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CITY COUNCIL WORKSHOP ON STADIUM RENOVATIONS

Meeting Minutes

**June 5, 2024
10:00 a.m.**

Location: City Council Chamber, 1st floor, City Hall

In attendance: Council President Ron Salem, Vice President Randy White, Council Members Chris Miller, Joe Carlucci, Matt Carlucci, Mike Gay, Will Lahnen, Ken Amaro, Nick Howland, Tyrona Clark-Murray, Terrance Freeman, Michael Boylan, Raul Arias, Ju’Coby Pittman

Also: Kim Taylor, Brian Parks, Heather Reber, Phillip Peterson, Trista Carraher – Council Auditor’s Office; Darnell Smith, Mike Weinstein, Scott Wilson, Bill Delaney, Joe Inderhees – Mayor’s Office; Mary Staffopoulos – Office of General Counsel; Merriane Lahmeur, Sharonda Davis, Rebecca Bolton, Vanessa Galan, Maritza Sanchez – Legislative Services Division; Steve Cassada – Public Information Division; Mark Lamping, Megha Parekh, Paul Harden – Jacksonville Jaguars; Michael Huyghue – City Council consultant

Meeting Convened: 10:00 a.m.

President Salem convened the workshop at 10:00 a.m. and the attendees introduced themselves for the record. The President announced that there would be a Public Comment period at the end of the meeting. President Salem asked council members to please provide advance notice if they are unable to attend a future meeting so that a quorum needed to take votes can be assured. Mr. Salem reviewed the calendar of future meetings. He stated the bill title was provided to the Legislative Services Division this morning so it will be advertised in the Jacksonville Daily Record for 10 days as legally required to notice the public hearing in the newspaper. The ordinance will be filed by 12 noon on June 11th for inclusion on the Addendum to the Agenda for introduction at that night’s council meeting. June 20th is the first date on which proposed amendments may be offered to the bill at a Committee of the Whole meeting.

Mary Staffopoulos of the Office of General Counsel reviewed the process for the ordinance from introduction through required public hearings to completion with third reading. Council Member Matt Carlucci asked for confirmation that amendments will not be allowed until after the June 17th public hearing; President Salem confirmed that is case. The President thanked the Council Auditor’s Office,

Legislative Services Division, the Jaguars organization and the mayor's administration for their cooperation in pulling together the meeting schedule.

Council Member Freeman asked how amendments will be considered later in the process if council members are not available to propose them at earlier meetings. Ms. Staffopoulos said a Committee of the Whole follows the same rules as a standing committee. Amendments proposed at a full Council meeting need to be prepared in advance in writing. She will work with Legislative Services to determine if development of a spreadsheet of proposed amendments is warranted. She cannot begin work on any proposed amendments until the full legislation has been officially filed. Mr. Freeman asked if amendments can be proposed on the floor at the June 25th council meeting. President Salem said he would prefer that they be handled at an earlier meeting, but they can be handled on the night of the 25th if need be. He said there will likely be considerable discussion of outstanding issues at the meetings of June 20th and 21st. Vice President White proposed starting the meeting of the 25th at 4 p.m. to get an earlier start since it is likely to be a long evening. Ms. Staffopoulos said there has to be proper notice published about what items will be taken up before the normal 5 p.m. noticed meeting time, noting that some types of items can't legally be taken up until after 5. She will work with Legislative Services on appropriate notices. Council Member Matt Carlucci said he likes the schedule and the idea of starting the June 25th meeting early, perhaps as early as 3 p.m. Mr. White suggested the President present his annual awards early on the afternoon of the 25th.

Presentation on Finances

Mike Weinstein, the Mayor's Office's lead negotiator on the stadium project, gave an overview of previous actions leading to this proposal. The half-cent pension liability sales surtax is scheduled to start immediately upon the end of its use to fund Better Jacksonville Plan projects, with the tax authorized to last up to 30 years or until it is terminated at an earlier date. The state statute authorizing the sales tax was carefully written to stop the tax at full funding of the projects or 30 years maximum and describes how the proceeds thereafter will be distributed among the three pension plans based on their funding percentage, with the goal of all three plans reaching full funding status at the same time. He said full funding will probably be reached in 22-23 years after the revenue shifts from BJP projects to pension liability. There is a built-in safety net because the pension funds are expected to be less funded in the short term before they get fully funded in the long term. If the plans drop to a defined unfunded ratio then the City has to start adding more annual funds to reach the minimum funding percentage. The sales tax is currently generating more revenue than was originally projected and so should produce full funding earlier than originally projected.

