



CITY OF JACKSONVILLE – DUVAL COUNTY

Section 108 Loan Application

Historic Jacksonville Armory Restoration Project

Housing and Community Development Division

214 N. Hogan Street
Jacksonville, Florida 32202

Made at the Armory - A Restoration Project

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City of Jacksonville, Florida

Donna Deegan, Mayor

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ONE CITY. ONE JACKSONVILLE.

Executive Summary

The City of Jacksonville, Florida (“City”) is applying for a HUD Section 108 loan (“Section 108 loan”) for \$7,500,000 to provide a third-party loan to Armory Redevelopment Associates, LLC (“ARA”). As an affiliate of REVA Development Corporation, ARA is a single purpose entity. REVA Development Corporation, a 501-c3, is the owner and managing member of ARA. ARA will be a disregarded entity for tax purposes. The project will secure federal historic tax credits, in which case ARA would be treated as a for-profit partnership. ARA is the City’s borrower for the Section 108 loan, if the project receives New Market Tax Credits, Armory Redevelopment Associates Leverage Lender, LLC, an entity created specifically for NMTCS, will be the borrower. Investors have been identified and are prepared to purchase Historic and New Market Tax Credits. All funding sources will close simultaneously, December 2024.

The purpose of Section 108 financing is to cover construction costs related to the restoration of a historic building addressing adverse conditions, such as lead-based paint, asbestos, and mold, as outlined in the environmental reports. The City intends to provide Armory Redevelopment Associates with a loan of \$7,500,000 in Section 108 funds to facilitate the building's rehabilitation within the base shell and core of the building. Additionally, financing may be utilized for replacing functionally obsolete mechanical, electrical, and plumbing systems, and other essential facility equipment to ensure compliance with regulatory requirements.



By repurposing the Armory into a versatile venue, the aim is to provide a platform for collaboration, innovation, and economic growth. The inclusion of co-working spaces, art studios, and galleries will offer creatives and entrepreneurs a space to work, and showcase their talents, fostering a vibrant artistic community within the facility. Additionally, the food hall, microbrewery, and performance stages will contribute to creating a social hub for community gatherings and entertainment events.

With a commitment to hosting a minimum of 100 entertainment and special events annually, the repurposed Armory aims to be a hub of cultural activity and social engagement. The motto "come for the food, stay for the entertainment" encapsulates the vision of offering a diverse range of culinary experiences and entertainment options to cater to a wide audience. This approach not only enhances the visitor experience but also contributes to the cultural vitality of the space.

The Property, located at 851 N. Market St., north of downtown Jacksonville, directly south in the Springfield Historic District, and adjacent to the Historic Eastside communities. The redevelopment of the Armory will create a venue enjoyed by visitors throughout Duval County and beyond. This new and exciting mixed-use facility will help remove an existing blighted condition; while adding jobs, growing local art and culture, and initiating greater visibility for attracting private investment to the area. The restoration of the Armory will become a new economic engine and local destination in the City and will improve the experiences of residence and tourist alike, aiding in the revitalization of neighboring communities. The Section 108 Program is a significant investment by the City of Jacksonville that offers communities federally guaranteed loans to transform financially challenging projects into feasible endeavors. Only as a secondary source, the repayment of Section 108 financing will be a pledge by the City of its future CDBG funds received by HUD, and or the building as collateral.

As additional collateral, there will be collateral assignment of REVA’s membership interest in the borrower ARA, and an assignment of any, and all rights, titles, and interests of ARA in and to any leases covering the Property. ARA will

pledge a second lien position (subject to change if Federal New Markets Tax Credits are secured for the Project) on the Property to repay its portion of the loan. The source of repayment for its sub-allocation of the Section 108 loan will be the cash flow generated by operations of the renovated and commercial reactivation of Armory building. ARA has entered into a 40-year ground lease with two 20-year extensions for the Property with the City, which is the fee simple owner.



Background

Located in Jacksonville, the Gothic Revival-style Duval County

Armory was completed in 1916. Constructed at the cost of \$150,000 to replace an armory destroyed in the Great Fire of 1901, the building was designed by Wilbur B. Talley. One of the founders of the American Institute of Architects (AIA) Florida, Talley was a prominent Jacksonville architect who relocated to Lakeland, FL in 1919. In addition to serving the city’s military reserve force, the Duval County Armory became the city’s primary destination for dances, cultural events, high school graduations, and concerts after its completion. A social beehive



of activity, the Armory's spaces included a kitchen, mess hall, band room, billiard room, rifle range, swimming pool, bowling alley, and was also the state's largest drill hall. Major events at the Armory included a 1936 speech by First lady Eleanor Roosevelt, performances by Duke Ellington and Ray Charles in the 1950s and 60s, the debut concert by the Allman Brothers Band on March 30, 1969, and one of the final concerts by Janis Joplin in early 1970. Despite hosting major events through 1970, the venue's usage steadily declined with the openings of the George Washington Auditorium (1941), Jacksonville Coliseum (1960), and the Civic Auditorium 1962. After being replaced with a new armory on the city's Westside in 1972, the building was placed under the ownership of the City of Jacksonville's Parks and Recreation Department. In 2010, the Parks and Recreation Department relocated, leaving the building abandoned for the first time in its history. Today, the stately structure remains vacant, providing a unique opportunity for repurpose, revival, and economic development in the City of Jacksonville's urban core.

The City has identified, as part of its planning process, the Armory redevelopment project as a vital activity necessary to promote community and neighborhood revitalization. The second floor will be rehabilitated to become a multi-use event space for wedding receptions, networking events, corporate events, and other special occasions. There will be a variety of tenants (users) associated with reuse and repurposing of the restored facility. Events programming is led by Event Rhythm, an experienced promoter/planner is required to program one less than 100 events annually.

