

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

August 13, 2021 @ 8:30 a.m.
Statham Park
7101 U.S. Highway 1
Titusville, Florida 32780

Board Members:

In Attendance: Dan Aton, Rodney Honeycutt, Micah Loyd, Al Matroni, George Mikitarian, Donn Mount, Stan Retz, and Louis Sanders

Absent: Dr. Brenda Fettrow

Call to Order: Meeting was called to order at 8:30 a.m. by George Mikitarian, Chairman

Pledge of Allegiance: Dan Diesel, Mayor of Titusville

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

Troy Post, CEcD, CBE, NBEDZ Executive Director, introduced Abigail Jorandby, who will be the new County Attorney in November; Kevin Daugherty, the new Chief Executive Officer for the Airport Authority; and Jo Sojourner, the new assistant at NBEDZ. He mentioned there is still one opening for NBEDZ, with a closing date of August 23, 2021, and a plan to have them onboard by the end of the Fiscal Year.

III. Report on Expenditures to Budget

Donn Mount stated everything is on track, and it looks like there are four candidates that have met their requirements for incentives.

Troy Post, CEcD, CBE, NBEDZ Executive Director, stated there is \$891,000 left to be disbursed this year under the current budget; he mentioned Beachwave, Lenovation, and Greater Outboard have qualified for their grants; and he hopes to get those disbursed before the end of the Fiscal Year.

Motion by Louis Sanders, seconded by Stan Retz, 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 there may be a proposal brought back next month for Space Florida; he received approval to use the City's Tax Increment Financing (TIF) for the sanitary sewer project, and it is set to go before the County Commission meeting on August 24, 2021, to get concurrence on that; BBL Hospitality shared the schematic for what they would like to build on the pad next to the Hyatt; and they hope to have a tenant secure before beginning construction but may just build it out without finishing the interior. He mentioned receiving a call from the Titusville Police Department about some trespassing at the Spaceport Commerce Park (SCP), which may be people setting up a camp in the interior of some of the lots, some of which goes into the Airport Authority area; he posted some no trespassing signs and is inquiring about some small gates to be put up on the dirt access roads; after the signs have been posted for a few weeks he can go back to the Police and they can go on-site and if people are found, they can be forced to leave; and he thinks as more development takes place at SCP, it may eradicate that. He met with the Warbird museum people who are planning new hangars, and an event center, and asked if that could be brought to the Zone, as they have also made an application for the County's Tourist Development Council for funding; he will be working on capturing data and updating some of the reports they use; for future SCP development, there has been discussion over the years with the Economic Development Administration (EDA) about opportunities to use some Federal money to do some of the things needing to be done; there has been talk about using the old correction facility for a light industrial park; and the best candidate to expand the industrial lands is probably the property directly across the street, which is a 20-acre property owned by the City. He added that may be the next park area for the Zone to develop; the way the EDA has done things under the American Rescue Plan Act (ARPA), the funding formula has been changed, as it used to be the applicant could only get about 50 percent of the money needed from Federal assistance, with the ARPA program, the applicant can get as much as 80 percent, so it may be a good time to apply within the next six months; it may be brought back at the September meeting about going forward with a formal application, which will probably require the County Commission to allow for that; there was talk about doing another tour at Blue Origin, which could be done on November 12, 2021; and there has been a second facility added since the last tour. He mentioned he has received the first update from North American Properties, the group that has an option agreement for an 11-acre site; they have put down their \$50,000 option fee, and they were required to send progress reports, and an environmental survey has been done and determined no Scrub Jays were in the area; they have spent some money on this site to prepare it for the tenants they have in mind; and he has included a comparison of current and proposed tree ordinance for the City of Titusville and he has highlighted some areas of concern which would be more costly for developers. He continued to say that the Zone could draft a letter for inclusion in the last discussion of the topic on August 24, 2021.

Al Matroni asked why trees could no longer be burned on site; hauling it away gets expensive, and the landfill will only get bigger; and he feels this is causing unnecessary cost to the developer.

Micah Loyd remarked he thinks the City gets complaints of the smoke and smell due to allergies.

Scott Larese mentioned he thinks the biggest complaint a visual issue.

Mr. Post suggested that could be in the letter, asking not to include that new provision of the code.

