

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

January 15, 2021 @ 8:30 a.m.
Titusville Public Library - Auditorium
2121 South Hopkins Ave
Titusville, Florida 32780

Board Members:

In Attendance: Rodney Honeycutt, Micah Loyd, Al Matroni, Donn Mount, and Louis Sanders

Telephone: Dan Aton, Dr. Brenda Fettrow, George Mikitarian, and Stan Retz

Absent: N/A

Call to Order: Meeting was called to order at 8:50 a.m. by George Mikitarian, Chairman.

Pledge of Allegiance: Donn Mount, Treasurer

I. Approval of Agenda

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

II. Approval of Minutes

Motion by Rodney Honeycutt, seconded by Micah Loyd, to approve the January, February, and March 2020 Minutes as presented. Motion carried and ordered unanimously.

III. Report on Expenditures to Budget

Donn Mount, Treasurer, stated the first scheduled payment for Lockheed was made.

Motion by Louis Sanders, seconded by Al Matroni, to approve the Report on Expenditures 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, provided the Zone board with a handout of his report and briefly discussed each topic.

City of Titusville

Lisa Nicolas, Economic Development Director, spoke about the latest edition of the Titusville Talking Points magazine, which references much of the development in review or under construction.

V. Discussion and Direction

Troy Post, CEcD, CBE, NBEDZ Executive Director, discussed the landscaping at the intersection of Grissom Parkway and SR 405, the entrance to Spaceport Commerce Park (SCP), has had plants removed due to size; the County can only do the minimum to replace it; he suggested the Zone could help to put some nicer landscaping on the Grissom Parkway side with money from the land sales in SCP to fund the project; and he is looking for interest and direction from the Zone board.

Micah Loyd mentioned the next item is the sign.

Mr. Post stated that is the next item and he could go ahead and talk about that; he has been working with the Economic Development Commission of Florida's Spacecoast (EDC) about rebranding that park; for the moment, they are not talking about doing anything with the sign; Florida Department of Transportation (FDOT) will be to that point of the project around April of this year and at that point, the sign will be removed; in the interim, there are two of the small metal signs that look bad and need to be replaced; he asked if the Zone board would be ok with him pricing replacement signs; and in the future there may be a nice monument sign placed at the SR 407 and Sheppard Drive entrance.

Mr. Loyd asked about the median at SR 407 and Sheppard Drive.

Mr. Post replied that ideally, there would be a nice sign placed there and at Grissom Parkway and SR 405.

Al Matroni asked about all the other work that has to be done.

Mr. Post replied that is an FDOT project and they will be doing that work.

Mr. Matroni asked if it would be more prudent to wait until all that work is done.

Mr. Post replied yes, it would not be done in the next 30 days; he advised Public Works is putting together its budget now; and if nothing is heard back from NBEDZ, it will just be the bare minimum and would not be done until FDOT is done.

Mr. Matroni asked if the FDOT project was already funded.

Mr. Post replied it is already funded and the work has already started; and it will be April before it is in this area.

Mr. Loyd remarked he liked the idea of the signs and lighting, but questioned the landscaping due to long-term maintenance and irrigation.

Louis Sanders asked if they were just looking to repair the damaged sign.

Mr. Post replied he would just get rid of it and replace it with one similar to what is shown in the packet.

Mr. Sanders inquired about having a sign company wrap the sign with a new design which could be easily read and could have colors.

Mr. Post stated if the Zone board agreed, he could get quotes for that and if it is less than \$1,000, he could take care of it himself; but otherwise, it would have to come back to the Zone board.

Ed Newman remarked that, as a prospect, he thinks the current sign is too complicated and will not be seen; he suggested having signs on the available parcels in the park with a contact number; he stated he drove through the park himself to see what was available only to find that the lot he wanted was not for sale; and it would be beneficial for buyers.

Mr. Loyd suggested to list the acreage on the signs as well.

Mr. Post stated it seemed that the Zone board was in agreement and he would get quotes to get it done.

Mr. Loyd suggested a limit of \$5,000 to get it done.

Mr. Post asked if he could do that.

Christine Schverak, Assistant County Attorney, responded he could get a motion to approve it.

Motion by Micah Loyd, seconded by Louis Sanders, to purchase advertising signs not to exceed \$5,000, and to include smaller signs on available sites which include the size of the parcel. Motion carried and ordered unanimously.

