



**Downtown Investment Authority  
Retail Enhancement and Property Disposition Committee**

**Hybrid Virtual In-Person Meeting  
Friday, June 25<sup>th</sup> at 1:30 p.m.**

## **RE&PD AGENDA**

Carol Worsham, Chair  
Oliver Barakat, Committee Member  
Craig Gibbs, Esq., Committee Member

Ron Moody, Ex-officio (*Voting – Virtual*)  
Jim Citrano, Committee Member  
David Ward, Esq., Committee Member

Committee Members Excused: Todd Froats

- I. CALL TO ORDER
- II. PUBLIC COMMENTS
- III. MARCH 15, 2021 RETAIL ENHANCEMENT AND PROPERTY DISPOSITION COMMITTEE MEETING MINUTES APPROVAL
- IV. RESOLUTION 2021-07-01: KIDS KAMPUS DISPOSITION (Lori Boyer, CEO)
- V. ADJOURN

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*Please be advised that this will be a hybrid virtual in person meeting. Attendees may participate in person or virtually.*

**PHYSICAL LOCATION**

Jacksonville Public Library-Main Library/Downtown  
303 North Laura Street  
Multipurpose Room (located in the Conference Center)  
Jacksonville, Florida 32202

**Directions and Instructions for Accessing Multipurpose Room:**

Upon entering Laura Street entrance to the Library, follow directions and signage for temperature check, then proceed into the Main Library. Walk counterclockwise around the grand staircase and you will see signs for the public elevators. Take the elevator down to level C for Conference Level. Exit the elevator and follow hallway out. Turn left out of the hallway and proceed through glass doors into Conference Center. The Multipurpose Room is the first room on the left.



**Downtown Investment Authority  
Retail Enhancement and Property Disposition Committee**

**Hybrid Virtual In-Person Meeting  
Friday, June 25<sup>th</sup> at 1:30 p.m.**

Visitors are encouraged not to enter City owned public buildings if they have: symptoms of COVID-19, a fever of 100.4 degrees Fahrenheit or higher, are currently undergoing evaluation for COVID-19 infection, a diagnosis of COVID-19 in the prior 10 days, or have had close contact with someone infected with COVID-19 during the prior 14 days. Any member of the public entering City owned public building may choose to wear a mask inside the building.

**VIRTUAL LOCATION**

Interested persons desiring to attend this meeting virtually can do so via Zoom (including by computer or telephone) using the following meeting access information:

**Join Zoom Meeting**

<https://us02web.zoom.us/j/85322476138?pwd=MFcvMTI3YmRudHh6L0Y1ZXlyTIBsQT09>

Meeting ID: 853 2247 6138

Passcode: 345270

**One tap mobile**

+1 (312) 626-6799 (Chicago)

+1 (646) 558-8656 (New York)

Find your local number: <https://us02web.zoom.us/j/kdvOzsA7MT>

**TAB III.**

**MARCH 15, 2021 RETAIL ENHANCEMENT AND PROPERTY DISPOSITION  
COMMITTEE MEETING MINUTES**



**Downtown Investment Authority**  
**Retail Enhancement and Property Disposition Committee Hybrid**  
**Meeting**  
***Monday, March 15, 2021 – 3:00 p.m.***

**RE&PD Committee Hybrid Meeting**  
***MEETING MINUTES***

**Retail Enhancement and Property Disposition Committee Members in Attendance:**

Carol Worsham, Chair  
Jim Citrano, Committee Member

Todd Froats, Committee Member  
Ron Moody, DIA Chair

**DIA Staff Present:** Lori Boyer, Chief Executive Officer; Ina Mezini, Marketing and Communications Specialist; Lori Radcliffe-Meyers, Development Coordinator; and Steve Kelley, Director of Downtown Real Estate and Development

**I. CALL TO ORDER**

The Retail Enhancement and Property Disposition Committee meeting of March 15, 2021, was called to order at 3:00 p.m. by Committee Chair Worsham.

**II. PUBLIC COMMENTS**

No public comments were received, and the public comments portion was closed.

**III. RESOLUTION 2021-03-06: BERKMAN II NOTICE OF DISPOSITION (RIPARIAN RIGHTS) (Lori Boyer, CEO)**

Mr. Kelley provided an overview of the Resolution as it relates to Upland Easement Rights and Riparian Rights associated with the Birkman Marina. Mr. Kelley noted that Mr. Esterman needs the Upland Easement Rights so that he can assume the Marina Submerged Land Lease and then renew that Submerged Land Lease in his company name. The Resolution provides for a Notice of Disposition as is consistent with Florida Statutes and Jacksonville's Ordinance Code that states any disposition of property or property rights under control of the CRA requires that the DIA go through a Notice of Disposition process.

Madam Chair Worsham called for a motion.

**Motion:** Committee Member Froats moved to approve Resolution 2021-03-06 as presented

**Seconded:** Committee Member Citrano seconded the motion

Madam Chair Worsham opened the floor, the following discussion occurred:

Committee Member Citrano asked for clarification regarding what the vote is on. CEO Boyer responded that the Resolution gives the DIA authority to issue the Notice of Disposition and, if no other contrary bids are received, enter into an Easement agreement that would give the applicant Riparian Rights adjacent to the existing River Walk that would allow them to renew the Submerged Land Lease for the existing marina footprint. CEO Boyer also noted that Submerged Lands are owned by the state and that they are getting a lease from the state, but the Riparian owner must consent.

Committee Member Froats requested a summary of the changes in language. CEO Boyer responded that the agreed upon language states that both parties believe they have the Riparian Rights and are seeking to clear title. It is OGC's conclusion that the Riparian Rights were acquired at the time the deed conveyed the Riverwalk to the city, which is why the Notice of Disposition is required.

Seeing no further comment, Madam Chair Worsham called for a vote.

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

**THE MOTION PASSED UNANIMOUSLY 4-0-0**

**IV. RESOLUTION 2021-03-02: LAVILLA TOWNHOMES NOTICE OF DISPOSITION (Lori Boyer, CEO)**

Madam Chair Worsham gave the floor to CEO Boyer to introduce the Resolution.

CEO Boyer stated that the DIA received a number of responses to the Notice of Disposition from August 2019 regarding the LaVilla Townhome site and that Vestcor had the best score. Originally, Vestcor was chosen by the Board and awarded the contract which conveyed the property to them; however, the property has been reconveyed to the City as a result of Vestcor not being able to maintain their commencement of construction date of July 1<sup>st</sup>. CEO Boyer added that Vestcor was uncomfortable moving forward on a for-sale product considering the timing [pandemic/market uncertainty]. After guidance from Procurement, CEO Boyer proceeded with a Notice of Disposition and reengaged Johnson Commons who was still interested in pursuing the development. The following modifications were mentioned in Johnson Commons' new proposal:

- Reduced the number of units from 99 to 91.
- The original proposal included a commitment to the immediate development of 4,500 sq ft of retail property. The new proposal requests the entire 10,000 sq ft of retail that they are committed to be included in Phase II.
- Must be commenced within 7 years or it reverts.

CEO Boyer summarized the Resolution stating that it authorizes the DIA to proceed with the Notice of Disposition. If no other bids are received within 30 days, the DIA may proceed with negotiations of the redevelopment agreement with Johnson Commons and then go to City Council with it. If other

bids are received, they would be brought to the Board for consideration. CEO Boyer noted that the ROI is above one and that there are no incentives, such as a REV Grant, or anything other than the donation of the property. Johnson Commons offered to split the net proceeds of sale above the base value. Thus, if the market were to yield more than \$250,000 of net proceeds from a unit sale, it would be shared with the DIA.

CEO Boyer gave the floor to Alex Sifakis, of Johnson Commons.

Mr. Sifakis summarized their proposal as follows:

- Addition of a pool amenity in the middle of one of the blocks
- Reduced unit count to 91 which provides for a larger area for Phase II which would be intended for retail development

Committee Member Citrano asked about changes between the original and final proposal. Mr. Sifakis clarified that the final proposal includes the Shotgun Style design which will feature 3-stories along with balconies for the end units.

DIA Chairman Moody stated that he was in favor of Johnson Commons' design during the original bidding process. DIA Chairman Moody asked for Mr. Sifakis's ideas for ensuring that the property doesn't sit vacant. Mr. Sifakis responded that retail is important along with the activity that the Emerald Trail and JRTC bring into the area. Mr. Sifakis added they hope to start construction on retail sooner than 7 years, depending on the retail market, and added a commitment to sell the units for breakeven if the market doesn't react the way they want it to.

Madam Chair Worsham called for a motion on Resolution 2021-03-02.

**Motion:** DIA Chairman Moody moved to approve the Resolution as presented

**Seconded:** Committee Member Froats seconded the motion

Committee Member Citrano asked CEO Boyer for clarity on the difference between this proposal and the original proposal. CEO Boyer responded with the following:

- Reduction in units from 99 to 91 which allows for the pool amenity and the removal of a few of the units adjacent to the retail space
- The initial proposal stated that 4,500 sq ft retail space would be constructed immediately, and the remaining retail space would be constructed in Phase II. The new proposal states that the entire retail space [10,000 sq ft], which is the frontage along Lee and coming back along Forsyth, is a separate Phase II parcel.
- The space will be a park in the meantime
- If construction doesn't commence within 7 years, there is a Right of Reverter.
- The "L" shaped parcel that fronts on Lee and comes back on Forsyth could be mixed-use, meaning there could be residential units above the retail.
- The term sheet requires a minimum of 10,000 sq ft of retail.
- The developer has asked to use the purchase price amount of \$1.
- They have eliminated the contemporary design for the townhomes; instead, all townhomes will feature the Shotgun Style.

- The original response included a request for providing the property for the Emerald Trail and building the Emerald Trail. This is no longer part of the proposal because it has already been surveyed and reserved when it was conveyed to Vestcor. The City now has construction drawings on it.

Mr. Sifakis commented on the proposed graphics and signage. Memorial Heritage boards will feature graphics and history of the area, particularly the significance of the buildings as well as African American history.

Madam Chair Worsham asked what happens to the maintenance of the public space. Mr. Sifakis stated that they, as the developer and owner, will be responsible for maintaining it.

Madam Chair Worsham asked does the area include the revised DVI boundary. CEO Boyer responded that it is included in the revised DVI boundaries because it is contiguous to Lee Street. CEO Boyer added that the DIA has been considering whether to incorporate more parking spaces or more park space on the City side of the roadway between Lift Every Voice and Sing Park and West Adams Street.

Committee Member Citrano stated he filed a Form 8B because Mr. Sifakis's partner is a former client of his.

Committee Member Citrano asked if there was difficulty with developing a site plan for an 18ft-wide for-sale product. Mr. Sifakis responded that 15ft- and 16ft-wide products are not out of the ordinary for Jacksonville and that they have recently just sold 60 lots to Ryan Homes who will be building 16ft-wide products.

DIA Chair Moody stated that the developer should consider specialty stores and rooftop bars to help activate this part of the city. Mr. Sifakis responded that he agrees.

Seeing no further discussion, Madam Chair Worsham called for a vote.

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

**THE MOTION PASSED UNANIMOUSLY 4-0-0**

**V.    UPDATE ON 1511 HARPER STREET (Steve Kelley, Director of Downtown Real Estate and Development)**

Madam Chair Worsham gave the floor to Mr. Kelley to introduce the item.

Mr. Kelley stated that 1511 Harper Street, which is in the Brooklyn District, is owned by the City and that the DIA has received several interest letters on the parcel and parcels in that general area. The parcel is of low value – likely below the \$25,000 threshold – and requires an appraisal before offers can be considered. The DIA will be placing the parcel in a 30-day notice posture and once the appraisal is complete, they will bring information concerning the offers to the Board.

Madam Chair Worsham asked when does the 30-day notice go out. The Notice of Disposition has not yet been scheduled.

**VI.    ADJOURNMENT**

REPD Chair Worsham adjourned the meeting at 3:31 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](mailto:xchisholm@coj.net) to acquire a recording of the meeting.*

DRAFT



**TAB IV.**

**RESOLUTION 2021-07-01: KIDS KAMPUS DISPOSITION**

**RESOLUTION 2021-07-01**

**A RESOLUTION OF THE DOWNTOWN INVESTMENT AUTHORITY (“DIA”) INSTRUCTING ITS CHIEF EXECUTIVE OFFICER (“CEO”) TO ISSUE A 30-DAY NOTICE OF DISPOSITION IN ACCORDANCE WITH THE NEGOTIATED DISPOSITION PROCEDURE ADOPTED BY DIA; AUTHORIZING THE PUBLICATION OF A NOTICE OF DISPOSITION FOR THE FEE SIMPLE CONVEYANCE OF AN APPROXIMATELY 4.77 ACRE PARCEL (THE “HOTEL PARCEL”) AND THE GROUND LEASE OF A 1.05 ACRE PARCEL (THE “OFFICE PARCEL”) OF CITY-OWNED REAL PROPERTY EACH AS DEPICTED ON THE SITE PLAN ATTACHED HERETO AS EXHIBIT “A” AND COMPRISING A PORTION THE LAND GENERALLY KNOWN AS KIDS KAMPUS LOCATED BETWEEN GATOR BOWL BOULEVARD AND THE ST. JOHNS RIVER, AND IDENTIFIED BY DUVAL COUNTY TAX PARCEL NUMBER RE# 130572-0100, COLLECTIVELY “THE PROPERTY”;** EXPRESSING THE INTENTION TO DISPOSE OF SAID PROPERTY IN ACCORDANCE WITH THE NEGOTIATED TERMS TO IGUANA INVESTMENTS OF FLORIDA, LLC (THE “DEVELOPER”) UPON EXPIRATION OF THE THIRTY DAY NOTICE PERIOD ABSENT HIGHER RESPONSIVE OFFERS; APPROVING THE TERMS AND CONDITIONS OF SAID DISPOSITION INCLUDED AS EXHIBIT ‘B’; AUTHORIZING THE DISPOSITION OF THE PROPERTY AND ITS REDEVELOPMENT ON THE TERMS SET FORTH ON EXHIBIT B IF NO ALTERNATIVE RESPONSIVE OFFER IS RECEIVED; FINDING THAT THIS RESOLUTION FURTHERS THE BUSINESS INVESTMENT AND DEVELOPMENT (“BID”) PLAN, INCLUDING THE COMMUNITY REDEVELOPMENT AREA PLAN; AUTHORIZING THE CEO OF THE DIA TO NEGOTIATE A REDEVELOPMENT AGREEMENT AND ASSOCIATED DOCUMENTS; AUTHORIZING THE CEO TO INITIATE THE FILING OF LEGISLATION WITH THE CITY COUNCIL REGARDING THE SAME; AUTHORIZING THE CEO OF THE DIA TO TAKE ALL ACTION NECESSARY TO EFFECTUATE THE PURPOSES OF THIS RESOLUTION, INCLUDING THE EXECUTION OF A REDEVELOPMENT AGREEMENT, PURCHASE AND SALE AGREEMENT, OR FUNCTIONAL EQUIVALENTS; PROVIDING FOR AN EFFECTIVE DATE.

**WHEREAS**, via Ordinance 2012-0364-E, the City Council created the Downtown Investment Authority, designating the DIA as the City’s Community Redevelopment Agency for the Combined Northbank Downtown Community Redevelopment Area and authorizing it to approve and negotiate economic development agreements and dispose of City-Owned property; and

**WHEREAS**, the City owns an approximately 10-acre parcel of real property currently developed as a City park known as Kids Kampus and which is included within a larger parcel identified by Duval County Tax Parcel Number RE# 130572-0100; and

**WHEREAS**, Developer submitted a proposal for redevelopment of the Hotel Parcel and Office Parcel comprising the Property and associated easements and public partnerships, in accordance with the Site Plan, attached as **Exhibit A**; and

**WHEREAS**, DIA entered into negotiation with Developer regarding the terms of the disposition and redevelopment in accordance with DIA's approved negotiated disposition process; and

**WHEREAS**, the terms of the redevelopment proposal including developer's obligations and proposed incentives are set forth in the Term Sheet attached as **Exhibit B**; and

**WHEREAS**, in order to determine fair value for the property pursuant to Florida Statutes Chapter 163.380(2), and as required by City of Jacksonville Code of Ordinances §122.432, the DIA has engaged an appraiser to appraise the various parcels involved in the disposition; and

**WHEREAS**, the Property is located within the Combined Downtown Northbank Community Redevelopment Area ("Northbank CRA"); and

**WHEREAS**, DIA is the designated Community Redevelopment Agency for the Northbank CRA, for which a Business Investment and Development Plan, inclusive of a Community Redevelopment Plan, ("BID/CRA Plan") was adopted by Ordinance 2014-560-E; and

**WHEREAS**, Section 55.108 of the Jacksonville Code of Ordinances grants certain powers and duties to the DIA, including:

Interpreting the BID/CRA Plan and approving development and redevelopment projects within Downtown;

Implementing the BID/CRA Plan, and negotiating and approving downtown development and redevelopment agreements, grant agreements, license agreements, and lease agreements;

Planning and proposing Projects and Public facilities within Downtown; and

**WHEREAS**, at a publicly noticed meeting held on June 25, 2021, the DIA Retail Enhancement and Property Disposition Committee ("REPD") recommended that the DIA Board adopt Resolution 2021-07-01; and

**WHEREAS**, upon adoption of this Resolution, a 30-day notice for the solicitation of proposals pursuant to Section 163.380(3)(a), Florida Statutes, and Sections 122.434(a) and (b), Jacksonville Ordinance Code, will be issued; and

**WHEREAS**, the DIA finds that the proposed disposition and redevelopment proposal further the following Redevelopment Goal and Strategic Objectives found in the BID/CRA Plan:

**Redevelopment Goal No. 1 - Reinforce Downtown as the City's unique epicenter for business, history, culture, education, and entertainment.**

**Applicable Strategic Objectives:**

1. Increase the opportunities for employment within Downtown.
2. Support the expansion of entertainment and restaurant facilities.
3. Increase venues, workspaces, and residential opportunities....
4. Focus efforts on drawing many diverse attractions, rather than a small number of large ones.
5. Create a consistent theme and image that conveys a sense of the excitement and activity Downtown.
6. Expand upon the ability for national conventions.

**Redevelopment Goal No. 2 – Increase rental and owner-occupied housing downtown, targeting key demographic groups seeking a more urban lifestyle.**

**Applicable Strategic Objectives:**

1. Actively pursue a minimum of 3,850 built and occupied multi-family dwelling units by 2025; and strive to induce construction of 350 multi-family dwelling units per year.
2. Leverage land contributions, infrastructure investments, incentive grants, and low interest loans.
3. Promote and attract neighborhood retail to support downtown residents.
4. Evaluate new multi-family residential development with Downtown design guidelines, overall compatibility, financial feasibility, and existing Downtown residential developments
5. Reconcile city plan policies and regulations to insure policy consistency and uniform application.
6. Establish a clear, efficient, and maximally predictable process for reviewing development permits, including development and use of model forms and agreements where appropriate.

**Redevelopment Goal No. 3 - Simplify the approval process for Downtown development and improve departmental and agency coordination.**

**Applicable Strategic Objectives:**

1. Provide publicly owned land and building space for public and private development which will support and strengthen Downtown's commercial and residential base and comply with the other Redevelopment Goals.
2. Initiate public-private partnerships
3. Promote clean-up and redevelopment of brownfields.
4. Increase recreation, entertainment, cultural heritage, and other programming opportunities.
5. Provide spaces for residents to conduct community business and spaces for social events and educational programs.

**Redevelopment Goal No. 4** – Improve walkability/bikeability and connectivity to adjacent neighborhoods and the St. Johns River while creating highly walkable nodes.

**Applicable Strategic Objectives:**

1. Improve access to and from the St. Johns River and enhance Downtown experience for all Jacksonville citizens and visitors through variety of spaces, signage, lighting, and technology.
2. Improve existing public parks and plazas and create new open spaces with a mix of pedestrian-oriented amenities and activities.
3. Protect, enhance, and increase public perpendicular access to the Riverwalk in line with street grid.
4. Provide for proper management and maintenance of public spaces.
5. Create a mixture of uses so that housing, activities, retail, and other businesses are within useful walking distance.
6. Require all buildings to have active facades at street level. Encourage active street life through a mixture of restaurants (including cafes with outdoor seating), retail, services, and connection to the street. Minimize blank walls and surface parking.

**Redevelopment Goal No. 5- Establish a waterfront design framework to ensure a unique experience and sense of place.**

**Applicable Strategic Objectives:**

1. Ensure that the riverfront is both physically and visually accessible for locals and tourists of all ages and income.
2. Enforce the 50-foot (minimum) building setback from the St. Johns River's water edge.
3. Prioritize beautification and greening of the Riverwalk using Florida-Friendly landscaping practices and plant material that is indigenous to the region
4. Maintain, enhance, expand, and encourage public river access for motorized and non-motorized watercraft points.

5. Ensure that the riverfront includes a variety of immersive environments, ranging from passive enjoyment of the River to active entertainment areas with restaurants, shops, and attractions, all linked by the Riverwalk.

**Redevelopment Goal No. 7 – Use planning and economic development policies to promote design for healthy living.**

**Applicable Strategic Objectives:**

1. Recognize the economic value: Encourage Downtown development to be compact and walkable as it provides economic benefits to developers through higher residential sale prices, enhanced marketability, and faster sales or leases creating an economic multiplier effect.
2. Mix it up: Entice mixes of uses and densities; remove regulatory barriers; rethink parking; and optimize uses.

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

**Section 1.** The recitals set forth above are true and correct and are hereby incorporated herein by this reference.

**Section 2.** The DIA instructs the Chief Executive Officer of the Downtown Investment Authority to take all necessary action necessary to effectuate the thirty (30) day Notice of Disposition for the Property in accordance with its Negotiated Notice of Disposition Process and consistent with Florida Statutes and the Ordinance Code.

**Section 3.** Proposals received, if any, will be reviewed by the DIA Chief Executive Officer, who will make a recommendation to the DIA Board regarding any responsive alternate proposals received.

**Section 4.** If no alternate responsive and qualified proposals are received, or if they are determined by the CEO to be lower in value or unresponsive, the DIA has determined that the disposition and redevelopment of the Property in accordance with the term sheet attached hereto as Exhibit B is hereby approved.

**Section 5.** The DIA Board hereby authorizes the CEO of the Downtown Investment Authority, upon expiration of the thirty (30) day notice period, to negotiate the terms of a Redevelopment Agreement, Purchase and Sale Agreement, or functional equivalents, with Developer for the redevelopment of the Property, subject to the minimum terms and conditions contained in Exhibit 'B' to this Resolution 2021-07-01.

**Section 6.** The DIA Board hereby authorizes the CEO of the Downtown Investment Authority to initiate legislation for approval by City Council of a Redevelopment Agreement, Ground Lease, Disbursement and Operating Agreements, and any associated agreements in accordance with the purposes of this Resolution.

**Section 7.** The DIA Board hereby authorizes the CEO of the Downtown Investment Authority to take all action necessary to effectuate the purposes of this Resolution, including the execution of a Redevelopment Agreement, Purchase and Sale Agreement, or functional equivalents, providing that such actions incorporate, at a minimum, the terms and conditions contained in Exhibit 'B' to this Resolution 2021-07-01.

**Section 8.** This Resolution, 2021-07-01, shall become effective on the date it is signed by the Chair of the DIA Board.

WITNESS:

**DOWNTOWN INVESTMENT AUTHORITY**

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\_\_\_\_\_

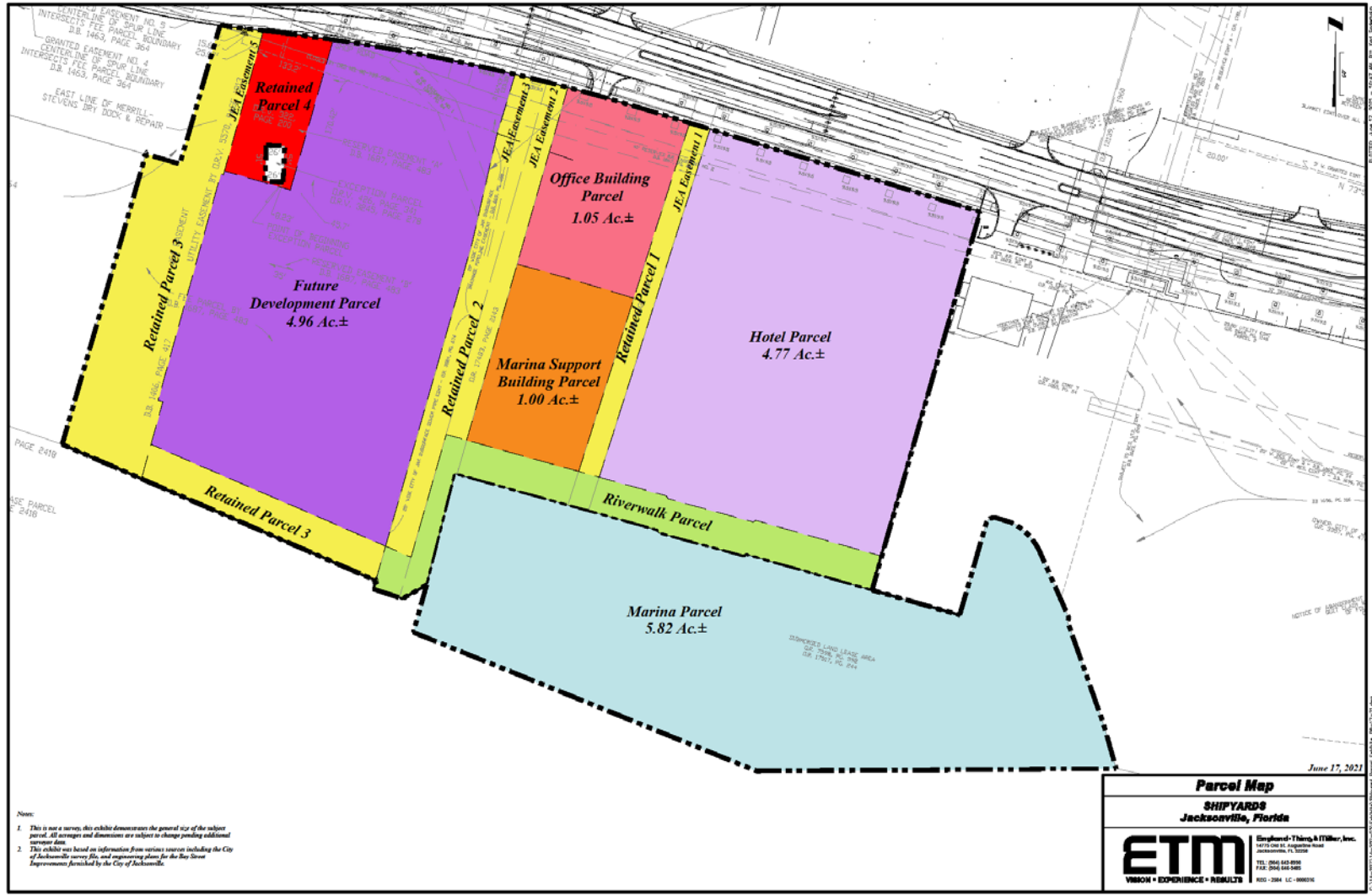
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Braxton Gillam, Chairman

Date

VOTE:            In    Favor:    \_\_\_    Opposed:    \_\_\_    Abstained:    \_\_\_

Exhibit A to Resolution 2021-07-01  
 Site Plan of Property



Notes:  
 1. This is not a survey, this exhibit demonstrates the general size of the subject parcel. All acreages and dimensions are subject to change pending additional survey data.  
 2. This exhibit was based on information from various sources including the City of Jacksonville survey file, and engineering plans for the Bay Street Improvements furnished by the City of Jacksonville.

June 17, 2021

**Parcel Map**  
**SHIPYARDS**  
 Jacksonville, Florida

**ETM**  
 ENGINEERING • DESIGN • CONSTRUCTION

Employed • Theryn A. ITiller, Inc.  
 14775 Old St. Augustine Road  
 Jacksonville, FL 32218  
 TEL: (904) 642-8900  
 FAX: (904) 642-8900  
 WWW: ETM-FL.COM



## Exhibit B to Resolution 2021-07-01

### CRA LAND INTERESTS TO BE CONVEYED

**Hotel Parcel.** City of Jacksonville (“COJ”) to convey to Developer fee simple title to a parcel consisting of approximately 4.77 acres located on the easternmost portion of the property known as Kids Kampus and depicted as the Hotel Parcel on survey map attached hereto as **Exhibit 1**. The Hotel Parcel is bounded on the north by the new proposed right of way line of Gator Bowl Boulevard, on the south by a line parallel to and 50 feet landward of the existing bulkhead, on the east by the Metropolitan Park lands subject to the restriction for perpetual use in favor of the National Park Service and bounded on the west by that certain easement in favor of JEA recorded in OR Book 11109 at page 1942. The Hotel Parcel does not include any interest in riparian rights or submerged lands. At Closing, the Hotel Parcel will be deed restricted to preclude industrial, manufacturing, or assembly on such parcel.

**Office Parcel.** COJ and the Downtown Investment Authority (“DIA”) shall enter into a (40) forty-year ground lease with (1) one ten-year renewal option with Developer upon terms set forth below, on an approximate 1.05-acre parcel comprising the western portion of Kids Kampus and depicted as the Office Parcel on the survey map attached hereto as **Exhibit 2**. The Office Parcel is bounded on the north by the new proposed right of way line of Gator Bowl Boulevard, bounded on the east by the JEA Easement recorded in OR Book 11109 at page 1942 and on the west by the JEA Easement recorded in OR Book 17483 at page 2143 and is a depth of 260.00 feet as measured from the northerly boundary of the Parcel. The Office Parcel does not include any interest in riparian rights or submerged lands).

**Nonexclusive easements** for pedestrian and bicycle access over the JEA Easements depicted on **Exhibit 3** as JEA Easements 1, 2, and 3, as well as the area located between JEA Easements 2 and 3. Vehicular access easements, to the extent allowed by the JEA Easements, will be permitted on JEA Easements 1, 2 and 3, as well as the area located between JEA Easements 2 and 3. Landscaping will be allowed to the extent not inconsistent with COJ’s current or future use. To the extent permitted by JEA under JEA Easement 1, the easement between the Hotel Parcel and Office Parcel (Easement 1) will be developed by Developer with a minimum 8’ wide pedestrian and bicycle access running from Gator Bowl Boulevard to the Riverwalk unless DIA approves an alternative Riverwalk connection point outside the boundaries of Easement 1. No fill may be placed on any of the easement parcels in excess of 3’ in depth in order to maintain their function as view corridors from Gator Bowl Boulevard, unless in the discretion of DIA a greater amount can be accommodated while still preserving the view from Gator Bowl Boulevard to the river. To the extent required fill of any amount and all improvements are subject to approval of the easement holder (JEA).

**Nonexclusive Easement for pedestrian and bicycle use** over Riverwalk parcel for benefit of Developer.

**Temporary construction easements** for Metropolitan Park Marina (“Marina”) and Marina Support Building Parcel, Riverwalk Parcel, and Future Development Parcel for lay down area provided the same does not conflict with Hart Bridge contractor’s right of use thereof.

**Air rights restriction** over Riverwalk Parcel prohibiting improvements over 6 feet in height except public art, shade structures, lighting, trees, landscaping, and hardscaping, etc.

**COMPENSATION PAID TO DIA/COJ FOR PROPERTY INTERESTS AND CONTRACTUAL RIGHTS**

1. Fee simple purchase price for Hotel Parcel

\$100.00 to acquire the Hotel Parcel; plus, the full cost to pay off the Florida Recreation Development Assistance Program Grant (“FRDAP Grant”) currently estimated to be \$21,000,000 (or such lesser amount as may be accepted by the Florida Department of Environmental Protection (“FDEP”)) in the event the DIA/COJ is unable to negotiate a suitable replacement park

- |   |   |
|---|---|
| 2. Ground Lease Rate for Office Parcel    | \$36,000 annually for 40 years                  |
| 3. Right of First Offer (“ROFO”)          | \$50,000 annually until exercised or terminates |
| 4. Donation to Metropolitan Park          | \$200,000 annually for 20 years                 |
| 5. Construction by Developer of New Drive | \$176,200 includes 20 parking spaces            |

**CONDITIONS TO CLOSING ON HOTEL AND OFFICE PARCELS**

1. Satisfactory elimination of FRDAP Grant encumbrance from the Kids Kampus property by either replacement of the park or payoff. DIA shall diligently pursue approval of a replacement park. In the event such approval of a replacement park is not obtained by October 1, 2021, Developer shall have the right to negotiate with FDEP regarding the amount required to pay off the encumbrance. In the event FDEP approval for a replacement park is not obtained by the closing date, Developer shall have the option to either terminate the Redevelopment Agreement (“RDA”) or pay the balance due to the state to remove the encumbrance.
2. Developer shall have the right to terminate the RDA if at any time prior to closing, Developer, in its sole discretion, determines that environmental issues render the property unsuitable for development as intended. If requested by COJ, all environmental studies and test results obtained by Developer shall be delivered to COJ upon termination of the RDA.

3. Approval for and relocation of the historically designated Fire Museum from the site to another location approved by JHPC and DIA.
4. Relocation of the JFRD personnel from the current fire station located on Kids Kampus.

## **DEVELOPER OBLIGATIONS**

### **HOTEL PARCEL**

1. On the Hotel Parcel, Developer shall design and construct the hotel improvements (“Hotel Improvements”) to include the following:
  - i) a five-star hotel with approximately 176 keys (but no fewer than 170) (the “Hotel”);
  - ii) approximately 25 (but no fewer than 23) Class A condominium units (the “Condominium Residences”);
  - iii) approximately 259 (but no fewer than 250) integrated structured parking spaces
  - iv) approximately 39,100 (but no less than 37,000) square feet of restaurants, bars, rooftop amenities, sundry shops, retail space, river-view lounge (restaurant, pool, and decks located facing the riverfront), spa, wellness, and fitness center that will be open to the public
  - v) approximately 10,600 (but no less than 9,500) square feet of flexible meeting space; and,
  - vi) the DIA Board shall have the discretion to permit deviation below the stated minimums in an amount not to exceed 10% in each instance provided such reduction does not result in in reduction in the Minimum Private Capital Investment nor a per unit or per square foot cost that exceeds the reasonable value limits used in underwriting.
2. The Minimum Private Capital Investment for the Hotel Improvements and Office Improvements shall be \$301,057,548. In addition to the Minimum Capital Investment for the Hotel Improvements and Office Improvements, the cost of the access drive from Gator Bowl Boulevard to the Marina described below is an additional Developer investment in the amount of \$176,200.
3. Any improvements constructed on the Hotel Parcel shall comply with the Downtown Zoning Overlay and be subject to DDRB approval. The JEA Easements shall be deemed to be River View and Access Corridors as defined in Chapter 656, Part 3, Subpart H of the Jacksonville Ordinance Code. Due to the width of the JEA Easements and adjacent Metropolitan Park, DIA will support a deviation from the required View and Access corridors as to Hotel Parcel without loss of incentives provided both view and access are preserved on Easement 1.
4. The design of the Hotel Improvements shall be similar to the conceptual renderings attached as **Exhibit 4** and shall include open plaza and pool space fronting, and open to the Riverwalk which may be fenced to provide controlled entry from the Riverwalk; provided, however, entry from the Riverwalk to the public areas of the Hotel shall not be prohibited.

