

RESOLUTION 2023-07-03

A RESOLUTION OF THE DOWNTOWN INVESTMENT AUTHORITY (“DIA”) AMENDING THE PERFORMANCE SCHEDULE CONTAINED WITHIN THAT TERM SHEET BETWEEN THE DIA AND CARTER ACQUISITIONS, LLC (“CARTER”) APPROVED VIA RESOLUTION 2023-02-04; AUTHORIZING THE CEO OF THE DIA TO TAKE ALL NECESSARY ACTION TO EFFECTUATE THE PURPOSES OF THIS RESOLUTION; PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, DIA is the designated Community Redevelopment Agency for the North Bank CRA, for which a BID Plan, inclusive of a Community Redevelopment Plan, was adopted by Ordinance 2014-560-E and updated pursuant to Ordinance 2022-0372; and

WHEREAS, pursuant to Resolution 2023-02-04, approved by the DIA at its March 2023 Board meeting, amended the Performance Schedule found in the Term Sheet, as approved via Resolution 2022-11-07, to allow through the July 2023 DIA Board meeting for Carter to present final modifications to the Term Sheet as approved in the disposition of the property as amended; and,

WHEREAS, economic conditions across the region and the country as a whole, including inflation in the cost of construction materials, rising interest rates, and increased capitalization rates represent a significant unfavorable change since the time of the disposition and approval of the proposal in Resolution 2022-01-02, and rapid improvement is not expected; and,

WHEREAS, the City of Jacksonville is in a period of transition related to a new Mayoral administration and City Council whereby priorities impacting limited City resources are currently being established; and,

WHEREAS, Carter continues to work in good faith as demonstrated through open communications regarding prospective beneficial changes to the development as originally proposed in combination with updated costs and need for additional financial resources not currently available in the market; and,

WHEREAS, to allow additional time for the impact of such conditions external to the development to be fully considered, and to capitalize on progress made by the parties in the best interest of the City; and

WHEREAS, the consideration of further extension is brought before the DIA Board to authorize modifications to the Term Sheet attached herein as Exhibit A.

NOW THEREFORE, BE IT RESOLVED by the Board of 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 Term Sheet, attached hereto as Exhibit A of this executed Resolution 2023-07-03, is further amended to establish January 17, 2024, or such other date as may be set for the January 2024 DIA Board meeting, as the outside date by which final terms and conditions incorporating a finalized development budget, full modifications and changes in scope and design, identification of development partners, and any other material modifications shall be presented to the DIA Board for full consideration as to whether such proposed modifications may move forward under the development rights granted in Resolution 2022-01-02 pursuant to ISP-0287-22 - Notice of Disposition, and recognizing that additional property disposition requirements may result from such changes.

Section 4. In the event a revised term sheet is approved at the January 2024 DIA meeting, or a new disposition notice issued, all such actions shall limit the time for negotiation of development agreements, filing of legislation and ultimate City Council approval and execution of the Redevelopment Agreement to an outside date of June 30, 2024.

Section 5. The DIA hereby authorizes the CEO of the Downtown Investment Authority to take all action necessary to effectuate the purposes of this Resolution 2023-07-03, including the execution of contracts, agreements, and other documents.

Section 6. This Resolution shall become effective on the date it is signed by the Chair of the DIA Board.

WITNESS:



DOWNTOWN INVESTMENT AUTHORITY



Jim Citrano, Chair

8/10/23
Date

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

Exhibit A to Resolution 2023-07-03**Term Sheet**

Developer:	Carter Acquisitions, LLC, assignable at closing to affiliated entity controlled by Carter, thereafter only with City's permission until a Certificate of Occupancy is issued ("Carter").
The Property:	City of Jacksonville ("COJ") to convey to Developer fee simple title to a 2.4+/- acre parcel of land commonly referred to as the former courthouse site and identified by Duval County Tax Parcel 073358 0000 (the "Property"). The Property is addressed at 330 Bay Street East, Jacksonville, Florida 32202, and is generally located on Bay Street East between Market Street and Liberty Street. The Property does not include the current Courthouse Drive right of way, nor the additional 30-40 feet of upland contiguous to the right of way, creating an approximately 100-foot-wide strip (on average) of City owned land adjacent to the bulkhead. The Property is depicted on the sketch attached as Figure 1 and subject to final survey.
Easements and temporary interests to be conveyed:	<ol style="list-style-type: none"> 1. Non-exclusive Perpetual Easement for pedestrian and bicycle use over Riverwalk parcel for benefit of Developer. A 20' deep, and no more than 100 feet long parallel to the riverfront, encroachment into the reserved 100' City-owned Riverwalk parcel will be allowed for dedicated seating as an exclusive use for the restaurant space patio area and be located in front of the southern retail façade. 2. Temporary construction Easement over landward portion of Riverwalk parcel not including the 15' closest to the bulkhead and coordinated with construction of Riverwalk and adjacent park. 3. Temporary construction Easement for lay down during construction [parcel north of Hyatt, and riverwalk parcel] limited to the time frame necessary to facilitate construction; Riverwalk disruption will be minimized to the extent feasible. 4. Crane air rights, if applicable, and granted by the City over public property. 5. Temporary Road / lane closures without fees except required meter bagging charges, if any. 6. Maintenance easement agreements that would allow Developer to step in and maintain the Riverwalk and marina, if not maintained to standard and that would allow Developer to maintain the building in perpetuity.
The Project:	<p>On the Property developer shall design and construct The Hardwick (the "Project") to include the following:</p> <ol style="list-style-type: none"> 1. 332 or more residential units (no fewer than 325 units) including a residential tower of no fewer than 18 stories. 2. A 4 to 6 story pedestal development from Bay Street to the River on approximately two-thirds of the parcel along Liberty Street and featuring an open courtyard at grade on the other one-third of the

	<p>parcel along Market Street. The outdoor plaza/public space adjacent to Market Street will be activated and designed for programmed use.</p> <ol style="list-style-type: none"> 3. Strong mid-century modern aesthetic carried throughout design. 4. Approximately 25,000 square feet of retail space (no less than 24,000) including not less than 35% of the Bay Street frontage, including a minimum 7,500 square feet of space accommodating up to two (2) restaurants facing the marina and not less than 35% of the river frontage, and a rooftop (2nd floor or higher, and if on 2nd floor there will be a rooftop patio above) bar and/or restaurant of not less than 1,500 square feet. 5. Approximately 8,000 square feet of elevated plazas and green spaces. 6. 120 retail/marina parking spaces. 7. Tenant Improvements paid by Developer shall total not less than \$1,600,000. 8. Furniture, Fixture, and Equipment shall total not less than \$600,000. 9. The Minimum Capital Investment for the Project shall be \$150,000,000, which shall specifically exclude brokerage fees, FF&E, Carry Costs, Financing Costs, Marketing, Developer Fee, Retail TI & LC.
<p>Compensation Paid To DIA/COJ For Property Interests & Contractual Rights</p>	<p>Fee simple purchase price for the Property: \$4.93 Million</p> <p>(Inclusive of the donation to the construction of Riverwalk Parcel of \$2.50 Million)</p> <p>DIA to receive participation of 10% over an 18% IRR and 15% over a 25% IRR</p>
<p>Incentives</p>	<ol style="list-style-type: none"> 1. Contribution of the Property valued at \$9,540,000.00 (\$80/psf to be adjusted based on surveyed parcel size, net contribution of \$4.61 Million) 2. 75% REV grant for 20 years on the Real Property and Tangible Personal Property. The maximum indebtedness shall be calculated based on the projected assessed value using agreed upon private capital investment construction cost values. Any reduction in actual construction cost that is 10% or less of the projected construction cost shall result in a pro rata reduction of the maximum indebtedness. The DIA Board may approve a reduction in Private Capital Investment greater than 10% but no more than 15% with an accompanying pro rata reduction in the Rev Grant maximum indebtedness. Any reduction in actual Private Capital Investment that is more than 15% of the agreed upon Minimum Private Capital Investment shall result in forfeiture of the REV Grant. Based upon the project Minimum Private Capital Investment of \$150,000,000, the Rev Grant maximum indebtedness is \$26,770,000. The maximum Private Capital Investment eligible for a REV Grant shall not exceed \$200,000,000. The maximum indebtedness will be established prior to City Council approval of the RDA. 3. A completion grant of \$9.60 million paid lump sum upon completion, equal to the NPV of \$725,000 paid annually for 20 years at a discount rate of 4.30%, or the equivalent value to be determined in negotiation by DIA staff and the Developer in preparation of the Redevelopment Agreement.