The available space will host catered affairs from food hall tenants and holds a capacity of 300 table seats, and 500 plus theater seats, which can be rented out by restaurant tenants and used as additional overflow seating during the tourist seasons and peak hours. The second floor will also hold over 8,300 square feet for art studios and gallery space. Prominent local artist Suzanne Pickett alongside Leigh Fogle form the partnership known as ArtUp Jax, will lead an incubator and business accelerator that breaks down barriers to the creative economy, nurture ideas that drive social change; and launches artists into creative entrepreneurship. As a tenant within the Armory, ArtUp Jax operations will rent studio spaces to individual artists, and the gallery for special events throughout the year. The artists and gallery activities will also be challenged to provide no less than 100 programs throughout the years. Similarly, other tenants listed, these events will steer and draw visitors to the Armory experience on a rotating basis.

The third floor will offer an extra 5,000 square feet of coworking space and offices, along with a 3,200 square foot balcony for added seating for entertainment and open coworking table space. The coworking area is set to be leased to General Provision (GP) to aid in the expansion of small businesses. GP will curate hosting and programming activities, such as small business training sessions and educational workshops in collaboration with local resource organizations including the Jacksonville and National Urban League, local universities, and other partners dedicated to fostering local entrepreneurship and ensuring long-term sustainability for small businesses.

The food hall is situated on the first floor and offers over 15,000 usable square feet and will consist of 15 to 20 kiosks for locally developed restaurant concepts offering an assortment of unique food and beverage choices. Unlike food courts, food halls ultimately become a destination where people gather to socialize and enjoy the overall experience rather than solely for a "grab-and-go" food option. The food hall is also a platform for the collaboration of a coworking facility, encouraging the incubation and expansion of independent businesses, opportunities for minority-owned businesses and women entrepreneurs, providing a lower barrier to entry and more security than the traditional brick and mortar restaurant model. Ultimately, the food hall will become a destination geared to excite the human senses, not just the taste and smells, but the visuals of a unique historic restoration project, and the sounds of live entertainment throughout the restored Armory. There will also be a commercial kitchen rentable to restaurants that may not be ready to locate in the food hall or want to expand their business and take advantage of popular delivery options that was proven to be a competitive option for restaurants to boost sales as seen from the COVID-19 pandemic. The commercial kitchen, also known as a "Ghost Kitchen," serves as an additional revenue source for operations. Complementing this space is a test kitchen, which functions as a culinary laboratory where

resident chefs can experiment with recipes, ingredients, and cooking methods to innovate, enhance, and finalize dishes before their market debut. This test kitchen acts as a creative hub for culinary exploration, allowing for the testing of new concepts in a controlled setting to guarantee quality and consistency.

The microbrewery will be situated on the first floor adjacent to the food hall, where a local brewery will offer their latest creations and signature drinks alongside the city's newest dining establishments. Alongside the second-floor auditorium with seating for 1,000, the first floor will feature a 2,000 square foot listening room, providing a secondary entertainment space that offers a more intimate setting with seating for around 130 guests. The building will also include a new 2,400 square feet historic core that will accommodate an entrance lobby, an elevator, a second staircase, and handicap-accessible restrooms. This core will not only enhance the building's historic charm but also showcase its architectural excellence.

Description and Eligibility of Proposed Activities

The \$7,500,000 in Section 108 Loan funding, representing approximately 25% of the overall development cost, will be loaned from the City to ARA and will be used to restore and redevelop the Armory building. The loan proceeds will be used for the following eligible activities: 570.703 pursuant to 570.203(b). The Project will satisfy the requirement to be excluded from the aggregate standard under 24 CFR 570.209(b)(2)(v)(E) Provides jobs predominantly for persons residing within a census tract (or block numbering area) that has at least 20 percent of its residents who are in poverty. Nevertheless, the Project also satisfies the aggregate public benefit requirement by providing goods or services to L/M income people in the area, such that the number of L/M income persons residing in the area served by the assisted businesses amounts to at least one L/M income person per \$350 of CDBG funds used for all such activities. This Project will serve the Eastside and Springfield communities, and beyond. The total number of L/M income persons residing in the area is more than 21,429 persons, ($\$7,500,000/350= 21,429$ L/M persons served). Based on the HUD CPD mapping tool, the population of census tracts within a one-mile radius of the Property is 237,740 people and based upon the poverty rate of these census tracts, over 90,341 L/M people will be served. Therefore, the HUD public benefit requirement, 24 CFR 570.209 (b)(3) is met by the Project. The HUD CPD mapping tool shows the Projects surrounding area with high levels of unemployment and poverty. The Project will generate approximately 202 full-time jobs. This project would be financially unfeasible without the help of the HUD 108 loan. This project will not displace any economic activity or persons in the surrounding area.

Fulfillment of CDBG National Objectives

The project satisfies the following Community Block Grant (CDBG) national objectives:

- (4) Job creation or retention activities.
 - For an activity that creates jobs, the recipient must document that at least 51 percent of the jobs will be held by, or will be available to, low- and moderate-income persons. The LMI for the targeted area is 84.80%.

Job Creation

The Community Development Block Grant ("CDBG") program, including Section 108, requires a project to meet a National Objective, as defined in the statute and HUD regulations. The Project will meet the CDBG national objective of job creation as defined by HUD regulations 24 CFR 570.208 (a)(4). The project will create jobs with at least 51% of the jobs will be held by, or available to, low- and moderate- income persons. These jobs will be made available to the people of the surrounding low/mod area, specifically the Eastside/Springfield community. Based on the HUD

CPD mapping tool, Armory and the surrounding one- mile area of census tract 10, has a poverty rate of 66.5% and median family income percentage of 31.6%, which meets the requirements of paragraph 24 CRF 570.208 (a)(4)(v). ARA has partnered with the Jacksonville Urban League to assist with job placement and workforce development; ensuring members located in the community will be placed into the available job openings.

