



Downtown Investment Authority Agenda

**Hybrid Virtual In-Person Meeting
Wednesday, November 17th at 2:00 p.m.**

MEMBERS:

Braxton Gillam, Esq., Chairman
Carol Worsham, Vice Chairman
Jim Citrano, Secretary
Bill Adams, Esq., Board Member
David Ward, Esq. Board Member

Ron Moody, Board Member
Todd Froats, Board Member
Craig Gibbs, Esq., Board Member
Oliver Barakat, Esq. Board Member

BOARD MEMBERS EXCUSED:

I. CALL TO ORDER

II. PUBLIC COMMENTS*

III. COMMUNITY REDEVELOPMENT AGENCY

- A. October 20, 2021 Community Redevelopment Agency Meeting Minutes
- B. Resolution 2021-11-05: Ford on Bay Courthouse Disposition
- C. Resolution 2021-11-01: MOSH Disposition
- D. Resolution 2021-11-03: 600 Park St/Home 2 Suites
- E. Resolution 2021-11-04: DVI Lease of Duval Garage Disposition

IV. DOWNTOWN INVESTMENT AUTHORITY

- A. October 20, 2021 Downtown Investment Authority Board Meeting Minutes
- B. Resolution 2021-11-02: Central National Bank Building DPRP
- C. Resolution 2021-11-06: Johnson Commons Allocation - Stormwater

V. NEW BUSINESS

VI. CEO INFORMATIONAL BRIEFING

VII. CHAIRMAN REPORT

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.*

Downtown Investment Authority Agenda
Wednesday, November 17th, 2021

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://zoom.us/j/94074017448?pwd=WklzbHNRRCT6cFBqL0M4YkNrMkxrQT09>

Meeting ID: 940 7401 7448

Passcode: 642945

One tap mobile

+1 (301) 715-8592 (Washington D.C)

+1 (312) 626-6799 US (Chicago)

Find your local number: <https://zoom.us/u/acIhApq5DJ>

TAB III.A

OCTOBER 20, 2021 COMMUNITY REDEVELOPMENT AGENCY MEETING MINUTES



Downtown Investment Authority
Hybrid Meeting
Wednesday, October 20, 2021 – 2:00 p.m.

Community Redevelopment Agency
MEETING MINUTES

DIA Board Members: Braxton Gillam, Esq., Chair; Carol Worsham, Vice Chair; Jim Citrano, Secretary; Oliver Barakat; Craig Gibbs, Esq.; Bill Adams, Esq. (*via Zoom, non-voting*); Todd Froats; and David Ward, Esq.

DIA Board Members Excused: Ron Moody

Mayor's Staff: None

Council Members: None

DIA Staff: Lori Boyer, Chief Executive Officer; Steve Kelley, Director of Downtown Real Estate and Development; Guy Parola, Operations Manager (*via Zoom*); John Crescimbeni, Contract and Regulatory Compliance Manager (*via Zoom*); Ina Mezini, Communication and Marketing Specialist (*via Zoom*); and Xzavier Chisholm, Administrative Assistant.

Office of General Counsel: John Sawyer, Esq. and Joelle Dillard, Esq. (*via Zoom*)

I. CALL TO ORDER

Chairman Gillam called the CRA Board Meeting to order at 2:00 p.m.

II. PUBLIC COMMENTS

Chairman Gillam opened the floor to 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:

Dimitri Demopoulos
Stanley Scott

Churchwell Condo Assoc. parking lot ground lease
Equity in Economic Development Downtown; Entertainment

III. COMMUNITY REDEVELOPMENT AGENCY MEETING

A. SEPTEMBER 2, 2021 COMMUNITY REDEVELOPMENT AGENCY MEETING MINUTES

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

Motion: Board Member Worsham moved to approve the minutes as presented

Seconded: Board Member Gibbs seconded the motion

Vote: Aye: 7 Nay: 0 Abstain: 0

THE MOTION PASSED UNANIMOUSLY 7-0-0.

B. SEPTEMBER 15, 2021 COMMUNITY DEVELOPMENT AGENCY MEETING MINUTES

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

Motion: Board Member Worsham moved to approve the minutes as presented

Seconded: Board Member Gibbs seconded the motion

Vote: Aye: 7 Nay: 0 Abstain: 0

THE MOTION PASSED UNANIMOUSLY 7-0-0.

C. RESOLUTION 2021-10-01: 330 EAST BAY DISPOSITION

A RESOLUTION OF THE DOWNTOWN INVESTMENT AUTHORITY (“DIA”) APPROVING THE CONCEPTUAL FRAMEWORK FOR THE TERMS AND CONDITIONS, SCORING CRITERA AND TIMELINE TO BE INCLUDED IN A FUTURE NOTICE OF DISPOSITION OF THAT CERTAIN CITY-OWNED PROPERTY COMMONLY REFERRED TO AS THE FORMER COURTHOUSE PROPERTY, SUBJECT TO FURTHER REFINEMENT AND APPROVAL BY THE DIA; AUTHORIZING THE MARKETING IN ACCORDANCE WITH THE TERMS ESTABLISHED HEREIN; INSTRUCTING ITS CHIEF EXECUTIVE OFFICER (“CEO”) TO TAKE ALL NECESSARY ACTION TO EFFECTUATE THE PURPOSES OF THIS RESOLUTION; FINDING THAT THIS RESOLUTION FURTHERS THE BUSINESS INVESTMENT AND DEVELOPMENT (“BID”) PLAN, INCLUDING THE TY REDEVELOPMENT AREA PLAN; AND PROVIDING FOR AN EFFECTIVE DATE.

Chairman Gillam gave the floor to Board Member Barakat to present the resolution.

Board Member Barakat provided an overview of the Retail Enhancement and Property Disposition Committee’s (REPD) discussion of Resolution 2021-10-01 and what terms were agreed upon. Proposed **Friendly Amendment:** In Exhibit 3, under “Project Development and Design,” change the third criteria to “Retail Density above minimum required, type, location, marketability and quality of tenets.”

Chairman Gillam stated that the friendly amendment proposed by Board Member Barakat will serve as the recommendation from the REPD.

Motion: Board Member Barakat moved to approve Resolution 2021-10-01, as recommended by the Retail Enhancement and Property Disposition Committee

Chairman Gillam called for discussion.

Board Member Worsham stated her support, adding that the changes made in REPD allow maximum flexibility to the developer while providing the city with the desired architectural quality.

Board Member Froats commented that he is in favor of minimal restrictions to allow for more interest from developers but sees the value in the requirements that have been set forth.

Board Member Gibbs asked for clarification regarding the quality of tenant requirement. Board Member Barakat spoke to the various criteria that the evaluation committee will consider when reviewing potential tenants. CEO Boyer added that the developers who already have committed tenants will receive additional points accordingly with the goal being to steer developers toward tenants that will generate high foot traffic.

Board Member Froats asked if anyone from CBRE is present who may have information on the number of developers that have shown interest. None were present. CEO Boyer noted that more than 10 developers have shown interest but the number of developers who will submit proposals is unknown.

Chairman Gillam called for a vote.

Vote: Aye: 7 Nay: 0 Abstain: 0

THE MOTION PASSED UNANIMOUSLY 7-0-0.

D. RESOLUTION 2021-10-02: 1511 HARPER STREET

A RESOLUTION OF THE DOWNTOWN INVESTMENT AUTHORITY (“DIA”) FINDING THE DISPOSITION OF THE CITY-OWNED PROPERTY LOCATED AT 1511 HARPER STREET, TAX PARCEL NUMBER 075399-0000, (“THE PROPERTY”) FOR ITS CURRENT APPRAISED VALUE IS IN THE PUBLIC INTEREST; APPROVING THE SALE OF THE PROPERTY TO KENNETH GRADY PURSUANT TO THE DOWNTOWN INVESTMENT AUTHORITY’S ADOPTED INFORMAL DISPOSITION PROCESS AND FOLLOWING A PUBLISHED 30-DAY NOTICE OF DISPOSITION PURSUANT TO WHICH NO OTHER OFFERS WERE RECEIVED; INSTRUCTING ITS CHIEF EXECUTIVE OFFICER (“CEO”) TO TAKE ALL NECESSARY ACTION TO EFFECTUATE THE

PURPOSES OF THIS RESOLUTION; FINDING THAT THIS RESOLUTION FURTHERS THE BUSINESS INVESTMENT AND DEVELOPMENT (“BID”) PLAN, INCLUDING THE COMMUNITY REDEVELOPMENT AREA PLAN; AND PROVIDING FOR AN EFFECTIVE DATE.

Chairman Gillam gave the floor to Mr. Steve Kelley to introduce the resolution.

Mr. Kelley provided an overview of the resolution, stating that it is a disposition of city-owned property located at 1511 Harper Street, approving the sale of the property pursuant to the DIA’s adopted informal disposition process.

Chairman Gillam called for a motion.

Motion: Board Member Worsham moved to approve Resolution 2021-10-02 as presented

Second: Board Member Froats seconded the motion

Chairman Gillam opened the floor for comment from the board.

Seeing none, Chairman Gillam called for a vote.

Vote: Aye: 7 Nay: 0 Abstain: 0

THE MOTION PASSED UNANIMOUSLY 7-0-0.

E. RESOLUTION 2021-10-03: CNB REDEVELOPMENT NEW CONSTRUCTION

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 AXIS 404 JULIA, LLC WHICH REDEVELOPMENT AGREEMENT WILL ALSO INCLUDE THE PURCHASE OF PARKING SPACES BY THE CITY FOR CITY USE; AUTHORIZING THE CEO OF THE DOWNTOWN INVESTMENT AUTHORITY TO EXECUTE SUCH AGREEMENT; PROVIDING AN EFFECTIVE DATE.

Chairman Gillam called upon Board Member Adams to introduce the resolution.

Board Member Adams spoke to the discussion held in the Strategic Implementation Committee (SIC), noting the concerns raised over the structure of the deal and confusion over the DIA's role in facilitating parking for Jacksonville Fire and Rescue Department (JFRD).

Mr. Kelley stated that an updated term sheet has been circulated that reflects the changes proposed by SIC and continued to provide an overview of the resolution, stating that the project by Augustine Development Group proposes new construction of a 103-unit multifamily development with a structured parking facility providing an estimated 450 spaces located on North Pearly Street between West Duval Street and West Church Street. JFRD would enter into an agreement to acquire 90 parking spaces within the structured parking garage for permanent use.

Board Member Adams stated that he would have preferred that the developer provide maintenance costs.

Motion: Board Member Citrano moved to approve Resolution 2021-10-03 as presented

Second: Board Member Gibbs seconded the motion

Board Member Barakat commented that he is in support of the multifamily REV Grant in this area [of downtown], adding that staff should verify construction costs.

Board Member Citrano asked if the developer will be commencing construction on all of their projects in the vicinity at the same time. Mr. Kelley responded no, but they will all be completed roughly around the same time.

Board Member Gibbs asked why the developer reduced the number of parking spaces from 120 to 90. CEO Boyer responded that the developer stated that the additional 30 spaces would have to be below grade, adding to the construction costs, and they would not build the 120 spaces unless the city was willing to pay an additional \$5,000 per space (\$25,000 total per space).

Mr. Kelley noted that "pro rata" should be added to the term sheet as stated in the resolution, for clarification purposes.

Board Member Ward stated that he is in favor of the project but would feel better if he had a better understanding of the construction costs.

Board Member Froats asked if there is language allowing DIA to review construction costs. CEO Boyer responded that there is, and that she feels comfortable if the cap is there.

Board Member Adams commented that it would be better policy to utilize spaces in other city-owned garages instead of paying to construct new ones and incurring maintenance costs.

Chairman Gillam called for a vote.

Vote: Aye: 7 Nay: 0 Abstain: 0

THE MOTION PASSED UNANIMOUSLY 7-0-0.

Board Member Adams encouraged DIA staff and board members to address these matters (parking needs and development/redevelopment projects) separately in the future.

F. RESOLUTION 2021-10-04: PARKING LOT DISPOSITION – EAST FORSYTH ST AND NORTH MARKET ST

A RESOLUTION OF THE DOWNTOWN INVESTMENT AUTHORITY (“DIA”) INSTRUCTING ITS CHIEF EXECUTIVE OFFICER (“CEO”) TO ISSUE A 30-DAY NOTICE OF DISPOSITION IN ACCORDANCE WITH THE NEGOTIATED DISPOSITION PROCEDURE ADOPTED BY DIA; AUTHORIZING THE PUBLICATION OF A NOTICE OF DISPOSITION FOR THE GROUND LEASE OF A .38 ACRE PARCEL OF CITY- OWNED REAL PROPERTY LOCATED AT THE INTERSECTION OF MARKET STREET NORTH AND FORSYTH STREET EAST AND IDENTIFIED BY DUVAL COUNTY TAX PARCEL NUMBER RE# 073386-0000, (“THE PROPERTY”); EXPRESSING THE INTENTION TO DISPOSE OF SAID PROPERTY IN ACCORDANCE WITH THE NEGOTIATED TERMS TO CHURCHWELL LOFTS AT EAST BAY CONDOMINIUM ASSOCIATION, INC. (THE “TENANT”) UPON EXPIRATION OF THE THIRTY DAY NOTICE PERIOD ABSENT HIGHER RESPONSIVE OFFERS; APPROVING THE TERMS AND CONDITIONS OF SAID DISPOSITION INCLUDED AS EXHIBIT ‘A’; AUTHORIZING THE GROUND LEASE OF THE PROPERTY ON THE TERMS SET FORTH ON EXHIBIT A IF NO ALTERNATIVE RESPONSIVE OFFER IS RECEIVED; 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 GROUND LEASE AND ASSOCIATED DOCUMENTS; AUTHORIZING THE CEO TO INITIATE THE FILING OF LEGISLATION WITH THE CITY COUNCIL REGARDING THE SAME; AUTHORIZING THE CEO OF THE DIA TO TAKE ALL ACTION NECESSARY TO EFFECTUATE THE PURPOSES OF THIS RESOLUTION, INCLUDING THE EXECUTION OF A GROUND LEASE OR FUNCTIONAL EQUIVALENT; PROVIDING FOR AN EFFECTIVE DATE.

Chairman Gillam called for Mr. Kelley to introduce the resolution.

Mr. Kelley provided an overview of the resolution and term sheet, stating that it is a proposed 5-year lease agreement with the Churchwell Lofts Condominium Association.

Chairman Gillam called for a motion.

Motion: Board Member Barakat moved to approve Resolution 2021-10-04 as presented

Second: Board Member Worsham seconded the motion

Chairman Gillam called for discussion.

Board Member Barakat asked at what point is the tenant provided a notice of termination if the city decides to terminate. Mr. Kelley responded that if the REPD committee were to decide that it's in the best interest of the downtown BID and CRA goals to dispose of the property. CEO Boyer added that the city has the right to terminate any time by giving 180 days or more of prior written notice and outlined under what circumstances the city is permitted to do so.

Board Member Worsham asked how long the tenant has to bring the space up to code. Mr. Kelley responded that the tenant has until July 1, 2024.

Board Member Adams asked if there is a scenario where the city cannot terminate the lease if desired. CEO Boyer responded that if another entity were to offer more money per space for the surface parking and the city wanted to terminate the currently proposed lease to enter into an agreement with the new potential tenant.

Board Members Barakat, Citrano, and Gibbs agreed that the tenant should be given thoughtful consideration as residents of downtown and that the DIA should work to assist the residents in finding solutions or bettering downtown in a larger way.

Ms. Cyndy Trimmer, representing the Churchwell Condominium Association, gave a brief explanation of previous efforts to negotiate with the City and confirmed for Board Member Froats that they are continuing to look for a more permanent parking solution.

Chairman Gillam called for a vote.

Vote: Aye: 7 Nay: 0 Abstain: 0

THE MOTION PASSED UNANIMOUSLY 7-0-0.

G. RESOLUTION 2021-10-05: BELLWETHER SIDEWALK GRANT

A RESOLUTION OF THE DOWNTOWN INVESTMENT AUTHORITY (“DIA”) ACTING AS THE COMBINED NORTHBANK COMMUNITY DEVELOPMENT AGENCY (“GRANTOR”) APPROVING THE AWARD OF A RETAIL ENHANCEMENT PROGRAM FORGIVABLE SIDEWALK ENHANCEMENT LOAN TO BLACK SHEEP DOWNTOWN LLC (“GRANTEE”); AUTHORIZING THE CEO OF THE DIA TO NEGOTIATE A FORGIVABLE LOAN AGREEMENT OR EQUIVALENT;

AUTHORIZING THE DIA CEO TO EXECUTE SUCH AGREEMENT; AND FINDING THAT THE PROPOSED SIDEWALK CAFÉ FURTHERS THE DIA’S BUSINESS INVESTMENT AND DEVELOPMENT PLAN, INCLUDING THE NORTHBANK CRA PLAN (“BID PLAN”) AND PROVIDING AN EFFECTIVE DATE.

Chairman Gillam gave the floor to Mr. Kelley to introduce the resolution.

