



Taxation, Revenue, and Utilization of Expenditures (TRUE) Commission

Marc El Hassan, Chair
Greg Radlinski, Vice Chair
Joe Andrews, Secretary

TRUE Commission Meeting Minutes

January 5, 2012
4:00 p.m.

Attendance: Greg Radlinski (Vice Chair), Marcella Lowe, Joe Andrews, Ernest McDuffie, Daniel Blanchard, Ted Wendler, Thomas Martin, Patti Anania, Gamal Lyons, Ryan Jones, Diane Brown

Excused: Marc El Hassan, Jason Fischer

Absent: Hiron Peck, David Lane

Guests: Kyle Billy and Tommy Carter – Council Auditor's Office

Vice Chair Greg Radlinski convened the meeting at 4:05 p.m. with a quorum present.

Minutes

The minutes of the December 1, 2011 commission meetings were approved as distributed, including corrections suggested by Commissioner Andrews to his Legislative Tracking Committee report.

JEDC Audit #711

Commissioner Lowe introduced the topic and asked the commissioners who had reviewed the audit to make any comments or ask any questions about the audit's findings. Commissioner Andrews stated that the audit raises the larger issue of City oversight of its contracts which has been seen in other audits and studies. Perhaps this is an area where the TRUE Commission could add useful perspective to the discussion. Vice Chairman Radlinski stated that the Auditor's 2002 audit of the JEDC found similar problems and the agency agreed at that time to set up computer tracking programs and other systems to ensure that incentive agreements were properly tracked and terms were being met. If that were the case, then what happened in the interim to produce the same failings? Kyle Billy of the Council Auditor's Office said that it was probably attributable to a number of factors including staff reductions and staff turnover. The JEDC's staff has been cut in half in recent years and most of the top managers who were in place in 2002 are no longer with the agency. Mr. Billy did say that the JEDC's staff could have performed the same checks that his auditors did in the course of their field work and should have been able to identify the discrepancies and violations that his staff discovered.

Commissioner Lowe felt that the follow-up of the JEDC audit should occur sooner and more vigorously than the JEDC's customary follow-up 12 to 18 months after an audit to see if the auditee has complied with the recommendations. She also felt that, given the seriousness of the findings and the impending reorganization of the economic development function, another full audit should be scheduled much sooner than the 10 years since the last audit of the agency. Commissioner Blanchard hoped that the new economic development team would take the audit very seriously and strive from the time of the reorganization to tighten practices and procedures and change the agency's mindset. Ms. Lowe requested

a copy of the City's contract with SMG for facilities management services as an example of the kinds of agreements the JEDC is now overseeing.

In response to a question about Qualified Targeted Industry (QTI) incentives, Mr. Billy stated that the JEDC was administering 22 QTI incentive agreements at the time of the audit field work. In response to another question about JEDC's standard operating procedures, Mr. Billy indicated that there is not necessarily a written procedure for every function the agency performs and much of the training is by observation and on-the-job experience with employees already performing the functions. He indicated that, while the Auditor's Office does not directly advise City agencies on what procedures or policies to implement, they are happy to answer questions from auditees, provide examples of good policies, and help refer auditees to the City Treasurer, Finance Department, Tax Collector and other experts who can assist in coming up with sound practices.

Motion (Lowe): that the TRUE Commission should send a letter to the Mayor and Council President requesting that the new head of the City's economic development agency (after its reorganization) be given a copy of audit #711 and urged to exercise strong management to overcome all of the identified shortfalls. Also, the TRUE Commission recommends that the JEDC or its replacement economic development agency develop and distribute, or if one already exists, revise and distribute, a standard policies and procedures manual and ensure that employees are trained in and expected to adhere to its contents. Also, the TRUE Commission recommends that the new manager of the economic development function formally assign particular staff person(s) to track and manage each economic incentive agreement. **Approved unanimously.**

Committee Reports

Legislative Tracking Committee – Commissioner Andrews reported that the committee had met one time since the last meeting due to the City Council's holiday break. One item of interest is 2011-756 which appropriates \$9.6 million in Banking Fund borrowing to pay off the City's remaining cost of a county-wide radio system which is being replaced with a new system this year. Kristina Nelson of the General Counsel's Office attended the meeting to discuss designation of brownfields and the City's obligation to designate sites if requested by a property owner or potential buyer and if the site meets the federal designation criteria. The criteria do *not* require that there be any actual contamination; the possibility or perception of contamination is sufficient to merit designation. Mr. Andrews also discussed 2011-521 which provided for allocation of the proceeds of 130 ash remediated properties to the Contamination Assessment Fund rather than to the Recreation Lands Acquisition Fund as required by the Ordinance Code. He proposed that the commission enact a new resolution correcting a factual error in the commission's Resolution 2011-7 with regard to recoupment of Banking Fund allocations

