

**CITY COUNCIL RESEARCH DIVISION
LEGISLATIVE SUMMARY**



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Bill Type and Number: Ordinance 2020-648

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

Date of Introduction: October 13, 2020

Committee(s) of Reference: Committee of the Whole

Date of Analysis: October 15, 2020

Type of Action: Authorizing debt issuance; appropriation; CIP amendment; budget ordinance amendment; authorization of redevelopment agreement; approval of lease and parking agreements; approval of loan and trust agreement; amendment to Jacksonville Jaguars lease agreement; approval of quit-claim deed and conveyance of property; Ordinance Code waiver; invocation of direct contracting provision of Procurement Code; Ordinance Code amendments; approval of REV grant; authorizing project completion grant; designation of oversight agencies;

Bill Summary: The bill authorizes the issuance of short-term and/or long-term debt up to \$208,300,000 to provide a City contribution to the Lot J development project to be developed by Jacksonville I-C Parcel One Holding Company, LLC (the "Developer"), a partnership between The Cordish Companies and Gecko Investments, LLC, an affiliate of the Jacksonville Jaguars. It appropriates the borrowed funds to the Lot J Developer Loan, Sports and Entertainment – Lot J Live! and Public Works – Lot J Infrastructure accounts. The bill amends the 2021-25 Capital Improvement Program to add projects entitled: (a) "Lot J - Infrastructure"; and (b) Lot J – Live! Arena". The bill amends Ordinance 2020-504 (the FY20-21 budget ordinance) to revise Schedule B4 Capital Improvement Projects Funded Via Borrowing to add these new projects. It authorizes the appropriate City officials to execute the following agreements: 1) a Development Agreement among the City, the Downtown Investment Authority and Jacksonville I-C One Holding Company, LLC; 2) the Live! Lease agreement between the City and Developer; 3) a Parking Agreement between the City and Developer or a Developer Subsidiary to manage vehicular parking in surface parking lots M, N and P at the Stadium; 4) a Loan Agreement, Trust Agreement and related loan documents for the provision of a \$65,500,000 no-interest loan to Developer to support the Project; 5) an Amendment No. 15 to the Jaguars Lease to remove the Lot J surface parking lot from the Demised Premises of the Jaguars Lease; 6) a quitclaim deed and related closing documents conveying the Lot J surface parking lot to the Developer or a Developer Subsidiary; and 7) easement agreements granting an air rights easement to allow for construction of an elevated walkway and an access easement for the Developer to utilize the Live! Plaza to be owned by the City and constructed as part of the Infrastructure Improvements.

The bill waives provisions of Ordinance Code Chapter 122 – Public Property – with regard to the requirement that the DIA publish and evaluate a notice for conveyance of the City-owned property, as the City administration will be performing that function. The bill waives provisions of Ordinance Code Chapter 500 – Community Redevelopment Policies and Procedures – with regard to a delegation of approval powers by the City Council to the DIA. It waives provisions of Ordinance Code Chapter 55 – Downtown Investment Authority - with regard to 1) a delegation of project approval powers by the City Council to the DIA, 2) DIA control over disposition of downtown City properties, and 3) DIA control over downtown parking since the Council will be performing these functions.

The bill waives the provisions of Ordinance Code Chapter 126 – Procurement Code – with regard to this project except for the provisions pertaining to Jacksonville Small Emerging Business Program. The City is authorized to

purchase directly certain items specified in the pricing proposals for the construction materials and improvements for the Project, and said items to be purchased shall be determined by the Chief of Procurement with the advice of the Director of Public Works. The bill invokes the Procurement Code exception in Section 126.107(g) to permit procurement to be exempted from competitive solicitation as directed in this ordinance and sets forth various requirements for the direct purchase of materials for the project. It declares the City's official intent pursuant to Treasury Regulation section 1.141-4(c)(3)(v) that the Developer's \$50 million contribution to the Live! entertainment venue will be allocated to costs of the project funded by equity.

The bill amends Ordinance Code Chapter 191 – Special Events and Entertainment District – to add the Live! Entertainment District venues located at Lot J to the list of other City venues specifically exempted from the requirement to obtain special event permits as otherwise required under the chapter. It amends Ordinance Code Chapter 154 – Alcoholic Beverages – to add the Live! Entertainment District venues to the list of City-owned or -leased locations where alcoholic beverages may be sold, served and consumed at any time. The bill also amends Chapters 154 and 191 to correct the name of Alltel Stadium and Everbank Field to TIAA Bank Field in several places.

The bill authorizes a Recapture Enhanced Value (REV) grant equal to 75% of city property taxes for 20 years for the multi-family residential portion of the development (up to a maximum of \$12.5 million), and waives the provision of the Downtown Investment Authority's BID Plan which limits multi-family housing REV grants to a maximum of 15 years. It authorizes payment to the Developer of a hotel completion grant of not to exceed \$12.5 million in equal installments over 5 years upon substantial completion of the hotel. The Department of Public Works and the City's Chief Administrative Officer are designated to oversee the construction projects and the Mayor's Office is designated to oversee the contracts.

Background Information: The legislation facilitates a multi-party development and funding agreement among the City, Jacksonville I-C Parcel One Holding Company, LLC, Gecko Investments, LLC (a corporate entity of Jaguars owner Shad Khan), and Baltimore-based Cordish Companies to produce a multi-use development on the site of the current Lot J parking lot in the southwest corner of the Sports Complex. The development will consist of a Live!-branded entertainment district with 75,000 square feet of bars, restaurants, retail space and an outdoor event space, two mid-rise luxury residential buildings with a minimum of 400 cumulative units, a 150-250 room upscale hotel, approximately 40,000 square feet of office space in several buildings, and both surface level and structured parking.

