



Downtown Investment Authority
Regular Meeting

City Hall at St. James
117 West Duval St., Lynwood Roberts Room

Friday, March 21, 2014 – 9:00 a.m.

DIA Special Meeting
MEETING MINUTES

Board Members Present: Oliver Barakat, Chairman; Jim Bailey, Vice Chairman; Kay Harper Williams, Secretary; Tony Allegretti, Melody Bishop, Jack Meeks, and Michael Saylor

Board Members Absent: Robert Clements and Craig Gibbs

Office of General Counsel: Lawsikia Hodges

Council Member: Lori Boyer

Attendees: Aundra Wallace, DIA CEO;; Alex Rudzinski, OED, Director of Development; Theodore Carter, OED, Director; Paul Crawford, OED Deputy Director; Ronnie Belton, CFO; Glen Hansen, Budget Officer; DIA Staff: Guy Parola, DIA Redevelopment Manager and Karen Underwood, Executive Assistant

I. CALL TO ORDER

Chairman Barakat called the special meeting to order at approximately 9:02 a.m. and opened with the Pledge of Allegiance.

II. ACTION ITEMS

APPROVAL OF THE FEBRUARY 19, 2014 DIA REGULAR MEETING TRANSCRIPT

APPROVAL OF THE FEBRUARY 26, 2014 DIA SPECIAL MEETING MINUTES

The February 19, 2014 DIA REGULAR MEETING TRANSCRIPT WAS APPROVED UNANIMOUSLY 6-0

The FEBRUARY 26, 2014 DIA SPECIAL MEETING MINUTES WERE APPROVED UNANIMOUSLY 6-0

Chairman Barakat introduced and welcomed Guy Parola, DIA Downtown Redevelopment Manager and Tom Daly, DIA Downtown Real Estate Analyst. CEO Wallace stated that Guy Parola joined the team on March 17th and Tom Daly will begin on April 7th.

RESOLUTION 2014-03-01 – A RESOLUTION OF THE DIA REQUESTING THE JACKSONVILLE CITY COUNCIL TO ENACT AN ORDINANCE (1) AUTHORIZING AND APPROVING A SECOND NOTE MODIFICATION AGREEMENT AND SECOND

MORTGAGE MODIFICATION AGREEMENT AMONG THE CITY, VCP-ROOSEVELT BUILDING, LTD., AND VCP-ROOSEVELT GARAGE, LLC; AND A SECOND NOTE MODIFICATION AGREEMENT AND SECOND MORTGATE MODIFICATION AGREEMENT BETWEEN THE CITY AND VCP-LYNCH BUILDING. LTD.; (2) REQUIRING AN ACKNOWLEDGEMENT AND CONSENT OF GUARANTOR BY THE VESTCOR COMPANIES, INC. FOR EACH LOAN MODIFICATION; AND VESTCOR COMPANIES, INC. FOR EACH LOAN MODIFICATION; AND (3) PROVIDING FOR OVERSIGHT OF THE PROJECT BY THE DOWNTOWN INVESTMENT

Board Member Harper arrived at 9:50 a.m.

CEO Wallace recognized Steve Moore CFO, Vestcor Companies; Theodore Carter, OED; Ronnie Belton, CFO and Glen Hansen Budget Officer whom has been working hand-in-hand with him on this project.

CEO Wallace discussed 11 E and The Carling to the Board Members

Summary of 11E and Carling:

VCP-Lynch/11E

- In 2000, the City of Jacksonville and JEDC approved a Redevelopment Agreement with VCP-Lynch Building Ltd. (11E) for the purpose of acquiring, redeveloping, and managing a 127 unit, market rate residential building with 5,000 square feet of retail/commercial space on the ground floor and the construction of a six story parking garage for tenants.
- The project consisted of the historic renovation of the formerly vacant American Heritage Life Building, also known as the Lynch Building. The building was derelict and in need of substantial renovation to save the historic structure. JEDC and City Council determined that it was a priority to renovate the structure.
- The City provided a \$17,816,000 loan at 1.525% for 20 years, to be repaid on a 40 year amortization schedule. The City borrowed from the City's Self Insurance Fund at 6% in order to finance the loan to 11E.
- Funds to pay for the interest rate differential were supposed to come from the Northbank TIF, however, this TIF has a negative balance and is being subsidized by the General Fund.

