



**NORTHWEST JACKSONVILLE ECONOMIC DEVELOPMENT FUND
(NWJEDF) ADVISORY COMMITTEE**

City Hall at St. James
117 West Duval Street, 2nd, Conference Room 2C
Jacksonville, FL 32202
January 15, 2019 – 3:30 p.m.

ONE CITY. ONE JACKSONVILLE.

JANUARY MEETING MINUTES

Location: City Hall at St. James, located at 117 West Duval Street, 3rd Floor, Conference Room C, Jacksonville, FL 32202

Advisory Board Members Present: John Allmand, Fred Atwill, George Barnes, Cynthia Glover, Valerie H. Jenkins and Joe Whitaker

Advisory Board Members Not Present: Karen Landry and Royce McGowan

Others Present: Office of Economic Development (OED) – Daphne Colbert, Paul Crawford, Wendy Khan, Ed Randolph, and Kirk Wendland; Office of Inspector General (OIG) – Craig Bassett; Visitors – Sylvester Pinckney (Kids Hope Alliance), Scott Sailer (Daily Record); and Stanley Scott (African American Economic Recovery Think Tank (AAERTT))

I. CALL TO ORDER

Chair Whitaker called the NWJEDF Advisory Board meeting to order @ 3:30 p.m. A quorum was established. Two board members will need to leave early due to other business related commitments and asked if the action items and new business items could be taken up early in order to prevent quorum issues.

II. ACTION ITEMS

1. **Approval – April 17, 2018 Meeting Minutes** – Board Member Barnes moved that the April 17, 2018 Meeting Minutes be approved as submitted. The motion was seconded by Board Member Allmand. A vote of the Board was taken and the April 17, 2018 Meeting Minutes were unanimously (6-0) approved by the members present.
2. **Approval – September 26, 2018 Meeting Minutes** – Board Member Allmand moved that the September 26, 2018 Meeting Minutes be approved as submitted. The motion was seconded by Board Member Glover. A vote of the Board was taken and the September 26, 2018 Meeting Minutes were unanimously (6-0) approved by the members present.

V. New Business - Preferred Freezer Services presented by Kirk Wendland, Executive Director – Office of Economic Development

Background:

Preferred Freezer Services, the third largest provider of refrigerated storage and warehousing in the U.S., is evaluating Jacksonville for a new warehousing facility. The private capital investment for the proposed Jacksonville warehousing space is \$46.7 million, which is comprised of real estate improvements and new equipment. Jacksonville is one of a few cities the company is currently evaluating for the proposed project. If Jacksonville is selected, they propose to create a minimum of 40 full-time jobs within the first two years. The average annual wage of the jobs would be \$46,346, plus benefits.

The new distribution facility would be located on a Greenfield site in a Level 2 Economically Distressed Area, in Northwest Jacksonville.

Preferred Freezer Services has stated that the City of Jacksonville financial incentives are a material factor to construct a new distribution facility in Jacksonville, Florida.

Project Rationale & Benefits:

1. Supporting this project will expand Jacksonville's logistics and distribution employment base and provide 40 new higher wage jobs and expand the commercial tax base.
2. The annual payroll resulting from the 40 new full-time jobs is \$1.85 million (excluding benefits).

Project Incentives:

The City of Jacksonville proposes to provide:

- A City Recapture of Enhanced Value (REV) Grant will be provided. The REV Grant will be a refund of 50 percent of the increase in ad valorem taxes paid by the company, over the first five years of operation. The maximum amount of the REV Grant will be \$1.1 million.
- Northwest Jacksonville Business Infrastructure Grant (BIG), to assist with the cost of installing needed water line infrastructure, which currently doesn't exist on the development site. The BIG Grant will not exceed \$100,000.
- The project has a positive ROI of 3.68, for the City of Jacksonville.
The total amount of City incentives would be up to: \$1.2 million.

*A brief summary of Mr. Wendland responses to board members questions and or comments is provided. Please listen to the recorded meeting for detailed information.

Chair Whitaker – How will the funds be disbursed? Is it a single disbursement? Funds will be disbursed once the project is completed. The company will show documentation that the work has been completed and submit paid invoices which will be reviewed by the department.

Board Member Allmand – Will 1.1 million come out of the NW fund? No, it will not. Our piece is a \$100K to assist with expanding the existing water line to the property to make it larger. Yes, and to assist with some additional infrastructure items

Board Member Glover – Is the company proposing to come to the area considering our agreement of \$100,000 is approved? There's a strong possibility that the company will come to the area. It has not been confirmed yet.

Board Member Atwill moved that the Northwest Jacksonville Business Infrastructure Grant (BIG) in the amount not to exceed \$100,000 to be utilized to assist with infrastructure improvements to the site for this project. The motion was seconded by Board Member Glover. A vote of the Board was taken and the business item was unanimously (6-0) approved by the members present.

The full packet will be submitted to the Mayor's Budget Review Committee for review and approval in order to submit to City Council for action.

III. INFORMATION/DISCUSSION ITEMS

A. NWJEDF Financials Update provided by Wendy Khan, Finance and Compliance Manager

1. The Northwest Jacksonville Economic Development Fund Summary Statement as of September 1, 2018 Ms. Khan provided an overview of the new structure for the NWJEDF Summary

Statement. It will now include information for the Food Desert Program and the Failing Non-Residential Septic Grant Program. The available fund balance to invest in Northwest Projects is \$5,035,679. The total balance of appropriated funds is \$5,246,765.00

2. NWJEDF (Outstanding Loans)

As of January 1st, 2019, all outstanding loans are current, except for First Coast Homeless Pets. T Mr. Wendland shared that First Coast Homeless Pets that a balloon payment is due on June 1st for the first loan. They have asked to reamortize their loan for another 10 years. Staff will provide some recommendations to the board for consideration during the next meeting. Board Member Jenkins stated that she respects the fact that both parties are acknowledging the organization's financial situation and are taking steps to go through the process for the board to consider reamortizing their loan. She commends them for taking the effort to address their upcoming balloon payment.

