



Downtown Investment Authority  
Strategic Implementation Committee  
Thursday, March 9th, 2023 at 10:00 a.m.

## SIC AGENDA

Braxton Gillam, Esq., Chair  
Craig Gibbs, Esq., Committee Member  
George Saoud, Esq. Committee Member

Carol Worsham, Ex-Officio

Committee Members Excused:

- I. CALL TO ORDER
- II. PUBLIC COMMENTS
- III. February 14, 2023 STRATEGIC IMPLEMENTATION COMMITTEE MEETING MINUTES APPROVAL
- IV. RESOLUTION 2023-03-06: 333 EAST BAY STREET DOWNTOWN PRESERVATION AND REVITALIZATION PROGRAM
- V. RESOLUTION 2023-03-07: AMBASSADOR HOTEL EXTENSION
- VI. OTHER MATTERS TO BE ADDED AT THE DISCRETION OF THE CHAIR
- VII. ADJOURN

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### **MEETING LOCATION**

#### **Physical Location**

Jacksonville Public Library-Main Library/Downtown  
303 North Laura Street  
Multipurpose Room (located in the Conference Center)  
Jacksonville, Florida 32202

**PLEASE NOTE:** The multipurpose room will **not be accessible through the Main Street entrance.** The Main Street entrance will be closed. Please use the Laura Street entrance to enter the building.

Visitors are encouraged not to enter City owned public buildings if they have: symptoms of COVID-19, a fever of 100.4 degrees Fahrenheit or higher, are currently undergoing evaluation for COVID-19 infection, a diagnosis of COVID-19 in the prior 10 days or have had close contact with someone infected with COVID-19 during the prior 14 days. Any member of the public entering City owned public building may choose to wear a mask inside the building.

**Virtual Location**

Interested persons desiring to attend this meeting virtually can do so via Zoom (including by computer or telephone) using the following meeting access information:

**Join Zoom Meeting**

<https://us02web.zoom.us/j/82644809997?pwd=VGQ2d29qVHFoUEwrOGFIT2YxcEszZz09>

**Meeting ID: 826 4480 9997**

**Passcode: 487848**

**One tap mobile**

+1 (312) 626-6799 (Chicago)

+1 (646) 558-8656 (New York)

Find your local number: <https://zoom.us/u/acSPRiVnGd>

**TAB III**

**FEBRUARY 14, 2023 STRATEGIC IMPLEMENTATION COMMITTEE  
MEETING MINUTES APPROVAL**



**Downtown Investment Authority**  
**Strategic Implementation Committee Hybrid Meeting**  
*Tuesday, February 14, 2023, 1:00 p.m.*

**Strategic Implementation Committee Hybrid Meeting**  
***Draft – MEETING MINUTES***

**Strategic Implementation Committee Members (CM) in Attendance:**

Braxton Gillam, Esq. Committee Chair  
Craig Gibbs, Esq.

**Committee Members Excused:** None.

**DIA Board Members Participating Virtually:** Carol Worsham, Board Chair, Oliver Barakat

**DIA Staff Present:** Lori Boyer, Chief Executive Officer; Steve Kelley, Director of Downtown Real Estate and Development; Antonio Posey, Project Manager; and Ina Mezini, Strategic Initiatives Coordinator, Guy Parola, Operations Manager and Jovial Harper, Administrative Assistant.

**Office of General Counsel:** Joelle Dillard

**Council Members Present:** None

**I. CALL TO ORDER**

The Strategic Implementation Committee meeting of February 14, 2023 was called to order at 1:01 p.m. by Braxton Gillam, Esq., Committee Chair.

**II. PUBLIC COMMENTS**

Committee Chair Gillam called for public comment.

*The following persons made in-person public comments, made public comments virtually through Zoom, or provided comments that were read into the record by DIA Staff. Note: the subject matter of the comment(s) indicated to the right of each person:*

Pursuant to Section 112.3143 of the Florida Statutes, Ms. Mezini read into the record a Form 8B filed by Committee Chair Gillam both for the November 16, 2022, Strategic Implementation Committee meeting as well as the December 14, 2022, Strategic Implementation Committee due to the following reason: Committee Chair Gillam's firm is representing The Vestcor Companies.

John Rooney

Spoke on concerns regarding 2023-0046, 2014-560, 2016-18,

2021-0075, 2022-0035, 2023-0046.

Nancy Powell

Spoke on CRA/CIP Memo and Project Prioritization

### **III. RESOLUTION 2023-02-02: REGIONS DPRP LOAN**

**A RESOLUTION OF THE DOWNTOWN INVESTMENT AUTHORITY (“DIA”) ACTING AS THE ECONOMIC DEVELOPMENT AGENCY FOR DOWNTOWN JACKSONVILLE (“GRANTOR”) APPROVING THE AWARD OF A DPRP LOAN PACKAGE TO REGIONS BANK (“GRANTEE”); AUTHORIZING THE CEO OF THE DIA TO NEGOTIATE A LOAN AGREEMENT AND RELATED SECURITY DOCUMENTS; AUTHORIZING THE DIA CEO TO EXECUTE SUCH AGREEMENTS, AND FINDING THAT THE DEVELOPMENT PLAN IS CONSISTENT WITH THE DIA’S BUSINESS INVESTMENT AND DEVELOPMENT PLAN (“BID PLAN”) AND PROVIDING AN EFFECTIVE DATE.**

**Motion:** Board Member Gibbs moved to approve the resolution as presented

**Seconded:** Board Member Worsham seconded the motion

**Vote:           Aye: 2           Nay: 0           Abstain: 0**

Board Member Gibbs looks forward to the completion; complements the project.

