

# CITY COUNCIL RESEARCH DIVISION LEGISLATIVE SUMMARY



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**Bill Type and Number:** Ordinance 2020-264

**Introducer/Sponsor(s):** Council President at the request of the Office of General Counsel

**Date of Introduction:** May 26, 2020

**Committee(s) of Reference:** NCSPHS, F

**Date of Analysis:** May 28, 2020

**Type of Action:** Authorizing short term borrowing or long term debt issuance; appropriation; budget ordinance amendment; CIP amendment; authorization for General Counsel to conclude litigation

**Bill Summary:** The bill authorizes the borrowing of \$3,861,047.28 either via short term commercial paper or the issuance of long-term bonds and appropriates that amount in order to satisfy a legal judgment and to complete the acquisition of the Jacksonville Landing East Parcel. It amends the FY19-20 budget ordinance (2019-504-E) to replace Second Revised Schedule B4b, entitled FY4 19-20 Capital Improvement Projects, with a Third Revised Schedule in order to allow for the purchase of the JLI East Parcel by payment of the Judgment. The bill amends the 2020-24 Capital Improvement Program to add a project entitled "Landing East Parcel". It authorizes the Office of General Counsel to take such actions as are necessary to conclude the litigation with Jacksonville Landing Investments (JLI) and secure the purchase of the Landing East Parcel parking lot.

**Background Information:** The City and JLI have been engaged in litigation for several years over the ownership of the Landing East Parcel, which is the parking lot between the site of the former Jacksonville Landing and the Hyatt Hotel, under the ramps to and from the Main Street Bridge. The City and JLI agreed in 2007 for JLI to purchase the parking lot from the City for its appraised value of \$4.7 million, less a credit of about \$345,000 in unpaid administrative fees related to the parking lot owed by the City to JLI. JLI paid the purchase price but never recorded the sale in the public record. In 2014 after operating the parking lot for 7 years, JLI decided to rescind the purchase and asked for the return of its full purchase price. Accordingly, the City filed a lawsuit against JLI seeking a declaration that the purchase provisions of the lease amendment were terminated and requesting a determination of an equitable accounting of the monetary amounts to be credited to the parties in order to effect the rescission and unwinding of the transaction. While the lawsuit was still pending, the parties entered into a settlement agreement for the purpose of terminating the entire Jacksonville Landing master lease and transferring possession of all Jacksonville Landing property, including the JLI East Parcel, to the City, recognizing that the parties were still awaiting the court's determination of the equitable accounting issue. Accordingly, the City took possession of the JLI East Parcel in February 2019. The Court ultimately entered a money judgment in favor of JLI to effectuate monetary portion of the City's re-acquisition of the JLI East Parcel, which requires the City to pay to JLI \$3,717,876.00 with interest accruing at the rate of 6.89% from December 12, 2019 to date of payment.

**Policy Impact Area:** Satisfaction of legal judgement

**Fiscal Impact:** The bill authorizes the borrowing of \$3,861,047.28 and appropriates that amount to pay the judgment and complete the acquisition of the JLI East Parcel.

**Analyst:** Clements