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SPECIAL COUNCIL MEETING RE 2024-904

**Meeting Minutes
June 20, 2024
9:00 a.m.**

Location: Council Chamber, 1st floor, City Hall

Attendance: Council President Salem; Council Vice President White; Council Members Carlucci, Lahnen, Amaro, Freeman, Miller, Peluso, Carrico, Gay, Howland, Johnson, Clark-Murray, Gaffney Jr., Arias, J. Carlucci and Pittman

Also: Mark Lamping and Megha Parekh, Jacksonville Jaguars; Michael Huyghue, City Council consultant; Mary Staffopoulos, OGC; Kim Taylor, Trista Carraher, Heather Reber, Phillip Peterson, and Brian Parks, Auditor's Office; Colleen Hampsey, Council Research

Meeting Convened: 9:04 a.m.

Council President Salem convened the meeting and called for introductions. He reminded the group about the Committee of the Whole meeting on Friday, the amendment deadline on Monday by noon, and the 3:00 pm start time for the 6/25 council meeting wherein the stadium bill will be taken up last on the agenda.

Council Member Miller moved to approve the minutes from the 6/17/24 council meeting, approved by unanimous voice vote. Council President Salem discharged 2024-904 from the Committee of the Whole.

Council Members Carrico, Freeman, Gaffney Jr. and Pittman declared voting conflicts due to their places of employment. Council Member Gay said that he considered declaring that he had a conflict but instead he is choosing to not put his construction business into consideration for any part of the stadium project.

Council Vice President White made a motion to propose an amendment, seconded by Council Member Howland. Mary Staffopoulos, OGC, explained the White amendment which carves out portions of the Community Benefit Agreement (CBA), with the exception of the \$56 million for Parks and Public Places,

and reduce the overall Jags CBA contribution by \$31,333,334 to account for the reduction in the City contribution.

Council Member Howland expressed his support for the amendment as fiscally responsible. Council Member Johnson expressed his opposition to the amendment as a means to water down the CBA, and he emphasized the City's opportunity to be bold. Council Member Clark-Murray asked about the reduction in the Jags contribution, and Mr. Peterson explained that it follows the initially proposed 3:1 ratio. Council Member Miller expressed his support for the White amendment and asked whether the parks funds will go through the normal appropriation process. Ms. Taylor, Council Auditor, said that it would be included in the CIP budget process. Council Member Carlucci said he will support the White amendment out of good faith support for CVP White, with the hope that the rest of the CBA will be approved when it is taken up. When asked, Mike Weinstein, Administration, said that the Mayor's Office wants the stadium agreement to move forward and for the CBA to be approved intact. Council Member Amaro shared his support for the Eastside component of the CBA and noted the need in that community.

Council Member Peluso made a motion to amend the White amendment to include \$30 million in funding for the Eastside, seconded by Council Member Johnson.

Council Member Arias shared his support for the White amendment but not the Peluso amendment. CVP White noted that the Peluso amendment does not alleviate any voting conflicts. Council President Salem said he supports the White amendment and that he wants to see what is in the Mayor's proposed budget before moving forward with the CBA. Council Member J. Carlucci talked about not rushing through the CBA, but taking the time to review it. Council Member Peluso stressed the level of need in the Eastside community and the impact of the hundred or so folks who attended and spoke at the special council meeting on 6/17/24. Council Member Johnson said that the CBA was already extensively negotiated.

Hand vote on the Peluso amendment: 2-15 (failed, with Council Members Peluso and Johnson in the affirmative)

Council Member Amaro called for a motion to close the debate, seconded by Council Member Arias. The motion failed with a hand vote 2-15, with Council Members Amaro and Arias in the affirmative.

There was further discussion about the CBA timeline for funding, the public perception of carving out the CBA and consideration of future revenue projections.

Motion/2nd to re-refer the bill to the committee of the Whole: Miller/Howland. Approved 13-0-4 (CMs Carrico, Gaffney Jr., Pittman and Freeman in abstention)

Council President Salem listed several amendments to the stadium bill listed on the handout that are no longer relevant due to the carve out of the CBA, #s 2, 6, 7 and 12. Those will be considered at a later time when the CBA legislation is taken up.

Daniel Davis, JAX Chamber, spoke in support of the stadium deal and the CBA.

