

RESOLUTION 2021-05-04

RESOLUTION OF THE DOWNTOWN INVESTMENT AUTHORITY (“DIA”) APPROVING A DOWNTOWN PRESERVATION AND REVITALIZATION PROGRAM (“DPRP”) CONSISTING OF AN HISTORIC PRESERVATION, RESTORATION, AND REHABILITATION FORGIVABLE LOAN; A CODE COMPLIANCE FORGIVABLE LOAN; AND A DPRP DEFERRED PRINCIPAL LOAN WITH EAST UNION HOLDINGS, LLC (“DEVELOPER”) FOR REDEVELOPMENT AND REHABILITATION OF THAT PROPERTY COMMONLY REFERRED TO AS THE “UNION TERMINAL WAREHOUSE”; THE AMOUNTS AND TERMS OF THE FORGIVABLE LOANS AND DEFERRED PRINCIPAL LOAN ARE ATTACHED HERETO AS EXHIBIT ‘A’ (“TERM SHEET”); AUTHORIZING THE DIA CHIEF EXECUTIVE OFFICER (“CEO”) TO TAKE ALL ACTIONS, INCLUDING THE FILING OF LEGISLATION, AND THE EXECUTION OF CONTRACTS, AGREEMENTS AND OTHER DOCUMENTS AS ARE NECESSARY TO EFFECTUATE THE PURPOSES OF THIS RESOLUTION; PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the DIA is the Community Redevelopment Agency and Economic Development entity for Downtown Jacksonville; and

WHEREAS, in its role as the Community Redevelopment Agency and Economic Development entity for Downtown, the DIA is responsible for administering the Downtown Preservation and Revitalization Program; and

WHEREAS, the DPRP was created by Ordinance 2020-0527-E for purpose of fostering the preservation and revitalization of unoccupied, underutilized, and/or deteriorating historic buildings; and

WHEREAS, via Ordinance 2021-0139-E, the Union Terminal Warehouse (“Property”) was designated as a local historic landmark; and

WHEREAS, the Developer is redeveloping the Property as a mixed-use residential development, which will include a minimum of 220 workforce residential units, and 38,000 square feet of commercial space and maker/artist studios, collectively referred herein as the “Project”; and

WHEREAS, the Project requires City participation in accordance with those amounts and subject to those requirements articulated in the attached Exhibit ‘A’, Term Sheet,

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

Section 1. The DIA finds that the abovementioned recitals are true and correct.

Section 2. The DIA hereby approves the attached Exhibit 'A', Term Sheet

Section 3. The DIA authorizes its CEO to take all necessary action, including the filing of legislation and the execution of contracts, agreements and other documents as may be necessary to effectuate the purposes of this Resolution 2021-05-04.

Section 4. This Resolution shall become effective on the date it is signed by the Chair of the DIA Board.

WITNESS:

DOWNTOWN INVESTMENT AUTHORITY

Xavier Chichak

Ron Moody
Ron Moody, Chairman

5/19/2021
Date

VOTE: In Favor: 6 Opposed: 0 Abstained: 1

Exhibit A:

**DOWNTOWN PRESERVATION AND REVITALIZATION PROGRAM
TERM SHEET**

Union Terminal Warehouse

Project: The project comprises the redevelopment of a historic property where the underlying tax parcel ID 122092-0000 is shown to extend into the DIA Boundary and the Cathedral District at the time the Downtown Preservation and Revitalization Program ("DPRP") was approved by the Jacksonville City Council. As such, the redevelopment of this property is eligible for incentive funding under the DPRP.

The redevelopment of this building ("Property") is conditioned upon terms found in this Exhibit A to the Resolution. Forgivable loan documentation will be prepared and entered into with the Applicant for the Property as approved by the DIA Board and the City Council of Jacksonville, Florida.

Developer/ Applicant / Borrower:	East Union Holdings, LLC
Total Development Costs (estimate):	\$60,845,975
Underwritten Development Costs Used for DPRP Calculations:	\$52,921,980
Equity (proposed and including HTC equity):	\$10,042,867 (19.0% of TDC as underwritten) (16.5% of TDC unadjusted)
Equity (proposed exclusive of HTC equity):	\$5,292,198 (10.0% of TDC as underwritten) (8.7% of TDC unadjusted)

City Funding: An amount determined to be \$8,285,793 through the City of Jacksonville, as follows:

	Historic Preservation, Restoration, and Rehabilitation Forgivable Loan (HPRR)	Code Compliance Forgivable Loan (CCR)	DPRP Deferred Principal Loan	TOTAL
TOTAL	\$4,246,963	\$2,381,671	\$1,657,159	\$8,285,793

Changes in Total Development Cost prior to final approval, not to exceed 10%, may result in modification of this City Funding amount in proportion to such changes.