Motion (Andrews): that the Commission adopts a revised Resolution 2011-7 to correct a factual error. Vice Chairman Radlinski suggested the resolution should be a new 2012 resolution rather than an amendment of the prior 2011 version. **Approved unanimously.**

Performance Committee – Commissioner Wendler stated that the committee had met just before the full commission meeting and at that time he announced his intention to resign from the commission as a result of beginning a new business venture in which he would be a reporter for a web-based media platform, on the assumption that being both a journalist covering City government activities and a member of a City appointed board generating news to be reported. Vice Chairman Radlinski suggested that Mr. Wendler write a letter to the City's Ethics Officer explaining his situation and requesting an ethics opinion on whether a conflict of interest arises.

Staff will assist with that inquiry. The committee discussed privatization and the City's change order process but reached no consensus on a course of action.

Audit Review Committee

Commissioner Lowe requested that the commissioners review all unaddressed audits before the next meeting and be ready to formally take action on those items.

Auditor's Report

Tommy Carter of the Council Auditor's Office reported that the office has released three reports since the last commission meeting: Audits #709 – Independent Agency Quarterly Summary for the 12 Months Ended September 30, 2011, #710 – City of Jacksonville General Government Quarterly Summary for the 12 Months Ended September 30, 2011 and #711 The Jacksonville Economic Development Commission Audit. Normally the City and independent agency quarterly summaries would be issued as one report but the City's report was not received by the Auditor's Office until 2 days before the release date, so the independent agency summaries were prepared as a separate report to be timely released.

Chair's Comments

None

Old Business

Commissioner Wendler reported that he had recently talked to City CFO Ronnie Belton about the latest status of the City's pension plans and learned that the unfunded accrued actuarial liability (UAAL) is anticipated to grow from \$1.6 billion in the current fiscal year to \$2.4 billion next year because of a combination of poor stock market returns (about 1% for 2011), an anticipated state-mandated reduction in the assumed rate of return on investments from the current 8.4% to 7.75%, and a change in Governmental Accounting Standards Board (GASB) rules on how UAAL is shown on governmental balance sheets. He noted that a collective bargaining impasse meeting has been called by the City Council for next week to deal with the Fraternal Order of Police union contract.

Commissioner Blanchard stated that he had spoken with a City Council member who thinks that the TRUE Commission needs to do more to convey its findings to the City Council; delivery of a TRUE resolution by e-mail or hard copy is likely to be lost in the mountain of messages a council member typically receives on a weekly basis. Perhaps personal appearances at committee meetings would be more effective. Commissioner Lowe stated that the commission has long tried to get a City Council member appointed as a liaison to the commission with no success. The commission has also tried with no success to get a regular place on a committee or council meeting agenda to report on its activities and findings.

Vice Chair Radlinski requested that the subject of a TRUE Commission liaison to City Council be placed on the February agenda under Old Business.

New Business

None

Commissioner Comments

- Commissioner Andrews stated that the JEDC published a project tracking spreadsheet on its web site from 1996 through 2005 which contained a good deal of useful information on projects and incentive agreements. That spreadsheet disappeared from the web site and the information generally available since then has been basic project overviews. He requested and received from

the JEDC an updated spreadsheet with detailed information up to 2010, so the data is available, just not freely posted on the web site as before.

Public Comments

Tony Bates of Concerned Taxpayers of Duval County hoped that the TRUE Commission would dig deeply into the JEDC audit. Concerned Taxpayers wanted 6 questions to be explored by the audit and only some of the 6 were included. He suggested the commission call in Paul Crawford and Joe Whitaker, two senior managers at JEDC who have been with the agency for many years, and ask them the commission's questions. He said that the TRUE Commission has caused big changes to happen in the past by its persistent questioning and study of important issues, and he hopes the same happens with regard to the JEDC. Mr. Bates also noted that the TRUE Commission did at one time have the ear of City Council Member Suzanne Jenkins when she chaired the Government Oversight and Operations Committee, and that may have been when TRUE got its most attention and respect.

Vice Chair Radlinski asked Mr. Bates to provide the list of Concerned Taxpayers' six questions to the staff for distribution to all commissioners.

Next meeting

The commission's next meeting will be on Thursday, February 2nd at 4:00 p.m.

There being no further business, the meeting was adjourned at 5:18 p.m.

Posted 2.6.12
4:00 p.m.

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