

**RESOLUTION 2026-01-02**

**A RESOLUTION OF THE DOWNTOWN INVESTMENT AUTHORITY RECOMMENDING CITY COUNCIL CONSIDERATION OF COMPLETION GRANT FOR THE DEVELOPMENT OF A MIXED USE HOSPITALITY PROPERTY IN THE SOUTHSIDE COMMUNITY REDEVELOPMENT AREA, AUTHORIZING THE CHIEF EXECUTIVE OFFICER (THE “CEO”) TO NEGOTIATE A REDEVELOPMENT AGREEMENT BETWEEN THE CITY OF JACKSONVILLE, DOWNTOWN INVESTMENT AUTHORITY, AND BAPTIST HEALTH SYSTEM, INC. (“BAPTIST HEALTH”) (OR SPECIAL PURPOSE ENTITY TO BE FORMED); AUTHORIZING THE CEO OF THE DIA TO TAKE ALL NECESSARY ACTION TO EFFECTUATE THE PURPOSES OF THIS RESOLUTION INCLUDING THE FILING OF LEGISLATION; PROVIDING AN EFFECTIVE DATE.**

**WHEREAS**, Baptist Health System, Inc. (“Baptist Health” or “Developer”), owns approximately 1.46 acres of property currently improved with a surface parking lot located within the Southside Community Redevelopment Area with RE# 081069-0010 on which Baptist Health proposes to construct and operate a mixed-use hospitality development (the “Hospitality Project”) including an approximately 134-key boutique component (the “Boutique Component”), an approximately 92-key extended stay component (the “Extended Stay Component”), and not less than two restaurant components, and an estimated 113-space parking garage; and

**WHEREAS**, collectively, the project will result in a proposed capital investment of approximately \$108.8 million for the development of the Hospitality Project; and

**WHEREAS**, redevelopment of the Hospitality Project will result in a Minimum Capital Investment of \$92,674,000 as defined in the Term Sheet attached as Exhibit A to this Resolution; and

**WHEREAS**, the DIA is the Community Redevelopment Agency for the Southside Community Redevelopment Area; and

**WHEREAS**, the Downtown Investment Authority (“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**, the project proposed by the Developer advances the following BID goals to:

**Redevelopment Goal No. 3 - Increase and diversify the number and type of retail, food and beverage, and entertainment establishments within Downtown.**

- Increase the number of retail, food and beverage, and entertainment establishments that are open for business weekends and other times outside of weekday business hours.

**Redevelopment Goal No. 4 - Increase the vibrancy of Downtown for residents and visitors through arts, culture, history, sports, theater, events, parks, and attractions.**

- Increase the occupancy rate and ADR of Downtown Jacksonville hotels and broaden the diversity of hospitality offerings for leisure travelers, groups, and business travelers.

**WHEREAS**, the proposed Completion Grant incentive is a material factor in assisting Baptist Health, or its special purpose entity, in expanding the number of hospitality units and activated restaurant space within the Southside Community Redevelopment Area of Downtown Jacksonville; and

**WHEREAS**, DIA recommends City Council consider a Completion Grant in the not to exceed amount of \$8,000,000 to be earned upon substantial completion of the project consistent with the Term Sheet attached hereto as Exhibit A; 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 performance requirements outlined in the Term Sheet attached hereto as Exhibit A; and

**WHEREAS**, DIA calculation of the ROI for the incentives proposed is consistent with the approach approved by the DIA Board in Resolution 2024-05-04 for high rise properties utilizing Type 1 or Type 2 fire rating construction techniques; and

**WHEREAS**, upon approval of a Completion Grant by the City Council, the Developer agrees to provide the City with a profit participation structure pursuant to which the City shall receive a portion of the Project's pre-tax, levered Net Cash Flow in excess of an agreed-upon internal rate of return on the Developer's equity, with the specific definitions, calculation methodology, and payment timing to be set forth in the Redevelopment Agreement.

**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 recommends City Council consider a Completion Grant in the not to exceed amount of \$8,000,000 to be paid through City of Jacksonville General Fund subject to the terms and conditions as provided in the Term Sheet attached hereto as Exhibit A.

