

Addendum/Modification and obtain approval therefor, and ultimately obtaining no further action approval from FDEP as to the Future Development Parcel, based upon implementation of the Remedial Action Plan and other applicable requirements of the FDEP.

The Developer or its designated Affiliate shall have the right to acquire riparian rights along the southerly border of the Future Development Parcel if Developer or its designated Affiliate is the successful bidder for the Future Development Parcel. Such riparian rights shall be conveyed by the City at the time of closing or ground lease of the Future Development Parcel to Developer or its designated Affiliate. The Developer or its designated Affiliate may obtain a submerged lands lease over such state-owned lands, subject to regulatory approval, and may elect to construct a private or public marina on such submerged lands fronting the Future Development Parcel.

The Future Development Parcel is bisected by an existing thirty-five foot (35') wide Easement reserved in Official Records Book 1687, Page 483, of the public records of Duval County. Developer may choose to make an offer only on that portion of the Future Development Parcel east of Easement 4 if Developer so elects.

A thirty (30) day notice disposition regarding the Future Development Parcel will be published at the time an offer is received from Developer and the terms thereof are approved by the DIA Board, which approval may be withheld in its sole discretion. Any disposition of the Future Development Parcel is contingent upon approval thereof by the DIA Board and City Council. Notwithstanding anything to the contrary in this Article 7, neither the City nor the DIA are obligated to accept any offer from the Developer and/or approve any disposition to Developer, and notice to the Developer of the rejection of its offer by the DIA Board shall result in the immediate termination of the ROFO without further action.

### 7.3 **Stadium Parking Contingency.**

(a) Developer acknowledges that the temporary construction easement over the Future Development Parcel and Retained Parcels 3 and 4 (as set forth on **Exhibit X** attached hereto and for the purposes of this Section, the "TCE") and other rights that may be granted to Developer and Shipyards Office, LLC as contemplated by this Agreement or the Office Building Redevelopment Agreement (collectively, the "Developer Rights") may impact the parking and other obligations that the City is required to provide to the Jaguars pursuant to the terms of the Jaguars Lease (defined below). As such, notwithstanding anything in this Agreement to the contrary, ~~as a condition to precedent to the City's obligation to execute the TCE,~~ Developer shall cause the Jaguars to deliver to the City, upon the earlier to occur of (i) the execution of the TCE, or (ii) thirty (30) days from the date of Closing on the Office Building Parcel, an executed estoppel letter addressed to the City, in form and substance reasonably acceptable to the City, consenting to the granting of the TCE and Developer Rights and stating that the Jaguars waive all rights to claim any breach or default under the Jaguars Lease arising out of or

**Council Auditor's Office**  
**Bill 2022-871: Kids Kampus Amended Redevelopment Agreement**

**Project**

- Separates the original agreement into separate agreements for the Hotel and Office Building
- Authorizes the sale of the City-owned Office Building Parcel (rather than leasing the parcel to the Developer for \$36,000 annually for an initial term of 40 years) at the March 2022 appraised value of \$3,200,000, providing for a right of reverter and repurchase if construction commencement does not occur by the performance schedule deadline
- Requires City to relocate utilities located under the Service Road at its expense
- Extends the completion of the project by six months to June 30, 2026 and grants the Developer an additional six months to exercise its right of first offer to lease or purchase the Future Development Parcel, now by June 30, 2025
- Revises the Developer's minimum capital investment for the Hotel and Office Building and adds Minimum Required Direct Cost amounts

	Original Agreement	Amended & Restated Agreement**	Increase/ (Decrease)
Hotel Improvements			
Minimum Required Capital Investment	\$242,907,231	\$334,552,000	
Office Building Improvements			
Minimum Required Capital Investment	\$58,150,317	\$53,050,000	
<b>Total Minimum Required Capital Investment</b>	<b>\$301,057,548*</b>	<b>\$387,602,000</b>	<b>\$86,544,452</b>

\*The original agreement did not identify the breakdown of Minimum Required Capital Investment between Hotel and Office Building Improvements. The amounts reflected above were obtained from DIA's analysis of the original agreement.

\*\*The amended and restated agreement also includes Minimum Required Direct Costs of \$281,947,000 for the Hotel Improvements and \$43,015,000 for the Office Building Improvements.