Committee Chair Gillam asked if the \$90,000.00 an additional tax base or is this the total?

CEO Boyer confirmed this is only incremental construction cost. Over a twenty-year period, there will be a cash on cash return.

**THE MOTION PASSED UNANIMOUSLY 3-0-0**

### **IV. CAPITAL PROJECT IMPLEMENTATION MEMO**

Review of Memorandum by CEO Boyer: “DIA Roles and Responsibilities for Capital Projects.”  
Discussion of DIA Powers and Duties, CIP Project Implementation, CRA Capital Project Implementation, Development Parcels and Parks, Riverfront Plaza (former Landing) and Shipyards West.

### **V. PRIORITIZATION OF POTENTIAL CAPITAL PROJECTS**

Review of Memorandum by CEO Boyer: “Capital Projects and comments.” Riverfront Plaza, Shipyards West CRA Portion, North and South Bank’s Priorities with illustrations.

Committee Chair Gilliam expressed excitement about plans on CIP. Suggest the remaining Board Members should comment more about priorities.

Board Member Worsham likes the distribution of activities and uses within the plan. She inquired about the piers, paying only to 30%.

Board Member Gibbs agrees the entire board should be present and obtain their input as well.

CEO Boyer considered assignment under the CIP but would limit the commercial usage. There is insufficient funding for the food court and pier. In addition, further discussion regarding this option would be during the March Workshop. This will provide input to develop next year's budget.

*Board Member Barakat joined the meeting.*

Board Member Worsham inquired whether the piers were in disrepair?

CEO Boyer answered the pier<sub>1</sub> can be refurbished with approximately \$9,000,000.00, which would have a lesser impact on the budget. She recommended demolition of pier<sub>2-3</sub> as they are both within the city owned submerged land.

Board Member Barakat inquired if the development in the Shipyard West is complementary to surrounding developments, does it fit the aesthetic of the area? Additionally, he inquired about the public's input, balances versus what is feasible; (referencing visuals).

CEO Boyer answered the designs has addressed the public's requests and consideration was given to the site's geometry; which is aesthetically appealing.

Board Member Gibbs requested clarification on suggestion of spending \$10,000,000.00 - 20,000,000.00 on piers for fishing/ growing? He offered a suggestion for a restaurant on the waterfront.

CEO Boyer considered how the restaurant would be serviced; would it be easily accessible? Requested this question deferred to the March Workshop meeting.

Committee Chair Gillam referenced St. Petersburg pier, suggesting cost analysis and design comparison to the Shipyard West design.

## **ADJOURNMENT**

Committee Chair Gillam adjourned the meeting at 2:00 p.m.

*The written minutes for this meeting are only an overview of what was discussed. For verbatim comments of this meeting, a recording is available upon request. Please contact Jovial Harper at [HarperJ@coj.net](mailto:HarperJ@coj.net) to acquire a recording of the meeting.*

**TAB IV**

**RESOLUTION 2023-03-06: 333 EAST BAY STREET DPRP**

**RESOLUTION 2023-03-06**

**A RESOLUTION OF THE DOWNTOWN INVESTMENT AUTHORITY (“DIA”) RECOMMENDING CITY COUNCIL APPROVAL OF A DOWNTOWN PRESERVATION AND REVITALIZATION PROGRAM (“DPRP”) LOAN PACKAGE FOR REHABILITATION OF THE BUILDING LOCATED AT 333 E. BAY STREET (“PROPERTY”) PURSUANT TO A REDEVELOPMENT AGREEMENT WITH NIGHTLIFE INNOVATIONS, INC (F/K/A 327 E. BAY, LLC) OR ASSIGNS (“OWNER” OR “DEVELOPER”); FINDING THAT THE PLAN OF DEVELOPMENT IS CONSISTENT WITH THE DIA’S BUSINESS INVESTMENT AND DEVELOPMENT PLAN (“BID PLAN”) AND THE DOWNTOWN NORTHBANK COMMUNITY REDEVELOPMENT AREA PLAN (“CRA PLAN”); AUTHORIZING THE CHIEF EXECUTIVE OFFICER TO NEGOTIATE THE CONTRACT AND ASSOCIATED DOCUMENTS AND FILING OF LEGISLATION WITH THE CITY COUNCIL REGARDING THE DPRP LOAN PACKAGE; 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**, Nightlife Innovations, Inc. (f/k/a 327 E. Bay, LLC) is the owner of the Property and the building located on the Property, which has been designated a local historic landmark by the Jacksonville City Council in Ordinance 2022-260-E and is a contributing building located within the National Historic District of Downtown and within the boundaries of the Downtown Northbank CRA; and

**WHEREAS**, the Developer proposes to rehabilitate the Property to provide a proposed minimum of 38,154 square feet of leasable space as a commercial use property within City Center of Downtown Jacksonville; and

