

Excerpts from

Executive Session January 5, 2010, Hinger Property 225 S. Third St.

(amended and approved by Council Feb. 2, 2010)

Administrator Wyntergreen states this is a review, or continuance, of the financing plan for the Hinger house where the Police department is proposed to be located at 225. S. Third St. Basically this provides for a financing program as drafted for an Interfund loan, set at 3% with a balloon payment at the end of 5 years that would have the Urban Renewal Agency making the annual payment and then the City responsible for the balance of it. The purchase price of the house was \$288,000. One of the issues is going to be whether you wish to do any financing and how much for the actual remodeling work. To make this into a fully functioning Police department there's going to need to be some security upgrade, there's going to need to be some interior changes that have to be done. We did, at your request, go out and get some estimates; these are not bids, but rather ballpark estimates, based on a generalized conceptual layout. We have received those responses; they range from \$75,000 to \$92,000 at the worst case. There is some value engineering that can be done, based on the conceptual plan that can be improved, to minimize some the costs that have come out as these estimates were brought forward. The Chief is here to go through any of those with you, so that you can discuss any types of upgrades you like. We did present in the draft agreement the highest bid so you would have the worst case scenario. So the figures that are in here are related to the highest bid, not that we would take that, but rather, it would cover the contingencies that way. So you do have this proposal in front of you tonight and so the questions before you are how you want to deal with the cost estimate, and when you resolve that, how do you want to deal with the financing and the intergovernmental agreement that would have to also be reviewed subsequent to this during your Urban Renewal meeting. Chief do you want to add anything on the house or the financing?

Chief David Towe – After seeing these estimates those numbers caught me by surprise. I didn't think we'd be anywhere near that and as I was walking through the building with each one of these individuals, and discussing the conceptual layout, all of them seemed to think the numbers were going to come in lower than what they did. For example, the paneling in there is not backed with dry wall, it's backed with plywood, so the paneling would have to come down and be replaced with drywall and retextured, which drove costs up.

Councilor Dodero – Why would that be for aesthetics obviously the drywall would be better, but structurally or security wise?

Towe – inaudible

Dodero – there's surface treatments that . . .

Towe – where I'm looking at this now is taking a step back and going with a minimal impact with the interior, creating the fewest walls possible, the fewest changes possible that will get the job done for the long term. My concern is this; first off, this is a long time in coming. Second, this will be our home for a long time, and looking at this as where the PD is going to be for the foreseeable future, so we need to do it right the first time, we're not going to get a second chance.

Dodero – Maybe the terminology caught me, these are estimates, not bids?

Wyntergreen – Right. Ultimately, once we get a concept and we feel comfortable with it, we would probably request a design build off the concept. Your other option is to get an architect to redesign the whole thing, then take those plans out and get bids on that. You can take either of

those two courses, but I think the design build would be the cheaper.

Dodero – and there's no way of capping the estimate?

Wyntergreen – you could negotiate with one of these, but you're going to cap it with your financing.

Gilman – when we were looking at this originally, budgeting financing, one of the selling points of this was a \$20,000 makeover. That's \$70,000 more than we're looking at now. \$70,000 is a pretty good chunk of change and when trying to convince somebody to vote for something, that's a huge difference. I think we have a little bit of an issue.

Becker – I concur with Chris completely, what was going to be \$300, \$320, now \$380. I'm not sure I can trust that figure. I'd like to ask a question, if we're going to be borrowing money, why do we have to make this in one motion for the full amount? Why can't these two items be split?

That is the purchase of the property, \$288, one document and the other on another?

Wyntergreen – you could.

Dodero – don't you open up to more cost overruns by doing that?

Becker – you can't have a cost overrun on a piece of property you've already bought.

Dodero – the remodeling is the cost overrun.

Becker – Why would that increase any possibility of a cost overrun? I would like to have these costs clearly identified when it comes to public information and they are totally separate costs.

One's a capital item and the other is whatever.

Wyntergreen – They're both capital and you can do it that way if you wish. You will have to spend some up-front money if you want to a full set of some architectural plans and bids taken on it. Then you could wait on your financing to the very end of that process and that would give you the most solid figure to work from. Where we are at right now is the estimate level.

Becker – My problem is that I would have to vote against this in its entirety. Because I don't approve of the cost overrun on the construction. This is not what we were told would happen. If I have to vote against the entire thing, then what happens to the purchase of the property?

Wyntergreen – You could take it in two pieces if you wish.

Becker – I don't know how the Council members feel about it.

Gilman – I completely understand the Chief's point of view and if I was moving into a structure I would like to have it done correctly the first time also. \$20,000.00 is what I was thinking.

Winterburn – I think we all were.

