

**RESOLUTION 2020-01-02**

**A RESOLUTION OF THE DOWNTOWN INVESTMENT AUTHORITY (“DIA”) APPROVING AND AUTHORIZING THE CHIEF EXECUTIVE OFFICER (“CEO”) OF THE DIA, TO EXECUTE AND DELIVER ON BEHALF OF THE CITY OF JACKSONVILLE (“CITY”) A DEVELOPMENT AGREEMENT, LICENSE AGREEMENT AND OTHER NECESSARY DOCUMENTS BETWEEN THE CITY AND THE JACKSONVILLE HISTORIC NAVAL SHIP ASSOCIATION, INC., A FLORIDA NONPROFIT CORPORATION (“JHNSA”), FOR THE RELOCATION OF THE RETIRED NAVAL VESSEL USS ORLECK (DD-886) (“USS ORLECK”) TO DOWNTOWN JACKSONVILLE AS A FLOATING MUSEUM (“SHIP MUSEUM”), AT THE FORMER JACKSONVILLE SHIPYARD SITE ON JACKSONVILLE’S NORTHBANK, SAID AGREEMENT BEING FOR A ONE (1) YEAR PERIOD AND CONTINGENT UPON CERTAIN CONDITIONS PRECEDENT BEING MET BY JHNSA PRIOR TO THE DIA’S ENTERING INTO A TEN (10) YEAR LICENSE AGREEMENT WITH JHNSA, TOGETHER WITH TWO (2) FIVE (5) YEAR LICENSE RENEWAL OPTIONS; RECOMMENDING CITY COUNCIL ADOPT LEGISLATION EFFECTUATING THE PURPOSES OF THIS RESOLUTION; PROVIDING AN EFFECTIVE DATE.**

**WHEREAS**, the Downtown Investment Authority (“DIA”) is the designated Community Redevelopment Agency for the North Bank Community Redevelopment Area for which a Community Redevelopment Plan was adopted by Ordinance 2014-560-E; and

**WHEREAS**, the DIA and Jacksonville City Council have previously expressed their support of efforts by the Jacksonville Historic Naval Ship Association, Inc., a Florida non-profit corporation (“JHNSA”) to bring the retired naval vessel USS Adams (DDG-2) (“USS Adams”) to Jacksonville as a downtown floating museum (“Ship Museum”); and

**WHEREAS**, DIA Resolution 2018-05-05 and City Ordinance 2018-358-E, previously approved that certain development agreement (the “Prior Agreement”) and License Agreement (“Prior License Agreement”), and

**WHEREAS**, in December 2018, JHNSA became aware that the USS Adams would likely not be made available for donation for the purpose of a retired naval museum, and

**WHEREAS**, JHNSA has since located an alternate retired naval vessel, the USS Orleck (DD-886) (“USS Orleck”), available for donation from the USS Orleck Naval Museum, Inc., a non-profit organization in Lake Charles, Louisiana, and

**WHEREAS**, the JHNSA has approached the DIA with new plans to instead moor the USS Orleck at the former Jacksonville Shipyard’s north/south bulkhead on the north bank of the St. John’s River and to operate the Ship Museum (the “Project”); and

**WHEREAS**, the DIA has evaluated the Project and has proposed a new development agreement, license agreement and any other documents necessary to accomplish the goals and objectives of the Prior Agreement and to ensure the Project’s overall operation is satisfactory and contributing to the City, including the obligation of JHNSA to relocate or remove the USS Orleck at no cost to the City for the reasons enumerated in the Term Sheet or at the sole discretion of DIA, 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 CEO of DIA is hereby authorized to negotiate a new Development Agreement (the “Agreement”), License Agreement (“License”) and any other necessary documents between the City and JHNSA for the relocation of the USS Orleck to Downtown Jacksonville as a floating Ship Museum at the former Shipyards site in Jacksonville’s Northbank community redevelopment area, the additional terms of which are outlined in **Exhibit “A”** attached hereto.

**Section 3.** The CEO of DIA is hereby authorized to file legislation to approve the Development Agreement, License Agreement and other necessary documents, and following approval by the City Council, execute the same.

**Section 4.** The Effective Date of this Resolution is the date of execution of the Resolution by the Chairman of the DIA Board.

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[Signature Page to Follow]

WITNESS:

**DOWNTOWN INVESTMENT AUTHORITY**

  
\_\_\_\_\_  
Craig Gibbs, Chairman

VOTE: In Favor: 8 Opposed: 0 Abstained: 0 DATE: January 15, 2020

**EXHIBIT A**

**2020 JHNSA TERM SHEET**

**Project Name:** The USS Orleck (DD-886)

**Developer/Applicant:** Jacksonville Historic Naval Ship Association, Inc., a Florida non-profit corporation

**City Funding:** None

**Breakdown:**

**Infrastructure:** No city of Jacksonville infrastructure improvements are contemplated.

**Land:** Title to the property shall remain with the City of Jacksonville.

**REV Grant:** No REV Grant is contemplated for this project.

**Grant(s):** No grant is contemplated for this project

**Loan:** No loan is contemplated for this project.

**Agreements:** Development Agreement: Details the actions and deliverables which the Jacksonville Historic Naval Ship Association (the "JHNSA") needs to deliver, to the satisfaction of the Downtown Investment Authority (the "DIA"), to receive the License to moor the USS Orleck at the Shipyards property.

