

**ARTICLE 1 GENERAL PROVISIONS****1.01 Authority.**

Pursuant to Article 21 of the Charter of the City of Jacksonville (Charter), JEA is authorized to acquire Real Property for the use or expansion of the utilities systems by grant, purchase, gift, devise, condemnation by eminent domain proceedings, exchange, lease or in any other manner authorized by applicable law. JEA is further authorized to dispose of Real Property that is no longer needed or useful for operation of the utilities systems by sale, lease, or transfer.

**1.02 Application, Rules of Construction**

(a) *Interpretation.* This Real Estate Services Procurement Directive (Directive) shall be subject to and construed to be consistent with the provisions of Article 21 of the Charter and all applicable local, state and federal laws, regulations, rules, and policies.

(b) *Application of this Directive.* This Directive supplements the Amended and Restated JEA Procurement Code (Code) and applies to transactions for the acquisition or disposition of Real Property. To the extent that there is any conflict between the Code and this Directive related to the acquisition or disposition of Real Property, this Directive shall govern.

(c) *Rules and Policies.* In accordance with Section 21.04 of the Charter, this Directive shall serve to detail the rules and procedures governing JEA's reporting, acquisition, sale, purchase, lease, license, transfer, and disposition of real property.

(d) *Transparency.* This Directive shall be posted on JEA's website in a conspicuous manner for the public to view.

(e) *Periodic Review.* In accordance with Section 21.04 of the Charter, at least every two years during the time of its self-assessment, the JEA Board (Board) shall review this Directive to make any changes or amendments as deemed necessary to comply with applicable provisions of the Charter or that best serves the interest of JEA. To that end, the CEO, designees, or others that use this Directive may submit to Real Estate Services or the Board any ideas or suggestions that improve the efficient implementation of the rules and procedures contained herein.

(f) *Severability.* If any provision of this Directive is found void, invalid, or inoperative by a court of competent jurisdiction or other binding legal source, then such provision shall be severed and will not render invalid the remaining portions of this Directive.

(g) *Singular-Plural.* In this Directive, unless the context requires otherwise, words in the singular include the plural, and those in the plural include the singular.

(h) *Job Titles.* If a JEA job title used in this Directive is changed in the future due to JEA organizational changes, this Directive shall be construed by substituting the appropriate successor job title.

(i) *Use of Capitalized Terms.* Unless otherwise specified, capitalized terms used in this Directive shall have the meanings given to them in the Definitions section of the Code.

**1.03 Definitions.** The following terms shall have the meanings provided below.

(a) *Easement* means a nonpossessory interest in land created by a grant or agreement that confers upon the grantee the limited right, liberty, and privilege to use the land for a specific purpose, term, and consideration.

(b) *Fee Simple Interest* means a permanent tenure and absolute estate in land and any improvements on or thereto, with freedom to dispose of in whole or in part.

(c) *Lease* means an interest in land, buildings, structures, and/or improvements designated by a contract creating a lessor-lessee relationship in which the lessee is granted use, possession, and control for a specified term for a predetermined cost with conditions attached.

(d) *Long Term Strategic Site* means any Surplus Property that JEA intends to master-plan, develop, or otherwise transfer or dispose of in phases over a period of time exceeding one year.

(e) *Purchase and Sale Agreement* means a legally binding agreement that obligates the buyer to buy and the seller to sell real property. Such agreements provide the terms of the transaction, including but not limited to price, respective obligations, contingencies, and limitations.

(f) *Real Property means* all lands, buildings, structures, improvements, and fixtures thereon; any property of any nature appurtenant thereto or used in connection therewith; and every estate, interest and right, legal or equitable, therein, including any such interest for a term of years. As used in this Directive, Real Property also includes Real property as defined in the Code.

(g) *Surplus Property* means Real Property that is no longer needed or useful for operation of the utilities systems, or disposal of which best serves JEA's interests.

## **ARTICLE 2 DELEGATION OF AUTHORITY, DESIGNATIONS**

**2.01 Delegation of Authority.** By its approval of this Directive, the JEA Board delegates authority to the Chief Executive Officer/Managing Director (CEO) to negotiate, enter, and execute agreements (including all supplemental documentation necessary for closing) on behalf of JEA to acquire, use and dispose of Real Property subject to the provisions contained herein.

