

RESOLUTION 2019-08-07

A RESOLUTION OF THE DOWNTOWN INVESTMENT AUTHORITY (“DIA”) APPROVING THE SECOND AMENDMENT TO THE EXISTING AGREEMENT BETWEEN CBRE, INC. AND THE CITY OF JACKSONVILLE TO PROVIDE VARIOUS REAL ESTATE SERVICES RELATED TO THE COURTHOUSE/ANNEX PROPERTY FOR THE BENEFIT OF THE DIA; AUTHORIZING THE CHIEF EXECUTIVE OFFICER TO EXECUTE ALL CONTRACTS AND DOCUMENTS AND OTHERWISE TAKE ALL NECESSARY ACTION TO EFFECTUATE THE PURPOSE OF THIS RESOLUTION; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, via Resolution 2019-03-01, the DIA authorized the Chief Executive Officer (“CEO”) and a board member of the DIA to procure a real estate professional for certain real estate services related to the Courthouse/Annex Property; and

WHEREAS, it was determined that it would be most efficient and effective to utilize CBRE, Inc. (“Contractor”), to provide said real estate services related to the Courthouse/Annex Property for the DIA; and

WHEREAS, the Contractor is currently providing real estate services to the City under an existing contract with the City, dated February 8, 2017 (“Agreement”). Said Agreement utilizes State Contract Number DMS-12/13-007A made and entered into on April 9, 2014 between Contractor and the State of Florida Department of Management Services; and

WHEREAS, although the Agreement between the City and Contractor is broad enough to include the general real estate services required by the DIA, a second amendment (“Second Amendment”) to the Agreement is required to extend the term of the Agreement, increase the total maximum indebtedness of the City, and include a scope of services for work to be provided to the DIA; and

WHEREAS, DIA finds that the services to be provided in accordance with the terms set forth in the Second Amendment are valuable and warranted in connection with the pursuit of the highest and best use for, and greatest return to the City in connection with, the redevelopment of the Courthouse/City Hall sites,

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

Section 1. The DIA finds that the recitals set forth above are true and correct and are incorporated herein by this reference.

Section 2. The DIA approves the procurement of Contractor to provide the real estate services for the Courthouse/Annex Property as provided for in the “Second Amendment to Agreement (Utilizing State Contract No. DMS-12/13-007A) between the City of Jacksonville

and CBRE, Inc. for Various Real Estate Services,” the scope of services for which are attached hereto as **Exhibit 1**.

Section 3. The CEO is authorized to execute any contracts and documents and take all necessary action in connection with the Second Amendment.

Section 4. This Resolution shall become effective on the date it is signed by the Chair of the DIA Board.

WITNESS:

DOWNTOWN INVESTMENT AUTHORITY



Craig Gibbs, Vice-Chairman

August 7, 2019
Date

VOTE: In Favor: 7 Opposed: 0 Abstained: 0

Exhibit 1

Scope of Work for Downtown Investment Authority

A. Summary of Desired Work Product	
<i>Eligible User Information</i>	City of Jacksonville – Downtown Investment Authority (“DIA”)
<i>Short Descriptive Title for Work</i>	Real Estate Optimization Analysis and Transaction and Development Advisory Services
<i>Scope of Work</i>	<ul style="list-style-type: none"> (a) Perform market due diligence, including development of a Broker Opinion of Value (“BOV”) as to highest and best use for assigned properties (b) Recommendation of highest and best use(s) for the Courthouse/Annex Property located at 220 East Bay Street and 330 East Bay Street and development of a Request for Qualification (“RFQ”) and Request for Proposals (“RFP”) to include a Scoring Matrix to assist DIA review and ranking of responses. The scoring matrix shall be based upon criteria and guidelines for the development of the property set forth by the Board; (c) Assistance in the development of an RFQ and RFP and “best in class” marketing collateral, to include presentation of the RFQ and RFP to the DIA Board for approval prior to being distributed; (d) Distribution of the RFQ and RFP to the market place, with the goal of maximizing exposure of the property to experienced and qualified developers no later than January 31, 2020; and (e) Assisting the DIA in vetting proposals submitted in response to the RFQ and RFP. (f) Negotiate business terms.
<i>Specific Milestones or Deliverables</i>	<ul style="list-style-type: none"> (a) Real estate analysis report for the Courthouse/Annex Property to determine highest and best mix of uses with a focus on waterfront development. Deliverable: Site-specific real estate analysis report with recommendations for redevelopment of the Property including mix of uses and potential site density. (b) Assisting the DIA in the development of an RFQ and RFP for the Courthouse/Annex Property. Deliverable: RFQ and RFP meeting the requirements for disposition of property within a Community Redevelopment Area. (c) Presentation of the RFQ and RFP to the DIA Board. Milestone: approval of an RFQ and RFP by DIA Board prior to distribution. (d) Assisting DIA Staff through the City’s procurement process. Milestone: issuance of an RFQ and RFP to the marketplace no later than January 31, 2020, scheduling and conducting a pre-bid conference and soliciting, answering and directing Q & A throughout. (e) Property marketing. Deliverable: Creation of “best in class” marketing collateral using traditional means such as signage, commercial listing services (www.cbredealfow.com), Costar, Loopnet, etc.), brochures and appropriate collateral materials. Issue press releases in conjunction with the City, promoting the offering. Using CBRE proprietary software (Campaign Logic), CBRE will schedule e-blasts to thousands of investors, brokers, and developers. Through Campaign Logic, CBRE has the ability to track who has viewed the e-blast, how often, etc. allowing our broker teams to follow up with interested parties and generate reports to the

