

LEGISLATIVE FACT SHEET

DATE: 03/09/22

BT or RC No: ~~BT~~ BT 22-062

(Administration & City Council Bills)

SPONSOR: Office of Economic Development

(Department/Division/Agency/Council Member)

Contact for all inquiries and presentations: Office of Economic Development

Provide Name: Kirk Wendland, Executive Director Contact No: 255-5455

Email: kwendland@coj.net

PURPOSE: White Paper (Explain why this legislation is necessary. Provide, who, what, when where, how and the impact.) Council Research will complete this form for Council introduced legislation and the Administration is responsible for all other legislation. (Minimum of 350 words – Maximum of 1 page)

Fruit of Barren Trees, LLC (FOBT) is a real estate development firm, wholly owned and operated by Ms. Rebecca Johnson. Established in April of 2020, FOBT was created to revitalize distressed neighborhoods through real estate development. The firm also provides urban planning and business support services to expand business opportunities within distressed communities. FOBT has selected Jacksonville to establish its business. FOBT seeks to provide real estate development services in Jacksonville, Florida, Birmingham, AL, Detroit, MI and Baltimore, MD. FOBT is registered in the State of Florida and designated as a Foreign Limited Liability Company. A Northwest Economic Development Fund Application was submitted by FOBT requesting subordinate financing to assist in renovating the vacant building located at 3202 N. Myrtle Avenue to add office space and updated rental units within the North Myrtle Avenue Corridor. The project cost is \$670,000. They have secured a first mortgage commitment from Local Support Initiatives Corporation (LISC) in the amount of \$470,000 and FOBT is making an equity investment of \$65,000 and requesting a \$135,000 subordinate loan from the Northwest Economic Development Fund Small Business Initiative Program to complete the renovation.

The application will be presented to the Northwest Economic Development Fund Advisory Board at their March 22, 2022, meeting. The subordinate loan recommended is a 2nd mortgage loan secured by the building located at 3202 N Myrtle Avenue at an interest rate of 3% per annum amortized over a 20-year period with a call at the end of the 4th year. The loan would be subordinate to the 1st mortgage loan provided by LISC at a 5.5% amortized over a 25-year period with a call at the end of the 4th year. The developer has indicated it will create 7 new full-time equivalent jobs, within 3 years after project completion. The average wage of the jobs is \$34,700.

The Company has stated the NW SBDI Loan is a material factor in their ability to complete the redevelopment of the project and create the jobs. LISC has approved their 1st mortgage loan in the amount of \$470,000 and supports the NW SBDI Loan to complete the project.

APPROPRIATION: Total Amount Appropriated \$135,000 as follows: List the source name and provide Object and Subobject Numbers for each category listed below:

(Name of Fund as it will appear in the title of the legislation)

Name of Federal Funding Source(s)

From: _____ Amount: _____

To: _____ Amount: _____

Name of State Funding Source(s)

From: _____ Amount: _____

To: _____ Amount: _____

Name of COJ Funding Source(s)

From: Northwest OED Fund / JXSF Citywide Industry Development / Transfer from Fund Balance

Amount: \$135,000

To: Northwest OED Fund / Northwest JEDC Fund / Loans

Amount: \$135,000

Name of In-Kind Contributions:

From: _____ Amount: _____

To: _____ Amount: _____

Name & No. of Bond Account(s):

From: _____ Amount: _____

To: _____ Amount: _____

PLAIN LANGUAGE OF APPROPRIATION/FINANCIAL IMPACT/OTHER:

Explain: Where are the funds coming from, going to, how will the funds be used? Does the funding require a match? Is the funding for a specific time frame? Will there be ongoing maintenance and staffing obligation? Per Chapter 122 & 106 regarding funding of anticipated post-construction operation costs. (Minimum of 350 words – maximum of 1 page.)

The City of Jacksonville proposes to provide:

- A Northwest Economic Development Fund Small Business Development Initiative (SBDI) Loan in the amount of \$135,000 subordinate to LISC's first mortgage loan totaling \$470,000. The proposed interest rate is 3.0% per annum, amortized over a 20-year period with a term of 48 months or at the end of the term of the LISC first mortgage loan. The private capital investment for this project is \$670,000 and will result in the creation of up to 7 full-time equivalent jobs at the end of the third year after project completion. The average wage of the new jobs being created is estimated to be \$34,700 plus benefits.
- Funding will be appropriated from fund balance, which originated from prior year investment pool earnings that fell to fund balance – unassigned at FYE.
- The project has a positive Return On Investment of 1.58 : 1 for the City of Jacksonville.

