



**Downtown Investment Authority
Strategic Implementation Committee**

Friday, October 9, 2020 at 9:00 a.m.

AGENDA

Oliver Barakat, Chair
David Ward, Esq.

Bill Adams, Esq.
Craig Gibbs

Board Chair, Ron Moody

- I. CALL TO ORDER
- II. PUBLIC COMMENTS
- III. POTENTIAL NEGOTIATED DISPOSITION OF RIVER CITY SITE (Boyer, Kelley) **Action item**
 - Review of Current Ground Lease
 - Disposition Process
 - Site Plan
 - Term Sheet
 - ROI
- IV. DORO REV GRANT (Kelley) **Action item**
- V. NEW BUSINESS (NOTE: MAY BE ADDED AT DISCRETION OF THE CHAIR)
- VI. ADJOURN

PHYSICAL LOCATION

Edward Ball Building
214 N. Hogan Street
Jacksonville, Florida 32202
8th Floor Conference Room

At present, all visitors are subject to a COVID-19 screening upon entering a City of Jacksonville building. A mandatory mask requirement is in place for all public buildings pursuant to the Emergency Executive Proclamation 2020-005.

DIA STRATEGIC IMPLEMENTATION COMMITTEE

OCTOBER 9, 2020 AGENDA

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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:

By Computer

<https://zoom.us/j/97838417287?pwd=S3NBbWNYeEtnZm84ZW0xR3BtUWxadz09>

Meeting ID: 978 3841 7287

Passcode: 611231

One tap mobile

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

+1 (301) 715-8592 (Germantown)

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

TAB III
RIVER CITY BREWING COMPANY SITE

STAFF REPORT

**Downtown Investment Authority
Strategic Implementation Committee
Redevelopment Proposal Staff Report
River City Brewing Company
October 6, 2020**

Applicant:	RD River City Brewery, LLC (The Related Group)
Project:	Disposition and Redevelopment of the River City Brewing Company Site
Program Request:	Recapture Enhanced Value (“REV”) Grant
Total Development Costs (as presented):	\$92,320,000
Total Development Costs (as underwritten):	\$75,015,000
REV Requested:	75% / 20 Years
REV Amount (Not to exceed):	\$12,946,642

Current Status

The City of Jacksonville is currently under a 99-year ground lease with lessee Maritime Concepts L.C. (“Maritime”) for the property operated as River City Brewing Company, located at 835 Museum Circle, Jacksonville, FL. The existing ground lease was executed July 31, 1998 leaving approximately 77 years remaining on that agreement. Along with the execution of the ground lease in 1998, Maritime simultaneously purchased the improvements to the property and associated equipment. The leased premises includes the Riverwalk area between the restaurant and marina. The submerged land is under a separate submerged land lease between Maritime and the State of Florida, Board of Trustees. Maritime is also the owner and operator of the docks referred to as “A” Dock with fuel pumps, which is currently operational but in need of repair for safety and to be fully functional, and “B” Dock currently in disrepair and largely unusable since Hurricane Irma in 2017 .

Terms of the ground lease with Maritime call for payment of base rent at \$3,333 per month (\$40,000 annually) plus Additional Rent of 0.5% of gross revenues in excess of \$4.5 million, increasing to \$7,500 X (Actual Revenue / \$6 million) when gross revenue (excluding fuel sales) exceeds \$6 million. During the term of this lease, the lessee has not achieved the threshold to pay the Additional Rent, which in combination with the continuing disrepair of the docks, provides evidence of the underutilization of this high-profile asset in our City.

No ad valorem tax is currently paid on the land subject to the Ground Lease; however, ad valorem property tax is collected on the improvements and tangible personal property, sales tax is generated by the restaurant, and there are approximately fifty (50) jobs attributable to the business on site with applicable economic benefits to COJ. Maritime is obligated to make thirty (30) spaces within the parking lot available for the Museum of Science and History (“MOSH”), the City’s ground lessee on that parcel. The Ground Lease contains very few obligations regarding the operation of the business or maintenance of the improvements on the site and COJ and the Downtown Investment Authority (“DIA”) (as successor to the JEDC) has little recourse regarding the current status of the docks or any deterioration of the improvements, including the restaurant. Maritime has a right of first refusal in the event the COJ/DIA elects to sell the Property.

ULI N Florida “Jacksonville’s Southbank” TAP

In March 2016, the Urban Land Institute of North Florida (“ULI”) was engaged by DIA to prepare a Technical Assistance Panel (“TAP”) report with respect to this site and future redevelopment efforts. The conclusion and

recommendations from that study suggest the entire area between the Acosta and MainStreet Bridges be divided into four quadrants conceptually with two quadrants adjacent to the river and two quadrants inland adjacent to Museum Circle Drive (as shown in the image that follows as Figure 1).

This proposed redevelopment primarily impacts what is referred to in the TAP as Parcels 1 and 3, wherein the preferred scenario called for reclaiming Parcel 1 (closest to the river) as additional park space and to redevelop Parcel 3 (currently a surface parking lot) with mixed-use development.

Figure 1. – ULI TAP Proposed Quadrants



As shown in Figure 1., the ULI TAP recommendation is partially achieved by the areas roughly outlined in blue. A triangular portion of the area currently occupied by restaurant deck space would be converted to the expansion of St. John’s River Park, and the Riverwalk is widened along the marina area. A benefit to the boating community is found in keeping the ramp in place where the ULI TAP suggested it to be included in Parcel 3 as additional redevelopment space for mixed-use. The City also retains ownership of the northwest corner of this property adjacent to the boat ramp for potential future development as recommended. The deviations from the TAP recommendation are found in that the redevelopment of Parcels 1 and 3 (shown more clearly in Figure 3 below) is almost exclusively multi-family residential with only the Ship’s Store offering a retail presence, and minimal addition of greenspace.

Proposed Redevelopment

Maritime has entered into a contract to sell its interest in the property and improvements to RD River City Brewery, LLC, an entity formed by The Related Group (“Related”), based in Miami, Florida. The developer has

approached the DIA with an offer for the fee-simple acquisition of the parcel currently under ground lease by Maritime, and acquiring all of the improvements including the existing parking lot and docks, and the reconfiguration of small parcels surrounding this property including improvements to the adjacent boat ramp and the Riverwalk as detailed further below. The precise boundaries and square footage of various parcels described below is subject to further refinement but will be substantially consistent with the proposal outlined in this Staff Report and the proposed Term Sheet.

The proposed redevelopment will allow for expansion of St. John's River Park that encompasses Friendship Fountain, including an additional 110 feet of waterfront along the Riverwalk. The development will create approximately 335 class "A" apartments with a projected breakdown of units to include 27 studios (8.4%), 117 one-bedroom units (35.1%), 167 two-bedroom units (49.2%), and 24 three-bedroom units (7.2%). Amenities to the property will include a riverfront swimming pool, courtyard and deck, a 3,500-sf fitness center, bike/kayak storage, and other recreational and club rooms for use by the residents.

Additional public space will include improvements to the Riverwalk, reconstruction of the marina docks with transient slip availability, and a Ship's Store/Marina Office to be built on site. The complex and surrounding properties including the MOSH Museum and park will be served by an eight story, structured parking garage built within the site plan with approximately 535 spaces, including 30 spaces dedicated to the public use as currently allocated in the existing surface lot adjacent to the restaurant.

This property is within Southbank District of the Southside Community Redevelopment Area, and is bounded on the east by United Way Drive, MOSH, and St. John's River Park/Friendship Fountain, to the south by Museum Circle Drive, to the west by Durand St., the boat ramp, and the Acosta Bridge, and to the north by the marina and St. John's River. The restaurant building currently located on this parcel will be razed for development of the subject.

The Developer

The Related Group is considered one of the premier developers based in Florida, with focus on the southeast Florida and central gulf coast markets. In the last two years, Related has closed investment transactions totaling over \$600 million, and has more than 4,000 multifamily units under construction. Their developments are known for iconic architectural style, first rate amenities, and high-end construction that appeals to an upper-middle, and high-net worth and income tenant. This development would represent the first for Related in the NE Florida market.

Jorge M. Pérez - Chairman and Chief Executive Officer: In 1979, Mr. Pérez founded Related Group with New York builder Stephen M. Ross. Mr. Pérez built his fortune by building and operating low-income multifamily apartments across Miami before branching off into rental apartments and becoming one of the most prolific high-rise condo builders in the Southern United States. During his career, Mr. Pérez has developed or managed more than 90,000 residences, most of which are located in South Florida.

Mr. Pérez was named a Great Immigrant Honoree in 2016 by the Carnegie Corporation of New York, an Ellis Island Medal of Honor recipient in 2014, and Builder of the Year in 2004 by Multifamily Executive Magazine. He also received the EY Entrepreneur of the Year Real Estate & Construction Award in the Florida Region, Urban Land Institute Southeast Florida/Caribbean Lifetime Achievement Award and Haute Living's Lifetime Visionary Award.

The Greater Miami Chamber of Commerce awarded him its highest honor, the Sand in My Shoes Award, and the United Way of Miami-Dade presented Perez and his wife with the Tocqueville Award for Outstanding Philanthropy.

Steve Patterson - President, Chief Executive Officer: Mr. Patterson's 30 years of industry experience has included ownership and management positions in the development, investment syndication, asset management, property management, and construction fields. These activities included multifamily, office, retail, condo conversion and hotel properties, primarily in the southeastern U.S. His track record of profitable real estate investment ventures is valued at over \$2 billion.

Matt Flowers – Executive Vice President and Senior Investment Officer: Mr. Flowers oversees all investments for the multifamily and commercial real estate divisions, with a focus on national markets. He leads the market research, underwriting, acquisitions, project management and asset management for Related Development, Related's market-rate rental division. With a keen eye on the company's growth objectives, he works closely with Related leadership to define the company's domestic expansion strategies. Prior to Matt's tenure at Related, he served as Associate Vice President at Colony Capital, focusing on portfolio management; and before that, oversaw development analysis at ZOM, Inc.

Matt graduated from the University of Florida with a bachelor's degree in mathematics and statistics, and went on to complete his MBA from University of Florida's Warrington College of Business. He also earned an MS in Real Estate Development (MSRED) from the Massachusetts Institute of Technology (MIT). Matt is a CFA charterholder and a licensed Florida real estate broker.

