CITY OF JACKSONVILLE

COMMUNITY REDEVELOPMENT AGENCY

BOARD MEETING

Proceedings held on Wednesday, February 1, 2017, commencing at 9:02 a.m., City Hall, Lynwood Roberts Room, 1st Floor, 117 West Duval Street, Jacksonville, Florida, before Matthew S. McKinney, a Notary Public in and for the State of Florida at Large.

BOARD MEMBERS PRESENT:

JAMES BAILEY, Chairman.
JACK MEEKS, Vice Chair.
OLIVER BARAKAT, Board Member.
DANE GREY, Board Member.
BRENNA DURDEN, Board Member.
CRAIG GIBBS, Board Member.
RON MOODY, Board Member.
KAY HARPER-WILLIAMS, Board Member.

ALSO PRESENT:

AUNDRA WALLACE, DIA, Chief Executive Officer.
LORI BOYER, President, City Council.
GREG ANDERSON, City Council Member.
TOM DALY, DIA, Redevelopment Analyst.
GUY PAROLA, DIA, Redevelopment Manager.
JIM KLEMENT, DIA, Development Coordinator.
JOHN SAWYER, Office of General Counsel.
KAREN UNDERWOOD, DIA, Executive Assistant.

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P R O C E E D I N G S

February 1, 2017 9:02 a.m.

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THE CHAIRMAN: Good morning, everyone.

This is the Downtown Investment Authority regular board meeting of February 1. It is a special meeting. We decided to escalate these projects. They're too important to sit and wait.

First, let me go around and welcome a few people. We have people from the media here. Please raise your hand. Let us know you're here. Some of them are obvious, but let us know you're here. Any questions, comments, concerns, anything you need, please address it while you're here. This is very important. You're important to us.

This message is important to the public, so we want it right. Anything we can do to help that, we certainly will. We have plenty of experts up here to ask questions of. So before you leave here, please get any answers you need to understand what's going on here today. We do appreciate you-all being here. This is a big day for Jacksonville, Downtown

Jacksonville.

I'd like to welcome two city council members, our former council president, Greg Anderson, and our current council president, Lori Boyer. They are both members of this committee, and we certainly appreciate them being here and their interest in downtown. We have a lot of other guests.

I would like to say Diane, our court reporter, could not be here today. At 9:00 o'clock in the morning she has a commitment, so she sent Matthew McKinney. Matthew is going to be recording our minutes.

With that, I would like to turn the chair over to our vice chair today, Mr. Jack Meeks. So for this meeting Mr. Meeks is going to be chairing. I will be here. I have some input, and I will still be here.

So with that, I'd like to turn this meeting over.

(Vice Chairman Meeks assumes the Chair.)

THE VICE CHAIRMAN: Let's do the pledge, then I'll take over.

(Recitation of the Pledge of Allegiance.)

THE VICE CHAIRMAN: Mr. Wallace, I suppose you're up next for presentations, sir.

MR. WALLACE: Yes, sir. Good morning.

Here to present Resolution 2017-01-03, the resolution of the Downtown Investment Authority supporting the execution of a commercial revitalization incentive agreement between the Downtown Investment Authority, GV-IP Capital Partners, LLC, and Opal Acquisition, Inc., d/b/a, doing business as, One Call Care Management, and authorizing the CEO of the Downtown Investment Authority to negotiate the commercial revitalization incentive agreement and authorizing the CEO of the Downtown Investment Authority to execute such an agreement itself.

Mr. Chairman, this is a project that is located on the Southbank itself. The property is 841 Prudential Drive. Some of you may very well know this is where currently AETNA is located, in this particular building. What we're here today to do is discuss the City funding of $1 million through the City of Jacksonville's Downtown Investment Authority.

It's a commercial revitalization grant calculated at 20.25 percent of the real estate, the real property taxes generated by the project, for a term of 10 years, for which an annual payment of $100,000 for 10 years would get us to the actual $1 million. And so the maximum cumulative grant payments over that term would be just $1 million as discussed.

The conditions for this proposed grant is the following: An annual certification that the previous year's annual employment was equal to or greater than 1,175 total jobs located at the building site. The grant shall be paired down on a pro rata basis for total jobs certified between 1,175 and 900 jobs.

And, B, no less than 900 total jobs located at the building site. So that annual installment payment will not be made for years in which the annual certified number of jobs is 899 or less.

The third condition is the documentation from the building element that the applicant at no time during the prior year lease had less than 130,000 square feet of space at the actual building site itself.

Mr. Chairman, this was brought to us at our last meeting in January, to come back and clarify some matters, and the actual term sheet made it very consistent so that we took into consideration all the comments that the board made. This is the incentive that is before you today, Mr. Chairman.

THE VICE CHAIRMAN: Thank you, Mr. Wallace.

Why don't we -- if I can have a motion. Why don't we put this in a motion and second on the board, then we will have discussion and public comments.

Can I have a motion to approve this?

THE CHAIRMAN: So moved.

BOARD MEMBER HARPER-WILLIAMS: Second.

THE VICE CHAIRMAN: All right. Starting on our right, Mr. Gibbs, do you have any questions or comments?

BOARD MEMBER GIBBS: I have no comments or questions, sir.

THE VICE CHAIRMAN: Mr. Bailey?

THE CHAIRMAN: No comments.

THE VICE CHAIRMAN: Ms. Durden?

BOARD MEMBER DURDEN: Just one question.

Through the Chairman, Mr. Wallace, on the terms and the condition number two about the

900 jobs, if I understand the term is for 10 years, if there's a year or two during that 10-year term that they have less than 900 jobs, is the term extended for another year?

MR. WALLACE: No. The contract is for 10 years. If they do not meet their obligation that particular year, they would not receive incentive for that particular year.

BOARD MEMBER DURDEN: Okay. Thank you. That was my answer.

THE VICE CHAIRMAN: Mr. Barakat.

BOARD MEMBER BARAKAT: No comment. I think it's ready to go.

THE VICE CHAIRMAN: Ms. Harper-Williams.

BOARD MEMBER HARPER-WILLIAMS: No comment.

THE VICE CHAIRMAN: Mr. Moody.

BOARD MEMBER MOODY: No comment.

THE VICE CHAIRMAN: Mr. Grey.

BOARD MEMBER GREY: No comment.

THE VICE CHAIRMAN: Do we have any public comments on this? I guess I should ask our council people first.

COUNCIL MEMBER ANDERSON: Can I clarify?

Through the Chair, Mr. Wallace, when you said that it would be reduced -- so if the employment numbers for the year were below the threshold, then that removes that year's incentive? It's not replaced or kicked down the road; it's just actually removed?

MR. WALLACE: Correct.

COUNCIL MEMBER ANDERSON: So if they missed it for one year, it would be $100,000 less?

MR. WALLACE: Correct.

COUNCIL MEMBER ANDERSON: Okay. And is that the understanding of the developer as well?

MR. ISAACSON: Yes.

THE VICE CHAIRMAN: We seem to be in agreement. All in favor of this would say yes.

BOARD MEMBERS: Yes.

THE VICE CHAIRMAN: Any opposed?

BOARD MEMBERS: (No response.)

MR. KLEMENT: Did they get the name of the person back there who was speaking?

MR. WALLACE: The person from the developer side is Jason Isaacson with GV-IV Capital Partners.

THE VICE CHAIRMAN: Mr. Wallace, do you want to move on to the next item, sir?

MR. WALLACE: Certainly.

Resolution 2017-02-01, the resolution of the Downtown Investment Authority authorizing the chief executive officer of the DIA to negotiate a redevelopment agreement, parking garage lease agreement and related agreements among the DIA, the Molasky Group of Companies or designee and Southeast Group or designee, for the redevelopment of the Barnett Bank building, the Laura Street Trio and for the construction of a structured parking facility collectively known as "the project;" authorizing a $4 million Downtown Historic Preservation and Revitalization Trust Fund grant for the Laura Street Trio; authorizing a R.E.V. grant in the amount of $1.8 million for the hotel portion of the Laura Street Trio redevelopment and recommending approval by City Council of a $4 million City grant for the project; and authorizing the CEO of the DIA to negotiate redevelopment agreements, a lease agreement for the parking garage and other agreements as necessary for the project; and authorizing the CEO to initiate final legislation with the City Council regarding the same; and authorizing the CEO of the DIA to execute such agreements, providing an effective date.

Mr. Chairman, if you look at the slide, in the green area, that is known as the Barnett Bank building. And parcels which would -- across the street in parcels A, B, and C, those respectively would be the Florida Life building, the Marble Bank building, and the Bisbee building. Those three parcels comprise the Laura Street Trio.

Just to the south of Forsyth Street, there's where the actual parking garage would be constructed on that particular site. That particular property is owned by the City, and we have a service parking lot there which we manage through the Office of Public Parking itself.

So the proposed development plan is the following: For the Barnett building, it is a $34.2 million project that would include commercial retail space as well as office institutional space and multifamily residential units. The residential units are approximately 110 units, with roughly about a little over

35,000 square feet of office institutional space and just under 10,000 square feet of commercial retail space itself. The actual parking deck that we spoke of would be 550 spaces.

Moving to the Laura Street Trio, that is a $44.6 million project that would include a lobby, a fitness center and hotel, as well as a conference center and restaurant space in that particular building. Notice the Barnett building's at the southwest corner of Laura Street and Adams. It was constructed in 1926.

As already indicated, it would be a $34.2 million project seeking approval from this board for a $4 million grant. The grant would be only available after a certificate of occupancy is obtained on this particular project.

As I indicated, the buildings for the Laura Street Trio, which are at the northeast corner of Laura Street and Forsyth -- again, this particular project would be a $44 million project seeking a $4 million incentive plus a $1.8 million R.E.V. grant, none of which is attainable until a certificate of occupancy is obtained on this particular building. I've laid out the incentives here.

So the Laura Street Trio is a $44 million project, and the Barnett building is a $34 million project. As we get to the summary of this, the total project cost itself, excluding the new parking deck on this -- so that's just the four historic buildings -- is roughly $78.8 million here. Public incentive is $9.8 million, of which $1.8 million would be paid out over a 20-year time frame. There is a master lease parking commitment of $13.2 million over the lifespan of 20 years.

What is also proposed in this is a parking leaseback to the actual developer for 250 spaces of the actual 550 spaces that would be in the garage. That leaseback to the developer is a payment that they would make annually at roughly about $300,000 a year for 20 years, totaling $6 million.

That leaves us, through the Office of Public Parking, to manage 300 parking spaces to generate at a minimum $360,000 annually. So if you take the minimum annual amount of $360,000 we would generate off those 300 spaces and the

$300,000 annually that comes back from the developer leasing spaces, that's $660,000 annually to take care of the debt service payment. Anything earned above that $360,000 for us would go back into the Parking Enterprise Fund. That also assists us with the management and operation of the actual garage itself.

The total gross square footage for the entire project, when you combine the Trio and the Barnett building, is over 320,000 square feet of space. What it breaks down to, when you look at our investment of $9.8 million for the 320,000 square feet, it's roughly $31 a square foot that we would actually be incentivizing.

As we indicated, the Trio is a 131-room hotel. Throughout this project, you will see a number of different office space uses, commercial, retail and restaurant spaces, as well as multifamily. When you look at our plan, this project almost checks nearly every single box when you begin to think about it.

To talk a little bit about where we've been, I started here August 19th, 2013. It has been a long road to get here with multiple different financial opportunities and multiple players. First, to be able to get here, I have to thank Mayor Curry and his team for assisting us with getting here.

Second, while he's no longer on the board, I have to thank Rob Clements, former CEO at EverBank, for allowing me to utilize his credit underwriting team, and Councilman Anderson's colleagues to help us along the way in the early steps and stages of looking at this particular transaction and making sure that what we knew was right and making sure that we checked all the extra boxes.

And I also have to thank Southeast Group, Steve Atkins. Developers can be dreamers at times, but you have to be a dreamer and believe in a particular project.

And I have to thank the Molasky Group of Companies for stepping forward. We met with the administration last Thursday morning at 8 o'clock, and this thing moved very fast. You've not heard me talk about this. But in that particular meeting to see the purchase and sale agreement, they had actually wire transferred the funds directly to the escrow account to purchase the Barnett building, "they" being the Molasky Companies.

Being able to get a term sheet approved at that particular point in time and being able to bring it to you today to have consideration for approval -- I think that with those that came up with the concept of Downtown Investment Authority, what they had in mind, I would have to say that your management team has lived up to just that, and it's now your responsibility as the board to make a policy decision as to whether or not you want to approve this particular incentive package to move forward. Being clear, till I get the actual deed on the Barnett building, should you approve this, this does not move the City Council and legislation to follow.

