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Wednesday, April 19, 2023
12:00 PM

RE: CMs Boylan and Carlucci Noticed Meeting RE: Laura Street Trio Lunch-and-Learn Workshop

Location: Lynwood Roberts Room, City Hall

Attendees:

CM Matt Carlucci
CM Michael Boylan
CM-E Will Lahnen
CM-E Joe Carlucci
CM-E Ken Amaro
CM Ron Salem
Steve Atkins
Dr. Wayne Wood
Tom Hurst
Pam Atkins
Bob Atkins
Joana Berling
Brett Nolan
Carol Brock
Kat Hardwick
Jason Gabriel
Jake Gordon
Tiffany Adams

Markello Spivey
Carla Lopera
Deno Hicks
Chester Aikens
Jason Snyder
Graham White
Andrew Lesnick
Joe Niggel
Edward Sarnowski
Joe Atkins
Robert Schnock
Julia Epstein
Edward Wigelsworth
Terrence Johnson
Maritza Rivera-Clapp
Lori Boyer
Steve Kelly
Guy Parola

David Bauerlein
Mike Mendenhall
Nick Blank
Chuck Shealy
Dr. Alan Bliss
Andrew Hame
Jeff Clements
Laura Edgcombe
Amber Lehman
Matt Brockelman
Nikki Evans
Carnell Oliver
Sheri Webber
Sonia Johnson
Phillip Peterson
Kim Taylor

Video Link: <https://jaxcityc.granicus.com/player/clip/4974>

Presentation File:

http://apps2.coj.net/City_Council_Public_Notices_Repository/Laura%20Trio%20Presentation_04.19.23.final.pdf

Catered box lunch provided by: Southeast Development Group, LLC

Meeting Convened: 12:01 PM



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CM CARLUCCI

Well, we're gonna go ahead and get started because it is a minute after 12 and I want to be prompt. I would like for us to have a presentation, of course, by the development team. I would like to have questions from current Councilmembers and from our Councilmembers-Elect. I'm gonna take a chance and recognize some key individuals here, and I'll start with my cohort, Councilmember Boylan and his aide, Sonia, and my aide, Sheri, have put the logistics for everything together. So, we appreciate that. We have Jake Gordon with the DVI here, and then we have Councilmember-Elect Ken Amaro. Anybody here know Ken Amaro? Ever heard of him? [laughter] We have Will Lahnen is here, Councilmember-Elect for District 3. We have Joe Carlucci here who is Councilmember-Elect for District 5. And we have Alan Bliss and Wayne Wood from our historical community, and I want to mention our DIA executive director, Lori Boyer, and her team—Steve Kelly and Guy Parola. And I'm sure I'm probably missing some other folks, so my apologies to that.

Michael Boylan, would you like to say a few words? And then you could introduce Steve and we'll be on our way.

CM BOYLAN

Good afternoon. I appreciate the opportunity to work with Councilmember Carlucci in putting this together. Steve and I met some weeks ago. A number of times, actually, over the course of time as this project has a personal interest for a lot of us. We kind of saw it as a mantelpiece of downtown development for a long time, and I still consider that to be the case. So, I suggested to Steve that we have this kind of opportunity, particularly for our new Councilmembers-Elect. Congratulations, and thank you for being here.

And we're trying to understand where the project is today. We know DIA, Lori Boyer, and her staff, have been working diligently with Steve and his team in putting together a unique opportunity. And I understand this is a policy decision that we as Council members have to make and that's why we wanted to have this kind of conversation today. Really just to get all of us up to speed as to where the project is, the challenges it has faced over the course of time, and the prospect of its future. I met briefly this morning with a couple of his folks and said I'm acting to see this project stay alive and moving forward with the accent being on moving forward. And I think that's what we're looking to see happen. It's not going to be easy, but I think the return on investment over the course of time will be worthwhile to the community. With Jake and others being here, they understand the importance of that being a centerpiece of our downtown, and so I encourage us to continue to take an earnest look at it.



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And with that, Steve, I'm gonna invite you up. Steve Atkins has been the driving force behind this for a long time. As I told him yesterday, I certainly admire his diligence and his vision for moving it forward. So, with that, I'm gonna turn the podium over to you to kind of walk us through the project. And for those who haven't grabbed a lunch yet, which I'm going to do momentarily, please do so. Thank you.

ATKINS

Good afternoon. I really appreciate the opportunity to come and share the information and background, and hopefully, the future of the project here with you this morning. Special thanks to Councilmen Matt Carlucci and Michael Boylan. They've been great champions for us over the years and really support the project. Also, I wanted to say a special thanks to the DIA—Lori Boyer, Steve Kelly, and Guy Parola are all represented here today. We spent a lot of time together over the last few months and have gone through some of the dynamics of this project. You know, the past, the future, the changes that we've been making. We've got a presentation put together for you today. That is pretty comprehensive, but it's at a high level.