5. Developer, to the extent permitted by law, shall cause an additional 2% room fee (“Room Fee”) to be collected and rebated for the benefit of Metropolitan Park, the Marina, and Marina Support Building into a COJ capital fund (“Capital Fund”). Developer and the COJ shall mutually agree on the use of the Capital Fund to be spent in accordance with an annual budget that is reviewed and approved by the Jacksonville City Council (“City Council”). Proceeds in the Capital Fund shall be the property of the COJ and shall be used exclusively to fund capital expenses in accordance with the approved capital plan (“Capital Plan”).
6. Developer shall enter into a Park Partnership Agreement (“PPA”) with COJ and shall contribute a minimum of \$200,000 annually for a term of twenty (20) years for the maintenance and programming of Metropolitan Park.
7. During the term of any REV grant on the Hotel Parcel, the Hotel shall be operated as a Four Seasons Hotel (or, to the extent the Four Seasons name is changed throughout the United States by the ownership of the hotel name, under such new name, but subject to the below). In the event the owner of the Hotel Parcel elects to change the flag of the Hotel from the Four Seasons to another brand, the change in the flag will be subject to approval of DIA to ensure that the Hotel continues to be operated as a luxury brand (four or five-star facility as determined by Forbes Travel Guide, or other respected source in the hospitality industry). In the event DIA fails to approve the change of flag on the Hotel, the owner of the Hotel Parcel may nevertheless change the flag but will thereafter lose the right to collect any further REV grant payments.
8. The deed to the Hotel Parcel will contain a Right of Reverter in the event Developer fails to commence the Hotel Improvements in accordance with the Performance Schedule. The Right of Reverter will terminate upon commencement.
9. Upon commencement of vertical construction of the Hotel Improvements, Developer shall provide DIA/COJ with a completion guaranty ensuring completion of the Hotel Improvements. The completion guaranty in favor of DIA/COJ shall be subordinate to any completion guaranty provided to Developer’s lender, if any.

## **OFFICE PARCEL**

1. On the Office Parcel, Developer shall design and construct the office improvements (“Office Improvements”) to include the following:
  - i) a Class A office building with approximately 99,000 (but no less than 90,000 square feet) of office, approximately 10,000 (but no less than 9,000) square feet retail/amenity/activated space (the “Office Building”) as conceptually depicted on **Exhibit 5**.
  - ii) The DIA Board shall have the discretion to permit deviation below the stated minimums in an amount not to exceed 10% in each instance provided such reduction does not result in in reduction in the Minimum Private Capital Investment nor a per

unit or per square foot cost that exceeds the reasonable value limits used in underwriting.

- iii) The ground floor of the Office Building shall be constructed so that a minimum of 50% of those facades fronting Gator Boulevard and the Marina Support Building Parcel are businesses open to the general public. A majority of such space shall be retail space as defined herein. As used herein retail shall include businesses that sell products on a transactional basis to end consumers, food and beverage establishments, or providers of services targeted towards the general public (other than healthcare, advising, or counseling; provided, such exclusion shall not prohibit a gym, spa, or other amenity). Locations should be ground floor, street or marina facing, and designed to attract the general public onto the property. Businesses, other than a gym or spa, operating primarily or exclusively on a membership basis, conducting business with customers under term arrangements, or providing goods and services targeted principally to other businesses shall not generally meet this definition, unless approved on a case-by-case basis.
2. Any improvements constructed on the Office Parcel shall comply with the Downtown Zoning Overlay and be subject to DDRB approval.
3. The Minimum Private Capital Investment for the Office Improvements together with the Hotel Improvements shall be \$301,057,548. In addition to the Minimum Capital Investment for the Hotel Improvements and Office Improvements, the cost of the access drive from Gator Bowl Boulevard to the Marina described below is an additional Developer investment in the amount of \$176,200.
4. Upon commencement of vertical construction of the Office Improvements, Developer shall provide DIA/COJ with a completion guaranty ensuring completion of the Hotel Improvements. The completion guaranty in favor of DIA/COJ shall be subordinate to any completion guaranty provided to Developer's lender, if any.

## **EASEMENT PARCELS**

1. At such time as Developer closes off access to the Marina parking spaces currently located on the Hotel Parcel and Marina Support Building Parcel, Developer shall provide temporary replacement parking spaces on the property bounded by Easements 2 and 3 where the current access roadway is located to support the Marina. Prior to substantial completion of the Hotel Improvements and Office Improvements, and subject to approval of JEA, if required, Developer shall construct a new access drive ("New Drive) from Gator Bowl Boulevard to the Riverwalk Parcel over Easements 2 and 3 and the land located between such easements with a minimum of twenty (20) on-street parking spaces to provide parking for Marina patrons.
2. Prior to completion of the Hotel Improvements and Office Improvements, but subject to approval of JEA, if required, Developer shall construct a minimum 8' wide pedestrian and bicycle multi-use path connecting Gator Bowl Boulevard to the Riverwalk in the general location of Easement 1 (or in such other location as maybe approved by DIA) to meet the

requirement of an access corridor between the Office Parcel and Hotel Parcel and to provide pedestrian, bicycle and motorized vehicular access for vehicles such as scooters, golf carts and electric bicycles but not street licensed automobiles, trucks, etc. between Gator Bowl Boulevard and the Riverwalk.

3. Any improvements, including landscaping and fill, installed on Easements 1, 2, and 3 shall not materially obstruct the view of the river from Gator Bowl Boulevard for the width of such easements. The DIA has determined that up to 3 feet of fill would not be considered a view obstruction.
4. COJ/DIA shall provide to Developer a nonexclusive easement for pedestrian and bicycle use over Riverwalk Parcel for benefit of Developer.

### **FUTURE DEVELOPMENT PARCEL**

**Future Development Parcel.** DIA shall contractually provide Developer an exclusive right of first offer (“ROFO”) to ground lease or purchase in fee approximately 4.96 acres located on the eastern end of the property commonly referred to as the Shipyards (the “Future Development Parcel”) on the terms set forth below, as such Future Development Parcel is depicted on **Exhibit 6** attached hereto. The Future Development Parcel is bounded on the north by the new proposed right of way line of Gator Bowl Boulevard, on the south by a line parallel to and 50 feet landward of the existing bulkhead, on the east by the two easements in favor of the COJ of Jacksonville recorded in OR Book page 3524 at page 674 and OR Book 669 at page 480, respectively, and bounded on the west by that certain easement in favor of JEA recorded in OR Volume 5570 at page 1913 (also found in Deed Book 1406 at page 417). The Future Development Parcel shall also include, at lessee’s or purchaser’s option, a grant of an easement providing Developer non-exclusive ingress and egress rights and exclusive riparian rights in front of the COJ retained waterfront property immediately south of Future Development Parcel (as if the easterly and westerly boundaries of Future Development Parcel were extended into the river). The Future Development Parcel shall also include nonexclusive easement for ingress, egress, and landscaping over Easements 4 and 5 as depicted on the attached **Exhibit 3** to the extent permitted by such easements.

#### Terms of ROFO:

1. The Future Development Parcel is currently subject to a right of use in favor of the contractor working on the Hart Bridge project through August 2022 and DIA commits that it will not entertain or initiate any disposition of the Future Development Parcel, except from Developer, prior to August 31, 2022.
2. Thereafter, at any time prior to December 31, 2024, DIA agrees that prior to entering into negotiations with any other party or initiating a notice of disposition, DIA will notify Developer of its desire to dispose of the Future Development Parcel and Developer shall have a period of ninety (90) days following such notice to present DIA

with a proposal for ground lease or purchase of the Future Development Parcel. Failure to respond or present an offer within such ninety (90 days) shall terminate the ROFO.

3. Developer may initiate the negotiated disposition process with DIA at any time.
4. The ROFO expires December 31, 2024.
5. Any offer on the Future Development Parcel shall comply with the goals of the BID and CRA Plan and describe in detail the proposed uses, square footage of each, minimum private capital investment and projection of tax revenue generated. Developer is encouraged to focus density on Gator Bowl Boulevard that activates toward the street and leave as much open space as possible adjacent to the Riverwalk and connecting to the Marina Support Building Parcel and public Events Lawn.
6. Any requested incentives shall be identified in the offer for negotiated disposition.
7. Any improvements constructed on the Future Development Parcel shall comply with the Downtown Zoning Overlay and be subject to DDRB approval. No deviation from the Downtown Zoning Overlay shall be permitted unless requested at the time of consideration of the disposition.
8. The Future Development Parcel excludes an out-parcel for a future permanent fire station office building and associated parking. In the event Developer designs an office building and/or associated parking that provides adequate ground floor office space and/or parking for JFRD personnel acceptable to JFRD, the outparcel (or portion of the outparcel) may be incorporated into Future Development Parcel and Developer will be credited with the budgeted cost for construction of the new permanent fire station office building and/or associated parking when calculating ROI of any development proposal.
9. Only offers that will generate property taxes from the development on the property will be entertained.
10. The Future Development Parcel is subject to a BSRA. If acquired in fee, the disposition would be conditioned upon separation of the BSRA based on property boundaries, with Developer becoming party to the BSRA solely as to the Future Development Parcel while COJ remains responsible for the remainder of the property under the BSRA. If ground leased, Developer shall maintain the option of becoming party to the BSRA and the disposition would require Developer to comply with the BSRA with respect to the Future Development Parcel, develop a Remedial Action Plan for the Future Development Parcel and obtain approval therefor, and ultimately obtain a closure from FDEP as to the Future Development Parcel based upon implementation of the Remedial Action Plan.
11. Developer shall have the right to acquire riparian rights to the south of the Future Development Parcel if Developer is the successful bidder for the Future Development Parcel. Those riparian rights shall be conveyed at the time of development of the Future Development Parcel. Developer may obtain a submerged lands lease over such state-

owned lands and may elect to construct a private or public marina on such submerged lands in front of the Future Development Parcel.

12. The Future Development Parcel is bisected by an existing 35' wide Easement reserved in Deed Book 1687 at page 483 (Easement 4 on the attached **Exhibit 3**. Developer may choose to make an offer only on that portion of the Future Development Parcel east of Easement 4 if Developer so elects.
13. A 30-day notice disposition regarding the Future Development Parcel will be published at the time an offer is received and the terms thereof are approved by the DIA Board

### **CONDITION TO ENTRY INTO NEGOTIATIONS WITH DEVELOPER FOR ANY DISPOSITION OF THE FUTURE DEVELOPMENT PARCEL**

Jacksonville Jaguars, LLC (“Jaguars”) will release the COJ from any obligation to provide parking for the stadium on Lot H as depicted on the ASM GLOBAL map attached hereto as **Exhibit 7**. If necessary, to reduce the required parking number accordingly, the Jaguars will amend the lease dated September 7, 1993 between the COJ and Jacksonville Jaguars, LLC as amended to date. If COJ is required to provide replacement parking, the cost of the replacement land and any structured parking will be calculated as part of the analysis of any potential disposition.

### **OPTIONAL DEVELOPMENT/OPERATING PARTNERSHIPS**

#### **MARINA SUPPORT BUILDING PARCEL**

The Marina Support Building Parcel is that parcel of COJ retained property consisting of approximately 1 acre located between the Office Parcel and the Marina bounded on the east and west by JEA Easement 1 and 2 and on which a Marina Support Building will be constructed.

The Marina Support Building is anticipated to consist of approximately 6,500 square feet of retail, food service, and support services for the Marina including at a minimum the dockmaster office, showers and bathrooms, and a store providing sundries and convenience items for boaters (collectively, the “Marina Support Building”).

On the **Marina Support Building Parcel**, Developer shall have the option to design and construct on behalf of COJ, subject to COJ approval of the plans and construction budget therefor:

- i) The Marina Support Building; and
  - ii) A multipurpose events venue (“Events Lawn”).
1. Such option must be exercised no later than six (6) months following the closing on the Hotel Parcel, if at all, and must include an election to build the Marina.



2. The relative location of the Marina Support Building and Events Lawn shall be subject to the approval of the COJ Parks Department to ensure public use and benefit of the Events Lawn is maximized.
3. The Marina Support Building Parcel shall be the location of the Sports and Entertainment node element as required by the SWA Riverfront Design guidelines, unless prior to construction of the improvement on the Marina Support Building Parcel an alternate location on the Riverwalk Parcel, Hotel Parcel or Future Development Parcel has been designed and accepted by DIA.
4. If Developer elects to design and construct the Marina Support Building and Events Lawn, Developer shall be responsible for advancing the entire cost of construction of the Marina Support Building and Events Lawn. COJ shall reimburse Developer up to \$13,373,100 upon completion of the Marina, Marina Support Building and Events Lawn, collectively, in accordance with the approved budget for such facilities. Any cost overruns in excess of \$13,373,100 shall be the responsibility of Developer.
5. Cost savings below budget in construction of the Marina Support Building and Events Lawn may be applied to any cost overruns in construction of the Marina or vice-versa. Thereafter any savings shall inure to the benefit of the COJ.
6. Developer shall enter into a Marina Support Building Costs Disbursement Agreement (“MCDA”) with DIA/COJ to fund the Marina Support Building and Events Lawn improvements at the 1+/- acre Marina Support Building Parcel
7. Upon completion, the Marina Support Building and Events Lawn shall be owned by COJ.

## **MARINA REDEVELOPMENT**

COJ agrees to renovate and upgrade the Marina in its current location. Such renovations will include:

1. A replacement of Metropolitan Park Marina with no less lineal footage of dock space and no fewer than the seventy-eight (78) slips (sufficient space to accommodate 78 boats without rafting).
2. Floating concrete docks similar to the replacement docks recently installed at the former Landing shall be utilized.
3. All renovations will remain in compliance with outstanding FIND and FRDAP Grants.
4. The entire Marina will remain a public marina with 100% of the slips available to the general public for public recreational use with additional limitations as follows:
  - i) All slips shall be transient rental only with no rental longer than 3 days allowed unless a longer period is approved by COJ Department of Parks and Recreation and permitted by the Submerged lands lease and FRDAP;

- ii) No fewer than 60 slips (spaces for no fewer than 60 boats to dock without rafting) shall be available on an hourly or daily basis; and,
  - iii) No slip rentals shall be limited to hotel guests or property owners only.
5. COJ shall maintain SLLs with the State for the Marina consistent with terms to be included in the RDA.
  6. The Marina may provide fuel, water and pump-out services if allowed by the state SLL.
  7. The current SLL does not allow live-aboard, wet slips, contractual agreements with cruise ships, rental of recreational pleasure craft, charter, or tour boats.

Developer shall have the option to design and renovate the Marina replacement on behalf of COJ, subject to COJ approval of the plans and construction budget therefor:

1. Such option must be exercised no later than six (6) months following the closing on the Hotel Parcel and Office Parcel, if at all, and must include an election to construct the Marina Support Building and Events Lawn.
2. Developer shall be responsible for advancing the entire cost of construction of the renovated Marina. COJ shall reimburse Developer up to \$13,373,100 upon completion of the Marina, Marina Support Building and Events Lawn collectively, in accordance with the approved budget for such facilities. Any cost overruns or budget in excess of \$13,373,100 shall be the responsibility of Developer.
3. Cost savings below budget in construction of the Marina may be first applied to any cost overruns in construction of the Marina Support Building and Events Lawn. Thereafter any savings shall inure to the benefit of the COJ.
4. Developer shall enter into a Marina Disbursement Agreement (“MDA”)
5. Developer shall use commercially reasonable efforts to keep the Marina open, in whole or in part, during the Project (as this term will be defined in any RDA).
6. No portion of the Marina may extend beyond the boundaries of the current submerged lands lease unless and until Developer has exercised the ROFO and purchased or leased the Future Development Parcel.

## **MARINA OPERATION**

Developer shall have the option to enter into a management agreement for the Marina regarding the management of the Marina and Marina Support Facility.

1. Such option must be exercised at the time of closing on Hotel Parcel and Office Parcel, if at all.
2. Developer shall pay the balance due on all FIND Grants at the time of entering into such Marina Management Agreement, estimated to be \$625,725 after 9/6/21 (or such lesser amount as may be accepted by FDEP).
3. Developer shall enter into a Marina Management Agreement (“MMA”) at the time of substantial completion of the Marina Improvements whereby Developer, and/or its affiliate

or assignee, shall manage the Marina to a commercially reasonable standard while retaining all revenue from and maintenance responsibilities for the Marina. Developer shall maintain customary operating hours for the Marina.

## **RIVERWALK RECONSTRUCTION ON RIVERWALK PARCEL**

There currently exists a completed segment of the Riverwalk on the Riverwalk Parcel adjacent to the Hotel Parcel and Marina Support Building Parcel. COJ agrees to reconstruct the Riverwalk on the Riverwalk Parcel consistent with current resiliency recommendations. Developer shall have the option to design and construct on behalf of COJ, subject to COJ approval of the plans and construction budget therefor, a new more resilient Riverwalk.

1. Such option must be exercised at the time of closing on Hotel Parcel and Office Parcel, if at all.
2. Developer shall be responsible for advancing the entire cost of construction of the replacement Riverwalk, not including the bulkhead. COJ shall reimburse Developer up to \$3,900,000 upon completion, in accordance with the approved budget for such facilities. Any cost overruns in excess of \$3,900,000 shall be the responsibility of Developer
4. Developer shall enter into a Riverwalk Costs Disbursement Agreement (“RCDA”).
5. Any reconstruction of the Riverwalk on the Riverwalk Parcel shall be completed in accordance with plans approved by DIA and COJ and shall comply with the adopted Riverwalk Park Design Criteria and Riverwalk Planting Palette and Thread Plant List, and to the extent not in conflict with the foregoing, the 2018 Riverwalk Design Guidelines prepared by SWA. The Riverwalk Parcel may include the node/art/tower element contemplated by the SWA Riverwalk Design Guidelines. Public access shall be maintained in the entire fifty (50’) foot wide strip retained by COJ.
6. Once completed, COJ shall retain ownership and all maintenance obligations of the Riverwalk, including the bulkhead. COJ shall maintain the Riverwalk Parcel, including the bulkhead, in a Class “A” condition. In the event the Riverwalk is not maintained by COJ, Developer shall have the right of self-help and the ability to seek reimbursement from COJ all in accordance with terms to be included in the RDA.

## **PERFORMANCE SCHEDULES**

1. The following Performance Schedule milestones (“Milestones”) shall be included in the RDA for all Improvements to be constructed on the Hotel Parcel and Office Parcel:

|                |   |
|----------------|---|
| RDA EXECUTION: | within thirty (30) days following City Council Approval and execution by the Mayor. |
|----------------|---|

|                    |   |
|--------------------|---|
| FEE/LEASE CLOSINGS | “as is” sale/lease to be completed within sixty (60) days after the later of execution of the RDA, removal of the Fire Museum from the site, or resolution of any |
|--------------------|---|

environmental issues, in Developer’s sole discretion, but in no event later than six (6) months after the Effective Date of the RDA.

**FINAL DESIGN** (including final DDRB approval) to start within thirty (30) days after the Effective Date of the RDA; to be completed no later than six (6) months after the Effective Date of the RDA.

**INITIAL PERMITTING** to start no later than thirty (30) days after Final Design is completed, and permits necessary to commence horizontal construction shall be obtained within six (6) months after Final Design is completed

**COMMENCE CONSTRUCTION** to start ninety (90) days after Permits for horizontal improvements are received, but no later than June 1, 2022; and proceed without material delay through completion.

**COMPLETION OF CONSTRUCTION** All improvements on the Hotel Parcel and Office Parcel and Easements to be substantially completed no later than December 31, 2025.

2. The following Performance Schedule milestones (“Milestones”) shall be included in the RDA for all Improvements to be constructed on Marina Support Building Parcel, Riverwalk Parcel, and Marina:

**ELECTION TO ENTER INTO PARTNERSHIP FOR CONSTRUCTION** At time of Closing on Hotel Parcel and Office Parcel.

**MARINA & RIVERWALK CLOSED FOR RECONSTRUCTION** No earlier than date on which all plans approved.

**MARINA & RIVERWALK RECONSTRUCTION TO COMMENCE** Within 30 days of Marina and Riverwalk Closure.

**MARINA, MARINA SUPPORT BUILDING AND RIVERWALK COMPLETION DATE** No later than the Completion of the Hotel Improvements and Office Improvements or December 31, 2025, whichever occurs first.

## **DEVELOPMENT RIGHTS**

The DIA will rescind Resolution 2020-11-03 allocating development rights to Lot J and will allocate by separate Resolution, development rights to the Hotel Parcel, Office Parcel, and Marina Support Building Parcel consistent with any disposition.

All Marina slips previously allocated to the Shipyards and adjacent parcels will be expressly returned to the COJ and made available for use on the remainder of the Shipyards or elsewhere within Downtown.

All remaining Development Rights assigned to the Shipyards and adjacent parcels will be allocated by DIA to various redevelopment activities under consideration for the remainder of the Shipyards property.

## **COJ OBLIGATIONS**

### **PARK REPLACEMENT PROPERTY**

1. The Kids Kampus park land must be replaced per Ordinance Code Section 122.421 (b) as follows:

*Preservation of parklands. It is a policy of the City that no parklands, park facilities or other recreational or park related land or space of the City shall be converted to another use or sold by the City, pursuant to Subpart B of this Chapter, unless the following conditions have been met: If a sale becomes necessary for the greater public good by either local, state or federal needs, in which case the City shall replace that facility, land, or space with new park facilities, land or space of equal or greater size and value in the same general area or as close thereto as possible, to assure that adequate recreational and park facilities, land or spaces are available for use by the neighborhoods impacted by the sale.*

2. DIA shall:
  - i) designate replacement park land within the Shipyards sufficient to replace the 10 acres of Kids Kampus impacted by/included in this disposition.
  - ii) work with Jessie Ball DuPont Fund incorporating the public input received to design a replacement park of equal or greater size and value.
  - iii) meet with FDEP prior to August 31, 2021 to present the replacement park for consideration as replacement for the FRDAP and seek to obtain approval therefor prior to October 1, 2021.
  - iv) submit funding requests for final design of the replacement park to COJ Council this fiscal year and construction next fiscal year.
  - v) work with Public Works to utilize remediation funds in the park area to leverage tax credits and increase available funding.

## **FIRE MUSEUM**

DIA will work to relocate the historic Fire Museum prior to closing. A site has been selected on Bay Street near Catherine Street and a remediation plan and cost estimates are being prepared.

## **MARINE FIRE DOCK AND STATION**

DIA will coordinate relocation of the dock which serves the JFRD and JSO vessels as well as the relocation of the office space for the marine personnel. As a temporary solution, a trailer is being considered until the Future Development Parcel ROFO is exercised or expires. An outparcel has been retained for this use.

## **RIVERWALK PARCEL**

COJ shall retain the fee title to a 50' wide parcel running parallel to the St. Johns River, including the bulkhead, as depicted on **Exhibit 8** ("Riverwalk Parcel"). In the event Developer does not exercise its option to reconstruct the Riverwalk as described above, COJ shall complete such work and ensure:

1. Any reconstruction of the Riverwalk on the Riverwalk Parcel shall be completed in a timely manner and in accordance with plans approved by DIA and COJ and shall comply with the adopted Riverwalk Park Design Criteria and Riverwalk Planting Palette and Thread Plant List, and to the extent not in conflict with the foregoing, the 2018 Riverwalk Design Guidelines prepared by SWA.
2. The Riverwalk Parcel shall be open and available for public use and enjoyment located landward of the riverside edge of the bulkhead along the Saint Johns River.
3. The Riverwalk Parcel shall be subject to an air rights agreement in favor of Developer prohibiting the construction of vertical improvements greater than six feet (6') in height other than landscaping, hardscaping, cultural art pieces (including a possible node marker), lighting fixtures and signage within the Riverwalk Parcel.
4. COJ shall retain ownership and all maintenance obligations of the bulkhead adjacent to the Riverwalk, In the event that COJ fails to maintain the bulkhead improvements in the Riverwalk Parcel, Developer shall have the right of self-help and the ability to seek reimbursement from COJ all in accordance with terms to be included in the RDA.
5. Once completed, Developer agrees to maintain the Riverwalk Parcel to City standards.

## **DIRECT INCENTIVES TO DEVELOPER**

1. DIA/COJ to convey Hotel Parcel, with an appraised value of \$12,450,000, to Developer for \$100.

2. DIA/COJ to ground lease Office Parcel, with an appraised value (fee value of \$2,520,000 less residual value after 40 years of \$657,840) of \$1,862,160 minus annual lease payments of \$36,000/year for 40 years (\$1,440,000) for an incentive value of \$422,160.
3. DIA to provide non-exclusive easements to Developer over Easement 1 and the parcel which will include Easements 2 and 3 and the intervening strip of land which have an appraised value of \$285,000 at no charge.
4. DIA to provide a 75% REV Grant for privately owned property on Hotel Parcel and Office Parcel for a term of twenty (20) years or the termination of the Northside CRA whichever occurs first, unless COJ agrees to assume the obligations of the Northside CRA. The maximum indebtedness shall be calculated based on the projected assessed value using agreed upon private capital investment construction cost values. Any reduction in actual construction cost that is 10% or less of the projected construction cost shall result in a pro rata reduction of the maximum indebtedness. The DIA Board may approve a reduction in Private Capital Investment greater than 10% but no more than 15% with an accompanying pro rata reduction in the Rev Grant maximum indebtedness. Any reduction in actual Private Capital Investment that is more than 15% of the agreed upon Minimum Private Capital Investment shall result in forfeiture of the REV Grant. Based upon the project Minimum Private Capital Investment, the Rev Grant maximum indebtedness is \$47,683,955.
5. COJ to provide a grant for \$25,834,887 upon completion of the Hotel Improvements and Office Improvements (“Completion Grant”).

### **COJ EXPENSES**

1. DIA to provide replacement park land for FRDAP upland consisting of at least ten (10) acres valued at \$8,712,000 to satisfy Ord 122.461 and the FRDAP requirement (net land value of 7,536,000 when remaining Kids Kampus public property taken into consideration).
2. COJ to relocate the Marine Fire Station and construct new dock in a timely manner (“Fire Station and Dock”) at a budgeted cost to the COJ of \$6,971,000. The replacement cost of the new fire station (as opposed to depreciated value of the existing fire station) estimated at \$1,798,000 is an upgraded facility from the existing building and the value assigned for ROI calculation is discounted by 40% to \$1,078,800. It is possible that a temporary fire station will be required as an interim facility and the associated cost is \$705,000 which has been discounted by 50% for ROI purposes since a trailer may be relocated from another site depending on timing. The dock and boathouse replacement cost is estimated to be \$4,468,000 but also includes an upgraded lift and boathouse and the value has been discounted by 30% to take into account the upgrades yielding a value for ROI of \$3,127,600.
3. COJ to relocate the Fire Museum in a timely manner (“Fire Museum”) at a budgeted cost to the COJ of \$1,750,000.
4. COJ to fund the renovation and reconstruction of the Marina, the Marina Support Building, and the Events Lawn at a budgeted cost of \$13,373,100.

# Site Plan

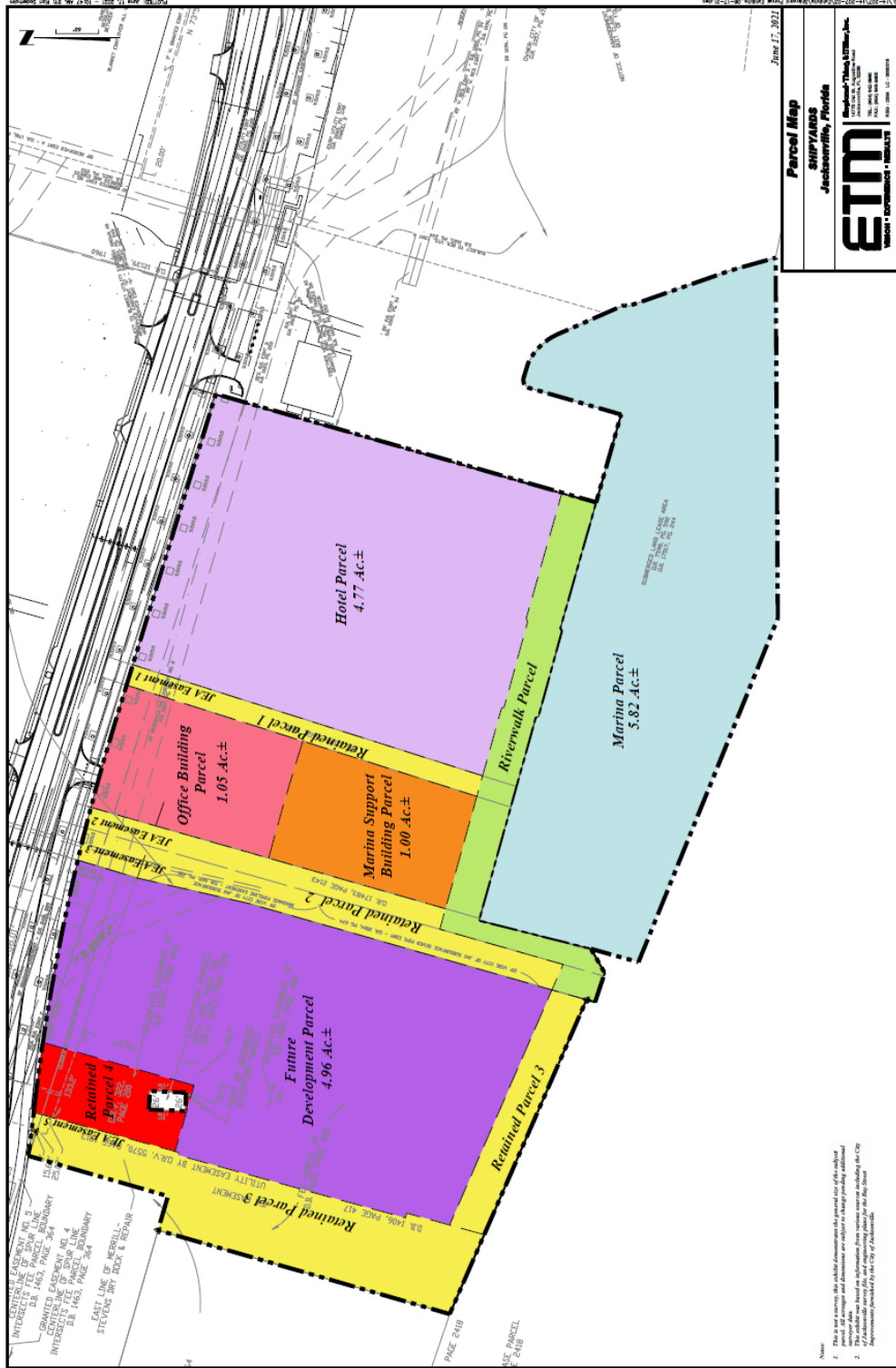
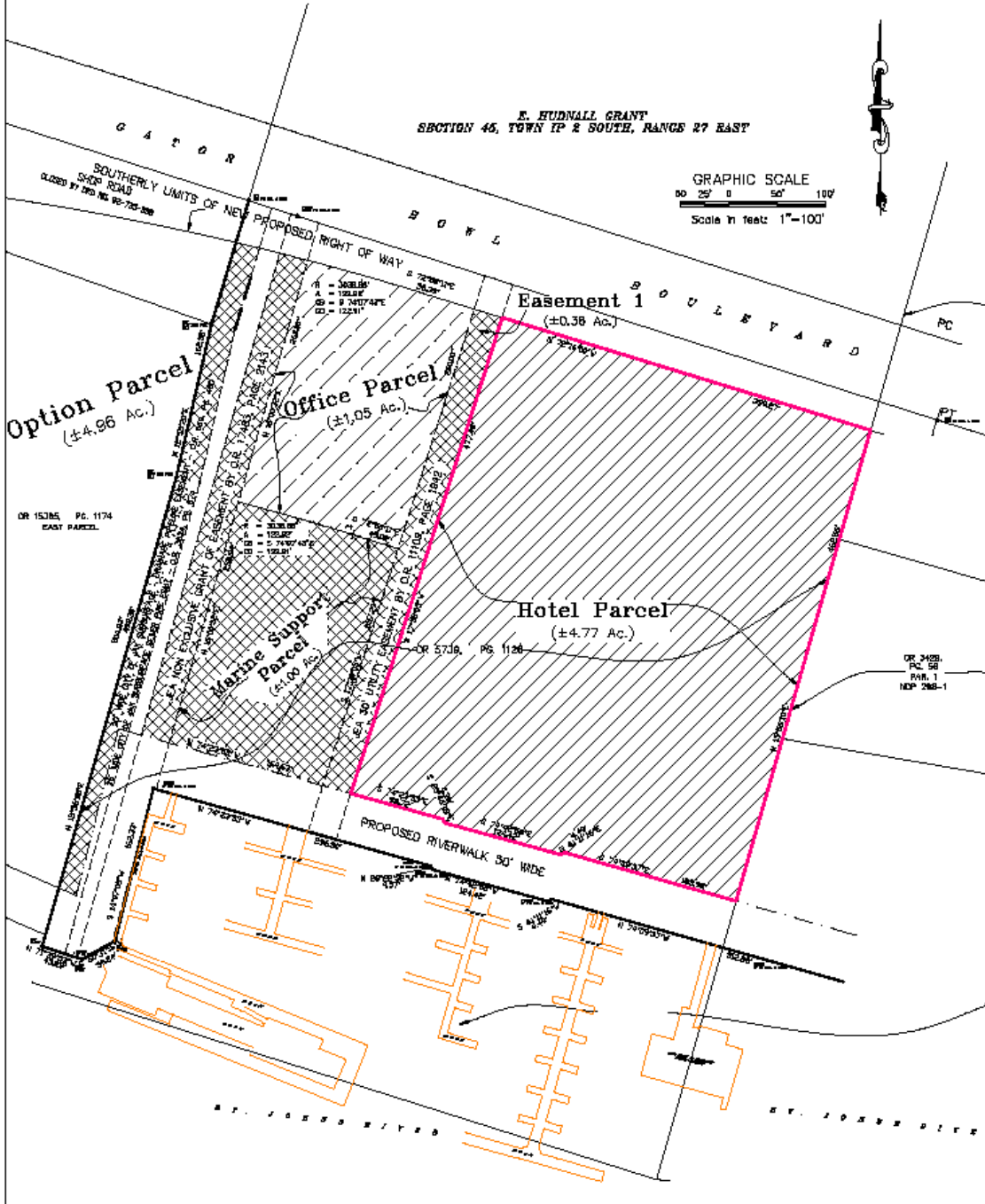




Exhibit 1 to term sheet

SKETCH OF:  
HOTEL PARCEL

A PART OF THE H. HUDNALL GRANT, SECTION 50, TOWNSHIP 2 SOUTH, RANGE 26 EAST, AND SECTION 45, TOWNSHIP 2 SOUTH, RANGE 27 EAST, DUVAL COUNTY, FLORIDA ALSO BEING A PORTION OF THE LANDS DESCRIBED AND RECORDED IN OFFICIAL RECORDS 5739, PAGE 1128 OF THE CURRENT PUBLIC RECORDS OF DUVAL COUNTY, FLORIDA.



