

RESOLUTION 2023-06-02

A RESOLUTION OF THE DOWNTOWN INVESTMENT AUTHORITY (“DIA”) REGARDING A TERM SHEET FOR TWO DOWNTOWN PRESERVATION AND REVITALIZATION PROGRAM PACKAGES AND TWO REV GRANTS FOR THE 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, AND ASSOCIATED NEW CONSTRUCTION MULTIFAMILY AND HOTEL; ; FINDING THAT THE PLAN OF DEVELOPMENT IS CONSISTENT WITH THE DIA’S BUSINESS INVESTMENT AND DEVELOPMENT PLAN (“BID PLAN”) AND THE NORTH BANK DOWNTOWN REDEVELOPMENT AREA PLAN (“CRA PLAN”) ALTHOUGH THE TOTAL CITY INCENTIVE REQUEST NECESSARY TO FACILITATE THE PROJECT IS NOT COSISTENT WITH THE BID 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 Trio” a/k/a “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 , through its affiliates Laura Trio Hospitality, LLC and The Residences at Laura Trio, LLC proposes to renovate and restore these historic landmarks for repurposing as a mixed-use hotel and multifamily development respectively; and

WHEREAS, the historic element of each use and the new construction element of each use qualify for different incentive programs and accordingly have been evaluated independently; and

WHEREAS, Laura Trio LLC requested and received a previous Downtown Preservation and Revitalization Program incentive award pursuant to Resolution 2021-03-01 and Ordinance 2021-453 as memorialized in a Redevelopment Agreement dated December 13, 2021, between DIA and Laura Trio LLC, which agreement will be terminated simultaneously with approval of the agreement contemplated herein; 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...”; 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 new construction multifamily and new construction boutique hotel proposed by Developer as interconnected developments to the historic renovation projects qualify for Recaptured Enhanced Value grants pursuant to the adopted DIA BID plan; and

WHEREAS, the DIA finds that the total financial incentive request of the DIA and City does not fall within the programs or criteria authorized by the approved BID Plan and as a result the contribution of capital substantially falls short of the DPRP program guidelines for the ratio of City contribution to Developer capital therefore rendering the project ineligible for DPRP without a waiver; and

WHEREAS, two City Council Members have expressed the desire to legislatively authorize the requested incentives and have requested that DIA review and evaluate the project and financial information provided to otherwise determine its consistency with other program guidelines and other terms of the BID Plan; and

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

Redevelopment Goal No. 2 | Increase rental and owner-occupied housing Downtown targeting diverse populations identified as seeking a more urban lifestyle.

Strategic Objectives

- *Actively pursue a minimum of 8,140 built and occupied multi-family dwelling units by 2030; and strive to induce construction of 425 multifamily dwelling units per year, on average.*
- *Improve the breadth and diversity of housing options across Downtown Jacksonville to provide all types and varied price ranges of rental and owner-occupied opportunities, including mixed-income and mixed-use structures.*
- *Facilitate the restoration and rehabilitation of Downtown Jacksonville’s historic building stock for multifamily and attached dwelling units.*
- *Ensure that no residential incentives, mobility credits or other incentives are provided to any residential development exempt from ad valorem taxes*

Redevelopment Goal No. 3 | Increase and diversify the number and type of retail, food and beverage, and entertainment establishments within Downtown.

Strategic Objectives

- *Facilitate adaptive reuse of vacant and underutilized storefronts for retail, food and beverage and entertainment establishments.*

- *Encourage growth of outdoor dining and entertainment options, most specifically within designated food and beverage districts and on the waterfront.*
- *Increase the number of retail, food and beverage, and entertainment establishments that are open for business weekends and other times outside of weekday business hours.*
- *Pursue the addition of one or more new neighborhood restaurant/entertainment venues in each District by 2025 and a second by 2030.*
- *Facilitate the restoration and rehabilitation of Downtown Jacksonville's historic building stock for use by retail/beverage/entertainment establishments.*
- *Contribute to resiliency, flexibility, and responsiveness to change in utilization of Downtown Jacksonville commercial retail space through innovation and creativity in policies and permitting, and by incentivizing the repurposing of unoccupied storefront space, where appropriate.*

Redevelopment Goal No. 4 | Increase the vibrancy of Downtown for residents and visitors through arts, culture, history, sports, theater, events, parks, and attractions.

