

1 Introduced by the Council President at the request of the DIA and
2 amended by the Finance Committee:

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5 **ORDINANCE 2023-313-E**

6 AN ORDINANCE AMENDING THE CITY'S FISCAL YEAR
7 2022-2023 BUDGET BY APPROPRIATING
8 \$12,335,677.55 TO REFLECT THE ELIMINATION OF
9 ANTICIPATED LOAN REPAYMENT REVENUE TO THE
10 DOWNTOWN INVESTMENT AUTHORITY AND THE BUDGETED
11 REPAYMENT FROM DIA TO THE SELF-INSURANCE FUND
12 AND TO REDUCE CORRESPONDING EXPENSE BUDGETS,
13 AS AUTHORIZED BY REVISED B.T. 23-097 TO
14 REFLECT THE LOAN EXTENSION AUTHORIZED HEREIN;
15 AUTHORIZING AND APPROVING A THIRD MORTGAGE
16 MODIFICATION AGREEMENT BETWEEN THE CITY OF
17 JACKSONVILLE AND VCP-LYNCH BUILDING, LTD. AND
18 A THIRD NOTE MODIFICATION AGREEMENT BETWEEN
19 THE CITY OF JACKSONVILLE AND VCP-LYNCH
20 BUILDING, LTD., FOR THE PURPOSE OF: (1)
21 EXTENDING THE MATURITY DATE OF THE LOAN FROM
22 JUNE 30, 2023 TO MARCH 1, 2026; AND (2)
23 COMMENCING JULY 1, 2023, INCREASING THE LOAN
24 INTEREST RATE FROM 1.525% TO 3% FOR THE
25 REMAINING LOAN TERM; THE ORIGINAL LOAN HAVING
26 BEEN AUTHORIZED BY ORDINANCE 2000-1079-E;
27 REQUIRING AN ACKNOWLEDGMENT AND CONSENT OF
28 GUARANTOR BY THE VESTCOR COMPANIES, INC. FOR
29 THE FOREGOING LOAN MODIFICATION AGREEMENTS AS
30 A CONDITION OF CLOSING, TOGETHER WITH SUCH
31 OTHER CLOSING DOCUMENTS AND TECHNICAL CHANGES

1 AS MAY BE REQUIRED BY THE GENERAL COUNSEL, OR
2 HIS DESIGNEE, AND THE MAYOR'S OFFICE, PROVIDED
3 THAT THE CITY'S COSTS ARE NOT INCREASED;
4 PROVIDING FOR CITY OVERSIGHT BY THE DOWNTOWN
5 INVESTMENT AUTHORITY; PROVIDING AN EFFECTIVE
6 DATE.

7
8 **WHEREAS,** on June 30, 2003, the City made a \$17,816,000 loan
9 (the "Lynch Loan") to VCP-Lynch Building, Ltd. (the "Borrower") to
10 enable it to renovate and convert to residential units the former
11 office building located at the northeast corner of Main and Forsyth
12 Streets, then known as the "Lynch Building" and now known as "11E";
13 and

14 **WHEREAS,** in connection with the Lynch Loan, the Borrower
15 executed and delivered to the City on June 30, 2003 the (a) Amended
16 and Restated Promissory Note in the original principal amount of
17 \$17,816,000 with a 20-year repayment term and an annual rate of
18 interest of 1.525%, as modified by that certain Note Modification
19 Agreement effective March 1, 2010, as further modified by that
20 certain Second Note Modification Agreement effective October 1,
21 2013 (collectively, the "Lynch Note"), and (b) Amended and
22 Restated Mortgage, Assignment of Rents and Security Agreement dated
23 June 30, 2003, as amended by that certain Mortgage Modification
24 Agreement dated March 1, 2010, as further modified by that certain
25 Second Mortgage Modification Agreement dated July 24, 2014 (the
26 "Lynch Mortgage"), securing the Lynch Note; and

27 **WHEREAS,** the Jacksonville Economic Development Commission,
28 (since dissolved by City Ordinance 2012-212-E, with all rights and
29 obligations of the JEDC transferred partly to the City and partly
30 to the Downtown Investment Authority, with respect to the
31 Jacksonville Downtown Area as defined in Chapter 55, Part 1,

1 Ordinance Code) was tasked by the City with oversight of the Lynch
2 Mortgage; and

3 **WHEREAS,** due to currently tight lending markets, Borrower has
4 been unable to sell or refinance the project in order to make the
5 balloon payment due on the Lynch Loan and Borrower has requested a
6 modification of the loan by extending the maturity date of the loan
7 for a period of three years, to March 1, 2026, and increasing the
8 interest rate for the remaining term of the loan from 1.525% to 3%;
9 and

10 **WHEREAS,** the amortization schedule attached hereto as **Exhibit**
11 **1** as adopted pursuant to Ordinance 2014-280-E is in error as it
12 failed to reflect several payments made prior to the effective date
13 of the Second Note Modification Agreement and is corrected in the
14 revised amortization schedule attached hereto as **Revised Exhibit 2,**
15 labeled as "Revised Exhibit 2, Rev Amort. Sch., June 6, 2023 -
16 Finance"; and

17 **WHEREAS,** the terms and conditions of the foregoing
18 modification of the Lynch Loan are described in the Third Mortgage
19 Modification Agreement between the City and VCP-Lynch Building,
20 Ltd., attached hereto as **Exhibit 3** and incorporated herein by this
21 reference, and the Third Note Modification Agreement, attached
22 hereto as **Exhibit 4** and incorporated herein by this reference; and

