

RESOLUTION 2023-08-01

A RESOLUTION OF THE DOWNTOWN INVESTMENT AUTHORITY (“DIA”) RECOMMENDING THAT CITY COUNCIL APPROVE A DOWNTOWN PRESERVATION AND REVITALIZATION PROGRAM FORGIVABLE LOAN PACKAGE FOR REHABILITATION OF THE BUILDING LOCATED AT 208 N LAURA STREET COMPRISED OF THIRTEEN INDIVIDUAL CONDOMINIUM UNITS (THE “PROPERTY” A/K/A THE GREENLEAF AND CROSBY BUILDING) PURSUANT TO A REDEVELOPMENT AGREEMENT WITH JWB CAPITAL, LLC OR ASSIGNS (“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, JWB Real Estate Capital, LLC, through its related entity Creekside at Timuquana, LLC, is the owner of each condominium unit comprising the Property which was awarded designation as a local historic landmark status by the City of Jacksonville, Planning and Development Department, Historic Preservation Commission, and is seeking approval by the Jacksonville City Council for final designation as a local historic landmark, and is a contributing structure located within the National Historic District of Downtown, and within the boundaries of the Downtown Northbank CRA; and

WHEREAS, the Developer proposes to rehabilitate the Property to provide a minimum of 50,000 square feet of leasable space as a mixed-use property within City Center, Downtown Jacksonville; and

WHEREAS, the private capital investment totaling not less than \$16,878,500 in real property and improvements will increase the county ad valorem tax base over the useful life of the assets, will add to the commercial office and retail tenancy options in Downtown Jacksonville; and

WHEREAS, the Strategic Implementation Committee of the Downtown Investment Authority (“DIA”) met on August 10, 2023, to consider the recommendation of DPRP Program Forgivable Loans in accordance with the program guidelines established by City Council in accordance with the terms contained in the term sheet attached hereto as Exhibit A and recommended that the DIA Board adopt Resolution 2023-08-01,

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 up to \$4,969,900 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.

WITNESS:

DOWNTOWN INVESTMENT AUTHORITY





Jim Citrano, Chairman

8/16/23
Date

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

**Exhibit A:
 DOWNTOWN PRESERVATION AND REVITALIZATION PROGRAM
 TERM SHEET
 GREENLEAF AND CROSBY BUILDING
 208 N. Laura Street, Jacksonville FL 32202**

Project: The project comprises the redevelopment of the historic Greenleaf and Crosby Building in City Center, Downtown Jacksonville utilizing funding through the Downtown Preservation and Revitalization Program (“DPRP”).

The building constructed in 1927-1928 located at 208 N. Laura Street, RE# 073751-1002 (with additional RE#s for the individual condominium units as shown in Exhibit B), is a historic twelve-story building with basement providing approximately 62,500 gross square feet. Upon completion of the proposed rehabilitation, the building will provide approximately 44,000 square feet of leasable commercial office and 11,000 square feet of retail/restaurant space on the first floor and within the basement combined. Rehabilitation efforts proposed include, but are not limited to, restoring interiors to their historic condition including the basement space which has not been open to the public for decades, HVAC and ventilation replacement, plumbing and electrical code compliance work, fire sprinkler modification to meet code requirements, window waterproofing, roof repairs, elevator improvements to meet ADA compliance including to the basement, restoration of storefronts to historic standards, providing for ADA accessibility as required, exterior repairs, and paint.

Developer/ Applicant / Borrower: JWB Real Estate Capital, LLC or Assigns (“Owner”)
 Adam Rigel, Manager, Principal Contact
 Alex Sifakis, Manager, Principal Contact
 Gregory Cohen, Manager
 Adam Eiseman, Manager

Total Development Costs (estimate): \$16,878,500
Equity (proposed): \$2,531,800 (15.0% of Underwritten TDC)

City Funding: No more than \$4,969,900 (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	\$1,948,800	\$2,027,100	\$994,000	\$4,969,900

At this proposed funding level, the incentive structure and funding under the DPRP 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.