The last thing I want to say is we have stuck to our guns. There's no public funds at risk during the construction side of this particular project. Our business and investment and development plan talks about the private sector leading. Well, this is being led by the private sector. And if they do not perform, the incentive is not paid out.

THE VICE CHAIRMAN: Mr. Wallace, thank you very much. Very impressive.

I'd like to have a motion and a second, and then I'll open it up for discussion.

BOARD MEMBER MOODY: So moved.

BOARD MEMBER GREY: Second.

THE VICE CHAIRMAN: Thank you.

Mr. Grey, let's start with you, if we might, your comments or questions.

BOARD MEMBER GREY: I just want to tell the team congratulations. This is a long time coming. And for no risk for the City and public dollars, that's pretty awesome, especially the parking package that we put together. I think that speaks volumes.

Congratulations. You have my full support.

BOARD MEMBER MOODY: I, likewise, think that all the risk appears to be on the developer. For the City, it's all upside. On top of that, we pick up 300 extra parking spaces in an area of downtown that needs it very much. So I think there's a lot of good positives. I'm for it.

THE VICE CHAIRMAN: Ms. Harper-Williams.

BOARD MEMBER HARPER-WILLIAMS: Through the Chair to Mr. Wallace, I'm going to presume that this project is successful. I'm supportive of it.

My question is: After these grants, presuming the developers are able to obtain Certificates of Occupancy and we're in a position to actually pay as indicated by this resolution, where does that leave the DIA funding-wise?

I know the timeline on this is approximately 22 months, so two years from now. Of course, we would hope that there would be other revenue coming in through other projects.

But what is your projected position for the DIA as far as funding at that point?

MR. WALLACE: The Historic Preservation Trust Fund, from which we would be allocating funds to this project, to the Trio portion of this project, roughly has a balance of $4.3 million. If you utilize $4 million, you only have $300,000 left. To date, there is not a source that replenishes that fund on an ongoing basis.

So if we are to do additional projects such as this, the relationship and partnership that we're having with the administration, we won't have to go to them to discuss future projects as they arise and come to us. But the Historic Preservation Trust Fund, the lion's share that is in there, would be utilized for this particular project.

We had a brief conversation at our last board meeting that our downtown, our Northbank CRA as a whole, is underperforming. It is in the red due to legacy projects. So that's where we are.

In terms of being able to identify additional resources, that's the conversation that we need to start once we begin budget preparation in the next month or so.

BOARD MEMBER HARPER-WILLIAMS: My other question is: Do we have a projection for the tax revenue from this project, such as the impact on the Northbank TIF, so that we can sort of evaluate how that changes our position?

MR. WALLACE: So presently, the project itself, both the Trio and the Barnett, would be receiving federal historic tax credits. So that puts a 10-year freeze at a minimum on the existing buildings.

Now, on the Trio side, there's a new construction portion to make sure that you adjoin all of the buildings. That's the side that is the portion that received an actual R.E.V. grant itself of $1.8 million over 20 years. Over 20 years, the total revenue earned would be approximately almost $3.6 million because we would be providing a 50 percent R.E.V. grant on that project. So while 1.8 would be the outflow, the inflow and keep would be approximately 1.8 equally as well during that particular 20-year time frame.

We'll come back to that as Tom pulls up the numbers, and I'll be able to tell you what the actual tax revenues are that will be earned over the life of that particular project.

THE VICE CHAIRMAN: Mr. Daly, you're up, sir.

MR. DALY: Thank you.

As Aundra said, it's about $3.6 million on the new construction piece of the Laura Street Trio as it's currently designed. The garage is estimated to earn about $2.5 million worth of ad valorem revenue over the 20-year period. This is all over the 20-year period. And then for the first 10 years of the projects, the Barnett is capped at about $13,000 a year in taxes and the Trio is capped at about $10,600 in taxes.

In year 11 they will jump to whatever their currently assessed value is. The total off of the Barnett over 20 years is about $3.5 million, 3.479, and total off of the Trio is about $3,032,000. So the total ad valorem revenue over 20 years for those two projects are about $12,608,000.

BOARD MEMBER HARPER-WILLIAMS: Over the 20-year period?

MR. DALY: Over the 20-year period. Because again, those four historic buildings are back-loaded the last 10 years.

BOARD MEMBER HARPER-WILLIAMS: Thank you.

THE VICE CHAIRMAN: Mr. Barakat.

BOARD MEMBER BARAKAT: Thank you, Mr. Chairman.

Just first a couple comments. I want to echo some of Mr. Wallace's comments, because I do remember in 2013 seeing Mr. Atkins and

Mr. Wallace at the Omni Hotel having the first of many, many meetings. Every year there are awards for the development community, and for Mr. Atkins I'm going to suggest they have a tenacity award and that he be the winner of that award. How you've kept your sanity over all these years, I don't know. Thank you for sticking to it.

To the Molasky Group, congratulations. You're about to possess probably the most important asset in the region, one of the most important historic and culturally significant assets in our region. Thank you for believing in downtown and in Northeast Florida.

This is the kind of project, if it comes to fruition, that they write articles about in ULI. It's mixed use. It's new construction through a public-private partnership, adaptive historic rehabilitation, and it checks all the boxes like Aundra said. Thank you-all for bringing this finally to us in a combination of provisions among the agreements that I think is agreeable to all.

There are some tweaks I'm going to recommend, but I think this has got the best chance of coming together. I see only two areas of risk for the City that I want to review. One is on the Historic Trust Funds and the fact that they have been sitting in an account since the beginning of this century and just kind of sitting there and sitting there.

If we do appropriate these funds for this project, I'd like to suggest that they come back to the City after a certain period of time. I would like to suggest it be four years after the effective date of the development agreement. And I want to get the developer's input. I want to give the developer plenty of time in the event of surprises during the construction process.

Again, I don't want these funds just sitting and sitting and appropriated towards one project and lingering while it could be useful for other projects, if your project doesn't come to fruition, and I would like to get your input on that.

THE VICE CHAIRMAN: Let's deal with that one issue, then you apparently have a second issue.

Mr. Wallace, take that issue up, if you

would, in terms of what you anticipated doing, and let's see how we best move forward with that issue.

MR. WALLACE: I think what Mr. Barakat is basically stipulating is that in the event the project stalls or something of that nature, he does not want the funds lingering and hanging out for some period of time. So I will make a counter-recommendation that once receiving their permits to begin construction of the Barnett building and the parking garage, within 48 months they must have also completed the actual construction of the Trio project itself.

Ms. Durden is confused.

BOARD MEMBER DURDEN: Yes.

MR. WALLACE: The reason being, remember that Trio would lag behind the Barnett roughly 8 to 12 months. So if you give them what I'm proposing, 48 months from the time they actually get their permits and are ready to go with the Barnett building and the parking garage, they would have roughly 48 months from that time frame to make sure that they are ready to go and get completed on the actual Trio project and will allow them the ability to ask for, in your discretion, either a 6- or 12-month extension beyond that 48 months in the event they see challenges arising.

That way, you're providing enough time on a historic restoration project of three buildings that were constructed quite some time ago, that there are going to be some challenges with those particular buildings itself. It's inevitable. It's one of those things that it's a known risk.

So you're allotting them an opportunity to be successful but not really pulling the rug out from under them if they run into actual challenges itself. That's what we might counter to Mr. Barakat.

To the actual board, I think that it can be achieved in that manner. But I'm not the developer, so I have to hear from them on that particular statement.

THE VICE CHAIRMAN: Mr. Atkins, you want to come forward and talk to us about that particular item and your response to it?

(Mr. Atkins approaches the podium.)

If you would, introduce yourself, sir, and give us your address.

COUNCIL MEMBER ANDERSON: Mr. Chairman?
THE VICE CHAIRMAN: Oh, I'm sorry.
Mr. Anderson.
COUNCIL MEMBER ANDERSON: I want to make sure I understand the question. I think I've gotten a little confused on it. So my understanding was that no funds are distributed until there's a CO.
MR. WALLACE: That's still correct.
COUNCIL PRESIDENT BOYER: They'd be encumbered.
COUNCIL MEMBER ANDERSON: So your question is: How long would that encumbrance last? Would it go on forever?
BOARD MEMBER BARAKAT: That's right.
COUNCIL MEMBER ANDERSON: Thank you very much.
MR. ATKINS: First of all, thank you for having us here today. I'm Steve Atkins. I'm the principal managing director of Southeast Development Group. I'm joined here today with Matt Connolly, who is the senior vice president of development from Molasky. Thank you, again, for allowing us to be here.
If I understand Mr. Barakat's concern,

it's an encumbrance and how long the funds are encumbered for. I don't think it's our intention that we would cause an encumbrance for any extended period of time. Obviously, we have a construction schedule that we would be looking to meet anyway. If there are concerns with that, I'm certainly willing to have that discussion. I can have that discussion with my partners and look at how we mitigate that risk to the City.

I have no interest in encumbering funds if we're not able to use them. So, again, we're not going to be receiving any funds until CO. It's our risk until we get to that stage. If there's going to be hiccups along the way, which inevitably there are, our role is to figure that out and fix those issues and move forward.

THE VICE CHAIRMAN: If I might, obviously the sort of time period that's been discussed with Mr. Wallace and I think Mr. Barakat too extends considerably beyond your construction period.

MR. ATKINS: Absolutely.

THE VICE CHAIRMAN: I understand from a

development standpoint that we all want to get it done as quickly as we can. I suppose the question is --

Mr. Sawyer, this might be a question for you. Is this something that rises to the level of a change or an amendment to our motion, or can this be given as a matter of advising (inaudible) to Mr. Wallace in terms of putting together the ultimate detailed contract?

MR. SAWYER: John Sawyer to the Chair, I think I would prefer to see this just as guidance given to Mr. Wallace and also OJC as to parameters that you want to see. As part of a negotiation process, you will always have firm completion benchmarks where there's a drop-dead date, where by date X, if you haven't gotten the CO, the project just goes away so to speak. You could always come back and amend that.

If they have a serious obstacle and they come back and say, "Look. We're still on track. We just need more time," then at a future point in time we could come back and extend it. But the guidance of the four-year time frame seems ample for the project and certainly is a narrow enough window.

THE VICE CHAIRMAN: Mr. Barakat, are you satisfied that we give that as advice to Mr. Wallace, as opposed to making that an amendment to the motion?

BOARD MEMBER BARAKAT: Yeah. I would be comfortable with the guidance versus amending the motion. I think the only thing we need to decide is when the four years begin. I think Mr. Wallace suggested it begins from the building permit, and I had suggested it begins from the effective date of the agreement. I'm okay with the beginning date being from the building permit, but I still think we need a sunset on how long we take to get a building permit because that could go on indefinitely as well.

MR. ATKINS: Absolutely.

BOARD MEMBER BARAKAT: So I would look for your counsel on what would be more than a reasonable amount of time.

MR. ATKINS: I would say that we could certainly discuss that. I mean, a year is more than ample. We certainly are moving at a much quicker pace than that. If you think that

that's longer, too long, we can certainly discuss that if it needs to be a shorter period of time.

BOARD MEMBER BARAKAT: Through the Chair, it sounds like five years from the date of the development agreement would be more than enough time?

MR. ATKINS: Certainly.

BOARD MEMBER BARAKAT: Quite frankly, I'd start getting uncomfortable with encumbering these funds beyond five years.

MR. ATKINS: I agree. I wouldn't have any issue there.

THE VICE CHAIRMAN: It sounds like we're in agreement on that point as advice and counsel to you, Mr. Wallace.

Mr. Barakat, you said you have a second?

BOARD MEMBER BARAKAT: Yeah. The other item pertains to the parking garage. The way I see it, we will be leasing all of the spaces back from the developer, and they will be subleasing from us 250 of the spaces. On the remaining spaces, the term sheet says the master lease will be for the entire amount of parking spaces, currently planned to be 550 spaces.

I'd like to stipulate that for the other spaces the City has the unfettered right to use those spaces. I assume that's the intent.

MR. WALLACE: Yes.

BOARD MEMBER BARAKAT: So I would like to make that amendment in the term sheet to make sure that's stipulated because I think that's important when we go before City Council, in order to give them confidence that we can make money on this garage. You have a better chance of making money if you rent it for daily purposes or nightly purposes versus just monthly reserve. And that will really increase our chances of profitability or at least breaking even for this obligation.

Secondly, on the right to terminate that the developer has requested, the termination penalty is a cash payment made by the developer, an amount equal to the then-appraised value of the land previously conveyed by the City.

