1 Introduced by the Council President at the request of the DIA and 2 amended on the Floor of Council:

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ORDINANCE 2022-871-E

ORDINANCE MAKING CERTAIN FINDINGS AND 6 AN 7 APPROPRIATING \$7,100,000 FROM THE NORTHBANK 8 RIVERWALK - NORTHBANK BULKHEAD PROJECT TO THE 9 NORTHBANK CENTRAL MARINA PROJECT TO FUND CERTAIN CITY-OWNED IMPROVEMENTS TO BE CONSTRUCTED BY THE 10 HOTEL DEVELOPER, AS INITIATED BY REVISED B.T. 11 23-028; AUTHORIZING THE MAYOR, OR HIS DESIGNEE, 12 13 TO EXECUTE: (1) AN OFFICE BUILDING REDEVELOPMENT AGREEMENT ("OFFICE REDEVELOPMENT AGREEMENT") 14 15 THE CITY OF JACKSONVILLE ("CITY"), AMONG DOWNTOWN INVESTMENT AUTHORITY ("DIA") AND 16 17 SHIPYARDS OFFICE, LLC ("OFFICE DEVELOPER"), AN AFFILIATE OF IGUANA INVESTMENTS FLORIDA, LLC, 18 FOR THE DESIGN AND CONSTRUCTION OF A CLASS A 19 20 OFFICE BUILDING WITH NO LESS THAN 141,300 GROSS SQUARE FEET ("OFFICE BUILDING IMPROVEMENTS"), 21 22 CONSISTENT WITH THE IMPROVEMENTS PREVIOUSLY 23 AUTHORIZED, WHICH IN PART AUTHORIZES THE SALE OF 24 APPROXIMATELY 1.05-ACRE OFFICE BUILDING THE 25 PARCEL TO THE OFFICE DEVELOPER AT A PURCHASE 26 \$3,200,000, AND AUTHORIZES PRICE OF AN 27 ASSIGNMENT OF THE EXISTING OFFICE BUILDING 28 GROUND LEASE FROM THE CITY TO THE OFFICE 29 DEVELOPER; (2) AN AMENDED AND RESTATED HOTEL 30 REDEVELOPMENT AGREEMENT ("HOTEL REDEVELOPMENT 31 AGREEMENT") AMONG THE CITY, DIA, AND SHIPYARDS

HOTEL, LLC, AN AFFILIATE OF IGUANA INVESTMENTS 1 FLORIDA, LLC, ALTERNATIVELY KNOWN AS SHIPYARDS 2 3 HOTEL JACKSONVILLE, LLC ("HOTEL DEVELOPER"), WHICH AMENDS AND RESTATES THE PREVIOUSLY 4 5 AUTHORIZED REDEVELOPMENT AGREEMENT FOR THE DESIGN AND CONSTRUCTION OF A LUXURY HOTEL WITH 6 7 NO FEWER THAN 170 ROOMS, NO FEWER THAN 23 CLASS 8 A CONDOMINIUM UNITS AND NO LESS THAN 37,000 9 SQUARE FEET OF COMMERCIAL/RETAIL SPACE (COLLECTIVELY, THE "HOTEL IMPROVEMENTS"); (3) A 10 11 REVISED MARINA SUPPORT BUILDING COSTS DISBURSEMENT AGREEMENT FOR THE CONSTRUCTION BY 12 13 THE DEVELOPER ON BEHALF OF THE CITY OF A MARINA SUPPORT BUILDING OF NO LESS THAN 6,000 SQUARE 14 15 FEET AND EVENTS LAWN OF APPROXIMATELY ONE ACRE HAVING AN ESTIMATED COST TO THE CITY OF 16 17 \$9,875,667.00 (COLLECTIVELY, THE "MARINA SUPPORT BUILDING IMPROVEMENTS"); (4) A REVISED 18 MARINA, BULKHEAD AND PIER IMPROVEMENTS COSTS 19 20 DISBURSEMENT AGREEMENT WITH AN ESTIMATED COST TO THE CITY OF \$28,856,125 ("MARINA IMPROVEMENTS"); 21 22 (5) A REVISED RIVERWALK IMPROVEMENTS COSTS 23 DISBURSEMENT AGREEMENT WITH AN ESTIMATED COST TO 24 THE CITY OF \$4,103,135 ("RIVERWALK IMPROVEMENTS"), WITH ALL COST OVERRUNS IN THE 25 AGGREGATE THE RESPONSIBILITY OF THE HOTEL 26 27 DEVELOPER, ALL ON THE NORTHBANK OF THE ST. JOHNS RIVER WITHIN THE DOWNTOWN EAST NORTHBANK 28 29 DOWNTOWN COMMUNITY REDEVELOPMENT AREA ("PROJECT"); (6) A MODIFICATION, CONSENT AND 30 REAFFIRMATION OF GUARANTY FOR THE HOTEL 31

