

RESOLUTION 2021-03-01

A RESOLUTION OF THE DOWNTOWN INVESTMENT AUTHORITY (“DIA”) APPROVING A DOWNTOWN PRESERVATION AND REVITALIZATION PROGRAM TERM SHEET AND RECOMMENDING THAT CITY COUNCIL APPROVE A DOWNTOWN PRESERVATION AND REVITALIZATION PROGRAM FORGIVABLE AND DEFERRED PRINCIPAL LOAN PACKAGE WITH LAURA TRIO, LLC, FOR RENOVATIONS TO THOSE THREE BUILDINGS COLLECTIVELY REFERRED TO AS THE “LAURA TRIO” AND INDIVIDUALLY KNOWN AS THE FLORIDA NATIONAL BANK BUILDING, THE BISBEE BUILDING AND THE FLORIDA LIFE INSURANCE BUILDING; 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, Laura Trio, LLC, is the owner of three (3) historic buildings collectively referred to as the “Laura Street Trio” and individually known as the Florida National Bank Building, the Bisbee Building and the Florida Life Insurance Building”; and

WHEREAS, Laura Trio, LLC proposes to renovate and restore these historic landmarks for repurposing as a mixed-use hotel and retail development; and

WHEREAS, per section 55.301, Jacksonville Code of Ordinances, the Downtown Preservation and Revitalization Program (“DPRP”), this program is intended “to foster the preservation and revitalization of unoccupied, underutilized, and/or deteriorating historic, and qualified non-historic, buildings located in downtown Jacksonville. The DPRP is designed to serve historic projects applying for in excess of \$100,000, and non-historic code compliance projects”; and

WHEREAS, the DIA is authorized by section 55.302, Jacksonville Code of Ordinances, to develop and administer the DPRP pursuant to Chapter 55, Part 3, Jacksonville Code of Ordinances; and

WHEREAS, the “Laura Trio” is located within the DIA boundaries; and

WHEREAS, the DIA finds that this resolution is in furtherance of Redevelopment Goals and Strategic Objectives as adopted as part of the North Bank Downtown and Southside Community Redevelopment Area Plans,

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

- Increase the opportunities for Downtown employment.
- Protect and revitalize historic assets.
- Support expansion of entertainment and restaurant facilities.
- Increase venues, workspaces, and residential opportunities with a focus on the Target Area.
- Create a consistent theme and image that conveys a sense of the excitement and activity Downtown.

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

- Create a mixture of uses so that housing, activities, retail and other businesses are within useful walking distance.
- Plant street trees, using varieties that will provide shade.
- Identify potential neighborhood nodes where housing can be built in close proximity to residential amenities such as groceries and neighborhood services; focus on improvements that will foster walkability in these areas.
- Throughout Downtown and particularly in neighborhood nodes, 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.

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 Term Sheet attached hereto as Exhibit 'A'.

Section 3. The DIA recommends that City Council authorize through adoption by ordinance an Historic Preservation, Restoration and Rehabilitation Forgivable Loan of \$9,377,766; a Code Compliance Forgivable Loan of \$10,016,699; and a Downtown Preservation and a Revitalization Deferred Principal Loan of \$5,279,835 to Laura Trio, LLC, for renovation and rehabilitation of the "Laura Trio."

Section 4. 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 5. 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

X3 [Signature]

[Signature]
Ron Moody, Chairman

3/17/21
Date

VOTE: In Favor: 9 Opposed: 0 Abstained: 0

Exhibit A:

**DOWNTOWN PRESERVATION AND REVITALIZATION PROGRAM
TERM SHEET**

**THE LAURA TRIO
SOUTHEAST DEVELOPMENT GROUP, LLC**

Historic Florida National Bank Building (1902) - 51 W. Forsyth Street
Historic Bisbee Building (1909/1910) - 47 W. Forsyth Street
Historic Florida Life Insurance Building (1912) - 117 N. Laura Street
Vacant Land Parcels: RE # 073687-0000, RE # 073688-0000
Total Area: 1.02 Acres / 44,431 SF

Project: The project comprises the redevelopment of three historic properties in the Central Core District of Downtown Jacksonville utilizing funding through the Downtown Preservation and Revitalization Program (“DPRP”). Additional development activity calls for the construction of a new building that is integral to the proposed combined use as a Marriott Autograph Hotel, and a second structure, the “circulation core” that will tie each of these buildings together to function as a single operating venture.