Strategic Objectives

- *Increase awareness of Downtown Jacksonville's history and its historic structures. Provide resources that engage and educate the public on the historical and cultural stories of Jacksonville and its people.*
- *Increase number of daily visits to Downtown Jacksonville.*
- *Increase the occupancy rate and ADR of Downtown Jacksonville hotels and broaden the diversity of hospitality offerings for leisure travelers, groups, and business travelers*

Redevelopment Goal No. 6 | Improve the walkability/bike-ability of Downtown and pedestrian and bicycle connectivity between Downtown and adjacent neighborhoods and the St. Johns River.

Strategic Objectives

- *Create a compact and walkable Downtown Jacksonville through requiring a mixture of uses in each district so that housing, activities, retail, and other businesses are within useful walking distance, requiring buildings to have active facades at street level through a mixture of restaurants (including cafes with outdoor seating), retail, and services, and by requiring direct doorways and access 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 finds that the requested approval of total City incentives exceeds what can be awarded consistent with the BID Plan. Further, even with a waiver of the DPRP equity requirement, any approvals given by DIA for funding under the DPRP and REV programs would be insufficient to fund the proposed development project to completion without the approval of additional funding requested by Developer from City Council. As such, DIA is

deferring approval of all City funding components to City Council so that it can make a comprehensive evaluation and act upon the entirety of City incentives.

Section 3. The DIA forwards to City Council the Term Sheet attached hereto as Exhibit 'A' regarding the Downtown Preservation and Revitalization Program Loans for the two historic project components and the two REV grants for the new construction components (and which among other things will include termination of the previously approved incentive package and RDA for the subject property), if Council Members wish to pursue legislation authorizing the incentives contemplated by the request.

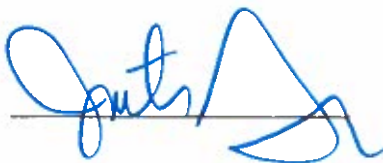

Section 4. The DIA has determined that the proposed development project, (as opposed to the incentive request) is consistent with the BID plan and the CRA Plan for the Northbank .

Section 5. The Chief Executive Officer is hereby authorized to assist Council Members who wish to file legislation with negotiation and finalization of a new Redevelopment Agreement and associated documents and the preparation of legislation, and upon City Council approval, to execute the contracts and documents and otherwise take all necessary action in connection therewith to effectuate the purposes of this Resolution.

Section 6. 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


Carol Worsham, Chairman
Date

VOTE: In Favor: 5 Opposed: 1 Abstained: 0

**Exhibit A:
TERM SHEET
THE LAURA STREET TRIO
SOUTHEAST DEVELOPMENT GROUP, LLC**

I. Developer/ Applicant / Borrower:

- Laura Trio Hospitality, LLC as to the Hospitality Component
- The Residences at Laura Trio, LLC as to the Multifamily Component
 - Laura Trio, LLC: sole member and manager of each entity
 - SouthEast Holdings, LP: sole member and manager of Laura Trio, LLC
 - SouthEast Holdings I, Inc.: sole general partner of SouthEast Holdings, LP
 - Stephen L. Atkins: 100% stockholder of SouthEast Holdings I, Inc.

II. Total Development Costs (estimate): \$175,097,700

III. Overall Project Scope: The Project comprises the redevelopment of three historic properties in City Center, Downtown Jacksonville known as the Laura Street Trio, and construction of two new buildings adjoining the historic properties. The projects will be undertaken as two separate, but related, components. Both the Hospitality Component and the Multifamily Component are identified further by a historic rehabilitation element and a new construction element found within each component.

The parcels being developed include RE#s 073676-0000, 073687-0000, and 073688-0000. To facilitate funding on the REV grants proposed and to measure certain requirements found herein, the parcels require modification to provide a stand-alone parcel each for the Hospitality Component–Historic Element (“HH”), the Hospitality Component–New Construction Element (“HNC”), the Multifamily Component–Historic Element (“MH”), and the Multifamily Component–New Construction Element (“MNC”). Reconfiguration of the existing parcels to accommodate this structure is a condition of the Term Sheet in order to process Requests for Payment and to determine tax payments for each component and element as described above.