Presentation: Stadium Parking Agreement

Mike Weinstein, Administration, explained that the parking agreement was separated from the lease so it would not have to be amended each time the lease is amended. Phillip Peterson, Auditor's Office, spoke about the terms of the parking agreement. Per the agreement, there are a minimum of 5,330 spaces to be provided by the City, for StadCo's exclusive use during team events and the right to use during third party events. StadCo will retain the parking revenue during team events and cover the associated operational

costs. The City will retain the proceeds from City events and cover the associated operational costs. Net parking revenue from third party events will be deposited in a special fund to be shared.

Mr. Lamping, Jags, talked about parcels next to the Shipyards to be developed by StadCo. Mr. Huyghue, Council Consultant, described the \$25 Million ROFO (Right of First Offer) Credit. Mr. Peterson spoke about the ROFO terms, wherein the \$25 million payment will act as a credit towards the future purchase of the ROFO parcels based on their appraised value as of December 31, 2025. The agreement also states that conveyance of the ROFO Parcels is subject to a minimum required private capital investment not less than \$100,000,000, DIA's public notice and disposition process, and approval by DIA and City Council. It is also contingent upon the expiration of an existing ROFO authorized under the Shipyards Development Agreement which expires June 30, 2025.

Mr. Peterson listed some of the Auditor's concerns about the parking agreement:

1. Related to the City contribution of \$775 million to the Stadium Costs in addition to conveying land indicated to be worth \$25 million. StadCo and TeamCo are contributing \$625 million and receiving land worth \$25 million, but the \$25 million ROFO payment being applied to the Stadium Budget not toward the City's liquidated damages. The Auditor's Office recommended that the Non-Relocation Agreement should be amended to add the \$25 million ROFO payment to the Liquidated Damages. Mr. Lamping agreed to this recommendation.
2. The Parking Agreement does not address what would happen if the appraised values increased from the December 31, 2025 appraisal date and it is not guaranteed that the City would receive the additional amount. The Auditor's Office recommended that appraisals should be required to be obtained at the date TeamCo exercises the ROFO if not within six months of the initial appraisal date of 12/31/25. If the appraised value is greater than the \$25 million credit, the City should be compensated for the additional value that is being transferred to TeamCo. Mr. Lamping did not agree with this recommendation.
3. Parking revenue generated on the ROFO Parcels for Third-Party Events is not addressed. The Auditor's Office recommended that once the new Stadium Lease takes effect, net revenues derived from the ROFO Parking during Third-Party Events be shared equally between the City and StadCo. Mr. Lamping agreed to this recommendation.

Council Member Peluso asked about revenue from the Florida-Georgia game and the TaxSlayer Bowl, which are City events. Council Member Miller asked about the possible relocation of the Veteran's Memorial wall. Council President Salem asked about the coordination of events to avoid parking complications from having multiple events occur on the same day.

Presentation: Stadium Development Agreement

Kim Taylor, Council Auditor, spoke about the terms of the development agreement. The development agreement states that the City is contributing \$775,000,000 for stadium improvements, combined with \$625,000,000 from the Jags, for a total project budget of \$1.4 billion. Per the agreement, the City will also contribute towards infrastructure improvements and the value of the ROFO parcels, and forgo \$7.3 million in supplemental rent payments owed by the Jags for past stadium improvements. StadCo will invest \$100 million in the development of the ROFO parcels and cover the costs for and cost over runs not caused by the City. The development agreement also addresses the sharing of proceeds from the sale of surplus property, the sales tax savings for the City's purchases, the responsibility for cost overruns, StadCo's construction oversight, and the 20% JSEB goal for stadium development projects.

Ms. Taylor talked about the Auditor's concerns and recommendations:

1. The Project Program Statement has not been finalized, and the agreement states that changes to the final Project Program Statement that reduce the applicable minimum standards cannot be

approved by the "City Representative, acting alone". The Auditor's Office recommended this be clarified that these changes require City Council Approval. Mr. Weinstein said the Project Program Statement as it stands today will be distributed to council members. Mr. Lamping said the program statement will be finalized within 30 days of the bill effective date.

