

BJP Finance and Project Administration Committees
Meeting Minutes
July 30, 2010

FAC:

Jim Dickenson (also PAC)
Derek Igou (for Kerri Stewart)
AJ Dunn

CITY:

Mickey Miller
Michael Givens
Janice Billy
Marcy Cook

JTA:

Thomas Cerino
Ken Middleton
Dee Dee Ellis
Sonja Banks

PAC:

John Davis (for M. Blaylock)
Joey Duncan
John Osborn

JEA:

Helen Kehrt
Robert Kermitz
Nadine Carswell

- I. Welcome and Opening Remarks** **Jim Dickenson**

- II. Approval of Previous Meeting Minutes** **Both Committees**
Minutes of April 30 approved as amended (change date)

- III. FINANCE ADMINISTRATION COMMITTEE** **JIM DICKENSON**

- A. COJ Financial Report** **Michael Givens**

We have program borrowing scheduled for sometime mid-August for the BJP2 covenant program – this is the second of two “bridge” borrowing that the city approved a year ago. That borrowing combined with a 2nd CIP borrowing in September between now and end of FY will provide a significant portion of funding for our primary project, the Courthouse. So the focus of those two borrowings will do two things: reimburse previously advanced spending on the Courthouse and transportation projects; and borrowing for the next 8-10 months, looking forward to a third covenant borrowing at the end of 2011. Should get us to a place where we’re completing the funding for all the remaining active transportation projects.

Revenues continue to trouble us, although the degradation hasn’t exceeded our stress test. When we were planning on substitution borrowing – covenant versus direct pledge – it was because markets were nervous about sales tax performances. So we chose to borrow using city’s covenant pledge and repay that borrowing with BJP2 sales tax money. When we decided to move forward with that proposal, we stress-tested that borrowing pattern to determine at what level the general fund, which was backing up this borrowing, would have to step in and begin to provide cash for the debt service. The stress-test levels we reached were -9% for FY 08/09 and -8% for FY 09/10, followed by 0 then modest growth moving forward. This pattern would allow the sales tax to support the debt without making a call on the general fund.

Currently we’re expecting the transportation sales tax side to be down only 4%, better than the -6 ¾ % we predicted last meeting. And we’re expecting the infrastructure tax to be down 2% year-over-year, instead of -4 ¾ %. However, by FY 10/11 we expected recovering at least to zero, so according to our model we don’t have room to fall any further. So, while this isn’t the performance we hoped for from our sales tax, it is within our parameters to keep the debt service with the sales tax.

In summary, we have borrowing plans that will take us to positive cash balance at the end of the year. We have a very favorable market.

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Question from Mr. Dunn: So does the stress test say that based on what we're projecting with the rebounding of the market allow us to payback everything without dipping into the general fund? Mr. Givens said yes – Mr. Dickenson added that the bond issue going out mid-August will payback what's been fronted so far, and also go toward Courthouse and cost of projects ongoing right now. That means until the market goes back up, there's no plan to move forward with new projects. Mr. Givens explained the mid-August borrow is sized for \$110 million and the CIP borrow in mid-September is for \$48 million general fund for Courthouse. Mr. Schneider stated the project is running at about \$7 million per month.

B. JTA Financial Report

Thomas Cerino

Numbers life-to-date through June 30. Total commitments \$464.3 million, up only .3% from last quarter - shows we're slowing. This represents project cost completion of 73.2% as percent of current budget managed by JTA. The total expended \$429 million, up \$8 million, or 2%. Total encumbered \$35 million, down \$6.5 million or 16% from prior quarter. Demonstrates the slower project cycle we're in right now.

Of the \$8 million spent this quarter, about \$2 million went to BJP1 projects such as Beach ICW Bridge, and \$6 million on BJP2 such as Atlantic/Kernan and the I-95/Butler ramps. To add to what Mr. Givens reported, in looking at the transportation sales tax, which is what flows to us - after the debt is serviced, the net sales tax received in the last nine months is about \$8 million, whereas we budgeted \$19.5 million, or 60%. We're expecting that to hold through the end of the FY, so we'll finish the year with a little more than \$10.5 million net sales tax versus the budgeted \$26 million, so a \$15 million shortfall. We'll have to make that up through reserves, reduced spending, workman's comp insurance refunds...but probably mostly reserves.

C. General Discussion

Mr. Dickenson stated that he believes everyone is working hard to try to deal with the situation, and we can't do much more than try to finish out projects that we have and not making a commitment to start new ones. Asked if there's been any pushback about projects not getting done – Mr. Duncan said we do get questions from residents and Council but most are aware of the financial situation. Mr. Dickenson said it's wise to focus on the active projects and not be too risky by starting anything new.

FAC ADJOURNED.

IV. PROJECT ADMINISTRATION COMMITTEE

JOHN DAVIS

A. COJ – Key Active Projects

1. Courthouse

Dave Schneider

The courthouse is 40% complete and topped out. Almost every trade except finishing are is site right now. No challenges so far; we are on time and on budget. On track for May 2012 completion. The Old Federal Courthouse is in design for the SAO; there will be a bridge, and we expect that work to bid out later this year or early next year to be complete about the same time as the main facility. Mr. Kermitz added that the chilled water meter will be installed on site sometime in August.

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Meeting Minutes
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2. COJ Road Program

Joey Duncan

Seven jobs in the field, haven't started any new ones and don't plan to. We should be finished late this year to spring/summer next year. Still have design activity ongoing and plan to keep the design contracts in place for when we do go to construction. The Real Estate Division has several takings going to Council for approval, which poses some difficulty because Florida's eminent domain laws are not easy to understand and do not favor government. We have had good settlements, and our staff has a great record – Real Estate staff has negotiated over 90% of property acquisitions, which helps keep costs down compared to eminent domain.

Mr. Davis added that a 90% negotiation rate is outstanding.

B. JEA Septic Tank Phase Out

Robert Kermitz

All projects are still completed; in final phase for the last section of Oakwood Villas – we need to have a town hall meeting, then the time clock starts for people to hook up or defer. Ordinance change passed recently that dealt with technical issues related to installing septic tanks, how to notice people that they're on a clock, etc.

Hasn't been a lot of progress on the metrics; we've added 760 hook-ups that are ready. Had a few additional hook-ups this quarter.

C. JTA Road Program

John Davis

The southbound ramps on I-95 a couple weeks ago and FDOT reports travel time has decreased by 22% from downtown. The northbound lanes will be open within a week or so. A short section at Belfort will remain closed. Continue to work on Heckscher Drive widening, Atlantic/Kernan, and right of way and design on miscellaneous projects.

D. EBO/JSEB

Nadine Carswell

City of Jacksonville reported total expenditures in Q3 of \$30.6 million, of which 7.38% paid to SEBs; JEA paid \$584,000, of which 6.89% paid to SEBs; JTA paid \$7.4 million, of which 12.91% paid to DBE firms. For the third quarter in total, expenditures of \$38.6 million, of which \$3.3 million or 8.43% went to SEBs. Life to date expenditures total \$1.4 billion or 15.67% to SEBs.

V. Other Business

Mr. Duncan made motion to move the FAC/PAC meeting to the Ed Ball Building. Motion seconded and approved.

PAC ADJOURNED