Fulfillment of City of Jacksonville Consolidated Plan Objectives

In the City’s Consolidated Plan from 2019 through 2024, “expanding economic opportunities” is listed as one of the top priority goals. The project satisfies the following objective as stated below:

1. Expand economic opportunities.

a. As a result of the Armory Redevelopment, approximately 228 permanent jobs, and 100 temporary construction jobs will be created. At least 51% of all jobs created will be made available to low-moderate- income people. The LMI for this area is 84.80 %. These jobs will be made available to the people in the surrounding low/mod area (Eastside/Springfield community). The surrounding community has a poverty rate of 38.3% and unemployment rate of 31.6%. The City does not have a neighborhood revitalization plan and is not in a designated NRSA.

Development Team Capacity and Experience

REVA Development Corporation is a registered 501(c)3 and is the sole managing member of Armory Redevelopment Associates (“ARA”). The ARA is a single purpose entity created specifically for the Armory project. REVA is a community development corporation; providing quality resources in Community Real Estate Development to facilitate the creation of unique, vibrant, and sustainable housing and commercial real estate development. REVA has consulted both non-profit and for-profit organizations to develop a combined 1,111 multi-family communities, including new construction, rehabilitation, and historic reuse with a cost basis of more than \$252,663,889. Don D. Patterson has been the President of REVA Development Corporation since 2004. He is an accomplished real estate development professional excelling in a variety of areas including predevelopment, planning, preliminary engineering, land development, financing, construction administration, lease up, and construction close out. Over the last 5-years, using HOME Partnership financing, REVA Development Corp has primarily focused on developing affordable rental housing, to include 56 units of affordable housing in rural county Florida. In an effort to diversify, for the benefit of economic growth via jobs creation, REVA is pursuing a more comprehensive approach in community development to include commercial-based redevelopment projects similar to the Historic Armory Redevelopment project.

To ensure success we have brought the experience of J. Kelly Advisors to the redevelopment effort as Owners Representative. to the team. J. Kelly Advisors will participate as our project construction representative throughout the entire project and handle the day-to-day management of all aspects of the build including vendor management, design management, contract/change order negotiations, permit, construction management, and close out. JKA has worked in the design and construction industry throughout their career and have experience on the other side of the table. The firm knows what to look for and how to protect ARA through complex negotiations, risk mitigation, and appropriate planning. JKA has worked on the historic exterior and interior restoration on several projects in Florida, to include recently completed the historic Greystone Hotel in Miami Beach and the Boyers Law Group Coral Gables building.

Finally, Armory Redevelopment Associates has solicited General Contractor bids via a recent Invitation to Bid, Request for qualifications, and proposals for Construction management at risk services with a guaranteed maximum

price for General Conditions, Pre-construction, and fee. On January 16, 2024, ARA conducted a mandatory pre-bid building and site walkthrough. Each firm has prerequisite experience in substantial historic building restoration. We have selected Auld & White construction, largely for benefit of their extensive experience in historic restoration, www.auld-white.com.

Ted Spitzer is President of **Market Ventures, LLC** a nationally recognized expert on public markets, regional wholesale markets, farmers' markets, and alternative local food systems. Mr. Spitzer literally wrote the book on public markets: he is the principal author of *Public Markets and Community Revitalization* (Urban Land Institute/PPS, 1995), which has been called the definitive guide to the field. Mr. Spitzer's core competencies include feasibility analysis, market research, economic development planning, and program evaluation. For 30 years, Mr. Spitzer has helped clients throughout the country to develop, revitalize, and improve their multivendor markets and surrounding neighborhoods. Among historic public markets, Mr. Spitzer has created masterplans for Baltimore's Lexington Market, Essex Street Market in New York City, Rochester Public Market, the Western North Carolina Regional Market, and the Hartford Regional Market. Many of his projects have included demonstration kitchens, shared commercial kitchens and a wide range of innovative income producing strategies. Mr. Spitzer has also been instrumental in starting successful new markets. He led the planning effort for the Grand Rapids Downtown Market, which opened in 2013, and has spurred revitalization of the city's downtown.

Azalea City Brewing serves the burgeoning Florida marketplace with products currently distributed in Northeast and Central Florida. As the Armory's onsite Micro Brewery, Azalea City Brewing plans to continue its specialized small-batch handcrafted ales and aims to create quality, flavorful, and creative beers in a wide range of styles.

Event Rhythm, led by Marla Warrington, is a creative event planning and management company, which plans, designs, produces, and delivers world-class events. Event Rhythm is the leading event planner based in Miami and offers a wide range of event planning and production services to ensure the event is produced seamlessly. Event Rhythm will partner with ARA to grow the concept culture and brand, as well as program planning and event goals, to create an event experience that is personalized for the Armory entertainment and activities.

Since 2014, **General Provision** has been driving community, entrepreneurship, and innovation in one of a kind coworking spaces, curated events, and concierge service for the creative class. General Provision is not just an office, they are not just a building; General Provision seeks to become an entrepreneurial hub for connecting Jacksonville's most ambitious business leaders.

Suzanne Pickett is founder of **The Art Center Cooperative** serves on the **Cultural Council of Greater Jacksonville's Art in Public Place Committee** and is a board member of **Femart Gallery**. She has over 20 years of experience in arts and community development. Her time and talents are focused on providing opportunities for creative leaders as well as building and rebuilding underserved communities through arts and culture. She is devoted to advocating for fairness and equality in enterprise opportunities that are essential for development and sustainability of enhanced quality of life in our communities.

Purpose of Loan

The primary objective of securing financing through Section 108 is to cover the hard construction costs related to the restoration of a historic building. The construction rehabilitation will entail addressing adverse conditions outlined in the environmental reports, such as lead-based paint, asbestos, and mold. By this application, the City is

proposing to provide Armory Redevelopment Associates with a \$7,500,000 Section 108 Loan to fund the building's rehabilitation, specifically targeting the identified adverse conditions like lead-based paint, asbestos, and mold remediation in the base shell and core of the building. The loan proceeds will also be allocated towards the removal and replacement of functionally obsolete MEP systems and other essential facility equipment to ensure compliance with regulatory requirements. Additionally, the funds will cover the cost of Section 108 loan fees at a rate of 1.64%.