**Section 3.** The DIA hereby authorizes its CEO to negotiate a Redevelopment Agreement authorizing the Completion Grant as described above subject to the minimum terms and conditions contained in the term sheet attached as Exhibit A.

**Section 4.** The DIA recommends that City Council consider an ordinance that authorizes a Redevelopment Agreement pursuant to Exhibit A, terms, and conditions.

**Section 5.** The DIA hereby authorizes its CEO to take all necessary actions to effectuate the purposes of this Resolution, including but not limited to the filing of legislation and execution of a Redevelopment Agreement, or functional equivalents, providing that such actions incorporate, at a minimum, the terms and conditions contained in Exhibit A to this Resolution 2026-01-02.

**Section 6.** This Resolution, 2026-01-02, shall become effective on the date it is signed by the Chair of the DIA Board.

**WITNESS:**

**DOWNTOWN INVESTMENT AUTHORITY**

A. Olii



1-21-26

Patrick Krechowski, Esq., Chairman

Date

**VOTE:** In Favor: 8 Opposed: 0 Abstained: 1 (TREVDR LEE)

**Exhibit A to Resolution 2026-01-02**

**Baptist Health System, Inc. Hospitality Project Term Sheet**

<b>Applicant/ Developer:</b>	Baptist Health System, Inc. or other such special purpose entity as may be created where the principals of Baptist Health has a controlling interest for the development and operation of the subject property.
<b>The Property:</b>	Approximately 1.46 acres of property currently improved with a surface parking lot located within the Southside Community Redevelopment Area with RE# 081069-0010 on which Baptist Health proposes to construct and operate a mixed-use hospitality development (the "Hospitality Project") wherein the land is bounded by Baptist Way to the north, San Marco Blvd. to the east, Gary Street and I-95 to the south, and Palm Ave to the west as identified in Exhibit 1. to this Ex. A Term Sheet.
<b>The Project:</b>	<p>On the Property, Developer intends to design and construct the subject project (the "Hospitality Project") to include the following (all dimensions and counts are approximate unless stated otherwise):</p> <ol style="list-style-type: none"><li>1. Proposed building with a minimum of 15 floors to be occupied by hospitality, restaurant, and related uses incorporating construction techniques due to Type I or Type II fire rating considerations per State of Florida or City of Jacksonville building codes proposed to include, approximately:<ol style="list-style-type: none"><li>a) 134 boutique keys,</li><li>b) 92 extended stay keys,</li><li>c) approximately 5,200 square feet of conference/event space,</li><li>d) an approximately 5,000 square feet of rooftop restaurant dining area, which includes an outdoor dining terrace and lounge,</li><li>e) and an approximately 1,000 square foot ground floor café with additional outdoor seating.</li></ol></li><li>2. Applicant commits to a Minimum Capital Investment of \$92,674,000 based on the development budget totaling \$108,755,000, presented to the DIA inclusive of land with tax assessed value of \$2,180,172, and exclusive of owner's fees, certain third-party fees, pre-opening costs, Furniture, Fixtures, and Equipment, and developer's fee included in the overall development costs as further itemized in Exhibit 2. to this Term Sheet. If there is a downward adjustment in the Construction Cost approved pursuant to the Rev Grant section, the Minimum Private Capital Investment shall also be adjusted downward by an equivalent amount.</li></ol>

