



Heartwood

Heartwood Financing Plan
City Commission Meeting
August 3, 2017

TODAY'S PRESENTATION

- Context of Heartwood
- Overview of Bid Process
- Proposed Financing Structure
- Next Steps



Heartwood

Joseph Williams
Elementary School

Church of God
by Faith

S.E. 15th
Street

Abraham Lincoln
Middle School



Heartwood

Lincoln Estates

Boys & Girls
Club

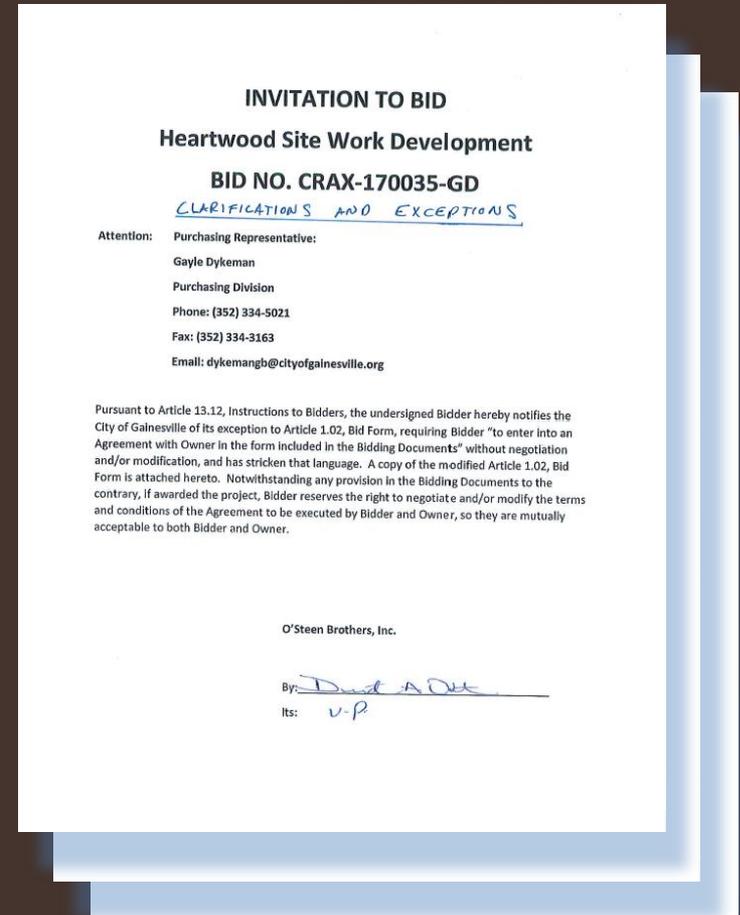


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OVERVIEW OF BID PROCESS

- MAY 2017 INVITATION TO BID
- Three “responsive and responsible” submittals
 - ✓ \$1,824,998.25 – W.G. Johnson & Son, Inc. (Withdraw)
 - ✓ \$2,542,810.00 – O’Steen Brothers, Inc.
 - ✓ \$2,920,000.00 – John C. Hipp Construction Equip. Co.



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Construction Budget



Bid Amount.....	\$2,542,810.00
W920 Balance.....	-\$1,118,116.59
C333 Balance.....	<u>-\$305,362.51</u>
Short Fall.....	\$1,119,330.90
Proposed Loan.....	<u>-\$1,100,000.00</u>
FY18 Budget Adjustment.....	\$19,330.90



PROPOSED FINANCING DETAILS

\$1,100,000 @ 2.25% Interest

- Total Interest ~\$99,337.50
- Projected Life: October 2017 – 2022
- Interest only payments twice a year until 2020
- Balloon Payments:
 - October 2020 Principal Payment - \$360,000
 - October 2021 Principal Payment - \$365,000
 - October 2022 Principal Payment - \$375,000



POTENTIAL BENEFITS

- Includes Home Buyer Assistance of \$170,000
 - (\$5,000/lot for 34 lots)
 - GRUCom Pilot
 - Fire Sprinkler Pilot with GFR
- Loan and payment schedule will allow for the tax base to grow
- Balloon payments will prevent excess interest expense and create a shorter timeline for repayment



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5-YEAR OUTLOOK

	Projected TIF Revenue	% of Increase	Loan Payments
FY18	\$599,845.00	3.5% increase	Interest Only \$24,750
FY19	\$620,839.00	3.5% increase	Interest Only \$24,750
FY20	\$642,568.00	3.5% increase	\$360,000.00
FY21	\$665,058.00	3.5% increase	\$365,000.00
FY22	\$688,335.00	3.5% increase	\$375,000.00



