



**Downtown Investment Authority
Strategic Implementation Committee**

Monday, May 17th at 2:30 p.m.

SIC AGENDA

Oliver Barakat, Chair
David Ward, Esq., Committee Member
Ron Moody, Ex-officio Committee Member

Bill Adams, Esq., Committee Member
Craig Gibbs, Esq., Committee Member

- I. CALL TO ORDER
- II. PUBLIC COMMENTS
- III. APRIL 16, 2021 STRATEGIC IMPLEMENTATION COMMITTEE MEETING MINUTES
- IV. RESOLUTION 2021-05-04: Union Terminal DPRP Term Sheet (Steve Kelley, Director of Downtown Real Estate and Development)
- V. Implementation strategy for Mayor’s Task Force recommendations on Downtown
 - Lighting
 - Landscape & Hardscape
 - Programming
 - Events
 - Parking app
- VI. ADJOURN

MEETING LOCATION

Physical Location

City of Jacksonville Edward Ball Building
214 N Hogan St
8th Floor (Conference Room – 851)
Jacksonville, Florida 32202

Visitors are encouraged not to enter City owned public buildings if they have: symptoms of COVID-19, a fever of 100.4 degrees Fahrenheit or higher, are currently undergoing evaluation for COVID-19 infection, a diagnosis of COVID-19 in the prior 10 days, or have had close contact with someone infected with COVID-19 during the prior 14 days. Any member of the public entering City owned public building may choose to wear a mask inside the building.

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Strategic Implementation Committee**

Monday, May 17th at 2:30 p.m.

Virtual Location

Interested persons desiring to attend this meeting virtually can do so via Zoom (including by computer or telephone) using the following meeting access information:

Join Zoom Meeting

<https://us02web.zoom.us/j/81037499970?pwd=Y0ZhbjhmcVhzbW5mNTBvWHJEWkFkZz09>

Meeting ID: 810 3749 9970

Passcode: 487069

One tap mobile

+1 (312) 626-6799 (Chicago)

+1 (646) 558-8656 (New York)

Find your local number: <https://zoom.us/u/acSPRiVnGd>

APRIL 16, 2021

STRATEGIC IMPLEMENTATION COMMITTEE MEETING MINUTES

THE MOTION PASSED UNANIMOUSLY 3-0-0

IV. RESOLUTION 2021-04-03: Related (Steve Kelley, Director of Downtown Real Estate and Development)

Chairman Barakat gave the floor to Mr. Kelley to introduce the Resolution.

Mr. Kelley provided an overview of the Resolution which briefly detailed the modifications made to the agreement with Related Group regarding the redevelopment of the River City Brewing Company site. The REV Grant was increased from \$11,902,028 to \$12,996,885. The change stems from cost increases in building materials and design modifications to the multifamily property that came from feedback from DDRB and the public. The following details were included:

- Some of the cost increase stems from substantial cost increases in materials
- Total costs of the development increased by over \$6.5M, from \$76M as underwritten to \$82.5M as underwritten
- Related has elected, at their option, to forego the redevelopment of Dock B at this time
- The structure of the REV Grant did not change

Discussion occurred regarding the increase to the REV Grant and increases in the cost of materials.

Mr. Kelley commented that the design changes were aesthetic in nature and stemmed from feedback received from DDRB, but also includes new courtyards and rooftop lounges for residents.

Discussion occurred concerning the amount of negotiation that took place for this transaction which precipitated the need for nuance changes.

Discussion occurred regarding the ROI. Mr. Kelley noted that there is a typo in the Staff Report; the ROI should state an increase from 1.02 to 1.04.

Seeing no further discussion, Chairman Barakat called for a motion.

Motion: Committee Member Adams moved to approve Resolution 2021-04-03 as presented for recommendation to the Board

Seconded: Committee Member Moody seconded the motion

Chairman Barakat called for a vote.

Vote: Aye: 3 Nay: 0 Abstain: 0

THE MOTION PASSED UNANIMOUSLY 3-0-0

V. RESOLUTION 2021-04-04: Regions (Steve Kelley, Director of Downtown Real Estate and Development)

Chairman Barakat gave the floor to Mr. Kelley to introduce the Resolution.

Mr. Kelley provided an overview of the Resolution, stating the following:

- No changes in the financial commitment
- Costs associated with HVAC replacement are allowed as matching funds while eligible costs for reimbursement are those transition costs related to the sale of their surface lot to VyStar for construction of the parking lot as approved previously
- The closing date has been changed to May, or as may be modified in the Performance Schedule
- The timeframe has been changed, now allowing for up to two years from the effective date to utilize the Economic Development Grant

CEO Boyer clarified that the Economic Development Grant for Transition Expenses is unique to this circumstance.

Discussion occurred between Committee Member Adams and Chairman Barakat regarding the need to proceed cautiously in the pursuit of this transaction due to precedent where owners ask for these kinds of capital improvement items in buildings that are functional and occupied.