Project Timeline

We anticipate finalizing commitments in the form of Term Sheets from potential lenders and equity partners, as several have demonstrated interest in extending commitments following the approval of the HUD Section 108 loan. ARA will utilize the approval of the Loan Guarantee to enhance financing commitments and expedite the process of obtaining building permits, leading to an immediate commencement of construction. The construction is projected to commence on December 15, 2024, with an anticipated completion date of June 30, 2026. Regarding the New Markets Tax Credit (NMTC), Historic Tax Credit (HTC), and debt, we have received a Letter of Intent (LOI) from a Community Development Entity (CDE) expressing interest in becoming a significant equity contributor once the HUD loan is authorized.

Environmental Review

The City will comply with HUD's Environmental Regulations applicable to CDBG and Section 108. The environmental Review was completed August 28, 2023, and City certified its acceptance September 11, 2023.

Citizen Participation Meeting

The City assures compliance with the HUD citizen participation regulations applicable to CDBG and Section 108, as cited in 24 CFR 570.704 (a)(2). Citizen participation is complete.

Project Costs and Total Development Cost

Made at the Armory
Capex Sources & Uses / QRE Eligibility

Project Uses

	Budget	QRE Eligibility	Per Unit	Per SF
Acquisition Costs				
Land / Bldg Acquisition Costs	\$ -	0.00		
Subtotal	\$ -			
Hard Costs				
Hard Costs	\$ 10,554,050	0.90	\$9,498,645	\$ 130.52
Hard Cost Contingency	\$ 1,286,554	0.90	\$1,157,898	\$ 15.91
Commercial Tenant Improvements (non F&B)	\$ 1,600,000	0.90	\$1,440,000	\$ 19.79
F&B Tenant Improvements	\$ 5,000,000	0.90	\$4,500,000	\$ 61.83
Subtotal	\$ 18,440,604		\$16,596,543	\$ 228.05
Financing Costs				
Capitalized (Senior Loan) Interest	\$ 710,929	0.78	\$552,036	\$ 8.79
Capitalized (HUD 108) Interest	\$ 229,447	0.90	\$206,502	\$ 2.84
Capitalized (HTC Bridge) Interest	\$ 297,235	0.90	\$267,512	\$ 3.68
Financial Modeling/Accounting	\$ 50,000	0.08	\$4,100	\$ 0.62
Legal	\$ 450,000	0.08	\$36,900	\$ 5.57
HUD Section 108 Finance Fee	\$ 161,250	0.19	\$30,105	\$ 1.99
Senior Loan Finance Fee	\$ 150,497	1.19	\$178,595	\$ 1.86
HTC Bridge Loan Expenses	\$ 108,432	0.19	\$20,244	\$ 1.34
CDE Upfront Fees	\$ 1,125,000	0.19	\$210,038	\$ 13.91
CDE Reserves	\$ 250,000	0.19	\$46,675	\$ 3.09
Consulting Fees	\$ 1,115,000	0.19	\$208,171	\$ 13.79
Subtotal	\$ 4,647,790		\$1,760,878	\$ 57.48
Soft Costs				
Appraisal and Market Study	\$ 35,000	0.00	\$0	\$ 0.43
Survey	\$ 25,000	0.90	\$22,500	\$ 0.31
Rezoning	\$ 20,000	0.90	\$18,000	\$ 0.25
Updated Environmental Studies	\$ 5,000	0.90	\$4,500	\$ 0.06
Geotechnical + Borings	\$ 15,000	0.90	\$13,500	\$ 0.19
Civil Engineering	\$ 45,000	0.00	\$0	\$ 0.56
HTC Application Fee	\$ 6,500	1.00	\$6,500	\$ 0.08
HTC Consulting and Submissions	\$ 22,300	1.00	\$22,300	\$ 0.28
Architecture (MEPF, Structural)	\$ 1,380,000	0.90	\$1,242,000	\$ 17.07
Interior Design	\$ 20,000	0.90	\$18,000	\$ 0.25
FF&E	\$ 1,250,000	0.00	\$0	\$ 15.46
Permits	\$ 187,232	0.90	\$168,509	\$ 2.32
Intangible Tax	\$ 25,000	0.90	\$22,500	\$ 0.31
Documentary Stamp/Transfer Tax	\$ 25,000	0.90	\$22,500	\$ 0.31
Title Insurance and Recording	\$ 15,000	0.90	\$13,500	\$ 0.19
Construction Insurance	\$ 40,000	0.90	\$36,000	\$ 0.49
Construction Inspection	\$ 96,000	0.90	\$86,400	\$ 1.19
Real estate taxes	\$ -	0.50	\$0	
Soft Cost Contingency	\$ 160,602	0.25	\$40,150	\$ 1.99
Subtotal	\$ 3,372,634		\$1,736,860	\$ 41.71

Other				
Op Ex Reserves	\$	500,000	0.00	\$ 6.18
Development / Program Management Fee	\$	<u>4,044,154</u>	<u>0.89</u>	<u>\$ 50.01</u>
Subtotal	\$	4,544,154		\$ 56.20
Total Development Cost	\$	31,005,182		\$ 383.43

Project Sources

CDBG City of Jacksonville	\$	500,000	\$	6.18
Gross HTC Equity	\$	3,652,000	\$	45.16
Gross NMTC Equity	\$	8,213,400	\$	101.57
Deferred Dev Fee	\$	606,623	\$	7.50
Senior Loan	\$	9,033,159	\$	111.71
HUD Section 108 Loan	\$	7,500,000	\$	92.75
<u>LP Contribution/Dev Equity</u>	\$	<u>1,500,000</u>	\$	<u>18.55</u>
Total Development Sources	\$	31,005,182	\$	383.43

*ARA has secured letters of interest for the senior loan, historic tax credits and new markets tax credits as detailed in the attached letter.

Loan Term/Repayment Schedule/Collateral

As stated above, only as a secondary source, the repayment of Section 108 financing will be a pledge by the City of its future CDBG funds received by HUD, and or the building as collateral. ARA is using future cash flow from operation for their repayment portion. Collateral is the real estate via a second lien position on the Property and the City's pledge of future CDBG allocation. The primary source of repayment will be from the City's future CDBG funds. The City will be collecting payments from ARA, which will be funded through future cash flows from operations, with a payment term of 20 years, with the first seven years being interest only, then principal and interest through year 9-20. The below schedule shows the principal repayment schedule for the HUD Section 108 loan.