Mr. Weinstein said the BJP use of the sales tax could be ended early but there are pros and cons to doing that. If it shifts to pension use early, then the Beaches cities and Town of Baldwin lose their share of the tax proceeds for those years (about \$16 million over a 4-year period) but the pensions would reach fully funded status 2-3 years earlier (2053-54) than if the infrastructure use continued longer. That will also impact how much the City needs to make in annual contributions in later years. Shifting the use to pensions earlier means that all of the remaining \$600 million in BJP projects would have to be done with debt in the CIP rather than with sales tax revenue, costing a total of approximately \$1.2 billion including the debt service on that borrowing. Keeping the tax for infrastructure use would avoid that borrowing cost but would extend the life of the tax for pension purposes for 2 or 3 additional years in the 2050s. The rating agencies look at both current borrowing and future debt authorizations and borrowing capacity.

He said that all of the City's public venues get at least the minimum amount of funding they need to be operational within the budgetary constraints of many other competing needs. The Jaguars and the City negotiated at length over the amount of backlogged maintenance and improvement needs and the degree to which the stadium currently does or does not meet the "NFL standard" provision in the current lease and ultimately agreed on a \$150 million figure for backlogged work that is the City's responsibility. The

\$1.4 billion cost for the stadium construction is split evenly between the parties after the City funds the \$150 million backlog work, which the Jaguars will perform in the course of the new construction. The \$775 million City cost will be programmed into the CIP as it is needed, spread over 4 years. The major construction work will happen between Jan 2027 and August 2028. There will be several adjustments to next year's CIP listing to reflect several policy issues.

Council Auditor Kim Taylor made a presentation on past City financial decisions that have led to the situation faced today and the options available. She reviewed the BJP sales tax purposes and said the BJP Financial Administration Committee and Project Administration Committee will continue to oversee future uses of the tax on a quarterly basis. She agrees that there are roadway projects that meet the definition of BJP eligibility and could be funded from that source. When the tax rolls over to pension uses then the Beaches and Baldwin no longer get a share of the proceeds. The statute specifically provides for calculating the net present value of the pension and applying that to the unfunded pension liability and that affects the City's annual contribution. The BJP surtax must sunset by December 31, 2030 or sooner. Ordinance 2022-416-E funded BJP projects that had cost overruns totaling \$278 million by shifting funds and authorized borrowing for \$155 million in the CIP to finish out those projects. The Mayor Curry administration set a hard cap of \$1.5 billion for BJP project spending as a policy decision but the Office of General Counsel has indicated there is not a hard cap on the amount of spending within BJP that would force you to end it sooner. City Council has not taken any action to end the BJP tax early. The stadium can't be added to the BJP project list because it wasn't originally listed at the time of the referendum. A swap is proposed to move other eligible projects (roads, drainage, etc.) into BJP to free up debt capacity to do the stadium. The pension actuarial studies still assume that the BJP shift to pension use will take place until December 31, 2030 so this does not cause an incremental increase in costs to the City for pension contributions.

Ms. Taylor mentioned pros and cons of shifting the BJP tax use early. Keeping the tax in place for 4 more years would eliminate the need to borrow for \$600 million in projects that could be done in cash with sales tax and save debt costs (approximately \$40 million per year), offsetting the cost of borrowing to finance the full cost of the stadium so net debt is not increased. The sales tax is assessed on all individuals, including non-city residents from adjoining counties and travelers that make purchases in Duval County, so indirectly this could be considered as helping to fund the stadium by alleviating debt on other projects and allowing the BJP surtax to stay in place until its original planned sunset date of December 31, 2030. Also, Ms. Taylor estimated that they would have a potential annual cost avoidance of approximately \$25 million. She also mentioned that although ending the BJP early could enable the pension funds to be fully funded sooner, it serves as a dedicated fund source for the pensions. The Pension Liability Surtax is a dedicated source to pay pension debt meaning it doesn't have to come from other general government sources. She said other possibilities for funding the stadium would include: cutting government costs elsewhere to free up resources; increase the millage or other tax revenue sources; increase the solid waste fee to free up operating revenues for debt service; use a portion of accumulated operating reserves. She reiterated that BJP tax revenue will not be going to the stadium and the current proposal is predicated on borrowing cost neutrality for at least a large portion (\$600 million).

