

RESOLUTION 2018-09-02

A RESOLUTION OF THE DOWNTOWN INVESTMENT AUTHORITY (“DIA”) AUTHORIZING THE CHIEF EXECUTIVE OFFICER (“CEO”) OF THE DIA TO NEGOTIATE A REDEVELOPMENT AGREEMENT, WITH, 500 EAST BAY STREET, LLC FOR THE REDEVELOPMENT OF THE BERKMAN II TOWER ALONG WITH A PARKING GARAGE (COLLECTIVELY, THE “PROJECT”); AUTHORIZING: (1) A \$8,250,000 OPERATIONAL GRANT FOR THE PROJECT; (2) AUTHORIZING A REV GRANT IN THE AMOUNT OF \$20,000,000 FOR THE PROJECT; (3) RECOMMENDING APPROVAL BY CITY COUNCIL OF A \$3,250,000 CITY GRANT FOR THE PROJECT; AND (4) AUTHORIZING THE PARKING GRANT IN THE AMOUNT OF \$3,500,000 FOR THE RESERVATION OF 200 PARKING SPACES FOR THE PUBLIC VIA RESTRICTIVE COVENANT; AUTHORIZING THE CEO OF THE DIA TO NEGOTIATE REDEVELOPMENT AGREEMENTS, AND OTHER AGREEMENTS AS NECESSARY FOR THE PROJECT; AUTHORIZING CEO TO INITIATE FILING LEGISLATION WITH THE CITY COUNCIL REGARDING THE SAME; AUTHORIZING THE CEO OF THE DIA TO EXECUTE SUCH AGREEMENTS; PROVIDING AN EFFECTIVE DATE.

WHEREAS, The 500 East Bay Street, LLC (the “Developer”) currently has ownership of the land, building, and other improvements located at 500 E Bay Street, more commonly known as the Berkman II project site; and

WHEREAS, the Developers propose to redevelop the Berkman II site into a 340 room Hotel, Family Entertainment Center, Water Park, and Parking Garage; and

WHEREAS, the Developers propose to develop (design, construct, and finance) a parking garage on up to 3 acres of the westernmost portion of the City of Jacksonville owned undeveloped land located in the area commonly known as the shipyards, to accommodate the parking needs of the Project; and

WHEREAS, to assist the Developers in redeveloping these historic buildings, the DIA proposes to offer a package of incentives as further detailed in the Term Sheet attached to this Resolution as Exhibit “A”; 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 REV Grant annual payments will be funded through the Downtown East Tax Increment Finance District Trust Fund; **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. Authorizing the CEO to negotiate Redevelopment Agreement and a lease agreement, authorizing the incentives as described above and shown in more detail in the attached Term Sheet.

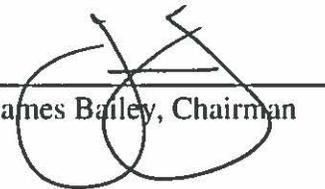
Section 3. Authorizing the CEO of the Downtown Investment Authority to execute said agreements subject to the terms as described above.

Section 4. This Resolution, 2018-09-02, shall become effective on the date it is signed by the Chair of the DIA Board.

WITNESS:

DOWNTOWN INVESTMENT AUTHORITY





James Bailey, Chairman

9/19/18
Date

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

Term Sheet of September 7, 2018

Project Name: Berkman II Site Redevelopment Project

Developer/ Applicant: 500 East Bay St., LLC

Incentives (through the City of Jacksonville and the Downtown Investment Authority) detailed as follows:

Hotel & Family Entertainment Amenity:

Total Development Cost: a minimum of \$122,000,000

Hotel, Parking Facility, and basic Family Entertainment Amenity with outdoor amusement area

Incentives:

Total COJ/DIA incentives: \$36,000,000.

REV Grant: \$20,000,000 from the Northbank TID. (Performance based incentive)

- Partial ad valorem tax rebate of 20 years @ 75% for an approximate total grant not to exceed **\$20,000,000**.
 - The REV Grant Maximum amount will be reduced to \$15,000,000 if the capital investment for the project does not exceed \$92,000,000 project, and is not completed within sixty (60) months of the effective date of the RDA.

Operational Performance Subsidy: \$8,250,000 from the General fund (Performance based incentive)

- A contractual payment based upon the operational success of the Hotel development.
- Calculated as 5% of the annual Lodging Revenue, paid annually in arrears.
- The Subsidy will be for a maximum term of 15 years, and have a maximum subsidy amount of \$8,250,000.

Redevelopment Completion Grant: \$3,250,000 from the General fund.

- The Redevelopment grant will be disbursed upon the Developer receiving a Certificate of Occupancy ("CO") for the Hotel and Family Entertainment Center.

Parking Incentives:

Land: The City will convey approximately 3 Acres (exact size of the parcel conveyed from the City will be dependent upon the site plan and ultimate capacity of the structured parking facility (the "Garage")) of the land currently known as the Shipyards project Parcel to the Developer for the construction of the Garage.

- The City will convey, at market price of **\$584,000 per acre**, sufficient square footage of space to support the construction of the Garage as is determined by the proposed site plan.
 - The most recent request made July 10, 2018 is estimated to be for 3.0 (+/-) acres, which would be at a costs of \$1,635,200.00.
- The Land conveyed will be at the westernmost section of the City owned property known as the Shipyards.
- The Parcel will be conveyed through a process compliant with the DIA disposition of property procedures.
- The conveyance will be subject to reversion clauses to ensure that a Garage is built.
- The Developer shall be entitled to an environmental offset for the impacts of known and perceived environmental issues on the site. **The offset shall be for \$1.0 million.**

Public Parking Incentive: The City/DIA will provide **\$3,500,000** grant (less any subsidy or reduction in price from the market value of land conveyed for the Garage, e.g., \$3,500,000 - \$584,000 = \$2,916,000 Grant dollars disbursed) to offset the costs of constructing the Garage; in consideration for the perpetual reservation, via a recorded restrictive covenant, of 200 spaces in the Garage for short term public parking use.

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Conditions: This Term Sheet is limited by the following conditions:

Downtown Investment Authority review of the development and construction timelines; and

These proposed financial terms are subject to and contingent upon the approval of the Downtown Investment Authority, the City of Jacksonville Administration, and the Jacksonville City Council.

All terms contained within this Term Sheet are contingent upon the successful commitment and closing of all Construction /Senior Debt Agreements and Commitments, Any Private Junior Lien Loan Agreements and Commitments, evidence of Marketable Title by the Developer, , and the Hotel Management & Operating Agreement. All terms contained within this Term Sheet are also contingent upon evidence of the funding of the Developer's Equity commitment.

There will be additional terms, conditions, rights, responsibilities, warranties and obligations for both parties shall be determined in a later negotiated mutually agreeable written contract (or multiple written contracts as is deemed necessary).

This Term Sheet expires and becomes void, if not executed by the Parties upon October 31, 2018.

Additionally, this Term Sheet expires and all the terms contained within become void, upon February 28, 2019, unless reduced and incorporated into a redevelopment agreement or extended in writing by the parties.

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(Signature Page to Follow)

With Respect to the Hotel, Basic Family Entertainment Amenity, and the Parking Structure:

Offered on behalf of the City of Jacksonville Downtown Investment authority by:

Print Name:

its CEO

Date: _____

Developer

Accepted on behalf of 500 East Bay LLC by

Print Name:

Its (print Officer Title): _____

Date: _____