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IMPROVEMENTS IN FAVOR OF THE CITY AND DIA; (7) 1 A REVISED GUARANTY AGREEMENT FOR THE OFFICE 2 IMPROVEMENTS IN FAVOR OF THE CITY AND DIA; AND 3 (8) REVISED EASEMENTS AND RELATED DOCUMENTS AS 4 5 DESCRIBED IN THE HOTEL REDEVELOPMENT AGREEMENT AND OFFICE REDEVELOPMENT AGREEMENT; EXTENDING 6 7 THE PREVIOUSLY AUTHORIZED RIGHT OF FIRST OFFER 8 IN FAVOR OF THE HOTEL DEVELOPER OVER AN 9 APPROXIMATELY 4.96 ACRE PARCEL OF LAND FROM DECEMBER 31, 2024 TO JUNE 30, 2025; AUTHORIZING 10 11 A REVISED, SEVENTY-FIVE PERCENT, TWENTY YEAR RECAPTURED ENHANCED VALUE (REV) GRANT IN THE 12 13 MAXIMUM AMOUNT NOT TO EXCEED \$50,581,200 IN CONNECTION WITH THE CONSTRUCTION OF THE HOTEL 14 15 IMPROVEMENTS, WHICH INCREASES THE MAXIMUM AMOUNT THEREOF BY \$2,897,245; AUTHORIZING A NEW 16 17 SEVENTY-FIVE PERCENT, TWENTY YEAR RECAPTURED ENHANCED VALUE (REV) GRANT IN THE MAXIMUM AMOUNT 18 NOT TO EXCEED \$8,120,300 IN CONNECTION WITH THE 19 20 CONSTRUCTION OF THE OFFICE BUILDING IMPROVEMENTS; AMENDING THE 2023-2027 FIVE-YEAR 21 22 CAPITAL IMPROVEMENT PLAN APPROVED BY ORDINANCE 2022-505-E TO ADJUST FUNDING LEVELS FOR THE 23 24 CITY-OWNED IMPROVEMENTS; WAIVING SECTION 25 122.811(A), (SALES OF TANGIBLE PERSONAL 26 PROPERTY; PROHIBITION OF SALES TO CERTAIN 27 PERSONS), ORDINANCE CODE, TO ALLOW SALE OF ANY SURPLUS TANGIBLE PROPERTY OF THE CITY LOCATED ON 28 29 THE PROJECT PARCEL BY EACH OF THE HOTEL 30 DEVELOPER AND OFFICE DEVELOPER; PROVIDING FOR CITY OVERSIGHT OF THE PROJECT BY THE DEPARTMENT 31

1 OF PUBLIC WORKS AND THE DEPARTMENT OF PARKS, RECREATION AND COMMUNITY SERVICES; AUTHORIZING 2 THE EXECUTION OF ALL DOCUMENTS RELATING TO THE 3 AND TRANSACTIONS, 4 ABOVE AGREEMENTS AND AUTHORIZING TECHNICAL CHANGES TO THE DOCUMENTS; 5 WAIVER OF THAT PORTION OF THE PUBLIC INVESTMENT 6 7 POLICY ADOPTED BY ORDINANCE 2016-382-E, AS AMENDED, TO AUTHORIZE THE REV GRANT ON THE 8 9 OFFICE BUILDING AND THE INCREASE IN THE REV GRANT FOR THE HOTEL IMPROVEMENTS, WHICH ARE NOT 10 11 AUTHORIZED BY THE PUBLIC INVESTMENT POLICY; PROVIDING AN EFFECTIVE DATE. 12

