

# CITY COUNCIL RESEARCH DIVISION LEGISLATIVE SUMMARY

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**Bill Type and Number:** Ordinance 2024-904

**Introducer/Sponsor(s):** Council President at the request of the Mayor

**Date of Introduction:** June 11, 2024

**Committee(s) of Reference:** Committee of the Whole

**Date of Analysis:** June 13, 2024

**Type of Action:** Authorization to execute various agreements; authorization to make technical amendments to documents; authorizing right of first offer on upland property and submerged lands; Procurement Code waiver; Ordinance Code amendments; Ordinance Code waivers; statement of intent to comply with U.S. Treasury Department regulations; designation of oversight agencies

**Bill Summary:** The bill authorizes the execution of a stadium development agreement between the City and Jax Stadium, LLC (StadCo) for the renovation of the existing stadium and construction and development of a "Stadium of the Future". It authorizes execution of an amended and restated stadium lease between the City and Jax Stadium, LLC (StadCo) for the renovated stadium. The bill authorizes execution of a non-relocation agreement prohibiting the Jaguars franchise from relocating to another city and provides for remedies and liquidated damages in the event of a relocation. It authorizes execution of a guaranty agreement with Jacksonville Jaguars, LLC (JFL) guaranteeing the payment and performance of StadCo's obligations under the stadium development agreement, lease and other documents. The bill authorizes execution of an amended and restated lease agreement between the City and Bold Events, LLC to align the term of the amphitheater lease agreement with the stadium lease agreement. It authorizes execution of an amended and restated lease agreement between the City and JFL to align the term of the Miller Electric Performance Center agreement with the stadium lease agreement. The bill authorizes execution of a stadium security agreement between the City and StadCo relating to security operations at the stadium. It authorizes execution of a stadium parking agreement among the City, StadCo and JFL governing the respective uses of the sports facility parking and other game day parking for NFL game days. It authorizes execution of a Community Benefits Agreement between the City and JFL setting forth commitments to fund strategic community investments by both parties over the term of the agreement.

The bill authorizes the Mayor or her designee to approve technical amendments, following legal review by the Office of General Counsel, to the various documents provided they do not increase the financial obligations or the liability of the City. It grants to StadCo a right of first offer for a term of 5 years on an approximately 4.96-acre parcel of real property and an approximately 19,512 square foot parcel of real property in the Shipyards property, and approximately 3.89 acres of adjacent submerged lands, the exercise of which right would initiate a public disposition process through the DIA and City Council.

The bill waives provisions of the Procurement Code, excluding the JSEB requirements, as they may apply to the stadium project. It authorizes the City to directly procure certain construction materials specified in the pricing proposals on a tax-free basis when determined to be advantageous by the Chief of Procurement and the Public Works Director.

The bill amends Ordinance Code Chapter 764 – Convention Development Tax – to reflect the new name of the reorganized Finance Department and to adopt a new name for the Sports Complex Capital Maintenance

Enterprise Fund. It amends Chapter 111 – Special Revenue and Trust Accounts – to delete Sec. 111.605 – Convention Development Trust Fund.

The bill waives provisions of Ordinance Code Chapter 213 – Public Fees – to forego collection of any Fire and Rescue, Planning and Development, and Public Works fees related to the project that may be lawfully waived. It waives provisions of Chapter 320 – Construction Regulations and Building Codes – to forego collection of any City imposed permit fees related to the project that may be lawfully waived. It waives provisions of Chapter 656 – Zoning Code – to forego collection of any City imposed zoning fees related to the project. It waives provisions of Chapter 122 – Public Property – to allow JFL to coordinate the sale of any surplus City property in coordination with the construction of the project. It waives provisions of Chapter 126 – Procurement Code - in Part 9 – Art in Public Places – to remove the requirement to allocate a percentage of construction costs for a public facility to the Arts in Public Places Trust Fund.

The bill expresses the City's intent pursuant to U.S. Treasury Regulation section 1.141-4(c)(3)(v) that the JFL Contribution will be allocated to costs of the project funded by equity.