Mr. Kelley provided an overview of the resolution, stating that it proposes a Sidewalk Enhancement Grant for Bellwether to add four two-top tables, eight chairs, and four umbrellas to the sidewalk in front of their existing location at 100 North Laura Street.

Board Member Barakat gave a summary of the REPD Committee’s discussion, stating that the resolution received unanimous support.

Motion: Board Member Barakat moved to approve Resolution 2021-10-05, as recommended by the Retail Enhancement and Property Disposition Committee

Chairman Gillam called for discussion from the board.

Hearing unanimous support for the resolution, Chairman Gillam called for a vote.

Vote: Aye: 7 Nay: 0 Abstain: 0

THE MOTION PASSED UNANIMOUSLY 7-0-0.

H. RESOLUTION 2021-10-06: SB SIP AND STROLL

A RESOLUTION OF THE DOWNTOWN INVESTMENT AUTHORITY (“DIA”) PROVIDING FOR A SIXTY THOUSAND DOLLAR (\$60,000.00) CONTRIBUTION TO DOWNTOWN VISION INC. (“DVI”) FROM SB PARKS PROGRAMMING FOR MONTHLY PROGRAMMING OF THE SOUTHBANK RIVERWALK; INSTRUCTING ITS CHIEF EXECUTIVE OFFICER TO TAKE ALL NECESSARY ACTIONS TO EFFECTUATE THE PURPOSE OF THIS RESOLUTION; PROVIDING FOR AN EFFECTIVE DATE.

Chairman Gillam called for CEO Boyer to present the resolution.

CEO Boyer provided an overview of the resolution, stating that it provides sponsorship to Downtown Vision Inc. (DVI) for monthly programming. The sip and stroll program is a cocktail hour on the Riverwalk that will be co-sponsored by both the DIA and PNC Bank.

Chairman Gillam called for a motion.

Motion: Board Member Worsham moved to approve Resolution 2021-10-06 as presented

Second: Board Member Citrano seconded the motion

Mr. Jake Gordon, CEO of DVI, thanked DIA staff and welcomed any questions.

Board Member Froats spoke to the need for programming guidelines and set criteria for selecting events and programs for sponsorship. CEO Boyer clarified that DIA only has authority to sponsor programming through the Parks Dept. or DVI.

CEO Boyer responding to Board Member Gibbs, clarified that DIA did not sponsor this year's Jazz Festival because the city had already provided funding through the sports and entertainment division. Funds from the DIA were not needed.

Board Member Citrano spoke to the success of the previous Sip and Stroll event earlier in the year.

Board Member Barakat stated for the record that he will be filing a Form 8B.

Board Member Barakat echoed the need for guidelines or criteria for the type of events and amount of funding the DIA would sponsor.

Chairman Gillam called for a vote.

Vote: Aye: 7 Nay: 0 Abstain: 0

THE MOTION PASSED UNANIMOUSLY 7-0-0.

ADJOURNMENT: The Community Redevelopment Agency proceedings are adjourned at 3:33 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 III.B

RESOLUTION 2021-11-05: FORD ON BAY COURTHOUSE DISPOSITION

RESOLUTION 2021-11-05

A RESOLUTION OF THE DOWNTOWN INVESTMENT AUTHORITY (“DIA”) APPROVING THE FRAMEWORK FOR THE TERMS AND CONDITIONS, SCORING CRITERIA AND TIMELINE TO BE INCLUDED IN A NOTICE OF DISPOSITION OF THAT CERTAIN CITY-OWNED PROPERTY COMMONLY REFERRED TO AS THE FORMER COURTHOUSE PROPERTY; AUTHORIZING THE ISSUANCE OF A NOTICE OF DISPOSITION IN ACCORDANCE WITH THE TERMS ESTABLISHED HEREIN; INSTRUCTING ITS CHIEF EXECUTIVE OFFICER (“CEO”) TO TAKE ALL NECESSARY ACTION TO EFFECTUATE THE PURPOSES OF THIS RESOLUTION; FINDING THAT THIS RESOLUTION FURTHERS THE BUSINESS INVESTMENT AND DEVELOPMENT (“BID”) PLAN, INCLUDING THE COMMUNITY REDEVELOPMENT AREA PLAN; AND 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

WHEREAS, the City owns an approximately 2.75 acres of upland riverfront property, exclusive of Courthouse Drive right of way, comprising a portion of Duval County Tax Parcel Number 073358 0000, hereto referred to as the “Property”; and

WHEREAS, DIA desires to seek proposals for the redevelopment of the Property, and to that end has contracted with CBRE for real estate consulting and representation services, including the development of a Notice of Disposition; and

WHEREAS, the DIA has established the timeline attached hereto as Exhibit 1 and framework for the terms and conditions and scoring criteria to be included in a Notice of Disposition, attached hereto as Exhibit 2 and Exhibit 3, respectively; and

WHEREAS, DIA envisions that the Notice of Disposition will be issued immediately following adoption of this Resolution; and

WHEREAS, the terms of the disposition and scoring criteria are hereby adopted in final form; and

WHEREAS, the DIA finds that this resolution furthers the following Redevelopment Goal and Strategic Objectives found in the BID Plan:

Redevelopment Goal No. 1

Reinforce Downtown as the City’s unique epicenter for business, history, culture, education, and entertainment; and

Redevelopment Goal No. 3

Simplify the approval process for downtown development and improve departmental and agency coordination, 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 approves the Timeline attached hereto as Exhibit 1

Section 3. The DIA approves the Notice of Disposition framework contained in the Terms attached hereto as Exhibit 2 and Scoring Criteria attached hereto as Exhibit 3 for incorporation into the formal Notice of Disposition.

Section 4. The DIA authorizes the issuance of a formal open Notice of Disposition as soon as reasonably practicable following adoption of this Resolution.

Section 5. The DIA instructs the Chief Executive Officer of the Downtown Investment Authority to take all necessary action necessary to effectuate the purposes of this Resolution.

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

WITNESS:

DOWNTOWN INVESTMENT AUTHORITY

W. Braxton Gillam, Esq., Chair

Date

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

RESOLUTION 2021-11-05

EXHIBIT 1

Timeline with conceptual terms and scoring approved October; final terms and scoring approved November 17:

Marketing period pre NOD: October 20- November 18, 2021

NOTICE TIMELINE	DATE*
Issue Notice	November 19, 2021
Pre-proposal Conference	November 29, 2021
Written Questions Due	December 3, 2021
Written Answers Due	December 10, 2021
Bids Due	December 22, 2021
Oral Presentations for short listed Respondents	Week of January 3-7, 2022
Evaluation Committee recommendation to REPD Committee	January 14, 2022
DIA Board Meeting for Selection of Proposal	January 19, 2022
Award Posted	January 20, 2022

*Date to be interpreted as "on or by" with a fourteen (14) calendar day extension at the sole discretion of the DIA CEO. Should the DIA Board not be able to meet within 14 calendar days of its January, 2022 Board Meeting, it will select a proposal at the earlier of a special meeting or its February 2022 regularly scheduled Board Meeting, and the Award Posted date will correspond accordingly.

RESOLUTION 2021-11-05

EXHIBIT 2

By its adoption of Resolution 2021-11-05, the Downtown Investment Authority approves the following Conceptual Terms for inclusion into a Notice of Disposition and for use in pre-marketing.

A. The Site

This NOD shall be issued only for Area 2 identified in the 2019 disposition- the former County Courthouse site – comprising the City block between Liberty and Market streets east to west and Bay Street and Courthouse Drive on the north and south and shall exclude the existing Courthouse Drive ROW.

(There were three (3) areas included in the 2019 NOD: Area 1 (former Annex site), Area 2 (former Courthouse site) and Area 3 (submerged lands). The City has completed a conceptual design of a public marina to be constructed within Area 3, the submerged lands and will proceed with design as funding permits. Courthouse Drive will remain public but is envisioned to be a pedestrian plaza closed to vehicular traffic)

B. Phasing

The primary-use structures per bid accepted must commence within 120 days of closing. Closing to occur upon receipt of DDRB approvals and proof of financial capacity to complete construction- which shall be completed within nine months of City Council approval of disposition.

C. Mixed Use Development

Proposals shall include a mix of uses such as, but not limited to, multifamily, retail, office, open space and/or hospitality. Unless a stand-alone entertainment venue or restaurant and open /public space is proposed for the site, buildings directly fronting Bay Street shall have a vertical mix of uses. Ground floor retail/restaurant open to Bay is strongly encouraged and will be rewarded in scoring. No responses will be accepted that do not activate Bay Street with entrances, and elements such as common areas, leasing offices, etc. If residential units are proposed, only market rate units should be proposed for this location and a preference for higher density will be communicated to prospective developers.

Retail density, whether located on Bay Street, or on the riverfront in excess of the minimum required, will be scored. Bay Street retail provided at the time of project opening is eligible for bonus points.

D. Bay Street Activation

Proposals for developments other than a free-standing restaurant or entertainment venue shall include ground floor retail uses (e.g., restaurants, retail, etc.) directly fronting on and accessible from Bay Street at a minimum ratio of 30% percent of its ground floor Bay Street building frontage. Both the quantity and quality of retail on Bay will be rewarded in scoring as well as known tenants, if any. At a minimum, the proposal shall include at least one semi-public use

RESOLUTION 2021-11-05

EXHIBIT 2

such as a sidewalk cafe or patio seating along Bay Street. No more than 10% of the Bay Street frontage may be a directly visible parking garage. Ground floor uses other than retail or restaurant shall meet all transparency requirements. Activated tenant spaces such as gyms and community rooms or work/live units or office could comprise the remainder of the frontage but bonus points will be awarded for additional retail or restaurants on Bay Street and additional incentive consideration will be available.

E. St. Johns River

- i) Setback. Proposals shall conform to a minimum building setback of fifty (50) feet from the St. Johns River as measured from the landward side of a bulkhead and the Courthouse Drive right of way is not intended to be included in the disposition but will not remain open to vehicular traffic. Any proposal that is set back only to the property line between the subject parcel and Courthouse Drive right of way will be required to comply with height step-backs as well as include the required view corridor between Bay Street and the River. Notwithstanding the foregoing, a free-standing waterfront restaurant directly on the riverfront could be considered for a deviation if alternate pedestrian plaza and Riverwalk circulation was provided in the design.

An optional alternative design would be considered if vertical construction is set back an average of 100 feet or more from the bulkhead to create an activated public plaza. If this design alternative is pursued, DIA staff will support a waiver of the view corridor requirement based on existing block widths and provided adequate façade differentiation is incorporated along Bay Street. Some publicly accessible outdoor seating, etc. could be incorporated in the 50 feet closest to the private development and perhaps a restaurant could extend into this zone but development not generally open to the public would be set back beyond this line. Additional bonus points may be available for activated additional public space as described above.

- ii) Riverfront Activation. Proposals shall include riverfront activation and shall include a riverfront Activity Node consistent with the Great Fire of 1901 node described in the “Riverfront Design Guidelines and Activity Nodes Plans” dated August 25, 2018.

Furthermore, a minimum of 10,000 square feet of restaurant/bar space shall be provided on the riverfront, of which at least 7500 square feet must be ground floor. Retail waterfront space must have a minimum frontage on the Riverwalk of 75 linear feet. The DIA desires a full-service restaurant providing a dining opportunity for boaters on the waterfront. The restaurant shall have the ability to serve at meals to at least 100 patrons at one time. Bonus points are available to rooftop/upper story dining/bar accessible to the public.

- iii) Marina Parking. The adjacent basin between Market and Liberty will be developed as a public marina (no boat launch). Parking for visitors to the marina should be contemplated in the project design, whether on-street or in a proposed garage.

RESOLUTION 2021-11-05

EXHIBIT 2

- F. Resiliency. The use of resilient construction materials and how the proposal addresses potential flooding and site elevation will be considered. If the site is to be filled, how the development remains pedestrian friendly from the sidewalk will be important. Wave attenuation and on site-storage capability in storm events will be evaluated.
- G. Design and Materials. As a prominent waterfront and Bay Street location, the design and choice of construction materials will be taken into consideration, and we encourage high quality product with architectural details and exterior finish worthy of the site. Bonus points will also be available for unique architectural features that elevate the design.
- H. Construction and Maintenance Contribution. Proposals should include Developer's proposed monetary or in-kind contribution to the construction and ongoing maintenance of the Riverwalk and adjacent plaza/park space at this location, if any.

I. Development Team

The following criteria will be used to pre-qualify proposals:

- i) Bid Bond
A bid bond of \$25,000.00 shall be included with all proposals in a form to be determined by the DIA Chief Executive Officer.
- ii) Proposals shall be from developers with experience of a singular project with aggregate value in excess of \$50 million and minimum square footage of 300,000. The principal individual or company submitting the proposal shall meet this criterion and the financial capacity of lenders and partners will not replace the experience and financial capacity of the Developer who is leading the project.
- iii) Proposals shall include descriptions and visual materials related to the qualifying projects detailed above.
- iv) No proposal shall be accepted for evaluation if the developer has judgement liens (related to development performance) in excess of \$10 million, unpaid taxes in excess of \$1 million or active judgement liens not related to development performance in excess of \$10 million.

J. Financial Offer and Incentives. Depending upon cash offer price, a multi-family market rate REV grant (Property tax rebate) may be considered for projects meeting the program criteria as well as the goals of this notice of disposition.

EXHIBIT 3
Resolution 2021-11-05

	REPD RECOMMENDATION
Experience and Qualifications	20
Experience developing mixed use projects of comparable size in an urban setting	10
Financial Strength of Development Team	10
Active litigation, judgement liens and outstanding tax payments	0 to minus 5
Economic Benefit	25
Fee Simple acquisition price	8
Financial return to the City (ROI), Economic impact (e.g. job creation, tax revenues)	9
Equal opportunity / local participation	3
Park & Programming contribution	5
Project Development and Design	75
Project's ability to activate Downtown	10
Thoughtful Mix of Uses	5
Retail Density above minimum required, type, location, marketability, and quality of tenants, if known	25
Development timeline (e.g. construction commencement and delivery timing)	6
Civic and community benefits (e.g. open and green space, access to the river)	5
Activation of the riverfront	5
Incorporation of Designated City Storyline for Site and Activity Node	4
Quality of Construction Material and Design	10
Design for Resiliency	5
Financial Proposal	12
Defined source and percentage of debt and equity	5
Financial feasibility and cash flow analysis	5
Post-Completion Management Plan	2
Oral Presentation	5
Total base score available	142
Bonus Points	30
Roof top/upper story dining/bar	5
Activated setback from river beyond 50'	10
Unique Architectural Features, Character	15

TAB III.C

RESOLUTION 2021-11-01: MOSH DISPOSITION

RESOLUTION 2021-11-01

A RESOLUTION OF THE DOWNTOWN INVESTMENT AUTHORITY (“DIA”) INSTRUCTING ITS CHIEF EXECUTIVE OFFICER (“CEO”) TO ISSUE A 30-DAY NOTICE OF DISPOSITION IN ACCORDANCE WITH THE NEGOTIATED DISPOSITION PROCEDURE ADOPTED BY DIA; AUTHORIZING THE PUBLICATION OF A NOTICE OF DISPOSITION FOR THE GROUND LEASE OF A 2.5 ACRE PARCEL (THE “MUSEUM PARCEL”) OF CITY-OWNED REAL PROPERTY LOCATED WITHIN THE BOUNDARY OF THE PARCEL DEPICTED ON EXHIBIT A ATTACHED HERETO (THE “PROPERTY”) AND COMPRISING A PORTION THE LAND GENERALLY KNOWN AS SHIPYARDS EAST LOCATED BETWEEN GATOR BOWL BOULEVARD AND THE ST. JOHNS RIVER, AND IDENTIFIED BY DUVAL COUNTY TAX PARCEL NUMBER RE#130571-000, (“THE PROPERTY”); EXPRESSING THE INTENTION, ABSENT HIGHER RESPONSIVE OFFERS, TO DISPOSE OF SAID PROPERTY SUBSTANTIALLY IN ACCORDANCE WITH THE NEGOTIATED TERMS ATTACHED HERETO AS EXHIBIT B TO THE MUSEUM OF SCIENCE AND HISTORY (“MOSH”) (THE “DEVELOPER”) SUBJECT TO BOARD APPROVAL AT THE NEXT REGULARLY SCHEDULED MEETING FOLLOWING EXPIRATION OF THE THIRTY DAY NOTICE PERIOD; ESTABLISHING THE TERMS OF THE PUBLISHED NOTICE OF DISPOSITION; 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 TAKE ALL ACTION NECESSARY TO EFFECTUATE THE PURPOSES OF THIS RESOLUTION; PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, via Ordinance 2012-0364-E, the City Council created the Downtown Investment Authority, designating the DIA as the City’s Community Redevelopment Agency for the Combined Northbank Downtown Community Redevelopment Area and authorizing it to approve and negotiate economic development agreements and dispose of City-Owned property; and

WHEREAS, the City owns an approximately 21.7-acre parcel of real property currently which is identified by Duval County Tax Parcel Number RE# 130571-000 (“Shipyards East”); and

WHEREAS, MOSH has expressed the desire to construct a new museum facility on Shipyards East; and

WHEREAS, Shipyards East is located within the Combined Downtown Northbank Community Redevelopment Area (“Northbank CRA”); and

WHEREAS, Jessie Ball DuPont Fund has shared with DIA a master plan of the Catherine Street to Metropolitan Park waterfront that envisions a civic attraction on Shipyards East; and

WHEREAS, the DIA finds that such a civic attraction is also consistent with the Conceptual Master Plan contained in the adopted BID Plan for the Northbank CRA; and

WHEREAS, pursuant to Resolution 2021-07-03, the DIA directed the CEO to enter into negotiations with MOSH regarding the potential disposition of a civic attraction site in Shipyards East in accordance with the negotiated disposition procedure adopted by DIA.

