

RESOLUTION 2023-04-07

A RESOLUTION OF THE DOWNTOWN INVESTMENT AUTHORITY (“DIA”) ACTING AS THE COMMUNITY REDEVELOPMENT AGENCY FOR THE COMBINED NORTHBANK COMMUNITY REDEVELOPMENT AREA; RECOMMENDING APPROVAL OF BORROWER’S REQUEST FOR AN EXTENSION OF THE BALLOON PAYMENT DATE FOR THAT CERTAIN LOAN ON THE LYNCH BUILDING IN ACCORDANCE WITH THE TERMS SET FORTH HEREIN; FINDING THAT THIS RESOLUTION IS CONSISTENT WITH THE BUSINESS INVESTMENT AND DEVELOPMENT (“BID”) PLAN, INCLUDING THE COMMUNITY REDEVELOPMENT AREA PLAN; AUTHORIZING THE CEO OF THE DIA TO TAKE ALL ACTION NECESSARY TO EFFECTUATE THE PURPOSES OF THIS RESOLUTION; PROVIDING FOR AN EFFECTIVE DATE.

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

WHEREAS, in connection with the Lynch Loan, the borrower VCP-Lynch executed and delivered to the City on June 30, 2003 the (a) Amended and Restated Promissory Note in the original principal amount of \$17,816,000 with a 20-year repayment term and an annual rate of interest of 1.525%, as modified by that certain Note Modification Agreement effective March 1, 2010, which provided for interest only payments ending on February 1, 2013 (the “Lynch Note”), and (b) Amended and Restated Mortgage, Assignment of Rents and Security Agreement recorded at Official Records Book 11196, Page 1995 of the current public records of Duval County, Florida, as amended by that certain Mortgage Modification Agreement dated March 1, 2010 and recorded at Official Records Book 15612, Page 1895 of the current public records of Duval County, Florida (the “Lynch Mortgage”), securing the Lynch Note; and

WHEREAS, via Ordinance 2014-280E, the City Council authorized and approved a second mortgage modification agreement between the City of Jacksonville and VCP-Lynch building, Ltd., and a second note modification agreement between the City of Jacksonville and VCP-Lynch building, Ltd. for the purpose of suspending one-half of the monthly principal payments due to the city under the loan for a period of three years beginning as of October 1, 2013, and providing for one-half principal and regular interest payments during that three year period at the regular interest rate of 1.525% per annum without any extension of the overall loan period; and

WHEREAS, pursuant to the second modification the full balance of the Lynch Note is due and payable on July 1, 2023, and receipt of such payment was included in the DIA FY 2022-2023 budget; and

WHEREAS, the Lynch Note was funded by the Jacksonville Economic Development Commission using funds borrowed from the self-insurance fund, the terms of which loan were modified by Ordinance 2020-61E requiring an annual payment of \$800,000 and bearing interest at the rate of 3% per annum; and

WHEREAS, the Jacksonville Economic Development Commission, (since dissolved by City Ordinance 2012-212-E, with all rights and obligations of the JEDC transferred partly to the City, and partly to the Downtown Investment Authority with respect to the Jacksonville Downtown Area as defined in Chapter 55, Part 3, Ordinance Code); and

WHEREAS, the DIA was tasked by the City with oversight the Lynch Note and Lynch Mortgage and responsibility for repayment of the self-insurance loan; and

WHEREAS, due to the current high interest rates and two failed prospective sales of the property as a result, the borrowers VCP-Lynch have requested a modification of the Lynch loan by extending the maturity date to March 1, 2026; and

WHEREAS, the DIA supports such request provided the loan is modified to increase the interest rate to 3% and require monthly payments of \$66,667. which will fully fund the required payments from DIA to the self-insurance fund; and

WHEREAS, the DIA finds that the proposed modification is consistent with the Business Investment and Development (“BID”) Plan; and

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

Section 1. The recitals set forth above are true and correct and are hereby incorporated herein by this reference.

Section 2. A third modification of the Lynch Loan and Lynch Mortgage are recommended in accordance with the terms set forth on Exhibit A attached hereto and made a part hereof.

Section 3. The DIA Board hereby authorizes the CEO of the Downtown Investment Authority to take all action necessary to effectuate the purposes of this Resolution.

Section 4. This Resolution, 2023-04-07, shall become effective on the date it is signed by the Chair of the DIA Board.

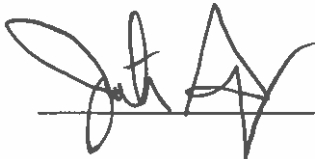
[SIGNATURES ON FOLLOWING PAGE]

**Exhibit A to Resolution 2023-04-07
Terms of third modification of Lynch Loan**

1. The maturity date of the Lynch Note is extended from July 1, 2023, to March 1, 2026.
2. The outstanding principal balance of the Lynch Note as of July 1, 2023, will bear interest at the rate of 3% per annum from such date through maturity.
3. The Lynch Note will be amortized by monthly payments of principal and interest in the amount of \$66,667.00, applied first to interest and then to principal.
4. The full principal balance of the Lynch Note that remains outstanding as of March 1, 2026, shall be due and payable on such date without further extension.
5. The Lynch Mortgage shall be modified to conform to the above note modification.

WITNESS:

DOWNTOWN INVESTMENT AUTHORITY



Carol Worsham, Chair

4/19/23
Date

VOTE: In Favor: 6 Opposed: 8 Abstained: 1