NOTE: NMTCs typically have a 7-year maturity, which we align with for 7 years, but we often extend it to 8 years to accommodate potential stub periods during loan term closure. If preferred, we can adjust it to 7 years. HUD requires the loan to amortize down to \$0, indicating a 12-year amortization or 13 years if we opt for a 7-year term. The amortization tables show the loan being amortized from years 9 to 20.

At the time of this application's submission, we will not have secured commitments for NMTC or HTCs. Therefore, the loan will be structured with a 3-year interest-only period. We intend to revise the schedule once we secure NMTC and HTCs commitments. See 3 year, 2 year and 8 year Amortization Tables to follow.

Repayment Period - Amortization Table

Loan Term	20 Years	Interest-Only Period	7 Years
Principal Amount	\$7,500,000	Interest Rate	5.41%
Term of Amortization	10 Years	Monthly Interest Rate	0.45%
Annual Interest Rate	5.405%		
Monthly Interest Rate	0.45%	Fee %	1.64%
		Fee Amount	\$123,000

Year #	Beginning Balance	Annual Payment	Principal Portion	Interest Portion	Ending Balance	Interest Only?
1	\$7,500,000	(\$405,375)	\$0	(\$405,375)	\$7,500,000	YES
2	\$7,500,000	(\$405,375)	\$0	(\$405,375)	\$7,500,000	YES
3	\$7,500,000	(\$405,375)	\$0	(\$405,375)	\$7,500,000	YES
4	\$7,500,000	(\$405,375)	\$0	(\$405,375)	\$7,500,000	YES
5	\$7,500,000	(\$405,375)	\$0	(\$405,375)	\$7,500,000	YES
6	\$7,500,000	(\$405,375)	\$0	(\$405,375)	\$7,500,000	YES
7	\$7,500,000	(\$405,375)	\$0	(\$405,375)	\$7,500,000	YES
8	\$7,500,000	(\$949,481)	(\$561,495)	(\$387,986)	\$6,938,505	NO
9	\$6,938,505	(\$949,481)	(\$564,024)	(\$385,457)	\$6,374,481	NO
10	\$6,374,481	(\$949,481)	(\$566,565)	(\$382,917)	\$5,807,916	NO
11	\$5,807,916	(\$949,481)	(\$569,117)	(\$380,365)	\$5,238,799	NO
12	\$5,238,799	(\$949,481)	(\$571,680)	(\$377,801)	\$4,667,119	NO
13	\$4,667,119	(\$949,481)	(\$574,255)	(\$375,226)	\$4,092,864	NO
14	\$4,092,864	(\$949,481)	(\$576,842)	(\$372,640)	\$3,516,023	NO
15	\$3,516,023	(\$949,481)	(\$579,440)	(\$370,042)	\$2,936,583	NO
16	\$2,936,583	(\$949,481)	(\$582,050)	(\$367,432)	\$2,354,533	NO
17	\$2,354,533	(\$949,481)	(\$584,671)	(\$364,810)	\$1,769,862	NO
18	\$1,769,862	(\$949,481)	(\$587,305)	(\$362,177)	\$1,182,557	NO
19	\$1,182,557	(\$949,481)	(\$589,950)	(\$359,531)	\$592,607	NO
20	\$592,607	(\$949,481)	(\$592,607)	(\$356,874)	(\$0)	NO

Operating Projections & Assumptions
 Jacksonville Armory

Tenant Income Assumptions

	Sq. Ft.	Rent Per Sq. Ft.	Annual Income	Percentage of Income
Art Studio/Gallery Space	5,770	22.46	129,600	2.1%
Commercial Kitchen	4,000	18.56	74,250	1.2%
Coworking	19,285	47.47	915,500	15.1%
Event Space	7,027	189.55	1,332,000	22.0%
Food Hall	20,000	177.00	3,510,000	57.9%
Microbrewery	4,953	20.00	99,060	1.6%
Total	61,035		\$ 6,060,410	100%

Assumptions

Vacancy Percentage 10.0%
 % of Sales from Food Hall Vendors 30.0%
 Closing Date 12/31/2024
 50% Completion Date 6/30/2025
 Certificate of Occupancy Date 12/31/2025