Jeffrey Robbins – Vice President/Development: Mr. Robbins is responsible for Related's Central Florida development portfolio. He is skilled at leveraging the firm's core strengths and resources, while assembling top-performing, multi-disciplined teams capable of executing multiple projects simultaneously. Strong operational, financial and development management skills with a history of reducing overall project costs and development timetables while increasing net operating income and achieving some of the lowest overall capitalization rates for projects developed in Central Florida.

Land Massing

To create the footprint for the development of the eight-story complex and garage, Related will buy Maritime out of their current ground lease with the City of Jacksonville and take fee simple ownership of the underlying parcel along with the improvements. As currently structured in this transaction, approximately one-third of an acre on the northeast corner of this parcel (known as Parcel "B") will be released from the ground lease and retained by the City for expansion of St. John's River Park, including 110 feet of waterfront along the Riverwalk. The City will also retain a 175-foot strip along the Riverfront that is 25 feet wide known as Parcel "G". Additionally, an irregular shaped parcel along the western side of the development property (approximately 0.06 acre, known as Parcel "D") will be released from the ground lease and retained by the City to provide public access to and from the Southbank Riverwalk with the Ship's Store and boat ramp. A minimum five-foot wide walkway will be built along the property line by the Developer for this access. The residual property for construction of the building and parking garage, (known as Parcel "C"), will comprise approximately 2.89 acres with roughly 175 feet fronting the Southbank Riverwalk and St. Johns River.

An additional .12 acres (a portion of what is known as Parcel “E”), adjacent to the southwest corner of the development property alongside Durand Avenue, will be deeded to the developer. The parcel immediately further to the west (Parcel “F”) is Durand Avenue, which is used to access the St. John’s Marina boat ramp. Parcel “F” will remain in the ownership of the City of Jacksonville, but its use will be limited to emergency access to the boat ramp, and an easement will be provided to the Developer to allow for deliveries and trash pick-up as well as access to a relocated fuel storage tank for the marina.

Access to St. John’s Marina boat ramp will then be routed through the FDOT parking lot under the Acosta bridge, which is under lease to DIA, with a hammerhead configuration constructed above the ramp for ease of putting boats into the water and taking them from the water via the existing two-lane ramp. Additional parking for vehicles and trailers will be created in the FDOT parking lot.

Finally, the existing underground fuel storage tank for the marina is contemplated to be relocated to a screened above ground location near the boat ramp. This relocation not only addresses access issues post-construction, but more importantly is responsive to the City’s desire for resiliency by eliminating an underground tank immediately adjacent to the river.

Each of these property exchanges are clarified by the figures below. Figure 2 shows the current parcel lines as found on the COJ GIS website.

Figure 2. – Current Parcel Boundaries



Figure 3 shows the proposed changes to be made, but have not been finalized to include modifications proposed by DIA CEO Boyer that retains emergency access to the boat ramp along Durand Avenue, while providing the access needed for the development for deliveries and trash pick-up. In this figure, the hammerhead for boaters using the St. John’s Marina boat ramp is also evident. These recommendations have been agreed to by the Developer, and an updated site plan is being produced at this time.

Figure 3. – Proposed Development Site Plan



The Submerged Land Lease (“SLL”) currently in place with the State of Florida Board of Trustees as lessor and Maritime as lessee, extends through February 17, 2022. Per terms of the proposal, the Developer will assume the rights and obligations of the current SLL and either the City of Jacksonville or the Developer will enter into an SLL with the State of Florida, Board of Trustees as lessee, at the expiration of the current SLL. In either instance, the Developer will incur all benefits and costs associated with the management and operation of those dock facilities going forward. “A” Dock, which will continue to provide marine fuel services, will be fully restored with up to \$1,143,807 provided by COJ. “B” Dock will be fully restored by Maritime or the Developer as a condition of the sale to Related. The City will take ownership of the “A” Dock, and likely “B” Dock, although both will be managed and operated by the Developer.

Transient dockage slips will continue to be offered to the public during the term of this agreement. To further meet goals of resiliency and to improve access, it is proposed that the fuel tank that serves the pumps on “A” Dock

will be relocated from the current location on parcel B, to an above ground site, located adjacent to the St. John’s Marina boat ramp. Fuel will continue to be made available only at the dock as currently offered.

Boaters using the St. John’s Marina ramp will benefit by the addition of a Ship’s Store to be built on the Development. This will address needs for ice, sundries, and other boating needs immediately adjacent to the boat ramp, which has not been available previously.

Development Budget

As shown in the table below, the total development costs are estimated at \$92,320,000, including acquisition cost of \$10,000,000. Hard construction costs are estimated at \$66,500,000, or \$209.78 per square foot, reflecting the high-end nature of the proposed development including amenities. Soft costs, architect and engineering, finance costs, and project management add \$15,280,000 to the total development costs, or \$49.90 psf.

Within funding sources for the development, hard equity of \$34.6 million, 37.5% of the total, is shown to be injected in the development with the remainder derived from debt totalling \$57.7 million, 62.5% of the total.

	Sources	Percentage of TDC	
Anticipated Sources			317,000
Construction Loan	\$57,700,000	62.5%	Rentable SF
Equity	<u>\$34,620,000</u>	37.5%	335
Total Anticipated Sources	\$92,320,000	100.0%	Units

	Total Development Cost	Total Development Cost Per Per Unit	Total Development Cost Per Square Foot
Anticipated Uses			
Acquisition - Land	\$10,000,000	\$29,850.75	\$31.55
Hard Cost	\$66,500,000	\$198,507.46	\$209.78
Architect / Engineering / Consultants	\$2,600,000	\$7,761.19	\$8.20
Soft Costs	\$2,665,000	\$7,955.22	\$8.41
Financing Costs	\$4,755,000	\$14,194.03	\$15.00
Interest Expense	\$2,550,000	\$7,611.94	\$8.04
Project Management	<u>\$3,250,000</u>	<u>\$9,701.49</u>	<u>\$10.25</u>
Total Anticipated Uses	\$92,320,000	\$275,582.09	\$291.23

Total development costs per unit are shown to average \$275,582.09, with no distinction made for one, two, or three bedroom units. As expounded upon below, the estimated incremental gains to the county portion of ad valorem taxes excludes the acquisition cost as well as finance costs in the calculation of the proposed REV grant.

Pro Forma Operations

- The new development is expected to generate Effective Gross Income of \$8.2 million in its first full year of operation. This estimate includes the residential rent assumption of \$2.24 sf on average, other income of approximately \$260,000 per year, and incorporates vacancy rate and credit loss of 7% of projected Gross Potential Income.
- Total operating expenses are estimated at approximately 28.5% annually including property taxes of \$784,000 net of the REV, or \$1,415,192 Gross.

- Management fee paid is modeled at 3% of Effective Gross Income.
- Replacement reserves are modeled at \$250 per unit, per year.
- Net Operating Income is estimated to be \$5.7 million in the first year of stabilized operations, which will support the proposed debt of \$57.7 million 1.54X, assuming 5% interest and a 30-year amortization.
- Residual income after debt service (using Property Taxes net of the REV), is estimated at \$2 million in year one, increasing to \$3 million by year ten, assuming a 2% annual growth rate and maintaining debt service at a level amount using the assumptions above.
- With a growth rate at 2% annually, the development NOI increases to \$6.8 million in the tenth year. Using an assumed cap rate of 5.5% in the tenth year provides a terminal value of \$124.5 million.
- The stabilized return on cost with the REV Grant is calculated at 6.2% whereas without the REV Grant the return drops to 5.8%
- Using the assumptions for after-debt cashflow and the terminal value shown above provides a pre-tax, levered IRR of 13.6% on the equity investment shown as \$34.6 million with liquidation modeled at year ten. Without the REV in place, the IRR drops to 11.8% and each of these return metrics demonstrates the necessity of the REV financing to attract this level of capital investment to incur the risk and support a development of this nature.

Valuations and ROI Calculation

Benefits to COJ

- The Duval County portion of the incremental ad valorem tax revenue over twenty years is projected to equal \$17,262,190, net of the 4% annual early payment discount. Additional assumptions in the calculation of this number include:
 - Property value estimate is based on total development costs (less financing and certain soft costs) of \$75,015,000, and also excludes the \$10,000,000 cost of acquisition.
 - The current appraised value of \$4,930,563 is netted from development costs, although the property is currently tax exempt as a ground lease with the City of Jacksonville meaning property taxes collected on the land value will be accretive.
 - The assessed value assumption upon completion is reduced by 15% consistent with long established DIA/Duval County Property Appraiser taxable valuation methodology.
 - 2% increase in the estimated net property value over twenty years.
- The City will retain the 0.32 acre Parcel B to expand the St. John's River park adding 110 feet to the riverfront at St. John's River park and is valued at \$1,027,678.
- The City will retain a 0.10 acre Parcel G along the Riverwalk valued at \$328,125.
- The City will retain a 0.06 acre portion of Parcel D for the benefit of the St. John's Marina and hammerhead with an estimated value of \$198,229.
- Related will contribute a minimum \$250,000 towards improvements to the Southbank Riverwalk.
- Total benefits to the City of Jacksonville are estimated to be \$19,066,222.

Costs to COJ

- REV Grant: Based on the incremental ad valorem tax revenue estimated using the assumptions noted above, a REV grant of 75% for twenty years provides a value of \$12,946,642.
- Maritime currently operates under a ground lease with COJ providing \$40,000 annually, or \$3,333 per month. The lease extends through August 31, 2097, or approximately 77 more years from today. Using a discount rate of 6%, the present value of the foregone ground lease is estimated at \$658,790.

- Rights to the principal development parcel are being acquired by Related from Maritime for \$10 million, but the value for calculation of the residual value of the ground lease with Maritime is estimated to be \$9.75 million, as a future value forgone by COJ in the ROI calculation. The present value of that estimate after factoring in growth of 2.5% annually is \$734,836 with the disparity in the numbers driven by the 77 year time frame before the City would realize value in that land otherwise.
- COJ will expend up to \$1,143,807 for the repairs and upgrades to “A” Dock at the marina and also take ownership of “A” Dock; which will then be managed and operated by the Developer at its expense.
- COJ costs to construct hammerhead improvements at St. John’s Marina boat ramp and for the relocation of the underground fuel tank are estimated to be \$1,650,380 by the COJ Dept. of Public Works.
- Transfer of a 0.12 acre portion of Parcel “E” to the Developer is valued at \$162,360.
- Total expenditures by COJ are projected to equal \$17,296,815.

