

RESOLUTION 2022-04-12

RESOLUTION OF THE DOWNTOWN INVESTMENT AUTHORITY (“DIA”) AMENDING RESOLUTION 2022-03-06 TO REVISE THE FUNDING CATEGORY MINIMUMS ESTABLISHED THEREIN AS REFLECTED IN THE AMENDED TERM SHEET ATTACHED HERETO AS EXHIBIT ‘A’; AUTHORIZING THE DIA CHIEF EXECUTIVE OFFICER (“CEO”) TO TAKE ALL ACTIONS, INCLUDING THE FILING OF LEGISLATION, AND THE EXECUTION OF CONTRACTS, AGREEMENTS AND OTHER DOCUMENTS AS ARE NECESSARY TO EFFECTUATE THE PURPOSES OF THIS RESOLUTION; PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the DIA is the Community Redevelopment Agency and Economic Development entity for Downtown Jacksonville; and

WHEREAS, in its role as the Community Redevelopment Agency and Economic Development entity for Downtown, the DIA is responsible for administering the Downtown Preservation and Revitalization Program; and

WHEREAS, the DPRP was created by Ordinance 2020-0527-E for purpose of fostering the preservation and revitalization of unoccupied, underutilized, and/or deteriorating historic buildings; and

WHEREAS, via Ordinance 2021-0139-E, the Union Terminal Warehouse (“Property”) was designated as a local historic landmark; and

WHEREAS, the Owner is redeveloping the Property as a mixed-use residential development, which will include a minimum of 220 residential units, and 38,000 square feet of commercial space and maker/artist studios, collectively referred herein as the “Project”; and

WHEREAS, the Project requires City participation in accordance with those amounts and subject to those requirements articulated in the attached Exhibit ‘A’ Term Sheet; and

WHEREAS, funding for redevelopment of the Project was recommended for approval by the DIA under Resolution 2021-05-04, and that approval was revised and re-approved under amended Resolution 2022-03-06, with further revision recommended by this Resolution 2022-04-12; and

WHEREAS, Funding Category Minimums for each component of each DPRP Loan have been restated in the Exhibit ‘A’ Term Sheet for consistency with the most recent version of the Owner’s construction budget with no impact on the recommended funding amounts,

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

Section 1. The DIA finds that the abovementioned recitals are true and correct.

Section 2. The DIA hereby approves the attached Exhibit 'A', Term Sheet reflecting the revised funding category minimums. Resolution 2022-03-06 otherwise remains in full and effect except as amended hereby.

Section 3. The DIA authorizes its CEO to take all necessary action, including the filing of legislation and the execution of contracts, agreements and other documents as may be necessary to effectuate the purposes of this Resolution 2022-04-12.

Section 4. This Resolution shall become effective on the date it is signed by the Chair of the DIA Board.

WITNESS: **DOWNTOWN INVESTMENT AUTHORITY**

  4/20/22
Carol Worsham, Vice Chair Date

VOTE: In Favor: 6 Opposed: 0 Abstained: 0

Exhibit A:

**DOWNTOWN PRESERVATION AND REVITALIZATION PROGRAM
TERM SHEET**

Union Terminal Warehouse

Project: The project comprises the redevelopment of a historic property where the underlying tax parcel ID 122092-0000 is shown to extend into the DIA Boundary and the Cathedral District at the time the Downtown Preservation and Revitalization Program (“DPRP”) was approved by the Jacksonville City Council. As such, the redevelopment of this property is eligible for incentive funding under the DPRP.

The redevelopment of this building (“Property”) is conditioned upon terms found in this Exhibit A to the Resolution. Forgivable loan documentation will be prepared and entered into with the Applicant for the Property as approved by the DIA Board and the City Council of Jacksonville, Florida.

Owner / Applicant / Borrower:	East Union Holdings, LLC
Developer:	Columbia Ventures, LLC
Total Development Costs (estimate):	\$64,370,008
Underwritten Development Costs Used for DPRP Calculations:	\$57,118,172
Equity (proposed and including HTC equity):	\$16,386,211 (25.4% of TDC unadjusted)
Equity (proposed exclusive of HTC equity):	\$8,344,661 (15.1% of TDC as underwritten) (12.7% of TDC unadjusted)

City Funding: An amount determined to be **\$8,285,793** through the City of Jacksonville, as follows:

	Historic Preservation, Restoration, and Rehabilitation Forgivable Loan (HPRR)	Code Compliance Forgivable Loan (CCR)	DPRP Deferred Principal Loan	TOTAL
TOTAL	\$4,246,963	\$2,381,671	\$1,657,159	\$8,285,793

At this level, and by this program, the incentive structure and funding under the DPRP will be 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 for verification upon completion and request for funding under terms defined further herein.

Budget. The construction budget reviewed and approved by the DIA in the total amount of FORTY MILLION TWENTY SIX THOUSAND FOUR HUNDRED NINETY EIGHT DOLLARS AND ZERO

CENTS (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	\$ 8,247,200
Interior Restoration	299,100
Exterior	2,783,000
Code Compliance	12,819,200
General Requirements/Other	4,323,100
N/A ¹	10,760,698
Total Budget Amount:	\$ 40,026,498

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 Owner 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 THREE HUNDRED FORTY FOUR THOUSAND DOLLARS SIX HUNDRED SIXTY ONE AND ZERO CENTS (\$8,344,661) (the “Required Equity”);
- (ii) Total Development Costs incurred of FIFTY FIVE MILLION TWO HUNDRED FIFTY TWO THOUSAND THREE HUNDRED FIFTY SIX DOLLARS AND ZERO CENTS \$55,252,356) which shall exclude Developer/Program Management Fee, FF&E, tenant improvements, and operating or finance reserves (the “Minimum Total Development Costs”);
- (iii) Total Construction Costs incurred of at least the Total Budget Amount (the “Minimum Total Construction Costs”), and
- (iv) Construction Costs incurred of at least the Funding Category Minimum with respect to each respective Funding Category.

