



Downtown Investment Authority
Economy Committee

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

Tuesday, September 3, 2013 – 3:00 p.m.

DOWNTOWN ECONOMY COMMITTEE
MEETING MINUTES
DRAFT

Board Members Present: Chairman Paul Perez, Toni Allegretti, DIA Chairman Oliver Barakat Tony Allegretti, Robert Clements, Jim Bailey, and Kay Harper Williams

Office of General Counsel: Jason Gabriel

Attendees: Aundra Wallace, DIA CEO; Paul Crawford, Deputy Director, OED; Eric Lindstrom, OED, Downtown Redevelopment Manager; and Karen Underwood, Recording Secretary.

CALL TO ORDER

Chairman Paul Perez called the meeting to order at approximately 3:09 p.m.

DISCUSSION – Obtain inventory of the different sources of funds (Historic Preservation Fund, TIF, etc.)

Chairman Perez thanked the other Board Members and Aundra Wallace for attending the committee meeting. He pointed out that the purpose of this committee is to see what could be done in terms of assisting the full Board and moving forward into the second year. Six months ago, Paul Crawford presented a source of different public investment funds. Chairman Perez has been in discussions with Board Member Oliver Barakat regarding three different types of uses/property to focus on.

Board Member Barakat stated that the three criteria were location, age and use. He stated that the Board needs to develop a policy of preference within each of the categories. Also, as a redevelopment plan evolves, the board could start developing a plan to make sure any vision statements or discussions occur throughout that process.

Chairman Perez asked where public investment funds were; there is a Historic fund and TIF funds and some of them have a set of criteria in terms of whether it is for residents or historic preservation.

Board Member Barakat mentioned that the TIF is restricted by geography. Funds vetted in the South Bank TIF need to be spent in the South Bank area and the same for the North Bank.

Eric Lindstrom commented that currently Rev Grants are restricted to downtown residents. There is also a Downtown Development Business Investment Program, which has had no funding for a number of years. The program was used for façade grants and improvements for first and second floor retail, restaurants and entertainment businesses.

Council Member Boyer encouraged the Board to seek broader programs than what currently exists or what previously existed, also to research other cities' programs that have been successful.

Aundra Wallace stated that whatever the size of the funds are would dictate how much to be put into a project.

Council Member Boyer stated that the Recaptured Enhanced Value (REV) Grants only work when adding value to the Ad valorem roll. REV Grants are a percentage of the increase. If there is a nonprofit, it will not qualify as a REV grant because it is not on the tax roll. She advised the Board to make programs that encourage activity.

Chairman Perez asked Aundra Wallace to advise the subcommittee about different types of programs that currently exist and to address the full Board. Mr. Wallace stated that he would investigate some of the other programs to see how they operate, in addition to the Downtown Development Business Investment Program, which is currently not funded.

Mr. Lindstrom stated that the first step would be to figure out what project to incentivize now versus when it was developed in the early 2000s. He stated that there is a project matrix on how to evaluate those companies. The project matrix was based on a point system and priority level.

Karen Nasrallah provided a handout of Downtown Discretionary Programs:

1. Downtown Historic Preservation and Revitalization Trust Fund (HPTF)
2. Downtown Development Business Investment Program
3. Residential Recapture Enhanced Value Program

Chairman Perez referenced page 13 of the handout: Downtown Development Business Investment Program:

Approval Process:

1. DRC approval (all exterior improvements)
2. JEDC approval
3. City Council approval (if value exceeds \$500.00)
4. Mayor's approval and execution of agreement.

Chairman Perez inquired about the process. Eric Lindstrom responded that the DRC would be changed to the DDRB. The DDRB does not approve the incentive; they would approve the exterior of a building. JEDC approval would be changed to DIA approval.

Board Member Barakat asked about the bonding capacity or if the Board's bond funding can be used for capital investments or incentives.

Aundra Wallace mentioned that many cities utilize the Community Development Block Grant Program (CDBG). The Section 108 Loan Guarantee Program is a source of financing allotted for economic development, housing rehabilitation, public facilities rehabilitation, construction, installation for the benefit of low- to moderate-income persons or to aid in the prevention of slums.

Council Member Boyer commented on the tax increment financing and REV Grants. She stated that because the DIA is acting as the CRA Board, the Board gets to spend the increment amount. Once the Board is in a positive position, that increment amount belongs to the DIA to allocate for infrastructure for projects, grants, etc. Every REV grant cuts into the increment and takes away from it. As opposed to a grant from a trust fund or a loan program or anything else, a Rev grant is a portion of the increment and reduces the recurring revenue in the form of the increment. Be aware of what incentives to be used; using the REV grant inside of the CRA boundary is much different than using a REV grant outside of the CRA Boundary.