Based on the information presented above, the ROI of this proposed development package equals 1.10X (calculated as \$19,066,222/\$17,296,815 = 1.10). As noted previously, this does not include the ad valorem county portion of tax revenue generated by the underlying property being brought back onto the tax rolls estimated at \$1.3 million over 20 years.

NOTE: Assuming the first taxable year for the development is 2024, and there are not enough years remaining in the Southside Tax Increment District to compensate the development in the 20th year (one year past expiration of the CRA authorization of 2041), the estimated incremental ad valorem drops to \$16,215,506, the projected REV funded amount drops to \$12,161,630 and the overall ROI drops from 1.10 to 1.09.

REV Grant Considerations:

The following table outlines the program parameters of the DIA Market Rate Multifamily Housing REV Grant program. Under this program, applicants are limited to a maximum of 75% REV for a period of fifteen years, and requests beyond these limits requires approval by the City of Jacksonville City Council. In scoring the project proposal, the Development achieves a score of 64%.

Program Parameters	Development Metrics	Point Eligibility
5% for every 25 units produced in Downtown Jacksonville (not to exceed a factor of 30%); plus	335 units	30%
15% for the development of City-owned lazy / underutilized assets; plus	Y	15%
10% for a mixed-use development for each 2,500 square feet of retail/office/commercial space (not to exceed 20%); plus	1,000	4%
10% if the Developer documents they are working with an employer or Non-profit organization to provide other housing incentives for Downtown; plus	N/A	0%
15% for the development of green space and amenities for residents; plus	Y	15%
15% for a project located in a DIA designated Strategic Housing Area (an “SHA”).	N/A	0%
TOTAL (Maximum)		64%

Because the applicant is requesting a REV Grant of 75% for a period of 20 years, which is supported by the economic gap analysis performed, City Council approval of this proposal is required and requires further considerations under the three-tier approach outlined below.

Three-Tier Approach Considerations

Due to the unique nature of each individual project that comes before the DIA Staff and Board, the Tier System has been deliberately designed to allow each project to be evaluated based upon its own merits once it has scored through Tiers 1 through 3. Because this proposal seeks a REV grant of 75% for a term of 20 years, it exceeds the approval authority of the DIA Board and not only the disposition, but the REV also requires approval by the Jacksonville City Council. The following approach is prescribed per the CRA Plan.

TIER 1 - The Project meets no fewer than two (2) of the seven (7) BID Goals

Redevelopment Goal No. 2 – Increase rental and owner-occupied housing downtown, targeting key demographic groups seeking a more urban lifestyle.

1. Actively pursue a minimum of 3,850 built and occupied multi-family dwelling units by 2025; and strive to induce construction of 350 multi-family dwelling units per year.
2. Coordinate marketing efforts for downtown housing opportunities to achieve blanket coverage on a local, regional, state, and national level.
3. Evaluate new multi-family residential development with Downtown design guidelines, overall compatibility, financial feasibility, and existing Downtown residential developments.

The Project provides a residential opportunity for the more than 5,000 employees in the immediate vicinity; creating a reconstructed marina and pedestrian connections to the riverfront. The Project increases the opportunities in the rental market, and contributes to the annual dwelling unit count goals; and the BID allows for consideration of alternative designs needed to accommodate the unique site and design limitations similar to others within the immediate vicinity to maintain consistent character of form and mass.

Redevelopment Goal No. 4 – Improve walkability/bikeability and connectivity to adjacent neighborhoods and the St. Johns River while creating highly walkable nodes.

1. Improve access to and from the St. Johns River and enhance the Downtown experience for all Jacksonville citizens and visitors through variety of spaces, signage, lighting, and technology.
2. Improve existing public parks and plazas and create new open spaces with a mix of pedestrian-oriented amenities and activities.
3. Protect, enhance, and increase public perpendicular access to the Riverwalk in line with street grid.
4. Provide for proper management and maintenance of public spaces.
5. Develop interconnected, attractive, and safe pedestrian links between the Northbank and Southbank, among neighborhoods, activities, greenways, and open spaces.
6. Create a mixture of uses so that housing, activities, retail, and other businesses are within useful walking distance.
7. Require sidewalks of sufficient width and make sure a continuous pedestrian path is available.
8. Plant street trees, using varieties that will provide shade.

9. Shape the sidewalks and streets through the sense of enclosure provided by buildings.

The Project will provide additional land for St. John's River Park, increased public access to the river, the marina, and MOSH, all as depicted on the site plan; a twenty-five foot (25') wide landscaped Riverwalk connection parallel to the river and a minimum five-foot (5') wide Sidewalk perpendicular to the river all to improve access to the marina, the river and the boat ramp creating highly walkable nodes.

Redevelopment Goal No. 5 – Establish a waterfront design framework to ensure a unique experience and sense of place.

1. Ensure that the riverfront is both physically and visually accessible for locals and tourists of all ages and income.
2. Work to obtain perpetual easements from private property owners along the St. Johns River.
3. Formalize guidelines for the design and orientation of buildings and improvements that take into account surrounding buildings, structures, viewscales, public access, and waterways; design and orientation shall actively engage with the River, the Riverwalk, and riverfront.
4. Prioritize beautification and greening of the Riverwalk using Florida-Friendly landscaping practices and plant material that is indigenous to the region.
5. Ensure that development and improvements along the riverfront avoid and minimize adverse impacts to the health of the St. Johns River.

The Project is proposed to be set back more than fifty (50') feet from the river and provide a true sense of place unique to the immediate area. It will increase the waterfront of the St. John's River Park by 110 feet and approximately one-third of an acre providing greater public access, both physical and visual. A walkway with minimum five-foot (5") width will be constructed perpendicular to the river all to improve access between the marina, the river, the Ship's Store, and the boat ramp creating highly walkable nodes.

Redevelopment Goal No. 6 – Maintain a clean and safe 24-7 Downtown for residents, workers, and visitors.

1. Promote a larger residential presence through development opportunities of all types of price ranges, including mixed-income and mixed-use structures.
2. Provide increased walkability through: Support and attract additional commercial, service, residential, transportation, recreation, and open space uses.

The Project will allow for residential uses that do not currently exist in the immediate vicinity (between the Acosta Bridge, the Main Street Bridge and the St. Johns River) because this area is currently occupied by restaurant, museum, institutional and office uses. The Project will also provide a residential opportunity for the more than 5,000 employees in immediate vicinity; creating an exciting urban setting along the riverfront; creating a reconstructed marina and pedestrian connections to the park and the expanded Riverwalk.

Redevelopment Goal No. 7 – Use planning and economic development policies to promote design for healthy living.

1. Recognize the economic value: Encourage Downtown development to be compact and walkable as it provides economic benefits to developers through higher residential sale prices, enhanced marketability, and faster sales or leases creating an economic multiplier effect.
2. Mix it up: Entice mixes of uses and densities; remove regulatory barriers; rethink parking; and optimize uses.
3. Make it all active: Co-locate activities; begin every trip with a walk; implement active living guidelines; and design for flexibility.

The Project, implemented through sound planning and recognition of unique constraints and regulatory barriers, will allow for a marketable area that is integrated in a dense, compact urban form along the riverfront with amenities and walkability; It will be co-located with adjacent uses, and include improvements such as increased Sidewalk and Riverwalk widths for residents, boating patrons and the public.

TIER 2 – The Applicant will submit to the DIA a complete Pro Forma and Project Profile Assessment Form for staff review and recommendation.

The Project Pro Forma and Project Profile Assessment were received in appropriate form and utilized in the preparation of this Staff Report.

1. The REV Grant incentive has been found instrumental in attracting the developer to this opportunity, and the financial gap has been demonstrated in this Staff Report by the combination of debt service coverage based on market rents and expenses, construction costs appropriate for the high-end nature of the development, and appropriate investor returns including stabilized return on cost calculated at 6.2% as compared with 5.8% without a REV Grant. Further, the pre-tax, levered IRR of 16.6% on the equity investment shown as \$34.6 million. Without the REV in place, the IRR drops to 13.6% demonstrating the necessity of the REV financing to attract this level of capital investment to incur the risk and support a development of this nature.
2. The Developer has shown the organizational capacity, expertise, and ability to perform and the likely success of this development is deemed high. In the last two years, Related has closed investment transactions totaling over \$600 million, and has more than 4,000 multifamily units under construction.
3. The ROI for the Project has been calculated at 1.10X as detailed further above.

TIER 3 – The Project will positively affect no fewer than four (4) of the BID Performance Measures (from page 65 of the August 2019 Business Investment and Development Strategy)

Downtown Economic Indicators:

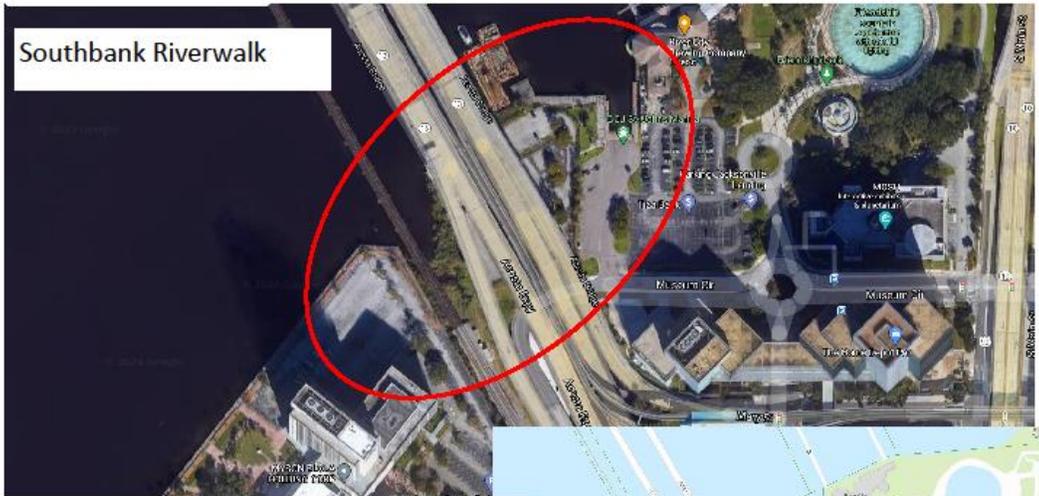
Residents – *Class A apartment community development will add a significant number of residents downtown.*

