Introduced by the Council President at the request of the Mayor:

ORDINANCE 2016-727

A ORDINANCE MAKING CERTAIN FINDINGS, AND APPROVING AND AUTHORIZING THE EXECUTION OF: (1) AN ECONOMIC DEVELOPMENT AGREEMENT BETWEEN THE CITY OF JACKSONVILLE (“CITY”) AND GRACE ELECTRONICS, LLC (“COMPANY”), TO SUPPORT THE EXPANSION OF THE COMPANY’S OPERATIONS IN JACKSONVILLE, FLORIDA (THE “PROJECT”); AND (2) A LEASE AGREEMENT BETWEEN THE CITY AND COMPANY FOR A PORTION OF BUILDING 905 IN CECIL COMMERCE CENTER, LOCATED AT 13541 LAKE NEWNAN STREET, JACKSONVILLE, FLORIDA FOR A TERM OF UP TO THREE YEARS AT AN INITIAL MONTHLY BASE RENTAL RATE OF $5,073.00;RECOMMENDING THAT THE COMPANY BE APPROVED BY THE STATE OF FLORIDA'S DEPARTMENT OF ECONOMIC OPPORTUNITY AS A QUALIFIED TARGET INDUSTRY (“QTI”) BUSINESS WITH A HIGH IMPACT SECTOR BONUS, PURSUANT TO SECTIONS 288.106-108, FLORIDA STATUTES; EVIDENCING A COMMITMENT OF CITY SUPPORT IN AN AMOUNT NOT TO EXCEED $25,000 AS THE LOCAL FINANCIAL SUPPORT UNDER THE QUALIFIED TARGET INDUSTRY TAX REFUND PROGRAM PAYABLE OVER MULTIPLE YEARS PER GUIDELINES SET BY THE STATE DEPARTMENT OF ECONOMIC OPPORTUNITY, WITH A STATE MATCH OF $100,000, FOR A TOTAL CITY AND STATE QTIAMOUNT OF $125,000 FOR 25 JOBS; APPROVING AND AUTHORIZING EXECUTION OF AN ECONOMIC DEVELOPMENT AGREEMENT BY THE MAYOR OR HIS DESIGNEE AND CORPORATION SECRETARY; APPROVING AND AUTHORIZING EXECUTION OF A LEASE AGREEMENT BY THE MAYOR OR HIS DESIGNEE AND CORPORATION SECRETARY; AUTHORIZING APPROVAL OF TECHNICAL AMENDMENTS BY THE EXECUTIVE DIRECTOR OF THE OED; PROVIDING FOR CITY OVERSIGHT BY THE OED; TIMELINE FOR EXECUTION OF AGREEMENT BY THE COMPANY; AFFIRMING THE PROJECT’S COMPLIANCE WITH THE PUBLIC INVESTMENT POLICY ADOPTED BY ORDINANCE 2016-382-E; PROVIDING AN EFFECTIVE DATE.

**WHEREAS**, Grace Electronics, LLC (the “Company”) has committed to create 25 permanent full-time equivalent new jobs in Jacksonville with an average salary, exclusive of benefits, of approximately $50,675 per annum by December 31, 2019, all as further described in the Project Summary attached hereto as **Exhibit 1**; and

**WHEREAS**, such average salary is at least 115% of the average private-sector wage in the State effective as of January 1, 2014; and

**WHEREAS**,the City of Jacksonville (“City”) wishes to support tax refunds for the Company in the maximum amount available under Sections 288.106-108, Florida Statutes, relating to qualified target industry High Impact Sector businesses, (the "QTI Refunds"); and

**WHEREAS**, the City is required to fund 20% of the amount of the basic QTI Refunds with a High Impact Sector bonus (20% of $125,000, or $1,000 for each of 25 new jobs, for a total City contribution of $25,000) granted to the Company as the City's "local financial support", while the State of Florida provides 80% of the basic QTI Refunds; and

**WHEREAS**, a combined City and State grant of up to $125,000 per job in QTI Refunds (of which $3,000 are standard QTI Refunds at the 115% salary level and $2,000 are High Impact Sector bonuses) is a pre-condition essential to the willingness and ability of the Company to expand its business in Jacksonville; and

**WHEREAS**, for the reasons more fully described in the Project Summary, the grant of QTI Refunds and High Impact Sector bonus in such amounts serves a paramount public purpose; and

**WHEREAS**, the City’s Office of Economic Development (“OED”) has reviewed the application submitted by the Company for community development, and, together with representatives of the City, negotiated the Economic Development Agreement and, based upon the contents of the Economic Development Agreement, has determined the Economic Development Agreement and the uses contemplated therein to be in the public interest, and has determined that the public actions and financial assistance contemplated in the Economic Development Agreement take into account and give consideration to the long-term public interests and public interest benefits to be achieved by the City; and

**WHEREAS**, the Company has requested the City to enter into an Economic Development Agreement and Lease Agreement in substantially the forms placed **On File** with the Legislative Services Division; now therefore,

**BE IT RESOLVED** by the Council of the City of Jacksonville:

# **Findings**. It is hereby ascertained, determined, found and declared as follows:

## The recitals set forth herein are true and correct.

## The location of the Company’s project in Jacksonville, Florida, (“Project”) is more particularly described in the Economic Development Agreement. The Project will promote and further the public and municipal purposes of the City.

## Enhancement of the City's tax base and revenues,are matters of State and City policy and State and City concern in order that the State and its counties and municipalities, including the City, shall not continue to be endangered by unemployment, underemployment, economic recession, poverty, crime and disease, and consume an excessive proportion of the State and City revenues because of the extra services required for police, fire, accident, health care, elderly care, charity care, hospitalization, public housing and housing assistance, and other forms of public protection, services and facilities.