There's a lot of evolution that this project has taken over the past year and we'll talk about what that is and why. And we're just excited to share it with you. We're at an interesting time in our market and an interesting time in downtown Jacksonville. And really, there's no more important project to see executed for our downtown, and one that really speaks to the revitalization of our area than the Laura Street Trio. It's catalytic and it's right in the center of the heart of Jacksonville and we're very excited and we're very focused on making sure that this gets executed the right way.

We're gonna go through the presentation, maybe around 30-40 minutes. I'm going to give you the high points and some of the discussion. And then we'll save maybe another 20-30 minutes after that for Q&A. And I'll try to answer any and all the questions that you may have. Before I get started, I'd like to introduce the team because it's certainly not just about me, it's about the team that's represented here today. I'm extremely proud of this particular development team. The design professionals and the support staff. I want to start with Mr. Graham White who is one of my partners at Southeast Development Group, Joe Niggle who is our finance agent, and it's always nice to have the money show up. Jason Snyder's here, he's with Gensler. He's one of the architects and part of the design team. Tom Hurst and Julia Epstein are here with Dasher Hurst Architects, they are our local architects and our architects of record. I've got a great consultant in Dino Hicks, who helps us navigate the public policy portions of this project. And we're really excited and fortunate to have a counsel in Jason Gabriel, who happened to be the General Counsel for the city for the last 11 years. So, we're really pleased with our team. They do an outstanding job and much of the credit goes to them. I just try to steer the ship.

[slide 1]



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So, with that, let's talk about the Laura Street Trio, everyone's favorite project. It's been a journey and we're continuing on that journey. We're going to talk about kind of where we've been and where we're going and the changes. Most of you probably remember we introduced this project before as, really what we thought of as, the first phase which was all hotel. That has evolved, actually through the COVID crisis and beyond into a much fuller, more comprehensive program that is mixed-use, hotel, retail, and a multifamily component, which is exciting and it's something that we always wanted to do. The markets will have forced our hand and made us go ahead and rethink that to move this forward.

[slide 2]

Obviously, this consists of three historic properties that are very important to our downtown in the context of Jacksonville history. For those who may be coming to this with new eyes and not familiar with the project, the three historic properties are the Florida National Bank building, all of us here locally call it the marble bank building, built in 1902. It was one of the very first buildings that was built after The Fire and very key to our to our history here, particularly in the banking industry. The Bisbee building, which is next to those you see in the photo as well which faces Forsyth Street. The Bisbee building was completed in 1908, and then the building that is adjacent and somewhat perpendicular to the other two that faces Laura Street is the Florida Life Insurance Company building. Both of the Two Towers are both Klutho buildings, so they have a lot of importance in terms of our historical context here. The Florida Life Insurance Company building was finished in 1912. So, these are very, very early buildings that were built after The Fire, and really played a very key part in the historic context of Jacksonville. And the CRA actually recognizes them as probably the most critical set of properties to redevelop and part of that revitalization effort for downtown, and they present a very unique opportunity for us from an adaptive reuse standpoint.

[slide 3]

So, in terms of location and context, these buildings are really the epicenter of downtown Jacksonville, particularly our central business district. So, you can kind of see we've represented what's going on around it. These buildings are two blocks north of the river and two blocks south of this location at City Hall. So, they are right dead in the middle of everything that is happening in downtown Jacksonville.

[slide 4]

We like to think that we're building on great foundations and that comes from our work previously in the first phase of our efforts downtown at the Barnett National Bank building. So, most of you guys are



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familiar with Barnett. It's an 18-storey tower directly across the street. We tackled that project first. It's about 160,000 square feet altogether and a \$55 million adaptive reuse project and it really is a great opportunity, a great representative of what this kind of project means for downtown—a true adaptive reuse mixed-use project. It has 107 units, multifamily units, which includes 25% workforce housing. A lot of people don't realize that. It's somewhat transparent from the outside or from the market. But we will talk more about that and how important that workforce component, that affordable housing component is. And we'll be continuing to work with that on the new project as well. It's also nice to have the world's largest bank as our anchor tenant. We brought Chase Bank to downtown Jacksonville and have their largest flagship location for Northeast Florida. And it's their largest retail brand, so it's exciting to have those folks there. We also have a home office with the Jacksonville Business Journal, as well as a space for UNF. And so, it's been a real success story and we're very proud of it. A building that was in very poor condition, needed a lot of work, very similar to the Laura Trio. And so, we're pleased to call that kind of a foundation on what we can do to get started.

[slide 5]

This is just a quick little photo spread of what the building used to look like inside the Barnett building when we started and where it is now. So, you can kind of see we started with really just some sticks and bricks and bones and had to really start from scratch from a shell, and those other photos are what the interiors look like for Chase Bank as well as the penthouse unit in the building as well.

[slide 6]

So, the development program that we're proposing now for the Laura Street Trio is, again, a mixed-use program, and it is broken down the way that we have shown here. So, it would be addressing the re-adaptive use of all three historic buildings, and then we'll be building two new additions to the site itself. So, there's two 11-storey additions, one will be tied to the Bisbee building that will consist of a hotel component and a second 11-storey building that would be tied to the Florida Life Insurance Company building, and that's part of the multifamily component. So those are both 11 stories. Collectively this becomes over 300,000 square feet of new activated space. That's a lot of space.

