



Taxation, Revenue, and Utilization of Expenditures (TRUE) Commission

Wes Benwick, Chair
Robert Jones, Vice Chair
Joe Andrews, Secretary

Meeting Minutes June 3, 2010

4:00 p.m.

Attendance: Wes Benwick (Chair), Thomas Martin, Marc El Hassan, Joe Andrews, Louvenia Tippins, Hiron Peck, Marcella Lowe, Ruth Arnold, Mike McCollum, Jason Fische,r Ryan Jones, Gamal Lyons

Excused: Mark Cowart, Randy Deen, Robert Jones, Greg Anderson

Absent: None

The meeting convened at 4:00 p.m. with a quorum present.

Minutes

The minutes of the May 6, 2010 commission meeting were approved as distributed.

Presentation

Ron Barton, Executive Director of the Jacksonville Economic Development Commission (JEDC), made a presentation on the proposed Cecil Commerce Center master developer agreement between the City and the Hillwood Companies of Dallas, pending before the City Council as the subject of Ordinance 2010-153. He explained that the JEDC had issued 184 requests for proposals in January 2009 for a master developer to companies large and small in Florida and across the country. Five responses were received, of which the selection committee felt Hillwood's was clearly the best. The City and Hillwood have been negotiating since May 2009 over the terms of the contract now pending before City Council.

The City's goal in redeveloping Cecil Commerce Center is to create an economic engine for the City (job creation and capital investment) while developing the land to its fullest potential and shifting most of the financial obligations of the development process from the City to the master developer. Mr. Barton stressed that this is *not* primarily a land sale agreement, and is not structured that way. Cecil Commerce will need \$250 million in investment over the next 30 years and the City has no way to fund that from its own resources. The biggest obstacle to redevelopment is the raw state of the land; without substantial infrastructure investment there will never be much activity at Cecil Commerce.

The development agreement is a 10 year deal with three 5-year renewal options. There are annual benchmarks and performance requirements and no land changes hands until Hillwood brings a development deal to the table. There will be no City investment during the course of the contract; all the risk lies with Hillwood, whose primary interest is in doing deals and generating building. The City has invested approximately \$180 million in Cecil Commerce Center to date, much of it federal and state funding for demolition of old buildings and installation of new infrastructure. Despite the investment, much of the land is not developable because of wetlands issues. The City gets 10% of the net profit (after

Hillwood's expenses and an agree-upon profit margin) on the sale of industrial properties and 50% of the net profit on commercial properties, expected to be a small percentage of the available land. The City hopes to receive \$100 million over 25 years.

Hillwood is owned by Ross Perot, Jr. It has done two comparable developments – Alliance Texas (a privately-funded airport, intermodal rail yard and distribution center) and Alliance California (a closed Air Force base). Hillwood has agreed as part of the deal to use the name Alliance Florida in connection with the project, a premium brand in the marketplace and instantly recognizable to potential clients. Cecil Commerce Center currently generates almost no property tax dollars, but will start doing so almost immediately if Hillwood is awarded the contract because it will be required to start meeting performance schedules for construction of new buildings within the first 2 years. In response to a question from a commissioner, Mr. Barton stated that proceeds from Cecil Commerce land sales will go to the City's General Fund; there is no requirement that the proceeds go into a Cecil-specific trust fund, although he thinks that would be a good idea.

Motion (El Hassan): that the TRUE Commission express its support via resolution for Ordinance 2010-153 and the master developer agreement with Hillwood, and recommend that City Council amend the ordinance to direct that the proceeds of land sales at Cecil should be directed to the Cecil Field Trust Fund – **approved unanimously.**

Committee Reports

Legislative Tracking Committee – Commissioner Andrews distributed a list of three pending bills: 2010-153 approving a master developer lease for Cecil Commerce Center with Hillwood; 2010-353 creating a Victim Assistance Advisory Council Trust Fund; and 2010-267 appropriating \$3.3 million in bond refund proceeds for renovation of a dormitory for medical students at Shands Jacksonville medical center. The commission had already acted on 2010-153 earlier in the meeting. With regard to 2010-267, Mr. Andrews had contacted assistant budget officer Heath Beach who stated that the refunded bond proceeds being appropriated to the Shands dormitory renovation project were appropriated by City Council in the capital improvements list in the FY08-9 budget.

Motion (Andrews): the committee recommends that the commission adopt a resolution urging the City Council to amend 2010-353 to provide that no City funds shall be deposited into the new trust fund – **approved 11-1.**

Performance Committee – the committee had not met since the last full commission meeting.

Budget Committee – the committee had not met since the last full commission meeting.

Auditor's Report

Kim Taylor of the Council Auditor's Office reported that three reports have been issued in recent weeks by the office. #679 – JPA dredging procurement – found that the procurement was properly done, but there were some contract management weaknesses. The Auditor also recommended that the Port Authority study the cost effectiveness of purchasing dredging equipment and performing the function in-house rather than contracting with private companies. #680 – Quarterly Budget Review – found that there is a potential \$12.5 million deficit in the current year's operating budget if quarterly trends continue. The administration plans to meet the projected shortfall with a combination of use of reserve funds (\$5 million), re-appropriation of \$5 million in excess self-insurance contributions, and \$2 million in departmental mid-year cuts. #681 – City Government in the Sunshine Compliance – found no significant failures to comply with the regulations for posting and scheduling meetings and producing minutes.

Chair's Comments

Chairman Benwick stated that he had posed some questions to City Chief Administrative Officer Kerri Stewart about the commission's interest in the subject of City contract management but has not yet received a reply.

Old Business

Commissioner Lowe reported on her efforts to find some of the items of City tangible personal property reported as missing, lost or stolen in Ordinance 2010-153. She met with Council Member Yarborough who was interested in pursuing the same subject and with several City employees in various departments, and their investigations led to the location and identification of numerous items on the list. The biggest cause for items to appear on the list appears to be failure to follow existing inventory regulations and to complete and file the appropriate paperwork when items are moved from one location to another. Particularly problematic are computers and printers that are replaced by the Information Technology Department. Frequently new equipment is delivered and installed, but old equipment is not removed by ITD. Employees eventually put the old, unused equipment in closets or storage rooms from which they are eventually discarded with no paperwork ever having been completed. Failure of designated departmental inventory officers to keep up with tagging new items and completing the proper paperwork to declare old items as surplus is a problem. Council Member Yarborough thanked the TRUE Commission in a speech during a recent council meeting for its interest and efforts in this area.

Motion (Lowe): that the TRUE Commission adopt a resolution urging the City to make greater efforts at proper inventory control, including better record keeping and inventory tagging, and stressing to departmental inventory officers their responsibility to adhere to existing policies and procedures – **unanimously approved.**

New Business

Nominating Committee Report: Commissioner El Hassan gave the report of the Nominating Committee and proposed the following slate of officers for 2010-11:

Chair – Wes Benwick (second term)
Vice Chair – Jason Fischer or Robert Jones (second term)
Secretary – Joe Andrews (second term)

There were no additional nominations from the floor.

Wes Benwick was re-elected unanimously to a second term as Chair.
Jason Fischer was elected to the position of Vice Chair by a vote of 9-3.
Joe Andrews was re-elected unanimously to a second term as Secretary.

Commissioner Comments

None

Public Comments

None.

Next meeting

Given the proximity of the regular July meeting date to the Independence Day holiday and the City Council legislative break, the next meeting is scheduled for Thursday, August 5th at 4:00 p.m.

There being no further business, the meeting was adjourned at 5:23 p.m.

Posted 9.7.10
5:00 p.m.

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