Budget. The construction budget reviewed and approved by the DIA totals \$8,929,000 (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
Interior Rehabilitation	\$ 812,000
Interior Restoration	\$ 1,114,000
Exterior	\$ 1,184,000
Code Compliance	\$ 3,103,000
General Requirements/Other	\$ 1,344,000
N/A ¹	\$ 1,372,000
Total Budget Amount:	\$ 8,929,000

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 Loan, 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 TWO MILLION FIVE HUNDRED THIRTY-ONE THOUSAND EIGHT HUNDRED DOLLARS AND NO/100 (\$2,531,800.00) (the “Required Equity”);
- (ii) Total Development Costs incurred of at least SIXTEEN MILLION EIGHT HUNDRED SEVENTY-EIGHT THOUSAND FIVE HUNDRED DOLLARS AND NO/100 (\$16,878,500.00) 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 SEVEN MILLION FIVE HUNDRED FIFTY-SEVEN THOUSAND DOLLARS AND 00/100 (\$7,557,000.00), calculated as the Total Budget Amount less costs classified as “N/A” (the “Minimum Eligible Construction Costs”), and
- (iv) Construction Costs incurred of at least the Funding Category Minimum with respect to each respective Funding Category.

Notwithstanding the foregoing,

- 1) the required Minimum Total Development Costs of \$16,878,500 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.

- 2) the required Minimum Eligible Construction Costs of \$7,557,000.00 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.
- 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 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%).

The DIA 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 \$15,190,200.00, including Construction Costs incurred of not less than \$6,801,300.00.

Infrastructure: No City of Jacksonville infrastructure improvements are contemplated.

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

Loans/Other Funding: The Applicant, JWB Real Estate Capital, is also seeking \$660,000 under the Commercial Revitalization Program, and 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 thirty (30) days following presentation and negotiation.
- B) Redevelopment Agreement to be executed within thirty (30) days of the Bill Effective Date which shall establish the Redevelopment Agreement Effective Date.
- 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. 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 49,500 leasable square feet in a combination of office and retail space, or other permissible uses which create taxable value for the property as may be further approved by the DIA.

- B) Recommendation as to the eligibility of the approved scope of work on the Properties by the Planning and Development Department shall be required prior to DIA Board approval of any program funding. Such recommendation by the Planning and Development Department may be conditional on further review and approvals by the State Historic Preservation Office (“SHPO”) and/or the National Park Service (“NPS”) as may be required.
- C) Upon completion and request for funding, all work on the Properties must be inspected by the Planning and Development Department or designee for compliance with the approved application prior to funding under any DPRP loan component.
- D) Funding 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.
- E) The COJ/DIA mortgage must be senior to any liens that may be placed on individual condominium units by the Condominium Association.
- 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 of these Forgivable Loan will be five (5) years. Principal outstanding under each note will be forgiven at the rate of 20% annually, on the anniversary date of each such funding, so long as each Forgivable Loan is not in default per DPRP Guidelines.
- I) Standard claw back provisions will apply such that:
 - a) In the event the Borrower sells, 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 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.

- c) As the development anticipates the use of Historic Tax Credits in its capitalization, 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.
- 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.
- L) Partial Principal reductions on the DPRP Deferred Principal Loan may be made after the fifth anniversary with no prepayment penalty; however, a minimum of 50% of the initial loan balance must remain outstanding through the loan maturity date unless the Property or Properties are sold or refinanced during that period, subject to DIA approval.
- M) DIA reserves the right to approve any sale, disposition of 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).

EXHIBIT B:

Tax IDs for the Property

Owner	RE #
GREENLEAF BUILDING CONDOMINIUM ASSOCIATION INC	073751-1002
GREENLEAF BUILDING CONDOMINIUM ASSOCIATION INC	073751-1004
CREEKSIDE AT TIMUQUANA LLC	073751-1006
CREEKSIDE AT TIMUQUANA LLC	073751-1008
CREEKSIDE AT TIMUQUANA LLC	073751-1010
CREEKSIDE AT TIMUQUANA LLC	073751-1012
CREEKSIDE AT TIMUQUANA LLC	073751-1014
CREEKSIDE AT TIMUQUANA LLC	073751-1016
CREEKSIDE AT TIMUQUANA LLC	073751-1018
CREEKSIDE AT TIMUQUANA LLC	073751-1020
CREEKSIDE AT TIMUQUANA LLC	073751-1022
CREEKSIDE AT TIMUQUANA LLC	073751-1024
CREEKSIDE AT TIMUQUANA LLC	073751-1026
CREEKSIDE AT TIMUQUANA LLC	073751-1028
CREEKSIDE AT TIMUQUANA LLC	073751-1030