There are two major components as part of the uses. There's 143 key Autograph Collection Hotel by Marriott. We own the franchise and the territory rights for downtown for this autograph collection. If you're not familiar with autograph, you'll be getting the high points of that. It is Marriott's four-star boutique program. Really unique, really special. We've been working with Gensler and their team on the branding of the hotel. There actually is a name that's been chosen for the hotel. It's going through trademark review right now with Marriott International, but I won't tell you it today, but as soon as it's



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approved, I'll let you know. But it does speak to the history of the site, as well as what's happening. That Autograph Collection is just a fantastic brand. It'd be something really special for downtown and it will really fill a unique niche and placement in the market. We'll talk about that a little bit further as well.

There'll be 6,000 square feet of ground level retail space. That will be, you know, another type of use there on the street. There'll be a grand restaurant and bar, full service restaurant and bar, in the marble bank building, in Florida National Bank building. It's a very special space, and if you haven't seen it inside, please feel free to email us and ask us to send you photos. It's a really, really cool place and it really will become "Social Central," and that's what we're going to be referring to that as. So, it's going to be a great sense. It also has an underground vault area that's going to become a speakeasy bar. So, there will be multiple venues inside this space. Matt Carlucci and I are going to have a drink immediately in there. So, looking forward to that. We've talked about that for quite a long time. There's an indoor-outdoor rooftop bar that will be on the top of the addition to the Bisbee Building that will overlook the St. Johns River. Really cool location with a 270-degree view of the river. So, another venue, another entertainment-oriented use. Again, the underground speakeasy lounge and bar.

Then with the other second edition, we'll have 169 multifamily apartments. Now, 118 of those will be at market rate. We'll talk about what that means a little bit. And 51 of those, about 30% of those, will be an attainable workforce rated units at an 80% AMI. And we'll talk more about that as well. So, it is going to be a great program. We will seek LEED certification. We achieved LEED certification with the Barnett building, and we'll be doing the same with the Laura Street Trio. By the way, people ask a lot about how do you fix this? How do you put this thing back together? How will you ever restore those capitals on top of for the Florida Life Insurance building, the ones that are gone. You know, the ones that got chipped away over the years? Dr. Wood and the Historic Society have been really great partners with us in working together and assembling old records and old documentation from old Klutho drawings and photographs that Dr. Wood had. This is actually a shop drawing, this photo is a shop drawing from Klutho of the original capitals. We have records that go back over 120 years that we will be able to reference in that restoration process. So thank you Dr. Wood and Alan, thank you for your help to those getting those documents.

[slide 7]

This is an elevation of the site and from Laura Street. This is westerly elevation. So, what you see there is the Florida Life Building in the middle, the side—if you will—of the marble bank building, and then over on the left-hand side is the addition, the 11-storey addition, that will be part of that multifamily component.



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[slide 8]

When you turn the corner, the marble bank building, of course, faces Forsyth Street. That's where the restaurant and bar will be. The Bisbee building will be part of that hotel. The lobby will be at the base, or the first level, of the Bisbee building. And then the addition to the Bisbee building will also house part of the hotel. That's where you see the sunshade on the top. That's where the rooftop bar will be, and also there will be a street level cafe that faces Forsyth street.

[slide 9]

When you kind of go back and turn the corner looking down at Adams, this is a view looking down Adams Street. So, you see the 11-storey building there in context and how large it is, and the space that it will occupy. So, the entire site: there's the three historic buildings and the open side of the space. All of that will be full to the half block. It's completely reimagined and rebuilt.

[slide 10]

The site plan. So, this gives you some of that context: how the north portion of the site is multifamily, and the southern portion of the site is a hotel. So, it kind of splits it almost in a 50-50 kind of configuration. That shows how it all works together.

[slide 11]

This is the second level of the two towers: the former Florida Life Insurance and Florida National Bank building. The marble bank building, obviously, is where the restaurant and bar is. This guy shows you the layout and figuration of how the new additions tie into the historic buildings and those multiple units. Again, hotel on the southern portion and multifamily units on the northern half. This goes up to the third levels and this is typical of the third through the 10th level.

[slide 12]

And then on the 11th floor, you'll see how we have the rooftop bar laid out on the addition to the Bisbee building and it will be facing south, literally facing towards the river.

[slide 13]



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So now we can talk a little bit about the Autograph Collection. And again, this is Marriott's four-star boutique product and each property in the autograph collection is unique. This is very much geared towards the historic context of the buildings and the area and the region. So, this is an opportunity to really shine when it comes to showing off downtown Jacksonville.

