

**MINUTES OF MEETING
BOARD OF COUNTY COMMISSIONERS
ST. JOHNS COUNTY, FLORIDA
JUNE 2, 2004
(9:00 A.M.)**

Proceedings of a special meeting of the Board of County Commissioners of St. Johns County, Florida, began and held in the Auditorium at the County Administration Building, 4020 Lewis Speedway (County Road 16-A) and U.S. 1 North, St. Augustine, Florida.

Present were: Karen Stern, District 2, Chair
 Nicholas Meiszer, District 1
 Marc Jacalone, District 3
 James E. Bryant, District 5
 Ben W. Adams, Jr., County Administrator
 Dan Bosanko, County Attorney
 Robin Platt, Deputy Clerk

Also present: Allen MacDonald, Finance Director

Proof of publication for a Special Meeting of the Board of County Commissioners was received, having been published in *The St. Augustine Record* on May 27, 2004.

(06/02/04 - 1 - 9:10 a.m.)

Chair Stern called the meeting to order.

(06/02/04 - 1 - 9:10 a.m.)

ROLL CALL

Stern stated that four Commissioners were present: Maguire was not in attendance.

(06/02/04 - 1 - 9:10 a.m.)

ADDITIONS/DELETIONS TO AGENDA

There were none.

(06/02/04 - 1 - 9:11 a.m.)

APPROVAL OF SPECIAL MEETING AGENDA

Motion by Jacalone, seconded by Bryant, carried 4/0 with Maguire absent, to approve the Special Meeting Agenda.

(06/02/04 - 1 - 9:11 a.m.)

1. SELECTION OF AN UNDERWRITER FOR SALES TAX REVENUE BONDS, SERIES 2004 - THE SUCCESSFUL SALE OF BONDS IN THE FINANCIAL MARKET IS DEPENDENT UPON THE USE OF A NUMBER OF SPECIALIZED SERVICES FOR THEIR PRESENTATION AND MARKETING. AMONG THESE IS THE SELECTION OF AN INVESTMENT BANKER TO ACT AS UNDERWRITER FOR THE BONDS. IN OCTOBER 2003, PUBLIC FINANCIAL MANAGEMENT (PFM), THE COUNTY'S FINANCIAL ADVISOR, ISSUED A REQUEST FOR PROPOSAL FOR INVESTMENT BANKING SERVICES TO SELECT AN UNDERWRITER FOR THE \$30,000,000 WATER & SEWER REVENUE BONDS, SERIES 2003. SINCE THE COUNTY RECENTLY RECEIVED PROPOSALS TO SERVE AS UNDERWRITER ON A SIMILAR

SIZED FINANCING (2003 WATER & SEWER BONDS), PFM RECOMMENDS USING THE SAME PROPOSALS, WITH ADJUSTMENTS TO THE SCORING EVALUATION TO REFLECT EXPERIENCE WITH TRANSACTIONS SIMILAR TO THE 2004 SALES TAX BONDS, TO SELECT AN UNDERWRITING TEAM FOR THE 2004 SALES TAX BONDS. THE ATTACHED "UNDERWRITER SELECTION RECOMMENDATION" FROM PFM, DATED MAY 24, 2004, PROVIDES A SCORING MATRIX AND AN ANALYSIS OF THE RESPONSES

Dan Bosanko, County Attorney, explained the underwriter selection process and asked for a motion to approve the selection of an underwriter, or managing/co-managing underwriters. He stated that the Board could select the underwriters, inform Ben Adams, who could then negotiate an agreement with the underwriters. The agreement would then be brought back to the Board for approval. Discussion ensued regarding how the underwriters had been selected in the past, Staff negotiating the agreement, versus the members of the Commission, and heeding PFM's advice. (9:19 a.m.) Cheryl Strickland, Clerk of Courts, entered the meeting. Jacalone questioned which was more efficient, having one underwriter or two.

(9:20 a.m.) David Miller, Public Financial Management (PFM), responded that adding a co-manager would be the most appropriate way to handle an issue of this size. Additionally, he explained the benefits of having a co-manager and the role of an underwriter. Meiszer questioned what percentages of the bonds the senior manager and the co-manager sold in the last issue: Miller estimated that there was an 80/20 split and discussion followed.

(9:28 a.m.) Michael Kuhn, Associate Director of the Public Finance Department with Raymond James & Associates, 221 8th Avenue N., St. Petersburg, distributed a hand-out, Exhibit A, giving an overview of Raymond James.

(9:32 a.m.) Stan Livengood, Vice-President with Morgan Keegan & Co., 2210 NW 40th Terrace, Gainesville, explained that they stood behind their initial proposal and he submitted a handout on his company, Exhibit B.