Ms. Taylor addressed what types of projects can use BJP revenues, saying the General Counsel's Office has advised that at a minimum it can fund roads, drainage, interchanges, overpasses, and intersection improvements. The goal would be to include projects that are already in the CIP and planned to be funded with debt, but not any new projects not already programmed as this would not result in a debt savings. If the Council wants to use BJP funds for these projects then it will need to amend the BJP work program to add these projects and amend the CIP project listings for each project to change the funding source. Ms. Taylor said it is reasonable from an overall financial perspective to use the debt swap methodology proposed by the City and Jaguars. It would save \$40 million annually in debt costs but at the cost of

approximately \$15 million per year in savings in annual pension contribution costs from the tax proceeds not shifting to pension liability surtax four years sooner, so the net annual cost avoidance is \$25 million.

Council Member Q&A

Council Member Lahnen asked if the BJP swap would impact the City's debt affordability ratios – Ms. Taylor said it would be a wash with no new debt being authorized. Mr. Lahnen asked for confirmation that the City is projected to have authorized up to \$4 billion in debt by 2028 if the stadium cost is borrowed; Ms. Taylor said that is correct. In response to a question from Mr. Lahnen about what the Council would need to do to approve the swap mechanism, Ms. Taylor said it would require an amendment to the BJP work program, an amendment to the CIP (requires a 2/3 vote if done during the year as separate legislation and not part of the budget process) and an amendment the budget. Mr. Lahnen asked when pensions are projected to reach an 80% funding ratio rather than 100%; Ms. Taylor said she would have to research that in the actuarial models.

Council Member Gay asked if the BJP sales tax was approved by referendum; Ms. Taylor confirmed it was. Mr. Gay asked if the voters approved a specific vertical project list in the referendum; she confirmed they did. The horizontal project authorization, on the other hand, was very generic (roads, drainage, interchanges). Mr. Gay asked if some BJP projects have not been fully completed. Ms. Taylor said there were 9 BJP road projects with cost overruns that are still in the process of being completed.

Council Member Boylan advocated for the Council taking as long as necessary to fully review this proposal and not to be bound by a June 25th deadline. He asked about the actual cost of the stadium project with debt service on \$775 million. Ms. Taylor said it would cost a total of \$1.5 billion in total debt service to borrow \$775 million. She said the swap mechanism is debt neutral at \$600 in borrowing, which is a positive for the bond rating agencies. Mr. Boylan said he would like to see a return-on-investment figure for the City's investment in the stadium and some mechanism for the City to recoup at least some of its investment.

Council Member Joe Carlucci said he doesn't see real debt neutrality on the \$775 million versus \$600 million. Ms. Taylor said at least \$600 million is neutral and you have some choices on how to deal with the remaining \$175 million, which may or may not be debt. Mr. Carlucci said he wants the public to be fully informed about the total cost to the City which is the cost of all borrowing.

President Salem asked about what encompasses the \$150 million of stadium project backlogs. Mr. Weinstein said it consists of mechanical, electrical, plumbing, and other systems, equipment past its useful life, and the like. The City's consultant and the Jaguars' consultant have looked at the needs and have found them to be over \$150 million, so that figure was reached through the negotiating process. Mr. Salem asked about the process for moving the projects involved in the swap; Mr. Weinstein said that will happen in the budget process and the projects will be specifically notated for tracking at the Council Auditor's request. There will be no changes in when the projects are done, either faster or slower. Mr. Salem said there were some projects (several intersection overpasses) specifically listed in BJP that did not get done which still bothers him.

