



Downtown Investment Authority
Retail Enhancement and Property Disposition Committee Hybrid
Meeting
Friday, August 13th, 2021 – 1:00 p.m.

RE&PD Committee Hybrid Meeting
MEETING MINUTES

Retail Enhancement and Property Disposition Committee Members in Attendance:

Oliver Barakat, Chair
Carol Worsham, Committee Member

David Ward, Esq., Committee Member
Todd Froats, Committee Member

Committee Members Excused: None

Board Members in Attendance: Braxton Gillam, Esq. (Zoom)

DIA Staff Present: Lori Boyer, Chief Executive Officer; Guy Parola, Operations Manager; Ina Mezini, Marketing and Communications Specialist; Steve Kelley, Director of Downtown Real Estate and Development; and Xzavier Chisholm, Administrative Assistant

Office of General Counsel: John Sawyer, Esq.

I. CALL TO ORDER

The Retail Enhancement and Property Disposition Committee meeting of August 13, 2021, was called to order at 1:00 p.m. by Chairman Barakat.

II. PUBLIC COMMENTS

Chairman Barakat opened the floor to public comment.

The following persons 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:

Park Beeler	Ford on Bay (Former City Hall); Revitalization
Brian Couch	Ford on Bay (Former City Hall); Revitalization
Cliff Miller	Riverfront Plaza; Downtown Development

III. JUNE 25, 2021 RETAIL ENHANCEMENT AND PROPERTY DISPOSITION COMMITTEE MEETING MINUTES APPROVAL

Having called for corrections or other edits by his fellow committee members and after receiving none, Chairman Barakat asked for a motion and second on the item.

Motion: Committee Member Worsham moved to approve the minutes as presented
Seconded: Committee Member Froats seconded the motion

Chairman Barakat called for a vote.

Vote: Aye: 4 Nay: 0 Abstain: 0

THE MOTION PASSED UNANIMOUSLY 4-0-0.

IV. DISCUSSION OF FORD ON BAY STATUS AND APPROACH

CEO Boyer stated that Resolution 2021-08-10 has been withdrawn because the contract is between the City of Jacksonville and CBRE, and not between DIA and CBRE. Therefore, it does not require a Board action. If the Board decides they would like the assistance of a broker in the marketing of the property, the DIA can continue to use the contract with the City which would be an administrative matter.

CEO Boyer provided an overview of the status and approach to Ford on Bay.

- Terminating negotiations with Spandrel and ISP 0307-20.
 - Spandrel’s proposal is materially different than the Notice of Disposition response and requires re-notice of the disposition.
 - There has been an increased interest in the site and the value of the land has gone up substantially.
 - It is the DIA’s recommendation to terminate the prior RFP as well as any negotiations with Spandrel.
 - CBRE is present to discuss the highest and best use for the property in today’s market and how that may or may not have changed in the last two years.
- The Board will be able to decide if they want to use marketing services or whether they want to just issue a 30-day Notice of Disposition, though the DIA does not have the capacity to market it.

IV.a RESOLUTION 2021-08-09: TERMINATION OF ISP-0307-20 (FORD ON BAY)

A RESOLUTION OF THE DOWNTOWN INVESTMENT AUTHORITY (“DIA”) ADOPTING THE RETAIL ENHANCMENT AND PROPERTY DISPOSTION COMMITTEE’S RECOMMENDATION TO TERMINATE NEGOTIATIONS WITH SPANDREL DEVELOPMENT PARTNERS, THE HIGHEST RANKED PROPOSAL TO ISP-0307-20; REJECT ALL PROPOSALS RELATING TO ISP-0307-20; TERMINATE 7-20 (THE “NOTICE”); PROVIDING FOR AN EFFECTIVE DATE.

Chairman Barakat called for discussion regarding the termination of negotiations with Spandrel.

Committee Member Worsham stated that she has had prior discussions with CEO Boyer and due to Spandrel's inability to close on the original terms and the length of time the negotiations have gone on, she is in favor of terminating the RFP and issuing a new one.

Committee Member Ward stated that based on the assessment of the marketing professionals [CBRE] and DIA staff, he is in favor of terminating negotiations with Spandrel and issuing a new RFP.

Committee Member Froats agreed that Spandrel has not been able to move forward with the opportunity and is in favor of terminating negotiations.

CEO Boyer clarified that Spandrel has expressed their desire to move forward, however, their development proposal departs substantially enough from the current RFP requirements that a new RFP is required. They have been encouraged to resubmit if a new RFP is issued.

Seeing no further discussion, Chairman Barakat called for a motion.