WHEREAS, Developer submitted a proposal for redevelopment of the Museum Parcel and associated easements and public partnerships to be designed and constructed within the boundary of the Property depicted on **Exhibit A**; and

WHEREAS, DIA entered into negotiation with Developer regarding the terms of the disposition and redevelopment in accordance with DIA's approved negotiated disposition process; and

WHEREAS, the majority of the essential terms of the redevelopment proposal including Developer's obligations and proposed incentives are set forth in the Term Sheet attached as **Exhibit B**; and

WHEREAS, DIA has established the terms upon which a notice of disposition will be published as set forth in **Exhibit C**; and

WHEREAS, in order to determine fair value for the property pursuant to Florida Statutes Chapter 163.380(2), and as required by City of Jacksonville Code of Ordinances §122.432, the DIA has engaged an appraiser to appraise the various parcels involved in the disposition; and

WHEREAS, DIA is the designated Community Redevelopment Agency for the Northbank CRA, for which a Business Investment and Development Plan, inclusive of a Community Redevelopment Plan, ("BID/CRA Plan") was adopted by Ordinance 2014-560-E; and

WHEREAS, Section 55.108 of the Jacksonville Code of Ordinances grants certain powers and duties to the DIA, including:

Interpreting the BID/CRA Plan and approving development and redevelopment projects within Downtown;

Implementing the BID/CRA Plan, and negotiating and approving downtown development and redevelopment agreements, grant agreements, license agreements, and lease agreements;

Planning and proposing Projects and Public facilities within Downtown; and

WHEREAS, at a publicly noticed meeting held on November 16, 2021, the DIA Retail Enhancement and Property Disposition Committee (“REPD”) recommended that the DIA Board adopt Resolution 2021-11-01; and

WHEREAS, upon adoption of this Resolution, a 30-day notice for the solicitation of proposals pursuant to Section 163.380(3)(a), Florida Statutes, and Sections 122.434(a) and (b), Jacksonville Ordinance Code, will be issued; and

WHEREAS, the DIA finds that the proposed disposition and redevelopment proposal further the following Redevelopment Goal and Strategic Objectives found in the BID/CRA Plan:

Redevelopment Goal No. 1 - Reinforce Downtown as the City’s unique epicenter for business, history, culture, education, and entertainment.

Applicable Strategic Objectives:

1. Support the expansion of entertainment and restaurant facilities.
2. Increase venues
3. Focus efforts on drawing many diverse attractions, rather than a small number of large ones.
4. Create a consistent theme and image that conveys a sense of the excitement and activity Downtown.

Redevelopment Goal No. 3 - Simplify the approval process for Downtown development and improve departmental and agency coordination.

Applicable Strategic Objectives:

1. Provide publicly owned land and building space for public and private development which will support and strengthen Downtown’s commercial and residential base and comply with the other Redevelopment Goals.
2. Initiate public-private partnerships
3. Promote clean-up and redevelopment of brownfields.
4. Increase recreation, entertainment, cultural heritage, and other programming opportunities.
5. Provide spaces for residents to conduct community business and spaces for social events and educational programs.

Redevelopment Goal No. 4 – Improve walkability/bikeability and connectivity to adjacent neighborhoods and the St. Johns River while creating highly walkable nodes.

Applicable Strategic Objectives:

1. Improve access to and from the St. Johns River and enhance Downtown experience for all Jacksonville citizens and visitors through variety of spaces, signage, lighting, and technology.
2. Protect, enhance, and increase public perpendicular access to the Riverwalk in line with street grid.
3. Provide for proper management and maintenance of public spaces.
4. Create a mixture of uses so that housing, activities, retail, and other businesses are within useful walking distance.
5. Require all buildings to have active facades at street level. Encourage active street life through a mixture of restaurants (including cafes with outdoor seating), retail, services, and connection to the street. Minimize blank walls and surface parking.

Redevelopment Goal No. 5- Establish a waterfront design framework to ensure a unique experience and sense of place.

Applicable Strategic Objectives:

1. Ensure that the riverfront is both physically and visually accessible for locals and tourists of all ages and income.
2. Enforce the 50-foot (minimum) building setback from the St. Johns River's water edge.
3. Prioritize beautification and greening of the Riverwalk using Florida-Friendly landscaping practices and plant material that is indigenous to the region
4. Ensure that the riverfront includes a variety of immersive environments, ranging from passive enjoyment of the River to active entertainment areas with restaurants, shops, and attractions, all linked by the Riverwalk.

Redevelopment Goal No. 7 – Use planning and economic development policies to promote design for healthy living.

Applicable Strategic Objectives:

1. Recognize the economic value: Encourage Downtown development to be compact and walkable as it provides economic benefits to developers through higher residential sale prices, enhanced marketability, and faster sales or leases creating an economic multiplier effect.
2. Mix it up: Entice mixes of uses and densities; remove regulatory barriers; rethink parking; and optimize uses.

NOW THEREFORE BE IT RESOLVED, by the Downtown Investment Authority:

Section 1. The recitals set forth above are true and correct and are hereby incorporated herein by this reference.

Section 2. The DIA has determined that in furtherance of its plan to redevelop the Northbank Riverwalk and associated park spaces as a destination for residents and visitors alike, the Property should be developed for use as a civic or cultural attraction, or entertainment venue.

Section 3. The DIA instructs the Chief Executive Officer of the Downtown Investment Authority to take all necessary action necessary to effectuate the thirty (30) day Notice of Disposition for the Property in accordance with its Negotiated Notice of Disposition Process and pursuant to the terms set forth in Exhibit C and consistent with Florida Statutes and the Ordinance Code.

Section 4. Proposals received, if any, will be reviewed by the DIA Chief Executive Officer, who will make a recommendation to the DIA Board regarding any responsive alternate proposals received.

Section 5. If no alternate responsive and qualified proposals are received, or if they are determined by the CEO to be lower in value or unresponsive, the DIA authorizes its CEO to finalize negotiation of a term sheet with Developer and present it to the Board for final approval at the next regularly scheduled meeting following closure of the required notice period.

Section 6. The DIA Board hereby authorizes the CEO of the Downtown Investment Authority to take all action necessary to effectuate the purposes of this Resolution.

Section 7. This Resolution, 2021-11-01, shall become effective on the date it is signed by the Chair of the DIA Board.

WITNESS:

DOWNTOWN INVESTMENT AUTHORITY

W. Braxton Gillam, Chairman

Date

VOTE: In Favor: ___ Opposed: ___ Abstained: ___

Exhibit A to Resolution 2021-11-01

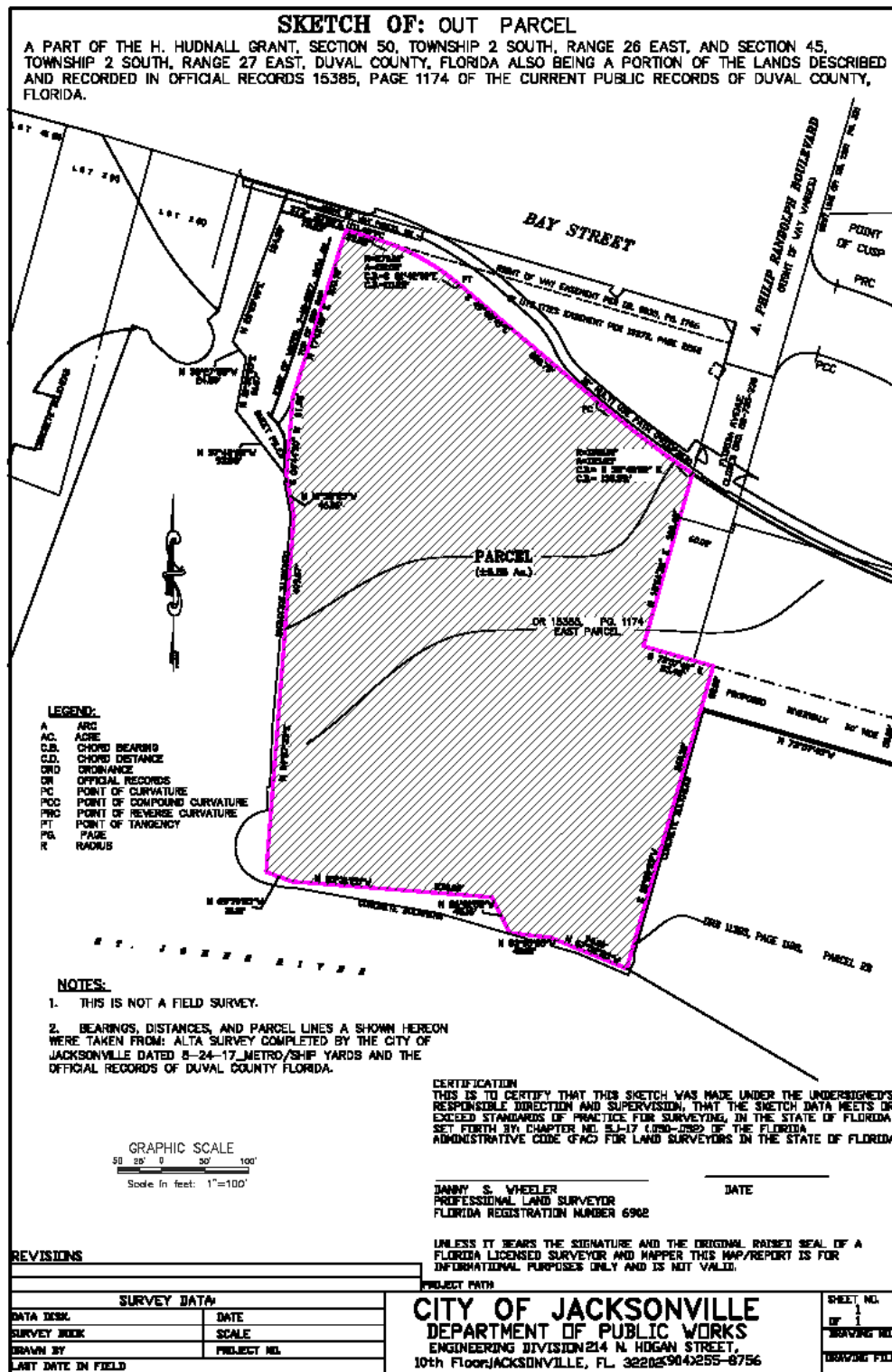


Exhibit B
Term Sheet
Resolution 2021-11-01

- Developer: Museum of Science and History (“MOSH”)
- The Property: A 6.86 plus or minus acre parcel of land commonly referred to as Lot X and depicted on the foregoing Exhibit A site plan.
- The Museum Parcel: A 2.5-acre parcel located on the Property and on which a public museum building and all associated driveways, parking, and other spaces controlled exclusively by MOSH will be located.
- The Partnership Parcel: Up to 1.5 acres of the Property surrounding and contiguous to the Museum Parcel. All berms, buffers and landscape designed solely to screen or aesthetically enhance the building on the Museum parcel must be included in the Partnership Parcel. The Partnership Parcel may be used by Developer for exclusive and private events and programs on an occasional basis.
- The Project: A 75,000 SF to 130,000 SF public museum facility, together with associated parking, driveways, and private outdoor exhibit spaces to be constructed by MOSH on the Museum Parcel.
- The Park Project: A publicly accessible Riverwalk and park space to be designed by Developer for the balance of the Property inclusive of the Partnership Parcel, but exclusive of the Museum Parcel. Contiguous landscaped areas designed for programmatic use as park space shall be maximized.
- Redevelopment Agreement: The Redevelopment Agreement will establish the essential terms of the Ground Lease of the Museum Parcel, the Partnership Agreement with respect to use and maintenance of the Partnership Parcel, the Developer’s rights and responsibilities with respect to design of the Park Project, the Developer’s and the City’s obligations with respect to construction of infrastructure improvements, site remediation, park improvements, etc. on the Property 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 the Effective Date of the Ground Lease as well as rights and responsibilities of the parties for other portions of the Property throughout the term of the RDA.
- Ground Lease Terms: The DIA on behalf of the City will enter into a Ground Lease of the Museum Parcel with the Developer.

The term of the Ground Lease shall consist of a Construction Term not to exceed Three (3) years commencing on the Effective Date of the Ground Lease (Commencement of Construction) and ending upon Substantial Completion of the Project. Upon Substantial Completion of the Project, the Occupancy Term of Forty (40) years shall commence, which lease will provide one (1) ten-year renewal option provided the Developer remains in compliance with the Redevelopment Agreement and Ground Lease, including the use and maintenance obligations therein. At any time prior to the expiration of the Occupancy Term, whether or not extended by renewal, MOSH may seek an extension of the term, subject to review and approval by the City Council.

Annual ground lease rent shall be \$1.00/year.

MOSH may obtain, at its expense, leasehold title insurance but the City shall have no obligation to warrant title or remove any title defects.

Site Investigation: Following the execution of the Redevelopment Agreement, MOSH will have a period of 180 calendar 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 of the leasehold interest it will receive from the City. Upon notice to the City, MOSH may terminate the Redevelopment Agreement and the Project any time within the period without cause and without incurring any obligations under the Lease or Redevelopment Agreement.

Environmental: The City will remain responsible for compliance with the Shipyards BSRA and all orders and consent agreements governing environmental issues applicable to the Property.

MOSH will provide access to the Property for any required investigation and monitoring activities but shall not be liable for environmental issues applicable to the Property except to the extent the cause of the same is attributable to the use or occupancy of the Property by MOSH, including liability for any caused by Developer or its contractors during construction.

Entitlements: The DIA staff will initiate and recommend approval of a Zoning Overlay deviation for the bus surface parking referenced below. The City and the DIA will allocate all required entitlements for the Project, including but not limited to Downtown Development Rights and Mobility Credits at no expense to the Developer. 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.

Design:

- a. MOSH will design the museum facility and the surrounding park space comprising the Property with the aspirational goal of creating an iconic venue. Iconic means that the facility will be visually dramatic, unique, and memorable. It will be designed with the

intent to draw visitors from around the Southeast Region and serve as an important and enduring landmark contributing to that which defines the City as a distinctive urban center and will remain visually and experientially appealing with the passage of time.

- b. 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. A minimum 50' building setback from the river on all waterfront sides of the Property will be required and no portion of the Museum Parcel may encroach within this zone.
- c. The Design of the Park Project (inclusive of the Partnership Parcel) is subject to review and approval of the Downtown Investment Authority for consistency with its BID and CRA Plan and of the DIA and COJ Department of Parks, Recreation and Community Services for consistency with associated adopted studies and plans of each for the Riverwalk and riverfront.
- d. DIA staff will support a deviation request from the Downtown Zoning Overlay to permit the design of the Museum Parcel to include surface parking for not more than 16 buses, which surface parking shall be screened from the Bay Street, Hogan's Creek, and the St. Johns River by landscaping, berms, or a building. All other parking will comply with the Downtown Overlay Standards or will be accommodated off-site.
- e. 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, consistent with the term of the Ground Lease. Further, a storm surge simulation will be provided to evaluate how flooding can be mitigated, and the results factored into the design.
- f. The design must be coordinated with the Hogan's Creek resiliency project which is under design and Emerald trail segment contemplated to cross the site. Preliminary designs contemplate a living shoreline to improve habitat and water quality at the mouth of Hogan's Creek. In addition, the current concept design proposes up to a 100' buffer from the existing bulkhead. The concept design also contemplates a Trail visitor center at Bay Street on the creek front and the trail must connect to the Riverwalk Publicly available restrooms for trail and Riverwalk users should be accommodated either in the visitor center or elsewhere within the Park Project. Finally, the location of the pedestrian bridge crossing the creek will be subject to coordinated design and placement.
- g. A science 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.
- h. The design will include access to and features complementing the portion of the Riverwalk located adjacent to the Property.
- i. Landscaping will comply with the City's standards, Downtown Design Standards, and the Riverwalk Plant Palette within the Riverwalk adjacent portion of the Property.