Meyers – We began at 12 actually; 288 to \$300,000.00 in the beginning and we proceeded up. Right now the proposal is to use Urban Renewal Funding to make the payment on the money that we borrowed from the Historic Preservation Fund for five years and at the end of that five years, we have to make a balloon payment of \$337,594.00 and I have asked the Council several times, "How would you come up with paying for that balloon payment? What City asset would you be willing to sell?" There has been no response. We've already bought the house. You can't obligate \$380,000.00 when you don't know how you are going to make a balloon payment of \$337,000.00. You think the Urban Renewal Fund; I believe we need to balance Urban Renewal expenditures with Urban Renewal resources. Under this plan, we end up with zero money in the Urban Renewal and General Fund unappropriated balances. We will have \$30,000.00 in General Fund Reserves to cover unexpected expenses. Council has approved of the Resolution for expenditure of \$288,000.00 for the Hinger property and is not obligated to spend another penny at this particular moment. It is a Police building; therefore, Public Safety seems like an area where you would go and if you just stuck to the \$288,000.00 purchase of the house, your monthly surcharge would go up \$3.56 and what that would do is make five \$52,000.00 payments to the

Historic Preservation Fund a year so that they end up with their money back at the end of five years. If you go with \$300,000.00, the surcharge would have to be raised \$3.71, at \$340,000.00 it would be \$4.21. I just toss that out to you for your consideration.

Becker –In the beginning there was discussion considering bank loans and somewhere along the way that disappeared and we are now borrowing from the Historic Preservation Funds. If we had gone with a bank, we would not be asking for money for construction, on top of the money for the house.

Meyers –Yes you would.

Becker –You could, but I don't think we would and at this climate I don't know that we'd get it even as a City. So, that's another reason I want to separate these two things; I'm not at all convinced we shouldn't have gone with a bank loan to begin with.

Meyers –Those numbers I have in front of me; \$380,000.00 at 4.7% interest for 30 years. We have \$23,650.00 a year, so that's \$2,000.00 a month...in the end you'll have paid \$709,497.00 for that house.

Dodero –We talked about other options such as surplusing. We could use the Brunner building as a balloon payment remedy.

David Britt, 780 Laurel Ln. - I've been opposed to this borrowing from the Historic Preservation Fund from the very beginning. It really kind of disgusts me and really think it's a betrayal of the requests that these ladies did for that. It was definitely set for Historic Preservation and not for buying a building. And the way you've got it structured, you call it a loan, but the definition of a loan is you usually have to pay it back. I don't think you've got any viable way of paying this back and making the balloon payment anyway. And the other thing, at 3%; where can you borrow money on a mortgage for 3% and fixed for five years? You can't. We're getting...somebody's is getting taken on that, especially when we're going to be looking at inflation here too; 3% is going to be history, we may never even see that again. So, I'm opposed to this thing and I'm really disgusted by how it was done. You pride yourselves on getting citizen input, citizen advisory, but this was done back in November? The contract was made; you signed the check in November for this? For the sale...*(Mayor Garrett: No)*...No?...*(Councilor Meyers: For the deposit, I think)*...and the funds were transferred in November?...*(Councilor Becker: No, for December)*...December...okay, this was done before any public input at all on this thing. The first time that anything was noticed was on December 15, it was on the agenda then, and then you continued it. It doesn't look good. It looks like somebody was not doing things above board on this and I really think that what you've also done, you've also...you say, this is all the money we're going to get from the Historic Preservation Fund from the two requests; you've pretty much guaranteed that we're not going to be getting any more money in this Historic Preservation Fund in the future when people see what we've done with this. There's certainly...I would not put anything in my will to give you guys any of my estate with this type of shenanigans. So, the other thing too; you're taking another building off of the tax rules...*(inaudible)*...and we own a lot of buildings in this town already that we don't need. So, I really think that you people aren't doing your job protecting the whole City and the citizenry; I think you've got your own agenda on this...I don't like it.

Ron Moore, 645 Cardwell Ct.: I think David covered more facts than I can even think about, but I want to just make a couple of little comments. You do not use money for property purchases out of the Historical Preservation Fund. You need to get more public input; you need to have more openness and before purchasing property before knowing how it's going to be paid for is not good policy and I don't think it's moral to do that sort of thing and we need to have some

transparency. We get mad at the Federal government because we don't know what they're doing; in some areas they're doing better than we're doing here and this doesn't pass the smell test...thank you.

Elle Celler, 305 N Fifth St.: I think that what you emotionally are reacting to is the appearance, but not the actuality, which is that we need a place for the Police Department and the Police Department deserves to have a space and they do a good job. But, the process in which you did it is not exactly acceptable to the voters who are watching what's going on. So, I have no objection to the Police Department having a space and renovating a space, you probably paid too much for the house because you didn't ask the experts to give you advice. You need to find and locate a replacement property to put back on the tax rolls that is replacing this property which is removed from the tax rolls. Other than that, I think we should leave emotions out of it and act logically...thank you.

Art Krueger, 1055 N. Fifth St.-I think that...right up front... I, for one, think that the Chief needs a house. He needs someplace where he can do business and needs an office, that's got to be a priority. The problem is the way we did this and how are we going to get out of it? We had options, but we didn't talk about it; we didn't try and explore what other ways we could go if there was another alternative. I know there are rental trailers that you could make...they're terrific; I lived in one in an architectural thing for years in the bay area, San Francisco. They function fine...they're safe, they're sanitary, you rent for a year, two years or whatever. I think the only way to salvage the situation, because this thing has become such a huge issue with everybody that you need to sell the house. Make it go away and start all over again. We need to find the Chief a house, someplace to live, somewhere, but I don't see how you can justify...this whole thing is going to cost a half a million dollars when it's done. We didn't have a plan, we had no...it's not our priority; we don't have a priority list. How are we going...we've got so much cash coming in, we've got bad times. We don't even know for sure if we're going to have the same cash flow this year as last year. Last year was less than the year before. I think that we really need to do our homework and I'm willing to help and a lot of the rest of us are, but I'm not going to work on a project like this that's tainted by such a negative action by letting it get through the process without saying something like we're trying to say now...thank you.