Council Member Miller said the council needs to take all the time it needs to do its due diligence on this project and consider how it relates to the other major projects that are coming down the road. The City is looking at a new potentially \$1 billion jail and all these uses tie together in our debt plan. He asked about the debt service cost if we add \$1 billion in borrowing. Ms. Taylor said it takes \$65-80 million annually to borrow \$1 billion. Mr. Miller asked Mr. Weinstein about his comment earlier that the City's 50/50 cost share is lower than other recent stadium projects. Mr. Weinstein said we are at the low end. Mark Lamping, President of Jaguars, said in comparison to other similar sized cities in our population peer group our 50-55% government contribution is at the low end compared to other cities. We aren't a

comparable market to Los Angeles and New York. Mr. Miller questioned the use of different comparison cities for different charts in the handout with regard to what constitutes “peer” cities. He asked how the 50/50 cost split was reached. Mr. Lamping said the Mayor’s Office felt that was fair to taxpayers and noted that 75% of NFL owners have to approve the deal, and they will determine what’s fair compared to like-sized cities. He stated that comparisons have to be made by looking at current stadium costs, not what costs were 20 or 30 years ago. His chart shows peer cities for some measures (public investment in stadium projects in similar sized cities) and all cities for other measures (cost overruns in recent stadium projects).

Council Member Howland said the BJP/pension financial swap could have occurred whether we do a stadium project or not. He asked what the rationale was for considering shifting BJP tax revenues to pension liability earlier than originally planned. Kim Taylor said the prior administration wanted to stop BJP spending at \$1.5 billion as a policy decision interpreting that as the will of the voters who approved the sales tax, although an expenditure cap was not specified in the referendum. The Council wanted to get the 9 lingering BJP projects done as quickly as possible and wanted to authorize borrowing to get that done. The Auditor’s Office presented 2 options at the time - either borrowing for those projects or allocating the BJP tax to projects for one more year on a pay-as-you-go basis. Mr. Howland asked about arbitrage and pension funding considerations at that time. Ms. Taylor said the administration at the time had spoken with council members about the interest rate on borrowing being 4.5% and the assumed return on the pension being 6.5%. The current rate environment makes borrowing from the pension less attractive given the increase in interest rates for borrowing. Mr. Howland asked if Council could split the difference and do two more years of BJP tax and 2 years of borrowing to reduce the debt cost. Ms. Taylor said it’s a legal option, but you might lose some of the \$25M annual savings by doing more borrowing.

Vice President White asked if the administration has communicated with the Police and Fire Pension Fund administrator and/or board about the potential change. Mr. Weinstein said his team met with PFPF board and staff and explained the impact of the proposal on the pension fund; they asked questions but did not take a stance. Mr. White asked that they be consulted and asked for their opinion which he wants to hear.

Council Member Pittman asked what the swap means to progress on the CIP project list. Ms. Taylor said it doesn’t do anything regarding timing, just changing the funding source for some projects. The administration is doing a comprehensive look at the CIP project list and that might prompt some changes at a later date which would be a separate discussion from this issue.

Council Member Clark-Murray asked for clarification of the impact of the swap on the pension plans. Ms. Taylor said keeping the BJP tax in place as originally planned until 2030 has no effect. The change could result in the pensions being funded 2-3 years sooner if the shift to pension liability happens sooner. The end result will be the same and likely the pensions will be fully funded earlier than by 2060.

Council Member Arias asked about the funding source for the \$175 million. Ms. Taylor said the sales tax could provide more than \$600 million and they have not discussed a funding source for the differential. The \$150 million community benefit agreement cost is projected to be a hit to the general fund revenues of \$80 million, with \$40 million in cash needed for FY 25/26 and \$40 million needed for FY 26/27. The \$70 million that would be part of the CIP for Parks would likely be borrowing. Mr. Arias said he wants to see the total cost of all the borrowing for all facets of the deal. He asked when the \$150 million for the stadium projects backlog is going to get paid; Mr. Weinstein said it is imbedded in the \$775 million total cost and will be spent over several years as the project progresses. Mr. Arias asked about the 9 BJP remaining projects. Ms. Taylor said they will be done with sales tax revenue rather than through borrowing. Ms. Taylor said there will be a schedule in the budget about the swapped projects, preferably highlighted on a separate schedule for ease of tracking. Mr. Arias asked when authorized funds will be

borrowed. Ms. Taylor said the City has a policy of paying in advance from its pooled cash for projects during a year and borrows on the back end for what was spent to replenish the pool.

