

NORTH BREVARD ECONOMIC DEVELOPMENT ZONE
SPECIAL DISTRICT BOARD MINUTES
March 1, 2012, 8:30 a.m.
District 1 Commission Office
400 South Street, Suite 1A
Titusville, Florida 32780

Board Members:

In Attendance: Dan Aton, John Beasley, Brenda Fettrow, Robert Jordan
Micah Loyd, George Mikitarian, Donn Mount, Stan Retz
Louis Sanders

Absent:

Call To Order:

Meeting was called to order by Chairman Mikitarian at 8:32 a.m.

I. Approval of Agenda – Board Chair

Agenda approved.

II. Review and Approval of February 16, 2012 Minutes

The Minutes were approved as corrected. (Attachment A).

George Mikitarian: introduction of Stockton with Plan

III. Staff Report

Stockton Whitten – no report.

IV. Discussion and Direction

A. Board Procedures Resolution

Scott Knox: presented Draft Procedures based upon Roberts' Rules of Order (Attachment B) . He informed the Board that they could be changed at the pleasure of the Board, they are just a guideline.

Brenda Fettrow: page 2, section 4.4 references "out of county". She questioned the verbiage of the vice-chair being able to chair the meeting if the chairman is unable to attend the meeting because he is "out of county", but he may not be out of the county. He may just be unable to attend the meeting and still be in the county.

Scott Knox: will remove that verbiage.

Robert Jordan: Who is Chairman Pro Tem? If the Chair and Vice-Chair is unable to attend meeting?

Scott Knox: the secretary would chair the meeting in the absence of the Chair and Vice-Chair.

Robert Jordan: how much time for the public to speak? 3 minutes on card.

MOTION: moved by Brenda Fettrow as stated by Scott Knox, and seconded by Robert Jordan to approve the Board Procedures Resolution with the removal of the "out of county" verbiage. Motion passed unanimously.

Robert Jordan: what is this thing resolution? (just makes it formal)

Micah Loyd: questioned if 3 minutes was standard for speakers under public comment?

Scott Knox: 3 minutes is standard, and you can put Public Comment anywhere in the agenda you would like.

Consensus: 3 minute time limit can be extended by vote of the Board.

B. Draft Economic Development Plan

Stockton Whitten: they had at least one sit down to come up with DRAFT. (Attachment C). With help from Greg Weiner he will walk the Board through the Plan. The Board will have to just go through it. It was modeled after the Fort Meyers' FIRST Program. He will take the Board's comments and direction. Begin with Mission statement on page 5.

Greg Weiner: doesn't have a lot of comments. Success is important and Board will be an ongoing voice of advocacy. Zone will increase economic in the entire county. Investments made are linked directly to jobs.

Robert Jordan: questioned what item I. meant by "High Wage"? Is \$10/hour included in quality employment?

Greg Weiner: there are different definitions. The state defines it as 115%. the focus of this section is on "high" wage which generally means a wage that allows a family to live in the community, has health benefits and retirement. Redevelopment challenge is Miracle City Mall which will be a mixed-use district and may include lesser wages according to the state.

Stockton Whitten: we are using tax abatement guild lines. Thought process was to use same criteria.

George Mikitarian: good to use same criteria because they will be going to other entities too.

Greg Weiner: actually we have lowered the wages by considering \$30,000's as high.

Brenda Fettrow: under mission statement can we add "and" so that it reads "creation **and/or** retention"

Stan Retz: instead of just the zone, can we include "and all of Brevard County" as a goal? We are also talking about Exploration Park.

Greg Weiner: we can only affect within the zone.

Robin Fisher: we are assuming that Exploration Park will be included in the zone. We are not getting money from the Park, we would only be giving money to the Park.

Stockton Whitten: thought it was appropriate

Brenda Fettrow: wordsmith to give notion that job opportunities are throughout the county

Dan Aton: long term tax base to entire county

John Beasley: on page 7 what percentage of companies hire 50 employees? How exclusive is this?

Greg Weiner: smaller employee numbers won't meet state incentive criteria. 10 jobs within the first year can be unrealistic. 80-90% of businesses the EDC works with hire 50 employees within 3 years.

John Beasley: what percentage of businesses have 50 jobs?

Greg Weiner: not sure

Brenda Fettrow: section 5.0 - Stockton heading there.