REVISIONS

**SHIPYARD**

| SURVEY DATA        |             |
|--------------------|-------------|
| DATA DISK          | DATE        |
| SURVEY BOOK        | SCALE       |
| DRAWN BY           | PROJECT NO. |
| LAST DATE IN FIELD |             |



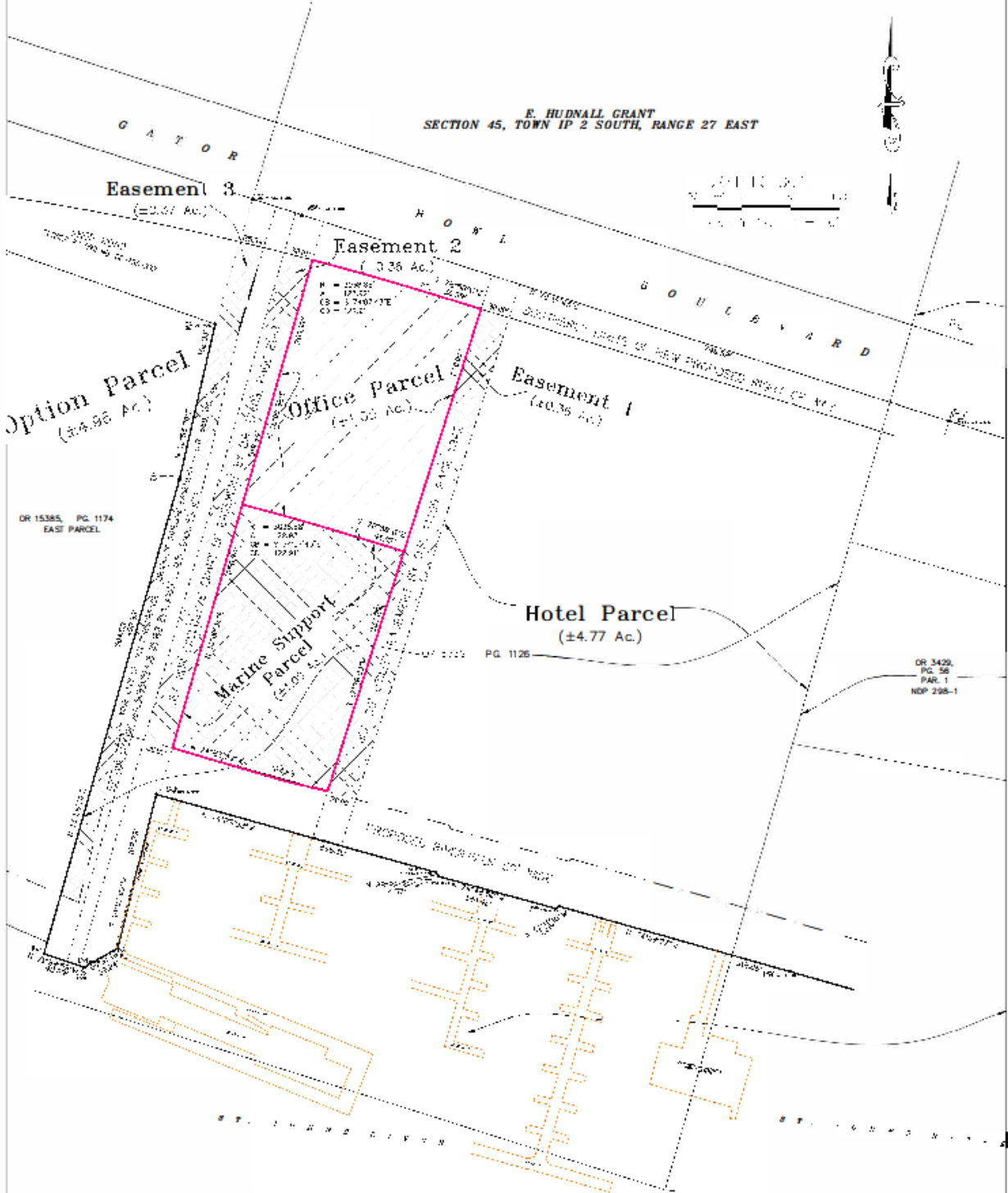
**CITY OF JACKSONVILLE**  
DEPARTMENT OF PUBLIC WORKS  
ENGINEERING DIVISION 214 N. HOGAN STREET,  
10th Floor JACKSONVILLE, FL. 32202 (904) 255-8756

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| SHEET NO.    | OF |
| DRAWING NO.  |    |
| DRAWING FILE |    |

**Exhibit 2 to term sheet**

**SKETCH OF:**  
Office Parcel & Marina Support Parcel

A PART OF THE H. HUDNALL GRANT, SECTION 50, TOWNSHIP 2 SOUTH, RANGE 26 EAST, AND SECTION 45, TOWNSHIP 2 SOUTH, RANGE 27 EAST, DUVAL COUNTY, FLORIDA ALSO BEING A PORTION OF THE LANDS DESCRIBED AND RECORDED IN OFFICIAL RECORDS 5739, PAGE 1128 OF THE CURRENT PUBLIC RECORDS OF DUVAL COUNTY, FLORIDA.



REVISIONS

**SHIPYARD**

PROJECT PATH:

| SURVEY DATA: |             |
|--------------|-------------|
| DATA DISK.   | DATE        |
| SURVEY BOOK  | SCALE       |
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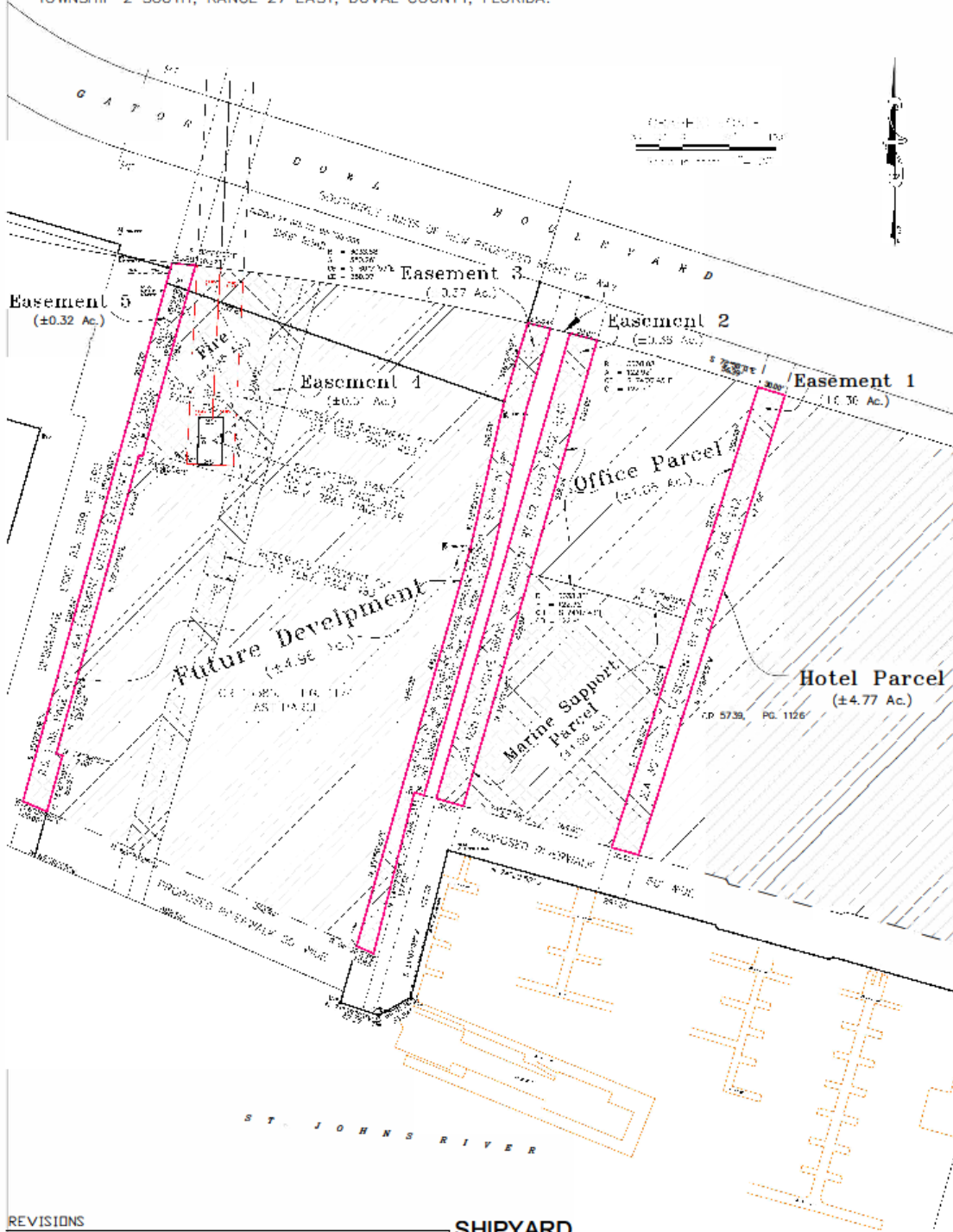
**CITY OF JACKSONVILLE**  
DEPARTMENT OF PUBLIC WORKS  
ENGINEERING DIVISION 214 N. HOGAN STREET,

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**Exhibit 3 to term sheet**

**SKETCH OF:  
(Easements)**

A PART OF THE H. HUDNALL GRANT, SECTION 50, TOWNSHIP 2 SOUTH, RANGE 26 EAST, AND SECTION 45, TOWNSHIP 2 SOUTH, RANGE 27 EAST, DUVAL COUNTY, FLORIDA.



REVISIONS

**SHIPYARD**

PROJECT PATH

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| LAST DATE IN FIELD |             |



**CITY OF JACKSONVILLE**  
DEPARTMENT OF PUBLIC WORKS  
ENGINEERING DIVISION 214 N. HOGAN STREET,  
10th Floor JACKSONVILLE, FL. 32202 (904) 255-8756

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Exhibit 4 to term sheet, page 1



HKS

PROPERTY INVESTMENTS  
BY TRC

FOUR SEASONS

05.19.2023

FOUR SEASONS HOTEL & RESIDENCES JACKSONVILLE  
Jacksonville, Florida

AERIAL VIEW FROM MARINA

Exhibit 4 to term sheet, page 2



Exhibit 4 to term sheet, page 3



HKS | **ARCHITECTURAL RENDERINGS** |  | 05.19.2021 | **FOUR SEASONS HOTEL & RESIDENCES JACKSONVILLE**  
Jacksonville, Florida

EYE LEVEL VIEW FROM MARINA

HKS

Exhibit 4 to term sheet, page 4

Hotel left, Office right



HKS

RESIDENTIAL DEVELOPMENT

FOUR SEASONS

05.19.2021

FOUR SEASONS HOTEL & RESIDENCES JACKSONVILLE  
Jacksonville, Florida

EYE LEVEL VIEW FROM GATOR BOWL BLVD.

11

Exhibit 5 Office Rendering

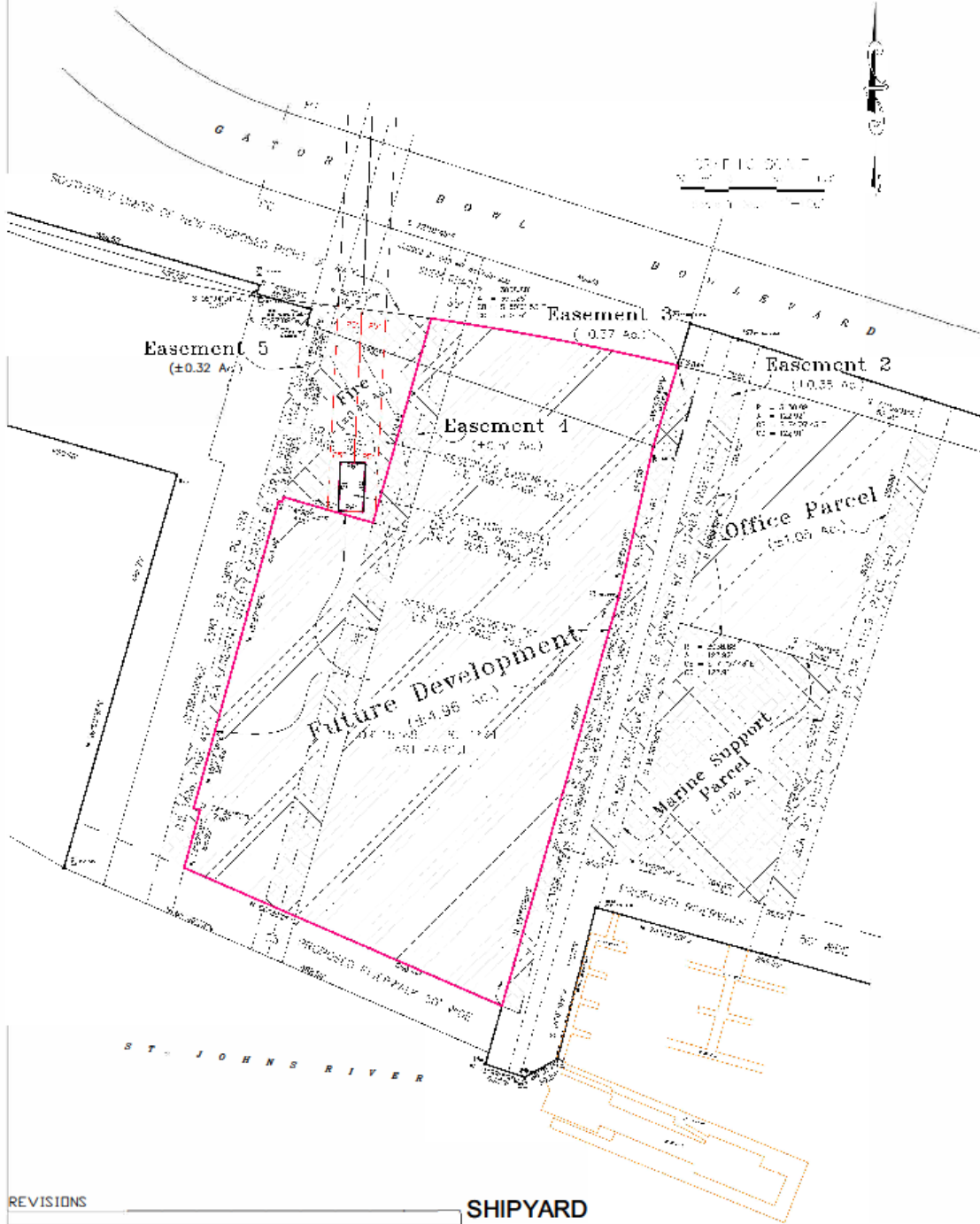




**Exhibit 6 to term sheet**

**SKETCH OF:  
FUTURE DEVELOPMENT PARCEL**

A PART OF THE H. HUDNALL GRANT, SECTION 50, TOWNSHIP 2 SOUTH, RANGE 26 EAST, AND SECTION 45, TOWNSHIP 2 SOUTH, RANGE 27 EAST, DUVAL COUNTY, FLORIDA ALSO BEING A PORTION OF THE LANDS DESCRIBED AND RECORDED IN OFFICIAL RECORDS 15385, PAGE 1174 OF THE CURRENT PUBLIC RECORDS OF DUVAL COUNTY, FLORIDA.



REVISIONS

**SHIPYARD**

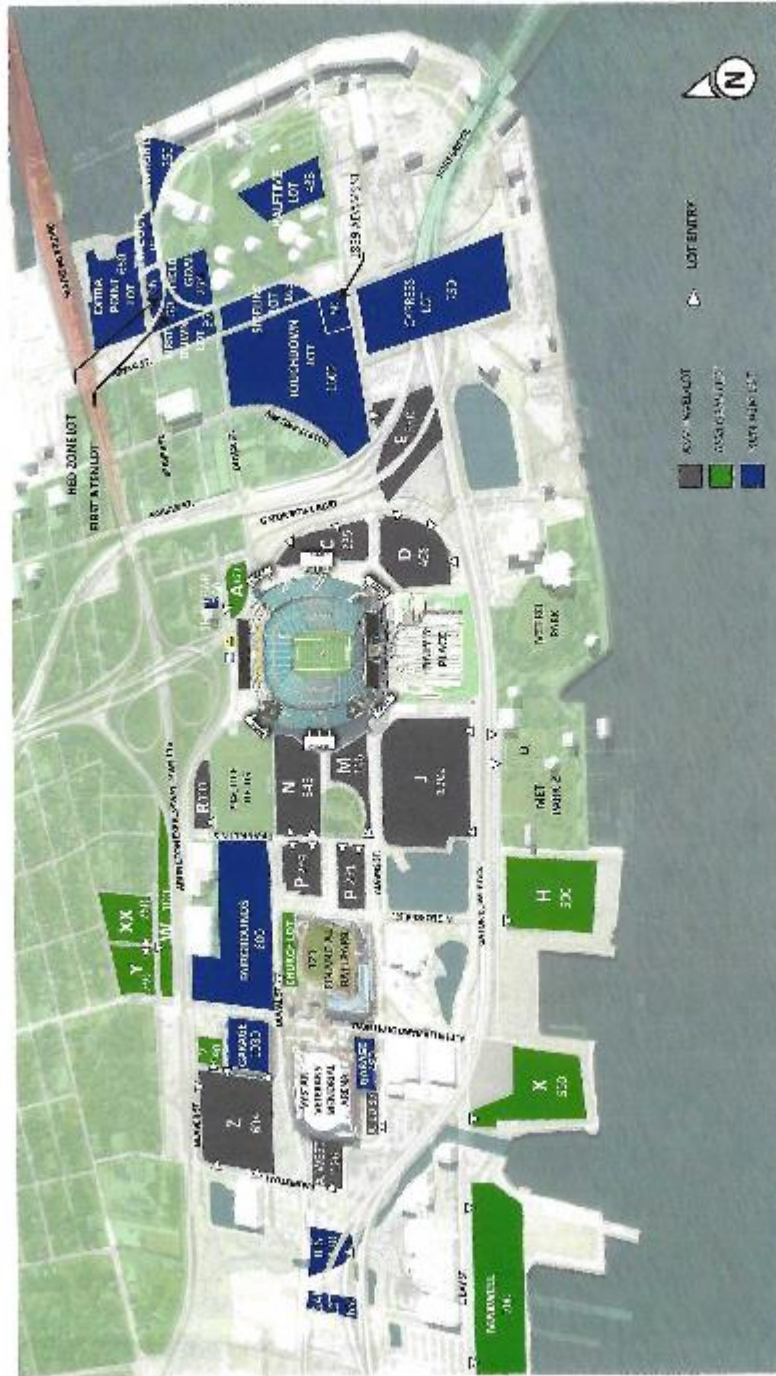
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| DRAWN BY           | PROJECT NO. |
| LAST DATE IN FIELD |             |



**CITY OF JACKSONVILLE**  
DEPARTMENT OF PUBLIC WORKS  
ENGINEERING DIVISION 214 N. HOGAN STREET,  
10th Floor JACKSONVILLE, FL. 32202 (904) 255-8756

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Exhibit 7 to term sheet



**Exhibit 8 to Term Sheet**

**(Riverwalk Survey to be provided)**

**SUPPLEMENTAL INFORMATION**  
**KIDS KAMPUS DISPOSITION – STAFF REPORT**

# Downtown Investment Authority

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## Negotiated Disposition Proposal

### DIA Staff Report

June 18, 2021

**Developer:** Iguana Investments Florida, LLC (an affiliate of the Jacksonville Jaguars), (“Developer”)

**Location:** A 5.82+/- acres portion (the “Development Parcels”) of RE# 130572-0100 located at 1406 Gator Bowl Blvd.; this portion of the tax parcel is generally referred to as Kids Kampus (the “Site”).

**Project:** The Project will consist of:

- I. **Four main component uses to be developed on the Development Parcels:**
  - a. Five-Star Hotel- 176 Rooms, resort amenities (i.e., spa, pool and meeting spaces);
  - b. Residential condominiums- 25 Class A Units;
  - c. Class A Office- 99,000 Square Feet; and
  - d. Retail and activated uses within the Development Parcels- approximately 39,000 total square feet;
- II. **Several nonexclusive easements for pedestrian and vehicular access from Gator Bowl Blvd. to the portion of the Riverwalk adjacent to the Development Parcels;**
- III. **Iguana will have the option to enter into the following partnerships with the City:**
  - a. Design and construction of the Marina Support Building Parcel (as identified herein);
  - b. Design and construction of the improvements to the Metropolitan Park Marina;
  - c. Operation and management of the Metropolitan Park Marina; and
  - d. Design, construction, and landscaping of the Riverwalk adjacent to the Site;
- IV. **Developer will have a right of first offer through December 31, 2024 to enter into negotiations for a negotiated disposition for the ground lease, or purchase in fee simple, of the Future Development Parcel.**

**Incentives Requested:**

1. Recaptured Enhanced Value (“REV”) Grant on the hotel/condominium and office components in the amount of 75% / 20 Years with a maximum indebtedness of \$47,683,955.

2. Hotel and Office Completion Grant in the amount of \$25,834,887 payable following substantial completion of the Hotel and Office.
3. Sale of fee simple land parcel consisting of 4.77 acres for hotel and condominiums for the sum of \$100.00 as compared to the appraised value of \$12,466,872, amounting to a donation of \$12,466,772.
4. Ground lease of the portion of the Site consisting of 1.05 acres for office building at an annual rate of \$36,000/year for forty (40) years (\$1,440,000) as compared to an appraised value of \$1,863,000, amounting to a donation of \$423,000.
5. Donation of Easement rights valued at \$285,000.

**Approach:**

Pursuant to Florida Statutes, as a Community Redevelopment Agency, DIA has responsibility for redevelopment proposals within our boundaries to the extent that authority is delegated by City Council. Chapter 55 of the Ordinance Code, among other things, gives DIA the authority to dispose of “property acquired for or intended to be used for community redevelopment purposes.” Recent Attorney General opinions have concluded that when any interest in publicly owned property within a CRA boundary is considered for disposition, it becomes property within the jurisdiction of the CRA. It is for this reason that DIA is evaluating this proposal even though the Site is currently a City park.

Consistent with the established statutory and ordinance code requirements for disposition of public property within the CRA boundaries, DIA has adopted procedures for several types of dispositions- all involving a thirty (30) day public notice period in which bids may be submitted by any interested party. In this instance, upon receipt of the proposal we entered into negotiation with the Developer following our Negotiated Disposition Process. This process allows staff to determine if a proposal complies with our BID Plan and if disposition terms that would warrant consideration by the Board can be agreed upon. The thirty (30) day notice will be published if, and immediately following, the proposed terms are approved by the DIA Board.

**Scope of Review and Analysis:**

DIA has analyzed the Project using the same criteria and formulas generally applied to development proposals throughout Downtown. DIA approaches disposition and redevelopment proposals first from the perspective of consistency with our City Council adopted Business Investment and Development Plan (“BID Plan”), which includes the Northbank Community Redevelopment Area Plan. To analyze incentive requests and need, we look first to specific incentives in the plan that have their own expressly defined criteria.

If a developer requests greater or different incentives than those that fit within defined parameters, we determine the need for funding by calculating the financial gap. A financial gap exists when the operating income (rents or revenue that will be generated from the project) upon completion and stabilization (fully leased) are insufficient to cover the normal operating expenses of the project and leave enough for debt service (mortgage payments) and a modest return on the developer’s equity. The total development cost and operating pro forma is evaluated in context of the debt and equity proposed

to fund development, which in turn allows us to calculate debt service (the expected payments of principal and interest). The results are then compared to the pro forma net operating income and a shortfall, or gap, to determine whether incentives are required to make a project financially feasible. Whether the extent of the gap is too large to incentivize, or a project impact is too small to warrant any incentive, becomes a policy decision guided in part by the availability of funds.

Due to the complexity of this site and disposition (comparable to River City Brewing site) and the heightened interest in this Project, a greater level of detail regarding the internal analysis of DIA has been provided.

**Recommendation:      Approval of Resolution 2021-07-01**

## Staff Report Table of Contents

|  |    |
|--|----|
| I. Current Property Status .....                                       | 6  |
| A. Kids Kampus .....   | 7  |
| B. FRDAP Grant.....  | 7  |
| C. FIND Grants .....   | 8  |
| D. Metropolitan Park Marina and Submerged Lands Lease .....            | 9  |
| E. Metropolitan Park and NPS Grant .....                               | 9  |
| F. Fire Museum.....  | 9  |
| G. Marine Fire Station and Dock .....                                  | 10 |
| H. Easements .....   | 11 |
| I. Environmental .....   | 15 |
| J. Qualified Opportunity Zone.....                                     | 15 |
| II. Redevelopment Proposal and Terms.....                              | 14 |
| A. Hotel/Condominium Parcel .....                                      | 15 |
| B. Hotel Improvements .....  | 15 |
| C. Office Parcel .....   | 17 |
| D. Office Improvements .....   | 18 |
| E. Nonexclusive Easement Parcels.....                                  | 19 |
| F. Air Rights Restriction over Riverwalk .....                         | 20 |
| G. Riverwalk Parcel .....  | 20 |
| H. Temporary Construction Easements.....                               | 21 |
| I. Conditions to Closing on Hotel and Office Parcels.....              | 21 |
| J. Disbursement and Operating Agreements .....                         | 21 |
| K. Future Development Parcel.....                                      | 25 |
| L. Condition to Any Disposition of The Future Development Parcel ..... | 28 |
| M. Direct Incentives to Developer .....                                | 28 |
| N. City Expenses to Facilitate Disposition .....                       | 29 |
| O. Timeline and Performance Schedules .....                            | 30 |
| III. STAFF EVALUATION AND ANALYSIS.....                                | 32 |
| A. Consistency with BID Plan Goals and Objectives .....                | 37 |
| B. Market Feasibility: .....   | 37 |
| C. Developer:.....   | 42 |
| D. Fair Value of Property as Appraised:.....                           | 43 |
| E. Entitlements: .....   | 45 |
| 1. Zoning Overlay and Design .....                                     | 45 |
| 2. Development Rights.....   | 51 |
| F. Relocation Costs and City Expenses .....                            | 52 |
| 1. Relocation of Park.....   | 52 |
| 2. Relocation of Fire Museum .....                                     | 54 |
| 3. Relocation of Marine Fire Station, Dock and Boathouse .....         | 54 |
| 4. Riverwalk Reconstruction.....                                       | 55 |
| 5. Marina Support Building and Events Lawn .....                       | 55 |
| 6. Marina.....   | 56 |



|  |           |
|--|-----------|
| <b>G. Financial Analysis.....</b>          | <b>56</b> |
| <b>1. Construction and Site Costs.....</b> | <b>56</b> |
| <b>2. Sources and Uses .....</b>           | <b>61</b> |
| <b>3. Operating Pro Forma.....</b>         | <b>60</b> |
| <b>4. Incentives .....</b>                 | <b>64</b> |
| <b>5. Return on Investment .....</b>       | <b>66</b> |

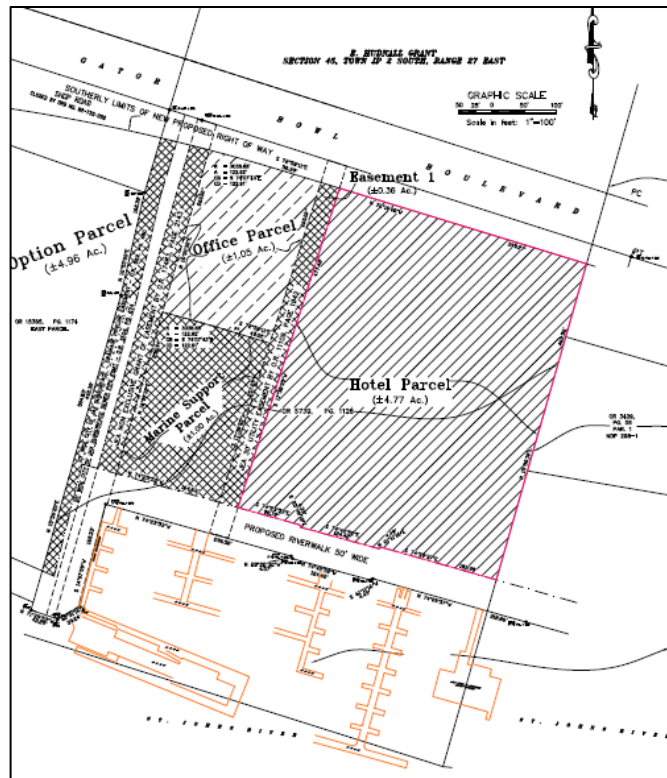
**Recommendation: Approval of Resolution 2021-07-01**

**EXHIBITS**

- Exhibit A: Hotel Survey**
- Exhibit B: Easement Survey**
- Exhibit C: Site Plan**
- Exhibit D: Hotel Renderings**
- Exhibit E: Office Renderings**
- Exhibit F: Conceptual Use Plan**
- Exhibit G: Office and Marine Support Parcels Survey**
- Exhibit H: Riverwalk Survey**
- Exhibit I: Future Development Survey**

# I. Current Property Status

The Site and Development Parcels are generally depicted on the map below. The Site is City-owned and is tax exempt. It is also subject to a variety of easements, restrictions imposed by code and grants, and current uses that must be relocated. Those restrictions shape the terms and evaluation of any disposition.



(A copy of the Hotel Survey is attached as **Exhibit A**)

### **A. Kids Kampus:**

The Site is located at 1406 Gator Bowl Blvd. and spans from the marina access road on the west to Metropolitan Park on the east and was known as Kids Kampus. It contains 10 +/- acres of upland area and the Metropolitan Park Marina along the River. In 2001, the mission of the Kids Kampus was *“to cooperatively create a kid-sized, interactive, experiential town connecting facts, figures, and suggestions for real life use.”* The formerly popular park, opened to the public from 2001-2011, boasted one of the most elaborate children’s play areas in Jacksonville. The kid-centered space provided numerous amenities such as lazy rivers, splash pads, playground equipment and a miniature city. In 2011, the John Peyton administration closed the children’s play area and converted the area into an open space/lawn. It has remained in this condition since that time. In addition to the open public space, the Site contains the Metropolitan Park Marina (“Marina”), Marina parking, an outdoor pavilion, a marine fire station, and a marina support building. Additionally, the Jacksonville Fire Museum, a locally designated landmark, is located on the northwestern corner of the Site.

### **B. FRDAP Grant:**

**Background:** In 1986, the City entered into a Project Agreement for a Florida Recreational Development Assistance Program Grant (“FRDAP Grant”) in the amount of \$1,500,000 for the “development of recreation facilities and improvements to the Metropolitan Park Marina” (“FRDAP Project”). The FRDAP Grant originally covered a 20-acre area from the northern boundary of Lot J to the Marina. The FRDAP Project was completed on October 25, 1988, and a Notice of Limitations of Use/Site Dedication was executed on October 31, 1988. In April 1998, the City converted the land on Lot J to a surface parking lot and it was subsequently released from the FRDAP Grant. The current area covered by the FRDAP Grant is approximately 10 acres of upland, 793 linear feet of bulkhead, and 2.2 acres on and around the marina.

**Requirements:** The FRDAP Grant requires that the FRDAP Project be open for public use at reasonable times, shall be maintained in accordance with applicable health standards, and shall be kept reasonably safe for public use. Further, the land developed with grant assistance is “dedicated in perpetuity as an outdoor recreation area for the use and benefit of the general public.”

**Conversion of the Project:** If any part of the project area or facilities are converted to a use other than approved recreational uses, the City must replace the area and facilities at its own expense with an acceptable project of comparable, or greater, scope and quality, adjacent, or in near proximity, to the original project. Alternatively, the Grant restriction may be removed upon refund to FDEP of the grant funds with interest, calculated at 2% over the prevailing prime rate as reported by the Federal Reserve. Based on the calculation provided by FDEP, the interest compounds daily and the grant buy-out is currently valued at approximately \$21,000,000.

**C. FIND Grants:**

Background: Over the past 30 years, the City received several Florida Inland Navigation District grants (“FIND Grants”) for improvements to the Marina, totaling \$1,406,709.00. The grant term is for 25 years after the completion of the project. The outstanding FIND Grants are as follows:

| FIND GRANT                | Expiration of Dedication | Improvements                             | Buyout Cost    |
|---------------------------|--------------------------|--|----------------|
| DU-JA-93-15<br>(10/23/93) | 9/6/21                   | Installation of Floating Docks           | \$201,349.00   |
| DU-JA-94-17<br>(1/7/95)   | 9/6/21                   | Installation of Floating Docks and Piles | \$579,635.00   |
| DU-JA-99-39<br>(3/24/00)  | 8/30/27                  | Marina Maintenance Dredging              | \$175,725.00   |
| DU-JA-07-98<br>(1/14/08)  | 6/2/35                   | Marina Electric Upgrades                 | \$450,000.00   |
|                           |                          | TOTAL                                    | \$1,406,709.00 |
|                           |                          | TOTAL after 9/6/21                       | \$625,725.00   |

As noted above, on or after September 6, 2021, the Marina will be encumbered by \$625,725 in FIND Grants until 2027 and 2035.

Requirements: The FIND Grants require that the project site (Marina) be dedicated for the public use for a minimum period of twenty-five (25) years after completion of each project improvement. Any change in this dedication, requires the approval of the District. The City is required to maintain, operate, and manage the project for the life of the project improvements.

Conversion of the Project: If the City decides to convert the marina to a private marina, remove it, or do anything that changes its intended use as a public marina, an approval from FIND is required or a buyout of the FIND Grants. Furthermore, if the city transfers ownership or management of the Marina to a third- party non-governmental entity, the District retains the right to full reimbursement from the City to the full extent of the funding assistance, plus costs and attorney’s fees.

**D. Metropolitan Park Marina and Submerged Lands Lease:**

Background: In addition to the FRDAP Grant and FIND Grants, the Metropolitan Park Marina is subject to a Sovereignty Submerged Lands Lease with the State. The City is in the process of renewing the lease through March 13, 2025. The most recent lease agreement, which expired on March 13, 2020, authorized the City to operate a 78-slip public marina to be used exclusively for mooring of recreational vessels in conjunction with an upland park and sports complex. Per the submerged lands lease, the Marina must be open to the public without charge and on a first come, first served basis, *with the exception of* home football games, Jazz Festival, and other specified special events. Based on the language in the proposed lease renewal, the new lease term would be retroactive to March 13, 2020, and have the same terms as the previous lease.

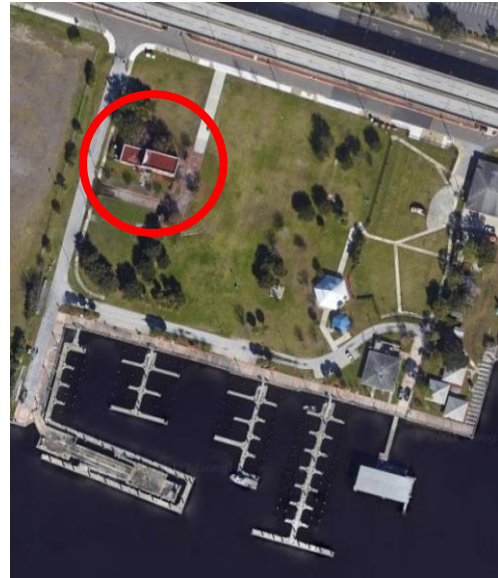
Limitations: The Lease prohibits fueling facilities, the operation of or entry onto the premises by gambling vessels and liveboards (defined as a vessel docked at the facility and inhabited by a person for any five consecutive days or a total of ten days in a 30-day period). Furthermore, no vessel is allowed to moor at the facility for more than 72 consecutive hours, except for the marine fire/rescue boats. Any changes made to the specified uses in the Lease will need approval from the State and a modification of the Lease.

**E. Metropolitan Park and NPS Grant:**

Metropolitan Park abuts the Site on the east side and contains 14.37 acres. The entirety of Metropolitan Park is encumbered by a Land and Water Conservation Fund Grant through the United States National Park Service ("NPS Grant"). In 2020, there were discussions regarding the relocation of this grant restriction, however, the City has confirmed in writing to the Florida Department of Environmental Protection, as agent for the National Park Service, that they do not intend to pursue relocation of the encumbrance and that Metropolitan Park will remain a public park in its current location. No portion of the Site or the Development Parcels are within the boundaries of the NPS grant encumbrance. Any future improvements or modifications to Metropolitan Park will require approval by the NPS.