Is it the appraised value of the land or the property with the garage improvements?

MR. WALLACE: It's the appraised value of the land. Just remember that they are designing, financing and constructing the actual parking garage, so they are going to own that particular asset.

BOARD MEMBER BARAKAT: Okay. And can you explain to me -- there's these two options. There's one that is the termination penalty, and the second termination penalty is an option of a sublease of 100 parking spaces for 15 years at a rate of $1 per year.

MR. WALLACE: Correct. We currently already monthly lease somewhere between 70 to 80 spaces on that serviced parking lot, so we're earning revenue off of that right now. So the two options are there to make sure, number one, that we have the opportunity to make sure that we either continue to earn revenue for a period of time or we're paid properly for the fair market appraised value of the actual land in option one.

So if it's option two, which is the 100 spaces, and we're only paying $1 a year for those spaces, we still have those 100 spaces for however long the term says to utilize for our own purposes unfettered, as you spoke of, for any utilization that we desire.

BOARD MEMBER BARAKAT: Okay. For 15 years?

MR. WALLACE: That is correct.

BOARD MEMBER BARAKAT: 15 years from the time of the termination?

MR. WALLACE: That is correct.

BOARD MEMBER BARAKAT: All right.

My last point, Mr. Chair, the $660,000 payment by the City to the developer for 20 years on a projected garage cost of $11 million, that's about a 6 percent return on cost. Is that correct, a fair statement to make? We are basically guaranteeing $660,000 per year.

MR. WALLACE: That is the debt service payment on that particular garage, yes.

BOARD MEMBER BARAKAT: Right. That is revenue to the -- that is income to the developer. When you say "debts," I want to make sure I understand.

MR. WALLACE: That is for the debt service payment on that particular project, $660,000.

BOARD MEMBER BARAKAT: I think I'm confused by the word "debt service." Help me understand why it's called "debt service" and not "revenue."

THE VICE CHAIRMAN: It's both, I think, Mr. Barakat. It's revenue to the entity, and then they have that revenue to service their debt. That's my understanding.

BOARD MEMBER BARAKAT: What is their debt service per year on the garage?

MR. DALY: It's currently estimated to be that $660,000.

BOARD MEMBER BARAKAT: So we are essentially paying their debt on the garage. So they are not making any return on the garage; it will break even?

MR. ATKINS: It's very tight, yeah. There's no income associated with it, with the garage.

THE VICE CHAIRMAN: Just to respond to that a little bit, if I understand the numbers and the concepts we're talking about here, to the extent they're getting principal paid, then that would, over a period of time, result in some rate of return because at some point in time the garage will be paid off.

BOARD MEMBER BARAKAT: Well, that is true, yes. So that's not an interest-only payment. There's an amortization over the 20 years as well.

MR. DALY: This is PI, yeah.

BOARD MEMBER BARAKAT: All right. Let me think that through. I've got no further questions.

THE VICE CHAIRMAN: Am I understanding you correctly, Mr. Barakat, that you wanted to make a friendly amendment for the one parking-related issue, or are you satisfied that --

BOARD MEMBER BARAKAT: Yeah. I'd like to make a notation on the term sheet that the City will have the unfettered right to lease the 300 parking spaces.

THE VICE CHAIRMAN: I'm partly asking you, Mr. Barakat and Mr. Sawyer, does that rise to the level of an amendment, or is that more advice and counsel?

I'll start with you, Mr. Sawyer.

MR. SAWYER: We can do it as advice. If you prefer an amendment, you can have an amendment to amend the term sheet and then move the resolution as amended.

THE VICE CHAIRMAN: Mr. Barakat, what is your preference?

BOARD MEMBER BARAKAT: I'd like to make an amendment.

THE VICE CHAIRMAN: All right. Let's come back to that. We'll see if we have any more advice or friendly amendments, and then we'll deal with yours.

Ms. Durden.

BOARD MEMBER DURDEN: Thank you, Chair.

I'd like to delve a little bit more into what I call the performance schedule. I have some of the same concerns that Mr. Barakat has with regard to the risk to the City. And the language that I've seen so far -- for instance, there's a discussion in the staff report that talks about possibly starting construction in 22 months or some period of time.

And then in the term sheet, it says, you know -- it doesn't actually talk about that. It actually words it differently, that we would not be responsible for paying any sooner than 20 months, for instance, in discussion about the $4 million coming from the Historic Preservation Fund.

So I have some -- that is very, you know, wishy-washy in my opinion. Every development agreement I've ever known of, the performance schedule is actually where the pedal hits the metal, in my opinion. I think that five years is a tremendously long period of time, but I understand the historic nature.

So there's a couple of refining questions I'd like to ask through the Chair to Mr. Wallace and then possibly going to the developer, to Mr. Atkins. First off, if I understood what Mr. Wallace said, he was talking only about, to begin with, the Barnett building and the parking garage.

Now, the parking garage is a new construction, so we don't have the issues like we have with the Barnett Bank building as far as historic preservation. So that's one question I've got.

Second question is: Where does Trio fit into that 48 months or five-year period?

THE VICE CHAIRMAN: Ms. Durden, because I'm having a hard time following on this one, let's reduce your question to one question. Let's deal with one question at a time. I have to give depositions. It's difficult for me to deal with more than one question at a time.

So let's go back and start with one question. Let's deal with one question at a time to Mr. Wallace and then go from there. So take your choice in questions. Let's deal with that one and discuss it to your satisfaction, please.

BOARD MEMBER DURDEN: Okay. I would like to see a very more specific performance schedule, and I'd like to have Mr. Wallace explain to us how all of the projects -- do all of the projects fit within this five-year time frame?

And, you know, I can live with the 48 months from the building permit, with the 12 months to get the building permit. I can live with that. But I need to have more specificity about what is actually being said is going to be done within that five-year period. So let me just stop there.

THE VICE CHAIRMAN: Okay.

Mr. Wallace, can you respond to that?

MR. WALLACE: Certainly. Barnett building itself would take between 20 to 22 months to repair, restore and get it ready.

BOARD MEMBER DURDEN: Is that from the date of building permit?

MR. ATKINS: Yes, ma'am.

MR. WALLACE: Yes. Okay. So if you're looking within your 48-month window, that is already 22 months of that time frame right there. The parking garage would only take roughly 16, possibly 18 months at best, to finish.

BOARD MEMBER DURDEN: Again, from building permit issuance?

MR. WALLACE: Correct. So it is very probable, all likely, that in the 22-month time frame that you have the Barnett restoration going and the parking piece going all during that time frame. All right?

Now, you asked a question, where does the Trio fit within there. Trio has more extensive design layout, more construction engineering, cost, numbers to fine tune, to make sure that they understand all of the unforeseen risk for the project. That's what they're going to be doing simultaneously while the Barnett and the parking garage are working its way through in the construction side. That's why I said it would lag between 8 months and 12 months.

It's all still doable within the 48 months that Mr. Barakat laid out. And I said that if there were any really, truly structural risks and things of that nature that possibly could arise with either the Bisbee, the Florida Life or the Marble Bank building, build in enough time that they're able to meet here with those issues and still be able to bring the projects all to completion.

THE VICE CHAIRMAN: Ms. Durden, does that address and otherwise satisfy your question?

BOARD MEMBER DURDEN: It does.

I would like to offer a friendly amendment. I think that it's a very, very important part of our agreement, and I'd like to make that a friendly amendment to the term sheet, which is attached or which will be attached, Exhibit A, to the resolution.

THE VICE CHAIRMAN: Let me ask here. I think we already had this as sound advice and counsel to Mr. Wallace. As opposed to advice and counsel, you would prefer a friendly amendment to this item; is that my understanding?

BOARD MEMBER DURDEN: That's correct.

THE VICE CHAIRMAN: Having said that, I will keep both of these friendly amendments in abeyance until we get with everyone.

Do you have any other comments or questions?

BOARD MEMBER DURDEN: I do have one other question on the termination of the parking garage. It provides that the developer has an option to terminate the master lease, but then it also provides, at the bottom of page 2 on the term sheet, that these two possibilities have to occur, one or the other.

It's not clear to me whether or not the City gets to decide which option. If the developer wants to terminate, it seems to me that it should be the City who gets to analyze the options and gets to determine which option it wants to pursue, and that's not clear. I would like to provide that that would be at the City's option to --

THE VICE CHAIRMAN: It sounds like Mr. Daly may have a response to what appears to be a question.

Mr. Daly.

MR. DALY: To Ms. Durden through the Chair, the way it's currently written, it's the developer choosing the option they would choose to take to get out of the master lease.

BOARD MEMBER DURDEN: I'm sorry. Where does it -- I don't see where it provides that.

MR. DALY: It's the developer's option.

BOARD MEMBER DURDEN: Obviously, the developer can choose to terminate. But then the two possibilities, that's not clear to me. And if it is the developer who gets to decide, why is it the developer? Why wouldn't it be better for it to be the City who would get to choose in light of the fact that the developer is in the process of deciding it wants to terminate? My concern, of course --

THE VICE CHAIRMAN: Let's go --

BOARD MEMBER DURDEN: Let me just finish --

THE VICE CHAIRMAN: Okay. Go ahead.

BOARD MEMBER DURDEN: -- so that they can understand what my concern is.

My concern is that, obviously, this becomes a revenue issue. We've had very bad luck so far with parking garages. You guys know that. We've talked about that. I have a real concern if we don't have the right to decide what is in the best interest of the revenue for the City of Jacksonville between these options.

And that's my long-term concern, so that's why I'd like it to be that at minimum the City would get to choose which option. Because if the developer no longer wants to lease those or have the master lease, then at least it should be up to us to decide what are going to be the consequences.

THE VICE CHAIRMAN: Mr. Wallace, do you want to respond to that or should we let Mr. Daly do so?

MR. WALLACE: I'm going to let Tom start there so I can craft my response.

THE VICE CHAIRMAN: Mr. Daly.

MR. DALY: To Ms. Durden through the Chair, I think the issue there would be that if they're going to choose a point in time to terminate the master lease, it's going to be entirely their project. They'll have fee simple title to the land. They'll have constructed the building and are entitled to the improvements, and they need to make an economic decision of whether it's better for them to have a garage that they operate or continue on with this master lease agreement. They're letting us, at that point, out of our obligations.

MR. WALLACE: To piggyback on that piece --

MR. DALY: So if they're going to be making an economic decision at that point in time, they're going to want to know how they're (inaudible) -- that future point in time appraised value of the property or the 100 spaces. And for them to not know which option we're going to pick, they can't be sure whether to terminate that lease or not, whether it's going to switch from month to month, what we would choose.

THE VICE CHAIRMAN: Mr. Wallace.

MR. WALLACE: Yeah. Let's not forget the fact that this project has hinged upon parking from the very onset. And the ability to have the private markets design, finance and construct the parking garage and it's no risk to us on the front end is something that doesn't always come across all the time on these particular projects.

So I wanted to make sure that in order to get the project done, we came up with the best possible solution to do just that. I do respect and understand the City; you know, should we have this particular option, saying you need to do A or B.

But as Tom indicated, I don't want to impact the economics of the actual deal, nor do I want to put the developer in a position that this is something they have to reconsider.

THE VICE CHAIRMAN: Ms. Durden, do you have any further comments or questions? Before we leave this item, are you satisfied with this or would you like to also consider this as a friendly amendment or advice and instruction to Mr. Wallace?

BOARD MEMBER DURDEN: I'd like to hear what others have to say before I make a decision.

THE VICE CHAIRMAN: Okay. Then let's take that one item. Mr. Grey is a man with some background in these parking issues.

Sir.

BOARD MEMBER GREY: It is very, very, very hard to make a parking garage work financially, and it's even harder when there's no subsidies going in there from a government entity. So the fact that the developer is taking the risk of building the garage and then leasing it back out, turning the lease terms over to the City to generate revenue off of, it's very unlikely you'll ever find it anywhere.

From my perspective, I think we don't want to make this a litigious situation where they can't move or navigate. Giving them one option to get out and still we retain 100 spaces for that over the course of time, I think, is a very, very good deal.

THE VICE CHAIRMAN: Moving around the table just on the parking issue that Ms. Durden has raised, Mr. Moody.

BOARD MEMBER MOODY: I agree with Mr. Grey. It is in my opinion a very good deal considering the dynamics of the downtown parking issue.

THE VICE CHAIRMAN: Ms. Harper-Williams.

BOARD MEMBER HARPER-WILLIAMS: Thank you.