For the purposes of this term sheet and further documentation, each component has been underwritten independently. However, the capitalization and incentive structures are interrelated, and this term sheet outlines terms and conditions for each component and each element either independently or jointly as appropriate.

A. Hospitality Component **Developer’s Project Cost - \$89,302,000**

1. Hospitality Component-Historic Element (“HH”)

a) Historic Florida National Bank Building (1902) - 51 W. Forsyth Street

a/k/a Marble Bank Building: One story plus a basement, approximately 14,180 square feet total. Plans call for redevelopment with an estimated 4,067 square foot private dining/wine cellar space in the basement (3,700 square feet minimum) along with estimated 3,023 square feet of “back of house” space. The first floor would provide approximately 7,090 square foot restaurant service space (6,400 square foot minimum)

b) Historic Bisbee Building (1909/1910) - 47 W. Forsyth Street

Ten stories plus basement, approximately 50,539 square feet total. To be redeveloped with “back of house” operations in the estimated 4,639 square foot basement, and an approximately 4,590 square foot lobby on the first floor (4,200 square foot minimum (open to the public)). Floors two through ten provide six to seven hotel rooms per floor (projected 62 rooms total, 56 minimum).

Percent of COJ Investment to:

Developer HH project cost \$22,036,700/\$46,002,000 = 47.9%
Total HH Development Cost (as underwritten) \$22,036,700/\$35,841,200 = 61.5%

DPRP Terms: The DPRP Incentive outlined below applies to both historic buildings combined for hotel use as if they were one property following the plans for their redevelopment and operation.

Downtown Preservation and Revitalization Program (“HH DPRP”): Not more than \$16,010,300 (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
Fl Nat'l Bank	\$2,376,700	\$1,067,700	\$ 861,100	\$ 4,305,500
Bisbee	\$5,085,200	\$4,278,600	\$2,341,000	\$11,704,800
TOTAL	\$7,461,900	\$5,346,300	\$3,202,100	\$16,010,300

Maximum loan amounts above will be documented on a combined basis as though the historic properties were one building. Additional details are shown here for reference.

At this level of funding and structure, the incentives proposed require funding through the City of Jacksonville General Fund and are subject to further approvals by the Jacksonville City Council.

To be eligible for funding, all work must be reviewed and approved by the Planning and Development Department for consistency with the United States Secretary of Interior Standards and applicable design guidelines during application processing and, further, for verification upon completion and request for funding under terms defined in the Redevelopment Agreement.

Loans: Developer is seeking gap funding through the Jacksonville City Council in the form of a Completion Grant which has been included in the COJ Investment figures above, but such amount is not presented for approval by the DIA Board. The expected additional amount applied to the Hospitality Component-Historic Element is \$6,026,400. This gap funding request does not qualify under any current DIA program.

Infrastructure: No City of Jacksonville infrastructure improvements are contemplated.

Land: No City of Jacksonville land is committed to the project. Parking agreements within City owned parking garages or privately owned parking garages where COJ/DIA has parking

rights is to be negotiated independently and will not impact project economics as presented in this Term Sheet.

Total HH Construction Budget: The construction budget for the Hospitality Component-Historic Element provided and reviewed by the DIA totals \$30,332,600 (the “HH Total Construction Budget”), which includes construction costs to be incurred in each of the funding categories (each, a “HH Funding Category”) and in the minimum amounts (each a “HH Funding Category Minimum”) set forth in the table below:

Funding Category	Hospitality Minimums
Exterior	\$ 5,288,600
Int Restoration	\$ 174,800
Int Rehab	\$ 10,418,200
Code Compliance	\$ 7,973,600
Other	\$ 5,617,900
N/A	\$ 859,500
	\$ 30,332,600

NOTE: The category “N/A” is not required to be met as a Funding Category Minimum for reimbursement of other categories under the DPRP. For further clarity, there will be no reimbursement for expenditures in the N/A category.

