



**Downtown Investment Authority
Strategic Implementation Committee**

Monday, March 14th, 2022 at 1:00 p.m.

SIC AGENDA

Craig Gibbs, Esq., Acting Chair
Oliver Barakat, Committee Member

Jim Citrano, Committee Member
Braxton Gillam, Esq., Ex-officio

Committee Members Excused: Bill Adams, Esq., Chair

- I. CALL TO ORDER
- II. PUBLIC COMMENTS*
- III. FEBRUARY 14, 2022 STRATEGIC IMPLEMENTATION COMMITTEE MEETING MINUTES APPROVAL
- IV. RESOLUTION 2022-03-03: DIA STAFFING
- V. RESOLUTION 2022-03-04: MAYO CLINIC PARKING AGREEMENT
- VI. RESOLUTION 2022-03-05: FURCHGOTT'S BUILDING DPRP
- VII. OTHER MATTERS TO BE ADDED AT THE DISCRETION OF THE CHAIR
- VIII. ADJOURN

** Only individuals attending the meeting in-person will have an opportunity to provide public comments. Persons who cannot attend the meeting in-person, but who wish to submit public comments regarding any matter on the agenda for consideration at the meeting, may do so by sending their public comments via electronic mail to DIAPublicComments@coj.net prior to the start of the meeting. Public comments received prior to the meeting will not be read during the meeting but will instead be forwarded to all DIA Board members for review in advance of the meeting and will remain a part of the permanent record for the meeting itself. You are encouraged to submit public comments well in advance of the start of the meeting to provide DIA Board members with adequate time to read them in preparation for the meeting.*

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**Downtown Investment Authority
Strategic Implementation Committee**

Monday, March 14th, 2022 at 1:00 p.m.

MEETING LOCATION

Physical Location

City Hall at St. James
117 West Duval Street
First Floor, Lynwood Roberts Room
Jacksonville, FL 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.

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/82644809997?pwd=VGQ2d29qVHFoUEwrOGFIT2YxcEsz09>

Meeting ID: 826 4480 9997

Passcode: 487848

One tap mobile

+1 (312) 626-6799 (Chicago)

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

TAB III

**FEBRUARY 14, 2022 STRATEGIC IMPLEMENTATION COMMITTEE MEETING
MINUTES APPROVAL**



Downtown Investment Authority
Strategic Implementation Committee Hybrid Meeting
Monday, February 14, 2022 – 1:00 p.m.

Strategic Implementation Committee Hybrid Meeting
Draft – MEETING MINUTES

Strategic Implementation Committee Members in Attendance:

Jim Citrano, Acting Chair
Craig Gibbs, Esq., Committee Member

Oliver Barakat, Committee Member
Bill Adams, Esq., Chair (via Zoom)

Committee Members Excused:

DIA Staff Present: Lori Boyer, Chief Executive Officer; Steve Kelley, Director of Downtown Real Estate and Development; Guy Parola, Operations Manager; John Crescimbeni, Contract and Regulatory Compliance Manager (via Zoom); Lori Radcliffe-Meyers, Downtown Development Coordinator; and Xzavier Chisholm, Administrative Assistant

Office of General Counsel: John Sawyer, Esq.

I. CALL TO ORDER

The Strategic Implementation Committee meeting of February 14, 2022 was called to order at 1:00 p.m. by Chairman Citrano.

II. PUBLIC COMMENTS

Chairman Citrano called for public comment.

The following persons made in-person public comments, made public comments virtually through Zoom, or provided comments that were read into the record by DIA Staff. Note: the subject matter of the comment(s) indicated to the right of each person:

Clifford Miller Advocated for downtown parking structures to be built near the highways instead of allowing new developments to build them on valuable real estate.

III. NOVEMBER 12, 2021 STRATEGIC IMPLEMENTATION COMMITTEE MEETING APPROVAL OF THE MINUTES

Having called for corrections or other edits by his fellow committee members and after receiving none, Chairman Barakat asked for a motion and second on the item.

Motion: Committee Member Gibbs moved to approve the minutes as presented

Seconded: Committee Member Barakat seconded the motion

Chairman Citrano called for a vote.

Vote: Aye: 3 Nay: 0 Abstain: 0

THE MOTION PASSED UNANIMOUSLY 3-0-0

At the request of CEO Boyer, the agenda was rearranged to accommodate for DIA's Steve Kelley not being present yet. Item IV.B will be taken up upon Mr. Kelley's arrival.

IV. ACTION ITEMS

A. RESOLUTION 2022-02-03: FSCJ LOAN AGREEMENT

A RESOLUTION OF THE DOWNTOWN INVESTMENT AUTHORITY ("DIA") WAIVING A PERFORMANCE REQUIREMENT IN THE LOAN AGREEMENT ("AGREEMENT") DATED JULY 17, 2020 BETWEEN THE DOWNTOWN INVESTMENT AUTHORITY AND THE DISTRICT BOARD OF TRUSTEES OF FLORIDA STATE COLLEGE AT JACKSONVILLE ("FSCJ") FOR A SUBSIDIZED LOAN RELATING TO A COMPLETED PROJECT AT 20 WEST ADAMS STREET; PROVIDING AN EFFECTIVE DATE.

Chairman Citrano gave the floor to DIA's Lori Boyer to introduce the resolution.

CEO Boyer provided an overview of the resolution, stating that it is requesting that the Board waive a performance requirement in the loan. FSCJ maintained the retail occupancy requirement but fell short of the student housing occupancy requirement by three students in the second half of the year due to COVID. Approval of this resolution waives the minimum student housing occupancy requirement for the "Spring 2021" period.

Motion: Committee Member Gibbs moved to approve Resolution 2022-02-03 as presented

Seconded: Committee Member Barakat seconded the motion

Chairman called for comments from the committee.

Committee Member Barakat asked what the [student housing] occupancy was after the Omicron variant wave subsided. DIA's John Crescimbeni responded 95 percent.

Seeing no comments, Chairman Citrano called for a vote.

