

RESOLUTION 2024-09-05

A MODIFICATION AND RESTATEMENT OF RESOLUTION 2024-05-05 OF THE DOWNTOWN INVESTMENT AUTHORITY RECOMMENDING CITY COUNCIL APPROVAL OF A MULTIFAMILY REV GRANT AND A COMPLETION GRANT WITH A TOTAL MAXIMUM INDEBTEDNESS OF FIFTY-EIGHT MILLION, SEVEN HUNDRED NINETY-EIGHT THOUSAND DOLLARS AND NO/100 CENTS (\$58,798,000.00) FOR RD RIVER CITY BREWERY, LLC IN THE SOUTHSIDE COMMUNITY REDEVELOPMENT AREA, AUTHORIZING THE CEO OF THE DIA TO TAKE ALL ACTION NECESSARY TO EFFECTUATE THE PURPOSES OF THIS RESOLUTION, INCLUDING THE EXECUTION OF A REDEVELOPMENT AGREEMENT, OR FUNCTIONAL EQUIVALENT; PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the Downtown Investment Authority (“DIA”) is the Community Redevelopment Agency for the Southside Community Redevelopment Area; and

WHEREAS, the DIA is authorized per section 55.108(8)-(9)(b) *Economic Development* of the City Ordinance Code, to implement the DIA Business Investment and Development Plan (“BID Plan”), to utilize incentives and economic development programs in furtherance of goals set forth in the BID Strategy for the benefit of Downtown Jacksonville; and

WHEREAS, RD River City Brewery, LLC, an affiliate of Related Development, LLC (“Related” or “Developer”), has assembled property located within the Southside Community Redevelopment Area on which Related plans to construct a luxury high-rise ICON branded mixed-use development to include a minimum of 390 residential units together with a minimum 4,000 square foot (indoor heated/cooled space) waterfront restaurant and other associated amenities adjacent to the Southbank Riverwalk and St. John’s River Park (the “Project”); and

WHEREAS, the development of the Project will result in a minimum private capital investment in total development costs of TWO HUNDRED TWO MILLION SEVEN HUNDRED FORTY-SIX THOUSAND AND 00/100 DOLLARS (\$202,746,000.00) that will increase the county ad valorem tax base over the useful life of the assets, and will add to the residential tenancy, retail space, and parking options in Downtown Jacksonville; and

WHEREAS, the DIA Board met on May 15, 2024, and approved to forward Resolution 2024-05-05 to the Jacksonville City Council recommending approval of a Multifamily REV Grant with maximum indebtedness of NINETEEN MILLION SEVEN HUNDRED NINETY-EIGHT THOUSAND AND 00/100 DOLLARS (\$19,798,000.00), and a Completion Grant with maximum funding totaling THIRTY-NINE MILLION AND 00/100 DOLLARS (\$39,000,000.00); and

WHEREAS, negotiation of the agreements brought forth structural considerations and modifications to the terms originally proposed that will better ensure Developer’s access to debt capital, minimize certain risks to the City, and improve the efficiency of the administration of the incentives; and

WHEREAS, following the modifications proposed, Developer will remain compliant with the 30-year high-rise underwriting parameters as approved by the DIA Board in resolution 2024-05-04, will not reduce additional commitments as previously approved, and the ROI as calculated will remain unchanged at 1.13X; and

WHEREAS, Multifamily REV Grant annual payments and REV Grant annual payments will be funded through the Downtown Northbank Redevelopment Trust Fund; and

WHEREAS, Completion Grant amounts will be funded through the City of Jacksonville General Fund and will require future appropriation from City Council after Developer meets requirements outlined in the revised Term Sheet attached hereto as Exhibit A.

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 hereby authorizes the CEO of the Downtown Investment Authority to modify terms found in the Redevelopment Agreement with the Developer and related documents substantially in accordance with the term sheet that identify approvals as modified attached hereto as Exhibit A and in addition to allow an initial draw coincident with the senior lender’s initial funding amount not to exceed the lesser of the proportionate amount of the lender’s draw in relation to its full commitment or \$250,000, and to also allow the minimum total equity requirement of the Developer to reduce from \$67,000,000 to \$60,000,000, so long as the minimum parameters for High Rise developments established Resolution 2024-05-04 are maintained and such equity requirements are to be tested at issuance of CO allowing use of the Garage Improvements and the Residential Improvements for their intended purpose, subject to OGC approval of the form of agreement.