## The provision of the City's assistance as identified in the Economic Development Agreement is necessary and appropriate to make the Project feasible; and the City's assistance is reasonable and not excessive, taking into account the needs of the Company to make the Project economically and financially feasible, and the extent of the public benefits expected to be derived from the Project, and taking into account all other forms of assistance available.

## The Company is qualified to carry out and complete the construction and equipping of the Project, in accordance with the Economic Development Agreement.

## Recommendation for QTI Refunds. The Council, acting in its capacity as a county, hereby recommends to the State of Florida Department of Economic Opportunity that the Company be approved as a "qualified target industry business" pursuant to Section 288.106, Florida Statutes, with a High Impact Sector bonus.

## The authorizations provided by this Ordinance are for public uses and purposes for which the City may use its powers as a county, municipality and as a political subdivision of the State of Florida and may expend public funds, and the necessity in the public interest for the provisions herein enacted is hereby declared as a matter of legislative determination.

## This Ordinance is adopted pursuant to the provisions of Chapters 163, 166 and 125, Florida Statutes, as amended, the City’s Charter, and other applicable provisions of law.

# **Economic Development Agreement and Lease Agreement approved**. There is hereby approved, and the Mayor or his designee and Corporation Secretary are authorized to enter into an Economic Development Agreement (“Agreement”) between the City and the Company, substantially in the form placed **On File** with the Legislative Services Division (with such “technical” changes as herein authorized), for the purpose of implementing the recommendations of the OED, as are further described in the Project Summary attached hereto as **Exhibit 1.** There is also hereby approved, and the Mayor or his designee and Corporation Secretary are authorized to enter into a Lease Agreement (“Lease”) between the City and the Company, substantially in the form placed **On File** with the Legislative Services Division. The Lease is for approximately 10,146 square feet on premises within Cecil Commerce Center known generally as Building 905, located at 13541 Lake Newman Street, Jacksonville, Florida 32221 for a term of up to three years, at an initial monthly base rental rate of $5,073.00, with an initial common area maintenance fee of $200.00 per month. The initial monthly base rent shall increase annually at a rate of 3% per year.

## The Agreement may include such additions, deletions and changes as may be reasonable, necessary and incidental for carrying out the purposes thereof, as may be acceptable to the Mayor, or his designee, with such inclusion and acceptance being evidenced by execution of the Agreement by the Mayor or his designee. No modification to the Agreement may increase the financial obligations or the liability to the City and any such modification shall be technical only and shall be subject to appropriate legal review and approval of the General Counsel, or his or her designee, and all other appropriate action required by law. “Technical” is herein defined as including, but not limited to, changes in legal descriptions and surveys, descriptions of infrastructure improvements and/or any road project, ingress and egress, easements and rights of way, performance schedules (provided that no performance schedule may be extended for more than one year unless required to align the Performance Schedule with any changes to performance schedules set forth in the agreement between the Company and the State of Florida Department of Economic Opportunity) design standards, access and site plan, which have no financial impact.

# **QTI Local Financial Support Approved.** By this Ordinance, the City is authorized and directed to provide "local financial support," as defined in Section 288.106, Florida Statutes, in the aggregate amount of up to $25,000 or 20% of the amount of the basic QTI Refunds with a High Impact Sector bonus granted to the Company by the State, whichever is less. Such local financial support shall be made available in the amount of up to $1,000 per new job for up to 25 new jobs created by the Company in connection with the Project. The funding for such local financial support will be made available by future appropriation of the Council over the time period described in the guidelines referenced in the heading of this Ordinance if such new jobs are created.

# **Designation of Authorized Official/OED Contract Monitor.** The Mayor, or his designee, is designated as the authorized official of the City for the purpose of executing and delivering any contracts, notes and documents and furnishing such information, data and documents for the Agreement and Lease as may be required and otherwise to act as the authorized official of the City in connection with the Agreement and Lease, and is further authorized to designate one or more other officials of the City to exercise any of the foregoing authorizations and to furnish or cause to be furnished such information and take or cause to be taken such action as may be necessary to enable the City to implement the Agreement and Lease according to their terms. The OED is hereby required to administer and monitor the Agreement and Lease and to handle the City's responsibilities thereunder, including the City's responsibilities under the Agreement and Lease working with and supported by all relevant City departments.

# **Further Authorizations.** The Mayor, or his designee, and the Corporation Secretary, are hereby authorized to execute the Agreement and all other contracts and documents and otherwise take all necessary action in connection therewith and herewith. The Executive Director of the OED, as contract administrator, is authorized to negotiate and execute all necessary changes and amendments to the Agreement and Lease and other contracts and documents, to effectuate the purposes of this Ordinance, without further Council action, provided such changes and amendments are limited to amendments that are technical in nature (as described in Section 2 hereof, and further provided that all such amendments shall be subject to appropriate legal review and approval by the General Counsel, or his or her designee, and all other appropriate official action required by law.

# **Oversight Department.** The OED shall oversee the project described herein.

# **Execution of the Agreement.** If the Agreement approved by this Ordinance has not been signed by the Company within ninety (90) days after the OED delivers or mails the unexecuted Agreement to the Company for execution, then the City Council approval of the Project and authorization for the Mayor to execute the Agreement is automatically revoked, provided however, that the Executive Director of the OED shall have the authority to extend such ninety (90) day period in writing at his discretion for up to an additional ninety (90) days.

# **Public Investment Policy.** This Ordinance conforms to the guidelines provided in the Public Investment Policy adopted by City Council Ordinance 2016-382-E.

# **Effective Date.** This Ordinance shall become effective upon signature by the Mayor or upon becoming effective without the Mayor’s signature.

Form Approved:

/s/ John Sawyer

Office of General Counsel

Legislation prepared by: John Sawyer

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