2. There should be a provision added to require a final certification of construction costs after construction is complete.
3. The supplemental rent payments totaling \$7,286,485 should be considered as a credit against the City's Contribution or at a minimum that they be added to the list of items that would be included as part of the liquidated damages calculation in the Non-Relocation Agreement.
4. The City Representative should provide updates to City Council on the status of the construction on a periodic basis during the term of the Development Agreement. It was agreed that this will occur quarterly to the Finance Committee.
5. Clarify who from the City can approve technical amendments and require City Council approval for any substantive and/or financial amendments.

Council Member Peluso asked about playoff tickets for season ticketholders. Council Member Howland asked about surplus property authority, paving of parking lots, and change orders during construction. Council Member Arias asked about delays and cost overrun prevention. Council Member Gay talked about adhering to the procurement code. Council Member Johnson mentioned the JSEB 20% aspirational goal. Council President Salem asked about delays due to sales tax exempt purchases. John Sawyer, OGC, said he will look into it.

Council President Salem asked about out of town home games. Mr. Lamping said that per the project timeline, there will be no more than 3 home games outside of the city during the 25 and 26 seasons, 2027 will have zero games in Jacksonville and option for up to 3 in London, and in 2028 there will be one optional game in London. Mr. Lamping expressed agreement with the Auditor recommendations, except the recommendation related to the supplemental rent payments. Council Member Arias proposed removing that language. Council Member Peluso asked about using the Armada Stadium during the construction phase. Mr. Lamping talked about the search for a site to play while the stadium is under construction, and the prohibitive costs to expand the stadium at UNF or the baseball grounds. Council Members Johnson and Lahnen shared their interest in keeping the Jags game in Jacksonville.

Lunch break 12:35 pm – 1:10 pm

Presentation: Amended & Restated Stadium Lease Agreement

Mr. Weinstein reviewed the terms of the amended 30-year stadium lease agreement, which commences in August 2028 and includes joint approval on maintenance and capital improvements. Mr. Lamping talked about learning from history and including capital and maintenance funds up front. Mr. Huyghue talked about the current lease and the amended version, the \$1 million rent with 3% increases yearly, and the capital maintenance fund for recurring upkeep shared equally between the City and the Jags.

Ms. Taylor spoke about the changes to the lease terms and the arrangements for cost sharing. She addressed the Auditor recommendations:

1. Standard audit rights language for the City be added in addition to the audit language already included.
2. If StadCo pursues hiring an operator for the stadium, the management fee associated with the operator be paid directly from StadCo since it is already receiving a 5% management fee.
3. All default notices also be required to go to the City Council President and City Council Auditor.
4. Clarify who from the City can approve technical amendments and require City Council approval for any substantive and/or financial amendments.

Ms. Taylor talked about the Convention Development Tax being utilized to fund a portion of the Capital and Maintenance Fund, audit rights, procurement processes, and civic/City/third party events at the stadium. Mr. Lamping agreed to all of the Auditor's recommendations about the lease agreement.

Council Member Lahnen asked about costs for capital improvements, historically, and how to resolve conflicts over capital improvement costs.

Council Member Johnson asked about who has decision-making authority regarding selecting a management company.

Council Member Howland asked about advertising rights and revenue, most of which is retained by the Jags with an exception for shared or third-party events.

Council Member Gay asked about specifics of the ASM contract, which ends in 2027.

Council Member Amaro asked how much the Jags will recapture from their investment in this project.

Council Member Arias talked about stadium management. Ms. Taylor said the City representative will be the Sports and Entertainment Officer for contract management. Mr. Weinstein said there would be a full-time stadium manager.

Council President Salem asked who decides about stadium management when the ASM contract ends.

Mr. Weinstein said that the Jags have the option to manage the stadium on their own by right, or the ability to select a vendor, in conjunction with the City, to manage it.

Council Member Johnson asked about including a yearly HBCU game requirement in the lease agreement.

Public comment

Lorrinn Woods spoke about urban planning, Kevin Sharpe (did not speak), Ricky Anderson (did not speak), Joseph Testy (did not speak), Ariane Randolph (did not speak).

With no further business, Council President Salem adjourned the meeting.

Meeting adjourned: 2:21 p.m.

Minutes: Colleen Hampsey, Council Research Division

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6.25.24 Posted 5:00 p.m.