

RESOLUTION 2023-12-06

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 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, the EDA required amendment and reinstatement which was provided by the approval of Ordinance 2023-150-E, following approval by the DIA Board with the approval of Resolution 2022-11-08; and

WHEREAS, this Resolution 2023-12-06, is submitted for the approval of the second of three maximum requests for approval of construction under the \$900,000 DPRP commitment found in the EDA; and,

WHEREAS, the Strategic Implementation Committee of the Downtown Investment Authority (“DIA”) met on December 20, 2023, to consider the term sheet and recommendation of the Historic Preservation, Restoration, and Rehabilitation 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 2023-12-06.

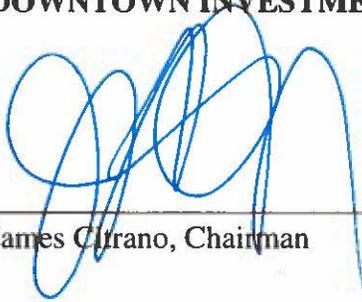
Section 3. The Chief Executive Officer is hereby authorized to execute the contracts and documents and otherwise take all necessary action in connection therewith to effectuate the purposes of this Resolution, and to provide funding of up to \$410,000 pursuant to the Downtown Historic Preservation and Revitalization Program guidelines from funds to be 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.

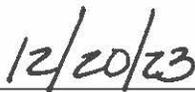
WITNESS:

DOWNTOWN INVESTMENT AUTHORITY





James Citrano, Chairman



Date

VOTE: In Favor: 7 Opposed: 0 Abstained: 0

Exhibit A:

**DOWNTOWN PRESERVATION AND REVITALIZATION PROGRAM
LOAN REQUEST #2
TERM SHEET**

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

Project: This term sheet provides the terms and conditions of the second advance under the Regions Downtown Preservation and Revitalization Program (“DPRP”) as originally approved by Ordinance 2021-0210-E and as amended and restated by Ordinance 2023-150-E.

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.

Developer/ Applicant / Borrower: Regions Bank

Total Construction Costs (estimate): \$641,104

City Funding: No more than **\$410,000** (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	\$410,000	N/A	N/A	\$410,000

Approval of the incentive structure and amount under the DPRP is delegated to the DIA Board under Ordinance 2021-0210-E, and as amended and restated by Ordinance 2023-150-E 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 SIX HUNDRED EIGHTY-ONE THOUSAND ONE HUNDRED FOUR AND NO/100 DOLLARS

(\$681,104.00) 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	\$ 0
Interior Restoration	\$ 0
Exterior	\$ 516,493
Code Compliance	\$ 0
General Requirements/Other	\$ 112,713
N/A ¹	\$ 51,898
Total Budget Amount:	\$ 681,104

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 SIX HUNDRED TWENTY-NINE THOUSAND TWO HUNDRED SIX AND NO/100 DOLLARS (\$629,206), 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 \$629,206 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 ten 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 second of three requests available under the Amended and Restated Economic Development Agreement as approved by Ordinance 2023-150-E. Of the total \$900,000 approved, the remaining commitment totals \$340,240. Funding of any amount approved by the DIA Board under this commitment shall require final inspections of the work completed by DIA and HPS staff in accordance with the approval, and appropriation of funds by the City Council.

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 II 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 II 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. Each DPRP loan will be cross-defaulted with one another.
- D. 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.

E. 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.

F. 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.

G. 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 established at the time of closing.

H. 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.

- I. 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.
- J. 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.
- K. 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.
- L. 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).