Christina Duane, 240 Coachman Dr.-I wanted to say that I do concur that the Chief has waited for a very, very long time and so in my estimation, it was horrible. I mean, I agree with my fellow HARC members, I think it was very back-handed. But, as far as them needing space, that was a broken promise also, in a way, for all those years. So, I think that we just need to figure that out, but we need to do it together and we have to do it responsibly. We all have the same goal, but I think that process has to be the highest priority in all these instances and it hasn't been lately. There have been a lot of instances that it hasn't been...back to the trees that we weren't able to save because I wasn't able to apply a certain code that was in the code because something was signed off to soon in the City office. So, I mean...process, process, process; that's what we want...thank you.

Wyntergreen- Because it's such an emotional issue and I think there's a great deal of concern about how this is all happening, just a quick overview of the basic financial structure of what we're proposing. Basically right now all the money that we have in the City, including the Historic Preservation Fund, is invested in the Local Government Investment Pool, it's earning less than 1% right now, and that is being spent every day, fact is, our bank accounts are swept every night and then re-deposited in the morning, because people use that money and spend it every night. So, in effect, every dollar that the City has is in an investment that someone is

spending on something. What we're looking at doing here is an investment, it's not an expense. We're not expensing out of the Historic Preservation Fund or any other fund, if the Council decides not to use that one, but another one, the principal remains the same. You're taking it out of a fund that is currently being invested at less than 1% and you're putting it into something that gain a return of 3%, whether we end up with that or some other percentage. So, in actuality, you're improving your investment by over 2 percentage points. And you're actually close to 2 percentage points under the rate you'd get if you were going to lend from a commercial institution. So you are saving on your lending side and gaining on your investment side. You are not spending the Historic Preservation Fund. You are just reinvesting it differently and like I say, it doesn't have to be the Historic Preservation Fund it can be any other fund. But, because the proposal so far has been drafted for the Historic Preservation Fund, that's where we're focusing our discussion. The Historic Preservation Fund, as recommended by HARC, shouldn't be expended at more than \$25,000 per year for the Grant program. That means that over a five year period, you're going to need \$125,000, which still leaves over \$500,000 that you're going to leave as a corpus for that five year period in investments. So you can leave it at 1% and it will be spent by other people and you will gain a small return. Or, you can do this sort of win-win approach, with the Interfund loan, were you actually improve on the investment and you gain on some of your lending costs. So that's the proposal, the concept behind it. It's not about spending the Historic Preservation Fund on something other than history.

Meyers – I understand what you're saying and that's something of a valid point, because when we first brought up the Historic Preservation Fund, it's because they'd be making, an example that I gave earlier, like \$29,000 in five years. But the issue that I have comes down to that balloon payment. None of the Councilors were willing to discuss or decide on what property they would sell in order to make that balloon payment. If you don't do that, you have that \$337,000 bill sitting out there, which they won't get back unless we.

Mayor Garrett – Let me clarify that, the \$337,000 is based on the \$390,000?

Meyers – the \$388,000. Yes, well that's what the current proposal is for. That's the one you gave us for our packets.

Wyntergreen – Correct, that's the worst case estimate.

Dodero – Well, one Councilor did recommend the Brunner Building. It gets it back on the tax rolls; it enhances more commercial activity in the downtown area. That's the potential, there's going to be kick back from anything that you do in the City. You're never going to make everybody happy, there's always going to be someone who has a problem with what you do so you can be paralyzed and do nothing, because as soon as you do something, you make half the people mad. That's why most of the time governments don't do anything, because they know, it's a lose situation. At some point, you have to bite the bullet and say what's the priority here? The priority here, for me, is the Police department, having a functioning Police department and a Fire department. We've been struggling with, Dave alludes to this 17 year period, it hasn't been Dave waiting, it's been the Council talking about it for 17 years trying to deal with it and every time we go to the Sampson House, no you can't go to the Sampson House because we're doing this with the Sampson House. You know you go to do something else and there's always somebody who's going to have a problem. You're never going to come up with a solution that everybody's going to agree on. So that's what leadership is about, hopefully is, people willing to walk the plank and take the repercussions of it. Hopefully, in ten years, people are going to look back and say, maybe that wasn't that bad after all. And in my experience over the last 20 years, that's been the case. You know we had a lot of problems when we wanted to do the trail system,

in 1991, and we can't afford this trail system, know everybody goes, the trail system is great. So when we tried to do the Room Tax, everybody was you're going ruin business in town, now it's one of those sacred cows, it always happens.