Mr. Post asked if he should get with Public Works about the cost for the landscaping for the two medians on SR 405 near the Grissom Parkway entrance.

Donn Mount stated he agreed with Mr. Loyd about the landscaping.

Mr. Loyd stated the landscaping has been a problem since the Space Coast Commerce Board was severed from the Zone board, and even maintaining the sign; he thinks there needs to be matching signs at both entrances to the SCP; and Mr. Post could get quotes from sign companies to bring back to the Zone board.

VI. New Business Items

Chamber Economic Outlook Breakfast

Troy Post, CEcD, CBE, NBEDZ Executive Director, mentioned that Marcia Gaedcke reached out to him and advised she asked Dr. Parrish, Florida Chamber of

Commerce Economist, to give an economic forecast; and she asked if the Zone board would like to participate again.

Micah Loyd asked if that meant sending Mr. Post to the event.

Mr. Post replied yes; he stated the City of Titusville would be represented; and he will mention the CARES Act funding for small businesses.

Lisa Nicolas, Economic Development Director, stated the event was held at LaCita last year and it will probably not be there this year as they are not able to accommodate the number of attendees and remain socially-distant.

Motion by Micah Loyd, seconded by Louis Sanders, to authorize the NBEDZ Director to attend the Chamber of Commerce Economic Outlook breakfast event. Motion carried and ordered unanimously.

VII. Old Business Items

Revised incentive package for “Project Freedom”

Troy Post, CEcD, CBE, NBEDZ Executive Director, mentioned that this is a manufacturing project out of the Northeast that has been looking for a site in many states and has now honed-in on Florida; Florida is in competition with another community in the State and he is doing what he can to try to make it an easy decision for the management team; the incentive package approved at the last meeting includes two elements: Site Development Grant, not to exceed \$300,000, and a Ground Lease Provision, which he will be recommending to the Board of County Commissioners to enter into a Ground Lease for a nine-acre site at the Spaceport Commerce Park (SCP). He stated this might be one of the rare circumstances that it might be appropriate to allow the prospect to go to the City Council and the County Commission to get some relief from the Ad Valorem tax; usually they do not like to combine the Zone incentive with the tax abatement, but it has been done in some rare occasions; this Project is thought to rise to that level; and he asked to keep that in mind during decision-making. He advised the revision adds a third element to the plan, which involves going in and readjusting the Site Development Grant; the plan is about \$1.5 million on a nine-acre lot, and previously the Zone board had said it would provide up to \$300,000 for a Site Preparation Grant for the eligible site development costs; he now would like the Zone board to consider reducing that to up to \$250,000 because it would have to show cause to associate it with the site preparation to qualify for reimbursement; it may be a little under \$300,000 but if lowered to \$250,000, it may qualify them to get all the proceeds from that grant; then it would introduce a Total Investment Grant which is based on that part of the Economic Development Plan where it will max the equity in the Project, which will amount to just under \$250,000; this will make an outlay to the company for approximately \$500,000 with these two grants; and the Ground Lease Provision would remain unchanged. He added the Zone board would be asked to make that recommendation.

Ed Newman, co-owner of Project Freedom, stated he wanted to give an update to the Zone board; the last incentive offer was not enough to make the deal work; that created the last-minute scrambling to determine what other options Brevard County

could offer; they are continuing due diligence on the site; on the positive side, the site work may be less than the worst case scenario, but overall the package came up a good bit short of the lead offer at this point; the building size may increase slightly and cost approximately \$2 million; and they will be purchasing \$1 million worth of "new to us" equipment, all within the first year of opening. He advised they are firm believers in manufacturing products here in the U.S. and in their own facility; they will be manufacturing the finished product from steel; this will lead to employment opportunities for manufacturing jobs; they have found local suppliers for services such as anodizing, metal supply, and tool supply; and he is confident, if the revised incentive package is approved, it will allow them to select Brevard County.

Al Matroni inquired if there are three, five-year options to renew, when is the pre-determined price going to be determined.

Mr. Newman replied that will be part of the process of negotiations with the attorneys; it is their expectation that they would do the initial term of the lease, meet the employment qualifications, and be able to have the title transferred at that point and they would not extend that; but that needs to be in there as a just-in-case scenario, because it is not their intent to utilize that.