<b>Design:</b>	1. The design will comply with the Downtown Overlay Zone Standards as enacted within the Jacksonville Municipal Code as well as the DDRB's development guidelines and approvals, except as otherwise approved by the DDRB.
<b>Easements and temporary interests to be conveyed:</b>	1. Crane air rights, if applicable, and granted by the City over public property. 2. Temporary road/lane closures as necessary. 3. To the extent reasonably required, temporary site safety/construction logistics easement(s) to protect street (and general public) from adjacent construction activities (not to include any lay down yard or storage on public land).
<b>Completion Grant:</b>	Maximum Proceeds: Not to exceed \$8,000,000 to be earned and paid upon Substantial Completion of the Improvements in two equal payments of \$4,000,000 each in year one and two after Substantial Completion.
<b>Profit Share:</b>	Developer agrees to provide City with a profit participation structure upon a sale of the Project whereby City will receive an agreed-upon percentage of the Project's pre-tax, levered Net Cash Flow that exceeds an agreed-upon internal rate of return on Developer's equity. Specific definitions, calculation methodology, and payment timing shall be established in the Redevelopment Agreement.
<b>Redevelopment Agreement:</b>	The Redevelopment Agreement will establish the essential terms of the incentives, funding, easements, and other terms relevant to the development of the Property. The RDA will become effective upon its execution following approval by the City of Jacksonville City Council. Its terms will govern the rights and responsibilities of the parties throughout the term of the RDA.
<b>Entitlements:</b>	The City and the DIA will allocate all required entitlements for the Project, including Downtown Development Rights, and will timely process all applications required including, without limitation, Conceptual and Final DDRB Applications. Mobility Credits and Stormwater Credits will be available for purchase by Developer (if needed) in accordance with the ordinance governing the same once the quantity of credits required is known.
<b>Permits:</b>	Developer / Applicant will be responsible for obtaining all building and other permits required for the Project.
<b>Performance Schedule:</b>	<b>RDA EXECUTION</b> – The Redevelopment Agreement will be entered into by Developer, DIA, and the City within thirty (30) days following the later of the effective date of legislation authorizing the RDA and the execution of the RDA by the last of the parties (“RDA Effective Date”).  <b>INITIAL PERMITTING</b> – Developer shall apply for all permits (including vertical building permits) necessary to commence construction and proceed without interruption to completion of the Project no later than September 30, 2026, and pursue the same with commercially reasonable diligence.

	<p><b>COMMENCE CONSTRUCTION</b> – Developer shall commence construction within 9 months following the RDA Effective Date and proceed without material delay through completion.</p> <p><b>COMPLETION OF CONSTRUCTION</b> - All improvements on the Property to be substantially completed within 30 (Thirty) months of commencement.</p> <p>The foregoing deadlines will be subject to extensions of up to six (6) months granted by the DIA's CEO without additional City Council approval upon reasonable cause shown by Developer, or by force majeure. Such extension of the Commencement Date shall also apply to the date of Substantial Completion so that a single extension provided will apply to both simultaneously.</p>
<b>Additional terms and Conditions</b>	<ol style="list-style-type: none"> <li>1. All funding commitments other than the REV Grant are subject to further approval and funding by the COJ City Council.</li> <li>2. Minimum Equity Requirement of \$20,984,000 to be evidenced to the satisfaction of the DIA in its sole discretion prior to payment of any Completion Grant. For these purposes, equity shall be defined as:           <p>Direct at-risk investment into the property owner entity (recipient of funding) that is put in place prior to or during the construction phase and remains in place at the time construction is substantially completed and construction debt converts to permanent debt.</p> <p>May include common and preferred equity evidenced by shares of proportional ownership in the entity.</p> <p>The value of any property owned or contributed to the project as part of an investment in the ownership of the property owner entity shall be given credit using the "As-is" value from an appraisal ordered, or agreed upon, by the DIA in its sole discretion, net of any associated debt or liens regardless of the obligor for such debt.</p> <p>Pre-development costs incurred and paid through out-of-pocket expenditures will be considered but must be supported by documentation satisfactory to the DIA in its sole discretion.</p> <p>Shall exclude equity like investments including but not limited to warrants, tax-credit equity, mezzanine financing, PACE loans, and grants or incentives provided by third party agencies of any nature including the DIA and the City of Jacksonville.</p> <p>Equity shares earned through like-kind exchanges or "sweat equity" will not be considered.</p> <p>This list of inclusions and exclusions to the definition of Equity, including any items specifically not captured here, is subject to revision by the DIA at its sole discretion.</p> </li> </ol>

