

RESOLUTION 2015-11-02

A RESOLUTION OF THE DOWNTOWN INVESTMENT AUTHORITY (“DIA”) REQUESTING LEGISLATION AUTHORIZING THE MAYOR AND CORPORATION SECRETARY TO TAKE THE FOLLOWING TWO ACTIONS REGARDING A PROJECT ON 20 WEST ADAMS STREET: 1) APPROVE A DOWNTOWN HISTORIC PRESERVATION AND REVITALIZATION TRUST FUND GRANT AGREEMENT BETWEEN THE CITY OF JACKSONVILLE AND 20 WEST ADAMS STREET DEVELOPMENT, LLC, AND 2) APPROVE A REDEVELOPMENT AND INCENTIVE AGREEMENT BETWEEN THE DOWNTOWN INVESTMENT AUTHORITY (“DIA”) AND FLORIDA STATE COLLEGE AT JACKSONVILLE (“FSCJ”) FOR TWO SUBSIDIZED LOANS; AUTHORIZING THE CEO OF THE DIA TO NEGOTIATE THE AGREEMENTS; AUTHORIZING THE CEO OF THE DIA TO EXECUTE THE GRANT AGREEMENT AND THE REDEVELOPMENT AND INCENTIVE AGREEMENT; FINDING THAT THE PROJECT IS CONSISTENT WITH THE DIA’S BUSINESS INVESTMENT AND DEVELOPMENT PLAN (“BID PLAN”); PROVIDING AN EFFECTIVE DATE.

WHEREAS, 20 West Adams Street Development, LLC, (the “Developer”) proposes to redevelop the Lerner Building located at 20 West Adams Street. The Developer proposes to redevelop the building into a mixed use building consisting of student housing providing approximately 60 beds and approximately 5,500 square feet of first floor of retail space. Collectively the project will result in the investment of approximately \$6.2 million for the restoration, preservation, and construction of the building and associated improvements; and

WHEREAS, the reuse of the building as 60 beds of student housing and approximately 5,500 sq. ft. of retail space will place back into service a vacant building in the urban core of Downtown Jacksonville; and

WHEREAS, the increased private capital investment totaling \$6.2 million in real property will increase the county ad valorem tax base over the useful life of the assets; and

WHEREAS, to assist completing the Project, the adaptive reuse of this historic landmark in Downtown Jacksonville will require approximately \$1,200,000 in financial assistance from the City of Jacksonville; and

WHEREAS, the DIA supports the project receiving up to \$600,000 in grant funds from the Downtown Historic Preservation and Revitalization Trust Fund (the “HPTF”). The grant will help to pay for the exterior façade restoration and the preservation of historically significant interior features of the building which are authorized purposes pursuant to Sec. 111.910(e), *Ordinance Code*, and the cost estimate for these improvements is \$3,362,000; and

WHEREAS, the DIA also supports funding two subsidized loans to FSCJ in an amount in total not to exceed \$600,000 (the “Credit Facilities”); each with a five (5) year term, the first to run from Fiscal Year 2017 through 2021, and the second to run Fiscal Year 2022 through 2026. The Credit Facilities shall be funded in ten (10) annual draws of no more than \$60,000 each, and described in more detail in the attached Term Sheet **attached hereto as Exhibit “A”**; and

WHEREAS, the DIA supports funding the two subsidized loans to FSCJ from the Downtown East Tax Increment Trust Fund to facilitate rental and operation of the student housing by FSCJ; and

WHEREAS, the DIA is authorized pursuant to Section 55.308, *Ordinance Code* (Economic Development) of the City, contingent upon City Council and Mayoral approvals, to utilize the Tax Increment Finance District Trust Funds to foster the redevelopment of the Downtown Northbank Community Redevelopment Area; and

WHEREAS, the proposed DIA Loans and the Historic Preservation Grant incentives are a material factor in assisting Developer and FSCJ in redeveloping the vacant and deteriorating building within the Northbank of downtown, 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 finds that the project is supported by the following Goal and Strategic Objective of the BID Plan:

A. Strategic Goal:

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

B. The following strategic objective:

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 beds per year.

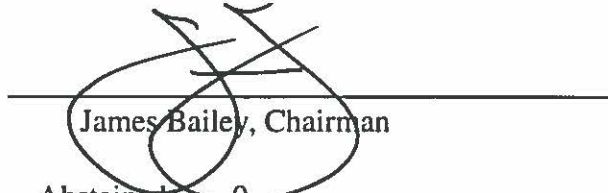
Section 3. Authorizing the CEO of the DIA to submit legislation to the Jacksonville City Council for the HPTF Grant funding and Credit Facilities funded from the Downtown East TIF District Trust Fund.