Robin Fisher: did we make changes to the mission statement? YES

Stockton Whitten:

Mission Statement:

1. By making target investments resulting in creation **and/or** retention
2. By increasing overall employment in the zone and facilitating the long term expansion of the tax base throughout Brevard County

Will be bringing the mission statement back with changes for approval at the next meeting. There still needs to be discussion on page 5 with component number 5 and how to allocate. Mayor mentioned combining two components. Difficult to plan because we don't know what the pot is. You can talk about how you are going to allocate the pot. 80-85% of resources will probably go into numbers 1 and 2 components. Will have discussion on this and how you will leverage these dollars. Bond financing and leveraging. Everything you have talked about so far have fallen under the categories. We focused on the first two here.

Robert Jordan: 1-4 are goals, but number 5 is actually a strategy. Suggests we get rid of it?

Laura Canady: Visibility needs to come out in one of the four .

Stockton Whitten: on page 6, use scale already in place on state lever. High wage jobs are currently in the high 30's and low 40's – around \$39,000. This mirrors the Fort Myers example. We may need to change this and lower it. We've called it the **North Brevard Job Opportunity Program**. It is a strategy to address "targeted businesses. Targeted businesses are defined by the Florida Statute.

Page 17 is statistical, but not necessarily the targeted businesses

Greg Weiner: there is list of state businesses. Excludes most retail activity, but includes most everything else. List is quite extensive. current jobs are 115% of average wage. Components of strategy are outlined: eligibility, required information, and award process. The recruitment is pretty exclusive.

Stockton Whitten: includes aviation, aerospace, manufacturing....

Brenda Fettrow: to have the document be as air tight as possible after identify targeted industries add "*as defined by Florida Statute X,Y,Z*".

Greg Weiner: how up to date does state keep this list? At least every other year.

George Mikitarian: are we limited by law to this list?

Stockton Whitten: heard Dr. Fettrow's comment, and we can add an updated list

Greg Weiner: retail activities are a function of "rooftops", and that's why they are not there. Some cities will fight because of sales tax they have. You can pretty much make an argument for anything other than retail.

Micah Loyd: we want flexibility as long as Florida Statute will let us do what we want to do.

Greg Weiner: will use different yardstick for redevelopment

(Louis Sanders: out of meeting 9:13 - 9:14)

Stockton Whitten: moving down to 1.0 in program guidelines. It must be an inducement for moving here. If they are already in the process, they have already made up their minds.

Greg Weiner: it must be the reason for moving. What determines? A lease? Decision must be truly up in the air. Can ask state for a letter preserving for flexibility.

Mark Ryan: needs to be enough flexibility for confidential projects not yet approved. Give flexibility to provide incentive and approve later.

Greg Weiner: just need a little word tweaking.

George Mikitarian: Stockton Whitten, Greg Weiner, and Laura Canady will work on 1.0 regarding flexibility.

Stockton Whitten: 1.1(a) application. 1.1(B) demonstrate it will make a difference to relocation, 1.1 (c) will include the state's list. Ft. Meyer's list handed out (Attachment D).

Brenda Fettrow: check numbers? YES, Stockton will do that.

Stockton Whitten: 1.1(d) discussion on the fact that applicants will have to exhaust all opportunities.

Brenda Fettrow: are there federal opportunities?

Greg Weiner: yes, there usually are. We should just be a "gap filler" for other entities.

Donn Mount: need to clarify. They could get zone funds in addition to other sources of funding?

Greg Weiner: YES. Sometimes it may not be clear if another entity has approved.

Micah Loyd: is the state usually quick in turning around?

Greg Weiner: YES, within 10 days of receiving a completed application. However, it can take 6-8 weeks to complete their application if AVT is involved. If not approved, they are asking for a letter so that they can act on the state's pledge. You could give a verbal pledge. State requires that 20% of incentive come from local government.

Robert Jordan: verbiage changes needed: "access" instead of "assess", and "retain" on last line

Stockton Whitten: page 7, 1.1 (e) Ft. Meyers had 75 jobs, our currently reads at 50 full time jobs within 3 years created at 100% of annual Brevard County wage.

Stan Retz: this is just one component, but we could have another component for smaller businesses

Micah Loyd: Are 50 jobs attainable by companies? How many companies have this many jobs?

Greg Weiner: yes, it should be (attainable) over 3 years. Ft. Meyers chose 75 jobs.

Dan Aton: any flexibility for the company which has fewer jobs but a \$2 mil payroll? NO.

