

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

March 10, 2017 @ 8:30 a.m.

Parrish Medical Center - Health Village West/Heritage Hall  
931 N. Washington Avenue  
Titusville, Florida 32780

**Board Members:**

In Attendance: Paula Cardwell, Brenda Fettrow, Robert Jordan, Micah Loyd, George Mikitarian, Donn Mount, and Louis Sanders

Absent: Dan Aton

Telephone: Stan Retz

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

Pledge of Allegiance: Louis Sanders led the assembly in the Pledge of Allegiance.

**I. Approval of Agenda:**

Motion by Brenda Fettrow, seconded by Robert Jordan, to approve the Agenda as presented. Motion carried and ordered unanimously.

**II. Minutes Approval:**

Motion by Robert Jordan, seconded by Brenda Fettrow, to approve the November 4, 2016 and the December 9, 2016 meeting minutes as presented. Motion carried and ordered unanimously.

**II. Report on Expenditures to Budget:**

Robert Jordan, Secretary/Treasurer, stated the budget is tracking well.

The Zone board acknowledged the Report of Expenditures to Budget as presented.

**III. Staff and Partnership Reports:**

**NBEDZ Executive Director Report**

Troy Post, CEcD, CBE, NBEDZ Executive Director, stated he is continuing to talk with many space related firms; he visited a tech firm in Melbourne that is considering the launch of a new venture in Titusville; and he joined the City of Titusville for a meeting with the principals of a hotel development firm from New York, who is considering the acquisition of a six-acre lot in the Riverfront Business Center. He stated he met with OneWeb and Space Florida to draft its incentive agreement; he provided the OneWeb narrative on some of the things taking place; and they are expecting site mobilization at Exploration Park to start in the coming weeks. He advised receiving an update from Forrest Smalley, Florida

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City Gas, for the possibility of extending natural gas services in the areas around and within the Spaceport commerce Park (SCP); he attended a stakeholder session with the Florida Chamber Foundation that is conducting a two-year research project to gather input on key factors that will drive the Florida economy in 10 years; and he spoke with a community activist about the creation of a new meetup group for the Port St. John (PSJ) area. He went on to say he received and reviewed materials from BRIX Project and Paragon Plastics, documenting the dollar amount of investment made, as a qualification for obtaining Zone incentive provisions expected to be issued in March; he participated in a couple of webinars over the last month; and he helped his intern Matt Siebert, to begin corridor study of Garden Street to catalogue property owners, and the conditions or property improvements.

#### **GTR Executive Director Report**

Cathy Musselman, Greater Titusville Renaissance (GTR) Executive Director, stated COlaunch has nine members, with three offices, two basic, three mail drops, and one institutional; an open house is scheduled for April 7 to showcase new entrepreneurial artist work; she is going to begin the Bike Trails Beautification Project with a grant obtained from the County; and Trash Bash is planned for North Brevard on April 1 in Titusville and Port St. John. She mentioned continuing to coordinate Food Truck Monday, 150<sup>th</sup> Anniversary of Titusville, Memorial Day Lantern Launch, and Indian River Festival; and she gave presentations to the Indian River Lagoon National Scenic Byway Coalition and the Titusville Historical Preservation Board for the Main Street programming.

#### **IV. New Business**

##### **Project Grand**

Troy Post, CEcD, CBE, NBEDZ Executive Director, stated Project Grand is a Project brought forward by the Economic Development Commission of Florida's Space Coast (EDC); he provided the Zone board with an Economic Impact Analysis (EIS) showing the capital investment is close to \$4 million; this is part of a software engineering company that is from out of State; but they are interested in the Zone's places for redevelopment of an existing building; and the building being looked at is the Bank building on the corner of Main Street and U.S. Highway 1. He went on to say they would take possession and renovate, but because that building is acquired with the hotel that is next door at Café Chocolate, they are having to take on the entire Project if going forward; that would then mean what would they do with Café Chocolate; what they are looking to do is being a firm that benefits from being in a HUBZone; and one requirement of being in a HUBZone is having a certain percentage of employees living in the HUBZone area. He added this is a way for the company to add lodging and apartments for some of the people who work for the firm; for the Zone board it is a great opportunity to renovate a landmark building in downtown and doing significant capital investments; it is a building that is within the Community Redevelopment Agency; and he introduced Tim Ford, City of Titusville Redevelopment Planner.

Julie Roslin, Manager of Business Development, EDC of Florida's Space Coast, stated this has a different component that comes with the housing of living in the HUBZone; it is critical to work with the City partners; the City has a great HUBZone map, easily identifying what properties work and which do not; the bank building needs significant work and new job commitment of 10; and capital investment being well under \$1 million. She advised

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this company has a history of taking blighted historic buildings and restoring them to former glory; the company has its engineering and real estate companies; and she attended a meeting at COlaunch with Project Grand for the prospect of coming here.

