

RESOLUTION 2021-08-12

A RESOLUTION OF THE DOWNTOWN INVESTMENT AUTHORITY (“DIA”) RECOMMENDING THAT CITY COUNCIL APPROVE A DOWNTOWN PRESERVATION AND REVITALIZATION PROGRAM FORGIVABLE LOAN PACKAGE FOR RENOVATIONS TO THE THOMAS V. PORTER HOUSE BUILDING LOCATED AT 510 N JULIA ST (THE “PROPERTY”) PURSUANT TO A REDEVELOPMENT AGREEMENT WITH JWB REAL ESTATE CAPITAL (“JWB”) OR ASSIGNS (“DEVELOPER”); FINDING THAT THE PLAN OF DEVELOPMENT IS CONSISTENT WITH THE DIA’S BUSINESS INVESTMENT AND DEVELOPMENT PLAN (“BID PLAN”) AND THE NORTH BANK DOWNTOWN AND SOUTHSIDE COMMUNITY REDEVELOPMENT AREA PLAN (“CRA 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, JWB is the owner of the Property which is in the process of being designated a local historic landmark pursuant to Ordinance 2021-0377 and is located within the National Historic District of Downtown and within the boundaries of the Downtown Northbank CRA; and

WHEREAS, the Developer proposes to renovate the Thomas V. Porter House into a minimum of 4,300 square feet of shell retail/restaurant space and 10,000 square feet of office space; and

WHEREAS, the increased private capital investment totaling not less than \$2,956,869 in real property will increase the county ad valorem tax base over the useful life of the assets, will increase the availability of office space units for Downtown businesses and increase restaurant activity in Downtown Jacksonville; and

WHEREAS, the Strategic Implementation Committee of the Downtown Investment Authority (“DIA”) met on August 16, 2021 to consider the term sheet and recommendation of DPRP Program Forgivable Loans in accordance with the program guidelines established by City Council in accordance with the terms contained in the term sheet attached hereto as Exhibit A; and

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 instructs the Chief Executive Officer of the Downtown Investment Authority to take all necessary actions, including the filing of legislation before the City Council, to seek DPRP funding of up to **\$669,581** pursuant to the Downtown Preservation and


Revitalization Program guidelines in accordance with the terms set forth on the term sheet attached hereto as Exhibit A.

Section 3. The Chief Executive Officer is hereby authorized to execute the contracts and documents and otherwise take all necessary action in connection therewith to effectuate the purposes of this Resolution.

Section 4. 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




Braxton Gillam, Chairman

8 | 18 | 21
Date

VOTE: In Favor: 7 Opposed: 0 Abstained: 0

Exhibit A:

**DOWNTOWN PRESERVATION AND REVITALIZATION PROGRAM
TERM SHEET**

Thomas V. Porter House

Project: The project comprises the redevelopment of a historic property in the Church District of Downtown Jacksonville utilizing funding through the Downtown Preservation and Revitalization Program ("DPRP").

The Thomas V. Porter House ("Porter House") located at 510 N Julia St, RE# 073849-0005, is a historic three-story building consisting of approximately 14,364 square feet designed by Henry Klutho and built in 1902. Upon completion, the project will provide a minimum of 4,300 sqft of shell retail/restaurant space and 10,000 sqft of office space. Developer will be renovating floors 1-3, approximately 10,000 square feet, for a single office user. The basement, approximately 4,332 square feet, will be renovated into a cold white shell for a future restaurant. Renovations include, but are not limited to, adding an ADA lift, replacement of an egress stairwell, interior ADA work, fire alarm, sprinkler system, interior bathroom remodel, siding repair, and paint.

Developer/ Applicant / Borrower:	JWB Real Estate Capital or Assigns ("JWB")
Total Development Costs (estimate):	\$3,053,677
Equity (proposed):	\$459,015 (15.0% of Underwritten TDC)

City Funding: No more than \$535,666 (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
As Underwritten	\$277,186	\$258,479	\$ 133,916	\$669,581

At this level, the incentive structure and funding under the DPRP will be subject to further approvals by the Jacksonville City Council.