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WHEREAS, the City of Jacksonville ("City"), Downtown Investment 14 15 Authority ("DIA") and Iquana Investments Florida, LLC (the "Developer") have previously entered into that certain redevelopment 16 17 agreement dated November 24, 2021, as authorized by Ordinance 2021-18 673-E, for the development of a luxury Four Seasons hotel with 19 approximately 176 rooms (but no fewer than 170 rooms), approximately 25 Class A condominium units (with no fewer than 23 Class A 20 21 condominium units (the "Hotel Improvements"), and a Class A office 22 building with no less than 141,300 gross square feet, and 90,000 23 square feet of rentable office space and 9,000 square feet of retail/amenity/activated space (the "Office Building Improvements"), 24 and other related improvements; and 25

WHEREAS, due to certain financing issues and increased construction costs, the Developer is seeking to: (1) create a standalone redevelopment agreement for the Office Building and pursuant thereto, to authorize the sale, for the purchase price of \$3,200,000, of the 1.05-acre Office Building Parcel that was previously leased from the City to the Developer, and to authorize an assignment of the

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Office Building Ground Lease to Shipyards Office, LLC, an affiliate 1 2 of Developer, and to authorize a 20 year REV Grant in the up to, 3 maximum amount of \$8,120,300, and to amend the performance schedule; 4 (2) amend and restate the Redevelopment Agreement to limit the scope 5 thereof to exclude the Office Building Improvements, to break the Completion Grant into two payments in the amount of \$23,634,887 and 6 7 \$2,200,000, to increase the maximum amount of the previously authorized Hotel REV Grant from \$47,683,955 to \$50,581,200, to amend 8 the performance schedule, to authorize revised costs disbursement 9 agreements to increase the maximum costs of the Marina Support 10 Building from \$6,192,967 to \$9,875,667, increase the maximum cost for 11 12 the Marina Improvements from \$7,180,133 to \$28,856,125 (inclusive of the Bulkhead Improvements and Pier Improvements authorized under the 13 14 Hotel Redevelopment Agreement and set forth in the City's Capital Improvement Plan), and to increase the maximum costs for the Riverwalk 15 Improvements from \$3,900,000 to \$4,103,135, with all cost overruns 16 the responsibility of the Hotel Developer, and to make certain other 17 18 revisions therein as set forth in the documents placed Fifth Revised 19 **On File** with the Legislative Services Division; and

20 WHEREAS, the Developer will also construct on behalf of the City and at the City's cost an approximately 6,500 square feet (but not 21 less than 6,000 square feet) Marina Support Building with Event Lawn 22 23 (each as defined in the Redevelopment Agreement), improvements to Metropolitan Park Marina including new marina slips, a new pier and 24 any necessary dredging, a new bulkhead, and certain Riverwalk 25 Improvements, each to be funded by the City with cost overruns the 26 27 responsibility of the Developer (the foregoing improvements, collectively, the "Project"); and 28

WHEREAS, the City is also providing a right of first offer on the Future Development Parcel, which is an approximately 4.96-acre parcel of City owned real property located adjacent and to the west

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of the Office Building parcel, the disposition of which is subject to a future notice of disposition and future DIA and Council approval of the terms thereof; and

WHEREAS, the DIA has considered the Developer's requests and has determined that the Office Building REV Grant, increase to the Hotel REV Grant, conveyance of the Office Building Parcel and other revisions to the agreements authorized hereby will enable the Hotel Developer and Office Developer to construct the Project as described in the Hotel Redevelopment Agreement and Office Redevelopment Agreement; and