Patrick Krechowski, representing Regions, spoke to the committee concerning Regions planned \$2M in capital investments and their long-term intentions.

Motion: Committee Member Adams moved to approve the Resolution as presented for recommendation to the Board

Seconded: Committee Member Moody seconded the motion

Chairman Barakat called for a vote.

Vote: Aye: 3 Nay: 0 Abstain: 0

THE MOTION PASSED UNANIMOUSLY 3-0-0

CEO Boyer commented on the recommendations suggested by the Finance and Budget Committee in regard to Unallocated funds in the Northbank budget, and suggested giving thought to small scale programs and events.

Chairman Barakat asked CEO Boyer if she could provide an update on the BID/CRA Plan at the next board meeting. CEO Boyer responded that she would be happy to.

VI. ADJOURNMENT

Chairman Barakat adjourned the meeting at 9:45 a.m.

The written minutes for this meeting are only an overview of what was discussed. For verbatim comments of this meeting, a recording is available upon request. Please contact Xzavier Chisholm at xchisholm@coj.net to acquire a recording of the meeting.

DRAFT

TAB IV

RESOLUTION 2021-05-04: UNION TERMINAL DPRP TERM SHEET

RESOLUTION 2021-05-04

RESOLUTION OF THE DOWNTOWN INVESTMENT AUTHORITY (“DIA”) APPROVING A DOWNTOWN PRESERVATION AND REVITALIZATION PROGRAM (“DPRP”) CONSISTING OF AN HISTORIC PRESERVATION, RESTORATION, AND REHABILITATION FORGIVABLE LOAN; A CODE COMPLIANCE FORGIVABLE LOAN; AND A DPRP DEFERRED PRINCIPAL LOAN WITH EAST UNION HOLDINGS, LLC (“DEVELOPER”) FOR REDEVELOPMENT AND REHABILITATION OF THAT PROPERTY COMMONLY REFERRED TO AS THE “UNION TERMINAL WAREHOUSE”; THE AMOUNTS AND TERMS OF THE FORGIVABLE LOANS AND DEFERRED PRINCIPAL LOAN ARE ATTACHED HERETO AS EXHIBIT ‘A’ (“TERM SHEET”); AUTHORIZING THE DIA CHIEF EXECUTIVE OFFICER (“CEO”) TO TAKE ALL ACTIONS, INCLUDING THE FILING OF LEGISLATION, AND THE EXECUTION OF CONTRACTS, AGREEMENTS AND OTHER DOCUMENTS AS ARE NECESSARY TO EFFECTUATE THE PURPOSES OF THIS RESOLUTION; PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the DIA is the Community Redevelopment Agency and Economic Development entity for Downtown Jacksonville; and

WHEREAS, in its role as the Community Redevelopment Agency and Economic Development entity for Downtown, the DIA is responsible for administering the Downtown Preservation and Revitalization Program; and

WHEREAS, the DPRP was created by Ordinance 2020-0527-E for purpose of fostering the preservation and revitalization of unoccupied, underutilized, and/or deteriorating historic buildings; and

WHEREAS, via Ordinance 2021-0139-E, the Union Terminal Warehouse (“Property”) was designated as a local historic landmark; and

WHEREAS, the Developer is redeveloping the Property as a mixed-use residential development, which will include a minimum of 220 workforce residential units, and 38,000 square feet of commercial space and maker/artist studios, collectively referred herein as the “Project”; and

WHEREAS, the Project requires City participation in accordance with those amounts and subject to those requirements articulated in the attached Exhibit ‘A’, Term Sheet,

NOW THEREFORE, BE IT RESOLVED, by the Downtown Investment Authority:

Section 1. The DIA finds that the abovementioned recitals are true and correct.

Section 2. The DIA hereby approves the attached Exhibit 'A', Term Sheet

Section 3. The DIA authorizes its CEO to take all necessary action, including the filing of legislation and the execution of contracts, agreements and other documents as may be necessary to effectuate the purposes of this Resolution 2021-05-04.

Section 4. This Resolution shall become effective on the date it is signed by the Chair of the DIA Board.

WITNESS:

DOWNTOWN INVESTMENT AUTHORITY

Ron Moody, Chairman

Date

VOTE: In Favor: _____ Opposed: _____ Abstained: _____

Exhibit A:

**DOWNTOWN PRESERVATION AND REVITALIZATION PROGRAM
TERM SHEET**

Union Terminal Warehouse

Project: The project comprises the redevelopment of a historic property where the underlying tax parcel ID 122092-0000 is shown to extend into the DIA Boundary and the Cathedral District at the time the Downtown Preservation and Revitalization Program (“DPRP”) was approved by the Jacksonville City Council. As such, the redevelopment of this property is eligible for incentive funding under the DPRP.

