

**MINUTES OF NORTH BREVARD ECONOMIC DEVELOPMENT ZONE (NBEDZ)
SPECIAL DISTRICT BOARD, GOVERNING BODY OF THE SPACEPORT COMMERCE PARK
AUTHORITY**

July 9, 2021 @ 8:30 a.m.
Statham Park
7101 U.S. Highway 1
Titusville, Florida 32780

Board Members:

In Attendance: Rodney Honeycutt, Al Matroni, Donn Mount, Stan Retz, and Louis Sanders

Telephone: Dr. Brenda Fettrow

Absent: Dan Aton, Micah Loyd, and George Mikitarian

Call to Order: Meeting was called to order at 8:30 a.m. by Donn Mount, Treasurer

Pledge of Allegiance: Donn Mount

I. Approval of Agenda

Motion by Stan Retz, seconded by Louis Sanders, to approve the Agenda as presented. Motion carried and ordered unanimously.

II. Approval of Minutes

Motion by Louis Sanders, seconded by Stan Retz, to approve the minutes as presented. Motion carried and ordered unanimously.

III. Report on Expenditures to Budget

Donn Mount stated everything is on track, with no exceptional expenditures other than a few furniture items needed for the new office; but it was within the budget.

Al Matroni asked when the new employee for the NBEDZ office will be hired.

Troy Post, CEcD, CBE, NBEDZ Executive Director, replied there were still interviews to do; the Administrative Assistant should be in place by August; and the second position will be advertised in August and he hopes to have that position filled by the end of September.

Motion by Al Matroni, seconded by Rodney Honeycutt, to accept the report on expenditures to the budget as presented. Motion carried and ordered unanimously.

IV. Staff and Partnership Reports/Updates

North Brevard Economic Development Zone Executive Director Report

Troy Post, CEcD, CBE, NBEDZ Executive Director, stated he has been busy with several events going on; each year he goes to the Meet the Consultants event, which is a good chance to get together with some site consultants and real estate professionals; much of it was on video which has been good for the budget this year; he met with managers of other Community

Redevelopment Agencies (CRAs) and special districts in the County to discuss projects and issues; and he participated in Career Source's Aerospace Workforce Development Strategy Summit to discuss ways to better address workforce needs in Brevard. He added that he assisted the County's Mosquito Control Unit with the application to the State for funding the construction of more mosquito impoundment ponds to curb the mosquitoes; he attended a meeting on the Exploration Park rebranding effort, which will call for submitting a resolution to the Commission to permit an ordinance change for renaming the Spaceport Commerce Park and re-record the covenant restrictions with the name modification; the new signage will cost approximately \$15,000 per sign; and he attended a City Planning and Zoning workshop for the proposed tree protection ordinance. He mentioned he had several new prospects that he is working on.

Al Matroni asked if there were any restriction that need to be addressed since the covenant will be re-recorded.

Mr. Post replied now would be a good time to review the restrictions prior to the covenant being re-recorded.

City of Titusville

Lisa Nicholas, Economic Development Director City of Titusville, stated that Launch Federal Credit Union is expanding with a location on Singleton Avenue; the City received a grant from the Department of State Division of Historical Resources, and has worked with the State and the Historic Preservation Board to create a stand-alone website, a mobile app, and a full-color book, all devoted to Titusville's history; the website is history.Titusville.com; and the books can be obtained at City Hall.

V. Discussion and Direction

Ground Lease Considerations for a Potential Development Project

Troy Post, CEcD, CBE, NBEDZ Executive Director, stated this project is moving very fast; they are looking for a 15 to 20 acre site to lease with the ability to purchase at any time; the project would create a large amount of jobs; he initiated discussion for the lease term pricing; and discussed comparable rates he has found. He added the title can be placed in their name even if they do not own the land, which can effectively take the property off the tax rolls; he mentioned getting the proposal approved by the Commission could be difficult; in order to participate in the debt financing mechanism proposed for the Project, the total lease term will need to extend out 23 years; after an initial lease term of seven years, the Project would have the ability to renew the lease for 16 more years, with four extensions of four years each; and if a financing mechanism similar to what Space Florida utilizes is applied to this Project, with the title or lease held by a special district or industrial development authority, it could remove the property from the tax rolls for that entire 23 years. He went on to suggest a Payment In Lieu of Taxes (PILOT) mechanism to offset a portion of lost revenue during those latter years of the leasing arrangement; and he asked the Zone board how the PILOT should be structured and provided suggestions.

Stan Retz asked if there is the ability to do a tax abatement for a certain number of years, or half, and then it goes away.

Mr. Post replied that PILOT would equal what the tax bill would really be for that period of time; and he thinks there is a way to do that.

Mr. Retz mentioned that some of the taxes go to the School Board, and they would need to be involved; and he asked what the total cost of the building would be.

Mr. Post replied that has not been determined, but would likely be above \$10 million; if they do Industrial Revenue Bond (IRB) financing, there are some penalties for paying it off early; it is normally carried out through the term of the bond, and leased the entire time; and it is unlikely they would get to year 11 and take title of it since they have the bond financing in place.