Council Member Matt Carlucci asked when construction on the stadium will start. Mr. Weinstein said spring 2025 for early perimeter work with the major work running from January of 2027 to August of 2028. Mr. Carlucci asked about the impact if the Jaguars have a good season and host a playoff game in January of 2025? Mark Lamping said work won't start until after that game if the team should get a home game. The team heard loud and clear during its outreach process that the community doesn't want the team to play away for 2 seasons, so the designers came up with a new plan to accommodate playing the 2026 season at home which requires starting work in 2025 rather than 2026 to mitigate cost increases and overruns. It may cost a little more to delay the start for a playoff game

Council Member Freeman asked Michael Huyghue if he has seen all the information that's being presented today and what he thinks about the proposal. Mr. Huyghue said he has seen the materials and had sat in on some meetings but not been asked to opine this aspect. If asked to do that he would appreciate more time to do a thorough analysis. Mr. Freeman said he, like Council Member White, is interested in hearing from the police and fire unions about their feelings on this proposal. President Salem said he did not ask Mr. Huyghe to analyze the project finances being presented today; his role will relate to all of the future agreements between the City and the team.

Council Member Lahnen asked if the City had considered the all-CIP method and what that would do to our bond ratings if the entire project was funded by debt. Mr. Weinstein said they have communicated the current deal to the bond rating agencies and gotten no immediate concerns from them. The City will be making a full presentation to the rating agencies on their upcoming NY trip in the next few months. Lahnen reviewed his understanding of the finances of the proposal and Ms. Taylor said his summary was correct.

Council Member Joe Carlucci asked when the funding source for the \$175 million will be identified. Weinstein said it's imbedded in the \$775 million and will be in the CIP in tranches by year. Mr. Carlucci asked about the \$150 million in deferred costs; Mr. Lamping said there will be more information on that project list and current stadium status in a later presentation. Mr. Carlucci asked if ASM provides the City an annual list of deferred maintenance and needed projects. Ms. Taylor said they see a list of what ASM requests in capital funding, but not what ASM may have requested that did not make the administration's list.

Council Member Arias asked about the impact of a potential economic recession and lowered sales tax revenues. Ms. Taylor said that's a possibility. However, the pension funding plan takes economic ups and downs into account in the long-term actuarial calculations. None of the actuarial models show any possibility of not reaching the full funding goal within the time frame the pension liability surtax is levied, it's just a question of when that full funding is reached.

President Salem said the Council can't vote today in a workshop setting but asked if there is a general consensus to tell the administration that the Council is agreeable to this being the financing plan to move forward. Mary Staffopoulos said getting a consensus today is allowable, but will require a formal motion at a future meeting to become an official action. Council Members Matt Carlucci, Amaro, and Lahnen, said they believe this is the appropriate financing mechanism.

In response to a question from Council Member Boylan about whether the stadium construction project could be added into the BJP project list, Ms. Taylor said it could not.

President Salem said the new jail construction could be done using the model JEA used for its new headquarters – a long-term lease from a private owner who constructed the building to JEA’s specifications.

Presentation on Team Guaranty

Mike Weinstein said there had been considerable negotiations over the team guaranty and the city has a long history of partnering with the Jaguars on previous big construction projects. Megha Pahrek, Chief Legal Counsel for the Jaguars, said the City will enter into an agreement with a construction company for the project and the team will add its guaranty if the construction company should not perform under the contract and a backstop be needed to ensure completion.

Council Auditor Kim Taylor discussed some questions and concerns about the guaranty from her office. She said she would like some clarification on who on the City’s behalf could agree to any amendments to the Guaranty. She would recommend that City Council approval be required for anything beyond technical amendments. She also noted that there is not a requirement for the guarantor (Jaguars) to demonstrate its wherewithal to satisfy the guaranty at execution of the agreement and annually throughout the agreement. She recommended that such a provision be included in the agreement for an annual verification. The Jaguars have proposed language for inclusion regarding a letter from the team’s Chief Financial Officer confirming the team’s worth.

Mike Weinstein said the contract documents will identify a City Representative to fill the role mentioned by Ms. Taylor. He said that the City Representative will have the authority to agree to amendments that don’t increase the City’s liability or obligations but anything more substantial will need Council approval. President Salem asked who the current City Representative is for dealing with the Jaguars. Mr. Weinstein said he is unsure who that Representative is at present. He discussed the concept of an intercreditor agreement that allows multiple creditors to meet to talk about a “pecking order” for claims. Council Member Lahnen asked if the General Counsel’s Office has reviewed the document; Ms. Taylor said she understood they had.

