

**Council Auditor's Office
Guaranty Agreement
Comments, Concerns and Recommendations**

Questions Pending Responses from Administration

P. 10 Article 13 – For clarity, who for the City could agree to an amendment? Can this be clarified that City Council approval is required for any substantive and/or financial amendments?

Things to Keep in Mind

P. 12 Article 18 – The Guaranteed Obligations under this agreement are subordinate to the Guarantor's senior lenders.

Concern and Recommended Amendment

Concern

There is currently not a requirement that the Guarantor demonstrate their wherewithal to satisfy the Guaranty.

Recommendation

To be consistent with other Guaranty Agreements a provision should be added to require the Guarantor to provide the City with evidence of the Guarantor's wherewithal to cover the obligations of the Guaranty Agreements. This should be done with the execution of the agreement and annually throughout the term of the agreement.

The Jaguars have responded with the following solution that appears to be reasonable.

Though, per NFL rules, the team's financial statements are private and confidential, the Jaguars can provide (subject to approval from the NFL) a letter from our CFO stating what the team's worth is prior to execution and on an annual basis.

The FY24 Approved CIP totaled \$2,135,403,367. This includes Solid Waste & Stormwater. The breakdown by year is below:

\$ 436,505,764	\$ 330,704,523	\$ 211,801,772	\$ 178,367,976	\$ 198,875,000	\$ 779,148,332
FY24	FY25	FY26	FY27	FY28	Beyond 5th

Below are screenshots of General Capital, Stormwater and Solid Waste that show the break down by funding source:

**CITY OF JACKSONVILLE
FY 2024 - 2028 CAPITAL IMPROVEMENT PLAN
GENERAL CAPITAL IMPROVEMENT PROJECTS**

Funding Source	FY 23-24	FY 24-25	FY 25-26	FY 26-27	FY 27-28	Beyond 5
Debt Management Funds	\$330,658,864	\$279,375,204	\$155,461,772	\$139,692,976	\$122,500,000	\$661,018,989
Fuel and Bed Tax	\$26,287,642	\$22,875,000	\$22,875,000	\$22,875,000	\$22,875,000	\$22,875,000
Prior Year Revenue	\$0	\$0	\$0	\$0	\$0	\$0
Grant Funding	\$37,996,133	\$0	\$0	\$0	\$0	\$0
Pay-Go: Transfer From Other Funds	\$26,792,428	\$1,000,000	\$465,000	\$0	\$0	\$2,200,000
Pay-Go: Transfer Stormwater Operating	\$0	\$0	\$0	\$0	\$0	\$0
F.I.N.D Projects	\$2,000,000	\$0	\$0	\$0	\$0	\$0
Total Per Year	\$423,735,067	\$303,250,204	\$178,801,772	\$162,567,976	\$145,375,000	\$686,093,989

**CITY OF JACKSONVILLE
FY 2024 - 2028 CAPITAL IMPROVEMENT PLAN
STORMWATER IMPROVEMENT PROJECTS**

Funding Source	FY 23-24	FY 24-25	FY 25-26	FY 26-27	FY 27-28	Beyond 5
Debt Management Funds	\$0	\$0	\$0	\$0	\$0	\$0
Fuel and Bed Tax	\$0	\$0	\$0	\$0	\$0	\$0
Prior Year Revenue	\$0	\$0	\$0	\$0	\$0	\$0
Grant Funding	\$0	\$0	\$0	\$0	\$0	\$0
Pay-Go: Transfer From Other Funds	\$0	\$0	\$0	\$0	\$0	\$0
Pay-Go: Transfer Stormwater Operating	\$11,220,697	\$8,954,319	\$10,000,000	\$9,100,000	\$11,000,000	\$37,754,343
F.I.N.D Projects	\$0	\$0	\$0	\$0	\$0	\$0
Total Per Year	\$11,220,697	\$8,954,319	\$10,000,000	\$9,100,000	\$11,000,000	\$37,754,343