Mr. Post stated an example was included in the provided handout for the Embraer Ground Lease and it should be similar for this Project.

Donn Mount asked if this is keeping with the return on investment.

Mr. Post replied the length of time being looked at is going to be a little bit longer; he mentioned they try not to do tax abatements with the Zone grants assistance, so it definitely impacts the fiscal impact; locating a business on sufficient acreage, that could expand over time, meaning that future projects 10 or 12 years down the road, it could start to see the benefits of that and there could be long-term expansion in the area; this one has a longer time frame to see what the true impact would be to the Zone board; and he mentioned this is the 10th year with the Zone board, and it has 21 more years to go.

Mr. Newman stated there are many similar manufacturers in the area, with similar philosophies, that have seen substantial growth, and they are hoping to do the same.

Micah Loyd asked what parcel.

Mr. Post replied to look at the map in the folder; it is lot number two, which is four or five acres; they are looking to extend the lot line north; and on the diagram it looks as if it goes into the wetlands.

Mr. Newman remarked it is 870 feet north/south and 450 feet east/west.

Mr. Post stated it is a narrow rectangular piece that is about nine acres; and today he expects to get the draft report from Lisa Toland about the wetlands and the Scrub Jays but, preliminarily, the Scrub Jay population has disappeared.

Mr. Newman stated there are some potential wetlands issues.

Mr. Loyd stated it would be fine with him if they sold them the wetlands; and they could do mitigation if they like the property that much.

Mr. Newman stated they have had a conversation with Saint Johns River Water Management Division (SJRWMD) about that and some adjustment may be needed; and they may be amenable to running irrigation and/or power to that island as that is the entrance to SCP and they want it to look nice.

Mr. Post commented that the proposed elevations look very nice and would complement SCP.

Mr. Loyd asked if the Ad Valorem piece to this with the County and the City of Titusville was going to be based on jobs.

Edgar Campa-Palafox, Executive Assistant for the Economic Development Committee (EDC), stated he has been working very hard to get Project Freedom to the community; this opens up an area for people who do not work in aerospace; as to the Ad Valorem, that is part of the package they are putting together as a proposal to bring this Project here to the community; this will be brought to the County and City of Titusville; there is a council that makes recommendations to the County Commission, then there is a reading, a recommendation, and a second reading; and he stated they are in a competitive position and want to put their best foot forward to make sure they can bring this Project to Titusville as this is a perfect location for a business like this. He added about 90 percent of the sales go out of state; and the product is made here with local employees and local materials, bringing money to the community.

Mr. Matroni asked if he said nine years of tax abatement.

Mr. Campa-Palafox replied it would be different for the County and the City; he thinks the City will be 10 years and the County will be eight years; but that will be determined by the council from the Ad Valorem Tax Abatement Program and approval by each jurisdiction.

Mr. Matroni asked if the proposal was at 100 percent full-term or if it is staggered.

Mr. Campa-Palafox replied the one for the City is at 100 percent for 10 years and he thinks the one from the County will be eight years at 80-100 percent, depending on the outcome of the meeting.

Mr. Matroni stated that is where their funding comes from.

Mr. Campa-Palafox remarked that this is not normally offered for new prospects, but they are in a very competitive position as the tools that are available to offer are at the lowest in the last 10 years.

Mr. Newman stated for competitive reference, the other offer is at 100 percent for 10 years from both the City and the County.

Lisa Nicolas, Economic Development Director, stated the abatement will be determined by the City Council but staff will make a recommendation to the City

Council who has the ultimate authority to determine; it could come out to seven years at 70 percent, and staff could recommend 10 years at 100 percent; ultimately it is the Council's decision; and the tax abatement is established through ordinance, so it will go through a public hearing process.

Mr. Matroni asked about their financing.

Mr. Newman replied it was not a problem.

Mr. Mount remarked they needed a motion to approve the amended agreement.

Mr. Post stated it is a three-tiered incentive that they would recommend the County does the ground lease.

Motion by Micah Loyd, seconded by Al Matroni, to approve the revised Project Freedom agreement. Motion carried and ordered unanimously.

Brenda Fettrow's absence is noted at 9:30 a.m.

Mr. Matroni mentioned that the City and the County may want to take note that the competitor is offering 10 years at 100 percent.