The City's maximum indebtedness for the total project is \$233,300,000. The city would pay \$50 million (half of the estimated cost) toward the construction of the City-owned and privately operated entertainment district. Should construction costs for the entertainment district come in under \$100 million, the developer could use the portion of the \$50 million that exceeds half of the project cost for other purposes. The City will invest \$77.7 million in infrastructure improvements, including \$33.2 million for site improvements like sidewalks and streets, \$6.3 million for environmental remediation of the property, and the remainder for parking facilities. The City will provide a \$65.5 million loan toward the project's estimated total cost of \$450 million, will make a REV grant of up to \$12.5 million on the residential portion of the development, payable over 20 years, and will make a \$12.5 hotel support grant. The City shall convey to the Developer fee simple title to the parcels of property where the privately-owned components of the project are to be built for \$10. To the extent the Mixed-Use Component includes an elevated pedestrian bridge, overpass or walkway that connects the two residential buildings, the City shall grant a Developer Subsidiary a perpetual air-rights easement to construct, repair, replace, maintain and operate such elevated pedestrian bridge, overpass or walkway. The City shall also use commercially reasonable efforts to terminate or modify the Antenna Easement on the Storm Water Detention Pond Area to the end that it no longer encumbers the Storm Water Detention Pond Area to facilitate the future development of the Storm Water Detention Pond Area.

The Developer will invest \$226.8 million in the project, be responsible for managing the construction of all aspects of the Project, and be responsible for all costs of the Project, other than those costs that are the City's responsibility expressly set forth in the agreements. The Developer and its subsidiaries will be responsible for all cost overruns in connection with construction of each Component in excess of the portion of the City Funds

allocated to such Component in the amounts set forth on Exhibit “E” by means of a Guaranty of Completion signed by the Cordish Companies and the Jaguars. The Developer shall have the right to utilize the Additional City Infrastructure Contribution to pay for any Cost Overruns associated with the Infrastructure Improvements.

The Multi-Use Entertainment and Recreational Facility (Live! development) lease agreement provides that the City shall lease the Live! entertainment facility to a subsidiary of the developer for \$100 per year for a term of 35 years, with four 10-year renewal options. The tenant may not exercise the third and fourth renewal options if the mixed-use portion of the complex is not at least 85% occupied and being maintained in first class condition. The tenant shall be responsible for all operations, maintenance and security costs, and shall have the rights to all revenues generated at the facility from admission tickets and other rights to view or attend Facility Events; advertising; media; concessions; parking associated with Facility Events, subject to any applicable Parking Agreement; the right to name or rename the Facility and any portion thereof (subject to the right of the City of Jacksonville City Council to approve the name (but not the other terms of any naming agreement) of the Facility as a whole); the sublease or other grant of rights to use the Facility Premises; merchandise; and all other intellectual property owned by or licensed to Tenant and associated with the Facility. The Tenant shall be responsible for levying a ticket surcharge on all ticketed events at the facility in an amount equal to the surcharge levied on ticket to events at the VyStar Veterans Memorial Arena (as that surcharge may be changed from time to time), and for depositing the surcharge revenues twice yearly into a Facility Capital Fund to be established by the City which shall be used to pay for capital improvement projects at the facility from time to time as mutually agreed by the City and the Tenant.

The Lot J Parking Agreement provides that a subsidiary of the developer shall manage Stadium parking lots M, N and P (bounded by TIAA Bank Field on the east, Georgia Street on the west, Duval Street on the north and Adams Street on the south), the new surface parking lot to be constructed above the current stormwater retention pond west of the current Lot J, and any structured parking facility that may be constructed as part of the mixed use development for the benefit of customers, residents, hotel guests and employees of the development, including the Live! facility, hotel, offices and residences. Except with respect to the Residential Parking Garages, the City shall have the right to remove or add one or more parcels of land from the operation and effect of this Agreement from time to time with the prior written consent of the Owner, not to be unreasonably withheld, conditioned or delayed; provided, however, that any modification to the Land subject to this Agreement shall not have a material adverse effect on the Owner, any Development Subsidiary, or the operation of the Lot J Complex or any portion thereof. During any TIAA Bank Stadium Event, the Owner’s rights shall be subordinate to any other rights granted by the City to support parking for such Stadium Event; provided, however, that the City shall cooperate in good faith with the Owner, at no cost to City, to secure alternate parking arrangements for Customers, Hotel Guests, and Employees during Stadium Events. During any other Sports Complex event the City shall have the right to fulfill its obligations pursuant to Sections 3.2, 3.4 and 3.5 hereof by providing the requisite parking spaces anywhere on the Land or in the vicinity of the Sports and Entertainment Complex, (instead of exclusively on the Surface Parking Areas) as identified by the City with the consent of the Owner, which shall not be unreasonably withheld.

The 15th Amendment to the stadium lease agreement between the City and the Jacksonville Jaguars removes current reference to the erection of up to 3 video board marquees. It revises language regarding repairs, maintenance and improvements to the Daily’s Place Covered Flex Field and Amphitheater. It removes Lot J from the area covered by the stadium lease agreement and reduces the City parking obligation from 6,400 to 5,100 spaces as a result of the removal. It provides that if new parking is constructed over the existing adjacent stormwater retention facility (Pond Parking) then such Pond Parking shall be deemed part of the stadium lease area for JJJ Operative Period Events, JJJ Non-Operative Period Events and Designated Events only.

Policy Impact Area: Sports Complex redevelopment

Fiscal Impact: The City commits to an investment in the project of up to \$218.2M via infrastructure investment of \$77.7M, \$50M for construction of the Live! facility, a REV grant of up to \$12.5M, a hotel support grant of \$12.5M, and a \$65.5M project loan.

Analyst: Clements