**WHEREAS**, the increased private capital investment totaling not less than \$2,965,492 in real property improvements will increase the county ad valorem tax base over the useful life of the assets, will add to the commercial/retail tenancy options in Downtown Jacksonville; and

**WHEREAS**, the Strategic Implementation Committee of the Downtown Investment Authority (“DIA”) met on March 9, 2023, to consider the recommendation of 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 recommended that the DIA Board adopt Resolution 2023-03-06; 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 necessary, including the filing of legislation before the City Council, to seek a commitment for DPRP funding up to \$1,655,000 pursuant to the Downtown 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 associated 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**

\_\_\_\_\_

\_\_\_\_\_  
Carol Worsham, Chairman

\_\_\_\_\_  
Date

**VOTE:** In Favor: \_\_\_\_\_ Opposed: \_\_\_\_\_ Abstained: \_\_\_\_\_

**Exhibit A:**

**DOWNTOWN PRESERVATION AND REVITALIZATION PROGRAM  
TERM SHEET**

**333 E Bay Street  
333 E Bay Street, Jacksonville, FL 32202**

**Project:** The project comprises the redevelopment of the historic property located at 333 E. Bay Street in City Center of Downtown Jacksonville, utilizing funding through the Downtown Preservation and Revitalization Program (“DPRP”).

The historic two-story building at 333 E. Bay Street, RE# 073363-0000, comprises 40,178 gross square feet, originally constructed in 1908 (per the Landmark designation legislation, Ordinance 2022-260-E). Upon completion, the building will provide approximately 38,154 square feet of commercial space with proposed use as an entertainment, food and beverage venue on each floor under related ownership. The rehabilitation efforts will be centered primarily on the second floor, although repairs to exterior and the structure itself will help preserve and protect the property for many years to come.

Rehabilitation efforts proposed include, but are not limited to, the following:

- Demolition of the remaining interior spaces
- Repair structural damage throughout
- Repair the roof; increase waterproofing in other areas
- Make needed repairs to exteriors, brick, etc.
- Plumbing / Electrical / HVAC on the second floor
- Reframe interior walls, increasing load capacity
- Replace doors, frames, casings, and windows
- All new interior walls and ceilings
- Install elevator
- Bring staircases up to code
- Address all safety codes (fire sprinklers, etc.)
- Address ADA compliance

**Developer/ Applicant / Borrower:** Liberty Bay Properties, LLC or commonly owned entity (“Borrower”)

<b>Total Development Costs (gross):</b>	<b>\$7,486,104</b>
<b>Total Development Costs (as underwritten):</b>	<b>\$7,412,104</b>
<b>Equity (proposed):</b>	<b>\$1,425,086</b>

**City Funding:** No more than **\$1,655,000** (through the City of Jacksonville Downtown Investment Authority), as follows:

	<b>Historic Preservation, Restoration, and Rehabilitation Forgivable Loan (HPRR)</b>	<b>Code Compliance Forgivable Loan (CCR)</b>	<b>DPRP Deferred Principal Loan</b>	<b>TOTAL</b>
<b>TOTAL</b>	<b>\$549,000</b>	<b>\$775,000</b>	<b>\$331,000</b>	<b>\$ 1,655,000</b>

The proposed funding amount equals 53% of the Total Budget Amount, and 22% of Total Development Cost as defined in DPRP Guidelines and detailed below. At this level of funding and structure, the incentives proposed are subject to further approvals by the Jacksonville City Council with funding upon completion requiring further appropriation also by City Council.

To be eligible for funding, all work has been reviewed and approved by the Planning and Development Department for consistency with the United States Secretary of Interior Standards and applicable design guidelines during application processing and for verification upon completion and request for funding under terms defined further herein.

**Budget.** The construction budget reviewed and approved by the DIA in the total amount of \$3,094,535 (the “Total Budget Amount”), which includes Construction Costs to be incurred in each of the funding categories (each, a “Funding Category”) and in the minimum amounts (each a “Funding Category Minimum”) set forth in the table below:

<b>Funding Category</b>	<b>Funding Category Minimum</b>
Interior Rehabilitation	\$1,682,327
Interior Restoration	\$ 0
Exterior	\$ 108,132
Code Compliance	\$1,062,902
General Requirements/Other	\$ 112,131
N/A <sup>1</sup>	\$ 129,043
<b>Total Budget Amount:</b>	<b>\$3,094,535</b>

<sup>1</sup> The category “N/A” is not required to be met as a Funding Category Minimum for reimbursement of other categories under the DPRP. For further clarity, there will be no reimbursement for expenditures categorized as “N/A” in the construction budget.

**Minimum Expenditures:** In order to be eligible for the maximum amount of the DPRP Loan, the Borrower must provide evidence and documentation prior to the applicable DPRP Loan closing sufficient to demonstrate to the DIA, in its sole but reasonable discretion, the following:

- (i) a total equity capital contribution of at least ONE MILLION FOUR HUNDRED TWENTY-FIVE THOUSAND EIGHTY-SIX DOLLARS AND NO/100 (\$1,425,086) (the “Required Equity”);
- (ii) Total Development Costs incurred of at least SEVEN MILLION FOUR HUNDRED TWELVE THOUSAND ONE HUNDRED FOUR DOLLARS AND NO/100 (\$7,412,104), which shall include the value of the property shown by appraisal to be \$3,700,000 and hard and soft

construction costs in the redevelopment of the property but shall exclude holding costs, tangible personal property (IT, FF&E), marketing, third party costs for risk management, and loan fees (the “Minimum Total Development Costs”);

- (iii) Minimum Eligible Construction Costs incurred of TWO MILLION NINE HUNDRED SIXTY-FIVE THOUSAND FOUR HUNDRED NINETY-TWO DOLLARS AND 00/100 (\$2,965,492), calculated as the Total Budget Amount less costs classified as “N/A” (the “Minimum Eligible Construction Costs”), and
- (iv) Construction Costs incurred of at least the Funding Category Minimum with respect to each respective Funding Category.