The redevelopment of this building (“Property”) is conditioned upon terms found in this Exhibit A to the Resolution. Forgivable loan documentation will be prepared and entered into with the Applicant for the Property as approved by the DIA Board and the City Council of Jacksonville, Florida.

Developer/ Applicant / Borrower:	East Union Holdings, LLC
Total Development Costs (estimate):	\$60,845,975
Underwritten Development Costs Used for DPRP Calculations:	\$52,921,980
Equity (proposed and including HTC equity):	\$10,042,867 (19.0% of TDC as underwritten) (16.5% of TDC unadjusted)
Equity (proposed exclusive of HTC equity):	\$5,292,198 (10.0% of TDC as underwritten) (8.7% of TDC unadjusted)

City Funding: An amount determined to be **\$8,285,793** through the City of Jacksonville, as follows:

	Historic Preservation, Restoration, and Rehabilitation Forgivable Loan (HPRR)	Code Compliance Forgivable Loan (CCR)	DPRP Deferred Principal Loan	TOTAL
TOTAL	\$4,246,963	\$2,381,671	\$1,657,159	\$8,285,793

Changes in Total Development Cost prior to final approval, not to exceed 10%, may result in modification of this City Funding amount in proportion to such changes.

At this level, and by this program, the incentive structure and funding under the DPRP will be subject to further approvals 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; however, the Developer commits to provide a minimum twenty-five (25) foot wide easement to the City as required by CH. 656.361.2.I and/or conveyance of property necessary for development of the Hogan’s Creek greenway. Any property conveyance shall be subject to customary agreements to be negotiated with reasonable discretion by all

parties and subject to the zoning, code, or other requirements placed upon the site as reviewed and approved by the City of Jacksonville Planning and Development department, FDOT, and any other municipal, governmental, or regulatory body.

Loans: No other loans, grants, or other funding from the City of Jacksonville.

Minimum Capital Contribution:

- A) The minimum total equity capital contribution through completion to remain eligible for the maximum DPRP Funding as outlined is \$5,292,198. Changes to Total Development Cost will require recalculation of the minimum equity requirement with consideration to eligibility of such cost modifications.
- B) The minimum Underwritten Development Costs Used for DPRP Calculations for maximum funding as applied for and underwritten \$52,921,980. The Project may be eligible for funding at lower levels subject to maintaining compliance with DPRP Guidelines.
- C) Percent of COJ investment to overall project cost: $\$8,285,793 / \$60,845,975 = 13.6\%$
- D) Percent of COJ investment to underwritten project cost: $\$8,285,793 / \$52,921,980 = 15.7\%$

Performance Schedule:

- A) Execution of Redevelopment Agreement by Developer within thirty (30) days of delivery of final contract to Developer following City Council Approval and Bill Effective Date.
- B) Application for Building Permit from the COJ Building Inspection Division within sixty (60) days following final approval of Redevelopment Agreement by City Council.
- C) Upon receipt of Building Permit, application for lender approval must be promptly filed and Developer must make best efforts to receive final approval from lender within six (6) months from application filing.
- D) Commencement of Construction within six (6) months of final lender approval as indicated by a financial closing. Commencement of Construction means:
 - 1. As reasonably can be considered necessary so that physical construction of the eligible Project (or any applicable phase thereof) may begin and proceed to completion without foreseeable interruption:
 - a) Completion of all pre-construction engineering and design,
 - b) All necessary licenses, permits, and governmental approvals,
 - c) Engagement of all contractors,
 - d) Ordered essential equipment and supplies; and,
 - 2. Financial commitments and resources to complete the construction of the project; and,
 - 3. Evidence of having “broken ground” and begun physical, material renovation and construction of such improvements on an ongoing basis without any Impermissible Delays.

Physical, material renovation and construction shall include, but not be limited to, environmental remediation, structural repairs, and selective demolition activities.

- E) Substantial Completion: Within twenty-four (24) months following Commencement of Construction as defined above.
- F) 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.

Additional Commitments:

A) The Developer commits to the development of:

1. A minimum of 220 dwelling units with initial rents established at or below the HUD maximum for 120% AMI. Not less than one half of the units will have initial rents established at or below the HUD maximum for 80% AMI.
 2. Commercial space, including maker/artist's studios, and similar uses: Minimum of 38,000 square feet and 44 tenant spaces.
 3. Rooftop terrace and community garden with existing water tower retained as an iconic architectural feature.
 4. Other amenities include a fitness studio, individual teleconference rooms, an arcade room, a Do-It-Yourself shop space, and electric vehicle charging stations. Specific uses for amenity spaces are subject to change over time in keeping with market standards.
 5. Coordination with Groundwork Jacksonville and the City of Jacksonville to allow for improvements adjacent to Hogan's Creek and through the property for the Emerald Trail subject to the easement as required by CH. 656.361.2.I and other customary easements and license agreements to be diligently negotiated with reasonable discretion by all parties. It is contemplated that the subway drive-aisle on the east side of the building will be paved, striped, and secured with bollards according to the design standards provided by Groundwork Jacksonville for the Emerald Trail as of the time of the execution of the Redevelopment Agreement.
- B) Recommendation as to the eligibility of the approved scope of work on the Property 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").
- C) 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 application prior to funding under any DPRP loan component.
- D) 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 in accordance with the requirements of the senior lender.

