

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

February 8, 2019 @ 8:30 a.m.

Parrish Medical Center - Health Village West/Heritage Hall
931 N. Washington Avenue
Titusville, Florida 32796

Board Members:

In Attendance: Dan Aton, Dr. Brenda Fettrow, Micah Loyd, Al Matroni, George Mikitarian, Stan Retz, and Louis Sanders

Absent: Rodney Honeycutt and Donn Mount

Call to Order: Meeting was called to order at 8:35 a.m. by George Mikitarian, Chairman.

Pledge of Allegiance: Walt Johnson, City of Titusville Mayor, led the assembly in the Pledge of Allegiance.

I. Approval of Agenda

Troy Post, CEcD, CBE, NBEDZ Executive Director, advised there is an Item for OneWeb Satellite that needs to be added to Old Business.

Motion by Micah Loyd, seconded by Dr. Brenda Fettrow, to approve adding OneWeb Satellite Item to Old Business. Motion carried and ordered unanimously.

Approval of Minutes

Motion by Micah Loyd, seconded by Dr. Brenda Fettrow, to approve the minutes of October 12, 2018 and November 9, 2018. Motion carried and ordered unanimously.

II. Report on Expenditures to Budget

Troy Post, CEcD, CBE, NBEDZ Executive Director, advised not much has changed and everything is tracking well.

Motion by Dr. Brenda Fettrow, seconded by Louis Sanders, to approve the Report on Expenditures as presented. Motion carried and ordered unanimously.

III. Staff and Partnership Reports

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.

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Greater Titusville Renaissance Executive Director Report

Cathy Musselman, Greater Titusville Renaissance (GTR) Executive Director, provided the Zone board with a handout of her report.

City of Titusville Economic Development Director Report

Edyie McCall, City of Titusville Economic Development Director, provided the Zone board with a handout of her report; and she provided the Zone board with a flyer of Where Adventures Converge.

IV. Project Dream

Troy Post, CEcD, CBE, NBEDZ Executive Director, stated last month there were three issues that came up during the Zone board discussion; beyond the residential piece, there is a desire of inducement to do some renovations of the retail spaces, and for creating a coworking space; the Zone board wanted to see more conceptual site drawings for an understanding of which parcels are involved, to see more of a history behind the company's involvement and how it was attracted to the blighted property, and what has been put in to actually acquire the property; and to provide a timeline of when the different elements plan to be done. He stated it was thought that \$100,000 is a good amount to help with their inducement; it was understood that their initial plan was to do the residential piece in the north tower, the retail component, and the coworking space component, as well as being in the HUBZone; and he introduced Anthony Ruben, Director of Acquisitions at DLP Capital Partners.

Mr. Ruben stated DLP Capital Partners acquired The Village at Valencia in Titusville about two and one-half years ago; it is familiar with the area and is investing in the area; he is excited to see the future of the area; it believes the future is in the aerospace industry and how the area will grow in the next five to 10 years; there are a lot of Silicon Valley people coming to the area for SpaceX; and they are not very familiar with the lay of the land. He advised the history of Bay Towers is well documented; the north tower is beginning to be put online with refurbishing activity in the summer; the south tower has been unoccupied for about 10 years; the towers were hit pretty hard by a Hurricane and unfortunately, Titusville was stuck with an owner that let it fall apart; the property was acquired for \$14 million; and \$5 to \$7 million is estimated to be spent on the Project, which will be done in phases. He stated this is a very costly endeavor due to the deferred maintenance and both of the roofs being totally blown off, and the electrical issues; and it is thought that attracting millennials who make \$150,000 a year is very desirable. He added they are planning to have a We-Work space, retail space, and a social club to help create an appeal to the millennials; there will be roughly 300 to 350 people using the ingress and egress of the property, which is going to be somewhat dangerous; there were thoughts to build a spur to the north for easier access to the property, with the possibility of building a park and a marina, but those legal parameters have been cumbersome; due to the nuance and the history of the property, they are still trying to navigate through some of it; and they are trying to attract restaurateurs for the south piece. He advised the cost estimate to do the Project is \$5 to \$7 million; they think they have a great plan to make this a catalyst for the area, especially with Titus Landing across the street, connecting with the aerospace industry, and to be an area that the citizens of the City of Titusville can be proud of and can be a part of; and he is hopeful with some incentive to generate \$300,000 of tax revenue for the County, whereas, right now it is producing about \$20,000.

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Chair Mikitarian inquired what amount is being asked for. Mr. Post replied reimbursement grant for up to \$100,000.

Micah Loyd inquired why only \$100,000. Mr. Post responded a lot of it has to do with available funding.