Minimum Sources and Uses: To be eligible for maximum funding under the HH DPRP Loan(s), Borrower must provide evidence and documentation sufficient to demonstrate to the DIA, in its sole but reasonable discretion, the following:

- a) Equity capital contribution of at least \$3,500,000 for the Hospitality Component (the “Hospitality Component Required Equity”) and includes the Historic Element and New Construction Element combined, which shall exclude any amounts for the land/site brought into the development, predevelopment costs expended, tax credit equity, or mezzanine debt.
- b) The minimum Hospitality Component-Historic Element Total Development Cost (“HH Total Development Cost”) is \$35,841,200 on a combined basis. HH Total Development Cost excludes developer fees paid or owed to Developer or any owner of the Project Parcel, existing debt repayment, costs allocated for funding under any other DIA program, holding costs, operating or interest reserves (although interest capitalized during the construction period is eligible for inclusion), tangible personal property, information technology, furniture, fixtures, equipment, marketing, third party costs for risk management, and loan fees. Land value for inclusion in this calculation shall be \$963,000, and not more than \$418,400 of Predevelopment Costs shall be eligible for inclusion.
- c) Minimum Hospitality-Historic Element Eligible Construction Costs (“HH Eligible Construction Costs”) incurred of \$29,473,100 calculated as the HH Construction Budget less costs classified as “N/A,” and
- d) HH Eligible Construction Costs incurred of at least the HH Funding Category Minimum with respect to each respective HH Funding Category.

Notwithstanding the foregoing,

- a) The HH Total Development Cost minimum of \$35,841,200 may be reduced by a maximum of ten percent (10%) overall, as determined by the DIA in its sole and absolute discretion, without affecting the Borrower's eligibility for funding under the HH DPRP.
- b) The HH Eligible Construction Cost minimum of \$29,473,100 may be reduced by a maximum of ten percent (10%) overall, as determined by the DIA in its sole and absolute discretion, without affecting the Borrower's eligibility for funding under the DPRP.
- c) Any HH Funding Category Minimum may be reduced by a maximum of ten percent (10%) on a stand-alone basis, as determined by the DIA in its sole and absolute discretion; provided that, in such event, there shall be a pro rata reduction in any or each of the related HH DPRP Loans, as required. Eligibility for funding under any HH Funding Category shall be eliminated if the corresponding HH Funding Category Minimum is reduced by more than ten percent (10%).
- d) Applicant/Borrower may not reallocate more than 25% of the cost and related funding proposed for any line item in the construction budget provided with the application to a different line item without prior approval from the DIA. In addition, the elimination of a line item from the construction budget shall eliminate any funding associated with that line item and such funds may not be reallocated to any other line item.

The DIA shall have the authority, without further action by City Council, to approve reduced HH DPRP Loan amounts provided the HH Total Development Costs incurred are not less than \$32,257,080 including HH Eligible Construction Costs incurred of not less than \$26,525,790.

The proposed DPRP funding for the Hospitality Component - Historic Element requires waiver of DPRP Plan G

- a) Minimum Developer Total Contribution (38.5% of Total Development Cost versus 60% minimum)
- b) Maximum COJ Combined Funding (61.4% of Total Development Cost versus 40% maximum)

2. **Hospitality Component-New Construction Element ("HNC")**

Forsyth Street Addition/Hospitality-New Construction Element– Expected to provide an estimated 58,096 square feet of additional hotel space on eleven floors plus basement. The approximate 896 square foot basement is for “back of house” operations, whereas the first floor provides an estimated 5,200 square feet of conference space (4,700 square foot minimum). Floors two through nine provide nine hotel rooms per floor (81 total, 74 minimum) and the eleventh floor provides an estimated 5,200 square foot rooftop food and beverage amenity (4,700 square foot minimum) that shall be open to the public.

Percent of COJ investment to:

Developer HNC project cost	$\$11,644,000/\$43,300,000 = 26.9\%$
HNC Minimum Private Capital (as underwritten)	$\$11,644,000/\$39,089,600 = 29.8\%$

DIA Funding: Not more than \$5,670,400 (through the City of Jacksonville Downtown Investment Authority, Northbank CRA Trust Fund), as follows:

Targeted Hotel REV Grant (“Hotel REV Grant”): Developer is eligible for a Targeted Hotel REV Grant for 75% of the ad valorem tax increment generated by the HNC project for a period of 20 years. The total Hotel REV Grant indebtedness will not exceed \$5,670,400 and will be paid annually beginning the first year of taxation following completion based upon the incremental increase in the Duval County Operating Millage ad valorem taxes collected (“HNC Annual Project Revenues”), subject to other terms and conditions as found herein.