Residential Units – *Class A apartment community will add a minimum of 325 units downtown.*

Increase Tax Value – *A minimum \$80,000,000 development will increase the tax value downtown on a property that has been off the tax rolls for many years under ground lease with the City of Jacksonville.*

Inactive COJ Assets by Acreage – *An approximately 3 acre underutilized upland site will be completely activated, and the Submerged Land Lease and redevelopment of the docks will provide the boating community with additional 2.55 acres activated site that has been largely dormant since Hurricane Irma in 2017.*

DRAFT



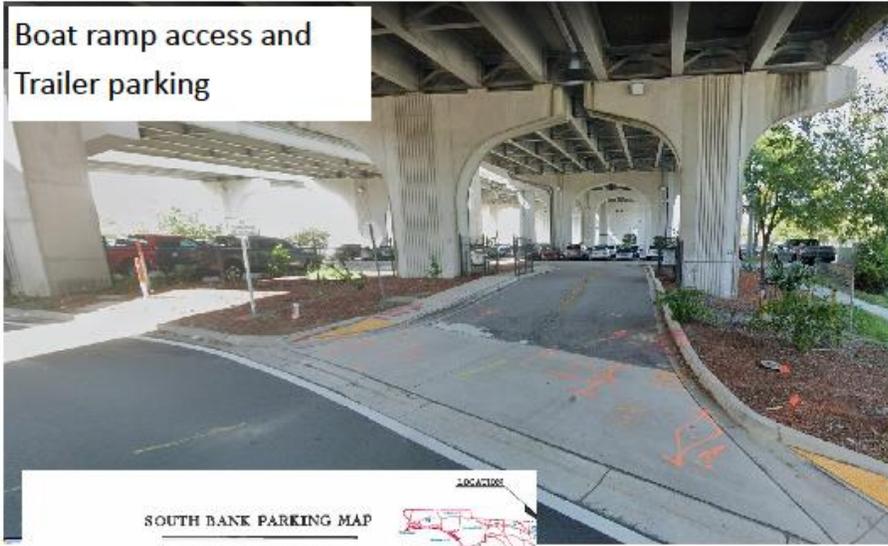
There is not adequate height under the Acosta bridge ramp on the Southbank, nor space between the ramp and the railroad track, nor space between the railroad tracks and the Ventures SE property to provide ramps up and down to provide a continuous Riverwalk along the waterfront



Future route for Southbank Riverwalk



Boat ramp access and
Trailer parking



SITE PLAN



Add row of units here once building shifted south to make up for lost units from blue section

City retains blue and gives access easement

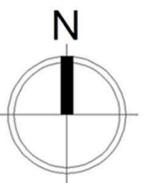
Shift buildings down to front Museum Circle - no 30 foot setback



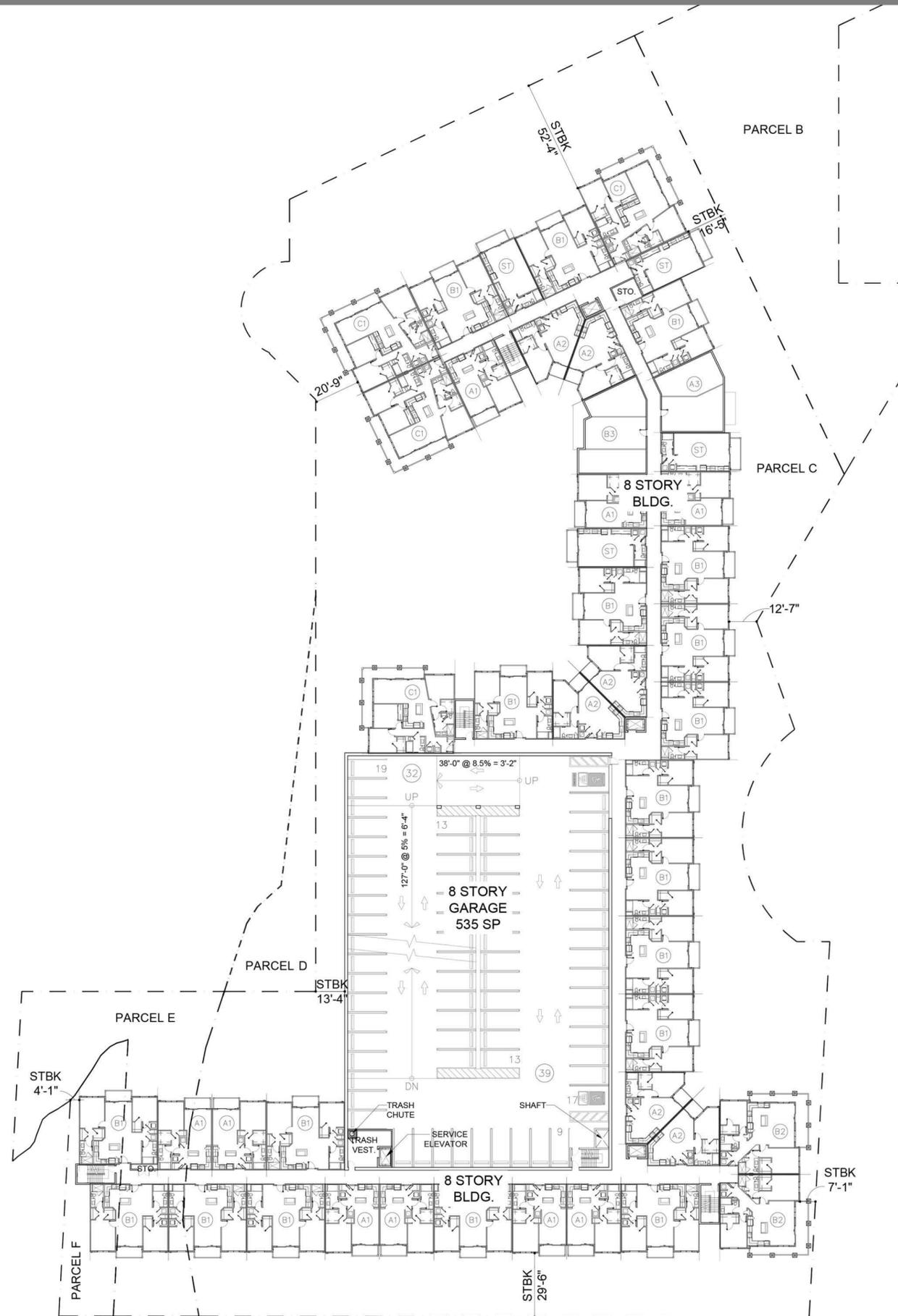
PARKING PROVIDED:
 RESIDENTIAL 505 sp (1.51 SP / DU's)
 MOSH/CITY 30 sp
GRAND TOTAL 535 sp

UNIT MIX				
Unit Designation	Area	# Units	% of Total	Leasable Area (NRSF)
Studios				
ST	575 sf	28	8.4%	16,100 sf
Sub-Total		28 units	8.4%	16,100 sf
1 BD				
A1	756 sf	69	20.7%	52,164 sf
A2	730 sf	40	12.0%	29,200 sf
A3	969 sf	8	2.4%	7,752 sf
Sub-Total		117 units	35.1%	89,116 sf
2 BD				
B1	1,091 sf	140	42.0%	152,740 sf
B2	1,174 sf	16	4.8%	18,784 sf
B3	1,189 sf	8	2.4%	9,512 sf
Sub-Total		164 units	49.2%	181,036 sf
3 BD				
C1	1,368 sf	24	7.2%	32,832 sf
Sub-Total		24 units	7.2%	32,832 sf
# Units Total		333 units	100.0%	319,084 sf

958 avg sf/du



SCALE: 1" = 60'