Meyers – I do want to say that the Council really did try to work on the most financially responsible action, and that was putting the Police department in the Sampson House. We already owned the property, it was adjacent to Administration, it made the most sense in the (*inaudible*) category, and I was gone when we had the meeting and I understand several people showed up and it was very emotional and they stated that they did not want the Sampson House to be used for the Police department. That really was the most financially responsible action the City Council could have taken and we tried. So every time we get one of these emotional responses, there's going to be consequences, so you're right, the Police department does need a space, but that wasn't our first choice.

Becker – I have a major problem with this because we're entering into this discussion in the same way we entered into buying the darn property to begin with. There is no plan on the table to make this balloon payment, and I for one am not going to trust to providence that all of a sudden that money will there in five years. I frankly doubt that it will be there, unless there is a plan, right now, in cement.

Dodero – Propose it.

Becker – I don't have it.

Schatz- I want to remind the Council that in 1999 when the Sampson property was purchased, it was because of surplusing the telephone building and at that time, that Council said the Sampson property would be used as the Senior Center. So the other thing that we have on the table here is this Council going to reverse a prior Council's decision?

Dodero – Donna, I'll have to correct you, Community Center. That is what it was supposed to be.

Schatz - Not quite John, and I've got that documentation and I guarantee that at the next Council meeting date, you'll all have a copy of it.

Winterburn– that would be helpful.

Becker – We already own the property, we have to do something about funding this. We don't owe the almost \$100,000 construction bill, we'll get back to that. And when we were earlier considering this, it was around \$300,000, now its \$380. We have two separate problems here, not one.

Garrett – So are you going to make a motion?

Becker – I'd like to make a motion to separate these two problems in one way or another. It's tough enough dealing with the funding methodology, but there are different wrinkles to vote.

Garrett – You're motion would be to.

Becker – To split out the cost for reconstruction from the provision before us with the \$380,000.

Garrett – So you want to abstract the additional \$90,000?

Becker – Exactly. I'd like to do that.

Garrett – So that's your motion to take that \$92,000?

Becker – That's my motion.

Garrett – There's a motion to remove the estimated \$92,000 for improvements from the Inter-Governmental agreement.

Becker – Exactly.

Garrett – OK, is there a second?

Winterburn – Second that.

Garrett – There's a motion and a second, any further discussion?

PW – Does that include the closing costs?

Becker – no they go with the purchase.

Garrett – no I think the motion is just for the construction improvements.

Becker – Exactly.

Garrett – OK, so the motion is to remove the estimated improvements of \$92,000 from the Intergovernmental agreement.

Garrett – Is there further discussion. Please call the roll.

Recorder Miller – Councilor Becker – yes; Councilor Dodero – yes; Councilor Schatz – yes; Councilor Winterburn – yes; Councilor Meyers – yes; and Mayor Garrett – yes.

Meyers – Can I follow up that motion with a motion then?

Garrett – Yes

Meyers – I would like to follow up that motion with taking the loan from the Historic Preservation Fund and (*inaudible*) at 3% for five years, paying that back at \$62,100 a year and that would make the Surcharge increase to \$3.56 for a total of five years, if I've done my numbers correctly, it should be about that.

Dodero - I'll second it for the sake of discussion.

Garrett – Alright, there's a motion and a second to increase the Public Safety Surcharge \$3.56, \$4.00. So there's a motion to Increase the Public Safety Surcharge to \$4.00 and that amount is used to pay off the Historic Preservation Fund loan over five years.

Meyers – And I'd like to add.

JD – Starting when?

Meyers – Well, since we've already bought the property, do we need to start now?

Winterburn – No you can't. You'd have to bring it back as an Ordinance amendment, and then the Ordinance would have to have thirty days to go into effect.

Garrett – OK, there's a motion and a second, is there further discussion?

Becker – Yes, can I ask how that would work if you're going to raise the surcharge \$4.00, I would want to be sure that when that \$4.00 comes into the City Hall, that it goes directly into HARC. No deviation and no turns.

Dodero - You could designate that.

Gilman – I would like to see that fund other than the \$4.00, the rest of it be strictly the Fire department.

Meyers – Are you amending my motion?

Gilman – I'm amending your motion.

Meyers – I agreed to that.

(*Numerous people talking, inaudible*)

Garrett – You're wanting to do what?

Gilman – I'm wanting to any of the public surcharge go back to the original documentation where it is used for the Fire department. So since we're going to put \$4.00 to HARC, we're obviously,

Meyers - \$4.00 is because we purchased the land for the Police department, it makes sense that in public safety, the increase of \$4.00 per month would go to pay off that purchase.

Gilman And I'm saying I'd like to see the remainder stay with the Fire department.

(*Numerous people talking, inaudible*)

Dodero - Yes, I agree with the amendment.

Becker – Is this because some of it is used for an additional Police person?

Gilman – Police, administration, a lot of things are taken out of it.

Wyntergreen – Public Safety is related to both Police and Fire. The surcharge, we elected to separate them recently.

Becker – The question I would have then is, I understand why Chris is making the motion but if he's making the motion, where does that money come from for the salary for the Police?

Gilman – Where it's coming from now, which is out of the General Fund.