The Riverwalk Parcel:	COJ to design and maintain the Riverwalk Parcel. COJ shall commence design of the Riverwalk Parcel no later than the conclusion of the due diligence period under the RDA, provided the RDA remains in effect. Carter shall be allowed to comment on and participate in design progress meetings. Upon completion of the Riverwalk Parcel design by the City and arriving at an estimate of probable cost for construction, Carter shall have an option, exercisable in Carter's sole discretion within 90 days following delivery of such final design and cost estimate, to enter into a Cost Disbursement Agreement and complete the improvements on the City's behalf. If construction is performed by the City, the start date shall be no later than one year prior to the Project completion date unless access to the site is limited by Carter's use for temporary construction staging. Completion date shall be no later than the completion date of the Project, unless commencement is delayed by Carter's use of the site for construction staging but in no event shall completion be more than six months following completion of the Project. If the Riverwalk Parcel is not completed by the outside completion date, then Carter shall have the right to demand title to the 100-foot strip, subject only to a 25' Riverwalk easement, the City shall convey the same to Carter, and Carter may construct such improvements on its property as it deems appropriate.
The Marina	COJ to design, construct and maintain the Marina. Marina design shall be under contract no later than TBD, and Carter shall be allowed to comment on and participate in design progress meetings. Construction of the marina shall coincide with construction of the Project with completion of the Marina to be no later than the outside date for completion of the Project.
Redevelopment Agreement	The Redevelopment Agreement will establish the essential terms of the Purchase and Sale of the Property, the parties' relationship regarding construction, funding and maintenance of the Riverwalk, adjacent park space, and marina and the terms of any incentives, the Partnership Agreement with respect to use and maintenance of the Riverwalk Parcel, the Developer's rights and responsibilities with respect to design of the Riverwalk Project, the Developer's and other terms relevant to development of the Property. The RDA will become effective upon its execution following approval by City Council. Its terms will govern the period prior to closing as well as rights and responsibilities of the parties throughout the term of the RDA.
City protections	<p>The city's obligation to close is contingent upon Developer providing satisfactory evidence to the City prior to Closing that Developer has obtained all permits necessary to commence and proceed without interruption to completion of the Project, including vertical permits, and has secured financing and equity sufficient to complete vertical construction of the Project in accordance with the plans.</p> <p>The deed to the Property will contain a Right of Reversion in the event Developer fails to commence the Project in accordance with the Performance</p>

