

RESOLUTION 2017-05-01

IN RESPONSE TO A PROPOSAL SUBMITTED BY THE NORTH FLORIDA LAND TRUST (“NFLT”) FOR LEASE OF THAT CITY-OWNED PROPERTY COMMONLY REFERRED TO AS “BREWSTER HOSPITAL”, A RESOLUTION OF THE DOWNTOWN INVESTMENT AUTHORITY (“DIA”) INSTRUCTING DIA’S CHIEF EXECUTIVE OFFICER (“CEO”) TO ISSUE A NOTICE PURSUANT TO SECTION 163.380(3)(A), FLORIDA STATUTES, AND SECTION 122.434(A), JACKSONVILLE CODE OF ORDINANCES; PROVIDING THE CITY COUNCIL THIRTY (30) DAYS NOTICE PURSUANT TO SECTION 122.434(D), JACKSONVILLE CODE OF ORDINANCES; REQUESTING THE JACKSONVILLE CITY COUNCIL TO ENACT AN ORDINANCE APPROVING THE LEASE AGREEMENT BETWEEN THE CITY AND NFLT PURSUANT TO SECTION 122.434(D); INSTRUCTING DIA’S CEO TO TAKE ALL NECESSARY ACTION IN CONNECTION THEREWITH TO EFFECTUATE THE PURPOSES OF THIS RESOLUTION INCLUDING THE EXECUTION OF THE LEASE AGREEMENT; PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, DIA is the designated Community Redevelopment Agency for the North Bank Community Redevelopment Area (“CRA”), to which a Community Redevelopment Plan was adopted by Ordinance 2014-0560-E; and

WHEREAS, the vacant building and real property commonly known as Brewster Hospital (the “Property”) is located within Downtown’s North Bank CRA; and

WHEREAS, the DIA issued ISP-61-16 Notice of Disposition/Redevelopment of City-Owned Property for Property, to which there were no respondents; and

WHEREAS, the North Florida Land Trust submitted a proposal to the DIA to lease the Property, the terms of which are outlined on Exhibit A attached hereto; and

WHEREAS, Section 163.380(3)(a), Florida Statutes, and Section 122.434(a), Ordinance Code, require a minimum 30-day notice prior to executing an agreement for the lease or sale of property within a CRA; and

WHEREAS, Section 122.434(d), Ordinance Code, requires that DIA provide City Council a 30-day notice of its intent to accept a proposal, after which the DIA and the Mayor, may execute such contracts, and the Mayor may execute and deliver deeds, leases, and other instruments and take all steps necessary to effectuate such contracts; and

WHEREAS, Section 122.434(d), Ordinance Code, requires Council approval of the agreement if the sales price of the property to be disposed of is greater than \$25,000; **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 its CEO to issue the required notice pursuant to Section 163.380(3)(a), Florida Statutes, and Section 122.434(a), Ordinance Code.

Section 3. The DIA instructs its CEO to provide City Council with the required notice pursuant to Section 122.434(d), Ordinance Code, and file legislation requesting the City Council to approve the lease agreement between the City and the North Florida Land Trust for the Property subject to the terms outlined on Exhibit A attached hereto.

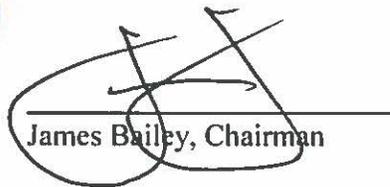
Section 4. The DIA instructs the Chief Executive Officer of the Downtown Investment Authority to take all necessary action to effectuate the purposes set forth in this Resolution, including, but not limited to, the execution of all contracts, lease agreements and other instruments.

Section 5. This Resolution shall become effective on the date it is signed by the Chair of the DIA Board.