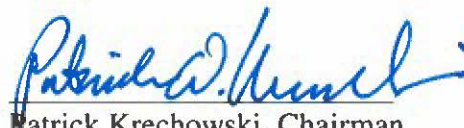
Section 3. The DIA Board hereby authorizes the CEO of the Downtown Investment Authority to initiate legislation for approval by City Council of a Redevelopment Agreement, or functional equivalents and associated agreements in accordance with the purposes of this Resolution.

Section 4. This Resolution, 2024-09-05, shall become effective on the date it is signed by the Chair of the DIA Board.

WITNESS:

DOWNTOWN INVESTMENT AUTHORITY





Patrick Krechowski, Chairman

10/15/24

Date

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

Exhibit A

Resolution 2024-09-05

Summary of Terms and Conditions

BACKGROUND

The City of Jacksonville (“COJ”) and the Jacksonville Economic Development Council (“JEDC”) entered into a Ground Lease with Maritime Concepts, LLC (“Maritime”) as its tenant on July 31, 1998, as amended, for a term of 99 years commencing August 1, 1998 (“Ground Lease”) for the property commonly known as the River City Brewing Company and its associated parking lot (“Property”). Maritime sold its interest in the Property and all improvements to RD River City Brewery, LLC (hereafter, “Related”) including its rights in the Submerged Land Lease (“SLL”) with the State of Florida (“State”).

The Downtown Investment Authority (“DIA”) (as successor to the JEDC) and COJ approved Related’s offer to acquire the Property and construct new improvements thereon pursuant to Ordinance 2021-253 on June 8, 2021. The terms of the original Redevelopment Agreement, executed on June 29, 2021, expired on or about January 11, 2023. This Exhibit represents the basis for a new Redevelopment Agreement (“RDA”) as detailed below.

RELATED OBLIGATIONS

1. Related shall design and construct, using Type 1 or Type 2 construction materials and techniques, a mixed-use Icon product featuring a world class residential tower with no fewer than 390 units and associated amenities, a minimum 4,000 square foot (indoor heated/cooled space) waterfront restaurant open to the public with additional outdoor dining, a Ship Store and parking with approximately five-hundred fifty (550) parking spaces including thirty (30) dedicated public parking spaces for use as parking for the MOSH site or adjacent park (“Dedicated Parking Spaces”), and public realm improvements including expansion of the St. Johns River Park and Riverwalk substantially as depicted in Exhibit 1 and in accordance with the final DDRB approval granted October 17, 2023 (the “Project”). The Project is anticipated to be delivered simultaneously with Riverwalk and Sidewalk improvements described herein.
3. Related shall make a Minimum Capital Investment of \$202,746,000 (including acquisition), with a minimum Direct Development Cost of \$173,597,000. Related shall cause the General Contractor to secure a payment and performance bond in an amount equal to the contract price and shall use commercially reasonable efforts to add COJ/DIA as an additional obligee. COJ/DIA shall bear any costs of being named as an additional obligee. Related will also provide its construction lender with a typical completion guarantee for the satisfactory completion of all the Project contemplated by the RDA, and Related shall provide the DIA with written notice of same. Related will provide COJ the Repayment Guarantee in the event that the Project is not completed by the Guarantee Date (each as defined below).
4. Related shall construct, as part of the Project, a structured parking garage on a portion of the Property with approximately five-hundred fifty (550) parking spaces including thirty (30) dedicated public parking spaces (“MOSH Parking Spaces”). Related will ensure that the Dedicated Parking Spaces shall be available for use by the general public visiting the COJ’s tenant MOSH or use by the general public as COJ may direct. During construction of the Project, COJ shall ensure that the Dedicated Parking Spaces shall be provided under the Acosta Bridge or at some other mutually agreed upon location at their expense.