Mr. Loyd noted that he did not want this to be a disadvantage competitively with other communities, as it may be adding another layer that takes away from the attractiveness of development here; he thinks people forget that trees are renewable and will grow back; when

development is considered, stormwater is number one, and if the land cannot be cleared to provide stormwater because trees are in the way, that becomes a problem logistically; and he loves trees and they should be protected, but to what extent.

Mr. Larese mentioned that it has been brought up in the meetings that commercial and industrial should be exempt.

Rodney Honeycutt suggested to reiterate that in the letter.

Stan Retz stated that Robin Fisher mentioned that a large portion of the City is already owned by the City, County, State, Federal Government, Environmentally Endangered Lands (EEL), and parks; there is already a ton of property that is already protected and will never be developed; and certain groups are rather extreme on the tree protection that show up to make noise, but there have not been many developers at the meetings.

Dan Diesel, City of Titusville Mayor, mentioned one side has been heard for three years and he feels the developer side has been heard more clearly in the last couple of meetings; he thinks the burning is one of the biggest complaints; he stated compromise is a great thing until someone does not get their way; he loves trees, but also loves the development going on in the City of Titusville; and he agrees with Mr. Retz.

George Mikitarian asked Mr. Post what he needed to draft the letter.

Mr. Post replied that any comments could be sent electronically and he will draft a letter; he has been at some of the meetings and has made it clear that he is speaking as an Economic Developer, not representing the Zone board; the letter will include an exemption for commercial and industrial and site some of the reasons behind that, including the expense and being at a disadvantage competitively compared to other cities; and he will send out copies of the draft.

Dan Aton stated to mention that the Zone board has put money towards several projects that are bringing a significant number of jobs to the area; it may not hurt to contact some of those developers to go to the meeting and share what they are investing into and bringing to the community; and he agrees with it possibly being a disadvantage competitively for new developments in the City.

Mr. Matroni stated this committee and others around the County have been formed, and a lot of money has been spent which generates tax dollars that are directed towards the Zone bringing new businesses that generate jobs for the community; at this point, it would be unrealistic to think that it would take any position that would hurt the growth that it is trying to establish; and he could not support anything that would hinder that growth.

Mr. Loyd stated he is worried about residential also, as it is a lot harder to develop a subdivision than people may think; when he did the corner of Knox McRae Drive and Park Avenue, he could write a short novel and that was with the current tree code; even if he wanted to save a tree, and there is a pipe next to a tree that might get into the roots, the City says he cannot save that tree; the code does not allow a developer to be creative; and during the project, he fought to save the trees along Knox McRae Drive and the City finally allowed him to do it. He added he was able to put five acres in perpetual conservation; the challenges a developer has is not just limited to cutting down trees; there are four or five levels of creativity; and the City needs to be careful not to tie anyone's hands when looking at land as a resource in our area.

Mr. Honeycutt stated every piece of property that is looked at, the groundwater table is generally high, and that is what drives everything; the stormwater table has to be above the groundwater table, then the roads and lots above that; then there is the tree canopy which it cannot be near; it is already tough to develop now; and the people that are complaining do not care if it has to be hauled off to the landfill. He advised he thinks the subdivision that Mr. Loyd developed looks

great and it is one of the ones people complained about; he did the Forest Trace a few years ago and there was 35 percent of the area saved in trees and they were not happy with that; and the tree ordinance is tough enough as it is.

Mr. Loyd stated when the houses were built in the subdivision at Knox McRae Drive and Park Ave, four trees had to be planted in every yard; and in 25 years, from space that area is going to one big canopy.

Mr. Honeycutt stated the only thing in the ordinance that could be addressed is maintenance; he does not see it in residential but in commercial areas, the trees look the same as they did when it was built; if they were not maintained, the parking lot could not be seen; and to him, that is an area that could be improved.

Mr. Matroni mentioned that small businesses have to keep the trees maintained or the visibility is reduced for their store fronts.

Mr. Retz stated this is the first he has heard about the burning; he mentioned there was a 168-acre controlled burn the other day near his home; he stated a burn permit is needed and if it is too windy, it cannot be done that day; and he is more inclined to say the code does not need to be fixed.