The Department of Public Works and the City Representative (a person to be designated by the Mayor as defined in the Stadium Development Agreement) are designated as the oversight agents for the renovation and construction project, while the Office of Sports and Entertainment is designated as the oversight agency for the other agreements.

**Background Information:** StadCo is an affiliate of the Jacksonville Jaguars created to renovate and operate the stadium. The stadium development agreement defines the parameters of the renovation and construction project, the stadium design and features, public infrastructure improvements, and costs and shared financing mechanisms. The stadium lease is for a term of 30 years beginning at a lease rate of \$1 million per year and increasing by 3% annually thereafter. The estimated cost of the project is \$1.25 billion and the defined stadium cost is \$1.4 billion. The stadium development agreement provides that the City will provide the lesser of one-half of the project cost or \$625 million, plus \$150 million in deferred maintenance funding. The Jaguars will provide the remaining construction funds, including any cost overruns (costs which exceed \$1.4 billion). Any cost savings will be equally shared between the team and the City.

The development agreement states that the parties intend that the current stadium be transformed into a first class, state-of-the-art venue designed to have a minimum useful life of 30 years from the first Home Game. It provides that the finishes in the stadium (finishes, equipment, fixtures, systems, technology) shall be substantially similar to those at Mercedes-Benz Stadium in Atlanta, Allegiant Stadium in Las Vegas, and U.S. Bank Stadium in Minneapolis. StadCo is responsible for selecting the stadium architect and for construction of the resulting design. StadCo agrees to work in good faith with the City to achieve JSEB participation in the project in an aggregate value of not less than 20% of the JSEB-eligible portion of the project budget. StadCo will hire a Construction Manager At Risk to perform the work. The development agreement gives the Council Auditor, on behalf of the City, audit rights on all stadium costs and expenditures for a period of 7 years after Substantial Completion is achieved.

The City commits to making Public Infrastructure Improvements consisting of stripping and resurfacing all surface parking lots covered by the parking agreement and the removal or remediation of silting in the stormwater pipes under the Stadium Site. The City may elect to pay the stadium contractor to perform this work on its behalf.

The Jaguars agree to maintain their principal business operations office in Jacksonville and to play all of its home games in the renovated stadium with certain exceptions. The team is entitled to play up to 3 of its home games in the 2027-28 season in London and the remaining home games that season in an alternate site while construction makes the stadium unusable for that season. The agreement permits the team to play up to a total of 3 home games outside of the stadium during the 2025-26 and 2026-27 seasons. The team may request to negotiate with the Mayor regarding moving additional home games to alternate locations during the 2025-26 and 2026-27 seasons, taking into consideration the impact of work on the existing stadium.

Exhibit A to the development agreement – the Project Program Statement – was not attached at the time of filing but is to be attached within 30 days of the Effective Date of the agreement and is “to be at least consistent with public discussions of the details and attributes of the Stadium of the Future.”

The stadium lease agreement provides that StadCo will be responsible for paying all “Operating Expenses” which shall include all reasonable and necessary expenses incurred in connection with the management, operation, equipping, furnishing, repair, replacement and maintenance of the Stadium Site, the Renovated Stadium, the other Improvements and the FF&E. StadCo is responsible for maintaining the stadium after completion in accordance with the defined Operating Standard and Capital Repairs Standard as defined. StadCo may engage a company to operate and manage the stadium on its behalf and may retain food, beverage and merchandise concessionaires. StadCo shall submit an annual stadium operating budget to the City on or before May 15 each year. Before undertaking any work or expending any funds toward an individual Operating Expense, the company shall provide a description of the project to the City Representative for review and approval. The City agrees to create an Operations, Utilities and Events Fund for the purpose of providing a source of funding for Operating Expenses and for expenses associated with attracting and supporting Third-Party Events (other than Excluded Events) at the Renovated Stadium.

**Policy Impact Area:** Stadium renovations

**Fiscal Impact:** The City commits to paying the lesser of either one-half of the project cost or \$625 million, plus \$150 million in deferred maintenance costs.

**Analyst:** Clements