Construction and Financing of Infrastructure:

Pursuant to a previously approved and funded CIP project, the City shall complete:

- a. During the Due Diligence period, surveys, ground penetrating radar, soil borings, environmental testing and similar studies and investigations appropriate to make the Property available for sale or lease for any development.
- b. During the Due Diligence period and thereafter prior to Commencement of Construction pursuant to a Cost Disbursement Agreement, the City will reimburse the Developer for the Design of the Park Project and science themed activity node (excludes the Museum Parcel) in an amount not to exceed \$500,000.
- c. Following expiration of the Due Diligence Period but prior to commencement of the Construction Term, on- site horizontal improvements including unsuitable materials removal and disposal, dewatering, filling, grading, extension, or relocation of utilities within the Property and measures required to provide stable bases for structural foundations and substantial load-bearing Project elements, including but not limited to excavation work.
- d. Following expiration of the Due Diligence Period and satisfaction of the fundraising goal for the construction of the museum facility and associated improvements on the Museum Parcel but prior to commencement of the Construction Term, the stubbing of electric, water, wastewater, and reuse water utility services at the property and facilities for receiving and transporting stormwater from the Property for management off-site if required or connecting to the River.
- e. During the Construction Term and prior to commencement of the Occupancy Term of the Lease, the City shall construct an extension of A. Philip Randolph Blvd. contiguous to the Property boundary to provide access to the future driveway/parking entrance for the Project.
- f. During the Construction Term and prior to commencement of the Occupancy Term of the Lease, the City shall construct the Riverwalk contiguous to the Property boundary as is currently permitted within the approved CIP Project Scope.
- g. During the Construction Term and prior to commencement of the Occupancy Term of the Lease, the Developer may elect to construct the Park Project and science themed activity node, or portions thereof, and the City shall reimburse Developer, pursuant to a Cost Disbursement Agreement, for construction of the approved Park Project in accordance with the approved budget therefor, with Developer assuming responsibility for cost overruns, if any, associated with such construction. If Developer elects not to construct all or any portion of the Park Project, the City shall construct the same during the Construction Term.
- h. Any excess funds in the approved CIP project upon completion of the approval of budgets for the foregoing items (a) through (g), shall be used to further extend the Riverwalk beyond and in the vicinity of the Property as is currently permitted within the approved CIP Project Scope.

Fundraising Condition:

MOSH is responsible for securing funds for the construction of the museum facility and associated improvements on the Museum Parcel totaling at a minimum \$70,000,000, with a total projected capital investment of \$85,000,000. MOSH anticipates the principal sources for such funds to be twofold: (i) donations secured by pledge agreements with individuals, business entities, foundations, and the like;

and (ii) a grant or grants from the City, State, Federal Government, or other grant organizations. To qualify as having been secured, a pledge must be binding, though it may be collected over a period of years. MOSH is not prohibited from procuring institutional financing for facility construction so long as neither the Museum Parcel, the Ground Lease nor the museum facility and fixed improvements are pledged as security. Such financing may be secured by donation pledge agreements.

The above required minimum construction financing must be secured on or before December 31, 2023. Failure to secure sufficient funding to commence construction by December 31, 2023, subject to extensions as permitted in the RDA and by force majeure, will result in the termination of the RDA and MOSH will have no further rights to development of the Property.

Use of the Museum Parcel:

The facility constructed on the Property will be used by MOSH primarily as a public museum with exhibits, programs and fixed improvements focused principally on science and history including education centered around technology, engineering, and mathematics. Ancillary uses may include a gift shop and food service. MOSH is authorized to charge general admission fees; rental fees for on-site third-party events; specific program charges and tuition for workshop, classroom and educational units provided by MOSH; admission fees for school sponsored visits.

The Museum will contain no less than 50,000 square feet of exhibit and gallery space, in addition to classrooms, gift shops, café's, event space and other facilities. The Museum will be open to the public no fewer than 295 days per year; no fewer than 5 hours/day. It is understood that the activation of the riverfront on a consistent basis is a material inducement to the ground lease.

Use of the Partnership Parcel:

The Partnership Parcel shall remain generally open and available for public use as a park, however pursuant to an operating agreement or parks partnership agreement MOSH shall have the non-exclusive right to program such space and on occasion restrict access to portions of the Partnership Parcel for private or ticketed events. MOSH shall be responsible for routine maintenance of the Partnership Parcel, other than Capital Expenditures, may establish rules for its use and shall include the Partnership Parcel within its insurance coverage for all MOSH programs, sponsored or private events. In no event shall the Partnership Parcel be permanently gated, fenced or access otherwise restricted to require entry through the Museum. During

hours other than Museum Operating hours the Partnership Parcel shall be publicly accessible in accordance with applicable City Park rules for the Riverwalk and adjacent parks space.

Permits: MOSH will be responsible for obtaining all building and other permits required for the Project.

Selective Ground Lease Provisions:

The Lease will include provisions, among others in the standard City Ground Lease, addressing the following:

- a. MOSH will obtain and maintain liability and premises insurance with limits established by City Risk management. The City must be an additional insured under each policy.
- b. Without the City's consent, the Lease will not be assigned by MOSH to a third party, nor will MOSH sublease any portion of the Property to a third party; provided, the foregoing will not prohibit MOSH from subleasing any portion of the Property to the Duval County School District for educational purposes, or from renting the facility to third parties for short term events, or from subleasing space to a third-party provider of food service, and the City's consent will not be required for the same.
- c. Upon the termination of the Lease for any reason, the City promptly will be let into possession of the Property. Throughout the term of the Lease, title to the museum facility and other fixed improvements made to the Property by MOSH will remain with MOSH until the termination of the Lease, whereupon such title will pass to the City.
- d. Typical lease remedies for default with cure opportunities.

Performance Schedule:

- a. Est. February 2022 - The Redevelopment Agreement will be entered into by MOSH and the City immediately following the effective date of the legislation authorizing the City's entry.
- b. Est. March - August 2022 - Due Diligence period.
- c. Est. February 2022 - November 2023 – Satisfaction of conditions to enter into Ground Lease, including fundraising for museum facility and associated improvements on the Museum Parcel; upon completion of fundraising, commencement of construction or installation of the infrastructure and site work funded by the CIP Appropriation, including stubbing of utilities at the Property and construction of stormwater facilities.
- d. Est. November 2023, Ground Lease will be entered into immediately upon satisfaction of all conditions.

- e. Dec. 31, 2023- Commencement of Construction or termination of RDA. Construction of the museum facility must commence no later than December 31, 2023. The commencement of construction or installation of the infrastructure and site work funded by the CIP Appropriation or any portions thereof shall not be deemed the commencement of construction of the museum facility.
- f. Dec. 31, 2026 – Substantial Completion of construction of all improvements on the Property.
- g. The foregoing deadlines 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 MOSH, 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 simultaneously.
- h. The development of the Property and construction of the museum building will not be phased; however, this provision does not preclude future finishing out of the interior of buildings and other improvements after Substantial Completion. Any future exterior work in the Museum Parcel will be subject to DDRB review and approval.
- i. Following entry into the Redevelopment Agreement MOSH will provide to the City, project updates every six months.
- j. Intermediate milestones for the procurement of museum facility financing by MOSH will be established and subject to extensions granted by the DIA's Executive Director without additional City approval upon reasonable cause shown by MOSH.

Existing Museum

One hundred and eighty days following the date substantial completion of the new museum facility on the Property has been achieved, the lease and sublease for the existing MOSH museum located at 1025 Museum Circle will be deemed terminated. Prior to termination, MOSH will retain exclusive possession of the existing museum facility for the purpose of packing and removing non-fixed property belonging to MOSH, immediately following which MOSH will vacate the premises and surrender possession to the City. Simultaneously with the termination, the Duval County School District shall relinquish all interests in the premises. Title to and ownership of all structures and fixtures on the premises by MOSH will pass to the City upon the date following the vacating of the premises by MOSH.

The provisions of this Term Sheet are intended to guide the parties in negotiating the Ground Lease, the Redevelopment Agreement and any other documents that may be necessary to give effect to the manifest intent of the parties expressed herein

Exhibit C to Resolution 2021-11-01

Essential Terms of Disposition Notice

1. Location: A portion of RE #130571-000 located within the Property depicted on Exhibit A map.
2. Property Interest considered for disposition: Ground lease for not more than forty (40) years with a single ten (10) year renewal option, and ancillary easements
3. Leased Parcel size: Not to exceed 2.5 acres, location within the Property boundary to be determined by Developer's design, consistent with DIA and COJ Parks standards and adopted plans and studies
4. Use: Civic Attraction, Museum, Cultural or Entertainment venue or attraction open to the public daily (with minor exceptions) throughout the year
5. Minimum private (non-City sources) capital investment: \$60 [40] million
6. Developer must demonstrate successful track record of operation of similar facilities
7. Use must draw a minimum of 100,000 visitors/year or more.
8. Proposal must include rental rate offered
9. Proposal must identify if Developer/Tenant is exempt from payment of ad valorem taxes or if taxes will be paid on the proposed improvements to be constructed on the leased parcel.
10. Construction of proposed Improvements must commence by December 31, 2023 and must be completed by December 31,2026

SUPPLEMENTAL INFORMATION
MOSH DISPOSITION – STAFF REPORT

**Downtown Investment Authority
Negotiated Disposition and Redevelopment Proposal Staff Report
Museum of Science and History
November 12, 2021**

Applicant:	Museum of Science and History (MOSH)
Project:	Disposition and Redevelopment of a portion of Lot X within the Shipyards
Program Request:	Disposition of City-owned real estate by ground lease
Acreage to be leased for exclusive use	2.5 acres
Minimum Capital Investment:	\$70,000,000

Redevelopment Proposal:

MOSH is requesting the exclusive use of 2.5 acres pursuant to a long-term ground lease, the right to host events and program on an additional 1.5 acres and the authority to design the entire 6.86 acre site.

MOSH is proposing an annual rent of \$1.00/year for the term of the Ground Lease. The Minimum Capital Investment in the museum will be not less than \$70,000,000, a portion of which may be City funds. An existing City CIP project is currently funding site investigations, surveys, etc. and will pay to remediate any on-site contamination, extend A. Phillip Randolph Boulevard to the site, as well as cover the cost of Riverwalk and site improvements surrounding the new building.

At the Board's request, DIA staff encouraged MOSH to work with the Jessie Ball DuPont design team regarding both the size of the pad required for private use and its placement on the site. The parties did not arrive at a mutually agreed upon solution, with the JBdF team's research indicating that comparable museums were usually located on 1-1.5 acre sites. Similarly, although MOSH designs are preliminary, the museum was not comfortable at this time agreeing to locate the Leased Premises immediately adjacent to Bay Street in order to maximize public space on the river.

The solution we are presenting to the Board does not locate the 2.5 acre Leased Premises at this time but rather allows the MOSH design team to advance design prior to determining site boundaries. The design standards encourage set back from the Riverwalk, require coordination with the Emerald Trail and Hogans Creek designs, and other adopted studies and plans, parking integrated into the structure

and require that all exclusive use areas be included in the Leased Premises. Further, all landscape buffers and berms integral to the building, must be within the Leased Premises boundary. The site design is subject to Parks, DIA and DDRB approval.

Surrounding the 2.5 acre Leased Premises, an additional parcel of up to 1.5 acres will be subject to a partnership operating agreement pursuant to which MOSH will have the right to provide exclusive entry programs and special events within the space on a limited basis, but this space will generally be a park/plaza area open to the public. Other programming entities may also create programs in this area. This accomplishes the DuPont study's recommendation that at least half of the site be open and accessible to the public and accommodates the Museum's desire to have at its disposal additional outdoor programmable space.

Finally, the balance of the 6.86 acres will be public park space including the Riverwalk, Emerald Trail, and other park amenities.

The Lease:

The Leased Property would not exceed 2.5 acres and must include the building pad, any access drives or on-site parking for buses, as well as any other exterior areas exclusively for MOSH use or requiring ticketed entry. MOSH will have the right to locate the 2.5 acres as its design dictates so long as Riverwalk access is maintained, the design is compatible with Hogans Creek and the Emerald Trail designs, and usable contiguous public park space is maximized.

A forty (40) year ground Lease is proposed with one ten (10) year renewal option. This is consistent with the recent Iguana Office building ground lease term. Rent of \$1.00/year is proposed. The property is currently being appraised but we expect the value to approximate \$60 PSF as was the case both east and west of the site. The lost value of real estate taxes attributable to the City retaining ownership is approximately \$90,000/year. Based on the Kids Kampus appraised value of \$2.48 per square foot for a ground lease, the market rent for the ground lease would be \$270,072/year. When the proposal returns to the Board following the notice of disposition process, a more in depth analysis of ROI and secondary benefits to be derived from the new museum location will be provided but the ROI will necessarily be below 1 since no taxes will be paid on the land or improvements (the museum is exempt) and the associated land value and CIP improvement will not be fully offset.

Design of the site and Museum:

The site is approximately 6.8 acres. MOSH would have the right to design the entire site and the City would reimburse MOSH for up to \$500,000 from the existing approved CIP project for the cost of design of all areas beyond the boundary of the Leased Premises. This would facilitate an integrated design and function for the parcel.

NOD terms:

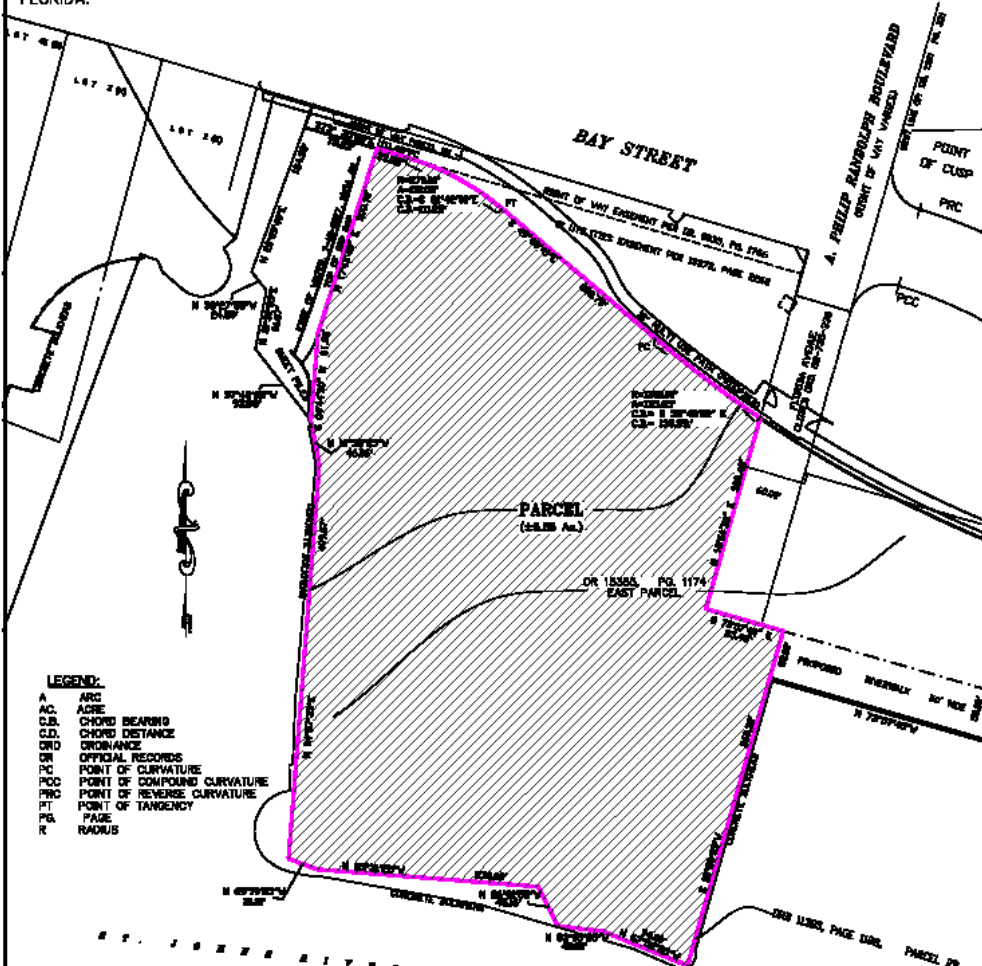
The Notice of Disposition contemplates that we are seeking a civic attraction, museum or entertainment venue for this site to activate the Sports and Entertainment District. It does not seek bids for private redevelopment for other uses such as residential, office or hotel. This use is consistent with the BID plan adopted in 2014 and with the recent Jessie Ball DuPont study on activating the waterfront. The NOD does not preclude a bid from a for-profit entity that would construct and operate a civic attraction or entertainment venue.

Return to Board:

Upon the close of the required thirty (30) day NOD period, this disposition will return to the Board for final approval.

SKETCH OF: OUT PARCEL

A PART OF THE H. HUDNALL GRANT, SECTION 50, TOWNSHIP 2 SOUTH, RANGE 26 EAST, AND SECTION 45, TOWNSHIP 2 SOUTH, RANGE 27 EAST, DUVAL COUNTY, FLORIDA ALSO BEING A PORTION OF THE LANDS DESCRIBED AND RECORDED IN OFFICIAL RECORDS 15385, PAGE 1174 OF THE CURRENT PUBLIC RECORDS OF DUVAL COUNTY, FLORIDA.