VCP-Roosevelt/Carling

- In 2003, the City of Jacksonville and JEDC approved a Redevelopment Agreement with VCP-Roosevelt Building, Ltd. (The Carling) for the purpose of acquiring, redeveloping, and managing a 100 unit residential building with 15,000 square feet of office/retail space and the demolition and reconstruction of a 250 space parking garage for tenants.

- The project involved the historic renovation of The Carling Hotel. This building was also blighted and in need of substantial renovation. JEDC and City Council determined that this historic building was also a priority to save.
- The City provided a loan for \$15,505,900 at 1.40% for 20 years, to be repaid on a 40 year amortization schedule.
- The City issued bonds to finance the loan to the Carling. The average interest rate on the bonds was 5.175%.
- The interest rate differential was supposed to be taken from the Northbank TID, which currently has a negative balance and requires support from the General Fund.

Both loans are secured by a first mortgage and a corporate guarantee of the Vestcor Companies, an affiliate. There has to be a transfer from the general fund into the Northbank TIF sub fund to ensure that it balances.

Board Member Bailey asked what impact would this have on the NorthBank Funds.

Paul Crawford responded that it depends on the Ad Valorem rate that is charged every budget year.

- The assessed value and how it receives increases.
- The presumption that it would not become positive until 2017 was assuming that there was a full payment interest and principal on both buildings.
- An assumption that there was a 2 percent increase in property value and hopes to have higher increase in property value as the downtown develops.
- It also assumes that the government/individual authority's properties stay within the government domain with no taxes to be generated from it.

Paul Crawford also commented that he is optimistic that this property could meet the 2017 year for the positive because of the projects that CEO. Wallace has been engaged with.

The Board Members discussed the 11E and The Carling.

Ronnie Belton pointed out the Budget department is supporting the recommendation from CEO Wallace to the DIA Board. Board Member Jack Meeks supports the resolution. Board Member Michael Saylor stated that the board needs to do what is right to make this project a success.

Board Member Bailey stated the 11 E and the Carling was teed up years ago requiring so much retail space on the ground floor. The DIA goal is to create a more vibrant and competitive city.

Board Member Allegretti referenced the retail street level look and stated that they have gotten real aggressive with the rent on 11 E and negotiating with Super Food.

Chairman Barakat asked anyone wishing to speak on a particular project to complete a public speaker card and reminded Board members to disclose if they had any ex-parte communication with any of the applicants presenting projects today or conflicts of interest prior to the item being addressed by the Board.

Steve Moore, Chief Financial Officer, The Vestcor Companies, stated that the way this is structured, all excess cash flow during this time goes to the pay down the laon. If there is any improvement it will be captured by the city.

A MOTION WAS MADE BY BOARD MEMBER BAILEY AND SECONDED BY BOARD MEMBER SAYLOR TO ACCEPT THE LOAN MODIFICATION REQUEST AS THE DEVELOPER HAS REQUESTED FOR THE 11 E AND THE CARLING AGREEMENT FOR THE THREE (3) YEAR PERIOD. THE MOTION PASSED UNANIMOUSLY 7-0

RESOLUTION 2014-03-02 – A RESOLUTION OF THE DOWNTOWN INVESTMENT AUTHORITY AUTHORIZING THE ADOPTION OF THE DOWNTOWN JACKSONVILLE RETAIL ENHANCEMENT GRANT PROGRAM GUIDELINES.

CEO Wallace stated at the last meeting the Board Members spent an enormous amount of time on the evaluation criteria. He provided a handout of the Retail Enhancement Grant Program – Project Evaluation Criteria.

The Board Members discussed the Business Plan, Expansion of the local property tax base by stimulating new investment in older, Downtown properties and the Expansion of the state and local sales tax base by increasing sales for new of existing shops.

Council Member Boyer suggested that if a Board Member wanted to offer an amendment as part of the plan that is being submitted to Council the Board of the DIA reserves the right to adjust the scoring matrix to reallocate not more than whatever number of points on a case-by-case basis. It is an adopted formula that would be changed and applied going forward to all future applicants.

Ms. Hodges pointed out that the Ordinance is envisioned by City Council that once the CRA Plan is enacted. She also stated the Office of General Counsel could draft Ordinance and attach the form for the retail enhancement program.