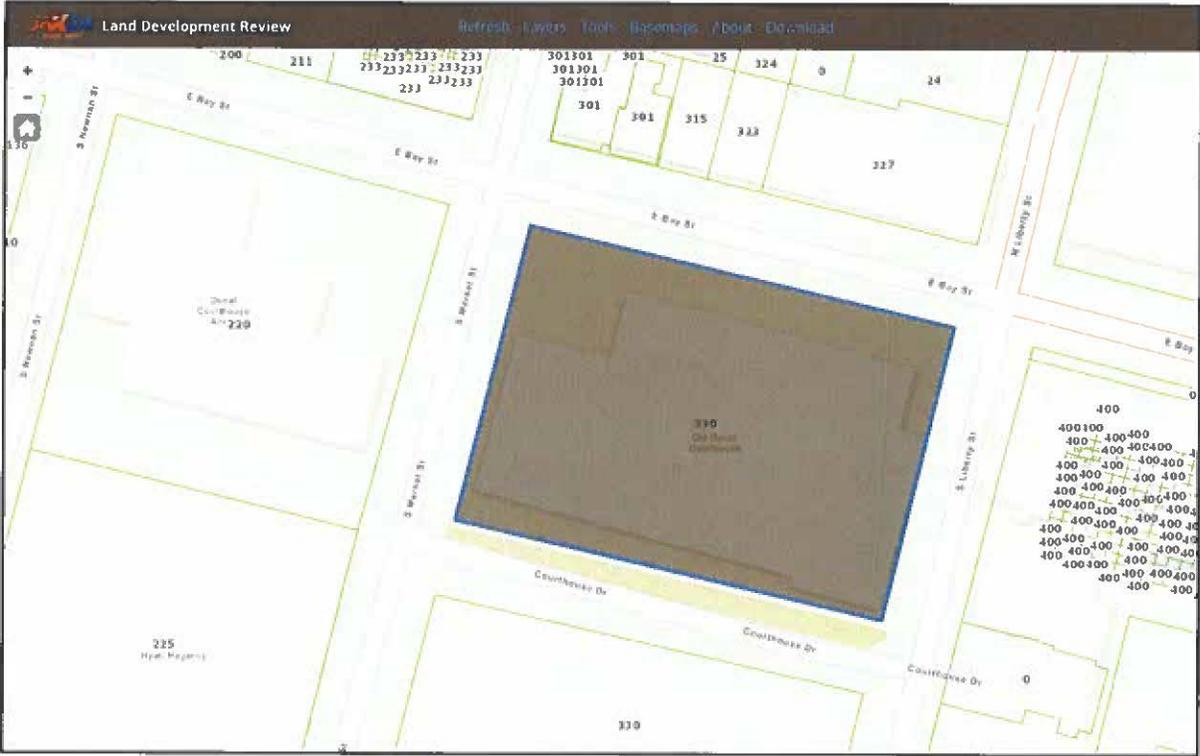
	<p>Schedule. The Right of Reversion will terminate upon commencement of horizontal construction.</p> <p>Upon commencement of vertical construction of the Project, Developer shall provide DIA/COJ with a completion guaranty based off a guaranty similar to Developer’s guarantee executed with the construction lender subordinate to lender’s guaranty or at Developer’s option, a completion bond ensuring completion of the Project The completion guaranty in favor of DIA/COJ shall be subordinate to any completion guaranty provided to Developer’s lender, if any.</p>
<p>Due Diligence:</p>	<p>Following the execution of the Redevelopment Agreement, Carter will have a period of 120 days (“Due Diligence Period”) to inspect and perform tests on the Property to determine its suitability for the Project, and to investigate the quality and marketability of the title it will receive from the City. Upon notice to the City, Carter may terminate the Redevelopment Agreement and the Project any time within the period without cause and without incurring any obligations under the Redevelopment Agreement.</p>
<p>Entitlements:</p>	<p>The City and the DIA will allocate all required entitlements for the Project, including Downtown Development Rights, and will timely process all required applications including, without limitation, Conceptual and Final DDRB Applications. Mobility Credits will be available to Developer in accordance with the terms of the Mobility Fee credit Incentive. Stormwater Credits will be available for purchase by Developer in accordance with the ordinance governing the same once the quantity of credits required is known.</p>
<p>Design:</p>	<ol style="list-style-type: none"> a. The design will comply with the Downtown Overlay Standards as enacted within the Jacksonville Municipal Code as well as the DDRB’s development guidelines, except as may otherwise be approved by the DDRB and allowed by code. b. The DIA will support a waiver of the View and Access Corridor requirement on the site in consideration of the open courtyard and the 100’ (on average, but in no location less than 95’) setback. c. The design of the Project shall be substantially similar to the conceptual renderings as presented in the Carter response to ISP-0287-22. d. In collaboration with the City’s Chief Resiliency Officer, the design will include resiliency features, including to the extent practicable the design recommendations set forth in the 2021 Report by the City Council Special Committee on Resiliency and/or other City requirements adopted as of design review, consistent with the term of the Ground Lease. e. A Great Fire themed activity node will be included on the Property executed at a scale, durability and appeal complementing other activity nodes within the Downtown Area. The node marker shall be capable of being lighted at night and visible from other locations along the Riverwalk.

