

RESOLUTION 2021-11-02

A RESOLUTION OF THE DOWNTOWN INVESTMENT AUTHORITY (“DIA”) RECOMMENDING THAT CITY COUNCIL APPROVE A DOWNTOWN PRESERVATION AND REVITALIZATION PROGRAM FORGIVABLE LOAN PACKAGE FOR RENOVATIONS TO THE CENTRAL NATIONAL BANK BUILDING LOCATED AT 404 N JULIA STREET (THE “PROPERTY”) PURSUANT TO A REDEVELOPMENT AGREEMENT WITH AXIS 404 JULIA, LLC (“AXIS 404”) OR ASSIGNS (“DEVELOPER”); 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, Axis 404 is the owner of the Property and the building located on the Property has been designated local historic landmark and is a contributing building 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 Central National Bank Building into 36 studio, one-bedroom, and two-bedroom, market rate, multifamily housing units and approximately 3,240 square feet of retail space; and

WHEREAS, the increased private capital investment totaling not less than \$14 million in real property will increase the county ad valorem tax base over the useful life of the assets, will increase the availability of units for Downtown residents and increase retail activity in the Central Core District of Downtown Jacksonville; and

WHEREAS, the Strategic Implementation Committee of the Downtown Investment Authority (“DIA”) met on November 12, 2021 to consider the term sheet and 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

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 DPRP funding of up to \$5,814,697 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 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

Xavier Chisholm

Carol C. Worsham
W. Braxton Gillam, Esq., Chair
Carol C. Worsham, Vice Chair

11-17-21
Date

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

Exhibit A:

**DOWNTOWN PRESERVATION AND REVITALIZATION PROGRAM
TERM SHEET**

**Central National Bank Building
404 N. Julia Street, Jacksonville FL 32202**

Project: The project proposes the redevelopment of a historic property in the Central Core District of Downtown Jacksonville utilizing funding through the Downtown Preservation and Revitalization Program (“DPRP”).

The Central National Bank Building (“CNB”) located at 404 N. Julia Street, RE# 073802 0000, is a historic structure with three stories to be redeveloped with 36 residential units and a projected 5,769 square feet of gross commercial/retail space on the ground floor, including 3,240 sf of gross leasable space projected to be occupied by a fitness center.

Applicant / Borrower: Axis 404 Julia, LLC (Axis 404), a single purpose entity created by Augustine Development Group, George Bochis, CEO; Bryan Greiner, President

Total Development Costs (estimate): \$14,916,353

Underwritten Development Costs Used for DPRP Calculations: \$14,267,875

Equity (proposed): \$2,250,000 (15.8% of TDC as underwritten)

City Funding: No more than \$5,814,697 (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	\$2,261,349	\$2,303,348	\$1,250,000	\$5,814,697

In combination, the HPRR Forgivable Loan, the CCR Forgivable Loan, and the DPRP Deferred Principal Loan are referred to as the DPRP Loans. At the funding level and structure proposed, the incentive structure and funding under the DPRP is subject to further approvals and funding commitment by the Jacksonville City Council.

Infrastructure: No City of Jacksonville infrastructure improvements are contemplated.

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

Loans: No other loans, grants, or other funding from the City of Jacksonville are contemplated for this Phase of the Project, although commercial tenants leasing space within these Properties may be eligible for

funding under separate programs. 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 (“REP”) to the extent such costs are directly attributable to space that would be occupied by the REP Applicant.

The broader project includes a new construction phase providing a REV Grant of \$4,450,000 and funding for garage spaces for the use of COJ JFRD totaling \$2,000,000 as detailed under Resolution 2021-10-03, and its Ex. A Term Sheet. None of that City funding, nor the related construction budgets and development costs, shall overlap or otherwise be comingled or included in funding of the subject DPRP request.

Minimums:

- A) The minimum Total Equity Capital contribution through completion to remain eligible for the maximum DPRP Funding as outlined is \$2,250,000.
- B) The minimum Total Development Costs for the Project is \$14,267,875, which may be reduced by a maximum of 15% overall to remain eligible for funding as approved.
- C) The minimum Total Construction Costs is \$9,920,625 and equals the total amount of the costs set forth in the budget submitted to the DIA. The minimum Total Construction Costs are further subject to each of the funding category minimums below:

DPRP Summary	TOTAL	CCR	HPRR
Exterior	\$ 2,928,530		\$ 1,491,398
Interior Restoration	\$ 137,500		\$ 103,125
Interior Rehabilitation	\$ 2,511,685		\$ 547,451
General Requirements	\$ 1,221,880		\$ 119,376
Code Compliance	\$ 3,111,130	\$ 2,303,348	
N/A	\$ 9,900		
Total:	\$ 9,920,625	\$ 2,303,348	\$ 2,261,349

- D) The minimum Total Construction Costs may be reduced by not more than 10% overall to remain eligible for funding as approved; however, such reduction requires pro rata reduction in the related DPRP Loans.
- E) Reduction of the Total Construction Costs within any funding category below the respective funding category minimum will require a pro rata reduction in the related DPRP Loans. Any reduction in the Total Construction Costs within any funding category below the respective funding category minimum of greater than 20% will require review and approval by DIA Staff to remain eligible for a DPRP Loan with respect to that funding category.
- F) Further, each funding category minimum as provided above also serves as the maximum dollar amount of expenditures that may be submitted for reimbursement, with respect to each funding category. No funding category minimum may be increased above the amount shown for funding reimbursement purposes under DPRP.

Performance Schedule:

- A) Execution of the Redevelopment Agreement and filing for construction permits necessary to commence construction to occur within 90 days of Bill Effective Date. .

- B) Commencement of Construction to occur within 30 days following 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, but not later than 6 months following the Effective Date of the Redevelopment Agreement. .
- C) Substantial Completion to be achieved within twenty-four (24) months following Commencement of Construction as defined above.
- D) 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 such extension to the Commencement Date will have the same effect on the Substantial Completion Date.

Additional Commitments:

- A) The Developer commits to the development of:
 - 1. A minimum of 34 dwelling units.
 - 2. A minimum of 5,500 square feet of gross commercial/retail space on the ground floor, including 3,200 sf of gross leasable space
 - 3. 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. 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").
- B) 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 COA and application prior to funding under any DPRP loan component.
- C) 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.
- D) 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.
- E) The subject DPRP Loans shall cross-defaulted with the City REV Grant commitments on the New Construction phase of the development activity, to the extent commercially reasonable.
- F) As Axis 404 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.
- G) Standard claw back provisions 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 Property or Properties 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 such Forgivable Loan, 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 such rate was set.
- 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 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 repayment of 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.
- N) The property shall be rehabilitated and constructed in a manner materially consistent with all plans and specs submitted to and approved by the DIA, along with DDRB conditions and approvals, and conditions and approvals by other City, State, and National governmental departments and agencies.

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).