Vote: Aye: 3 Nay: 0 Abstain: 0

THE MOTION PASSED UNANIMOUSLY 3-0-0

B. RESOLUTION 2022-02-09: DVI DUVAL GARAGE LEASE TERMS AMENDMENT

A RESOLUTION OF THE DOWNTOWN INVESTMENT AUTHORITY ("DIA") AMENDING THE LEASE TERMS PREVIOUSLY AUTHORIZED IN

RESOLUTION 2021-11-04 REGARDING THE LEASE OF SPACE WITHIN THE DUVAL STREET PARKING GARAGE DEPICTED ON EXHIBIT A (THE “LEASED PREMISES”) TO DOWNTOWN VISION, INC. (“DVI”) (THE “TENANT”); APPROVING THE TERMS AND CONDITIONS OF THE DISPOSITION OF THE LEASED PREMISES IN ACCORDANCE WITH THE MODIFIED LEASE TERMS SET FORTH ON REVISED EXHIBIT B; FINDING THAT THIS RESOLUTION FURTHERS THE BUSINESS INVESTMENT AND DEVELOPMENT (“BID”) PLAN, INCLUDING THE COMMUNITY REDEVELOPMENT AREA PLAN; AUTHORIZING THE CEO OF THE DIA TO NEGOTIATE A LEASE, DISBURSEMENT AGREEMENT AND IF APPROPRIATE A REDEVELOPMENT AGREEMENT AND ASSOCIATED DOCUMENTS; AUTHORIZING THE CEO TO INITIATE THE FILING OF LEGISLATION WITH THE CITY COUNCIL AS MAY BE REQUIRED; AUTHORIZING THE CEO OF THE DIA TO TAKE ALL ACTION NECESSARY TO EFFECTUATE THE PURPOSES OF THIS RESOLUTION, INCLUDING THE EXECUTION OF A REDEVELOPMENT AGREEMENT, LEASE, DISBURSEMENT AGREEMENT OR FUNCTIONAL EQUIVALENTS; PROVIDING FOR AN EFFECTIVE DATE.

Chairman Citrano called upon CEO Boyer to introduce the resolution.

CEO Boyer provided an overview of the resolution, stating that it amends Exhibit B of the term sheet at the direction of the administration. Adding that, so long as the funds received by Downtown Vision, Inc. (DVI) from other downtown contributors and property owners are greater than the amount of rent attributable to the garage, and the estimated amount of operating costs, DVI will not be charged rent for the term of the lease.

Committee Member Barakat stated for the record that he has filed a Form 8B and has been cleared to vote.

Chairman Citrano called for comments from the committee.

Committee Member Barakat spoke to the increased activity DVI will bring to the area.

Motion: Committee Member Gibbs moved to approve Resolution 2022-02-09 as presented

Seconded: Committee Member Barakat seconded the motion

Seeing no further comments, Chairman Citrano called for a vote.

Vote: Aye: 3 Nay: 0 Abstain: 0

THE MOTION PASSED UNANIMOUSLY 3-0-0

C. RESOLUTION 2022-02-05: HISTORIC MARKERS

A RESOLUTION OF THE DOWNTOWN INVESTMENT AUTHORITY (“DIA”) AUTHORIZING A TWELVE THOUSAND FIVE HUNDRED DOLLAR (\$12,500.00) CONTRIBUTION TO THE JACKSONVILLE HISTORICAL SOCIETY AS A CONTRIBUTION TO A PRIVATE ORGANIZATION IN ACCORDANCE WITH THE NORTHBANK CRA BUDGET TO SUPPORT ITS WORK TO DESIGN, COMPOSE, AND PLAN DEPLOYMENT OF APPROXIMATELY 50 MARKERS IDENTIFYING HISTORICALLY SIGNIFICANT BUILDINGS IN THE DIA JURISDICTION; INSTRUCTING ITS CHIEF EXECUTIVE OFFICER TO TAKE ALL NECESARRY ACTIONS TO EFFECTUATE THE PURPOSE OF THIS RESOLUTION; PROVIDING FOR AN EFFECTIVE DATE.

Chairman Citrano called upon CEO Boyer to introduce the resolution.

CEO Boyer provided an overview of the resolution, stating that it provides a \$12,500 contribution to the Jacksonville Historical Society (JHS) to be used toward the design, content writing, development of a plan for sizes, materials and finishes for historic markers for 50 prioritized buildings and sites, all subject to DIA approval. The DIA has funding in the budget for this project.

Motion: Committee Member Barakat moved to approve Resolution 2022-02-05 as presented

Seconded: Committee Member Gibbs seconded the motion

Chairman Citrano called for comments from the committee.

Committee Member Gibbs asked if the signs will be uniform. CEO Boyer responded “yes,” noting that they’re currently looking at a bronze design and that there will be a couple alternatives.

CEO Boyer clarified for Committee Member Barakat that the locations will consist of properties in the national historic districts as well as local landmark structures.

Committee Member Adams asked if the property owners will be sought out for approval prior to purchasing the markers. CEO Boyer responded “yes,” adding that in some cases the marker may be on the sidewalk and not fixed to a building.

Seeing no further comments, Chairman Citrano called for a vote.

Vote: Aye: 3 Nay: 0 Abstain: 0

THE MOTION PASSED UNANIMOUSLY 3-0-0

D. RESOLUTION 2022-02-06: JAX RIVER JAMS CONTRIBUTION

A RESOLUTION OF THE DOWNTOWN INVESTMENT AUTHORITY (“DIA”) AUTHORIZING A FIFTY THOUSAND DOLLAR (\$50,000.00) EVENT CONTRIBUTION TO THE DOWNTOWN VISION, INC. TO SUPPORT THE JACKSONVILLE RIVER JAMS EVENT; AUTHORIZING THESE FUNDS FROM

THE DIA FISCAL YEAR 2021-2022 ADMINISTRATIVE BUDGET'S EVENT CONTRIBUTION FUNDS; AUTHORIZING ITS CHIEF EXECUTIVE OFFICER TO TAKE ALL NECESSARY ACTIONS TO EFFECTUATE THE PURPOSE OF THIS RESOLUTION, INCLUDING EXECUTION OF AN EVENT CONTRIBUTION AGREEMENT OR FUNCTIONAL EQUIVALENT THEREOF; PROVIDING FOR AN EFFECTIVE DATE.

Chairman Citrano called upon CEO Boyer to introduce the resolution.

CEO Boyer provided an overview of the resolution, stating that it provides a \$50,000 event contribution to DVI for the Jax River Jams concert series.

Motion: Committee Member Gibbs moved to approve Resolution 2022-02-06 as presented

Seconded: Committee Member Barakat seconded the motion

Chairman Citrano called for comments from the committee.

Committee Member Gibbs asked if the contribution includes sponsorship recognition for DIA. DVI's Kat Hardwick responded that they are happy to include the DIA logo on all the advertisements that go out as well as on-site on the video boards.

Seeing no further comments, Chairman Citrano called for a vote.