Motion: Committee Member Froats moved to approve Resolution 2021-08-09 as presented

Seconded: Committee Member Worsham seconded the motion

Vote: Aye: 4 Nay: 0 Abstain: 0

THE MOTION PASSED UNANIMOUSLY 4-0-0.

IV.b RESOLUTION 2021-08-10: CBRE EXTENSION *WITHDRAWN*

IV.c RESOLUTION 2021-08-11: DISPOSITION TERMS 330 BAY (FORMER COURTHOUSE PARCEL)

A RESOLUTION OF THE DOWNTOWN INVESTMENT AUTHORITY APPROVING THE TERMS AND CONDITIONS, SCORING CRITERIA AND TIMELINE TO BE INCORPORATED INTO A NOTICE OF DISPOSITION FOR THAT CERTAIN CITYOWNED PROPERTY COMMONLY REFERRED TO AS THE FORMER COURTHOUSE PROPERTY; INSTRUCTING ITS CHIEF EXECUTIVE OFFICER ("CEO") TO TAKE ALL NECESSARY ACTION TO EFFECTUATE THE PURPOSES OF THIS RESOLUTION; FINDING THAT THIS RESOLUTION FURTHERS THE BUSINESS INVESTMENT AND DEVELOPMENT ("BID") PLAN, INCLUDING THE COMMUNITY REDEVELOPMENT AREA PLAN; AND PROVIDING FOR AN EFFECTIVE DATE.

Chairman Barakat gave the floor to CEO Boyer to introduce the Resolution.

CEO Boyer gave the floor to Cliff Taylor and Joe Ayers, of CBRE, to provide a presentation.

Mr. Taylor provided a presentation on multi-family development, expressing the following:

- Historically high influx of new capital into the market in the state of Florida.
- Jacksonville is ranked top 10 in the nation for resiliency, performance, rent growth, and absorption, in large part due to the massive migration and job growth.
- When the Invitation to Negotiate was posted two years ago, the Right of First Refusal served as a cooling effect. CBRE recommends removing the ROFR.
- The second cooling effect was the retail requirement along Bay Street. CBRE recommends reducing the retail requirement.
- The third cooling effect was having all three sites included in the ITN. CBRE recommends going from three parcels down to one, the courthouse site.
- The fourth cooling effect was that there was a substantial pipeline of new construction in the Urban Core that at the time had rents that were unproven achievable rents. In the multi-family sector, 4 percent increase in rent is considered incredible. The Urban Core has experienced a minimum of 9 percent increase with a maximum of 30 percent increase. Due to the magnitude of the shift in rents, the achievable rents are now proven.

Mr. Ayers provided a presentation on the highest and best use.

- CBRE does not anticipate a high activation from office developers that would be interested in developing speculative office space.
- CBRE has seen a big shift in hospitality. Two years ago, they did not see a high level of activation from hospitality. They are currently in conversation with their hotel group, and they are indicating there is some interest from quality hotel developers for at least a portion of the site which would lend to a mixed-use of the site.
- CBRE does not anticipate a high level of activation from the entertainment sector.
- Multi-family continues to be the highest and best use, even more so than two years ago.
- Capital flow into the Jacksonville market is substantial.

Committee Member Froats asked Mr. Ayers if he believes the DIA needs a REV Grant in order to develop the site. Mr. Ayers responded that based on construction costs, he would anticipate still seeing requests for REV Grants.

Committee Member Froats asked if starting with the property next to the courthouse is an option. Mr. Ayers responded that they received negative feedback the first time due to the ROFR. Mr. Froats stated that there could be an opportunity for a civic space.

Committee Member Worsham asked how the Marina site fits into high-end residential development, adding that she often hears that the riverfront needs a marina for boaters to dock and enjoy an activated riverfront with hospitality and restaurants. Mr. Ayers responded that both developers and downtown residents want to see the space activated. Mr. Taylor clarified that they do not recommend a modification in the requirement for retail on the riverfront, they recommend a reduction in the requirement for retail on Bay Street. Adding that, they would incorporate retail along the river and most developers would want to do that.

Committee Member Ward stated that he understands the need for residential and that there is no quick or clear solution to the ROFR. He is in favor of an incremental approach and of the CBRE recommendations overall.

Mr. Ayers stated that once the area is activated and the rents are proven, the ROFR will not be a significant barrier.

Mr. Taylor confirmed for Chairman Barakat that if they just did the ROFR parcel and left the other parcels out, he doesn't believe there would be success with responses, despite how active the market is. Chairman Barakat asked when does the ROFR parcel become marketable. Mr. Ayers responded that once the other unencumbered parcels are successful and proven, developers will take note of that and that will make the ROFR parcel more desirable. Mr. Taylor added that, even though the market is very high, developers are wondering if the Northbank can be as successful as Riverside-Brooklyn and the Southbank.