Through the Chair to Ms. Durden, I am comfortable with this specific portion of the term sheet because the language in there reads that the developer and the City may negotiate, et cetera, and while the specific language of such option must be negotiated at a minimum.

So to me, the way I read this is that there is an intent to allow both parties to have some meeting of the minds with respect to any termination, so I'm comfortable as it stands.

THE VICE CHAIRMAN: Mr. Barakat.

BOARD MEMBER BARAKAT: I think I'm comfortable as well. I mean, you know, you have to think about why would the developer want to terminate a 20-year lease from the City. It's kind of not really a rhetorical. I think I know the answer.

Mr. Atkins, why would the developer ask for this termination?

MR. ATKINS: There may be a need for refi. There may be opportunities. The project as a whole, once it's completed, we wanted to be able to have those protections and mitigate that risk. There may be a need for us to put more equity into the parking deck than what we initially think right now. So we're taking on that risk as well.

We've negotiated on the terms based on our estimated cost and what we felt comfortable with, but we may very well have to supplement that. So we're trying to mitigate our risk as much as possible and keep that option as it is described, as an option on the table for us to consider in the future. But you're right, it would be more likely that we were going to maintain the lease.

BOARD MEMBER BARAKAT: Yeah. I mean, equity investments aside or capitalization aside, the only reason an owner-developer would terminate a lease is if they see a positive arbitrage situation in the marketplace. So, you know, in that instance, I think Ms. Durden's questions are relevant because it's a potential windfall situation for the developer that we need to be cognizant of. I'm not particularly bothered by it, so I'm going to just move on.

THE VICE CHAIRMAN: Mr. Bailey.

THE CHAIRMAN: As far as parking, it's

acceptable and I agree with Mr. Grey, so we can move on.

THE VICE CHAIRMAN: Mr. Gibbs.

BOARD MEMBER GIBBS: I think Mr. Grey evaluated it accurately, that the risk belongs to the developer, and this is a great deal for the City.

THE VICE CHAIRMAN: Ms. Durden, do you have any more comments or thoughts about that after hearing from our colleagues?

BOARD MEMBER DURDEN: No. It sounds to me like this issue is going to be acceptable.

I do have one other question. Mr. Wallace mentioned the Parking Enterprise Fund, and I'm not familiar with the Parking Enterprise Fund and how that relates to our CRAs. And I don't know who controls the use of that money, and I don't know what the money can be used for. But if I understood it, any revenues go into that Parking Enterprise Fund.

So if you could, just answer who controls the use and what can those funds be used for. And the reason I'm asking that question is because -- does that extend to other uses that this board may want to invest in.

MR. WALLACE: The use of the Parking Enterprise Fund is for parking-related purposes. That's one. Two, we manage the Office of Public Parking. It's a division of the Downtown Investment Authority, so we make the recommendations and the budget process with regards to utilization of public parking funds with regards to parking matters itself.

Then that rolls up through the actual budget process, and then the City Council through its finance committee deals with the budget process, then we work with the administration in developing the actual budget for parking. So we manage parking, and the funds go to the Parking Enterprise Fund.

But if your question is whether the funds are going to be utilized for something other than parking, the answer to that is no.

BOARD MEMBER DURDEN: Is it for parking only within our CRA areas? And where I'm going with that is: Is it limited to northside because it was generated by a northside project? Can we use it on the Southbank, or does it go into a fund to be used anywhere in the entire city?

THE VICE CHAIRMAN: Mr. Daly, you seem eager to answer that question, sir.

MR. DALY: The Parking Enterprise Fund is county-wide. This is not CRA-related. It's more akin to what we refer to as 75B, the Downtown Economic Development Fund. It's a separate fund of money that the DIA has.

BOARD MEMBER DURDEN: Okay. So maybe there's an answer in there that I'm looking for, which is:

Does the DIA control it?

MR. DALY: Yes.

BOARD MEMBER DURDEN: The use of that money? They propose the budget to --

MR. WALLACE: The DIA proposes a budget that goes through to the City administration, and we go through their process, then the mayor makes his budget recommendations to the City Council for every recommendation in the budget process that has come from the administration.

So in short, to answer your question, we are not the final say with that. That resides with the City Council.

BOARD MEMBER DURDEN: That concludes my question.

THE VICE CHAIRMAN: Thank you, Ms. Durden.

Mr. Bailey.

THE CHAIRMAN: Mr. Connolly, welcome to the DIA. I promise my comments won't be proportional to Mr. Atkins' request to be here today. But I must say this has been a very, very long project. I think Mr. Barakat said it right. You have been tenacious. If you couldn't get through, you found somebody that could. If you couldn't get through to them, you found somebody that could get through to somebody else, and you never stopped.

I think we were meeting with Council President Anderson about a year and a half ago talking about this, and he walked in the office and said, "We're going to make this happen. We're going to get this done." We kept working and kept working, and now we've got parking -- I see Mr. Carlin (phonetic) in the back of the room back there.

I want to say one thing. I heard a comment about how we haven't been successful with parking. DIA has been successful with parking. We haven't had it but a year, and we're absorbing and taking on a lot of things we're trying to resolve.

I think Mr. Grey is right. It's fortunate that we have an opportunity like this with parking. We've talked about these deals and how to make them happen.

I could not think of a better partner for your firm than Molasky. Other than one ownership of a building in Florida, this is their first project in Florida. And that excited me a lot, that they were coming here, because there might be other opportunities.

And, Mr. Anderson, we went through an awful lot during that time, and this is exciting to see this at this point. When you're looking at parking, having seen the article yesterday, parking in Manhattan is $1,500. There's less spaces now than there were before.

I think managed parking is a lot different than a parking garage, and I think our risk is much lower. I couldn't be more excited. And when you're talking about five years on a project like this, drive around Bay and Ocean Street and look at Chophouse and how long it takes to do a project like that. Five years is not unreasonable for something like this. We don't know what we're getting into, and I think we're fortunate to have organizations like Steve's and Molasky doing this. So this is a very exciting time.

I'm glad that the rest of this board is looking at it the way they are, trying to fine tune it, trying to touch on every responsibility we have for the taxpayers' dollars. I'm glad to hear it. If it was me sitting here, I'd ask when we are starting. Let's get going.

It was a year ago that former Council President Anderson, who's sitting there -- they were talking about staging the next week. So I don't think this is going to take long to get cranked up and get going. I think this project is going to be exciting to see, and I think it's going to be a stimulus for many other things that are going to go on in here.

I'm excited. I couldn't say more about it. I couldn't be happier than we are today, seeing you still at it, still pushing, the same team still here. And this is going to be fun. This is going to send a signal to one of the biggest displays of failure in our city in seeing that building up there -- and not a failure, but our lack of getting things done.

Keep in mind, this wouldn't be happening if it wasn't for the tenacity of our former council president, our current council president and our mayor and the administration and the DIA in trying to put this together and make this work. It's that teamwork of all three. We can't do anything without them. They want us to do certain things.

So it's great to see that teamwork, and this is a great example of the teamwork. Even though we've been through some tough times getting there and trying to do it, this is a great example of the teamwork.

MR. ATKINS: Thank you.

THE CHAIRMAN: It's going to be fun to watch it, and we really look forward to it. I learned more about parking during this than I ever wanted to. And quite frankly, when we started this organization, I kept pushing for parks and parking, and I learned an awful lot about it.

Steve, we talked many times about the

spaces that are out there and how they could be configured, how we could reach out to neighbors. I think this is a great opportunity to show how it can be done. I'm proud of you. I think it's a great job. I don't know how you did it. I really don't. You just kept bouncing back.

And some of the folks that called and kept telling me where you were and what's going on, I never was surprised that you weren't still pushing at it. I was surprised that you were still sane and going through all the channels. But this is probably one of the most exciting things I've seen for the city so far in what we're going to be doing in downtown.

Thank you.

MR. ATKINS: Thank you. Thank you, Mr. Bailey. If I could just say real quickly how much I appreciate your comments.

I have enjoyed working with Chairman Bailey and particularly with Mr. Wallace. I really need to offer special thanks to Aundra. He and I have spent an inordinate amount of time on this project working together, and he has worked hard for the DIA in crafting an agreement that I think is equitable for everybody.

I also have to thank Mayor Lenny Curry, who has demonstrated a great deal of leadership. He and his administration deserve a lot of credit for helping us get to the finish line here. I thank everybody here on the board.

And also just for me to say personally, I am a Jacksonvillian. I am a native Jacksonvillian. It is my hope and my goal to make this project successful and do whatever we have to do to make that happen. For us, it has been an exercise in faith and fortitude that has not stopped, and it won't stop. We're not going to have gone this far and not see this thing to the successful finish line.

So I appreciate all the questions and concerns. Those are certainly reasonable, and we're happy to continue to work with the DIA and the City administration. So, again, thank you, and I'm always available for anybody who would like to reach out to ask specific questions.

THE VICE CHAIRMAN: Mr. Gibbs.

BOARD MEMBER GIBBS: To Mr. Bailey's comments, may I say ditto. I remember this project coming before this board some time ago, and I admire the tenacity that Mr. Barakat spoke about, that you have persevered. It shows your love and admiration for the city, and we want to thank you.

MR. ATKINS: Thank you, sir.

THE VICE CHAIRMAN: Our council colleagues, any comments or questions?

COUNCIL PRESIDENT BOYER: I have a couple. First, I want to ditto the compliments because we have been watching this for a long time, and we really appreciate your willingness to hang in there.

MR. ATKINS: Thank you.

COUNCIL PRESIDENT BOYER: I mean, it's an awesome day for the city at this point because this truly will be a phenomenal asset to downtown, and we've been waiting for it for a long time. So we're very grateful. So I have a couple questions on specific things that I just want to understand from your term sheet.

The first one is the conversation about the funds going into the Parking Enterprise

Fund. Any revenue we receive on the subleased spaces goes into the Parking Enterprise Fund. My question is for Mr. Wallace or Mr. Daly. It's not clear to me whose obligation it is to pay the 660. Is it DIA or the City?

I'm asking the question because you probably remember all too well the financial dilemma that DIA faces associated with the MPS Garage payment coming out of your budget but the revenue not coming into your budget. So what I would suggest here is, if it's envisioned that this revenue is going to be used to offset the cost of the payment, that there be some specific language to that effect so that the parking revenue doesn't kind of get used for one thing over here and the obligation sits on your budget.

MR. WALLACE: To address your question, the obligation does not sit on the Northbank CRA TIF, none whatsoever. The obligation would be with the Parking Enterprise Fund. So we would collect the revenue, and then the check has to get cut from the City to make the actual payment.

COUNCIL PRESIDENT BOYER: So I think that should be articulated somewhere, if not in the term sheet, in the agreement. Because I will tell you, even though in the case of the MPS garages -- I mean, the Parking Enterprise Fund itself as a subfund isn't an entity, so I don't know that it assumes the liability for the lease.

I just want you to be clear in the end that the two things are tied together so that if there's a deficiency in revenue, so be it; somebody's going to have to pick that up. But if the revenue is sufficient to cover it, you want to make sure it is and that you're not ending up with an obligation that doesn't have a revenue source. So that's my first question.

THE VICE CHAIRMAN: Are you proposing then that we should consider a motion for that or again this is just advice and counsel for --

COUNCIL PRESIDENT BOYER: If Mr. Wallace believes that's the way it's structured already, I think that Mr. Sawyer can make sure that's in the agreements. Portions of this are going to have to come to City Council anyway. I would expect that by the time this comes to City Council, there is something in writing that clarifies that. So, you know, we can let it get that way.

Second thing is: Mr. Wallace, can you explain to me -- I want to understand kind of who is going to operate the garage. I heard on the one hand that we contribute the land. The developer contributes the construction, pays for it, everything else, then we have a master lease.

Well, if it's a master lease like Mr. Sleiman has at the Landing, he operates the whole facility. Or is it a master lease where we just have a financial obligation and the right to use certain spaces, as Mr. Barakat's comment was about our right to use of those spaces is unfettered, but somebody else is managing, operating and maintaining? I didn't see in here who manages, operates and maintains.

MR. WALLACE: That would be handled through the Office of Public Parking.

COUNCIL PRESIDENT BOYER: So we're doing that as part of the master lease?

MR. WALLACE: Correct.

COUNCIL PRESIDENT BOYER: So in the

development of documentation, some clarity about who actually has the responsibility beyond a payment number to operate, manage and maintain.

Then my question for that is: From a financial standpoint, I mean, there's a cost associated with that. There's an annual cost of whether you're operating the gates or staff lets people in and out and fixing light bulbs and whatever else. Have you some estimated budget for that?