Brenda Fettrow: can the board make exceptions? But that kind of language will increase requests for exceptions.

Greg Weiner: I am comfortable with 50 jobs within 3 years, but not with 10 jobs within the first year because businesses ramp up in the first year.

Stockton Whitten: what if we lower the number of jobs but raise the percentage of the average wage?

Greg Weiner: be careful, that could be dangerous. State will come up incentives. Average wages are not what you think they are. One company was \$29,000, but we wanted the company here.

Robin Fisher: when talking to Ft. Meyers, their board of county commissioners had the ability to override what the board recommended for their FIRST PROGRAM. What about "super-majority" verbiage to override criteria – i.e. 75% of this board. Something that would allow it to happen if it made sense.

Greg Weiner: a supermajority ability to tweak all rules is a good idea. i.e. last week Caterpillar went to Georgia. \$35,000 makes sense. Also, consider benefits when talking about wages.

Robert Jordan: when considering 50 jobs, it would be \$2 mil. Concerned that salary is too high. It may be \$50,000 with benefits.

Greg Weiner: you can make arguments for companies, as wages are only guidelines.

Micah Loyd: concern with keeping 50 new jobs criteria. What about companies like Barn Light? We have successful smaller companies. These numbers haven't worked for us in the past.

George Mikitarian: we can use economic impact in formula too

Greg Weiner: supermajority vote could approve salary with addition of benefits and possible profit sharing. Maybe consider 30 jobs over 2 years. Also, look at land ownership, and investment. You don't just want to say no to an applicant. Have good criteria.

Greg Weiner: how do you feel about 30 over 2 years?

Robert Jordan: we want businesses to grow, but what makes us think their business plan says they need 50 people

Greg Weiner: I would look at other ways to structure that deal. i.e. look to Brevard Workforce. How willing are you going to be to give money to these smaller businesses?

Dan Aton: smaller businesses are in need of incubators. Look at an incubator plan.

Greg Weiner: we could add "attraction" to retention and expansion, although it may be an issue with ADT? We take heat for stretching the criteria.

Dan Anton: easy to get caught up in Barn Light with hind sight

George Mikitarian: is it the word "high wage" that is boxing us in? do we need to include in the mission statement?

Stan Retz: we're getting caught up in incubation.

Robert Jordan: if they don't qualify, they don't get it. We are trying to make them successful. If they can't make 50 jobs, maybe they need to go somewhere else.

Stockton Whitten: you can get over this with a supermajority

Micah Loyd: is there an intimidation factor?

Greg Weiner: we just need to be careful.

Stockton Whitten: 6 of 9 members is a supermajority

John Beasley: Revenue to Incentives Ratio? i.e. if we give incentive, company can give 10% of first year's revenue back? Ball park figure? What works?

Greg Weiner: we don't track that way, it is impossible to track. Usually a percentage of the package, cut next to impossible to get figures. We use a model.

John Beasley: you could have a probability

Greg Weiner: we hear back, but don't track

Micah Loyd: how many companies that apply even come close to 50 jobs?

Greg Weiner: all they have to do now, is 10 in the first year.

Micah Loyd: you said that saying no is worse than not applying, but do the 50 jobs keep them from applying

Greg Weiner: Most contact will come from state or EDC.

Dan Aton: this is deal making and the board can approve with a supermajority vote.

Greg Weiner: we don't want situation when project is going anywhere, but we need to fight for every project. 30 jobs seems to be good

George Mikitarian: it is 9:45 a.m., what is everyone's schedule like? Consensus to continue meeting until 11 a.m. with time left for public comment.

Robin Fisher: if a company can't initially meet the criteria, they could come back for the expansion opportunity

Dan Aton: right, after they hire their first person, they can move on to another part

Greg Weiner: expansion is under category 4. The "silver bullet" is 200 new jobs coming in, who will get higher money as opposed to expansion of existing company to 200 jobs. You guys will be icing on the cake when they come back from the state. New jobs coming in are generally worth more than expansion. What do you need to do to be competitive.

(Robert Jordan: out of meeting 9:47 - 9:49)

Stan Retz: we are a tool in the tool box. So Knight Armament can come back for expansion?

Greg Weiner: Yes, but guidelines will be different based upon the numbers.