Ms. Hodges provided the Revised March 21, 2014 Downtown Jacksonville Retail Enhancement Grant Program Guidelines, Grant Agreement and Exhibit H Insurance Requirements.

Chairman Barakat asked anyone wishing to speak on a particular project to complete a public speaker card.

A MOTION WAS MADE BY BOARD MEMBER MEEKS AND SECONDED BY BOARD MEMBER SAYLOR GRANTING APPROVAL OF THE CHANGES TO RESOLUTION 2014-03-02 A RESOLUTION OF THE DOWNTOWN INVESTMENT AUTHORITY AUTHORIZING THE CHANGES OF THE AMENDED DOWNTOWN JACKSONVILLE RETAIL ENHANCEMENT GRANT PROGRAM GUIDELINES, GRANT AGREEMENT

AND EXHIBIT H INSURANCE REQUIREMENTS. THE MOTION PASSED UNANIMOUSLY 7-0

Chairman Barakat asked anyone wishing to speak on a particular project to complete a public speaker card.

A MOTION WAS MADE BY BOARD MEMBER HARPER-WILLIAMS AND SECONDED BY BOARD MEMBER BISHOP GRANTING APPROVAL OF THE RESOLUTION 2014-03-02 AS AMENDED BY THE CHANGES. THE MOTION PASSED UNANIMOUSLY 7-0

III. UPDATES

Southbank Riverwalk Update

CEOWallace pointed out to the board that demolition has begun on East Main Street Bridge until the middle of this month. The construction for the Riverwalk test piles will be on-going through the month of June to August. Last week the demolition efforts began west of the Wyndham with expected completion dates of December 10, 2014. The new Southbank Riverwalk ribbon cutting will be held on December 10, 2014 based on their schedule. This is a Capital Improvement Project; therefore TIF Funding cannot be used. City Council may look at trying to identify different revenues sources to assist all of the way down to the school board property.

Council Member Boyer stated that legislation 2014-0190 has been drafted to appropriate \$2,000,000 from Riverwalk Development Project as Additional Fund for Southbank Riverwalk Improvements. She encouraged the board to monitor the public access points by the Crowne Plaza hotel.

CEO Wallace will email some of the design concepts for the board to review. Parking is being planned along Riverplace Boulevard to provide access to the Riverwalk.

CEO Wallace reported that there are no parking space strips on Riverplace Boulevard. That will be proposed in the road improvement diet. He stated that the DIA Board and staff need to investigate the public access points that are being planned for the Southbank Riverwalk.

Board Member Bishop addressed concerns and suggested for Public Works to consider what was done in San Marco with their public roundabouts. Board Member Allegretti concurred. Board Member Meeks concurred.

Chairman Barakat reported that design comments are usually referred to DDRB. CEO Wallace stated that he is sure that it has to be vetted by DDRB. Council Member Boyer stated that this is a project of the DIA using DIA's TIF dollars and the DIA has every right to weigh in on design and what is wanted to be accomplished.

Hemming Plaza Update

CEO Wallace reported that he and Earnie Franklin, Director of Public-Private-Partnerships has been conversing with the proposer for Hemming Plaza trying to negotiate a contract. CEO Wallace will be conducting due diligence of the actual budget.

Budget Overview

CEO Wallace provided a handout of the DIA's Budget and reported that the DIA will spend more now that the office is fully staffed. He briefly recounted the report to City Council which contained the DIA FY 2014/2014 Proposed Budget Categories

The Board Members discussed the Budget Overview.

Downtown Development Approval

Board Member Saylor provided an update on the Downtown Development Approval. He reported that he has experience in the DRI process that he has been working as an adjunct for the DIA and has been working OGC, Civic Council and other stakeholders. The current impact of the DRI for downtown is traffic and transportation entitlements which are defined in four categories of use. He noted office, industrial, retail, commercial and residential. Each of those categories of use has a specific assignment of entitlements. The entitlements are scheduled to expire. The consultants pointed out that institutional knowledge has been lost and they are working on that issue based on conversations with Mr. Killingsworth, Department of Economic Opportunity.

Presentation of the Proposed National Historic Districts.

Kay Ehas, Chief Administrative Office, Property Appraiser Administration, Joel McEachin, City Planner Supervisor and Lisa Sheppard, City Planner III, Planning Department provided a handout of the basics and benefits of National Register Historic Districts.

