

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

May 8, 2015 @ 8:30 a.m.
Parrish Health Village West/Heritage Hall
931 N. Washington Avenue
Titusville, Florida 32780

Board Members:

In Attendance: Brenda Fettrow, Robert Jordan, Micah Loyd, Stan Retz, and Louis Sanders

Telephone: George Mikitarian and Dan Aton

Absent: Paula Cardwell and Donn Mount

Call to Order: Meeting was called to order at 8:30 a.m. by Brenda Fettrow, Vice Chairman.

Pledge of Allegiance: Brenda Fettrow, Vice Chair, led the assembly in the Pledge of Allegiance.

I. Approval of Agenda:

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

Troy Post, CECD, NBEDZ Executive Director, noted a special called meeting may need to be held on May 22, 2015, to discuss a rapidly developing project involving a site within the Zone's geography.

II. Review and Approval of Board Minutes:

Motion by Micah Loyd, seconded by Robert Jordan, Secretary/Treasurer, to approve March 13, 2015 and April 10, 2015, meeting minutes. Motion carried and ordered unanimously.

III. Financial Report:

Robert Jordan, Secretary/Treasurer, stated the actuals of the budget are right on track.

Motion by Micah Loyd, seconded by Stan Retz, to acknowledge the financial report provided by Secretary/Treasurer Jordan. Motion carried and ordered unanimously.

IV. Staff and Partnership Reports:

NBEDZ Executive Director Report

Troy Post, CEcD, NBEDZ Executive Director, stated he met with Kenneth Stackpoole, Office of Economic Development, and Rob Salonen, Director of Global Business Programs, at Florida Institute of Technology (FIT), to discuss how entrepreneurial initiatives, such as co-work space and training needs, could be introduced into activities underway in the Titusville area; and he anticipates meeting with Growing Entrepreneurial Leaders and Thinkers of FIT's Women's Business Center Beth Gitlin, Executive Director of weVENTURE. He stated he is continuing to work on a number of economic development projects, which involves meeting with the Economic Development Commission of Florida's Space Coast; he finished narrative documents that must accompany the FY 2015-2016 budget to the Board of County Commissioners (BOCC); and he met with Stockton Whitten, County Manager, Scott Knox, County Attorney, Dana Blickley, Property Appraiser, and her staff to discuss how future property valuations within the geography of the NBEDZ are calculated. He attended the 43rd Annual Space Congress in Cocoa Beach, which was a three-day event held for reviewing and discussing what private and public sector groups are doing to assist National Aeronautics and Space Administration (NASA) with redeveloping its assets for commercial space. He stated he worked with the Brevard County 4-H Foundation to submit a grant request to the U.S. Department of Health and Human Services on the community garden and "Wild Ventures" initiative. He stated he spoke with Art Holke, Knights Armament Company, Julie Song, Regional Manager of Florida Manufacturing Extension Partnership, Rob Salonen, FIT, and Frank Margiotta, Eastern Florida State College, to discuss how to close gap funding for a manufacturing training center to equip workers coming out of schools with the proper tools necessary to run Computer Numerical Control (CNC) Machines. He stated he completed online International Economic Development Course (IEDC) on ethics training, as required for maintenance of his Certified Economic Developer (CEcD) status; IEDC is pushing to get more economic development groups to adopt a code of ethics; and that might be part of a package submitted in August to the BOCC for its action of the Operating Procedures Manual (OPM). He concluded by saying the Southern Economic Development Council (SEDC) elected him as its Florida representative to the board of directors; and his commitment involves him attending the annual conference held in the summer.

Greater Titusville Renaissance Executive Director Report

Cathy Musselman, Greater Titusville Renaissance Executive Director, stated Greater Titusville Renaissance (GTR) is planning to have a Small Business workshop every quarter; GTR continues to coordinate the Titusville Entrepreneur Clubhouse group; she is taking pictures for a portfolio of the commercial investments in North Brevard; she is working on developing a Lean Startup program for training opportunities at co-work spaces, along with a business plan, and an investor pitch contest; and she is working with Florida Institute of Technology (FIT), Women's Business Center for collaboration of entrepreneurial services in North Brevard.

VI. Business Items:

New Business:

Troy Post, CEcD, NBEDZ Executive Director, introduced Ted Brown, Holland and Knight, to the Zone board; he stated Mr. Brown is present today for the Mall Project reimbursement agreement for economic incentive grant between Exxcel Project Management, LLC, the City of Titusville, and the North Brevard Economic Development Zone (NBEDZ); and he advised the Zone board of a change on page three removing there fail to be an in place and current a representation and confirmation of, and adding take any action to impair or otherwise compromise the City's ability to fund the grant.

Mr. Brown stated this document originally evolved out of an effort to satisfy the lenders that there would be a gap between the construction financing and the permanent financing; and he expressed his thanks to Richard Broome, City Attorney, and to Scott Knox, County Attorney, for their assistance with document.

