

**Council Auditor’s Office  
2021-453: Laura Street Trio**

**Project Summary:**

- Renovation and rehabilitation of the Bisbee, Florida National Bank, and Florida Life Insurance Buildings and new construction of a mixed use retail and hotel property (“Laura St. Addition”) and a building to provide circulation between the buildings (“Circulation Core Improvements”)
- Bisbee Building Improvements include a ground floor retail bodega, conference center, 56 hotel rooms, and mechanical operations
- Florida National Bank Building Improvements include a private dining/wine cellar space, and two floors of restaurant space
- Florida Life Insurance Building Improvements include 35 hotel rooms, a media theater, lobby/business center, and fitness/media center
- The Laura St. Addition Improvements include 54 hotel rooms, ground floor retail space, and a roof top bar
- The Circulation Core Improvements include 18,762 square feet of space to allow for access amongst the historic buildings and new construction
- The minimum total development cost (TDC) for the project is \$66,982,434 (includes appraised value of parcels owned by the Developer)
- The minimum developer equity contribution is \$6,800,000
- City funding of \$24,674,300 will be appropriated by future legislation; DIA anticipates this will be paid in FY 23/24 and will be funded from the General Fund

**City Incentives:**

Incentive	Amount	Interest Rate	Term	Repayment Schedule	Amortization
Historic Preservation, Restoration, and Rehabilitation Forgivable Loan (HPRR)	\$9,377,766	0.00%	5 years	None	20%/year
Code Compliance Forgivable Loan (CCR)	\$10,016,699	0.00%	5 years	None	20%/year
DPRP Deferred Principal Loan	\$5,279,835	10-year Treasury note at time of closing	10 years	Interest only; balloon at maturity	None

- The HPRR and CCR forgivable loans will be forgiven 20% annually over a five-year period
- The Deferred Principal loan requires interest payments with the principal repayment due at the earlier of the sale or refinance of the property or 10 years
- All loans will be paid upon completion of the project and may not exceed the limits set forth in the DPRP Guidelines
- The developer will be eligible for a 10 year property tax abatement on the rehabilitation of the three historic buildings

#### Performance Schedule:

- Developer shall execute contract within 30 days of delivery of final contract
- Developer shall receive conditional approval to commence construction from the National Park Service (NPS) by January 14, 2022
- Developer shall apply for final approval from DDRB within 60 days of approval by NPS
- Developer shall apply for a building permit within 60 days of final approval from DDRB
- Commence construction of improvements within 90 days of receipt of building permit
- Complete construction of improvements within 36 months from commencement date
- The performance schedule may be extended up to 6 months by the DIA CEO

#### Clawbacks:

- If the TDC falls beneath the minimum stated above
  - By 10% or less, the maximum amount of the applicable DPRP Loans will be reduced in accordance with the DPRP Guidelines
  - By more than 10% but less than 25%, DIA staff will perform an analysis and recommend reduced loan amounts for approval by the DIA Board
  - By more than 25%, Developer shall be ineligible for the applicable DPRP Loans
- If reporting requirements are not met, DIA will be entitled to withhold further payments
- If all taxes are not paid throughout the term of the agreement and DPRP Loan periods, DIA will be entitled to withhold further payments and all amortization or forgiveness on any outstanding DPRP Loans will cease until taxes are brought current
- In the event of a sale during the five year period following the date of disbursement of any DPRP Loan, Developer will repay the total amount of funds disbursed under the HP RR Loan and CCR Loan with respect to the portion of the project parcel sold, based on a sliding scale of 20% for each year
- In the event the project is not used as contemplated by the agreement or DPRP Guidelines at any time on or before the 5<sup>th</sup> anniversary of the last disbursement of funds to the Developer, and the use is not approved by the DIA Board, the full amount of funds paid plus all accrued but unpaid interest shall be due to the City
- If the Developer fails to commence or substantially complete the project in accordance with the performance schedule, DIA shall not be obligated to pay any of the DPRP Loans
- Payment defaults, bankruptcy filings, or other material defaults during the DPRP Loan period (subject in each case to any grace periods or notice and cure periods provided in this Agreement or any Project Documents) will trigger the right for the City to accelerate all amounts funded and outstanding under any or all programs at such time plus a twenty percent (20%) penalty of any amounts amortized or prepaid prior to that date

#### ROI:

- DIA has calculated the ROI as 0.871. The minimum ROI to be eligible for funding under the DPRP Guidelines is 0.50.