ACTION ITEMS: Purpose/Check List. If "Yes" please provide detail by attaching justification and code provisions for each.

ACTION ITEMS:

Emergency? Yes _____ No **X** _____

Justification of Emergency: If yes, explanation must include detailed nature of emergency.

Federal or State Mandate? Yes _____ No **X** _____

Explanation: If yes, explanation must include detailed nature of mandate include Statue or Provision.

Fiscal Year Carryover? Yes _____ No **X** _____

Note: If yes, note must include explanation of all-year subfund carryover language.

Fund 00117 is an all years fund

CIP Amendment? Yes ___ No **X** _____

Attachment: If yes, attach appropriate CIP form(s). Include justification for mid-year amendment.

Contract/Agreement Approval? Yes **X** _____ No _____

Attachment & Explanation: If yes, attach the Contract/Agreement & provide name of the Department and include contact name and telephone number of the person r that will provide oversight. Indicate if negotiations are on-going and with whom. Has OGC reviewed/drafted? **OED will provide oversight and administration.**

Related RC/BT? Yes **X** _____ No _____ If yes, attach appropriate RC/BT form(s)

Waiver of Code? Yes_ No **X** _____

Code Reference: If yes, identify code section(s) in space below & provide detailed explanation (including impacts) within white paper.

Code Exception: Yes _____ No **X** _____

Code Reference: If yes, identify code section(s) in space below & provide detailed explanation (including impacts) within white paper.

Related Enacted Ordinances? Yes _____ No **X** _____

Code Reference: If yes, identify related code section(s) and ORD reference number in the space below & provide detailed explanation and any changes necessary within whitepaper.

ACTION ITEMS CONTINUED: Purpose/Check List. If "Yes" please provide detail by attaching justification and code provisions for each.

ACTION ITEMS:

Continuation of Grant? Yes _____ No **X** _____

Explanation: How will the funds be used? Does the funding require a match? Is the funding for a specific time frame and/or multi-year? If multi-year, note year of grant. Are there long-term implications for the General Fund?

Surplus Property Certification? Yes _____ No **X** _____ Attachment: If yes, attach appropriate form(s)

Reporting Requirements? Yes _____ No X

Explanation: List agencies (including City Council/Auditor) to receive reports and frequency of reports, including when reports are due. Provide name of the Department and include contact name and telephone number of the person responsible for generating.

Executive Director:


(Signature)

Date: 03/09/2022

Prepared By:


(Signature)

Date: 03/09/2022

ADMINISTRATIVE TRANSMITTAL

To: MBRC, Budget Office, St. James Bldg., Suite 325

Thru: N/A
(Name, Job Title, Department)

From: Kirk Wendland, Executive Director, Office of Economic Development (OED)
Initiating Department Representative (Name, Job Title, Department)

Phone: 255-5455 E-Mail: kwendland@coj.net

Primary Contact: Kirk Wendland, Executive Director, Office of Economic Development
(Name, Job Title, Department)

Phone: 255-5455 E-Mail: kwendland@coj.net

CC: Rachel Zimmer, Director of Intergovernmental Affairs, Office of the Mayor

Phone: 255-5006 E-Mail: rachelz@coj.net

COUNCIL MEMBER/INDEPENDENT AGENCY/CONSTITUTIONAL OFFICER TRANSMITTAL

To: Peggy Sidman, Office of General Counsel, St. James Bldg., Suite 480

Phone: 255-5055 E-Mail: psidman@coj.net

From: N/A
Initiating Council Member/Independent Agency/Constitutional Officer

Phone: _____ E-Mail: _____

Primary Contact: N/A
(Name, Job Title, Department)

Phone: _____ E-Mail: _____

CC: Rachel Zimmer, Director of Intergovernmental Affairs, Office of the Mayor
Phone: 255-5006 E-Mail: rachelz@coj.net

Legislation from Independent Agencies requires a resolution from the Independent Agency Board approving the legislation

Independent Agency Action Item:

Board(s) Action/Resolution? Yes _____ No X _____

Attachment: If yes, attach appropriate documentation. If no, when is board action scheduled?

FACT SHEET IS REQUIRED BEFORE LEGISLATION IS INTRODUCED