

RESOLUTION 2021-01-05

A RESOLUTION OF THE DOWNTOWN INVESTMENT AUTHORITY (“DIA”) APPROVING AN ECONOMIC DEVELOPMENT GRANT AND RECOMMENDING THAT CITY COUNCIL APPROVE A DOWNTOWN PRESERVATION AND REVITALIZATION PROGRAM FORGIVABLE LOAN PACKAGE FOR RENOVATIONS TO THE REGIONS BANK HEADQUARTERS LOCATED AT 51 W. BAY STREET, RE# 073663 0000 (THE “PROPERTY”) PURSUANT TO A REDEVELOPMENT AGREEMENT WITH REGIONS BANK, AN ALABAMA STATE BANKING CORPORATION (“REGIONS”); FINDING THAT THE PLAN OF DEVELOPMENT IS CONSISTENT WITH THE DIA’S BUSINESS INVESTMENT AND DEVELOPMENT PLAN (“BID PLAN”) AND THE NORTH BANK DOWNTOWN AND SOUTHSIDE 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, Regions is the owner of its corporate headquarters building located at 51 West Bay Street, which has been designated a local historic landmark and is within the National Historic District of Downtown and within the boundaries of the Downtown East CRA; and

WHEREAS, Regions has plans to renovate and restore this historic landmark in several phases over a period of 5 years following closing; and

WHEREAS, Regions is also the owner of an adjacent surface parking lot which Regions has contracted to sell to facilitate the construction of a structured parking garage and associated retail thereon; and

WHEREAS, the construction of such garage is beneficial to Downtown in that it will provide parking for VyStar, Regions, and 100 spaces for the City which the City may provide to the nearby Trio development or other users; and

WHEREAS, in the disposition of the property Regions will incur legal expenses and costs for temporary parking, and construction of such garage will necessitate the construction of new rear entrance to the Regions building and the replacement of signage for the Regions building, as approved by DDRB; and

WHEREAS, the Strategic Implementation Committee of the Downtown Investment Authority (“DIA”) met on January 14, 2021 to consider the term sheet and recommendation of and Economic Development Grant and 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

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 provide funding of up to \$ 900,000 pursuant to the Downtown Historic Preservation and Revitalization Program guidelines in accordance with the terms set forth on the term sheet attached hereto as Exhibit A.

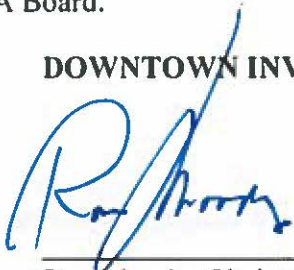
Section 3. The DIA instructs the Chief Executive Officer of the Downtown Investment Authority to take all necessary actions to provide funding of up to \$ 200,000 as an Economic Development Grant in accordance with the terms set forth on the term sheet attached hereto as Exhibit A.

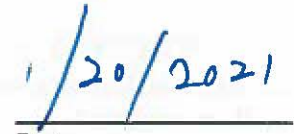
Section 4. The Chief Executive Officer is hereby authorized to execute the contracts and documents and otherwise take all necessary action in connection therewith to effectuate the purposes of this Resolution.

Section 5. 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



Ron Moody, Chairman

Date

VOTE: In Favor: 9 Opposed: 0 Abstained: 0

Exhibit A – Term Sheet

Regions Bank

Terms and Conditions

Downtown Preservation and Revitalization Program (“DPRP”) Forgivable Loans Economic Development Grant

Developer/ Applicant: Regions Bank, an Alabama state banking corporation, or related entity (“Regions”).

Project Location:

- 1) Regions’ Jacksonville headquarters located at 51 W. Bay Street, RE# 073663 0000 (the “Property”)
- 2) The surface parking lot located at 54 W Forsyth Street, RE #073669 0000, (the “Surface Lot”)

City Funding:

DPRP Forgivable Loans:

- 1) The DIA shall reimburse eligible expenses as determined in each request up to an aggregate total of \$900,000 in DPRP Forgivable Loans, with each phase underwritten and approved by the DIA Board for adherence to the DPRP Guidelines. There shall not be more than five requests for funding made through the Completion Date under this agreement with no more than two requests made in a given year, and the final request for funding must be submitted and approved by the DIA Board prior to the fifth anniversary of the closing date of the Redevelopment Agreement.

