

RESOLUTION 2021-01-06

A RESOLUTION OF THE DOWNTOWN INVESTMENT AUTHORITY (THE "DIA") APPROVING CHANGES TO THE SCOPE OF THE PROJECT IMPROVEMENTS OF THE PREVIOUSLY EXECUTED REDEVELOPMENT AGREEMENT BETWEEN THE CITY AND HP-BDG 200 RIVERSIDE, LLC, DATED MAY 15, 2017 FOR THE 200 RIVERSIDE AVENUE APARTMENTS PROJECT (A/K/A VISTA BROOKLYN), WITH ALL OTHER TERMS AND CONDITIONS OF THE REDEVELOPMENT AGREEMENT REMAINING UNCHANGED; AUTHORIZING THE AWARD OF A SUPPLEMENTAL REV GRANT IN ACCORDANCE WITH THE TERMS ATTACHED HERETO AS EXHIBIT A; AUTHORIZING THE CHIEF EXECUTIVE OFFICER OF THE DIA (THE "CEO") TO FILE LEGISLATION TO ENACT THE MODIFICATIONS TO THE PREVIOUS REDEVELOPMENT AGREEMENT AND APPROVE THE SUPPLEMENTAL REDEVELOPMENT AGREEMENT; AUTHORIZE THE CEO TO EXECUTE ALL DOCUMENTS; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the DIA approved a Redevelopment Agreement between the City of Jacksonville and Hallmark Partners, Inc. ("Hallmark"), dated July 21, 2015, via DIA Resolution 2014-10-01, for the purpose of providing a REV Grant in connection with the construction by Hallmark of a mixed-use residential apartment complex located at 200 Riverside Ave (the "Project"); and

WHEREAS, pursuant to DIA Resolutions 2016-02-01, and 2016-12-02, and Ordinance 2017-101, the DIA and City Council approved an Amended and Restated Redevelopment Agreement (the "Agreement") between the City of Jacksonville and HP-BDG 200 Riverside LLC ("Developer") authorizing a REV Grant of 62.5% of the incremental increase in the county portion of the ad valorem taxes generated from a required minimum capital investment of \$50,000,000 for a period of twenty years, in a cumulative amount not to exceed \$9,000,000; and

WHEREAS, the Project contemplated by the Agreement consists of a minimum of 295 residential units and a minimum of 12,750 square feet of retail space; and

WHEREAS, the construction of the Project is nearing completion; however, rental of the retail space has suffered significant adverse impacts due to market conditions created by the COVID-19 pandemic, and

WHEREAS, actual development costs for the Project have now exceeded \$80,000,000, well above the \$50,000,000 minimum capital investment contemplated by the Agreement; and

WHEREAS, DIA and Developer wish to see the retail space completed and occupied but acknowledge that previous pro-formas will not be realized in the short term; and

WHEREAS, Hallmark desires to amend the Agreement to clarify that commercial/retail use meeting the allocation of development rights is a permissible use of the retail space; and

WHEREAS, in order to encourage more traditional retail use, and bridge the timing issues presented by the pandemic, the DIA has recommended a Supplemental REV Grant associated with the retail space pursuant to a Supplemental Redevelopment Agreement in accordance with the terms set forth on Exhibit A; and

WHEREAS, The DIA is authorized per Section 55.108 *Economic Development* of the City Ordinance Code, with City Council approval, to utilize the Tax Increment Finance District Trust Funds to foster the redevelopment of the Downtown Northbank Community Redevelopment Area;

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 finds that this amended plan of development is consistent with the BID Plan, with particular furtherance of Redevelopment Goal 2.

Section 3. The DIA approves the clarification and amendment of the Amended and Restated Redevelopment Agreement as described on Exhibit A.

Section 4. The DIA approves and recommends that City Council authorize a Supplemental Redevelopment Agreement to provide the Supplemental REV Grant in accordance with the terms of Exhibit A.

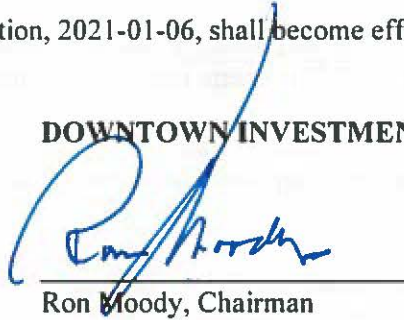
Section 5. The DIA authorizes the CEO to initiate filing legislation with the City Council to enact the changes incorporated within this Resolution 2021-01-06.

Section 6. 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 75. This Resolution, 2021-01-06, shall become effective on the date it is signed by the Chair of the DIA Board.

WITNESS:

DOWNTOWN INVESTMENT AUTHORITY


Ron Moody, Chairman

1/20/21
Date

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

Exhibit A:

**DIA SUPPLEMENTAL REV GRANT
TERM SHEET
HP-BDG 200 RIVERSIDE, LLC
a/k/a VISTA BROOKLYN APARTMENTS
f/k/a 200 RIVERSIDE APARTMENTS**

Project: Vista Brooklyn Apartments is being constructed under a Redevelopment Agreement (RDA) with an Effective Date of May 15, 2017 (2017 RDA) The 2017 RDA calls for a mixed-use development with not less than 295 residential units and 12,750 square feet of retail space, supported in part by a REV Grant authorized under City Ordinance 2017-101-E with current terms as follows:

Minimum Capital Contribution:	\$50,000,000
Maximum REV Amount:	\$9,000,000
REV Term:	20 years
REV Level:	62.5%
Base year:	2017 Tax Year
Final Year of Funding:	2041 Tax Year

Developer/ Applicant: HP-BDG 200 RIVERSIDE, LLC, a joint venture between Hallmark Partners and the Bristol Development Group.