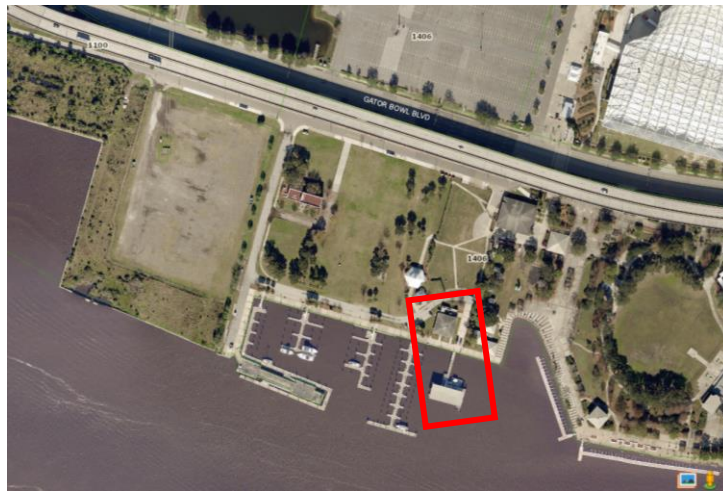
**F. Fire Museum:**

The Jacksonville Fire Museum, also known as Catherine Street Fire Station #3, is located on the northwestern corner of the Site ("Fire Museum"). On May 24, 2011, City Council designated the building as a landmark, pursuant to Ordinance 2011-0205-E following recommendations from the Jacksonville Planning and Development Department and the Historic Preservation Commission. The Fire Museum was built approximately ten months after the Great Fire of 1901 and was originally located on the west side of Catherine Street approximately 70' north of East Bay Street. The building also has historical significance for being initially manned by a crew of Black firemen who worked out of the station until 1905. According to the Planning Department's staff report, the Fire Museum "represents perhaps the best and oldest example of a traditional early twentieth century fire station to be found not only in Jacksonville but in Florida as well." In 1972, the Fire Museum was saved from demolition and rehabilitated to house the Jacksonville Fire Museum. In 1982, it was designated the official museum of the Florida State Firefighters Association. In 1994, the Fire Museum was relocated to its current location to protect it from potential structural damage caused by the nearby construction of the jail at the time, a lack of parking for visitors, and loss of historical context.



**G. Marine Fire Station and Dock:**

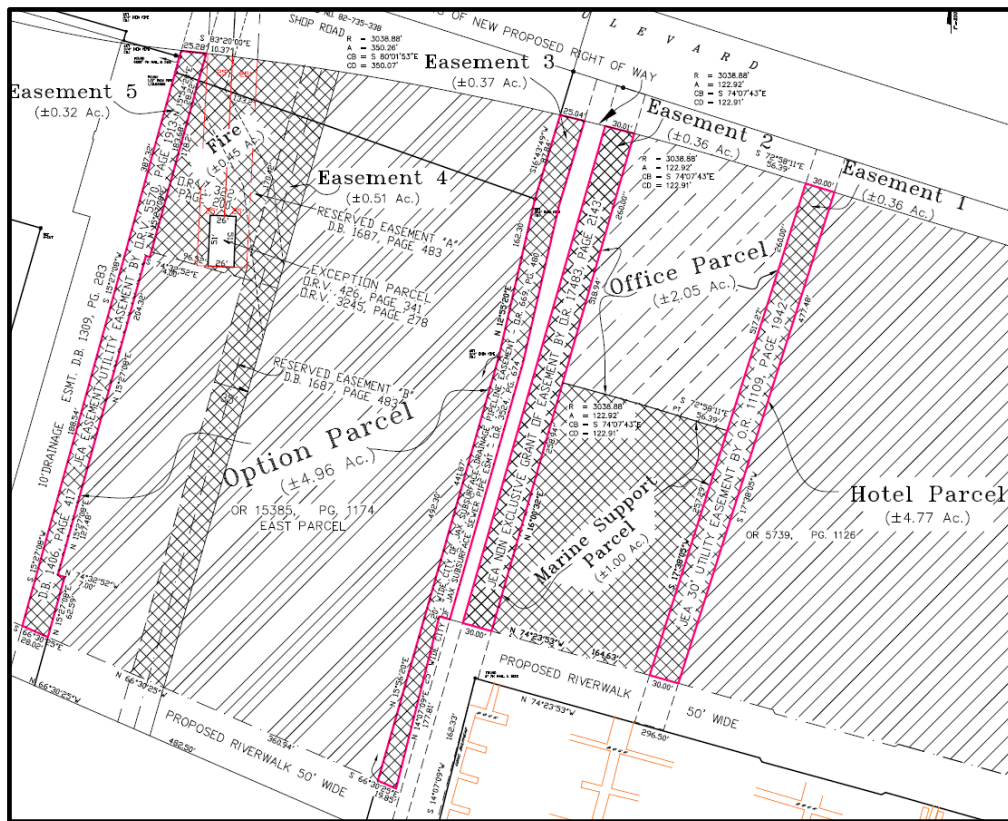
“JFRD Marine 39” at Station #39 is a marine fire station, dock, and boat house located on the Site and the Marina. The station is a small building for the fire and rescue personnel and contains two (2) parking spaces. The current station is approximately twenty (20) years old and in need of roof repairs and renovation. The current dock, boathouse, and lift are functional but do not meet the current design standards of the City for these facilities.



*(Marine Fire Station and boat house/dock)*

**H. Easements:**

There are five (5) JEA easements impacting the Future Development Parcel and the Site. Below is a Public Works prepared sketch (attached as **Exhibit B**) identifying the utility easements on the parcels and labeling them 1 through 5 from east to west:



- Easement 1.** The easternmost easement (Easement 1) is a 30' JEA Utility Easement (O.R. 11109, Page 1942, dated 5/15/03), contains 0.36 +/- Ac.:

*“ . . . an unobstructed right of way and easement with the right, privilege, and authority to said Grantee, its successors and assigns, to construct, operate, lay, maintain, improve, and/or repair, below the surface of the ground, facilities and associated equipment for water transmission lines, on, along, over, through, across, or under the . . . land. . . . Provided however no use of the property described in Exhibit “A” shall be made by Grantor, its heirs or assigns, without the prior written consent of Grantee, its successors and assigns, which consent may not be unreasonably withheld by the Grantee, its successors and assigns.”*

Development of any building above the easement would not be permitted. As a result, this easement forms the western boundary of the Hotel Parcel and is not included in the disposition. This easement also forms the eastern boundary of the Office Parcel.

Based on the deed of conveyance for Easement 2 (see below), development consistent with the 2009 Metropolitan Park Master Plan should be permitted on Easement 1 since Easement 2 was granted after the conveyance of Easement 1 and JEA approved the development proposal that would impact that easement. This would allow very modest fill on Easement 1 site per the approved park design.

2. **Easement 2.** Easement 2 is a 30' JEA non-exclusive permanent easement for a sewer main line (O.R. 17483, PG. 2143, dated 2/9/16, contains 0.36 +/- Ac. (Easement 2). According to the Easement Agreement for Easement 2, JEA holds an *“unobstructed right of way and easement with the right, privilege and authority . . . to construct, operate, lay, maintain, improve, and/or repair, either at or below the surface of the ground, facilities and associated equipment for sewer utilities on or under”* the land.

On page 2 of the Easement Agreement, the City and JEA acknowledged that the City was studying options to redesign Metro Park and the 2009 Metropolitan Park Master Plan was referenced and attached as an Exhibit to the Agreement. The paragraph states: *“Grantee and Grantor have reviewed the Park Plan and determined that the improvements depicted within the Park Plan that are within the Easement Property are compatible with Grantee’s use and would be allowable within the Easement Property.”*

Below are images from the 2009 Metropolitan Park Master Plan, which were included in the Easement Agreement (in black and white) illustrating various park elements and road infrastructure over Easement 2 and Easement 3.



Furthermore, based on the Opinion of Probable Cost, below, the City intended to grade and fill the land. Below is a snapshot of that opinion, which estimated 46,000 cubic yards of “Grading, On-site Cut and Fill” and 15,000 CY of “Off-site Fill.”



**OPINION OF PROBABLE COST**

Based on 30% Design

Project: Metropolitan Park  
 Client: City of Jacksonville  
 Proj #: 85643

Estimated by: KW, RL  
 Checked By: SJS  
 Date: 11-May-09

| Phase       | Item No.  | Item                                    | Quantity | Unit of Measure | Unit Cost  | Sub-Total | Total               |
|-------------|---|---|----------|-----------------|------------|-----------|---------------------|
| <b>A</b>    | <b>Phase 1: Children's Discovery, The Green and Entry Plaza (North Portion)</b> |   |          |                 |            |           | <b>\$21,912,797</b> |
| <b>1.00</b> | <b>DEMOLITION, SITE PREPARATION &amp; EARTHWORK</b>                             |   |          |                 |            |           | <b>\$2,055,640</b>  |
| 1.01        |   | Demolish Buildings                      | 252,000  | CF              | 0.82       | \$206,640 |                     |
| 1.02        |   | Haul and Dump Building Debris           | 15,000   | CY              | 35.00      | \$525,000 |                     |
| 1.03        |   | Demolish and Remove Paving / Foundation | 25,000   | SY              | 16.00      | \$400,000 |                     |
| 1.04        |   | Demolish and Remove Abandon Utilities   | 1        | LS              | 90,000.00  | \$90,000  |                     |
| 1.05        |   | Clear and Grub                          | 10.5     | AC              | 16,000.00  | \$168,000 |                     |
| 1.06        |   | Silt Fence / Erosion Control            | 1        | LS              | 15,000.00  | \$15,000  |                     |
| 1.07        |   | Grading, On-site Cut and Fill           | 46,000.0 | CY              | 6.00       | \$276,000 |                     |
| 1.08        |   | Grading, Off-site Fill                  | 15,000.0 | CY              | 15.00      | \$225,000 |                     |
| 1.09        |   | Allowance - Contaminated Soil Disposal  | 1.0      | LS              | 150,000.00 | \$150,000 |                     |

3. **Easement 3.** Easement 3 consists of two (2) easements within the same 25' hatched rectangle identified on the survey, contains 0.37 +/- Ac. (collectively Easement 3):
  - a) 20' wide subsurface drainage pipeline easement (O.R. 669, PG. 480, dated 11/17/58), and
  - b) 25' wide subsurface sewer pipe easement (O.R. 3524, PG. 674, dated 5/11/73)

According to the language in both agreements comprising Easement 3, "Grantor reserves the right to use its real estate for all purposes not inconsistent with this grant" and Grantor "reserves the right to use and fully enjoy the above-described land in all ways not inconsistent with the easement and rights herein granted."

Based on the Easement Agreement dated March 7, 2016, and the renderings of the 2009 Metropolitan Park Master Plan that show a children's playground, the fire museum, a play fountain, a carousel, driveway, parking lot, roundabout, as well as other structures, it is safe to assume that JEA anticipated modest development over Easement 3 at the time the City conveyed the Easement 2 to JEA.

Easement 3 forms the eastern boundary of the Future Development Parcel.

4. **Easement 4.** The easement bisecting the Future Development Parcel (identified by D.B. 1687, Page 483, dated 8/6/1954) and lying just east of the retained outparcel, is a reserved easement, presumably in favor of the City (Easement 4). At this time, it is unknown what development restrictions exist over this easement or if there are any active utility infrastructure installations underground.
5. **Easement 5.** The westernmost easement, adjacent to the Future Development Parcel (D.B. 1406, PG. 417, dated 11/1/49 ) is a utility easement in favor of the City (Easement 5). Easement 5 becomes the western boundary of the Future Development Parcel.

First carved out as a Perpetual Easement for the successors and assigns of the Duval Terminal Co. when it conveyed fee simple interest of the strip of land (approximately 30' wide) to the City. Duval Terminal reserved:

*“unto the part of the first part, its successors and assigns, a perpetual easement over and across said lands for ingress and egress to abutting lands, and also reserving unto the party of the first part its successors and assigns, the use of the pump house building located on the southerly portion of said strip of land, with the right to maintain the same at its present location and to have the right of ingress and egress thereto and therefrom.”*

*Accepting that “. . . no electric cables or transmission lines, sewer, water or drain pipes or other utility facilities of any kind will be installed, maintained or operated on the above described strip of land in such a manner as to damage any building on adjoining land or in such a manner as to unreasonably interfere with the right of ingress and egress above reserved. Grantor agrees that said pump house . . . shall not be used in such a way as to interfere with the maintenance by the Grantee of the storm sewer located on said land.”*

As successor in interest to the owner of the adjacent lands, presumably the City is the benefitted party and could release this easement restriction if it is unused.

When City closed the unnamed road identified as the strip of land described by the Perpetual Easement above, it retained a perpetual, unobstructed easement over the entire closure for utilities, including but not limited to electric, water, sewer, drainage, telephone and ingress and egress rights for the maintenance thereof. (Ord. 82-735-338, OR 5570, PG 1913, dated 9/20/82)

**I. Environmental:**

The following information concerning the environmental conditions on the Site was obtained from documents and information from the Public Works Department. Between 1994 and 1996, an environmental assessment was conducted as part of the development of the Site and Marina. Contaminated soil was identified, removed, and the soil was capped. FDEP issued a *No Further Action* Letter and site closure. Again in 2000 and 2009, contaminated soils were discovered, the contamination was removed, and the soil was capped. FDEP again issued a *No Further Action* Letter and site closure. Based on the last correspondence with FDEP concerning the Site (October 31, 2011) the City has reason to believe the site is safe in its current, undisturbed condition and no further remediation is required for its current use.

**J. Qualified Opportunity Zone:**

The Site lies within the boundaries of a designated Qualified Opportunity Zone. This designation allows, in certain structures, for the deferral of capital gains associated with investment in the property.

**II. Redevelopment Proposal and Terms**

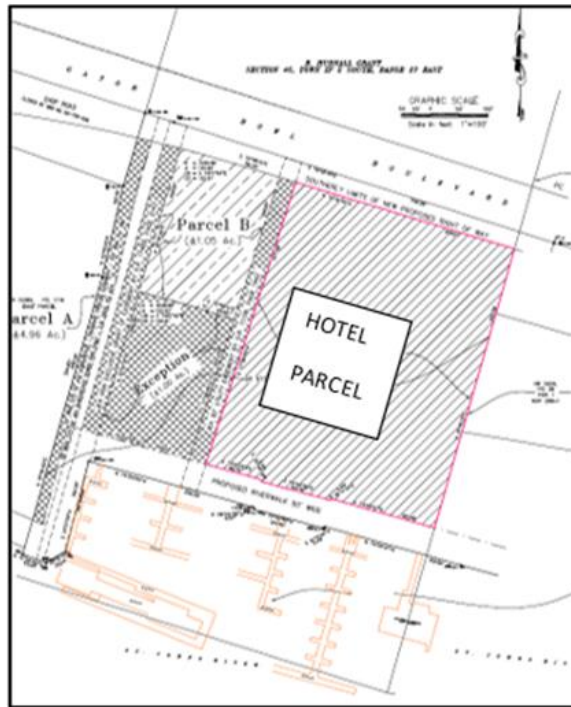
The Project will consist of four (4) main component uses (hotel, residential condominiums, retail, and office) to be privately developed upon the Site in two primary structures- the Hotel/Condominium building and the Office Building. In addition, the proposal includes a right of

first offer to develop the Future Development Parcel and optional development and operational partnerships. Please refer to the Site Plan for the location of each parcel and to the Hotel and Office Renderings for a general illustration of the structures and amenities, attached as **Exhibits C, D and E**, respectively.

A summary of the uses, land interests to be conveyed, and optional partnerships are as follows:

**A. Hotel/Condominium Parcel:**

Developer proposes to purchase in fee simple, for the sum of \$100.00, the Hotel Parcel comprising of 4.77 +/- acres located on the easternmost portion of the property known as Kids Kampus and depicted as the Hotel Parcel on the survey map below and attached as **Exhibit A**. The Hotel Parcel is bounded on the north by the new proposed right of way line of Gator Bowl Boulevard, on the south by a line parallel to and 50 feet landward of the existing bulkhead, on the east by the Metropolitan Park lands subject to the restriction for perpetual use in favor of the National Park Service, and bounded on the west by that certain easement in favor of JEA recorded in OR Book 11109 at page 1942. In summary, the Hotel Parcel is a ±4.77-acre rectangle approximately 400' wide by 463' deep as described.



The Hotel Parcel does not include any interest in riparian rights or submerged lands and the City is retaining the 50 foot strip of land adjacent and parallel to the bulkhead for the Riverwalk. The Hotel Parcel will be deed restricted to preclude industrial, manufacturing, and assembly uses consistent with the BID and CRA Plan and Florida Statutes.

**B. Hotel Improvements:**

On the Hotel Parcel, Developer agrees to design and construct an approximately 176-key

Four Seasons Hotel and approximately 25 luxury condominium residences with associated retail space and amenities (“Hotel Improvements”). The Hotel would be the first urban luxury hotel in the area. The closest 5-star hotels are in Sea Island, GA.

1. Proposed uses as follows and conceptually depicted on the Conceptual Use Plan, attached as **Exhibit F**:
  - a) A Four Seasons hotel and condominium
  - b) Approximately 176 hotel rooms (no fewer than 170)
  - c) Approximately 25 Class A condominium units (no fewer than 23)
  - d) Approximately 259 (no fewer than 250) integrated structured parking spaces for private use
  - e) Approximately 39,100 (but no less than 37,000) square feet of restaurants, bars, rooftop amenities, sundry shops, retail space, River Club (restaurant, pool, decks, riverfront), spa, wellness, and fitness center that will be open to the public
  - f) Approximately 10,600 (but no less than 9,500) square feet of flexible meeting space

The DIA Board shall have the discretion to permit deviation below the stated minimums in an amount not to exceed 10% in each instance provided such reduction does not result in reduction in the Minimum Private Capital Investment nor a per unit or per square foot cost that exceeds the reasonable value limits used in underwriting.

**The Minimum Private Capital Investment for the Hotel Improvements and Office Improvements shall be \$301,057,548.**

2. **Compliance with Zoning.** Any improvements constructed on the Hotel Parcel shall comply with the Downtown Zoning Overlay and be subject to DDRB approval. The JEA Easements shall be deemed to be River View and Access Corridors as defined in Chapter 656, Part 3, Subpart H of the Jacksonville Ordinance Code. Due to the width of the JEA Easements and adjacent Metropolitan Park, DIA will support a deviation from the required View and Access corridors as to Hotel Parcel without loss of incentives provided both view and access are preserved on Easement 1.
3. **Design.** The design of the Hotel Improvements shall be substantively similar with the Hotel Renderings attached as **Exhibit D** and shall include open plaza and pool space fronting, and open to the Riverwalk which may be fenced to provide controlled entry from the Riverwalk but entry from the Riverwalk shall not be prohibited.
4. **Additional room surcharge.** Developer, to the extent permitted by law, shall cause an additional 2% room fee (“Room Fee”) to be collected and rebated for the benefit of the Metropolitan Park and the Marina and Marina Support Building and into a City capital fund (“Capital Fund”). Developer and the COJ shall mutually agree on the use of the Capital Fund to be spent in accordance with an annual budget that is

reviewed and approved by the Jacksonville City Council (“City Council”). Proceeds in the Capital Fund shall be the property of the COJ and shall be used exclusively to fund capital expenses in accordance with the approved capital plan (“Capital Plan”).

5. **Metropolitan Park.** Developer shall enter into a Park Partnership Agreement (“PPA”) with COJ and shall contribute a minimum of \$200,000 annually for a term of twenty (20) years for the maintenance and programming of Metropolitan Park.
6. **Luxury Hotel Status.** During the term of any REV grant on the Hotel Parcel, the hotel shall be operated as a Four Seasons Hotel. In the event the owner of the Hotel Parcel elects to change the flag of the hotel from the Four Seasons to another brand, the change in the flag will be subject to approval of DIA to ensure that the hotel continues to be operated as a luxury brand (four or five-star facility as determined by Forbes Travel Guide, or other respected source in the hospitality industry). In the event, DIA fails to approve the change of flag on the hotel, the owner of the Hotel Parcel may nevertheless change the flag but will thereafter lose the right to collect any further REV grant payments.
7. **Completion Guaranty.** A completion guaranty or payment and performance bond will be provided to ensure completion of the Hotel Improvements as contemplated.

**C. Office Parcel:**

The proposal contemplates that COJ/DIA would enter into a forty (40) year ground lease with one (1) ten (10) year renewal option with Developer for construction of the improvements set forth below for an annual lease payment of \$36,000. The lease payment amount approximates the ad valorem tax revenue that would be received today on the parcel if sold at appraised value. The Office Parcel is an approximate 1.05-acre parcel comprising the western portion of the Site and depicted as the **Office Parcel** on the survey map provided below and on **Exhibit G**. The Office parcel is bounded on the north by the new proposed right of way line of Gator Bowl Boulevard, bounded on the east by **Easement 1** recorded in OR Book 11109 at page 1942 and on the west by the **Easement 2** recorded in OR Book 17483 at page 2143 and is a depth of 260.00 feet as measured from the northerly boundary of the Site. The Office Parcel is approximately 170’ in width by 260’ in depth. The easements are constraints that limit the Office Parcel’s width, but do serve, in part, to provide view and access corridors to the St. Johns River from Gator Bowl Boulevard.



The Office Parcel does not include any interest in riparian rights or submerged lands.

**D. Office Improvements:**

1. On the Office Parcel, Developer agrees to design and construct the office improvements to include the following (“Office Improvements”):
  - a) A Class A Office Building with approximately 127,850 (but no less than 110,000 square feet) of office, approximately 22,307 (but no less than 18,000) square feet coffee shop/retail/amenity/activated space(the “Office Building”) as conceptually depicted on the Office Renderings attached as **Exhibit E**.
  - b) The ground floor of the Office Building shall be constructed so that a minimum of 50% of those facades fronting Gator Blvd. and the Marina Support Building Parcel are used as activated space and are open to the public. A majority of such space shall be retail space as defined herein. As used herein retail shall include businesses that sell products on a transactional basis to end consumers, food and beverage establishments, or providers of services targeted towards the general public (other than healthcare, advising, or counseling). Locations should be ground floor, street or marina facing, and designed to attract the general public onto the property. Businesses operating primarily or exclusively on a membership basis, conducting business with customers under term arrangements, or providing goods and services targeted principally to other businesses shall not generally meet this definition, unless approved on a case-by-case basis.

The DIA Board shall have the discretion to permit deviation below the stated

minimums in an amount not to exceed 10% in each instance provided such reduction does not result in a reduction in the Minimum Private Capital Investment nor a per unit or per square foot cost that exceeds the reasonable value limits used in underwriting.

2. **Compliance with Zoning.** Any improvements constructed on the Office Parcel shall comply with the Downtown Zoning Overlay and be subject to DDRB approval.
3. **The Minimum Private Capital Investment.** for the Office Improvements together with the Hotel Improvements shall be \$301,057,548.
4. **Completion Guaranty.** A completion guaranty or payment and performance bond will be provided to ensure completion of the Office Improvements as contemplated.

**E. Nonexclusive Easement Parcels:**

There are three (3) **Easements** encumbering the Site, (**Easements 1, 2 and 3**) as depicted on the Easement Survey, attached as **Exhibit B**. The City will retain the land encumbered by Easements 1, 2, and 3 (“Easement Parcels”) and will convey to Developer nonexclusive easements to provide pedestrian, bicycle and motorized vehicular access for vehicles such as scooters, golf carts and electric bicycles but not street licensed automobiles, trucks, etc. over the Easements Parcels. Vehicular access easements, to the extent allowed by JEA will be permitted. Landscaping will be allowed to the extent not inconsistent with COJ’s current or future use.

When and if Developer closes off access to the 20 Marina parking spaces currently located on the Hotel Parcel and Marina Support Parcel, the Developer is required to provide temporary replacement parking spaces on the property bounded by Easements 2 and 3 where the current Marina access roadway is located. Prior to substantial completion of the Hotel and Office Improvements, the Developer shall construct a roadway from Gator Bowl Boulevard to the Riverwalk Parcel over Easements 2 and 3 and the intervening land with a minimum of twenty (20) on-street parking spaces to provide Marina parking for Marina patrons.

Prior to completion of the Hotel Improvements and Office Improvements, Developer is required to construct a minimum 8’ wide pedestrian and bicycle multi-use path connecting Gator Bowl Boulevard to the Riverwalk in the general location of Easement 1 to meet the requirement of an access corridor between the Office Parcel and Hotel Parcel and provide pedestrian, bicycle and motorized vehicular access for vehicles such as scooters, golf carts and electric bicycles but not street licensed automobiles, trucks, etc. access between Gator Bowl Boulevard and the Riverwalk. Easement 1 will be the location of such path unless DIA approves an alternative Riverwalk connection point outside the limits of Easement 1.

Any improvements, including landscaping, installed on Easements 1, 2, and 3 shall not materially obstruct the view of the river from Gator Bowl Boulevard for the width of such easements. The DIA has determined that up to 3 feet of fill would not be considered a view obstruction.

No fill may be placed on any of the Easement Parcels in excess of 3' in depth in order to maintain their function as view corridors from Gator Bowl Boulevard, unless in the discretion of DIA, a greater amount can be accommodated while still preserving the view from Gator Bowl Boulevard to the River. Fill of any amount is subject to approval of the easement holder (JEA and/or City as appropriate).

**F. Air Rights Restriction over Riverwalk:**

The City will provide an air rights restriction in favor of Developer over the Riverwalk Parcel, prohibiting vertical improvements greater than 6' in height other than landscaping, hardscaping, cultural art pieces, including the node/art/tower element contemplated by the SWA Riverwalk Design Guidelines, lighting fixtures, temporary structures for events and signage within the Riverwalk Parcel.

**G. Riverwalk Parcel:**

The City will retain fee title to a 50' wide strip running parallel to the St. Johns River, including the Bulkhead, as depicted on the Riverwalk Survey, attached as **Exhibit H** and across the entire Site. As such, the City / DIA is retaining all riparian rights as well. COJ/DIA shall provide to Developer a nonexclusive easement for pedestrian and bicycle use, as well as all other uses of the Riverwalk permitted by the COJ Department of Parks and Recreation for members of the general public, over **Riverwalk Parcel** for benefit of Developer. The easement shall also provide for the right to maintain the Riverwalk Parcel including maintenance and replacement of landscaping provided such landscape materials are consistent with the with the adopted Riverwalk Park Design Criteria and Riverwalk Planting Palette and Thread Plant List.

**H. Temporary Construction Easements:** The City will provide Developer with temporary construction easements for Metropolitan Park Marina and the Marina Support Parcel, Riverwalk Parcel, and Future Development Parcel for lay down area provided the same does not conflict with Hart Bridge contractor's right of use thereof.

**I. Conditions to Closing on Hotel and Office Parcels:**

1. Satisfactory elimination of FRDAP grant encumbrance from the Site property by either replacement of the park or payoff. DIA shall diligently pursue approval of a replacement park. In the event such approval is not obtained by October 1, 2021, Developer shall have the right to negotiate with FDEP regarding the amount required to pay off the encumbrance. In the event FDEP approval for a replacement park is not obtained by the closing date, Developer shall have the option to terminate the RDA or pay the balance due to the state to remove the encumbrance. The full cost to pay off the Florida Recreation Development Assistance Program Grant ("FRDAP Grant") is currently estimated to be \$21,000,000.
2. Developer shall have the right to terminate the RDA if at any time prior to closing,

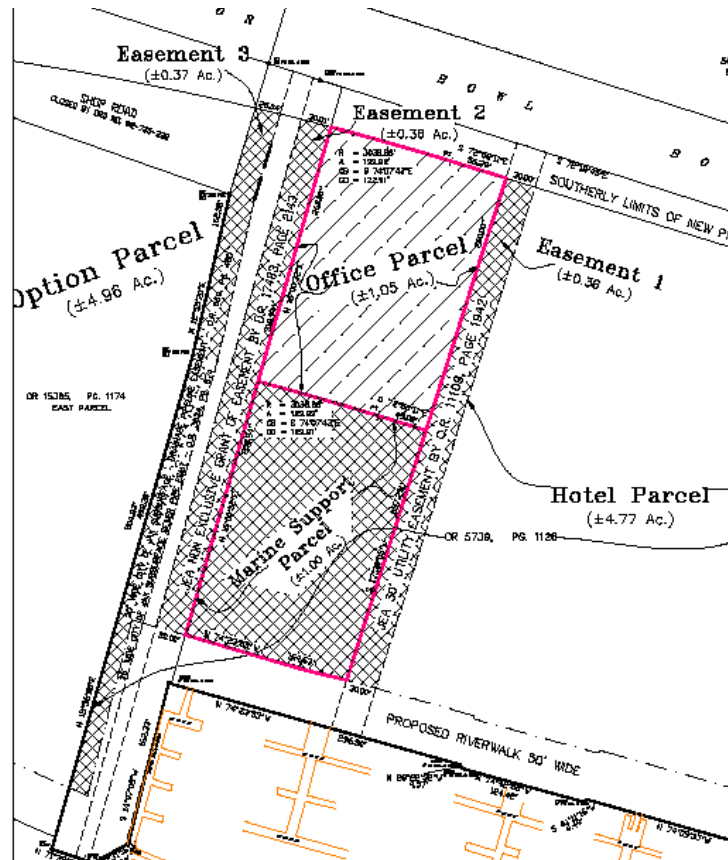


Developer in its sole discretion, determines that environmental issues render the property unsuitable for development as intended. All environmental studies and test results obtained by Developer shall be delivered to the City upon termination.

3. Approval for, and relocation of, the historically designated Fire Museum from the site to another location approved by JHPC and DIA.
4. Relocation of the JFRD personnel from the current fire station located on the Site.

**J. Disbursement and Operating Agreements:**

1. Marine Support Building Parcel: There is a ±1.0 acre to-be-created Marina Support / Event Lawn parcel that is between the Office Parcel and the St. Johns River, and is shown on the sketch below as Marina Support Parcel and attached as **Exhibit G**.



This parcel is set back 50' from the St. Johns River and will house the Marina Support Building and the multipurpose Event Lawn. The Marina Support Parcel will remain the property of the City of Jacksonville / DIA.

2. Marina Support Building and Event Lawn: On the Marina Support Building Parcel, Developer shall have the option to design and construct on behalf of COJ, subject to COJ approval of the plans and construction budget therefor:

- a) The Marina Support Building which is anticipated to consist of approximately 6,500 square feet of retail, food service, and support services for the Marina including at a minimum the dockmaster office, showers and bathrooms, and a ship's store providing sundries and convenience items for boaters (collectively, the "Marina Support Building"); and a multipurpose events venue ("Events Lawn").
  - b) Such option must be exercised within six (6) months following the closing on the Hotel Parcel, if at all, and must include an election to build the Marina.
  - c) The relative location of the Marina Support Building and Events Lawn shall be subject to the approval of the City's Parks Department to ensure public use and benefit of the events lawn is maximized.
  - d) The Marina Support Building Parcel shall be the location of the Sports and Entertainment node element as required by the SWA Riverfront Design guidelines, unless prior to construction of the improvement on the Marina Support Building Parcel an alternate location on the Hotel Parcel or Future Development Parcel has been designed.
  - e) If Developer elects to design and construct the Marina Support Building and Events Lawn, Developer shall be responsible for advancing the entire cost of construction of the Marina Support Building and Events lawn. City shall reimburse Developer up to \$13,373,100 upon completion of the Marina, Marina Support Building and Events Lawn collectively, in accordance with the approved budget for such facilities. Any cost overruns or budget in excess of \$13,373,100 shall be the responsibility of Developer.
  - f) Cost savings below budget in construction of the Marina Support Building and Events Lawn may be first applied to any cost overruns in construction of the Marina. Thereafter any savings shall inure to the benefit of the City.
  - g) Developer shall enter into a Marina Support Building Costs Disbursement Agreement ("MCDA") with DIA/COJ to fund the Marina Support Building and Events Lawn improvements at the 1+/- acre Marina Support Building Parcel.
3. Marina Redevelopment: COJ agrees to renovate and upgrade the Marina in its current location. Such renovations will include:
- a) A replacement of Metropolitan Park Marina with no less lineal footage of dock space and no fewer than the seventy-eight (78) slips that are currently available.
  - b) Floating concrete docks similar to the replacement docks recently installed at the former Landing shall be utilized.
  - c) All renovations will remain in compliance with outstanding FIND and FRDAP Grants.

- d) The entire Marina will remain a public marina with 100% of the slips available to the general public available for public recreational use.
  - e) All slips shall be transient rental only with no rental longer than 3 days allowed.
  - f) No fewer than 60 slips shall be available on an hourly or daily basis
  - g) No slip rentals shall be limited to hotel guests or property owners only.
  - h) COJ shall maintain SLLs with the State for the Marina consistent with terms to be included in the RDA.
  - i) The Marina may provide fuel, water, and pump-out services if allowed by the state SLL.
  - j) The current SLL does not allow live-aboard, wet slips, contractual agreements with cruise ships, rental of recreational pleasure craft, charter or tour boats, rental of pleasure craft, etc.
4. Developer Option to Design and Construct Marina. Developer shall have the option to design and construct the Marina replacement on behalf of COJ, subject to the renovation criteria above and COJ approval of the plans and construction budget therefor.
- a) Such option must be exercised within six (6) months following the closing on the Hotel Parcel and Office Parcel, if at all, and must include an election to construct the Marina Support Building and Events Lawn.
  - b) Developer shall be responsible for advancing the entire cost of construction of the replacement Marina. COJ shall reimburse Developer up to \$13,373,100 upon completion of the Marina, Marina Support Building and Events Lawn collectively, in accordance with the approved budget for such facilities. Any cost overruns or budget in excess of \$13,373,100 shall be the responsibility of Developer.
  - c) Cost savings below budget in construction of the Marina may be first applied to any cost overruns in construction of the Marina Support Building and Events Lawn. Thereafter any savings shall inure to the benefit of the COJ.
  - d) Developer shall enter into a Marina Disbursement Agreement (MDA).
  - e) No portion of the Marina may extend beyond the boundaries of the current submerged lands lease unless and until Developer has exercised the ROFO and purchased or leased the Future Development Parcel.
5. Marina Operation: Developer has the option to enter into a Marina Management agreement with the City regarding the management of the Marina and Marina Support Building.
- a) Developer must exercise this option, if at all, at the time of closing on the Hotel

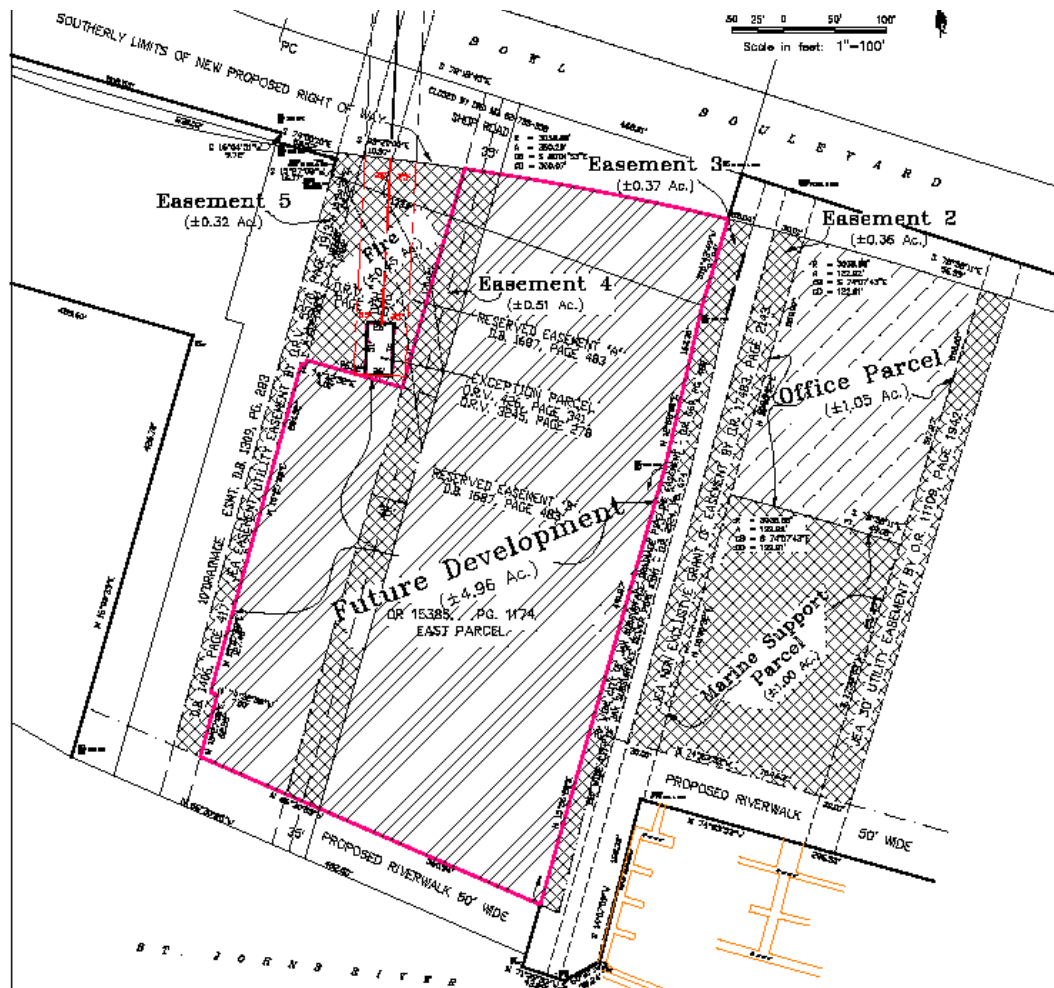
Parcel. The Agreement will be executed at the time of substantial completion of the Marina Redevelopment improvements.