[slide 14]

The hotel positioning strategy with the four-star boutique program is really filling a unique niche. You know, we have the Four Seasons coming at the shipyards and that's going to be very, very high end. So that's the highest point of the hospitality schedule here in downtown Jacksonville. We have other newer products that are also in the market. There's a gap that we hope and look to fill in that upper to mid-upper scale market with the four-star boutique. So, if you're going to spend, you know, \$400 A night, at the Four Seasons, you can come and spend \$250 a night at the Autograph Collection, and save your money. Nothing against Mr. Khan. I hope Mr. Khan does extremely well.

[slide 15]

Actually, we're excited that it's coming to the market because what it does is it lifts our ADR as well with that type of a product. This is really a multi-layered program. You can see how we've kind of mixed the uses together and spread it out in the property. There's a great opportunity to have events in a conference space here that can serve as both meeting spaces and event spaces. So, if you've got a business conference that can serve up to 70 or 80 people, or if you have a wedding, all those kinds of things are applicable in terms of how you lay out the property and how it would be used. So, we're excited about that. By the way, we'll have a copy of this presentation for everybody to take on your way out so you can take it home and talk about all the great things that we're doing, and for the Press, we have a media kit.

[slide 16]

Again, we're talking about very unique experiences. In some cases, very grand scale. In some cases, very intimate, but the spaces that we'll have activated within these historic buildings, as well as those new additions, are really going to be exciting. Something very special for Jacksonville and something that we don't have yet. Something that will really factor into the environment and the market.

[slide 17]



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The first thing you might want to think about in terms of the greeting or the welcome at the front lobby, it has its own bar. It has a lot of opportunity to have lounge space within that front lobby.

[slide 18]

This is a rendering. I don't think we've shown this yet. But this is a rendering of the interior of the hotel lobby. This is in the historic Bisbee building. You can see that we've kind of used some of the very warm colors and contexts that is outside of building—the architectural continuity outside the building—so, we sort of brought it inside. It's also a great design. The front desk is kind of set back so you have an arrival space. You've got a bar over to the side. We're going to be using some of the safety deposit boxes from the vault behind the front desk. So, it's a really cool concept. Gensler deserves a lot of credit. They did a great job in this particular design.

[slide 19]

This is another view within that same area. Dr. Wood, that's the circular stair that you see coming down on the left hand side, and then the lobby bar right across, directly across, from that space.

[slide 20]

So again, I mentioned the restaurant as a real “social central” place. I mean, we've had several events in the marble bank building. Everybody is, you know, gaga over that space. And when it's restored, it will really be special. There's nothing else in Jacksonville like it—frankly, there's nothing else in Northeast Florida like that space. And so, it really speaks to history. And it speaks to the opportunity to create a really dynamic restaurant/bar space inside. So, we're excited about that.

[slide 21]

This talks about that marble bank space. It's really a lot of special things because it's a relatively large space. So, there's opportunity to have a large bar, some private or even bourbon bars in that space, as well as, you know, plenty of seating for the overall restaurant. The restaurant will obviously served as the F&B program for the hotel, but it will also be open to the public, and it will be the place you want to go and have lunch, or take your wife out to dinner, or whatever makes it work for you.

[slide 22]



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The speakeasy lounge and the bar will be underground. It'll be in the vault space of the Florida Life building. We're planning private dining rooms and wine cellars in the vault spaces themselves. You actually enter the space by coming down an elevator from the marble bank building down into a vault. It opens up through the vault into the space. So, we're excited about that space too. Again, another kind of unique space within downtown.

[slide 23]

The rooftop bar. Obviously, everybody loves a rooftop bar, and in Florida, you kind of have to take advantage of the atmosphere and the weather, and the view we have, particularly in downtown Jacksonville, the view we have of the River and everything else. So we're excited about that space. And it'll be very, very successful.

[slide 24]

The hotel guest rooms are programmed and designed to a place where, again, takes in the historic context of the buildings—the color scheme, the color palette, even the furniture is period oriented. We're excited about that.

[slide 25]

The finishes are higher end. You wouldn't find this in your typical prototype hotel. This is again boutique oriented and a very special space.

[slide 26]

We have a rendering of that hotel guest room as well. Again, you see kind of that rich color palette. This is in the historic Bisbee building. So, it's a space where we are able to take advantage of those really large windows with seating at the windows. It's a space that would be, again, very unique and something that wouldn't otherwise in the market.

[slide 27]

I think this gives me the opportunity to talk about The Klutho. We're going to name our family component at the Florida Life Insurance Company building, in the addition, The Klutho. It's a celebration of the architect who was so impactful here in Jacksonville, and we're in a Klutho building right here [City



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Hall], and you know how important that is from an historic context, and we want to celebrate that as well.

[slide 28]

And this is, again, an opportunity to talk about multifamily living and what “affordable workforce” means. So, for everybody who's not necessarily in this business, the most commonly used metric for what that workforce category is, it really is defined as between 60% and 120% of the area, the regional area, median income. So, for Jacksonville, we know exactly what that number is and exactly how that translates into a rent category. The challenge is—and everybody reads these articles in the paper every week, right—that the rents just keep going up and up and up and nobody can afford to have an offering in terms of the marketplace. We're already taking advantage of that, as well, I'll be the first to admit. We're getting \$3 plus per foot across the street at Barnett, but we're also including workforce housing there as well. So, we have 25% of our units that are offered at 80% AMI. We're proposing the same thing here at the Trio.