TYPICAL LEVEL

PARKING PROVIDED:
 RESIDENTIAL 505 sp (1.51 SP / DU's)
 MOSH/CITY 30 sp
GRAND TOTAL 535 sp

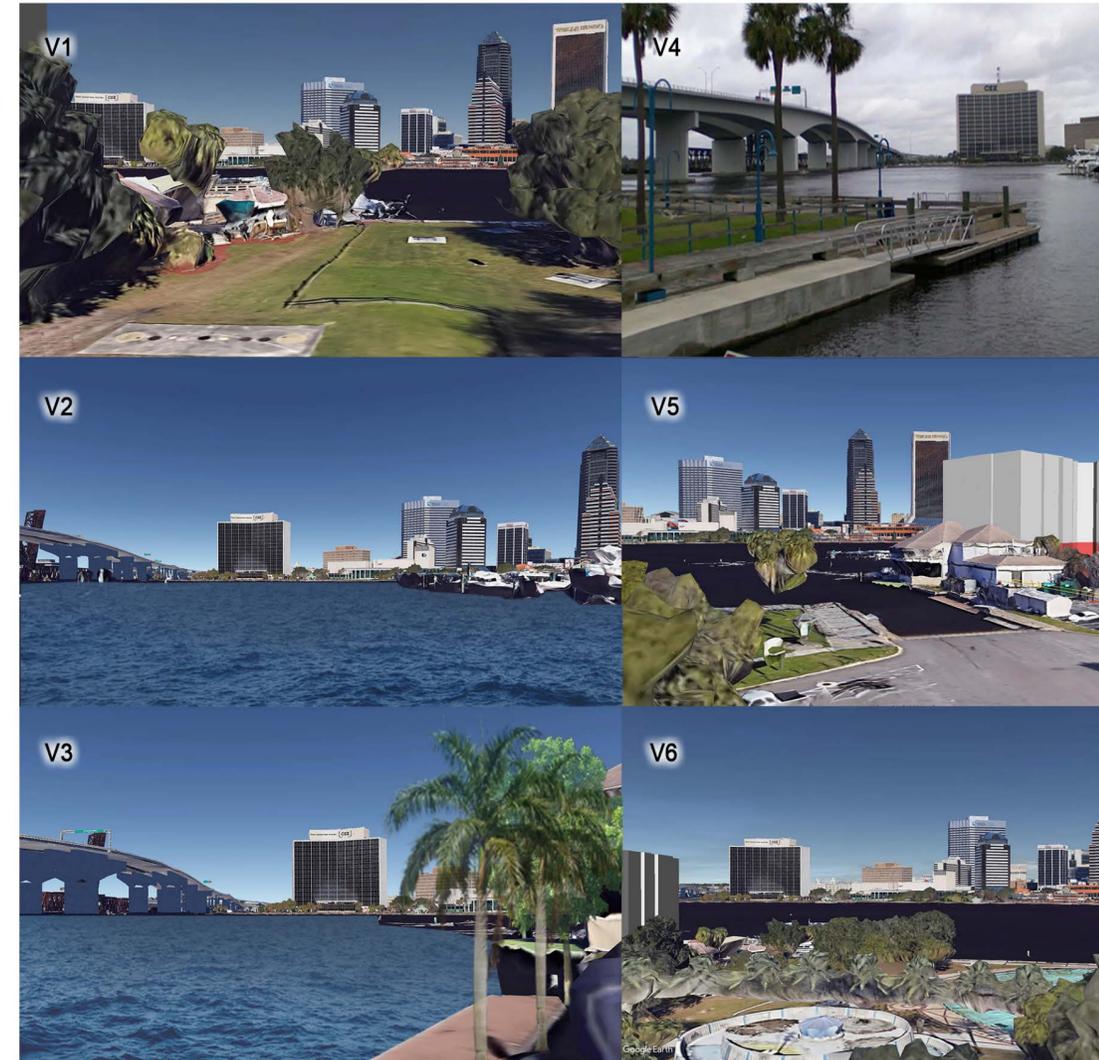
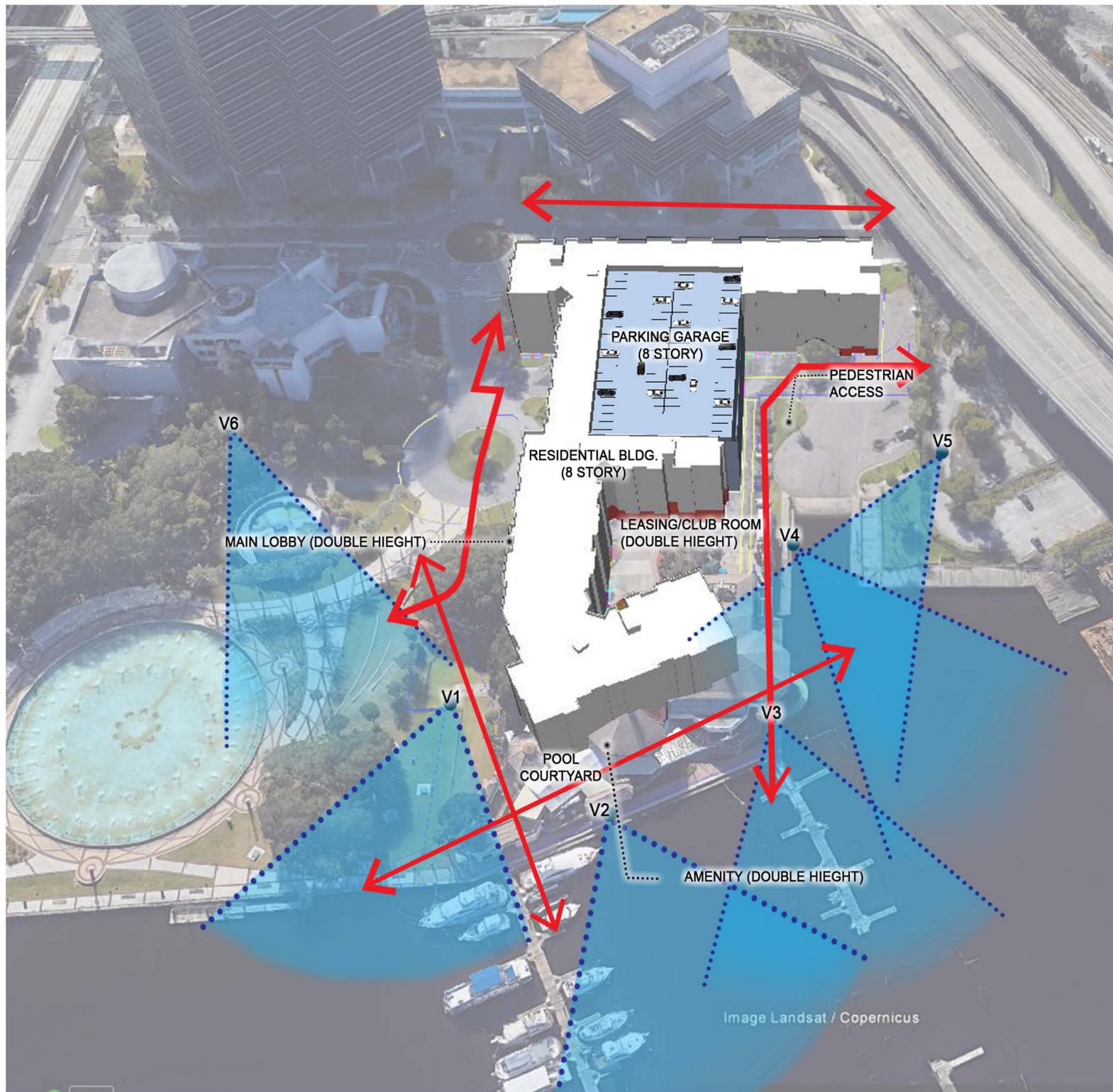
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Sub-Total		24 units	7.2%	32,832 sf
# Units Total		333 units	100.0%	319,084 sf
				958 avg sf/du



SCALE: 1" = 40'



