

RESOLUTION 2018-09-03

A RESOLUTION OF THE DOWNTOWN INVESTMENT AUTHORITY (“DIA”) APPROVING INCENTIVES AND A REDEVELOPMENT TERMS FOR THE REHABILITATION AND ADAPTIVE REUSE OF THE AMBASSADOR HOTEL AND ASSOCIATED REAL ESTATE PARCELS (THE “PROJECT”) WITH AXIS HOTELS LLC (“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, the Developer has purchased, in July of 2018, the property commonly known as Ambassador Hotel with a street address of 420 N. Julia Street, as well as the remaining undeveloped portion of the block., all of which is located within the boundaries of the Downtown East CRA; and

WHEREAS, the Developer proposes to renovate the Ambassador Hotel building into a 127 room hotel. And on the undeveloped portion of the site construct 200 units of multifamily market rate housing and a structured parking facility of a size and nature to serve both the hotel and the housing projects. Collectively the project will result in the investment of approximately \$37.1 million for the construction of the hotel, rental apartment facility, retail space, and associated improvements; and

WHEREAS, the increased private capital investment totaling \$37.1 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 working households, and rehabilitate two historic buildings in Downtown; and

WHEREAS, the DIA is proposing incentives set forth on the Term Sheet, attached as Exhibit A to this Resolution; and

WHEREAS, The Ambassador Hotel is historically designated and will apply for the Downtown Historic Preservation & Revitalization Trust Fund (“HPTF”) for grant monies to assist with the historical rehabilitation costs; and

WHEREAS, the Downtown Investment Authority (“DIA”) is authorized per section 111.910 *Downtown Historic Preservation and Revitalization Trust Fund* of the City Ordinance Code, to utilize the Downtown Historic Preservation and Revitalization Trust Fund to foster the redevelopment of the Downtown Northbank Community Redevelopment Area; and

WHEREAS, the Downtown Investment Authority ("DIA") is authorized per section 55.108 *Economic Development* of the City Ordinance Code, to utilize the Downtown Economic Development Fund to foster the redevelopment of the Downtown Northbank Community Redevelopment Area; and

WHEREAS, the Downtown Investment Authority ("DIA") is authorized per section 55.108(8)-(9)(b) *Economic Development* of the City Ordinance Code, to implement the BID Plan, grant final approval of redevelopment agreements, without further action of Council, in furtherance of the BID Plan; and

WHEREAS, the Developer is also seeking a Market Rate Multi-family REV Grant; and

WHEREAS, DIA is proposing a REV Grant up to 75% of the incremental increase in the county portion of ad valorem taxes generated from their proposed private capital investment of up to \$37.1 million for fifteen (15) years not to exceed \$4,900,000, as detailed in Exhibit "A", and the REV Grant is consistent with the DIA Multi-Family Housing REV Grant set forth in the Bid Plan; and

WHEREAS, the REV Grant annual payments will be funded through the Northbank Tax Increment Finance District Trust Fund; and

WHEREAS, the proposed City of Jacksonville REV Grant incentive is a material factor in assisting the Developer to expand the residential rental capacity, particularly for workforce housing, in Jacksonville within the Brooklyn Neighborhood; and

WHEREAS, the proposed Multifamily REV Grant satisfy the conditions in the BID Plan for funding of a project more specifically: Goal 1- Reinforce the Downtown as the City's Unique Epicenter; Goal 2- Increase Rental and Owner-Occupied Housing Downtown; and Goal 7- Use Planning and Economic Development activities to Promote Healthy Living. 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 provide funding of up to \$1,500,000 from the Downtown Historic Preservation and Revitalization Trust Fund and a Market Rate Multifamily REV Grant in an amount not to exceed \$4,900,000, for the redevelopment of the Ambassador Hotel and associated redevelopment project.

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

Karen Greenwood

James Bailey, Chairman

9/19/18
Date

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

Term Sheet

Project Name: Ambassador Hotel and New Multifamily residences

Developer/ Applicant: AXIS Hotels, LLC, or a single assets entity created by and affiliated with the Augustine Group.

Incentives (through the City of Jacksonville and the Downtown Investment Authority) detailed as follows:

The Ambassador Hotel:

Total Development Cost:
\$15,000,000 (estimated)

Redevelopment Completion Grant: \$1,500,000 from the Downtown Historic Preservation and Revitalization Trust Fund (the "HPTF").

These grant funds shall be used in accordance with the Downtown Historic Preservation and Revitalization Trust Fund guidelines.

- THE HPTF Grant will be disbursed at issuance of the last needed Certificate of Occupancy ("CO") for the project. Therefore it is estimated funds would be needed no sooner than 18 months after construction commences, estimated by the Developer's Schedule.
- The Grants will be subject to standard "claw-back" language.

The Annex Apartment Bldg.:

Total Development Cost:
\$38,157,147 (estimated)

REV Grant: \$4,900,000 from the Northbank TID.

- Partial ad valorem tax rebate of 15 years @ 75% for an approximate total grant not to exceed **\$4,900,000**.
- On the new construction portion of the project for the new multifamily units and parking structure.

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Conditions: This Term Sheet is limited by the following conditions:

Downtown Investment Authority review of the development and construction timelines; and

A completed and approved application to the Jacksonville Historic Preservation Commission for the funding out of the Historic Preservation and Revitalization Trust Fund; and

These proposed financial terms are subject to and contingent upon the approval of the Downtown Investment Authority, the City of Jacksonville Administration, and the Jacksonville City Council.

All terms contained within this Term Sheet are contingent upon the successful commitment and closing of all Historic Rehabilitation Tax Credit Agreements, Construction /Senior Debt Agreements and Commitments, Any Private Junior Lien Loan Agreements and Commitments, evidence of Marketable Title by the Developer, and the inclusion of the City of Jacksonville Lease(s) as also insureds under the Developer's Property & Casualty insurance, and the Hotel Management & Operating Agreement. All terms contained within this Term Sheet are also contingent upon evidence of the funding of the Developer's Equity commitment.

There will be additional terms, conditions, rights, responsibilities, warranties and obligations for both parties shall be determined in a later negotiated mutually agreeable written contract (or multiple written contracts as is deemed necessary).

This Term Sheet expires and becomes void, if not executed by the Parties upon February 20, 2019.

Additionally, this Term Sheet expires and all the terms contained within become void, upon June 1, 2019, unless extended in writing by the parties.

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(Signature Page to Follow)

With Respect to the Barnett Bank Building and the Parking Structure:

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

Aundra C. Wallace its CEO

Date: _____

Accepted on behalf of AXIS Hotels, LLC by

Print Name:

Its (print Officer Title): _____

Date: _____