- b) Developer shall pay the balance due on all active FIND Grants at the time of entering into the agreement, estimated to be \$625,725 after 9/6/21, or such lesser amount as may be accepted by FDEP.
  - c) Developer and/or its affiliate or assignee, will manage the Marina and Marina Support Building in a commercially reasonable standard and retain all revenue from and maintenance responsibilities for the Marina and Marina Support Building.
6. Riverwalk Reconstruction: COJ agrees to reconstruct the Riverwalk on the Riverwalk Parcel consistent with current resiliency recommendations. This pre-existing project was approved in last year's City Capital Improvement Program and funding allocated prior Developer's expression of interest in this disposition. As part of this proposal, the Developer shall have the option to design and construct on behalf of COJ, subject to COJ approval of the plans and construction budget therefor, a new more resilient Riverwalk.
- a) Such option must be exercised no later than six (6) months following the closing on the Hotel Parcel and Office Parcel, if at all.
  - b) Developer shall be responsible for advancing the entire cost of construction of the replacement Riverwalk, not including the bulkhead. COJ shall reimburse Developer up to \$3,900,000 upon completion, in accordance with the approved budget for such facilities. Any cost overruns in excess of \$3,900,000 shall be the responsibility of Developer
  - c) Developer shall enter into a Riverwalk Costs Disbursement Agreement ("RCDA").
  - d) Any reconstruction of the Riverwalk on the Riverwalk Parcel shall be completed in accordance with plans approved by DIA and COJ and shall comply with the adopted Riverwalk Park Design Criteria and Riverwalk Planting Palette and Thread Plant List, and to the extent not in conflict with the foregoing, the 2018 Riverwalk Design Guidelines prepared by SWA. The Riverwalk Parcel may include the node/art/tower element contemplated by the SWA Riverwalk Design Guidelines. Public access shall be maintained in the entire fifty (50') foot wide strip retained by COJ.
  - e) Once completed, COJ shall retain ownership and all maintenance obligations of the Riverwalk, including the bulkhead. COJ shall maintain the Riverwalk Parcel, including the bulkhead, in a Class "A" condition. In the event the Riverwalk is not maintained by COJ, Developer shall have the right of self-help and the ability to seek reimbursement from COJ all in accordance with terms to be included in the RDA. Developer has the option to design and reconstruct the Riverwalk, including landscaping, as generally depicted on the Hotel Renderings attached

as **Exhibit D**. Upon completion, the City will retain ownership and all maintenance obligations of the Riverwalk, including the bulkhead. The City will maintain the Riverwalk Parcel and bulkhead in a Class “A” condition and Developer has the right to self-help and the ability to seek reimbursement from the City.

**K. Future Development Parcel:**

DIA shall contractually provide Developer an exclusive right of first offer (“ROFO”) to ground lease or purchase in fee approximately 4.96 acres located on the eastern end of the property commonly referred to as the Shipyards (the “Future Development Parcel”) on the terms set forth below. The Future Development Parcel is bounded on the north by the new proposed right of way line of Gator Bowl Boulevard, on the south by a line parallel to and 50 feet landward of the existing bulkhead, on the east by the two easements known as Easement 3, in favor of the City and bounded on the west by Easement 5 in favor of JEA. The Future Development Parcel is depicted below.



The Future Development Parcel shall also include, at lessee's or purchaser's option, a grant of an easement providing Developer non-exclusive ingress and egress rights and exclusive riparian rights in front the City retained waterfront property immediately south of Future Development Parcel (as if the easterly and westerly boundaries of Shipyards East Parcel were extended into the river).

The **Future Development Parcel** shall also include nonexclusive easement over Easements 4 and 5 as depicted on the attached Future Development Parcel Survey, **Exhibit J** to the extent permitted by such easements.

Terms of ROFO:

1. The Future Development Parcel is currently subject to a right of use in favor of the contractor working on the Hart Bridge project through August 2022 and DIA commits that it will not entertain or initiate any disposition of the Future Development Parcel, except from Developer, prior to August 31, 2022.
2. Thereafter, at any time prior to December 31, 2024, DIA agrees that prior to entering into negotiations with any other party or initiating a notice of disposition, DIA will notify Developer of its desire to dispose of the Future Development Parcel and Developer shall have a period of ninety (90) days following such notice to present DIA with a proposal for ground lease or purchase of the Future Development Parcel. Failure to respond or present an offer within such 90 days shall terminate the ROFO.
3. Developer may initiate the negotiated disposition process with DIA at any time.
4. The ROFO expires December 31, 2024.
5. Any offer on the Future Development Parcel shall comply with the goals of the BID and CRA Plan and describe in detail the proposed uses, square footage of each, minimum private capital investment and projection of tax revenue generated. Developer is encouraged to focus density on Gator Bowl Boulevard and leave as much open space as possible adjacent to the Riverwalk and connecting to the Marina Support Parcel and public events lawn.
6. Any requested incentives shall be identified in the offer for negotiated disposition.
7. Any improvements constructed on the Future Development Parcel shall comply with the Downtown Zoning Overlay without deviation and be subject to DDRB approval.
8. The Future Development Parcel excludes an out-parcel for a future permanent fire station office building and associated parking. In the event Developer designs an office building or parking facility that provides adequate ground floor office space for JFRD and parking for JFRD personnel acceptable to JFRD, the outparcel may be incorporated into Future Development Parcel and Developer will be credited with the budgeted cost for construction of the new permanent fire station when calculating ROI of any development proposal.

9. Associated ground floor street front retail shall be included along Gator Bowl Boulevard and along the Riverwalk Parcel.
10. Only offers that will generate property taxes from the development on the property will be entertained.
11. The Future Development Parcel is subject to a Brownfield Site Rehabilitation Agreement (“BSRA”). If acquired in fee, the disposition would be conditioned upon separation of the BSRA based on property boundaries, with Developer becoming party to the BSRA solely as to the Future Development Parcel while City remains responsible for the remainder of the property under the BSRA. If ground leased, the Developer shall maintain the option of becoming party to the BSRA and the disposition would require the Developer to comply with the BSRA, develop a Remedial Action Plan and obtain approval therefor, and ultimately obtain a closure from FDEP as to the parcel based upon implementation of the Remedial Action Plan.
12. The Developer shall have the right to acquire riparian rights to the south of the Future Development Parcel if they are the successful bidder for the Future Development Parcel. Those riparian rights shall be conveyed at the time of development of the Future development Parcel. The Developer may obtain a submerged lands lease over such state-owned lands and may elect to construct a private or public marina on such submerged lands in front of the Future Development Parcel.
13. The Future Development Parcel is bisected by an existing 35’ wide Easement reserved in Deed Book 1687 at page 483 (Easement 4, on the attached **Exhibit B**) Developer may choose to make an offer only on that portion of the Future Development Parcel east of Easement 4 if Developer so elects.
14. A 30-day Notice of Disposition regarding this parcel will be published at the time an offer is received and the terms thereof are approved by the DIA Board.

**L. Condition to Entry into Negotiations With Developer For Any Disposition Of The Future Development Parcel:**

Jacksonville Jaguars LLC (“Jaguars”) will release the City from any obligation to provide parking for the stadium on the Future Development Parcel. Currently, the Future Development Parcel accounts for 500 of the total spaces required to be provided. If necessary, to reduce the required parking number accordingly, the Jaguars will amend the lease dated September 7, 1993 between the City and Jacksonville Jaguars, LLC as amended to date. If City is required to provide replacement parking, the cost of the replacement land and any structured parking will be calculated as part of the analysis of any potential disposition of the Future Development Parcel.

**M. Direct Incentives to Developer:**

1. DIA/City to convey Hotel Parcel, with an appraised value of \$12,450,000, to Developer for \$100 for an incentive value of \$12,449,900.
2. DIA/City to ground lease to developer the Office Parcel, with an appraised value (fee value of \$2,520,000 less residual value after 40 years of \$657,840) of \$1,862,160 minus annual lease payments of \$36,000/year for 40 years (\$1,440,000) for an incentive value of \$422,160.
3. DIA /City to provide Developer nonexclusive Easements over Easements 1, 2, and 3 at no cost. Such easements have an appraised value of \$285,000.
4. DIA to provide a 75% REV Grant for privately owned property on Hotel Parcel and Office Parcel for a term or twenty (20) years or the termination of the Northside CRA whichever occurs first, unless COJ agrees to assume the obligations of the Northside CRA. The maximum indebtedness shall be calculated based on the projected assessed value using agreed upon private capital investment construction cost values. Any reduction in actual construction cost that is 10% or less of the projected construction cost shall result in a pro rata reduction of the maximum indebtedness. The DIA Board may approve a reduction in Private Capital Investment greater than 10% but no more than 15% with an accompanying pr rata reduction in the Rev Grant maximum indebtedness. Any reduction in actual Private Capital Investment that is more than 15% of the agreed upon Minimum Private Capital Investment shall result in forfeiture of the REV Grant. Based upon the project Minimum Private Capital Investment, the Rev Grant maximum indebtedness is \$47,683,955
5. COJ to provide a grant for \$25,834,887 upon completion of the Hotel Improvements and Office Improvements (“Completion Grant”).

**N. COJ Expenses to Facilitate Disposition:**

1. DIA to provide replacement park land for FRDAP upland consisting of at least ten (10) acres appraised at \$8,712,000 to satisfy Ord 122.461 and the FRDAP requirement. (net land value of \$7,526,000 when remaining Kids Kampus public property land value is taken into consideration as discussed later)
2. COJ to relocate the Marine Fire Station and construct new dock in a timely manner (“Fire Station and Dock”) at a budgeted cost to the COJ of \$6,266,000. The replacement cost of the new fire station (as opposed to depreciated value of the existing fire station) estimated at \$1,798,000 is an upgraded facility from the existing building and the value assigned for ROI calculation is discounted by 40% to \$1,078,800. It is possible that a temporary fire station will be required as an interim facility and the associated cost is \$705,000 which has been discounted by 50% for ROI purposes since a trailer may be relocated from another site depending on timing. The dock and boathouse replacement cost is estimated to be \$4,468,000 but also includes an upgraded lift and boathouse and the value has been discounted by

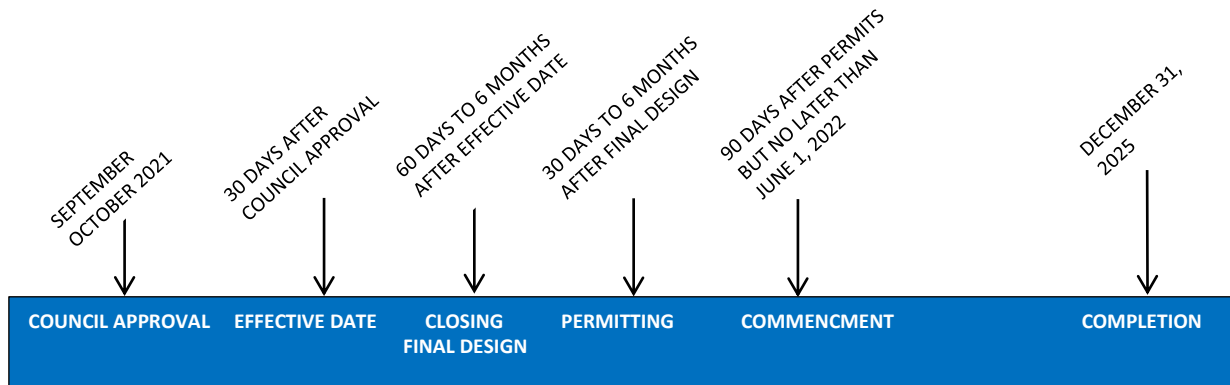


30% to take into account the upgrades yielding a value for ROI of \$3,127,600. As a result of the discounting on the fire station and fire docks combined, the net budgeted cost applied as a COJ outflow in the ROI calculation is \$4,206,400.

3. COJ to relocate the Fire Museum in a timely manner (“Fire Museum”) at a budgeted cost to the COJ of \$1,750,000.
4. COJ to fund reconstruction of the Marina and construction of the Marina Support Building and Event Law at a collective not to exceed amount of \$13,373,100.
5. The cost to reconstruct the Riverwalk is not considered a cost to facilitate the disposition and redevelopment in that it is not an inducement to this development but was previously planned and budgeted by the City.

**O. Timeline and Performance Schedules:**

**1. Timeline:**



The Performance Schedules contained in the term sheet are as follows:

2. The following Performance Schedule milestones (“Milestones”) shall be included in the RDA for all Improvements to be constructed on **the Hotel Parcel and Office Parcel:**
  - a) RDA Execution: within thirty (30) days following City Council Approval and execution by the Mayor.
  - b) Fee/Lease Closings: “as is” sale/lease to be completed within sixty (60) days after the later of execution of the RDA, removal of the Fire Museum from the site, or resolution of any environmental issues, in Developer’s sole discretion, but in no event later than six (6) months after the Effective Date of the RDA.

- c) Final Design: (including final DDRB approval) to start within thirty (30) days after the Effective Date of the RDA; to be completed no later than six (6) months after the Effective Date of the RDA.
  - d) Initial Permitting: to start no later than thirty (30) days after Final Design is completed and permits necessary to commence horizontal construction shall be obtained within six (6) months after Final Design is completed.
  - e) Commence Construction: to start ninety (90) days after Permits for horizontal improvements are received, but no later than June 1, 2022; and proceed without material delay through completion.
  - f) Completion Of Construction: All improvements on the Hotel Parcel and Office Parcel, and Easements to be substantially completed no later than December 31, 2025.
3. The following Performance Schedule milestones (“Milestones”) shall be included in the RDA for all Improvements to be constructed on **Marina Support Building Parcel, Riverwalk Parcel, and Marina**:
- a) Election To Enter into Partnership for Construction: At time of Closing on Hotel Parcel and Office Parcel
  - b) Marina & Riverwalk Closed for Reconstruction: No earlier than date on which all plans approved
  - c) Marina & Riverwalk Reconstruction to Commence: Within 30 days of Marina and Riverwalk Closure
  - d) Marina, Marina Support Building and Riverwalk Completion Date: No later than the Completion of the Hotel Improvements and Office Improvements or December 31, 2025, whichever occurs first

### III. STAFF EVALUATION AND ANALYSIS

#### A. Consistency with BID Plan Goals:

The DIA is currently in the process of updating the CRA Plan for the Northbank. This analysis will be based upon the currently adopted goals and strategic objectives however, where applicable, the proposed new goals will also be noted.

#### The Project is found to be consistent with the following Goals:

**Redevelopment Goal No. 1 - Reinforce Downtown as the City's unique epicenter for business, history, culture, education, and entertainment.**

##### **Applicable Strategic Objectives:**

1. Increase the opportunities for employment within Downtown.
2. Support the expansion of entertainment and restaurant facilities.
3. Increase venues, workspaces, and residential opportunities....
4. Focus efforts on drawing many diverse attractions, rather than a small number of large ones.
5. Create a consistent theme and image that conveys a sense of the excitement and activity Downtown.
6. Expand upon the ability for national conventions.

*The Project furthers this goal in several ways. The Project would bring the first 5-star hotel and luxury residences to Jacksonville, thereby reinforcing that Downtown remains the City's unique epicenter for business, culture, and entertainment. The hotel, office, and retail components of the Project will increase employment opportunities within Downtown. The residence component will increase residential opportunities in the area, in particular the luxury residential market. The restaurants that are envisioned for the Project and the city-owned Marina Support Parcel will expand the restaurant facilities in the Sports & Entertainment District, which has extremely limited dining options. As a Four Seasons, the hotel itself will be an attraction as will the spa facilities and Pool Club. In maintaining a modest room count, the Hotel is not only appropriately sized for our market but presents future opportunities for other differentiated products allowing for multiple diverse attractions rather than a few large ones. The Project is a pioneer investment in the Sports and Entertainment District and sets the tone for future development in terms of image, quality, and activation. Finally, although not a convention hotel and not a competitor for convention business that would adversely impact existing inventory, the additional rooms will provide some additional capacity for large events and the ability to offer luxury lodging in the market will entice some conventions who might not otherwise choose Downtown Jacksonville as a destination. Overall, the Project will be a catalyst for the area and encourage more development along the Shipyards to the west and connecting the Sports & Entertainment District to the Central Core, thereby creating excitement and more activity Downtown.*

**Redevelopment Goal No. 2 – Increase rental and owner-occupied housing downtown, targeting key demographic groups seeking a more urban lifestyle.**

**Applicable Strategic Objectives:**

1. Actively pursue a minimum of 3,850 built and occupied multi-family dwelling units by 2025; and strive to induce construction of 350 multi-family dwelling units per year.
2. Leverage land contributions, infrastructure investments, incentive grants, and low interest loans.
3. Promote and attract neighborhood retail to support downtown residents.
4. Evaluate new multi-family residential development with Downtown design guidelines, overall compatibility, financial feasibility, and existing Downtown residential developments
5. Reconcile city plan policies and regulations to insure policy consistency and uniform application.
6. Establish a clear, efficient, and maximally predictable process for reviewing development permits, including development and use of model forms and agreements where appropriate.

*The Project, albeit providing a limited number of residential units, meets each strategic objective under this Goal. The residence component of the Hotel Parcel will increase the owner-occupied housing stock by 25 units. Although this number is minimal, it is targeting the luxury market, which is marketable only to a specific high-income demographic. This group of potential buyers do not have luxury housing options on the Northbank, so the Project is filling a void and will not compete with Downtown’s existing residential market. The Project is made possible by leveraging the land contribution of the Site, the incentives contemplated and the City’s planned infrastructure investments in the adjacent areas (Riverwalk, Marina Support Building, etc.). The overall Project will provide more neighborhood retail to support the existing Downtown residents and attract more retail by bringing additional visitors, residents, and office workers to Downtown. The project’s consistency with the Downtown Zoning Overlay, in particular the establishment of view and access corridors and riverfront setbacks, and procedures such as DDRB review insure consistency and uniform application of regulations. Finally, this disposition has been processed through DIA in a standard process utilizing standard incentive structures and model forms of agreements and terms with minimal adjustments for the specifics of the project.*

**Redevelopment Goal No. 3 - Simplify the approval process for Downtown development and improve departmental and agency coordination.**

**Applicable Strategic Objectives:**

1. Provide publicly owned land and building space for public and private development which will support and strengthen Downtown’s commercial and residential base and comply with the other Redevelopment Goals.

2. Initiate public-private partnerships
3. Promote clean-up and redevelopment of brownfields.
4. Increase recreation, entertainment, cultural heritage, and other programming opportunities.
5. Provide spaces for residents to conduct community business and spaces for social events and educational programs.

*The Project addresses this goal in several ways. As stated above, the entire approval process has been coordinated through DIA. However, DIA has worked extensively with the City Departments of Public Works and Parks, as well as JFRD and FDEP, in the verification of costs, determination of relocation sites for public facilities, research on property conditions and encumbrances, and surveys. As such, we have served as the clearinghouse for this information eliminating the need for the Developer to coordinate each aspect with each agency.*

*With respect to Goal 3 Strategic objectives, the City is providing publicly owned land for private development to support and strengthen Downtown's commercial and residential base. However, this public land is currently a park, and the loss and replacement of this parkland is of major importance to any consideration of consistency with the CRA Plan. It is our belief that the 10-acre replacement park will better serve the public interest and better achieve the CRA Goals. Relocation of 10 acres of park from the Site to Shipyards West (Hogans Creek to Catherine Street/Berkman), while retaining 14+ acres of park at Metropolitan Park on the East:*

- *Creates an equal or larger park in size but with more than 3x the amount of linear feet along the riverfront than the Site (2,553 lf vs 753 lf) thus providing better river access and views not constrained by the Metropolitan Park Marina*
- *Complements the future USS Orleck Museum that will be moored at Pier 1*
- *Integrates into the planned open space along the mouth of Hogans Creek*
- *Addresses resiliency and environmental remediation. The City has funds allocated for remediation of this Brownfield Site, which will allow us to elevate the site in response to Sea Level Rise and topographically contour the land to create a distinctive riverfront terrain.*
- *Capitalizes upon the city-owned submerged land and existing piers for on-river activation. This submerged land adds an additional 9 acres over water and 2 acres of pier space for public use, such as a floating restaurant and fishing piers. The public marina in front of The Site will continue to operate in that location as a public facility, so this additional over water acreage is a major gain for public use.*
- *Links the parks in the central core of Downtown to Metropolitan Park in the sports and entertainment district with a destination park in the middle of the two areas*
- *Maximizes the park's accessibility and use for the downtown residents, workers, and visitors who are concentrated in the central core*

*The Developer has offered to enter into a partnership to fund maintenance and operation of Metropolitan Park, to contribute to a capital fund for capital expenses at Metropolitan Park, the Marina and the Marina Support Building and the City is offering Developer the opportunity to enter into several public-private partnerships regarding the construction and operation of the Marina and the Marina Support Building, and the construction of improvements to Riverwalk.*

*While the City has received a closure notice regarding remediation of The Site, the Site would have previously qualified as a Brownfield and its redevelopment for mixed use will convert a formerly contaminated site to its highest and best use.*

*Finally, the Project will result in improvements to the existing public spaces, i.e., Riverwalk and Metropolitan Park, and the creation of new public spaces adjacent to the Marina, all of which will increase recreation, entertainment and other programming for the public as well as create spaces for residents to hold social events along the River. The replacement public park will provide significantly enhanced public park space incorporating current public input on desired programming and uses as well as being designed for resiliency. Furthermore, with 10 acres of replacement park, and retention of the Events Lawn as park and the expanded Riverwalk Parcels, public park space and opportunities for programming and recreation are significantly enhanced.*

**Redevelopment Goal No. 4** – Improve walkability/bikeability and connectivity to adjacent neighborhoods and the St. Johns River while creating highly walkable nodes.

**Applicable Strategic Objectives:**

1. Improve access to and from the St. Johns River and enhance Downtown experience for all Jacksonville citizens and visitors through variety of spaces, signage, lighting, and technology.
2. Improve existing public parks and plazas and create new open spaces with a mix of pedestrian-oriented amenities and activities.
3. Protect, enhance, and increase public perpendicular access to the Riverwalk in line with street grid.
4. Provide for proper management and maintenance of public spaces.
5. Create a mixture of uses so that housing, activities, retail, and other businesses are within useful walking distance.
6. Require all buildings to have active facades at street level. Encourage active street life through a mixture of restaurants (including cafes with outdoor seating), retail, services, and connection to the street. Minimize blank walls and surface parking.

*The Project addresses the Goal of improved bikeability, walkability and connectivity in multiple ways. The Project will both increase the connectivity between the Sports & Entertainment District and the Central Core District by providing an active destination beyond special events, and connectivity to the River by ensuring multiple view and access corridors at regular intervals perpendicular to the Riverwalk. Since the City is retaining the Riverwalk Parcel adjacent to the Site and the Easement Parcels, the public's access to the River will be preserved and maintained. The design of the Project includes street-level activation and public spaces that invite visitors to enjoy. Both the office and hotel*

*components will provide a walkable mixture of uses to an area that is lacking active street life outside of a sports or entertainment event. The Developer has the option to partner with the City to manage and operate some of the public spaces, i.e. the Marina and Marina Support Building. Developer's commitment to contribute \$200,000 annually for a term of 20 years for the maintenance and programming of Metropolitan Park will help provide for proper management and maintenance of that public park in need of attention. Furthermore, Developer will charge an additional 2% room fee for the benefit of capital improvements to Metropolitan Park and the Marina and Marina Support Facility. The Project's location will improve accessibility to public spaces such as the Riverwalk and Metropolitan Park, as well as the future Shipyards area. The ground floor of the Office Parcel and the river fronting side of the Hotel will have active facades that will encourage active street life along the river and Riverwalk.*

**Redevelopment Goal No. 5- Establish a waterfront design framework to ensure a unique experience and sense of place.**

**Applicable Strategic Objectives:**

1. Ensure that the riverfront is both physically and visually accessible for locals and tourists of all ages and income.
2. Enforce the 50-foot (minimum) building setback from the St. Johns River's water edge.
3. Prioritize beautification and greening of the Riverwalk using Florida-Friendly landscaping practices and plant material that is indigenous to the region
4. Maintain, enhance, expand, and encourage public river access for motorized and non-motorized watercraft points.
5. Ensure that the riverfront includes a variety of immersive environments, ranging from passive enjoyment of the River to active entertainment areas with restaurants, shops, and attractions, all linked by the Riverwalk.

*The Project addresses this Goal by creating a unique experience and harnessing placemaking methods along the riverfront. Since the City will retain ownership of the Riverwalk Parcel, the 50' minimum setback will be enforced, thereby ensuring that the riverfront is physically and visually accessible to the public. Additionally, the City will retain the 1 acre abutting the Riverwalk on the west side of the Site for the Marina Support Building and flexible park space. This will provide the City with opportunity to create another engaging public space along the riverfront for the public's benefit. The public Marina will be renovated, while maintaining the same number of slips, the same or greater linear footage of dock space, and remaining a fully public marina open to recreational boaters for transient use. This will enhance public river access and improve the experience for all boaters by providing a destination on days other than special events. Finally, the Hotel Parcel's layout and the Marina Support Building will create an immersive, accessible, and diverse environment for all visitors to the property as well as hotel guests.*

**Redevelopment Goal No. 6 – Maintain a clean and safe 24-7 Downtown for residents, workers, and visitors.**

**Applicable Strategic Objectives:**

1. Promote a larger residential presence through development opportunities of all types of price ranges, including mixed-income and mixed-use structures.
2. Provide increased walkability through: Support and attract additional commercial, service, residential, transportation, recreation, and open space uses.

*The Project addresses this Goal by bringing more people downtown, specifically tourists, residents, and workers. The Sports and Entertainment District is particularly lacking in activity absent special events and safety is enhanced by daily activity and the presence of workers and residents. As stated earlier, the unique residential condominiums contemplated provide a distinct price point not otherwise available and are located in a mixed-use building offering concierge services to residents. The Project will provide a variety of amenities and attractions that promote walkability, including the proximity to the Riverwalk, retail and restaurants, and open public spaces.*

**Redevelopment Goal No. 7 – Use planning and economic development policies to promote design for healthy living.**

**Applicable Strategic Objectives:**

1. Recognize the economic value: Encourage Downtown development to be compact and walkable as it provides economic benefits to developers through higher residential sale prices, enhanced marketability, and faster sales or leases creating an economic multiplier effect.
2. Mix it up: Entice mixes of uses and densities; remove regulatory barriers; rethink parking; and optimize uses.

*The Project addresses this Goal through its design that promotes walkability and utilization of the Riverwalk and nearby Metropolitan Park as well as its proximity to event venues. The Project will benefit from the mixed uses it will provide and the walkability of the area. The Project is also unique in that separate parking for the office building has not been included and may share spaces with the Hotel and residences or use largely vacant publicly owned parking across Gator Bowl Boulevard.*

**Proposed new Goal 7. Capitalize on the aesthetic beauty of the St. John’s River, value its health and respect its natural force, and maximize interactive and recreational opportunities for residents and visitors to create waterfront experiences unique to Downtown Jacksonville.**

*This proposed Goal, while not yet formally adopted, is particularly relevant to the proposed Project. As one would expect, the Project capitalizes on view of the river from the improvements. But the Project is specifically designed for resiliency by substantially raising the ground floor of structures on the site. Parking beneath the Hotel is raised several feet above current grade but will provide flood mitigation potential. The Hotel is constructed on the roof of the parking structure with fill and landscaping surrounding the structure. The Office Building Parcel is filled 6 feet above current grade. The reconstructed Riverwalk will terrace to the bulkhead not only protecting the walkway from flooding but also creating a distinctive Riverwalk experience in this location.*



*The Marina Support Parcel and Events Lawn space has been retained in front of the Office Building to provide enhanced recreational and service opportunities on the waterfront for visitors and boaters, as well as those enjoying the Riverwalk.*

**Finding:**

***In conclusion, the Project meets all the established Redevelopment Goals for Downtown redevelopment and would be a major addition to Downtown vibrancy. The Project will serve as a catalyst for more development, density, and compatible uses in the area. The provision of replacement park land of equal or greater size and quality that better serves the public is consistent with the adopted CRA Plan for Downtown and local ordinance requirements.***

**B. Market Feasibility:**

In support of the demand for the proposed Four Seasons Hotel and Residences, Iguana provided a draft “market analysis and projections of occupancy, average daily rate (ADR), and Cash Flow for a proposed Four Seasons Hotel with branded residences” as prepared by CBRE Hotels, Advisory, of Atlanta, Georgia. DIA Staff assessed the market study to evaluate the extent to which it objectively validates the feasibility of the Four Seasons development, and the potential for success in the location proposed. Key takeaways identified in that assessment follow.

Following a comprehensive analysis of the local area and economic drivers and differences from other Florida markets, the study focuses on the advantages and disadvantages of the subject site for the proposed development activity. Key benefits to the site identified include area growth, multi-modal accessibility, ample infrastructure to support further growth, riverfront location with a City Marina, and easy access to sports and entertainment venues including TIAA Bank Field, 121 Financial Ballpark, Jacksonville Veterans Memorial Arena, Daily’s Place, and Metropolitan Park. The study also identifies that the undeveloped Shipyards parcels are within close proximity to the Maxwell House coffee plant, the pretrial detention facility, and a “heavy industrialized waterfront area” without specifically establishing any as benefit or detriment to the subject.

Four Seasons is identified as “the leading hotel and resort luxury brand in the world” and identifies principal competitors in this category as Ritz-Carlton, Mandarin Oriental, St. Regis, Auberge, Rosewood, Aman, Fairmont, Belmond, Montage, Peninsula, and Waldorf Astoria. Within the study, a relevant distinction is made between luxury resort properties, and luxury properties that serve urban centers as is the case of the subject.

- The Four Seasons network includes 117 hotels and 45 residential properties across 47 countries with 32 Four Seasons properties within the United States. Of those 32, only six Four Seasons hotel properties are located in urban centers including Atlanta, Austin, Baltimore, Houston, Miami, and Washington D.C.
- Further, within the southeast and mid-Atlantic region, only 26 luxury hotel properties are identified within urban settings, including only four within Florida: three in the Miami area (one of which is a Four Seasons property), and one in Sarasota.

The study is broken into two primary sections: one for the operations of a luxury hotel property, and another focused on the market for exclusive, branded condominiums as found within the Four Seasons development.

### **1. Luxury Hotel Analysis**

Analysis of the downtown hospitality market focuses on pre-COVID 19 metrics, as the industry was deeply impacted through the pandemic, along with virtually every line of business, and is only now beginning to see signs of resurgence. Within the downtown Jacksonville market, average occupancy fell to 40.1% in 2020 after reaching heights of 75.2% and 73.5% in 2018 and 2019, respectively. From January to March 2021, average occupancy with Jacksonville's downtown hotels increased from 60.1% to 74.7%, bolstered by a multi-month contract of the entire Hyatt property by the US Marine Corp. which initiated in January 2021.

Six existing hotel properties are identified as comprising the downtown Jacksonville hospitality market and analyzed for occupancy, Average Daily Rate (ADR) and Revenue Per Available Room (RevPAR). In 2019, the six properties analyzed generated combined occupancy of 73.5%, ADR of \$131.36, providing RevPAR of \$96.50.

The six provide a combined total of 1,937 rooms in the downtown Northbank and Southbank market, with the majority highest concentration provided by the Hyatt with 951 rooms (reported elsewhere as 966 rooms), which is also noted as serving as the areas "de facto convention center" with its 84,320 square feet of meeting space. Another three properties are captured in the projections adding 604 new rooms and bringing the total supply analyzed in coming years to 2,541.

None of these properties, existing or proposed, are noted as serving the same luxury market as provided by the Four Seasons Hotel and Residences. And while the study recognizes there will be some market share taken by the addition of the subject, it also indicates that the property will provide a quality of lodging and residence opportunity not available in the local market and therefore will bring new visitors and residents to the area currently not being served. Included in this proposition are "non-price-sensitive corporate travelers who prefer luxury hotels and currently avoid staying in downtown Jacksonville," and more likely are accommodated at area resorts. The study identifies and analyzes the Ritz-Carlton Amelia Island, the Ponte Vedra Inn and Club, and the Cloister at Sea Island as tertiary competition for the subject Four Seasons property. And while the potential to bring non-price-sensitive corporate travelers in from the tertiary competition is noted as observed in other markets studied, the contribution to growth from such prospective guests is not clearly quantified in the study.

When analyzing future market share, the study begins with Fair Market Share based on the ratio of the hotel's available guest rooms in proportion to the total market supply. At 176 rooms, the Four Seasons will have a Fair Market Share of 6.47% of the 2,717 rooms projected to comprise the downtown market in 2025. The market is further divided into three segments: Corporate, Leisure, and Group. Group demand is further split into two

principal categories: 1) corporate groups, which meet primarily during weekdays, and 2) SMERF (social, military, educational, religious, and fraternal) groups, who typically meet on weekends.

Penetration is then expressed as a specific property's projected market share within each of these segments in comparison with its Fair Market Share. (i.e., if market share within the Corporate segment is projected to be 12% for a given property, and its Fair Market Share is 10%, the Penetration rate for that property in the given segment is calculated as  $12\%/10\% = 120\%$ ).

Based on the anticipated population of hotel rooms at the time the Four Seasons will experience its first full year of operation (2025 by this study), a projection of the Penetration rate by market segment for the Four Seasons property is provided and summarized as follows:

| <b>Market Penetration of the Four Seasons Hotel as a % of Fair Market Share</b> |             |             |             |             |             |
|---|-------------|-------------|-------------|-------------|-------------|
|   | <b>2025</b> | <b>2026</b> | <b>2027</b> | <b>2028</b> | <b>2029</b> |
| <b>Corporate</b>  | 97%         | 106%        | 109%        | 111%        | 110%        |
| <b>Leisure</b>  | 122%        | 127%        | 131%        | 133%        | 132%        |
| <b>Group</b>  | 51%         | 65%         | 71%         | 72%         | 71%         |
| <b>TOTAL</b>  | <b>85%</b>  | <b>95%</b>  | <b>99%</b>  | <b>101%</b> | <b>100%</b> |

As stated in the study, "In our view, the focal point of leisure activity will clearly be the Sports Complex and its immediate surroundings. The presence of the Shipyards office tower will shift some of the corporate focus as well, though most corporate demand will likely remain in the historical downtown core." This position is reflected in the Penetration rates as shown above whereby the hotel is projected to achieve the highest relative usage from guests staying for leisure purposes, followed by corporate guests, and the lowest Penetration level is found among group bookings. Combined with the projected occupancy, ADR, and RevPAR amounts shown in the table below, these metrics serve as the basis for the financial forecast presented in the market study.

|                            | <b>2025</b> | <b>2026</b> | <b>2027</b> | <b>2028</b> | <b>2029</b> |
|----------------------------|-------------|-------------|-------------|-------------|-------------|
| <b>Projected Occupancy</b> | 57%         | 65%         | 68%         | 70%         | 70%         |
| <b>Projected ADR</b>       | \$410.75    | \$423.00    | \$435.75    | \$448.75    | \$462.25    |
| <b>Projected RevPAR</b>    | \$234.02    | \$273.26    | \$296.42    | \$313.65    | \$323.09    |

Notably, the projected occupancy and ADR for 2025 and years following as shown above are based on the averages realized over a five-year period through 2019 in the comparative regional urban luxury hotels identified in the study. The average ADR of this group for 2019 was \$343.16 and that amount is inflated by 3% annually to reach the 2025 ADR rate as shown. RevPAR is a function of the projected ADR and projected occupancy. These same metrics are utilized directly by Iguana in developing its pro forma operating statements, with this amount multiplied by the 176 hotel rooms serving as the principal revenue source as detailed further within the analysis of forecast operations elsewhere in this staff report.