	<p>f. The design will include access to and features complementing the portion of the Riverwalk located adjacent to the Property.</p> <p>g. Landscaping of the Riverwalk will comply with the City’s standards, Downtown Design Standards, and the Riverwalk Plant Palette within the Riverwalk adjacent portion of the Property.</p>
<p>Permits:</p>	<p>Carter will be responsible for obtaining all building and other permits required for the Project.</p>
<p>Performance Schedule:</p>	<p>RDA EXECUTION– The Redevelopment Agreement will be entered into by Carter, DIA, and the City by the earlier of a) the outside date of June 30, 2024, or b) thirty (30) days following the effective date of legislation authorizing the disposition and RDA.</p> <p>FEE CLOSING - Seller will convey marketable title to the property on an “as is” sale basis to be completed within sixty (60) days after the later of: 1) execution of the RDA, 2) conclusion of the due diligence period 3) all conditions to Seller’s obligation to close have been satisfied. 4) all permits are obtained to permit the Developer to commence construction of the Project and proceed without interruption to completion, but in no event later than TBD*.</p> <p>CONCEPTUAL DESIGN – A completed application shall be submitted to DDRB no later than TBD* for Conceptual Approval of the project. FINAL DESIGN (including final DDRB approval) to be completed no later than TBD*.</p> <p>INITIAL PERMITTING – Developer shall apply for all permits necessary to commence construction and proceed without interruption to completion of the Project no later than the earlier of (i) 90 days following Final Design Approval or (ii) TBD* and pursue the same with commercially reasonable diligence.</p> <p>COMMENCE CONSTRUCTION – Developer shall commence construction within 90 days following issuance of the required permits but in no event later than TBD* and proceed without material delay through completion.</p> <p>COMPLETION OF CONSTRUCTION - all improvements on the Property to be substantially completed no later than TBD*.</p> <p>The foregoing deadlines, other than closing, will be subject to extensions of up to six (6) months granted by the DIA’s Executive Director and an additional up to six (6) months by the DIA Board without additional City approval upon reasonable cause shown by Carter, and 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</p>

	simultaneously. The Closing Date may be extended by the DIA CEO but no more than 30 days. Failure to close will terminate the agreement.
--	--

*The provisions of this Term Sheet are intended to guide the parties in negotiating the Purchase and Sale Agreement, the Redevelopment Agreement and any other documents that may be necessary to give effect to the manifest intent of the parties expressed herein. A final Term Sheet including completion of all TBD dates in this Exhibit A to Resolution 2023-07-03 shall be heard by the DIA Board not later than its January 2024 meeting, and failure to meet such deadline shall result in termination of all rights as initially awarded under Resolution 2022-01-02 pursuant to ISP-0287-22 - Notice of Disposition.

Figure 1. - 330 E BAY STREET



CITY OF JACKSONVILLE, RE# 073358-0000

Y-428 38-2S-26E 6.119 JAX KNIGHTS MAP WATER LOTS 20,21,22,23, PARKING LOT LYING S THEREOF (KNOWN AS WEST LOT)