Notwithstanding the foregoing, the required Minimum Total Development Costs of \$55,252,356.00 may be reduced by a maximum of ten percent (10%) overall, as determined by the DIA in its sole and absolute discretion, without affecting Owner’s eligibility for the approved DPRP Loans. Further, 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.

DIA staff shall present to the DIA Board a request for approval of the reduced DPRP Loans consistent with the DPRP Guidelines. The DIA Board 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 \$49,727,120, including Construction Costs incurred of not less than \$36,023,848.

Infrastructure: No City of Jacksonville infrastructure improvements are contemplated.

Land: No City of Jacksonville land is committed to the project; however, the Owner commits to provide a minimum twenty-five (25) foot wide easement to the City as required by CH. 656.361.2.I and/or conveyance of property necessary for development of the Hogan's Creek greenway. Any property conveyance shall be subject to customary agreements to be negotiated with reasonable discretion by all parties and subject to the zoning, code, or other requirements placed upon the site as reviewed and approved by the City of Jacksonville Planning and Development department, FDOT, and any other municipal, governmental, or regulatory body.

Loans: No other loans, grants, or other funding are requested from the City of Jacksonville.

Performance Schedule:

- A) Execution of Redevelopment Agreement by Owner within (30) days of delivery of final contract to Owner following City Council Approval and Bill Effective Date.
- B) Application for Building Permit from the COJ Building Inspection Division within sixty (60) days following final approval of Redevelopment Agreement by City Council.
- C) Upon receipt of Building Permit, application for lender approval must be promptly filed and Owner must make best efforts to receive final approval from lender within six (6) months from application filing.
- D) Commencement of Construction within six (6) months of final lender approval as indicated by a financial closing. 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 all contractors,
 - d) Ordered essential equipment and supplies; and,
 - 2. Financial commitments and resources to complete the construction of the project; 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. Physical, material renovation and construction shall include, but not be limited to, environmental remediation, structural repairs, and selective demolition activities.
- E) Substantial Completion: Within twenty-four (24) months following Commencement of Construction as defined above.
- F) 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 Owner / Applicant. Any extensions to the Commencement Date shall have the same effect of extending the Completion Date simultaneously.

Additional Commitments:

- A) The Owner commits to the development of:

1. A minimum of 220 dwelling units.
 2. Commercial space, including maker/artist's studios, and similar uses: Minimum of 38,000 square feet.
 3. Rooftop terrace and community garden with existing water tower retained as an iconic architectural feature.
 4. Other amenities include a fitness studio, individual teleconference rooms, an arcade room, a Do-It-Yourself shop space, and electric vehicle charging stations. Specific uses for amenity spaces are subject to change over time in keeping with market standards.
 5. Coordination with Groundwork Jacksonville and the City of Jacksonville to allow for improvements adjacent to Hogan's Creek and through the property for the Emerald Trail subject to the easement as required by CH. 656.361.2.I and other customary easements and license agreements to be diligently negotiated with reasonable discretion by all parties. It is contemplated that the subway drive-aisle on the east side of the building will be paved, striped, and secured with bollards according to the design standards provided by Groundwork Jacksonville for the Emerald Trail as of the time of the execution of the Redevelopment Agreement.
- B) Recommendation as to the eligibility of the approved scope of work on the Property 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").
- C) Upon completion and request for funding, all work on the Property 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 subordinate lien position on the Property behind any senior secured, third-party lender providing construction, mini-perm, or permanent financing in accordance with the requirements of the senior lender.
- 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) 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. Owner/Applicant may request deferral of the maturity and the principal forgiveness for tax purposes, with authority for such modification vested in the DIA CEO.
- G) Standard claw back provisions will apply such that:
1. In the event the Borrower sells, leases or otherwise transfers the Historic Building 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:

- a) 100% if the Sale occurs within 12 months after disbursement of the Forgivable Loan;
- b) 80% if the Sale occurs after 12 months but within 24 months of disbursement of the Forgivable Loan;
- c) 60% if the Sale occurs after 24 months but within 36 months of disbursement of the Forgivable Loan;
- d) 40% if the Sale occurs after 36 months but within 48 months of disbursement of the Forgivable Loan; or
- e) 20% if the Sale occurs after 48 months but within 60 months of disbursement of the Forgivable Loan.

2. In the event Borrower or any lessee or assignee of the Borrower uses the Project or the Historic Property or Properties for uses that represent material adverse deviation as 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.

- H) 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.
- I) The DPRP Deferred Principal Loan component requires an annual interest payment equal to the total principal outstanding multiplied by the prevailing Ten-Year Treasury Note Rate at the time of funding or such other date as may be negotiated to accommodate senior lender requirements.
- J) 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.
- K) DIA reserves the right to approve any sale, disposition of collateral property, or refinance of senior debt during the full DPRP Compliance Period.
- 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) 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) and which will include review and comment by the other financial partners involved in the transaction.