

RESOLUTION 2024-11-14

A MODIFICATION AND RESTATEMENT OF RESOLUTION 2024-10-06 OF THE DOWNTOWN INVESTMENT AUTHORITY RECOMMENDING CITY COUNCIL APPROVAL OF A RECAPTURE ENHANCED VALUE ("REV") GRANT NOT TO EXCEED \$2,300,000 IN CONNECTION WITH THE PROJECT; RECOMMENDING JACKSONVILLE CITY COUNCIL APPROVAL OF A TARGET INDUSTRY EMPLOYMENT GRANT OF \$750,000 AND A CITY TRAINING GRANT IN THE AMOUNT OF \$1,200,000 (AS REDUCED FROM \$1,300,000); IN THE SOUTHSIDE COMMUNITY REDEVELOPMENT AREA, AUTHORIZING THE CEO OF THE DIA TO NEGOTIATE THE TERMS OF THE ECONOMIC DEVELOPMENT AGREEMENT AS NECESSARY FOR THE PROJECT; AUTHORIZING THE CEO TO INITIATE FILING LEGISLATION WITH THE CITY COUNCIL REGARDING THE SAME; AUTHORIZING THE CEO OF THE DIA TO EXECUTE SUCH AGREEMENTS; PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Downtown Investment Authority ("DIA") is the Community Redevelopment Agency for the Southside Community Redevelopment Area; and

WHEREAS, the Downtown Investment Authority ("DIA") is authorized per section 55.108 Economic Development of the City Ordinance Code, to utilize the Tax Increment Finance District Trust Funds to foster the redevelopment of the Southside Community Redevelopment Area; and

WHEREAS, DIA staff has worked jointly with JAX USA, and the City of Jacksonville Office of Economic Development ("OED") to negotiate terms to maintain the headquarters in Downtown Jacksonville of a firm utilizing the project name Blue Sky (the "Company") and finds that the funding proposed is necessary to effectuate the project; and

WHEREAS, Company has committed to investing not less than \$20,000,000 towards capital improvements for the relocation of its corporate headquarters to a not-yet-finalized location which shall be located within the Southside CRA boundary and create 150 permanent full-time equivalent new jobs over five years with such employment working primarily on-site in the Southbank District of Downtown Jacksonville with an average salary, exclusive of benefits, of \$118,000, and retaining 600 (reduced downward from 650) jobs from within the local area to be located and working primarily on-site in the Southbank District of Downtown Jacksonville; and

WHEREAS, to assist the Company in its office relocation, creation of new jobs, and maintaining existing jobs, the DIA Board met on October 16, 2024, and approved to forward Resolution 2024-10-06 to the Jacksonville City Council recommending approval of a REV Grant with maximum indebtedness of \$2,300,000.00, a Target Industry Employment Grant of \$750,000 and a City Training Grant in the amount of \$1,300,000; and

WHEREAS, the reduction in the number of jobs being retained from 650 to 600 requires a reduction in the City Training Grant from \$1,300,000 to \$1,200,000, based on the proposed amount of \$2,000 per job retained; and

WHEREAS, the outside date for the completion of the build out and relocation of the Company to remain eligible for City funding is pushed back from December 31, 2025, to September 30, 2026; and

WHEREAS, the REV Grant annual payments will be funded through the Southside Downtown Tax Increment Finance District for a period not to exceed fifteen years as supported by a lease of not less than twelve years with two five-year extensions; and

WHEREAS, funding for the Target Industry Employment Grant and the City Training Grant will be provided by the City of Jacksonville, subject to documentation demonstrating satisfaction of employment and training commitments; and

NOW THEREFORE, BE IT RESOLVED, by the Downtown Investment Authority:

Section 1. The recitals set forth above are true and correct and are hereby incorporated herein by this reference.

Section 2. The DIA Board has determined that the Project is consistent with the following Community Redevelopment Area Plan Goals:

- (i) Redevelopment Goal No. 1: Increase commercial office utilization, occupancy, and job growth to reinforce Downtown as the region’s epicenter for business.
- (ii) Redevelopment Goal No. 8: Simplify and increase the efficiency of the approval process for Downtown development and improve departmental and agency coordination.

Section 3. Authorizing the CEO of the Downtown Investment Authority to modify terms found in the Economic Development Agreement with the Company and related documents substantially in accordance with the incentives as described above and as described in more detail as further modified in the Exhibit A Term Sheet/Staff Report attached hereto.

Section 4. Authorizing the CEO to initiate legislation for approval by City Council of the Agreement and related documents authorizing the economic incentives authorized hereby.

Section 5. Authorizing the CEO of the Downtown Investment Authority to execute said agreements subject to the terms as described above.

Section 6. This Resolution, 2024-11-14, shall become effective on the date it is signed by the Chair of the DIA Board.

