevelopment Agency for the Downtown Northbank Community Redevelopment Area; and

WHEREAS, the Downtown Investment Authority (“DIA”) is authorized per section 55.108 *Economic Development* of the City Ordinance Code, to utilize the Tax Increment Finance District Trust Funds to foster the redevelopment of the Downtown Northbank Community Redevelopment Area; and

WHEREAS, the Downtown Investment Authority (“DIA”) is authorized per section 55.108(8)-(9)(b) *Economic Development* of the City Ordinance Code, to implement the DIA Business Investment and Development Plan (“BID Plan”), to utilize incentives and economic development programs in furtherance of goals set forth in the BID Strategy for the benefit of Downtown Jacksonville; and

WHEREAS, 119 Beaver St W LLC is owner of a property located within the Downtown Northbank Community Redevelopment Area with RE# 074033 0000, as referred to in plan documents as the N7 Property (“N7”); and

WHEREAS, Gateway Companies LLC (“Gateway Jax” or “Developer”) is engaged to redevelop the N7 Property to include structural improvements including an approximately 16-story building providing approximately 250 multifamily units, a structured parking garage proposed to provide approximately 400 parking spaces, and an estimated 38,000 square feet of retail space to include approximately 31,500 square feet for a leading, full-service grocery store (“Grocer Tenant”); and

WHEREAS, Gateway Jax is negotiating with prospective tenants among leading, full-service grocers, and has determined that to be successful in attracting a premier tenant will require financial incentive to offset build out costs and to mitigate risk associated with moving into Downtown Jacksonville, and

WHEREAS, build-out costs of the retail space for the Grocer Tenant, exclusive of construction costs for the building itself to cold dark shell stage of completion and exclusive of tangible personal property, will result in a capital investment of not less than \$5,000,000; and

WHEREAS, the project is found to meet the following BID Goals and Strategic Objectives:

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

- 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.
- Add a major new grocer within Downtown Jacksonville by 2025 and one or more additional by 2030.
- Add one or more retail drugstores that include specialty consumer products and health services as well as pharmacies within Downtown Jacksonville by 2025 and a second by 2030.

Redevelopment Goal No. 5 - Improve the safety, accessibility and wellness of Downtown Jacksonville and cleanliness and maintenance of public spaces for residents, workers, and visitors.

- Promote wellness by facilitating healthy choices for food...

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

- Create a compact and walkable Downtown 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.

WHEREAS, Section 5.1 of the DIA CRA Plan establishes the CRA Plan umbrellas under which the *“DIA may seek to allocate Redevelopment Trust Fund monies for projects and programs, in part or in whole, in the future throughout the life of each CRA's Redevelopment Plan to continue the redevelopment of Downtown.”* While not consistent with established program guidelines, the REV Grant and REP Grant proposed herein are eligible for consideration of funding from the Downtown Northbank Redevelopment Trust Fund under the Economic Development CRA Plan umbrella which states, *“while specific programs and projects are listed in the CRA Redevelopment Plan, the DIA intends to develop additional programs and support additional projects in the future to spur economic development in Downtown Jacksonville. The DIA would use Redevelopment Trust Fund monies in support of these future projects.”*; and

WHEREAS, establishing a leading, full-service grocery store in Downtown Jacksonville is integral to goals set forth in the BID Plan and the overall economic development and well-being of Downtown Jacksonville, and the proposed REV Grant and REP Grant incentives are a material factor in attracting a Grocer Tenant to locate a new store within the Downtown Northbank Community Redevelopment Area of Downtown Jacksonville.