(9:40 a.m.) John Mazyek, Merchant Capital, Montgomery, Alabama, stated that they would be happy to be involved in this transaction in any way possible.

(9:41 a.m.) Mitchell Owens, RBC Dain Rauscher, One Independent Dr., Jacksonville, submitted a Presentation to Serve as Underwriter, Exhibit C, and stated that they were proud to be the number one ranked firm. (9:42 a.m.) Maguire entered the meeting.

(9:43 a.m.) Mary Kohnke, 29 S. Roscoe Rd., reviewed the process by which underwriters were chosen in the past, and their past performance.

(9:50 a.m.) Meiszer gave a brief history of past bond issues and of how the advisors and underwriters were selected. Stern stated that she was comfortable with the rankings made by PFM.

(9:55 a.m.) Motion by Jacalone, seconded by Meiszer, carried 5/0, to approve the selection of the top two ranked underwriters for this issue and direct the [County] Administrator to negotiate an appropriate agreement for their services to be considered for acceptance by the Board. The top two being RBC Dain Rauscher, as the senior underwriter, and Banc of America Securities, as co-manager.

The meeting recessed at 9:56 a.m. and reconvened at 10:05 a.m.

(06/02/04 - 3 - 10:05 a.m.)

2. WORKSHOP FOR THE DETERMINATION OF PROJECTS FOR SALES TAX BOND FUNDING - ON MAY 4, 2004, THE ST. JOHNS COUNTY BOARD OF COUNTY COMMISSIONERS (THE BOARD) DIRECTED COUNTY STAFF TO FURTHER IDENTIFY POTENTIAL CAPITAL PROJECTS THAT COULD BE FINANCED THROUGH THE ISSUANCE OF SALES TAX REVENUE BONDS. SUCH FINANCING WOULD INCLUDE THE BOARD APPROVED VILANO CRA TOWN CENTER PROJECT. THE PROJECT LIST WAS ALSO TO DISCLOSE ESTIMATED ONGOING OPERATING EXPENSES ASSOCIATED WITH EACH POTENTIAL CAPITAL PROJECT, AS WELL AS THE ESTIMATED TIME TO COMPLETE EACH PROJECT. THE BOARD HAS FURTHER DIRECTED THAT A SPECIAL BOARD WORKSHOP BE HELD ON JUNE 2, 2004, IN PART FOR THE PURPOSE OF DISCUSSING AND DETERMINING THE PROJECTS FOR SALES TAX REVENUE BOND FUNDING. AFTER CONSULTATION WITH BOND COUNSEL, COUNTY STAFF HAS DRAFTED, FOR DISCUSSION AT THIS WORKSHOP, THE ATTACHED POTENTIAL CAPITAL PROJECT LIST ENTITLED "ST. JOHNS COUNTY, BOARD OF COUNTY COMMISSIONERS, CAPITAL IMPROVEMENTS PROJECTS FOR BOND FUNDING, REVENUE SOURCE - SALES TAX"

Mary Ann Blount, Real Estate Manager, introduced this item and deferred to Ms. Mangu for an explanation of the funding for the items on the list.

(10:08 a.m.) Jean Mangu, Special Counsel for the County, explained the revenue sources for these projects, with discussion following. Meiszer pointed out that the sales tax revenues had generated more revenue than anticipated; he suggested an increase in the sales tax to 7%, with the local option tax being used for transportation projects and open space acquisition.

(10:14 a.m.) Blount reviewed the list of projects viable for capital improvements with bond funding, with sales tax as the revenue source (via a PowerPoint presentation). Dan Weimer, Parks and Recreation Director, explained the details and costs related to some of the projects. Dan Bosanko, County Attorney, addressed the limitations on some of the projects, due to the type of financing being proposed. (10:27 a.m.) Jacalone suggested pulling Item 3, County Fairground-Upgrades, from the list, with discussion following, and the Board concurring to remove Item 3 from the list. Blount continued reviewing the list, with Commissioners posing various questions related to items on the list, i.e. the Equestrian Center, a new park adjacent to the Hasting Elementary School, upgrades at Davis Park and other parks in the northeast area of the county.

(11:00 a.m.) Bosanko addressed Item 8, Ponte Vedra Annex-Acquisition, noting the limitations. Jacalone stated that he did not support this item and discussion followed on the extent of expansion needed. (11:19 a.m.) Jacalone recommended leaving the project on the list, called an expansion, not an acquisition, and reducing it to \$2.5 million. The Board gave its consensus to continue to look at expansion, rather than acquisition.