**2.02 Real Estate Services.** The CEO is authorized to delegate to the Director of Real Estate (and Real Estate Services) authority to maintain, administer, and implement this Directive as it

relates to the acquisition, sale, lease, use, or transfer of Real Property. This delegation includes the Director of Real Estate's authority to negotiate, enter, and execute agreements (including all supplemental documentation necessary for closing) on behalf of JEA to acquire, use and dispose of Real Property subject to the provisions contained herein.

Real Estate Services shall administer the use, acquisition, and disposition of Real Property on behalf of JEA; establish priorities and operating standards as necessary; determine and pursue the types of property rights and interests that best serve JEA; and assess risk associated with and provide guidance related to completing Real Property transactions. Subject to applicable rules, policies, and procedures governing the procurement of services, Real Estate Services may retain, on an as-needed basis, all services necessary to implement this Directive, including but not limited to appraisal firms, survey firms, land use firms, and/or environmental firms to assist with the acquisition or disposition of Real Property.

**2.03 Office of General Counsel.** The Office of General Counsel (OGC) shall review substantial written instruments related to Real Property transactions to ensure legal sufficiency. OGC shall be responsible for engaging outside legal services necessary to aid in the initiation, assessment and completion of Real Property transactions.<sup>1</sup>

### **ARTICLE 3 REAL PROPERTY ACQUISITIONS**

**3.01 General Guidance.** JEA shall acquire Real Property on terms most favorable to JEA, with due consideration to maintenance and operational efficiency, and at costs consistent with prevailing market rates for comparable Real Property situated within JEA's service area. As applicable, in instances where timing may impact terms favorable to JEA, the CEO or Real Estate Services may negotiate transactions and enter into agreements to acquire Real Property, conditioned upon final approval by the Board.

(a) *Negotiations for Acquisition of Real Property.* At the direction of the CEO, Real Estate Services will assess the need for and negotiate acquisition of Real Property for the use or expansion of the utilities systems. Real Estate Services shall coordinate preparation and execution of all written instruments necessary to acquire Real Property.

(b) *Documentation.* Every appraisal, offer, or counteroffer must be in writing. Complete and accurate records of every appraisal, offer, and counteroffer shall be maintained by Real Estate Services.

(c) *No Joint Acquisitions.* JEA shall make no acquisitions jointly with another entity without prior approval by the Board. No property shall be jointly owned by JEA and any private party except as authorized under Florida law.

(d) *Costs of Acquisitions.* Real Property shall be acquired in an economically feasible manner that best serves the interest of JEA ratepayers. Prior to the acquisition of Real Property,

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<sup>1</sup> As used in this Directive, references to the Office of General Counsel shall include the use of outside counsel engaged to provide specialized legal services.

Real Estate Services shall confirm the availability of adequately appropriated funds to pay all costs, including but not limited to any option payments and due diligence expenses.

(d) *Title Examinations and Surveys; Recordable Instruments.* All title examinations, surveys, and other title records obtained in the course of acquiring title shall be reviewed by the OGC for marketability and encumbrances. All documents to be recorded in favor of JEA or placing an interest in Real Property in JEA, including easements, shall be reviewed by the OGC for form and legal sufficiency before delivery of the document is accepted and recorded.

(e) *Form of Deeds.* All fee conveyances to JEA shall be by no less than special warranty deed unless the conveyance is from the federal government, a state agency or another local government, or an instrumentality of any of them, from which a quitclaim deed is acceptable. A donation may be made by quitclaim deed if Real Estate Services determines that acceptance of a quitclaim deed is in JEA's best interests. A quitclaim deed may also be accepted to aid in clearing title or boundary questions. Real Estate Services shall coordinate review and confirmation of all legal descriptions on instruments conveying property to JEA.

(f) *Appraisals.* For parcels assessed at \$50,000 or less Real Estate Services may use the assessed value. All appraisals used for the acquisition of Real Property shall be prepared by a state-certified appraiser and be prepared according to generally accepted appraisal standards. As applicable, each appraisal report shall state any extraordinary assumption or hypothetical condition made by the appraiser in determining market value and shall document and adequately support the appraiser's estimate or conclusion of value.

(g) *Disclosure of Beneficial Interests.* Conveyances to JEA by any person or entity holding Real Property in the form of a partnership, limited partnership, corporation, trust, or any form of representative capacity whatsoever for others shall comply with applicable provisions of section 286.23, Florida Statutes, regarding notice and disclosure requirements.