Vote: Aye: 3 Nay: 0 Abstain: 0

THE MOTION PASSED UNANIMOUSLY 3-0-0

E. RESOLUTION 2022-02-07: JHS BICENTENNIAL CONTRIBUTION

A RESOLUTION OF THE DOWNTOWN INVESTMENT AUTHORITY ("DIA") AUTHORIZING A TWO THOUSAND FIVE HUNDRED DOLLAR (\$2,500.00) EVENT CONTRIBUTION TO THE JACKSONVILLE HISTORICAL SOCIETY TO SUPPORT THE JACKSONVILLE HISTORICAL CONSORTIUM'S HISTORIC EXHIBIT; AUTHORIZING THESE FUNDS FROM THE DOWNTOWN NORTHBANK CRA TRUST FUND'S EVENT CONTRIBUTION BUDGET; AUTHORIZING ITS CHIEF EXECUTIVE OFFICER TO TAKE ALL NECESSARY ACTIONS TO EFFECTUATE THE PURPOSE OF THIS RESOLUTION, INCLUDING EXECUTION OF AN EVENT CONTRIBUTION AGREEMENT OR FUNCTIONAL EQUIVALENT THEREOF; PROVIDING FOR AN EFFECTIVE DATE.

Chairman Citrano called upon CEO Boyer to introduce the resolution.

CEO Boyer provided an overview of the resolution, stating that it provides a \$2,500 event contribution to the JHS to be used toward the Jacksonville Historic Consortium's historical exhibits.

Motion: Committee Member Barakat moved to approve Resolution 2022-02-07 as presented

Seconded: Committee Member Gibbs seconded the motion

Chairman Citrano called for comments from the committee.

Committee Member Barakat asked if the events will be taking place downtown. CEO Boyer responded that she believes they will.

Committee Member Gibbs asked if the DIA would receive recognition for sponsoring the event. DIA's Ina Mezini responded that the event will take place in City Hall, and she will follow up with JHS's Alan Bliss to find out if the DIA will receive promotional recognition.

Chairman Citrano commented that DIA contributions of this amount should not require DIA Board approval, and the CEO should be given the authority to use their discretion on such matters.

Chairman Citrano called for a vote.

Vote: Aye: 3 Nay: 0 Abstain: 0

THE MOTION PASSED UNANIMOUSLY 3-0-0

F. RESOLUTION 2022-02-04: ARTEA MULTI-FAMILY

A RESOLUTION OF THE DOWNTOWN INVESTMENT AUTHORITY RECOMMENDING CITY COUNCIL APPROVAL OF A MARKET RATE MULTI-FAMILY HOUSING RECAPTURE ENHANCED VALUE GRANT (“REV GRANT”), AUTHORIZING THE CHIEF EXECUTIVE OFFICER (THE “CEO”) TO NEGOTIATE A REDEVELOPMENT AGREEMENT REGARDING THE SAME BETWEEN THE CITY OF JACKSONVILLE, DOWNTOWN INVESTMENT AUTHORITY, AND CLL ARTEÁ, LLC (OR SIMILAR SINGLE PURPOSE ENTITY TO BE FORMED); AUTHORIZING THE CEO OF THE DOWNTOWN INVESTMENT TO EXECUTE SUCH AGREEMENT; PROVIDING AN EFFECTIVE DATE.

Chairman Citrano called upon Mr. Kelley to introduce the resolution.

Mr. Kelley provided an overview of the resolution, stating that it seeks approval of a Recapture Enhanced Value Grant (REV Grant) for a 340-unit multi-family development with a structured parking facility along Broadcast Place on the Southbank.

Chairman Citrano called for comments from the committee.

Responding to a question from Committee Member Barakat regarding the intent of Category 3 with the Program Parameters for the REV Calculation, Mr. Kelley spoke to the 7,000 sq ft of space in the leasing office area, and to the central courtyard space where the developer has proposed various programming (e.g., events, pop-up restaurants, farmers markets). It was noted that the developer can

earn an additional 5 percent in such year if the Indoor Amenity Space is used for programming that benefits the general public not less than eight days per month, and for a minimum of six hours per day of use.

Motion: Committee Member Gibbs moved to approve Resolution 2022-02-04 as presented

Seconded: Committee Member Barakat seconded the motion

Mr. Kelley clarified for Committee Member Gibbs that there is only one rooftop amenity space on the development and that it can be reserved by the public for special events.

Chairman Citrano asked for clarification on the Strategic Housing Area mentioned in bullet 6 under REV Calculation. Mr. Kelley and CEO Boyer explained that the property does not fall within a designated Strategic Housing Area and that so far there are none within Downtown other than specific designated parcels.

Chairman Citrano called for a vote.

Vote: Aye: 3 Nay: 0 Abstain: 0

THE MOTION PASSED UNANIMOUSLY 3-0-0

V. DISCUSSION AND RECOMMENDATIONS

A. BID & CRA ORDINANCE CODE CHANGES

Chairman Citrano gave the floor to CEO Boyer to present the item.

CEO Boyer reported on the 2022 BID & CRA Ordinance Code changes.

- 1) No Council approval required for the DIA to dispose of property with a sales price equal to or greater than the appraised fair market value, not to exceed a fair market value of \$500,000.
- 2) Allow DIA to dispose of property for a sales price less than the appraised fair market value so long as:
 - a. Fair market value does not exceed \$250,000;
 - b. The Return on Investment is greater than or equal to 1;
 - c. The ROI calculation is verified by the Council Auditors Office; and
 - d. And the “fair value,” pursuant to F.S. 163.380(2), is equal to or greater than the sales price
- 3) DIA has authority to approve COJ REV grants through 2046 tax year, to be payable spring 2047 without council approval.
- 4) DIA has authority to grant City Public Investment Policy incentives that are funded with TIF increment without further Council approval (i.e. business REV and QTI).

- 5) DIA has the authority to enter into contracts valued at less than “x” , if funds are DIA resource or already budgeted, without Council approval of contract authority.
- 6) Allow DIA to enter into a form Cost Disbursement Agreement for public projects currently identified in CIP so long as no additional funds are required and the project will be completed in the identified year, thereby avoiding any accelerated payments.

There are also appropriations to accompany plan adoption in the amount of \$1M from General Fund to establish the Commercial Revitalization Program (Office incentive) as well as various amendments to the Downtown Zoning Overlay in a separate bill.

Committee Member Gibbs asked how often a scenario arises where the DIA has to go through City Council to dispose of a property. CEO Boyer responded that it happens frequently and provided several examples.

Responding to a question from Committee Member Barakat, CEO Boyer stated that there have been other changes to the code in the past few years.

Committee Member Barakat asked if \$500,000 is a high enough threshold considering the rising value of downtown real estate. CEO Boyer stated that she is unsure what the right number should be but agreed to investigate increasing the threshold at the request of Committee Member Barakat.

CEO Boyer clarified for Committee Member Citrano that the DIA still would work with the Office of General Counsel (OGC) when entering contracts valued at less than “x.”

DIA’s Lori Radcliffe-Meyers reported on the proposed amendments to the Downtown Zoning Overlay, stating that the amendments seek to ensure that the design guidelines are in line with and clearly communicated within the Ordinance Code.

