

RESOLUTION 2019-12-03

A RESOLUTION OF THE DOWNTOWN INVESTMENT AUTHORITY (“DIA”) APPROVING MODIFICATIONS TO REDEVELOPMENT TERMS FOR THE REHABILITATION AND ADAPTIVE REUSE OF THE AMBASSADOR HOTEL (THE “PROJECT”) WITH AXIS HOTELS LLC (“DEVELOPER”); FINDING THAT THE PLAN OF DEVELOPMENT REMAINS 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 DIA’S CHIEF EXECUTIVE OFFICER (CEO) 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, in July 2018, the Developer purchased the property commonly known as Ambassador Hotel with a street address of 420 N. Julia Street, as well as the remaining undeveloped portion of the block (collectively, the “Original Parcel”), all of which is located within the boundaries of the Downtown East CRA; and

WHEREAS, the Developer proposed to renovate the Ambassador Hotel building, a historically designated structure, into a 127 room hotel, and on the undeveloped portion of the site construct 200 units of multifamily market rate housing and a structured parking facility of a size and nature to serve both the hotel and the housing project, and

WHEREAS, at their meeting of September 19, 2018, the DIA approved Resolution 2018-09-03 authorizing a Historic Preservation Trust Fund (HPTF) Grant upon redevelopment completion in an amount not to exceed \$1.5 million funded by the Downtown Historic Preservation and Revitalization Trust Fund, and a 75% Recaptured Enhanced Value (REV) grant in an amount not to exceed \$4.9 million over a fifteen (15) year period funded by the Northbank Tax Increment Finance District Trust Fund, and

WHEREAS, at their meeting of January 22, 2019, the Jacksonville City Council approved Ordinance 2018-872 which included a Redevelopment Agreement with terms for the aforementioned HPTF and REV grants, as well as specific performance criteria related thereto, and

WHEREAS, on March 26, 2018, the Redevelopment Agreement was executed by the Developer, the City of Jacksonville and DIA, and

WHEREAS, the Developer commenced construction of improvements to and restoration of the Ambassador Hotel building but has since purchased an adjacent parcel across the street with

an address of 223 West Duval Street (the former Independent Life Building), (the "New Parcel") and

WHEREAS, the Developer is currently completing the design phase of a mixed-use project for the New Parcel which will likely impact the planned new construction on the Original Parcel and require a modification to the 200 units of multifamily market rate housing and structured parking facility required by the March 26, 2019 Redevelopment Agreement on the Original Parcel, and

WHEREAS, in order to move forward expeditiously with the completion of the Ambassador Hotel renovations while allowing time for the redesign of the adjacent parking and multi-family components on the remainder of the Original Parcel to coordinate with and complement the 233 West Duval Street project, the Developer wishes to sever the Original Parcel Redevelopment Agreement into two (2) distinct agreements, one for the Ambassador Hotel renovations and the other for the remainder of the Original Parcel to be considered at a later date, and

WHEREAS, in response to the Developer's request, the DIA is proposing such modifications to the original March 26, 2019 Redevelopment Agreement as set forth on the 2019 Term Sheet, attached as Exhibit A to this Resolution; 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 modify, amend or substitute the March 26, 2019 Redevelopment Agreement between the City of Jacksonville, the Downtown Investment Authority and AXIS Hotels, LLC, in a manner necessary to delete all provisions, references and requirements therein relating to the new construction of 200 units of multifamily market rate housing, a structured parking facility, the REV Grant and to otherwise be consistent with the Term Sheet attached 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.

[Signature Page to Follow]

WITNESS:

DOWNTOWN INVESTMENT AUTHORITY



Craig Gibbs, Chairman

12-19-19

Date

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

EXHIBIT A

2019 Term Sheet

Project Name: Ambassador Hotel

Developer/ Applicant: the Augustine Group, or a single assets entity created by and affiliated with the Augustine Group.

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

The Ambassador Hotel:

Total Acquisition and Development Cost for Ambassador Hotel only:
\$17,600,000 (estimated)

Historic Preservation Trust Fund (redevelopment completion) Grant: Up to \$1,500,000 from the Downtown Historic Preservation and Revitalization Trust Fund (the "HPTF").

These grant funds shall be used in accordance with the Downtown Historic Preservation and Revitalization Trust Fund guidelines.

- THE HPTF Grant will be disbursed at issuance of the last needed Certificate of Occupancy ("CO") for the project. Therefore, it is estimated funds would be needed no sooner than 18 months after construction commences, estimated by the Developer's Schedule.
- The Grant will be subject to standard "claw-back" language.

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

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

A completed and approved application to the Jacksonville Historic Preservation Commission for the funding out of the Historic Preservation and Revitalization Trust Fund; 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 Historic Rehabilitation Tax Credit Agreements, Construction /Senior Debt

Agreements and Commitments, Any Private Junior Lien Loan Agreements and Commitments, evidence of Marketable Title by the Developer, and the inclusion of the City of Jacksonville Lease(s) as also insureds under the Developer's Property & Casualty insurance, 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.

Payment of the Historic Preservation Trust Fund (redevelopment completion) Grant is to be contingent upon qualifying eligible expenditure(s) pursuant to criteria established by the United States Department of Interior for Historic Preservation and a letter from the Jacksonville Historic Preservation Section informing DIA of which expenses were determined to be eligible for reimbursement from the Trust Fund. The Redevelopment Grant shall be the lesser of \$1.5 million or the sum of;

- i. fifty percent (50%) of total eligible exterior rehabilitation and restoration costs
- ii. twenty percent (20%) of total eligible interior rehabilitation and restoration costs
- iii. twenty percent (20%) of total eligible building and fire code improvement costs

There may 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).

This Term Sheet shall expire and all the terms contained within become void, upon February 28, 2020, unless extended in writing by the parties.

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[Signature Page to Follow]

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

Lori N. Boyer, CEO

Date: _____

Accepted on behalf of AXIS Hotels, LLC

Print Name:

Its (print Officer Title): _____

Date: _____