5. Related, and/or its assigns shall construct, and a professionally recognized property manager shall operate, a Ship Store with a minimum of 1,000 square feet to be located on the Property and proximate to the boat ramp as shown on the site plan. The Ship Store shall be open daily from 8am to 6pm to sell sundries, ice, and other necessities for patrons of the boat ramp during these hours for so long as the boat ramp remains in operation. Related shall spend a minimum of \$490,000 to complete the Ship Store.
6. Related shall manage and execute the re-construction of a 25' wide Riverwalk parcel, including a minimum 16' hardscape and additional landscaping ("Riverwalk") within Parcel I. The Riverwalk improvements, roughly 187 linear feet in length along the riverfront terminating at the circular overlook along the boat ramp after turning the corner on the west end, will include a minimum 16 foot wide paved pedestrian pathway with colorful paving patterns conforming to the Riverwalk Design Guidelines along with approximately 70% shade coverage, provided by both landscaping and shade sail elements consistent with the Riverwalk Plant palette and Riverwalk Design Guidelines. Plant material shall be irrigated to ensure viability. In addition, street furnishings including benches and trash receptacles and lighting fixtures meeting the Riverwalk Design Criteria will be included within the 25' wide strip but not encroaching into the 16' pathway. Signage conforming to the Riverwalk Wayfinding sign package shall be included where appropriate. The improvements will include necessary foundations, soil remediation, and other infrastructure required to install the above. The Riverwalk and Riverwalk Improvements shall be completed in accordance with plans approved by DIA, DDRB and COJ in accordance with the October 17, 2023, approval conditions and the DDRB approval prevails over any deviation found herein and once finalized shall be deemed to be consistent with the adopted Riverwalk Design Standards, and jointly agreed to by Related. The Riverwalk shall be open and available for public use and enjoyment located landward of the riverside edge of the bulkhead along the Saint Johns River and within property described in Parcel I. Once completed, COJ shall retain ownership and all maintenance obligations of the Riverwalk, including the bulkhead. COJ shall maintain the Riverwalk and bulkhead in a Class "A" condition and Related shall have the right of self-help and the ability to seek reimbursement from COJ in accordance with terms to be included in the RDA. In addition, any self-help action taken by Related, as approved by COJ, shall be deducted from the Annual Contribution.
7. Related shall manage and execute the re-construction of a sidewalk running southward from the circular overlook along the boat ramp consistent in width with final plans approved by DDRB on October 17, 2023 but with no less than 7 feet of clear pedestrian zone at any point (to be legally described) available for public use and enjoyment ("Sidewalk") located landward of the riverside edge of the bulkhead adjacent to, and just east of, the boat ramp (to be legally described) that connects the Riverwalk to the boat ramp along and within the western boundary of the property described as Parcel C.
8. Upon execution of the RDA, Related, DIA and COJ shall enter into documents terminating all easements and other ancillary agreements (except deeds) that were executed as part of the closing, or pursuant to, the June 29, 2021, Redevelopment Agreement.
9. Once the Project is completed, Related shall deed an approximately 4,201 square foot parcel, located adjacent to and south of the former Parcel B, to COJ to permit the expansion of St. Johns River Park and Friendship Fountain. Related shall also dedicate an easement for an approximately 400 square foot parcel to be used for the potential future fuel tank location as depicted on the Site Plan. Such

easement will remain in place so long as fuel is being offered for sale to public boaters at the marina, with such decision as will be made by the City of Jacksonville in its sole discretion.

10. Related agrees to pursue all approvals with commercially reasonable efforts and to meet the following Performance Schedule:

FINAL DESIGN to be completed one hundred eighty (180) days after the execution of the RDA or thirty (30) days after the Certificate of Completion is issued for the Bulkhead Project, but no later than May 30, 2025.

PERMITTING to start, applying for permit approvals for the Horizontal Improvements, not less than sixty (60) days after Final Design is completed, and shall have submitted for all permit approvals to commence construction of the Horizontal Improvements by no later than July 31, 2025.

COMMENCE CONSTRUCTION of the Horizontal Improvements to start no later than the later of one hundred twenty (120) days after Permitting is completed, and (ii) December 15, 2025; provided, however, that the December 15, 2025, date shall be extended by one day for every day after November 1, 2025, that the City fails to place the Completion Grant into escrow. Developer shall Commence Construction of the Vertical Improvements on or before the date which is thirty-six (36) months after Developer Commences Construction of the Horizontal Improvements and construction of the Improvements shall proceed without any Impermissible Delays through Substantial Completion thereof.