VIEW LOOKING SOUTH

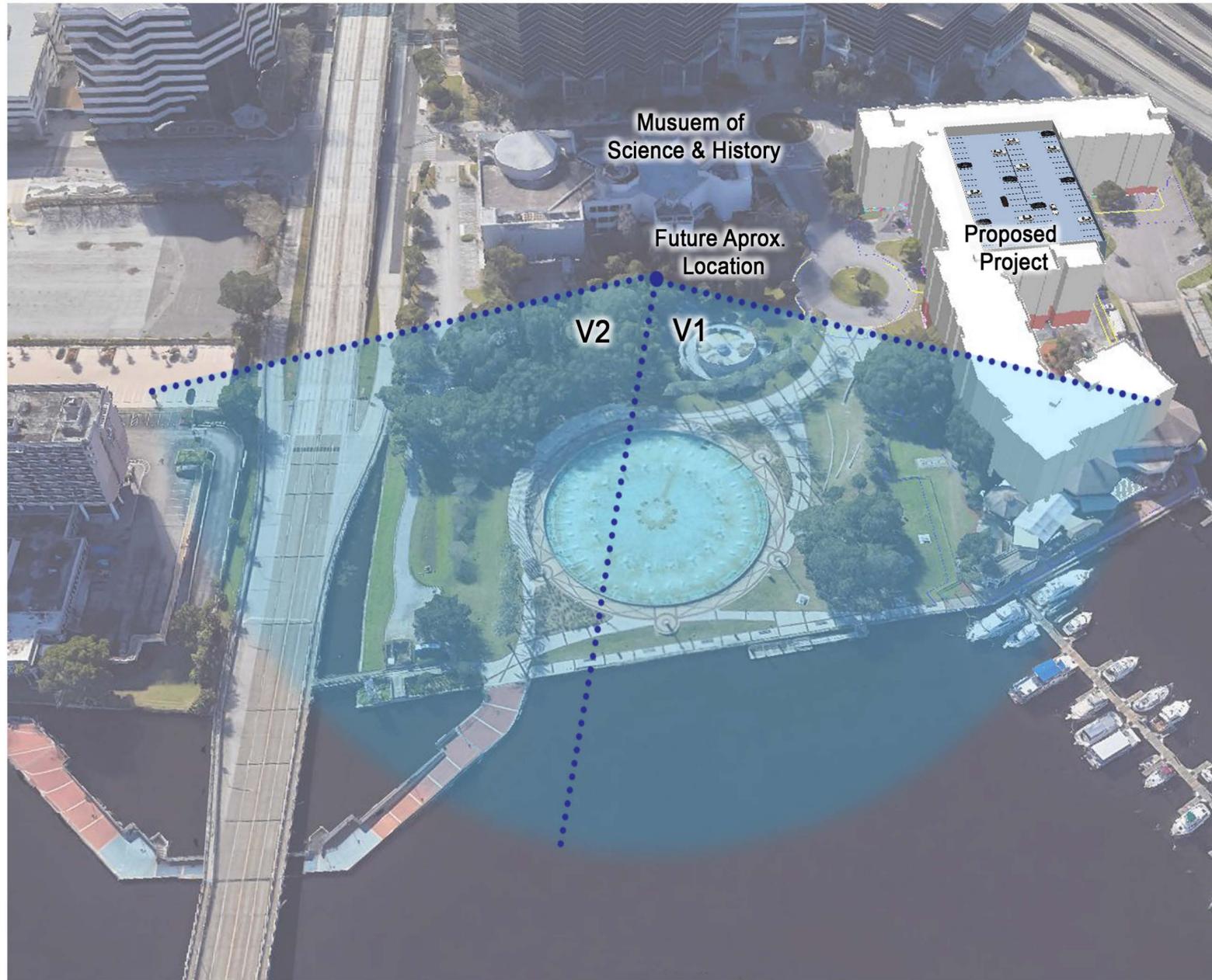


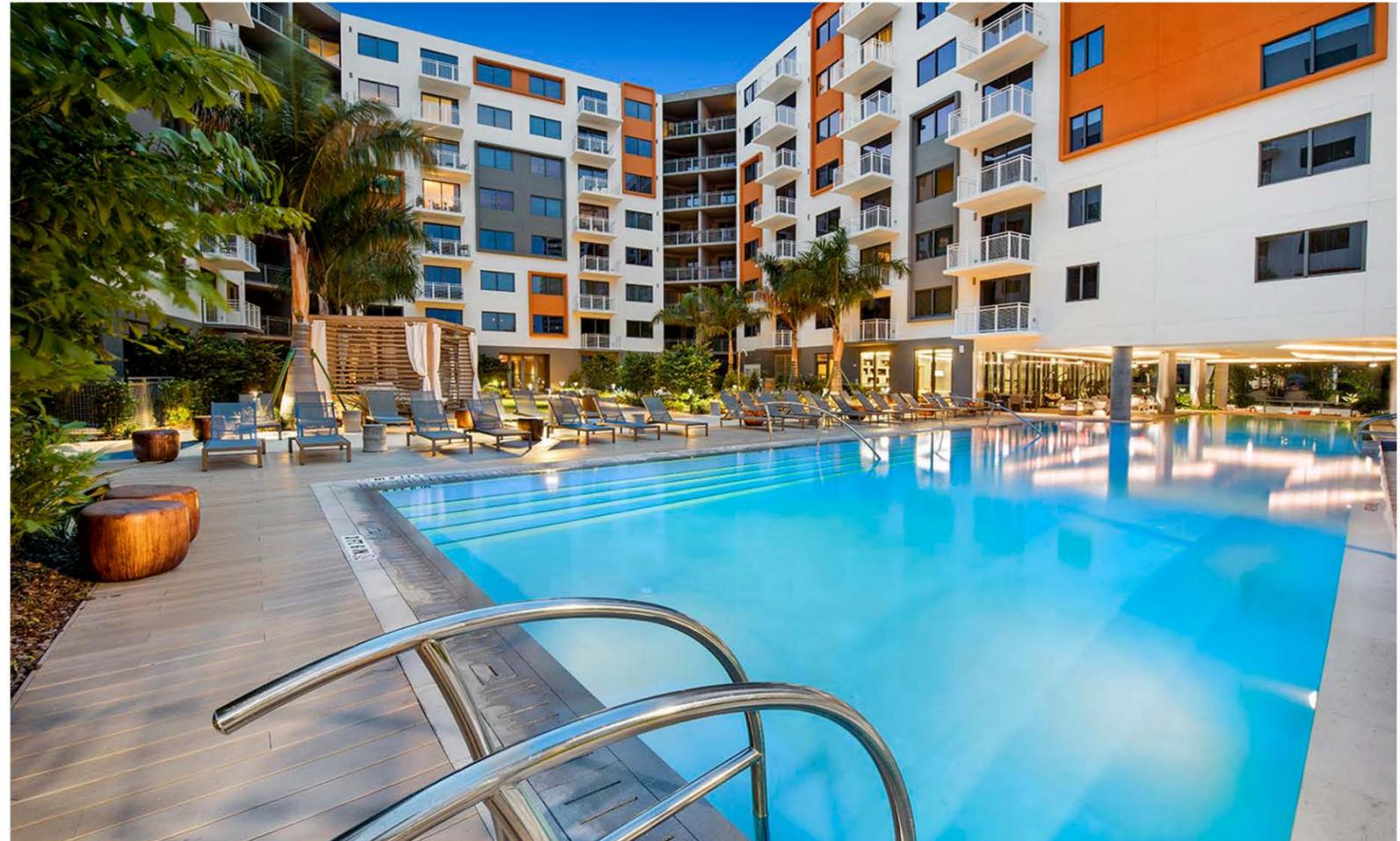
LEGEND

PEDESTRIAN ACCESS

VIEW POINTS







POOL INSPIRATION



PROJECT INSPIRATION

TERM SHEET

DRAFT

**Summary of Terms and Conditions
Negotiated Disposition
October 2020**

BACKGROUND:

The City of Jacksonville (“COJ”) and the Jacksonville Economic Development Council (“JEDC”) entered into a Ground Lease with Maritime Concepts, LLC (“Maritime”) as its tenant on July 31, 1998, as amended, for a term of 99 years commencing August 1, 1998 (“Ground Lease”) for the property commonly known as River City Brewing and its associated parking lot (“Property”). The lease term has 77 years remaining. The Ground Lease requires Maritime to pay Base Rent in the amount of \$40,000/year for the remainder of the term together with a % rent based on sales over a floor (which has never been reached). No ad valorem tax is currently paid on the land subject to the Ground Lease; however, ad valorem property tax is collected on the improvements and tangible personal property, sales tax is generated by the restaurant, and there are approximately fifty (50) jobs attributable to the business on site with applicable economic benefits to COJ. Maritime is obligated to make thirty (30) spaces within the parking lot available for the Museum of Science and History (“MOSH”), the City’s ground lessor. The restaurant building and all personal property, and the docks were conveyed directly to Maritime as owner and Maritime is currently the holder of the Submerged Land Lease (“SLL”) with the State of Florida (“State”) on which the docks are located. The Ground Lease contains very few obligations regarding the operation of the business or maintenance of the improvements on the site and COJ and the Downtown Investment Authority (“DIA”) (as successor to the JEDC) has little recourse regarding the current status of the docks or any deterioration of the improvements, including the restaurant. Maritime has a right of first refusal in the event the COJ/DIA elects to sell the Property.

Maritime has entered into a contract to sell its interest in the Property and improvements to RD River City Brewery, LLC (hereafter, “Purchaser” or “Developer”). The Purchaser/Developer has approached the DIA with an offer to acquire the Property and construct new improvements thereon substantially in accordance with the terms below. The precise boundaries and square footage of various parcels described below is subject to further refinement but will be substantially consistent with the proposal below.

GROUND LEASE

The Ground Lease shall be terminated. Developer shall enter into a contract with Maritime to terminate the Ground Lease and Maritime shall waive its right of first refusal. Developer shall enter into a purchase agreement with COJ to purchase the fee interest in the Conveyed Land (as described in detail below), including the Property, and COJ/DIA shall consent to the termination of the Ground Lease.

LAND CONVEYANCE AND SWAP

Real Property Subject to Current Lease to be Retained by COJ (“Retained Land”):

1. Upon termination of the Ground Lease as described above, COJ shall retain the .315 acre (13,728 square foot) property described as Parcel B and the .06 acre (2,648 square foot) property described as Parcel D, and the .101 acre (4388 square foot) property described as Parcel G (as defined below) (collectively, the “Retained Land”).
2. COJ shall provide necessary easements for the Underground Storage Tank (“UST”) that may be located on the property described in Exhibit B to serve the Marina together with access thereto or

COJ may relocate the storage tank to COJ property adjacent to the boat ramp to a location mutually agreed to by Developer and COJ.

3. COJ shall retain the fee title to a 25' wide strip of property parallel and adjacent to the bulkhead along dimension L11 on Parcel C, subject to an air rights agreement in favor of Developer prohibiting the construction of vertical improvements greater than 6 feet in height other than landscaping, cultural art pieces, lighting fixtures and signage within the retained strip ("Parcel G").

Leased Property to be Conveyed in Fee (collectively, with property described below, "Conveyed Land"):

1. Parcel C less and except Parcels B, D, and G
2. Parcel C conveyed subject to deed restriction requiring the provision of thirty (30) parking spaces at mutually agreed locations on levels 1 and 2 of the garage for City use ("MOSH Parking Spaces") and an obligation for Developer, or its assigns, to maintain all Improvements in Class A condition, repair casualty damage, or demolish and restore to grassed site .

Additional COJ Property to be Conveyed in Fee (collectively, with property described above "Conveyed Land"):

1. Parcel E less and except a portion of the northerly edge thereof (Approximately 20 feet wide as depicted on the site plan) and that portion along the western half of Parcel E which is north of the Durand Street ROW.

Additional Access easement to be provided over COJ Property

1. COJ shall retain ownership of Parcel F , the former Durand Ave. right of way, as well as a portion of Parcel E, but shall provide Developer an easement for access over said retained property to provide access to the Project loading spaces and trash pickup, and relocated fuel tank for operation of the marina fuel service

SUBMERGED LAND LEASE

Developer shall enter into a contract with Maritime to amend the SLL or enter into a new SLL with the State in order to ensure uninterrupted operation, subject to the existing terms of the SLL, of the current dock post-closing. Any interest COJ has in the existing SLL on property described in Exhibit A shall be terminated.

Developer and/or COJ may apply for a new SLL with the State on Parcel A. COJ and Developer to enter into a new, mutually agreed upon, sublease and/or management agreement regarding the docks and marina ("Marina"). Developer shall retain ownership of the current docks as may be necessary to ensure uninterrupted service until such time as new docks are to be constructed and a new SLL is issued to COJ.

DEVELOPER OBLIGATIONS

1. Developer shall design and construct a minimum of 325 Class A multi-family units, including a Ship's Store, and approximately 500 structured parking spaces with a minimum capital investment of \$80,000,000 (including acquisition), with a minimum construction cost of \$70,000,000 substantially as depicted in the site plan attached as Exhibit __ (the "Project"). It is

anticipated that the Project will be delivered simultaneously with Riverwalk, Sidewalk and Marina improvements described herein.

2. The Developer shall take title to the Conveyed Land consistent with terms to be included in the RDA, and construct, as part of the Project, a structured parking garage on a portion of the Conveyed Land. Developer will ensure that the MOSH Parking Spaces shall be available for use by the general public visiting the COJ's tenant MOSH, or such other entity as the City may direct. During construction of the Project the MOSH Parking Spaces shall be provided under the Acosta Bridge or at some other mutually agreed upon location.
3. Developer, and/or its assigns shall construct, and a professionally recognized marina developer, manager, and/or contractor shall operate, a Ship's Store with a minimum of 1,000 square feet to be located on the Conveyed Land and proximate to the boat ramp for so long as the boat ramp remains in operation. The Ship's Store shall be open daily from 8am to 6pm in order to sell sundries, ice and other necessities for patrons of the Marina and boat ramp. Developer shall spend a minimum of \$300,000 to complete the Ship's Store.
4. Developer, and/or its assigns (i.e. a professionally recognized marina developer, manager and/or contractor) shall manage and execute the re-construction of "A" Dock in accordance with COJ and Developer approved plans and pay all costs in excess of \$1,143,807 to reconstruct "A" Dock ("Excess Marina Costs"). Construction shall be performed by Developer, and/or its assigns, pursuant to a contract with the COJ similar to Palm Ave and Forest Street. All plans shall be subject to mutual approval by COJ and Developer, and/or its assigns, and shall include the fueling service location. Timing of construction and availability of facilities during construction shall be addressed in the contract. COJ shall retain ownership of the "A" Dock improvements.
5. Maritime will complete reconstruction of "B" Dock, subject to prior approval by COJ, prior to closing and Developer shall not have any obligation to complete "B" Dock. COJ or Developer may own "B" Dock. Provided however, the City shall have no obligation to accept ownership of the "B" Dock unless "B" Dock is constructed in accordance with plans approved by the City.
6. Developer shall enter into a sublease and/or management agreement whereby Developer, and/or its assigns, shall manage the Marina to a commercially reasonable standard while retaining all revenue from and maintenance responsibilities for the Marina. Developer shall be required to maintain insurance (other than insurance for flood or hurricane damage) on the improvements and shall promptly repair all damage or deterioration. Developer shall maintain normal operating hours for the fuel dock consistent with the Ship's Store hours. Developer will maintain at least twenty (20) of the slips on docks owned by COJ for public transient boat rental. Developer and DIA shall mutually agree in negotiation of the Redevelopment Agreement on the location and allocation of those twenty (20) public slips between transient (not to exceed forty-eight (48) hours) and transient short-term use of four (4) hours or less.
7. Developer shall manage and execute the re-construction of an approximately 25' wide Riverwalk, including landscaping ("Riverwalk") within Parcel G. The Riverwalk shall be completed in accordance with plans approved by DIA, DDRB and COJ deemed to be consistent with the adopted Riverwalk Design Standards, and jointly agreed to by the Developer. The Riverwalk shall be open and available for public use and enjoyment located landward of the riverside edge of the bulkhead along the Saint Johns River and within property described in Exhibits B, C, and G. Once completed, COJ shall retain ownership and all maintenance obligations of the

Riverwalk, including the bulkhead. COJ shall maintain the Riverwalk and bulkhead in a Class “A” condition and Developer shall have the right of self-help and the ability to seek reimbursement from COJ in accordance with terms to be included in the RDA.