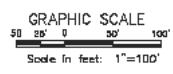


- LEGEND:**
- A ARC
 - AC. ACRE
 - C.B. CHORD BEARING
 - C.D. CHORD DISTANCE
 - ORD ORDINANCE
 - OR OFFICIAL RECORDS
 - PC POINT OF CURVATURE
 - PCC POINT OF COMPOUND CURVATURE
 - PRC POINT OF REVERSE CURVATURE
 - PT POINT OF TANGENCY
 - PA PAGE
 - R RADIUS

NOTES:

1. THIS IS NOT A FIELD SURVEY.
2. BEARINGS, DISTANCES, AND PARCEL LINES AS SHOWN HEREON WERE TAKEN FROM: ALTA SURVEY COMPLETED BY THE CITY OF JACKSONVILLE DATED 5-24-17, METRO/SHIP YARDS AND THE OFFICIAL RECORDS OF DUVAL COUNTY FLORIDA.

CERTIFICATION
 THIS IS TO CERTIFY THAT THIS SKETCH WAS MADE UNDER THE UNDERSIGNED'S RESPONSIBLE DIRECTION AND SUPERVISION, THAT THE SKETCH DATA MEETS OR EXCEEDS STANDARDS OF PRACTICE FOR SURVEYING, IN THE STATE OF FLORIDA SET FORTH BY CHAPTER NO. 50-17 (500-092) OF THE FLORIDA ADMINISTRATIVE CODE (FAC) FOR LAND SURVEYORS IN THE STATE OF FLORIDA.



DANNY S. WHEELER _____ DATE _____
 PROFESSIONAL LAND SURVEYOR
 FLORIDA REGISTRATION NUMBER 6902

UNLESS IT BEARS THE SIGNATURE AND THE ORIGINAL RAISED SEAL OF A FLORIDA LICENSED SURVEYOR AND MAPPER THIS MAP/REPORT IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT VALID.

REVISIONS

NO.	DATE	DESCRIPTION

SURVEY DATA:

DATA DESK	DATE
SURVEY BOOK	SCALE
DRAWN BY	PROJECT NO.
LAST DATE IN FIELD	

CITY OF JACKSONVILLE
DEPARTMENT OF PUBLIC WORKS
 ENGINEERING DIVISION 214 N. HDGAN STREET,
 10th Floor JACKSONVILLE, FL. 32202 904-255-8756

SHEET NO.	
OF	
DRAWING NO.	
DRAWING FILE	

TAB III.D

RESOLUTION 2021-11-03: 600 PARK ST/HOME 2 SUITES

RESOLUTION 2021-11-03

A RESOLUTION OF THE DOWNTOWN INVESTMENT AUTHORITY RECOMMENDING [APPROVAL/DENIAL] OF ~~THE REQUESTED~~ AN INCENTIVES FOR THE THE HOME 2 SUITES PROJECT; [DIRECTING DEVELOPMENT OF A TERM SHEET BETWEEN THE DOWNTOWN INVESTMENT AUTHORITY AND KELCO BROOKLYN, LLC]; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, Kelco Brooklyn, LLC (to be formed) (the “Developer”) proposes to construct a six-story, 100 room, select-service hotel under the Home 2 Suites brand of Hilton Hotel properties, as well as 2,000 square feet of leasable space for a restaurant. The project will result in the investment of approximately \$17,300,000 for the construction of the hotel and associated improvements; and

WHEREAS, the Developer is requesting a REV Grant the amount of \$3,014,233 that does not qualify for an established DIA Incentive Program and is therefore subject to the decision-making criteria established as the tiered approach within the Business Investment and Development (“BID”) Plan; and

WHEREAS, the DIA Staff reviewed the Developer’s application and does not recommend approval of a REV Grant since staff determined that the project does need financial support, could be detrimental to existing select service hotels in Downtown, and is incompatible with Redevelopment Goals, strategic objectives and performance measures as provided for by the BID Plan; and

WHEREAS, the Downtown Investment Authority (“DIA”) is authorized to determine whether a project is eligible for incentives contrary to the recommendation from DIA staff.

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 [approves/denies] the incentives requested by the Developer.

Section 3. The DIA hereby [directs/does not direct] the CEO of the Downtown Investment Authority to negotiate a term sheet with the Developer prior the next scheduled meeting of the DIA.

Section 4. This Resolution, 2021-11-03, shall become effective on the date it is signed by the Chair of the DIA Board.

(SIGNATURES ON FOLLOWING PAGE)

WITNESS:

DOWNTOWN INVESTMENT AUTHORITY

_____ W. Braxton Gillam, Esq., Chairman _____ Date

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

SUPPLEMENTAL INFORMATION
600 PARK ST/HOME 2 SUITES – STAFF REPORT

**Home 2 Suites
Hospitality REV Grant
Staff Report
November 12, 2021**

Applicant:	Kelco Brooklyn, LLC (to be formed)	
	Kelco Management and Corner Lot Development	
Project:	Home 2 Suites Hotel	
Program Request:	Hospitality REV Grant	
Total Development Costs (as presented):	\$17,319,565	
Total Development Cost (as underwritten):	\$14,666,741	
REV Requested:	\$3,014,233	75% / 20 years
REV Proposed:	<i>Not Recommended</i>	

The Project

The developer, Kelco Brooklyn, LLC (Kelco), is a proposed joint venture between Kelco Management (Mr. Kelley Slay) and Corner Lot Development (Mr. Andy Allen, CEO, and Mr. George Leone, COO). Kelco has developed plans for a six-story, 100 room, select-service hotel under the Home2Suites brand of Hilton properties. The hotel development proposes to lease approximately 2,000 square feet of space for a restaurant, and provide amenities including a business center, fitness center, vending and ice machines, a guest laundry room, and a sundries shop. The property will be located at 600 Park St. near I-95 bordered by Park Street to the east, Rosselle Street on the north, Chelsea Street to the west. Neighboring business on the southern end of the block include a Jimmy John’s sandwich shop and several small office buildings. This is an emerging area within the Brooklyn District of the Northbank Downtown CRA, and the site is approximately three and a half blocks west of the recently opened, 135-room, Marriott Residence Inn, located at 357 Oak Street.



Home2Suites as proposed

As proposed with 100 rooms, the Home2Suites property would be similar to the 104-room Home2Suites on Gate Parkway and the 106-room Home2Suites located near the Jacksonville Airport, neither of which

was developed with City incentives. The hotel would be operated 365 days a year, whereas the operating hours of the restaurant, or category of restaurant, have yet to be determined.

As described in the market study provided by the applicant as prepared by Newmark Frank Knight, *“The proposed subject property will consist of a six-story linear hotel structure generally oriented from north to south with an eastern exposure. Vehicular access to the site will be made via a single curb cut along Park Street at the southeast corner of the site or from a single curb cut along Chelsea Street at the southwest corner of the site. Guests will be able to access the hotel lobby via a covered entryway along the west side of the hotel or via a Park Street entrance. The ground level of the structure fronting Rosselle Street will house a restaurant space to be leased, with pedestrian access from Rosselle Street, Park Street, and from the parking area of the hotel. All of the public space, including the Inspired Table breakfast area, guest registration and lobby, Home2Mkt (grab n go outlet), business center, fitness center, and administrative offices will be located on the ground floor; an outdoor amenity area will also front Rosselle Street providing outdoor seating and gathering space. Twenty guestrooms will be located on each of the above floors (two through six).”*

Per the Hilton website, Home2Suites is a “mid-scale, all-suite hotel targeted to the value-conscious extended-stay (5+ night) traveler.” The site indicates there are 478 Home2Suites hotels currently operating in 2 countries including two Home2Suites properties within Jacksonville, Fla. The first has 106 rooms and is located at 13475 Ranch Road near the Jacksonville airport. The second has 104 rooms and is found at 10715 Deerwood Park Blvd, near the Deerwood office park and St. John’s Town Center.

The 1.2-acre site is currently used as a semi-paved surface lot. Sunbiz reports the property is currently owned by 600 Park Street, LLC (Dr. Scott D. Warren, Manager) and was acquired as two parcels with the 0.34-acre parcel (RE# 090395-0000) acquired in 2015 for \$411,000 (\$24.02 psf) and the adjacent 0.86-acre parcel (RE# 090394 0000) acquired in 2016 for \$900,000 (\$27.75 psf). The Duval County Property Appraiser provides a value for these lots of \$305,001 and \$814,031, respectively, or \$1,119,032 together. Notably, the Deerwood office park location of Home2Suites provides a land value approximately equal to the land value of the proposed hotel but was constructed without the use of City incentives.

The project received final approval by the DDRB Board at its May 13, 2021 meeting over recommendations of the DDRB staff to deny deviation from the Downtown overlay ordinance for the surface parking lot that is found to be non-compliant with the ordinance.

Kelco first approached DIA for a REV grant in 2020 and several meetings have been held since that time to discuss the request for City funding to support the project. The DIA has communicated consistently that, while the project itself has merit, providing incentives for its development runs counter to the BID Strategy Performance Measure goal of improving the occupancy rate of hotels in Downtown Jacksonville.

Downtown Jacksonville Hospitality Dynamics

In the development of the 2015 Business Investment and Development Strategy (“BID Strategy”), the hospitality Performance Measures established that included the goal of reaching 70.0% occupancy for

Downtown Hotels during the 2021-2025 timeframe. Research conducted by RedRock Global and Urbanomics in preparation of the BID Plan offers the following, “All research and conversations point to a Downtown market with adequate room coverage for the level of hospitality demand and lower than needed ADRs. These two points make the case for new hotel product very difficult.” The reports states further that, “Without new demand generators, the opportunity for new hotels are extremely limited and will most likely further impact the current occupancy levels of existing hotels in the market.”

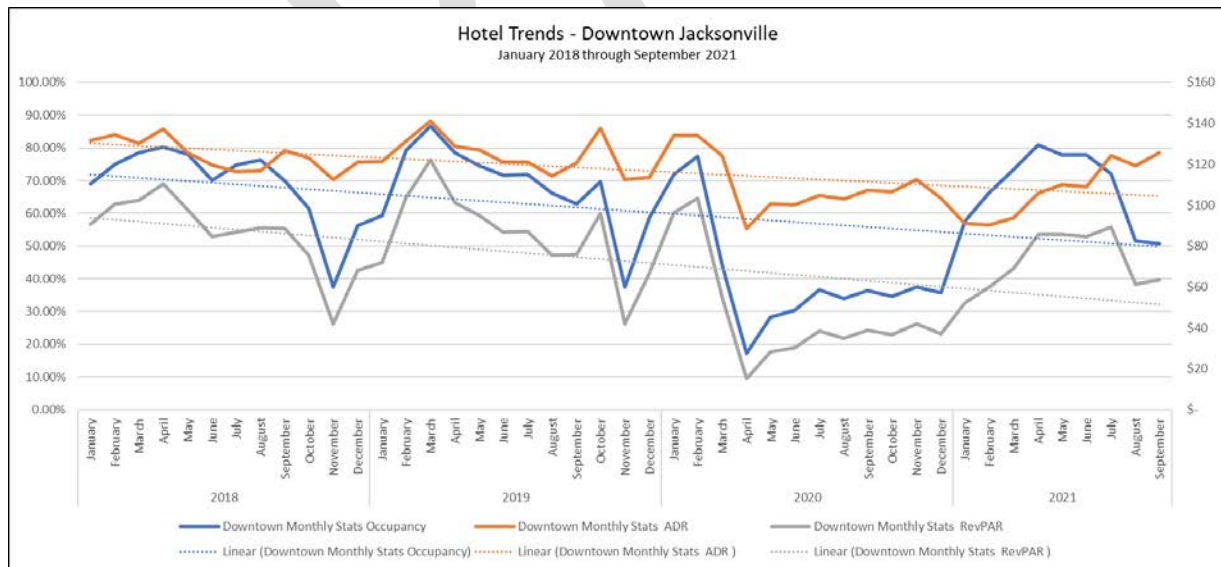
Despite success in the relocation of national headquarters for firms such as FIS and Dun and Bradstreet, the types of demand generators necessitated for successful new hotel development is made more uncertain by the COVID-19 Pandemic and its effect on business, group, and leisure travel. A feasibility study prepared by Newmark Knight Frank as provided by the applicant states that, “occupancy levels are expected to continue to be negatively impacted through 2021. Additionally, due to the economic impact of the virus outbreak, most experts believe that it may take several years for area occupancy levels in many markets to sustain levels seen in 2019.”

CoStar STR (Smith Travel Research) Report Data

During 2018 and 2019, the averages for Occupancy, Average Daily Rate (ADR), and Revenue Per Available Room (RevPAR) remained relatively unchanged in Downtown Jacksonville as shown in the table below:

	Occupancy	ADR	RevPAR
2018	68.88%	\$ 124.55	\$ 86.34
2019	69.09%	\$ 125.29	\$ 87.36

As shown by trends developed from CoStar STR reports below, occupancy rates for eight hotels in Downtown Jacksonville were on a downward trend for the two full years and two months leading into the COVID-19 pandemic, and that metric remains suppressed (net of a single contract with the marines) through the pandemic and as business conditions normalize.



Source: CoStar STR Reports

Not surprisingly, the COVID-19 pandemic wreaked havoc on the hospitality industry nationwide as well as locally as evidenced by the decline in occupancy in Downtown Jacksonville hotels to below 20% in April 2020. Improvements followed in each following month, buoyed almost entirely by the rental of the entire

951 rooms of the Hyatt Hotel to the US Marine Corps from January 2021 to June 2021.

Following the exit of the Marines from the Hyatt, STR data shows that occupancy in Downtown Jacksonville hotels dropped significantly in September 2021 to 50.7% while RevPAR fell to \$63.56. The table below provides comparisons for each of these important metrics for the months of July, August, and September for the years 2018 through 2021.

	Occupancy	ADR	RevPAR
2018			
July	74.70%	\$ 116.36	\$ 86.87
August	76.30%	\$ 116.64	\$ 88.97
September	69.80%	\$ 126.78	\$ 88.49
2019			
July	71.90%	\$ 121.10	\$ 87.11
August	66.10%	\$ 114.33	\$ 75.55
September	62.90%	\$ 120.62	\$ 75.82
2020			
July	36.70%	\$ 104.71	\$ 38.46
August	33.90%	\$ 103.05	\$ 34.96
September	36.30%	\$ 107.27	\$ 38.89
2021			
July	72.00%	\$ 124.21	\$ 89.40
August	51.60%	\$ 119.35	\$ 61.56
September	50.70%	\$ 125.42	\$ 63.56

Michael Corrigan, President and CEO of Visit Jacksonville offers this perspective, *“Since hosting the 2005 Super Bowl, Jacksonville has added more than 3,000 new hotel rooms, largely in select service hotels such as Hampton Inn and Holiday Inn. While these types of hotels fill an important need for tourism, at Visit Jacksonville we believe incentivized growth in our city needs to shift to upscale, full-service properties.”* He states further, *“...incentivizing select service hotels shifts demand from a property to another newer version of it.”* and *“More of the same hotels promotes a focus service economy resulting in less revenue for a room, which means less overall profit and economic impact on the community.”*

Further, DIA was advised by the Duval County Tax Collector that that the NE Tax Increment District experienced a year over year loss in net assessed value of over \$16 million from 2019 to 2020, largely attributable to a \$27.33 million reduction in the value of the Hyatt based on the reduction in RevPAR. This is driving both a reduction in tax increment revenue to DIA and depression of room rates throughout Downtown.

The Development Team

Kelley D. Slay, President of Kelco Management & Development. Mr. Slay, a business graduate of Florida State University, directs the development and acquisition activity of Kelco hotels and is responsible for developing new business opportunities including providing recommendations regarding hotel markets, supply and demand dynamics and cash flow projections. Slay has held various top positions in the hospitality industry including that of president for the Miami-based consulting firm International Hospitality Advisors and is a certified appraiser with MAI designation. Kelco lists eleven hotel properties around the southeast US in their current portfolio, although the Home2Suites would be their first in Jacksonville, Fla.

Andy Allen, CEO of Corner Lot Properties. Mr. Allen is a graduate of Jacksonville University where he majored in Finance and minored in Marketing. Allen started Corner Lot Properties in 2009 where he conducted commercial, multi-family and land transactions and quickly became the largest real estate wholesaler in Northeast Florida showing over \$1 billion of real estate including acquisition, disposition, sales and development. From 2011-2014, Allen's companies facilitated the largest Residential REIT, American Homes 4 Rent, with its acquisition, rehab, and management of its Northeast Florida market. This spawned Heritage Holdings, his own residential portfolio of 1,100 SFR houses, in Northeast Florida which is one of the largest in Duval County.

George Leone, COO of Corner Lot Properties. Following graduation from Florida State University, Mr. Leone served thirteen years at Toll Brothers ending as the Vice President of Land Development. Leone oversaw development projects amounting in over \$500 million in Central and North Florida, South Carolina and North Carolina where he managed over forty different consultants and contractors. In 2016, George started Leone Development to pursue his ambition of creating a leading real estate development company in the southeast United States. The culmination of Leone's experience led him to partner with Andy Allen in creating Corner Lot Development Group wherein its first year sold 220 lots to local and national builders.