License Agreement: Details the rights, duties, obligations and conditions of the actual grant and operation of the License to moor the USS Orleck at the Shipyards property.

Other Documents: As necessary.

**Transaction Details:** The transaction is for a License (permission) for the USS Orleck to be moored at a pier located in the currently City-owned Shipyards property and for the future development of a ticket booth, restrooms and gift/concession shop associated with the Museum Ship, subject to the availability of space and the approval of the Downtown Development Review Board.

The License is terminable at will and for any reason by the DIA with ninety (90) day notice.

The USS Orleck will not be making any payments for the grant of the license to "dock" at the shipyards.

The DIA is the entity that will manage the City's contract with JHNSA.

### **Financial Impacts**

- The transaction is for a License (permission), therefore no property rights are granted to the JHNSA.
- The JHNSA will not be paying any rent, user fees, or remuneration to the City for the license.
- The JHNSA has a plan in place for the near-term removal of the USS Orleck should that be necessary.
- The Development Agreement and License agreement are subject to insurance requirements as determined by the City's Risk Management Division.

### **The Development Agreement**

- The development agreement spells out the conditions precedent to the City's execution of the License Agreement, and the granting of the license.
- The Development Agreement has a one (1) year life in which the JHNSA must meet all the conditions precedent.
- The Conditions precedent include, but are not limited to, the following:
  - The JHNSA will provide a survey and title work for the footprint of the Ship Museum site, and cure any title defects; and
  - The JHNSA shall provide the DIA evidence that it has raised the sufficient funding to complete the project (currently estimated at \$2,800,000); and
  - The JHNSA will provide the City with a certified cost estimate of all costs associated with the removal of the USS Orleck and towing of the ship to Brownsville, Texas, and shall deposit with the City 110% of that amount as escrow funds to be held by the city throughout the term of the License Agreement; and
  - The vessel has been properly retrofitted and reconditioned before the towing process to Jacksonville has begun; and
  - That the JHNSA has a Florida Department of Environmental Protection ("FDEP") approval of the License agreement; and
  - That the JHNSA has obtained FDEP and Army Corp of Engineers approvals and permits for any dredging work that may need to be performed at the Shipyards site related to the mooring of the USS Orleck; and
  - That the JHNSA has United States Coast Guard approvals and any necessary permits for activities associated with the mooring of the USS Orleck at the Shipyards property, or operations of the Ship Museum; and

- Evidence that the JHNSA has met all the insurance requirements contained in the License Agreement (as required by the City's Risk Management Division); and
- DIA has approved the final plans, final scope of work and project budget, final performance schedule and final project sources and uses of funds.
- The Development Agreement contains all of the following termination provisions:
  - If the Association fails to satisfy the Conditions Precedent within the time specified herein;
  - If the DIA enters into a redevelopment agreement for the Shipyards property;
  - For a breach of any provision of this Agreement;
  - In the event of default; or
  - For any other reason in the DIA's sole discretion and without cause upon having provided the Association with ninety (90) days advance written notice of the same.
- The Development Agreement does not allow the JHNSA to engage in any construction or development work at the Museum site; only limited access to the site is granted to "show" the site to prospective donors.

#### **The License Agreement**

- The License Agreement permits the JHNSA to moor the USS Orleck at a slip located at the City owned Shipyards property (see attached exhibit demonstrating the expected location of the ship's mooring).
- The License is for an initial ten (10) year term, with two possible renewals of five (5) years each for a total possible life of twenty (20) years.
- The license includes the submerged lands under the ship as well as anticipated uplands areas (the "Museum Site").
- The City of Jacksonville and the DIA have not agreed to provide any funding to or for the project.
- Title to the property shall remain with the City of Jacksonville.
- The DIA may terminate the License agreement for any or no reason with ninety (90) days written notice.
- The License agreement shall contain the same indemnities as the development agreement.
- The License Agreement shall contain its own Insurance requirements (as required by the City's Risk Management Division).
- The License Agreement shall contain the same removal contingency provisions as the Development Agreement (provide the City 110% of the removal costs associated with

the removal of the USS Orleck and towing of the ship to Brownsville, Texas, in the form of escrow funds deposited with and held by the city).

- The License Agreement shall require that every five (5) years, JHNSA provide DIA with a current certified cost estimate for the costs associated with the removal of the USS Orleck and towing of the ship to Brownsville, Texas. In the event the escrow funds deposited with and held by the City are less than 110% of any required certified cost estimate, JHNSA shall immediately deposit the difference with the City.

Failure to agree upon and execute a written Development Agreement or License Agreement (or other necessary documents) for these proposed terms, and any additional terms which may have been agreed upon, by the expiration of this Term Sheet, will result in the nullification of all obligations of the parties.

This Term Sheet shall expire and become void unless executed by both parties prior to February 29, 2020.

Offered on behalf of the City of Jacksonville Downtown Investment authority by:

\_\_\_\_\_  
Lori N. Boyer, CEO

\_\_\_\_\_  
Date

Accepted on behalf of the Jacksonville Historic Naval Ship Association, Inc. by:

\_\_\_\_\_

\_\_\_\_\_  
Date

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Print Title