Responding to a question from Committee Member Barakat, Mrs. Radcliffe-Meyers stated that the language for the changes is currently being drafted and has not yet been submitted to the Board.

B. STAFFING

CEO Boyer reported on DIA’s organizational structure and spoke to the various positions that DIA is seeking to fulfill in the future.

Current Positions (in no specific order):

- Chief Executive Officer
- Director of Downtown Real Estate and Development
- Communication and Marketing Specialist
- Operations Manager
- Redevelopment Coordinator
- Administrative Assistant
- Financial Analyst
- Contract and Regulatory Compliance Manager
- Public Parking Officer/Office of Public Parking Staff

- Project Manager (vacant)

Needed Positions (in order of priority):

- Parking Manager (1)
- Downtown Activation & Programs Manager (2)
- Property Disposition & Real Estate Specialist (2)
- Procurement & Research Specialist (3)
- Contract Manager (3)
- Downtown Capital Projects & Maintenance Coordinator (3)
- Grant Writer (4)

Chairman Citrano opened the floor for comments.

Committee Member Barakat acknowledged that the DIA as well as the City has not kept up with the market, adding that the development community has expressed concerns that the City is bogged down and moving slowly.

CEO Boyer commented that the Board can suggest the addition of positions when the BID & CRA update legislation is filed, or they can wait until next budget year which means those positions wouldn't be filled until about a year from now.

Chairman Citrano spoke in support of pursuing additional DIA staff and to the importance of getting to the smaller projects, programs, and development opportunities, especially while the market is prime. He then asked what the estimated cost would be to bring in additional staff. CEO Boyer estimated \$500,000 and explained that the number of DIA staff has to be approved by City Council.

C. Self Storage

CEO Boyer reported on the Self Storage legislation sponsored by Council Member Gaffney which seeks to allow self-storage facilities as permissible uses by exception in every district in downtown subject to certain design guidelines. Currently they are only permissible in the LaVilla and Brooklyn districts. She then spoke to the zoning maps provided to committee members that show where storage facilities are allowed outside of the overlay boundary as well as where existing storage facilities are located.

Steve Diebenow, of Driver, McAfee, Hawthorne & Diebenow, PLLC, representing CM Gaffney, spoke to the need for self-storage facilities in the downtown area, describing the legislation as "market driven." He also stated that he is in agreement with the recommendations provided by the Downtown Development Review Board (DDRB).

Committee Member Barakat commented that self-storage facilities are not the highest and best use for land within the downtown overlay, adding that there is opportunity for self-storage facilities outside of the downtown overlay that can still serve downtown residents.

Committee Member Gibbs stated that he believes there is a demand for self-storage facilities downtown.

Responding to a question from Chairman Citrano, Committee Member Barakat stated that he is open-minded to allowing it as a permissible use along the perimeter of the boundaries.

Motion: Committee Member Gibbs moved to approve Resolution 2022-01-07 with recommendations 1-5, 6, and 8

Seconded: None

Chairman Citrano asked about the parking for the proposed self-storage facility on the Southbank. Mr. Diebenow responded that it is envisioned to be surface parking enclosed in the building itself.

The committee agreed to take up the discussion at a later date – if not at the upcoming Board workshop, then at the regular Board meeting.

Committee Member Barakat asked staff to bring a map to the next meeting that would inform the committee as to what exactly a 2-block radius along the perimeter would entail.

VI. ADJOURNMENT

Chairman Barakat adjourned the meeting at 3:34 p.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.

TAB IV
RESOLUTION 2022-03-03: DIA STAFFING

TAB V
RESOLUTION 2022-03-04: MAYO CLINIC PARKING AGREEMENT

TAB VI
RESOLUTION 2022-03-05: FURCHGOTT'S BUILDING DPRP

RESOLUTION 2022-03-05

A RESOLUTION OF THE DOWNTOWN INVESTMENT AUTHORITY (“DIA”) RECOMMENDING THAT CITY COUNCIL APPROVE A DOWNTOWN PRESERVATION AND REVITALIZATION PROGRAM FORGIVABLE LOAN PACKAGE FOR REHABILITATION OF THE BUILDING LOCATED AT 128 W ADAMS ST (THE “PROPERTY”) PURSUANT TO A REDEVELOPMENT AGREEMENT WITH LOTUS COMMERCIAL USA, LLC OR ASSIGNS (“OWNER” OR “DEVELOPER”); FINDING THAT THE PLAN OF DEVELOPMENT IS CONSISTENT WITH THE DIA’S BUSINESS INVESTMENT AND DEVELOPMENT PLAN (“BID PLAN”) AND THE DOWNTOWN NORTHBANK COMMUNITY REDEVELOPMENT AREA PLAN (“CRA PLAN”); AUTHORIZING THE CHIEF EXECUTIVE OFFICER TO EXECUTE THE CONTRACTS AND DOCUMENTS AND OTHERWISE TAKE ALL NECESSARY ACTION IN CONNECTION THEREWITH TO EFFECTUATE THE PURPOSES OF THIS RESOLUTION; PROVIDING AN EFFECTIVE DATE.

WHEREAS, Lotus Commercial USA, LLC is the owner of the Property and the building located on the Property which has been designated local historic landmark by the Jacksonville City Council in Ordinance 2021-0657 and is a contributing building located within the National Historic District of Downtown and within the boundaries of the Downtown Northbank CRA; and

WHEREAS, the Developer proposes to rehabilitate the Property to provide a minimum of 34,600 square feet of leasable space as a mixed-use property in the Central Core District of Downtown Jacksonville; and

WHEREAS, the increased private capital investment totaling not less than \$17,710,920 in real property will increase the county ad valorem tax base over the useful life of the assets, will add to the entertainment options for residents and visitors in Downtown Jacksonville; and

WHEREAS, the Strategic Implementation Committee of the Downtown Investment Authority (“DIA”) met on March 14, 2022, to consider the recommendation of DPRP Program Forgivable Loans in accordance with the program guidelines established by City Council in accordance with the terms contained in the term sheet attached hereto as Exhibit A; and

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 instructs the Chief Executive Officer of the Downtown Investment Authority to take all necessary actions, including the filing of legislation before the City Council, to seek DPRP funding of up to **\$7,150,688** pursuant to the Downtown Historic Preservation and Revitalization Program guidelines in accordance with the terms set forth on the term sheet attached hereto as Exhibit A.

Section 3. 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 4. The Effective Date of this Resolution is the date upon execution of this Resolution by the Chair of the DIA Board.