All funding is made at the time of completion and following inspection with criteria approved by the DIA and the Historic Preservation Section of the COJ Planning and Development Department at the time of underwriting. Should Total Development Costs as underwritten fall below \$2,956,869, the DPRP Loan Amounts will be reduced proportionately. This amount equates to a 10% reduction in the proposed

Construction Budget alone. Should the Construction Budget as underwritten (\$968,077) fall by more than 10%, but less than 15%, the DIA Board shall approve revisions to the DPRP Loan Amounts.

Infrastructure: No City of Jacksonville infrastructure improvements are contemplated.

Land: No City of Jacksonville land is committed to the project.

Loans: No other loans, grants, or other funding from the City of Jacksonville are contemplated for this project, although commercial tenants leasing space within these Properties may be eligible for funding under separate programs.

No costs may be submitted for duplicative funding under more than one DIA incentive program. However, costs incurred by the DPRP Applicant may count towards their required contribution under the Retail Enhancement Program to the extent such costs are directly attributable to space that would be occupied by the REP Grant Applicant.

Minimum Capital Contribution:

- A) The minimum total equity capital contribution through completion to remain eligible for the maximum DPRP Funding as outlined is \$459,095.
- B) The minimum Total Development Cost for the Project as underwritten is \$2,956,869, which includes the appraised value of the property at \$1,670,000. *Note: This is the minimum for maximum funding as applied for and underwritten. The Projects may be eligible for funding at lower levels subject to maintaining compliance with DPRP Guidelines.*

Performance Schedule:

- A) Redevelopment Agreement to be executed within thirty (30) days of the Bill Effective Date.
- B) Commencement of Construction: Within three (3) months following the Redevelopment Agreement Effective Date, Applicant commits to commencement of construction, meaning receipt of all required approvals, permitting, and closing on all required financing to allow the start of construction activities and has actually broken ground to begin work.
- C) Substantial Completion: Within twelve (12) months following Commencement of Construction as defined above.
- D) The DIA CEO will have authority to extend this Performance Schedule, in the CEO’s discretion, for up to three (3) months for good cause shown by the Developer / Applicant. Any extensions to the Commencement Date shall have the same effect of extending the Completion Date simultaneously.

Additional Commitments:

- A) The Developer commits to the development of:
 - 1. A minimum of 10,000 of Commercial Office Space.
 - 2. A minimum of 4,300 square feet of retail/restaurant space.
- B) Recommendation as to the eligibility of the approved scope of work on the Properties by the 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").

- C) Upon completion and request for funding, all work on the Properties must be inspected by the Planning and Development Department or designee for compliance with the approved application prior to funding under any DPRP loan component.
- D) Funding under the DPRP will be secured by a stand-alone, subordinate lien position on the Property behind any senior secured, third-party lender providing construction, mini-perm, or permanent financing.
- E) Each DPRP loan will be cross defaulted with one another.
- F) 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 the subject facilities.
- G) As JWB 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.
- H) Standard claw back provisions will apply such that:
 - a) In the event the Borrower sells, leases, or otherwise transfers the Historic Building during the first five (5) years after the disbursement of the Forgivable Loans, 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.
- I) 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.
- J) The DPRP Deferred Principal Loan component requires fixed annual interest payments equal to the total principal outstanding multiplied by the prevailing Ten-Year Treasury Note Rate at the time established for closing.
- K) 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.

- L) DIA reserves the right to approve any sale, disposition of collateral property, or refinance of senior debt during the DPRP Compliance Period. It is anticipated that the Applicant will increase the debt on the property upon stabilization to minimize interest costs during the construction period. Maximum debt after refinance is established at \$1,925,000.
- M) 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.
- N) 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).