Corner Lot Development Group (CLDG) was formed in 2017 and developed over \$15 million in commercial and SFR subdivisions in its first year. Currently, CLDG is a leader in the marketplace focused on developing lots allowing for affordable priced homes to continue to exist.

Pro Forma Operations

Projected operating statements prepared by Newmark Knight Frank in the market study provided by the applicant demonstrate the following anticipated operating performance metrics:

- At 65% occupancy and ADR of \$131.40, the RevPAR in year 1 is calculated at \$84.10.
- Revenue:
 - 1) Year 1 Revenue from room rentals of \$3,069,504 (64% occupancy), increasing to \$5,034,776 by year ten (76% occupancy, 3% annual growth in room rates).
 - 2) Year 1 additional income of \$13,887 from sundry store sales, meeting room rentals, guest laundry, pet fees and other miscellaneous revenue sources is provided, which equates to \$0.59 per occupied room (POR), increasing to \$0.74 by year 10, as compared with an average of \$2.98 POR for all Limited-Service properties and \$7.11 POR for Urban hotel properties (STR Host Study).
 - 3) Restaurant Lease revenue is estimated at \$56,492 (\$28.25 psf) as found in Non-Operating Income.
- Operating at this level indicates 23,360 nights of occupancy over the course of the first year, increasing to 27,740 nights by year ten. The properties "fair share" of the hospitality business within Downtown Jacksonville is calculated at 3.9%.
- Market Penetration is shown to be 105-118% for the Commercial and Leisure segments of the business, and 70-80% for the Group traveler segment. Market share captured by the property as estimated by Newmark Knight Frank is broken down as follows for years 1 and 10, respectively:

	Year 1	Year 10
Commercial	4.0%	4.5%
Group	2.7%	3.1%
Leisure	4.0%	4.5%

- Projected Net Operating Income with and without the REV Grant subsidy as calculated in the Market Study pro forma is presented below:

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
With REV	\$970,766	\$1,386,368	\$1,621,264	\$1,669,954	\$1,720,047	\$1,771,505	\$1,824,695	\$1,879,375	\$1,935,757	\$1,993,829
W/O REV	\$860,947	\$1,273,254	\$1,504,757	\$1,549,952	\$1,596,444	\$1,644,195	\$1,693,565	\$1,744,312	\$1,796,641	\$1,850,540

Notes:

- The tax estimates here are overstated by approximately \$450,000 through the first ten years of operation as compared to DIA methodology as they include \$1.5 million in F,F,&E and approximately \$1.15 million in prepaids and soft costs not typically included in construction costs by DIA. As such, the REV calculation by the applicant is overstated by approximately \$176,000 through year ten.
- Revenue may also be understated as Net Misc. Income is projected to be \$0.60 Per Occupied Room (POR) upon stabilization as compared with the average Operating Comparable provided in the market study of \$1.88 and the high of \$7.11 for Urban hotels as provided by the STR HOST Study, a difference of \$35,500 to \$180,500 per year, or \$355,000 to \$1.8 million over the first ten years of operation. This observation is not captured in any further calculations made by DIA in underwriting this opportunity.

Capital Considerations

- Total development costs as presented equal \$17,319,565, which equates to \$173,196 per key.
- Land cost of \$2,000,000 for the 1.2-acre parcel equates to \$38.26 per square foot.
- Elimination of F,F,&E (\$1.5 million), Third party reports (\$80 thousand), Project Management (\$770 thousand), Pre-opening Expenses (\$303 thousand), and related contingency provides adjusted development costs for modeling of \$14,666,741.
- Total equity to be injected is shown to be \$5,319,565; or 30.7% of TDC before adjustments.
- Construction and permanent debt on the development is shown to be limited to \$12,000,000; 69.3% of TDC.
- Debt Service Coverage (DSC) using cash flow and debt assumptions as provided in the Market Study is projected at 1.46X in year 1 and climbing to 2.92X by year ten. This projection is made without REV Grant support.
- The ten-year, pre-tax, levered IRR on the invested equity without REV Grant support is calculated by DIA staff at 18.8%, and with REV Grant support is calculated at 20.2%.
 - Assumptions:
 - Debt of \$12,000,000, 360-month term, 5% interest
 - Net Operating Income for years 1 through 10 as provided in the market study
 - 8.50% cap rate at the point of conversion (CBRE, Class-B Select-Stabilized, 2021)
 - Net Proceeds from Sale includes 10% selling costs

REV Calculation:

- Property tax generated that accrues to the benefit of the Northbank Downtown CRA through the end of the twenty-year REV Grant period is projected to equal \$3,194,183 before consideration of the REV Grant.
- A 75%, 20-year REV Grant as requested would total \$2,385,219.
- The ROI for this project would approximate 1.34X with the REV Grant as the City Investment.

Recommendation:

Because the request does not fall under an established DIA Program, analysis using the decision-making criteria established as the tiered approach within the BID Plan is required.

Tier 1 – The project meets no fewer than two (2) of the seven (7) BID Goals.

As submitted by the applicant, the project is proposed to contribute positively towards:

Redevelopment Goal No. 1 – Reinforce Downtown as the City’s unique epicenter for business, history, culture, education, and entertainment.

Staff concurs that development of the subject hotel property contribute to the strategic objectives of:

- increasing opportunities for downtown employment,
- support the expansion of...restaurant facilities.

Further, staff concurs that the subject hotel development would contribute positively to the benchmarks of:

- number of jobs,
- number of business establishments,

Staff views that development of the subject property would be **detrimental** to the strategic objective of:

- hotel occupancy rates by diluting the hospitality market prior to evidence of increasing demand sufficient to support additional rooms, and annual private capital investments.

Redevelopment Goal No. 4 – Improve walkability/bikeability and connectivity to adjacent neighborhoods and the St. Johns River while creating highly walkable nodes.

Staff concurs that development of the subject hotel property contribute to the strategic objectives of:

- Develop interconnected, attractive, and safe pedestrian links...among neighborhoods (and) activities.
- Require sidewalks of sufficient width and make sure a continuous pedestrian path is available.
- Plant street trees, using varieties that will provide shade.

Further, staff concurs that the subject hotel development would contribute positively to the benchmarks of:

- Increase in the observed number of pedestrians and bicyclists (by offering bicycles for guest use),
- Increase in desirable street activity outside of business hours.

Staff views that development of the subject property would be **detrimental** to the Strategic Objectives of:

- Shape the sidewalks and streets through the sense of enclosure provided by buildings.
- Minimize...surface parking.

Redevelopment Goal No. 6 – Maintain a clean and safe 24-7 Downtown for residents, workers, and visitors.

Staff concurs that development of the subject hotel property contribute to the strategic objectives of:

- Coordinate, support, and enforce continuous cleaning of Downtown.
- Coordinate with the City...for new installation...of lighting.
- Provide increased walkability through...enhance the connection with neighborhoods immediately adjacent to Downtown through attractive, walkable/bikeable linkages.

Further, staff concurs that the subject hotel development would contribute positively to the benchmarks of:

- Number of Jobs
- Tax Value and Impact to TIF and Future Projections
- Number of Building Permits Issued

Redevelopment Goal No. 7 – Use planning and economic development policies to promote design for healthy living.

Beyond a fitness center on the property and access to bicycles for loan, DIA staff does not see the development of the hotel property as contributing to this Redevelopment goal in a meaningful way.

Tier 2 - Submit to the DIA a complete Pro Forma and Project Profile Assessment Form for staff review and recommendation.

The applicant provided the information as required. Upon review and thorough analysis of the market study provided by the applicant, DIA staff does not concur that public funding is necessary to make this development project financially viable. The market study asserts comments in several places similar to the following, *“It must be stressed that our analysis assumes that the project obtains REV Grants in the form of a tax rebate.”* and *“Without these REV Grants, the project is not feasible.”*

However, the consultant also provides a calculation of the IRR inclusive of the REV Grant as being 18.6%, and using the methodology provided by the study, the IRR *exclusive* of the REV Grant is shown to be 16.84%, which may be considered an adequate return for an investment of this type without a REV Grant incentive.

DIA staff prepared an independent IRR calculation based on a different understanding of the potential tax amount which yields an IRR of 18.8% without the REV Grant and boosts to 20.20% with the REV Grant in place.

More relevant still, the premise that a REV Grant is required for the project to make financial sense is predicated on the Discounted Cash Flow Analysis provided in the Market Study stating that the present value of the property is \$16,000,000 *without* the REV Grant, which is below the acquisition and development budget of \$17,000,000. By calculations in that market study, the value of the property increases to \$17,300,000 when the REV is included, and therefor supports the economic need for the REV Grant.

However, that cash flow analysis uses a Discount Rate of 11% (compared with 10.10% as provided by the study itself, p. 112), and a terminal Cap Rate of 9.0% (compared with 8.68% found within the study, p. 111, and further supported by the CBRE Hotel group). When these market driven factors are substituted in the Discounted Cash Flow Analysis, the present value of the \$17,000,000 investment increases to

\$19,000,000 without the REV Grant and increases to \$20,500,000 with the REV Grant providing further indication that the investment is sound without the need for the City incentive.

Summary of Financial Analysis

	With REV Grant	Without REV Grant
IRR		
Market Study	18.6%	16.84%
DIA Staff	20.20%	18.80%
Present Value of \$17,000,000 Development Cost		
Market Study	\$17,300,000	\$16,000,000
DIA Staff	\$20,500,000	\$19,000,000

In both the analysis of the consultant as well as the analysis of DIA staff, the probable returns on equity provided by the applicant’s pro forma as well as the present value calculations do not demonstrate a funding gap nor a need for a grant of financial incentives to achieve a market return or better.

Conclusion

Because the analysis through Tier 2 does not confirm the need for financial support, further analysis is not required and, therefore, DIA Staff respectfully does not recommend approval of the request for a REV Grant for the project as presented in the application. This position is strengthened by the potentially negative impact on existing select service hotels, the lack of demand for similar hotel properties in Downtown Jacksonville, and the detriments to strategic objectives and performance measures outlined above.

TAB III.E

RESOLUTION 2021-11-04: DVI LEASE OF DUVAL GARAGE DISPOSITION

RESOLUTION 2021-11-04

A RESOLUTION OF THE DOWNTOWN INVESTMENT AUTHORITY (“DIA”) INSTRUCTING ITS CHIEF EXECUTIVE OFFICER (“CEO”) TO ISSUE A 30-DAY NOTICE OF DISPOSITION IN ACCORDANCE WITH THE NEGOTIATED DISPOSITION PROCEDURE ADOPTED BY DIA; AUTHORIZING THE PUBLICATION OF A NOTICE OF DISPOSITION FOR THE LEASE OF APPROXIMATELY 20,660 SQUARE FEET OF FIRST FLOOR RETAIL, STORAGE AND LOADING SPACE WITHIN THE DUVAL STREET PARKING GARAGE (THE “LEASED PREMISES”) MORE SPECIFICALLY DEPICTED ON EXHIBIT A ATTACHED HERETO AND COMPRISING A PORTION OF DUVAL COUNTY TAX PARCEL NUMBER RE# 073716 0000, (“THE PROPERTY”); EXPRESSING THE INTENTION TO LEASE SAID PROPERTY IN ACCORDANCE WITH THE NEGOTIATED TERMS TO DOWNTOWN VISION ,INC. (“DVI”) (THE “TENANT”) UPON EXPIRATION OF THE THIRTY DAY NOTICE PERIOD ABSENT HIGHER RESPONSIVE OFFERS; APPROVING THE TERMS AND CONDITIONS OF SAID DISPOSITION INCLUDED AS EXHIBIT ‘B’; AUTHORIZING THE DISPOSITION OF THE PROPERTY AND ITS BUILDOUT ON THE TERMS SET FORTH ON EXHIBIT B IF NO ALTERNATIVE RESPONSIVE OFFER IS RECEIVED; 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.

WHEREAS, via Ordinance 2012-0364-E, the City Council created the Downtown Investment Authority, designating the DIA as the City’s Community Redevelopment Agency for the Combined Northbank Downtown Community Redevelopment Area and authorizing it to approve and negotiate economic development agreements and dispose of City-Owned property; and

WHEREAS, the City owns an approximately 1.13-acre parcel of real property on which it has constructed and operates a parking garage, which parcel is identified by Duval County Tax Parcel Number RE# 073716 0000 (“Duval Street Garage”); and

WHEREAS, DVI has expressed the desire to lease approximately 20,660 square feet of ground floor retail, storage and loading space within the Duval Street garage which has remained unoccupied for many years; and

WHEREAS, the Duval Street Garage is located within the Combined Downtown Northbank Community Redevelopment Area (“Northbank CRA”); and

WHEREAS, the presence of DVI’s office staff and ambassadors would provide a level of activation and security to an otherwise vacant and dark space; and

WHEREAS, the DIA finds that the space proposed for lease is a “lazy asset” and under-utilized city owned property; and

WHEREAS, the lease and occupancy of such space by an office, Downtown service provider, and visitor gift shop would be consistent with the adopted BID Plan for the Northbank CRA; and

WHEREAS, DVI submitted a proposal for lease of the referenced property depicted on **Exhibit A** in accordance with the basic terms set forth on **Exhibit B**; and

WHEREAS, DIA staff have recommended the lease in accordance with the terms proposed; and

WHEREAS, DIA is the designated Community Redevelopment Agency for the Northbank CRA, for which a Business Investment and Development Plan, inclusive of a Community Redevelopment Plan, (“BID/CRA Plan”) was adopted by Ordinance 2014-560-E; and

WHEREAS, Section 55.108 of the Jacksonville Code of Ordinances grants certain powers and duties to the DIA, including:

Interpreting the BID/CRA Plan and approving development and redevelopment projects within Downtown;

Implementing the BID/CRA Plan, and negotiating and approving downtown development and redevelopment agreements, grant agreements, license agreements, and lease agreements;

Planning and proposing Projects and Public facilities within Downtown; and

WHEREAS, at a publicly noticed meeting held on November 16, 2021, the DIA Retail Enhancement and Property Disposition Committee (“REPD”) recommended that the DIA Board adopt Resolution 2021-11-04; and

WHEREAS, upon adoption of this Resolution, a 30-day notice for the solicitation of proposals pursuant to Section 163.380(3)(a), Florida Statutes, and Sections 122.434(a) and (b), Jacksonville Ordinance Code, will be issued; and

WHEREAS, the DIA finds that the proposed disposition and redevelopment proposal further the following Redevelopment Goal and Strategic Objectives found in the BID/CRA Plan:

Redevelopment Goal No. 1 - Reinforce Downtown as the City's unique epicenter for business, history, culture, education, and entertainment.

Applicable Strategic Objectives:

1. Increase the opportunities for Downtown employment.
2. Increase venues, workspaces and residential opportunities with a focus on the Target Area.
3. Create a consistent theme and image that conveys a sense of the excitement and activity Downtown.

Redevelopment Goal No. 3 - Simplify the approval process for Downtown development and improve departmental and agency coordination.

Applicable Strategic Objectives:

1. Provide publicly owned land and building space for public and private development which will support and strengthen Downtown's commercial and residential base and comply with the other Redevelopment Goals.
2. Initiate public-private partnerships
3. Increase recreation, entertainment, cultural heritage, and other programming opportunities.
4. Provide spaces for residents to conduct community business and spaces for social events and educational programs.

Redevelopment Goal No. 4 – Improve walkability/bikeability and connectivity to adjacent neighborhoods and the St. Johns River while creating highly walkable nodes.

Applicable Strategic Objectives:

1. Create a mixture of uses so that housing, activities, retail, and other businesses are within useful walking distance.
2. Require all buildings to have active facades at street level. Encourage active street life through a mixture of restaurants (including cafes with outdoor seating), retail, services, and connection to the street. Minimize blank walls and surface parking.

Redevelopment Goal No. 7 – Use planning and economic development policies to promote design for healthy living.

Applicable Strategic Objectives:

1. Recognize the economic value: Encourage Downtown development to be compact and walkable as it provides economic benefits to developers through higher residential sale prices, enhanced marketability, and faster sales or leases creating an economic multiplier effect.
2. Mix it up: Entice mixes of uses and densities; remove regulatory barriers; rethink parking; and optimize uses.

NOW THEREFORE BE IT RESOLVED, by the Downtown Investment Authority:

Section 1. The recitals set forth above are true and correct and are hereby incorporated herein by this reference.

Section 2. The DIA instructs the Chief Executive Officer of the Downtown Investment Authority to take all necessary action necessary to effectuate the thirty (30) day Notice of Disposition for the Property in accordance with its Negotiated Notice of Disposition Process and consistent with Florida Statutes and the Ordinance Code.

Section 3. Proposals received, if any, will be reviewed by the DIA Chief Executive Officer, who will make a recommendation to the DIA Board regarding any responsive alternate proposals received.

Section 4. If no alternate responsive and qualified proposals are received, or if they are determined by the CEO to be lower in value or unresponsive, the DIA has determined that the lease of the Property depicted on Exhibit A for the terms set forth on Exhibit B is in the public interest and is hereby approved.