Stockton Whitten: changes include:

- 1.) Supermajority needed to change criteria is a majority of all board members plus 1 (6 total members) and will be added to Governance 1.1 (E)
- 2.) Add "attraction" to component number 4

Dan Aton: is that supermajority something that we need to put in a lot of places?

Stockton Whitten: yes, in governance, project award, etc.

George Mikitarian: is everyone comfortable with what Stockton is saying about (E)?

Confirmation of meaning of supermajority: majority of all board members plus 1 (6 total members)

Stockton Whitten: 1.1(F) generates a 4-1 return over 10 years. Jumping off point.

Greg Weiner: 1.1(F) 10-1 is too high, state uses 5-1. 4-1 seems realistic, but is lower than the state. It is better to set the bar and follow the rules and make few exceptions.

Robert Jordan: how do you measure?

Greg Weiner: By the plan model. This is just for guidance. Lower than state, but state is willing to make exceptions.

Robert Jordan: this is tool to use to make decision on giving an award? YES

Brenda Fettrow: in this economy is the ROI too high? Hindering companies?

Greg Weiner; No, because all sources are included.

Stan Retz: what is return on investment? Overall impact? Sales taxes?

Greg Weiner: based on payroll impacts, etc. Sales tax could be a component, but we don't use them because we don't know where people are going to live.

Dan Aton: is term "zone revenue" a problem

Greg Weiner: good point

George Mikitarian: 1.1 (F) add "return on investment over a 10 year period" and remove "to zone revenues"

Stockton Whitten: 1.2 is just required information

Stan Retz: 1.2 (H) 3 years of audited statements or federal corporate tax returns

Delete: audited statements?

Greg Weiner: you could put "or" there because there may not be 3 years of statements available. Ask them to demonstrate financing commitment.

Robin Fisher: are we requesting more than a bank would ? NO

Brenda Fettrow: is that 3 years the most recent years? Or do they get to pick? Is risk adverse. Has heartburn if they are not available?

Greg Weiner: it adds to the risk, but you probably don't want to exclude them.

Robert Jordan: banks also want your personal finances. Add that too.

Dan Aton: what about new JV (Joint Ventures) i.e. Lockheed and Boeing? As new entity with big capital behind them?

Stan Retz: clarify "if available" , may not be feasible to go back 3 years for review.

Robin Fisher: big enough personal financials could be considered but we have to be careful with tax payers' money. We must have a lot of "wins".

Brenda Fettrow: understand the need to review someone's financials, are there other scenarios to consider a company's viability? Need language to be flexible

George Mikitarian: we need evidence of financial stability or viability which could include a number of different ways to get evidence

Stockton Whitten: language REWRITE

The last 3 years of reviewed financial statements and federal corporate tax returns, plus most recent financial statements from the most recent year if available or in some other manner demonstrate financial capability.

Brenda Fettrow: want to make sure we have some standard by which we review

Greg Weiner: there is a need to access information or through research. They will tell you that they are publicly traded, get it off line.

Stockton Whitten: pg 8, 1.3 Award Procedure

Robert Jordan: concern with "and/or". Does this take NBEDZ board out of the decision making and allow the county commission to make the decision?

Stockton Whitten: anything over \$500,000 will have to go the county commission. Will scratch out "BoCC", and make board final.

(John Beasley: out of meeting 10:16 – 10:21)

Stockton Whitten: 1.4 Performance Measurements

Robert Jordan: (A) do awarded documents have to be notarized? NO

Brenda Fettrow: (E) are we at risk for repayment with out of state companies?

Scott Knox: under Florida law we can sue. Will add that agreement will be governed by Florida law and that the venue will to be in Brevard County.

Greg Weiner: venue may be problematic

Stockton Whitten: Component II: On page 9 Redevelopment of Commercial/Industrial sites. Under section (E) retail jobs, Miracle City Mall would be a good example of this. Wage is 50% of annual average Brevard wage.

Robert Jordan: this could be applied to existing businesses?

Stockton Whitten: this applies to the site

Brenda Fettrow: is it assumed that manufacturing is under commercial or industrial?
YES

Donn Mount: 2.1 (E) will Miracle City Mall really create 125 new jobs? Aren't some of the jobs just moving from other sites?

POSSIBLE

Robin Fisher: if everything comes together – medical, other retail – ROI ratio many come into play

George Mikitarian: Donn's question is a good one. New jobs to the site? Or new jobs to the zone?

Greg Weiner: believes that Donn had good point about tying new jobs to site or new jobs to zone.