Chairman Barakat reported that this was referenced several times in the discussions for the CRA Redevelopment Plan and the BID; the need to revitalize Historic properties and developing a strategy to do that.

Joel McEachin stated that the timeframe can vary according the size of the district, completeness of the application, cycle through the DDRB which may be in the neighborhood of 9 months and the estimated cost is \$30,000 to \$40,000. Kay Ehas noted that amount would be for hiring a consultant because the staff does not have the time or resources to conduct it.

Council Member Boyer asked if funds were in professional services and if the Board would like a consulting firm to conduct the study. She suggested a transfer could go through MBRC or come back to City Council. If the Board voted first that they believe that is was appropriate to designate downtown as a historic district, the next step would be to expedite with funding that the DIA currently have in the salaries account or another account that has not been expended.

Chairman Barakat asked Karen Underwood to ask CEO. Wallace to look into the DIA operational budget to see if there is way to pay this out of professional services.

Chairman Barakat asked anyone wishing to speak on a particular project to complete a public speaker card.

Carnell Oliver commented about the Springfield Historical districts. He noted that Durkeville was supposed to get latched to that historical district. He attended a CPAC Meeting regarding property values and the Springfield community was discussed.

A MOTION WAS MADE BY BOARD MEMBER MEEKS AND SECONDED BY BOARD MEMBER BISHOP TO SUPPORT AND SPONSOR THE PROCESS TO DESIGNATED DOWNTOWN SUBJECT TO THE FORMATION OF NATIONAL REGISTERED DISTRICTS WITHIN THE DOWNTOWN BOUNDARIES SUBJECT TO THE DOWNTOWN JURISDICTIONS TO SPONSOR THE REGISTRATION OF ONE OR MORE HISTORIC REGISTERED DISTRICTS. THE MOTION PASSED 5-1 (Board Member Kay Harper-Williams voted against.)

Kay Ehas reported that in the decision today is to support moving forward to sponsor a national registered district(s) and then decide for the second step to provide funding for a consultant or where the funding would come from. Before an application is submitted, Joel and Lisa will check with the State and come back before the DIA Board.

Chairman Barakat requested Joel McEachin and Lisa Sheppard provide CEO Wallace a cost estimate at the next regular meeting with more clarity.

IV. DOWNTOWN BRIEFING

Alex Rudzinski, OED, provided an update from the DDRB March 6, 2014 Workshop. Lawsikia Hodges reported to the Board that there are not clear guidelines in the Ordinance regarding the appeal process. The appeals process that the DIA is utilizing is the similar to the LUZ appeals process.

Council Member Boyer commented that the DIA has delegated responsibility for a portion of the zoning decisions to DDRB in downtown that normally would have gone through Planning Commission and LUZ. DDRB functions as the planning commission the DIA functions as the LUZ Committee to hear an appeal.

V. OLD BUSINESS

Chairman Barakat noted that the DDRB Appeal hearing continuation will be held on April 16, 2014

VI. NEW BUSINESS

Council Member Boyer reported that she had a meeting with a Southside Business Club who has an interest in partnering with some improvements on the Fuller Warren Bridge and the Jessie Ball

DuPont Treaty Oak Park. She inquired with the Board Members if the DIA will have an April Experience Committee and would the board like for her to discuss this with Board Member Allegretti. Board Member Allegretti responded that everything can be discussed at the next May Meeting.

Chairman Barakat pointed out to the Board to contact Karen Underwood, DIA or Guy Parola, DIA, a week in advance in order to place any items on the upcoming agenda.

VII. PUBLIC COMMENTS

VIII. None

IX. ADJOURNMENT

There being no further business, Chairwoman Barakat adjourned the meeting at approximately 3:10 p.m.

The next scheduled DIA Regular Board meeting is scheduled for Wednesday, March 19, 2014, at 4:00 p.m., location to be determined.

Please note that all attachments referenced will be posted on the DIA Web site <http://www.coj.net/departments/downtown-investment-authority.aspx>

The written minutes for this meeting are only an overview of what was discussed. For verbatim comments of this meeting, an audio CD is available upon request. Please contact Karen Underwood, at (904) 630-3492 or by email at karenu@coj.net.