**Incentives**

- The total amount of the REV Grant is being increased by \$11,017,545 and is being separated into two separate grants
- The amount of the Completion Grant is not changing, but will now be made in two payments, with the second payment contingent upon completion of the Office Building Improvements

Incentive	Original Agreement	Amended & Restated Agreement	Increase/ (Decrease)
Hotel REV Grant		\$50,581,200	
Office Building REV Grant		\$8,120,300	
<b>Subtotal REV Grants</b>	<b>\$47,683,955</b>	<b>\$58,701,500</b>	<b>\$11,017,545</b>
Hotel Completion Grant – 1 <sup>st</sup> Payment		\$23,634,887	
Hotel Completion Grant – 2 <sup>nd</sup> Payment		\$2,200,000	
<b>Subtotal Completion Grant</b>	<b>\$25,834,887</b>	<b>\$25,834,887</b>	<b>\$0</b>
<b>Maximum Indebtedness</b>	<b>\$73,518,842</b>	<b>\$84,536,387</b>	<b>\$11,017,545</b>

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**Cost Disbursement Agreements for City-Owned Improvements**

- The Developer is now required to construct all City-owned Improvements, rather than having the option
- The Agreements are being revised to increase the maximum indebtedness for all three agreements
- The scope of the Marina Improvements Cost Disbursement Agreement is being expanded to include dredging and reconstruction of the adjacent Bulkhead and the Pier
- The payment terms are being revised from reimbursement at completion to a monthly reimbursement on a work performed and invoiced basis, subject to a 10% retainage by the City to be paid at substantial completion of each improvement
- \$22.1 million was funded in the FY 22/23 CIP for the City-Owned Improvements and the remaining \$21.1 million is scheduled to be funded in out years

<b>Improvement</b>	<b>Original Agreement</b>	<b>Amended &amp; Restated Agreement</b>	<b>Increase/ (Decrease)</b>
Marina Improvements	\$7,180,133	\$13,170,939	\$5,990,806
Bulkhead Improvements	\$0	\$6,921,680	\$6,921,680
Pier Improvements	\$0	\$8,763,506	\$8,763,506
<b>Subtotal</b>	<b>\$7,180,133</b>	<b>\$28,856,125</b>	<b>\$21,675,992</b>
Marina Support Building Improvements	\$6,192,967	\$9,875,667	\$3,682,700
Riverwalk Improvements	\$3,900,000	\$4,103,135	\$203,135
<b>Total City-Owned Improvements</b>	<b>\$17,273,100</b>	<b>\$42,834,927</b>	<b>\$25,561,827</b>

**Performance Schedule**

<b>Deadline</b>	<b>Original Agreement</b>	<b>Amended &amp; Restated Agreement (1)</b>
Commence Hotel Improvements	Horizontal - by 6/1/22 Vertical - not specified	Horizontal - by 12/31/22 Vertical - by 9/1/23
Complete Hotel Improvements	12/31/25	6/30/26
Commence Office Improvements	Horizontal - by 6/1/22 Vertical - not specified	Horizontal - by 12/31/22 Vertical - by 6/1/24
Complete Office Improvements	12/31/25	6/30/26
Completion of Marina Improvements (includes Marina, Bulkhead and Pier)	The earlier of completion of the Hotel and Office Building Improvements or 12/31/25	Earlier of 36 months from the Marina Closure Date or 6/30/26 (2)
Completion of Marina Support Building Improvements	The earlier of completion of the Hotel and Office Building Improvements or 12/31/25	The earlier of the opening of the Hotel Improvements to customers or 6/30/26
Completion of Riverwalk Improvements	The earlier of completion of the Hotel and Office Building Improvements or 12/31/25	The earlier of the opening of the Hotel Improvements to customers or 6/30/26

**Notes:**

1. All milestones are subject to a day for day extension if 1) utilities have not been relocated and 2) the temporary construction easement to the Future Development Parcel has not been provided
2. Allows for closure of the Marina and Riverwalk for a maximum of 36 months (previously Developer was required to use reasonable efforts to keep them open during construction)

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**Waivers**

- Waives Code Sec. 122.811(a) to allow the Developer to coordinate the sale of any surplus City property in coordination with the construction of the improvements and apply the revenues toward the cost of the City-owned improvements
- Waives the Public Investment Policy to authorize the REV Grant for the Office Building

**ROI**

- The ROI has been recalculated based on the terms of the amended and restated agreements
- The increase in the ROI is due to an increase in the estimated ad valorem revenues based on increased capital investment amounts and revised assumptions for the Hotel based on an updated market study showing increased occupancy and average daily rate

	<b>Original Agreement</b>	<b>Amended &amp; Restated Agreement</b>
DIA calculated ROI	1.01 (Overall)	1.10 (Hotel) 1.23 (Office)