Meyers – I'd like to add one more thing in clarification, can I do that? We had a motion and a second and now we have an amended motion and a second. So with that it would be that no administrative costs, because now there are about \$29,000 connected with it, Police expenditures come out of (*inaudible*) and then one other thing I'd like to put on, there's a \$100,000 line item under PS and it has a note next to it that says it should be designated to building reserves and I think that should be designated to the Fire department future building only. Because we coming into this public safety thing and taking the money out and the Fire department building is probably five years off, (*inaudible*) so I think we need to protect that for them.

Becker – It's becoming complicated.

Dodero – The only thing is what happens with this other potential scenario if say the bond measure passes. Let's say it goes to the tax base rather than the

Meyers – That's a good question, but I think the \$4.00 surcharge for paying off the Historic Preservation Fund has to remain because it's designated to pay off the loan.

Dodero – If the surcharge was increased, but how about if when we're talking about the surcharge in comparison to the tax base approach, that surcharge is going to have to be raised \$4.00 to reflect that increase.

Meyers – Say that one more time.

Dodero – If we contrast in the proposal and say do you want it to go on your tax bill then it will be a surcharge or are we going to say that the surcharge is going to be an additional \$4.00 is going to have to be put on there to tell them what the surcharge is going to be but it's not going to be an accurate contrast to what the tax base issue is.

Meyers – And in the measure, you'll have to separate the \$57.00m, that \$53.00 is for Fire services and \$4.00 is for

(*Numerous people talking, inaudible*)

Wyntergreen – You would also in your tax levy say that the tax levy will remove the surcharge with the exception of \$4.00

Becker – You're making this all very complicated.

Wyntergreen – And it will get very complicated.

Dodero – It's going to get complicated.

Becker – Why can't there simply be a \$24.00 surcharge and you show it as that, and when you put this on the Ballot measure you're not saying \$57.00, you're saying \$61.00?

Dodero – Because then.

Becker – That's what it will be.

Garrett – But only for five years.

Dodero – OK, well it's not insurmountable.

Garrett – It's doable.

Garrett – I'm going to open it up to the audience.

(*Numerous people talking, inaudible*)

Meyers – you'd have to verify the numbers, but you got the idea of what I mean.

Russ Kennedy, 835 Wells Fargo Loop – Totally confused, and I do not think the Council in the City of Jacksonville has portrayed a reasonable explanation of the fact. First, we bought the property at a certain price, then we have significant overruns already, and there's no financing plan that has been put in place. We're debating that as we go along. You bought the property; you had no damn idea how you were going to finance it. And we're taking money out of the Historic funds. Dave Britt gave a very impassioned plea; I understand you can't do that. Paul, 10 minutes ago, gave a dissertation that's very (inaudible) manner of how we're going to smooth all this over and everything's going to be resolved. Sandra, I would like a copy, in writing, of what Paul said 15 minutes ago because I think it's total BS.

Miller – When the minutes are done I'll make sure you get a copy.

Russ Kennedy, 835 Wells Fargo Loop – There's no plan for the payoff; I guess we passed it 54 to 61, or some other damn thing. I think we're absolutely confused. It's a reflection on you, Paul, and you as the Mayor. I think you've done a damn poor job.

Art Krueger, 1055 N. 5th St. – The way I see this, we're trying to borrow money to pay for a mistake, that's one element of it. The other element is that the HPF needs to spend the money now. They've got a house that the roof caved in; they've got buildings that have all kinds of problems. They could spend \$300,000 tomorrow, they need that money, you can't borrow from that money, ya know. It was donated by people that, ya know, if they found out what you were doing up there, they'd be turning over, ya know, it's not our money to play with, ya know, we have to face to what we've got ourselves into with the money we have to run this City. We've got to learn that lesson sooner or later. You're going to put us in bankruptcy and end having to merge with Jacksonville, er Jackson County. Ya know, this can't happen, it's in writing here someplace, you guys are going to borrow all this money. Ah, I don't know where this came from, it wasn't in anything I got that it says you're going to borrow \$380,000 from the Historic Preservation Fund and pay it back with 3% interest on, ya know, by 2011, where'd that come from?

Meyers – That just reminded me of a question. Do you have to borrow the money from Historic Preservation Fund, or if you're doing the surcharge and you're going to pay \$62,000 a year, can that just be, do you have to borrow that money? Or can you just make those payments?

Wyntergreen – You will be borrowing it from some fund and you will be paying it off

Becker – It's got to be paid off to the bank first. What other funds have enough money to borrow it from?

Wyntergreen – We went through a number of options. We looked at the water reserves, you looked at public safety, those were the two other most likely. Street fund has a little less than that; those are your general options.

Garrett – Please, I've been pretty good about recognizing people and I would appreciate it if you would keep your comments until you're recognized. It just makes it really difficult to hold a discussion up here.

Becker – Well Chris had mentioned earlier about, I heard a \$100,000 that was set aside anyhow, why don't you take it out of that fund? There's a \$100,000 set aside, and pay back that fund.

Wyntergreen – That's the public safety fund and that's one that we discussed.