WITNESS:

DOWNTOWN INVESTMENT AUTHORITY




_____ James Bailey, Chairman

May 17, 2017
Date

VOTE: In Favor: 7 Opposed: 0 Abstained: 0

FORM APPROVAL:

Office of General Counsel

May 4, 2017

Aundra Wallace, CEO
Downtown Investment Authority
City of Jacksonville
117 W Duval St
Jacksonville, FL 32202

Re: Unsolicited Proposal – Brewster Hospital

Dear Mr. Wallace:

The North Florida Land Trust, a not-for-profit Jacksonville based entity, is pleased to present an unsolicited proposal for the purposes of leasing the City-owned property at 915 West Monroe Street known as the Brewster Hospital site. As you may know, the Land Trust has as part of its mission the preservation of historic resources of North Florida. Clearly, the preservation of Brewster Hospital is within our mission. While we would much prefer to purchase the property, but we understand the City would rather lease and are offering to do so at this time.

Situation:

The City owns the former Brewster Hospital at the corner of Monroe and Davis streets in La Villa as well as several adjacent parcels within the block. Our understanding is that the building contains 5,688 square feet of rentable space.

The City has kept the historic brick and frame building in good shape with exterior wood rot remediation having been the most recent repair. Nonetheless, the building still lacks certain improvements such as an elevator or secure parking that would be required for office occupancy.

In addition to attracting a rent-paying tenant, the City would like to be able to display and make available to the public certain artifacts depicting the Hospital's history. After discussions with the staff, we have concluded the following:

Objectives:

City

- preserve the historic building and showcase its history
- improve the building and site to accommodate a rent paying commercial tenant using the tenant's money where possible
- generate cash from rent to support its downtown development mission
- not be involved in day to day property management or the costs associated therewith

Land Trust

- Occupy an historic building and use its occupancy to enhance the surrounding neighborhood as an urban extension of its land trust brand

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- Accommodate its growing office requirements while keeping its identity
- Pay less than class A market rates in keeping with its non-profit mission
- Ultimately own the building if possible

Funding of necessary improvements:

- The tenant will fund, and undertake with the City's approval, an initial capital improvement program to bring the property up to commercial standards including the installation of:
 - an elevator and any other handicap requirements;
 - an off-street parking lot;
 - fencing, lighting, and other necessary security features to protect the parking lot
 - a kitchen and small eating area for employees
 - improvements recommended by the contractor

Lease Structure:

The rent for the property will be consistent with Class B office space in a downtown fringe location.

- The North Florida Land Trust proposes to lease the space for a five-year period beginning on the date of occupancy with two options to renew for five additional years each or purchase the property if both parties agree. Neither the City nor the Land Trust pays taxes and the City self-insures the building; therefore, the Land Trust will only need to pay tenant insurance. The Land Trust will manage the building and directly pay operating expenses and minor maintenance including utilities, janitorial, systems inspections, pest control, site and landscape maintenance, and security.
- The Land Trust therefore proposes a Net Lease, as defined above, at the rate of \$12.50 per square foot.
- The City, as owner, is responsible for building and site capital improvements and replacements. Because of the historic nature of the building and its importance to the community, this would include painting, brick repointing, wood rot replacement, roof repair and all other work required to keep the building water tight and in good exterior repair
- Additionally, the Land Trust estimates that it will need \$250,000 to bring the building up to commercial standards and maintain the historic integrity of the building. As a result, the Land Trust proposes to offset that expense with free rent until the principle and accrued interest (at a market amortization rate) has been retired.
- As an acknowledgment of and the City's historic interest, the Land Trust will designate an area within the building's first floor to house an exhibit memorializing the history of Brewster Hospital. That area will be available to the Brewster and Community Nurses Association for meetings and events.

The Brewster Hospital is a wonderful community asset that has been idle for far too long. We believe that the structure we are proposing allows the City and the Land Trust to bring the unique qualities of each to bear in a way that accomplishes what neither entity could achieve on its own, matches the risks and benefits of redevelopment appropriately, and is reflective of the unique asset and situation that this property represents.

We look forward to a long and fruitful relationship with the Downtown Investment Authority and the City of Jacksonville.

Respectfully Submitted,

A handwritten signature in blue ink, appearing to read 'JM', is written over a horizontal line.

Jim McCarthy, President