Strategic Implementation Committee Meeting
MEETING MINUTES

Strategic Implementation Committee Members (CM) in Attendance:
Micah Heavener (Chair); John Hirabayashi; Scott Wohlers; and Cameron Hooper

Board Members in Attendance: None

DIA Staff Present: Colin Tarbert, CEO; Allan DeVault, Project Manager; and Ava Hill, Administrative Assistant

Office of General Counsel: Rebecca Lavie, Esq.

Mayor's Office: None

Council Members Present: None

I. CALL TO ORDER

Micah Heavener, Committee Chair, called the Strategic Implementation Committee Meeting to order at 10:00 am and asked for introductions.

II. PUBLIC COMMENTS

The following people made in-person public comments, made public comments virtually through Zoom, or provided comments that were read into the record by DIA Staff. Note: the subject matter of the comment(s) indicated to the right of each person:

Tracy Jinks	5009 Ortega Farms Blvd	Downtown office vacancy and the need for incentives to support move-in-ready small suites.

III. FORM 8B: VOTING CONFLICT DISCLOSURES

There were no voting conflict disclosures.

IV. NOVEMBER 14TH, 2025, STRATEGIC IMPLEMENTATION COMMITTEE MEETING MINUTES APPROVAL

Committee Chair Heavener called for a motion on the meeting minutes.

Motion: Committee Member Wohlers moved to approve the meeting minutes.

Seconded: Committee Member Hooper seconded the motion.

Seeing no discussion, Committee Chair Heavener called for a vote.

Vote: Aye: 4 Nay: 0 Abstain: 0

THE MOTION PASSED UNANIMOUSLY 4-0-0

V. <u>RESOLUTION 2026-04-04 DUVAL 212 AFFORDABLE HOUSING SUPPORT LOAN</u>

A RESOLUTION OF THE DOWNTOWN INVESTMENT AUTHORITY ("DIA") ACTING AS THE DOWNTOWN ECONOMIC DEVELOPMENT AGENCY ("GRANTOR") APPROVING THE A WARD OF AN AFFORDABLE HOUSING SUPPORT LOAN TO DUVAL 212, LLC (OR OTHER SUCH AFFILIATED ENTITY OF HOUSING TRUST GROUP, LLC ("HTG") AND CATHEDRAL DISTRICT-JAX, INC. ("CD-J")); TO FACILITATE DEVELOPMENT OF 85 MIXED-INCOME MULTIFAMILY HOUSING UNITS IN THE CATHEDRAL HILL NEIGHBORHOOD OF THE DOWNTOWN NORTHBANK COMMUNITY REDEVELOPMENT AREA OF DOWNTOWN JACKSONVILLE; AUTHORIZING THE CEO OF THE DIA TO NEGOTIATE A LOAN AGREEMENT WITH TERMS AS SET FORTH IN EXHIBIT A TO THIS RESOLUTION; AUTHORIZING THE DIA CEO TO EXECUTE SUCH AGREEMENTS; AND FINDING THAT THE PROVISION OF MIXED-INCOME HOUSING IN THE DOWNTOWN NORTHBANK CRA IS CONSISTENT WITH THE DIA'S BUSINESS INVESTMENT AND DEVELOPMENT PLAN, INCLUDING THE DOWNTOWN NORTHBANK CRA PLAN ("BID PLAN"); AND PROVIDING AN EFFECTIVE DATE.

Mr. Allan DeVault, CRA Redevelopment Manager, presented Resolution 2026-04-04, requesting approval of a $610,000 Affordable Housing Support Loan for the Duval 212 mixed-income housing project. He explained that the development, led by Housing Trust Group, is reapplying for 9% tax credits after not being selected last year, and the local loan support is expected to strengthen their application. The project will redevelop three former City-owned parcels on East Duval Street and includes a 20-year, 3% interest-only loan structure. After brief discussion—during which HTG confirmed most equity would come from tax-credit financing with remaining gaps covered through deferred developer fees—the committee expressed confidence in the project and unanimously approved the resolution.

Committee Chair Heavener opened the floor for discussion.

Committee Member Hooper sked whether he needed to disclose a voting conflict because he had previously worked with Housing Trust Group on the Normandy Cove project. Rebecca Lavie said she did not believe a new disclosure was needed but offered to confirm after the meeting.

Wohlers praised HTG's experience and expressed support.

Committee Member Hirabayashi asked whether the developer's equity contribution consisted solely of tax-credit equity and whether the developer was contributing only $91,000 of its own fee.