Becker – Leave the HARC fund alone. You're got it there, almost; well a third of it is already there.

Dodero – Ya know, I think that we did discuss the financing options at the beginning of this whole thing, surplusing and this is what we decided on was the original course. I think that Linda's idea is a good idea. The concern I do have is that not only appears, but in reality, we're

kinda tap dancing through this, trying to come up with a solution as we go rather than sticking with the original plan. I think we'll be perceived as, I hate to say, ineptitude, but that's probably an accurate characterization. Just because we do things like this, I think it's better that we stay with our initial plan rather than try to alter it relative to the wind of change that comes through. Because you're just going to end up tripping over your own feet at this point.

Gilman – (*inaudible*) there really wasn't an original plan.

Meyers – Yeah.

Becker – There was no plan.

Gilman – When I remember looking at the board, there were like six plans, then things got moved, and then things got purchased, there was never a finalized plan, that's why we're having this conversation.

Dodero – I guess what I remember, is the scenario with the borrowing, the potential part of the Preservation fund benefiting because of the difference in the percentage, and then the balloon payment at the end. And it was always my feeling that the balloon payment would probably have to end up leading to surplusing.

Gilman – Would probably, would maybe, is not a plan.

Winterburn – Very good.

Becker – I think it can be characterized as merely a discussion, and because it was merely a discussion, we are in this mess now of how to finance for it. I hate to go back to this, but there was a point there where we not talking about borrowing from any funds. You might have been, but I heard about bank loans and I heard US Bank and I heard Sterling Bank. And when I left town, that was in my mind as the way we were going, things changed, maybe there was a reason for it. I'm not saying there isn't, but all of a sudden, we're talking about borrowing from funds. Now I'm thinking of a fund that has got some money in it, which might be an alternative and way out of this.

Dodero - You talking about public safety?

Becker – Yes. If all we come up with is the \$4.00, for me to swallow this surcharge of \$4.00, it's a pretty big swallow.

Garrett – OK, Sally.

Elle Cellars, 305 N. 6th - Paul's idea is brilliant to bring money back into the fund, or whatever fund you bought this elephant, which we need a police department. You already bought the elephant; it's a fact, so the interest coming back into the fund is a brilliant idea. Going to a bank is not a brilliant idea, putting another surcharge on is not a brilliant idea, (*inaudible*) unintended consequences which is as a voter, I do not want to be nickel and dimed more on the surcharge until I'm given the opportunity to vote the two choices that you've given. To put another \$4.00 on the surcharge sends the wrong message. So just start thinking about what assets the City owns that it has to sell and that's how I would have to buy a property if I needed to buy something, I'd have to sell something to pay for it. Get a grip group.

Meyers – That's the discussion we're had over and over again.

Sally Bell, 890 Bybee – I just had a question; I'm trying to figure out your math with that \$4.00 and to come up with \$300,000 at \$4.00 a household.

(*Numerous people talking, inaudible*)

Becker – I think some people care when they talk about how things are going to get paid for. And it's about time we take a look at these things, it's an important conversation.

Linda Graham, 1015 Beverly Way – I want you to know that for the first time in the history of this town, I agree with Elle Cellers', this is a historical moment. But she's got a point, if any of

us out there were trying to do this, we would have to sell assets to gain assets. Surplus something, you have to surplus something. Yes, I agreed the surcharge thing is an idea, but it is a nickel and dime thing and it's just going to get out of control. We have to surplus and another thing is (*inaudible*) that hasn't been discussed, these improvements on the building. Has anyone talked to contractors in this area of which we have a plethora of contractors in this town, that is a word, and there, we have a lot of general contractors in this town.

Dodero – We have Bruce Silva on there.

Linda Graham, 1015 Beverly Way – We have a lot of other people. But has anyone gone back to them and said, this is your pie in the sky bid, this is what, hey, if I was hiring you, I would have to pay them. But we're talking about a municipality, we have built things in this town before, where we have brought in volunteers, oh gee, volunteers we keep on talking like we have them, let's look for them. Get people in who are willing to shoulder some of this, a paint brush, a hammer, or whatever it takes to get this Police department on board. We have bought the elephant, so let's work together to get as a team to make it right. But you don't have to throw a ton of money on it because we're too lazy to do it ourselves.

Katie Hausge, 635 E. 'D' St – I agree with Elle, I agree with Sally, I agree with Linda, and any financial plan that a business, and we all know that the City of Jacksonville is a business, needs to have a financial plan and you're going about this backwards. Just like all of us have been telling you, we're the citizens who are going to be paying for this. We're the people who are taking the money, right here, out of our pockets that are already empty, and putting the Police department and you, in business. We want a plan, you're not presenting us one, you're not giving us information that we need. We need to have a community [meeting to] present the town with a financial plan on what the hell you're doing. Taking up all this time and energy is a waste of all our energy. Make a town hall meeting; present us with your financial plan, the building plan, the whole damn ten yards.

Garrett – Anybody else? They're been several motions and several seconds, but I couldn't for the life of me tell you what they are.

