

**OFFICE OF THE CITY COUNCIL**

**RESEARCH DIVISION**

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**NOTICED MEETING CM GAFFNEY AND CM BOWMAN**

**RE: ORD 2020-648 LOT J**

**Hybrid Virtual/In-Person meeting**

**November 24, 2020**

**1:00 p.m.**

**Location:** City Council Chambers (hybrid virtual/in-person meeting)

**In attendance:** Council Members Reggie Gaffney, Aaron Bowman, Rory Diamond, Ron Salem, Sam Newby, Randy White, JuCoby Pittman, Terrance Freeman, Danny Becton, LeAnna Cumber, Michael Boylan (zoom), Kevin Carrico (zoom), Randy DeFoor (zoom), Al Ferraro (phone)

**Meeting Convened**: 1:04 p.m.

1. Call to order

CM Gaffney called the meeting to order. CM Gaffney said his objective is to get some clarity on the subject and have the ability to move forward with the timeline of the project which is in his district. CM Cumber talked about the meeting she had with CM Carlucci which discussed their Resolutions which would go towards what they would like DIA to do in terms of the project.

2. Meeting Overview

CM Bowman said he wants this meeting to be about answering the Council Members questions so there can be more clarity on the project and this is not about stating a position on the project but about learning. The first hour will be a breakdown of the project and the term sheets and then the second hour will be for questions and answers.

3. Project Timeline (First Announcement through Present Day)

Jordan Elsbury, Mayor’s Chief of Staff, went over the project timeline and there was a handout given to the Council Members detailing the project’s timeline - which started in January of 2018 where the City of Jacksonville and the Jacksonville Jaguars engaged to make a determination if there are any encumbrances to develop on Lot J. Mr. Elsbury went over the two years of discussions and process on this project. The Cordish Companies also signed a term sheet with the City of Jacksonville in January of 2018. Mr. Elsbury went through the specific markers that have been met by the City over the past two years in order to be in the posture currently to move forward with this project. July of 2019 is when the official announcement was announced by the Mayor. Mr. Elsbury talked about the most recent meetings with the Council Auditor’s Office where on October 8th and October 23rd there were lengthy discussions about the project. On October 27th legislation for the project was introduced. On November 3rd there was a third meeting with the Auditor’s Office. On November 5th there was a Committee of the Whole meeting to discuss the legislation and on November 18th the entire Downtown Investment Authority approved the plan and on that day there was also a meeting with the Auditor’s Office. On November 19th there was another Committee of the Whole meeting and today November 24th is a full City Council Meeting.

4. Project Components

Zed Smith, Chief Operating Officer at the Cordish Companies, gave a walk through of existing projects that have been developed through partnerships with the different cities. This was to show that Cordish continues to invest in the cities that they develop within. Mr. Smith first showed the development they have done in Charleston, South Carolina. Mr. Smith gave a description of what the Live! brand is and what is to be a space focused on building community around entertainment and sports.

The project components for this development consist of $77 million which will go toward infrastructure such as a clean up, signage, and sidewalks. There will be a residential component that will have 700 parking spaces and 400 residential units. There will be 75,000 square feet for retail and space for entertainment and a hotel which would be owned by the developer, and the City will be in ownership of the Live! venue. The City will pay $50 million and the developer will pay $50 million for the Live! venue and anything over that cost will be paid by Cordish.

5. Comparison of Original Term Sheet vs Revised Development Agreement

Mark Lamping, President of the Jacksonville Jaguars, detailed the changes from the original term sheet to the revised development agreement. Mr. Lamping covered the changes since September 28th revised term sheet. There was a change that eliminated the developer’s ability to move infrastructure savings to cover private investment. The City would have a reduced contribution because of the breadbox loan from $65.5 million to $52.5 million. The City retains rights to the surface parking lot. Since September 28th the potential timetable of the project has been reduced and now the maximum timetable has moved from 11 to 7 years, which would be the final piece of the project will be finished - the hotel component. Operating costs for the residential garage used to be solely the City’s responsibility but now will be split 50/50 with the developer. The City will have input on the breadbox trustees. The bread box loans will only go to the mixed-use and hotel components, and infrastructure funds can only go towards infrastructure.