WITNESS:

DOWNTOWN INVESTMENT AUTHORITY

W. Braxton Gillam IV, Esq., Chairman

Date

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

Exhibit A:

**DOWNTOWN PRESERVATION AND REVITALIZATION PROGRAM
TERM SHEET**

**FURCHGOTT'S BUILDING
128 W. Adams, Jacksonville FL 32202**

Project: The project comprises the redevelopment of the historic Furchgott’s Building in the Central Core District of Downtown Jacksonville utilizing funding through the Downtown Preservation and Revitalization Program (“DPRP”).

The building located at 128 W. Adams, RE#073739-0000, is a historic five-story building with basement consisting of approximately 65,000 gross square feet and built in 1907. Upon completion, the building will provide approximately 30,700 square feet of leasable residential living space within 40 proposed residential units and approximately 3,870 square feet of rentable square feet of commercial/retail space on the ground floor. Renovations proposed include, but are not limited to, window replacement, roof repairs, returning three elevators to working condition, replacement of an egress stairwell, providing for ADA accessibility as required, fire alarm, sprinkler system, exterior repairs, and paint.

Developer/ Applicant / Borrower: Lotus Commercial USA, LLC (“Owner”)
James and Soo Gilvarry

Total Development Costs (estimate): \$17,970,730

Total Development Costs (as underwritten): \$17,710,920

Equity (proposed): \$2,700,000 (15.0% of Underwritten TDC)

City Funding: No more than **\$1,536,350** (through the City of Jacksonville Downtown Investment Authority), as follows:

	Historic Preservation, Restoration, and Rehabilitation Forgivable Loan (HPRR)	Code Compliance Forgivable Loan (CCR)	DPRP Deferred Principal Loan	TOTAL
TOTAL	\$2,846,162	\$2,874,390	\$1,430,138	\$7,150,688

At this level, the incentive structure and funding under the DPRP will be subject to further approvals by the Jacksonville City Council.

To be eligible for funding, all work must be reviewed and approved by the Planning and Development Department for consistency with the United States Secretary of Interior Standards and applicable design guidelines during application processing and for verification upon completion and request for funding under terms defined further herein.

Budget. The construction budget reviewed and approved by the DIA in the total amount of FOURTEEN MILLION SIX HUNDRED SIXTY FIVE THOUSAND ONE HUNDRED AND FOUR DOLLARS AND ZERO CENTS (the “Total Budget Amount”), which includes Construction Costs to be incurred in each of the funding categories (each, a “Funding Category”) and in the minimum amounts (each a “Funding Category Minimum”) set forth in the table below:

Funding Category	Funding Category Minimum
Interior Rehabilitation	\$ 4,367,624
Interior Restoration	\$ 588,000
Exterior	\$ 1,573,868
Code Compliance	\$ 4,628,645
General Requirements/Other	\$ 2,528,525
N/A ¹	\$ 978,442
Total Budget Amount:	\$14,665,104

¹ The category “N/A” is not required to be met as a Funding Category Minimum for reimbursement of other categories under the DPRP. For further clarity, there will be no reimbursement for expenditures categorized as “N/A” in the construction budget.

Minimum Expenditures: In order to be eligible for the maximum amount of the DPRP Loan, the Developer must provide evidence and documentation prior to the applicable DPRP Loan closing, sufficient to demonstrate to the DIA in its sole but reasonable discretion, the following:

- (i) a total equity capital contribution of at least TWO MILLION SEVEN HUNDRED THOUSAND DOLLARS AND NO/100 (\$2,700,000.00) (the “Required Equity”);
- (ii) Total Development Costs incurred of at least SEVENTEEN MILLION SEVEN HUNDRED TEN THOUSAND NINE HUNDRED TWENTY DOLLARS AND NO/100 (\$17,710,920) which shall exclude holding costs, tangible personal property (IT, FF&E), marketing, third party costs for risk management, and loan fees (the “Minimum Total Development Costs”);
- (iii) Total Construction Costs incurred of at least the Total Budget Amount (the “Minimum Total Construction Costs”), and
- (iv) Construction Costs incurred of at least the Funding Category Minimum with respect to each respective Funding Category.

Notwithstanding the foregoing, the required Minimum Total Development Costs of \$17,970,730.00 may be reduced by a maximum of ten percent (10%) overall, as determined by the DIA in its sole and absolute discretion, without affecting Developer’s eligibility for the approved DPRP Loans. Further, any Funding Category Minimum may be reduced by a maximum of ten

percent (10%) on a stand-alone basis, as determined by the DIA in its sole and absolute discretion; provided that, in such event there shall be a pro rata reduction in any or each of the related DPRP Loans, as required.

DIA staff shall present to the DIA Board a request for approval of the reduced DPRP Loans consistent with the DPRP Guidelines. The DIA Board shall have the authority, without further action by City Council, to approve reduced DPRP Loan amounts provided the Total Development Costs incurred are not less than \$16,173,657, including Construction Costs incurred of not less than \$12,317,996.

Infrastructure: No City of Jacksonville infrastructure improvements are contemplated.

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

Loans: No other loans, grants, or other funding from the City of Jacksonville are contemplated for this project, although commercial tenants, including those related to the Owner, leasing space within these Properties may be eligible for funding under separate programs.

No costs may be submitted for duplicative funding under more than one DIA incentive program. However, costs incurred by the DPRP Applicant may count towards their required contribution under the Retail Enhancement Program to the extent such costs are directly attributable to space that would be occupied by the REP Grant Applicant.

Performance Schedule:

- A) Redevelopment Agreement to be executed within thirty (30) days of the Bill Effective Date.
- B) Commencement of Construction: Within six (6) months following the Redevelopment Agreement Effective Date, Applicant commits to commencement of construction, meaning receipt of all required approvals, permitting, and closing on all required financing to allow the start of construction activities and has actually broken ground to begin work.
- C) Substantial Completion: Within eighteen (18) months following Commencement of Construction as defined above.
- D) 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. Any extensions to the Commencement Date shall have the same effect of extending the Completion Date simultaneously.

Additional Commitments:

- A) The Developer commits to the development of:
 - 1. A minimum of 30,500 square feet of net leasable residential space, and not less than 38 residential unit.
 - 2. A minimum of 3,750 square feet of net leasable commercial/retail space for tenants.
- B) Recommendation as to the eligibility of the approved scope of work on the Properties 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”) as may be required.

