

The agreement was amended eight times between the original execution date of the redevelopment agreement and the completion of the first phase of construction, addressing changes to the conceptual plan, easements, timelines, etc. At the time of the completion of the hotel, the Covid-19 pandemic was in its early stages and disrupted some of the timelines that affected the agreement. Therefore, the agreement was again amended (9th Amendment) to reflect the impacts. The agreement would be amended two additional times (10th and 11th Amendments) to address changes in parking locations within the parking garage and the timeline for the completion of the second building. Below is a synopsis of important dates and history of the development:

- An Invitation to Negotiate was released by the Procurement Department on March 11, 2015, to invite developers to propose mixed-use development of various city-owned sites in downtown Ocala.
- On October 5, 2015, the negotiation team voted to recommend ITN#CMO/15-001 be awarded to Downtown Ocala LLC.
- Approved Award of Invitation to Negotiate # CM)/15-001 and contract for the downtown mixed-use property development project to Downtown Ocala, LLC on November 3, 2015, at the City Council meeting.
- Acquisition and Redevelopment Agreement for Mixed Use Development Agreement Executed November 16, 2015.
- Developer is required to provide a project 100,370 S.F building at cost no less \$15,733,700.00.
- Financial review approval received on November 14, 2016.
- Franchise Agreement between Hilton Franchise Holdings LLC and Digvijay Gaekwad. Effective date February 8, 2017. Expiration Date February 28, 2039.
- Site Plan Approval granted November 2, 2017.
- Special Warranty Deed for parcel is dated February 23, 2018. Property sold to developer for \$100,000.00. Property valued at \$802,816 at the time.
- Hotel Construction Commencement Date May 8, 2018
- Special Warranty Deed March 5, 2019, for corner clip. (Consideration \$10,000)
- Hotel construction work completion date is August 8, 2019
- Project Certificate of Occupancy issued on September 21, 2020.
- Incentive includes Tax Increment Financing (TIF) 70% of the developer ad valorem tax payment over 10 years.
- 120 Spaces reserved for the Hotel and residential units. Commencing on the third anniversary of the

date the hotel is completed, the Developer will pay the city \$54,000.00 per year (subject to escalation pursuant to a CPI Rider) for the parking spaces.

- All Ad Valorem Taxes were Paid.
FY22 Taxable Value: \$9,163,893
FY22 Tax Bill: \$195,686.03
FY22 Ad Valorem taxes (to be paid to CRA and Downtown Development District):
 - County: \$30,699.04
 - Ocala Basic: \$60,643.89
 - Downtown A: \$15,748.15

The redevelopment agreement still has some outstanding items to be addressed such as:

- the infill of the first floor with retail/restaurant space,
- maintaining adequate assurance for the entirety of the project,
- total building area of at least 100,370 square feet,
- the completion of the second building.

The developer has provided information indicating that \$20,515,074.65 has currently been expended for the construction of the Hilton Garden Inn.

The developer is seeking another amendment to the redevelopment agreement that will eliminate the requirement for a second building and allow for the remainder of the parcel to be utilized as a parking lot for employees of the mixed-use building. The infill permitting is underway for a portion of the first floor and the developer anticipates a greater need for parking due to an increase in employees with the activation of this space. The developer does not desire to purchase more spaces within the parking garage to accommodate the increase in parking.

City staff has prepared an amendment that seeks to bring the project to a conclusion and provide strict timelines for the completion of the remaining items. As proposed, the project will be required to obtain all necessary permits and complete construction of the final improvements within 24 months from the execution of this twelfth amendment. This amendment is structured to bring a conclusion to the project, and should these timelines not be met, the developer will be found in default of the agreement.

FINDINGS AND CONCLUSIONS: Staff has prepared a twelfth amendment for City Council consideration.

FISCAL IMPACT: N/A

PROCUREMENT REVIEW: N/A

LEGAL REVIEW: This agreement has been reviewed and approved for form and legality by City Attorney, William E. Sexton.

ALTERNATIVE:

- Approve with changes
- Table

- Deny