

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

May 10, 2024 @ 8:30 a.m.
Statham Park
7101 U.S. Highway One
Titusville, Florida 32780

Board Members:

In Attendance: Rodney Honeycutt, Robert Jordan, Donn Mount, Stan Retz, and Edna Wilson

Telephone: Dr. Brenda Fettrow, Bart Gaetjens, Jeff Gray

Absent: Dan Aton

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

Pledge of Allegiance: Donn Mount, Treasurer

I. Approval of Agenda

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

Approval of Minutes

Motion by Robert Jordan, seconded by Stan Retz, to approve the minutes from March 2024. Motion carried and ordered unanimously.

II. Report on Expenditures to Budget

Troy Post, CEcD, CBE, NBEDZ Executive Director, stated the actuals are highlighted in yellow in the report; the last quarter in the Fiscal Year is near and things are going well; the Pharmco incentive was paid off over the last period, it was \$500,000; a couple of smaller grants went out during this period as well; and there are still some big things coming up to be paid off soon, such as the sanitary sewer project of \$1.1 million, which will come from the City of Titusville Tax Increment Financing fund.

Robert Jordan asked how the money is disbursed, by ACH, wire, or check.

Mr. Post replied it could go out several ways; it goes through the County Finance Department with the Clerk's Office; generally it is a check that is mailed to the entity to receive the funds; it could go out as a wire transfer; and it would be the preference of the grantee.

Rodney Honeycutt stated he noticed on the budget, the proposed 2024/2025 capital expenditure for \$285,000; and he asked what that is.

Mr. Post replied he was going to speak about that in his report; he noted for several years, a budgeted item was carried for doing a build-to-suit project; one was done several years ago, which was the Embraer plant; he has found more success in talking with private groups to try to do some build-to-suit products, one of which is present today, North American Properties; so that money, this next year, will probably be used for other things in the Spaceport Commerce Park (SCP); and the new signage is coming in at SCP, which is being paid for this year. He added next year, one of the things that has been talked about is exterior lighting around the intersections, particularly the intersection at Shepard Drive and SR 407, which is very dark at night; some of the tenants have said it would be nice to illuminate the area; there are trucks that park there overnight; and that money may be used for some of those infrastructure improvements.

Mr. Honeycutt ask when the new sign would be going up.

Mr. Post replied it is being fabricated over the next month or so; it should be installed over the summer; there will be one at the intersection of Shepard Drive and SR 407, and another at Armstrong Drive and Grissom Parkway in the median with some moderate landscaping; there was a suggestion about looking into a LED display, which may be looked at next year; there is the intersection at Grissom Parkway and SR 405, which already has the Titusville Police Department sign; and he would need to talk with the City about placing signage there. He noted that the money is built into the budget for the signs; that type of LED sign would probably be around \$45,000-\$50,000; and this would be three signs for the area. He added that in the cash flow statement, it shows incentives that are projected to be paid and in which Fiscal Year; there are many variables that go into paying the incentives after qualifying; and the projects listed are ones that are expected to fulfil their obligations to qualify for the incentive; in the current and next years, it shows a loss, as the expenses are greater than the revenue; but there is a significant amount of money that is carried forward, so it is paid out of the reserves.

The Report on Expenditures was accepted into the record as presented.

III. Staff and Partnership Reports/Updates

North Brevard Economic Development Zone Executive Director Report

Troy Post, CEcD, CBE, NBEDZ Executive Director, stated he met with ETA Space, who is looking to expand their manufacturing capability, possibly in the Spaceport Commerce Park; he received an update from Valiant Air Command that their building should be complete by December for their incentive project; he attended the Florida Economic Development Conference with good speakers and discussions; he is working on the next newsletter; and he participated in the citizen's advisory panel for the Titusville-Cocoa Airport Authority. He added there are several prospects he is working on; one of them is Project Lautrec, who is looking for a site for a large aviation-related manufacturing venture; the company has asked for confidentiality, so he will try to meet with each board member individually; and the project will be over \$500,000, so it will have to go to the Commission. He mentioned there will be a new employee expected to start next week in his office; he reminded the board members

that the Form 1 Financial Disclosure needs to be completed and submitted by July 1, 2024; they should have received an email about it by now; but the form is online only now.

Stan Retz asked if they also eliminated the percentage threshold, as before you could do dollar value or percentage.

Morris Richardson, County Attorney, remarked he thinks they were going to make that change; but he is not sure if it was implemented.

Mr. Retz noted the percentage is easier.