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Food Hall Sales Income	-	3,900,000	9,100,000	13,000,000	13,390,000	\$13,791,700	\$14,205,451	\$14,631,615	\$15,070,563	\$15,522,680	\$15,988,360
Gross Sales Potential	-	(390,000)	(910,000)	(1,300,000)	(1,339,000)	(1,379,170)	(1,420,545)	(1,463,161)	(1,507,056)	(1,552,268)	(1,598,836)
Vacancy	-	3,510,000	8,190,000	11,700,000	12,051,000	\$12,412,530	\$12,784,906	\$13,168,453	\$13,563,507	\$13,970,412	\$14,389,524
Net Vendor Sales	-	1,053,000	2,457,000	3,510,000	3,615,300	\$3,723,759	\$3,835,472	\$3,950,536	\$4,069,052	\$4,191,124	\$4,316,857
Commercial Revenues	-	64,800	129,600	133,488	137,493	\$141,617	\$145,866	\$150,242	\$154,749	\$159,392	\$164,173
Art Studio Lease	-	189,000	378,000	389,340	401,020	\$413,051	\$425,442	\$438,206	\$451,352	\$464,892	\$478,839
GP - Office	-	60,000	120,000	123,600	127,308	\$131,127	\$135,061	\$139,113	\$143,286	\$147,585	\$152,012
GP - Dedicated Desk	-	112,500	225,000	231,750	238,703	\$245,864	\$253,239	\$260,837	\$268,662	\$276,722	\$285,023
GP - Table	-	60,000	120,000	123,600	127,308	\$131,127	\$135,061	\$139,113	\$143,286	\$147,585	\$152,012
GP - Community	-	3,750	7,500	7,725	7,957	\$8,195	\$8,441	\$8,695	\$8,955	\$9,224	\$9,501
GP - Day Passes	-	15,000	30,000	30,900	31,827	\$32,782	\$33,765	\$34,778	\$35,822	\$36,896	\$38,003
GP - Remote Work Club	-	17,500	35,000	36,050	37,132	\$38,245	\$39,393	\$40,575	\$41,792	\$43,046	\$44,337
GP - Other Income/Conference	-	270,000	540,000	556,200	572,886	\$590,073	\$607,775	\$626,008	\$644,788	\$664,132	\$684,056
Music Events	-	171,000	342,000	352,260	362,828	\$373,713	\$384,924	\$396,472	\$408,366	\$420,617	\$433,235
Special Events	-	90,000	180,000	185,400	190,962	\$196,691	\$202,592	\$208,669	\$214,929	\$221,377	\$228,019
Weddings	-	135,000	270,000	278,100	286,443	\$295,036	\$303,887	\$313,004	\$322,394	\$332,066	\$342,028
Wedding Catering	-	25,000	50,000	51,500	53,045	\$54,636	\$56,275	\$57,964	\$59,703	\$61,494	\$63,339
Sponsorships	-	37,125	74,250	76,478	78,772	\$81,135	\$83,569	\$86,076	\$88,658	\$91,318	\$94,058
Commercial Kitchen	-	49,530	99,060	102,032	105,093	\$108,246	\$111,493	\$114,838	\$118,283	\$121,831	\$125,486
Microbrewery	-	(235,321)	(505,741)	(618,842)	(637,407)	\$(656,530)	\$(676,226)	\$(696,512)	\$(717,408)	\$(738,930)	\$(761,098)
Commercial Vacancy	-	2,117,885	4,551,669	5,569,580	5,746,667	\$5,908,767	\$6,086,031	\$6,268,611	\$6,456,670	\$6,650,370	\$6,849,881
Total	-	838,645	2,524,801	3,330,214	3,486,679	\$3,543,049	\$3,680,323	\$3,821,715	\$3,967,349	\$4,117,473	\$4,272,130
Expenses	-	199,200	398,400	410,352	422,663	\$435,342	\$448,403	\$461,855	\$475,710	\$489,982	\$504,681
Operating Expenses	-	109,072	239,052	245,229	251,590	\$258,143	\$264,892	\$271,844	\$279,004	\$286,258	\$293,701
Staff Expense	-	31,768	68,275	70,323	71,027	\$71,027	\$71,027	\$71,027	\$71,027	\$71,027	\$71,027
Real Estate Taxes	-	21,179	45,517	55,696	57,367	\$59,088	\$60,860	\$62,686	\$64,567	\$66,504	\$68,499
General & Administrative	-	42,358	91,033	111,392	114,733	\$118,175	\$121,721	\$125,372	\$129,133	\$133,007	\$136,998
Utilities	-	31,768	68,275	70,323	71,378	\$71,378	\$71,378	\$71,378	\$71,378	\$71,378	\$71,378
Marketing	-	10,589	68,275	83,544	86,050	\$88,632	\$91,290	\$94,029	\$96,850	\$99,756	\$102,748
Repairs & Maintenance	-	-	27,538	27,848	28,683	\$29,544	\$30,430	\$31,343	\$32,283	\$33,252	\$34,249
Grounds Maintenance & Landscaping	-	-	11,392	27,848	114,733	\$123,338	\$123,338	\$123,338	\$123,338	\$123,338	\$123,338
Reserve for Replacements	-	-	-	-	11,392	\$11,392	\$11,392	\$11,392	\$11,392	\$11,392	\$11,392
GP Franchise Fee	-	91,550	183,100	188,593	194,251	\$200,078	\$206,081	\$212,263	\$218,631	\$225,190	\$231,946
GP Operating Expense	-	60,000	120,000	123,600	127,308	\$131,127	\$135,061	\$139,113	\$143,286	\$147,585	\$152,012
Food Hall Expense	-	558,298	575,047	592,298	610,067	\$628,369	\$646,731	\$665,186	\$683,741	\$702,396	\$721,151
Event Planning Fees	-	66,600	66,600	66,600	66,600	\$66,600	\$66,600	\$66,600	\$66,600	\$66,600	\$66,600
Event Ticketing & Process Mang.	-	4,410	8,820	8,908	8,908	\$8,908	\$8,908	\$8,908	\$8,908	\$8,908	\$8,908
Events AV Engineer	-	8,820	17,640	17,993	17,993	\$17,993	\$17,993	\$17,993	\$17,993	\$17,993	\$17,993
Events - Music Licensing Right Fees	-	1,103	2,205	2,211	2,339	\$2,409	\$2,482	\$2,556	\$2,633	\$2,712	\$2,793
Events - Food Expense	-	17,280	34,560	35,597	36,665	\$37,765	\$38,898	\$40,065	\$41,266	\$42,504	\$43,780
Events - Linens	-	2,655	5,310	5,469	5,633	\$5,802	\$5,976	\$6,156	\$6,340	\$6,531	\$6,727
Accounting and Tax Return	-	12,000	12,000	12,000	12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000
Total Operating Expenses	-	1,279,239	2,026,868	2,239,367	2,299,989	\$2,365,719	\$2,405,708	\$2,446,896	\$2,489,321	\$2,532,897	\$2,577,751
Total Net Operating Income	-	838,645	2,524,801	3,330,214	3,486,679	\$3,543,049	\$3,680,323	\$3,821,715	\$3,967,349	\$4,117,473	\$4,272,130
Debt Service	-	Reserve	Reserve	Reserve	Reserve	Reserve	Reserve	Reserve	Reserve	Reserve	Reserve
Senior Debt	-	765,000	765,000	765,000	765,000	\$765,000	\$765,000	\$765,000	\$765,000	\$765,000	\$765,000
City of Jacksonville Debt	-	(405,375)	(405,375)	(405,375)	(405,375)	\$(405,375)	\$(405,375)	\$(405,375)	\$(405,375)	\$(405,375)	\$(405,375)
NMTC Asset Mang. Fee	-	(90,000)	(90,000)	(90,000)	(90,000)	\$(90,000)	\$(90,000)	\$(90,000)	\$(90,000)	\$(90,000)	\$(90,000)
Total	-	90,000	(1,260,375)	(1,260,375)	(1,260,375)	\$(1,260,375)	\$(1,260,375)	\$(1,170,375)	\$(1,714,481)	\$(1,714,481)	\$(1,714,481)
DSCR on Senior Debt	-	3.30	4.35	4.49	4.49	4.63	4.81	5.00	5.19	5.38	5.58
DSCR on City of Jacksonville Debt	-	2.94	2.85	2.81	2.73	2.64	2.59	2.54	2.49	2.44	2.40
Total DSCR	-	2.00	2.64	2.73	2.81	2.92	3.27	3.27	3.31	3.40	3.49