- E) 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.
- F) 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:
 - 1. 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:
 - a) 100% if the Sale occurs within 12 months after disbursement of the Forgivable Loan;
 - b) 80% if the Sale occurs after 12 months but within 24 months of disbursement of the Forgivable Loan;
 - c) 60% if the Sale occurs after 24 months but within 36 months of disbursement of the Forgivable Loan;
 - d) 40% if the Sale occurs after 36 months but within 48 months of disbursement of the Forgivable Loan; or
 - e) 20% if the Sale occurs after 48 months but within 60 months of disbursement of the Forgivable Loan.
 - 2. In the event Borrower or any lessee or assignee of the Borrower uses the Project or the Historic Property or Properties for uses that represent material adverse deviation as contemplated by this Agreement at any time within five years following the disbursement of the Forgivable Loan, the full amount of the Grant, 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 of funding or such other date as may be negotiated to accommodate senior lender requirements.
- 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 full 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 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) and which will include review and comment by the other financial partners involved in the transaction.

SUPPLEMENTAL INFORMATION
UNION TERMINAL DPRP TERM SHEET – STAFF REPORT

DIA Strategic Implementation Committee Staff Report

UNION TERMINAL WAREHOUSE

Downtown Preservation and Revitalization Program

May 13, 2021

Applicant: East Union Holdings, LLC
Columbia Ventures, LLC (Manager)
Mr. Dillon Baynes (Member)
Mr. Jakob von Trapp (Member)
Mr. Ryan Akin (Development Manager)

Project: Union Terminal Warehouse
Address: 700 Union Street E
Jacksonville, FL 32206

Program Request: Downtown Preservation and Rehabilitation Program (“DPRP”)

Total Development Costs (as submitted): \$60,845,975
Total Development Costs (as underwritten): \$52,921,980

DPRP Loans Requested:

1) Historic Preservation Restoration and Rehabilitation Forgivable Loan (HPRR)	\$4,705,132
2) Code Compliance Renovations Forgivable Loan (CCR)	\$2,638,609
3) DPRP Deferred Principal Loan	<u>\$1,835,935</u>
	<u>\$9,179,676</u>

DPRP Loans Recommended:

1) Historic Preservation Restoration and Rehabilitation Forgivable Loan (HPRR)	\$4,246,963
2) Code Compliance Renovations Forgivable Loan (CCR)	\$2,381,671
3) DPRP Deferred Principal Loan	<u>\$1,657,159</u>
	<u>\$8,285,793</u>

Project Background and Description:

The subject property, the Union Terminal Warehouse, is a proposed redevelopment of a 330,000 square foot historic Jacksonville property that will provide a 228-unit apartment complex with associated commercial space situated on a 7.8-acre site. It is located along the south side of East Union Street and the north side of Arlington Expressway between Ionia Street to the east and Palmetto Street to the west, within an opportunity zone of Jacksonville, Florida.

The units will be contained in a single four-story building serviced by elevators with more than 35,000 square feet of commercial space in the basement and on the ground floor. The commercial space will be made up of ground floor restaurant space, office/coworking areas, and maker/industrial space in the basement. The property will offer studio, one-, two-, and three-bedroom floor plans ranging in size from 510 to 1,425 gross square feet with an average unit size of 804 square feet.

Unit features proposed include 9' ceilings with open and contemporary layouts, historic concrete structure with sealed floors, walk-out porches on the first floor, large historic double-pane windows providing generous natural light, fully equipped kitchen with range/oven, microwave, dishwasher, and stainless-steel sink with disposal, and washer/dryer connections with access to commercial washer and dryers onsite.

Exterior property amenities proposed include the Emerald Trail running through the site, rooftop terrace with shade structure and restrooms, large fitness studio, Hogan's Creek access along the southern edge of the property, six teleconference rooms, electric vehicle charging stations, and leasing office. According to the project description provided by the developer there will be a total of 292 parking spaces including 56 covered spaces (parking area under building).