City of Titusville

Scott Larese, City of Titusville Manager, stated the Talking Points for April has a pull-out section for the Annual Report; and it has had about 30,000 hits online.

Dan Diesel, City of Titusville Mayor, remarked that when he speaks as the Mayor somewhere, it is great to have a visual like that, as opposed to him just speaking about it; and he thinks it is a tremendous tool for public relations.

Titusville-Cocoa Airport Authority (TCAA)

Kevin Daugherty, TCAA Director, stated they mobilized the equipment yesterday for the Valiant Air Command event center; they plan to start construction on Monday; the air traffic control tower is out to bid and he is expecting some good bids; assuming the funding is lined up, construction is estimated to begin in January 2025; the runway rehabilitation should go out to bid in early June; and construction could begin in January 2025 for that project as well. He added he followed-up with Space Florida last week who stated they had been to several sites in Central Florida; and he has a lead for a satellite assembly facility looking for 20,000 square foot expandable facility.

Rodney Honeycutt asked about the commercial area off of Grissom Parkway.

Mr. Daugherty replied the phase-one site plan has been approved; phase two site plans have been started; and they do not plan to begin construction until the first building is leased.

IV. Discussion and Direction

Letter of Support – Wastewater Line at KSC

Troy Post, CEcD, CBE, NBEDZ Executive Director, stated Space Florida has reached out trying to collect letters of support for the existing wastewater facility at the Space Force Station which is near capacity; they are trying to get money from the Department of Defense to relieve some of the pressure on that; a temporary solution is to put in a new wastewater line that will go to an existing County wastewater plant on Merritt Island; and the long-term solution would be to construct a new wastewater plant or increase capacity at the existing facility.

Donn Mount asked if there was any money involved.

Mr. Post replied so far, NBEDZ has not been approached to participate in that; the Space Force station is actually outside of the Zone geography; and it would depend on where the project site would be.

Motion by Robert Jordan, seconded by Rodney Honeycutt, for the Chair to sign a letter of support for Space Florida's \$5 million Community Project Funding request to construct a new wastewater line to redirect wastewater from Space Force to a Brevard County treatment plant. Motion carried and ordered unanimously.

SpaceTEC Partners (Defense Industry Training Center)

Troy Post, CEcD, CBE, NBEDZ Executive Director, stated he wanted to bring back the Agreement with SpaceTEC (SPI) at next month's meeting; they will be bringing him a copy of the lease with the building they have found; it was unclear as to the structure of the incentive they are looking for and what was approved by the Zone board; he wants to make sure the board is all in agreement with the incentive agreement; the draft agreement will still have to have the County Attorney's final approval of the language; and it will be brought back for approval. He noted the amount that was approved was for \$500,000 and SPI is looking to break that into two parts; he compared this agreement with the one for Space Perspectives from a couple of years ago, to give him a guide for that; some of the money they want for reimbursement of some of the interior improvements, which will cost approximately \$800,000-\$900,000; at the moment, the figure for the first grant under the incentive would be \$237,200; and it would be contingent upon showing a Letter of Completion from the County, copies of all the invoices, and complete the interior improvements with the lab space before SPI would receive the first grant. He added the second grant would be the balance of the \$500,000, which would be \$262,800; what they would like to do is to use that money to offset the cost of the lease; much like the agreement with Space Perspectives, once the building is completed and they are paying a ground lease, at the end of the year they will be paid for that; it would be very similar to that; and then SPI would have to provide proof of the lease payments they made in order to receive reimbursement of the grant. He stated based on that \$262,800, NBEDZ could pay about three years of lease payments; they would go through the first year, show NBEDZ what was paid for the lease, and they would be reimbursed for that; he made some calculations and some assumptions that would be clarified once the lease is received, assuming the building is \$350 per square foot, at 25,000 square feet, it comes out to about \$7,200 per month or about \$87,600 for the year; that would be the maximum reimbursable if that ends up being their rate; and SPI would have to provide evidence from the Lessor that was paid in order to receive the reimbursement. He went on to say this is a little more difficult project so it is harder to structure the clawback; he created a definition for "classroom seats", which will refer to the number of spaces occupied or unoccupied for the training and/or certification course; the way the clawback would work is that there would have to be a minimum number of 50 people taking the classes; this number could be adjusted if it is felt to be too low, as SPI is projecting several hundred people will attend the training; but the bar should not be set so high that it is unattainable. He noted that for

any number of seats below 50, there would be a clawback of \$2,000 per unoccupied seat; he feels this is the only way to work a clawback once the lease is being paid; and he asked the board for feedback.

