

LEGISLATIVE FACT SHEET

DATE: **May 15, 2024**

BT or RC No: **N/A**

(Administration & City Council Bills)

SPONSOR: **Office of Economic Development**

(Department/Division/Agency/Council Member)

Contact for all inquiries and presentations: **Office of Economic Development**

Provide Name: **Ed Randolph, Executive Director** Contact No: **255-5455**

Email EdwardR@coj.net

PURPOSE: White Paper (Explain why this legislation is necessary. Provide, who, what, when where, how and the impact.) Council Research will complete this form for Council introduced legislation and the Administration is responsible for all other legislation. (Minimum of 350 words – Maximum of 1 page)

The Vestcor Companies was founded by John D. Rood in 1983 in Jacksonville, Florida, and has grown to become one of the largest developers of multifamily communities in Florida. The City entered into an Economic Development Agreement (EDA) with Vestcor on December 12, 2022, City Contract 70101-23, for the construction of a 240 unit mixed-income apartment community on approximately 12 acres of property generally located at 8300 Merrill Road in Jacksonville. The EDA was assigned to Madison Palms, LTD (Company) on December 16, 2022. The property is located within the boundaries of the Renew Arlington Community Redevelopment Area (RA CRA), just west of Interstate-295 and the Southside Connector, in close proximity to transit, grocery stores, schools and surrounding employment areas.

The EDA was approved pursuant to Ordinance 2022-784-E, with a maximum indebtedness of \$5,000,000 in the form of a Development Loan with the following terms: 17-year, 1% interest, with interest-only payments through maturity, followed by a balloon payment at the end of the term. The City holds a Second Mortgage, dated October 30, 2023, on the property and second lien interest on the tangible assets. The total development cost for the project is estimated at \$56.5 million, with a minimum investment of \$55.3 million required for loan disbursement.

The development will be a mix of 1-, 2-, and 3-bedroom units, with 132 units set aside for households that are at or below 100% of the area median income (AMI), 97 units for households that are at or below 60% AMI, and 11 units for households at or below 33% AMI. Rental rates and limits will be based upon the annual schedules provided by the United States Department of Housing and Urban Development (HUD) and the Florida Housing Finance Corporation (FHFC).

The Office of Economic Development (OED) proposes to enter into an Amended and Restated Economic Development Agreement (EDA) and an amended Loan Agreement with the Company as follows:

- Revise the last sentence of Section 4.1(e) of the EDA to state: "If, any year during the loan term, Madison Palms GP, LLC, as the General Partner, and any successor thereto of the Company, and TVC Madison Lender, LLC, as affiliate of the General Partner, collectively receive distributions

and/or loan interest payments in excess of \$500,000, this excess shall be due and payable to the City to reduce any outstanding principal balance.”

- Revise Section 4.1(f) of the EDA to update the First Mortgage maximum to \$40,750,000 and permanent financing lender amount to \$24,250,000, and to clarify that the First Mortgage shall be reduced to \$35,750,000 upon funding of permanent financing.
- Update Exhibit C to the EDA to reflect a maximum First Mortgage of \$35,750,000 at closing of the Development Loan, as well as revising the general requirements to reflect the above changes to Section 4.1(e).
- Update Section 6(a) of the Loan Agreement with respect to Senior Mortgagees’ Funding to reflect the changes noted above for Section 4.1(f) of the EDA, as well as to clarify that The FHLMC Mortgage loan closing shall occur within twelve (12) months from the date of disbursement of the Loan, and at such time the Truist Mortgage loan shall be satisfied in full.

The above changes do not impact the performance schedule or City indebtedness.

APPROPRIATION: Total Amount Appropriated \$0 as follows: List the source **name** and provide Object and Subobject Numbers for each category listed below:

(Name of Fund as it will appear in the title of the legislation)

Name of Federal Funding Source(s)

From: _____ Amount: _____

To: _____ Amount: _____

Name of State Funding Source(s)

From: _____ Amount: _____

To: _____ Amount: _____

Name of COJ Funding Source(s)

From: Amount:

To: Amount:

Name of In-Kind Contributions:

From: _____ Amount: _____

To: _____ Amount: _____

Name & No. of Bond Account(s):

From: _____ Amount: _____

To: _____ Amount: _____

PLAIN LANGUAGE OF APPROPRIATION/FINANCIAL IMPACT/OTHER:

Explain: Where are the funds coming from, going to, how will the funds be used? Does the funding require a match? Is the funding for a specific time frame? Will there be ongoing maintenance and staffing obligation? Per Chapter 122 & 106 regarding funding of anticipated post-construction operation costs. (Minimum of 350 words – maximum of 1 page.

The original EDA was approved pursuant to Ordinance 2022-784-E, with a maximum indebtedness of \$5,000,000 in the form of a Development Loan with the following terms: 17-year, 1% interest, with interest-only payments through maturity, followed by a balloon payment at the end of the term. The City holds a Second Mortgage, dated October 30, 2023, on the property and second lien interest on the tangible assets. The total development cost for the project is estimated at \$56.5 million, with a minimum investment of \$55.3 million required for loan disbursement. The Development Loan funds have been requested for inclusion in the City's FY25 budget. The amendment is merely needed to update the detail with regard to the capital stack for the project and does not change the oversight or maximum indebtedness under the agreement.

ACTION ITEMS:

Emergency? Yes _____ No **X** _____

Justification of Emergency: If yes, explanation must include detailed nature of emergency.

Federal or State Mandate? Yes _____ No **X** _____

Explanation: If yes, explanation must include detailed nature of mandate include Statue or Provision.