Meyers – I'm going to withdraw my motion because originally when we began this discussion back in October, we were selling assets to go along with this, and now I'm just trying to say we got it, I have to say and you remember I asked at every meeting, what are we going to sell to be able to make that balloon payment and I'm going to withdraw my motion and go back to that original question, as to what are we going to sell to make the payment .

Dodero – OK, I move that we go along with what I felt was our original proposal was to borrow the money from the Historic Preservation Fund make the payment to the balloon payment, and sell the Brunner building at the end for the balloon. You don't think you'd get enough money?

Garrett – OK, there's been a motion to borrow from the Historic Preservation Fund up to the five years and then sell the Brunner bldg to make the balloon payment.

Dodero Well, unless we need more, I don't know what else, there's just more sacred cows out there.

Ok, well the surplus, well OK, how about to sell surplus property to make the balloon payment.

Garrett – OK, there's a motion to borrow the money from the Historic Preservation Fund to the five years, and at the end of that five years, the balloon payment to be paid off with the surplus of items from the City. Is there a second?

Meyers – The reason that I wouldn't second is because we started out in October asking what would you be willing to sell. I asked that at every single meeting and nobody would ever come up with something. So there's no guarantee then, you know, you can make the motion just like

we talked about but you know, you haven't, we need to put it on the market tomorrow. I know somebody said this is time you buy low and sell high and you can do that if you have money to buy the property in the first place.

Garrett – I think it's the other way around.

Meyers – Well, what I meant was, you have that option when you have money right now and then I can wait for, but I don't have that option when I don't have money right now. Historic Preservation is a choice that some people have said and (*inaudible*).

Becker – I didn't second it because there are other choices, even within the motion that he made. There is the public safety fund, but beyond that I didn't second it for another reason. Why are we waiting till the end of five years in this motion to pay this off? That's what it was, he wanted to wait the full five years, let's get rid of the debt. If you're selling a property, sell it and get rid of it.

Dodero – Well potentially, the value of that property, hopefully, is going to evaluate. We're buying a house that is at the bottom of the market and we're selling the asset potentially in the market at a higher place.

Becker – We could not have been at the bottom of the market for what we paid for that. Given the condition of the house.

Dodero - well this was the bottom of the housing market, I'm not saying necessarily, I mean, you probably would have paid more that house 3 years ago. So we got it for less than it would have been and potentially you're going to get more for it or whatever we're going to sell, in five years. I mean, you got to make some decision. All I can say is, if somebody has a better idea, put it out there.

Elle Cellars, 305 N. 6th – I just want to explain the concept of present value and future value. The process here is within five years you eliminate e those surplus properties that you don't need to pay off the loan. If you expect that the value in the future will be equivalent, you're pipe dreaming, because your cost of caring for the property all the time has got to be added, that's future value. So the object is, to eliminate those assets that you do no longer use, no one's ever mentioned the MRA offer as a matter of fact, which is a whole other thing. You're got to bite the bullet and start getting rid of assets and whoever comes up to speak to those assets now, is the value that it is, is compared to the value, hopefully, of what you paid for the Police department building. That's what I'm trying to bring the point out that you transfer assets for the asset you're acquired. And that's it, now, you don't put it off five years, you start the process now and bite the bullet, be the leaders that we voted you to be.

Becker – Are we talking about only the purchase price in this discussion? I'm a little confused.

Garrett – I think so.

Becker – Ya, I thought the \$288, alright if you'll change that and sell it now and take a different fund,

Dodero – No I think, I believe that the preservation fund, the public safety is probably we need that fund.

Becker – There's a \$100,000 in there for this. People are looking at that.

Wyntergreen – Hold on, let me look at that.

Dodero – I thought the public safety fund was dwindling as we speak and if this bond measure doesn't go through, we're up the creek. So it would seem irresponsible to me.

Meyers – Public safety fund is dwindling very quickly,

Wyntergreen – Yes, it's being drawn down, but what we have in this year's budget, between the reserves and the unappropriated ending fund balance is \$259,000. However, as I mentioned

before, under the Fire bond levy, Fire levy surcharge discussion, if both of those fail, because people don't want that level of service, you're going to have to continue as is for awhile. So that's the thing you need to be aware of is the Public Safety fund, you're going to be living off your reserves, until you can put together another package.

Dodero – And it's only going to last another 10 months.

Wyntergreen – Yes, it's going to be eaten into fairly quickly

Dodero – Less than a year if the bond fails.

Becker – We've heard speaker after speaker tonight, and they're not all HARC commissioners, why it's wrong to dip into the Historic Preservation Fund and I feel I have to listen to them.

Wyntergreen – Two things, one we actually bought it for less than the appraised value, the second is, staff has presented you with an Asset Management Plan, both last July and again here in November, we could if you wish, present this to the public, and say, here it is folks, here's the 'bite the bullet' that Elle's talking about, these are your options, whether it's the Brunner bldg, or some other thing and say OK, pick one or two and then look at the market values and see which one is the best., There's lots of ways to do this and it's not rocket science, we've got the whole plan built already, we just haven't adopted it.

Meyers – And giving Paul credit, he has tried to do this Asset Management Plan for ages, for months, and so this probably the best time to look at that.

Dodero – The guns to your head.