And these are folks that are your teachers or your first responders or folks that might work at the hotel. Downtown living can't be for all rich people. It's got to be a blended market and folks that are representative of the entire demographic of our city. And that's what makes downtowns work. It's not always about a special place that people go to for a show and leave. You have to create a community, and this is what workforce housing and attainable housing does. And so, we've really been conscious of that and making sure that that is a part of this program. And that's part of why we're making the ask of the city. And it's part of what we're able to achieve in our financing. So, it opens the doors for a lot of different things.

[slide 29]

This is a rendering of the interior space of the Florida Life building that would be reimagined as a part of this multifamily unit. This is part of, you know, the work that we've done, particularly with the historic documents and the records. There is nothing left in these spaces. They are completely shells, and so we're using and referencing the old documents to make sure that we're recreating the space in the proper context. That is true of this building and others.

[slide 30]

For those who have been inside the building, you'll recall that... Alan, you'll recall the old wrought iron surround around the elevator that has a lot of the Klutho ornamentation. That's all restored. The tile



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floor in that original corridor is restored and it's put back in place. So, there's a great opportunity to reimagine the space with a new use while making sure that the preservation effort is done in a proper context. All of our plans have been submitted to the National Park Service. They've been approved at both Part One and Part Two level so we are at a place where we can start on a third [part].

[slide 31]

This is a rendering of an interior unit in the Florida Life building, part of the multifamily program—the apartments—and you can see that it's a very evolved kind of style: wood floors, exposed concrete ceiling, the exposed brick. This is, you know, again, part of our market research and what we already do across the street. Some of that is replicated here as well.

[slide 32]

Just a quick layout of a prototypical one-bedroom unit that's in the new addition. You can see that it's very much like what you'd find in a lot of units. There is space there, not just for the bedroom, but in a generous kitchen, with all the amenities that you might imagine. Again, when you get to take your copy of this home, feel free to send me an email to reserve your unit. [laughter]

[slide 33]

There will be two bedroom [units]. And in fact, one of the things from our market research, and experience across the street, is that we have a higher demand for two-bedroom units than we initially thought. All of our two-bedroom units across the street lease within 48 hours, if they become available. So, we know that, not just on roommate situations, but maybe with couples that want to make the second bedroom an office. People like to work at home now. We're happy to work at home now. So, this is another opportunity and another expansion in the market.

[slide 34]

So, let's talk about the money. There has been, you know, a lot of discussion about the project for a long time. When we initially proposed this project about a year ago, it was strictly a hotel. It was about a \$75 million dollar project, and about half the size it is now. When COVID hit and the market changed dramatically, you could not finance a hotel by itself. You just couldn't. And so, like I said before, our hand was forced. We needed to create and expand this program to make it financeable and also to serve the market that we ultimately wanted to serve. So, we've added, again, really double the size of this program, with the multifamily component, and the price reflects that.



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[slide 35]

So, if you kind of look at this from a metric standpoint, you can see that the left column there kind of shows you the different metrics on what's being built, how large it's going to be. We also analyze this from the level of what we can achieve in the market on rates, both from a multifamily standpoint, as well as from a hotel standpoint. So, you can see that, you know, our average projected out to 2025 would be a little over \$3 a square foot for the market-rate multifamily units and around \$220 per square foot on the affordable units or workforce units. From a hotel standpoint, we're also analyzing this based on a 73% occupancy level with an average daily rate of around \$200 and a rev bar of about 152. So that is actually pretty aggressive and pretty conservative. That, in fact, we think will outperform that. So based on the professional third-party analysts that we have, and they've done the reports, that's about where we think we'll be in terms of analyzing it today.

Overall, the cost of this project is a lot. A little over \$89 million on the hotel component and ironically almost the same for the multifamily. So right now, we're projecting based on the cost associated with this. We're just going to be over \$178 million. It's a big number, and it will require a significant ask because of a lot of different offerings. During that same period, while the market was really tight, during COVID and thereafter, not only did the financial markets change, so did the cost associated with building these types of projects. And over that year period, from late 2021 to late '22, costs—not just on our projects but most projects—increased from a 30 to 40% basis. And so that's one of the other factors that we have to address. What we've think is that this project, as much as any one other project, is warranted of this type of an investment because of where it is, what it represents, and what it can really do in terms of a transformational effect to the market.

So, the proposed incentives, the first part of that is from the DPRP category, and that's what we've worked with closely with DIA and for analyzing the costs associated with the project. Steve Kelly and I have spent a ton of time together. And he's been great in helping us through that process. So, the DPRP program has actually been modified somewhat since the first time we went through the analysis. So, this number is actually a little less than it was the first time. From the standpoint of adding anything to the program, a REV grant is proposed and Steve again has helped us with estimating values and what the REV grants will represent, and so you see the REV grant total there, both for multifamily and the hotel.