Notwithstanding the foregoing,

- 1) the required Minimum Total Development Costs of \$7,412,104 (which shall not include costs allocated for funding under the FAB-REP program) may be reduced by a maximum of ten percent (10%) overall, as determined by the DIA in its sole and absolute discretion, without affecting the Borrower’s eligibility for funding under the DPRP.
- 2) the required Minimum Eligible Construction Costs of \$2,965,492 may be reduced by a maximum of ten percent (10%) overall, as determined by the DIA in its sole and absolute discretion, without affecting the Borrower’s eligibility for funding under the DPRP.
- 3) any Funding Category Minimum may be reduced by a maximum of ten percent (10%) on a stand-alone basis, as determined by the DIA in its sole and absolute discretion; provided that, in such event, there shall be a pro rata reduction in any or each of the related DPRP Loans, as required. Eligibility for funding under any Funding Category shall be eliminated if the corresponding Funding Category Minimum is reduced by more than ten percent (10%).

The DIA shall have the authority, without further action by City Council, to approve reduced DPRP Loan amounts provided the Total Development Costs incurred are not less than \$6,670,894, including Minimum Eligible Construction Costs incurred of not less than \$2,668,943.

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

**Land:** No City of Jacksonville land is committed to the project.

**Loans:** Commercial tenants, including those related to the Owner, leasing space within this property have applied for funding up to \$200,000 under the FAB-REP program to be submitted for approval independently.

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 Retail Enhancement Program to the extent such costs are directly attributable to space that would be occupied by the FAB-REP Grant Applicant.

**Performance Schedule:**

- A) Redevelopment Agreement to be approved for filing with City Council within 30 days following presentation and negotiation.
- B) Redevelopment Agreement to be executed within thirty (30) days of the Bill Effective Date which shall establish the Redevelopment Agreement Effective Date.

- C) Commencement of Construction: Within six (6) months following the Redevelopment Agreement Effective Date, 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.
- D) Substantial Completion: Within eighteen (18) months following Commencement of Construction as defined above.
- E) The DIA CEO will have the authority to extend this Performance Schedule, in the CEO's discretion, for up to six (6) months for good cause shown by the Borrower / Applicant. Any extensions to the Commencement Date shall have the same effect of extending the Completion Date simultaneously.

**Additional Commitments:**

- A) 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") as may be required.
- B) 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.
- C) Funding under the DPRP will be secured by a stand-alone, subordinate lien position on the Property behind any senior secured, third-party lender providing construction, mini-perm, or permanent financing, as long as such subordination does not alter the DIA approved maturity date of any DPRP Loan.
- D) Each DPRP loan will be cross defaulted with one another.
- E) 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.
- F) As the Borrower will be utilizing a combination of HPRR Forgivable Loans, Retail Enhancement Grant and CCR Forgivable Loans, the maturity of each of these Forgivable Loans 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 loan documents.
- G) Standard clawback provisions will apply such that:
  - a) In the event the Borrower sells, including without limitation a capital lease transaction, or otherwise transfers the Historic Building during the first five (5) years after the disbursement of the Forgivable Loans, the following amounts of any Forgivable Loan 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) Changes in the proposed intended use of the property must continue to contribute towards the relevant Redevelopment Goals and Performance Measures of the DIA and shall be presented to the DIA for further approval not less than 90 days in advance of such changes, and such approval shall not be unreasonably withheld. 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 or Loan without such approval, the full amount of the amounts awarded, together with all accrued but unpaid interest thereon, may be declared by the DIA to become due and payable by the Borrower.
- H) Funding in the amount of the DPRP Deferred Principal Loan component (if any) 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.
- I) The DPRP Deferred Principal Loan component (if any) requires fixed annual interest payments equal to the total principal outstanding multiplied by the prevailing Ten-Year Treasury Note Rate at the time established for closing.
- J) Partial Principal reductions on the DPRP Deferred Principal Loan (if any) 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.
- K) DIA reserves the right to approve any sale, disposition of collateral property, or refinance of senior debt prior to the forgiveness or repayment of any DPRP Loan.
- L) 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.
- M) Minimum insurance requirements as established by the City of Jacksonville Risk Management Department must be met prior to closing and maintained throughout the term of the development agreement.
- N) 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).

