



Integrity Development Partners, LLC

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## INTEGRITY DIVERSITY PURPOSE

September 25, 2014

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

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 entered by and between Integrity Development Partners, LLC, a Georgia limited liability company and registered to do business in the State of Florida, (the “Developer”) the City of Lake City, Florida (the “City”) and Columbia County, Florida (the “County”) (Developer, City and County being collectively the “Parties”) for Developer’s proposed redevelopment and operation of the Blanche Hotel 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 set forth herein. The Parties agree to act in good faith and use reasonable efforts to fulfill their responsibilities outlined below.

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 21,200 square feet of common use area;
  - approximately 17,600 square feet of commercial space (retail/restaurant);
  - approximately 7,150 square feet of residential units;
  - approximately 4,150 square feet of conference facilities;
2. Financing. The total development budget for the Project is estimated to be \$13,675,000. Developer anticipates receiving funding from the following sources:

- Conventional Financing - approximately \$6,400,000;
  - Federal Historic Tax Credits - approximately \$2,600,000;
  - Federal New Market Tax Credits - approximately \$2,500,000;
  - Soft Loans/Grants - approximately \$2,000,000;
  - Developer Equity (via deferred developer fee) - approximately \$200,000;
3. Project Schedule: The Parties anticipate the following timeline for the Project:
- Land Acquisition – within 6 months;
  - Financing Closing– within 18 months;
  - Construction Completion – within 18 months of Financing Closing;
4. Developer Responsibilities: In cooperation with the City, County and local stakeholders, the Developer will accomplish the following:
- Coordinate the development, design and interior layout of the Project, including but not limited to the selection of the architect, engineer, lender, investors, accountants, , attorneys and other professionals;
  - Obtain necessary approvals from local, state and federal governments to secure permits;
  - Secure financing and provided guarantees as reasonably required;
  - Acquire, develop, own and operate the Project, through an affiliate;
5. City/County Responsibilities. In cooperation with the Developer and local stakeholders, the City and/or the County will accomplish the following:
- Coordinate the acquisition of the Project from its current owner at a maximum purchase price of not more than \$250,000;
  - Obtain funding commitments totaling no less than \$2,000,000 in the form of low-interest soft loans or grants;
  - Where permitted by law, waive all fees charged by the City or the County during development and operation of the Project;
  - Obtain written confirmation that property taxes will be calculated using the pre-development value of the Project for no less than 20 years;
  - Obtain a master-lease or cause at least 80% of the non-residential square footage to be leased at rental rates not less than \$11 per square foot triple-net;
  - Have the right, but not the obligation, to purchase the Project at its Fair Market Value after 7 years from Construction Completion.
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 March 30, 2016 [drop dead date].
  - Costs. 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 all expenses incurred and all 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.

- 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.

If the terms outlined above are acceptable, please acknowledge by your signature below. 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: \_\_\_\_\_

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

**Columbia County, Florida**

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

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

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