We still have a gap. We have to fill the gap in order to make, not only the numbers work for financing, but for return on investment for the project as well. And so, we're respectively asking the City Council to consider a completion grant. The completion grant will fill the gap. It will allow our LP investors to receive the type of return that they expect in the market and are financing accordingly. So, we're



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fortunate that we have multiple offers for financing and Joe has sort of been our gatekeeper, and he's really worked hard and has really scrubbed the market. So, it isn't that we're just throwing a dart at the board. We have gone through this process for many, many months and know what will work and what won't. So, we scrubbed the market very, very effectively.

[slide 36]

This is the sources and uses of the project. You can kind of see from a graphical standpoint if you can't read the small print, the sources and uses, again, stacks up to about \$178 million from our collective standpoint on what we think our investment to date, as well as the equities that we've generated. We'll sell tax credits up front. We'll put that cash into the project. The funds that I have invested in the project will stay in the project. We're not drawing any capital out. We're leaving it in to help this effort and that's roughly 20% of the project total. From a ceiling debt standpoint and what the market will allow, we're actually in a pretty good LTV category at around 46% of the total project costs being from a debt standpoint.

So that leaves the portion that we're hoping that the city will help us with and improve a p3 structure that amounts to those three other categories. And 6% of that is from the REV grant, 12% is from the DPRP, and the rest of the 16% we're looking for would be part of that completion grant. So, it is a true public private partnership and everybody has return associated with that and that analysis is something that we'll obviously share as we go through.

[slide 37]

This last chart is really just a comparison. You know when you're talking about this kind of dollars and scope and scale, you really kind of have to look at this and what other projects in the market have been done. So, some of these have been approved at a DIA level, not a City Council level. So, we have to say that up front, make sure that that's clarified. But from the standpoint of how these public private oriented projects are structured, you can kind of see the percentage at the bottom of, you know, how much is invested from the city standpoint and how much is done in different categories: the REV grants, the completion grants. In some cases, there's completion grants. In some cases, there's completion grants, as well as other contributions from the city or even mezzanine loans. Our project is next to it from the standpoint of comparison to the Barnett building. We really didn't achieve any public incentives for that project. So, it's goose eggs down the line. However, it was transformative in terms of what it did for the community and frankly, catalytic in spurring on other projects, particularly in the historic preservation and adaptive reuse category.



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Our project for the Laura Street trio is what you see highlighted. It includes workforce housing. None of the others include workforce housing, that's a critical component. In terms of what it does for the market with the hotel, it brings the hotel rooms to the market that we don't have now. It has so many other factors in terms of what it does, and in terms of catalytic change to the area. We feel like that is important. Chuck Shealy is a buddy of mine, and he's from LISC, and we've worked with LISC many times. This is actually one of our new marketing investors across the street at the Barnett building. And one of the reasons why they are is because we did the workforce program there. And so, we're excited to hopefully work together again, and Chuck certainly can be a source for anybody who might want to talk to somebody in the market, who's financing those types of projects and why workforce is so important for Jacksonville.

By the way, you know, one of the metrics that we use in terms of what constitutes workforce and where this is in the market nationally: Florida ranks number one in terms of the rent to income ratio. That's really how they [indecipherable]. So, if you if you're a renter and 30% of your income or higher is encumbered by rent, your living expense, you're considered in a crisis category. You're encumbered by your rent, over what you should be. For Jacksonville, 47% of our renters are in that category, and in some cases, as little as 20% and up to 50%, their gross income is encumbered by the rent expense. So, it's a critical component that we have to address in our market.

[slide 38]

In terms of economic impact, obviously we always analyze this from a project-by-project standpoint. I'll be honest with you, I can't read that. Even if I put my glasses on, I won't be able to read that. But feel free to peruse this when you get your copy because the impacts are significant in terms of what this does for the market, in terms of dollars invested, what it does in terms of returns for job creation, for all those different types of things. It's all represented here and that's obviously done by third party analysis. So, with that, that's the presentation. But please, any questions that you might have whether it's for me, and I'll stand on the side, happy to answer whatever.

CM BOYLAN

Thank you, Steve. We love the vision. We really do. I wanted to invite Lori Boyer up here, from DIA, to talk about their interaction and engagement in this process and get some perspective as the importance of it in the context of downtown, and then we will have a few minutes left. We are respectful and committed to be out of here by one o'clock, but we want to give her the chance to speak to work that they've done in relationship to this project.