Spencer Sorfleet, HTG, explained that most equity does come from tax-credit financing, and any remaining equity is contributed through deferred developer fees. He confirmed HTG would cover any funding gaps.

Committee Chair Heavener commented that HTG is "great to work with" and has "considerable experience," stating his support for the project.

Seeing no further discussion, Committee Chair Heavener called for a motion on the resolution.

Motion: Committee Member Wohlers moved to approve the resolution.
Seconded: Committee Member Hirabayashi seconded the motion.

Committee Chair Heavener called for a vote.

Vote: Aye: 4 Nay: 0 Abstain: 0

THE MOTION PASSED 4-0-0

VI. RESOLUTION 2026-04-06 OPPORTUNITY ZONES

A RESOLUTION OF THE DOWNTOWN INVESTMENT AUTHORITY ("DIA") SUPPORTING THE RECOMMENDATION OF CENSUS TRACTS 10 AND 172, PARTIALLY LOCATED WITHIN DOWNTOWN JACKSONVILLE'S COMBINED NORTHBANK CRA, TO BE DESIGNATED AS OPPORTUNITY ZONES UNDER THE UPDATED FEDERAL OPPORTUNITY ZONE PROGRAM ("OPPORTUNITY ZONE 2.0") PROGRAM ENACTED BY THE ONE BIG BEAUTIFUL BILL ACT ON JULY 4, 2025; AUTHORIZING THE CHIEF EXECUTIVE OFFICER OF THE DIA, OR DESIGNEE, TO SUBMIT SUCH RECOMMENDATION AND EXECUTE ALL DOCUMENTS NECESSARY TO EFFECTUATE THE PURPOSES OF THIS RESOLUTION; PROVIDING AN EFFECTIVE DATE.

Mr. Allan DeVault, CRA Redevelopment Manager, presented Resolution 2026-04-06, explaining that the DIA was asked to support nominating Census Tracts 10 and 172 for the upcoming federal Opportunity Zone 2.0 program, both of which cover key areas of downtown including Cathedral Hill, LaVilla, and parts of the Northbank. He outlined how the designations would provide substantial capital-gains tax benefits to investors and help attract private investment, similar to earlier successful Opportunity Zone developments in

Jacksonville such as Union Terminal and projects in the Phoenix District. Board members discussed how the incentive interacts with existing DIA programs, the types of investment it could draw, and potential marketing strategies to promote the designation. After deliberation, the committee expressed strong support and unanimously approved the resolution.

Committee Chair Heavener opened the floor for discussion.

Committee Member Hirabayashi asked what the Opportunity Zone designation would provide in terms of funding or other benefits.

Mr. DeVault explained that the primary benefit is the ability for investors to avoid capital-gains taxes when they reinvest gains into projects within an Opportunity Zone.

Committee Member Wohlers added context, describing the structure as "a 1031 exchange on steroids" and noting that investors can avoid taxes entirely if they hold the investment for 10 years.

Committee Member Wohlers asked whether developers investing in projects within Census Tract 172—once designated in 2027—would still be eligible to seek DIA incentives such as REV or completion grants.

CEO Colin Tarbert confirmed that Opportunity Zone benefits are federal and do not restrict local incentives; each project would still be evaluated case by case.

Committee Member Hooper emphasized that the selected tracts were essential to attracting major investors, citing national examples and stating these zones could draw significant capital into Jacksonville.

CEO Tarbert shared experience from Baltimore, explaining that Opportunity Zones helped attract real-estate investment and even some corporate users.

Committee Member Wohlers asked what steps the DIA could take to market the designation if approved.

CEO Tarbert suggested preparing collateral, direct outreach, and potentially identifying investors or Opportunity Zone funds.

Committee Chair Heavener called for a motion on the resolution.

Motion: Committee Member Hirabayashi moved to approve the resolution.
Seconded: Committee Member Wohlers seconded the motion.

Seeing no further discussion, Committee Chair Heavener called for a vote.

Vote: Aye: 4 **Nay: 0** **Abstain: 0**

THE MOTION PASSED 4-0-0

VII. DISCUSSION: DIA APPLICANT FEES AND COST RECOVERY FRAMEWORK MEMORANDUM

Mr. Colin Tarbert, DIA CEO, proposed a new applicant fee and cost-recovery framework designed to ensure DIA can recoup expenses tied to project underwriting, application reviews, grant monitoring, and loan administration. He explained that the goal is not to generate profit but to cover the growing costs of third-party financial consultants and staff time, while also encouraging applicants to come prepared and reducing time spent on projects unlikely to move forward. Tarbert noted that REV grant administration and loan modifications are particularly time-consuming, and board members asked clarifying questions about monitoring demands, consultant use, and the benefits of automation. Overall, the committee supported the proposal and its emphasis on efficiency and responsible resource management.