Mr. Ruben provided the Zone board with a handout packet of the property located at 2825 South Washington Avenue.

Mr. Loyd inquired how many of the 9,000 units that DLP Capital Partners has is Section 8 Housing. Mr. Ruben replied about 10 percent. Mr. Loyd remarked he cannot speak for the rest of the Zone board, but he would rather not see Section 8 Housing there because there had already been that sort of housing in there for a while, and is why it did not pay for itself well.

Mr. Post stated this would be to incentivize up to \$100,000 to help do the non-residential portion of Project Dream.

Mr. Loyd stated he would like to see some actual civil and architectural drawings; and he inquired if \$100,000 is enough. Mr. Ruben replied it is a costly project and is looking for substantially more.

Mr. Post reminded the Zone board as a point of information that in the Economic Development Plan there is the 5:1 ratio return-on-investment over a 10-year period; and he stated the budget can be looked at to see if more funding is available.

Chair Mikitarian advised for the business component of this it is estimated at \$800,000 and the ratio is applied to that amount.

Commissioner Pritchett advised it is in the Zone's best interest that the phase one is successful; she is hopeful for the Project to be a good asset for the community and a very good increase to the tax base; and this is what the millennials are looking for.

Motion by Dr. Brenda Fettrow, seconded by Dan Aton, to authorized Troy Post, CEcD, CBE, NBEDZ Executive Director, to draft an agreement in support of up to \$100,000 for the business aspects of the North Tower of Project Dream, upon meeting the thresholds of a standard reimbursement grant being contained

V. Approval of Agreement for Beachwave

Troy Post, CEcD, CBE, NBEDZ Executive Director, stated Oshri (Mosh) Gal, President of Wave Developments, LLC, is present today along with his attorney Kimberly Bonder Rezanka, Law Offices of Cantwell and Goldman, P.A., seeking approval of an agreement for Beachwave; he provided the Zone board with the revised application for assistance, one of the changes is the company entity is different from a few months ago, and the second change is Exhibit 'A' which is the tracking of job creation; but there is a clawback provision that if the company does not do what it says it is going to do, give the Zone recourse to get back some of the monies extended. He went on to say in Section 9 is the assignment provision of the person receiving the grant has ability to assign the agreement

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to another party; but still having to come before the Zone board to provide the notification of that for the Zone board to allow that provision to go forward.

Christine Schverak, Assistant County Attorney, stated the assignment provision is to have written consent to assign; what Beachwave really wants is to be able to freely assign the agreement; once the grant is paid, it is then assigns the obligation to the grant that is being transferred to a different person that has to prove to the Zone board they have hired the appropriate number of people; and if that documentation is not presented, a letter will be sent to them that says to remit money back to the Zone. She went on to say it is up to the Zone board today if it wants to grant the assignment; the change on the employment certification form is to establish a standard way for the Zone board to determine if the clawback has to be instituted. She added a change is essentially to not have the employee's sign that they were hired; and the bigger issue is how the agreement works if it is allowed to be freely assigned after the grant is paid.

Ms. Rezanka provided the Zone board with a handout of the economic incentive grant agreement between Wave Developments, LLC, and the North Brevard Development District; she advised Mosh inherited the company and has five Beachwave stores; this will be a two-story building with a launch viewing facility and a tiki bar with a restaurant; the clawback provision is new in the agreement; and the employee certification form was not known to be required, or that the assignment would not be freely assignable. She stated the clawback provision is for during the two years following the effective date of job creation for each job; in the assignment there is language stricken and added that the company shall notify the District of any assignment within 10 days of the assignment; the verbiage in 9.2 has this agreement shall be binding upon the successors and assigns; and the Employee Income Certification Form states that all persons hired at this Project sites location must provide the information required on lines one through six.

Assistant County Attorney Schverak advised some of the negotiation that has gone on in the past five or so agreements done have a clawback that they have to show the employees have stayed there for three years; the company understands the employees they have are only verified for two years; in 3.4.2 the jobs creation schedule at this Project's site are creating jobs through 2025; and it was put in there because Beachwave has other retail spaces that they are building, and it may take longer for them to have employees in those other spaces, with those other businesses.

Al Matroni expressed his concern about assigning the lease to an entity that may not have the same type of reputation, strength, or experience as Beachwave, and having the right to assign without approval; he stated approval is a normal operation in most leases, as long as it is not unreasonably withheld, so that it cannot arbitrarily be said that they are not going to assign; there is no knowledge as to who the assignee might be; he would go a step further and say under the assignment they both stay liable, where if the assignee defaults, it goes back to the original assignor for liability; and striking out that language is something that he cannot support.