Mr. Post stated today the incentive is for up to \$300,000 being asked for, based on capital investment, it is expected to be close to \$4 million; he provided the Zone board with a redacted version of the application; several goals were mentioned and they work closely with NASA; the \$300,000 would be conditioned with a performance measure of waiting until the building was renovated; they would have to have the wherewithal to acquire the property; the acquisition price is still being negotiated; and they would have to put the money into the renovation, and getting to point of having Certificate of Occupancy (CO) that may require being in the building for a period of six months before granting incentive award. He advised it exceeds the 5:1 ratio as a redevelopment project; and the jobs are significant in the amount of income, but the job numbers are significantly lower.

Paula Cardwell inquired the idea of clawback; she stated the old bank building needs significant work; and if they were in the building for a period of six months after CO, she would feel comfortable.

Motion by Brenda Fettrow, seconded by Robert Jordan, to approve up to \$300,000 with appropriate clawback in the agreement of being in the former bank building for a period of six months after receipt of Certificate of Occupancy; and to receive 25 percent of budget expectancy for the hotel renovation being trigger to receiving the grant. Motion carried and ordered unanimously.

## **V. Discussion and Direction**

### **Initial Draft – FY 2017/2018 NBEDZ Budget**

Troy Post, CEcD, CBE, NBEDZ Executive Director, provided the Zone board with the initial draft of the Fiscal Year 2017/218 NBEDZ budget; he stated the budget it based on a lot of assumptions because the increment assigned or what the revenue will be, which comes out later in the year and establishes a value; but at this point the Zone is largely using last year's figure of \$3.1 million for incremental taxes. He went on to say an additional staff person will be needed that caused the compensation and benefits to be increased by 38 percent; professional services has a significant percent change, because he would like to include money in the budget to consider a real estate appraisal of multiple parcels at Spaceport Commerce Park (SCP); the Co-working space has additional costs that needs to be increased for phones and supplies; and overall it is 14 percent increase over last year. He stated the infrastructure and incentive programs does not have many changes; pad-ready development may be done at a site; it is anticipated the debt service for Titus Landing developer will get to the point of qualifying for its grant over the next 60-day timeframe, which will then trigger the City of Titusville having to enter into a debt instrument; and the City has released its Request for Proposals (RFP) a few weeks ago in anticipation of having to enter in an arrangement per the Interlocal of them taking out the debt instrument, and the Zone providing the payments necessary to retire that debt. He went on to say the City has elected to do a request for financing instrument over a 10-year period; in July the Zone board will be asked to approve the budget with an updated cash flow statement, showing how those debt service payments will be reflected over a period of time; the upshot is, the debt service fee will be a little bit higher than projected a couple of years ago, but is still manageable; he thinks the Zone will likely be in a position

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next Fiscal Year, by making two semi-annual payments on principal and interest for Titus Landing, and representing just over \$1 million; and he anticipates one debt payment for Blue Origin. He advised at the bottom of the draft are the debt calculations for Titus Landing and Blue Origin.

Micah Loyd inquired if the bank wants the City to do 10-year period versus 15-year period. Richard Broome, City of Titusville City Attorney, responded he is sure it is not coming from the bank, but is coming from the City Manager's direction per the budget.

Scott Larese, City of Titusville City Manager, informed it is supposed to be for 10 years according the Agreement.

Mr. Loyd remarked it must have been projected for 15-year period.

Mr. Post stated there were talks about possibly having longer amortization, but the City did not want to do that.

Mr. Loyd inquired if it matters the Zone is paying for it. Mr. Larese replied not really; he stated the City is just following the Agreement of 10 years; and with the way the interest is, it will get the debt paid quicker.

Mr. Post pointed out the fixed interest rate is 4.5 percent for 10 years and it is highly likely that it will come in under that; for Titus Landing based on \$6.7 million, the developer will receive up to \$6.5 million, and based on the 4.5 percent interest rate it is down to \$420,000 every six months or \$840,000 for the year; Blue Origin is calculated at \$8.2 million; the company will receive up to \$8 million and based on 4.5 percent interest rate is \$510,000 every six months or just over \$1 million annually; but next year there is one anticipated payment due on Blue Origin, if they get to the point of finishing the building.

Mr. Loyd inquired if it makes sense for if the Zone to looks at the cash flow and wraps up Blue Origin and Titus Landing together for one bond changes anything. Mr. Post responded that it is a good thought; but he stated this is already so far along that the particulars are already in place for the qualifying incentives.

