

**OFFICE OF THE CITY COUNCIL**

117 WEST DUVAL STREET, SUITE 425

4TH FLOOR, CITY HALL

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**CITY COUNCIL LUNCH AND LEARN MEETING MINUTES – amended**

**“THE DISTRICT” SOUTHBANK PROJECT**

**Lynwood Roberts Room, 1st floor, City Hall**

**117 W. Duval Street**

 **March ~~12~~ 26, 2018**

**11:30 a.m.**

**Location:** Lynwood Roberts Room, 1st floor, City Hall – St. James Building; 117 West Duval Street

**In attendance:** Council Members Lori Boyer, John Crescimbeni, Greg Anderson, Aaron Bowman, Scott Wilson, Danny Becton, Tommy Hazouri, Joyce Morgan (arr. 12:13 p.m.), Matt Schellenberg (arr. 12:25 p.m.)

Downtown Investment Authority Board members Jim Bailey, Braxton Gilliam, Jack Meeks, Ron Moody, Brenna Durden

**Also**: Cheryl Brown – Council Secretary/Director; Jeff Clements – Council Research Division; Susan Grandin, Emerson Lotzia and John Sawyer – Office of General Counsel; Kim Taylor and Heather Reber – Council Auditor’s Office; Aundra Wallace, Guy Parola and Tom Daly – Downtown Investment Authority; John Pappas and Tom Fallin – Public Works Department;

See attached sign-in sheets for additional attendees.

**Meeting Convened**: 11:37 a.m.

Council Member Boyer convened the meeting and introduced herself as the City Council’s liaison to the DIA as well as the District 5 Council Member, the district in which The District project is to be located. The purpose of the meeting is to explain the current status of The District project and to answer questions about the proposed financial structure of the deal. She distributed a number of documents explaining the framework of the project. She said that fundamentally the incentive package for the project is very standard – a Recapture Enhanced Value (REV grant) on the private development and a City-supported infrastructure project for public parks and a Riverwalk extension.

Aundra Wallace, CEO of the DIA, said that The District as currently envisioned involves the creation of a Community Development District (CDD) for the private portion of the project. Total investment in the 30-acre project is anticipated at $216 million, on which the REV grant would be 75% of incremental taxes collected on this parcel for the life of the Southbank Community Redevelopment Area (maximum of 22 years). The other portion of the project would be the public spaces and amenities, at a total cost of $25 million from the existing Southbank CRA, with $21.9 million being paid for the public space construction costs, $2.5 million for project management services, and $600,000 for the City’s Parks Utility Reserve. There will be 100 public parking spaces dedicated to accessing the public spaces, which will not count toward the developer’s parking requirements for the private development. No work on public improvements will begin until the developer has closed on the property acquisition and solidified its financing to begin construction. The public spaces must be conveyed to the City, either by the developer or the JEA at closing, free and clear of any encumbrances. In response to a question from Council Member Becton about who would constitute the Community Development District board, Mr. Wallace said the developers would constitute the original board for the first few years, then members would be elected from among the owners/operators of the parcels as they are developed.

Ms. Boyer said that the end of the REV grant is conditioned on the end of the Southbank CRA (22 years remaining). Council Member Bowman requested information about the REV grant percentages and lengths of other City-supported projects. Council Member Boyer said that although the 220 Riverside, Pope & Land, and Southeastern Ventures projects all received 75% REV grants for 20 years, The District will be different than other recent City projects in that the developer will be financing and constructing all the public infrastructure rather than the City. DIA board member Jack Meeks suggested that a timeline of development and financing events would be helpful to show the relationship of all the pending steps (what comes first, which events are contingent on or triggered by other events, etc.). Aundra Wallace said that the DIA calculates a 1.39 return on investment for the project. In response to a question from Council Member Hazouri, Mr. Wallace said that the Southbank CRA is generating sufficient revenue to support both The District and other desirable projects on the Southbank as well. He cautioned that projects being speculated for the Northbank (Shipyards redevelopment, new convention center, etc.) would be seeking funding from the Northbank East and West CRAs, which are currently in a deficit position on their revenues compared to current obligations. DIA member Brenna Durden felt it would be wise to condition the City’s start of construction on the public spaces on a commencement of vertical construction on the private development so that the City doesn’t get too far ahead in its construction. Ms. Boyer said that formal contracts will be executed early in the process before property is conveyed to the City for the public improvements.