Year	11	12	13	14	15	16	17	18	19	20
Food Hall Sales Income										
Gross Sales Potential	\$16,468,011	\$16,962,051	\$17,470,913	\$17,995,040	\$18,534,892	\$19,090,938	\$19,663,666	\$20,253,576	\$20,861,184	\$21,487,019
Vacancy	(1,646,801)	(1,696,205)	(1,747,091)	(1,799,504)	(1,853,489)	(1,909,094)	(1,966,367)	(2,025,358)	(2,086,118)	(2,148,702)
Net Vendor Sales	\$14,821,210	\$15,265,846	\$15,723,822	\$16,195,536	\$16,681,402	\$17,181,844	\$17,697,300	\$18,228,219	\$18,775,065	\$19,338,317
Commercial Revenues										
Sales Income from Vendors	\$ 4,446,363	\$ 4,579,754	\$ 4,717,146	\$ 4,858,661	\$ 5,004,421	\$ 5,154,553	\$ 5,309,190	\$ 5,468,466	\$ 5,632,520	\$ 5,801,495
Art Studio Lease	\$ 169,099	\$ 174,172	\$ 179,397	\$ 184,779	\$ 190,322	\$ 196,032	\$ 201,913	\$ 207,970	\$ 214,209	\$ 220,635
GP - Office	\$ 493,204	\$ 508,000	\$ 523,240	\$ 538,938	\$ 555,106	\$ 571,759	\$ 588,912	\$ 606,579	\$ 624,776	\$ 643,520
GP - Dedicated Desk	\$ 156,573	\$ 161,270	\$ 166,108	\$ 171,091	\$ 176,224	\$ 181,511	\$ 186,956	\$ 192,565	\$ 198,342	\$ 204,292
GP - Table	\$ 293,574	\$ 302,381	\$ 311,453	\$ 320,796	\$ 330,420	\$ 340,333	\$ 350,543	\$ 361,059	\$ 371,891	\$ 383,047
GP - Community	\$ 156,573	\$ 161,270	\$ 166,108	\$ 171,091	\$ 176,224	\$ 181,511	\$ 186,956	\$ 192,565	\$ 198,342	\$ 204,292
GP - Day Passes	\$ 9,786	\$ 10,079	\$ 10,382	\$ 10,693	\$ 11,014	\$ 11,344	\$ 11,685	\$ 12,035	\$ 12,396	\$ 12,768
GP - Remote Work Club	\$ 39,143	\$ 40,317	\$ 41,527	\$ 42,773	\$ 44,056	\$ 45,378	\$ 46,739	\$ 48,141	\$ 49,585	\$ 51,073
GP - Other Income/Conference	\$ 45,667	\$ 47,037	\$ 48,448	\$ 49,902	\$ 51,399	\$ 52,941	\$ 54,529	\$ 56,165	\$ 57,850	\$ 59,585
Music Events	\$ 704,578	\$ 725,715	\$ 747,486	\$ 769,911	\$ 793,008	\$ 816,798	\$ 841,302	\$ 866,541	\$ 892,538	\$ 919,314
Special Events	\$ 446,232	\$ 459,619	\$ 473,408	\$ 487,610	\$ 502,239	\$ 517,306	\$ 532,825	\$ 548,810	\$ 565,274	\$ 582,732
Weddings	\$ 234,859	\$ 241,905	\$ 249,162	\$ 256,637	\$ 264,336	\$ 272,266	\$ 280,434	\$ 288,847	\$ 297,513	\$ 306,438
Wedding Catering	\$ 352,289	\$ 362,857	\$ 373,743	\$ 384,955	\$ 396,504	\$ 408,399	\$ 420,651	\$ 433,271	\$ 446,269	\$ 459,657
Sponsorships	\$ 65,239	\$ 67,196	\$ 69,212	\$ 71,288	\$ 73,427	\$ 75,629	\$ 77,898	\$ 80,235	\$ 82,642	\$ 85,122
Commercial Kitchen	\$ 96,879	\$ 99,786	\$ 102,779	\$ 105,863	\$ 109,039	\$ 112,310	\$ 115,679	\$ 119,149	\$ 122,724	\$ 126,406
Microbrewery	\$ 129,251	\$ 133,128	\$ 137,122	\$ 141,236	\$ 145,473	\$ 149,837	\$ 154,332	\$ 158,962	\$ 163,731	\$ 168,643
Commercial Vacancy	\$ (783,931)	\$ (807,449)	\$ (831,672)	\$ (856,622)	\$ (882,321)	\$ (908,791)	\$ (936,054)	\$ (964,136)	\$ (993,060)	\$ (1,022,852)
Total	\$ 7,055,377	\$ 7,267,039	\$ 7,485,050	\$ 7,709,601	\$ 7,940,889	\$ 8,179,116	\$ 8,424,490	\$ 8,677,224	\$ 8,937,541	\$ 9,205,667
Expenses										
Operating Expense										
Staff Expense	\$ 519,822	\$ 535,416	\$ 551,479	\$ 568,023	\$ 585,064	\$ 602,616	\$ 620,694	\$ 639,315	\$ 658,494	\$ 678,249
Real Estate Taxes	\$ 301,337	\$ 309,172	\$ 317,210	\$ 325,457	\$ 333,919	\$ 342,601	\$ 351,509	\$ 360,648	\$ 370,025	\$ 379,646