Committee Chair Heavener opened the floor for discussion.

Committee Member Hirabayashi asked for clarification about the workload associated with monitoring REV grants, noting he was unaware of how much administrative effort was involved.

Mr. John Crescimbeni, Contract and Regulatory Compliance Manager, explained the detailed annual process required of grantees and staff, including tax-payment reporting, verification, preparation of grant calculations, and growing caseload—which he described as time-consuming.

Committee Member Hooper asked whether the proposed fees and use of outside consultants would help increase DIA's capacity by reducing reliance on a single staff member for underwriting.

CEO Tarbert confirmed that using multiple consultants would improve bandwidth and provide flexibility when several projects arrive simultaneously, although DIA staff would still oversee and manage the process.

Committee Member Hooper commented that DIA should leverage AI to streamline underwriting work, suggesting that much of the process can already be automated and would significantly increase staff capacity.

CEO Tarbert agreed and noted that DIA is also working with the City's IT department to digitize the application process and build systems that will support AI-driven efficiency and project-management improvements.

VIII. DISCUSSION: DOWNTOWN VACANCY MEMORANDUM

Mr. Colin Tarbert, DIA CEO, explained that office vacancy is heavily concentrated in a small Northbank area that holds nearly half of Downtown's office space and has seen vacancy double over the past decade. He noted that the outdated tower-and-parking CBD model no longer aligns with modern expectations for amenity-rich, mixed-use environments, prompting a flight to higher-quality buildings. Strategies discussed included improving key towers, exploring conversions such as at 225 Water Street, monitoring potential GSA surplus opportunities, and considering anchor institutions to backfill space. In the short term, he recommended partnering with DVI to enhance ground-floor activation and exploring university-linked incubator or co-working space to support small-tenant growth.

Committee Chair Heavener opened the floor for discussion.

Committee Member Wohlers asked whether anything could be done to make difficult property owners more cooperative, noting that a few were particularly challenging. He asked if the City had any tools to incentivize or require certain actions.

CEO Tarbert responded that vacancy penalties had not worked in other cities but that a vacancy registry could be helpful as a non-punitive requirement. He explained that property owners would need to report their occupancy status to DIA, improving accuracy and allowing staff to act before long-term vacancies set in.

Committee Member Wohlers asked if staff could calculate the vacancy rate excluding the major towers, to determine whether the issue was systemic in the North Bank or isolated to a few large buildings.

CEO Tarbert replied that staff could gather this information and provide a follow-up. He stated that the issue appeared to be structural within certain buildings rather than a broad North Bank market problem.

Committee Member Hirabayashi asked whether vacant buildings that looked abandoned or uninhabitable were included in vacancy totals.

CEO Tarbert explained that they were not typically counted because they were not considered leasable. He said many of those properties were small buildings owned by parties such as Ash Properties. He noted that a few exceptions existed, including the former JEA Independent Life Building, which remained a vacant high-rise slated for residential redevelopment.

Committee Member Hirabayashi added that such buildings created a negative impression of downtown, describing them as unsightly and derelict. CEO Tarbert agreed.

Committee Chair Heavener asked whether DIA could pilot a program to pre-build office space—perhaps a floor within a tower—to test whether move-in-ready space would fill quickly. He said it was discouraging to hear that some prospective tenants wanted to locate downtown but could not find suitable space.

CEO Tarbert replied that the underlying issue was often the need for upfront capital to fund build-outs. DIA could examine the cost of such improvements and explore options such as direct loans or loan-loss reserves to help unlock private financing. He compared the challenge to the wet-lab market, where speculative build-outs were often required to retain growing companies.

Committee Member Wohlers thanked CEO Tarbert for the presentation and stated that the information provided valuable insight into the nature of the vacancy issue. He added that the concerns raised in public comment appeared to be concentrated in a relatively small area that DIA could focus on.

IX. ADJOURNMENT

Seeing no other matters for discussion, Committee Chair Heavener adjourned the meeting at 11:30 am.

The written minutes for this meeting are only an overview of what was discussed. For verbatim comments of this meeting, a recording is available upon request. Please contact Ava Hill at avah@coj.net to acquire a recording of the meeting.