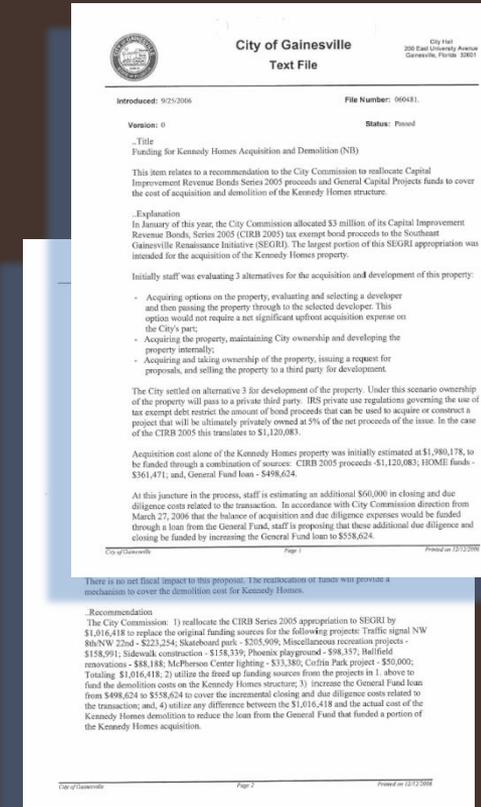
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ACQUISITION FUNDING SOURCES

Property purchased April 2007 by City of Gainesville

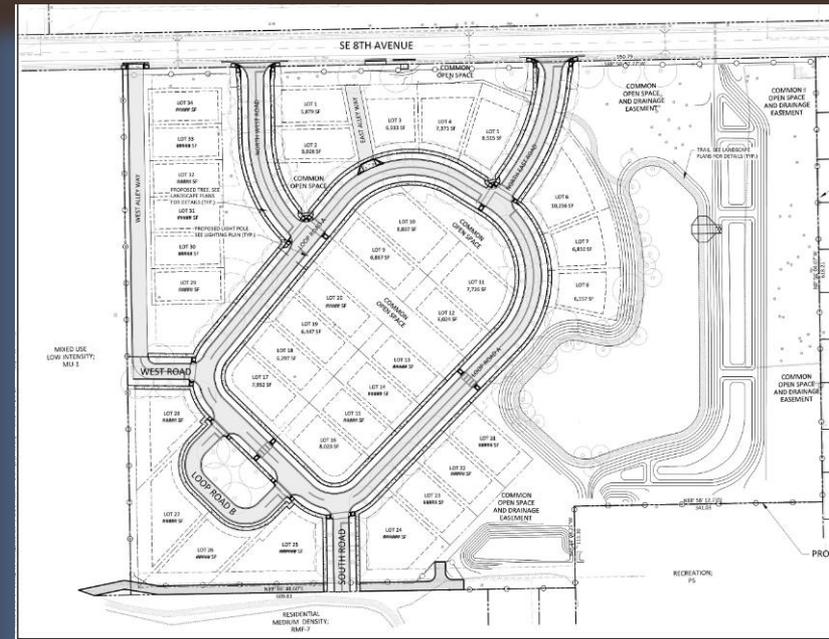
- General Capital Project Fund.....\$118,588
- General Fund.....\$1,456,454
- HOME Fund.....\$575,000
- CIRB Bond.....\$1,120,083
- Interest.....\$46,649

Total Contributions – \$3,316,774



LOT SALES AND REPAYMENT

- Maximum 34 Lots within the development
- Potential Lot Proceeds = \$540,000
- Home Fund account will be prioritized for repayment from lot sale proceeds
- Balance to be paid by TIF Revenue after 2022



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Marketing Efforts



Eastside Community Meeting

Objectives

- ✓ Increase awareness of CRA Projects
- ✓ Provide information on incentives
 - Façade Grant
 - Residential Paint Program
 - Job Relocation
 - Company Relocation
- ✓ Introduction to Advisory Board Members and Staff
- ✓ Receive additional feedback for Vitality Report

Meeting will be scheduled for the end of September





Gainesvilleeast Campaign

Beyond Looking East, we are encouraging people to Experience East, Explore East, Celebrate East, Discover East, Live East, Work East, Play East, Hike East, Run East...

PURPOSE:

Create and increase awareness of ongoing and upcoming CRA initiatives on the East Side with the intention of attracting potential residents, businesses, and developers.

TIMELINE:

- September 2017: Campaign launch at Downtown Farmer's Market. Tabling at events throughout Gainesville, including Free Fridays at BDP, Eastside Community Meeting, and Heartwood groundbreaking.
- late 2017/early 2018: website launch. **gainesvilleeast.com** will be a resource for residents and visitors, including: Attractions (restaurants, recreation, shopping), Employment, Housing, News, Events, Community Resources.
- 2018: Hosting and coordinating a new East Side Farmer's Market at Cornerstone. Continue to table at community events.

NEXT STEPS

- Execute Contract with O'Steen Brothers, Inc.
- Secure Preferred Builders List
- Develop Final Pricing for Lots and Homes
- Site Construction to Begin August 2017
- Continue Design Plat Process



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RECOMMENDATION

City Manager to City Commission:

- 1) Approve the CRA Executive Director to move forward with securing a loan from the City of Gainesville for Heartwood site work as described
- 2) Approve Staff to prioritize the repayment of the HOME Fund Revenues from lot sale proceeds



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