Figure 1. Rendering of the Union Terminal Warehouse Upon Completion



Status:

Although the Union Terminal Warehouse building is on the north side of the Arlington Expressway, the underlying property (tax parcel 122092-0000), extends beyond the southern edge of Arlington Expressway and into the DIA boundary. Per the DPRP Guidelines, *“Project must be located within the DIA boundary. For this program, a project will be considered within the DIA boundary if, as of the effective date of this program, any portion of the tax parcel on which the building or buildings to be restored or renovated are located, is within the boundary of DIA.”*

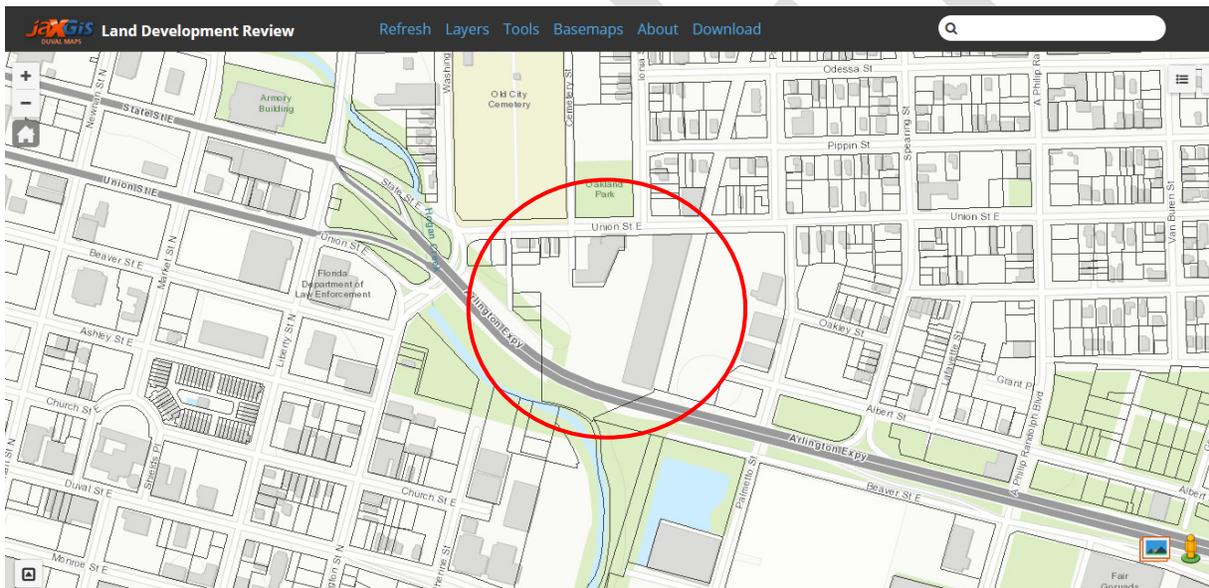
This southern edge of the property is also integral to the goals of the City and DIA as it borders Hogan's Creek and is the site of the Emerald Trail, of which a branch of that important project will extend directly

through the property and the Union Terminal Warehouse building itself as an access point to and from Union Street. This relationship with the Emerald Trail is considered an important element of this redevelopment and is incorporated as a requirement in the term sheet.

No City of Jacksonville land is committed to the project and the Developer commits to provide a minimum twenty-five (25) foot wide easement to the City as required by CH. 656.361.2.1 and/or conveyance of property necessary for development of the Hogan's Creek greenway. Any property conveyance shall be subject to customary agreements to be negotiated with reasonable discretion by all parties and subject to the zoning, code, or other requirements placed upon the site as reviewed and approved by the City of Jacksonville Planning and Development department, FDOT, and any other municipal, governmental, or regulatory body. This easement will be provided at no cost to the City.

Figure 2. below shows the location of the property in relationship with the DIA boundary and Hogan's Creek.

Figure 2. GIS Map of the Union Terminal Warehouse Parcel



The property was acquired December 3, 2018 in the name of East Union Property Owner, LLC for \$4,600,000. A third-party appraisal prepared by Everson, Huber, and Associates, LC, dated August 25, 2020, provides an estimated Market Value of the Fee Simple Interest in the Subject Property "As Is," as of July 30, 2020 of \$4,800,000. East Union Holdings, LLC is the sole member of East Union Property Owner, LLC, and Columbia Ventures, LLC is its managing member.

Redevelopment of the Union Terminal Warehouse is not required to undergo approvals from the DDRB.

Principal Development and Operation Team Members:

Columbia Ventures LLC – Atlanta, Ga (Developer)

Columbia Ventures LLC was formed in 2013 to focus on residentially anchored mixed-use development in urban locations in the southeastern United States. Created in collaboration with the principals of the award-winning affordable housing development and property management firm Columbia Residential, the company leverages the platform founded in 1991 by Noel Khalil to create a market-rate development and investment company with a unique skill set and dynamic approach to urban development.

Columbia Ventures' founders have developed over \$2.5 billion of commercial real estate including over 30,000 residential units, comprising market-rate, senior, affordable, and condominium units with extensive regional and national experience. Columbia Ventures is administratively supported by Columbia Residential, and its support staff headquartered in Atlanta.