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BOYER

Thank you and good afternoon, everybody. First, let me say that I completely agree with Steve and his presentation about the importance of this location to downtown, right in the center of downtown. And the vision for these buildings. I think it is completely consistent with our plan. I think they'll be beautiful. We are very supportive of the proposal, the concept, and vision of what would be built here. So let me start with that part. And then what we did... for the incoming Council Members, let me also share a little bit more if I may. We have an adopted plan that has criteria in it for various incentives. And all of our incentives are kind of guided by an overarching return on investment approach. So, the only thing that doesn't have that return-on-investment approach are historic DPRP program where we say it's okay if it only has a 0.5 return on investment. So, what you see in the package, pretty close to the same numbers, by the way, I would take all the precise numbers and just assume that they're a little bit movable because some of the underwriting and this is a little different than what we had and there are a few changes. So, there are nuances here.

But generally speaking, we had to underwritten to about a \$20 to \$23 million DPRP grant and forgivable loan available for this project which would yield the .5 ROI. Maxed out at the 0.5 ROI. That's how we got to that number. And so, we're completely supportive of that. We have also calculated REV grants, as Steve says, that apply to the new construction residential and apply to the new construction hotel and the boutique hotel fits in our category. So those are eligible. What I will say is, the Florida Legislature in their ultimate wisdom has recently passed legislation called Live Local, [Senate Bill (SB) 102, the Live Local Act] which will impact those REV grants. We don't know the exact amount and how much it will impact those REV grants. But it is basically an affordable housing piece of legislation that provides tax exemptions and if you have tax exemptions, you don't generate a REV grant. We can't provide a REV grant. So, we don't know how that number changes. We have to do a little work on that.

But where that leaves us is the request that was mentioned in here which is the additional \$25 million of completion grant that is identified as a gap. I don't know whether the gap is exactly 25 million. We haven't vetted all of the construction numbers to that level, but there's no doubt there's a gap. So, the precise level of it we can't back up, but we can say there's a gap. But from our perspective, we cannot, or the only revenue that we use in our ROI calculation, that we can rely upon, is revenue that would be coming in from ad valorem taxes. That is not rebated as part of a REFV grant. Sales tax when you have an already leased up space, certain employment tax we look at the revenue coming into the city. And then we say okay, the most we could incentivize is up to that amount of additional revenue and still get an ROI of one. We don't get anywhere close to the number that Mr. Atkins is asking for.



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And that's really the reason we are here, and we said this is a policy decision for Council. And it is also... we would ask as DIA, that if you are making that decision for new construction—because remember the gap here is on the new construction, we've already maxed out the .5 on the historic buildings. So, we are now going below an ROI of one on the new construction. Making sure you give us some guidance is how we would distinguish every other new construction project going in downtown. That we don't go below one, or what is the basis on which it is okay to go below one? Because that's the criteria in our plan. That's what we've been guided by. And so even those other proposals that Mr. Atkins is comparing, by way I don't agree with the comparisons because they leave out some very important information like for example, on the Four Seasons project they're committing \$200,000 a year in Metropolitan Park, or other things. So, we were able to get to an ROI of one on those projects. This one does not with the \$25 million request.

And so that's really the policy decision and why we're here and saying if Council believes that this particular building or perhaps all new housing in downtown now warrants an incentive with an ROI below one, give us that direction. And we'll implement what you tell us to do. But that's not the marching orders we have and so we're very comfortable with the recommendation of the DPRP at the \$20 to \$23 million, the REV grant at whatever it calculates out to—we do think they're deserving of a REV grant and how these program guidelines work. We're just not sure how it's going to pencil out with the new tax information. But beyond that, it doesn't fit within our guidelines and hence the reason it really falls in Council's court.

One thing I know Councilmember Boylan had asked about previously was the \$2 million. I'm not entirely clear and Mr. Atkins may want to answer that. We see it in one of these pages as being in the sources table and shown as equity, but it's not part of the \$25M. So, unless I'm mistaken, the \$2M is in addition to the \$25M? That you're still expecting the \$2M? So that would be \$27M, really, is the request.

CM BOYLAN

We've got a couple of minutes left. Steve, do you have anything else? [off mic] Does anyone have any questions that you want to ask of Mr. Atkins or myself or anyone? Let me take it one over here. Go ahead.

SHEALEY

As Steve said, I'm Chuck Shealy with LISC and we are very supportive of affordable housing and the project. I would just suggest, based on what Lori just laid out, that the difference in the half percent and the 1% return would be because this project has affordable housing.

CM BOYLAN



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No surprise that you're a champion of that and we sure do appreciate that. Other comments?

OLIVER

Yeah, I have a two-part question. First question, for this project, with the addition of the affordable housing/apartments, will it maintain this current timeframe of completion because this is a statement in the first question.

CM BOYLAN

Let me answer that question. It doesn't impact the timeline, Steve?

ATKINS

It doesn't. It's about a 26-month schedule from commencement to completion. And whether or not there's a workforce category as part of the program... [indecipherable].

OLIVER

Alright, how much below-market housing will be available in that new affordable housing project.

ATKINS

Right around 50.

OLIVER

And how many units [total]?

ATKINS

There's 169.

OLIVER

And could you raise that bar?

ATKINS

Well, that's a very good question and the answer is that it's a [indecipherable] ratio of what you can afford to do. When you create those workforce category units and have a reduced rent, it changes the metric significantly on what the total revenue is. It's about a million-dollar difference.