(11:22 a.m.) Blount continued reviewing the list; Bryant commented on the price of land in the St. Augustine Beach area; and Bosanko commented on the time constraints imposed by the donor of the land for the proposed library in St. Augustine Beach. Blount continued, addressing the expansion of the northwest library. Bryant questioned if a 5,000 square foot addition would be enough. Sol Hirsch, SJC Library System, explained that the 5,000 square feet was the limit to which the building could be expanded at its current site. He recommended looking for a new site after the

expansion, as the area was growing so fast that services could not keep up with demand. Discussion followed regarding the 1999 Library Master Plan.

(11:34 a.m.) Blount addressed the Vilano Boat Ramp, as well as the other County boat ramps shown on the list. Discussion ensued regarding the costs of land acquisition for new boat ramps and Bosanko cautioned the Board that these funds would have to be used within 36 months. Mangu explained that there were provisions available to expand the time frame to spend the funds. Weimer explained that they were also going to try to acquire Florida Inland Navigational District (FIND) funds.

(11:46 a.m.) Discussion continued with Item 13, Health and Human Services Center-Upgrades, with Bryant stating that this was not the appropriate funding source for this item and the Board concurred to remove this item from the list. The review of the list continued with the Medical Examiner's Office-Relocation, with Bosanko stating that this item may not qualify due to the contract the County had with the Medical Examiner.

(11:53 a.m.) Blount continued, addressing the Amphitheater project. Bryant stated that he supported this item; Maguire also supported this project. (11:55 a.m.) Glen Hastings, Tourist Development Council, explained that they have had an ongoing fund raising campaign, but that it had not been overly successful. He reviewed the progress of the renovations and the funds spent (\$1.7 million) to date. Stern stated her support for this item. Bosanko advised that this project might also have problems using this type of funding. (12:01 p.m.) Bryant left the meeting.

(12:02 p.m.) Blount reviewed the last item on the list, Conservation Land, with discussion following regarding the LAMP Board's recommended acquisition list. Meiszer requested that the County Administrator have someone compare the County's CIP list to this list and indicate which of the projects were on both lists.

(12:05 p.m.) Mary Kohnke, 29 S. Roscoe Rd., addressed some of the expenses related to the items on the list. She questioned if need had been demonstrated for the proposed St. Augustine Beach Branch Library, and pointed out that there was library land in Nocatee and RiverTown.

(12:10 p.m.) Roger Van Ghent, 4005 Moultrie Foreside Blvd., stated that he felt that there was an underestimation in the increases shown in operating expenses; he addressed the lack of data presented to show need for a new library at the beach; and he stated his support for certain projects.

(12:14 p.m.) Otto Gruhn, 1182 Neck Rd., Commissioner representing the PVAA, explained that they might soon lose the use of the Cornerstone baseball fields, located at the New Beginnings Church, as the property was to be sold. He requested that an item be added to the list for the possible acquisition of the Cornerstone fields and/or the entire church property or additional land for new fields. Blount gave some details about the church property, i.e. a \$12 million asking price, and explained that she would add it to the bondable list if the Board desired. Discussion followed on the possibilities for which the property could be used and developed.

Blount reported that the list would be brought back to the Board for review at its June 15th meeting.

(12:29 p.m.) Richard Thomas, 4322 Palmetto St., addressed the expansion of the Ponte Vedra Annex and questioned if Nocatee had any provisions for expanding the annex. He felt that the annex project should be removed from the list entirely.

(12:32 p.m.) Marcy Silkebaken, 1145 Neck Rd., spoke in opposition to the Annex expansion and the funding of the Amphitheater improvements.

(06/02/04 - 5 - 12:34 a.m.)

3. OTHER BUSINESS

Maguire reminded everyone that on Friday, at 2:00 p.m., there would be a public meeting at the Ponte Vedra Library to discuss the St. Johns Service Company. Kohnke spoke on the advertising for the meeting.

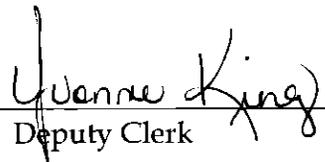
(12:35 p.m.) Motion by Jacalone, seconded by Meiszer, carried 5/0, for adjournment. With there being no further business to come before the Board, the meeting adjourned at 12:35 p.m.

Approved _____ June 15 _____, 2004

BOARD OF COUNTY COMMISSIONERS
OF ST. JOHNS COUNTY, FLORIDA

By: 
Karen R. Stern, Chair

ATTEST: CHERYL STRICKLAND, CLERK

By: 
Deputy Clerk