Christina Duane, 240 Coachman Dr. – I have to say the communication factor was really down with this thing. We understand Asset Management thing were talking about earlier, the problem is that no one was communicated with or the pay back plan, the payback plan was problem #2.

Problem

#1 is that there was no communication and things being done ahead of the discussion. You know, had you come to HARC and said, you know we're really overseeing the fund, and that's something that needs to be determined, but we felt that we were according to the will, overseeing this money, so if we would have been approached, you would have said you would be making this much on the fund and this much money back and here's the payment plan to pay it back. These are the kind of things that we need to have in the discussion. I have particularly, this is my feeling, that the surcharge, it gets the public ready in a sense, to pay for public safety and so that you're plan about paying back the plan seemed really fair to me and to get people psychologically ready to pay for public safety cause we're going to asking them to pay for public safety, so that' my opinion on that. But, asset management, communication and transparency in the process.

Garrett – OK, anybody else?

Meyers – So the solution is then?

Dodero – Should I try another motion? OK, how about selling, are you saying that, hold it, let me ask Paul here. As far as the scenario you were talking we should put a few properties out there and see what everybody wants to sell?

PW- We've got every City property listed in the Asset Management Plan, you can look at every single one. And the staff has its recommendations which ones, you can reject or modify them, they're all there and why not present it in transparency and everybody talk about it and say how do you want to do it and then I know this means tabling the decision for another two weeks or three weeks or whatever you're going to do, but then come back and say after that discussion, here's what we're going to do.

You have time to do that?

Wyntergreen - Yes.

Meyers – The first payment is not due until February 2011.

Wyntergreen – a year from now.

Dodero - Oh, we got that long?

(Numerous people talking, inaudible)

Gilman – Can we get a loan from a bank for this property?

Wyntergreen – I’ve never asked that question, ask the expert there. After you get a property, can you get a loan on your own property?

Becker – Not when you’re borrowing funds that were left with the City for a distinct purpose.

Dodero – but they’re not spending it.

Gilman – Alright.

Dodero – They’re not spending it, they’re making more money than they would if it was there’s. And it’s like,

Garrett – Would you explain that Elle, please.

Gilman – So are we tabling this, going through those things, what are we? OK, I would still I wouldn’t mind looking back at all the different areas that we can borrow pieces from. Maybe we can make it a little bit more, ya, that way we can just piss everybody off.

Meyers – I actually did a scenario of borrowing 25% from every unappropriated fund

Gilman – I should have expected that from you Linda.

(Numerous people talking, inaudible)

Wyntergreen – I’m not in favor of tabling it forever. I understand having the discussion and then, no matter what this motion is, we’re going to have to rerun the amortization schedules anyway with the motion that already passed. So we can do that while we’re waiting to have the Town Hall and bring this thing back one more time.

Garrett – In the interest of time, I’m going to adjourn at ten o’clock regardless of where we’re at. Shall we go ahead and table this one and set the Town Hall?

(Numerous people talking, inaudible)

Wyntergreen – Now, just as a question,

Dodero – Are we going to have full-body scanners at the Town Hall?

Wyntergreen – That doesn’t answer the question of the improvements. We’ve given you a conceptual estimate. Paul has talked about having refined hard numbers, which is going to require an upfront investment in architectural plan. So think about those whether you want to provide you’re financing up to some ceiling, and then take the steps from there, or whether you want to wait on your construction financing, until after you’re already put out money for architectural plans and got bids back. So those are two different ways of doing it, but they do have a whole different methodology.

Gilman – I’m just going to throw out this cause it’s getting late. The Fire department has to remodel their Fire department, make living areas, make kitchen, make a dining area and a laundry facility. And they did that on their own, sorry.

Dodero – Dave, you got us into this.

Gilman – I’m just saying that, there was a lot of volunteer work on it as well, but

Becker – Who covered the material costs?

Gilman – I believe that came out of General fund.

Brian Stellar, Engine Company #1 – Some of those remodel costs were taken out of General fund as a Fire department budget for facility improvements. The others funds were purchased from Engine Company #1.

Garrett – Alright so we're going to

Meyers – I'm sorry, one more question. We made the motion and we took, we're not going to do the surcharge thing, but how about the rest of the motion, is that all

Becker – That's all done.

(Numerous people talking, inaudible)

Gilman – for now, but when we get back to it, we can readdress it.

Becker – We're on construction now I think.

Dodero – When are we going to schedule this, sometime Thursday?

Garrett – Well, I'm still trying to get a consensus on tabling this to the next meeting.

Dodero – Are we tabling it to the next meeting, or till the decision is made after the Town Hall?

Garrett – No, I think we're planning on doing the Town Hall before the next meeting.

Schatz – What about notification?

Garrett – So, we're looking at probably, the week of the 11th, somewhere towards the middle or end of the week of the 11th. Which would give the rest of this week and part of the next week to get this done before the next Council meeting.

Dodero – Will there be a newspaper coming out before then?

(Discussion of available dates for the Town Hall meeting).

Town Hall meeting set for Tuesday January 12, 2010, 6pm at OCH.

(Item 4f transcribed by S. Miller)