Mr. Post stated he could write a letter that states the Zone board feels the current code is adequate, especially for residential development, but if a new code is adopted, it would like commercial and industrial to be exempt and maintenance included; he has letters from businesses addressing the code that he will add to the package; and he will contact some of the newer projects to see if he can get them to also comment.

Mr. Retz stated Mr. Post could also include letters from prospects that are wanting to cancel or hold off on developing here due to the new tree code.

Mayor Diesel mentioned that he thinks many of the developers exceed the code now and he thinks that should be heard in the meeting; and he mentioned there should be more developers at the meeting as there have been very few.

Mr. Matroni mentioned that he knows the City of Rockledge has things in their code that he did not want to provide when he developed there and they reached a compromise; and he asked if there is that capability with the City of Titusville.

Mr. Mikitarian asked if this was the only issue like this on the horizon relative to development.

Mr. Larese replied unfortunately not; and he stated the next topic will be low impact development, trying to preserve as much as possible.

Mr. Matroni asked if there is an acreage count on how much land is reserved with the City, County, State, Federal Government, EEL, and parks as mentioned earlier.

Mr. Retz replied he thought it was around 50-70 percent; and he stated to go to the top of the bridge and look west and it can be seen that Titusville does not have a tree problem.

Mr. Loyd stated there could be more creativity in the landscape code, as it is required to plant a certain number of trees according to a formula; and it would be great if they could be planted along the bike trail, or parks, or certain areas that everyone could enjoy.

Mr. Matroni mentioned they could be planted in the wetlands.

City of Titusville

Lisa Nicholas, Economic Development Director City of Titusville, stated she met with BBL and she felt their portfolio was very nice; she is looking forward to seeing if they can secure a tenant for the property Mr. Post mentioned or if they will build to suit; and she was contacted by a Cocoa business, Rocket City Retro, looking to relocate and considering the old Richard's Paint location on Cheney Highway.

V. Discussion and Direction

Teleworking as it Relates to Incentive Agreement Requirements

Troy Post, CEcD, CBE, NBEDZ Executive Director, stated he has had a couple of companies ask if the Zone board would consider counting people that are in teleworking positions in the company toward their job requirements; he does not know if that is considered short-term or long-term, but some companies are considering long-term; the job counts are sometimes used to trigger whether there would be a clawback to recapture some of the funds; the job goals are expected to be reached, and if they cannot be reached, there are consequences; and the question is whether to consider those teleworking employees in the count. He mentioned some topics to frame the debate including timeframe, CAPEX impact, reporting, workforce composition, defining teleworking, and induced spending; the Zone board would need to know if the company intends for it to be short-term or extended beyond the pandemic, what kind of impact to the capital expenditure plan it would have, how reporting would be handled with teleworkers, the workforce composition as to percentage of teleworkers, and the induced spending as to the way the economy benefits from having workers that shop, eat, et cetera in the area; he wanted to get the Zone board's feedback as he has one company to call to discuss the teleworking as it relates to their contract; and he stated that Brenda Fettrow sent him an email stating she is opposed to it.

Dan Aton asked Mr. Post if his software addressed this issue.

Mr. Post replied no.

Mr. Aton remarked it should, and he needed to try to change software packages; in the least, the application should be changed; if the Zone board knows going in, it would be up to the Zone board to consider how to do it; a percentage could be applied to the teleworkers and consider whether the teleworker is local or out of the area/State; it is tougher after the agreement is done; and a policy would need to be created for the agreements that have been finalized.

Stan Retz stated to count the teleworkers as 25 percent; and there are local businesses that have remote workers that bring money into the company.

Louis Sanders stated that the NBEDZ charter is to incentivize the North Brevard community with employees; and he thinks it should be kept local to North Brevard.

Al Matrioni stated he agrees with Dr. Fettrow; the idea that NBEDZ could fund a company with a majority of its employees being outside of the area does not meet what the Zone board is trying to accomplish; the mission is to bring good businesses with good employees and good salaries to the area; and he does not think that will be beneficial to the community.

Dan Aton stated as long as the Zone board knows at the beginning that the company may have 200 employees with only 50 of them working locally, the incentive should be based on the 50 employees that are here.

Mr. Post remarked he could come back at the next meeting with a copy of the new proposed application; and the problem is the existing agreements, and the Zone board may have to see what is pitched to them by the companies with existing agreements.

Mr. Aton mentioned the clawback verbiage will need some changes.