Loans: Developer is seeking gap funding through the Jacksonville City Council in the form of a Completion Grant which has been included in the COJ Investment figures above, but such amount is not presented for approval by the DIA Board. The expected additional amount applied to the HNC Element is \$5,973,600. This gap funding request does not qualify under any current DIA program.

Infrastructure: No City of Jacksonville infrastructure improvements are contemplated.

Land: No City of Jacksonville land is committed to the project. Parking agreements within City owned parking garages or privately owned parking garages where COJ/DIA has parking rights is to be negotiated independently and will not impact project economics as presented in this Term Sheet.

Minimum Capital Contribution: The HNC Minimum Private Capital contribution through completion to remain eligible for the Targeted Hotel REV Grant is \$39,089,600. The HNC Minimum Private Capital excludes developer fees paid or owed to Developer or any owner of the Project Parcel, existing debt repayment, costs allocated for funding under any other DIA program, holding costs, operating or interest reserves (although interest capitalized during the construction period is eligible for inclusion), tangible personal property, information technology, furniture, fixtures, equipment, marketing, third party costs for risk management, and loan fees. Land value for this calculation shall be \$259,098 (2023 Property Appraiser valuation), and not more than \$414,650 of Predevelopment Costs shall be eligible for inclusion. Any HNC Minimum Private Capital contribution below this amount will require a pro rata reduction in the REV Grant, and a reduction of the HNC Minimum Private Capital of greater than 10% will result in a forfeiture of the REV Grant in its entirety.

Hospitality Component-Historic Element

DIA Downtown Preservation and Revitalization Program	\$16,010,300	
Completion Grant (COJ City Council)	<u>\$ 6,026,400</u>	
		\$22,036,700

Hospitality Component-New Construction Element

DIA Targeted Hotel REV Grant (“Hotel REV Grant”)	\$ 5,670,400	
Completion Grant (COJ City Council)	<u>\$ 5,973,600</u>	
		<u>\$11,644,000</u>

TOTAL HOTEL COMPONENT INCENTIVES PROPOSED: \$33,680,700

B. Multifamily Component \$85,795,700 TDC

1. Multifamily Component-Historic Element “MH”

a) Historic Florida Life Insurance Building (1912) - 117 N. Laura Street

Eleven stories plus a basement, estimated 23,613 square feet total. To be redeveloped with approximately 2,086 square feet of mechanical space in the basement, an entrance and approximately 1,095 square foot lobby on the ground floor, and ten floors providing two apartments of approximately 882 square feet per unit on each floor (20 units total, 18 minimum).

Percent of COJ Investment to:

Developer project cost \$6,024,300/\$16,504,800 = 36.5%
MH underwritten project cost \$6,024,300/\$14,799,300 = 40.7%

Downtown Preservation and Revitalization Program (“MH DPRP”): Not more than \$6,024,300 (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
Fl Life Ins	\$2,840,000	\$1,979,400	\$ 1,204,900	\$ 6,024,300

At this level of funding and structure, the incentives proposed require funding through the City of Jacksonville General Fund and are subject to further approvals by the Jacksonville City Council.

To be eligible for funding, all work must be reviewed and approved by the Planning and Development Department for consistency with the United States Secretary of Interior Standards and applicable design guidelines during application processing and, further, for verification upon completion and request for funding under terms defined in the Redevelopment Agreement.

Loans: Developer is seeking gap funding through the Jacksonville City Council in the form of a Completion Grant which has been included in the COJ Investment figures above, but such amount is not presented for approval by the DIA Board. No portion of this additional funding has been allocated to the Multifamily Component-Historic Element.

Infrastructure: No City of Jacksonville infrastructure improvements are contemplated.

Land: No City of Jacksonville land is committed to the project. Parking agreements within City owned parking garages or privately owned parking garages where COJ/DIA has parking rights is to be negotiated independently and will not impact project economics as presented in this Term Sheet.