**SUPPLEMENTAL INFORMATION**  
**333 EAST BAY STREET DPRP STAFF REPORT**

**DIA Downtown Preservation and Revitalization Program  
Staff Report**

**333 E Bay Street  
March 9, 2023**

**Applicant:** NIGHTLIFE INNOVATIONS, INC (f/k/a 327 E. Bay Street, LLC, "Owner")  
Mr. Jon Mroz, Principal

**Project:** Rehabilitation of the historic property located at 333 East Bay Street  
Jacksonville, FL 32202

**Program Request:** Downtown Preservation and Revitalization Program ("DPRP")

**Total Development Costs (gross):** \$7,486,104  
**Total Development Costs (As underwritten):** \$7,412,104

**Equity (proposed):** \$1,425,086

**DPRP Requested/Recommended:**

- |  |                    |
|--|--------------------|
| 1) Historic Preservation Restoration and Rehabilitation Forgivable Loan (HPRR) | \$ 549,000         |
| 2) Code Compliance Renovations Forgivable Loan (CCR)                           | \$ 775,000         |
| 3) DPRP Deferred Principal loan  | <u>\$ 331,000</u>  |
|  | <u>\$1,655,000</u> |

**Project Background:**

The project comprises the rehabilitation of the historic property located at 333 E. Bay Street in City Center of Downtown Jacksonville, utilizing funding through the Downtown Preservation and Revitalization Program ("DPRP").

The historic two-story building at 333 E. Bay Street, RE# 073363-0000, encompasses 40,178 gross square feet and per Landmark ordinance 2022-260-E was originally constructed in 1908. The property consists of a single building that has been heavily altered over the years and is subdivided into up to seven individual units with widths of 10 to 40 feet and a depth of 95 feet.

The commercial structure was once part of the business district serving the ship building industry along Bay Street. The area was historically industrial before but now serves as the entertainment district in the City Center of Downtown Jacksonville near the Florida Theatre, 1904 Music Hall, Underbelly, and the proposed Decca Live found adjacent to the subject on the same block.

Upon completion, the building will provide 38,835 square feet of commercial space will continue to be used by current tenants Live Bar, Myth Nightclub, Element Bistro + Bar, and other tenants while the west portion of the upstairs area will be used as a live music venue and event space for wedding receptions, corporate events, and nightly entertainment. The rehabilitation efforts will consist of new windows across



the façade, brick restoration, life safety to include new exits and sprinkler systems within the property, and ADA compliance including the installation of an elevator. Repairs to the structure will help preserve and protect the property for the benefit of tenants operating in both stories. See Exhibit A for an architectural rendering of the Bay Street facing elevation, as proposed. Exhibit B shows the Liberty Street facing elevation, as proposed, although the service window has been determined to be out of compliance with the Downtown Overlay and is no longer a component of the plans.

There are two additional tenants seeking funding through FAB-REP that will be added to the ground level simultaneously with this DPRP request. Rehabilitation is integral for the property to exceed its current 39.2% occupancy and is expected to increase to 90% + occupancy on an ongoing basis. Development costs and the proposed incentives only contemplate the rehabilitation efforts related to the preservation and rehabilitation of the building. As required by each program, and further communicated with the applicant, no costs may be included for partial reimbursement under more than one DIA program. All costs associated with restoration of the interior shell for concert purposes have been excluded from the construction budget used in underwriting.

**Figure 1. 333 E. Bay Street**



**HPS Recommendation:**

Conditions – Interior:

Interior: Current interior consists of exposed masonry walls, concrete floors and ceilings to be redesigned for entertainment venue with new stage floor, dance floor, seating areas, two bars, a billiards area, and new “terrace” area with operable windows. Based on a march 2022 site visit and landmark report photos, the upstairs is largely an open plan for its prior warehouse use or has been gutted. New layout maintains sense of open plan through use of partial and glass walls. Work is approved under following conditions:

- 1) no exterior painting of unpainted historic masonry,
- 2) no removal of historic interior wall finishes.

Conditions – Exterior:

Exterior:

- painting second story.

- repairing rear equipment ramp from 2<sup>nd</sup> floor

**\*\*Window Replacement\*\***

1. All new windows shall fit the original openings both horizontally and vertically and be recessed within the opening to provide a traditional reveal matching the depth of the historic units.
2. Window product shall be substantially as shown on product specification submitted with the application.
3. The removal of windows shall be in such a way as to ensure the least amount of damage. All openings where windows are removed shall be secured in a manner that does not damage the historic structure.
4. Design of the windows shall be substantially as shown on the elevations submitted with the application.

**\*\*Brick Restoration\*\***

5. Any new brick work needed as a result of repairs shall match the size, color and texture of the historic brick.
6. All repointing shall be done by carefully handraking the deteriorated mortar joints to avoid damaging masonry, and all new mortar work shall duplicate the original mortar to the degree possible.
7. No synthetic caulking compound or scrub coating techniques shall be used in lieu of traditional repointing methods.

**\*\*Storefront Replacement\*\***

8. The removal of storefront windows and doors shall be in such a way as to ensure the least amount of damage. All openings where windows and doors are removed shall be secured in a manner that does not damage the historic structure.
9. Design of the new storefronts shall be substantially as shown on the elevations submitted with the application.

~~**\*\*Walk-Up Window with Canvas Awning\*\***~~

- ~~10. The shape of the awning(s) shall follow the lines of the window opening. Angled, rectangular canvas awnings are most appropriate for flat headed windows and storefronts.~~
- ~~11. The awning frame shall be attached in a manner that would minimize damage to the wall surface.~~
- ~~12. The attachments for the awning frame shall not be into the brick, but instead, installed into the mortar joints.~~
- ~~13. Design of the walk-up window, fronting liberty street, shall be substantially as shown on the elevations submitted with the application.~~

**\*\*Egress Gate\*\***

14. Egress gate shall be located and designed substantially as shown on the elevations submitted with the application.

**DDRB Recommendations:**

DDRB reports that the scope of the work focuses more on the interior and leaves the project under the approval authority of DDRB Staff, which has been provided.