WHEREAS, DIA is proposing a Retail Enhancement Program Grant for the Grocer Tenant in the not to exceed amount of \$1,360,000 to be funded through the Downtown Northbank Redevelopment Trust Fund upon completion of the build-out and issuance of a certificate of occupancy to enable the property to be utilized for its intended purpose as outlined further in the Term Sheet attached hereto as Exhibit A, and

WHEREAS, DIA is proposing a REV Grant for the Grocer Tenant to be paid over a maximum of eighteen (18) years, but not beyond tax year 2045 paid in 2046, in the not-to-exceed amount of \$741,000, based on 75% of the county portion of ad valorem taxes as generated from the proposed private capital investment of not less than \$5.0 million, and the REV Grant is consistent with the DIA BID Plan; and

WHEREAS, REV Grant annual payments for the Grocer Tenant will be funded through the Downtown Northbank Redevelopment Trust Fund; 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 hereby approves a Retail Enhancement Program Grant for the Grocer Tenant in the not-to-exceed amount of \$1,360,000 subject to the terms and conditions as provided in the Term Sheet attached hereto as Exhibit A.

Section 3. The DIA hereby approves a Recaptured Enhanced Value Grant for the Grocer Tenant in the not to exceed amount of \$741,000 subject to the terms and conditions as provided in the Term Sheet attached hereto as Exhibit A.

Section 4. The DIA hereby authorizes its CEO to negotiate a Redevelopment Agreement authorizing the REP Grant and the REV Grant for the Grocer Tenant as described above subject to the minimum terms and conditions contained in the term sheet attached as Exhibit A.

Section 5. The DIA hereby authorizes its CEO to take all necessary actions to effectuate the purposes of this Resolution, including but not limited to execution of a Redevelopment Agreement, or functional equivalents, providing that such actions incorporate, at a minimum, the terms and conditions contained in Exhibit A to this Resolution 2024-12-01.

Section 7. This Resolution, 2024-12-01, shall become effective on the date it is signed by the Chair of the DIA Board.

WITNESS:



DOWNTOWN INVESTMENT AUTHORITY

 12/18/24
Patrick Krechowski, Esq., Chairman Date

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

Exhibit A to Resolution 2024-12-01

Gateway Jax – N7 Grocer Tenant

Rep Grant and REV Grant Term Sheet

Applicant:	A nationally or regionally recognized, leading, full-service grocer, to be proposed by the Developer and approved by the DIA CEO, (the "Grocer Tenant"). Grocer Tenant must be open to the general public providing goods and services at competitive, market rates, and may not be a department store offering groceries as a separate department, limited-service grocer, or warehouse club requiring membership or otherwise.
Property Owner/Landlord:	119 Beaver St W LLC, a Florida LLC owned by CLDG Plummer Partners LLC (a Corner Lot entity), and DTJ Fund LLC (a JWB Capital and DLP Capital entity), or affiliate entity to be established.
Developer	Gateway Companies LLC ("Gateway Jax") led by Mr. Brian Moll, CEO, and Mr. Eric Shullman, Vice-President Development
The Property:	Denoted as N7 on master development maps, includes approximately 66,124 square feet (1.52 acres) of land bounded by W Union Street to the north, N Laura Street to the east, W Beaver Street to the south, and N Hogan Street to the west comprised of parcel RE# 074033 0000 as identified in Exhibit 1 to this Term Sheet.
The Grocer Tenant Retail Space:	Approximately 31,500 square feet of ground floor space within a to-be-constructed mixed-use building of approximately 267,500 total square feet including an estimated 38,000 of total retail net square feet.
The Project:	On the Property, the Developer shall construct and lease retail space to a leading, full-service grocer tenant ("Leased Property"): <ul style="list-style-type: none">a) Approximately 31,500 sf of Leasable Retail Space, may adjust downward in final design by not more than 10% to remain within compliance, with no limit on upward adjustment .b) Minimum Construction Cost of \$5,000,000 in actual costs incurred by Grocer Tenant or Landlord in the build-out of the Leased Property beyond cold dark shell stage of completion.c) Grocer Tenant will include a full-service pharmacy on a best-efforts basis.d) Term of the lease shall extend through the final year of the REV payment. Early termination of the lease shall result in forfeiture of any remaining unpaid amounts under the Maximum Indebtedness.