COMPLETE CONSTRUCTION forty (40) months after Commencement of Construction, but no later than April 30, 2029

In the event Related fails to meet the Construction Completion deadline above, subject to extensions for items outside Related's control or otherwise permitted herein, the REV Grant shall be reduced by 5% for every two (2) month delay and forfeited if construction is not completed within two (2) years of the established completion date, as may be extended. If the Rev Grant is forfeited pursuant to the immediately preceding sentence (the "Guarantee Date") then the City may, at any time prior to Related obtaining a certificate of occupancy (or its equivalent) for the improvement, by written notice to Related (the "Guaranty Demand Notice") exercise Related's corporate repayment guarantee which will cause the repayment to the City those portions of the Completion Grant released from escrow to Related and the escrow agent will refund the City the balance of funds in the escrow account (the "Repayment Guarantee"). Notwithstanding the foregoing, guarantor's liability under the Payment Guaranty will be capped at \$1,000,000 if, at the time of Developer's receipt of a Guaranty Demand Notice, Developer Substantially Completed the Residential Improvements and Parking Garage Improvements and has obtained a temporary certificate of occupancy (or its equivalent) therefor such that such improvements are available for use in accordance with their intended purpose.

Such Repayment Guarantee is a guaranty of payment and performance and not of collection and will be further supported by an attestation from Related's chief financial officer that demonstrates its financial capacity to fulfill the full, faithful and punctual payment and performance of the guaranteed obligations stating that the Guarantor has a cash liquidity balance equal to or greater than \$40,000,000, and net worth (prepared in accordance with GAAP and net of book value of goodwill and unamortized debt discount) equal to or greater than \$150,000,000, with attestations provided to the City at the time of execution of the Redevelopment Agreement and on a quarterly basis thereafter until the expiration or termination of this Guaranty.

Related shall be entitled to extensions of the above deadlines for force majeure or delays caused by COJ or the inaction of COJ. In addition, the outside dates contemplated in the timeline above assume Bulkhead Project will be completed by December 31, 2024. Related shall be entitled to a day-for-day extension for all subsequent deadlines if the Bulkhead Project is not completed by December 31, 2024. As is customary, the CEO of DIA shall have the authority to grant extensions of the Performance Schedule not to exceed six (6) months in the aggregate. The DIA Board may grant additional extensions of the Performance Schedule not to exceed an additional six (6) months in the aggregate.

INCENTIVES

1. DIA to provide a 75% REV Grant for the Project for fifteen (15) years, or the expiration of the Southside CRA, whichever occurs first unless COJ assumes the Southside CRA obligations (the "Rev Grant Period"). The Maximum Indebtedness for the Multifamily REV Grant shall be \$19,798,000.
2. DIA to request that COJ provide Related a completion grant in the amount of \$39,000,000 ("Completion Grant").
3. Upon Related's submittal of its application for building permit the DIA will work with the City to escrow the full amount of the Completion Grant, in a manner sufficient to satisfy Related's lenders. All interest on funds held in escrow shall be the exclusive benefit to the City of Jacksonville only.
4. The full amount of the Completion Grant will be made available for construction funding after the project commences vertical construction, with the first draw made on a pari-passu basis with the Senior Construction Lender to reconcile with the proportion of payments made over the first three months of funding. Thereafter, the Completion Grant will be funded on a pari-passu basis with the Senior Construction Lender, with payments made on a three-month basis (no more than a single payment made by COJ in any three-month period) to reconcile with the proportion of payments made over the intervening three months of funding. However, pari passu calculations for City funding requests shall be based on actual payments made by the Senior Construction Lender, as supported by draw requests, inspection reports from a third-party inspector and the architect's certification of progress made or materials delivered, in proportion to the initial construction loan commitment of the Senior Commercial Lender. Any protective advances required at any point during the Construction Phase shall be the sole requirement of the Senior Lender.
5. If the Project is not completed by Guarantee Date, then the Completion Grant repayment shall be secured by (i) the Repayment Guarantee and (ii) adding the City as an additional insured on Related's builders risk policy for the Project, subordinate to the lender's interest. The City will receive a copy of the bank draw and bank inspector's report with the monthly draw requests to the escrow agent. Upon Related obtaining a CO for all residential units in the Project then the obligations under the

Repayment Guarantee shall have been fully satisfied and the Repayment Guarantee shall terminate, and all obligations thereunder will expire, and the balance of the Completion Grant escrow will be released to Related.