**Developer:**

**Nightlife Innovations, Inc. (Owner)**

Nightlife Innovations, Inc. (Owner) was incorporated in 2016 by owner, Jon Mroz. John and his partners have a combined 80 years of experience in the restaurant and bar industry, and they specialize in management and marketing. Jon has turned failing bars into sustainable businesses by incorporating his unique approach to training staff. Additionally, Jon owns several online marketing companies that he started from scratch and turned into multi-million-dollar organization.

**Nine Oaks Development (Real Estate Consultant)**

Founded by Jason Perry, Nine Oaks is a full-service real estate development and project management firm covering all facets of the development process including land acquisition, budgeting, project design and engineering, construction management, structuring, and finance. Their comprehensive client solutions deliver high-quality projects throughout the country. Nine Oaks is currently involved in several large projects in Downtown Jacksonville, including MOSH, Furchgott's Adaptive Reuse, 604 Hogan Street, and 100 E Adams Street. Joe Grippi is the lead on The Republic project.

**J. Lane Construction (General Contractor)**

J. Lane Construction is a local commercial general contractor in Florida that specializes in new construction, tenant improvements, restaurants & large renovations that was founded in 2014. They made #38 on the Inc. 5000 fastest-growing companies and were ranked #1 out of the 21 local businesses that made the list. Senior Project Manager on this project is Ron Frick.

**Thomas Duke Architect, PA (Architect)**

Thomas Duke Architect, PA is an award-winning, full-service architectural firm located in Jacksonville, Florida, established in July 1994. Tom Duke is the Principal in Charge who has been practicing architecture for over thirty years and is a past President of AIA Jacksonville. He currently serves as chair of the Downtown Jacksonville Initiatives Committee for AIAJax. He has extensive experience in a diverse range of projects and has worked on projects in both the U.S. and abroad.

**Development Budget:**

The total development budget of \$7,412,104 as presented is centered on the construction budget of \$3,094,535. An appraisal prepared by CBRE on June 30, 2021, provides a value of the property in "AS IS" condition of \$3,700,000 (\$92.09 psf). The prospective value upon completion and stabilization is shown by the appraiser to be \$4,950,000. The property itself was acquired by Owner, on January 27, 2020, for \$2,850,000. The property has a 2022 tax-assessed value of \$2,482,300, and property taxes are shown to have all been paid by the property owner including the current 2022 tax bill.

**Operating Budget:**

Analysis of the operating budget is prepared on operations of the real estate only and does not include information from the individual operating entity tenants, whether existing or proposed.

- Gross Rent is projected to total \$543,690 in the first year of stabilization, based on base rent of \$14 psf.

- DIA staff eliminated Salaries, Maintenance, Insurance and Property Taxes from the pro forma with the understanding that the leases will be structured as triple net and pass those costs to the tenants.
- Net operating income, as adjusted, is projected to equal \$462 thousand in the first year of stabilization, prior to debt service.
- With debt service estimated at \$337 thousand annually, the IRR is found to be below a level that is sufficient to attract investor capital indicating a need for incentive funding to complete the project.

**Request and Structure:**

DIA staff in conjunction with HPS staff reviewed each line item of the \$3,094,535 construction budget provided to align costs with the appropriate DPRP funding category as shown below. As shown, these amounts establish funding minimums for each of the respective categories.

Funding Category	Funding Category Minimum	DPRP Funding
Interior Rehabilitation	\$1,682,327	\$ 445,890
Interior Restoration	N/A	N/A
Exterior	\$ 108,132	\$ 81,099
Code Compliance	\$1,062,902	\$775,324
General Requirements/Other	\$ 112,131	\$189,050
N/A <sup>1</sup>	\$ 129,043	N/A
<b>Total Budget Amount:</b>	<b>\$3,094,535</b>	<b>\$ 1,324,739</b>

<sup>3</sup> The category "N/A" is not required to be met as a Funding Category Minimum for reimbursement of other categories under the DPRP. For further clarity, there will be no reimbursement for expenditures categorized as "N/A" in the construction budget.

These amounts are aggregated into the respective recommended DPRP forgivable loans and deferred principal loans totaling \$1,655,000 as shown below:

	Historic Preservation, Restoration, and Rehabilitation Forgivable Loan (HPRR)	Code Compliance Forgivable Loan (CCR)	DPRP Deferred Principal Loan	TOTAL
<b>TOTAL</b>	<b>\$549,000</b>	<b>\$775,000</b>	<b>\$331,000</b>	<b>\$ 1,655,000</b>

Program guidelines allow for the HPRR and CCR Forgivable Loans to amortize concurrently with principal forgiven at the rate of 20% annually over a five-year period. The Deferred Principal Loan requires interest payments annually, established at the Ten-Year Treasury Rate, which was modeled at 3.75% in underwriting. That loan is subject to repayment at the earlier of refinance or sale of the property, or maturity at ten years in accordance with DPRP Guidelines.