<p>Design:</p>	<p>The design, including but not limited to all public realm, landscaping, transparency, parking, and signage will comply with the Downtown Overlay Zone Standards as enacted within the Jacksonville Municipal Code as well as the DDRB’s development guidelines and approvals, except as may otherwise be approved by the DDRB and allowed by code.</p>
<p>Retail Enhancement Grant:</p>	<ol style="list-style-type: none"> 1. Maximum Proceeds: Structured as an unsecured forgivable loan not to exceed \$1,360,000 based on \$43.18 X 31,500 leasable square feet (rounded). Square footage of the lease may be reduced by up to 10% with a proportionate reduction in the Retail Enhancement Grant. No upward adjustment may be earned by increasing the square footage of the lease. 2. Funding to be earned and paid upon Substantial Completion of the Improvements including issuance of Certificate of Occupancy for the Leased Property that would enable the Leased Property to be used for its intended purpose. 3. Grocer Tenant must be open seven days per week during typical grocery store operating hours of not less than 8:00 AM to 7:00 PM with allowance for closing not more than three recognized national holidays per year. 4. Grocer Tenant must be national or regionally recognized, top tier operator, offering full-service groceries including, but not limited to, fresh produce, fresh meats, delicatessen, frozen foods, dairy, dry goods, beer and wine, bakery, health and beauty aids, and others as commonly found in full-service type grocery stores. 5. The funded amounts will be amortized over a five-year period with 20% forgiven on each anniversary, but unamortized amounts may be accelerated in the case of default, subject to cure periods and efforts to cure.
<p>REV Grant:</p>	<ol style="list-style-type: none"> 1. 75% REV grant with Maximum Indebtedness of \$741,000 calculated over an 18-year term on the Real Property taxes collected on the subject Improvements to the leased property beginning with the first year after the property has achieved substantial completion, with final payout not beyond tax year 2045 paid in 2046. 2. The maximum indebtedness shall be calculated based on the projected assessed value as determined by the DIA based on a Minimum Construction Cost beyond cold dark shell stage of completion of \$5,000,000. 4. The REV Maximum Indebtedness shall be recalculated and reduced accordingly based on any reduction of up to 15% of the Minimum Construction Cost. Any reduction in actual Minimum Construction Cost through the point of Substantial Completion of more than 15% shall result

	in the forfeiture of the REV Grant.
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Performance Schedule:	<p>RDA EXECUTION– The Redevelopment Agreement will be entered into by Owner or Grocer Tenant and the DIA within two hundred seventy (270) days following the approval of the Resolution authorizing the RDA.</p> <p>COMMENCE CONSTRUCTION – Grocer Tenant shall receive all permits necessary and commence build-out construction activities within six (6) months following the Substantial Completion of the Leased Property, which shall occur not later than five (5) years following the Effective Date of the RDA.</p> <p>COMPLETION OF CONSTRUCTION - All improvements on the Leased Property to be substantially completed and issuance of a certificate of occupancy to enable the property to be utilized for its intended purpose within twelve (12) months of commencement.</p> <p>The foregoing deadlines be subject to extensions of up to six (6) months granted by the DIA CEO upon demonstration of reasonable cause shown by Developer, or by force majeure. Such extension of the Commencement Date shall also apply to the date of Substantial Completion so that a single extension provided will apply to both simultaneously.</p>
Permits:	Developer / Applicant will be responsible for obtaining all building and other permits required for the Project.
Redevelopment Agreement:	The Redevelopment Agreement will establish the essential terms of the incentives, funding, and other terms relevant to the development of the Property. Its terms will govern the rights and responsibilities of the parties throughout the term of the RDA. Approval by the Jacksonville City Council is not required as funding will be made from the Downtown Northbank Redevelopment Trust Fund.
Easements and temporary interests to be conveyed:	To the extent reasonably required, temporary site safety/construction logistics easement(s) to protect street (and general public) from adjacent construction activities (not to include any lay down yard or storage on public land).

The provisions of this Term Sheet are intended to guide the parties in negotiating the Redevelopment Agreement, and any other documents that may be necessary to give effect to the manifest intent of the parties expressed herein.

Exhibit 1. The Property