Proposed changes to the Beachwave Project

Troy Post, CEcD, CBE, NBEDZ Executive Director, stated Kim Rezanka was there to represent the Beachwave Project; it is not open yet due to some challenges, including the pandemic; when the Project was approved as a redevelopment site, there was a lot of bad soil on the site; the incentive was to redevelop the site and it was not a requirement to reach a certain number of jobs, just to occupy it; however, there are typically clawback provisions in the grants which are sometimes tied to jobs; and they are coming to the Board with two requests, one is to reduce the number of jobs from 15 to 13, the other item is a waiver that if they can show that Unit 101 has been used for the store, it could be accepted for the reporting for the job for that year.

Ms. Rezanka stated the owner could not be there; the site is hoping to open next week; they came to the Zone board in December to request to remove the clawback as the owner did not know there was going to be a clawback based on the number of employees; the idea was to waive the clawback if occupied at 60 percent; the owner has invested \$6.5 million in the Project already, with almost \$480,000 of that being infrastructure that he is deeding to the City in order to get the Certificate of Occupancy (CO); and there was concern about the language used by the County Attorney and staff. She stated the owner plans for the store to be open seven days a week but there are many issues related to the economy with the pandemic; thus, the owner is asking for amendment to the jobs created and a waiver of the job certification if he occupies 60 percent of the site.

Mr. Post clarified that it would be adjusted just for that year and there will still be future years where if they did not occupy, then the jobs would kick in.

Ms. Rezanka stated it is one or the other as she understands it.

Micah Loyd asked when the Zone would owe money to the Project.

Mr. Post replied there is a standard agreement that once they get their CO, they must occupy the space for six months before they receive the grant; and this grant is \$150,000.

Mr. Loyd stated after six months they will receive \$150,000, but the clawback says they would have to pay it back if he does not do his job.

Mr. Post replied that is correct, the amended contract says if he can show occupancy through the business tax receipt license for the retail shop for a year.

Al Matroni asked if that was because the upstairs part would not be utilized right away.

Mr. Post replied it is the restaurant and the observation deck.

Motion by Louis Sanders, seconded by Al Matroni to approve. Motion carried and ordered unanimously.

Approval of incentive agreement for Project 2020

Troy Post, CECD, CBE, NBEDZ Executive Director, stated this is the Project for Pharmco Laboratories, an existing business on Bobbi Lane which has been growing fast and looking for space; they have been producing anti-bacterial soap and hand sanitizer; they were able to work out an arrangement with Embaer, which is going to be moving to their facility in Melbourne, but will take some time to do that; based on their incentive decision months ago, they were able to go ahead and buy the plant; this would be the agreement to be executed between the Zone and them for a grant of up to \$499,995; and he has highlighted some changes to what is typically done. He stated that, because they cannot go into the building right now, even though they have acquired it, he made a good delineation of what the Project start date would be, which is November 13, 2020; any expenditure that is made after that date could be eligible for the information that the Zone will need to receive from them to process the grant at a future date; and generally there is a requirement for a Certificate of Occupancy (CO), but these are existing buildings that are occupied and in-use, so in order to avoid a delay requiring a CO for that, he thought that the Certificate of Completion might be an easier path; and it is a lower bar to hit. He added this is a unique circumstance; they are servicing a building that they do not have access to until probably around August; typically there is a condition that they would have to occupy the building for 6 months, but since they have taken title to it, he thinks if they take occupancy for 30 days, they could qualify for the reimbursement; they have asked to strike the provision for average wage, which he feels since they are not tracking income level, just the number of jobs, it does not need to meet the high-wage job program requirements; they will need to create a total of nine jobs by the year 2025; and if they do not meet that requirement, there is a chance of a clawback.

Micah Loyd stated Embraer holds the ground lease, and he asked if there is a sub-lease with Embraer, and if Embraer will continue to pay the Zone.

Mr. Post replied there was a deal with Embraer, similar to that of Project Freedom, and because of some changes, at the end of 2019 they terminated the agreement and paid back the \$1.5 million that had been provided to them; he stated they then went ahead and purchased the property; and they have now sold it to Pharmco, who is allowing them to stay there under a short-term lease.

Louis Sanders asked how much they are asking for.

Mr. Post replied just under \$500,000.

Mr. Sanders remarked for only nine jobs.