Because from a financial analysis on the City side of the cost of the master lease, then part of the cost of our side of the table is the management and operation and maintenance of the building. So just so we get some clarity on that.

MR. WALLACE: Understood.

COUNCIL PRESIDENT BOYER: Okay. Then to the --

COUNCIL MEMBER ANDERSON: Because I'm going to get confused, can I ask a question?

COUNCIL PRESIDENT BOYER: Go ahead. Yes.

COUNCIL MEMBER ANDERSON: So in that instance, then, does the City set the parking rates?

MR. WALLACE: Yes.

COUNCIL MEMBER ANDERSON: Okay.

COUNCIL PRESIDENT BOYER: So, again, yeah, that whole thing wasn't clear to me, kind of who was running the garage.

Next part is -- so when you went through in response to Ms. Durden's questions about the development schedule, my interpretation of what I heard was that the Trio will start later because the Trio has more design work involved to kind of figure out exactly what it's going to cost and what is going to be done.

Is that kind of correct?

MR. WALLACE: A little bit more than fine-tuning the cost. We're fairly certain that the cost is at $44 million, but there's more valued engineering between Danis, the Southeast Group and the Molasky company itself.

COUNCIL PRESIDENT BOYER: Here's my important question. My important question is: Are they independent? Because as the term sheet is written, the City of Jacksonville $4 million grant is disbursed at the issuance of the CO of the Barnett Bank building.

If the Barnett Bank building is completed and work never begins on the Trio, does the City still have the $4 million obligation on the Barnett Bank building, and then things stop on the Trio and the DIA doesn't have the responsibility to disburse the historic preservation?

I think that's an important thing that we need to know from a project standpoint, is are these tied together or are they independent. In other words, they may not have to have a CO yet on the Trio in order to get the $4 million on Barnett. But do they have to have building permits and be in the process of construction and moving forward on it, or could they just decide they're walking away on the Trio?

MR. WALLACE: The $4 million are independent of each other from a project standpoint. So you get the CO on the Barnett, the building's complete, that $4 million is disbursed. And the parking garage is complete and has a certificate of occupancy, and we execute the full master lease.

COUNCIL PRESIDENT BOYER: So that's really an independent development agreement entered into with the City, as opposed to the development agreement entered into with the DIA on the Trio and the parking garage? Is that what you're thinking?

MR. SAWYER: Through the Chair to Councilwoman Boyer, at present I'm contemplating this one redevelopment agreement. For the sake of convenience, you can just call it in terms of phases. So phase one will be a standalone in essence; phase two being the Trio project.

Right now, I do one redevelopment agreement with both the City and DIA signing. As we work through it, if there's some benefit to segregating them, then we'll do that in the end. But right now I'm contemplating one development agreement.

COUNCIL PRESIDENT BOYER: So clearly the portion of it as it relates to the Barnett and the City grant, that development agreement has to be approved by the City Council?

MR. SAWYER: Correct.

COUNCIL PRESIDENT BOYER: And to the extent they're one, then really the whole thing is in City Council control as opposed to any of it having DIA oversight?

MR. SAWYER: Yeah. I don't think -- you can designate DIA the contract manager so to speak, but all of this is going to come before council and be subject to council approval.

COUNCIL PRESIDENT BOYER: Okay. I mean, I'm a little concerned, and I guess maybe I look forward to hearing more. But I'm a little concerned about the independence of the two things. Because clearly we've all envisioned that the Barnett and the Trio were going to happen as a package or that's it's really important that the Trio happen. And I would hate to see this be just the Barnett and the parking garage and stop there, but I understand that there's more costs and evaluation to be done on the Trio.

THE VICE CHAIRMAN: Mr. Anderson.

COUNCIL MEMBER ANDERSON: Thank you very much.

I do have a quick statement, and it's more high level than detail. I want to start with the detail because that's a really good question.

Mr. Atkins, the council president's

pointing to the fact that these projects work together. Without one part, they don't come together to achieve what we're trying to achieve. And we all knew up front that parking was the key, right? So what comments might you or Molasky have about making sure that we do it all, that we're not just committing to one part?

MR. ATKINS: Sure. I think that is why we've kind of packaged it and presented it the way we have. It is really like one big project. There's distinct parts. And maybe if I can offer just some clarity on why schedules are different and why we're taking the approach that we are -- keep in mind that, as you know, as we all talked about, we've been on this project for quite some time.

We had gotten further on Barnett than we had with Trio, just the logistics and the work that had been done specifically for that building. The adaptive reuse process is really unique in terms of construction and rehab work. In order for us to achieve the tax credits for all the properties, we have to address them independently. You know, we call it the Trio, and we all look at it as one group of buildings and one project, and it is in terms of how we approach it. But they are three different historic buildings, and they have three different unique sets of characterizations.

So we have to approach it in terms of design for each historic building and then kind of couple those together. That's a little bit longer process than just for instance the Barnett, which we've addressed already with just one building. It's also a much bigger building with repetitive floor plates. That's an easier prospect for us to move forward with on a very early basis.

The Trio is a much more complicated and complex project just because it is three different buildings built at three different times. They're really not physically connected at this point. We'll be connecting them with new construction and then making an addition to the Florida Life Building. So it's a much more complex project, and it just takes longer to get to where we have to be with the design. It has to be vetted through not only historic but in our case with Marriott. It gets vetted with

Marriott and their design team.

So it's just a longer process, and that's why the schedules are different. But our intent is for it to be all one big completed project. It's certainly within -- as the investment that we're making in both sides of the street, it's incumbent upon us to make sure that the other one works. Because one doesn't really work, as you said, without the other.

COUNCIL MEMBER ANDERSON: When you bring up the flag, the hotel flag, this is a Marriott Courtyard as contemplated to be a limited service hotel, first one downtown, correct?

MR. ATKINS: Correct.

COUNCIL MEMBER ANDERSON: And they've been kept sort of lockstep as we move forward?

MR. ATKINS: Oh, yeah. They're very excited about being in the market. This will be singular representation for that particular flag in Downtown Jacksonville. We have an exclusive territory with a radius of 2 and a half miles around the site. So this will be the Marriott Downtown. Although it does operate under a Courtyard flag, it is a very unique program even amongst the different parts of the Marriott brand.

They have a program called Urban by Marriott where we're allowed to design and implement and execute the hotel component in that project to be characteristic of the historic nature of the buildings. So it will be very different and unique. It won't be like a prototype or a big box Courtyard that you may have seen on the road. They've been very successful with this in both, you know, primary markets and secondary, tertiary markets throughout the country. So it will be more akin to a boutique-style hotel than it will be a prototype that you might be accustomed to seeing.

COUNCIL MEMBER ANDERSON: Okay. Thank you.

I do want to make one other point about the parking, and that is that it contemplates for retail space in the parking too. And so the owner of the building has an incentive to lease out that retail space as well to generate revenue.

MR. ATKINS: That's right.

COUNCIL MEMBER ANDERSON: So just quickly, the Laura Street Trio as a redevelopment project has traveled a long and winding road. And so just to put it in perspective, this includes the Marble Bank building, the Bisbee building, the Florida Life building, but it also includes the renovation of the Barnett building.

It provides new parking and retail space that make it all work. And so I want us just to think about this. That's four historic buildings in the core of our downtown that have been vacant for way too long, so this is a critical project. And the way that the parking has been designed and the combination of the City and private investment, I think, really do give this an opportunity to be very, very successful.

Several years ago we walked throughout the building. And at the very top of the building, there's a flagpole. It used to be at the very top, and it hung out over the street. And I remember up there thinking, "What would it be like to see that flagpole come back to Downtown Jacksonville, and what would that mean to the adjacent properties and their valuations and other investors that want to come into this community?"

And so each of you will have an opportunity to vote on this, and the City Council will get a chance to vote on this as well. But it comes after an enormous amount of work. And so I want to thank everybody, especially Steve, Lisa, folks at Molasky, who have stuck with us during this process.

And that's it. Thank you very much.

THE VICE CHAIRMAN: Mr. Bailey, do you have some other worthy comments to make?

THE CHAIRMAN: I don't know worthy. I just wanted to add, when we were going through this a couple of years ago, we were talking about bifurcating this deal in doing Barnett and Trio. If this was the other way around, I would have concern. This is not the other way around. You can't do this deal without the Trio.

So getting to Barnett first gives me great comfort, knowing that the rest of it needs to be done. When you write a check for the Barnett Bank building, you're looking at getting the next project done. So I have no concern with starting with the Barnett and getting that done or any concern with what happens after that.

Thank you.

MR. ATKINS: Thank you.

THE VICE CHAIRMAN: Well, from my perspective, this is certainly a "wow" moment in terms of where we are. And in terms of appreciating what you've done and now what you're going to do, some of the folks here know that my wife and I have done half a dozen or so historic restorations, smaller buildings. And there are two things that I've never heard in those projects from the contractors, the architects, et cetera.

The two things are: It's going to cost less and take a shorter period of time. I've never heard either one of those things. So what you're doing -- I think this is something for us to keep in mind on the DIA board and also for the City Council. This is an immensely complicated, difficult undertaking with lots of moving parts.

As a lot of you know, my wife and I are doing about an 8,000-square-foot building here in downtown right now. And that one building was vacant for at least a decade or so. These buildings have been vacant for decades. It is a brain-buster to get these things put back together again. It is not easy, and the level of intellectual capital it has taken to put this together is amazing to me. This has so many moving parts and has taken a virtual level of genius to put this together.

And yet my notion of it is the hard part is yet to come. One of the things that's most impressive to me about this whole thing, in terms of limiting the City's risk, is that we're not putting our City money out until there's a certificate of occupancy. That, to me, is a huge deal.

So with those comments, Mr. Sawyer, I think we have the possibility at least of two friendly amendments. And I know we have to take up public comment, so how should we do that in an orderly, appropriate fashion?

MR. SAWYER: Perhaps take public comment now and then take up the amendments to amend the term sheet.

THE VICE CHAIRMAN: Okay. So we'll take

up public comments then on both, the whole thing, both the friendly amendments and the motion on the floor.

MR. SAWYER: And the resolution.

THE VICE CHAIRMAN: All right. With that said, then, do we have any public comment about anything and everything about this proposition?

Yes, sir, in the back. You come forward and introduce yourself and give us your address.

(Audience member approaches the podium.)

MR. LANGTON: Good morning, Mr. Chairman.

I'm Mike Langton. I own two buildings in downtown, one across the street from the Barnett Bank and another building next to the Florida Theatre about a block away from this thing. I want to speak enthusiastically in favor of the resolution before you today.

I started on the Barnett Bank back in 2003. In 2003 I had it under contract from a group that owned it out of Long Island, New York. At that point in time, I went to the administration and I did the financial analysis. We did an engineering. We did architecture. We did everything. We did the financial analysis, and it came out that I needed $11 million of City support to make the deal work. That was in 2003.

You're now talking about between 10- and $12 million. So the numbers are right. They haven't changed. And the buildings are still sitting there vacant. Those buildings are the pivotal buildings of our downtown. Now, I invested huge sums of money in these two buildings in downtown as you're doing, Mr. Chairman, and others have done -- Jim Bailey has done a bunch of buildings, and Oliver's been involved in a bunch of stuff -- with the idea that our downtown would be revitalized. Now, my first investment was 22 years ago. I'm still just barely breaking even. And another building next to the Florida Theatre sat vacant for two and a half years. I can't get a tenant.

So these are pivotal to the success of downtown. This is an absolutely perfect private-public partnership. And I'm so glad that Council President and the past council president seem to be very supportive with the analysis of it because it's the right thing to do. This is Main and Main, and they sit vacant.

I'm probably one of the most ardent persons in terms of historic preservation. I live in the official oldest house of Jacksonville built in the 1840s. I own four other historic buildings. But I have said publicly many times before this board, "Either tear these damn buildings down or restore them because they are killing our downtown."

So, obviously, I'm very passionate about this. I thank Steve and his group. And the Molasky Group are perfect developers. They have been tenacious, as you've said. They are willing and ready to put up their money and their reputations, and we need to embrace that.

Thank you very much.

THE VICE CHAIRMAN: Thank you so much.

All right. Any more public comment?

(No response from the audience.)

Mr. Sawyer, again, should I take -- Mr. Barakat was first. Should I take up his friendly amendment then?

MR. SAWYER: Yeah. Let's take them up one at a time.

THE VICE CHAIRMAN: After hearing all this, Mr. Barakat, do you still have a friendly amendment to our motion?

BOARD MEMBER BARAKAT: Yes, Mr. Chairman. Just to remind everyone, I believe the amendment will pertain to the Historic Preservation Trust grant, that the incentive will expire from five years of the effective date of the development agreement.