Mr. Retz asked if this was County or City property.

Mr. Post replied it is City property, so there would an impact to the City's General Fund.

Mr. Retz asked if the City gets 60 percent of the City Tax Increment Funding (TIF).

Scott Larese, City of Titusville Manager, replied it is 40 percent.

Mr. Retz remarked the first 40 percent that would be given up would be money that the Zone would have gotten from the Titusville General Fund; and it seems like it is complicating it.

Mr. Post suggested to go back to the lease price pricing, and asked what it should be; he mentioned it was .25 per square foot for the most recent Project Freedom; but he thinks that may be low.

Mr. Retz remarked that they were paying taxes.

Mr. Post replied that since the lease was in the Zone's name, they would not be paying property taxes on the land.

Mr. Retz stated if they are not going to be paying any Ad Valorem taxes on anything, a way to offset that would be to pay a higher land lease.

Mr. Post remarked that would be money coming to the Zone for the Spaceport Commerce Park Authority.

Donn Mount asked if they have asked for anything yet, or if he is just speculating on different possibilities.

Mr. Post replied he has only had conversations at this point; but he felt he should air these things out with the Zone board before-hand, rather than wait for the application.

Al Matroni stated the easy way to figure out what the lease rate should be is to set a Consumer Price Index (CPI) or cap it with a certain percentage number on the top end and a percentage number on the bottom end; he thinks a discounted rate for the lease at the onset with an increase later in the contract; and the company can always come back to renegotiate later if it is having a problem meeting the costs.

Dr. Brenda Fettrow stated the price could be negotiated at the time of the agreement instead of locking in anything now.

Mr. Post stated his intent is to give them multiple options and to try to leverage what he thinks would be the incentive that the Zone board would be asked to provide, which is the land; and he does not know if there will be something in addition to the land and tax relief; he believes if they achieve the financing mechanism they want, that it will be to their benefit to hold the lease for 23 years; and the option to purchase and ability to have the title after creating the jobs may be irrelevant to them as they may want to continue to have the leasing arrangement.

Mr. Retz stated the Zone board could make more money if they leased it versus buying the property.

Mr. Matrioni stated there has to be a mechanism in the lease agreement for the assignability of the lease with the Zone board approval, that way it does not end up with something it does not want in the park.

Mr. Post stated it sounded like a lease of .75 per square foot for the first lease extension term, then tying it to a percent increase with the CPI for a future lease extension; and this would begin with year eight, with four year extensions.

Mr. Matrioni stated trying to get financing when one is under leased property, many times the lender will want to be subordinate to the lease to be able to foreclose on the property; and unsubordinated ground leases are usually hard to find.

Mr. Post remarked he did not know if it was that unusual with a bond financing type of arrangement; it depends how they set it up; as far as the PILOT program, as a way to offset the loss of revenue to the different taxing authorities, he would take the amount the bill would have been, and the PILOT would be equal to a percentage of what the total bill would be; he would need input to determine what the percentage would be; and the percentage would be sent to the different taxing authorities according to the percentage.

Mr. Matrioni remarked if there is a usage change, it would have to be approved by the Zone board.

VI. New Business

Proposal from Clayton, Roper & Marshall for Update on Market Valuation Report

Troy Post, CEcD, CBE, NBEDZ Executive Director, stated there was a valuation report for the Spaceport Commerce Park (SCP) done in 2018 by this firm; it was very useful for meetings with the County Commission for requests to approve SCP real estate contracts; and it would be approximately \$500 for an updated report, but he did not ask for leasing rates, which may cost more.

Stan Retz mentioned Mr. Post may want to talk with the appraisal firm before engaging with them, in case they give an answer the Zone board does not want, because then it would be public record.

Al Matrioni stated it used to be 10-12 percent of the total value of the property; but that may have changed.

Motion by Rodney Honeycutt, seconded by Stan Retz, to approve up to \$7,500 for a retail price summary of the Market Value Report at Spaceport Commerce Park. Motion carried and ordered unanimously.

VII. Old Business

Approval "as to form" of Incentive Agreement with ACRA Lock

Troy Post, CEcD, CBE, NBEDZ Executive Director, stated this company had to change their site; he needs to get approval for the final change in the incentive agreement; the project is just under \$1.6 million and the site development grant would be no more than \$200,000; and there needs to be a minimum of five jobs to avoid the clawback, otherwise it is \$40,000 per job for the clawback.

Stan Retz stated he thinks he abstained from this vote due to the owners being clients; and they are no longer clients but he feels he should still abstain.

Motion by Rodney Honeycutt, seconded by Louis Sanders, to approve “as to form” the Incentive Agreement with ACRA Lock. Motion carried and ordered unanimously with Stan Retz abstaining.

Public Comments

Dan Diesel, City of Titusville Mayor, stated the Tree Ordinance meeting is coming up; he would like everybody to be represented; he loves trees and growth; and somewhere between environmental and economic a compromise needs to be made.

Upon consensus, the meeting adjourned at 9:25 a.m.

Donn Mount, Secretary/Treasurer

Approved on

DRAFT