WHEREAS, the Project is consistent with the DIA BID Plan, and 11 furthers Redevelopment Goal 1, Reinforce Downtown as the City's unique 12 business, history, 13 epicenter for culture, education and 14 entertainment, Redevelopment Goal 4, improve walkability/bikeability and connectivity to adjacent neighborhoods and the St. John River 15 while creating highly walkable nodes; and Redevelopment Goal 5, 16 17 establish a waterfront design framework to ensure a unique experience and sense of place; and 18

WHEREAS, on September 21, 2022, the DIA Board approved a resolution (the "Resolution") to enter into the Hotel Redevelopment Agreement and Office Redevelopment Agreement, said Resolution being attached hereto as **Exhibit 1**; and

WHEREAS, it has been determined to be in the interest of the City to enter into the Hotel Redevelopment Agreement and Office Redevelopment Agreement and approve of and adopt the matters set forth in this Ordinance; now, therefore

BE IT ORDAINED by the Council of the City of Jacksonville:

28 Section 1. Findings. It is hereby ascertained, determined, 29 found and declared as follows:

(a) The recitals set forth herein are true and correct.

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31 (b) The Project will greatly enhance the City and otherwise

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\$7,100,000

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promote and further the municipal purposes of the City.

2 (c) The City's assistance for the Project will enable and 3 facilitate the Project, the Project will enhance and increase the 4 City's tax base and revenues, and the Project will improve the quality 5 of life necessary to encourage and attract business expansion in the 6 City.

7 (d) Enhancement of the City's tax base and revenues are matters8 of State and City concern.

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(e) The Developers are qualified to carry out the Project.

(f) The authorizations provided by this Ordinance are for public uses and purposes for which the City may use its powers as a municipality and as a political subdivision of the State of Florida and may expend public funds, and the necessity in the public interest for the provisions herein enacted is hereby declared as a matter of legislative determination.

(g) This Ordinance is adopted pursuant to the provisions of
Chapters 163, 166 and 125, Florida Statutes, as amended, the City's
Charter, and other applicable provisions of law.

Section 2. Appropriation. For the 2022-2023 fiscal year, within the City's budget, there are hereby appropriated the indicated sum(s) from the account(s) listed in subsection (a) to the account(s) listed in subsection (b): (Revised B.T. 23-028, attached hereto as Revised Exhibit 2, labeled as "Revised Exhibit 2, Rev B.T. 23-028, January 3, 2023 - NCSPHS" and incorporated herein by this reference):

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(a) Appropriated from:
See Revised B.T. 23-028 \$7,100,000
(b) Appropriated to:

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(c) **Explanation of Appropriation**

See Revised B.T. 23-028

30The funding above appropriates and transfers \$7,100,00031from Northbank Riverwalk - Northbank Bulkhead CIP Project

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to the Northbank Central Marina project to provide funding for certain City-owned improvements to be constructed by the Hotel Developer as a part of the overall project.

Section 3. Purpose. The purpose of the appropriation in Section 2 is to transfer previously appropriated funding from the Northbank Riverwalk - Northbank Bulkhead project to the Northbank Central Marina project to align the funding requirements for Cityowned improvements to be constructed by the Hotel Developer as a part of the Project.

10 Section 4. Execution of Agreements. The Mayor (or his 11 authorized designee) and the Corporation Secretary are hereby 12 authorized to execute and deliver the Hotel Redevelopment Agreement, Office Redevelopment Agreement, revised Marina Improvements Costs 13 14 Disbursement Agreement, revised Marina Support Building Costs Disbursement Agreement, revised Riverwalk 15 Improvements Costs Disbursement Agreement, guarantees, guitclaim deed, easements and 16 related documents described in the Hotel Redevelopment Agreement and 17 Office Redevelopment Agreement (collectively, the "Agreements") 18 19 substantially in the forms placed Fifth Revised On File with the Legislative Services Division (with such "technical" changes as 20 21 herein authorized), for the purpose implementing of the recommendations of the DIA as further described in the Redevelopment 22 23 Agreements.