WITNESS:

DOWNTOWN INVESTMENT AUTHORITY



 11/24/24
Patrick Krechowski, Esq. Chair Date

VOTE: In Favor: 9 Opposed: 0 Abstained: 0

EXHIBIT A

**RESOLUTION 2024-11-14
PROJECT BLUE SKY**

TERM SHEET / STAFF REPORT

The Project

DIA staff has worked closely with JAXUSA and the COJ Office of Economic Development (“OED”) on Project Blue Sky, which is a confidential proposed project protected from full disclosure pursuant to section 288.075 Florida Statutes for a period of twelve months after the date of receipt of the confidentiality request (dated August 15, 2024), until the date specified in the Final Project Order, or until information is otherwise disclosed, whichever occurs first. This confidentiality request has been confirmed by the COJ Office of General Counsel, and accordingly only high-level information is provided in this Staff Report.

The project represents the relocation of the international headquarters of a successful, established company to an office location in the Southbank district within the Southside Community Redevelopment Area of Downtown Jacksonville. The relocation will enable the company to maintain 600 FTE jobs (reduced from 650 as originally approved) and requires commitment to the creation of 150 new FTE jobs over five years (30 jobs per calendar year beginning January 2026). To meet this requirement, employees are required to work principally on site in the Downtown Jacksonville office location or within the Southbank District of Downtown Jacksonville during their tenure of employment to count towards these goals. The required annualized average wage of jobs being maintained, and new jobs created (excluding benefits) is \$118,000.

The firm commits to expending a minimum of \$20 million in capital investment on construction and renovations at their new Downtown Jacksonville location in the Southbank district prior to September 30, 2026. They also propose to spend \$10 million on computer equipment, office furniture, etc. as part of their move to this space.

Incentives, as outlined below, are stated as playing a major role in making the decision to locate within Downtown Jacksonville after fielding requests for relocation from other municipalities.

REV Grant

Following construction and build-out of the firm’s new offices, the company will be eligible for a 75% Recaptured Enhanced Value Grant as authorized in the Public Investment Policy for a period of fifteen years with Maximum Indebtedness of \$2,300,000. The REV is supported by a lease of twelve years allowing for two five-year extensions. Should the lease extension not be executed, the term of the REV will terminate at twelve years, and any remaining balance on the Maximum Indebtedness will be forgone by the Company. The REV will be paid on the increased ad valorem at the site above a base amount being received by the City currently in proportion to the occupied square footage of the firm as compared to the total square footage of the property. These amounts will be paid through the Southside Redevelopment Trust Fund, through its expiration, and the City of Jacksonville for any periods that remain beyond that expiration. Administration of the REV Grant will be managed by the DIA Compliance Officer consistent with other DIA REV Grant process and methodology.

Target Industry Employment Grant

The firm will be eligible for a Target Industry Employment Grant in the maximum amount of \$750,000 or \$5,000 per job created meeting the salary and location requirements outlined above, with a maximum of 150 jobs over a period not to exceed five years. Funding for the Target Industry Employment Grant will be made through the City of Jacksonville and requires further approval by the Jacksonville City Council. Administration of the Target Industry Employment Grant will be managed through a Memorandum of Understanding with the COJ OED.

City Training Grant

The firm will be eligible for a City Training Grant in the maximum amount of \$1,200,000 or \$2,000 per job retained meeting the salary and location requirements outlined above, based on maintaining 600 jobs with training to occur over a two-year period and payoff of the Grant over four years. Funding for the Target Industry Employment Grant will be made through the City of Jacksonville and requires further approval by the Jacksonville City Council. Administration of the City Training Grant will be managed through a Memorandum of Understanding with the COJ OED.

Performance Schedule

1. The Company and the City have jointly established the following dates for the performance of Company's obligations under this Agreement (herein called the "Performance Schedule"):
2. Execution of a lease for the Leased Premises by no later than March 31, 2025 ("Leasehold Commencement Date").
3. Demonstrate a Capital Investment of at least \$20,000,000 in the Improvements at the Project Parcel by no later than September 30, 2026.
4. Creation of 150 New Jobs by the Company with an average minimum base salary of \$118,000 by no later than December 31, 2031, on a schedule to be agreed to by the Parties.
5. Relocation of the Company's International Headquarters to the Leased Premises by no later than September 30, 2026.
6. Substantial Completion of all Improvements related to the Project shall be by no later than September 30, 2026.
7. Completion of all Training contemplated hereof by no later than December 31, 2028 ("Training Completion Date").

There will be additional terms, conditions, rights, responsibilities, warranties, and obligations for both parties which shall be determined in a later negotiated mutually agreeable written contract (or multiple written contracts as is deemed necessary).