Economic Development Grant:

- 1) The DIA shall reimburse Regions up to \$200,000 in matching funds for approved costs incurred related to the sale of the Surface Lot, addition of back door access, temporary parking during construction of the VyStar garage, and proposed signs, including architectural up lighting on the Property. Signage and up lighting to be completed as approved by the JHPC on September 23, 2020 and the DDRB on October 12, 2020.

No other loans, grants, or other incentives from the City of Jacksonville are contemplated for this project.

Structural Considerations and Requirements:

DPRP:

- 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) Regions shall secure a COA from the JHPC for each phase of Improvements prior to permitting such Improvements, and each phase of Improvements will require approval by the DIA Board under approval granted to that body by the City Council for this purpose as made by this request.

- 3) Developer equity, as defined under the DPRP Guidelines, has been determined to be in excess of 25% for the purposes of eliminating the need for DPRP Deferred Principal Loan and establishing the following expected advance rates within the funding request for each phase as currently proposed:
 - a. Historic Preservation Restoration and Rehabilitation Forgivable Loan (“HPRR Forgivable Loan”):
 - i. Historic Rehabilitation – Building Exterior - 75%
 - ii. Historic Rehabilitation – Building Interior - 30%
 - iii. Historic Rehabilitation – General Requirements - 20%
 - b. Code Compliance Renovations Forgivable Loan (“CCR Forgivable Loan”)
 - i. Code Compliance - 75%
- 4) As Regions will be utilizing a combination of HPRR Forgivable Loans and CCR Forgivable Loans under this commitment, the maturity of each Forgivable Loan will be five (5) years in accordance with DPRP Guidelines. Principal outstanding under each note will be forgiven at the rate of 20% annually, on the anniversary date of each such funding, per DPRP Guidelines.
- 5) Standard claw back provisions, as required by DPRP Guidelines, will apply such that:
 - a. 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:
 - 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. In the event Borrower or any lessee or assignee of the Borrower uses the Project or the Historic Building for any use not 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.
- 6) Each funding request must demonstrate compliance with DPRP Guidelines including, but not limited to, the following:
 - a. The property must have achieved Landmark status through City Council to be eligible for funding.
 - b. Expenditures submitted for funding of all exterior work must be reviewed under a Certificate of Appropriateness (COA) for consistency with the Secretary of the Interior

Standards for Rehabilitation (Standards) by the Historic Preservation Section of the Planning and Development Department.

- c. Expenditures not eligible under the Standards, shall not be eligible for funding under the DPRP commitment.
- d. Calculation to ensure maintenance of an ROI of 0.50X to achieve full utilization of the \$900,000 commitment.
- e. In accordance with DPRP Guidelines, DPRP funding amounts of \$1,000,000 or less do not require calculation of a gap funding requirement. As such, Regions will not be required to meet the gap funding test on any of the requests for funding made under this commitment.
- f. Only improvements that meet the standard criteria used by DIA and the Historic Preservation Section in determining eligible improvements and construction costs will be eligible for funding consistent with the DPRP program.

Economic Development Grant:

- 1) To be eligible for the \$200,000 Economic Development Grant, total approved costs for the Sign and Transition Expenses (as defined in the following sentence) shall not be less than \$400,000. The term "Sign and Transition Expenses" shall mean the sum of the following costs (with such costs being calculated from PSA execution, July 15, 2020): (a) professional services fees incurred in connection with the sale of the Surface Lot and renovation of the Property (including without limitation, legal fees by the law firms of Balch & Bingham LLP and Driver, McAfee, Hawthorne & Diebenow, PLLC); (b) soft and hard costs associated with installation of the New Signage (including without limitation, costs associated with (i) engineering and architectural services related to the New Signage, (ii) production of the New Signage, (iii) installation of the New Signage, and (iv) structural enhancements to support the New Signage); and (c) soft and hard costs associated with installation of the door on the rear of the Regions branch building to allow for access from the Parking Garage (including without limitation, costs associated with (i) engineering and architectural services related to the installation of the back door, (ii) production of the back door, (iii) installation of the back door, and (iv) structural enhancements to support the back door); and (d) temporary parking during construction of the VyStar garage.
- 2) Regions shall demonstrate that it has closed on the sale of the Surface Lot to VyStar prior to April 31, 2021.
- 3) Funding eligibility shall be limited to \$100,000 during the City's fiscal year, 2020/2021 ending September 2021 and \$100,000 during the City's fiscal year 2021/2022 ending September 2022.

Funding Considerations:

- 1) Funding shall be made as reimbursement to costs as approved for each phase of the DPRP redevelopment activity as well as for the Economic Development Grant.
- 2) Funding requests must be accompanied by receipts or other objective documentation of work completed and costs incurred.
- 3) Each funding request will require inspection and approval by DIA staff or JHPC staff as appropriate to determine compliance with plans as approved.
- 4) Costs that would have been eligible for Economic Development Grant, but were not submitted for the Economic Development Grant, may still be used for the DPRP, provided such costs are otherwise eligible under DPRP Guidelines.

Performance Schedule - Regions agrees to pursue all approvals with commercially reasonable efforts and to meet the following Performance Schedules:

DPRP Forgivable Loans:

1) Phase I:

- a. Applications for Phase I of Redevelopment, including all required plans, budgets, exhibits, and other information as may be required, shall be submitted to the DIA, JHPC, and the DDRB, or other City departments as appropriate not later than 180 days following the Execution Date of the Redevelopment Agreement incorporating the Terms and Conditions.
- b. Application for a building permit from the City of Jacksonville must be made within 90 days of final approval by the DIA Board.
- c. 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.
- d. 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.

2) Phases II through V:

- a. Borrower shall file an application for a building permit within 90 days of following approval by the DIA Board of applications for subsequent Phases, which will include approvals by the JHPC, and the DDRB, or other City departments as appropriate.
- b. Commencement of Construction for subsequent Phases shall occur not later than 90 days following receipt of the City of Jacksonville building permit that is necessary for commencement of such work.
- c. Completion of Construction for subsequent Phases shall occur not later than 365 days after the date that the City of Jacksonville issues the building permit for such phased work unless agreed to otherwise by such approvals.

Economic Development Grant:

- 1) Application for permits for sign relocation and related activities shall occur not later than 90 days following the Execution Date of the subject Redevelopment Agreement, but not later than August 31, 2021.
 - 2) Commencement of Construction for the sign relocation and related activities shall occur not later than 90 days following receipt of permits required, but not later than November 30, 2021.
 - 3) Completion of Construction for the sign relocation and related activities shall occur not later than 180 days following Commencement of Construction, but not later than May 30, 2022.
 - 4) Reimbursement for approved costs incurred in the sign relocation and related activities shall be made upon inspection of the work in accordance with approvals, and verification of such costs incurred by this effort.
- The DIA CEO will have authority to extend these Performance Schedule, in the CEO's discretion, for up to three (3) months for good cause shown by the Developer / Applicant. In the event Regions fails to meet any of the Commence of Construction deadlines, the ability to secure funding for that tranche of capital as described above shall be forfeited.
 - The DIA will have the authority to extend EDG funds unspent from fiscal year 2020/2021 into fiscal year 2021/2022 at its sole discretion.

- Regions shall be entitled to extensions of the above deadlines for force majeure.

ROI:

Eligibility and approval for each draw under the DPRP Commitment must be accompanied by an update to the ROI spreadsheet that demonstrates continuing adherence to the minimum ROI threshold of 0.50X at the aggregate project level.

OTHER REQUIREMENTS:

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).