

RESOLUTION 2021-01-04

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 FLORIDA BAPTIST CONVENTION BUILDING LOCATED AT 218 W CHURCH STREET AND THE FEDERAL RESERVE BUILDING LOCATED AT 424 N HOGAN STREET (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 and both buildings comprising the Property have been designated local historic landmarks and are 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 Church Street Building into 24 studio and one-bedroom, market rate, multifamily housing units and two restaurant spaces at just over 2,000 square feet each and two retail spaces of 655 square feet and 492 square feet; and

WHEREAS, the Developer proposes to renovate the Hogan Street Building into two restaurant spaces to be housed on the first floor (4,500 square feet) and the basement (2,900 square feet) and 4,500 square feet of event space on each of the second and third floors of the property; and

WHEREAS, the increased private capital investment totaling not less than \$18 million in real property will increase the county ad valorem tax base over the useful life of the assets, will increase the availability of units for Downtown residents and increase restaurant activity within the targeted FAB REP area and adjacent to the Hogan Street Cycle track segment of the Emerald Trail; and

WHEREAS, the Strategic Implementation Committee of the Downtown Investment Authority ("DIA") met on January 14, 2021 to consider the term sheet and recommendation of and Economic Development Grant and 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 \$8,624,321 pursuant to the Downtown Historic Preservation and Revitalization Program guidelines in accordance with the terms set forth on the term sheet attached hereto as Exhibit A.

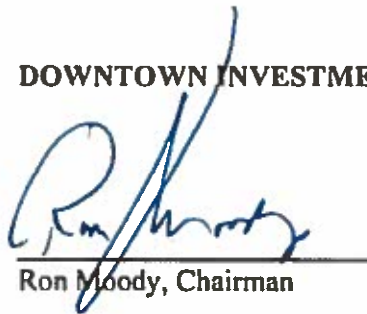
Section 3. The Chief Executive Officer is hereby authorized to execute the contracts and documents and otherwise take all necessary action in connection therewith to effectuate the purposes of this Resolution.

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





Ron Moody, Chairman

1/20/21

Date

VOTE: In Favor: 8 Opposed: 1 Abstained: 0

Exhibit A:

**DOWNTOWN PRESERVATION AND REVITALIZATION PROGRAM
TERM SHEET**

**Florida Baptist Convention Building – 218 W Church Street
Federal Reserve Building – 424 N Hogan Street
a/k/a Church and Hogan**

Project: The project comprises the redevelopment of two historic properties in the Central Core District of Downtown Jacksonville utilizing funding through the Downtown Preservation and Revitalization Program (“DPRP”).

- A) The Florida Baptist Convention Building (“Church”) located at 218 W Church Street, RE# 073776 0000, is a historic structure with five stories plus a basement to be redeveloped with 24 residential units and a projected 5,330 square feet of restaurant/retail space at the ground floor and basement.
- B) The Federal Reserve Building (“Hogan”) located at 424 N Hogan Street, RE# 073777 0000, is a historic structure with three stories plus a basement to be redeveloped with two restaurant spaces totaling approximately 7,400 square feet, plus two floors of event space totaling 9,000.

The redevelopment of these two buildings (“Property” or “Properties”) is underwritten and conditioned upon both being undertaken simultaneously as a single project. All financial metrics used in underwriting are based upon this situation. However, stand-alone forgivable loan documentation will be prepared and entered into with the Applicant for each loan, on each Property, individually.

Developer/ Applicant / Borrower: JWB Real Estate Capital or Assigns (“JWB”)
Total Development Costs (estimate): \$18,552,244
Underwritten Development Costs Used for DPRP Calculations: \$18,511,030
Equity (proposed): \$3,224,493 (17.4% of TDC)

City Funding: No more than \$8,624,321 (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
Church	\$2,375,479	\$1,922,083	\$1,074,390	\$5,371,953
Hogan	\$1,221,151	\$1,377,743	\$ 653,474	\$3,252,368
TOTAL	\$3,596,630	\$3,299,827	\$1,727,864	\$8,624,321

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

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 Food and Beverage, Retail Enhancement Program ("FAB-REP") to the extent such costs are directly attributable to space that would be occupied by the FAB-REP Applicant.

Minimum Capital Contribution:

- A) The minimum total equity capital contribution through completion to remain eligible for the maximum DPRP Funding as outlined is \$2,777,500. If Total Development Cost remain unchanged at \$18,511,030, this lower level of equity can only be achieved, and program funding eligibility maintained, through additional debt and/or tax credit support in an offsetting amount up to \$447,000.
- B) The minimum Total Development Cost for the Project on a combined basis is \$18,511,030, which is further broken down to each property as \$10,816,066 for the Florida Baptist Convention Building (Church), and \$7,694,964 for the Federal Reserve Building (Hogan).
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.
- C) Percent of COJ investment to overall project cost: $\$8,624,320 / \$18,552,244 = 46.5\%$
- D) Percent of COJ investment to underwritten project cost: $\$8,624,320 / \$18,511,030 = 46.6\%$

Performance Schedule:

- A) Commencement of Construction: Within six (6) months following execution of the Redevelopment Agreement, 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.
- B) Substantial Completion: Within twenty-four (24) months following commencement of construction as defined above.
- C) The DIA CEO will have authority to extend this Performance Schedule, in the CEO's discretion, for up to six (6) months for good cause shown by the Developer / Applicant.

Additional Commitments:

- A) The Developer commits to the development of:
 - 1. A minimum of 24 dwelling units.
 - 2. 12,700 square feet of retail/restaurant space.
 - 3. 9,000 square feet of event space, which may also be utilized as commercial/retail/or 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 may be requested and approved subject to the terms above on any DPRP loan component for one Property so long as the redevelopment progress on the other related Property is 75% complete, at minimum.
- E) Funding under the DPRP will be secured by a stand-alone, subordinate lien position on each property behind any senior secured, third-party lender providing construction, mini-perm, or permanent financing.
- F) Each loan, on each property, will be cross-collateralized, and cross-defaulted with one another.
- G) 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.
- H) 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.
- I) 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 Loan, 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.
- J) 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.
- K) The DPRP Deferred Principal Loan component requires an annual interest payment equal to the total principal outstanding multiplied by the prevailing Ten-Year Treasury Note Rate at the time of funding.
- L) 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.
- M) DIA reserves the right to approve any sale, disposition of collateral property, or refinance of senior debt during the DPRP Compliance Period.
- N) 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.
- O) 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).