Mr. Post replied these are the only jobs they are tracking; there are 25 full-time employees now, and a total of 70 workers at present but some of them are only due to the pandemic; with what they are projecting for sales, about \$15 million annually, he believes they will probably exceed that full-time staff requirement; but they are only tracking nine for the clawback.

Mr. Sanders stated he understood what he was saying but nine jobs for \$400,000; but he asked if their sales are through the roof, why not adjust it to \$200,000.

Mr. Post stated that is a valid point but the investment was for buying the facility, which was \$4.6 million, and with equipment the total investment was about \$5.3 million.

Mr. Loyd asked if the first vote was to provide \$500,000 but they did not have the facility yet to keep them here.

Mr. Post responded they knew what facility they wanted, but had not disclosed it.

Christine Schverak, Assistant County Attorney, stated the grant was already approved and now the grant agreement is coming back and there are some changes they want to make.

Mr. Loyd stated the normal six month agreement is now 30 days.

Mr. Post stated to him, it seemed having to wait six months, after already having to wait six months or longer for Embraer to leave the building; and they were going to go to Volusia County, so it seemed like a way to retain them and the jobs they could create over the years; and people are always looking for an existing building, they do not always want to do new construction.

Mr. Loyd asked what about the requirement "with an annualized average wage, excluding benefits, of \$48,000"; he thinks that is a reasonable wage; if they are talking about only nine jobs at \$48,000, maybe they should produce 12 jobs at the same rate; and the Zone board is saying here is \$500,000, but they are saying they may pay only \$10 per hour.

Mr. Post remarked that what was said to him was that they may have one person at \$60,000, and then another makes \$30,000, creating that average; he told them the Zone is not tracking income as a penalty; but at the end of each calendar year, they have to send him a job report and that will be used to determine if there is a clawback, and also for statistics.

Attorney Schverak remarked that the agreement states they are; they have to report jobs to him; the agreement says they are making that number of jobs, with that annualized wage; and every agreement that is done has a definition of average project wage, and the numbers come from their application.

Mr. Post replied not for the purpose of the clawback; and it is really something that it does not hold them to.

Attorney Schverak stated that the agreement says the Zone does; when they report jobs, the agreement is that they are providing that amount of jobs; all of the agreements have a definition of average project wage, and take from the application what they say they are going to do, and put it in the agreement; and they may tell the Zone they are creating two jobs, but the agreement says those two jobs have to meet the annual wage.

Mr. Post replied not for the clawback.

Attorney Schverak replied that is what they are doing when verifying the jobs still exist.

Mr. Post stated he hated to disagree but the way this clawback was written, it gives discretion to the Executive Director, as he understands; and the income is not something he is looking at, it is the number of jobs.

Mr. Sanders stated there is \$1.5 million in the bank that Embraer paid back, so this Project could be funded out of that.

Mr. Matroni stated in the amended agreement, in section 3.1, the \$48,000 per job is not crossed out.

Mr. Post replied it would need to be stricken.

Mr. Loyd stated he liked the idea, since it is giving them \$500,000, that they figure out a way to produce the amount of revenue for the citizens; it is not talking about a huge wage; if they produce just one more \$20 per hour job, that is one more person over time; and he asked if that was what it originally voted on.

Mr. Post replied it was in the application package.

Mr. Matroni stated they had some time before they had to hit that, and by then, even with minimal inflation, that is going to be less than...

Mr. Post interjected these are their requests, and the Board does not have to accept them.

Mr. Loyd stated he would be in approval of the amendments except for the \$48,000 part; he would approve it if it were just a multiplier; so if they had one more job at \$46,000 to meet that number, then do that; and the Zone is guaranteeing \$500,000, they need to guarantee something.

Mr. Post asked Attorney Schverak what she thought about that.

Attorney Schverak stated the definition of average project wage means the annualized average of all wages and salaries and it does not include certain things like employee benefit packages; and if someone is making \$60,000 and someone is making \$20,000, they are going to add that up to get an average annual, so that is already built in to how this works.

Rod Honeycutt stated he thinks what Mr. Loyd is talking about is if they have nine jobs at \$48,000, they could do 10 at \$46,000.

Mr. Loyd stated they are talking about the same exact thing; and he asked why it would be stricken.