Michael Huyghue Esq., City Council Consultant, said one of the benefits of the agreement is that it uses language largely identical to other recent NFL stadium agreements. Personal guarantees by team owners are not the practice in the NFL – the team is the guarantor. Periodic reporting of the financial capability of the guarantor as requested by the Council Auditor is a desirable feature. The strength of the guaranty is diminished somewhat by not being in first position compared to other claimants. It is good in that the City is able to go directly to the Jaguars rather than having to sue the contractor first for non-performance before filing a claim with the team. It is also good that the guarantee is for 3 years beyond the completion of construction contract, which is more than the 2 years on other recent NFL stadiums. The City would want to have language requiring the Jaguars to notify the City of any relevant changes in NFL requirements that would impact on the stadium finances. He noted that the various agreements as proposed are very similar to those of other recent stadiums. The Community Benefit Agreement is not covered by the guaranty.

Council Member Boylan asked who will sign the agreements on behalf of the Jaguars; he was told that it will be the Jax Jaguars LLC. Mr. Boylan asked about the rationale for establishment of a separate company to be responsible for the operating agreement. Mr. Huyghue said all NFL teams set up an operating company as an intermediary that has the obligation for the stadium lease agreement, development agreement, parking agreement, etc. Mr. Boylan asked if there are documents that guarantee what the City will get the stadium that has been advertised so what was promised gets delivered. Mr. Weinstein said that will be covered in the stadium development agreement and the project program. President Salem asked if a construction manager will be hired by the City to ensure compliance with the terms of the contract. Mr. Weinstein said the Council has already appropriated funds to hire Gilbane

Building Company to act as the City's "eyes and ears" for the design and construction. The company reports to him and to the Public Works Department. The Director of Public Works will ultimately be the City's official representative.

In response to a question from President Salem about how council member proposed amendments are going to be captured and drafted, Ms. Staffopoulos said that she and Merriane Lahmeur, the Chief of Legislative Services, will meet with him to establish a system for making amendment proposals, which will need to include the General Counsel's Office, the Council Auditor, and the administration. Council Member Gay said the City needs to ensure good quality control and that we get a quality, 30-year stadium from the contractor. He asked if Gilbane is normally in the construction oversight business and who they will report to. Mr. Weinstein said they are integrally involved already on the City's behalf with the design work and will be involved in construction management and quality assurance every step of the way. Value engineering decisions will have to be made jointly by the City, Gilbane, and the Jaguars designated representative.

Council Member Arias asked who is liable for cost overruns on the project. Mr. Huyghue said the Jaguars are responsible under the contract and the City can enforce the guaranty if there is any non-performance. Mr. Lamping said the project is \$13M over budget today and cost overruns are typical in big stadium construction projects so the City is protected. The real accounting of the public/private funding split will only be known when the project is completed.

Matt Carlucci asked about the City getting what it has been promised, unlike the Daily's Place amphitheater that didn't turn out at initially presented. Mr. Weinstein said the desired end result will be fully documented in what gets approved by the City.

The workshop was in recess from 12:21 to 1:01 p.m.

President Salem said if the non-relocation agreement discussion is finished today then tomorrow's workshop is cancelled. Mike Weinstein said 3 or 4 more agreements should be ready for transmission to the council members by tomorrow. They will cover security, parking, the Miller Electric Performance Center and Daily's Place leases and possibly one additional topic for discussion at next week's meetings. That will leave the stadium lease and the construction agreement for discussion the following week.

Presentation on Non-Relocation Agreement

Mike Weinstein said this agreement was the subject of very lengthy and detailed negotiations over the last 8 or 9 months while the interests of the City and the Jaguars were balanced against each other. This agreement largely tracks the agreements reached in other cities.