Micah Loyd suggested the Economic Development Commission (EDC) may have some type of multiplier for going from someone who lives and works here to someone that is working remotely; and they may have it narrowed down.

Mr. Post stated he will get with Edgar Campa-Palafox, Economic Development Commission (EDC) Director, about that.

Donn Mount stated that the incentives, going forward, could be less; and the only thing that telecommuting could be of any value for an existing company would be if the employee is telecommuting from North Brevard.

Mr. Loyd remarked if someone is living here and telecommuting, he feels that is an employee; living somewhere else would be a percentage that the EDC could help with determining; and he thinks if the Zone board allows companies to renegotiate their terms, the payout will go down, which leaves more to invest in other opportunities.

Mr. Post stated any changes to the plan would need to go through the County Commission.

VI. New Business

Request for Financial Inducement for Project “Chariot”

Troy Post, CEcD, CBE, NBEDZ Executive Director, stated most of the Zone board had a one-on-one briefing with the manufacturer proposing to do a project in the area; and he asked Edgar Campa-Palafox, Economic Development Commission (EDC) Director, to introduce what he is able to share, as the manufacturer has asked to remain confidential.

Mr. Campa-Palafox stated he has been working with this company (Project “Chariot”) since August or September of 2020; he has been working with the company on site selection and Titusville is in competition with Georgia and Texas; for the past 10 years, the State of Florida has been consistently cutting programs and he wanted to make sure to mention that there are limited tools for this competition so he appreciates NBEDZ stepping up with local support; this company is looking for their manufacturing headquarters with a 100,000 square foot building in the TICO airport area; and they are looking to employ 100 people there with an average income of \$60,000.

Mr. Post stated there are copies in the handouts of some of the pages of the application and the County and City impact analysis that he could share, and also the fiscal impact analysis; he knows the TICO Airport Authority has been approached by the prospect; the first assumption is that they will have to come up with an agreement for the ground lease; he has put in a discounted amount, which may or may not be the actual amount, that may be useful to the Zone board to try to explain what the cost of the incentive would be, as he is assuming it would be an initial lease term of 10 years with multiple options to extend the ground lease; and in that first 10-year period, the first couple of years would be a discounted rate, and in year three there would be a \$.10 per square foot charge that would last until year 10. He added that he mentioned to the prospect that one of the incentives for the Zone board to consider would be offsetting the cost of the ground lease for the years three through 10 by providing a grant each year to effectively render that zero; at the end of the year, he would have the Airport Authority bill the tenant in arrears for that year and the invoice would come to NBEDZ to be paid to the Airport Authority; and in the cash flow projection spreadsheet, the amount of the incentives can be seen on the line marked Project Chariot. He stated the prospect had some questions about the infrastructure and site development to prepare the site; they asked if NBEDZ could offset some of that cost; he mentioned it was proposed to provide up to approximately \$105,000 as a site grant; the site would have to be ready with a certificate of occupancy before approaching the Zone board for reimbursement; and this proposal is for two incentives, one for the ground lease of approximately

\$355,000, and the site development grant of up to \$105,000, with a total commitment of \$460,000.

Stan Retz remarked that lately County and City portions have been identified; and he asked if it is all pro rata.

Mr. Post replied this would be all County Tax Increment Financing (TIF); and as to the City TIF, that money is being used for the sanitary sewer line project and will probably go to that for the next year and one-half.

Mr. Retz stated looking at the spreadsheet, it looks like NBEDZ will have about \$40,000 a year coming in, and about \$43,000 going out, which is a minimal impact.

Al Matroni asked if the property is owned by the Airport Authority.

Mr. Post replied yes.

Mr. Matroni asked if they were in negotiations for the ground lease.

Mr. Post replied to his understanding, yes.

Kevin Daugherty remarked there was a meeting scheduled this week but the Site Developer had to cancel; and he thinks he will meet with him next week.

Mr. Matroni stated the reality is NBEDZ will end up paying the Airport Authority for their land under the lease structure; and he asked if the Airport Authority was prepared to provide incentives.

Mr. Daugherty replied it seems that it is already a discounted rate; he is just getting into this; and he hopes this will allow for future development, jobs and tax base for the County.