Mr. Post replied, the way he interprets it, it is not part of the clawback, so if it was left in there, if they submitted their stuff and it was below that annualized figure, he would not do anything to get the clawback as long as they have the number he is tracking on this Project, which is the number of jobs.

Donn Mount stated they are trying to attract higher-wage jobs; and they do not care about 100 jobs at \$10 per hour.

Mr. Post stated that is a fair point; the value of the information comes in at this point; if they had submitted an application with just \$30,000 per job, that may or may not have impacted the Zone board's decision on whether to approve; if it is the will of the board, that figure can be left in there; but just know for his tracking purposes, he is not looking at the wage.

Mr. Sanders stated to just leave it in there then.

Mr. Mount advised going forward, it may need to revise the scenario, as the goal was to get jobs at a certain level.

Mr. Loyd stated they have had that clawback provision on other projects; he thinks it should just be left in there; half of the applicants come back wanting revisions anyway due to economic circumstance; he thinks they have a responsibility as a board, to say they are investing this much into the community and this is what the incentive is going to be; and it needs to be defined.

Mr. Post stated those are good comments; his one caution would be, if they were to go back and revisit the policy so on future deals the clawback would be tied to both income and jobs, he does not want it to be so restrictive; when they get a project like this, they induce it to go forward and receive the money, they do not want the money back; they want the company to be compliant and the requirements to not be so stringent that it would put the Zone board in a position

to try to reclaim the money, as that is a different battle; but there is a purpose of the clawback and they want to demonstrated that they are good stewards of the money.

Mr. Loyd stated the purpose of this was to keep the company here more than it was to provide jobs.

Al Matroni remarked Mr. Post had said the annual wage was not in the clawback provision; and he asked if that was true for all of their contracts.

Attorney Schverak replied what they should report is in the document in Item 3.4.3 and is similar to the County's tax abatement; every year the company says it has 100 jobs at X hourly wage, and that is reported back; in section 5.5 it gives the Executive Director sole discretion; she stated what Mr. Post is saying is he has the discretion to determine whether the documentation provided that is required in section 3.3 is adequate; but they are supposed to be verifying the number of jobs and the average wage actually paid by the business. She added when they fill out the application, they are sometimes overly optimistic on jobs and wages, and then they decide they want to be a little more conservative, so they do not fail; and the yearly wage could be reduced on this contract but to completely remove it would be agreeing to minimum wage.

Mr. Post stated it sounded like Attorney Schverak was in agreement with the form except for the stricken part in section 3.4.1, which would mean that any other reference to the \$48,000 annual wage would remain in the document.

Mr. Loyd stated it could be tabled and talked about next month; and since they already have the building, they do not need the money.

Mr. Post advised it did not have to be done today.

Mr. Loyd stated they could table it and see what the company wants.

Mr. Post remarked the company wants that stricken, they asked for these changes.

Mr. Loyd stated he thinks they need to pick an annual wage and commit to it.

Mr. Matroni stated they should discuss the half a million dollars also as it seems like a lot.

Attorney Schverak stated that one of the challenges is that once the Board makes a grant, it has made it, even though the written agreement is not done; it would be a problem to come back and change the grant amount at this stage; the only way to do it differently would be, upon initially approving the grant, to draft an agreement and it will be reconsidered when the grant comes back; and what has been done is approving the amounts and at that point, there is case law that is unfavorable to the government that hold it to that.

Mr. Mount stated he thinks they relied on that to get the building; and his interpretation of what they have been doing with the wage and number of jobs, is that the company is guaranteeing that, as far as the clawback.

Attorney Schverak stated that is how the standard agreement is written, off of the company's application; they may negotiate with Mr. Post some on the agreement but typically, this is the way they are written.

Mr. Post stated it is just the one issue and it can be tabled; he could go back to them and say the Zone board has an issue with the wage being stricken and they may say to just leave it in there; and he asked what the board wanted to do about the wage issue.

Mr. Honeycutt stated it could be approved and leave it in.

Mr. Post replied it could do that and if they accepted it, they would be free to sign the agreement.

Mr. Sanders stated why not do that and for the future, to really look it over good and make the next applicant aware.

Mr. Mount stated it just needs a consistent interpretation because it might affect other contracts; and he relied on that to be what was expected of them.