(h) *Limited Authority to Modify Board Approved Purchase Instruments.* Real Estate Services may modify a purchase instrument approved by the Board to extend the time for option exercise, closing date, submittal deadlines, or any other time limit in the agreement if the total extension of time for closing does not exceed 180 days after the closing date in the purchase instrument approved by the Board. The Real Property Procurement Officer is authorized to modify the legal description in a purchase instrument approved by the Board to conform the description to the description on the certified survey.

(i) *Disclaimer.* In instances where the Real Property Procurement Officer becomes aware of an instrument purporting to convey Real Property to JEA recorded in the public records of Duval County, which instrument has not been accepted by JEA, Real Estate Services may, on behalf of JEA, execute an instrument disclaiming any right, title or interest JEA may have in and to the Real Property and record such instrument in the public records of Duval County after having determined that JEA has no need for such Real Property. Such disclaimer shall be reviewed and approved for legal sufficiency by the Office of General Counsel.

**3.02 Leases to JEA.** JEA may lease Real Property when there is a need for the use or expansion of the utilities systems that cannot be met satisfactorily in JEA controlled space and leasing is more advantageous to JEA than constructing new facilities or altering existing JEA facilities.

**3.03 Donations, Gifts to JEA.** JEA may acquire Real Property by donation or gift when such acquisition best serves the interest of JEA.

(a) In such instance, prior to acceptance, Real Estate Services will investigate the quality of title, boundaries, and any environmental issues to the extent necessary to assess whether the property is marketable, whether the donor has authority to convey the property, and whether there are any apparent adverse impacts to JEA because of the acquisition.

(b) Based upon such investigation, the CEO or designated Real Property Procurement Officer on behalf of JEA, may accept a donation or gift conveying Real Property without prior approval by the Board if: (1) no consideration is paid by the JEA for the conveyance; and (2) JEA assumes no obligations with respect to the property except the normal responsibility incidental to ownership of the property interest being acquired.

(c) No acceptance of a donation or gift is effective until indicated by a written, executed acceptance of the conveyance. The instrument of conveyance and, if applicable, the instrument of acceptance, shall be recorded in the Public Records of Duval County.

**3.04 Real Property Condemnation Actions by JEA.** Pursuant to Chapter 361 of the Florida Statutes (as amended) and Article 21 of the Charter, JEA is vested with eminent domain powers to acquire Real Property for the use or expansion of the utilities systems. Such powers shall be executed in accordance Chapters 73 and 74 of the Florida Statutes (as amended).

## **ARTICLE 4 DISPOSITIONS OF REAL PROPERTY**

**4.01 General Guidance.** JEA may dispose of Real Property that is determined to be no longer needed or useful, or if such disposition best serves the interest of JEA. When such determination has been made, Real Property may be disposed of through exchange, negotiations, sealed competitive bids, public auctions, lease or any other means JEA deems in its best interest in accordance with this Directive and subject to applicable provisions of local and state law. All conveyances of fee interest in JEA-owned Real Property by the Real Property Procurement Officer shall be "as is, where is, and with all faults."

### **4.02 Real Property Transactions Subject to Prior City Council Approval.**

(a) In accordance with Section 21.04 of the Charter, any Real Property that exceeds either an assessed value or just market value of \$50,000, as determined by the property appraiser of the county where the Real Property is located, shall not be sold for less than the appraised value as certified by an MAI certified appraiser, without prior approval by the Council.

(b) In accordance with Section 21.11 of the Charter, any sale, lease, assignment, or other transfer of Real Property that will result in a total net loss of 1 percent or more of JEA's

service territory or a total loss of 1 percent of the electric, water, or wastewater, customer accounts (based on the latest available JEA monthly financial statements) shall require prior approval by the Council.

**4.03 Board Declaration of Surplus Property.** In accordance with Section 21.04 of the Charter, the Board shall, by resolution, fix and determine when JEA-owned Real Estate is no longer needed or useful, and authorize the disposition thereof. The Board may also, in its discretion, adopt a resolution delegating authority to the CEO to surplus and dispose of Real Property when doing so best serves the interest of JEA. Real Estate Services may circulate a sufficiently detailed description of Surplus Property to the City and the independent agencies thereof to determine whether the property is needed for a public purpose.

