

1 Introduced by the Council President at the request of the Mayor:
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4 **ORDINANCE 2019-738**

5 AN ORDINANCE APPROVING AND AUTHORIZING THE
6 EXECUTION AND DELIVERY OF A LIEN SUBORDINATION
7 AGREEMENT AMONG THE CITY OF JACKSONVILLE
8 ("CITY"), BREEZE HOMES, LLC, AND LOCAL
9 INITIATIVES SUPPORT CORPORATION ("LISC") IN
10 CONNECTION WITH THE REDEVELOPMENT,
11 REHABILITATION AND IMPROVEMENT OF THE VACANT
12 PROPERTY LOCATED AT 5809 TROUT RIVER BOULEVARD,
13 REAL ESTATE NUMBER 021161-0000, ("PROPERTY") TO
14 AUTHORIZE A SUBORDINATION OF THE CITY OF
15 JACKSONVILLE'S DEMOLITION AND NUISANCE LIENS
16 TO ALLOW BREEZE HOMES TO OBTAIN THE NECESSARY
17 FINANCING FROM LISC TO CONSTRUCT AND INSTALL
18 NEW WATER UTILITY PIPES AND LINES SYSTEMS ON
19 THE SUBJECT PROPERTY; MAKING CERTAIN FINDINGS;
20 ACCEPTING THE IRREVOCABLE LETTER OF CREDIT
21 ISSUED BY FIRSTATLANTIC BANK IN FAVOR OF THE
22 CITY OF JACKSONVILLE, AS BENEFICIARY, IN THE
23 AMOUNT OF \$145,418.00 IN THE EVENT OF DEFAULT
24 BY BREEZE HOMES, LLC; PROVIDING AN EFFECTIVE
25 DATE.

26
27 **WHEREAS**, on April 9, 2019, the Jacksonville City Council
28 enacted Ordinance No. 2019-172-E which authorized an Agreement to
29 Settle Demolition and Nuisance Liens among the City of
30 Jacksonville, Trout River Opportunity Fund, Corner Lot Development
31 Group, LLC and Breeze Homes, LLC and Trout River Opportunity Fund,

1 LLC (collectively the "Developer"); and

2 **WHEREAS**, the primary purpose of the Agreement is to allow the
3 Developers to rehabilitate the property located at 5809 Trout River
4 Boulevard, Real Estate Number 021161-0000 (the "Property") by
5 constructing and installing a new water utility pipe and line
6 system on the Property as well as additional improvements to
7 include, but are not limited to, tree clearing, earthworks,
8 drainage pipe and roads, etc., (the "Project"); and

9 **WHEREAS**, Breeze Homes has applied for a loan with LISC to
10 finance the Project; and

11 **WHEREAS**, LISC, as a condition for extending a loan to Breeze
12 Homes, requires that its Mortgage lien be superior to the City of
13 Jacksonville's demolition and nuisance lien interests; and

14 **WHEREAS**, in order to induce the City to subordinate its lien
15 interests, Breeze Homes obtained an Irrevocable Letter of Credit
16 issued by FirstAtlantic Bank on August 13, 2019, in the amount of
17 \$145,418.00 in favor of the City; and

18 **WHEREAS**, the Irrevocable Letter of Credit serves as the City's
19 remedy in the event of default or noncompliance by Breeze Homes;
20 and

21 **WHEREAS**, it is in the interest of the City to enter into a
22 Lien Subordination Agreement, and approve of and adopt the matters
23 set forth in this Ordinance; now, therefore,

24 **BE IT ORDAINED** by the Council of the City of Jacksonville:

25 **Section 1. Findings.** It is hereby ascertained,
26 determined, found and declared as follows:

27 (a) The recitals set forth herein are true and correct.

28 (b) The authorizations provided by this ordinance are for
29 public uses and purposes for which the City may use its powers as a
30 county/municipality and as a political subdivision of the State of
31 Florida and may expend public funds, and the necessity in the

1 public interest for the provisions herein enacted is hereby
2 declared as a matter of legislative determination.

3 (c) This Ordinance is adopted pursuant to the provisions of
4 Chapters 125, 163 and 166, Florida Statutes, as amended, the City's
5 Charter, and other applicable provisions of law.

6 **Section 2. Lien Subordination Agreement Approved.** The
7 Council hereby approves the Lien Subordination Agreement (the
8 "Agreement") between the City, Breeze Homes, LLC and Local
9 Initiatives Support Corporation in substantially the form as has
10 been placed **On File** with the Legislative Services Division. The
11 Mayor, or his designee, and the Corporation Secretary, on behalf of
12 the City, are hereby authorized (1) to execute and deliver, for and
13 on behalf of the City, the Agreement (with such "technical changes"
14 as herein authorized) and all such other documents, necessary or
15 appropriate to effectuate the purpose of this ordinance and (2) to
16 take, or cause to be taken, for and on behalf of the City, such
17 further action to effectuate the purpose of this Ordinance. The
18 Agreement may include such additions, deletions and changes as may
19 be reasonable, necessary and incidental for carrying out the
20 purposes thereof, as may be acceptable to the Mayor, or his
21 designee, with such inclusion and acceptance being evidenced by
22 execution of the Lien Subordination Agreement by the Mayor, or his
23 designee. No modification to the Agreement may increase the
24 financial obligations or liability of the City to an amount in
25 excess of the amount authorized by this ordinance, and any such
26 modification shall be technical only and shall be subject to
27 appropriate legal review and approval by the Office of General
28 Counsel. For purposes of this Ordinance, the term "technical
29 changes" is defined as those changes having no financial impact
30 including, but not limited to, changes in legal descriptions or
31 surveys, ingress and egress, easements and rights of way, schedule

1 of performance and development, design standards, access and site
2 plan.

3 **Section 3. Direction to Authorized Official/Finance and**
4 **Administration Department as Contract Monitor.** The Mayor is
5 designated as the authorized official of the City for the purpose
6 of executing and delivering any contracts and documents and
7 furnishing such information, data and documents for the Agreement
8 as may be required and otherwise to act as the authorized official
9 of the City in connection with the Agreement, and is further
10 authorized to designate one or more other officials of the City to
11 exercise any of the foregoing authorizations and to furnish or
12 cause to be furnished such information and take or cause to be
13 taken such action as may be necessary to enable the City to
14 implement the Agreement according to its terms. The Finance and
15 Administration Department is required to coordinate, administer and
16 monitor the Agreement, and to handle the City's responsibilities
17 thereunder, including the City's responsibilities under the
18 Agreement working with and supported by all relevant City
19 departments and state agencies.

20 **Section 4. Acceptance of Irrevocable Letter of Credit No.**
21 **2630982334.** In the event of default or noncompliance, the City
22 hereby accepts the Irrevocable Letter of Credit No. 2630982334
23 dated August 13, 2019, in the amount of \$145,418.00 issued by
24 FirstAtlantic Bank to the City of Jacksonville as Beneficiary and
25 on behalf of Breeze Homes, LLC as Borrower. A copy of the
26 Irrevocable Letter of Credit is attached as **Exhibit 1**. In the event
27 of a default, the Council hereby authorizes the Mayor or his
28 designee to perform any acts necessary to collect funds pursuant to
29 the Irrevocable Letter of Credit No. 2630982334 according to its
30 terms.

31 **Section 5. Effective Date.** This Ordinance shall become

1 effective upon signature by the Mayor or upon becoming effective
2 without the Mayor's signature.

3 Form Approved:

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5 /s/Cherry Shaw Pollock

6 Office of General Counsel

7 Legislation Prepared By: Cherry Shaw Pollock

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