**Regions Bank Building
Downtown Preservation and Revitalization Program
Loan Request #2**

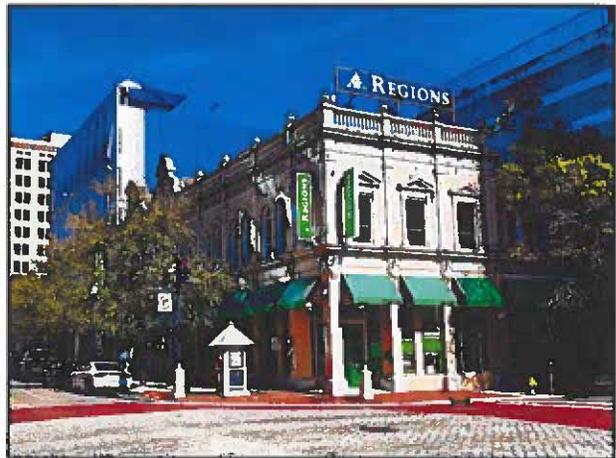
**Staff Report
December 20, 2023**

Applicant:	Regions Bank
Project:	Historic “Old Bisbee Building”
Program Request:	Downtown Preservation and Revitalization Program (“DPRP”)
Total Construction Costs (estimate):	\$681,104
DPRP Recommended:	
1) Historic Preservation Restoration and Rehabilitation Forgivable Loan (HPRR)	<u>\$410,000</u>

Property Description:

Historic “Old Bisbee Building”

Regions Bank is a multi-state regional bank with \$114.4 billion in assets and eleven financial centers in Duval County. The Regions Bank principal office for Jacksonville is located in the historic Old Bisbee Building at 51 W. Bay Street, RE# 073663 0000 (the “Property”), at the highly traveled intersection of Laura Street and Bay Street. The Property was originally constructed in 1909 following the Great Fire of 1901 and is considered one of the most historic properties in downtown Jacksonville for its contribution to the resurgence of the city following the fire, as well as its architecture and continuing structural integrity. The Property was recommended for local landmark status by the Jacksonville Historic Preservation Committee (“JHPC”) on October 28, 2020.



Project Summary:

- The DIA Board approved Regions Bank for \$900,000 DPRP commitment and a \$200,000 Downtown Economic Development Grant in Resolution 2021-01-05 in part to help facilitate the sale of a surface parking lot adjacent to the company’s Laura Street historic property to VyStar.
- The DPRP and DEDG awards were subsequently approved by the COJ City Council in Ordinance 2021-210-E and authorizes the DPRP to approve advance requests that meet DPRP Guidelines without further City Council approval.
- The parking lot was sold to VyStar as intended, which enabled the construction of the parking garage along Forsyth Street to extend the full block from Main Street to Laura Street, and that garage is now open and operating.

- The Economic Development Agreement with Regions was executed on June 15, 2021.
- Work eligible for funding under the DEDG was completed and fully funded by the DIA in May 2023.
- Originally approved for up to five phases and advances under the DPRP commitment of \$900,000, that EDA was amended and reinstated in Ordinance 2023-150 to limit the number of DPRP Loan requests to three and requires that the final request be submitted prior to June 15, 2024, and that approval must be considered by the DIA Board prior to December 15, 2024, in order to be eligible.
- Phase one improvements as submitted totaled \$401,037 and following exclusion of architectural and engineering fees, along with project management costs, the net construction budget of \$330,859 was approved by the DIA Board for DPRP funding of \$149,760 in Resolution 2023-02-02.
- Work approved for funding in phase one is proposed to be completed simultaneously with the work proposed in this Phase two request, and funds cannot be distributed to the Borrower until work has been completed and inspected for compliance with terms and conditions set forth by the COJ HPS and DIA.
- This memo seeks approval for phase two DPRP Loan Request in the amount of \$410,000 as outlined further below.
- If approved, the remaining amount available DPRP commitment will total \$340,240 for the phase three proposed improvements.

Request and Structure:

- The construction budget provided totals \$681,104. Costs submitted have been evaluated by DIA and HPS staff to be eligible as either exterior improvements (75% funding reimbursement level) or general contractor overhead (20% funding reimbursement level).
- Phase II rehabilitation effort will provide brick tuckpoint, window replacement, and roof replacement rehabilitation improvements.
- The recommended funding amounts under the Historic Preservation, Restoration and Rehabilitation component of the program is \$410,000 as shown below.

