



**NORTHWEST JACKSONVILLE ECONOMIC DEVELOPMENT FUND
(NWJEDF) ADVISORY COMMITTEE
CITY HALL AT ST. JAMES
117 WEST DUVAL STREET, 3RD FLOOR, CONFERENCE ROOM C
JACKSONVILLE, FL 32202
TUESDAY, AUGUST 16, 2022 AT 3:30 P.M.**

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: Chair Fred Atwill, Jr., Valerie H. Jenkins, George Barnes, and Tillery Durbin

Advisory Board Members Absent: Vice-Chair John Allmand, Cedrick Gibson and Amber Cabrera

Office of Economic Development Staff Present: Kirk Wendland, Wendy Khan, Joe Whitaker, Ella Sherrod and Corey Craig

Representing the Office of General Counsel: John Sawyer

Representing City Council: None

Members of the Public: Tom Larson, Self-Help Credit Union; Vanessa Cullins Hopkins, KingSoutel Crossing CRA Advisory Board Member

I. CALL TO ORDER

Chair Fred Atwill, Jr. called the NWJEDF Advisory Committee meeting to order at @ 3:33 p.m. Around the table introductions were made. A quorum was established.

II. ACTION ITEMS

APPROVAL – MARCH 22, 2022 MEETING MINUTES

BOARD MEMBER BARNES MOVED THAT THE MARCH 22, 2022 MEETING MINUTES BE APPROVED AS SUBMITTED. THE MOTION WAS SECONDED BY BOARD MEMBER JENKINS. A VOTE OF THE BOARD WAS TAKEN AND THE MARCH 22, 2022 MEETING MINUTES WERE UNANIMOUSLY (4-0) APPROVED BY THE MEMBERS PRESENT.

APPROVAL –JUNE 21, 2022 MEETING MINUTES

BOARD MEMBER JENKINS MOVED THAT THE JUNE 21, 2022 MEETING MINUTES BE APPROVED AS SUBMITTED. THE MOTION WAS SECONDED BY BOARD MEMBER BARNES. A VOTE OF THE BOARD WAS TAKEN AND THE JUNE 21, 2022 MEETING MINUTES WERE UNANIMOUSLY (4-0) APPROVED BY THE MEMBERS PRESENT.

PROJECT: FERROSOURCE - PRESENTED BY JOE WHITAKER, PROJECT MANAGER, OED

Ferrosorce, LLC is a global procurement and distribution company focused on supply chain and risk management in the ferrous metals market. They procure, distribute, and customize a variety of steel products for domestic users of hot and cold rolled steel, pipe, tube and long products such as wire, rebar, wire rods, tubes, steel bar and steel sections. They arrange for value added services such as slitting, cut to length, multi-blanking and stretcher leveling custom steel items for their customer base. They have been in business since 2016 and currently employ 20 people at their corporate headquarters. Ferrosorce has offices in Chicago, IL, Fort Wayne, IN, Birmingham, AL, Dallas/Fort Worth, TX and Los Angeles, CA. Their primary US affiliates handling the processing and distribution of the ferrous materials in the US include Midwest Pipe & Steel, Paragon Steel, Paragon Tube Corporation and HK Hanwa Steel.

The company is interested in establishing a metal fabricating facility in Jacksonville to manufacture fabricated steel products to support their customer's needs. Additionally, they propose to create within their facility a free trade zone to import and store steel before it's fabricated into structural steel parts and rebar. In year 1 they propose to lease 20,000 sq. ft. of the vacant 44,000 sq. ft. steel building located at 1011 Blanche St., Jacksonville, FL 32204. They propose to convert the vacant steel warehouse building into a multi-line steel fabrication facility to manufacture the products desired by their customer base. Initially they propose to invest approximately \$2.5 million in Phase 1 of the project and create up to 15 new jobs. Their five-year plan includes an ultimate investment of \$10 million and creation of an additional 35 jobs.

The estimated costs associated with Phase I of the project are \$2,500,000 and summarized as follows:

• Leasehold & Infrastructure Improvements	\$ 500,000
• Machinery & Equipment	1,500,000
• Architectural/Engineering and Legal Fees	30,000
• IT Equipment	<u>470,000</u>
Total	<u>\$ 2,500,000</u>

Ferrosorce proposes to initially hire 15 employees in year 1 at an average wage of \$58,000 (\$27.88 hr), plus benefits. Average annual payroll is \$870,000 plus benefits. Within the first five years they anticipate hiring an additional 35 employees at the average wage of \$58,000 plus benefits. Annual payroll in year five would average \$2,900,000 plus benefits.