Donn Mount asked what the capacity of the program is within a year.

Mr. Post replied SPI is talking about numbers between 600-800 per year; and some of the certifications do not take long, where others make take weeks or months.

Mr. Mount asked what the logic was to come up with the number of 50 participants.

Mr. Post replied he just picked a number; if the board thinks it is too low, it can be changed to maybe 100 or 150; he noted SPI is thinking those numbers will be higher after they are more established; and maybe it will be harder to get to that number in the early years.

Mr. Mount asked how NBEDZ would gauge the return on investment.

Mr. Post remarked it would be by how many students graduate the program; SPI would be required to submit an annual report stating how many attendees were in the program and how many completed it; he noted it is a workforce training initiative, getting students the industry certifications; and hopefully getting placed in a job, although it may not be something SPI has control over.

Rodney Honeycutt asked if the clawback was on the entire \$500,000, or just the second part.

Mr. Post replied he feels it would be for the second part, as the first part is for the interior improvements, which is pretty cut and dry; and that is typical of many of the agreements NBEDZ has done.

Morris Richardson, County Attorney, noted if the number of attendees remains at 50, there would have to be almost no occupied seats for the clawback to exceed the amount of the lease portion.

Mr. Honeycutt mentioned it seems like the clawback is not realistic to get back if SPI does not have any money; and he suggested that each year for the lease payment, they would have to show a certain number of classes each year.

Mr. Post asked if that was just for the clawback or before the grant is disbursed.

Mr. Honeycutt replied instead of paying the entire \$262,800, it will be \$87,600 per year; and maybe instead of just paying that each year, SPI would have to show proof of a certain number of attendees for that year.

Mr. Richardson commented to be reimbursable at the end of the year, rather than on the front end; and tie it to the occupancy requirement for that year.

Edna Wilson inquired if it just seats or number of graduates.

Mr. Post replied he was looking at seats; but there could be some that take it and not finish.

Stan Retz noted that the headcount for the students should also be tied to the second reimbursement, because if there are not enough students, that should be considered; and maybe the headcount should be higher for the clawback.

Mr. Post replied maybe the dollar amount per seat for the clawback could also be higher.

Mr. Mount commented maybe the type of class should also be considered since there are multiple courses; and whether the smaller classes should be considered.

Mr. Retz suggested tying it to the course completion.

Ms. Wilson asked if there was any way to tie-in whether the students become an employee locally in North Brevard, as the whole point is to create and fill jobs in the Zone.

Mr. Post remarked he may be able to have SPI provide a report that reflects the number of graduates that are employed by a local firm; determine the difference in the modules or classes and not accept the short-term classes towards the clawback; and he will look at raising the clawback dollar amount and increasing the seat count for the second reimbursement. He stated he would work on these changes and get back with SPI for review and feedback.

Dan Diesel, City of Titusville Mayor, stated he thinks NBEDZ needs to look at improving the workforce in the Zone; he has met with manufacturers who say they are losing employees to the space center on a daily basis, with some having a hard time staying open; and as it was said, he does not want to see graduates going elsewhere for employment.

Mr. Mount commented that for the first reimbursement for upgrading the interior of the building, they are making improvements to a building that they do not own; if they get to the end of that and then do not have money to pay the rent, there is no way to recover for the first reimbursement; and he asked how to protect NBEDZ from that.

Mr. Post remarked that there would still be improvements on an asset for which there would be a tax benefit under the Tax Increment Financing (TIF), as it would increase the value of the property.

Mr. Mount stated he did not think so on an interior improvement.

Robert Jordan stated he did not have any problems on the first reimbursement, but the second part is way too convoluted; he thinks the number of 600 students for a year is extremely low; and it makes him uncomfortable helping them with the lease, as he thinks SPI should at least be able to pay their lease, as they are getting money from other sources as well. He is not sure if this is a good way for NBEDZ to be using its funds; and he thinks it should be doing something different.

Mr. Post mentioned he thinks this is a way for SPI to lessen some of the operating costs; but for NBEDZ, providing a grant for operating costs, he does not think that would work; to him, he thinks this is the only option; it shows they have to demonstrate something before they qualify; and they would have to run the program and pay the lease for a year, to qualify for the reimbursement.

Mr. Jordan reiterated that the point of NBEDZ is to help with the training, but the workers should stay in the Zone area; and there is nothing that he heard that is going to guarantee the workers stay in the area.