24 The Agreements may include such additions, deletions and changes as may be reasonable, necessary and incidental for carrying out the 25 26 purposes thereof, as may be acceptable to the Mayor, or his designee, 27 and the CEO of the DIA, as applicable, with such inclusion and 28 acceptance being evidenced by execution of the Agreements by the Mayor 29 or his designee and/or the CEO of the DIA, as applicable. No modification to the Agreements may increase the financial obligations 30 or the liability of the City or DIA and any such modification shall 31

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be technical only and shall be subject to appropriate legal review 1 2 and approval of the General Counsel, or his or her designee, and all 3 other appropriate action required by law. "Technical" is herein 4 defined as including, but not limited to, changes in legal 5 descriptions and surveys, descriptions of infrastructure improvements and/or any road project, ingress and egress, easements and rights of 6 7 way, performance schedules (provided that no performance schedule may be extended for more than one year without Council approval), design 8 standards, access and site plan, which have no financial impact. 9

10 Section 5. Amendment to Right of First Offer on Future 11 Development Parcel. The City hereby amends the right of first offer 12 ("ROFO") in favor of the Developer to extend the term thereof from 13 December 31, 2024 through June 30, 2025, with all other terms and 14 conditions thereof remaining unchanged.

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Section 6. Payment of Office Building REV Grant.

The REV Grant in the amount not to exceed \$8,120,300, the terms 16 (a) of which are more specifically described in the Office Redevelopment 17 18 Agreement, shall not be deemed to constitute a debt, liability, or obligation of the City or of the State of Florida or any political 19 20 subdivision thereof within the meaning of any constitutional or 21 statutory limitation, or a pledge of the faith and credit or taxing 22 power of the City or of the State of Florida or any political 23 subdivision thereof, but shall be payable solely from the funds provided therefor as provided in this Section. 24 The Office Redevelopment Agreement shall contain a statement to the effect that 25 26 the City shall not be obligated to pay any installment of its 27 financial assistance to the Developer except from the non-ad valorem revenues or other legally available funds provided for that purpose, 28 that neither the faith and credit nor the taxing power of the City 29 or of the State of Florida or any political subdivision thereof is 30 pledged to the payment of any portion of such financial assistance, 31

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and that 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 or of the State of Florida or any political subdivision thereof for the payment of any portion of such financial assistance.

7 (b) The DIA is hereby authorized to and shall disburse the annual
8 installments of the REV Grant to the Office Building Developer as
9 provided in this Section in accordance with this Ordinance and the
10 Office Redevelopment Agreement.

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Section 7. Payment of Hotel REV Grant.

The REV Grant in the amount not to exceed \$50,581,200, the 12 (a) terms of which are more specifically described in the Hotel 13 14 Redevelopment Agreement, shall not be deemed to constitute a debt, liability, or obligation of the City or of the State of Florida or 15 any political subdivision thereof within the meaning of 16 any 17 constitutional or statutory limitation, or a pledge of the faith and 18 credit or taxing power of the City or of the State of Florida or any 19 political subdivision thereof, but shall be payable solely from the 20 funds provided therefor as provided in this Section. The Hotel 21 Redevelopment Agreement shall contain a statement to the effect that 22 the City shall not be obligated to pay any installment of its 23 financial assistance to the Developer except from the non-ad valorem 24 revenues or other legally available funds provided for that purpose, that neither the faith and credit nor the taxing power of the City 25 or of the State of Florida or any political subdivision thereof is 26 27 pledged to the payment of any portion of such financial assistance, 28 and that the Developer, or any person, firm or entity claiming by, 29 through or under the Developer, or any other person whomsoever, shall never have any right, directly or indirectly, to compel the exercise 30 31 of the ad valorem taxing power of the City or of the State of Florida

or any political subdivision thereof for the payment of any portion
 of such financial assistance.

3 (b) The DIA is hereby authorized to and shall disburse the annual 4 installments of the REV Grant to the Hotel Developer as provided in 5 this Section in accordance with this Ordinance and the Hotel 6 Redevelopment Agreement.