	<p>City related to this information. Design an interactive Property Website so prospects can download marketing materials.</p> <p>(f) Maximizing exposure of the Property. Deliverable: documentation that CBRE has distributed the RFQ and RFP and marketed the Property to a national audience of experienced and qualified developers throughout the RFQ and RFP period, which is anticipated to be between 60 and 90 days and completed the marketing items outlined in (e). Note: CBRE, DIA Staff and the City’s Procurement Office will develop a process to ensure that processes for disposition of property within a CRA are followed.</p> <p>(g) Vetting proposals. Deliverable: CBRE will prepare a report analyzing each proposal and developer. Analysis to include, but not necessarily be limited to: Return on Investment analysis, financial capacity of the developer, and other criteria as may be developed in accordance with (b), above. Analyze Developer responses including objective and subjective criteria established in collaboration with the City:</p> <ul style="list-style-type: none"> - Complete financial analysis - Review adequacy of Developer bid/response - Conduct in-person interview(s) - Assess Developer ability to perform (experience and financial) - Develop comparison matrix of responses for decision making - Present findings and recommendations as required, to the selection committee and elected officials <p>(h) Negotiate business terms for the contracts with successful respondent and city legal counsel. Deliverable: lease, purchase or development agreements; operating agreements, parking agreements and cross easements if necessary.</p>
<i>Period of Performance</i>	From date of authorization to proceed through October 31, 2020 .

B. Tenant Broker Proposal to Accomplish Work	
<i>Compensation Proposal</i>	See below.
<i>Proposed Timeline</i>	12 -18 months
<i>Tenant Broker Information</i>	CBRE, Inc. 225 Water Street, Suite 110 Jacksonville, FL 32202

FEE FOR CONSULTING AND NON-BROKERAGE TRANSACTION SERVICES

In the event the DIA requires real estate consulting related services that are non-commissionable, CBRE will be compensated on an hourly basis in accordance with 2.3.2, Table 2 – Labor Rate Schedule contained in the DMS contract and City of Jacksonville and CBRE Agreement for Various Real Estate Services dated February 8, 2017 or by a not to exceed number to perform a specified task in accordance with 2.1.3.

In either instance, CBRE will provide the DIA with a quote in the format of either hourly rates at the rate in the DMS contract or not to exceed flat fee for services quote. The City shall be billed monthly, not to exceed a total contract value for all services provided to the City in connection with this Exhibit 2 of fifty thousand dollars (\$50,000).

FEE FOR TRANSACTION AND DEVELOPMENT ADVISORY SERVICES

The total fee to be paid to CBRE for Development Advisory Services shall be paid by the Developer and calculated based on the “Total Value of the Project” and sliding scale listed below. Total Value of the Project is defined as all hard and soft costs of the project including but not limited to; the value of the land plus infrastructure, design, and construction costs as proposed by Developer. The total project value calculation does not include any City provided incentives. CITY SHALL HAVE NO RESPONSIBILITY OR LIABILITY TO CBRE FOR ANY TRANSACTION AND DEVELOPMENT ADVISORY SERVICES, AND CBRE SHALL LOOK EXCLUSIVELY TO THE DEVELOPER FOR PAYMENT OF SUCH FEES.

The Developer shall pay the fee within Thirty (30) days of execution of all development agreements between the City and Developer. CBRE shall credit back to the City any consulting fees not to exceed \$50,000 at such time as CBRE is paid by Developer. CBRE will specify the fee arrangement and payment terms in the RFQ and RFP issued by CBRE on the City’s behalf and stipulate that said fee is to be paid by the developer as a condition for consideration of the Developer’s proposal by the City.

Service	Paid By	Amount	Timing
Consulting services for marketing, RFQ process and bid analysis	City	Not to exceed \$50,000	Payable monthly as services are rendered
Transaction and development advisory brokerage	Developer	Per sliding scale listed below.	30 days of execution of development agreement

Commission Rate	Transaction Value Tranche
3.50%	\$0 - \$10 M
3.00%	\$10 M - \$20 M
2.50%	\$20 - \$30 M
2.00%	\$30 M - \$50 M

1.50%	\$50 - \$100 M
0.95%	\$100 M or greater

These fees reflect commission payable by the Developer to CBRE only. Any outside brokers / buyer representation will be responsible for seeking commissions from their principals, unless the City believes it to be prudent to offer a supplemental outside representation fee at its discretion. Commissions will be charged per transaction on cumulative and compounding basis.

*This proposal includes all travel and incidental expenses as well as marketing related materials. This structure results in no additional out of pocket costs to the City.

SCENARIO / EXAMPLE:

The City engages CBRE for development advisory services to redevelop the Courthouse / Annex property and performs the tasks described above. One of two outcomes occur:

1. The City selects a qualified Developer, and CBRE earns a commission of 3%. In this case, the monthly retainer is credited back to the City in lieu of the earned commission.
2. For whatever reason, a Developer is not selected or approved, CBRE keeps the earned consulting fees to account for time and out of pocket expenses.

C. Using Agency Acceptance & Authorization to Proceed	
<i>Approved to Proceed</i>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<i>Date</i>	
<i>Approver's Name & Signature</i>	