- C) Upon completion and request for funding, all work on the Properties 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 stand-alone, subordinate lien position on the Property behind any senior secured, third-party lender providing construction, mini-perm, or permanent financing, as long as such subordination does not alter the DIA approved maturity date of any DPRP Loan.
- E) Each DPRP loan will be cross defaulted with one another.
- F) 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.
- G) As the Borrower will be utilizing a combination of 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.
- H) Standard claw back provisions will apply such that:
 - a) In the event the Borrower sells, including without limitation a capital lease transaction, or otherwise transfers the Historic Building during the first five (5) years after the disbursement of the Forgivable Loans, the following shall be due and payable at closing of the Sale:
 - i. 100% if the Sale occurs within 12 months after disbursement of the Forgivable Loan;
 - ii. 80% if the Sale occurs after 12 months but within 24 months of disbursement of the Forgivable Loan;
 - iii. 60% if the Sale occurs after 24 months but within 36 months of disbursement of the Forgivable Loan;
 - iv. 40% if the Sale occurs after 36 months but within 48 months of disbursement of the Forgivable Loan; or
 - v. 20% if the Sale occurs after 48 months but within 60 months of disbursement of the Forgivable Loan.
 - b) Changes in the proposed intended use of the property must continue to contribute towards the relevant Redevelopment Goals and Performance Measures of the DIA and shall be presented to the DIA for further approval not less than 90 days in advance of such changes, and such approval shall not be unreasonably withheld. In the event Borrower or any lessee or assignee of the Borrower uses the Project or the Historic Property or Properties for any use not contemplated by this Agreement at any time within five years following the disbursement of the Forgivable Loan or Loan without such approval, the full amount of the amounts awarded, together with all accrued but

unpaid interest thereon, may be declared by the DIA to become due and payable by the Borrower.

- I) 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.
- J) The DPRP Deferred Principal Loan component requires fixed annual interest payments equal to the total principal outstanding multiplied by the prevailing Ten-Year Treasury Note Rate at the time established for closing.
- K) 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.
- L) DIA reserves the right to approve any sale, disposition of collateral property, or refinance of senior debt prior to the forgiveness or repayment of any DPRP Loan.
- M) 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.
- N) 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).

**SUPPLEMENTAL INFORMATION
FURCHGOTT'S BUILDING DPRP
STAFF REPORT**

FURCHGOTTS MIXED-USE HISTORIC REHABILITATION

Downtown Preservation and Revitalization Program

Staff Report for DIA SIC

March 7, 2022

Applicant: Lotus Commercial USA, LLC (James and Soo Gilvary)
Project: Furchgott's Building
Program Request: DPRP

Total Development Costs (as presented): \$17,970,730
Total Development Cost (as underwritten): \$17,710,920

DPRP Recommended:

- 1) **Historic Preservation Restoration and Rehabilitation Forgivable Loan (HPRR)** \$2,846,162
- 2) **Code Compliance Renovations Forgivable Loan (CCR)** \$2,874,390
- 3) **DPRP Deferred Principal Loan** \$1,430,138
- \$7,150,688**

Property Description:

The Art Deco building at 128 West Adams Street is the former location of the Furchgott's department store. Built in 1941, Furchgott's replaced the former Post Office building. Furchgott's anchored this prominent retail intersection fronting both Adams St. and Hogan St. for over 40 years before it being shut down in 1984. The first floor and basement have hosted a number of retail businesses over the years since, while the upper floors have been used for storage or remained largely unoccupied.



The 65,000 square foot property (RE# 073739-0000) provides five stories above ground level, and a basement that has served as a night club and other uses.

Project Summary:

The proposed development will provide mixed-use purposes including multi-family units, ground level retail, and amenities for residents. The basement level will provide caged storage, a dog washing station, and bike storage. A large portion of the basement area will be “white boxed” for future tenants which may be office or retail tenants. The ground level floor (shown below) will provide 3,872 total square feet of retail space in three suites along with a fitness center, workspace, and conference room for tenant use. Floors 2 through 5 will consist of 10 units each floor (40 total units total.) Tenant storage will also be located on each floor.



Proposed Mixed-use:

Currently, there are three retail suites located at the ground level of Furchgott’s in addition to potential space for retail or office within the basement. The redeveloped building is being designed and engineered to support food and beverage businesses including commercial kitchen ventilation and grease traps. At this point, the owners of Furchgott’s are in discussions with various retail tenants but have not secured any leases. The team anticipates that once the project completion date is well understood and activity on the project begins, there will be significant interest in the retail components of the building given its central location within the Laura and Hogan FAB-REP District of the Central Core.

The Development Team:

Lotus Commercial USA, LLC (Owner and Developer)

Lotus Commercial USA, LLC (“Lotus Commercial”) purchased the property at 128 W. Adams Street in March 2020 and quickly moved to put the largely vacant property into redevelopment. Lotus Commercial is owned by the local business team of James and Soo Gilvarry whose passion for downtown Jacksonville and adaptive reuse projects make Furchgott’s an ideal project. Their patient long-term investment and ownership strategy is well suited for the redevelopment of the Furchgott’s property as downtown

Jacksonville continues to emerge as a desirable place to live. Lotus Commercial has assembled a quality development team to fulfill this project as outlined further below.

Nine Oaks Development (Owner's Representative/Project Manager)

Founded by Jason Perry, Nine Oaks is a full-service real estate development and project management firm covering all facets of the development process including land acquisition, budgeting, project design and engineering, construction management, structuring and finance. The firm's comprehensive client solutions deliver high-quality projects throughout the country. Nine Oaks is currently involved in several large projects in Downtown Jacksonville, including MOSH, 604 Hogan Street, and 100 E Adams Street. Additional relevant project experience includes Box Factory Lofts (Tampa, FL), Infinity Hall (Gainesville FL), The Sage (St. Petersburg, FL), and Art Center Lofts (Tampa, FL).

Danis Construction (Construction Manager)

Founded in 1916 by B.G. Danis, Danis is a third-generation, privately-owned corporation. Danis serves the Southeast and Midwest regions of the United States and specializes in public and private building and industrial projects. Danis offers expertise in construction management, general construction, and design/build, as well as experience in the corporate, healthcare, senior living, education, retail, hospitality/entertainment, and industrial markets. The Danis Group of Companies operates from five offices in Florida, North Carolina and Ohio. Danis has been consistently ranked as one of Engineering News and Record's (ENR's) Top 400 Contractors, with a current ranking of No. 247 based on 2020 revenue of \$392 million. With more than 400 employees, Danis prides itself on meeting client challenges, whether they are budgets, schedules, site conditions or unique designs, and boasts an 85% repeat client rate. Project experience includes Barnett Tower, Jessie Ball duPont Center, Cowford Chophouse, Jake M. Godbold City Hall Annex, Laura Street Trio, and more.