6. Consistent with and pursuant to Chapter 55, Part 2, *Ordinance Code*, Developer may apply for and upon approval of such application and payment of the applicable fee the City shall convey any Water Quality Compensatory Credit(s) as necessary for the construction of the Improvements in accordance with this Agreement.

COJ BULKHEAD RECONSTRUCTION

There currently exists a bulkhead along the northern boundary of the Property ("Bulkhead"). COJ has agreed to reconstruct the Bulkhead consistent with current resilience recommendations ("Bulkhead Project"). COJ shall maintain the Bulkhead, in a Class "A" condition. In the event the Bulkhead is not maintained by COJ, Related shall have the right of self-help and the ability to seek reimbursement from COJ all in accordance with terms to be included in the RDA. Any self-help action taken by Related, as approved by COJ, shall be deducted from the Annual Contribution (as defined below).

ADDITIONAL RELATED COMMITMENTS SUMMARY

Related agrees to fund the following additional commitments in conjunction with the development proposal:

1. Approximately \$490,000 to complete the Ship Store, which shall provide restroom facilities for boaters and shall remain in operation so long as the Marina or Boat Ramp are in operation.
2. Approximately \$250,000 of the costs to construct the Riverwalk above standard requirements.
3. \$319,200 which represents the value of the land just south of the former Parcel B to expand St. Johns River Park and Friendship Fountain (4,201sf x \$76/sf)
4. \$30,400 the value of the land subject to an easement for the fuel tanks (400sf x \$76/sf)
5. Related will provide a minimum of approximately \$98,117 per year during the Rev Grant Period, but not to exceed 30 years, (escalated at 2% annually) for contract maintenance services to maintain St. Johns River Park and Friendship Fountain above the standard maintenance obligations of COJ, the first contribution will be not later than the calendar year after the Project receives its final CO ("Annual Contributions").
6. Any self-help action taken by Related, as approved by COJ, shall be deducted from the Annual Contributions.

ADDITIONAL REQUIREMENTS:

COJ/DIA shall grant to Related a right of first refusal ("ROFR") for a period of ten (10) years from the Effective Date of the RDA to purchase the MOSH site in the event such site is made available for private commercial redevelopment to be more fully defined in the RDA. The ROFR shall require Related to match not only the cash purchase price to be paid for the land but also to commit to construction of commercial improvements of equal value and similar use as to that proposed, on the same or shorter performance schedule, resulting in a similar tax revenue to COJ. Such right of first refusal shall not be applicable to any sale, lease or redevelopment for civic use, park space or other use in which the public is invited to visit such as a museum, aquarium, gallery, etc. The CEO shall be authorized to further negotiate the terms of the ROFR with Related and shall bring any material changes to the Board for approval. The ROFR shall terminate at the earlier of a sale of the property or the 10th Anniversary of the Effective Date of the RDA.

EXHIBIT 1 – SITE PLAN AND ELEVATION

- 1 Planted entry median
- 2 Riverwalk trail connection
- 3 Entry court
- 4 Arrival / Drop-off
- 5 Riverwalk waterfront promenade w/ seating
- 6 Overlook w/ shade sail canopies
- 7 Resort style pool w/ sun shelf
- 8 Beach club w/ fire pit
- 9 Restaurant patio
- 10 Summer kitchen / stand up board storage
- 11 Informal social space with hammocks and outdoor movie screen
- 12 Florida-Friendly riverwalk landscape
- 13 4' aluminum picket fence
- 14 Reconfigured boat ramp access
- 15 Streetscape (Riverplace Blvd design palette)
- 16 Project monument sign
- 17 Riverwalk connection -Covered walkway to restaurant
- 18 Boat ramp
- 19 Leasing office
- 20 Water feature
- 21 Courtyard south
- 22 Access ramp
- 23 Garage entry
- 24 Public restaurant access
- 25 Spa
- 26 Flex / Yoga lawn
- 27 Fuel tanks
- 28 Transformer
- 29 Dock master/ Marina store
- 30 Service/ Back of house





East Elevation



West Elevation