**Rules Amendment:**

1. Include language authorizing the Completion Grant in bill
2. Correct scrivener's errors
3. Attach revised Exhibit 2 (BT) to correct account strings
4. Attach revised Exhibit 3 (CIP Sheet) to correct project scope
5. Place revised agreements on file to:
  - a. Clarify how savings between City-owned improvements can be shared between various Project Components
  - b. Add maximum dollar amount for Bulkhead Improvements
  - c. Clarify responsibility of future signalized intersections along Gator Bowl Blvd
  - d. Correct Developer name within Guaranty Modification
  - e. Replace Marina Improvements Budget Estimate Schedule
  - f. Mirror language in Riverwalk Costs Disbursement Agreement for project management fees
  - g. Strike reference to Ch. 126 in Riverwalk and Marina Improvements Cost Disbursement Agreements
  - h. Clarify unused development rights related to Office Building Improvements will return to DIA
  - i. Clarify DIA Board discretion to permit deviation below stated minimum developments
  - j. Insert base year value for Office Building REV Grant
  - k. Remove insurance requirements for Office Building
  - l. Correct scrivener's errors
  - m. Require Developer to obtain estoppel letter from the Jaguars regarding required parking spaces pursuant to the Jaguars lease and deliver to the City within 30 days of Closing of the Office Parcel
  - n. Mirror applicable conditions for disbursement of the first payment of the Completion Grant on the Hotel to the second payment related to the Office Building Improvements
  - o. Include 5-year sliding scale clawback on Completion Grant if the Hotel is not operated as a Four Seasons or global change in the name of the Four Seasons brand
  - p. Revise the Tower Crane License Agreement to restrict advertising, flags, banners, placards, or signage (other than as required by law) from being hung, attached, or displayed in connection with the cranes or related equipment

## Council Member Salem

### Amendment to Bill Number 2022-871; Redevelopment Agreement between Shipyards Hotel, LLC and the City of Jacksonville and the Downtown Investment Authority

Amend bill 2022-871 to:

Amend the On File redevelopment agreement to eliminate the requirement of a minimum of 250 integrated structured parking spaces as a part of the Hotel Improvements, and instead requiring a minimum of a 75,000 square foot structured parking facility, inclusive of drive aisles and service areas, as a part of the Hotel Improvements.

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The Future Development Parcel is bisected by an existing thirty-five foot (35') wide Easement reserved in Official Records Book 1687, Page 483, of the public records of Duval County. Developer may choose to make an offer only on that portion of the Future Development Parcel east of Easement 4 if Developer so elects.

A thirty (30) day notice disposition regarding the Future Development Parcel will be published at the time an offer is received from Developer and the terms thereof are approved by the DIA Board, which approval may be withheld in its sole discretion. Any disposition of the Future Development Parcel is contingent upon approval thereof by the DIA Board and City Council. Notwithstanding anything to the contrary in this Article 7, neither the City nor the DIA are obligated to accept any offer from the Developer and/or approve any disposition to Developer, and notice to the Developer of the rejection of its offer by the DIA Board shall result in the immediate termination of the ROFO without further action.

### 7.3 **Stadium Parking Contingency.**

(a) Developer acknowledges that the temporary construction easement over the Future Development Parcel and Retained Parcels 3 and 4 (as set forth on **Exhibit X** attached hereto and for the purposes of this Section, the "TCE") and other rights that may be granted to Developer and Shipyards Office, LLC as contemplated by this Agreement or the Office Building Redevelopment Agreement (collectively, the "Developer Rights") may impact the parking and other obligations that the City is required to provide to the Jaguars pursuant to the terms of the Jaguars Lease (defined below). As such, notwithstanding anything in this Agreement to the contrary, ~~as a condition to precedent to the City's obligation to execute the TCE,~~ Developer shall cause the Jaguars to deliver to the City, upon the earlier to occur of (i) the execution of the TCE, or (ii) thirty (30) days from the date of Closing on the Office Building Parcel, an executed estoppel letter addressed to the City, in form and substance reasonably acceptable to the City, consenting to the granting of the TCE and Developer Rights and stating that the Jaguars waive all rights to claim any breach or default under the Jaguars Lease arising out of or

that tax year, and (ii) the amount of the adjusted Annual Project Revenues paid by the Developer.