	<p>3. Developer shall obtain from the City's Procurement Division the list of certified Jacksonville Small and Emerging Businesses ("JSEB"), and shall exercise good faith, in accordance with Sections 126.608 et seq., Ordinance Code, to enter into contracts with City certified JSEBs to provide materials or services in an aggregate amount of not less than twenty percent (20%) of the City and DIA maximum potential contribution to the Project as requested from time to time with respect to the development activities or operations of the Project over the term of this Agreement.</p>
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**The provisions of this Term Sheet are intended to guide the parties in negotiating the Redevelopment Agreement, and any other documents that may be necessary to give effect to the manifest intent of the parties expressed herein.**

### Exhibit 1. The Property

Approximately 1.46 acres of property currently improved with a surface parking lot located within the Southside Community Redevelopment Area with RE# 081069-0010 on which Baptist Health proposes to construct and operate a mixed-use hospitality development (the “Hospitality Project”) wherein the land is bounded by a commonly owned property to the north, San Marco Blvd. to the east, Gary Street and I-95 to the south, and Palm Ave to the west.



**Exhibit 2. – Minimum Capital Investment**

Amounts shown in individual line items below, other than the overall total, are not intended to be minimums or maximums for any such line item and are provided to exemplify costs ineligible for inclusion in the Developer's efforts to meet the required Minimum Capital Investment.

<b>Minimum Capital Investment</b>	\$	<b>108,755,000</b>
Less:	\$	
Fee	\$	3,333,000
Legal Fees	\$	120,000
Consultants Fees	\$	270,000
Surveys	\$	50,000
Hotel Application Fees	\$	150,000
Mgr Pre-Opening Costs (incl OS&E)	\$	2,100,000
Owner Design & Constr. Dept Time	\$	300,000
Builder's Risk Insurance	\$	380,000
Temp. Utilities	\$	50,000
FF&E	\$	6,500,000
Development Fees (3%)	\$	2,828,000
<b>Total Deductions</b>	\$	<b>16,081,000</b>
<b>Minimum Capital Investment</b>	\$	<b>92,674,000</b>

### Exhibit 3. – Construction Costs

Amounts shown in individual line items below, other than the overall total, are not intended to be minimums or maximums for any such line item and are provided to exemplify costs eligible for inclusion in the Developer's efforts to meet the required minimum Construction Cost.

<b>Minimum Construction Costs</b>		
Site Enabling	\$	307,000
Site Clearing & Demolition	\$	100,000
Dewatering	\$	50,000
Deep Foundations	\$	3,612,000
Earthwork & Grading	\$	243,000
Erosion Control	\$	33,000
Site Storm Drainage	\$	250,000
Site Domestic Water	\$	32,000
Site Fire Water	\$	32,000
Site Sanitary Sewer	\$	425,000
Asphalt Paving / Curb and Gutter	\$	123,000
Concrete Paving / Sidewalks	\$	90,000
Hardscape	\$	48,000
Landscaping and Irrigation	\$	147,000
Concrete Structure	\$	13,035,000
Precast	\$	1,494,000
Masonry	\$	729,000
Structural & Misc. Steel	\$	1,707,000
Railings	\$	207,000
Rough Carpentry	\$	95,000
Millwork	\$	1,545,000
Waterproofing / Caulking	\$	398,000
Metal Wall Panels	\$	219,000
Roofing	\$	703,000
Doors & Hardware	\$	2,412,000
Glass & Glazing	\$	2,202,000
Stucco & EIFS	\$	2,017,000
Framing & Drywall	\$	6,424,000
Flooring & Tile	\$	1,856,000
Painting & Wall Covering	\$	692,000
Striping & Signage	\$	6,000
Interior Finishes Allowance	\$	4,481,000
Specialties	\$	437,000
Shower Enclosures	\$	253,000
Equipment	\$	276,000
Elevators	\$	1,815,000
Fire Protection	\$	1,068,000
Plumbing	\$	5,521,000
HVAC	\$	5,973,000
Electrical	\$	8,417,000
Systems	\$	1,234,000
Contingency - 3%	\$	2,121,000
<b>Minimum Construction Costs</b>	<b>\$</b>	<b>72,829,000</b>