8. Developer shall manage and execute the re-construction of a minimum 5’ wide sidewalk (to be legally described) available for public use and enjoyment (“Sidewalk”) located landward of the riverside edge of the bulkhead adjacent to, and just east of, the boat ramp (to be legally described) that connects the Riverwalk to the boat ramp and within property described as Parcel C.
9. Developer shall spend a minimum of \$250,000 to complete Riverwalk and Sidewalk improvements and other improvements available for public use and enjoyment.
10. Developer agrees to pursue all approvals with commercially reasonable efforts and to meet the following Performance Schedule:

LAND CLOSINGS	“as is” sale within sixty (60) days after (i) the execution of the RDA, and (ii) Maritime has constructed “B” Dock, but no later than _____.
FINAL DESIGN	to start thirty (30) days after Land Closing but no later than _____.
PERMITTING	to start thirty (30) days after Final Design is completed, but no later than _____.
DEMOLITION	to start thirty (30) days after Permitting is completed, but no later than _____.
COMMENCE CONSTRUCTION	to start thirty (30) days after Demolition is completed, but no later than _____.
COMPLETE CONSTRUCTION	36 months after commencement.

In the event developer fails to meet the Construction Completion deadline above, the REV Grant shall be reduced by 5% for every two (2) month delay, and forfeited if construction is not completed within two (2) years of the established completion date. Developer shall be entitled to extensions of the above deadlines for force majeure. In the event Developer fails to Commence Construction by the deadline above, the DIA shall have the right to re-purchase all of the Conveyed Land for sixty (60) days at the same price paid by the Developer for the Ground Lease.

INCENTIVES

1. The Conveyed Land shall be conveyed through a process compliant with the DIA Disposition of Property procedures as a Negotiated Disposition with the required thirty (30) day public notice of proposed disposition.
2. COJ shall convey the Conveyed Land described above to Developer, all free of any reversionary interests, (except as provided above regarding COJ’s right to re-purchase prior to Commencement of Construction by _____), for \$1.00.
3. DIA to provide a 75% REV Grant for the Project for a term or twenty (20) years or the termination of the SS CRA whichever occurs first, unless COJ agrees to assume the obligations of the SS CRA.
4. COJ/DIA to provide up to \$1,143,807 to redevelop “A” Dock of the Marina subject to the SLL. Construction shall be performed by Developer, or assigns, pursuant to a contract with the COJ similar to Palm Ave and Forest Street. All plans shall be subject to mutual approval by COJ and Developer, and/or its assigns, and shall include the fueling service location. Timing of

Stormwater (w/ 2% escalator)

~\$ 300,000

DRAFT

R.O.I.

\$75 Million in Capital Expenditures (10/01/20)

Ad Valorem Taxes Generated Incremental County Operating Millage	(1)	\$	17,262,190
Local Option Sales Tax	(2)	\$	-
Payroll	(3)	\$	-
Add'l Benefits Provided (Parcels B/D, Riverwalk improvements)	(4)	\$	1,805,063
Total City Expected Benefits			\$ 19,067,253
Total City Investment	(5)	\$	17,296,815
Return on Investment Ratio			\$ 1,770,438 1.10

- (1) - The investment from the Company is estimated to be \$75,015,000 in eligible Capital Contribution for development and \$0 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

(5) - City Incentives as follows:		
REV		\$ 12,946,642
Land (Parcel E), lost lease revenue, boat ramp improvements		\$ 4,350,173
Total Direct Incentives		\$ 17,296,815

NOTE:

	Square Feet (SF)	\$/SF	TOTAL from COJ	TOTAL from REL	Acres:
COJ to receive Parcel B from REL	13,728	\$75		\$ 1,027,678	0.315
COJ to receive Parcel G from REL	4,375	\$75		\$ 329,156	0.100
COJ to receive a portion of Parcel D from REL	2,648	\$75		\$ 198,229	0.061
REL to receive a portion of Parcel E from COJ	5,412	\$30	\$ 162,360		0.124
COJ lost RCBC lease revenue (\$40k @ X% for 76.17 yrs)		6.0%	\$ 658,790		
REL to pay for improved Riverwalk				\$ 250,000	
COJ to improve boat ramp hammerhead, relocation of fuel tank			\$ 1,650,380		
COJ lost Residual Value Parcel C					
FV of \$9.75M Parcel C purchase compounded @ Y% for 77 yrs		2.5%	\$ 734,836		
NPV of FV of Parcel C discounted @ Z% for 77 yrs		6.0%	\$ 1,143,807		
Marina			\$ 1,143,807	\$ -	
TOTAL			\$ 4,350,173	\$ 1,805,063	

TAB IV
DORO R.E.V. GRANT

The Doro
DIA Market Rate Multi-Family Housing REV Grant
Staff Report
October 5, 2020

Applicant:	Jacksonville Properties I, LLC (Rise: A Real Estate Company)
Project:	The Doro - multifamily development
Program Request:	DIA Market Rate Multi-Family Housing REV Grant
Total Development Costs (as presented):	\$65,645,213
Total Development Cost (as underwritten):	\$50,327,566
REV Requested:	65% / 15 years
REV Recommended:	65% / 15 years
REV Amount (Not to exceed):	\$6,230,856

The Project

The developer, RISE: A Real Estate Company (“RISE”), based in Valdosta, GA and with an additional office in Jacksonville, FL, has applied to the DIA for a REV Grant to facilitate development of a new multifamily housing complex on the site of the Doro Fixture Building and surrounding properties, located principally at 102 & 128 A. Philip Randolph Blvd. The site is approximately 1.63 acres, comprised of seven buildings constructed between 1914 and 1954; located within the Sports and Entertainment Overlay District of the Downtown Northbank Community Redevelopment Area; and is bounded by A. Philip Randolph Blvd. to the east, Forsyth Street E. to the south, Lafayette St. to the west, and Adams Street E. to the north. Each of the seven buildings will be razed for the new development to take place on this block.

According to the Planning and Development Department’s Historic Preservation Section, the property is not part of the Downtown National Register District, nor was it deemed eligible by the State Historic Preservation Office for individual designation. The project received final DDRB approval at the May 14, 2020 board meeting.

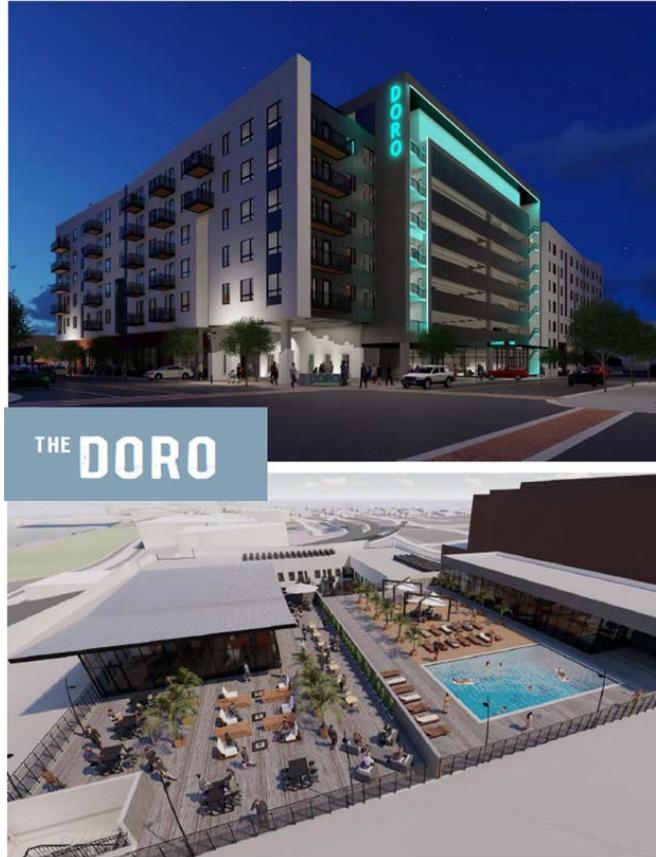
The Doro

The Doro is a proposed 247-unit multifamily apartment complex, built in a single building that will also include a seven-level structured parking garage providing approximately 312 parking spaces wrapped by the complex. In addition, the project proposes 4,875 square feet of ground level retail, commercial, and restaurant space with the rooftop presenting a pool amenity for residents, and a 4,653 square foot terrace for indoor/outdoor bar open to the public. Access to the rooftop area from the ground floor is anticipated to be provided by an elevator dedicated only to this level.

The overall property will comprise and estimated 359,849 square feet, and the 247 units will include one-bedroom (120 units @ 750 sf, 53 units @ 625 sf, 13 units @ 954 sf) and two-bedroom apartments (61 units @ 1,025 sf) for lease at rates ranging from \$1.94 sf to \$2.34 sf.

As part of the redevelopment, the former Forsyth Street E., (officially closed) which runs east to west between the Doro site and the property to the south where Manifest Distilling and Intuition Ale Works operate, is proposed to be redeveloped to become a 6,100 square foot street plaza with outdoor seating, lighting, and activities.