11.4 **Further disclaimer.**

The REV Grant shall not be deemed to constitute a debt, liability, or obligation of the City, DIA or of the State of Florida or any political subdivision thereof within the meaning of any constitutional or statutory limitation, or a pledge of the faith and credit or taxing power of the City, DIA or of the State of Florida or any political subdivision thereof, but shall be payable solely from the funds provided therefor in this Article 11. The City and DIA shall not be obligated to pay the REV Grant or any installment thereof except from the non-ad valorem revenues or other legally available funds provided for that purpose, and neither the faith and credit nor the taxing power of the City, DIA or of the State of Florida or any political subdivision thereof is pledged to the payment of the REV Grant or any installment thereof. The Developer, or any person, firm or entity claiming by, through or under the Developer, or any other person whomsoever, shall never have any right, directly or indirectly, to compel the exercise of the ad valorem taxing power of the City, DIA or of the State of Florida or any political subdivision thereof for the payment of the REV Grant or any installment thereof.

**Article 12.**  
**PROJECT COMPLETION GRANT**

12.1 **Project Completion Grant; Amount.**

The Developer shall be eligible for a Project Completion Grant (“Project Completion Grant”) in the up to, maximum amount equal to \$25,834,887.00, payable in part upon Substantial Completion of the Hotel Improvements in accordance with this Agreement. The remaining balance of the Project Completion Grant shall be payable, if at all, at such time as the Office Building Improvements are Substantially Completed in accordance with the Office Building Redevelopment Agreement. The City’s obligation to make the Project Completion Grant is subject to the terms and conditions of this Agreement.

12.2 **Disbursement of Project Completion Grant.**

Upon Substantial Completion of the Hotel Improvements in accordance with the terms and conditions of this Agreement, Developer shall be eligible for the first installment of the Project Completion Grant, in the amount of \$23,634,887 (the “First Payment”). Upon the Substantial Completion (as defined in the Office Building Redevelopment Agreement) of the Office Building Improvements in accordance with the terms and conditions of the Office Building Redevelopment Agreement, the Developer is eligible for the second and final payment of the Project Completion Grant in the amount of \$2,200,000 (the “Second Payment”). Disbursement of the First Payment of the Project Completion Grant is subject to the terms and conditions to disbursement below and the other terms of this Agreement. Disbursement of the Second Payment of the Project

Completion Grant, which can be applied for concurrently with disbursement of the First Payment of the Project Completion Grant, is conditioned on Developer being eligible for the First Payment in accordance with this Agreement, and Substantial Completion (as defined in the Office Building Redevelopment Agreement) of the Office Building Improvements in accordance with the terms and conditions of the Office Building Redevelopment Agreement, and is also subject to the conditions to disbursement as set forth in subparagraphs (a) and (c) – (i) below but made applicable as to the Office Building Improvements, Office Building Parcel, and Office Building Redevelopment Agreement, as applicable.-

(a) The Hotel Improvements shall have been Substantially Completed in all respects in accordance with this Agreement and in accordance with the Performance Schedule, as may be modified by a Force Majeure Event or extended by the CEO of the DIA pursuant to Article 4 hereof, consistent with the requirements of this Agreement. The Developer shall furnish to the DIA a temporary certificate of occupancy for the Hotel Improvements, or such other permits and/or certificates (including a certificate of substantial completion from the architect or engineer of record) as shall be required to establish to the DIA's satisfaction that the Hotel Improvements have been Substantially Completed and are not subject to any material violations or uncorrected conditions noted or filed in any City department.

(b) The Developer shall have entered into a fully executed license agreement to operate the Hotel Improvements as a luxury Four Seasons hotel and residential property for a term of not less than ten years.

(c) All property taxes on the Hotel Parcel must be current, and the Hotel Improvements must be open to the general public and operating in accordance with the uses described in this Agreement.

(d) No Event of Default with respect to Developer's obligations under this Agreement with respect to the Hotel Improvements or an event which, with the giving of notice or the passage of time, or both, would constitute an Event of Default with respect to Developer's obligations under this Agreement with respect to the Hotel Improvements has occurred and is continuing. Notwithstanding the foregoing, nothing set forth herein shall abridge Developer's right to cure any notice of default within any applicable notice and cure period.