Jacksonville DPRP (DIA Version)						
Description	Total Cost	General Conditions		Direct Costs		Recommended Reimbursement
Brick tuckpoint	\$ 96,800	\$ 21,667	20.00%	\$ 63,533	75.00%	\$ 52,000
Window Replacement	\$ 204,750	\$ 55,500	20.00%	\$ 132,350	75.00%	\$ 110,400
Roof Replacement	\$ 284,934	\$ 33,776	20.00%	\$ 227,760	75.00%	\$ 177,600
Interior ACM Removal	\$ 4,985			\$ 4,985	75.00%	\$ 3,700
Window ACM Removal	\$ 17,890			\$ 17,890	75.00%	\$ 13,400
Roof ACM Removal	\$ 69,975			\$ 69,975	75.00%	\$ 52,500
Terracon to oversee ACM Removal	\$ 1,770	\$ 1,770	20.00%			\$ 400
Total:	\$ 681,104	\$ 112,713		\$ 516,493		\$ 410,000

- The forgivable loan approved will be documented as a standalone note with an amortization period of five years.
- DPRP funding would occur upon the completion and inspection of each by DIA and HPS staff to ensure completion in accordance with plans submitted and approved by the DIA Board.
- The following table demonstrates adherence to DPRP Guidelines as required:

Sources		
Federal Historic Tax Credit		0.0%
HPRR Forgivable Loan	\$ 448,970	17.5%
CCR Forgivable Loan	\$ 110,790	4.3%
DPRP Gap Loan		0.0%
Other COJ Funding	\$ 200,000	7.8%
1st Position Debt	\$ -	0.0%
Owner Equity	\$ 1,806,243	70.4%
TOTAL SOURCES	\$ 2,566,003	100.0%

Uses		
Purchase Price	\$ 1,433,000	60.6%
A&E Costs	\$ 200,000	8.5%
Construction Costs	\$ 681,104	28.8%
Developer Fee		0.0%
Soft Costs	\$ 51,898	2.2%
TOTAL USES	\$ 2,366,003	100.0%

Maximum Funding Level	\$ 1,283,001
DPRP Funding	\$ 559,760
Other COJ Funding	\$ 200,000
ROI	0.76

Measurement	DPRP Guidelines			As Calculated
	% of TDC		Net of Developer Fee	Project
Developer Equity	10%	Min	of TDC	70.4%
3rd Party Loan			No min or max	0.0%
Subsidy or Tax Credit			No min or max	0.0%
Developer Combined	50%	Min	of TDC	70.4%
DPRP				
Exterior	75%	Max	of eligible costs	
Restoration Int	75%	Max	of eligible costs	
Rehabilitation Int	30%	Max	of eligible costs	
Code Compliance	75%	Max	of eligible costs	
Other	30%	Max	of eligible costs	
HPRR Forgivable Loan	30%	Max	of TDC	17.5%
CCR Forgivable Loan	30%	Max	of TDC	4.3%
DPRP Def Prin Loan	20%	Max	of TDC	0.0%
DPRP Def Prin Loan		Min	Must be ≥ 20% of Gap	N/A
Other COJ Funding				7.8%
COJ Combined	50%	Max	of TDC	23.7%

- As shown in the table, a DPRP Deferred Principal Loan is not required due to equity contributed exceeding 25%.
- The stand-alone ROI for this request is calculated as 0.76X follows:

\$2.6 Million in Total Development Cost (Estimated)	
Ad Valorem Taxes Generated	
County Operating Millage	(1) \$ 574,331
Local Option Sales Tax	(2) \$ -
Payroll	(3) \$ -
Add'l Benefits Provided	(4) \$ -
Total City Expected Benefits	\$ 574,331
Total City Investment	(5) \$ 759,760
Return on Investment Ratio	0.76
(1) - The investment from the Company is estimated to be \$2,633,000 in Total Development Costs and \$185,790 in taxable Tangible Personal Property	
(2) - Local Option Sales Tax is based on the revenue generated through retail sales, food and beverage, and commercial leases.	
(3) - Job estimates are calculated at # of jobs * avg. wage. Assumes 20% spent locally and a 1 percent sales tax over 20 years.	
(4) - Value of any additional contribution being made for the benefit of the city in consideration of the incentive	
Interest on the DPRP Deferred Principal Loan	\$ -
Other	
Other	
Total Add'l Benefits Provided	\$ -
(5) - City Incentives as follows:	
DPRP	\$ 559,760
Land	\$ -
Other	\$ 200,000
Total Direct Incentives	\$ 759,760