

RESOLUTION 2017-02-01

A RESOLUTION OF THE DOWNTOWN INVESTMENT AUTHORITY (“DIA”) AUTHORIZING THE CHIEF EXECUTIVE OFFICER (“CEO”) OF THE DIA TO NEGOTIATE A REDEVELOPMENT AGREEMENT, PARKING GARAGE LEASE AGREEMENT AND RELATED AGREEMENTS AMONG THE DIA, THE MOLASKY GROUP OF COMPANIES OR DESIGNEE, AND SOUTH EAST GROUP OR DESIGNEE, FOR THE REDEVELOPMENT OF THE BARNETT BANK BUILDING, THE LAURA STREET TRIO, AND FOR CONSTRUCTION OF A STRUCTURED PARKING FACILITY (COLLECTIVELY, THE “PROJECT”); AUTHORIZING: (1) A \$4,000,000 DOWNTOWN HISTORIC PRESERVATION AND REVITALIZATION TRUST FUND GRANT FOR THE LAURA ST. TRIO; (2) AUTHORIZING A REV GRANT IN THE AMOUNT OF \$1,800,000 FOR THE HOTEL PORTION OF THE LAURA ST. TRIO REDEVELOPMENT; AND (3) RECOMMENDING APPROVAL BY CITY COUNCIL OF A \$4,000,000 CITY GRANT FOR THE PROJECT; AUTHORIZING THE CEO OF THE DIA TO NEGOTIATE REDEVELOPMENT AGREEMENTS, A LEASE AGREEMENT FOR THE PARKING GARAGE, AND OTHER AGREEMENTS AS NECESSARY FOR THE PROJECT; AUTHORIZING CEO TO INITIATE FILING LEGISLATION WITH THE CITY COUNCIL REGARDING THE SAME; AUTHORIZING THE CEO OF THE DIA TO EXECUTE SUCH AGREEMENTS; PROVIDING AN EFFECTIVE DATE.

WHEREAS, The Molasky Group of Companies (“Molasky”) and SouthEast Group (“SEG”) (collectively, the “Developers”) currently have control of certain parcels of land, comprised of the Barnett Bank Building (the “Barnett Building”) and Laura St. Trio, comprised of the building generally known as the Bisbee Building, Florida Life Building, and the Marble Bank Building (the “Trio”) (collectively the “Developers”) and seek redevelopment these historic buildings; and

WHEREAS, the Developers propose to redevelop the Barnett Building into a combination of residential apartments and commercial office space; and

WHEREAS, the Developers propose to redevelop the Trio into a combination of retail and commercial office space including a hotel component; and

WHEREAS, the Developers propose to develop (design, construct, and finance) a parking garage on the City of Jacksonville owned surface parking lot, located at the corner of Forsyth and Main Streets (R.E. # 073670 0000), to accommodate the parking needs of the Project; and

WHEREAS, to assist the Developers in redeveloping these historic buildings, the DIA proposes to offer a package of incentives as further detailed in the Term Sheet attached to this Resolution as Exhibit “A”; and

WHEREAS, Molasky is in a due diligence and review period under a Purchase & Sale Agreement for the Barnett Building, and has agreed to provide a copy of the deed to the Barnett Building after recording to the DIA evidencing Ownership of the parcel as a precondition to negotiating a Redevelopment Agreement; and

WHEREAS, the Downtown Investment Authority (“DIA”) is authorized per section 55.108 *Economic Development* of the City Ordinance Code, to utilize the Tax Increment Finance District Trust Funds to foster the redevelopment of the Downtown Northbank Community Redevelopment Area; and

WHEREAS, the Downtown Investment Authority (“DIA”) is authorized per section 119.910 *Downtown Historic Preservation and Revitalization Trust Fund* of the City Ordinance Code, to utilize the Historic Preservation Trust Fund to facilitate the rehabilitation and restoration of historic buildings in Downtown Jacksonville; and

WHEREAS, a minimum precondition of funding the incentives shall be that the Barnett Building redevelopment and Parking Garage have been completed; and

WHEREAS, the REV Grant annual payments will be funded through the Downtown East Tax Increment Finance District Trust Fund; 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. Authorizing the CEO to negotiate Redevelopment Agreement and a lease agreement, authorizing the incentives as described above and shown in more detail in the attached Term Sheet.

Section 3. Subject to receipt and review by the CEO of the deed demonstrating ownership by Molasky, or its designee, of the Barnett Building parcel, authorizing the CEO to initiate legislation for approval by City Council of the Redevelopment Agreement(s) garage lease agreement, and related documents authorizing the economic incentives authorized hereby.

Section 4. Authorizing the CEO of the Downtown Investment Authority to execute said agreements subject to the terms as described above.

Section 5. This Resolution, 2017-02-01, shall become effective on the date it is signed by the Chair of the DIA Board.

WITNESS:

DOWNTOWN INVESTMENT AUTHORITY

Karen Blackman

James Bailey, Chairman

2/1/17
Date

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

FORM APPROVAL:

Office of General Counsel

Revised Term Sheet as of January 19, 2017

Project Name: Laura Street Trio & Barnett Bank Bldg. Adaptive Reuse Project

Developer/ Applicant: A Joint venture of the Molasky Companies and SouthEast Development Group, LLC

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

The Laura Street Trio:

Total Development Cost:

\$44,641,568 (estimated)

Redevelopment Completion Grant: \$4,000,000 from the Downtown Historic Preservation and Revitalization Trust Fund (the "HPTF").