CEO Boyer described what the process will look like with the Ford on Bay property once the Board has decided if they would like to proceed with the Courthouse site only. Chairman Barakat responded that it seems the Board is agreement on excluding the ROFR parcel and asked about the Submerged Land Lease. CEO Boyer responded that it appears the opportunity for the Submerged Land Lease has passed as the City is already moving forward with the marina design with a fairly strong commitment to it being a public marina. The submerged land will not be a part of the disposition.

Mr. Taylor confirmed for Committee Member Froats that developers other than the hotel group – ones that specialize in civic architecture – will be included in the process. Committee Member Froats urged for a public/civic perspective to be included in the process.

Chairman Barakat asked for clarity regarding the timeline. CEO Boyer described the timeline with and without a broker, as seen in Exhibit 1. Mr. Taylor emphasized the importance of the premarket and the duration of the ITN, cautioning against a situation that allows potential developers to lose interest.

CEO Boyer provided an overview of the drafted terms for the disposition as seen in Exhibit 2. Attention was brought to subsection J., Financial Offer and Incentives, where it states that a multi-family market rate REV grant will be considered for projects meeting the program criteria up to a maximum of 50 percent for a term of 20 years. The maximum would only be awarded if the project met all desired DIA elements.

CEO Boyer provided an overview of the scoring criteria:

- In Exhibit 2, subsection B., Phasing, changed “award” to “effective date.”
- Mr. Taylor's suggestion has been incorporated to subsection D., Bay Street Activation, stating that the minimum ratio of retail will be 35 percent of its ground floor Bay Street building frontage. Bonus points will be awarded for additional retail or restaurants on Bay Street.

Mr. Ayers added that the purpose of the 35 percent retail requirement is to not discourage developers with unique concepts and ideas from bidding. He expressed that retail is certainly important but believes it would be advantageous to receive those bids. Adding that, he encourages scoring retail rather than exclude those that don't present quite as much as others.

CEO Boyer provided an overview of the setback criteria and the proposed alternative of a 100 ft or more setback to allow for a plaza or similar space between the development and the riverfront. The view corridor requirement would be waived in this situation.

The Board agreed to hold a workshop to further discuss the disposition terms.

Discussion occurred regarding building length and height requirements as it pertains to a setback requirement. Committee Member Froats suggested keeping options open for setback criteria and scoring projects accordingly as to not eliminate a proposal that otherwise would be a great design. Mr. Taylor agreed.

CEO Boyer provided an overview of the riverfront activation criteria, expressing the DIA's desire to have a full-service restaurant that provides a dining opportunity for boaters on the waterfront. Committee Member Froats added that the City has a strong need for riverfront activation such as outdoor patios and rooftop bars and asked CBRE if they feel the City is asking for too much retail on the river. Mr. Ayers responded that he does not feel the City is asking for an onerous amount of retail on the river, though he does like the idea of optionality.

CEO Boyer reiterated that there will be a REPD Workshop to further refine disposition terms.

CEO Boyer provided a brief overview of Subsection F., Resiliency, stating that the disposition terms should address potential flooding and the use of resilient construction materials. Adding that, there is concern regarding site elevation while maintaining the pedestrian experience.

CEO Boyer provided a brief overview of Subsection G., Design and Materials, noting that high quality construction and design materials with architectural details and exterior finish are highly encouraged and will be taken into consideration.

CEO Boyer provided a brief overview of Subsection H., Construction and Maintenance Contribution, noting that proposals are encouraged, but not required, to include a monetary or in-kind contribution to the ongoing maintenance of the Riverwalk and adjacent plaza.

CEO Boyer stated that CBRE has advised the DIA to expect an offer that includes payment, such as a cash offer.

CEO Boyer briefly discussed several things for the Committee Members to consider as they review the scoring criteria and disposition terms.

V. HARPER STREET DISPOSITION

Chairman Barakat gave the floor to Mr. Kelley.

Mr. Kelley provided a summary of the unsolicited proposal submitted by Mr. Kenneth Grady to purchase the City-owned lot located in the LaVilla District at 1511 Harper Street. Mr. Grady intends to adjoin the parcel with three other small adjacent properties which are all under different owners. The DIA will be following the Informal Notice of Disposition Process.

Seeing no further discussion, Chairman Barakat moved to adjourn the meeting.

VI. ADJOURNMENT

Chairman Barakat adjourned the meeting at 3:04 p.m.

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 Xzavier Chisholm at xchisholm@coj.net to acquire a recording of the meeting.