**4.04 Disposition of Real Property by Bid, Competitive Solicitation, or Public Auction.**

(a) *Bid/Competitive Solicitation.* Real Estate Services may choose to submit Surplus Property to the Procurement Department for sale through a sealed bid or competitive solicitation process. Real Estate Services may request that the Procurement Department advertise Surplus Property for sale in a local newspaper of general circulation for a minimum bid equal to the appraised value, if an appraisal was obtained, but no less than 25 percent of the assessed value. The bidding period shall remain open for at least ten days after publication of the notice.

(b) *Public Auction.* If Real Estate Services determines that Surplus Property may be more advantageously disposed of by public auction, then it may be sold at public auction to the highest and best bidder for cash, after publication of a notice of the auction in a newspaper of general circulation in the City published at least ten days before the date of the auction, setting forth the date, time, and place of the auction and a legal description and street address (if available) of the surplus Real Property.

**4.05 Disposition by Direct Sale to Adjoining Owners.** At the direction of the Board (or authorized designee), Real Estate Services may negotiate directly for the sale of Surplus Property with adjacent property owners. In such instances, Real Estate Services shall send notice by mail to the adjacent property owners that the property is available for purchase. The property may be conveyed at private sale to an adjoining owner without receiving bids or publishing notice. If after receipt of the notice by the adjoining owners, two or more qualifying adjacent property owners notify Real Estate Services of a desire to purchase the Surplus Property, the Real Estate Services may negotiate directly with the competing property owners and may convey the parcel to the owner who agrees to the highest price or may reject all offers. Real Estate Services may execute all documents required to convey the property to the successful owner including execution of the deed. The deed shall cite this section of the Directive as authority for execution.

**4.06. Donations or Sales for Nominal Value to Other Public Agencies.** The Board (or authorized designee) may authorize the sale, donation, or exchange of Surplus Property to another governmental agency for public use regardless of the actual value of the property.

## **ARTICLE 5 TEMPORARY/SHORT-TERM USE OF REAL PROPERTY.**

**5.01 Temporary Use, Licensing and Other Transfers of JEA-Owned Real Property.** Real Estate Services may negotiate, enter, and execute agreements for non-exclusive, use of JEA-owned Real Property for residential, recreational, commercial, industrial, educational, retail, or other uses to the extent that such uses do not interfere with use or operation of the utilities systems.

**5.02 Lease of Real Property.** At the direction of the CEO (or designee), Real Estate Services may pursue, negotiate, and execute leases of Real Property for residential, recreational, commercial, industrial, educational, retail, or other uses. Any lease or renewal thereof lasting for a term of more than five years shall be subject to approval by the CEO (or designee). In accordance with Section 21.04 of the Charter, if JEA leases any Real Property to another agency, firm, corporation, entity, or individual, it shall cause a memorandum of said lease to be recorded in the official records with the clerk of the circuit court where the property is located.

## **ARTICLE 6 DISPOSITION OF LONG-TERM STRATEGIC SITES.**

The Board, by resolution, may identify a Long-Term Strategic Site and authorize the disposition of such site by the CEO (or authorized designee). Such resolution shall:

- (1) Set forth sufficient findings of fact demonstrating that disposition of the Long-Term Strategic Site best serves JEA's interests;
- (2) Detail the CEO's authority with respect to transfer or disposition of the Long-Term Strategic Site; and
- (3) Authorize the CEO (or authorized designee) to execute any and all documents necessary to effectuate such transfer(s) or disposition(s) subject to review by the Office of General Counsel for legal sufficiency and in accordance with this Directive and all applicable local, state, and federal law.

## **ARTICLE 7 REPORTING; RECORDKEEPING**

No less than quarterly, the CEO (or designee) shall prepare and circulate to the Board a report summarizing all Real Property transactions. Complete and accurate records of Real Property transactions shall be maintained by Real Estate Services.

## **ARTICLE 8 LEVELS OF APPROVAL FOR REAL ESTATE TRANSACTIONS**

**8.01 Approvals by the Board.** Board approval shall be required for all Real Property transactions exceeding \$2,000,000.

**8.02 Approval by the CEO.** The CEO shall be authorized to approve and execute Real Property transactions in an amount not to exceed \$2,000,000. The CEO may delegate such authority to Real Estate Services.

## **ARTICLE 9 WAIVER BY THE BOARD**

In the best interests of JEA, the Board may waive any provision contained herein to the extent that such waiver is not prohibited by local, state, or federal law.