Megha Pahrek said all of the provisions in this agreement are new, not included in the current lease. The agreement provides that: 1) all games unless specifically excepted, are to be held in Jacksonville; 2) if the stadium is not playable, then any alternative location must be within 205 miles of the existing stadium; 3) the team agrees to keep its headquarters in Jacksonville throughout the term of the lease; 4) if the team leaves Jacksonville during the first 15 years of the agreement then it must make the City whole for its \$775 million capital investment, any principal and interest incurred for the \$775 million, and any amounts contributed by the City to the Operations Fund or Capital Expenditures Fund. After 15 years the required amortization pay-back ramps down from there. The agreement captures the current status quo by permitting the team to relocate one home game per season

Mr. Huyghue said this is a very important agreement. He noted the 205 mile radius for alternate game sites if the stadium is unusable, or up to 350 miles if needed to obtain use of an NFL-approved stadium. He said it would be good if alternative stadium sites were listed. He said all teams are including

provisions for international games in their leases because the NFL is now requiring that teams play occasional games overseas. The NFL is looking to extend to an 18-game schedule and may require teams to play more than 1 international game every 4 years after that happens, so teams could be playing international games twice every 4 years. Some other cities are adding language to require a minimum percentage of games at home rather than a specific number of games. The agreement says the Jaguars won't actively seek to play any more international games, but you could ask for something stronger than that.

Regarding damages for non-performance, the NFL has required that public investment clawbacks for team relocations cannot be for the full amount of public investment for the full term of a lease and must begin to ramp down over time. Other cities are now using language for a 75% clawback of costs after 15 years, then equal increments each year thereafter to 30 years. The Buffalo agreement says any potential relocation discussion can only happen after 25 years in the final 5 years of the lease and actual relocation can't take effect until after 30 years. He said you can't stop a team from leaving if they are willing to pay whatever default clawback amount is due at the time. He said this agreement largely tracks the language of other recent agreements except for minor details about clawback amounts and timing. He did note that other agreements are very specific about prohibiting relocation of more than 1 home game per season.

Council Auditor Kim Taylor reviewed her list of questions and concerns regarding the relocation agreement. The questions/concerns include the following: 1) who within the City would provide written approval for games at any facility located outside the United States? 2) who in the City could agree to an amendment to this agreement? The agreement should require City Council approval for any change that has a fiscal implication for the City. 3) In the time between when a non-relocation contract default is determined to have occurred and when a court takes some action with regard to that default, would the City be made whole financially for any losses incurred and would that action have the effect of extending the lease? 4) The amortization chart for a relocation default appears to be in line with other NFL cities, slightly better than Atlanta and Nashville but not as good as the Buffalo agreement, which appears to be somewhat more protective of that city's investment. 5) When does the relocation agreement take effect? It appears from the document that it begins when stadium construction is complete and the new lease takes effect, but that wouldn't prevent relocation during the construction period. She understands that it might be covered by the lease agreement to be discussed at a future meeting.

Council Member Boylan said he wants to keep home game relocations to only 1 per season. Mr. Lamping said all parties would have to agree to a balanced agreement that is fair to all parties, and that includes the requirement that 75% of NFL owners must agree as well. There has been no provision limiting foreign games thus far and the Jaguars have voluntarily limited themselves to 1 game per year, which has been popular with the NFL owners and with the Jacksonville Chamber of Commerce for its business promotion purposes. Under the new agreement the maximum number of foreign site games would be five in four years, 1 per year as is current practice plus 1 additional every 4 years if required by the NFL. That seemed like a fair compromise. The NFL is serious about expanding its visibility overseas and is scheduling increasingly numerous games in Europe, Asia and South America.

Council Member Lahnen asked to see Nashville's relocation clawback sliding scale; Mr. Huyghue said he will provide that. Mr. Lahnen asked if other NFL teams play an international game every year; Mr. Lamping said the Jaguars are the only team that has made that choice.

Council Member Howland asked for clarification of what is included in the Council Auditor's chart of liquidated damages. Ms. Taylor said the City's capital cost, debt service on borrowing, and contributions to capital maintenance and operational expenses. They will have a better feel for that when they get the other documents that more clearly define all the terms. Mr. Howland asked Mr. Huyghue if there is a concern with the "not to the team's knowledge" wording regarding a potential sale to another owner and

their intent to relocate the team. Mr. Huyghue suggested adding “reasonably should have known” language because this is a difficult concept to enforce legally.

Council Member Gay asked why the agreement couldn’t have language that says the Jaguars will only play international games as away games and keep all home games here.