THE VICE CHAIRMAN: Do I have a second to that motion -- to that amendment, I should say?

BOARD MEMBER HARPER-WILLIAMS: Second.

THE VICE CHAIRMAN: Second. Okay.

And I think once we have our discussion, Mr. Sawyer, we can vote on that and take up public comment?

MR. SAWYER: That's correct.

THE VICE CHAIRMAN: Okay.

Mr. Grey.

BOARD MEMBER GREY: No comment.

THE VICE CHAIRMAN: Ms. Harper-Williams.

BOARD MEMBER HARPER-WILLIAMS: No comment. I'm supportive.

THE VICE CHAIRMAN: You're supportive.

Ms. Durden.

BOARD MEMBER DURDEN: Just a clarification. Is it for both of the $4 million grants?

BOARD MEMBER BARAKAT: My amendment is specific to the Historic Preservation Trust Fund and not the 4 million that would be coming from the City.

BOARD MEMBER DURDEN: I would just ask: You know, is there a distinction? Why would it only apply to that grant as opposed to the additional 4 million?

THE VICE CHAIRMAN: Mr. Barakat.

BOARD MEMBER BARAKAT: I don't have a problem with restricting it. The 4 million from the Historic Preservation Trust Fund is within the purview of the DIA board. The other $4 million comes from the general fund and council, and I would -- it would be under their purview to make those restrictions. Certainly, I don't have a problem making the recommendation in the same vein, but that was my -- my specific concern related to the funds that are under our purview.

THE VICE CHAIRMAN: Let's hold that amendment then as it is.

Ms. Durden, any further comments? Do you have any further comments on that?

BOARD MEMBER DURDEN: No, sir.

THE VICE CHAIRMAN: Mr. Bailey.

THE CHAIRMAN: No comment.

THE VICE CHAIRMAN: Mr. Gibbs.

BOARD MEMBER GIBBS: No comment.

THE VICE CHAIRMAN: Mr. Moody.

BOARD MEMBER MOODY: No comment.

THE VICE CHAIRMAN: Then let's vote on that amendment as stated. All in favor, say yes.

BOARD MEMBERS: Yes.

THE VICE CHAIRMAN: Any opposed?

BOARD MEMBERS: (No response.)

THE VICE CHAIRMAN: No opposition. All right.

I think that was your one friendly amendment, was it not, Mr. Barakat?

BOARD MEMBER BARAKAT: I think I also wanted to, on the parking master lease, alter the term sheet to indicate that the City shall have the unfettered right to lease the 300 parking spaces.

THE VICE CHAIRMAN: Okay. Are you

proposing that as a friendly amendment then or just as directions to our --

BOARD MEMBER BARAKAT: That's a friendly amendment.

THE VICE CHAIRMAN: A friendly amendment. Okay. So please say that amendment again for the record.

BOARD MEMBER BARAKAT: The City shall have the unfettered right to lease the 300 parking spaces in the parking structure.

THE VICE CHAIRMAN: Do we have a second to that?

BOARD MEMBER HARPER-WILLIAMS: Second.

THE VICE CHAIRMAN: Mr. Grey.

BOARD MEMBER GREY: No comment.

BOARD MEMBER MOODY: No comment.

BOARD MEMBER HARPER-WILLIAMS: No comment.

BOARD MEMBER DURDEN: No comment.

THE CHAIRMAN: No comment.

BOARD MEMBER GIBBS: No comment.

THE VICE CHAIRMAN: All right. All those in favor, say yes.

BOARD MEMBERS: Yes.

THE VICE CHAIRMAN: And no opposition on that.

Mr. Barakat, are we --

BOARD MEMBER BARAKAT: That's it.

THE VICE CHAIRMAN: That's it.

Ms. Durden, I think we have worked our way back to you.

BOARD MEMBER DURDEN: I would like to broaden the five-year time frame that Mr. Barakat -- the friendly amendment, I'd like to broaden it in light of the discussion and the explanation that Mr. Wallace made, that I also heard Mr. Atkins say was acceptable to the developer. And that would be that all of the projects, the Barnett, the garage and the Trio, would be completed within the five-year period from the development agreement.

I understand that there's going to be lagging, but that's what the explanation was. And I think that -- I think it also comes back to what Council President Boyer spoke to, which was the tying of the garage with the Trio as well as with the Barnett. The Trio is going to generate a lot of need for those parking spaces in the garage. And so to me, it's very important that the Trio be part and parcel and play a part.

And I noticed in the term sheet there's also a description for a clawback. And it would seem to me that that's the only time that the clawback is going to come into play is if, for some reason -- if, for some reason, they don't ever do the Trio or it's not done, then it would seem to me that that might be where the clawback would come back, would play in. Otherwise, I wasn't really clear on how the clawback would operate or what the conditions would be.

So to make it very clear for the friendly amendment is to basically reiterate exactly what Mr. Wallace explained to us and was agreed to by the developer here, which would be to create this five-year time frame for all three projects.

THE VICE CHAIRMAN: So in terms of your amendment, let me just understand. I think since we've approved Mr. Barakat's amendment, we're not taking that away. Yours includes his amendment and is more comprehensive; is that correct?

BOARD MEMBER DURDEN: That's correct.

THE VICE CHAIRMAN: As I understand your

amendment, it is to say that all projects anticipated in this development have to be finished within five years of the execution of the development agreement -- with what consequences if they are not? Because I'm confused now about what we have -- I did notice this clawback agreement, and I didn't understand that either. I guess I should have asked.

So if they're not finished within five years, what are the repercussions of that? As an example, if we've already finished the first project and $4 million has been disbursed, but the second project isn't finished within five years, that money's not going to come out anyway. I'm not sure what the consequences are of that.

I understood Mr. Barakat's particular motion in that he was specifically addressing our commitment with the trust fund, but I'm not quite sure how this amendment works and what the consequences are. So if you would, if I haven't confused matters more, help me out a little bit.

BOARD MEMBER DURDEN: I think that the --

I think that one option, obviously -- if it didn't happen in the five-year period, it certainly seems to me that the developer can come back to us and say, "Look. This is what's been going on. Here's our good faith efforts to get there. We need an extension of time."

I think Mr. Wallace even mentioned building into the development agreement an opportunity for them to come back and get that extension or even build in an extension that provided that the developer has been operating in good faith, then have an extension in there for the Trio. That's acceptable as far as I'm concerned.

But I do think that having a friendly amendment -- if for nothing else than to make sure that the council knows that this is important, that we as a board have said this is very important to making sure that it actually does happen, that the projects are tied together, and for the success of the projects and the success of downtown.

THE VICE CHAIRMAN: So let me just clarify to make sure I understand. If we disburse $4 million because the first project has been finished, you're not proposing that we would clawback or take any of that money back; it would just, in terms of funding, prospectively, if the five years has run without whatever extensions we've given, then the second funding amount would not be given. Is that what you're proposing in your amendment?

BOARD MEMBER DURDEN: I'm not really talking about the clawback. I'm really talking about the schedule, the operation schedule.

THE VICE CHAIRMAN: Again, I'm trying to understand the effects of it. If we do this -- I think what we're saying -- I'm just trying to clarify this point.

I'm putting a hypothetical here. One project has been finished. We funded that. And so a second part of this has not been finished, and that funding will not be made subject to it being finished and/or within the time frame that we've allotted with an extension. Is that a correct understanding of your amendment?

BOARD MEMBER DURDEN: I think that they could come back and ask for more time.

THE VICE CHAIRMAN: I understand that. I

think the answer to that is yes. I was trying to get to a "yes." There's got to be financial consequences. We're not funding if the project hasn't finished, and we wouldn't fund if we're past a certain date without extensions. I think that's the effect of your amendment. I'm hoping the answer to that is yes because then I understand it. If it's not yes, then I don't understand it.

BOARD MEMBER DURDEN: Okay. Yes.

THE VICE CHAIRMAN: Good. All right. I think I understand your amendment. Thank you.

We need a second. Do I have a second to that?

BOARD MEMBERS: (No response.)

THE VICE CHAIRMAN: It seems to fail without a second, so we will move on.

Ms. Durden, do you have another friendly amendment?

BOARD MEMBER DURDEN: No.

THE VICE CHAIRMAN: Ms. Boyer.

COUNCIL PRESIDENT BOYER: I have one that I cannot make, but I would like to read it and see if anyone here thinks you should make it.

THE VICE CHAIRMAN: I'm sure it will get

our full attention.

COUNCIL PRESIDENT BOYER: This stems from my comment about just protecting your budget. So when we had the whole conversation -- Mr. Bailey and Mr. Barakat were here at the beginning of the DIA. You may remember this, that there was an issue as to whether the MPS Garage payments were assigned to the CRA. And we were going back and looking at the JEDC minutes about whether the JEDC approved the garage and, therefore, the JEDC assumed it was part of the -- that was what was used to make it part of the CRA budget.

So for history, 10 years from now, what you may want to include in your resolution of your term sheet is something like this: "The master lease shall not be an obligation of the combined Northside CRA and shall be paid, to the extent of available parking revenue from said garage, from the Parking Enterprise Fund."

THE CHAIRMAN: That motion duplicates -- sorry.

THE VICE CHAIRMAN: Mr. Bailey.

THE CHAIRMAN: That motion duplicates one I was just writing.

THE VICE CHAIRMAN: That's amazing.

THE CHAIRMAN: The wording is a little different coming from Councilwoman Boyer, but I was going to say that to protect us 10 years down the road.

THE VICE CHAIRMAN: Would you like to propose that motion?

THE CHAIRMAN: I would. I would like to propose that motion.

Thank you.

BOARD MEMBER BARAKAT: Second.

THE VICE CHAIRMAN: We have a second to that.

Mr. Sawyer, do I need to provide any public comment for that?

THE CHAIRMAN: Do you want me to read it again?

MR. WALLACE: I know exactly what was said. Through the Chair, the one thing I did not hear is -- the statement was "to the extent of available funds." What happens if there's a shortfall?

COUNCIL PRESIDENT BOYER: Well, you can address that, and I'm encouraging you to address that, but at least you're saying it's not coming out of the CRA. So if it comes out of DIA revenue, that could be something you would debate, whether it comes out of your Economic Development Fund some place else. But it comes out of the Parking Enterprise Fund to the extent that the garage is generating revenue and you're using that revenue to offset the liability.

And then if you want to say that it's a City obligation and it's not yours so that that's clear when this goes to the council and the council knows whether they're accepting that or not, that's fine. If you want to say it's a DIA economic development obligation, that's fine. All I'm saying is let's make it clear that it's not a CRA obligation, if that's what I heard you articulate.

THE VICE CHAIRMAN: Well, it sounds like there's another piece of this to consider because that was a very good question. Thank you, Mr. Wallace.

So it sounds like we need to consider in this motion if we want to specify where any deficiency would come from or you as a council are going to address whatever we decide, but it might be better for us to have at least thought about it and addressed that.

So it seems like we have two options, if I understand it, in terms of this motion. We could revise the motion -- well, we have three options: We can leave it like it is. We can revise it by saying it comes out of the City General Fund, or we can say it comes out of our DIA funds.

So in terms of taking that up, Mr. Grey, I think we have a motion, and I think we're at least talking about how we might revise that motion. It seems like there's three things we can do: Leave it like it is, say the money would come out of the City funds, or say it would come out of our DIA funds.

So your thoughts, sir.

BOARD MEMBER GREY: I have no thoughts at this time.

THE VICE CHAIRMAN: Mr. Moody.

BOARD MEMBER MOODY: I need more time to think about it, actually.

THE VICE CHAIRMAN: Ms. Harper-Williams.

BOARD MEMBER HARPER-WILLIAMS: So the question is whether or not we need to be more specific than what was just presented?

THE VICE CHAIRMAN: Yes, ma'am, because it doesn't specify if there's a deficiency -- Ms. Boyer's motion specifies that moneys will come out of this particular fund subject to the funds available. If there's a deficiency, our motion as it stands does not specify where this money would come from.

To repeat, we can do one of three things: We can leave the motion as it is, which does not specify where any deficiency funds would come from; two, we could say it comes out of the City coffers; three, we can say it comes out of our DIA funds.

MR. WALLACE: Through the Chair, if I could, Ms. Harper-Williams?

BOARD MEMBER HARPER-WILLIAMS: Yes.

MR. WALLACE: Could you take a recess for five minutes?

THE VICE CHAIRMAN: I was going to do 10 after we got through all this. We can do five now if you like.

MR. WALLACE: However many you need to take, you need to take that recess and let me do what I need to do about this.