Robert Jordan, Secretary/Treasurer, inquired if this is a supplement to an official contract. Mr. Brown replied it is a clarification of the developer's agreement of some language that was viewed as being ambiguous by the prior lender; the effort was to address that ambiguity; and the document has been honed and re-honed, but it does not change the fundamentals of the agreement.

Mr. Jordan asked for some clarification. Mr. Broome responded originally the interlocal agreement was with the County, the City, and the Zone; out of that became the developer's agreement; those agreements contemplated that there may be a reimbursement between the Zone, the City, and the developer to specify the terms of reimbursement; the original document set forth what had to be done and the amount of money that could be done; the reimbursement would be a loan from the City that the Zone would payback, at a minimal of 10 years, and at a commercial rate; and that contemplates a reimbursement agreement for the City further defining those details for reimbursement. He added, this agreement was contemplated originally that the City would nail down some of those terms for reimbursement.

Mr. Post stated this particular project has to do with the developer agreement and none of that has changed, in terms of what the requirement is going to be before funding the incentive; they still have to meet the completion of the Phase 1 elements; and that is referenced in the development agreement.

Mr. Broome pointed out a change on page two, in paragraph number one, by removing a or multiple, and adding all required Certificate(s) of Occupancy for Phase 1.

Motion by Robert Jordan, Secretary/Treasurer, seconded by Stan Retz, to approve entering into a Reimbursement Agreement with the City of Titusville and the development group connected with Titus Landing (Exxcel Project Management), clarifying the terms for the receipt of grant proceeds, as approved in the Economic Incentive Agreement executed by the North Brevard Economic Development Zone (NBEDZ) and the Developer in 2014; to approve changing page three removing there fail to be an in place and current a representation and confirmation of, and adding take any action to impair or otherwise compromise the City's ability to fund the grant; and to approve changing page two, in paragraph number one, removing a or multiple, and

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adding all required Certificate(s) of Occupancy for Phase 1. Motion carried and ordered unanimously.

Old Business:

Motion by Micah Loyd, seconded by Robert Jordan, Secretary/Treasurer, to approve the proposed Fiscal Year 2015-2016 budget for the North Brevard Economic Development Zone (NBEDZ), and to submit such to both the City Council of Titusville and the Brevard County Board of County Commissioners for concurrence. Motion carried and ordered unanimously.

Troy Post, CEcD, NBEDZ Executive Director, stated on the co-work space project a motion is needed to approve, reject, or defer the outlay of money used for several different items, such as the securing of lease space in downtown Titusville; the next component would be to provide as supplemental rent monies to the landlord for them to do improvements to the building allowing to do what is wanted to be done with the co-work space; there is also an allocation of money used for subsidizing an operation in the first year, which is about \$200,000; and a second motion is needed to approve, reject, or defer a lease with certain five-year terms. He noted he proposed today to provide commitment that will do this program for at least three years, meaning beyond the talked about \$200,000 today, there will be an allocation that will be needed in the next Fiscal Year, and in the following Fiscal Year another subsidy to make sure the program lasts; and after year three, the Zone board could weigh whether the experiment has worked or needs to be expanded, or discontinued but would still have than contractual obligation on the lease. He stated the co-work space represents a commitment of approximately \$480,000, which is comprised of the lease cost of \$150,000 over five years, the modifications to the space at \$80,000, the acquisition of furniture and equipment at \$25,000, and the operational subsidy at approximately \$225,000 over three years; and since the City will, over the life of the project, witness more than \$50,000 of its money used in this program, it will necessitate going before the City Council for approval. He provided the Zone board with some excerpts from the Business Incubation Feasibility Study of North Brevard, prepared in 2014 by the NBEDZ, and including the City of what type of incubator to have; having an assessment of the local market to determine if it is even right for that kind of activity; and it was determined through critical mass for business incubation the need is strong for a co-work space.

Stan Retz inquired what the difference is between incubator and co-work space. Mr. Post responded incubation involves leased space and does not involve new building construction or the acquisition of a building dedicated solely for use as an incubator facility; and co-work space is considered a less expensive alternative to the cost of a traditional business incubator facility.

Dan Aton's absence is noted at 9:15 a.m.