Stan Retz stated he does not have a problem with an employee not signing the form, but he disagrees that a young person would not take a job because they are asked to sign a form for the Zone while working; it is up to the employer to verify the individuals were hired; and he is concerned about employees working at the Cape Canaveral store coming to work at the Titusville store just to get it open and then going back to Cape Canaveral.

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Ms. Rezanka remarked that is why she had the form changed to specify that it had to be at the Project site store in Titusville.

Mr. Retz went on to say he agrees on the assignment issue, because a standard real estate contract may not be assigned, it may be assigned with outlined liability, or it may be assigned and retain liability; it would be up to the seller to disclose that, because he does not know if it is going to be recorded or not; there has been assignment language in a couple of contracts with the Zone board approval; and he has no problem if it is assigned to a related brother, sister, or LLC, for ownership of control. He added he really has no problem with the new person buying it, as long as there is some acknowledgement of the liability or having approval from the Zone board; and the assignor does not release the liability.

Assistant County Attorney Schverak advised that may be a good compromise for where it could be assigned, but the original party retains the responsibility for the job reporting; they would be on-the-hook for the obligation no matter what; and if the grant has been paid, they are still on-the-hook for jobs monitoring for the life of it.

Dr. Brenda Fettrow stated she is fine with the number of full-time new jobs and the employee not having to sign, but she still wants them verified that they are new positions; she is not a fan of the recommended change on the assignment; and it is taxpayer money and she thinks the assignment language needs to be left as is, or perhaps what the compromise is that Assistant County Attorney Schverak has put out there.

Dan Aton advised he is in full agreement to have the employee sign something; he agreed with Mr. Matroni about it being unreasonably withheld; he opined there is some value to the total clawback and it would be Mosh's option to just payback the clawback, and the relationship with the Zone goes away; and any responsibility on the purchaser goes away, with the Zone getting its portion of the clawback back.

Micah Loyd agreed with Mr. Aton; and he stated the deal is assigned specifically for the jobs.

Assistant County Attorney Schverak stated the idea would be to leave it not assignable; but at the option that it can be paid back and the clawback is done.

Mr. Aton clarified for it to be assignable with approval of not unreasonably withheld.

Assistant County Attorney Schverak replied that is the current assignment provision with an option to be paid back.

Motion by Dr. Brenda Fettrow, seconded by Louis Sanders, to authorize Assistant County Attorney Schverak to edit for the employer to verify the 15 new full-time jobs, to keep the assignment clause as is, but to add a portion with an option to pay back the remaining clawback at the company's discretion. Motion carried and ordered unanimously.

Mr. Loyd advised he would like to see that this money is given for jobs; he wants to ensure those jobs are in Titusville; and whatever method is used, it needs to be bona fide.

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Assistant County Attorney Schverak stated the location can be added to page three; and the employer would be certifying those employees, without the employees providing identification.

OneWeb Satellites – Qualified Target Industry (QTI)

Troy Post, CEcD, CBE, NBEDZ Executive Director, stated he received a request late yesterday from OneWeb Satellites requesting an extension to December 31, 2019, for its project job creation; and he provided the Zone board with a handout of the received request. He advised he is fine with the request; the projected job creation is for 250 jobs; and everything for the incentive provision for up to \$250,000 stays the same.

Motion by Louis Sanders, seconded by Micha Loyd, to approve the extension request of one year made by OneWeb Satellites for the projected job creation to December 31, 2019. Motion carried and ordered unanimously.

VI. Grant Agreement with Greater Titusville Renaissance (GTR)

Troy Post, CEcD, CBE, NBEDZ Executive Director, advised Christine Schverak, Assistant County Attorney, has been working on the grant agreement with GTR for providing grant assistance to the GTR totaling \$35,000 for Fiscal Year 2018-2019, which enables the organization to retain administrative staff for the support and management of the day-to-day operations of COlaunch.

Dr. Brenda Fettrow inquired if the reporting requirements have been provided on an annual basis. Cathy Musselman, Greater Titusville Renaissance (GTR) Executive Director, responded she provided an annual report in November.

Motion by Dr. Brenda Fettrow, seconded by Al Matroni, to approve the Grant Agreement with GTR for retaining administrative staff for support and management of COlaunch in the amount of \$35,000. Motion carried and ordered unanimously.

Chair Mikitarian advised for the statement of financial position, activities, and functional expenses be presented to the Zone board at its next meeting.

Upon consensus, the meeting adjourned at 10:37 a.m.



Donn Mount, Secretary/Treasurer

Approved on September 13, 2019