THE VICE CHAIRMAN: All right. Let's take a 10-minute recess, please.

(Recess from 10:48 a.m. to 10:54 a.m.)

THE VICE CHAIRMAN: All right. I think Mr. Wallace was going to give us some of his insights before we move along.

MR. WALLACE: With regards to the motion Council President Boyer recommended, I think Mr. Bailey has it. I'll let Mr. Bailey present it. I think it covers us with regards to everything from a financial position of the Downtown Investment Authority.

THE VICE CHAIRMAN: Waiting on you, Mr. Bailey.

THE CHAIRMAN: So the motion is: The master lease shall not be an obligation of the combined Northside CRA and shall be paid, to the extent of available parking revenue, from the Parking Enterprise Fund.

THE VICE CHAIRMAN: So we were talking about whether or not we should say something as to where the revenue would come from if those funds were not available in that spot, and we were -- as we started going around, some folks deferred their comments, so I guess I'm trying to bring this to a head.

Is there anyone who would like to otherwise change that motion or just leave it as it is?

BOARD MEMBER BARAKAT: Mr. Chairman, I think their motion reads "to the extent there's available funds," right?

THE VICE CHAIRMAN: Right.

BOARD MEMBER BARAKAT: And the question is: What if there's not available funds? What I thought we were signing up for was that any revenues above the debt service would go into the Parking Enterprise Fund and that any shortfalls would be subsidized by the Enterprise Fund.

Is that the motion?

THE CHAIRMAN: Yes. This new motion removes from the garage the revenue from the garage itself.

BOARD MEMBER DURDEN: From what?

MR. WALLACE: Mr. Chairman, this motion broadens it from just the garage. It brings into account the Parking Enterprise Fund. The Parking Enterprise Fund takes in revenue from all garages that are considered off-street parking, and it takes in on-street parking equally as well in terms of revenue. So it broadens the availability of where you would get funding for the shortfall for the entire Parking Enterprise Fund.

THE VICE CHAIRMAN: I think what you're saying now, just to clarify that, is there is not going to be a shortfall because that fund would have enough money to take care of this.

Is that what you're saying?

MR. WALLACE: What I'm saying is that's where you would cover the shortfall from.

BOARD MEMBER BARAKAT: Based on the budget, you would have to rob Peter to pay Paul. If there's a shortfall, you're going to have to take money from another area of your Parking Enterprise budget to subsidize this garage in the event there's a deficit.

MR. WALLACE: That would be operational.

BOARD MEMBER BARAKAT: Yeah. I'm okay with that.

THE VICE CHAIRMAN: To go back, Ms. Boyer, since you proposed this, as it's now worded, is that capturing what you wanted us to?

COUNCIL PRESIDENT BOYER: I have no

problem with that. All I was trying to do is make sure that you were maintaining your CRA role independently of that.

THE VICE CHAIRMAN: Just to be clear, it seems we had a motion on the floor that was slightly different from that. Do we need to remove that motion, Mr. Sawyer, and replace it with another?

MR. SAWYER: Has it been seconded?

THE VICE CHAIRMAN: Pardon me?

MR. SAWYER: Has it been seconded?

THE VICE CHAIRMAN: I think the previous was -- no, it hasn't been seconded.

MR. SAWYER: Then the maker of the motion can withdraw it if he so chooses.

BOARD MEMBER GIBBS: Mr. Bailey, I think you have revised your motion; is that correct?

THE CHAIRMAN: I withdraw that first motion. But it was seconded, though.

MR. SAWYER: As long as there's no objection by the other board members, Mr. Bailey can withdraw the motion.

BOARD MEMBERS: (No response.)

THE VICE CHAIRMAN: Okay. Hearing no objection, then, Mr. Bailey, you presented this motion.

I think we need a second.

BOARD MEMBER GIBBS: Second.

THE VICE CHAIRMAN: And I think we've heard public comment, so we don't need to go that round again.

All in favor of this motion, please say yes.

BOARD MEMBERS: Yes.

THE VICE CHAIRMAN: Any opposition?

BOARD MEMBERS: (No response.)

THE VICE CHAIRMAN: Apparently not. Okay.

So I think we've finally gotten to the magic moment, which is voting on the proposition as a whole. We've taken public comment. I think we've probably exhausted comment, but is there anymore comment from the board or the council members who are here before we vote on the motion in its entirety?

BOARD AND COUNCIL MEMBERS: (No response.)

THE VICE CHAIRMAN: We voted on the amendments, and now I think we're voting on the motion.

MR. SAWYER: On the motion as amended.

THE VICE CHAIRMAN: On the motion as

amended.

All right. Hearing no further comments, all in favor of the motion amended, please say yes.

BOARD MEMBERS: Yes.

THE VICE CHAIRMAN: Any opposition?

BOARD MEMBERS: (No response.)

THE VICE CHAIRMAN: Well, a great moment. Thank you-all for a tremendous amount of work and patience, and God speed on the rest of this.

All right, Mr. Wallace. We're probably about ready to go home, but I think you have other things for us.

MR. WALLACE: Yes. We have Resolution 2017-02-02, which is a public parking lease agreement. Mr. Parola will walk us through this. Just in short, this is in following up from our January meeting where we -- you told me to go out, produce terms, bring them back to you with regards to the parking lot on the Southbank itself.

We've worked with FDOT. We met with them. A lot has happened in the last week. We met with them last Friday, and we're bringing this to you today. Sorry for the short notice, but we're trying to effectuate and move this forward as soon as we possibly can. Mr. Parola will walk us through this particular resolution.

THE VICE CHAIRMAN: Mr. Parola, you're up. It's time for your moment in the spotlight. I know you're up to the task.

MR. PAROLA: Thank you.

As Aundra pointed out, last month the concept of taking ownership in the form of a lease or responsibility operationally and maintenance-wise for a couple of surface lots underneath some FDOT bridge right-of-way was brought to the board, at which time you instructed Aundra to go forth and bring back an agreement prior to the execution of it.

This really -- its origins, at least as far as DIA staff is concerned, is just about a year old. I think we became involved in January 2016 under the leadership of Council President Boyer. We've had numerous meetings with FDOT, the administration, the council president and JTA to get to this point.

The point where we are at right now --

there is a map up there. I believe it's Exhibit B to the resolution. We have identified five surface lots at this point. Originally, I think we were talking about 11. But due to boundary disputes of ownership, due to long-term parking agreements with entities like Baptist, new construction, we've narrowed them down to five.

Three are underneath the Acosta, and two are underneath the Overland Bridge. All of the lots, pursuant to the draft lease agreement that's in there, that I know our attorneys have to look at before anything gets executed, are for public parking exclusively.

FDOT statewide states that if they're not for a public purpose -- and in this case it would be short-term public parking -- then those lots have a fair market value lease arrangement with FDOT. We've looked at a couple of lots for the fair market value, and, quite frankly, it is extremely cost prohibitive. Therefore, really the only way to go -- and also, in line with why we would want to take them over in the first place is for short-term public parking.

In total, I believe there's somewhere in the neighborhood of 400 spaces, although those spaces are going to be refined with however we can develop the Overland Bridge parking, so those are the ones furthest to the east and south. We do have some lease agreements or JTA has some long-term lease agreements which they are ending. I believe I discussed it in the memo.

One is with a group, I believe, called the Southland Group. They have been contacted by JTA, and those between 150 and 200 users would be (inaudible) to the King Street garage and be offered spaces there. There is an agreement, underneath the Acosta Bridge right next to River City, that JTA has with River City.

We have contacted River City and let them know that we cannot honor their agreement anymore because of the arrangement with FDOT, but that they, along with anybody else, will still have access to those parking spaces for overflow or what have you.

There is no payment to FDOT provided that we continue to use them, use these lots, as public parking. The term is for 30 years. I believe the agreement has an extension provision as well. As with all FDOT agreements, at least in this arrangement as we were told, there is a termination of 30 days. So 30 days' notice by either us or FDOT and the agreement will be terminated.

We're pretty excited about how hard everyone's worked on this, primarily because public parking is really needed in the area, and it really complements one of the tasks in the riverfront design RFP that we've gotten responses to, and that element is wayfinding signage. I think we've heard a lot how it's challenging to find where to park to access heavy public investments such as the Riverwalk.

To that end, I'm here for any questions. I know this was provided at somewhat of a late hour. But I think if one goes to page 2 of the summary memo under "Terms," that gives the long and short of it, noting that, as with all agreements, prior to execution of the agreement by the CEO, the Office of General Counsel has to sign off on that.

Thank you.

THE VICE CHAIRMAN: All right. If I could have a motion and a second to put this on the floor, then we'll discuss it.

So can I have a motion to approve this?

BOARD MEMBER: So moved.

BOARD MEMBER MOODY: Second.

THE VICE CHAIRMAN: All right.

Mr. Gibbs, why don't we start with you.

BOARD MEMBER GIBBS: The road diet -- would this affect the road diet at all?

MR. PAROLA: Through the Chair, only positively. As part of the road diet, if I could just make this one statement, you know, we're increasing the amount of on-street parking. But it's not nearly enough to accommodate a serious amount of users for the Riverwalk, so I would say it complements it.

BOARD MEMBER GIBBS: Thank you.

THE VICE CHAIRMAN: Ms. Durden.

BOARD MEMBER DURDEN: Thank you.

I guess my questions are: With the 30-day termination, have we done a budget for what this is going to cost to maintain and improve and operate these parking lots? Where I'm going with that is that, with a 30-day termination, the DOT can just turn around and tell us, "Okay. Your lease is over."

What have you learned or what can you tell us about as far as the investment that we'll make and the return on that investment and how that will be impacted by a 30-day termination period?

MR. PAROLA: Good questions. The money that was appropriated during the budget, which is $500,000 or somewhere within putting distance of that, I believe, has not been attached to specific scope of services or scope of needs on a lot-by-lot basis. The short answer is: We don't know.

We've done an inventory. We have a pretty good idea of lighting improvements, striping improvements, the installation of short-term parking payment kiosks and the like. We have not costed that scope out. This was really the horse that leads that cart.

To the 30-day notice provision, obviously, that creates a risk for the DIA. So I guess from a policy decision, it's whether or not at least on a lot-by-lot basis -- and I would envision that each scope of services that goes per lot would be brought -- kind of going out on a limb here, but I would imagine it would be brought to the spending body prior to actually putting in to contract for the services.

We'd have to have a standing risk on a lot-by-lot basis. For some lots the risk may be great; some lots may not require but an installation. To that end, FDOT will allow us to charge for short-term parking an amount necessary to cover operation and maintenance. Has there been a full prospectus and pro forma? No, not at this time.

THE VICE CHAIRMAN: Ms. Durden, do you have further questions or comments?

BOARD MEMBER DURDEN: Well, I guess I just have a concern about committing a lot of dollars -- I get the idea about we need parking. I'm supportive of that. I have no problem with that. But I guess I'm concerned about us committing half a million dollars and then having DOT just say, "Okay. We're done." 30 days and we've done all this investment, and then pulling that rug out basically from under us.

THE VICE CHAIRMAN: Mr. Wallace, I think, has met with FDOT. So maybe he can give us a little bit of assurance --

MR. WALLACE: I've met with FDOT, but also I've met with the CEO of JTA that has the same exact requirements, has the same exact risk equally as well. So this is not as though this is just risk attributable to DIA because we will be stepping into this role. It's the same risk that JTA has. So if FDOT is going to do any work or things of that nature and if JTA continues to have this lease agreement, they'd be in the same position.

So I think the policy discussion that you're going to be having is: Do you want to take this risk and do we want to be in the public parking business on the Southbank, or do we only want to be in the public parking business only on the Northbank?

THE VICE CHAIRMAN: Let me just follow up on that issue a little bit. Is FDOT normally in the parking lot business?

MR. WALLACE: No, they're normally not. This is their right-of-way. However, they understand the needs for parking. So they're basically saying, "Well, we'll allow the utilization of our right-of-ways to help communities across the state of Florida sometimes address some of their parking needs within urban communities. But by the way, we are in the business of moving people. And if we have to utilize that right-of-way because we need to repair Overland or whatever, then we're going to utilize our right-of-way because that's always going to come first."

THE VICE CHAIRMAN: Ms. Durden, any further questions or comments?

BOARD MEMBER DURDEN: No.

THE VICE CHAIRMAN: Mr. Barakat.

BOARD MEMBER BARAKAT: My only comment is that it just seems to me this is a -- I don't think there's really any way around this risk. It's just the way the FDOT does their agreements. That's not negotiable, so to speak. So given the greater context, I think the risk is de minimis. It is there, but I do think it's a low risk.