Maik Aagaard, the developer’s financial advisor, said that the developer has received interest from an investor in purchasing all of the CDD bonds. Ms. Boyer outlined the process by which the City has traditionally fronted the money for work within CRA districts and then been repaid by the proceeds of the tax increment district. She said that the Southside TID currently has $5 million available and will generate approximately $2 million additional for each of the next 2 years before any improvements are completed and funds begin to flow to reimburse the costs of construction of the public park and Riverwalk. Mr. Wallace said the DIA hopes to borrow no more than $10-12 million from the City to finance the balance ($22 million obligation minus $5 million on hand plus $4 million accumulating over the next 2 years) for public portions of the project. Council Member Crescimbeni questioned how the 100 parking spaces reserved for public access to the public amenities will be reserved for that use and not used by The District residents, guests, patrons of the retail establishments, etc. Mr. Crescimbeni also noted that the City has had a very checkered past with hiring owner’s representatives to represent the City’s interests in construction projects (the Main Library, Veterans Memorial Arena, etc.). The City has ended up making additional payments to fix problems at those facilities that should have been caught by the owner’s representative at the time of construction. Council Member Becton requested a cash flow analysis of the City’s expenditures and recoupment for The District.

Ms. Boyer said that the proposed marina will include a river taxi dock and kayak launch. Council Member Anderson suggested that the public also have access to some of the marina slips for transient boaters. In response to another question from Mr. Anderson about the role of the JEA board in the overall project, Ms. Boyer said that the developer is going to purchase the property outright and the JEA board might be asked to convey some of the acreage to the City rather than to the developer. DIA board member Meeks asked for an explanation of the differences in the deal as currently proposed from what the DIA board approved some months ago. Mr. Wallace said that the previously approved financing structure could not be finalized satisfactorily by both parties, so the process began again to produce this new proposal. Council Member Hazouri suggested that the developer meet with the School Board about the possibility of leasing some of the school board headquarters parking spaces at night and on weekends to supplement on-site parking. He also suggested that the City Finance Department and Council Auditor’s Office get involved immediately in the financial discussions so that they can contribute their expertise and keep the Council informed as the negotiations progress. Mr. Wallace explained that the development outlined on the Exhibit A handout estimating value at buildout represents the actual proposed construction, which is less than the developer’s entitlements for the site. The financial calculations are based on the proposed actuals, not the larger entitlement. Council Member Schellenberg asked if the developer planned to start on the project before final City Council approval or not. He has heard conflicting statements from various representatives of the developer. Mr. Schellenberg asked for a sheet showing the total financial commitment by the developer and all of the commitments by the City to the project (City, DIA, CRA, etc.).

Mr. Aagaard reviewed Exhibit B, the CDD bond structure and amortization schedule using the Southbank TIF revenues generated from the development on the site. In response to a question from Council Member Crescimbeni, Ms. Boyer explained the process for the 30 acres of JEA property transitioning from public ownership to private, taxable ownership and appearing on the tax rolls. The vacant land will begin generating tax revenue immediately, and the tax increment will begin accruing when development begins and raises the value above the threshold year. In response to a question from Brenna Durden, Mr. Wallace confirmed that Exhibit A shows the dates when the three phases are expected to be complete and generating tax revenues, based on the construction schedule the developer has provided.

Council Member Boyer offered to meet with individual members via noticed public meetings and agreed to schedule another open meeting in the first week of April.

**Meeting adjourned:** 1:13 p.m.

Minutes: Jeff Clements, Council Research Division

3.28.18 Posted 8:30 a.m.

Tapes: City Council Lunch and Learn – “The District” Southbank project – LSD

 3.26.18