1. Historic Florida National Bank Building (Constructed in 1902) - 51 W. Forsyth Street: 2 stories plus a basement, 18,216 square feet total. Plans call for redevelopment with a 7,442 square foot private dining/wine cellar space in the basement, a 7,069 square foot restaurant on the first floor with additional 3,615 square feet of restaurant operating space on the mezzanine level.
2. Historic Bisbee Building (Constructed in 1909/1910) - 47 W. Forsyth Street: 10 stories, 42,333 square feet total. To be redeveloped with mechanical operations in the basement, a 4,401 square foot retail bodega on the ground floor, 4,401 square foot conference center on the second floor, and 8 floors of 4,401 square feet each to provide 7 hotel rooms on each floor (56 rooms total).
3. Historic Florida Life Insurance Building (Constructed in 1912) - 117 N. Laura Street: 11 stories plus a basement, 26,803 square feet total. To be redeveloped with a 2,548 media theater in the basement, 2,205 square foot lobby/business center on the ground floor, 2,205 square foot fitness/media center on the second floor, and eight floors of 2,205 square feet each to provide 4 hotel rooms on each floor, and the 11th floor, 2,205 square feet to provide 3 hotel rooms (35 rooms total).
4. Laura St. Addition (New Construction) – Seven occupied stories with 8,843 square feet of retail space on the ground floor, and six floors of 4,650 square feet providing 9 hotel rooms per floor. A 4,650 square foot roof top bar will be constructed on the eighth floor.
5. Circulation core (New Construction) – Eleven floors with 2,012 of additional lobby space on the first floor, and ten floors of 1,675 square feet for circulation between each building.

Developer/ Applicant / Borrower: Laura Trio, LLC
Southeast Development Group, LLC
Mr. Steve Atkins, Managing member

Total Development Costs (estimate): \$70,482,434
Net TDC Used for DPRP Calculations: \$61,685,749
Equity (Net of Developer/Management fee): \$6,802,635
(10.2% of Net TDC)

City Funding: No more than **\$24,674,300** (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 | \$9,377,766 | \$10,016,699 | \$5,279,835 | \$24,674,300 |

At this level, the incentive structure and funding under the DPRP will be subject to further approval and appropriation by the Jacksonville City Council. Appropriation will not be requested prior to the fiscal year that completion of construction may be reasonably projected.

Infrastructure: No City of Jacksonville infrastructure improvements are contemplated.

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

Loans: No other loans, grants, or other funding from the City of Jacksonville are contemplated for this project, although commercial tenants 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 Food and Beverage, Retail Enhancement Program (“FAB-REP”) to the extent such costs are directly attributable to space that would be occupied by the FAB-REP Applicant.

Minimum Capital Contribution:

- A) The minimum total equity capital contribution through completion, excluding Developer/Management Fees, to remain eligible for the maximum DPRP Funding as outlined is \$6,800,000.
- B) The minimum Total Development Cost for the Project (excluding Developer Fees) on a combined basis to remain eligible for maximum funding as proposed is \$66,982,434.

Note: This is the minimum for maximum funding as applied for and underwritten. The Projects may be eligible for funding at lower levels subject to maintaining compliance with DPRP Guidelines. Downward revisions to the adjusted Total Development Cost in excess of 10%, and the related adjustments to capital structure including the DPRP loan amounts, require reapproval by the DIA Board.