Section 4. Authorizing the CEO of the DIA to negotiate and execute the HPTF Grant Agreement, and the Redevelopment and Incentive Agreement for two subsidized loans, the terms of which are outlined in **Exhibit "A."**

Section 5. The Effective Date of this Resolution is the date upon execution of the Resolution by the Chairman of the DIA.

WITNESS:

DOWNTOWN INVESTMENT AUTHORITY


James Bailey, Chairman

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

FORM APPROVAL:

Office of General Counsel

TERM SHEET

Parties: The parties to this Term Sheet are: 1) 20 West Adams Street Development, LLC, 2) Florida State College at Jacksonville, and 3) City of Jacksonville Downtown Investment Authority

Project Name: 20 West Adams Street

Project Background: The parties desire to forge a relationship whereby the Developer renovates a facility to provide student housing under a Master Lease Agreement with financial assistance provided by the City of Jacksonville Downtown Investment Authority.

Developer/ Applicant: 20 West Adams Street Development, LLC (Owned and Guaranteed by E. Profit)

Total Development Costs ("TDC") (estimate): \$6,200,000

Sources of Funds:

Equity (proposed): \$2,711,254 (43.7% of TDC)

Owner's Equity: \$600,000

Historic Tax Credit Partner's Equity: \$884,254

Investor's Equity: \$1,227,000 (in the Form of previous owners contribution to the new Limited Partnership, consists mostly of the current value of the land and building)

Debt (proposed): \$ 2,888,746 (46.5% of TDC) from Presidential Bank

City Funding (proposed): \$600,000 (9.6% of TDC) HPTF Grant.

City Funding: No more than **\$1,200,000** (through the City of Jacksonville Downtown Investment Authority) as follows:

Infrastructure: No City of Jacksonville infrastructure improvements are contemplated.

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

REV Grant: No REV Grant from the City of Jacksonville is contemplated by the project.

Grants: **Up to \$600,000** from the Downtown Historic Preservation and Revitalization Trust Fund to 20 West Adams Street Development, LLC. The grant would be drawn down during construction on a pro rata basis with the construction loan fund.

Loans: **Up to \$600,000** in Loans described as follows:

No more than \$600,000 from the Northbank Tax Increment Finance Trust Fund, split evenly into two Notes.

The first Note will have a 0.00% interest rate with a term of 5 years. The Note will provide a drawdown facility to Florida State College of Jacksonville to cover costs associated with the operation of the project space as student housing. The Note will be taken down in annual increments from Fiscal Year 2017 through 2021. The annual amounts shall be based upon the master lease rate the College pays to the building owner, the operating expenses of the building owner, and any revenues the College receives from room rentals, incidental revenue, or net revenue (before taxes, insurance, interest, and depreciation) on the retail space (an approx. 4,600 sq. ft. restaurant). No annual drawdown amount shall exceed \$60,000, with a maximum outstanding balance of \$300,000. The annual drawdown amount shall be subject to review and verification by the DIA or their authorized agent. The drawdown facility will be provided to FSCJ, solely for the use on this project and for the Building to be used as Student Housing. The Note may be forgiven, in part or in whole, by the DIA Board, at its sole discretion.

The second Note will contain the same provisions as the first Note, except that it will commence in Fiscal Year 2022 and conclude in 2026. The College may request forgiveness on the first Note at the end of the five year term without affecting the second Note. A request for forgiveness on the second Note would be a separate request made at the end of term in 2026. The College's repayment of each Note is subject to annual appropriation by the College's Board of Trustees, which shall not be unreasonably withheld.

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

All terms contained within this Term Sheet are contingent upon the successful commitment and closing of all Historic Rehabilitation Tax Credit Agreements. All terms contained within this Term Sheet are also contingent upon the Commitment of the Developer's Equity, and Debt Financing.

These proposed financial terms are subject to the approval of the Downtown Investment Authority and the City of Jacksonville.

There will be additional terms, conditions, rights, responsibilities, warranties and obligations for both parties shall be determined in a later negotiated mutually agreeable written contract (or multiple written contracts as is deemed necessary). Failure to agree upon and execute a written contract (or contracts) for these proposed financing terms, and any additional terms which have been agreed upon, by the expiration date of this Term Sheet will result in the nullification all obligations of all parties.

This Term Sheet expires and becomes void upon 12/1/2015.

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

Aundra C. Wallace its CEO

Accepted on behalf of 20 West Adams Street Development, LLC by:

Print Name:

Its (print Officer Title): _____

Accepted on behalf of Florida State College at Jacksonville by:

Print Name:

Its (print Officer Title): _____