Robbins Design Studio (Architect)

Brooke Robbins, AIA, LEED AP is the Principal Architect and Interior Designer of Robbins Design Studio P.A., established in 2016. The firm focuses on commercial projects that include historic renovations, hospitality, tenant build-outs, corporate offices, retail spaces, upper education, clinical, and military/government projects; both new construction and renovations. Ms. Robbins has over 19 years' experience as both an Architectural Project Manager and Project Architect developing projects from the programming phase through construction administration and project closeout. Project experience includes Adaptive Reuse of the Barnett National Bank, Adaptive Reuse of the Jones Brothers Furniture Building, and Adaptive Reuse of the Baptist Convention Building.

Keister Webb (Structural Engineer)

Mark J. Keister, Principal Structural Engineer, has provided structural engineering services and expertise to architects and owners throughout the southeast since 1983. His projects include apartment complexes, educational facilities, dormitories, fitness centers, laboratories, hotels, churches, extended nursing care facilities, office buildings, hospitals, theaters, manufacturing plants, parking garages, bulkheads, seawalls, boardwalks, docks and marinas. Related project experience includes Nassau County Courthouse Renovations (Fernandina Beach), Alcazar Hotel in St. Augustine, Hacienda Hotel Evaluation and Restoration (New Port Richey) and St. James Building (Jacksonville).

TLC Engineering Solutions (MEP Engineer)

Founded in 1955 and consistently ranked among the largest MEP and structural engineering firms in the country, they are an industry leader with expertise in diverse markets, from education to healthcare to aviation. TLC Engineering Solutions continues to provide high-performance engineering design,

Consulting, and energy services. Related projects include Historic Barnett Tower adaptive reuse, Aloft Hotel (El Paso, TX), Historic New Orleans Collection Restoration Seignouret-Brulatour House (New Orleans, LA), and adaptive reuse of Hyatt House One Exchange Place (Jersey City, NJ).

Baker Design Build (Civil Engineer)

Based in the heart of downtown Jacksonville, Florida, Baker Design Build offers professional services including civil and structural engineering, threshold inspections, general contracting, construction management and design-build. Project experience spans across decades of hands-on expertise and multiple market sectors. Kyle Davis, Principal Civil Engineer, has over 21 years of experience. As a Professional Engineer with Baker Design Build, his responsibilities include layout, design and permitting of commercial developments, multi-family and single-family residential developments and transportation projects in the State of Florida. Relevant projects include River City Science Academy and Bellingham Marine Facility Expansion.

Historic Preservations Section Considerations:

From the Planning and Development Department, Historic Preservation Section:

This five-story (above grade) stucco building was constructed in 1941 as the Furchgott’s Department Store. The building was landmarked in 2021 under Ordinance 2021-0657. The structure was found to meet five of the seven historic designation criteria with significance attributed in part to the architect, Marsh and Saxelbye and the architectural style, which includes elements of the Art Deco and Art Moderne Styles that still contribute to the building’s design.

As a local landmark, all exterior work must be reviewed under a Certificate of Appropriateness (COA) for consistency with the Secretary of the Interior Standards for Rehabilitation (Standards).

CONDITIONED CONCEPTUAL APPROVAL

Based on the findings in this memorandum and the attached HPS staff report, the Planning and Development Department recommends APPROVAL WITH CONDITIONS on this project. This conceptual approval and the outlined conditions below will be adjusted as needed and finalized by the HPC review and COA final order.

Conditions – interior:

- 1. The first floor shall be reworked to better respect the historic open showroom plan and enable a larger volume of space to be perceived once inside the main West Adams Street entry.*
- 2. Interior floor tile selection shall be in keeping with the building style and age.*

Conditions- exterior:

- 1. A three-pane display window design shall be used for replacements on floors 2-5 of the West Adams Street elevation.*
- 2. Any surface cleaning of the structure shall be undertaken using the gentlest means possible (no sandblasting, radial sanding or high power pressure washing over 60psi) under the guidance of National Park Service (NPS) Preservation Brief 1 and stucco repairs under Preservation Brief 22.*
- 3. The awnings shall have an angled edge where it wraps the building corner (no curve) and will preferably break at the vertical elements as historically documented. Providing matching awnings on the Adams Street storefront openings are additionally approved as an option.*
- 4. New signage is not authorized and shall be addressed under a separate COA with more details for sign permit.*

5. Final plans, in accordance with the Final Order, and product information shall be submitted and approved by the Historic Preservation Section of the Planning and Development Department at least one week prior to permitting.

The conditional approval provided by HPS is consistent with the DPRP program guidelines, and as finalization of the COA by HPS consistent with those requirements is also made a condition of approval of the subject request.

Market Analysis:

Over the past few years, Jacksonville has been one of the strongest apartment markets in the country. Fueled by strong population and job growth, apartment demand has been extremely robust. According to Yardi Matrix, Jacksonville ranked #5 in the nation in terms of employment growth and #25 in rent growth. Year over year, Jacksonville has experienced effective rent growth of 19.2% with currently average market rents of \$1,349 per month across the market.

For Furchgott's, comparable project data was gathered across the core stabilized apartment communities in downtown Jacksonville. In setting projected rents for the project, Furchgott's is looking to mirror the Residences at Barnett. This comparable will be similar in regards to location, newness, and finishes. However, Furchgott's will have a stronger amenity set than the Residences at Barnett including a generous fitness center, business/co-working suite, on-site storage with every apartment, bike storage and a pet washing station.

DPRP Request and Structure:

To facilitate redevelopment of the property, Lotus Commercial requests approval of funding under the DPRP due to a funding gap in meeting cost of construction and development. The funding gap is confirmed by analysis of pro forma cash flow, supportable debt, and return on equity investment by the developers and related investors.

Pro Forma Operations

- The Furchgott's building is proposed to provide 40 units of multifamily housing with an average size of 768 square feet with pro forma rents established at \$2.38 per square foot (range of \$2.34 to \$2.41 sf).
- 34 units are 1 bedroom/1 bath (598-1,010 sf), 4 units are 2 bedroom/2 bath (1,130 sf), and 2 units are 2 bedroom/1 bath (902-1,010 sf).
- As reflected in the Developer's pro forma, the property is expected to generate Effective Gross Income from the residential component of approximately \$728 thousand in its first full year of operation, increasing to \$995 thousand by year ten.
- Vacancy is modeled at 15% in year 1 dropping to 6% in subsequent years, and rent growth is calculated at 2.0% throughout the ten-year pro-forma providing a CAGR of 3.1%.
- The property will also provide approximately 3,872 square feet of retail/commercial space with pro forma rents shown at \$20 psf.
- Income provided by commercial lease revenue is projected to total \$77,440 in year one increasing to just over \$92,548 in year ten.