Mr. Campa-Palafox stated the leadership transition at the airport impacted the timeline on this project; and there has not been any discussions or approvals with the airport board due to the lack of leadership.

Mr. Post stated he is pitching for a commitment for the ground lease of up to \$355,000; the assumption is that the cost is going to be \$.10 per square foot, but if it ends up at \$.30 per square foot, it would make that lease up to \$120,000 in year one; that is up to them to work out; but the NBEDZ commitment would only be \$355,000.

Mr. Matroni asked why the Zone board is committing to an amount before the airport has established the rent structure they would need.

Mr. Post replied there are some things that will need to be done, which may be the airport's responsibility, to help with the infrastructure, such as a sanitary sewer line extension, and maybe some road work; and they may be doing some things on their end to induce the sale.

Donn Mount stated the \$.10 per square foot is a small percent of what is typically charged; and the Airport Authority will not be making more money than they have before.

Mr. Matroni stated with a user of this size, there will be benefits to the Ad Valorem; and it does not seem like \$.10 per square foot.

Mr. Mount remarked it is unimproved land right now.

Micah Loyd stated that is how they do business and it is not going to change based on the lease.

Mr. Daugherty stated the Airport Authority's revenue is merely the ground lease and whatever is added to the tax base under improvements; and that is a give-back to the City and the County.

Mr. Loyd stated the capital investment is going to be significant and there will be a building on a major thoroughfare with a large business going in.

Mr. Matroni stated the concept is fine, he just did not want the Airport Authority making money off of NBEDZ.

Louis Sanders stated the incentive is capped out and the Zone board can shorten the amount of years if needed; but anything to ignite a possibility to get a project like this, the Zone board should make a good-faith effort to attract another company here.

Mr. Post reminded the Zone board that the final written agreement is always brought back, and it could have attached a copy of the ground lease.

Dan Aton mentioned he thinks the point is to give Mr. Post and Mr. Campa-Palafox the flexibility to do what is needed up to the \$355,000, as it is early.

Mr. Post stated he is hoping the Zone board is okay with making a formal proposal to the client and the site selector that if they come here, this is what it will commit to; the details will be in the written agreement; and he is needing approval to submit that.

Mr. Loyd asked the Zone board if they wanted to have to come back and vote on this again; and can Mr. Post move forward as long as they have a ground lease with the Airport Authority it is good.

Mr. Post stated after today's meeting, he would contact the site selector and let them know it has been approved up to an amount with certain programs; and then in a couple of months, it would come back to the Zone board to review the final agreement and include the ground lease for information.

Mr. Campa-Palafox mentioned with the vacancy rate of industrial buildings right now, one of the exciting things about this project is having a new building; he has been struggling to find buildings for his clients; and if something happens with the business, there would potentially be a building in the airport property for a future client.

Motion by Louis Sanders, seconded by Micah Loyd, to approve the incentive package for the ground lease of approximately \$355,000, and the site development grant of up to \$105,000, with a total commitment of \$460,000 if it comes back favorable after negotiations. Motion carried and ordered unanimously.

VII. Old Business

Approval "as to form" of Incentive Agreement with Project "Fuel"

Troy Post, CEcD, CBE, NBEDZ Executive Director, stated this is in reference to the sanitary sewer project; there is a language change which goes back to making sure the primary duty of the Zone board is to make sure that the Titus Landing bond debt that the City incurred is paid off so it will have the adequate funds necessary for that; right now, the project is to be paid for out of the City's Tax Increment Financing (TIF), and if there were a problem where the Zone board could not come up with that, it could pull money from the County's TIF to pay for that; and that is the language inserted by the bond council.

Christi Schverak, Assistant County Attorney, stated it does not change much; she thinks the bond council just wanted to make sure it was clear that the Zone board is paying on Titusville's debt obligation and it does not change the intent of the paragraph; it was technically a counter from the City; and it needed to be brought back to the Zone board for approval

Motion by Stan Retz, seconded by Micah Loyd, to approve the changes to the Project "Fuel" agreement as submitted. Motion carried and ordered unanimously.

Upon consensus, the meeting adjourned at 10:01 a.m.

A handwritten signature in black ink, appearing to read "Donn Mount". The signature is fluid and cursive, with a horizontal line extending from the end of the name.

Donn Mount, Secretary/Treasurer

Approved on October 8, 2021