At this funding level, the incentive structure and funding under the DPRP will be subject to further approvals by the Jacksonville City Council. Funding of the DPRP Loans will only be made to the Owner following completion and inspection of the work in accordance with criteria approved by the DIA and the

Historic Preservation Section of the COJ Planning and Development Department at the time of underwriting. DIA reserves the right to approve any sale, disposition of collateral property, or refinance of senior debt during the DPRP Compliance Period.

Each of the DPRP underwriting parameters for 333 E. Bay Street are captured in Figure 2. Below:

**Figure 2. – DPRP Underwriting Parameters for 333 E. Bay Street**

Sources			DPRP Guidelines				
Federal Historic Tax Credit		0.0%	<b>Measurement</b>	<b>% of TDC</b>		<b>Net of Developer Fee</b>	<b>Project</b>
<b>HPRR Forgivable Loan</b>	<b>\$ 549,000</b>	7.3%	Developer Equity	10%	Min	of TDC	19.0%
<b>CCR Forgivable Loan</b>	<b>\$ 775,000</b>	10.4%	3rd Party Loan			No min or max	58.9%
<b>DPRP Deferred Principal Loan</b>	<b>\$ 331,000</b>	4.4%	Subsidy or Tax Credit			No min or max	0.0%
Other COJ Funding		0.0%	<b>Developer Combine</b>	50%	Min	of TDC	77.9%
1st Position Debt	\$ 4,406,018	58.9%	DPRP				
Owner Equity	\$ 1,425,086	19.0%	Exterior	75%	Max	of eligible costs	
<b>TOTAL SOURCES</b>	<b>\$ 7,486,104</b>	<b>100.0%</b>	Restoration Int	75%	Max	of eligible costs	
			Rehabilitation Int	30%	Max	of eligible costs	
			Code Compliance	75%	Max	of eligible costs	
			Other	20%	Max	of eligible costs	
			HPRR Forgivable Loan	30%	Max	of TDC	7.3%
			CCR Forgivable Loan	30%	Max	of TDC	10.4%
			DPRP Def Prin Loan	20%	Max	of TDC	4.4%
			DPRP Def Prin Loan		Min	Must be ≥ 20% of Gap	20.0%
			Other COJ Funding				0.0%
			<b>COJ Combined</b>	50%	Max	of TDC	22.1%

Uses		
Appraised Value	\$ 3,700,000	49.4%
Construction Costs	\$ 3,094,535	41.3%
A&E Costs	\$ 160,523	2.1%
Soft Costs	\$ 116,190	1.6%
Real Estate Financing Costs	\$ 40,550	0.5%
Development Overhead	\$ 374,305	5.0%
<b>TOTAL USES</b>	<b>\$ 7,486,104</b>	<b>100.0%</b>

Maximum Funding Level	\$ 3,743,052
DPRP Funding	\$ 1,655,000
ROI	0.62

**Return on Investment (ROI):**

With anticipation that the subject property will take advantage of the ten-year tax abatement on the improvements, the estimated tax receipts over 20 years, incorporating the 4% discount for early payment, is estimated at \$492,698. Additional City Benefit is found in the 1% Local Option Sales Tax related to the leased property (\$168,442), along with interest payments on the Deferred Principal Loan (\$124,125) and the present value of its repayment at the tenth anniversary (\$234,652). The benefits to the City are projected to total \$1,019,917, against a City Investment of \$1,655,000 for an ROI of 0.62X, which exceeds the DPRP Program Guideline level of 0.50X.

**Figure 3. – 333 E. Bay Street ROI Calculation**

<b>\$7.5 Million in Capital Expenditures</b>		
Ad Valorem Taxes Generated		
County Operating Millage	✔ (1) \$	492,698
Local Option Sales Tax	✔ (2) \$	168,442
Payroll	✔ (3) \$	-
Add'l Benefits Provided	✔ (4) \$	358,777
<b>Total City Expected Benefits</b>		\$ 1,019,917
Total City Investment	✔ (5)	\$ 1,655,000
Return on Investment Ratio		<b>0.62</b>
(1) - The investment from the Company is estimated to be \$in Capital Contribution for development and \$in taxable Tangible Personal Property		
(2) - Local Option Sales Tax is based on the revenue generated through retail sales, food and beverage, and commercial leases.		
(3) - Job estimates are calculated at # of jobs * avg. wage. Assumes 20% spent locally and a 1 percent sales tax over 20 years.		
(4) - Value of any additional contribution being made for the benefit of the city in consideration of the incentive		
Interest on the DPRP Deferred Principal Loan	\$	124,125
PV of DPRP Deferred Principal Payment	✔	\$234,652
Other		
Total Add'l Benefits Provided	\$	358,777
(5) - City Incentives as follows:		
DPRP	\$	1,655,000
Land	\$	-
Other	\$	-
Total Direct Incentives	\$	1,655,000

**Recommendation:**

Underwriting this application established the need for financial support from the City based on the redevelopment costs for the building, deemed important to the activation of Jacksonville’s historic building stock and consistent with the goals of the BID and CRA plan as well as the stated purpose of the Downtown Preservation and Revitalization Program.

All requirements outlined within the HPS conditional approval or as may be established by the NPS in its conditional approval must be incorporated into the redevelopment project and inspected for adherence upon completion and prior to funding.