Total Construction Budget: The construction budget for the Multifamily Component-Historic Element provided and reviewed by the DIA totals \$13,212,100 (the “MH Construction Budget”), which includes Construction Costs to be incurred in each of the funding categories (each, a “MH Funding Category”) and in the minimum amounts (each a “MH Funding Category Minimum”) set forth in the table below:

Funding Category	Multifamily Minimums
Exterior	\$ 2,299,000
Int Restoration	\$ -
Int Rehab	\$ 5,146,600
Code Compliance	\$ 3,392,200
Other	\$ 1,911,100
N/A	\$ 463,200
	\$ 13,212,100

NOTE: The category "N/A" is not required to be met as a Funding Category Minimum for reimbursement of other categories under the DPRP. For further clarity, there will be no reimbursement for expenditures in the N/A category.

Minimum Expenditures: To be eligible for maximum funding under the MH DPRP Loan(s), Borrower must provide evidence and documentation sufficient to demonstrate to the DIA, in its sole but reasonable discretion, the following:

- a) Equity capital contribution of at least \$11,500,000 (the "Required Equity") for the Multifamily Component (Historic Element and New Construction Element combined), which shall exclude any amounts for the land/site brought into the development, predevelopment costs expended, tax credit equity, or mezzanine debt.
- b) The minimum Multifamily Component-Historic Element Total Development Cost ("MH Total Development Cost") is \$14,799,300. MH Total Development Cost excludes developer fees paid or owed to Developer or any owner of the Project Parcel, existing debt repayment, costs allocated for funding under any other DIA program, holding costs, operating or interest reserves (although interest capitalized during the construction period is eligible for inclusion), tangible personal property, information technology, furniture, fixtures, equipment, marketing, third party costs for risk management, and loan fees. Land value for inclusion in this calculation shall be \$247,200, and not more than \$598,600 of Predevelopment Costs shall be eligible for inclusion.
- c) Minimum MH Eligible Construction Costs ("MH Eligible Construction Costs") incurred of \$12,748,900 calculated as the MH Construction Budget less costs classified as "N/A," and
- d) MH Eligible Construction Costs incurred of at least the MH Funding Category Minimum with respect to each respective MH Funding Category. To be eligible for the maximum amount of the MH DPRP Loan, the Borrower must provide evidence and documentation prior to the applicable MH DPRP Loan closing sufficient to demonstrate to the DIA, in its sole but reasonable discretion, the following:

Notwithstanding the foregoing,

- a) The MH Total Development Cost minimum of \$14,799,300 may be reduced by a maximum of ten percent (10%) overall, as determined by the DIA in its sole and absolute discretion, without affecting the Borrower's eligibility for funding under the MH DPRP.

- b) The MH Eligible Construction Costs minimum of \$12,748,900 may be reduced by a maximum of ten percent (10%) overall, as determined by the DIA in its sole and absolute discretion, without affecting the Borrower’s eligibility for funding under the MH DPRP.
- c) Any MH Funding Category Minimum may be reduced by a maximum of ten percent (10%) on a stand-alone basis, as determined by the DIA in its sole and absolute discretion; provided that, in such event, there shall be a pro rata reduction in any or each of the related MH DPRP Loans, as required. Eligibility for funding under any MH Funding Category shall be eliminated if the corresponding MH Funding Category Minimum is reduced by more than ten percent (10%).
- d) Applicant/Borrower may not reallocate more than 25% of the cost and related funding proposed for any line item in the construction budget provided with the application to a different line item without prior approval from the DIA. In addition, the elimination of a line item from the construction budget shall eliminate any funding associated with that line item and such funds may not be reallocated to any other line item.

The DIA shall have the authority, without further action by City Council, to approve reduced MH DPRP Loan amounts provided the MH Total Development Costs incurred are not less than \$13,319,370 including MH Eligible Construction Costs incurred of not less than \$11,470,010.

2. **Multifamily Component-New Construction Element (“MNC”)**

Laura St. Addition/Multifamily Component-New Construction Element – Eleven stories plus a basement, estimated 161,877 square feet total. First floor to provide approximately 6,550 square feet (5,900 square foot minimum) in leasable retail space, and approximately 6,300 square feet of amenity and back-of-house space. Floors two through ten provide an estimated 14,972 square feet and fifteen apartment units per floor, whereas floor eleven is estimated at 13,639 square feet and is proposed to provide 14 multifamily units. In total, 149 units are proposed for the new multifamily construction component (140 is the established minimum).