CM BOYLAN

Mr. Oliver, one more [question] and that's it.



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OLIVER

Alright, these are city dollars which you're coming to ask for, and if we say we want more than what you're giving, will you comply?

ATKINS

We can't do that based on what the current ask is because it's all based on the mathematics of what the market will allow and what we can afford to do.

CM BOYLAN

Any other comments or questions? Yes, Dr. Wood.

WOOD

I just want to add one more note on the historic preservation part. These three buildings, that are historically and architecturally significant buildings—not just in downtown but in Jacksonville—have been vacant for nearly 20 years. To have three buildings that are nationally significant that have been vacant and are shells, they can't stay that way. They'd have to be torn down and they're too valuable historically and architecturally to tear them down. And yet they're, you know, too wonderful not to fix them up. And there's no way that downtown development can proceed when you have three bombed out shells downtown. This is the highest priority for Jacksonville. I know the City Council has to make a decision on whether to fund it, but the value to the city is incredible.

One last thing: the reason these three buildings are the "Laura Street Trio" is they are a unique composition architecturally. At least in the southeastern United States. Perhaps in America. Most cities have the tallest building on the corner, and you can't see the subsidiary buildings. In this case we have two skyscrapers similar in scale, framing a classical building on the corner. You can stand on the corner of Laura and Forsyth and look up and see all three buildings, the entirety of the buildings, designed by our city's most famous architect on the two skyscrapers. These buildings are too valuable not to have them be a priority for the city.

CM BOYLAN

Thank you. Appreciate that and that's a great segue, really. And it's the rationale, I think for many reasons. Councilmember Carlucci and I are here today supporting this initiative. Lori Boyer, she raises a very important point. This is a policy issue we're talking about. Are we setting precedent with this opportunity? Or is this opportunity so unique that it warrants an exception to policy in this process, and that's what we're going to be discussing in the coming months as we move this thing forward. I'm gonna let you [CM Carlucci] conclude and I want to offer my rationale for why I see this as important and Dr. Wood did a better job than I possibly could in that respect. But I think it's something we as a community



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need to take a hard look at and have an opportunity to consider it again: that centerpiece of our community and how we want to make sure helps us identify who we are as a community.

CM CARLUCCI

Everybody that made a presentation, there's nothing else that I could really add to what has been said. I appreciate the DIA, and Steve, and your team. They'll be around to answer questions of anybody that has questions afterwards. This project goes back to 2003. And we've had a lot of crazy times with the economy and pandemic between now then. Mr. Atkins won't tell you this, but he's got millions of his own dollars in it that were invested years and years ago. So, the only other thing that I will say is—and Councilmember Boylan hit it perfectly—this is a policy decision. But this is a policy decision not on just any other type of development. This is what, in my opinion, is the most important, historic signature projects of downtown Jacksonville. And we can hit it out of the park or we can strike out, and I hope that our Council will see the significance, not only historically, but what this brings to our downtown area in so many different ways. And I thank you, Steve, for being here and I thank everybody else. Mr. Bliss, you are recognized, sir. If you wanna come up here you can, and then we're going to conclude. He is our Jacksonville Historical Society Executive Director.

BLISS

Thank you, Councilman. I just wanted to add a couple of comments. Cities happen and grow because they are an economic nexus and Jacksonville is no different. Everything that happens in an urban setting happens because it proves itself to be economically sustainable, financially sustainable, and historic renovation and adaptive reuse has to stand on that foundation, as well. And doing that is incredibly hard. And there are a few people in Jacksonville that know that any better than Mr. Atkins does.

I just want to say, though, that historic preservation and adaptive reuse has economic impacts that go beyond just the metrics of the project itself. The spillover effect on a neighborhood, on a city, is sometimes difficult to measure, but it's nevertheless tangible and if you don't believe that, look what has happened to the Riverside Avondale Preservation (RAP) district over the last 45 years since RAP was established. A neighborhood that was on the brink of being bulldozed for a new limited access expressway in the 1970s, is today the setting of some of our highest value residential and commercial real estate in Duval County. Some of the highest household incomes in Duval County. It is a national showplace.

Downtown Jacksonville, I think, is on a route for that. These subject buildings grew out of the aftermath of the Great Fire, and I think that if they are successfully executed and adapted to 21st century use, the result will be something akin to a 21st century economic Great Fire in Jacksonville.



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CM CARLUCCI

That's great. Well, this is, in my opinion, perhaps Jacksonville's most signature project, and I am very attached to it. So, I don't need to say anything else except that I do hope we can make this happen. And I can have a toast, or one of the first toasts anyway, in the restaurant. I thank everybody for coming. I thank the media for coming and being here because that's the way to get our message out and Steve's message out and the Council's public policy decision making out into the public. So with that, if you didn't get a lunch, there's plenty left back there in the boxes. Take one home if you want to. And meeting adjourned.

Meeting Adjourned: 12:59 PM

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