Insurance	\$ 71,027	\$ 71,027	\$ 71,027	\$ 71,027	\$ 71,027	\$ 71,027	\$ 71,027	\$ 71,027	\$ 71,027	\$ 71,027
General & Administrative	\$ 70,554	\$ 72,670	\$ 74,850	\$ 79,096	\$ 79,409	\$ 84,245	\$ 86,772	\$ 89,375	\$ 92,057	\$ 94,813
Utilities	\$ 141,108	\$ 145,341	\$ 149,701	\$ 154,192	\$ 158,818	\$ 163,582	\$ 168,490	\$ 173,544	\$ 178,751	\$ 184,113
Marketing	\$ 71,378	\$ 71,378	\$ 71,378	\$ 71,378	\$ 71,378	\$ 71,378	\$ 71,378	\$ 71,378	\$ 71,378	\$ 71,378
Repairs & Maintenance	\$ 105,831	\$ 109,006	\$ 112,276	\$ 115,644	\$ 119,113	\$ 122,687	\$ 126,367	\$ 130,158	\$ 134,063	\$ 138,085
Grounds Maintenance & Landscap	\$ 37,425	\$ 36,335	\$ 35,345	\$ 34,355	\$ 33,365	\$ 32,375	\$ 31,385	\$ 30,395	\$ 29,405	\$ 28,415
Reserve for Replacements	\$ 123,338	\$ 123,338	\$ 123,338	\$ 123,338	\$ 123,338	\$ 123,338	\$ 123,338	\$ 123,338	\$ 123,338	\$ 123,338
GP Franchise Fee	\$ 238,904	\$ 246,071	\$ 253,453	\$ 261,057	\$ 268,889	\$ 276,955	\$ 285,264	\$ 293,822	\$ 302,656	\$ 311,715
GP Operating Expense	\$ 156,573	\$ 161,270	\$ 166,108	\$ 171,091	\$ 176,224	\$ 181,511	\$ 186,956	\$ 192,565	\$ 198,342	\$ 204,292
Food Hall Expense	\$ 628,375	\$ 628,376	\$ 628,377	\$ 628,378	\$ 628,379	\$ 628,380	\$ 628,381	\$ 628,382	\$ 628,383	\$ 628,384
Event Planning Fees	\$ 66,600	\$ 66,600	\$ 66,600	\$ 66,600	\$ 66,600	\$ 66,600	\$ 66,600	\$ 66,600	\$ 66,600	\$ 66,600
Event Ticketing & Process Mang.	\$ 8,908	\$ 8,908	\$ 8,908	\$ 8,908	\$ 8,908	\$ 8,908	\$ 8,908	\$ 8,908	\$ 8,908	\$ 8,908
Events AV Engineer	\$ 17,993	\$ 17,993	\$ 17,993	\$ 17,993	\$ 17,993	\$ 17,993	\$ 17,993	\$ 17,993	\$ 17,993	\$ 17,993
Events - Music Licensing Right Fee	\$ 2,877	\$ 2,963	\$ 3,052	\$ 3,144	\$ 3,238	\$ 3,335	\$ 3,435	\$ 3,538	\$ 3,645	\$ 3,754
Events - Food Expense	\$ 45,093	\$ 46,446	\$ 47,839	\$ 49,274	\$ 50,753	\$ 52,275	\$ 53,843	\$ 55,459	\$ 57,122	\$ 58,836
Events - Linens	\$ 6,928	\$ 7,136	\$ 7,350	\$ 7,571	\$ 7,798	\$ 8,032	\$ 8,273	\$ 8,521	\$ 8,777	\$ 9,040
Accounting and Tax Return	\$ 12,001	\$ 12,002	\$ 12,003	\$ 12,004	\$ 12,005	\$ 12,006	\$ 12,007	\$ 12,008	\$ 12,009	\$ 12,010
Total Operating Expenses	\$ 2,623,922	\$ 2,671,448	\$ 2,720,368	\$ 2,770,724	\$ 2,822,557	\$ 2,875,911	\$ 2,930,831	\$ 2,987,363	\$ 3,045,554	\$ 3,105,454
Total Net Operating Income	\$ 4,431,455	\$ 4,595,591	\$ 4,764,682	\$ 4,938,878	\$ 5,118,333	\$ 5,303,205	\$ 5,493,659	\$ 5,689,861	\$ 5,891,987	\$ 6,100,214
Debt Service										
Senior Debt	\$ (765,000)	\$ (765,000)	\$ (765,000)	\$ (765,000)	\$ (765,000)	\$ (765,000)	\$ (765,000)	\$ (765,000)	\$ (765,000)	\$ (765,000)
City of Jacksonville Debt	\$ (949,481)	\$ (949,481)	\$ (949,481)	\$ (949,481)	\$ (949,481)	\$ (949,481)	\$ (949,481)	\$ (949,481)	\$ (949,481)	\$ (949,481)
NMTC Asset Mang. Fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ (1,714,481)	\$ (1,714,481)	\$ (1,714,481)	\$ (1,714,481)	\$ (1,714,481)	\$ (1,714,481)	\$ (1,714,481)	\$ (1,714,481)	\$ (1,714,481)	\$ (1,714,481)
DSCR on Senior Debt	5.79	6.01	6.23	6.46	6.69	6.93	7.18	7.44	7.70	7.97
DSCR on City of Jacksonville Debt	2.58	2.68	2.78	2.88	2.99	3.09	3.20	3.32	3.44	3.56
Total DSCR	2.58	2.68	2.78	2.88	2.99	3.09	3.20	3.32	3.44	3.56

Appendix: Site Plan

Attach via