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

- THE HPTF Grant will be disbursed at issuance of the last needed Certificate of Occupancy ("CO") for the three (3) Buildings which comprise the Trio project. Therefore funds would be needed no sooner than 20 months after construction commences, estimated by the Developer's Schedule.
- The Grants will be subject to standard "claw-back" language.

REV Grant: \$1,800,000 from the Northbank TID.

- Partial ad valorem tax rebate of 20 years @ 50% for an approximate total grant not to exceed **\$1,800,000**.
- On the new construction portion of the project only of the Hotel adjacent to the Florida Life Building.

The Barnett Bank Bldg.:

Total Development Cost:

\$34,202,427 (estimated)

City of Jacksonville Grant: \$4,000,000.

- The Redevelopment grant will be disbursed at issuance of the last needed Certificate of Occupancy ("CO"), for the Barnett Bank Building. Therefore funds would be needed no sooner than 15 months after construction commences, estimated by the Developer's Schedule.

Parking Structure:

Land: Currently valued between **\$800,000-\$1,000,000**, pending a formal appraisal and form of conveyance.

- The City will convey, at price of \$1.00 (either by long term lease [50 years] or via fee simple) the land currently utilized as a surface parking lot at the corner of Main Street and Forsyth Street (the “Parcel”).
- The Parcel will be conveyed through a process compliant with the DIA disposition of property procedures.
- The conveyance will be subject to reversion clauses to ensure that a structured parking facility of no less than 550 parking spaces is built.
- The Developer’s current site plans include utilizing the surface parking lot owned and operated by Regions Bank.
 - Should the Region’s Bank parcel be included in the development plans for the project these proposed incentives are subject to documented writing from Regions Bank, Satisfactory to the City, that Regions Bank is willing to convey, at a price of \$1.00, their parcel to the Developer or City of Jacksonville for inclusion in this parking facility. The City will provide no incentive or any other compensation to Regions Bank for should Region Bank’s include its parcel in the project.

Parking Structure Master Lease (max indebtedness of \$13,200,000): Upon commercial utilization of the Parking Structure, The DIA will agree to make master lease payments of up to \$660,000 per year, for Twenty (20) years with a maximum indebtedness of \$13,200,000.

- The Master Lease will be for the entire number of parking spaces (currently planned to be 550 spaces).
- The Developer will design, finance, and construct the parking facility.
- The DIA/Office of Public Parking will operate the facility.
 - The developer will lease from the City 250 spaces on a monthly basis for twenty years; estimated at \$300,000 per year (see below).
 - The Developer’s acquisition of parking spaces shall be phased in over the first 24 months after construction of the Parking Structure is completed, and the Parking Structure is operational.
 - The Developer’s Payment for parking spaces shall for months 1-24 shall be capitalized and paid over the remaining 18 years of the Developer’s Sublease (estimated to be \$333,334 annually).
- The Developer and City may negotiate a Developer’s Option to Terminate the Master Lease. While the specific language of such an option must be negotiated at a minimum exercise of the option must trigger the following: either (1) a cash payment made by the Developer to the City, within 90 days from the notice of termination of the Master Lease by the Developer, in an amount equal to the then appraised value of the Land previously conveyed by the City for use by the Parking Structure project; or (2) a sublease of 100 parking spaces for 15 years at a rate of \$1.00 per year. In addition any unpaid lease

capitalized obligation (resulting from months 1-24 of the sublease to the Developer) shall be tendered along with the notice of termination.

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

This proposal is conditioned upon the Developer evidencing, in writing with documentation satisfactory to the City, site control for all the proposed Development parcels to be used in the three phases of development (the Laura Street Trio, The Barnett Bank Building, and the Parking Structure Parcels). Such written evidence and documentation must be provided by February 20, 2017, or this Term Sheet becomes Null and Void, regardless of execution by the parties; and

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

A completed and approved application to the Jacksonville Historic Preservation Commission for the funding out of the Historic Preservation and Revitalization Trust Fund; and

These proposed financial terms are subject to and contingent upon the approval of the Downtown Investment Authority, the City of Jacksonville Administration, and the Jacksonville City Council.

All terms contained within this Term Sheet are contingent upon the successful commitment and closing of all Historic Rehabilitation Tax Credit Agreements, Construction /Senior Debt Agreements and Commitments, Any Private Junior Lien Loan Agreements and Commitments, evidence of Marketable Title by the Developer, and the inclusion of the City of Jacksonville Lease(s) as also insureds under the Developer's Property & Casualty insurance, and the Hotel Management & Operating Agreement. All terms contained within this Term Sheet are also contingent upon evidence of the funding of the Developer's Equity commitment.

There will be additional terms, conditions, rights, responsibilities, warranties and obligations for both parties shall be determined in a later negotiated mutually agreeable written contract (or multiple written contracts as is deemed necessary).

This Term Sheet expires and becomes void, if not executed by the Parties upon February 20, 2017.

Additionally, this Term Sheet expires and all the terms contained within become void, upon June 1, 2017, unless extended in writing by the parties.

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(Signature Page to Follow)

With Respect to the Barnett Bank Building and the Parking Structure:

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

Aundra C. Wallace its CEO

Date: _____

Accepted on behalf of The Molasky Companies by

Print Name:

Its (print Officer Title): _____

Date: _____

With Respect to the Laura Street Trio:

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

Aundra C. Wallace its CEO

Date: _____

Accepted on behalf of Laura Trio, LLC/ Barnett Tower LLC / SouthEast Development Group, LLC by

Print Name:

Its (print Officer Title): _____

Date: _____

And;

Accepted on behalf of The Molasky Companies by

Print Name:

Its (print Officer Title): _____

Date: _____