Property worth \$100 back when the CRA was started is now worth \$120. The amount of real estate taxes on a \$20 increment is the part that accrues to the benefit of the CRA to use it the way they want.

Paul Crawford stated that the practice in the past has been to fund all existing projects.

Council Member Lori Boyer reminded the Board of Ordinance 2013-89 that provide options while bonding authority as to the amount of the balance that is in the trust fund. There is also the ability to lease, to sell property downtown, and to use revenue.

Jim Catlett stated when the Board gets a bond by TIF funds; there is a very high interest rate because the Council and the Mayor can change the mileage rate up or down, which would have an effect on income screen. Therefore, the Board would have to look at how to improve that and back it up. When one is a developer, there is something that the bank is very familiar with, which is called a Sources and Uses Sheet. One side displays how much money the project is going to cost and the other side shows how money is going to be spent. He recommends the selection of successful projects where public monies were used to put improvements in the ground for infrastructure. If the project fails, the infrastructure would not go into the president's pocket. The ideal part about that is that it would count like equity on the Sources and Uses Sheet.

Council Member Boyer stated that she mentioned at the CRA Plan Committee that it is going to complicate life some as a DIA. There are certain things that can be done with CRA funding that are restricted by statute, but there would also be other sources of funding which are not limited to the uses that may limit the CRA funds. There are a variety of things that could be done that are consistent with the statute and the ordinance to use the funding. Some could be pursuant to the current plan expenditure for infrastructure for redevelopment. There are other permissible uses of the funding, including prepayment of existing debt.

Lara Diettrich noted that the three original CRA Plans, now two, were merged. They have a broad spectrum in them, so the odds of whatever is picked is probably already covered under that plan.

They are updating the plans that can be developed, if needed, in further detail to the plans that are being amended.

Paul Crawford mentioned that there is an opportunity for an Enterprise Zone Bonus if businesses are located downtown. Eric Lindstrom also mentioned the Brownfields Bonus.

Eighty percent of the value of the jobs that start at \$3,000 per job will be paid out over a four-year period. That incentive payment is baseline for a QTI project. Eighty percent would be paid by the State and 20 percent would be paid by the City.

Paul Crawford provided a listing of all of the incentives with the City. He referenced QTI projects as well as the REV Grant projects. The listing of incentives is attached to every deal that went through the City Council, which lists the business name, ordinance number and the payout throughout the years. The majority of them are not downtown. Qualified Targeted Industries is a State program that is generated out of the Department of Economic Opportunities (DEO).

Downtown projects are listed below.

- Everbank
- Fidelity
- Lender Processing Services
- Sunguard

Chairman Perez asked Paul Crawford if the latest economic incentives that the Council approved considered QTIs. Paul Crawford responded that Vistakon and Project Palm were the latest economic incentives and the C2C was not.

Board Member Barakat stated that as far as policy is concerned, he was interested to know if other Board members were going to support it. Board preferences should be linked to policy. He asked if the Board would provide a supplemental incentive for businesses located in the core of downtown versus in Brooklyn, North and South Bank.

Lara Diertrech stated that there are specific meetings that will be calling on merchants, small, medium, and large downtown businesses, one-on-ones with the large stakeholders, and one will be targeted to residents. Merchants' associations, retail, and resident agendas are different, although they support one another.

Board Member Barakat wondered if there was a way to connect with JAX 2025. He stated that there are 10,000 people and most of them are online, computer literate, and would answer the survey. He mentioned connecting with JAX 2025 to offer a similar survey for stakeholder validation. Lara Diertrech commented that we should work with staff and make sure that we are very specific about what is being done.

Chairman Perez stated that that should be the first step and it would be helpful for the Board in terms of prioritizing. He will provide the report to Aundra Wallace and will explain the next steps to the full Board on September 23, 2013.

PUBLIC COMMENTS

The floor was open for public comments.

- John Nooney made suggestions that the DIA needs to look at the space next to the School Board building and JEA for a kayak launch and parking revenue.

ADJOURNMENT

There being no further business, Board Member Perez adjourned the meeting at approximately 4:54 p.m.

The written minutes for this meeting are only an overview of what was discussed. For verbatim comments of this meeting, an audio CD is available upon request. Please contact Karen Underwood, Office of Economic Development, at (904) 255-7567 or by email at karenu@coj.net.