Ferrosorce is requesting City of Jacksonville support to offset a portion of the building improvements needed to provide the manufacturing infrastructure to create a multi-line metal fabrication facility to manufacture component parts to support its growing customer base within the southeastern portion of the U.S. The incentive requested is a material factor for Ferrosorce to locate its proposed metal manufacturing and fabrication facility within this Level 2 Economically Distressed Area.

# of Jobs To Be Created	Capital Investment	Intangibles
Ferrosorce will create 15 new jobs @ an average wage of \$58,000, no later than Dec. 31, 2024.	Estimated to be \$2.5 million comprised of leasehold improvements \$.5 million, machinery & equipment \$1.5 million, and IT infrastructure and equipment \$.5 million	Supports the attraction of a new manufacturing and steel fabrication facility within a Level 2 Economically Distressed Area in the Northwest Economic Development Fund boundary area.

Project Rationale & Benefits:

- Supporting Ferrosorce will assist a new metal manufacturing and fabricating business to lease a vacant industrial building within Jacksonville’s Northwest Jacksonville Economic Development Fund area, create 15 new manufacturing jobs generating an annual payroll of \$870,000 per year plus benefits with the goal of creating up to 50 jobs within five years.
- The project will result in new private capital investment of \$2.5 million within a Level 2 Economically Distressed Area in the Urban Core and Northwest Jacksonville with the potential to increase the private capital investment up to \$10 million within the first five years.

Project Incentives:

The City of Jacksonville proposes to provide:

- Ferrosorce is seeking public investment through the Northwest Jacksonville Economic Development Fund Business Infrastructure Grant (BIG) Program in the amount of \$100,000 to offset a portion of the infrastructure costs associated with the interior renovations associated with converting the former warehouse constructed in 1941 into a manufacturing facility and meet the current building code requirements.
- The project has an ROI of 2.0: 1, for the City of Jacksonville.

The total amount of City incentives would be up to \$100,000.

Discussion:

Chair Atwill asked if staff could expound on the proposed free-trade zone mentioned in the project summary. Mr. Whitaker responded that free-trade zones are geographic areas, designated by JAXPORT, that allow companies to delay paying tariffs on any products located within the zone.

Board Member Jenkins asked if there were other free-trade zones in Jacksonville, and where generally were they located. Mr. Whitaker replied that they are mostly located in the northern part of Jacksonville, in big warehouses, and near the Port as well.

Board Member Durbin asked how long the term of their lease was. Mr. Whitaker responded that it is a 10-year lease, with the option to renew.

Public Comment:

Vanessa Cullins Hopkins, KingSoutel Crossing CRA Advisory Board Member, made comments in support of the project, and asked the NWJEDF Advisory Committee to direct projects to the KingSoutel Crossing CRA when possible.

A MOTION WAS MADE BY BOARD MEMBER DURBIN TO APPROVE A BUSINESS INFRASTRUCTURE GRANT (BIG) IN THE AMOUNT OF \$100,000 FROM THE NORTHWEST JACKSONVILLE ECONOMIC DEVELOPMENT FUND, FOR FERROSOURCE LLC. THE MOTION WAS SECONDED BY BOARD MEMBER JENKINS. A VOTE OF THE BOARD WAS TAKEN, AND A BUSINESS INFRASTRUCTURE GRANT (BIG) IN THE AMOUNT OF \$100,000 FOR FERROSOURCE LLC WAS APPROVED UNANIMOUSLY BY THE MEMBERS PRESENT (4-0).

Mr. Wendland advised that due to the timing of the request, the Mayor's Budget Review Committee (MBRC) has already reviewed and approved the project. Legislation is being drafted to present to City Council.

III. INFORMATION/DISCUSSION ITEMS

NWJEDF FINANCIALS UPDATE – PRESENTED BY WENDY KHAN, OED FINANCE & COMPLIANCE MANAGER

NWJEDF Summary Statement: the current available/unappropriated balance as of July 31, 2022, was approximately \$4.8 million.

NWJEDF Outstanding Loans: all nine active loans are current. The current principal balance due is \$2,565,809.

Files at Office of General Counsel: there were no changes with the files that are in the Office of General Counsel for processing: Mr. G's Hair Depot; Cowealth, LLC; K Mack, LLC Shoppes at Norfolk; and Cedar Grove Corp.

IV. OLD BUSINESS

No old business was discussed.

V. NEW BUSINESS

No new business was discussed.

VI. PUBLIC COMMENTS

There were no comments made from the public.

VII. ADJOURNMENT

There being no further business, Chair Atwill, Jr. adjourned the meeting at approximately 3:57 p.m.

The next quarterly NWJEDF Advisory Committee meeting date is TBD.

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 Corey Craig at (904) 255-5445, or by email at ccraig@coj.net.