3. Files at Office of General Counsel

Mr. G's Hair Depot – The first mortgage has been satisfied with First Coast BBIC. The city is now in first position and the Office of General Counsel is currently researching our options to collect payments.

Co-Wealth, LLC - The Brown's Chapter 11 reorganization plan is in effect. Payments are being received under KJB Specialties Wealth and their Chapter 11. Payments are current.

4. NWJEDF (Project Tracking – Ongoing Projects) Updates previously provided or no change in status.

B. Update - Failing Non-Residential Septic Tank Grant Program – ORD 2018-196-E

Commercial properties located in the Northwest area with a failing septic system may be eligible for up to a \$30,000 grant to replace/repair their septic system or connect to JEA Sanitary Sewer Service. The Florida Department of Health notifies the business owner of the issue and it needs to be resolved. However, the business may also identify the issue and can take the necessary action to resolve it. Applications must be approved before they commence construction.

5 Septic Grant applications approved to date:

4 – to connect to JEA Sanitary Sewer Service; and
1 – to upgrade Septic system

Board Member Jenkins inquired about the average cost to repair/replace or to connect to JEA sewer sanitary service The price varies depending on the property's location to the nearest sewer line or if a permit is granted by the FDOH to repair or replace the septic system. So far, the highest cost to connect to JEA has been \$146,944 (9 septic systems on the property) and the lowest cost - \$54,850.00.
To repair/replace septic system: lowest cost - \$24,000 – highest cost -\$29,954.00

C. Update - Food Desert/Grocery Store Study – ORD 2018-195-E

The Special Committee on Safe and Health Neighborhoods formed by City Council appropriated \$3,000,000 from the Northwest Jacksonville Economic Development Trust Fund ("NWJEDF"), Miscellaneous Sales Account for Supermarket Grants; it provides for the engagement of a consultant/broker; it provides for the development of a grant application; it provides for a carryover of funds; it provides for City oversight by the Office of Economic Development; it waives and amends the compliance with the Northwest Jacksonville Economic Development Fund Guidelines approved and adopted pursuant to Ordinance 2016-779-E.

Funding in the amount of \$150,000 was allotted to hire a consultant and the T. Brown Consulting Group was selected from the RFP process to perform the study. It should be completed by the end of February 2019. A

community meeting was held in December 2018 to solicit feedback from the community as well as various meetings with council members. The consultant shared information about some of the issues as to why grocery stores are hesitant to move in disadvantaged areas, i.e. profit margins, average wages, average income, number of household.

Board Members questions/comments

Chair Whitaker: Will the board have an opportunity to review the programs and have any input? Are there any actions required by the board? Mr. Wendland stated that board's action is not required. Council provided direction to the Office of Economic Development allocating funds from the Northwest Jacksonville Economic Development Fund. However, the draft report could be shared. A special meeting could be called to review it before it's submitted to council in accordance with the deadline in the legislation, February 28, 2019.

Board Member Jenkins thanked the board chair for his questions and commented about the board's role in this initiative. The board has no voting right, but possibly to ensure that there's a balance system in place. Is that the primary responsibility? Mr. Wendland a report with information and data which will be used to recommend some programs. Several organizations have provided feedback or commented since this study began which have been very helpful and enlightening. They are working on various programs or initiatives to combat food deserts, i.e. educational programs, mobile food delivery systems, mobile markets providing fresh vegetables, just to name a few. Our role continues to evolve in this process and the board's input will be solicited.

Board Member Glover - Where is the 3 million dollars coming from? It was encumbered in the Northwest Jacksonville Economic Development fund. \$150,000 was allocated to hire a consultant. The negotiated price to complete the study was \$105,000.

Board Member Glover - How will the remaining balance be utilized? The balance has to be used for initiatives or programs to combat food deserts.

Board Members Jenkins and Glover were both pleased and stated so in knowing that opportunities may exist for non-profits to tap into the remaining funds.

Board Member Glover - Will we use some of the funds for education in the community?

We have not determined what our role will be at this time. Opportunities for partnership may be considered.

D. **FY 2018 Annual Report** – included in the board packet

E. **2019 NWJEDF Meeting Dates** – included in the board packet

IV. OLD BUSINESS

There was no old business to cover.

V. PUBLIC COMMENTS

Stanley Scott expressed his concerns that he did not have a chance to express his comments during the Action Items section of the agenda. He requested clarification from the Office of General Counsel as to what is the process for the public to speak on issues being addressed by the board. Mr. Scott also shared the African American Economic Recovery Think Tank (AAERTT) plans for the North Bank.

Chair Whitaker stated that he will get Mr. Scott's a response to his inquiry regarding public comments procedures.

VI. ADJOURNMENT

There being no further business, Chair Whitaker adjourned the meeting at approximately 4:20 p.m.

Next quarterly NWJEDF Advisory Committee meeting is scheduled for Tuesday, April 16, 2019.

The written minutes for this meeting are only an overview of what was discussed. For verbatim comments, an audio file of the meeting is available upon request. Please contact Daphne Colbert at (904) 630-7117, or by email at daphnec@coj.net.

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