Mr. Post remarked the Zone board is still expecting that, but the question is does that become a condition or requirement in order to keep the money; he stated a goal is different than a requirement; he will do what the board wants, but he does not want to make it so stringent that it puts the Zone in a position to have to reclaim it; and the goal is to get to \$48,000.

Mr. Matroni asked if they do not get to \$48,000 within the time frame, where does that leave the Zone.

Mr. Loyd replied in the past, they have come back to the Zone board and said their projections were a little off for the time frame and they needed to extend that; and they would just need to come back for an amendment.

Mr. Post stated if the requirement for the wage and the jobs was part of the clawback, he would look at the chart on the top of page six of the agreement to determine what was agreed to and if it was a requirement and the jobs and/or wages were not met that could result in a clawback.

Mr. Sanders recommended to give the company the option to come back to the Zone board if they cannot meet the goals.

Mr. Post stated they all have that option.

Mr. Loyd stated he liked the idea that if the average is \$46,000, then the Zone board revisits it and asks for a prorated amount from the company; and half a million dollars has to be worth something on the job side of things, bare minimum.

Mr. Mount stated it seemed that they were going to make a motion to allow the revision with the exception of the \$48,000 salary.

Mr. Loyd suggested a motion to approve the Pharmco changes with the exception of the \$48,000 average wage.

Mr. Sanders seconded the motion.

Mr. Loyd stated if this is passed and Pharmco does not like it, they would have to come back again and talk about it at the next meeting.

Mr. Mount stated if they do not agree, then they do not need the \$500,000; but they could come back and propose something else.

Mr. Post stated they could come in person and argue their case.

Mr. Mount remarked that the Board relied on their application, so it seems it would be hard to argue.

Mr. Matroni stated under the clawback provision, the only requirement there is to document the jobs created, there is no requirement for amounts or anything; it says the company shall remit \$27,000, but this is if the company does not supply adequate documentation of the jobs; it is not like the Zone board is going to get any money because they can show the documentation; and it does not say they have to live up to any of the requirements.

Mr. Mount stated that earlier in the document it stated they are going to provide nine jobs at \$48,000; and this says if they do not provide the jobs at \$48,000, then they need to pay back \$27,000.

Mr. Post stated Attorney Schverak had mentioned section 3.4.3, which is the reporting, and it does say for a job created what the wage is for that; he, in his role, has the sole discretion to look at that and determine if the jobs are sufficient for the clawback; and he is saying if they create jobs, he is going to call that okay, regardless of the income.

Mr. Mount remarked at \$10 per hour.

Mr. Post replied his sole discretion might be \$10 per hour.

Mr. Mount stated that is true Mr. Post has sole discretion, but he thinks the Zone board's guidance to him would be different.

Mr. Post stated to strive for what is in the application.

Attorney Schverak stated she would add "at the average wage" in section 5.5.

Mr. Mount replied not to this document, but to future documents, because he thinks that is what the board was anticipating; and it should be cleared up.

Mr. Post stated the Zone board really needs to discuss that in a separate meeting because he sees a dangerous slope; another reason for having staffing is the tracking of these projects as there are 34 deals out there; and the goal is not to try to get the money back.

Mr. Mount agreed and remarked that is why discretion was put in there, so reasonable justification could be used; he mentioned with Beachwave, the restaurant business is dead and it was up to the Zone board to make that decision that it was unreasonable to hold them to that; and he stated his interpretation of this document is what the Zone board is looking for. He stated if the owner misses some things, it is their discretion to accept or deny it.

Mr. Loyd mentioned if Mr. Post is gone, and no one remembers what the discussion was, the Zone board would rely on what is on paper to enforce the deal; he thinks it is important to make it as black and white as possible; and right now, as he sees it, Mr. Post is judge, jury, and executioner and it may not be the position he wants to be in.

Mr. Post replied he never really thought of it in those terms until now.

Mr. Loyd stated at the Port, there were some really bad leases written 15 or 20 years ago and as they expired there were some interesting finds; and he thinks it is very important that the deals they are writing now need to be good for the future as well, as there could be ramifications for it down the road.

Mr. Mount asked for the vote. Motion by Micah Loyd, seconded by Louis Sanders to approve the Pharmco changes with the exception of the \$48,000 average wage. Motion carried and ordered unanimously.

Upon consensus the meeting adjourned at 10:21 a.m.



Donn Mount, Secretary/Treasurer

Approved on April 9, 2021