7 Section 8. Capital Improvement Plan Amendment. Ordinance 2022-505-E, adopting the 2023-2027 Five-Year Capital Improvement Plan 8 (the "CIP") for the City and certain of its independent agencies, is 9 10 hereby amended to amend the descriptions and budgets for the Projects as more fully described in the Project Information Sheets attached 11 hereto as Revised Exhibit 3, labeled as "Revised Exhibit 3, Rev CIP, 12 January 3, 2023 - NCSPHS" and incorporated herein by this reference. 13 14 The City Council finds that the deferral of this amendment of the CIP 15 until the next annual budget and CIP review will be detrimental to 16 the best interests of the community because such deferral will unnecessarily delay completion of the projects. 17

Pursuant to Section 122.605(c), Ordinance Code, enactment of this Ordinance requires the affirmative vote of two-thirds of the City Council members present at the meeting because of the CIP amendment set forth in this section. This Ordinance shall constitute an amendment to Ordinance 2022-505-E. In all other respects, the Five-Year Capital Improvement Plan approved by Ordinance 2022-505-E shall remain unchanged and continue in full force and effect.

Section 9. Waiving Section 122.811(A) (Sales of tangible personal property; prohibition of sales to certain persons.), Ordinance Code, Waived. The City hereby waives the provisions of Section 122.811(a), Ordinance Code, to allow Developer to coordinate the sale of any surplus City property in coordination with the construction of the improvements. Any such revenues shall be applied toward the cost of the City-owned Improvements (as defined in the 1

Redevelopment Agreement) and credited to the City.

2 Section 10. Designation of Authorized Official and DIA as 3 **Contract Monitor.** The Mayor is designated as the authorized official of the City for the purpose of executing and delivering any contracts 4 5 and documents and furnishing such information, data and documents for the Agreements and related documents as may be required and otherwise 6 7 to act as the authorized official of the City in connection with the 8 Agreements, and is further authorized to designate one or more other 9 officials of the City to exercise any of the foregoing authorizations 10 and to furnish or cause to be furnished such information and take or cause to be taken such action as may be necessary to enable the City 11 12 to implement the Agreements according to their terms. The DIA is 13 hereby required to administer and monitor the Redevelopment Agreement and to handle the City's responsibilities thereunder, including the 14 City's responsibilities under such agreement working with and 15 16 supported by all relevant City departments.

17 Section 11. Oversight Department. The Department of Public 18 Works shall oversee the Project described herein, and the Department 19 of Parks, Recreation and Community Services shall oversee the Marina 20 Improvements and Riverwalk Improvements portion of the Project.

21 Section 12. Further Authorizations. The Mayor, or his 22 designee, and the Corporation Secretary, are hereby authorized to 23 execute the Agreements and all other contracts and documents and 24 otherwise take all necessary action in connection therewith and 25 herewith. The Chief Executive Officer of the DIA, as contract 26 administrator, is authorized to negotiate and execute all necessary 27 changes and amendments to the Agreements and other contracts and 28 documents, to effectuate the purposes of this Ordinance, without 29 further Council action, provided such changes and amendments are limited to amendments that are technical in nature (as described in 30 Section 4 hereof), and further provided that all such amendments 31

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shall be subject to appropriate legal review and approval by the
 General Counsel, or his or her designee, and all other appropriate
 official action required by law.

4 Section 13. Waiver of Public Investment Policy. The 5 requirements of the Public Investment Policy adopted by City Council Ordinance 2022-372-E, as amended, are waived to authorize the Office 6 7 Building REV Grant and increase to the existing Hotel REV Grant on the office building and hotel that are not authorized pursuant to the 8 Public Investment Policy. The waiver is justified due to the fact 9 10 that the Project will cause an estimated private capital investment in the project of \$387,602,000 and result in increased ad valorem 11 revenues to the City. 12

Section 14. Effective Date. This Ordinance shall become effective upon signature by the Mayor or upon becoming effective without the Mayor's signature.

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17 Form Approved:

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/s/ Mary E. Staffopoulos

20 Office of General Counsel

21 Legislation Prepared By: John Sawyer

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