Percent of COJ investment to:

Developer MNC project cost	$\$23,853,600/\$69,290,500 = 34.4\%$
MNC Minimum Private Capital (as underwritten)	$\$23,853,600/\$63,490,200 = 37.6\%$

DIA Funding: Not more than \$8,853,600 (through the City of Jacksonville Downtown Investment Authority, Northbank CRA Trust Fund), as follows:

Multifamily Housing REV Grant (“MF REV Grant”): Developer is eligible for a Multifamily Housing REV Grant for 75% of the ad valorem tax increment generated by the MNC project for a period of not more than 20 years. The total MF REV Grant indebtedness will not exceed \$8,853,600 and will be paid annually beginning the first year of taxation following completion based upon the incremental increase in the Duval County Operating Millage ad valorem taxes collected (“MF Annual Project Revenues”), subject to other terms and conditions as found herein.

Loans: Developer is seeking gap funding through the Jacksonville City Council in the form of a Completion Grant which has been included in the COJ investment figures above, but such amount is not presented for approval by the DIA Board. The expected additional amount

included in Multifamily Component-New Construction Element is \$15,000,000. This gap funding request does not qualify under any current DIA program.

Infrastructure: No City of Jacksonville infrastructure improvements are contemplated.

Land: No City of Jacksonville land is committed to the project. Parking agreements within City owned parking garages or privately owned parking garages where COJ/DIA has parking rights is to be negotiated independently and will not impact project economics as presented in this Term Sheet.

Minimum Capital Contribution: The MNC Minimum Private Capital contribution through completion to remain eligible for the MF REV Grant is \$63,490,200. The MNC Minimum Capital excludes developer fees paid or owed to Developer or any owner of the Project Parcel, existing debt repayment, costs allocated for funding under any other DIA program, holding costs, operating or interest reserves (although interest capitalized during the construction period is eligible for inclusion), tangible personal property, information technology, furniture, fixtures, equipment, marketing, third party costs for risk management, and loan fees. Land value for this calculation shall be \$529,110 (2023 Property Appraiser valuation), and not more than \$586,200 of Predevelopment Costs shall be eligible for inclusion. Any MNC Minimum Capital contribution below this amount will require a pro rata reduction in the REV Grant, and a reduction of the MNC Minimum Private Capital of greater than 10% will result in a forfeiture of the REV Grant in its entirety.

Multifamily Component-Historic Rehabilitation Element

DIA Downtown Preservation and Revitalization Program	\$ 6,024,300	
Completion Grant (COJ City Council)	<u>\$ 0</u>	
		\$ 6,024,300

Multifamily Component-New Construction Element

DIA Targeted Hotel REV Grant (“Hotel REV Grant”)	\$ 8,853,600	
Completion Grant (COJ City Council)	<u>\$ 15,000,000</u>	
		<u>\$23,853,600</u>

TOTAL MULTIFAMILY COMPONENT INCENTIVES PROPOSED: **\$29,877,900**

TOTAL DIA and CITY OF JACKSONVILLE FUNDING:

Funding through the Downtown Investment Authority and the City of Jacksonville of not more than \$63,558,600 as follows:

Figure 1. - Incentive Table Summary:

Laura Trio Adaptive Reuse Program DIA and City of Jacksonville Incentives			
	Hospitality Component	Multifamily Component	TOTALS
Recaptured Enhanced Value (REV) Grant	\$ 5,670,400	\$ 8,853,600	\$ 14,524,000
Downtown Preservation & Revitalization Program (DPRP)			
HPRR	\$ 7,461,900	\$ 2,840,000	\$ 10,301,900
CCR	\$ 5,346,300	\$ 1,979,400	\$ 7,325,700
DPRP Deferred Principal Loan	\$ 3,202,100	\$ 1,204,900	\$ 4,407,000
	\$ 16,010,300	\$ 6,024,300	\$ 22,034,600
DIA PROGRAM TOTALS	\$ 21,680,700	\$ 14,877,900	\$ 36,558,600
COJ Completion Grant Request	\$ 12,000,000	\$ 15,000,000	\$ 27,000,000
TOTALS	\$ 33,680,700	\$ 29,877,900	\$ 63,558,600

Termination of Existing Redevelopment Agreement dated December 13, 2021 as authorized by Ordinance 2021-453: A termination of the existing RDA will be executed by Developer upon City Council approval of the terms contemplated herein and will be a condition to entry into a new RDA.