Total Development Costs (revised estimate): \$80,000,000

Request: Supplemental REV Grant in response to COVID 19 impact on retail lease demand and achievable rents. Reduction of required true retail square footage in current RDA to allow commercial office uses.

Supplemental REV Funding: Not more than \$1,556,000 (through the City of Jacksonville Downtown Investment Authority), as follows:

REV Amount:	\$1,556,000 maximum ¹
REV Level:	12.5%
REV Term:	10 Years

- 1- The Supplemental REV Grant is based on a calculation that equates to \$120 per square foot of Retail Space.
- 2- The Applicant shall be eligible for Supplemental REV Grant funding only in tax years (Eligible Year) where more than 50% of the Total Space is either leased or made available for lease to bona fide retail businesses as defined further below, and under the terms provided herein.

Supplemental REV Grant funding will be based on the incremental ad valorem property taxes and Tangible Personal Property paid by the Applicant attributable only to municipal and county ad valorem taxes above the established Base year level and does not include taxes paid for the benefit of the Duval County School Board, the St. Johns River Water Management District, Florida Inland Waterways or any other such entity or agency.

Infrastructure: No City of Jacksonville infrastructure improvements are contemplated.

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

Completion Grant: No City of Jacksonville land is contemplated with this development.

Loans: No other loans, grants, or other funding from the City of Jacksonville are contemplated for this project beyond the \$9,000,000 REV Grant with an Effective Date of May 15, 2017.

Minimum Capital Contribution:

- 1) The minimum total capital contribution through completion to remain eligible for the Supplemental REV Grant is \$80,000,000.

Additional Requirements: As the Supplemental REV Grant is designed to facilitate leasing activity within the designated first floor retail spaces of the project, the following requirements apply:

- 1) Supplemental REV Grant shall be available for actual square footage up to 12,969 square feet of Total Space leased to Retail Tenants who occupy such space. Retail Tenants for these purposes are identified as businesses that sell products on a transactional basis to end consumers, food and beverage establishments, or providers of services targeted towards the general public (other than healthcare, advising, or counseling). Locations should be ground floor, street facing, and designed to attract the general public onto the property. Businesses operating primarily or exclusively on a membership basis, conducting business with customers under term arrangements, or providing goods and services targeted principally to other businesses shall not generally meet this definition, unless approved on a case-by-case basis.
- 2) Of the 12,969 square feet of Total Space to be made available for lease, the Developer may lease up to 50% (6,484 square feet) to commercial users that do not meet the definition for Retail Tenant above but meet the broader definition for commercial/retail to allow for professional services (such as financial, healthcare, advising, or counseling), businesses operating primarily or exclusively on a membership basis, conducting business with customers under term arrangements, or providing goods and services targeted principally to other businesses, (Non-Retail Space). Windows and doors in such space shall exhibit visible light transmittance of a minimum of 60 percent in compliance with Subpart H. - Downtown Overlay Zone and Downtown District Use and Form Regulations, and to allow pedestrians to see into the space. Further, such Non-Retail Space must have an entrance facing the street and allow access by the public that may come onto the property to conduct business. However, Non-Retail Space will not qualify for the Supplemental REV Grant, as defined herein. In the event that Non-Retail Space is leased in the project, the Supplemental REV Grant shall be applicable only to the proportion of the Total Space available or occupied as qualifying Retail Space.
- 3) Payments of the Supplemental REV Grant are applicable only in the first ten (10) Eligible Years following Substantial Completion. To be eligible for payment, the Retail Space shall demonstrate average occupancy of not less than 60% during the applicable Tax Year as supported by monthly rent rolls provided to the DIA.
- 4) To the extent that the Applicant is eligible for a REV Grant payment under 3) above, the calculation for REV Grant payments in any Eligible Year will be determined by multiplying 12.5% by the Annual Project Revenues, consistent with the definition found 2017 RDA, multiplied further by

the proportion of Retail Space to Total Space on an annual basis as supported by monthly rent rolls provided to the DIA.

- 5) All available Retail Space shall be actively promoted for lease under prevailing market terms, using commercially reasonable efforts, at all times. For purposes of this calculation, all space is considered Retail Space unless it is classified as Non-Retail Space as provided under Paragraph 2 above (i.e., all vacant or unoccupied space shall be considered Retail Space for this calculation).
- 6) Property owner shall offer any combination of funding for Tenant Improvement and/or Concessions for bona fide retail users in Retail Space of not less than \$100 per square foot.
- 7) All Leased Space is required to be designed, built out, and maintained at Class A standards, including signage, ceilings, millwork, restrooms, floor coverings, etc.

Performance Schedule:

- 1) The 2017 RDA will be amended to include this Supplemental REV Grant and clarify that the 2017 RDA permits any use as allowed by the Supplemental REV grant in the Retail Space without jeopardizing the REV Grant.
- 2) The Performance Schedule and all other terms and conditions remain unchanged from the 2017 RDA.

This Term Sheet proposal is limited by the following conditions:

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).