- C) Percent of COJ investment to overall project cost: $\$24,674,300 / \$70,482,434 = 35.0\%$
- D) Percent of COJ investment to underwritten project cost: $\$24,674,300 / \$66,982,434 = 36.8\%$

Performance Schedule:

- A) Execution of Redevelopment Agreement within thirty (30) days of City Council Approval and Bill Effective Date
- B) Developer to receive approval on the Part 2 application from the National Park Service (“NPS”) within one year from the application filing date.
- C) Application for final approval from DDRB to be made within 60 days of receiving final Part 2 approval from NPS.
- D) Application for Building Permit from the COJ Building Inspection Division within sixty (60) days following final approval from DDRB (including Part 2 approval from NPS).
- E) Commencement of Construction within ninety (90) days following receipt of final Building Permit(s) needed from the COJ Building Inspection Division. Commencement of Construction means:
 - 1) As reasonably can be considered necessary so that physical construction of the eligible Project (or any applicable phase thereof) may begin and proceed to completion without foreseeable interruption:
 - a) Completion of all pre-construction engineering and design,
 - b) All necessary licenses, permits, and governmental approvals,
 - c) Engagement of all contractors,
 - d) Ordered essential equipment and supplies; and,
 - 2) Financial commitments and resources to complete the construction of the project; and,
 - 3) Evidence of having “broken ground” and begun physical, material renovation and construction of such improvements on an ongoing basis without any Impermissible Delays.
- F) Substantial Completion: Within thirty-six (36) months following commencement of construction as defined above.
- G) 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.

Additional Commitments:

- A) The Developer commits to the development of:
 - 1. A minimum of 140 hotel rooms.

2. A minimum of 21,000 square feet of restaurant/lounge space open to the general public which may include outdoor/rooftop space.
 3. 8,000 square feet of retail space, open to the general public.
- B) Recommendation as to the eligibility of the approved scope of work on the Properties by the Historic Preservation Section of the COJ Planning and Development Department shall be required prior to DIA Board approval of any program funding. Such recommendation by the Planning and Development Department may be conditional on further review and approvals by the State Historic Preservation Office (“SHPO”) and/or the National Park Service (“NPS”), which must be received prior to closing.
- C) Upon completion and request for funding, all work on the Properties must be inspected by the Historic Preservation Section of the Planning and Development Department or designee for compliance with the approved application prior to funding under any DPRP loan component.
- D) Funding under the DPRP will be secured by a stand-alone, subordinate lien position on each property behind any senior secured, third-party lender providing construction, mini-perm, or permanent financing.
- E) Each DPRP Forgivable Loan or Deferred Principal Loan will be cross-collateralized, and cross-defaulted with one another.
- F) Payment defaults, or other defaults that trigger legal actions against the Applicant that endanger the lien position of the City, shall also be a default on the subject facilities.
- G) As Developer 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 or the loan agreements.
- H) 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 the Grant, together with all accrued but unpaid interest thereon, shall immediately become due and payable to the City by the Borrower.

- c) Transfer of ownership by substitution of the controlling interest in the Managing Member is considered a transfer or sale and is subject to the same claw back provisions as a liquidation or refinance.
- I) Funding in the amount of the DPRP Deferred Principal Loan component will have a stated maturity date of ten years from the Funding Date. The loan balance is due in full upon maturity, sale, or refinancing of the property prior to maturity subject to terms of the disposition and value of the property at the time of such event.
- J) The DPRP Deferred Principal Loan component requires an annual interest payment equal to the total principal outstanding multiplied by the prevailing Ten-Year Treasury Note Rate at the time of funding.
- K) Partial Principal reductions on the DPRP Deferred Principal Loan may be made after the fifth anniversary with no prepayment penalty; however, a minimum of 50% of the initial loan balance must remain outstanding through the loan maturity date unless the Property or Properties are sold or refinanced during that period, subject to DIA approval.
- L) All loan components pursuant to the Redevelopment Agreement will be secured by a subordinate-lien position on the real property behind any senior secured, third-party lender providing construction, mini-perm, or permanent financing.
- M) DIA reserves the right to approve any sale, disposition of collateral property, substitution of equity, substitution of collateral, or refinance of senior debt during the DPRP Compliance Period and such approval shall not be unreasonably withheld.
- N) 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.
- O) Payment defaults, bankruptcy filings, or other material defaults during the DPRP loan period will trigger the right for the City of Jacksonville to accelerate all amounts funded and outstanding under any or all programs at such time, plus a 20% penalty of any amounts amortized or prepaid prior to that date.

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