Overall revenue and expense sources identified and analyzed in the market study over the first ten years of operation using similar comparative metrics provide the following:

- Rooms: 43.5 to 45.4% of revenue with department expenses dropping from 36.0% to 32.0%
- Food and Beverage: 44.1% to 41.8% of revenue with department expenses dropping from 69.4% to 65.9%
- Spa: 9.1% to 9.5% of revenue with department expenses dropping from 75.7% to 74.0%
- Parking: 2.7% of revenue throughout with department expenses dropping from 61.2% to 60%.

Selected metrics from the financial pro forma over the ten year period include:

- Gross Operating Income is projected to be established at 45.2% of total revenue and increase to 49.3%
- Administrative cost is forecast to equal 27.3% of total revenue dropping to 24.6%
- After property taxes, insurance, reserve for replacements, the Projected Cash Flow from Operations Prior To Income Tax and Debt Service is forecast at \$4.1 million in 2025 (11.7% of revenue) increasing to \$9.1 million in year 10 (17.1% of revenue).

## **2. Branded Residential Condominium Analysis**

The 25 condominiums proposed to be developed and sold allow for a more immediate recapture of development costs which then can be used to pay down debt and minimize property taxes and operating expenses while providing an additional revenue source by managing the properties on the rental market and collecting . The study readily acknowledges that there is no comparable residential product as proposed for this development within the Jacksonville market in price, quality, or access to amenities.

As was the case in the analysis of luxury hotel operations, the analysis of the condominium demand focuses on urban luxury branded residences across the South and Mid-Atlantic. This approach is used to exclude resort luxury branded residences that attract a different buyer influenced more so by beach locations and an ocean frontage lifestyle. Data analysis provides evidence that branding alone brings a premium to pricing not found in non-branded residences, whether urban or resort oriented.

Comparisons across several Southeast and Mid-Atlantic cities with urban luxury branded residences suggests the property could support as many as 43 to 79 residential units. By developing only 25 units, CBRE suggests that “such a low number recognizes the total lack of existing uber-luxury supply in Jacksonville and significantly lessens the risks inherent in the residential component of the project.” Only the Four Seasons Hotel and Residences in Houston provides a similarly low ratio of residences to hotel rooms at 0.14 which is the same as proposed to be offered in Jacksonville. Across other cities, the ratio ranges from 0.24 to (Baltimore and New Orleans) to 0.86 (Miami), and the average is 0.40. The Jacksonville Four Seasons will provide only the fourth urban luxury branded residences in the state of Florida, and the twelfth in the Southeast and Mid-Atlantic region. The table

below provides information on comparative branded residences within the region and the per square foot market premium established by each:

| <b>Project</b> | <b>City/State</b> | <b>Market Average \$/SF</b> | <b>Branded Residence \$/SF</b> | <b>Average Premium</b> |
|----------------|-------------------|-----------------------------|--------------------------------|------------------------|
| Four Seasons   | Nashville, TN     | \$759                       | \$1,400                        | 184%                   |
| Four Seasons   | Houston, TX       | \$243                       | \$ 509                         | 209%                   |
| St. Regis      | Atlanta, GA       | \$300                       | \$1,165                        | 388%                   |
| Ritz-Carlton   | Atlanta, GA       | \$300                       | \$ 665                         | 222%                   |
| Ritz-Carlton   | Dallas, TX        | \$364                       | \$ 803                         | 221%                   |

Based on the information as shown, the study utilizes the 2019 Downtown Jacksonville condominium average market price of \$240 per square foot combined with the multiple of 1.8 to 3.9 to establish a price point per square foot of \$432 to \$936 per square foot. Ultimately, the study uses \$800 per square foot for the Jacksonville Four Seasons branded residences sales projections, notably towards the high end of the range. For comparison, the construction cost per square foot for the condominium units is calculated at \$691.48, based on construction costs provided by the developer.

Absorption of the units is projected to require two years. During that period, the developer will be responsible for property taxes, maintenance and other carrying costs. Selling costs are estimated at 6% of sales in the analysis, accompanied by a 4.5% Four Seasons royalty fee, and 1.5% additional closing cost on each sale.

From the variables as presented, gross revenue from the sale of condominium units is projected to total \$85,670,400 (\$93,020,628 adjusted for inflation of 3%). After property taxes totaling \$1.2 million, sales costs of \$5.6 million, royalty expense of \$4.2 million, and additional closing costs of \$1.4 million, cash flow available for debt reduction is projected to equal \$80.7 million.

### **3. CBRE Investment Summary for Hotel and Branded Residences**

The market study provides an investment summary from the placed-in-service date based on 35% equity and 65% debt modeled as 360-month amortization, at 5% interest. From the data summarized above, and using a terminal cap rate of 7%, the unleveraged internal rate of return (IRR) is calculated at 5.34% and the leveraged IRR is shown to be 6.23% over a twenty-year period. Under these assumptions, the property is unable to achieve positive debt service coverage or a positive cash on cash return within the first ten years following sale of the condominium units.

The study further estimates the funding gap to be filled, based upon market returns drawn from PwC’s Investor Survey, 3rd Quarter 2020, estimating that hotel investors target a 15-20% leveraged IRR on similar projects. The study then calculates the funding gap of approximately \$56,500,000, expressed as a reduction in construction costs necessary to achieve a 20% leveraged IRR, and for which the unleveraged IRR is calculated at 8.66%.

### **4. Office**

The Office building is envisioned to be true Class A office space and none currently exists within the Sports and Entertainment District. Office occupancy in Downtown as a whole is

experiencing post Covid work from home market stress with most recent figures showing an increase from 14% to 18% vacancy. In general, DIA would not support an incentive for speculative office space considering these vacancy rates. In this proposal, most of the office space will be leased by affiliated entities including notably the Jacksonville Jaguars businesses offices whose relocation from the stadium will facilitate contemplated stadium renovations. Other tenants of affiliated businesses are expected to occupy the remainder of the building and are not relocating from other Downtown locations. As such, the Office Improvements it will not adversely impact Downtown office vacancy rates and the increase in property value to the immediate vicinity is accretive.

***Finding:***

***Per the third-party market study prepared by CBRE, a nationally recognized commercial real estate advisory firm, the project is unique in its value proposition and offering to the hospitality and residential markets of Jacksonville, FL. Potential demand for the development and its branded, high-quality, product and experience is deemed feasible and warrants consideration for approval of incentives to broaden the product mix in the area and to attract guests and residents to our downtown community that would not likely occur otherwise. The Office building will provide class A office space not otherwise available in the immediate vicinity and is reasonably expected to meet occupancy projections without adversely impacting vacancy rates elsewhere in Downtown.***

**C. Developer:**

Iguana Investments Florida, LLC is a Delaware limited liability company qualified to do business in Florida. The entity was formed in Delaware as Iguana Investments, LLC and is qualified to do business in Florida as Iguana Investments Florida, LLC. Iguana Investments Florida, LLC (“Iguana”) is a special purpose entity created to act as the master developer of the City-owned riverfront property known as the Shipyards. Iguana Investments, LLC is owned in totality by Mr. Shahid Khan.

Officers of Iguana are as follows:

Shahid Khan, President  
Mark Lamping, Vice President  
Megha Parekh, Secretary

The corporate address and contact information is:

One TIAA Bank Field Drive  
Jacksonville, Florida 32202  
904.633.6302  
[parekhm@nfl.jaguars.com](mailto:parekhm@nfl.jaguars.com)

Globally, Mr. Khan is the principal of the Four Seasons Hotel Toronto, Jacksonville Jaguars, Bold Events, Flex-N-Gate Automotive and Fulham Football Club. Mr. Khan has an extensive background in development projects which includes, but is not limited to, The Four Seasons Hotel and Residences Toronto, a 259 Room hotel and 210 private residences (Toronto, ON);

Fulham Pier, a sports-anchored, 150 million GBP mixed-use development project (London, UK); Daily's Place Amphitheater and Dream Finders Homes Flex Field (Jacksonville, FL), TIAA Bank Field luxury clubs and stadium video boards (Jacksonville, FL).

***Finding:***

***The Developer has the demonstrated experience and capacity to perform its obligations under the various contracts and a proven track record of project delivery.***

**D. Fair Value of Property as Appraised:**

As required Jacksonville by Ordinance Code Section 122.432(b), the DIA must obtain an appraisal for any property considered for disposition. The DIA engaged Colliers International to prepare the appraisals of the Hotel Parcel, Office Parcel and Easements and appraisals of each were delivered to DIA dated June 8, 2021.

**1. Hotel Parcel**

The conclusion of value for the highest and best use of the Hotel Parcel is \$ 59.92 per square foot yielding a value for the 4.77 acre parcel of \$12,450,000. This is the "as-is Market Value" as determined by comparison to other recent sales. The parcel is bordered by a public park (Metropolitan Park) which could be argued to increase its value and is wider parallel to the river than is allowed by zoning absent a view and access corridor- also a possible factor that would warrant an increase in value. The parcel size was deemed reasonable and appropriate for redevelopment and did not warrant any reduction for size or dimensions. It is also subject to restrictions for redevelopment consistent with the BID and CRA Plan, as is all property Downtown, including most of the comparable sales (which could arguably be considered a minus factor, although DIA believes that these restrictions will actually enhance long term value). The parcel location in the Sports & Entertainment District was taken into consideration in evaluating comparable sales as well as rapidly improving market conditions. While the property is known to have once contained contaminated soils, any contamination that was discovered has been remediated and there is now a closure letter in place. No deduction for unknown soil conditions was appropriate as most Downtown properties may have subsurface conditions that warrant additional development costs, and these were the comparable sales used. Further, the redevelopment proposal gives the Developer a right to examine the environmental condition and terminate prior to closing, and the development budget provided and on which incentives and gap were calculated include substantial costs for remediation and fill.

**2. Office Parcel**

The conclusion of value for the highest and best use of the Hotel Parcel is \$ 55.00 per square foot yielding a value for the 1.05 acre parcel of \$2,450,000. This is the "as-is Market Value" as determined by comparison to other recent sales and is adjusted downward by the fact that that there is an intervening parcel (the Marina Support Parcel) between this parcel and

the waterfront although views would only be modestly impacted at grade and the Events Lawn park space could arguably increase value. The Office Parcel is narrower than the Hotel Parcel and bounded by two easements that restrict development. However, at 170' wide and 260' deep, the width of the parcel was not deemed to be an impediment to its value. As with Hotel Parcel, the Office Parcel is subject to restriction for redevelopment consistent with the BID and CRA Plan, as is all property Downtown, including most of the comparable sales. No deduction for these requirements, such as first floor street front activation and retail, is appropriate due to the applicability throughout Downtown. Furthermore, the proforma addresses the gap between retail rents and operating expenses inclusive of debt service. Incentives are provided to bridge this gap. Again, the issue of unknown subsurface contamination is addressed in the construction budget and right of termination.

The appraisal did provide a hypothetical ground lease rent number at our request based on this fee simple valuation. However, in negotiation of the term sheet with the developer, it was agreed that a rent that approximates a payment in lieu of taxes would be acceptable. That number amounts to approximately \$36,000 and is the agreed upon annual ground lease rent throughout the forty (40) year lease term. No escalation was included because this is not an attempt to charge market rent for the ground lease and the difference between the fixed rent during the lease term and market value is treated as an incentive.

In calculating the difference in value between the appraised value and rent received, we utilized the same methodology as was used in the recent River City appraisal prepared by CBRE dated Nov 9, 2020. In that instance, the fee simple value of the land was determined. The proportionate values of the ground lease term and City's remainder interest were calculated by applying an annual growth rate of 2.5% and discounting to determine NPV at the rate of 6%. In this case, the remainder value of the Office Parcel upon expiration of the forty (40) year lease term is \$657,840. If one deducts the sum of the annual lease payments \$1,440,000 (\$36,000/year times 40 years) from the appraised fee value of \$2,520,000 the difference is \$1,080,000. Again, subtracting the remainder value which the City retains of \$657,840, the net incentive provided on the ground lease is \$422,160.

### **3. Easement Interests**

In the proposal received from the Developer, the above-described Hotel Parcel and Office Parcel are defined so as to leave the City as the fee owner of the easement parcels. Because the square footage of the development parcels is reduced accordingly, it was important to value the developer's requested easements over the easement parcels that in fact serve valuable and functional purposes in the site plan. In each instance, a driveway or access road is planned over the easement area as well as various other amenities. As opposed to \$55 or \$60 per square foot values assigned to parcels, the easements were valued in isolation. The fee simple values assigned to Easements 1 and 2 (easement 3 and 4 in the appraisal) are \$94,000 each. The fee simple value assigned to easement 3 (easement 2 in the appraisal) is \$97,000. While the developer is not receiving fee simple to the easement areas, Developer is receiving non-exclusive easements that allow all use not inconsistent



with the underlying infrastructure and utility easement agreements, and by acquiring the parcels on either side Developer has effectively reduced the City's underlying useful value. We believe that the effective value of the non-exclusive easements provided to Developer is the same as the fee simple value subject to the underlying easements and treat the \$285,000 value as a donation of land interest in the ROI calculation.

#### **4. Disposition Value**

In accordance with Florida Statute Ch. 163.380(2) any CRA real property or interest shall be sold, leased, otherwise transferred, or retained at a value determined to be in the public interest for uses in accordance with the community redevelopment plan. We believe that although the actual price offered for the Hotel Parcel is less than appraised value, the land donation is in the public interest in light of project's consistency with the CRA Plan, market feasibility, and impact on not only vibrancy but also on property values and greater economic impact. Similarly, the ground lease rate is less than appraised value, but nevertheless provides the CRA with revenue that approximates the lost ad valorem revenue during the lease term and further redevelopment consistent with the CRA Plan that would not otherwise occur. In each case the private capital investment would not be made without City incentives and the land donation values are part of that incentive.

#### ***Finding:***

***The disposition of the land and property interests as proposed are found to be at a value that is in the public interest.***

### **E. Entitlements:**

#### **1. Zoning Overlay and Design**

##### **a) Zoning**

The properties are within the *Commercial Central Business District ("CCBD")* Zoning District. The proposed uses (Hotel, office, retail, marina) are permitted uses within the CCBD Zoning District. There are no prescribed limitations within the CCBD on densities (i.e. residential units, hotel rooms) or intensities (i.e. square footages of retail, office, etc.). Rather, the Comprehensive Plan's Future Land Use Element carries forward those entitlements afforded to the Shipyards / Lot J / Met Park from the now abandoned DRI, as more fully discussed in the entitlement section of this report.

The CCBD if further divided into "Districts" (e.g. LaVilla, Sports & Entertainment), with each district affording properties therein to additional uses and other prescriptive standards (e.g. height limitations). Additional uses afforded to the *Sports and Entertainment District*, which contains both the Hotel and Office parcels as well as the marina, marina support building parcel and the remainder of the Shipyards, include recreational facilities, convention centers and private clubs.

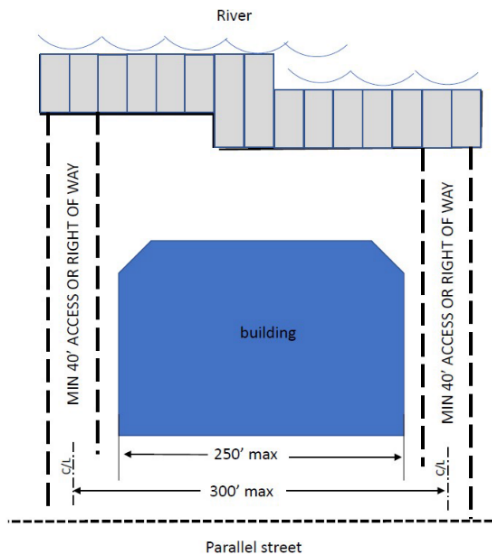
**Finding:**

**The proposed uses are consistent with the Downtown Zoning Overlay Sports and Entertainment District permitted uses.**

**b) River View and Access Corridors**

*Requirement:*

The ordinance code generally requires developments to provide or maintain river view and access corridors perpendicular and open to the river in certain prescribed intervals. The purpose and intent are to prioritize the public's view and access to the St. Johns River, the Riverwalk and adjacent public or private spaces. Generally, those intervals are 300' between corridors, as measured centerline to centerline assuming a 40' corridor width, as illustrated below:



With respect to the Project as proposed, no existing public right-of-way, opened or unopened, is or has been closed. There are no existing rights-of-way running perpendicular to the St. Johns River on the Site.

*Office and Hotel Parcels*

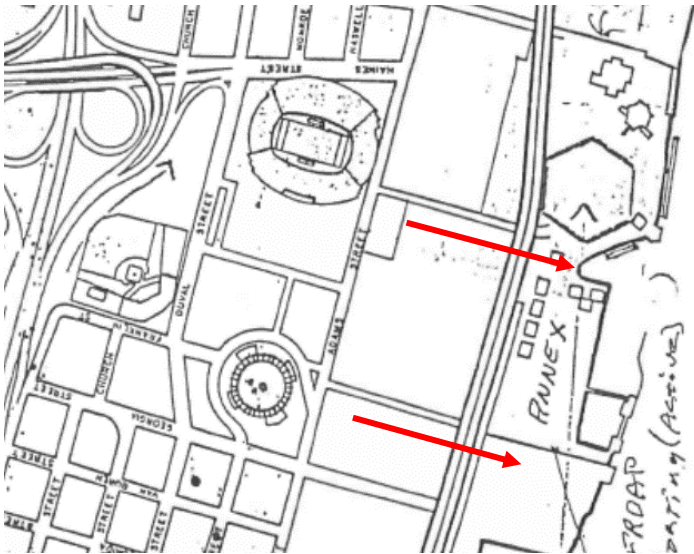
*Office Parcel:* The proposed Office Parcel, as illustrated on **Exhibit G**, is flanked on its east and west by  $\pm 60'$  and  $\pm 100'$  view and access corridors. The distance between these corridors is less than 300' as measured centerline to centerline. The view and access corridor to the west of the office parcel is comprised of two, non-contiguous easements that, when combined with intervening property, varies in width between  $\pm 70'$  and  $\pm 60'$ . The view and access corridor to the east of the office parcel is consists of a 30' easement that, when combined with additional lands from the Office and Hotel parcels, is well in excess of 40 feet in width.

*Hotel Parcel:* The Hotel Parcel is east of the Office Parcel, and as described above, is separated from the Office Parcel by a view and access corridor consists of a 30' easement that, when combined with additional lands from the office and hotel parcels, is more than 40' in width- actually close to 100' as depicted on the site plan. The hotel parcel is approximately 400' feet in width and the Hotel approximately 383' at its widest point. On its face, this exceeds the permissible building width by over 100'.

The Hotel Parcel is flanked to its east by Metropolitan Park, a public park providing a view and access corridor of approximately 600' as measured by drawing an imaginary line parallel to the St. Johns River from the western parcel line of the WJCT/PBS property to the eastern parcel line of Parcel 3 and per code, a wider building is allowed if adjacent to a wider view and access corridor.

Per code, if an existing View and Access Corridor is not located every 300 feet (centerline to centerline), then the View and Access Corridor to be provided shall be aligned with a longer existing perpendicular View and Access Corridor landward of the first street that is generally parallel to the river, if feasible.

Historically, there were longer view corridors in the location of the streets depicted on the 1985 exhibit from the FRDAP grant. These are in the location of Easements 2 and 3 and Metropolitan Park.



Currently, there are two corridors on the north side of Gator Bowl Boulevard that are maintained to the St. Johns River: the western corridor is what would be an extension of Franklin Street along the west of the Office Parcel in the location of Easements 2 and 3. The eastern corridor is an extension of the entrance road to the stadium that is flanked by Lot J to its west and Daily's Place to its east. Both corridors and their extensions to the St. Johns River remain open to both view and accessibility, with the eastern corridor ultimately becoming a part of Metropolitan Park.

In addition to these corridors, the development plan includes a new corridor separating the office and hotel parcels. All three corridors are illustrated in red arrows below, with the development plan overlaid on a recent aerial:



The result of the City retaining the Metropolitan Park land and keeping the hotel width and Hotel Parcel geometry as proposed, accomplishes the intent of the overlay by providing a contiguous, uninterrupted, and publicly accessible view and access corridors at regular intervals consistent with open corridors across Gator Bowl Boulevard.

Nevertheless, the Hotel Parcel exceeds the permissible width between view corridors and a Deviation will be required from DDRB and City Council with respect to the view and access corridor requirement for the Hotel parcel. After the administratively permissible increases for wider view corridors and the adjacent park, a deviation of approximately 73' will be required.

**Finding:**

***It is staff's belief that the Hotel Parcel, as defined and constrained by Easements, meets the intent, if not the strict letter, of the code. The Hotel proposal meets all required criteria for the deviation and the intent of the overlay, and this deviation would be supported by DIA without loss of incentive. The Office Parcel meets the code requirements for view and access corridors.***

**c) Building Heights**

Building heights are unlimited within the *Sports and Entertainment District*. However, building heights are not unlimited for the first 175' from the St. Johns River, with that area being generally being defined as the Riverfront Zone and more specifically as having the following terracing of heights:

| <b>Riverfront Zone</b>                      | <b>Maximum Height</b> |
|---|-----------------------|
| Zone A - 0 to 50' from bulkhead or MHWL     | 0'                    |
| Zone B - 50' to 100' from bulkhead or MHWL  | 45'                   |
| Zone C - 100' to 175' from bulkhead or MHWL | 75'                   |

The Hotel parcel's southern property line begins 50' off of the St. Johns River, with the City retaining ownership of that first 50'. Therefore, only the Zones B and C affect the Hotel parcel in terms of height limitations. Based on the conceptual drawings, the western section of the hotel is within Zones B and C and may exceed their respective height maximums. However, it should be noted that the Ordinance Code allows for height increases without the need for a deviation within Zones B and C, providing that there is, in essence, an increase in open space. It is expected that the hotel and accessory buildings (e.g., Pool Club) will conform to the Riverfront Zone and volumetric requirements of the Ordinance Code without the need for a deviation. It should further be noted that, due to the need for a deviation to increase the maximum distance between view and access corridors as discussed above, staff would not be supportive of any deviation for height resulting from an increase in overall building volume with Zones B and C.

The Office parcel falls outside of the Riverfront Zones, with its southerly parcel line approximately 300' from the St. Johns River.

***Finding:***

***The City's retention of the Riverwalk Parcel ensures all buildings are set back 50' from the river. It appears from the renderings that the Hotel Improvements will meet the height step back zones and massing requirements applicable to the Riverfront Zone and they are subject to DDRB final review and approval. The Office Improvements fall outside the Riverfront Height zones and comply with all applicable height limitations.***

**2. Development Rights**

**a) Background**

Through various ordinances and/or resolutions relating to that ±44.7 property known as the "Shipyards" the following entitlements were memorialized within the former Consolidated Downtown Development of Regional Impact ("DRI"):

- 400 marina boat slips;
- 1,000,000 square feet of general office;
- 356 hotel rooms;
- 662 residential units; and
- 100,000 square feet of commercial (retail, restaurants, etc.)

The entitlements belong to the property owner, which is the City of Jacksonville, with the Downtown Investment Authority having management and allocation responsibility.

Through the adoption of Ordinance 2018-771-E, the geographic area for which the above developments rights apply was expanded to include the Shipyards, Lot J and Metropolitan Park (inclusive of The Site).

**b) Prior Allocation of Development Rights (Lot J)**

In November of 2020, the DIA Board adopted Resolution 2020-11-03, allocating 500 units of multi-family, 250 hotel rooms, 50,000 square feet of office and 200,000 square feet of commercial to Jacksonville I-C Parcel One Holding Company. In order to increase the commercial entitlements from 1000,000 to 200,000, as part of Resolution 2020-11-03, 166,444 square feet of office was converted to 100,000 square feet of commercial utilizing the "Shipyards Land Use Transportation/Trade-Off Matrix" adopted as part of the DRI Development Order in effect at that time.

Resolution 2021-06-07, adopted at the June 16 DIA Board meeting, formally rescinded the allocation to Lot J contained in Resolution 2020-11-03 and returns those entitlements to the DIA. The City/DIA, at its discretion, may use or allocate to others the remaining entitlements either on the remaining Shipyards / Lot J / Met Park properties, or on any other property within the DIA boundaries, subject to further action by City Council pursuant to the Comprehensive Plan.

***Finding:***

***Sufficient development rights remain available for allocation to the Project and will be handled by separate DIA Resolution if the Disposition is awarded to Developer.***

c) **Marina and Marina Support Building**

These will be owned, if not operated, by the City. The City/DIA, as the owner of the Shipyards / Lot J / Met Park properties, retain all entitlements not expressly allocated to Iguana Investments Florida, LLC. Sufficient development rights are available for allocation to the Marina Support Building and the Marina is grandfathered by prior allocation.

d) **Future Development Parcel**

Being that there is no interest in property conveyed at this time, and that such an interest in property would be predicated on a Notice of Disposition being issued, no entitlements are being considered for allocation by the City/DIA.

**F. Relocation Costs and City Expenses**

**1. Relocation of Park**

a) **Requirement**

Pursuant to Sec. 122.421(b), *Ordinance Code*, the City only permits the sale of city-owned parks and park facilities if it is necessary for the greater public good and if the park and park facilities are replaced in equal or greater size and value in the same general area or close as possible. This policy is to assure that adequate recreational and park facilities and land are available for use by the neighborhoods impacted by the sale. Any disposition will thus require the location, design and construction of a replacement park and staff recommends that this park be located on the Shipyards West Parcel (*Hogans Creek to Catherine Street/Berkman*). We propose that 10 acres or more, sufficient land area to replace the upland subject to the FRDAP grant, be dedicated as replacement park.

b) **Evaluation**

As stated in our review of consistency with the BID Plan, DIA staff believe that development of a 10-acre park on Shipyards West Parcel, while retaining 14+ acres of park at Metropolitan Park on the East:

- *Creates an equal or larger park in size but with more than 3x the amount of linear feet along the riverfront than The Site (2,553 lf vs 753 lf) thus providing better river access and views not constrained by the Metropolitan Park Marina*
- *Complements the future USS Orleck Museum that will be moored at Pier 1*
- *Integrates into the planned open space along the mouth of Hogans Creek*
- *Addresses resiliency and environmental remediation. The City has funds allocated for remediation of this Brownfield Site, which will allow us to elevate the site in response to Sea Level Rise and topographically contour the land to create a distinctive riverfront terrain.*

- *Capitalizes upon the city-owned submerged land and existing piers for on-river activation. This submerged land adds an additional 9 acres over water and 2 acres of pier space for public use, such as a floating restaurant and fishing piers. The public marina in front of The Site will continue to operate in that location as a public facility, so this additional over water acreage is a major gain for public use.*
- *Links the parks in the central core of Downtown to Metropolitan Park in the sports and entertainment district with a destination park in the middle of the two areas*
- *Maximizes the park's accessibility and use for the downtown residents, workers, and visitors who are concentrated in the central core.*

c) **Land Value**

The Shipyards West parcel has long been approved for intense mixed-use development. It was sold to TriLegacy, acquired by Landmar and then reacquired by the City. Subsequently Iguana was awarded two separate RFPs for redevelopment of the parcel, both with substantial density on this parcel. The current appraisal for the Hotel Parcel would establish a value of \$60 per square foot for this land. If, in order to facilitate this potential disposition, 10 acres of otherwise developable land is to be dedicated and restricted for park purposes, there is a loss of highest and best use value that must be acknowledged. In 2019, an appraisal of Metropolitan Park was completed by Lampe, Roy & Associates, and for National Park Service purposes the value of the property was determined to be \$20/per square foot or \$871,200 per acre. While we are simply moving the park land from one location to another, the Hotel Parcel and Office Parcel are only 4.77 acres and 1.05 acres respectively, with the remaining land being public but inadequate in size to provide a comparable replacement park. Using the chart below, we have determined the loss of land value associated with the replacement park to be \$7,526,000. We have not reduced the value for contamination for the reasons described below. It should be noted that charging this value as an outflow against ROI is a conservative approach which reduces ROI. Arguably, the City is capturing the highest and best use of the Office Parcel and Hotel Parcel and ending up with superior park space that could be viewed by some as even swap. We did not take that approach due to the past development plans for the Shipyards West Parcel and the need to provide 10 contiguous upland acres to satisfy the FRDAP requirement. Even with this added expense of \$7,526,000 to the evaluation of the proposal, it retains an ROI of 1.



| <i>Current Situation</i> | ACRES | VALUE<br>PER SF | VALUE                |
|--------------------------|-------|-----------------|----------------------|
| Kids Kampus              | 10.00 | \$ 20.00        | \$ 8,712,000         |
| Replacement Parcel       | 10.00 | \$ 60.00        | \$ 26,136,000        |
| <b>TOTAL</b>             |       |                 | <b>\$ 34,848,000</b> |
| <i>End Situation</i>     |       |                 |                      |
| Four Seasons Parcel      | 4.77  | \$ 59.92        | \$ 12,450,000        |
| Office Building Parcel   | 1.05  | \$ 55.00        | \$ 2,520,000         |
| Retained Public Land     | 4.18  | \$ 20.00        | \$ 3,640,000         |
| New Kids Kampus          | 10.00 | \$ 20.00        | \$ 8,712,000         |
| <b>TOTAL</b>             |       |                 | <b>\$ 27,322,000</b> |
| <b>Difference</b>        |       |                 | <b>\$ 7,526,000</b>  |

**d) Site Contamination and Remediation**

The replacement park land is subject to a BSRA and has not been remediated. However, approximately \$13,000,000 was appropriated by City Council for remediation of this site and is on deposit. Based on the various monitoring efforts and site assessments, it is believed that 2 feet of fill across the site would be adequate remediation to obtain a site closure. Public Works has estimated the cost of this fill project to be \$2,000,000. Because this is a Brownfield site, if remediation in a given calendar year does not exceed \$1,000,000, the City can recover 50% of that cost through tax credit sales. Since funds sufficient to remediate the site are being held in trust, neither the offsetting reduction in land value for contamination nor the cost of remediation were included in calculation of ROI. In fact, the tax credit sale will allow the City to actually recover funds. The resulting filled site will also be more resilient to rising river levels and provide contour opportunities for park amenities.

**e) Park Design**

Jessie Ball DuPont Fund, in collaboration with DIA, is developing several master plan concepts for the new park space. These concepts will be modified over the summer to incorporate the public input received on programming the entire Riverwalk parks system within Downtown and presented to FDEP in late summer.

It has been suggested that the western end of the new park (perhaps 1- 2 acres) could become a “Heroes’ Park” paying tribute to the military (USS Orleck docked adjacent), the relocated Fire Museum on site, and other potential first responder and military tribute components in this location.

One unique benefit of the replacement park space is the City’s ownership of the adjacent submerged lands which allow for designs that incorporate that additional acreage to create an extraordinary destination park.

The relocated park will also connect the currently isolated Sports and Entertainment District to the Central Core - giving residents and visitors a reason to walk beyond Catherine Street.

DIA has committed to request design funds for the full park design in the 21/22 budget. The DIA Board has allocated CRA funds to a new activity entitled NB Parks and Programming and these funds could be used for this purpose unless funded in the CIP.

**f) Park Development Cost**

As mentioned above, the cost of 2' of fill is already funded with remediation funds. The cost of extending the Riverwalk across the entire frontage of the new park has been requested in this year's CIP request. The cost of park construction itself will depend on design but would be requested for inclusion in the CIP next year. None of these costs were included in calculating ROI because the current Kids Kampus also requires new park equipment and amenities, and the Riverwalk for Shipyards West has been contemplated for years regardless of park status.

**2. Relocation of Fire Museum**

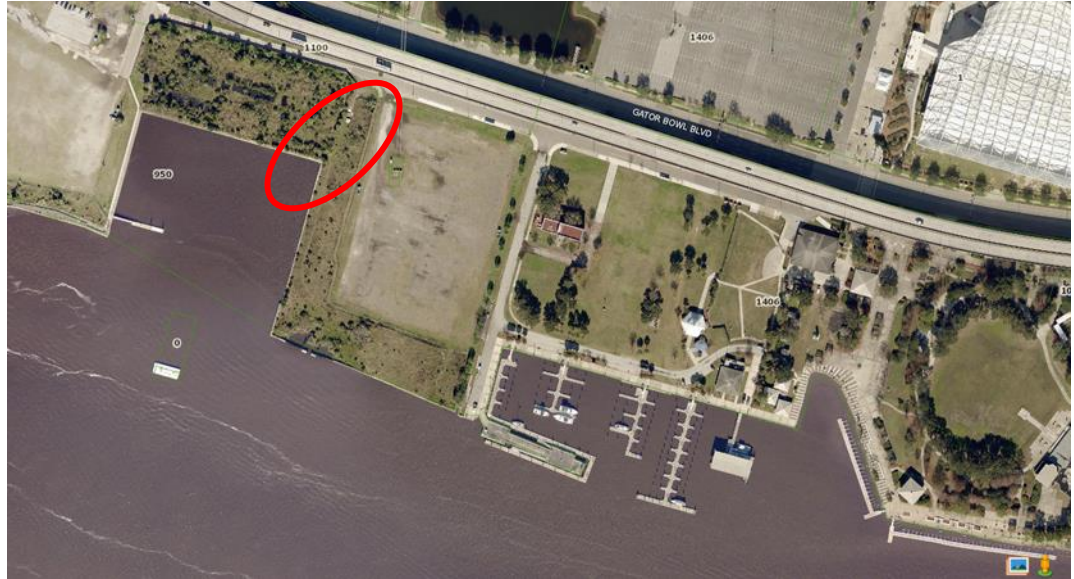
If this disposition is approved, the Fire Museum is proposed to be relocated, by barge, to the westernmost parcel of the Shipyards, fronting Bay St. near its original location. The relocation would require approval of JHPC. The site would require remediation and 3 feet of fill has been determined to be adequate for remediation and to provide a more resilient home for the historic building. New utility lines will be run from Bay Street to the building and site landscaping provided. The total cost for this relocation is estimated by Public Works to be \$1,750,000.

**3. Relocation of Marine Fire Station, Dock and Boathouse**

If this disposition is approved, DIA proposes that the fire station and dock be relocated just to the west of the Future Development Parcel in the area shown below in the red oval. In this location the City owns the submerged lands, and no submerged lands lease is required. The fire dock and boathouse would be relocated to this area which may require dredging near the shore. The Public Works estimated cost for replacement of the fire dock is \$4,468,000. We have used 75% of that value in calculating ROI to recognize the upgraded lift and facilities that are included in that estimate.