Forsyth Street E. is included in the fee-simple ownership of the adjacent property and negotiations are underway with the owner of that property for the shared usage of this space, particularly during game days and other events in the Sport's and Entertainment District. The property is ideally located for such activity given its proximity to TIAA Bank Field, Daily's Place, the Baseball Grounds of Jacksonville, and VyStar Veterans Memorial Arena all of which are located between two to five blocks away. This amenity would make a positive contribution towards furthering the Entertainment aspect of this downtown district. See the renderings of this activated area shown below:





The Development Team

RISE will be developing this property under the single-purpose entity created for this project, Jacksonville Properties I, LLC, organized under Delaware law with authorization to conduct business in the State of Florida provided by the Florida Department of State, Division of Corporations. Its Manager is shown to be Mr. Gregory Hunter, the CFO of RISE.

RISE, based in Valdosta, GA, was formed in 1995 with a focus on multifamily and student housing development. The firm has completed more than 80 projects, more than 18.5 million square feet with a value in excess of \$3 billion across 23 states, mostly along the eastern seaboard, Texas, and Louisiana. The company’s development activity has produced parking decks and retail spaces totaling over 8,900 structured parking spaces, and 288,000 square feet of retail., and over 4,500 dining seats.

The executive team for RISE includes:

- Ryan Holmes, CEO: Prior to RISE, Holmes founded the property management firm, Sunbelt Holding Management Company where he spearheaded all growth, business development and daily operations. This organization later evolved into Ambling Management Company and was recently listed as number 42 in Multifamily Executive magazine’s “Top 50” ranking. Holmes earned a bachelor’s degree in finance and real estate from Georgia Southern University. Additionally, he is a Georgia Registered Real Estate Appraiser and holds active broker licenses in Georgia, North Carolina and South Carolina.
- Greg Bias, President: During his tenure with the company, Bias has been associated with 75 student housing developments totaling more than \$2.6 billion. Bias graduated from Mississippi State University with a bachelor’s degree in business administration.
- Greg Hunter, CFO: Before joining RISE, Hunter was with Hunt Construction Company, Inc., where he served in various financial positions and was ultimately promoted to assistant controller. Hunter graduated from Valdosta State University and holds a bachelor of business administration degree in accounting. Hunter is also a certified public accountant and a member of the American Institute of Certified Public Accountants (AICPA).

- Matt Marshall, Vice President (Principal contact): Marshall has experience in multiple residential uses including market rate housing, mixed-uses, building conversions and extensive rehab projects. Marshall has over 19 years of industry experience developing over 7,000 market rate apartments, and over 21 student housing transactions. Marshall graduated from Indiana State University and is an active member of the Urban Land Institute. He is also a Certified Commercial Investment Member candidate (CCIM) and holds a Florida real estate license.

RISE will develop, construct, and manage The Doro in-house. Additional information on the firm may be found at the company's website: <https://risere.com/>.

Architect: Niles Bolton Associates – Based in Atlanta, GA, founded in 1975, 150 employees.

- Jacksonville engagements include: Southbank Apartments, Ventures Development; 500 Atlantic, Tribridge Residential (Neptune Beach)
- NBA has designed 5 million sustainable square feet of multifamily space (LEED, Earthcraft, SpiRiT, EnergyStar).
- Based on residential design fees, the firm ranks 8th among U.S. firms according to Building Design + Construction magazine in 2019.
- Named Top 50 design firm in the U.S. by Building Design + Construction for 2020.
- Licensed in all 50 states and currently active in 30 states and the District of Columbia with active projects in 49 states and 16 countries.

Civil Design and Engineering: England-Thims & Miller – Based in Jacksonville, FL, founded in 1977, 245 employees.

- Practice areas include construction engineering and inspection, environmental, institutional, land development, public works, transportation, surveying and mapping.
- Engineering-News Record Top 500 Design Firm
- Local engagements include Nocatee (a top 10 best selling community in the nation), Bartram Springs, Bartram Park (a top 10 best selling community in the nation), Brooklyn Station, Tapestry Park, St. Johns Town Center, and many others.

Pro Forma Operations

- As modeled in the Developer's pro forma, the Doro is expected to generate Effective Gross Income of \$5.8 million in its first full year of operation with growth of 2.5-3% in subsequent years. This estimate includes residential rent assumptions of \$1.94 sf to \$2.34 sf, other income of just over \$1 million per year, and incorporates vacancy rate of 5% of projected Potential Gross Income.
- Other income of just over \$1 million annually is comprised of parking permit fees (41%), retail (22%), cable and internet income (22%), and miscellaneous other (14%).
- Total operating expenses are estimated at approximately 42% of revenues annually including net property taxes of \$370-470,000 per year through the first ten years, and ground lease cost of \$700-833,000 per year discussed further under Capital Considerations.

- Management fee paid to the related entity, RISE Management, is modeled at 3% of Effective Gross Income.
- Replacement reserves are modeled at \$203 per unit, per year.
- Net Operating Income is estimated to be \$3.3 million in the first year of stabilized operations.

Capital Considerations

- Total development costs as presented equals \$65,645,213
- Net of developer fee, finance costs, reserves, market studies, and similar costs deemed to not directly add to the taxable value of the development, underwritten development costs for purposes of the REV grant total \$50,327,566.
- Total equity to be injected is shown to be \$30,645,213; 46.7% of TDC.
- \$17,000,000 of equity is invested by iStar (<https://www.istar.com/>) which will be used to acquire the underlying property (acquisition cost of \$5,350,000) which will then be structured as a ground lease to the operating entity. The additional \$11,650,000 will apply towards further development costs.
 - It has been confirmed with the Duval County Property Appraiser’s office that ad valorem taxes will be assessed on the property on a combined basis.
 - Jacksonville Properties I, LLC will be responsible for payment of all property taxes, and therefor is the applicant on the REV request.
- Construction and permanent debt on the development is shown to be limited to \$35,000,000; 53.3% of TDC.
- The cash-on-cash ROI for the equity investor (net of the ground lease investor) is calculated as 7.9% in the first year of stabilized operation.
- Using debt assumptions of 360-month term, 5% interest, and property assumptions of 2% growth on underwritten development cost and 5.5% cap rate at the point of conversion, the ten-year, pre-tax, levered IRR on the invested equity (net of the ground lease investor) is calculated as 16.8% with the REV incorporated into the NOI estimates.

REV Calculation:

The table following outlines the program parameters of the DIA Market Rate Multifamily Housing REV Grant program. Under this program, applicants are limited to a maximum of 75% REV for a period of fifteen years, and requests beyond these limits requires approval by the City of Jacksonville City Council. In scoring the project proposal, the Development achieves a score of 65%.

Program Parameters	Development Metrics	Point Eligibility
5% for every 25 units produced in Downtown Jacksonville (not to exceed a factor of 30%); plus	247	30%
15% for the development of City-owned lazy / underutilized assets; plus	N/A	0%
10% for a mixed use development for each 2,500 square feet of retail/office/commercial space (not to exceed 20%); plus	9,528	20%

10% if the Developer documents they are working with an employer or Non-profit organization to provide other housing incentives for Downtown; plus	N/A	0%
15% for the development of green space and amenities for residents; plus	Max	15%
15% for a project located in a DIA designated Strategic Housing Area (an "SHA").	N/A	
TOTAL		65%

As calculated on the proposed of REV \$6,230,856, and the underwritten development cost of \$50,327,566, and tangible personal property of \$381,000, the estimated ROI on the City's investment is 1.54X.

Recommendation:

DIA Staff recommends approval of a Market-Rate Multifamily REV Grant in the amount of \$6,230,856 with the terms and conditions as outlined on the attached Exhibit A Term Sheet.

Exhibit A:

**DIA Market-Rate Multifamily REV Grant
TERM SHEET
The Doro**

Project: The Doro, a 247-unit multifamily development located at 102 A. Philip Randolph Blvd. in the Sports and Entertainment District of the Downtown Northbank Community Redevelopment Area.

Developer/ Applicant: Jacksonville Properties I, LLC, a single-asset entity created for this development by RISE: A Real Estate Company based in Valdosta, Georgia; however, the property will be developed under a ground lease with iStar who is anticipated to be the property owner for tax purposes, but is not a co-applicant.

Total Development Costs (estimate):	\$65,645,213
Underwritten Development Costs Used for Grant Calculation:	\$50,327,566
Equity (proposed):	\$30,645,213 (46.7% of TDC)

City Funding: No more than **\$6,230,856** (through the City of Jacksonville Downtown Investment Authority), as follows:

Infrastructure: No City of Jacksonville infrastructure improvements are contemplated.

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

REV Grant: The Developer is requesting a Market Rate Multi-Family Housing REV Grant for 65% of the ad valorem tax increment generated by the project for a period of 15 years. The total REV grant indebtedness will not exceed \$6,230,856.00 and will be paid annually beginning the first year of taxation following completion based upon the incremental increase in the Duval County Operating Millage ad valorem taxes collected.

Loans: No other loans, grants, or other funding from the City of Jacksonville are contemplated for this project.

Minimum Capital Contribution:

- The minimum total capital contribution through completion to remain eligible for the REV Grant is \$50,000,000
- Percent of COJ investment to overall project cost: $\$6,230,856 / \$65,645,213 = 9.5\%$
- Percent of COJ investment to underwritten project cost: $\$6,230,856 / \$50,327,566 = 12.4\%$

Additional Commitments:

- 1) The Developer commits to the development of:
 - A minimum of 240 dwelling units.
 - A seven-story garage with a minimum of 300 spaces.

- Rooftop swimming pool, fitness center, and other amenities generally as outlined in plans submitted with the application.
 - Not less than 9,000 square feet of retail/restaurant/lounge space which will be open to the public during normal business hours. Such space will be split roughly in equal proportion between the ground floor and the rooftop space.
- 2) In association, the Developer commits to the incorporation of design elements, signage, and other measures that recognize the historical significance of the existing property and the area in which it is located.
 - 3) Developer commits to pursue in good faith, with all best efforts and including financial support, to finalize negotiations with the adjacent property owner to utilize the current Forsyth Street E roadway for activated public space for use during game days and other events within the Sports and Entertainment District.

Performance Schedule:

- Commencement: 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.
- Substantial Completion: Within twenty-four (24) months following commencement of construction as defined above.
- 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.

This Term Sheet proposal is limited by the following conditions:

The proposed REV Grant requires adherence to all terms and conditions found in the DDRB approval letter dated May 21, 2020 as captured below.

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).