**CITY OF JACKSONVILLE
FY 2024 - 2028 CAPITAL IMPROVEMENT PLAN
SOLID WASTE IMPROVEMENT PROJECTS**

Funding Source	FY 23-24	FY 24-25	FY 25-26	FY 26-27	FY 27-28	Beyond 5
Debt Management Funds	\$1,550,000	\$18,500,000	\$23,000,000	\$6,700,000	\$42,500,000	\$55,300,000
Fuel and Bed Tax	\$0	\$0	\$0	\$0	\$0	\$0
Prior Year Revenue	\$0	\$0	\$0	\$0	\$0	\$0
Grant Funding	\$0	\$0	\$0	\$0	\$0	\$0
Pay-Go: Transfer From Other Funds	\$0	\$0	\$0	\$0	\$0	\$0
Pay-Go: Transfer Stormwater Operating	\$0	\$0	\$0	\$0	\$0	\$0
F.I.N.D Projects	\$0	\$0	\$0	\$0	\$0	\$0
Total Per Year	\$1,550,000	\$18,500,000	\$23,000,000	\$6,700,000	\$42,500,000	\$55,300,000

**Council Auditor's Office
Non-Relocation Agreement
Comments, Concerns and Recommendations**

Questions Pending Responses from Administration

1. P. 2 Section 1(b) – Who within the City would provide written approval for any facility located outside of the United States?
2. P. 12 Section 9(d) – For clarity, who for the City could agree to an amendment? Can this be clarified that City Council approval is required for any amendments?
3. P. 8 Section 5(a) – What happens in the time between when a Non-Relocation Default occurs and when there is an injunction? Would the City be made whole financially for any monetary loss? Would it extend the lease to account for any home games missed?

Points to Discuss

1. P. 9 Section 5(b) – See attached
 - a. What was the basis for liquidated damages agreed to in this section?
 - b. How do these provisions compare to other recent stadium funding agreements?

Concern and Recommendation

Concern

Section 1(y) of the Non-Relocation Agreement defines the Non-Relocation Term as:

The term of this Agreement, beginning on the Stadium Lease Term Commencement Date and ending on the Stadium Lease Term Expiration Date (as defined below).

Section 1(gg) of the Non-Relocation Agreement goes on to define Stadium Lease Term Commencement Date as:

The first day of the Term (as defined in the Stadium Lease).

Section 1(ff) of the Non-Relocation Agreement goes on to define Stadium Lease Term as:

The term of the Stadium Lease, beginning on the Stadium Lease Commencement Date and ending on the Stadium Lease Term Expiration Date.

Based on this language the Non-Relocation Agreement is not in effect during construction. The Jaguars have responded that, “The existing lease terms govern the period during construction. The team agrees not to negotiate with other municipalities while the legislation is pending.” It is important to note that there is currently no penalty in effect in the current lease that would apply if the Jaguars were to relocate.

Recommendation

The funds invested by taxpayers during construction need to be protected. This could be achieved by there being a provision in the construction agreement that if the Jaguars were to relocate prior to the non-relocation agreement taking place, they would be responsible for reimbursing the City for all costs incurred related to the construction of the stadium upgrades.

**Council Auditor's Office
Non-Relocation Agreement
Comments, Concerns and Recommendations**

Liquidated Damages Table

Lease Year	Percentage of Public Contribution Owed
1 st – 14 th	100%
15 th	75%
16 th	70%
17 th	65%
18 th	60%
19 th	55%
20 th	50%
21 st	45%
22 nd	40%
23 rd	35%
24 th	30%
25 th	25%
26 th	20%
27 th	15%
28 th	10%
29 th	5%
30 th	0% (\$0)

*Liquidated Damages are intended to include:

1. the City's Contribution,
2. interest and other financing costs on the City's contribution, and
3. any amounts contributed by the City to, and expended from, the Capital and Maintenance Fund and the Operations, Utilities, and Events Fund.