

1 Introduced by the Council President at the request of the DIA:
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4 **ORDINANCE 2023-313**

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

1 THAT THE CITY'S COSTS ARE NOT INCREASED;
2 PROVIDING FOR CITY OVERSIGHT BY THE DOWNTOWN
3 INVESTMENT AUTHORITY; PROVIDING AN EFFECTIVE
4 DATE.

5
6 **WHEREAS**, on June 30, 2003, the City made a \$17,816,000 loan
7 (the "Lynch Loan") to VCP-Lynch Building, Ltd. (the "Borrower") to
8 enable it to renovate and convert to residential units the former
9 office building located at the northeast corner of Main and Forsyth
10 Streets, then known as the "Lynch Building" and now known as "11E";
11 and

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

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

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

8 **WHEREAS**, the amortization schedule attached hereto as **Exhibit**
9 **1** as adopted pursuant to Ordinance 2014-280-E is in error as it
10 failed to reflect several payments made prior to the effective date
11 of the Second Note Modification Agreement and is corrected in the
12 revised amortization schedule attached hereto as **Exhibit 2**; and

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

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

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

25 **Section 1. Appropriation.** For the 2022-2023 fiscal year,
26 within the City's budget, there is hereby appropriated the
27 indicated sum(s) from the account(s) listed in subsection (a) to
28 the account(s) listed in subsection (b): (B.T. 23-097, attached
29 hereto as **Exhibit 6** and incorporated herein by this reference)

30 (a) Appropriated from:

31 See B.T. 23-097

\$12,354,221

1 (b) Appropriated to:

2 See B.T. 23-097

\$12,354,221

3 (c) **Explanation of Appropriation**

4 The appropriation above amends the fiscal year 2022-2023
5 Northbank TID budget to reduce revenue budgeted to be
6 received by DIA from the payoff of the Lynch Loan and
7 makes a corresponding reduction in DIA expense budgets for
8 a Financial Obligation to the Self Insurance Fund and
9 Unallocated Plan Authorized Expenditures.

10 **Section 2. Purpose.** The purpose of the appropriation in
11 Section 1 is to modify the current fiscal year budget to eliminate
12 the anticipated loan repayment and reflect the loan extension
13 authorized herein.

14 **Section 3. Authorizing and Approving the Lynch Third**
15 **Mortgage Modification Agreement and the Lynch Third Note**
16 **Modification Agreement.** The Council hereby approves and authorizes
17 the Mayor, or his designee, and the Corporate Secretary to execute
18 the following documents: (a) Lynch Third Mortgage Modification
19 Agreement substantially in the form attached hereto as **Exhibit 3**,
20 and (d) Lynch Third Note Modification Agreement substantially in
21 the form attached hereto as **Exhibit 4** (collectively, the
22 "Modification Agreements"), with such "technical" changes thereto
23 as herein authorized. The Modification Agreements may include such
24 additions, deletions, and changes as may be reasonable, necessary,
25 and incidental for carrying out the purposes thereof, as may be
26 acceptable to the Mayor or his designee with such inclusion and
27 acceptance being evidenced by execution of the Modification
28 Agreements by the Mayor or his designee. No modification to the
29 Modification Agreements may increase the financial obligations or
30 the liability of the City and any such modifications shall be
31 technical only and shall be subject to appropriate legal review and

1 approval by the General Counsel, or his designee, and all other
2 appropriate action required by law ("technical" is herein defined
3 as including, but not limited to, legal descriptions and surveys,
4 ingress and egress, easements and rights of way, design standards,
5 access and site plan). A copy of the final amortization schedule
6 for Lynch Loan is attached hereto as **Exhibit 2**.

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

20 **Section 5. Further Authorizations.** The Mayor, or his
21 designee, and the Corporation Secretary are hereby authorized to
22 execute the Modification Agreements and all other contracts and
23 documents and otherwise take all necessary action in connection
24 therewith and herewith. The Chief Executive Officer of the Downtown
25 Investment Authority, as contract administrator, is authorized to
26 negotiate and execute all necessary changes and amendments to the
27 Modification Agreements and other contracts and documents to
28 effectuate the purposes of this ordinance without further Council
29 action, provided such changes and amendments are limited to
30 "technical amendments" and do not change the financial obligations
31 between the parties and, further provided, that all such amendments

1 shall be subject to appropriate legal review and approval by the
2 General Counsel, or his designee, and all other appropriate
3 official action required by law. The term "technical amendments"
4 as used in this section shall include, but not be limited to,
5 changes in legal descriptions and surveys, description of
6 infrastructure improvements and/or any road project, ingress and
7 egress, easements and rights of way, design standards, vehicle
8 access and site plan which have no financial impact.

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

11 **Section 7. Effective Date.** This ordinance shall become
12 effective upon signature by the Mayor or upon becoming effective
13 without the Mayor's signature.

14
15 Form Approved:

16
17 /s/ John Sawyer

18 Office of General Counsel

19 Legislation Prepared By: John Sawyer

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