- Total operating expenses are estimated at approximately 36.7% of revenues initially, dropping to 35.1% by year ten.
- Management fee is modeled at 4.2-4.7% of Effective Gross Income.
- Net Operating Income is estimated to be \$510 thousand in the first year of stabilized operations providing debt service coverage of 1.14X and Yield on Cost of 2.8%. Over ten years, NOI improves to \$706 thousand providing debt service coverage of 1.58X and Yield on Cost of 3.93%.

Capital Considerations

- Total development costs as presented equals \$17,970,730, or \$281.54 psf for the acquisition costs and rehabilitation of the 63,829 square foot building. After adjustment to eliminate holding costs, tangible personal property (IT, FF&E), marketing, third party costs for risk management, and certain financing costs, total development costs are lowered to \$17,710,920, or \$277.47 psf.
- As found in the Sources and Uses for the development, acquisition cost is shown to be \$1.3 million and is supported by a settlement statement with the seller of the property through foreclosure.
- The tax assessed value of the property in 2021 is \$1,579,500, and documentation was provided to show all property taxes are current through the 2021 billing.
- Total equity to be injected is shown to be \$2,700,000; 15.0% of TDC, as underwritten.
- Senior debt on the development is provided as \$8,120,042, or 45.2% of TDC. Modeled over 30 years at 3.75%, annual debt service is projected to equal an estimated \$502 thousand.

DPRP Recommended

Based upon the analysis of projected cash flows and development costs, the recommended DPRP is as follows:

	Historic Preservation, Restoration, and Rehabilitation Forgivable Loan (HPRR)	Code Compliance Forgivable Loan (CCR)	DPRP Deferred Principal Loan	TOTAL
TOTAL	\$2,846,162	\$2,874,390	\$1,430,138	\$7,150,688

At this level, the incentive structure and funding under the DPRP will be subject to further approvals by the Jacksonville City Council.

Underwriting this application established the need for financial support from the City based on the extensive redevelopment costs for the buildings, deemed important to the preservation of Jacksonville’s historic building stock and consistent with the goals of the BID and CRA plan as well as the stated purpose of the Downtown Preservation and Revitalization Program.

DPRP funding limits based on equity contribution in relationship to Total Development Cost (“TDC”), and requirements for the DPRP Deferred Principal Loan are considered for each property individually and on

a combined basis. Total equity of \$2,700,000 (15.0% of TDC) meets the minimum requirement of 10% and allows DPRP funding up to 50% of TDC. As such the DPRP Deferred Principal Loan is required to be established at a minimum of 20% of total DPRP funding, \$1,430,138.

DPRP Modeling Parameters – Furchgott’s Building

DPRP Summary			
Total Construction Costs:	\$	14,665,104	
Sources			
Federal Historic Tax Credit			0.0%
HPRR Forgivable Loan	\$2,846,162		15.8%
CCR Forgivable Loan	\$2,874,389		16.0%
DPRP Deferred Principal Loan	\$1,430,138		8.0%
Other COJ Funding			0.0%
1st Position Debt	\$ 8,120,042		45.2%
Owner Equity	\$ 2,700,000		15.0%
TOTAL SOURCES	\$ 17,970,730		100.0%
Uses			
Purchase Price	\$ 1,300,200		7.2%
Construction Costs	\$ 14,665,104		81.6%
A&E Costs	\$ 465,921		2.6%
Soft Costs	\$ 256,299		1.4%
Real Estate Financing Costs	\$ 384,670		2.1%
Development Overhead	\$ 898,536		5.0%
TOTAL USES	\$ 17,970,730		100.0%
DPRP Guidelines			
Measurement	% of TDC	Min	Net of Developer Fee Project
Developer Equity	10%	Min	of TDC 15.0%
3rd Party Loan			No min or max 45.2%
Subsidy or Tax Credit			No min or max 0.0%
Developer Combined	50%	Min	of TDC 60.2%
DPRP			
Exterior	75%	Max	of eligible costs
Restoration Int	75%	Max	of eligible costs
Rehabilitation Int	30%	Max	of eligible costs
Code Compliance	75%	Max	of eligible costs
Other	20%	Max	of eligible costs
HPRR Forgivable Loan	30%	Max	of TDC 15.8%
CCR Forgivable Loan	30%	Max	of TDC 16.0%
DPRP Def Prin Loan	20%	Max	of TDC 8.0%
DPRP Def Prin Loan		Min	Must be ≥ 20% of Gap 20.0%
Other COJ Funding			0.0%
COJ Combined	50%	Max	of TDC 39.8%
Maximum Funding Level \$ 8,985,365			
DPRP Funding \$ 7,150,688			

As shown above, developer equity in the Furchgott’s Building equals 15.0% of TDC, whereas equity plus third-party debt exceeds the minimum requirement of 50% of TDC, at 60.2%. Redevelopment of the property is proposed to be supported by a HPRR Forgivable Loan of \$2,846,162, a CCR Forgivable Loan of \$2,874,390 and a DPRP Deferred Principal Loan of \$1,430,138. 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 in the absence of default.

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 1.75% is used providing interest payments of \$25,027 to the City annually.

Project ROI:

As shown by the model below, the project ROI on the City investment is 0.51X, which exceeds program requirements of 0.50X. The calculations are based on City benefits totaling \$3.7 million, based on ad valorem over 20 years, \$2.0 million (including 10 years of tax abatement on the incremental improvements for historic properties), Local Option Sales Tax drawn from projected retail sales and lease payments of \$103 thousand, and payroll related sales tax considerations estimated at \$4 thousand (LOST and payroll considerations are both then reduced to 50% for the speculative nature per DPRP Guidelines), and the interest income (10 years) and Present Value of the repayment on the Deferred Principal Loan, \$1.3 million.

\$17.9 Million in Capital Expenditures			
Ad Valorem Taxes Generated			
County Operating Millage	✔	(1) \$	2,033,666
Local Option Sales Tax	✔	(2) \$	103,487
Payroll	✔	(3) \$	3,872
Add'l Benefits Provided	✔	(4) \$	1,264,125
Total City Expected Benefits			\$ 3,655,425
Total City Investment	✔	(5)	\$ 7,150,688
Return on Investment Ratio			0.51
(1) - The investment from the Company is estimated to be \$17.9 million 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		\$	250,274
PV of DPRP Deferred Principal Payment		\$	1,013,851
Other			
Total Add'l Benefits Provided		\$	1,264,125
(5) - City Incentives as follows:			
DPRP		\$	7,150,688
Land		\$	-
Other		\$	-
Total Direct Incentives		\$	7,150,688

Recommendation:

DIA Staff recommends approval of a the DPRP loans as outlined above.

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.

Final review by the DDRB and adherence to findings within its conceptual approval and others as may be set into place are concurrent requirements of this recommendation for approval.

Minimum funding requirements and other terms and conditions approval and administration of the subject facilities are captured in the Exhibit A Term Sheet.