



Integrity Development Partners, LLC

## INTEGRITY DIVERSITY PURPOSE

**City of Lake City**  
Mr. Wendell Johnson  
City Manager  
205 N. Marion Avenue  
Lake City, FL 32055

April 20, 2015

**Columbia County**  
Economic Development Department  
Mr. Glenn Hunter  
259 NE Franklin Street  
Suite 101  
Lake City, FL 32055

**Re: Letter of Intent for the Development of the Blanche Hotel, Lake City, Florida**

Ladies and Gentlemen:

This Letter of Intent (the "Letter") is submitted by Integrity Development Partners, LLC, a Georgia limited liability company and registered to do business in the State of Florida, (the "Developer"), to be considered by Columbia County, Florida (the "County") and the City of Lake City, Florida (the "City") (Developer, County and City being collectively the "Parties") of Developer's proposed redevelopment and operation of the Blanche Hotel property located at 212 North Marion Street in Lake City, Florida (the "Project") as a mixed use development. This Letter is solely for the purpose of outlining the proposed terms and conditions for the redevelopment and operation of the Project and shall not be binding on the Parties, except as further set forth herein. The Parties agree to act in good faith and use reasonable efforts to fulfill their responsibilities outlined below and to negotiate and enter into a development agreement by August 30, 2015 containing such terms and conditions substantially consistent with this Letter.

1. **Mixed Use.** The total square footage of the Project is approximately 79,600. The Developer anticipates the completed mixed use project will be comprised of the following:
  - approximately 29,500 square feet of office space;
  - approximately 17,622 square feet of common use area;
  - approximately 17,600 square feet of commercial space (retail/restaurant);
  - approximately 10,728 square feet of residential units; and
  - approximately 4,150 square feet of conference facilities.

A handwritten signature in black ink, appearing to be 'WJ' or similar, located at the bottom right of the page.

2. Financing. The total development budget for the Project is estimated to be \$17,000,000.

Developer anticipates receiving funding from the following sources:

- Conventional Financing- approximately \$7,500,000;
- Federal Historic Tax Credits- approximately \$2,800,000;
- Federal New Market Tax Credits- approximately \$3,000,000;
- Soft Loans/Grants- approximately \$2,000,000; and
- Developer Equity (via deferred developer fee)- approximately \$1,700,000.

3. Project Schedule: The Parties anticipate the following timeline from the date of this Letter Agreement for the completion of the Project:

- Financing and Land Acquisition Closing- within 12 to 18 months;
- Construction Completion- within 18 to 24 months after Financing Closing;

4. Developer Responsibilities: In cooperation with the City, County and local stakeholders, the

Developer will perform the following services:

- Coordinate the development, design and interior layout of the Project, including but not limited to the selection of the architect, engineer, lender, investors, accountants, Historic and New Market Tax Credits, attorneys and other professionals;
- Obtain necessary approvals from local, state and federal governments to secure permits;
- Other than the funding commitments to be secured by the City and County below, secure the remaining sources of funds through financing and/or equity and provide guarantees as reasonably required in connection therewith; and
- Acquire, develop, own and operate the Project through an affiliate for a period of not less than seven (7) years.

5. City/County Responsibilities. In cooperation with the Developer and local stakeholders, the City and/or the County will provide the following:

- Help Developer coordinate the acquisition of the Project from its then current owner at a maximum purchase price of not more than \$165,000;
- Obtain funding commitments totaling no less than \$2,000,000 in the form of low-interest subordinate soft loans and/or grants with at least half of this funding being a grant; and which funding facilities shall be funded pari passu with the sources of funds to be originated by the Developer;
- To the fullest extent by law, waive all permit, impact and other fees charged by the City or the County during plan review and construction phases of the Project.
- To the fullest extent by law, waive all sales tax on material purchases, recording fees, and other similar fees or costs charged by the City or the County during the financing, construction, and operations phases of the Project.
- The ad valorem taxes generated by the Project will be calculated at post-development value and applied toward repayment of loans granted by the City and/or County for a period of 15 years or until such loans are repaid, whichever event occurs first. Ad valorem taxes generated by the project in excess of any such loan(s) payment will be rebated to developer

for a period of 15 years, or until such loan(s) are repaid, whichever event occurs first. The referenced loan payment amount not to exceed \$66,667.00 annually.

- The City and/or County enters into a master-lease or causes at least 60% of the non-residential and conference area square footage (which equals approx. 38,835 SF) to be leased at rental rates not less than \$11 per square foot triple-net for a term of seven (7) years from construction completion and issuance of a certificate of occupancy by the City. The City and/or County will not be responsible for any revenue collection above \$427,200 per annum for the 7 year period. To further clarify, the City and/or County will be responsible for the first \$427,200 revenue each year for the 7 years effective date of Certificate of Occupancy; after which the collected revenue exceeds this amount then the City and/or County will be released of this obligation for that calendar year. This will be quarterly test for true-up of amount collected for previous quarter and projected for next quarter. Shortfalls will be paid monthly, but each quarter there will be updated projections delivered to City and/or County by Developer. In the Initial Lease-up (5 months following the Final Completion of the Project), the financial maximum obligation of the City and/or County will be ramped-up from Month 1 of \$7,120 and increasing each month for five (5) months by amount of Month 1 until monthly obligation reaches \$35,600 in Month 5.

6. General Terms

- Effective Date: Term. This Letter shall be effective upon its execution by the Parties. It shall continue in effect until terminated in writing to by the Parties or if the Project has not has its Financing Closing by June 30, 2017 (the "Drop Dead Date"). This Letter of Intent shall become superseded by a Development Agreement outlining the more detailed terms of the Agreement between all Parties represented within this Letter of Intent and other parties as appropriate.
- Assignment: Revisions. This Letter may not be revised or assigned by any of the Parties without the written consent of the other Parties.
- Counterparts. This Letter may be signed in counterparts.
- Governing Law. This Letter and the interpretation thereof shall be governed by the laws of Florida.

7. Costs and Reimbursable Expenditures

- The Parties recognize that Developer will expend significant time, energy and financial costs while seeking to fulfill its obligations outlined above. Accordingly, City and/or County agree to fully reimburse Developer for expenses incurred and reasonable fees for time spent on the Project, if City and/or County terminate this Letter or fail to fulfill their obligations as outlined above.

This provision shall survive the termination of this Letter but such reimbursement shall not exceed \$250,000 and will be inclusive of developer costs as follows, though the City and/or County shall be limited to \$35,000 in Reimbursable Expenses until such time the Development Agreement is executed by all appropriate parties:

ANTICIPATED COSTS FACTORS AND AMOUNTS LEADING TO FULLFILLMENT OF  
DEVELOPER RESPONSIBILITIES UP TO DROP DEAD DATE.

Architectural	\$125,000
Engineering	\$ 25,000
Legal	\$ 25,000
Financing Costs	\$ 75,000

(Financing Costs shall include but not limited to Market Studies, Historical Studies, NMTC Studies, and other relevant and appropriate financing requirements.)

If the terms outlined above are acceptable, please acknowledge by your signature on following page. We look forward to working with you on this Project.

Very truly yours,

Integrity Development Partners, LLC  
a Georgia limited liability company

By: 

Name: Rhett Holmes

Title: President

The foregoing is hereby agreed to and confirmed:

**City of Lake City, Florida**

By: 

Name: Stephen With

Title: Mayor

The foregoing is hereby agreed to and confirmed:

**Columbia County, Florida**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_