Section 5. The DIA Board hereby authorizes the CEO of the Downtown Investment Authority, upon expiration of the thirty (30) day notice period, to negotiate the terms of a Lease, the Disbursement Agreement, and other ancillary documents with DVI subject to the minimum terms and conditions contained in Exhibit 'B' to this Resolution 2021-11-04.

Section 6. The DIA Board hereby authorizes the CEO of the Downtown Investment Authority to initiate legislation for approval by City Council of a Disbursement Agreement, and if required the Lease, and any associated agreements in accordance with the purposes of this Resolution.

Section 7. The DIA Board hereby authorizes the CEO of the Downtown Investment Authority to take all action necessary to effectuate the purposes of this Resolution, including the execution of a Lease, Disbursement Agreement and appropriate ancillary documents, providing

that such actions incorporate, at a minimum, the terms and conditions contained in Exhibit 'B' to this Resolution 2021-11-04.

Section 8. This Resolution, 2021-11-04, shall become effective on the date it is signed by the Chair of the DIA Board.

WITNESS:

DOWNTOWN INVESTMENT AUTHORITY

W. Braxton Gillam, Chairman

Date

VOTE: In Favor: ___ Opposed: ___ Abstained: ___

Exhibit B
Term Sheet

- 10-year initial term, with two 5 year renewal options
- Leasing ±20,660 square feet of space (floor plan attached)
- They will not be parking vehicles in the garage, but will have full use of the loading dock for their purposes (the loading dock is included in the leased area)
- DVI shall have the option to enter into a Disbursement Agreement pursuant to which DVI may construct tenant improvements within the Leased Premises on behalf of the City, which improvements have been previously funded in the CIP, and DVI shall receive reimbursement for costs advanced in accordance with the approved budget and scope for the CIP project.
- In consideration for a full rent abatement for the ±20,660 of retail square footage area within the Duval Street Garage, with that area having an appraised market lease rate of \$14 per square foot and equating annually to \$289,506, DVI will provide services, funding, or other value to Downtown Jacksonville in excess of their annual total non-ad valorem special assessment budget. By way of example, DVI would demonstrate that for FY 2021-2022 they have provided value by way of services or dollars for the benefit of Downtown that have a minimum value of \$289,506 above the City contribution and non-ad valorem assessment portions of their budget, which for FY 21-22 is \$2,350,841. Additional value for a particular year in excess of that year's City contribution and non-ad valorem assessment portions of their budget and in excess of \$289,506 may be used to satisfy in part or in whole the following year's obligation. Further, failure to meet this requirement in any one year does not result in a default, providing that through the application of future years' excess value over the initial 10-year lease the total excess value obligation is met.

SUPPLEMENTAL INFORMATION
DVI LEASE OF DUVAL GARAGE DISPOSITION – STAFF REPORT

**Downtown Investment Authority
Negotiated Disposition and Redevelopment Proposal Staff Report
Water Street Garage Retail Space-- DVI Lease
November 12, 2021**

Applicant: **Downtown Vision, Inc. (DVI)**
Project: **10 Year Lease of 20,660 square feet in Duval Street Garage**
Program Request: **Disposition of City-owned real estate by lease**
Rent: **Downtown services equivalent in value to appraised market rent**

Proposed Lease:

DVI is proposing to Lease 20,679 square feet of ground level retail space in the Duval Street Garage for a term of 10 years. The space is currently unfinished and there is a significant elevation change in the various bays along Duval street frontage. Included within the leased premises is a loading bay that accesses Church Street. DVI plans to use the space for its offices for all of its programs as well as a meeting room, and a small gift shop open to the public.

CBRE has completed an appraisal of the space and concluded that market rent is \$14-\$16psf. DVI has agreed to pay the market rent rate, but will do so through the provision of additional services within Downtown. In consideration for rent abatement by the City for 20,679 of retail square footage area within the Duval Street Garage, with that area having an appraised market lease rate of \$14 per square foot and equating annually to \$289,506, Downtown Vision, Inc. will provide services, funding, or other value to Downtown Jacksonville in excess of their annual total non-ad valorem special assessment budget. By way of example, Downtown Vision, Inc. would demonstrate that for FY 21-22 they have provided value by way of services or dollars for the benefit of Downtown that have a minimum value of \$289,506 above their FY 21-22 proposed budget of \$2,514,177.

Additional value for a particular year in excess of that year's budget and in excess of \$289,506 may be used to satisfy in part or in whole the following year's obligation. Further, failure to meet this requirement in any one year may be made satisfied by the application of future year's excess value obligation, providing that over the initial 10-year lease the total excess value obligation is met.

Cost Disbursement Agreement:

The City is currently implementing a City CIP project to build-out the subject City-owned space to make it tenant ready. If DVI is the successful bidder to lease the space, DVI has proposed to manage construction of the CIP project on behalf of the City and enter into a Cost Disbursement Agreement pursuant to which the City would reimburse DVI for funds expended on a monthly basis for the project pursuant to the approved plans and approved budget.

NOD:

The Office of General Counsel has advised that due to the length of the term of the lease and its nature, a Notice of Disposition is required for this lease proposal.

TAB IV.A
OCTOBER 20, 2021 DOWNTOWN INVESTMENT AUTHORITY BOARD MEETING
MINUTES



Downtown Investment Authority
Hybrid Meeting
Wednesday, October 20, 2021 – 3:33 p.m.

Downtown Investment Authority
MEETING MINUTES

DIA Board Members: Braxton Gillam, Esq., Chair; Carol Worsham, Vice Chair; Jim Citrano, Secretary; Oliver Barakat; Craig Gibbs, Esq.; Bill Adams, Esq. (*via Zoom, non-voting*); Todd Froats; and David Ward, Esq.

DIA Board Members Excused: Ron Moody

Mayor's Staff: None

Council Members: None

DIA Staff: Lori Boyer, Chief Executive Officer; Steve Kelley, Director of Downtown Real Estate and Development; Guy Parola, Operations Manager (*via Zoom*); John Crescimbeni, Contract and Regulatory Compliance Manager (*via Zoom*); Ina Mezini, Communication and Marketing Specialist (*via Zoom*); and Xzavier Chisholm, Administrative Assistant.

Office of General Counsel: John Sawyer, Esq. and Joelle Dillard (*via Zoom*)

CALL TO ORDER: Chairman Gillam called to order the Downtown Investment Authority Board Meeting at 3:33 p.m.

IV. DOWNTOWN INVESTMENT AUTHORITY MEETING

A. SEPTEMBER 15, 2021 DOWNTOWN INVESTMENT AUTHORITY BOARD MEETING APPROVAL OF THE MINUTES.

Seeing no comments, Chairman Gillam called for a motion.

Motion: Board Member Worsham moved to approve the minutes as presented

Seconded: Board Member Citrano seconded the motion

Seeing no comments, Chairman Moody called for a vote.

Vote: Aye: 7 Nay: 0 Abstain: 0

THE MOTION PASSED UNANIMOUSLY 7-0-0

V. NEW BUSINESS

None.

VI. CEO INFORMATIONAL BRIEFING

CEO Boyer provided the following update:

- The One Riverside Ave legislation will be filed on Monday as an addendum
- Meeting with MOSH to present to the board a term sheet and disposition notice at the November meeting – expects to go through City council in December/January
- Significant interest from developers in the Ford on Bay courthouse site
- Progress is being made on the RiversEdge development (e.g, bulkhead, roadways, vertical development)
- 4 Seasons execution and implementation is in progress
- Project Manager position still open
- Sponsorship of ULI Excellence Award

Board Member Froats stated that the board is due for a Finance Committee meeting and noted that last year's audit has yet to be reconciled.

CEO Boyer stated that the City's annual financial audit report has not been completed. The new financial analyst is working to bring forth monthly reports and anticipated a Finance Committee meeting in the 4th quarter.

VII. CHAIRMAN REPORT

Chairman Gillam asked the board to bring forth organizations that would like to hear the DIA speak on downtown activity.

Chairman Gillam thanked DIA staff and provided closing remarks.

VIII. ADJOURN

ADJOURNMENT: There being no further business, Chairman Gillam adjourned the meeting at 3:51 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.B

RESOLUTION 2021-11-02: CENTRAL NATIONAL BANK BUILDING DPRP

RESOLUTION 2021-11-02

A RESOLUTION OF THE DOWNTOWN INVESTMENT AUTHORITY (“DIA”) RECOMMENDING THAT CITY COUNCIL APPROVE A DOWNTOWN PRESERVATION AND REVITALIZATION PROGRAM FORGIVABLE LOAN PACKAGE FOR RENOVATIONS TO THE CENTRAL NATIONAL BANK BUILDING LOCATED AT 404 N JULIA STREET (THE “PROPERTY”) PURSUANT TO A REDEVELOPMENT AGREEMENT WITH AXIS 404 JULIA, LLC (“AXIS 404”) OR ASSIGNS (“DEVELOPER”); FINDING THAT THE PLAN OF DEVELOPMENT IS CONSISTENT WITH THE DIA’S BUSINESS INVESTMENT AND DEVELOPMENT PLAN (“BID PLAN”) AND THE NORTH BANK DOWNTOWN AND SOUTHSIDE 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, Axis 404 is the owner of the Property and the building located on the Property has been designated local historic landmark 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 Central National Bank Building into 36 studio, one-bedroom, and two-bedroom, market rate, multifamily housing units and approximately 3,240 square feet of retail space; and

WHEREAS, the increased private capital investment totaling not less than \$14 million in real property will increase the county ad valorem tax base over the useful life of the assets, will increase the availability of units for Downtown residents and increase retail activity in the Central Core District of Downtown Jacksonville; and

WHEREAS, the Strategic Implementation Committee of the Downtown Investment Authority (“DIA”) met on November 12, 2021 to consider the term sheet and 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 \$5,814,697 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, Esq., Chair

Date

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

Exhibit A:

**DOWNTOWN PRESERVATION AND REVITALIZATION PROGRAM
 TERM SHEET**

**Central National Bank Building
 404 N. Julia Street, Jacksonville FL 32202**

Project: The project proposes the redevelopment of a historic property in the Central Core District of Downtown Jacksonville utilizing funding through the Downtown Preservation and Revitalization Program (“DPRP”).

The Central National Bank Building (“CNB”) located at 404 N. Julia Street, RE# 073802 0000, is a historic structure with three stories to be redeveloped with 36 residential units and a projected 5,769 square feet of gross commercial/retail space on the ground floor, including 3,240 sf of gross leasable space projected to be occupied by a fitness center.

Applicant / Borrower: Axis 404 Julia, LLC (Axis 404), a single purpose entity created by Augustine Development Group, George Bochis, CEO; Bryan Greiner, President

Total Development Costs (estimate): \$14,916,353

Underwritten Development Costs Used for DPRP Calculations: \$14,267,875

Equity (proposed): \$2,250,000 (15.8% of TDC as underwritten)

City Funding: No more than **\$5,814,697** (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	\$2,261,349	\$2,303,348	\$1,250,000	\$5,814,697

In combination, the HPRR Forgivable Loan, the CCR Forgivable Loan, and the DPRP Deferred Principal Loan are referred to as the DPRP Loans. At the funding level and structure proposed, the incentive structure and funding under the DPRP is subject to further approvals and funding commitment by the Jacksonville City Council.

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 Phase of the Project, although commercial tenants 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 (“REP”) to the extent such costs are directly attributable to space that would be occupied by the REP Applicant.

The broader project includes a new construction phase providing a REV Grant of \$4,450,000 and funding for garage spaces for the use of COJ JFRD totaling \$2,000,000 as detailed under Resolution 2021-10-03, and its Ex. A Term Sheet. None of that City funding, nor the related construction budgets and development costs, shall overlap or otherwise be comingled or included in funding of the subject DPRP request.

Minimums:

- A) The minimum Total Equity Capital contribution through completion to remain eligible for the maximum DPRP Funding as outlined is \$2,250,000.
- B) The minimum Total Development Costs for the Project is \$14,267,875, which may be reduced by a maximum of 15% overall to remain eligible for funding as approved.
- C) The minimum Total Construction Costs is \$9,920,625 and equals the total amount of the costs set forth in the budget submitted to the DIA. The minimum Total Construction Costs are further subject to each of the funding category minimums below:

DPRP Summary	TOTAL	CCR	HPRR
Exterior	\$ 2,928,530		\$ 1,491,398
Interior Restoration	\$ 137,500		\$ 103,125
Interior Rehabilitation	\$ 2,511,685		\$ 547,451
General Requirements	\$ 1,221,880		\$ 119,376
Code Compliance	\$ 3,111,130	\$ 2,303,348	
N/A	\$ 9,900		
Total:	\$ 9,920,625	\$ 2,303,348	\$ 2,261,349

- D) The minimum Total Construction Costs may be reduced by not more than 10% overall to remain eligible for funding as approved; however, such reduction requires pro rata reduction in the related DPRP Loans.
- E) Reduction of the Total Construction Costs within any funding category below the respective funding category minimum will require a pro rata reduction in the related DPRP Loans. Any reduction in the Total Construction Costs within any funding category below the respective funding category minimum of greater than 20% will require review and approval by DIA Staff to remain eligible for a DPRP Loan with respect to that funding category.
- F) Further, each funding category minimum as provided above also serves as the maximum dollar amount of expenditures that may be submitted for reimbursement, with respect to each funding category. No funding category minimum may be increased above the amount shown for funding reimbursement purposes under DPRP.

Performance Schedule:

- A) Execution of the Redevelopment Agreement and filing for construction permits necessary to commence construction to occur within 90 days of Bill Effective Date. .

- B) Commencement of Construction to occur within 30 days following 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, but not later than 6 months following the Effective Date of the Redevelopment Agreement. .
- C) Substantial Completion to be achieved within twenty-four (24) 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 such extension to the Commencement Date will have the same effect on the Substantial Completion Date.

Additional Commitments:

- A) The Developer commits to the development of:
 - 1. A minimum of 34 dwelling units.
 - 2. A minimum of 5,500 square feet of gross commercial/retail space on the ground floor, including 3,200 sf of gross leasable space
 - 3. 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. 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").
- B) Upon completion and request for funding, all work on the Property must be inspected by the Planning and Development Department or designee for compliance with the approved COA and application prior to funding under any DPRP loan component.
- C) Funding under the DPRP will be secured by a subordinate lien position on the Property behind any senior secured, third-party lender providing construction, mini-perm, or permanent financing.
- D) 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.
- E) The subject DPRP Loans shall cross-defaulted with the City REV Grant commitments on the New Construction phase of the development activity, to the extent commercially reasonable.
- F) As Axis 404 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.
- G) Standard claw back provisions will apply such that:
 - a) In the event the Borrower sells, leases or otherwise transfers the Historic Building during the first five (5) years after the disbursement of the Forgivable Loan, 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) 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, the full amount of such Forgivable Loan, together with all accrued but unpaid interest thereon, shall immediately become due and payable to the City by the Borrower.
- H) 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.
- I) The DPRP Deferred Principal Loan component requires an annual interest payment equal to the total principal outstanding multiplied by the prevailing Ten-Year Treasury Note Rate at the time such rate was set.
- J) 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.
- K) DIA reserves the right to approve any sale, disposition of collateral property, or refinance of senior debt during the DPRP Compliance Period.
- L) 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.
- M) Payment defaults, bankruptcy filings, or other material defaults during the DPRP loan period will trigger the right for the City of Jacksonville to accelerate repayment of 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.
- N) The property shall be rehabilitated and constructed in a manner materially consistent with all plans and specs submitted to and approved by the DIA, along with DDRB conditions and approvals, and conditions and approvals by other City, State, and National governmental departments and agencies.

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
CENTRAL NATIONAL BANK BUILDING DPRP – STAFF REPORT

CNB MULTIFAMILY HISTORIC COMPONENT

**Downtown Preservation and Revitalization Program
Staff Report for DIA BOARD
November 17, 2021**

Applicant: Axis 404 Julia, LLC (Augustine Development Group)
Project: CNB Multifamily Historic Component
Program Request: DPRP

Total Development Costs (as presented): \$14,916,353
Total Development Cost (as underwritten): \$14,267,875

	Historic Preservation, Restoration, and Rehabilitation Forgivable Loan (HPRR)	Code Compliance Forgivable Loan (CCR)	DPRP Deferred Principal Loan	TOTAL
TOTAL	\$2,261,349	\$2,303,348	\$1,250,000	\$5,814,697

The Project

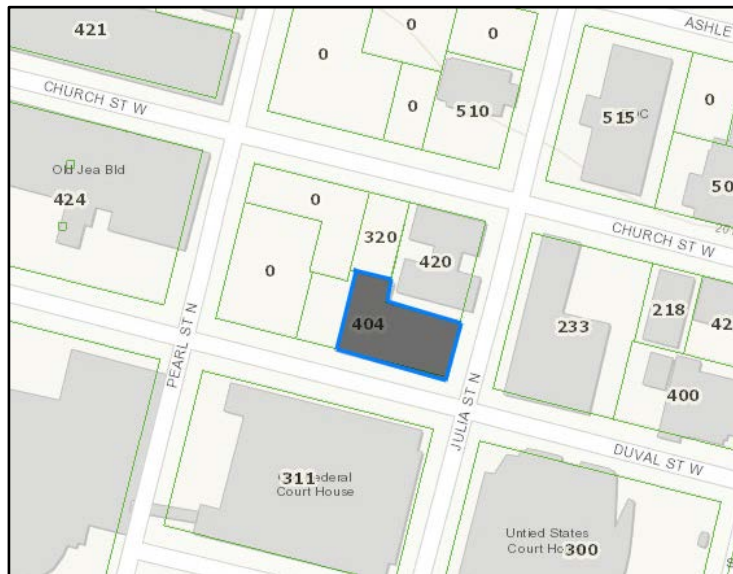
The owner/developer, Axis 404 Julia, LLC (“Axis”) is a Single Purpose Entity established by Augustine Development Group for the purpose of developing a 136-unit multifamily development including a structured parking garage with 450 proposed spaces.