Performance Schedule:

- A) Execution of Redevelopment Agreement(s) within thirty (30) days of City Council Approval and Bill Effective Date
- B) Apply for and receive DDRB Final Approval within the ninety (90) days of City Council Approval and Bill Effective Date.
- C) Within one hundred twenty (120) days of the Effective Date of the Redevelopment Agreement(s), demonstrate to the satisfaction of DIA staff that Developer has raised the necessary amount of equity and debt needed to fully perform on each element and component of the project to completion. Satisfactory evidence shall require binding commitment letter(s) for construction loans and permanent take-out loans to be funded upon completion and stabilization of each element and component of the project, and actual cash or assets held in a fund, restricted account, or similar mechanism for the exclusive purpose of capitalizing each element and component of the project for equity. The necessary amounts of debt and equity as to each component shall be no less than the amount reflected in Developer’s application for incentives, together with any increases as may be required by Developer’s lenders or sufficient to cover increased costs, if any, identified by Developer for the satisfactory completion of the project.
- D) Application for Building Permit as required to commence construction of each element of both components is to be submitted to the COJ Building Inspection Division within sixty (60) days following final approval from DDRB.
- E) Commencement of Construction within ninety (90) days following receipt of Building Permit(s) from the COJ Building Inspection Division to break ground and commence construction on each element of both components of the Project. 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 general contractor(s),
 - d) Essential equipment and supplies on site; and,
 - 2) Financial commitments and resources to complete the construction of the project have been finalized; 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.

The DIA CEO will have the authority to extend this Performance Schedule, in the CEO’s discretion, for up to six (6) months for good cause shown by the Borrower / Applicant. Any extensions to the Commencement Date shall have the same effect of extending the Completion Date simultaneously.

Additional Commitments:

- A) Developer commits to develop and deliver within the Hospitality Component:
1. A minimum of 130 hotel rooms.
 2. A minimum of 11,600 square feet of Retail/restaurant/lounge space open to the general public which may include outdoor/rooftop space open to the general public, but excludes lobby, office, conference room, hotel back of house, and mechanical space.
 3. The Hospitality Component shall have the Marriott Autograph flag (or equivalent as may be approved by the DIA in its sole discretion) so long as any funding from the City of Jacksonville remains outstanding.
- B) Developer commits to develop and deliver within the Multifamily Component:
- a. A minimum of 158 multifamily dwelling units.
 - b. A minimum of 6,550 square feet of space available to be leased exclusively to Retail tenants, but excludes lobby, office, conference room, multifamily back of house, or mechanical space.
- C) “Retail” for these purposes is identified as: 1) businesses that sell products on a transactional basis to end consumers; 2) food and beverage establishments; or 3) providers of services targeted towards the general public (other than health care, legal, or financial advisory). Businesses operating exclusively or primarily on a membership or appointment basis and not welcoming walk-in customers, or providing goods and services targeted principally to other businesses, shall not generally meet this definition, unless approved on a case-by-case basis.
- D) Recommendation as to the eligibility of the approved scope of work on the each historic element 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”).
- E) 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.
- F) Funding may be requested and approved subject to the terms above on the DPRP loans approved for a historic element of either component that has received a final certificate of occupancy so long as the redevelopment progress on the other historic buildings are 75% complete, at minimum, and proceeding without interruption.
- G) Funding under the DPRP will be secured by a stand-alone, subordinate lien position on each component behind any senior secured, third-party lender providing construction, mini-perm, or permanent financing.

- H) Each DPRP Forgivable Loan or Deferred Principal Loan within each component will be cross-collateralized, and cross-defaulted with one another.
- I) 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 related loans or other financial awards from the City of Jacksonville on the same component.
- J) 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.
- K) Standard claw back provisions will apply such that:
 - a) In the event the Borrower sells, leases, or otherwise transfers any Historic property 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.
- L) 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.
- M) The DPRP Deferred Principal Loan component requires an annual interest payment equal to the total principal outstanding multiplied by the prevailing yield on the Ten-Year Treasury Note at the time of funding.
- N) 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.
- O) 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.
- P) 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.

- Q) Any liens filed against any of the historic or new construction elements of either component must be resolved to the satisfaction of the DIA within 30 days of notice from DIA to the Developer.
- R) 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).