Fiscal Year Carryover? Yes _____ No **X** _____

Note: If yes, note must include explanation of all-year subfund carryover language.

CIP Amendment? Yes _____ No **X** _____

Attachment: If yes, attach appropriate CIP form(s). Include justification for mid-year amendment.

Contract/Agreement Approval? Yes **X** _____ No _____

Attachment & Explanation: If yes, attach the Contract/Agreement & provide name of the Department and include contact name and telephone number of the person r that will provide oversight. Indicate if negotiations are on-going and with whom. Has OGC reviewed/drafted? OGC has drafted the Amendment and OED will provide oversight and administration.

Related RC/BT? Yes _____ No **X** _____ If yes, attach appropriate RC/BT form(s)

Waiver of Code? Yes _____ No **X** _____

Code Reference: If yes, identify code section(s) in space below & provide detailed explanation (including impacts) within white paper.

Waiver of PIP previously provided under Ordinance 2022-784-E to authorize the Development Loan.

Code Exception: Yes _____ No **X** _____

Code Reference: If yes, identify code section(s) in space below & provide detailed explanation (including impacts) within white paper.

Related Enacted Ordinances? Yes **X** _____ No _____

Code Reference: If yes, identify related code section(s) and ORD reference number in the space below & provide detailed explanation and any changes necessary within whitepaper.

Ordinance 2022-784-E

ACTION ITEMS CONTINUED: Purpose/Check List. If "Yes" please provide detail by attaching justification and code provisions for each.

ACTION ITEMS:

Continuation of Grant? Yes _____ No **X** _____

Explanation: How will the funds be used? Does the funding require a match? Is the funding for a specific time frame and/or multi-year? If multi-year, note year of grant. Are there long-term implications for the General Fund?

Surplus Property Certification? Yes _____ No **X** _____ Attachment: If yes, attach appropriate form(s)

Reporting Requirements? Yes _____ No **X** _____

Explanation: List agencies (including City Council/Auditor) to receive reports and frequency of reports, including when reports are due. Provide name of the Department and include contact name and telephone number of the person responsible for generating.

BUSINES IMPACT ESTIMATE

Pursuant to Section 166.041(4), F.S., the City is required to prepare a Business Impact Estimate for ordinances that are NOT exempt from this requirement.

A list of ordinance exemptions are provided below. Please check all exemption boxes that apply to this ordinance. If an exemption is applicable, a Business Impact Estimate IS NOT required.

The proposed ordinance is required for compliance with Federal or State law or regulation;

The proposed ordinance relates to the issuance or refinancing of debt;

The proposed ordinance relates to the adoption of budgets or budget amendments, including revenue sources necessary to fund the budget;

The proposed ordinance is required to implement a contract or an agreement, including, but not limited to, any Federal, State, local, or private grant or other financial assistance accepted by the municipal government;

The proposed ordinance is an emergency ordinance;

The ordinance relates to procurement;

The proposed ordinance is enacted to implement any of the following:

- a. Part II of Chapter 163, Florida Statutes, relating to growth policy, county and municipal planning, and land development regulation, including zoning, development orders, development agreements and development permits;
- b. Sections 190.005 and 190.046, Florida Statutes, regarding community development districts;
- c. Section 553.73, Florida Statutes, relating to the Florida Building Code;
- d. Section 633.202, Florida Statutes, relating to the Florida Fire Prevention Code.

If none of the boxes above are checked, then a Business Impact Estimate IS REQUIRED to be prepared by the using agency/office/department and submitted in the MBRC filing packet along with the memorandum request, legislative fact sheet, etc. A Business Impact Estimate form can be found at: <https://www.jacksonville.gov/departments/finance/budget/mayor-s-budget-review-committee>

Director BD: _____
(Signature)

Date: 5/15/2024

Prepared By: _____
(Signature)

Date: 5/15/2024

ADMINISTRATIVE TRANSMITTAL

To: MBRC, c/o Budget Office, St. James Bldg., Suite 325

Thru: N/A
(Name, Job Title, Department)

From: Ed Randolph, Executive Director, Office of Economic Development (OED)
Initiating Department Representative (Name, Job Title, Department)

Phone: 255-5455 E-Mail: EdwardR@coj.net

Primary Contact: Ed Randolph, Executive Director, Office of Economic Development (OED) or Wendy Khan, Director of Operations

(Name, Job Title, Department)

Phone: 255-5455 / 255-5448 E-Mail: EdwardR@coj.net / WKhan@coj.net

CC: Brittany Norris, Intergovernmental Liaison, Office of the Mayor

Phone: 255-5024 E-Mail: bnorris@coj.net

COUNCIL MEMBER/INDEPENDENT AGENCY/CONSTITUTIONAL OFFICER TRANSMITTAL

To: Mary Staffopoulos, Office of General Counsel, St. James Bldg., Suite 480

Phone: 255-5062 E-Mail: mstaff@coj.net

From: N/A
Initiating Council Member/Independent Agency/Constitutional Officer

Phone: _____ E-Mail: _____

Primary Contact: N/A
(Name, Job Title, Department)

Phone: _____ E-Mail: _____

CC: Brittany Norris, Intergovernmental Liaison, Office of the Mayor

Phone: 255-5024 E-Mail: bnorris@coj.net

Legislation from Independent Agencies requires a resolution from the Independent Agency Board approving the legislation

Independent Agency Action Item:

Board(s) Action/Resolution? Yes _____ No **X** _____

Attachment: If yes, attach appropriate documentation. If no, when is board action scheduled?

FACT SHEET IS REQUIRED BEFORE LEGISLATION IS INTRODUCED