Mr. Loyd pointed out just one point in interest makes a big difference in the Zone's debt service.

Mr. Post noted Mr. Loyd's suggestion; and he continued explaining the initial draft of the Fiscal Year 2017/2018 budget to the Zone board. He stated if the Zone board has any further comments or questions to contact him over the next few weeks; and he plans to bring the budget back for a Zone board vote in April.

George Mikitarian, Chairman, inquired if there are any changes in the budget process due to Stockton Whitten, County Manager, leaving. Marcia Newell, Legislative Aide, for Commissioner Pritchett, replied Frank Abbate is the Interim County Manager who will be developing the budget; and she stated a series of Workshops are set up for the budget.

### **Redevelopment Assistance Program (RAP)**

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Troy Post, CEcD, CBE, NBEDZ Executive Director, advised he is getting a lot of different requests from some projects; some of them are weeded out because they do not fit the spirit of what the Zone was intended to do, by representing significant job creation; however, to encourage merit of those redevelopment of properties, to improve appearances, and increase the tax base of North Brevard area an alternate grant program combining elements of a grant award with aspects of a loan having interest rates lower than conventional rates may be an alternative to have a program, providing money to help with the project; and a portion of that paid back loan comes back to the Zone to still drive redevelopment projects, and to not deplete the funds.

Paula Cardwell asked how many companies have inquired about something like this. Mr. Post stated one company called about a site being a former gas station who wanted to do some site work and put small retail business in; and it was hard for him to get that to qualify for the current range of programs the Zone has, addressing blighted properties, and it represents a unique need to the area.

Walt Johnson, City of Titusville Mayor, stated the definition of economic development is to bring wealth into a community; retail is generally not considered as economic development; it is when there is a blighted area, but that is redevelopment; and retail circulates money in an area rather than bringing in new wealth.

Brenda Fettrow, Vice Chair, stated there may be ways to have the entity hold the instrument and the Zone help with some payment for the business; but if the business went south the Zone is not getting it out of collection.

Mr. Post advised for feedback if a rebate program, based on a portion of fees and permitting paid, the developer may qualify for a grant equal to a percentage of fees paid to a local jurisdiction, once the redevelopment is complete.

Ms. Fettrow advised it sounds like similar structures of some cities façade grants.

Chairman Mikitarian inquired if the Zone board wants to pursue RAP, by asking for more information and examples from other communities.

Ms. Fettrow advised it is budget creation time and this would be having additional meat-on-the-bone.

Micah Loyd advised he is somewhat hesitant about potential loan making; and he stated the City has a façade grant that is a smaller incentive that smaller businesses could apply for.

Ms. Fettrow agreed with Mr. Loyd; and she stated it makes her nervous.

Mr. Post advised he would look into it further.

## **VI. Old Business**

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**Proposed Grant Agreement – Project Slimer**

Troy Post, CEcD, CBE, NBEDZ Executive Director, advised at the last meeting Project Slimer was approved, but there were some questions raised about how the agreement would look before entering into anything; he provided the Zone board with a draft of the economic incentive agreement; it looks like the developer is going to try to acquire the building that is located on Grissom Parkway and is negotiating now; and this in an agreement incentive specific to that property. He went on to say the incentive award provides grant funds up to \$150,000 under the Matching Incentive Program, that reimburses up to half of a certain dollar amount of equity spent on a Project; they are required to put in some of their own personal equity; there are additional performance measures given for acquiring the building such as the renovations and being in operation for six months before receiving the first installment; and the balance would be paid after documenting to the Zone that they have created five new positions, and to provide the average wage.

Dan Aton's absence is noted at 9:23 a.m.

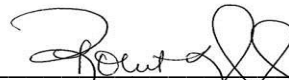
Paula Cardwell inquired if the building is for corporate headquarters. Mr. Post replied it will be for a regional office; and he stated it is for a national company based in California.

He added the Fiscal Impact Analysis now shows the Zone receiving some kind of increment revenue by doing the enhanced Project going forward; the appreciation value is the difference from 2011 to 2017 values with improvements done; and the Zone receives 90 percent of the millage rate.

Micah Loyd stated he is going to recuse himself from the vote; and he reminded the Zone board that he did not participate in the first vote for the amount of incentive awarded.

Motion by Robert Jordan, seconded by Brenda Fettrow, to approve Economic Incentive Agreement with Project Slimer for up to \$150,000 under the Matching Incentive Program. Motion carried with Micah Loyd being recused from the vote.

Upon consensus, the meeting adjourned at 9:27 a.m.



Robert Jordan, CM, Secretary/Treasurer

Approved on August 11, 2017.