Mr. Post stated that when SPI provides the report, it could show how the individuals were placed; if a percentage is not met, that could be part of the clawback; he stated he thinks he has what he needs to work on the second grant structure; and he noted local placement, and better definition of the courses.

V. New Business Items

NBEDZ Proposed Budget for FY24/25

Troy Post, CEcD, CBE, NBEDZ Executive Director, stated he needs formal approval of the budget for next year; after approval by the Zone board, it goes to the City with additional reports; he noted an increase in the salary and benefits; but everything else is pretty much the same.

Motion by Robert Jordan, seconded by Edna Wilson, to approve the proposed Fiscal Year 2024/2025 budget. Motion carried and ordered unanimously.

VI. Old Business Items

Project “Topaz” – Proposed Language Change to Incentive Agreement

Troy Post, CEcD, CBE, NBEDZ Executive Director, stated the Zone board previously approved \$1.2 million for this defense industry related project; the draft agreement was taken to the County Commission for approval; the company has applied for a State incentive and there is language on how to track jobs created at the site; the company has asked for a few changes to the NBEDZ agreement to better align with the language in the State incentive; and this is for their reporting process. He noted the changes to the NBEDZ agreement include creating a definition for what they consider base jobs, which are jobs that existed before the project started; for them, base jobs are created and held during the 12-month period between August 1, 2022, through July 31, 2023; there could be jobs that are created but not placed at the site yet; and he would want to count jobs after that base is set. He stated this is important because the way this incentive would be paid out is in any reporting year, assuming that the site is chosen, built, and in operation, a report would be submitted documenting how many jobs are on-site at the project; he would have to have a way to calculate that because the grant is based on the number of jobs created and paid according to the chart in the agreement; and he does not think this is a problem, and may actually help.

Robert Jordan noted that he would like to see that the employees are indeed living in the Zone; he wants to be able to give more of an incentive if the employees are living in North Brevard; and that way, NBEDZ will get the money back because of mortgages, rent, et cetera.

Mr. Post remarked that would be a good thought, although not for this project since it so far along; and it is a good idea for future projects since there is more housing available in the area now.

Motion by Robert Jordan, seconded by Stan Retz, to approve the proposed language change to the Incentive Agreement for Project "Topaz." Motion carried and ordered unanimously.

Approval "As to Form" – NAP Waterline Project Agreement

Troy Post, CECD, CBE, NBEDZ Executive Director, stated the Zone board approved a project for a new water line in the Spaceport Commerce Park (SCP) to be done by NAP to improve the water pressure for fire suppression systems; the project was originally estimated at \$253,000, but it looks like it will be more; Kat Butler, NAP, was present to advise of a new estimate of \$278,000; the agreement was for reimbursement of half the costs after the project was complete; and the new cost will be \$139,000. He added he is bringing the document back for amendment to reflect the new cost; and he reminded the board, this also helps the other undeveloped lots in SCP.

Motion by Robert Jordan, seconded by Rodney Honeycutt, for a change to the water line project agreement with NAP, changing the amount representing 50 percent of the total cost to \$139,000. Motion carried and ordered unanimously.

Ms. Butler remarked how valuable and expensive this project has been and the time it has taken; there has been feedback from the users about time; it has taken nine months from site plan submittal to site plan approval, 15 months from site plan submittal to pad-ready completion; it should only take 12 to 15 months to get a building up once the lot is pad-ready; and they have taken almost a year and one-half from the users, which is invaluable for them. She added the other side of that is that the site needed a lot of work, which equates to money; NAP will have \$3.6 million in the dirt once it is filled, which does not include the price of the land; this equates to \$4 million for the 10-acre lot including the price of the land; and this lot did not have significant wetlands, and only a few gopher tortoises.

Mr. Post mentioned Olympian LED bought one of the SCP lots and are having an issue trying to map-out how to get their trucks turned around; they are looking at the possibility of having a road that would come off of Armstrong Drive and then go down towards Shepard Drive; and he asked Morris Richardson, County Attorney, if they were trying to get more land.

Mr. Richardson replied that could be the solution that would not sever the County property as badly or at all; and it also would not hinder Raider Outboards.

Mr. Post suggested he and Mr. Richardson should meet to discuss this further; and he complimented Neha Padit, Economic Development Specialist, for her great job on the graphics and researching for updates on the information provided in the Community Profile.

Upon consensus the meeting adjourned at 9:29 a.m.

A handwritten signature in black ink, appearing to read "Bart Gaetjens". The signature is fluid and cursive, with a long horizontal stroke at the end.

Bart Gaetjens, Chairman

Approved on July 12, 2024