Council Member Arias said he doesn’t have an issue with having 1 international game a year but does object to additional international games. He asked who makes that decision; Mr. Lamping said the league makes that decision and asks teams to play overseas. They haven’t specifically asked the Jaguars to play an overseas game because the team already voluntarily plays internationally every year. He said the NFL owners won’t likely approve any language saying the team is prohibited from playing overseas any more than once a year. Mr. Lamping said the agreement as presented would prevent the team from playing an additional game outside of Jacksonville if the NFL expands the regular season from the current 17 to 18 or 19 games. Mr. Arias asked if there is a way to provide Jacksonville with some revenue stream to compensate the City for its lost home games. Mr. Lamping said this agreement was the subject of intense negotiation and this is where the two sides landed. Mr. Arias asked what the rationale for the 350-mile radius for game relocations. Mr. Huyghue said it would be used to reach stadiums that the NFL would approve for hosting games. Mr. Lamping said the 205-mile radius incorporates Orlando, Gainesville and Tallahassee. Mr. Weinstein said the 350-mile radius includes NFL stadiums in Miami and Atlanta. Mr. Huyghue said the relocation clause applies throughout the lease term. Ms. Pahrek said the game relocation clause applies at any future time if the stadium is unusable. Mr. Arias asked for inclusion of language that specifically lays out the conditions under which the stadium would be deemed unplayable. Ms. Pahrek said that the definition of “untenable condition” is covered in the lease agreement and is meant to apply to situations such as hurricane damage or other force majeure.

Council Member Amaro asked if an attempt by the team to relocate to another city during the construction process would constitute a default. Mr. Huyghue said there are provisions in the lease agreement that would protect the City since the non-relocation agreement does not take effect until the new lease.

Council Member Freeman asked where the NFL is in the 4-year international game cycle. Mr. Lamping said it is coming up on year 3. He reiterated that the Jaguars have chosen to play only 1 international game per year, but they don’t know what will happen years into the future. Mr. Freeman expressed concern about the Council not seeing the entire deal until just a few days before being asked to take a final vote if the parties are going to be renegotiating based on the Council’s input at these workshops. He is particularly concerned about amendments proposed on the floor at the final vote with no advance notice. Mr. Lamping said that if last-minute amendments are proposed, the Jaguars will give their honest opinion of whether those things are acceptable or not. Mr. Weinstein said this is a complex agreement with hundreds of moving parts that all impact on each other. At this moment it is carefully balanced among everyone’s interests.

President Salem asked for clarification on the NFL’s ability to require teams to play overseas and how the agreement covers future possibilities. Mr. Lamping said under a 17-game schedule the team can play 1 overseas game per year, and the NFL could require 1 additional international game once every 4 years, and there can be no fewer than 7 home games per season. Under an 18-game schedule, the team could play internationally once voluntarily every year and once if mandated by the NFL every 2 years. Mr. Huyghue suggested adding language limiting overseas games to no more than 6 games every 4 years regardless of the number of regular season games played. Lamping said international games are a very important issue for the NFL.

Council Member Boylan suggested adding language to separate the interim situation during stadium construction from the regular situation after the stadium is completed and the schedule increases to 18 or more games to add clarity to what is and is not allowed. He asked about the definition of terms for the liquidated damages table and what costs are actually covered. Kim Taylor confirmed that it includes interest paid on the bonds that finance the stadium. Mr. Boylan asked when the non-relocation agreement takes effect; Ms. Taylor said when the stadium is complete in 2028.

Council Member Lahnen asked whether the Jaguars voluntarily playing international games in London impacts our selection by the NFL for other international games. Mr. Lamping said he believes that the voluntary London games have influenced the league to not ask the team to play additional overseas games.

Public Comment

Barry Cotter said football should be the least of the City's uses for public funds. If the City is putting in 50% of the cost for the stadium, it should get 50% of the team's profits. He opposes the use of debt for this project and suggested that Shad Khan be asked to contribute to City projects such as a new jail or a convention center.

Lance Fout said he emailed all council members with apprenticeship language that he recommends be added to the construction agreement. He believes City contracts should require construction worker apprenticeship participation goals to hire apprentices from existing programs in town.

President Salem said the next 4 agreements should be disseminated to council members by the end of this week.

Meeting adjourned: 2:09 p.m.

Minutes: Jeff Clements, Council Research Division

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6.11.24 Posted 10:10 a.m.