Micah Loyd: we also want to create use for old buildings

Dan Aton: Maybe consider employees per acre? How do we consider smaller properties?

Robin Fisher: does a 4-1 ratio help solve some of this?

Micah Loyd: developers don't create jobs. May not be 100% build out in 3 years. You may just have a shell. May not have 100% occupancy in 3 years. We could consider other buildings like Scotty's or old Kmart.

Robin Fisher: has been talking to a potential Miracle City Mall developer about infrastructure being an incentive but will last even if the developer leaves. Will be here if they aren't.

(Micah Loyd: out of meeting 10:25 – 10:27)

Stockton Whitten: see bottom of page 9, re: infrastructure. Do you want to tie this to jobs too?

Robert Jordan: where did 125 jobs come from?

Greg Weiner: it was an attempt to "set the bar high", so you only get applications that result in the big returns

Stockton Whitten: (E) strike # 2 - say "generate a ROI that may include but not limited to jobs improving the taxable values"

George Mikitarian: show economic benefit through jobs, etc.

Brenda Fettrow: be careful to have measureables that are enough. Need for parameters.

Mark Ryan: developers don't create the jobs, investors do

Micah Loyd: might add capital investment as there will be large investment for the renovation of old existing buildings

Greg Wiener: very good idea to add minimum amount of capital investment. Sense was your vision was for the larger renovation with bigger impact to community.

Stockton Whitten: do you want a list of "designated sites" that you want to see redeveloped?

Stan Retz: medical would not add 125 jobs

Micah Loyd: fixing Kmart or Goodings is going to take \$1 mil

Stockton Whitten: you all need to come up with a list of properties you want to consider

Micah Loyd: this could be totally different in 10 years

George Mikitarian: We have 7 minutes left in the meeting. Are there any public comments? NO

Stockton Whitten: page 11 (2.3) Award Procedure: want to address equal levels of capital investment as part of the award

Robert Jordan: where is investment? (E) (under eligibility)

Brenda Fettrow: page 12 2.4 under Administration (C) is there any provision for this board to monitor progress towards requirements? YES

Stockton Whitten: who monitors compliance? Staff, EDC, SEDC. Staff does that for the county now for tax abatements. It is board function, but someone needs to do it.

Brenda Fettrow: seems that the county is doing all the work. A lot of people are watching us.

Robin Fisher: we will be looking at an administrator

Greg Weiner: at some point an administrator will be hired

George Mikitarian: any questions?

Robert Jordan: Award amount? Where does it come from?

Greg Weiner: criteria will be set up and then the board will make a judgment on how much to award.

Robert Jordan: so it will be different for different applicants?

Greg Weiner: based on criteria

Micah Loyd: what about the jet engine Project Speed that is supposed to bring 1800 jobs? Will we need to help with that? YES How fast? VERY FAST Will bonding be necessary? YES

Greg Weiner: there is also a project you haven't heard about yet that will not need bonding, but Project Speed will need to get money out in front.

Donn Mount: thought the money was to come after it happened?

Greg Weiner: there is a need to be flexibility. We are currently competing against Michigan on one project and it will need \$1 mill out front.

Stockton Whitten: over the life of the district we will have significant amounts of money, but you will need to do some things now.

Jim Tulley: would like to make three comments:

1. Consider shortening your mission statement. You need a one sentence statement that you can spit out.
2. You really only have 3 components. You need to combine 2 and 3 as they are really the same thing and relate to sites.
3. You can be more effective by changing the process . You are currently employing the "depth-first process" and you are taking too much time by examining everything. Too much detail. More effective if you take the "breadth-first" approach with strategies under components with measureable outcomes in a framework at the top level and then turn over to staff for details.

V. Meeting Schedule

George Mikitarian: next meeting will be in two weeks, March 16, 2012, at 8:30-11:00 a.m. in the District 1 Commission Office. He will be a little bit late.

VI. Public Comment

None.

VII. Adjournment

There being no further business, the meeting was adjourned at 10:40 a.m.



Robert Jordan, CM, Secretary
Approved by the Board March 16, 2012

Attachment A	Corrected Minutes from Feb16, 2012
Attachment B	Draft Procedures based upon Roberts' Rules of Order
Attachment C	Draft Economic Development Plan
Attachment D	Ft. Meyer's list of targeted industries
Attachment E	Sign In Sheets for meeting
Attachment F	Legal Ad for meeting