6. Questions and Answers

CM Salem asked Mr. Hughes about the impact on the Florida - Georgia football game and mostly about the impact on parking around the event. Mr. Hughes said that in 2019 the schools were informed on the development and the occasional disruption in the years to follow and also know that there will be a growth in attendance and excitement once the development is completed. CM Salem asked Mr. Lamping how the 50/50 parking is funded. The two parties will be putting in money and will split the costs. The City will retain 100% of the revenue of the garages. Mr. Lamping said that the infrastructure is estimated to cost no more than $77.7 million, but if something is found that we don’t know of yet then the City has to invest $15.5 million and everything after that will be the Jaguars’ responsibility.

CM Cumber asked Mr. Smith about a typical timeframe for development. Mr. Smith said without any environmental issues, the timeframe is about 48 months. Mr. Smith talked about the approval process of the project. CM Cumber asked if other projects have hotel surcharges. Mr. Smith said there have not been but there have been leisure surcharges, but not specifically for hotels. Mr. Smith talked about other projects currently in development around the country.

CM Becton asked questions about the parking garage in terms of construction cost. Mr. Lamping said it is $29.1 million. $18 million is the City’s cost for the construction. CM Becton asked if the surface lot would be built first. Mr. Smith said that this would be done first before tearing up Lot J. The resurfacing, lights, equipment and filling in the retention pond will be at a cost of $7.7 million.

CM Pittman asked Mr. Smith about small businesses that are in close proximity to the project and how will they be included into the project. Mr. Smith said it is about being creative with every city being different, and they made a commitment of 25% to local contractors and on other projects they have made up to 50% commitment. There have been two events which invited the local vendors. They have a commitment to pay on time and a commitment to smaller bid packages which allow smaller businesses to be competitive. Mr. Smith said there will also be retail opportunities as they work with local businesses.

CM Pittman asked about the cost and renovations of the stadium and why aren’t they extending the lease on the stadium. Mr. Lamping explained the lease extension process. There is ten years left on the lease including this year. In ten years, the Jaguars will go to the NFL and will need a 3/4 vote by the owners to extend the lease and keep the team in Jacksonville. The structural integrity is an important element of the stadium. This means that renovation is possible instead of the stadium having to be rebuilt.

CM Gaffney asked Mr. Elsbury if the Downtown Investment Authority has looked at every level of financing of the development. Mr. Elsbury said that DIA took action on items they normally take action on. Mr. Smith said the overall impact of the development would be estimated number of $2 billion over four years.

CM Bowman asked about the breadbox loan, where the City of Jacksonville is acting as a financial institution with a $65 million loan. Mr. Lamping talked about the $65 million and how if it was a grant it would be taxed and this would be an issue because it would need to be more like $90 million. The loan structure is based on it all going into the project. Mr. Lamping said this is the most efficient structure to put money from the City into the project.

CM Boylan asked about the financial relationships of the Cordish Companies in other cities. Mr. Smith said those relationships are good because they follow through on commitments. Each city contributes the grant, incentive, and infrastructure. Mr. Smith emphasized that they have a strong track record in many cities. Mr. Hughes said this deal is built to get the taxpayers the most out of this project.

CM Diamond asked about the obligation of the lease if the team was to leave Jacksonville. Paul Harden said the current lease agreement comes from the early 1990s. There are payments the team has to make if they leave. Mr. Harden explained that Shad Khan has been a free agent since he first bought the team. There are no financial obligations to leave the lease. Mr. Khan has no obligation to invest in the community but has invested $800 million in downtown. Mr. Lamping detailed all of the investments by Mr. Khan in Jacksonville.

CM DeFoor asked if there is any possibility that the LIVE! venue could be bought back if the team leaves. Mr. Lamping said they have not agreed to a buy back.

CM Bowman asked about the return on the investment to the City. Mr. Hughes said it is most closely based on if cities have had more phases to the development.

CM Becton asked Mr. Smith why do the parking garages need to be owned by the city and why are they not owned by the developer given that they are internal to the residential construction. Mr. Smith stressed to not look at the parking in a vacuum and that there is a lot more with the ability of Lot J development and the Live! venue. The City will get transient revenue from parking. CM Becton talked specifically about the 700 spaces in the surface garage, and the cost there will be for the City to maintain them not receive the tax revenue.

CM Salem asked about City’s contribution to the Live! venue. Mr. Smith said the City’s portion was similar to other cities at 50% and in some cases the cities have paid 100% and gotten rebates back on the investment.. Mr. Smith talked about their track record and that it has been consistent. Mr. Elsbury said they have tied their expectations to how other Live! venues have been operated around the country.

**Meeting adjourned:** 3:09 p.m.

Minutes: Richard Distel, Council Research Division

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12.10.20 Posted 5:00 p.m.