23 **WHEREAS,** on April 19, 2023, the Downtown Investment Authority
24 Board approved Resolution 2023-04-07 to request that the City enter
25 into the agreements and make the appropriations as authorized by
26 this ordinance, said Resolution being attached hereto as **Exhibit 5;**
27 now therefore

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

29 **Section 1. Appropriation.** For the 2022-2023 fiscal year,
30 within the City's budget, there is hereby appropriated the
31 indicated sum(s) from the account(s) listed in subsection (a) to

1 the account(s) listed in subsection (b): (Revised B.T. 23-097,
2 attached hereto as **Revised Exhibit 6**, labeled as "Revised Exhibit
3 6, Rev B.T. 23-097, June 6, 2023 - Finance" and incorporated herein
4 by this reference)

5 (a) Appropriated from:

6 See Revised B.T. 23-097 \$12,335,677.55

7 (b) Appropriated to:

8 See Revised B.T. 23-097 \$12,335,677.55

9 (c) **Explanation of Appropriation**

10 The appropriation above amends the fiscal year 2022-2023
11 Northbank TID budget to reduce revenue budgeted to be
12 received by DIA from the payoff of the Lynch Loan and
13 makes a corresponding reduction in DIA expense budgets for
14 a Financial Obligation to the Self Insurance Fund and
15 Unallocated Plan Authorized Expenditures.

16 **Section 2. Purpose.** The purpose of the appropriation in
17 Section 1 is to modify the current fiscal year budget to eliminate
18 the anticipated loan repayment and reflect the loan extension
19 authorized herein.

20 **Section 3. Authorizing and Approving the Lynch Third**
21 **Mortgage Modification Agreement and the Lynch Third Note**
22 **Modification Agreement.** The Council hereby approves and authorizes
23 the Mayor, or his designee, and the Corporate Secretary to execute
24 the following documents: (a) Lynch Third Mortgage Modification
25 Agreement substantially in the form attached hereto as **Exhibit 3**,
26 and (d) Lynch Third Note Modification Agreement substantially in
27 the form attached hereto as **Exhibit 4** (collectively, the
28 "Modification Agreements"), with such "technical" changes thereto
29 as herein authorized. The Modification Agreements may include such
30 additions, deletions, and changes as may be reasonable, necessary,
31 and incidental for carrying out the purposes thereof, as may be

1 acceptable to the Mayor or his designee with such inclusion and
2 acceptance being evidenced by execution of the Modification
3 Agreements by the Mayor or his designee. No modification to the
4 Modification Agreements may increase the financial obligations or
5 the liability of the City and any such modifications shall be
6 technical only and shall be subject to appropriate legal review and
7 approval by the General Counsel, or his designee, and all other
8 appropriate action required by law ("technical" is herein defined
9 as including, but not limited to, legal descriptions and surveys,
10 ingress and egress, easements and rights of way, design standards,
11 access and site plan). A copy of the final amortization schedule
12 for Lynch Loan is attached hereto as **Revised Exhibit 2**.

13 **Section 4. Requiring other Closing Documents.** As a
14 condition to the City's execution of the Modification Agreements:
15 (a) the guarantor of the Lynch Loan, The Vestcor Companies, Inc.,
16 shall be required to execute and deliver to the City an
17 Acknowledgement and Consent of Guarantor in a form approved by the
18 General Counsel, or his designee, and the Mayor, or his designee;
19 and (b) Borrower shall be required to execute and/or deliver to the
20 City such additional closing documents and title insurance
21 endorsements as may be required by the General Counsel, or his or
22 her designee, and the Chief Executive Officer of the Downtown
23 Investment Authority to protect the City's interests, and (c) the
24 Borrower shall be required to pay all closing costs, including
25 title and recording fees and documentary stamp taxes, if any.

26 **Section 5. Further Authorizations.** The Mayor, or his
27 designee, and the Corporation Secretary are hereby authorized to
28 execute the Modification Agreements and all other contracts and
29 documents and otherwise take all necessary action in connection
30 therewith and herewith. The Chief Executive Officer of the Downtown
31 Investment Authority, as contract administrator, is authorized to

1 negotiate and execute all necessary changes and amendments to the
2 Modification Agreements and other contracts and documents to
3 effectuate the purposes of this ordinance without further Council
4 action, provided such changes and amendments are limited to
5 "technical amendments" and do not change the financial obligations
6 between the parties and, further provided, that all such amendments
7 shall be subject to appropriate legal review and approval by the
8 General Counsel, or his designee, and all other appropriate
9 official action required by law. The term "technical amendments"
10 as used in this section shall include, but not be limited to,
11 changes in legal descriptions and surveys, description of
12 infrastructure improvements and/or any road project, ingress and
13 egress, easements and rights of way, design standards, vehicle
14 access and site plan which have no financial impact.

15 **Section 6. Departmental Oversight.** The Downtown
16 Investment Authority shall oversee the agreements described herein.

17 **Section 7. Effective Date.** This ordinance shall become
18 effective upon signature by the Mayor or upon becoming effective
19 without the Mayor's signature.

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21 Form Approved:

22
23 /s/ Mary E. Staffopoulos

24 Office of General Counsel

25 Legislation Prepared By: John Sawyer

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