(e) The Developer shall submit to the DIA a proper contractor's final affidavit and pay applications supporting the Minimum Required Capital Investment to DIA's reasonable satisfaction;

(f) The disbursement request shall be made after Substantial Completion of the Hotel Improvements and satisfaction of all conditions under this Agreement upon written application of Developer pursuant to a Disbursement Request in the form of attached **Exhibit Z**. The Disbursement Request shall be accompanied by the following supporting data: (i) processed pay applications for the Hotel Improvements as



of the date of the Disbursement Request, and (ii) AIA Forms G702 and G703 certified by the General Contractor and Design Professional for the completed Hotel Improvements. The Disbursement Request shall constitute a representation by Developer that the work done and the materials supplied to the date thereof are in accordance with the City approved plans and specifications for such work; that the work and materials for which payment is requested have been physically incorporated into the respective Improvements; that the value is as stated; that the work and materials conform with all applicable rules and regulations of the public authorities having jurisdiction; and that no Event of Default or event which, with the giving of notice or the passage of time, or both, would constitute an Event of Default has occurred and is continuing under this Agreement with respect to the Hotel Improvements.

(g) Developer shall take all action necessary to have any mechanic's and materialmen's liens, judgment liens or other liens or encumbrances filed against the Hotel Parcel (other than any consensual mortgage) released or transferred to bond within twenty (20) days of the date Developer receives notice of the filing of such liens or encumbrances. If any such lien or encumbrance is filed, the City shall not be required to make any disbursement of the Project Completion Grant until such lien or encumbrance is bonded over or removed and the City receives a copy of the recorded release. The City shall not be obligated to disburse any of the Project Completion Grant to Developer if, in the reasonable opinion of the City, any such disbursement or the Hotel Parcel would be subject to a mechanic's or materialmen's lien or any other lien or encumbrance other than inchoate construction liens. Developer shall be fully and solely responsible for compliance in all respects whatsoever with the applicable mechanic's and materialmen's lien laws.

(h) The Developer shall deliver to the DIA an as-built survey of the Hotel Improvements within sixty (60) days after the completion thereof.

(i) The Developer shall have provided to the DIA, in form and substance reasonably satisfactory to the DIA, any such other document, instrument, information, agreement or certificate the DIA may reasonably require related to the construction or completion of the Hotel Improvements.

### 12.3 **No Warranty by City or DIA**

Nothing contained in this Agreement or any other document attached hereto or contemplated hereby shall constitute or create any duty on or warranty by City or the DIA regarding: (a) the accuracy or reasonableness of the Project budgets; (b) the feasibility or quality of the construction documents for the Project; (c) the proper application by the Developer of the Project Completion Grant funds; (d) the quality or condition of the work; or (e) the competence or qualifications of any third party furnishing services, labor or materials in connection with the construction of the Project. Developer acknowledges that it has not relied and will not rely upon any experience, awareness or expertise of the City or DIA, or any City or DIA inspector, regarding the aforesaid matters.

managing member's interest, the substitution of a general partner or managing member, or the addition of a general partner or managing member, or (iii) all or substantially all of the assets of the entity are sold, assigned, transferred or conveyed.

(g) If a Cessation of Four Seasons Operations occurs during the first five years after Substantial Completion of the Hotel Improvements, and unless otherwise approved by City Council, then the following shall be due and payable by the Developer to the City upon Cessation of Four Seasons Operations;

(i) \$25,834,887, if the Cessation of Four Seasons Operations occurs within 12 months after disbursement of the Project Completion Grant;

(ii) \$20,667,910, if the Cessation of Four Seasons Operations occurs after 12 months but within 24 months of disbursement of the Project Completion Grant;

(iii) \$15,500,932, if the Cessation of Four Seasons Operations occurs after 24 months but within 36 months of disbursement of the Project Completion Grant;

(iv) \$10,333,955, if the Cessation of Four Seasons Operations occurs after 36 months but within 48 months of disbursement of the Project Completion Grant; or

(v) \$5,166,977, if the Cessation of Four Seasons Operations occurs after 48 months but within 60 months of disbursement of the Project Completion Grant.

The term "Cessation of Four Seasons Operations" shall mean a change in the flag and brand name under which the Hotel Improvements are operated from the Four Seasons to another name, brand, or flag, or the Hotel closes its operations for any reason other than a Force Majeure Event. Notwithstanding the foregoing, the rebranding of all Four Seasons Hotels and Resorts locations in the United States to another uniform brand name shall not constitute a Cessation of Four Seasons Operations.

#### **17.4 Hotel Parcel Reverter Process.**

Notwithstanding the fact that the Reverter (as set forth in the Deed) shall be immediately effective upon the recording of the Notice (as defined in the Deed), Developer shall, at its sole cost and expense and within thirty (30) days of the recording of the Notice, deliver a Special Warranty Deed conveying the Project Parcel to the City and cause to be issued in the City's favor an owner's policy of title insurance for the fair