The overall development plan is presented to DIA as two components. The subject of this Staff Report is the redevelopment of the historic Central National Bank (“CNB”) building proposed to provide 36-multifamily units and a projected 5,769 square feet of gross commercial/retail space on the ground floor, including 3,240 sf of gross leasable space proposed to be occupied by a membership fitness center. The new construction component including 103-units of new multifamily housing and a 450-space structured parking garage was presented and approved at the DIA Board meeting in October 2021. Construction of each building will be undertaken simultaneously as each component is integral to the function and operation of the overall development.



The architectural rendering above provides a depiction of how the finished development is to look upon completion including the historic component featured, and the new construction to the rear:

As noted previously, the parcel under development, is part of the larger development activities of Augustine Development group, which on the same block includes the Ambassador hotel. As shown by the shaded area in the map below, the CNB Building , the historic redevelopment component of the overall development plan, is found at 404 N Julia Street (RE# 073802-0000) at the corner with W. Duval Street, and the Ambassador Hotel is found at 420 N. Julia Street at the corner with W. Church Street. The new construction components will take place on the westerly portions of the block.



Historic Preservations Section Considerations:

From the Planning and Development Department, Historic Preservation Section:

The three-story masonry building at 404 North Julia Street was landmarked in 2020 via Ordinance 2020-0485-E. The structure was found to have met five (5) of the seven (7) designation criteria. Originally constructed in 1927 as the Jacksonville Chamber of Commerce Building with multiple storefronts at the street level, the structure was substantially redesigned for the Central National

Bank in 1957, when the interior was reworked, both the east and west street elevations were replaced with the current Mid-Century Modern Style design and drive-thru banking lanes were added exiting to Duval Street. In addition to its architectural significance for this later design, the structure is also significant for its association with a notable Florida architect, Edwin T. Reeder; its connection to downtown Jacksonville's post World War II development; and its suitability for preservation.

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).

The HPS review of the project was based on a submitted copy of the HTC part 2, which details existing conditions and proposed work scopes for the entire building through historic documentation, current photographs, existing/proposed plans, and written descriptions. At the time of this memorandum, no COA has been approved and only the SHPO has reviewed the project, so the HPS is providing a conditional conceptual approval.

Conditions:

- 1. The project shall receive approval of the work scope by the national Park Service (NPS) through the HTC part 2 and any subsequent amendments, confirming the project going forward meets the Secretary of the Interior Standards for Rehabilitation.*
- 2. Copies of the HTC part 2 approval, along with any follow-up amendment submittals and approvals by the NPS must be provided to the Historic Preservation Section (HPS) as soon as possible, but no less than two weeks prior to permitting those covered scopes of work, so that the HPS can verify that the work has been approved, permit plans have been revised as needed and any conditions are addressed in a COA per the DPRP Guidelines and landmark requirements.*

The conditional approval provided by HPS is consistent with the DPRP program guidelines, and conditional approval of the Part II application by the NPS, as well as finalization of the COA by HPS consistent with those requirements and conditions.

The Development Team

Augustine Development (George Bochis, CEO; Bryan Greiner, President) have redevelopment activity underway at the 100-room Ambassador Hotel (HPRTF Grant \$1.5 million), and the 140-unit, mixed-use, Independent Life building (HPRTF Grant \$3 million), as noted earlier. The principals report having completed 12 Storage projects, 18 Multifamily, 13 Retail, 4 Hotel, 2 Assisted Living, and 3 Warehouse projects in their history dating to 1970. Projects have ranged in size from 40,000 square feet to 200,000 square feet, or alternatively within Multifamily, 33-240 unit developments.

General Contractor

Jacksonville based Faver Gray Contracting, (James Gray, CEO and W. Keith Faver, President), is shown to be the GC on the project. Faver Gray reports having built in excess of projects in 15 states and 61 cities throughout the Southeast and other areas of the United States. Further, the firm is currently licensed in 21 states and has completed 37 multifamily projects (3.5 million square feet), 28 student housing projects (more than 9 million square feet), 627 senior living/healthcare beds (509 thousand square feet), and 1,885 hospitality units.

Architect

Dasher-Hurst Architects, Tom Hurst, AIA, Principal. A co-founding principal at Dasher Hurst Architects, Tom Hurst has a diverse, award-winning portfolio of work that includes commercial, hospitality, institutional, and residential structures. He is recognized as a leader in the field of historic preservation and adaptive reuse and has worked tirelessly to promote redevelopment efforts in downtown Jacksonville. Tom is active in the local chapter of the American Institute of Architects and is Past President (2013) of the Jacksonville Chapter. He is a Registered Architect and Interior Designer in Florida, a LEED® Accredited Professional, and a member of the National Trust for Historic Preservation.

DPRP Request and Structure:

To facilitate redevelopment of the property, Axis 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 CNB building is proposed to provide 36 units of multifamily housing ranging in size from 501-square feet (\$2.83 sf) to 1,980 square feet (\$1.87 sf). The composition of units is weighted towards studio style units (27 units), with five-1BR/1BA units, and four 2BR/2BA units.
- As reflected in the Developer's pro forma, the CNB historic component is expected to generate Effective Gross Income of \$610 thousand in its first full year of operation. Vacancy is modeled at 15% in year 1 dropping to 5% in subsequent years, and rent growth is calculated at 2.5% throughout the ten-year pro-forma.
- Other income is provided by lease revenue at \$20 sf for the 3,240-sf space totaling \$64,800 in year one and increasing to just over \$80,000 in year ten.
- Total operating expenses are estimated at approximately 30.5% of revenues initially, dropping to 26.4% by year ten.
- Management fee is modeled at 2.9-3.3% of Effective Gross Income.
- Replacement reserves are modeled at \$259 to \$310 per unit, per year.
- Net Operating Income is estimated to be \$424 thousand in the first year of stabilized operations providing debt service coverage of 1.3X and Yield on Cost of 2.84%. Over ten years, NOI improves to \$619 thousand providing debt service coverage of 1.9X and Yield on Cost of 4.15%.

Capital Considerations

- Total development costs as presented equals \$14,916,353, or \$431 sf for the acquisition costs and rehabilitation of the 34,610 square foot building. After an adjustment to the contingency budgeted (to equal 10% of each DPRP category), construction costs are lowered to \$14,267,875, or 412 sf.
- As found in the Sources and Uses for the development, acquisition cost is shown to be \$2 million, and supported by a settlement statement with the seller of the property.
- The tax assessed value of the property in 2021 is \$1,419,727, and documentation was provided to show all property taxes are current.
- Total equity to be injected is shown to be \$2,250,000; 15.8% of TDC, as underwritten.

- Senior debt on the development is shown to be \$4,973,704, or 34.9% of TDC. Modeled over 30 years at 5%, annual debt service is projected to equal an estimated \$324 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	\$2,261,349	\$2,303,348	\$1,250,000	\$5,814,697

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 \$2,250,000 (15.8% 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.

DPRP Modeling Parameters – CNB Bank Building

DRPR Summary

Total Construction Costs:	\$ 9,920,625
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Sources		
Federal Historic Tax Credit	\$ 1,229,475	8.6%
HPRR Forgivable Loan	\$ 2,261,349	15.8%
CCR Forgivable Loan	\$ 2,303,348	16.1%
DRPR Deferred Principal Loan	\$ 1,250,000	8.8%
Other COJ Funding		0.0%
1st Position Debt	\$ 4,973,704	34.9%
Owner Equity	\$ 2,250,000	15.8%
TOTAL SOURCES	\$ 14,267,875	100.0%

Uses		
Purchase Price	\$ 2,000,000	14.0%
Construction Costs	\$ 9,920,625	69.5%
A&E Costs	\$ 325,000	2.3%
Soft Costs	\$ 75,750	0.5%
Developer Fee	\$ -	0.0%
Real Estate Financing Costs	\$ 961,500	6.7%
Development Overhead	\$ 985,000	6.9%
TOTAL USES	\$ 14,267,875	100.0%

Maximum Funding Level	\$ 7,133,938
DRPR Funding	\$ 5,814,697

Measurement	DRPR Guidelines			Project
	% of TDC		Net of Developer Fee	
Developer Equity	10%	Min	of TDC	15.8%
3rd Party Loan			No min or max	34.9%
Subsidy or Tax Credit			No min or max	8.6%
Developer Combined	50%	Min	of TDC	59.2%
DRPR				
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	16.1%
DRPR Def Prin Loan	20%	Max	of TDC	8.8%
DRPR Def Prin Loan		Min	Must be ≥ 20% of Gap	21.5%
Other COJ Funding				0.0%
COJ Combined	50%	Max	of TDC	40.8%

As shown above, developer equity in the CNB Bank Building equals 15.8% of TDC, whereas equity plus third-party debt, and historic tax credits combined exceeds the minimum requirement of 50% of TDC, at 59.2%. Redevelopment of the property is proposed to be supported by a HPRR Forgivable Loan of \$2,261,349, a CCR Forgivable Loan of \$2,303,348, and a DPRP Deferred Principal Loan of \$1,250,000. 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.

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 1.5% is used providing interest payments of \$18,750 to the City annually.

Project ROI:

As shown by the model below, the project ROI on the City investment is 0.70X, which exceeds program requirements of 0.50X. The calculations are based on City benefits totaling \$4.1 million, based on ad valorem over 20 years, \$2.9 million (including 10 years of tax abatement on the incremental improvements for historic properties), Local Option Sales Tax drawn from projected retail sales, fitness center memberships, and lease payments of \$186 thousand, and payroll related sales tax considerations estimated at \$16 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, \$919 thousand.

\$14.3 Million in Capital Expenditures		
Ad Valorem Taxes Generated		
County Operating Millage	(1) \$	2,872,138
Local Option Sales Tax	(2) \$	92,913
Payroll	(3) \$	7,788
Add'l Benefits Provided	(4) \$	919,288
Total City Expected Benefits		\$ 4,079,628
Total City Investment	(5)	\$ 5,814,697
Return on Investment Ratio		0.70
(1) - The investment from the Company is estimated to be \$14.3 million in Capital Contribution for development and \$in taxable Tangible Personal Property		
(2) - Local Option Sales Tax is based on the revenue generated through retail sales, gym memberships, 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	\$	187,500
PV of the Repayment of the Deferred Principal Loan		\$731,788
Total Add'l Benefits Provided	\$	919,288
(5) - City Incentives as follows:		
DPRP	\$	5,814,697
Land	\$	-
Other	\$	-
Total Direct Incentives	\$	5,814,697

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.

TAB IV.C

RESOLUTION 2021-11-06: JOHNSON COMMONS ALLOCATION - STORMWATER

RESOLUTION 2021-11-06

A RESOLUTION OF THE DOWNTOWN INVESTMENT AUTHORITY (“DIA”) RE-ALLOCATING EIGHTY-EIGHT RESIDENTIAL UNITS PREVIOUSLY ALLOCATED TO VC 10 LAVILLA TOWNHOMES, LTD., TOGETHER WITH A NEW ALLOCATION OF THREE RESIDENTIAL UNITS, TEN THOUSAND SQUARE FEET OF COMMERCIAL/RETAIL/RESTAURANT, MOBILITY FEE CREDITS IN AN AMOUNT OF \$74,570.00, AND THE SALE OF UP TO FOUR CREDIT ACRES OF SURPLUS WATER QUALITY COMPENSATORY CREDITS TO JOHNSON COMMONS, LLC FOR USE ON CERTAIN PROPERTY IDENTIFIED BY DUVAL COUNTY TAX PARCELS 074830 0100, 074828 0100, AND 074845 0000 (COLLECTIVELY THE “PROPERTY”); FINDING THAT THESE ALLOCATIONS FURTHER THE BUSINESS INVESTMENT AND DEVELOPMENT PLAN AND THE RECOMMENDATIONS WITHIN THE LAVILLA NEIGHBORHOOD DEVELOPMENT STRATEGY; AUTHORIZING THE DIA CHIEF EXECUTIVE OFFICER TO EXECUTE ANY CONTRACTS AND DOCUMENTS AND OTHERWISE TAKE ALL NECESSARY ACTION IN CONNECTION THEREWITH TO EFFECTUATE THE PURPOSES OF THIS RESOLUTION; PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, pursuant to Ordinance 2014-0560-E, the DIA is the “Master Developer” with respect to the Consolidated Downtown Development of Regional Impact (“DRI”) Development Order; and

WHEREAS, via adoption of Resolution 2020-02-11, the DIA allocated eighty-eight (88) residential units to VC 10 LaVilla Townhomes, Ltd. as part of a previous Notice of Disposition for the Property; and

WHEREAS, VC 10 LaVilla Townhomes, Ltd. elected to forego developing the Property, resulting in a new Notice of Disposition being issued and subsequently awarded to Johnson Commons, LLC; and

WHEREAS, the DIA, the City and Johnson Commons, LLC, entered into a Redevelopment Agreement dated October 19, 2021, which included a development plan of ninety-one townhome units and ten thousand square feet of commercial/retail/restaurant; and

WHEREAS, the DIA desires to re-allocate the eighty-eight residential units previously allocated to VC 10 LaVilla, Ltd., to Johnson Commons, LLC, together with three additional residential units and ten thousand square feet of commercial/retail/restaurant development rights; and

WHEREAS, the DIA finds that the proposed development furthers Business Investment and Development Plan and the LaVilla Neighborhood Development Strategy; and

WHEREAS, the DIA finds that its intent in entering into the aforementioned agreement was to convey Mobility Fee Credits in an amount that corresponds to the allocation of three additional residential units and ten thousand square feet of commercial/retail/restaurant pursuant to the Mobility Fee Contract entered into by the DIA and the City; and

WHEREAS, the aforementioned Redevelopment Agreement specifically instructs the DIA by Resolution to consider the sale of stormwater credits in an amount necessary for the project,

NOW THEREFORE, BE IT RESOLVED, by the Downtown Investment Authority

Section 1. The DIA finds that the recitals set forth above are true and correct and are incorporated herein by this reference.

Section 2. The DIA finds that this Resolution 2021-11-06 is consistent with and in furtherance of the Business Investment and Development Plan and the North Bank Downtown and Southside Community Redevelopment Area Plans adopted as part of the Business Investment and Development Plan, specifically:

Redevelopment Goal 2: Increase rental and owner-occupied housing Downtown, targeting key demographic groups seeking a more urban lifestyle.

Strategic Objectives:

- Actively pursue a minimum of 3,850 built and occupied multi-family dwelling units by 2025; and strive to induce construction of 350 multi-family dwelling units per year; and
- Leverage land contributions, infrastructure investments, incentive grants, and low interest loans,

Section 3. The DIA finds that the proposed development furthers the LaVilla Neighborhood Development Strategy, which, in part, calls for the DIA to, *“Introduce fee-simple products in the form of townhomes and other attached unit types in order to offer greater ownership opportunities.”*

Section 4. The DIA re-allocates up to eighty-eight (88) residential units, allocates three (3) additional residential units, and allocates ten thousand (10,000) square feet of commercial/retail/restaurant to Johnson Commons, LLC for use on the Property.

Section 5. The DIA allocates up to \$74,570 of Mobility Fee Credits, representing corresponding mobility fees for three residential low-rise units and ten thousand square feet of commercial/retail/restaurant to Johnson Commons, LLC for use on the Property.

Section 6. The DIA authorizes the sale by the City of up to four (4) credit acres of Surplus Water Quality Compensatory Credits at an estimated per-acre cost of \$34,948.25 to Johnson Commons, LLC for application on the Property.

Section 8. Should Johnson Commons, LLC fail to meet the terms of their Redevelopment Agreement or should the Redevelopment Agreement expire or otherwise be terminated, this Resolution and the allocation of development rights, including the re-allocation of eighty-eight residential units, together with the allocation of Mobility Fee Credits and the commitment to sell Surplus Water Quality Compensatory Credits shall be null and void without further action by the City or by the DIA.

Section 9. The DIA Board instructs its Chief Executive Officer to take all necessary action in furtherance of purposes of this Resolution.

Section 10. This Resolution 2021-11-06 shall become effective on the date it is signed by the Chair of the DIA Board.

WITNESS:

DOWNTOWN INVESTMENT AUTHORITY

Braxton Gillam, Esq., Chairman

Date

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