Noel Khalil founded what is now the Columbia brand in 1991, and today oversees the company in its mission in his role as Chairman and CEO of the Columbia group of companies. During his extensive career in the industry, Noel has been responsible for the award-winning development of more than 13,000 multifamily and single-family housing units throughout the United States. He holds a Bachelor of Science degree with distinction from the University of Rochester and a Juris Doctor from Florida State University.

Jim Grauley serves as President, Chief Operating Officer and Principal of the Columbia group of companies, managing operations of development, finance, asset management and corporate business operations. Since joining Columbia in 2008, Jim has led the successful development of over 4,000 housing units.

Dillon Baynes is the Managing Partner of Columbia Ventures and has primary operational and managerial responsibilities for the company. His experience varies from multifamily (both for rent and for sale) to single family and land lot/subdivisions, to retail and office and mixed-use, and land conservation.

Jake von Trapp is a Partner in Columbia Ventures and is primarily responsible for underwriting development and acquisition opportunities as well as overseeing development management and project execution. Prior to forming Columbia Ventures with Baynes, Grauley, and Khalil, von Trapp worked at Columbia Residential as a development manager where he was responsible for managing the real estate development process, completing more than 700 units across five communities totaling \$168 million during his tenure.

Ryan Akin has been with Columbia Ventures since May 2017 and serves as development manager on the Union Terminal Warehouse project. Mr. Akin brings more than thirteen years' experience in development, project management, analysis, and mechanical engineering and is a 2011 graduate of Georgia Institute of Technology with a Master of Science in Mechanical Engineering (M.S.M.E.) and a minor in Business.

Dasher Hurst – Jacksonville , FL (Architect, MEP, and Civil)

Dasher Hurst is an award-winning, Jacksonville-based architecture firm with decades of experience in a broad array of complex commercial and residential projects. Their portfolio includes a number of high-profile adaptive reuse projects, including several in Downtown Jacksonville such as the Barnett Building, Independent Life Building, Union Terminal Warehouse, and Farah & Farah Office. Their regional work is

also demonstrated in other sectors such as higher education with nationally recognized projects including the UNF Student Union as well as Jacksonville University Marine Science Institute and UF Whitney Center.

Winter Park Construction - Maitland, FL (General Contractor)

WPC was established with a focus on construction activities in Central Florida in 1974 and has completed over 300 million square feet of construction since that time. With principal focus in the complex affordable housing segment of the industry, WPC has been an active participant in the planning and construction of more than 30 low-income and affordable redevelopment and new construction projects. WPC employs green energy compliance in its construction standards and since 2008 has delivered more than 1,000 USGBC, FGBC and NGBS certified units.

Request and Structure:

To facilitate redevelopment of this property, Columbia Ventures requested approval of funding under the DPRP totaling \$9,179,676. As will be outlined in more detail below, DIA Staff recommends DPRP funding in the amount of \$8,285,793 (a difference of \$893,883) to be structured as follows:

Table 1: DPRP Funding as Requested and as Recommended

DPRP Program Funding	Historic Preservation, Restoration, and Rehabilitation Forgivable Loan (HPRR)	Code Compliance Forgivable Loan (CCR)	DPRP Deferred Principal Loan	TOTAL
Requested	\$4,705,132	\$2,638,609	\$1,835,935	\$9,179,676
Recommended	\$4,246,963	\$2,381,671	\$1,657,159	\$8,285,793

Per DPRP parameters and funding limits, the developer’s total budget of more than \$60.8 million provides eligible costs of more than \$40 million, with potential DPRP funding as high as \$14.3 million. However, that proposed budget includes more than \$7.9 million in costs not considered as eligible under the DPRP centered in Developer/Program Management Fee (\$4 million), FF&E (\$1.3 million), and tenant improvements, soft costs, and reserves comprising the remainder. Elimination of these costs provides the Total Development Cost figure of \$52,921,980 used for underwriting as shown in Table 2 on the following page.

Table 2: Sources and Uses as Proposed and as Adjusted

Uses	As Proposed		As Adjusted	
Acquisition Costs	\$ 5,946,853	9.8%	\$ 5,946,853	11.2%
Hard Costs	\$ 41,952,140	68.9%	\$41,152,140	77.8%
Financing Costs	\$ 2,699,937	4.4%	\$ 2,403,196	4.5%
Soft Costs	\$ 5,110,866	8.4%	\$ 3,419,791	6.5%
Other	\$ 5,136,180	8.4%	\$ -	0.0%
Total Development Cost	\$ 60,845,975	100.0%	\$52,921,980	100.0%

Sources				
General Partner (Equity)	\$ 8,228,897	13.5%	\$ 5,292,198	10.0%
HTC Equity	\$ 1,813,970	3.0%	\$ -	0.0%
Deferred Dev Fee	\$ 405,650	0.7%	\$ -	0.0%
Gap Financing - DPRP Funds	\$ 9,179,676	15.1%	\$ 8,285,793	15.7%
HUD 220 Construction Loan	\$ 41,217,782	67.7%	\$39,343,989	74.3%
Total Development Sources	\$ 60,845,975	100.0%	\$52,921,980	100.0%