On the resolution, I just have one thing. I think there's a typo on the fourth line. It says "parking to take execute the parking." I think maybe we should remove the word "take."

MR. WALLACE: On the memo or on the

resolution?

BOARD MEMBER BARAKAT: On the resolution itself. This is Resolution 2017-0202, right?

BOARD MEMBER DURDEN: Yeah.

MR. WALLACE: And you're saying --

BOARD MEMBER BARAKAT: Delete the word "take," I think.

MR. WALLACE: Yes, sir. Got it.

BOARD MEMBER BARAKAT: No further comments.

THE VICE CHAIRMAN: Ms. Harper-Williams.

BOARD MEMBER HARPER-WILLIAMS: My understanding is that we have the ability, obviously, through the installation of kiosks, that we are able to charge -- is it our prediction that the funds received through parkers would cover ultimately the cost of these lots? Is that the anticipation?

MR. WALLACE: That is the objective, is that by charging for short-term parking, we would generate revenue that would assist us with the operation and maintenance of these particular lots.

And I just want to say that the fact that we would be making sure that we're implementing public parking policies and generating some revenue and covering the maintenance and upkeep of these particular lots would be above what is being done today.

BOARD MEMBER HARPER-WILLIAMS: Thank you.

THE VICE CHAIRMAN: Mr. Moody.

BOARD MEMBER MOODY: A little further question along those same lines. As we manage this situation from the DIA, is our purpose to make money, or is it our purpose just to break even or just to provide a service on the Southbank that's going to be a real positive for our parking situation?

MR. WALLACE: Your latter comment, "to provide a service." It's going to assist with people that want to come downtown, want to come to Friendship Fountain, want to come to MOSH, River City, and visit our Southbank Riverwalk. That's our real, true, primary purpose. But there is an element in it that is generating some revenue to cover some of the costs there, yes.

BOARD MEMBER MOODY: Well, so this is amazingly positive for the fact that parking will be a real plus as the Southbank continues to evolve.

THE VICE CHAIRMAN: Mr. Grey.

BOARD MEMBER GREY: Just really quick. I think I may have missed the comment about the parkers being allowed to move from the lot to the Kings Avenue garage. Can you just clarify it for me, please?

MR. PAROLA: Sure. The name of the entity is somewhere in the memo. They have an agreement with JTA for long-term parking. Whether we took it over or not, that agreement just can't be honored under current FDOT rules. And the council president can attest, for a year, they're not budging on that. So it has to be for short-term.

They've agreed to move those long-term parkers to the Kings Street garage should they so choose. But, I mean, once they're free of it, I imagine if an individual parker decides they don't want to go to Kings Street, they can just go to the marketplace to satisfy their long-term parking needs.

BOARD MEMBER GREY: Just from the perspective of the parkers as the operator, this is great for the DIA because we have the infrastructure here. We're talking about minimal costs to operate, nothing to the point where it's astronomical and we have to take a step back. So I think this is a really good thing for the Southbank especially.

THE VICE CHAIRMAN: Mr. Bailey.

THE CHAIRMAN: (Inaudible.)

THE VICE CHAIRMAN: Okay.

BOARD MEMBER BARAKAT: Mr. Chairman, since we are on a month-to-month agreement, are we in a position -- I assume we're not in a position to do long-term leases, then, with any other entities. This will only be monthly. If we're trying to attract a tenant to the Southbank, it's not going to behoove us to do that.

This is all daily parking, correct?

MR. WALLACE: Correct.

BOARD MEMBER DURDEN: Can I just add something? May I?

THE VICE CHAIRMAN: Yes, ma'am.

BOARD MEMBER DURDEN: Thank you.

So, again, it's kind of related to our discussion about the Parking Enterprise Fund earlier. Listening to what you've said, there's a chance that we're not going to generate much revenue to break even on the operation of these. And so the additional funds would come out of that Enterprise Fund?

MR. WALLACE: Yes. Funding the Parking Enterprise Fund, the Office of Public Parking would manage this. Funds collected would go through to the Parking Enterprise Fund, and the maintenance costs would be paid through the Office of Public Parking. That is correct.

On the front end, setup, kiosk, et cetera, striping, potential lighting, we have set aside $575,000 out the gate to get us started with this, and that does not have to come out of the Parking Enterprise Fund.

BOARD MEMBER DURDEN: So in light of all this money that's going to be coming out of the Parking Enterprise Fund, I guess I am -- you have looked at it and determined that ultimately, other than the 575,000, you believe that there's going to be enough funds in that fund to continue to operate and maintain? Again, the whole issue is it's not coming out of the CRA funds to support it.

MR. WALLACE: Do I believe at the present time that we can generate enough revenue to cover our operating costs? That, I do.

BOARD MEMBER DURDEN: Thank you.

THE VICE CHAIRMAN: Ms. Boyer, did you have a question?

COUNCIL PRESIDENT BOYER: I do. I have a couple questions because this has progressed since I last saw it. I have a couple questions for Mr. Parola. I just want to be sure I have the right lots. So if I'm looking at your map, on the left top, that "P" is the 200-space lot that is immediately adjacent to the St. Johns Marina and the boat ramp, et cetera? That's the one on the river?

MR. PAROLA: Yes, ma'am.

COUNCIL PRESIDENT BOYER: Okay. And the next "P" coming below that is the one that's kind of behind Interline? Is that the one I'm looking at?

MR. PAROLA: If we go back to the map that we're familiar with, we go J, H and I. So there's one "P" for H and I because there was just a line between them, to G. F -- there's a land dispute on F.

COUNCIL PRESIDENT BOYER: So F is the old TPO building lot?

MR. PAROLA: TPO lot, yes, ma'am.

COUNCIL PRESIDENT BOYER: With the 43 spaces that are on the corner of Prudential and San Marco?

MR. PAROLA: Yes.

COUNCIL PRESIDENT BOYER: And so that one there is a boundary dispute going on. And when that's resolved you might come back, whatever. But that's what's happening with that one?

MR. PAROLA: Yes, ma'am. We might come back based on the utility of the lot. As you know, it's kind of an interesting location with interesting access.

THE CHAIRMAN: But it's not one of these?

COUNCIL PRESIDENT BOYER: It's not one in this package. Okay. But we do have the lot that's catty-corner, which appears to be part of the Prudential lot, if you look at the signage, but is actually a DOT lot that is on Prudential Drive at San Marco Boulevard kind of adjacent to this -- in part of the Skyway lot.

MR. PAROLA: Absolutely. Right in, that's Prudential. Left in, that's public.

COUNCIL PRESIDENT BOYER: We got that one. Okay. And then over on the other side, the "P" to the left is the parcel between Hendricks and Kings or between Kings and Broadcast?

MR. PAROLA: That is on the left -- they are D and E on that map.

THE CHAIRMAN: On the original map.

COUNCIL PRESIDENT BOYER: Okay. Because there was one that was -- I think the Hendricks to Kings lot, which is next to the Kings Avenue garage, JTA needed to retain to use for bus turnaround and some other things?

MR. PAROLA: That is the furthest east lot expressed on this map, yes.

COUNCIL PRESIDENT BOYER: And then we would move the ones to the east of that. We would have the one under Broadcast, and that's the undeveloped lot that's in this?

MR. PAROLA: Yes, ma'am.

COUNCIL PRESIDENT BOYER: So all of the lots we've referred to, with the exception of the one lot that is the furthest east closest to Broadcast, they're already paved and developed and used as parking lots. Varying degrees of, you know, condition, but they're already paved and used as parking lots. And they have been previously leased to JTA, and then JTA has either subleased them or allowed them to be public parking or something, so they are not.

There is one lot that is the furthest to the east that is undeveloped and gravel and is under the bridge space that kind of is between Broadcast Place and that area, which if and when the district is developed and Broadstone is completed and you have more activity down in that end, that lot may become valuable, and it may be important for you to pave it and make it available. It is not as urgent a need right now, which is why in terms of the allocation of funds, I think the thought was that they're going to be used more on the ones that are existing in terms of getting them up and running and making them available.

MR. PAROLA: I may have misspoken. I want to be on the same page. Off of Montana and Broadcast, in the original scheme of maps from the very beginning, there wasn't one illustrated. That one that was not illustrated is not in here because, through our conversations, there just isn't enough money to pave it while entering into the agreement right now.

COUNCIL PRESIDENT BOYER: Okay. So you don't even have that one in here yet?

MR. PAROLA: No. But that said, through our discussions with FDOT, there is a presumption that at one time in the future we may absorb more lots, and we'll come back to this board and seek those. This is kind of a triage of importance, to borrow a phrase, if I may.

COUNCIL PRESIDENT BOYER: Okay. I understand. Thank you.

And just so everybody -- I mean, it's a 30-year lease. But it does have that 30-day cancellation, just as it has had with the JTA lease for the last 20 years while they've occupied it. Certainly, if they need to modify the road, they're going to come in and use the right-of-way to modify their road, but there's no reason to anticipate that is imminent on any of them.

MR. PAROLA: If I could just add one thing to that, just kind of a narrative, an expression that FDOT has conveyed to us is they are just thrilled to have somebody underneath their bridges looking on a regular basis. I don't see an incentive for them to terminate this. It just doesn't seem to be there, to be honest. My words, not anybody else's.

THE VICE CHAIRMAN: Any further comments, Ms. Boyer?

COUNCIL PRESIDENT BOYER: (No response.)

THE VICE CHAIRMAN: Mr. Anderson, while I'm on your side of the table, any comments or questions from you?

COUNCIL MEMBER ANDERSON: No, thank you.

THE VICE CHAIRMAN: Mr. Bailey has been waiting patiently to make some comments.

THE CHAIRMAN: I just wanted to say, with Mr. Grey's experience and Mr. Moody's knowledge and -- Mr. Barakat, you might remember we went to the ULI meeting over at the museum, and we were in the middle of this discussion about the number of lots. This is a tremendous opportunity for DIA, I think, because of the conditions of these that we're talking about today. It's very hard to get them to where we need to get it to. It provides that parking service to everyone.

And I remember Mr. Barakat saying this is a tremendous opportunity. If somebody is going to build something or do something, and we know we have these resources available to us, it would be a tremendous asset. And I think these are a tremendous asset. It's no different than building a tennis court on a JEA easement. If they need it, they're going to take it and we move on.

And the expense is low, but I think the return to the DIA is going to be a tremendous asset to us, so we -- I was involved in some of those discussions back then, and I think FDOT and JTA especially are being extremely generous with us to be able to allow us to have these lots. So it's a good deal.

THE VICE CHAIRMAN: Thank you, Mr. Bailey.

Ms. Durden.

BOARD MEMBER DURDEN: Just very quickly a clarification. Are all five of the lots currently paved?

MR. PAROLA: The short answer is yes. I would say, though, the lots that have been most disturbed are the ones under the Overland Bridge.

THE CHAIRMAN: The staging area.

COUNCIL PRESIDENT BOYER: The Hendricks side, the ones over there?

MR. PAROLA: Yes, Council President.

BOARD MEMBER DURDEN: Thank you.

THE VICE CHAIRMAN: All right. Not hearing any further comments from our group, are there any public comments about this?

AUDIENCE MEMBERS: (No response.)

THE VICE CHAIRMAN: Hearing none, all in favor of this motion, vote yes.

BOARD MEMBERS: Yes.

THE VICE CHAIRMAN: Any opposed?

BOARD MEMBERS: (No response.)

THE VICE CHAIRMAN: Moving along, it seems to me there's no CEO report.

Do we need to approve these minutes? I think we have two different sets of minutes. Do we need to approve those? Let's have a motion and a second, if we could, and then I'll see if there's any changes to the Community Redevelopment Agency meeting minutes from January 18th, 2017.

Do we have a motion to approve that?

THE CHAIRMAN: So moved.

BOARD MEMBER MOODY: Second.

THE VICE CHAIRMAN: Mr. Bailey approved and a second by Mr. Moody.

Any changes or revisions to those minutes?

BOARD MEMBERS: (No response.)

THE VICE CHAIRMAN: Hearing none, we'll move right along.

(The above proceedings were adjourned at 11:26 a.m.)

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CERTIFICATE OF REPORTER

STATE OF FLORIDA)
COUNTY OF DUVAL)

I, MATTHEW McKINNEY, Florida Professional Reporter, do hereby certify that I was authorized to and did stenographically report the foregoing proceedings and that the transcript is a true and complete record of my stenographic notes.

DATED this 14th day of February, 2017.

____
Matthew McKinney,
Florida Professional Reporter

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