The marine fire station (no trucks) would be located on the outparcel surrounding and under the guy wire easement that impacts the western corner of The Future Development Parcel. The Developer has suggested that a permanent fire station might be located in a future building to be developed on the Future Development Parcel. If developer elects to exercise the ROFO and is the successful recipient of a disposition on the Future Development Parcel, the cost assigned herein to the fire station would be an offset to land costs if Developer were to incorporate the fire station in a future building.

Since the ROFO runs through December 31, 2024, a temporary fire station may be utilized during the term of the right of first offer on the Future Development Parcel until it has been determined whether a new permanent fire station will be constructed on the outparcel or be incorporated in a building constructed by Developer. The cost of the new fire station, as determined by Public Works, is \$1,798,000 and the cost of the temporary station is \$705,000.



*(Oval identifies vicinity of the new dock, boathouse and fire station)*

#### **4. Riverwalk Reconstruction**

The Riverwalk currently exists parallel to the bulkhead landward of the Marina. Due to its age, condition and elevation, the City had previously committed in the 20/21 CIP to fund replacement of this portion of the Northbank Riverwalk as part of a larger Shipyards area budget. Based on a terraced design that increases the Riverwalk elevation as identified in the Erik J. Olsen, P.E., “Flood Risk Assessment and Resiliency Guidance” for the Shipyards, dated September 16, 2020 study on the site, and the need to transition to the raised elevation of the Hotel, an estimate of \$3,900,000 was included for the Riverwalk reconstruction. Again, since this cost was contemplated prior to, and is not an inducement to the redevelopment proposal, it is not included in ROI.

#### **5. Marina Support Building and Events Lawn**

The Marina Support Building and Events Lawn are City park facilities on City land. The current budget for each is:

|                                |                                   |
|--------------------------------|-----------------------------------|
| <b>Marina Park</b>             | <b>\$1,300,000</b>                |
| <b>Marina Support Building</b> | <b>\$4,571,000 to \$4,892,967</b> |

The City commits to build these facilities, or at Developer’s option it may design and construct the facilities subject to the approval of the design and construction budget by the COJ Parks department. If the Developer elects to build on behalf of the City, it must also reconstruct the Marina and the City’s combined reimbursement cost responsibility for all facilities is \$13,373,100 with the Developer responsible for any cost overruns.

## 6. Marina

COJ has agreed to renovate and reconstruct the Marina. As described above in the Project description, the number of slips and linear feet of dockage will be equal or greater to the current marina, the marina will remain compliant with the FRDAP Grant, the City will continue to own the marina and maintain the State Submerged Lands Lease, and the facility will operate as a public marina fully open to recreational boaters on a transient basis. The estimated cost for the Marina reconstruction is \$7,180,133. The City commits to build these facilities, or at Developer's option it may design and construct the facilities subject to the approval of the design and construction budget by the COJ Parks department. If the Developer elects to build on behalf of the City, it must also construct the Marina Support Building and Events Lawn and the City's combined reimbursement cost responsibility for all facilities is \$13,373,100 with the Developer responsible for any cost overruns.

### ***Finding:***

***The allocation of land for a replacement park and the costs incurred in relocation and replacement of existing facilities are warranted City investments in public facilities and parks, many of which are currently aging, underutilized and in need of repair. While many of these costs are conservatively charged to the project ROI, the renovations and new construction will result in higher quality, more functional park amenities and public facilities that benefit not only Downtown but the entire City.***

## G. Financial Analysis

The Developer submitted a development budget for the project overall, detailed construction budgets for each of the building components on a stand-alone basis and itemized operating pro forma statements for each of the properties. Several rounds of meetings have been held with the Developer to address specific questions drawn from this information. A meeting was also coordinated between DIA staff, COJ Public Works staff, and representatives from Coastal Contractors, the general contractor, and HKS, the architect, to gather answers to specific questions directly from the source of the information from which these budgets were prepared. The following sections provide insights drawn from the analysis of this information by DIA staff, and incorporates supporting observations and verifications provided by COJ Public Works.

### 1. Construction and Site Costs

The table below provides a summary of the development budget as provided for the properties to be developed by Iguana for its own benefit. This information reconciles to other information found in this report, including the Minimum Private Capital Investment, and the basis amount used in calculating incentives found elsewhere.

| <b>Minimum Private Capital Investment</b>                      |               |                |                       |
|--|---------------|----------------|-----------------------|
| Hotel and Condominium Development                              |               | \$ 241,407,231 |                       |
| Office Building  |               | \$ 56,650,317  |                       |
| Environmental Remediation - Estimated <sup>1</sup>             |               | \$ 3,000,000   |                       |
| <b>Total MPCl</b>  |               |                | <b>\$ 301,057,548</b> |
| <i>Plus:</i>   |               |                |                       |
| Land   |               | \$ 12,450,000  | \$ 12,450,000         |
| <i>Less:</i>   |               |                |                       |
| Tangible Personal Property - Hotel and Condominium Development | \$ 11,130,000 |                |                       |
| Select Soft Costs - Hotel and Condominium Development          | \$ 12,330,481 |                |                       |
| Tangible Personal Property - Office Building                   | \$ 5,389,085  |                |                       |
| Select Soft Costs - Office Building                            | \$ 2,479,620  |                |                       |
| Environmental Remediation - Estimated <sup>1</sup>             | \$ 3,000,000  |                | \$ (34,329,186)       |
| <b>Total Land and Buildings for REV Calc</b>                   |               |                | <b>\$ 279,178,362</b> |

| <b>TPP for REV Calc</b>                            |               |  |                      |
|--|---------------|--|----------------------|
| FF&E, OS&E, TI - Hotel and Condominium Development | \$ 11,130,000 |  |                      |
| FF&E, OS&E, TI - Office Building                   | \$ 500,000    |  |                      |
| Leasehold Improvements - Office Building           | \$ 4,889,085  |  |                      |
| <b>TOTAL</b>                                       |               |  | <b>\$ 16,519,085</b> |

1 - Detailed Estimate Pending Completion of Phase1/Phase2/Geotech

As noted elsewhere, the Minimum Private Capital Investment for the Developer is \$301,057,548. This amount captures the \$241.4 million total costs (excludes land) for the 660,131 square foot Four Seasons building that houses the hotel, condominium residences, beach club, and garage, plus the total \$56.7 million in costs for the 157,027 square foot office building, and a \$3 million estimate for remediation costs associated primarily with the earthwork needed for building support.

The table below analyzes these costs for the Four Seasons building on a per foot basis for construction only, as well as “all in” which allocates indirect costs over each component and calculates the Total project Cost of \$384.56 per square foot inclusive of construction costs, indirect costs and land.

|                                   |                       | Square Footage | Per Square Foot |                     |
|-----------------------------------|-----------------------|----------------|-----------------|---------------------|
|                                   |                       |                | Construction    | All In <sup>1</sup> |
| <b>Land Cost</b>                  |                       |                |                 |                     |
| Hotel                             | \$ 99,243,798         | 266,303        | \$ 372.67       | \$ 471.42           |
| Residential                       | \$ 56,701,329         | 214,550        | \$ 264.28       | \$ 363.02           |
| Parking Garage                    | \$ 16,957,630         | 175,875        | \$ 96.42        | \$ 195.16           |
| River Club                        | \$ 3,320,504          | 3,403          | \$ 975.76       | \$ 1,074.50         |
| Site Work                         | \$ 3,960,748          |                |                 |                     |
| Site Infrastructure               | \$ 4,579,368          |                |                 |                     |
| Hard Cost Contingency             | \$ 10,161,986         |                |                 |                     |
| <b>Construction Costs</b>         |                       |                | \$ 295.28       |                     |
| Architectural & Engineering Costs | \$ 15,837,734         |                |                 |                     |
| Soft Costs                        | \$ 25,444,134         |                |                 |                     |
| Development Costs and Contingency | \$ 5,200,000          |                |                 |                     |
| <b>Total Project Costs</b>        |                       |                |                 | \$ 384.56           |
|                                   | <b>\$ 253,857,231</b> |                |                 |                     |

1 - Building components include indirect costs allocated pro rata based on square footage, whereas the Total Project Cost also includes Land

Overall, the COJ Public Works Department considers these costs for the hotel component reasonable compared with industry data provided by *Cummings* for the hotel property at \$572


sf versus \$471 sf as calculated. Notably, the \$471 excludes land, whereas the *Cummings* data is considered comprehensive to include land, which at \$101 sf is considerably higher than the \$60 psf value of the subject but closes that difference considerably. From a different perspective, industry analyst *HVS* cites the average cost per room of a luxury hotel as \$676,204 net of land in its *U.S. HOTEL DEVELOPMENT COST SURVEY 2020*, with the median noted as \$602,700 also net of land cost. The per room cost of the subject property is \$563,885 net of land which falls below these industry comparisons.

Public Works gathered information from *Levelset* to verify costs provided for the residences and the River Club. Although the per square foot cost of the Residences comes in at a relatively low number at the gross level, \$363.02 all in psf, only 107,088 total square feet are considered salable which increases the cost per square foot to \$529.48. While this is considerably higher than the \$400 sf estimate gathered by Public Works from *Levelset*, it is 51% below the pro forma sales price projected at \$800 sf, which provides room for discounting should market acceptance not be found at that level.

*Levelset* data was also used to validate the seemingly high cost of the River Club, calculated at approximately \$1,000 sf, as compared with trade averages presented as \$400 sf. This specific point was addressed with the GC to which enhancements around this property including extensive decking, high levels of ornamentation, a water feature, and unique construction techniques involving extensive use of glass were cited as the driving factors behind this cost level.

The parking garage was also identified as having abnormally high cost at \$65,000 per space as compared with \$30,000 per space at the JEA garage under construction, and the \$20-25,000 space the DIA is accustomed to seeing in other projects. Again, the GC was consulted and provided information stating that this garage serves as the podium for the entire structure and has roofing that supports the entrance drives for both the hotel and the residential and other factors that would not be captured in a typical structured parking garage. The total project cost validation that follows below, helps confirm the validity of these explanations.

As a broad perspective on the construction costs of the Four Seasons property altogether, the GC on the project, Coastal Construction, provided information drawn from seven properties it deems as comparable from its recent experience. This information is captured in the table below and further indicates the GC construction cost of the property as proposed is in line, or below, costs found in similar scale projects. Note that these costs are not the full development costs and as such exclude land, soft costs, other indirect costs, project management fees and contingencies as established by the Developer.

| Cost Comparison to Similar Properties |  |                       |             |  |             |  |  |
|---------------------------------------|--|-----------------------|-------------|---|-------------|--|--|
| Ship Yards Four Seasons               |  |                       |             |   |             |  |  |
| 6/11/2021                             |  |                       |             |   |             |  |  |
|                                       |  | ShipYard Four Seasons |             | Average of 7 Similar Projects   |             |  |  |
|                                       |  | Hotel & Residences    |             |   |             |  |  |
| Cost of Project                       |  | \$                    | 184,763,376 | \$  | 231,135,417 |  |  |
| Gross SF                              |  |                       | 660,131     |   | 665,527     |  |  |
| Total A/C SF                          |  |                       | 379,265     |   | 461,716     |  |  |
| Sale/Lease SF                         |  |                       | 229,338     |   | 286,060     |  |  |
| # Units                               |  |                       | 205         |   | 309         |  |  |
| Total Gross SF per Unit               |  |                       | 3,220       |   | 2,151       |  |  |
| Total A/C SF per Unit                 |  |                       | 1,850       |   | 1,493       |  |  |
| Total Saleable SF per Unit            |  |                       | 1,119       |   | 925         |  |  |
| Ratio of Saleable to Gross SF         |  |                       | 35%         |   | 43%         |  |  |
| Cost per GSF                          |  | \$                    | 279.89      | \$  | 343.28      |  |  |
| Cost per ACSF                         |  | \$                    | 487.16      | \$  | 477.74      |  |  |
| Cost per Saleable SF                  |  | \$                    | 805.64      | \$  | 831.73      |  |  |

For the office building, Public Works drew information from the FIS Headquarters and the JEA headquarters to determine the range for construction costs to be \$300 to \$368 per square foot. This provides estimated cost of \$47.1 million to \$57.8 million for the office building, which captures the GC provided construction cost of \$48.0 million on the low end of that range. The construction cost per square foot for the Iguana office building is calculated at \$305.93.

Public Works gathered information from the Parks Department on costs associated with the construction of the Mayport Community Center and the Southside Senior Center for comparison with the construction budget provided on the Marina Support building. At \$700 per square foot, the \$4.9 million construction budget proposed equals \$742 sf, or 6% higher which could reflect increases in construction costs which have escalated due to more than 200% increased cost in steel and 35% cost increase in wood over the past year.

The Parks Department also provided Public Works with verification of the construction budget for the Marina Park as compared with budgets prepared for Lift Ev'ry Voice and Sing Park, and St. John's River Park and Friendship Fountain improvements.

The table below captures additional cost estimates prepared by Public Works in comparison with cost estimates provided by the Developer. The estimates below have been captured in the overall development budgets, inflows and outflows to the City as presented elsewhere in this Staff Report.

| Public Relocation Components           | DPW Value           | Developer Value     |
|--|---------------------|---------------------|
| Fire Station Temporary                 | \$ 705,000          | \$ -                |
| Fire Dock                              | \$ 4,468,000        | \$ -                |
| Relocation of Fire Station (Permanent) | \$ 1,798,000        | \$ 1,500,000        |
| Relocation of Fire Museum              | \$ 1,750,000        | \$ 1,500,000        |
| <b>Public Components Subtotal</b>      | <b>\$ 8,721,000</b> | <b>\$ 3,000,000</b> |

## 2. Sources and Uses

In reviewing the development activity, the approach utilized examines only the sources and uses of capital in the development of properties that will be owned and operated by Iguana, namely the Four Seasons Hotel and Residences and the Office Building.

Per the terms proposed, Iguana will own the Four Seasons Hotel and Residences along with the underlying land and will also own the Office Building on adjacent property, subject to a 40-year ground lease with the City. The figure below provides a high-level summary of this information for both properties combined, following the injection of land for the hotel property.

| Sources and Uses Shipyard - Phase 1 - Post Support |                    |                                   |                    |
|--|--------------------|-----------------------------------|--------------------|
| 6/16/2021  |                    |                                   |                    |
| Sources  |                    | Uses                              |                    |
| Debt   | 195,687,406        | Hotel and Condominium Development | 253,857,231        |
| Equity   | 105,370,142        | Office Building                   | 56,650,317         |
| <b>Total Private Investment</b>                    | <b>301,057,548</b> | Environmental Remediation         | 3,000,000          |
| Land Contribution                                  | 12,450,000         |                                   |                    |
| <b>Total Cost</b>                                  | <b>313,507,548</b> | <b>Total - Privately Owned</b>    | <b>313,507,548</b> |

The uses summarized above are examined more closely within the cost analysis presented previously, and the contribution is detailed in the appraisal and other sections.

Within Sources, the Developer proposes a structure of 35% equity (\$105,370,142) and 65% debt (\$195,890,592), although lending sources, term sheets or commitment letters have not been specifically identified. Given Mr. Khan's understood status in the global business community, access to capital markets is not considered a high risk in this transaction. If debt is not available in the ratio as submitted, it is presumed that that decision to inject higher levels of equity would be made more so on return metrics than issues with financial capacity. That same framework is utilized in the gap analysis that serves as the basis of support for the incentives proposed.

## 3. Operating Pro Forma

Risk to the City related to evaluation of the operating pro forma provided by the Developer is found in viability of the project at the highest level and in the calculation of Local Option Sales Tax (LOST), bed tax, and employment tax benefits as contributions to the ROI more directly. Two principal factors relate to these focal points:

- a) The pro forma prepared and presented by the Developer follows the revenue and expense information as provided by the CBRE feasibility study primarily with certain expenses based on information provided by Johnson Consulting.
- b) As noted earlier, the LOST and employment tax benefits information presented in the Developer's workbook have been eliminated from the pro forma as evaluated by DIA staff in all areas that are not owner occupied, as the practice of the DIA in REV Grant incentive structures is to not provide beneficial consideration for these contributions from speculative space, regardless of confidence of the absorption of that space.



*Revenues:*

Operating revenues and expenses will generate from the following principal sources:

**FOUR SEASONS RESIDENCES**

- a) *Sale of Residential Condominiums* – The 25 residential units, comprising 107,800 total square feet, are projected to go to market at a cost of \$800 square foot in 2019 dollars, or \$868.64 as adjusted for inflation at 3%. This sales price was established in the CBRE market study and reflects the branded luxury condominium premium of 3.3 times the \$240 psf average sales price that exists in the Downtown Jacksonville market today. Absorption is expected to occur over 24 months during the construction period with 15% deposits required at the time of contract and all sales closing during the first year of operation or 2025.
- b) The penthouse is scheduled to build out at over 19,000 sf, which would equate to a sales value of more than \$16.5 million. The average size of the remaining residences is approximately 3,600 sf with an average cost of just over \$3.1 million.
- c) Carrying costs during this period are nominal centered solely in property taxes with no amounts assessed for utility, insurance costs, or HOA fees, through the sales period (prior to completion). The remainder of expenses captured relate to selling costs, including sales expenses of 1.5%, sales commissions of 6.0%, and a sales royalty fee to Four Seasons equal to 4.5%.
- c) Over the marketing and sales period, condominiums generate \$93 million in revenue, and incur \$12 million in costs outlined above, providing \$80.1 million in cash flow, which the Developer's pro forma shows going completely towards the repayment of debt.

**FOUR SEASONS HOTEL**

- a) *Hotel Room Rents* – Other than the first full year of operations, revenue from room rentals serves as the primary source of revenue for the Four Seasons operation, as expected, ranging from 43.5% to 45.4% of total revenues. Room rents in 2025, the first full year of operation, are initially based on 57% occupancy and an ADR of \$410.75 (\$344 nightly in 2019 dollars), which provides RevPAR of \$234 and total revenue from this source of \$15.0 million.

The ADR is established at the average for branded urban luxury hotels across the Southeast and Mid-Atlantic region and reflects a 262% premium over the market average ADR for Downtown Jacksonville. Occupancy in this group average 70.3%, and due to the low occupancy in year 1, the Jacksonville property's RevPAR is 23.3% below the average.

Department expenses are shown to be 36% of room revenue in year 1, dropping to 32% by the fourth year and remaining steady at that level in forward years. This is a reflection of occupancy increasing to 70% over this period and

absorbing fixed costs assigned to the category. At 64-68% of revenues, Room rentals provide the greatest contribution margin of the four categories of Rooms, Food and Bev, Parking, and Spa.

- b) *Food and Beverage Operations* – Revenue from Food and Bev nearly equals Room revenue throughout the pro forma as it levels off to 41.8% of total revenue from its starting point of 44.1% of the total. Department expenses are considerably higher at 66-69%, with corresponding contribution margin of 31-33%.

As noted in the ROI calculation section, variance within the room rents in ADR or occupancy levels as projected, along with any downward variance found in projected food and beverage revenue will have the greatest impact on sales tax amounts for bed tax, room surcharge, and LOST. As noted in that section, reductions in these estimates of 10-25% would reduce the ROI from 1.0X to 0.96X to 0.91X, which may be considered acceptable within PIP guidelines for a project of this scale and impact on the broader geography of the area.

- c) Revenue from the Spa, 9.1% to 9.5% of the total over the years in review, and from Parking, 2.7% of the total, combine to generate approximately 12% of total revenue. At 73.9% to 75.7% of department revenue, the department expenses for the Spa suggest it serves as a draw to attract guests to stay and dine, as it contributes the lowest profit margin the revenue sources cited. Parking similarly shows department expenses of approximately 60%. Due to these high costs, the combined contribution to operating income from these two sources averages 7.2-7.3%.
- d) In total, revenues for the Four Seasons Hotel are established at \$34.5 million and grow to \$53.1 million through the tenth year, including a 3% inflation factor each year. After operating expenses and fixed costs of approximately 27-30%, annual cash flow before debt and income taxes is expected to range from \$4 million to \$8 million per year through year ten.

#### **OFFICE BUILDING LEASE ACTIVITY**

- a) The office building comprises a first floor with 4,728 sf coffee shop, and 6,300 sf of usable amenity space with purpose not yet defined. The upper five floors provide rentable square footage that ranges from 18,702 sf to 21,205 sf. Rents for all spaces is projected at \$32 sf with the exception of amenity space, shown to be \$25 sf. TI allowances for build out is \$45 psf for office space, and \$25 to \$50 sf for the amenity and coffee shop space.
- b) Occupancy is shown to begin at 72.9% with third party lease space not showing as becoming fully leased until the fifth year. From that point forward, occupancy is shown to level off and maintain a level of 95.4%.

- c) Notably, it is anticipated that Jaguar ownership and management will occupy the top two floors of the office building and will reportedly pay the same rent, and incur the same expenses as other tenants within the building.
- d) These factors allow total revenue to start at \$2.7 million and increase to \$4.3 million by year ten. With 100% of operating costs shown to be passed to tenants, NOI is shown to equal this amount, with the exception of replacement reserves established at \$0.20 per square foot in each year, or \$22,184.

#### **MARINA OPERATIONS**

- a) Marina related revenue is shown to come from three principal sources: 1) slip rental, fuel sales, leased space within the Marina Support Building
- b) In Developer's pro forma, slip rental revenue is included and broken down into 26 slips for daily use and 26 slips for monthly use, which is not currently permissible under the submerged land lease in place, nor under the terms of this proposed disposition. Total revenues from this source (\$2,500 monthly, \$35 daily) range from approximately \$800 thousand to \$1.1 million annually but are not given consideration here due to the impermissibility of this fee structure.
- c) Fuel revenue is nominal at \$15 to \$100 thousand annually.
- d) The small retail store and marina office (1,200 square feet combined) are shown to generate \$20 square foot in lease income, \$25,000 annually. The 3,200 sf restaurant generates \$30 sf, \$96,000 annually.
- e) After operating expenses, these revenue sources combined are expected to contribute up to \$900,000 in annual cash flow. However, it should be noted that whether Developer chooses to enter into an operating agreement for the marina is optional and this revenue could inure to the City as operator.

#### **GLOBAL CASH FLOW**

- a) Total Operating Income of \$8.7 million in the first year of stabilized operations is derived from Hotel (67.9%), Office Building (30%) and Marina Operations net of Slip Rentals (2.1%).
- b) Debt Service totaling \$7.9 million is calculated on \$195.7 million in debt.
- c) Pre-tax Cash Flow after Debt Service begins at \$786 thousand in the first year of stabilized operations and increases to \$4.8 million over ten years.
- d) Based on an equity injection of \$105.4 million, the Pre-tax levered IRR is calculated as 7.81% with the incentives included.
- e) In the absence of the incentives, the equity injection increases to \$145.5 million, and the Pre-tax levered IRR is calculated at -9.13% which evidences the need for incentive funding to make the project viable.

- f) Note: Proceeds from the sale of condominiums are not included as they are modeled to reduce debt upon receipt. Inclusion of those proceeds, instead of reducing debt causes the Pre-tax levered IRR to drop to just over 1.1% with the inclusion of incentives.

**Finding:**

**Global cash flow, as analyzed by DIA staff, provides evidence that the returns generated by the operations of the property alone would be insufficient to service a combination of debt and equity necessary to capitalize the project as presented.**

**4. Incentives**

- a) **Recaptured Enhanced Value (“REV”) Grant with maximum indebtedness of \$47,683,955.**

REV Grants for hotels are generally not viewed as adherent to the BID and CRA plan as the addition of new rooms is viewed as detrimental to the performance measure of increasing the occupancy rate of downtown hotels. The subject is given unique consideration as it serves a segment of the market not served by the current population of downtown hospitality providers. Bringing a high-end luxury property to Downtown Jacksonville has benefits beyond the addition of new rooms, including reaching a market that currently does not have options it seeks in the Downtown are, providing amenities unique to the area, and enhancing the Sports and Entertainment District in a way that will benefit the City owned venues in that immediate vicinity.

The REV Grant calculation methodology employed is consistent with DIA protocol in establishing a value based on construction costs including land, less certain soft costs, tangible personal property, and developer fee. For transparency, the Project Management fee as found in the development budgets for the properties is slated to be earned by a third-party project manager and is not going to Iguana, so it is considered an eligible cost in these calculations. The table below reconciles the Minimum Private Capital Investment with the development cost used in the REV Grant calculation.

|  |                |           |                    |
|--|----------------|-----------|--------------------|
| <b>Minimum Private Capital Investment</b>                      |                |           |                    |
| Hotel and Condominium Development                              | \$ 241,407,231 |           |                    |
| Office Building  | \$ 56,650,317  |           |                    |
| Environmental Remediation - Estimated <sup>1</sup>             | \$ 3,000,000   |           |                    |
| <b>Total MPCl</b>  |                | <b>\$</b> | <b>301,057,548</b> |
| <i>Plus:</i>   |                |           |                    |
| Hotel and Condominium Land                                     | \$ 12,450,000  | \$        | 12,450,000         |
| <i>Less:</i>   |                |           |                    |
| Tangible Personal Property - Hotel and Condominium Development | \$ 11,130,000  |           |                    |
| Select Soft Costs - Hotel and Condominium Development          | \$ 12,330,481  |           |                    |
| Tangible Personal Property - Office Building                   | \$ 5,389,085   |           |                    |
| Select Soft Costs - Office Building                            | \$ 2,479,620   |           |                    |
| Environmental Remediation - Estimated <sup>1</sup>             | \$ 3,000,000   | \$        | (34,329,186)       |
| <b>Total Land and Buildings for REV Calc</b>                   |                | <b>\$</b> | <b>279,178,362</b> |
| <b>TPP for REV Calc</b>  |                |           |                    |
| FF&E, OS&E, TI - Hotel and Condominium Development             | \$ 11,130,000  |           |                    |
| FF&E, OS&E, TI - Office Building                               | \$ 500,000     |           |                    |
| Leasehold Improvements - Office Building                       | \$ 4,889,085   |           |                    |
| <b>TOTAL</b>   |                | <b>\$</b> | <b>16,519,085</b>  |

<sup>1</sup> - Detailed Estimate Pending Completion of Phase1/Phase2/Geotech

This basis, which increases at a growth factor of 2% per year, is reduced by 15% in each period per the Duval County Property Appraiser methodology to account for selling expenses and other factors. The current property value per the Property Appraiser, 4.77 acres @ \$15 per square foot = \$3,116,718, is deducted in each period to establish the incremental value to the TIF by the development activity which becomes the basis for the Annual Project Revenue calculation. Tangible Personal Property totaling \$16.5 million is brought back in under the appropriate TPP Table categorization and provides additional basis to the ad valorem calculation. After calculating the County portion of the ad valorem which remains in the TIF, a 4% discount is assumed for early payment and the Annual Project Revenue is the result from which the REV Grant amount of 75% is applied for each year.

The cumulative Annual Project Revenue is estimated to be \$63,578,606, and the 75% REV Grant amount is therefore \$47,683,955, and the contribution to the TIF over 20 years is \$15,894,652.

Notably, the underlying City owned property with a Property Appraiser value of \$3,116,718 is currently not taxed, and therefore will also be accretive to the TIF and provide an additional estimated amount of \$684,695 over the 20-year compliance period that is not captured in the ROI as presented.

**b) Hotel and Office Completion Grant in the amount of \$25,834,887.**

The initial proposal from Iguana provided a REV Grant amount of \$45.5 million and an Office Completion Grant of \$28 million. This aggregate amount of \$73.5 million was proposed by the Developer as necessary to warrant the equity investment of \$105.4 million above the debt of \$195,687,406.

After recalculation of the REV Grant using DIA methodology, the REV Grant (future payments) was increased to \$47,683,955 as shown above, and the Completion Grant (funded at the point of substantial completion) was reduced to \$25,834,887 to maintain the original financial incentive component equal to the request in aggregate.

**c) Contribution of City owned property towards the development of the Four Seasons Hotel and Residences Sale for \$100 amounting to a donation of \$12,466,772.**

This land contribution is deemed an integral component to the incentive package brought about by the gap analysis as outlined elsewhere.

**d) Ground lease of the portion of the Site consisting of 1.05 acres for the office building valued at \$422,160.**

The valuation approach used here starts with the Colliers International appraised value of the property, \$2,520,000, and subtracts the aggregate lease payments to be made,

\$1,440,000, and further subtracts the present value of the office parcel upon reversion to the City in 40 years, \$657,840. This sum total equals the incentive amount of \$422,160.

**e) Donation of Easement rights valued at \$285,000.**

This value is based on the fee simple appraisal provided by Colliers International on easements 1, 2 and 3 as they will be developed and used for the benefit of the subject properties in an integrated fashion for vehicular and pedestrian ingress, egress, and cross access.

**f) Incentive structure**

The incentives are provided largely upon completion and performance further protecting the City's interest. The REV grant not only is paid out over 20 years following completion of the vertical improvements but is also dependent on the value assumptions bearing out. If a lesser value is assigned by the Property Appraiser and actual taxes paid are less than projected, the amount of the REV paid each year will also be diminished. Further, if the value drops below a threshold amount, the REV terminates because it is no longer needed to fill a financial gap. The completion grant is only paid when both the Office Improvements and Hotel Improvements are substantially complete. While the land donation and lease occur earlier in the transaction, at closing, the deed will contain a right of reverter that remains in effect through commencement of construction. A construction guaranty ensures completion or return of the property in clean condition or payment to the City of FMV if there is a default in performance after commencement of construction. The ground lease would include default provisions similarly returning the land to the City in the event of default.

***Finding:***

***The gap funding analysis performed by DIA Staff confirms that a reasonable market return on this investment is not feasible without this gap financing and other incentives as proposed herein. Accordingly, the proposed financial incentives are supported by this finding in the amount requested in the aggregate. The terms and structure proposed reasonably protect the City's interests.***

**5. Return on Investment**

The ROI calculation assesses inflows and outflows across all of the activity related to the request. The objective of this exercise is to determine whether the incentives proposed are warranted, and to determine the fiscal cost and benefit to the City of undertaking this redevelopment plan and related activity as proposed.

a) **Outflows:**

When viewed comprehensively, obligations of the City totaling \$114.5 million on a net basis can be segmented into two categories: 1) Direct incentives to the Developer, 2) City obligations. Each of these is detailed further below:

Direct Incentives – As detailed further in the section above, financial incentives include the REV Grant of \$47.7 million, and a Completion grant of \$25.8 million for a combined total of \$73.5 million.

In addition, property incentives are provided including:

- i. Value associated with fee simple property transfer for the Four Seasons property based on appraised value as provided by Colliers International less \$100 received in consideration equals \$12,449,900,
- ii. Use of the easements for the benefit of the developer to coordinate activity across each property also using the Collier’s appraised value is \$285,000,
- iii. Lost value associated with the ground lease (\$1.1 million) is calculated as the appraised value of that property (\$2.5 million) less the cash value of the lease payments (\$1.4 million). Those lease payments are established to be a uniform payment for the 40-year term in an amount roughly equal to the ad valorem tax assessment that would be received in the first year with the present value of the property assuming reversion at the 40<sup>th</sup> year captured below in the inflows received by the City. This amount, further reduced by the present value of the office parcel upon reversion to the City in 40 years, \$657,840 (as detailed in the City benefits section below) provides the incentive amount of \$422,160.

City Obligations – The selection of the sites made by the Developer provide the closest access to the stadium and Metropolitan Park, which are considered important elements of their business plan, but lead to the required relocation of multiple City owned properties. The expense and timing of these movements is somewhat coincident with need for upgrades and improvements to the aging properties, leading to adjustments to the costs associated with these activities where appropriate.

- i. Kid’s Kampus requires relocation per ordinance code and grant funding in place on that property today, with punitive disincentive associated with not providing a replacement park of like size and activity, to be approved by the State of Florida, DEP. The net loss of moving that park and redeploying the existing site for the benefit of the Developer is calculated at \$7.5 million as shown by the table that follows:

| <i>Current Situation</i> | ACRES | VALUE<br>PER SF | VALUE                |
|--------------------------|-------|-----------------|----------------------|
| Kids Kampus              | 10.00 | \$ 20.00        | \$ 8,712,000         |
| Replacement Parcel       | 10.00 | \$ 60.00        | \$ 26,136,000        |
| <b>TOTAL</b>             |       |                 | <b>\$ 34,848,000</b> |
| <i>End Situation</i>     |       |                 |                      |
| Four Seasons Parcel      | 4.77  | \$ 59.92        | \$ 12,450,000        |
| Office Building Parcel   | 1.05  | \$ 55.00        | \$ 2,520,000         |
| Retained Public Land     | 4.18  | \$ 20.00        | \$ 3,640,000         |
| New Kids Kampus          | 10.00 | \$ 20.00        | \$ 8,712,000         |
| <b>TOTAL</b>             |       |                 | <b>\$ 27,322,000</b> |
| <b><i>Difference</i></b> |       |                 | <b>\$ 7,526,000</b>  |

- ii. Relocation of the Fire Museum to the westerly end of the Shipyards property to be adjacent to the proposed location for the USS Orleck and along Catherine Street with a more visible and historically appropriate orientation. **\$1.8 million**
- iii. Relocation and construction of a new JFRD boat dock and boathouse with improvements. Costs are estimated by Public Works at \$4.5 million, which has been discounted by 30% to recognize the improvements to be realized by the replacement of the aging current facilities and installation of improved equipment. **\$3.1 million**
- iv. Relocation and construction of a new JFRD fire station without bays for trucks and equipment at a location near the new fire boat docks estimated by Public Works at \$1.8 million, which has been discounted by 40% to recognize upgrades to the new facility that will be realized. **\$1.1 million**
- v. Possible requirement of the cost of a temporary fire station, with total cost estimated by Public Works as \$705 thousand. That amount is discounted by 50% to recognize the potential of using existing mobile buildings or future use of a new building brought to this site. **\$353 thousand**
- vi. Reconstruction of the Metropolitan Park marina docks to bring them back to a commercial standard and improve resiliency while maintaining the current number of slips and linear feet and maintaining public access as required by the SLL. **\$7.2 million**
- vii. Construction of a new marina services building that will house the harbormasters office, provide retail space, a restaurant, and bathroom with showers. **\$4.9 million**
- viii. Development of a marina park/events lawn designed to include a fountain amenity and other features **\$1.3 million**



The table below is provided to itemize these outflows categorically as described in this section for clarity:

| <b>City Outflows</b>                 | <b>As Discounted</b> |
|--------------------------------------|----------------------|
| REV Grant                            | 47,683,955           |
| Completion Grant                     | 25,834,887           |
| Relocation of Fire Station           | 1,078,800            |
| Fire Dock Relocation                 | 3,127,600            |
| Marina Park                          | 1,300,000            |
| Marina Docks                         | 7,180,133            |
| Marina Services Building             | 4,892,967            |
| Relocation of Fire Museum            | 1,750,000            |
| Fire Station Temporary               | 352,500              |
| Hotel and Condominium Land           | 12,450,000           |
| Easement Parcels (Fee Value)         | 285,000              |
| Net lost value of Ground Lease       | 1,080,000            |
| Net Loss of Land Value on Relocation | 7,526,000            |
|                                      | <b>114,541,842</b>   |

**b) Inflows:**

Financial benefits to be derived by the City principally occur over time, with some provided as a payment obligation of the Developer, and others subject to performance of the development itself as summarized below.