As shown, the reduction to development costs is partially offset by HUD 220 funding for costs eligible under that program, elimination of the deferred developer fee, and the Historic Tax Credit investment. At the requested DPRP funding amount of \$9,179,676, direct developer equity would equal only \$4,398,316 of the adjusted Sources, which is below the 10% requirement of the DPRP Guidelines. As such, that amount is adjusted to 10% of adjusted Uses which requires an additional \$893,882 in equity, and a reduction to the DPRP funding by the same amount. This provides the recommended amount of \$8,285,793 which meets all other DPRP parameters as shown in Table 3 below:

Table 3: DPRP Guidelines Summary:

Measurement	DPRP Guidelines			As Calculated
	% of TDC		Net of Developer Fee	Project
Developer Equity	10%	Min	of TDC	10.0%
3rd Party Loan			No min or max	74.3%
Subsidy or Tax Credit			No min or max	
Developer Combined	60%	Min	of TDC	84.3%
DPRP				
<i>Exterior</i>	<i>75%</i>	<i>Max</i>	<i>of eligible costs</i>	
<i>Restoration Int</i>	<i>75%</i>	<i>Max</i>	<i>of eligible costs</i>	
<i>Rehabilitation Int</i>	<i>30%</i>	<i>Max</i>	<i>of eligible costs</i>	
<i>Code Compliance</i>	<i>75%</i>	<i>Max</i>	<i>of eligible costs</i>	
<i>Other</i>	<i>20%</i>	<i>Max</i>	<i>of eligible costs</i>	
HPRR Forgivable Loan	30%	Max	of TDC	8.0%
CCR Forgivable Loan	30%	Max	of TDC	4.5%
DPRP Def Prin Loan	20%	Max	of TDC	3.1%
DPRP Def Prin Loan		Min	Must be ≥ 20% of Gap	20.0%
Other COJ Funding				0.0%
COJ Combined	40%	Max	of TDC	13.6%

At this level, the incentive structure and funding under the DPRP will be subject to further approval and appropriation by the Jacksonville City Council. Appropriation will not be requested prior to the fiscal year that completion of construction may be reasonably projected.

Project Parameters:

Residential units as proposed would break down as follows: 7 units-Studio, 144 units-1 BR, 58 units-2 BR, and 19 units-3 BR for a proposed total of 228 multifamily dwelling units ranging in size from 582 square feet for the smallest studio unit to 1,473 square feet for the largest three-bedroom unit. Rents will be established at below the HUD maximum for 120% Area Median Income (AMI) for all apartments while not less than 50% of units will have rent set at the HUD maximum for 80% AMI. Average rent is established at \$1.67 in the pro forma providing Potential Gross Income of \$3.7 million annually from the multifamily component upon stabilization. Potential Gross Income from commercial space adds \$707 thousand annually.

After vacancy factored in at 7.5%, management fee of 3%, and other operating expenses, the NOI of the property as stabilized is estimated to be \$2.5 million, sufficient to provide Debt Service Coverage of 1.25 times.

Total direct hard and soft costs as provided by the developer total \$52,116,251 which equals \$157.93 per square foot for the project, exclusive of land, finance costs, reserves, and other costs.

Underwriting this application established the need for financial support from the City based on the extensive redevelopment costs for the building, deemed important to the preservation of Jacksonville's historic building stock and the stated purpose of the Downtown Preservation and Revitalization Program, "to foster the preservation and revitalization of unoccupied, underutilized, and/or deteriorating historic, and qualified non-historic, buildings located in downtown Jacksonville."

Redevelopment of the properties is proposed to be supported by a HPRR Forgivable Loan of \$4,246,963, a CCR Forgivable Loan of \$2,381,671, and a DPRP Deferred Principal Loan of \$1,657,159 as noted previously. Program guidelines allow for the HPRR and CCR Forgivable Loans to amortize concurrently with principal forgiven at the rate of 20% annually over a five-year period. The DPRP Deferred Principal Loan is an interest only loan with the rate established at the level of the Ten-Year Treasury Note at the time of funding. For conservative modeling purposes, a rate of 1.25% is used; however, this rate of the 10-year T has been rising in recent weeks and is expected to be 25-50 basis points higher, at minimum, by the point of funding, which will be accretive to the ROI. The Deferred Principal Loan has a balloon maturity at the tenth year and may be paid down by not more than 50% without penalty following the fifth anniversary.