Louis Sanders asked for some statistics of how many similar projects there are; who funded those; how long they lasted; and what the total commitments were. He stated \$200,000 is for one year to renovate a building and to pay the lease, and to pay for two additional years totaling of over \$400,000, to improve a building for only three years. Mr. Post replied he does not characterize it as renovation, there are modifications being made to the space; the improvements made would help to utilize the space; the roof is

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the landlords responsibility; he stated it is five-year commitment; the way it is going to be improved, is to allow the landlord to make the improvements, and the Zone pays a base rent, plus the amount of the improvements which is treated as supplemental rent, so in effect, paying it all up front but really spreading it out for the life of the term of the lease; and when factored in, it is five years to enjoy the lease of the improvements made. He went on to say the three years came in rather than making a commitment for five years to subsidize this co-work space, because it is hard to make a project like this self-sufficient, and it will required subsidy because of the type of membership fees going to be charged at a fairly nominal rate; there is a projected cash flow statement attached for the operations to review; and he thinks it would be better at the end of year three do a full evaluation of the concept. He went on to say if it just not working and not what was intended, something else could be done with the building; and the three years were only designed to not have to subsidize it for that length of time.

Mr. Post stated one element is there is a lease cost of \$150,000 for a five-year period, at a base rent of \$2,500 per month, which is \$8 a square foot for the building; the next element is there are modifications to make to the space that the Zone is not going to contract out, the landlord will do that, and then they will provide that to the Zone; and upon occupancy, it will be treated as a supplemental rent figure. He stated his plan is to pay the amount off in a lump sum fashion this year and it is treated as supplemental rent, so that \$80,000 is added to \$150,000 that is close to \$13 a square foot; the third element is \$225,000 used to equip the facility with tables, chairs, and a coffee maker; and totaling a \$480,000 commitment for a five-year period of time. He added, by executing the lease agreement he wanted the Zone board to understand it is buy into this next year to still pay the lease, that would be coming out of the money used to subsidize the operation next year.

Mr. Sanders inquired if this building is the only building available for co-work space. Mr. Post responded the subject building met criteria of accessibility, is easily identifiable, has secure surroundings with plentiful and secure parking, has ability to serve by telecommunications services, has proximity to restaurants and shops that is preferably within walking distance, and has visibility of promoting the concept and space; it is an available site to be rented and is the only area in Titusville that qualifies given the requirement; and the use of building for this concept would be consistent for the downtown area, which currently has a mix of office and retail space. He added, he is hopeful for the indirect benefit by doing this project of someone wanting his or her own space.

Secretary/Treasurer Jordan stated he is feeling uncomfortable about this and thinks it is a good idea, but the Zone would be hoping that something is going to come out of this that would allow a person to produce a business.

Mr. Post pointed out that is one expected benefit; there are others that may be doing work with Kennedy Space Center that may come into the market on a limited basis; this now provides a place for them to setup shop for the few days that they are here; and that could help lead to the formation of a new venture, that helps to give a new way of tracking, and develop a new Hub.

Brenda Fettrow, Vice Chair, inquired if Scott Knox, County Attorney, has any issue with this entity not going through the bidding process because the landlord is doing the improvements; and if there is any sole source language to recognizing not going through

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the bidding process. Attorney Knox responded he has no issue with the way it is structured and there is no requirement for a bid, and it is not covered by any County Policy.

Mr. Retz asked for clarity of the relationship between the Zone and the GTR; he stated the Zone will be the tenant and the GTR will be operating the co-work space; and any funds tenants pay for membership fee goes to the GTR. Mr. Post responded affirmatively; he stated he does not want to be the receiver of the membership fees through the Zone's account; he prefers that that be directed to the GTR; and the Zone board can decide to have a separate account for any revenues raised for reporting and injecting into the overall operation on the co-work space.

Motion by Stan Retz, seconded by Micah Loyd, to approve the use of approximately \$200,000 in funds from FY 2014-2015 for the creation of a Co-work Space Program, as a strategic initiative under the Zone's Economic Development Plan (EDP), and to commit approximately \$75,000 in both FY 2015-2016 and FY 2016-2017 to subsidize operations. Motion carried and ordered, with Brenda Fettrow, Vice Chair, and Robert Jordan, Secretary/Treasurer, voting Nay.

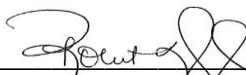
Motion by Stan Retz, seconded by Micah Loyd, to approve the execution of a Lease Agreement with Joe and Huey Davis for the use of the building at the corner of Main Street and U.S. 1 in downtown Titusville (300 South Washington Avenue), for the Co-work Space Program, it being understood that the terms of said Lease would extend for a period of five years, at a base rent of \$2,500 per month, or approximately \$150,000 for entire Lease term. Motion carried and ordered, with Brenda Fettrow, Vice Chair, and Robert Jordan, Secretary/Treasurer, voting Nay.

Secretary/Treasurer Jordan stated he wants the lease to be for a three-year period, because he cannot commit to the five-year term.

Mr. Loyd stated as a building owner how one makes an investment to his or her building for a three-year term.

Mr. Retz stated a three-year term would increase the effective rate.

Upon consensus, the meeting adjourned at 10:08 a.m.



Robert Jordan, CM, Secretary/Treasurer

Approved by the Board on June 12, 2015