DIA Staff recommends approval of the DPRP loans as outlined. Other conditions and requirements of approval and administration of the subject facilities is captured in the Exhibit A Term Sheet.





6

PROPOSED CONCEPTUAL ELEVATION FOR  
333 EAST BAY ST

Thomas Duke Architect, PA



**TAB V**

**RESOLUTION 2023-03-07: AMBASSADOR HOTEL EXTENSION**

## RESOLUTION 2023-03-07

**A RESOLUTION OF THE DOWNTOWN INVESTMENT AUTHORITY (“DIA”) RECOMMENDING CITY COUNCIL APPROVAL TO AMEND THE PERFORMANCE SCHEDULE FOR THE REHABILITATION AND ADAPTIVE REUSE OF THE AMBASSADOR HOTEL (THE “PROJECT”) WITH AXIS HOTELS LLC (“DEVELOPER”) TO EXTEND THE COMPLETION DATE CONTAINED IN THE PERFORMANCE SCHEDULE; AUTHORIZING THE DIA’S CHIEF EXECUTIVE OFFICER (CEO) TO FILE LEGISLATION AND 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**, in July 2018, the Developer purchased 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 (collectively, the “Original Parcel”), all of which is located within the boundaries of the Downtown East CRA; and

**WHEREAS**, at their meeting of September 19, 2018, the DIA approved Resolution 2018-09-03 authorizing a Historic Preservation Trust Fund (HPTF) Grant upon redevelopment completion in an amount not to exceed \$1.5 million funded by the Downtown Historic Preservation and Revitalization Trust Fund; and

**WHEREAS**, following City Council approval of Ordinance 2018-872, Developer, the City of Jacksonville, and DIA entered into a Redevelopment Agreement with an Effective Date of March 26, 2019, and

**WHEREAS**, following City Council approval of Ordinance 2020-0625, Developer, the City of Jacksonville, and DIA entered into an Amended and Restated Redevelopment Agreement with an Effective date of June 25, 2020 to exclude the Multifamily housing component of the project as originally provided, and

**WHEREAS**, following City Council approval of Ordinance 2021-0459, Developer, the City of Jacksonville, and DIA entered into a Second Amended and Restated Redevelopment Agreement with an Effective date of August 15, 2021, to provide additional time for the Substantial Completion of the Development; and

**WHEREAS**, all permissible extensions of the Performance Schedule allowed under the terms of the Second Amended and Restated Redevelopment Agreement remain insufficient to achieve Substantial Completion of the Property; and

**WHEREAS**, Developer has provided documentation from the General Contractor dated February 9, 2023 detailing the causes for continued delays brought about by supply chain issues which requires further extension of the Substantial Completion date; and

**WHEREAS**, DIA staff, in discussion with the Developer, believe that an extension of the Completion Date from March 31, 2023 to September 30, 2023 is appropriate and will allow adequate time for completion of the Project; and

**WHEREAS**, to effectuate such an extension in the completion date, an amendment to the Second Amended and Restated Redevelopment Agreement requires approval by the Jacksonville City Council.

**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 modify and amend the Performance Schedule contained in the August 15, 2021 Second Amended and Restated Redevelopment Agreement between the City of Jacksonville, the Downtown Investment Authority and AXIS Hotels, LLC, in a manner necessary to extend the Completion of Construction Date from March 31, 2023 to September 30, 2023.

**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**

\_\_\_\_\_  
Carol Worsham, Chairman

\_\_\_\_\_  
Date

VOTE: In Favor: \_\_\_\_\_ Opposed: \_\_\_\_\_ Abstained: \_\_\_\_\_

**SUPPLEMENTAL INFORMATION  
AMBASSADOR HOTEL EXTENSION**



# Downtown Investment Authority

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## MEMORANDUM

**TO:** DIA Strategic Implementation Committee

**SUBJECT:** Ambassador Hotel / Axis Hotels, LLC

**DATE:** March 8, 2023

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### Summary

The DIA received approval in Ordinance 2021-0459 for an extension of time to complete the Ambassador project to December 31, 2022. That Second Amendment and Restatement of the redevelopment Agreement also provided the DIA Board with authority to extend the date of Substantial Completion for up to six months with good cause shown by the Developer. The DIA Board authorized three months of extension in Resolution 2022-10-03 to provide a date for Substantial Completion of March 31, 2023.

Although three months of extension authority remain available to the DIA Board, any further extension requires approval by the City Council. Conversations with the Developer, supported by documentation provided by the General Contractor, demonstrate continuing supply chain problems in getting the materials, namely the windows, needed to complete the project. Site inspections performed by DIA Staff indicate that progress is being made on the redevelopment efforts, albeit slowly.

Given the ongoing problems with obtaining the windows and other materials as needed, the likelihood of completion being achieved by the end of June, through the remaining authority for extension from the DIA Board, is considered low. Therefore, DIA Staff proposes a three month extension under DIA Board Authority, and request to pursue an additional three month extension through the City Council to put the final Completion date at September 30, 2023.

The modification of the RDA maintains the following for the Ambassador Hotel:

- Total Development Cost: \$18,500,000 (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.
- The Grants will be subject to standard "claw-back" language.
- Appropriation will be sought after construction commences and the completion date can be satisfactorily projected.