As shown by Table 4 on the following page, the overall ROI for the redevelopment of these properties is calculated at 0.86X including a ten-year tax abatement for historic property renovation, which exceeds the minimum requirement of 0.50X as found in the DPRP Guidelines:

Table 4: ROI Estimates for Union Terminal Warehouse DPRP Funding

\$47.3 Million in Capital Expenditures		
Ad Valorem Taxes Generated		
County Operating Millage	(1) \$	5,605,141
Local Option Sales Tax	(2) \$	-
Payroll	(3) \$	-
Add'l Benefits Provided	(4) \$	1,265,925
Total City Expected Benefits		\$ 7,119,640
Total City Investment	(5)	\$ 8,285,793
Return on Investment Ratio		0.86

(1) - The investment from the Company is estimated to be \$47,098,000 in Capital Contribution for development
(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	\$	248,574
PV of Deferred Principal Loan Payoff	\$	1,017,352
Other		
Total Add'l Benefits Provided	\$	1,265,925

(5) - City Incentives as follows:

DPRP	\$	8,285,793
Land	\$	-
Other		
Total Direct Incentives	\$	8,285,793

Included in the amounts shown above is incremental ad valorem tax benefit to the City over a twenty-year period of \$5.6 million, interest on the DPRP Deferred Principal loan of \$249 thousand, and the present value of the DPRP Deferred Principal Loan payoff of \$1.02 million. Total expected benefits for the City by these calculations is \$7.1 million.

Review and Approvals:

The historic status of the Union Terminal Warehouse is provided from the landmark report for the property:

The Union Terminal Company Warehouse is significant for its role in regional commerce and architecture during the period from 1913 through 1934 (Criteria A). It is a well-preserved and rare example of an early twentieth century reinforced concrete industrial loft warehouse designed and constructed by the Turner Construction Company in Jacksonville, Florida (Criteria D). At 333,000 square feet, it is an extremely large building with a significant presence in the built environment of the surrounding area just east of downtown Jacksonville. It was completed in 1913 by Turner Construction Company who, at the time, was the industry leader in reinforced concrete design-build projects in the United States. The four-story industrial loft was advertised as the largest reinforced concrete building ever erected at the time of its construction. Its fireproof components and monumental size were meant to fulfill the aspirations of grocery trade within Jacksonville (Criteria E and F). It was advertised as the first wholesale bonded warehouse in Jacksonville providing economic security for items transported to and from the facility via rail, water, and automobile and thus fueling a rise in the local grocery supply industry from the time of its completion in 1913 through the first sale of the property in 1934 when its influence as an industry leader began to decline.

Per the conditional approval memo from the Historic Preservation Section of the COJ Planning and Development Department (“HPS”), *“The application for locally designating the Union Terminal Warehouse Building was recently reviewed by the Historic Preservation Commission for landmark status on February 24, 2021 and has been forwarded to City Council for final approval under 2021-139. Based on this pending landmark designation status, the structure can be considered for funding under the DPRP.”*

Further, in terms of status related to process and third-party approvals, *“A pre-application Zoom meeting to cover expectations and the projected timeline were conducted on January 26, 2021 with a follow-up meeting on March 23, 2021. Copies of the HTC Part 2 submittal by Ward Architecture and Preservation that includes a detailed description of the proposed work scope with plans and photographs was received by March 2, 2021 along with the HTC Part 2 NPS approval.”*

City Council approval of 2021-139 providing local landmark status for the property was provided April 13, 2021. As such redevelopment of the Union Terminal Building has achieved all historic requirements associated with the DPRP Guidelines, subject to final inspection prior to funding in coordination with HPS.

Recommendation:

DIA Staff recommends approval of a the DPRP loans as outlined herein including:

1. Adherence with all Downtown Preservation and Revitalization Program requirements.
2. The additional equity requirement to achieve the DPRP Guideline minimum of 10%.
3. Compliance with a minimum twenty-five (25) foot wide easement to the City as required by CH. 656.361.2.1 and/or conveyance of property necessary for development of the Hogan’s Creek greenway. Any property conveyance shall be subject to customary agreements to be negotiated with reasonable discretion by all parties and subject to the zoning, code, or other requirements placed upon the site as reviewed and approved by the City of Jacksonville Planning and Development department, FDOT, and any other municipal, governmental, or regulatory body.
4. Coordination with Groundwork Jacksonville and the City of Jacksonville to allow for improvements adjacent to Hogan’s Creek and through the property for the Emerald Trail subject to additional easements and license agreements to be diligently negotiated with reasonable discretion by all parties. It is contemplated that the subway drive-aisle on the east side of the building will be paved, striped, and secured with bollards according to the design standards provided by Groundwork Jacksonville for the Emerald Trail as of the time of the execution of the Redevelopment Agreement.
5. All requirements outlined within the HPS conditional approval or as may be established by the NPS in its conditional approval must be incorporated into the redevelopment project and inspected for adherence upon completion and prior to funding.
6. Other conditions and requirements of approval and administration of the subject facilities is captured in the Exhibit A Term Sheet.

Staff report prepared by:

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Director of Downtown Real Estate and Development

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