At this level, and by this program, the incentive structure and funding under the DPRP will be subject to further approvals 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; however, the Developer commits to provide a minimum twenty-five (25) foot wide easement to the City as required by CH. 656.361.2.I and/or conveyance of property necessary for development of the Hogan's Creek greenway. Any property conveyance shall be subject to customary agreements to be negotiated with reasonable discretion by all

parties and subject to the zoning, code, or other requirements placed upon the site as reviewed and approved by the City of Jacksonville Planning and Development department, FDOT, and any other municipal, governmental, or regulatory body.

Loans: No other loans, grants, or other funding from the City of Jacksonville.

Minimum Capital Contribution:

- A) The minimum total equity capital contribution through completion to remain eligible for the maximum DPRP Funding as outlined is \$5,292,198. Changes to Total Development Cost will require recalculation of the minimum equity requirement with consideration to eligibility of such cost modifications.
- B) The minimum Underwritten Development Costs Used for DPRP Calculations for maximum funding as applied for and underwritten \$52,921,980. The Project may be eligible for funding at lower levels subject to maintaining compliance with DPRP Guidelines.
- C) Percent of COJ investment to overall project cost: $\$8,285,793 / \$60,845,975 = 13.6\%$
- D) Percent of COJ investment to underwritten project cost: $\$8,285,793 / \$52,921,980 = 15.7\%$

Performance Schedule:

- A) Execution of Redevelopment Agreement by Developer within thirty (30) days of delivery of final contract to Developer following City Council Approval and Bill Effective Date.
- B) Application for Building Permit from the COJ Building Inspection Division within sixty (60) days following final approval of Redevelopment Agreement by City Council.
- C) Upon receipt of Building Permit, application for lender approval must be promptly filed and Developer must make best efforts to receive final approval from lender within six (6) months from application filing.
- D) Commencement of Construction within six (6) months of final lender approval as indicated by a financial closing. 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.

Physical, material renovation and construction shall include, but not be limited to, environmental remediation, structural repairs, and selective demolition activities.

- E) Substantial Completion: Within twenty-four (24) months following Commencement of Construction as defined above.
- F) 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 220 dwelling units with initial rents established at or below the HUD maximum for 120% AMI. Not less than one half of the units will have initial rents established at or below the HUD maximum for 80% AMI.
 2. Commercial space, including maker/artist's studios, and similar uses: Minimum of 38,000 square feet and 44 tenant spaces.
 3. Rooftop terrace and community garden with existing water tower retained as an iconic architectural feature.
 4. Other amenities include a fitness studio, individual teleconference rooms, an arcade room, a Do-It-Yourself shop space, and electric vehicle charging stations. Specific uses for amenity spaces are subject to change over time in keeping with market standards.
 5. Coordination with Groundwork Jacksonville and the City of Jacksonville to allow for improvements adjacent to Hogan's Creek and through the property for the Emerald Trail subject to the easement as required by CH. 656.361.2.1 and other customary easements and license agreements to be diligently negotiated with reasonable discretion by all parties. It is contemplated that the subway drive-aisle on the east side of the building will be paved, striped, and secured with bollards according to the design standards provided by Groundwork Jacksonville for the Emerald Trail as of the time of the execution of the Redevelopment Agreement.
- B) Recommendation as to the eligibility of the approved scope of work on the Property by the 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").
 - C) 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 application prior to funding under any DPRP loan component.
 - D) 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 in accordance with the requirements of the senior lender.

- E) 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.
- F) 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:
 - 1. 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:
 - a) 100% if the Sale occurs within 12 months after disbursement of the Forgivable Loan;
 - b) 80% if the Sale occurs after 12 months but within 24 months of disbursement of the Forgivable Loan;
 - c) 60% if the Sale occurs after 24 months but within 36 months of disbursement of the Forgivable Loan;
 - d) 40% if the Sale occurs after 36 months but within 48 months of disbursement of the Forgivable Loan; or
 - e) 20% if the Sale occurs after 48 months but within 60 months of disbursement of the Forgivable Loan.
 - 2. In the event Borrower or any lessee or assignee of the Borrower uses the Project or the Historic Property or Properties for uses that represent material adverse deviation as 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.
- 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 of funding or such other date as may be negotiated to accommodate senior lender requirements.
- 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 full 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 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) and which will include review and comment by the other financial partners involved in the transaction.