Payment obligations of the Developer

- i. The principal inflow will be the county portion of ad valorem taxes generated by the development net of the property appraiser’s property value from 2020. Based on \$279.2 million in construction costs following elimination of certain soft costs and reassignment of Tangible Personal Property to the appropriate years’ table, and net of a 4% early payment discount, the county portion of ad valorem is projected to start at \$2.7 million in the first full year of operation and climb to \$3.8 million by the twentieth year, totaling \$63.4 million over the compliance period.
- ii. In addition, beyond the \$100 payment in consideration for the fee simple ownership of the parcel on which the Four Seasons property will be built, the Developer also commits to pay:
  - 1) \$36,000 over 40 years for the ground lease on the office parcel **\$1,440,000**
  - 2) \$50,000 annually for the Right of First Option (“ROFO”) on the option parcel through December 31, 2023 **\$116,665**
  - 3) \$200,000 annually for 20 years to facilitate maintenance and programming within Met Park and the City Marina **\$4,000,000**
  - 4) The Developer will install a drive with 20 parking spots along the western boundary for the benefit of public visitors to the marina **\$176,200**

Payments from Operations

Inflows expected by the City based on operation of the development once placed into service account for 39.1% of the total City benefit, and are therefore sensitive to change from the pro forma estimates. The sources of inflows from operations as underwritten include:

- i. 6% Bed Tax realized from room rentals, which equals \$29.4 million over twenty years,
- ii. 2% room surcharge proposed to be added for the City's benefit provides an additional \$9.8 million,
- iii. Local Option Sales Tax and payroll benefits from owner operated spaces provides \$5.6 million over 20 years.

Reducing the pro forma sales tax amounts for room occupancy and food and beverage operations by 10% reduces the ROI estimate from 1.0X to 0.96X, and a worst-case scenario of 25% shortfall results in an ROI of 0.91X. Both of these lower stress case levels might be considered acceptable for development activity of this scale per the City's Public Investment Policy. Employment figures provided by the Developer are drawn from a third-party feasibility study prepared by Johnson Consulting using Employee and Wage data as provided by the Bureau of Labor Statistics (BLS).

Notably, no benefit is reflected in the ROI worksheet for any speculative space for Local Option Sales Tax purposes or payroll benefits for projected employment. This approach follows DIA's practice of only providing credit for these values if actual letters of intent to lease are provided for such spaces. Those additional sales tax and payroll tax values would be accretive to the conservative approach taken and could significantly increase project ROI.

#### Residual Value of Property Interest

The final inflow evaluated provides an estimate of the net present value of the Office Parcel that would revert to the City at the end of the ground lease in 40 years, which would also include the improvements. However, only the land is valued for this purpose following methodology employed by a CBRE appraiser in a similar valuation exercise whereby the present value is taken to a future value using an inflation rate (2.5% in this case) and that future value is then brought back to a present value at an appropriate discount rate (6% in this case) to estimate the current present value of the property under these circumstances. The outcome here is \$657,840, which would be increased by the value of the improvements, if any.

The table following summarizes this information related to City benefits for convenience:

| <b>City Benefits (Inflows)</b>                         |            |                    |
|--|------------|--------------------|
| Payment for Hotel/Residential Parcel                   | 100        |                    |
| Ground Lease for Office Building (\$36,000 X 40 years) | 1,440,000  |                    |
| ROFO (2.33 year payment)                               | 116,667    |                    |
| Met Park Adoption (\$200,000 x 20 years)               | 4,000,000  |                    |
| Ad Valorem Property Taxes                              | 63,578,606 |                    |
| Construction of new drive and 20 parking spots         | 176,200    | <b>69,311,573</b>  |
| Hotel - Bed Tax (6%)                                   | 29,414,290 |                    |
| Hotel - 2% Room Surcharge                              | 9,804,763  |                    |
| Hotel and Condominium - Food and Beverage Sales Tax    | 4,538,334  |                    |
| Hotel and Condominium - Payroll Benefits               | 1,087,669  | 44,845,056         |
| NPV of FV of Office Parcel discounted @ 6% for 40 yrs  | 657,840    | 657,840            |
| <b>TOTAL INFLOWS</b>                                   |            | <b>114,814,469</b> |

As outlined above, the expected inflows to the City equal \$114,814,467 whereas outflows total \$114,541,841 providing a net City benefit of \$272,628, and an ROI of 1.00X.

Note, the ad valorem revenue associated with the 4.77-acre parcel being transferred to Iguana for the Four Seasons Hotel and Residence which is not currently on the tax roll, is estimated at \$684,695. Inclusion of this amount increases the estimated City benefits to \$1,342,535, the net benefit to the City to \$957,322, and the overall ROI to 1.01X.

Further, not included in the ROI calculation but presented as additional information, the development's ad valorem contribution towards the School Board over twenty years, inclusive of the 4% discount, is estimated at \$33.1 million, along with \$1.3 million to the St. John's River Water Management District, and \$180 thousand towards the Florida Inland Navigation District. The incremental contribution to the Duval County School board resulting from the additional 0.5% sales tax is estimated at \$2.3 million. This total amount of \$36.9 million is not captured in the ROI as it does not flow directly to the CRA but will be beneficial to the local area.

***Finding:***

***The ROI projected by this development activity meets the Public Investment Policy target minimum of 1.0X by the most conservative estimate and is projected to add significant incremental value to the area of nearly \$40 million not captured in that calculation.***

| Total Phase 1 Shipyards - Summary Sheet<br>6/17/2021                  |                    | Page 1               |                      |
|---|--------------------|----------------------|----------------------|
| <b>1 - Total Project Cost</b>   |                    | <b>Iguana</b>        | <b>DIA/COJ</b>       |
| Hotel and Condominium Development                                     | 241,407,231        | (241,407,231)        |                      |
| Office Building   | 56,650,317         | (56,650,317)         |                      |
| Environmental Remediation - Detailed Estimate Pending Completion of   | 3,000,000          | (3,000,000)          |                      |
| <b>Total Cost</b>   | <b>301,057,548</b> | <b>(301,057,548)</b> | <b>0</b>             |
| <b>2 - Additional Outflows</b>  |                    |                      |                      |
| REV Grant   | 47,683,955         |                      | (47,683,955)         |
| Completion Grant  | 25,834,887         |                      | (25,834,887)         |
| Relocation of Fire Station  | 1,798,000          |                      | (1,078,800)          |
| Fire Dock Relocation  | 4,468,000          |                      | (3,127,600)          |
| Marina Park   | 1,300,000          |                      | (1,300,000)          |
| Marina Docks  | 7,180,133          |                      | (7,180,133)          |
| Marina Services Building  | 4,892,967          |                      | (4,892,967)          |
| Relocation of Fire Museum   | 1,750,000          |                      | (1,750,000)          |
| Fire Station Temporary  | 705,000            |                      | (352,500)            |
| Hotel and Condominium Land  | 12,450,000         |                      | (12,450,000)         |
| Easement Parcels (Fee Value)  | 285,000            |                      | (285,000)            |
| Lost value of Ground Lease (Appraisal - Cash Value of Lease Payments) | 1,080,000          |                      | (1,080,000)          |
| Net Loss of Land Value on Relocation                                  | 7,526,000          |                      | (7,526,000)          |
|   | 116,953,942        |                      | <b>(114,541,842)</b> |
| <b>TOTAL OUTFLOWS</b>   |                    | <b>(301,057,548)</b> | <b>(114,541,842)</b> |
| <b>3 - Additional Inflows</b>   |                    |                      |                      |
| Payment for Hotel/Residential Parcel                                  | 100                |                      | 100                  |
| Ground Lease for Office Building (\$36,000 X 40 years)                | 1,440,000          |                      | 1,440,000            |
| ROFO (2.33 year payment)  | 116,667            |                      | 116,667              |
| Met Park Adoption (\$200,000 x 20 years)                              | 4,000,000          |                      | 4,000,000            |
| Ad Valorem Property Taxes   | 63,578,606         |                      | 63,578,606           |
| Construction of new drive and 20 parking spots                        | 176,200            |                      | 176,200              |
| Hotel - Bed Tax (6%)  | 29,414,290         |                      | 29,414,290           |
| Hotel - 2% Room Surcharge   | 9,804,763          |                      | 9,804,763            |
| Hotel and Condominium - Food and Beverage Sales Tax                   | 4,538,334          |                      | 4,538,334            |
| Hotel and Condominium - Payroll Benefits                              | 1,087,669          |                      | 1,087,669            |
| NPV of FV of Office Parcel discounted @ 6% for 40 yrs                 | 657,840            |                      | 657,840              |
| <b>TOTAL INFLOWS</b>  |                    |                      | <b>114,814,469</b>   |
| <b>NET BENEFIT</b>  |                    |                      | <b>272,627</b>       |
| <b>ROI</b>  |                    |                      | <b>1.00</b>          |

40% Allowance for upgrades  
30% Allowance for upgrades

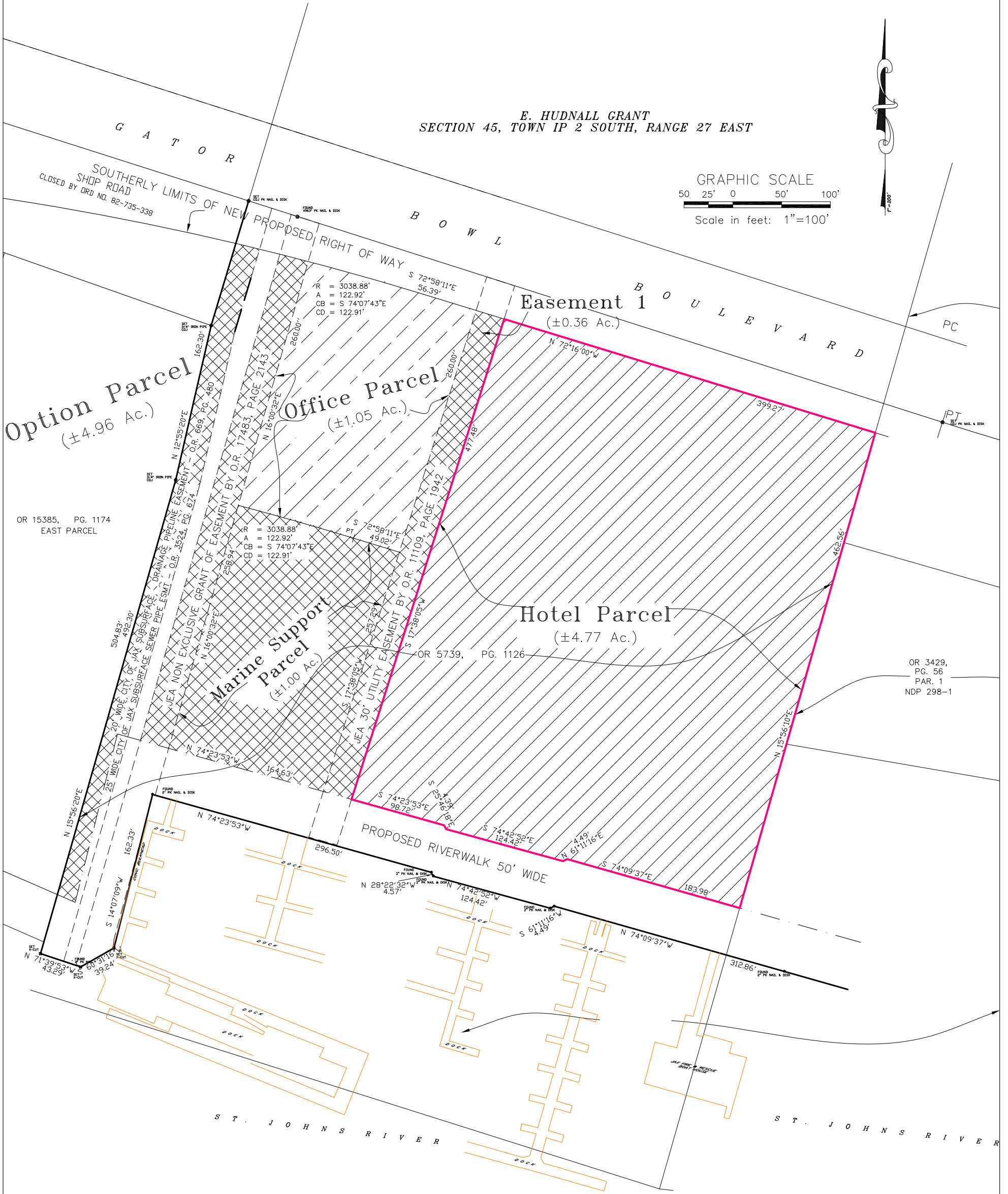
50% Allowance for reuse

**Conclusion: DIA staff finds that the replacement park is of greater size, value, and quality and in the same general location as the Kids Kampus with greater water frontage and it is our opinion that relocation of the park is necessary for the greater public good. DIA staff finds that the proposed development and recommended incentives are consistent with the BID and CRA Plan and that the value received for the land that is subject to the disposition is in the public interest. DIA staff finds that the incentives proposed are necessary to fill the project's confirmed financial gap and the project will not be constructed unless these incentives are provided. The staff further finds that because the proposal contains reasonable protections for the City/DIA in the form of performance schedules, reversion rights in the deed, payment upon completion, payment guaranties, and other standard terms and the conservatively projected ROI equals or exceeds 1.0X. Based on the foregoing, staff recommends approval of Resolution 2021-07-01.**

# Exhibit A to Staff Report

## SKETCH OF: HOTEL PARCEL

A PART OF THE H. HUDNALL GRANT, SECTION 50, TOWNSHIP 2 SOUTH, RANGE 26 EAST, AND SECTION 45, TOWNSHIP 2 SOUTH, RANGE 27 EAST, DUVAL COUNTY, FLORIDA ALSO BEING A PORTION OF THE LANDS DESCRIBED AND RECORDED IN OFFICIAL RECORDS 5739, PAGE 1128 OF THE CURRENT PUBLIC RECORDS OF DUVAL COUNTY, FLORIDA.



REVISIONS

**SHIPYARD**

PROJECT PATH:

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| SURVEY BOOK        | SCALE       |
| DRAWN BY           | PROJECT NO. |
| LAST DATE IN FIELD |             |



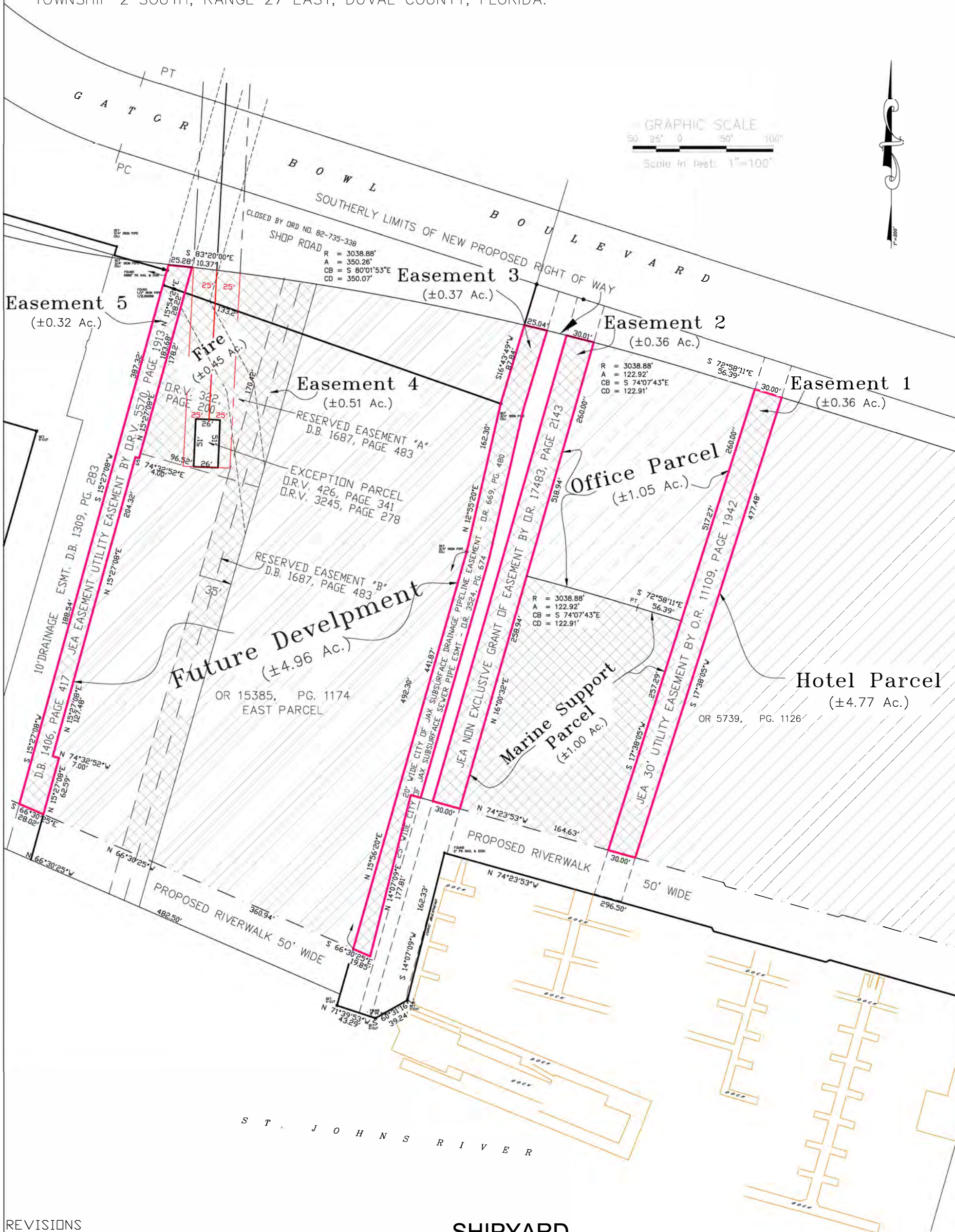
**CITY OF JACKSONVILLE**  
DEPARTMENT OF PUBLIC WORKS  
ENGINEERING DIVISION 214 N. HOGAN STREET,  
10th Floor JACKSONVILLE, FL. 32202 (904) 255-8756

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| SHEET NO.    | 1 |
| OF           | 1 |
| DRAWING NO.  |   |
| DRAWING FILE |   |

# Exhibit B to Staff Report

## SKETCH OF: (Easements)

A PART OF THE H. HUDNALL GRANT, SECTION 50, TOWNSHIP 2 SOUTH, RANGE 26 EAST, AND SECTION 45, TOWNSHIP 2 SOUTH, RANGE 27 EAST, DUVAL COUNTY, FLORIDA.



REVISIONS

**SHIPYARD**

PROJECT PATH:

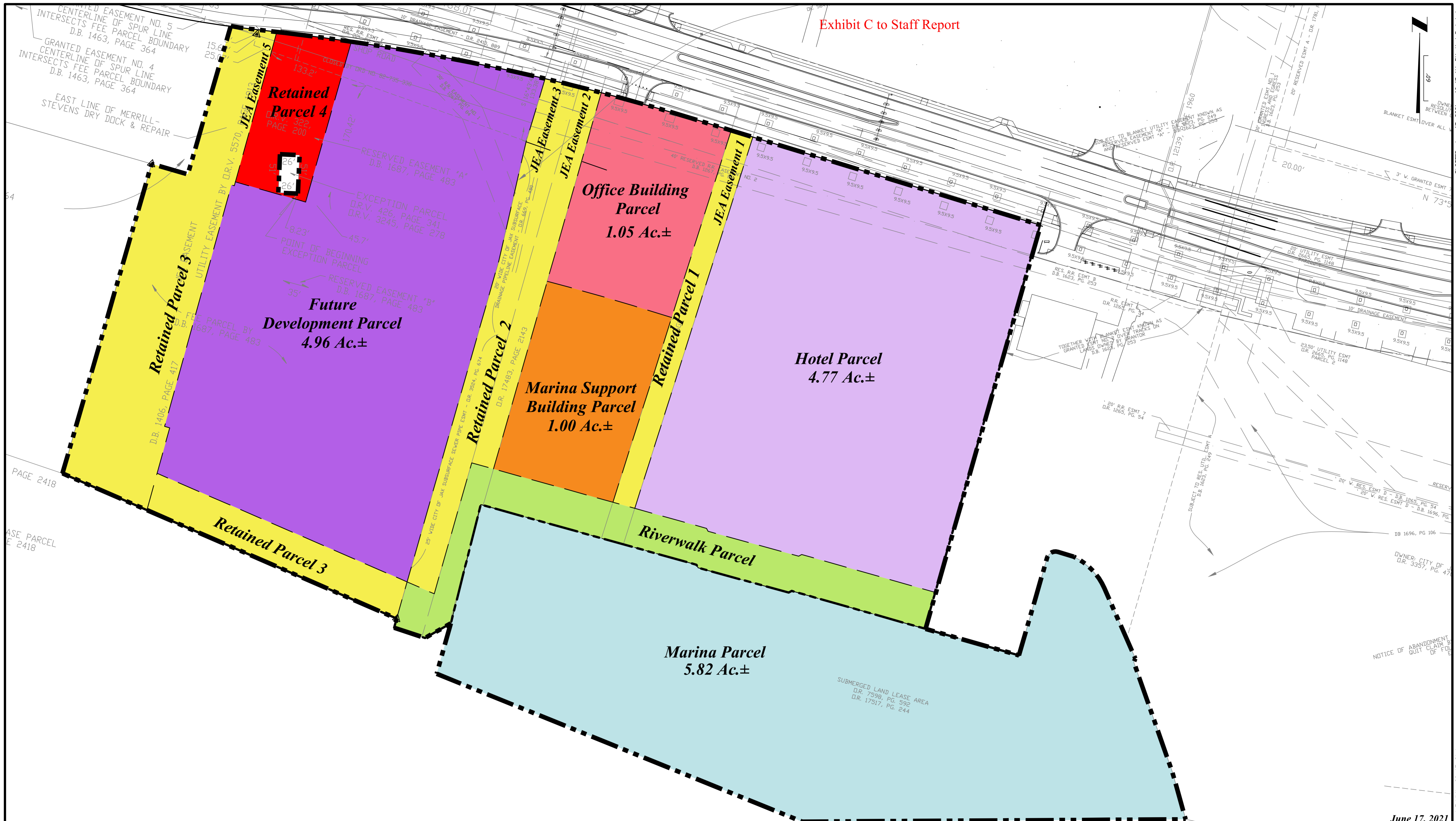
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| LAST DATE IN FIELD |             |



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| OF           | 1 |
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- Notes:
1. This is not a survey, this exhibit demonstrates the general size of the subject parcel. All acreages and dimensions are subject to change pending additional surveyor data.
  2. This exhibit was based on information from various sources including the City of Jacksonville survey file, and engineering plans for the Bay Street Improvements furnished by the City of Jacksonville.

June 17, 2021

**Parcel Map**  
**SHIPYARDS**  
**Jacksonville, Florida**

|     |   |
|-----|---|
| ETM | <b>England-Thims &amp; Miller, Inc.</b><br>14775 Old St. Augustine Road<br>Jacksonville, FL 32258 |
|     | TEL: (904) 642-8990<br>FAX: (904) 646-9485<br>REG - 2884 LC - 0000316                             |

PLOTTED: June 17, 2021 - 10:47 AM BY: Kori Soehren  
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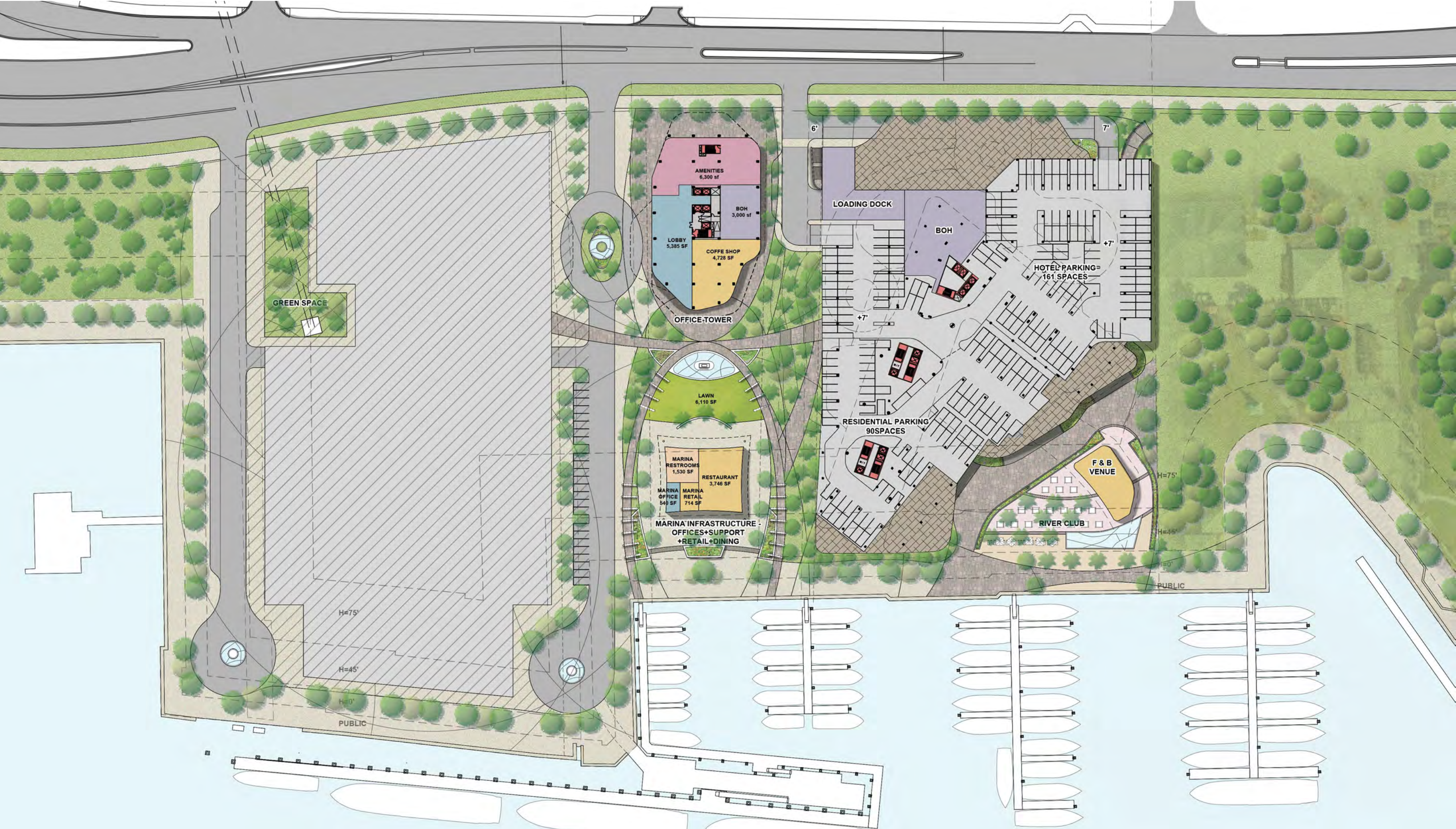


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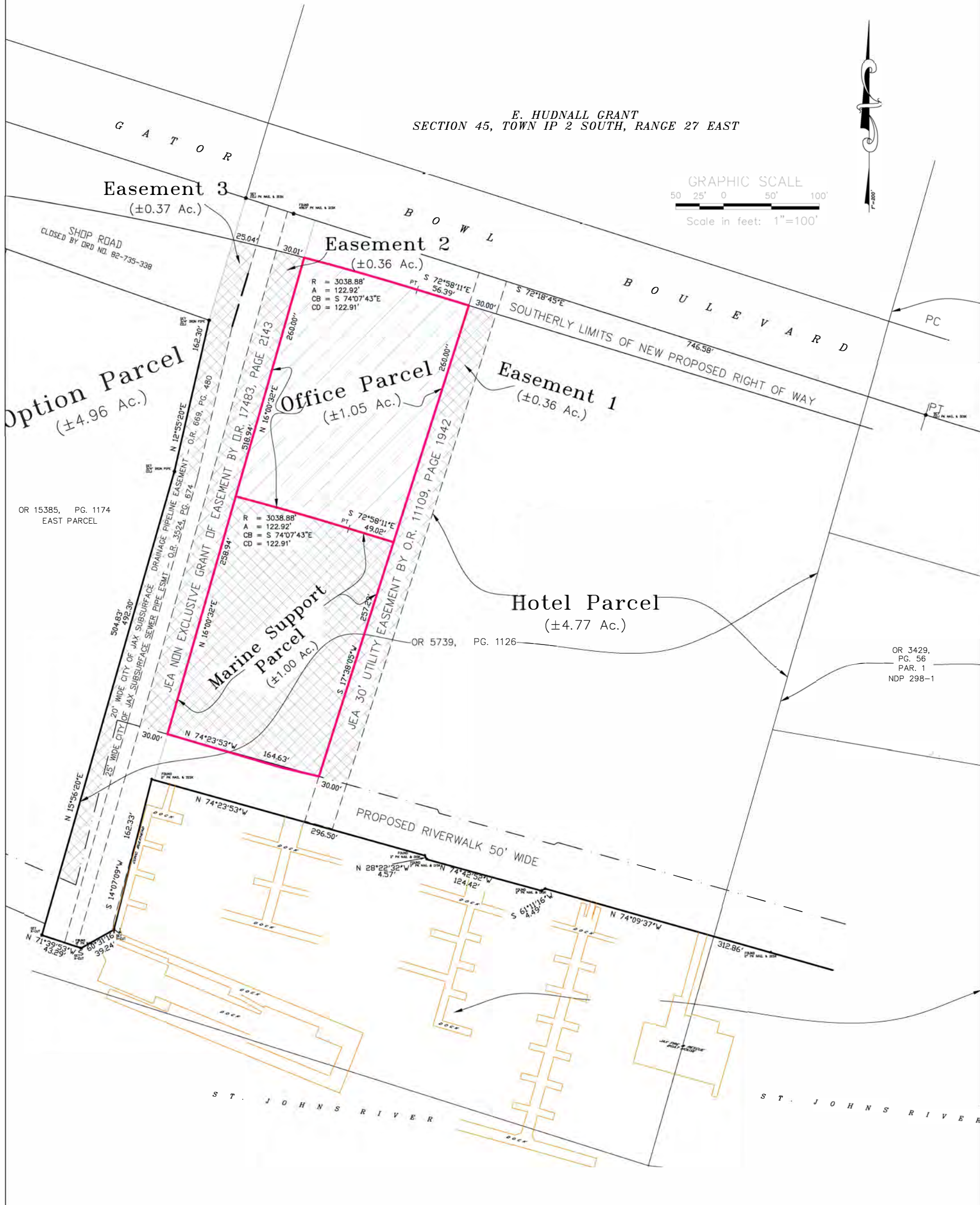


Exhibit F to Staff Report (Conceptual Use Plan)



SKETCH OF: Office Parcel & Marina Support Parcel

A PART OF THE H. HUDNALL GRANT, SECTION 50, TOWNSHIP 2 SOUTH, RANGE 26 EAST, AND SECTION 45, TOWNSHIP 2 SOUTH, RANGE 27 EAST, DUVAL COUNTY, FLORIDA ALSO BEING A PORTION OF THE LANDS DESCRIBED AND RECORDED IN OFFICIAL RECORDS 5739, PAGE 1128 OF THE CURRENT PUBLIC RECORDS OF DUVAL COUNTY, FLORIDA.



E. HUDNALL GRANT SECTION 45, TOWN IP 2 SOUTH, RANGE 27 EAST



REVISIONS

SHIPYARD

PROJECT PATH:

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CITY OF JACKSONVILLE DEPARTMENT OF PUBLIC WORKS ENGINEERING DIVISION 214 N. HOGAN STREET, 10th Floor JACKSONVILLE, FL. 32202(904)255-8756

Table with 2 columns: SHEET NO. (1 of 1), DRAWING NO., DRAWING FILE

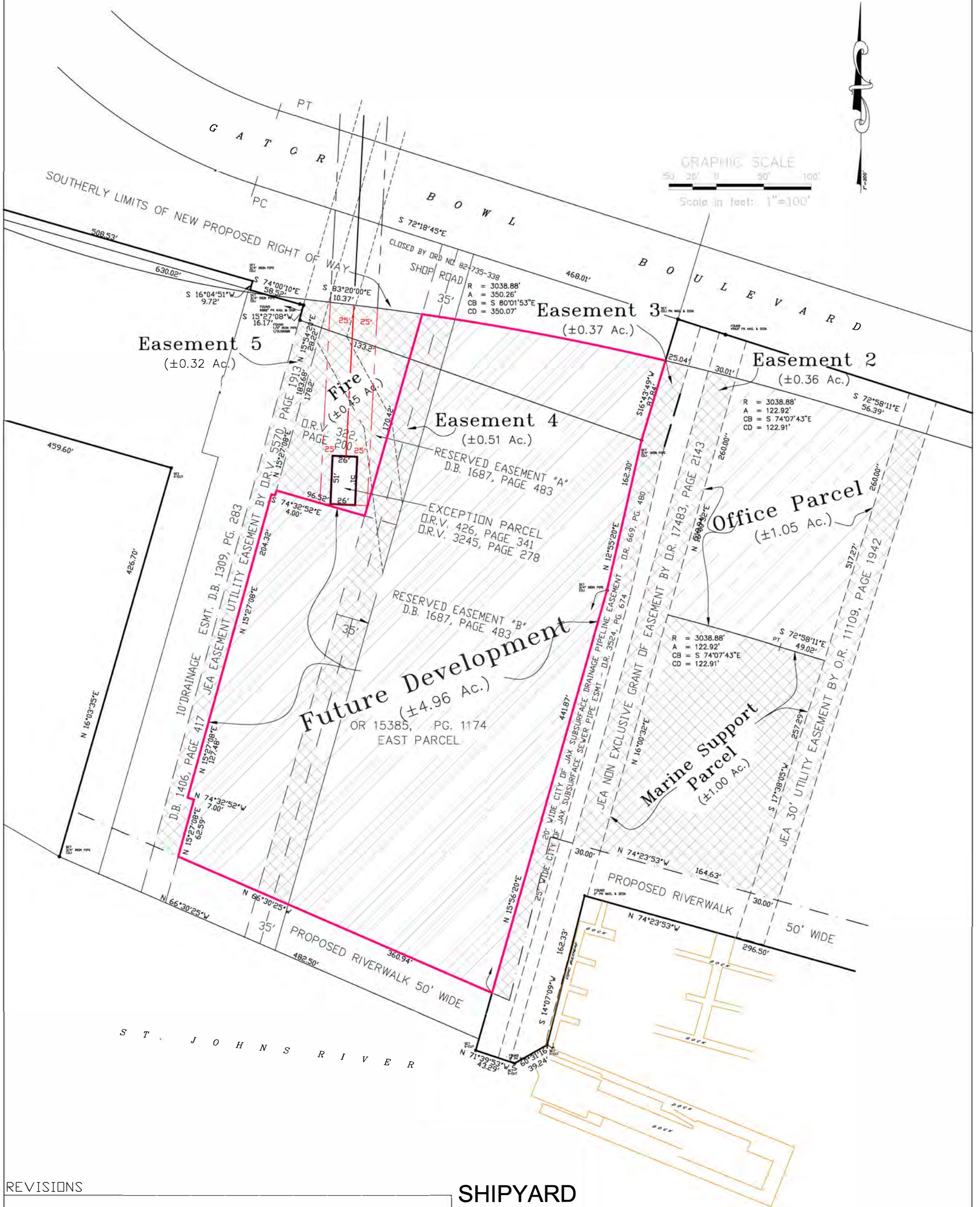
**Exhibit H to Staff Report**

**(Riverwalk Survey to be provided)**

# Exhibit I to Staff Report

## SKETCH OF: FUTURE DEVELOPMENT PARCEL

A PART OF THE H. HUDNALL GRANT, SECTION 50, TOWNSHIP 2 SOUTH, RANGE 26 EAST, AND SECTION 45, TOWNSHIP 2 SOUTH, RANGE 27 EAST, DUVAL COUNTY, FLORIDA ALSO BEING A PORTION OF THE LANDS DESCRIBED AND RECORDED IN OFFICIAL RECORDS 15385, PAGE 1174 OF THE CURRENT PUBLIC RECORDS OF DUVAL COUNTY, FLORIDA.



REVISIONS

**SHIPYARD**

PROJECT PATH:

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|--------------------|-------------|
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| SURVEY BOOK        | SCALE       |
| DRAWN BY           | PROJECT NO. |
| LAST DATE IN FIELD |             |



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