

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

January 13, 2017 @ 8:30 a.m.

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

Board Members:

In Attendance: Dan Aton, Robert Jordan, Micah Loyd, George Mikitarian, Donn Mount, and Stan Retz

Absent: Paula Cardwell, Brenda Fettrow, and Louis Sanders

Call to Order: Meeting was called to order at 8:31 a.m. by George Mikitarian, Chair.

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

I. Approval of Agenda:

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

II. Minutes Approval:

Motion by Robert Jordan, seconded by Micah Loyd, to approve the September 9, 2016, and the October 14, 2016, meeting minutes as presented. Motion carried and ordered unanimously.

III. Report on Expenditures to Budget:

Robert Jordan, Secretary/Treasurer, stated the commitment of \$550,000 has been delivered to Embraer; and the budget is tracking well.

Motion by Micah Loyd, seconded by Dan Aton, to approve the Report of Expenditures to Budget as presented. Motion carried and ordered unanimously.

IV. Staff and Partnership Reports:

NBEDZ Executive Director Report

Troy Post, CEcD, CBE, NBEDZ Executive Director, stated he is continuing discussions with KB Homes representative Chuck Piper, for land use options for a portion of the lands acquired by KB Homes; the company purchased 672 acres, but would like to create a buffer zone between 1,200 planned homes and the existing industry area north of the property; the buffer would measure 172 acres which about 53 acres would be undevelopable wetland property; and the property in the buffer would be designated for an additional industrial development. He mentioned he began a series of briefings with

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the City of Titusville Council members, to discuss Zone initiatives and projects; and in the summer he would like to schedule a strategic planning session to go over the 2012 NBEDZ Economic Development Plan. He stated he met with Representative Rene Plasencia about the value of State economic development incentives and programs; he chaired the EDC task force meeting held on the creation of an industrial site certification program, making recommendations to the EDC board in the next few weeks on a program for sites larger than 10 acres, and those having placed certain evidentiary material such as environmental assessment, valuation, and geotechnical reports; and creating a marketing brand that promotes select sites, and helps raise awareness among property owners and real estate developers on the value of industrial sites ready for development. He mentioned visiting with Alexandra Bernard, City of Rockledge Economic Development Director, to discuss partnership opportunities on workforce development initiative and potential infrastructure grants involving Central and North County, as he did with the City of Cocoa. He stated a meeting at River's Edge Event Center will be held to meet with representatives and owners of companies in Enterprise Park and Spaceport Commerce Park to discuss interest in forming a business park association. He added he attended two County Director meetings in Viera; and he held a luncheon meeting with the local economic development team of City of Titusville and Greater Titusville Renaissance.

GTR Executive Director Report

Cathy Musselman, Greater Titusville Renaissance (GTR) Executive Director, stated COlaunch has 10 members, with three offices, one cubical, and one institutional membership; the quarterly newsletter will be out later today; and she was awarded the County's Beautification Grant as reimbursement for the Bike Trails project of approximately \$3,000. She went on to say during the month of December a meeting was held with all COlaunch members and she is noticing a lot of collaboration happening; she asked if the Zone board has not signed up to volunteer for Art and Algorithms to please do so; and the Hualicious Food Truck Extravaganza is being combined with the Wildlife and Birding Festival street party.

Stan Retz's presence is noted at 8:44 a.m.

Ms. Musselman stated tonight is the kickoff of the 150th Anniversary of Titusville at the downtown Friday night street party celebration; a time capsule will be opened tonight at the stage, located at Julia Street at 7:00 p.m.; she invited the Zone board to the annual GTR meeting scheduled for January 26 for volunteer recognition; and she advised she will have a marketing intern and through the AARP and CareerSource Brevard Next Generation Program, two people will work part-time to help cover the phones and the reception are at COlaunch, and to assist her.

Micah Loyd inquired when the time capsule was buried. Ms. Musselman responded 50 years ago.

V. New Business

Project Slimer

Troy Post, CEcD, CBE, NBEDZ Executive Director, stated Jennifer Hashagen, Manager of Business Development at Economic Development Commission of Florida's Space Coast, (EDC) is present to answer any questions; this is a confidential Project the EDC

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has been working on; he provided the Zone board with a layout of the Spaceport Commerce Park (SCP) showing the layout of the six-acre parcel Project Slimer is interested in on Armstrong Drive; and he provided a copy of a letter of intent to purchase the acreage. He went on to say confidentiality is being requested; there is an offer being made to purchase the six-acre lot at \$20,000 per acre; due to a real estate agent being involved, there is a commission of six percent involved in the deal which is about \$7,200 to be taken out of the proceeds; and the way this would work is if the Zone board voted today to approve the offer, it would have to go to the Board of County Commissioners for its concurrence. He advised Project Slimer is a good project; at the moment it would be providing the land at a reduced price as the incentive, so there is not a tax abatement on this; the Economic Impact Analysis (EIS) has the average annual wage at about what the average median wage is in the County, and it does not qualify for a high job growth grant; these are new jobs on top of whatever the existing jobs may be from that industry type; the capital investment is \$2.2 million; the taxes anticipated for the City from the project implementation is a one-time impact; and the tax anticipated for the County from the project implantation is an annual impact. He added the total taxes/fees to be paid in year one on the tax roll is \$180,727; the potential real property Ad Valorem tax allocation to the Zone is 90 percent from the County and 40 percent from the City; and the potential tangible personal property Ad Valorem tax allocation to the Zone is 90 percent from the County and 40 percent from the City. He advised over a 10-year period the Ad Valorem tax allocation to the Zone on real property will total more than \$120,000; and the one-time fiscal stimulus to the City County, and State through sales tax collection on building material purchases and capital equipment, along with the collection of permitting fees is expected to be \$131,650.

Stan Retz advised the incentive is the land at a discounted price; he would rather see it be sold at market value of \$25,000, because that sets a better comparable for the next sale, and having a better tax base for the next property assessment of the property; better appraisal comparisons for other properties that may sell in SCP; and to give them a \$30,000 incentive.

Robert Jordan, Secretary/Treasurer, inquired if the property has been appraised; and he suggested \$25,000 per acre price. Mr. Post replied there has not been an appraisal; he stated looking at comparable real estate for sales and the income of producing properties is being done, but looking at what has been sold in SCP and in the last few years there is nothing at \$25,000 per acre; and he stated if he understands Mr. Retz's suggestion, it would be to maybe offer some type of a grant to offset it, and to book the sale at the \$25,000 per acre price.

Donn Mount agreed; and he inquired if there is a mechanism to do that. Scott Knox, County Attorney responded no; but he stated it can be done.

Micah Loyd stated he does not agree; the only difference between \$20,000 and \$25,000 is the offer from the company; he thinks each deal needs to be looked at individually by what is being brought to the table and by the number of jobs; if they are bringing more jobs to make it \$50,000 per acre; and if it is for some distribution with not that many jobs it could be \$40,000 per acre. He inquired if the property at SCP is only on the Multiple Listing Service (MLS) and is it the EDC only listing it. Mr. Post responded it is not only on the MLS and it is not only trying to sell the property, but is trying to make sure the clients looking in SCP are not just looking at the property and trying to ensure clients have a substantial capital investment for potential of growth; and some ventures may not be an

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appropriate match for in the SPC, if just selling the property to just develop property because the caliber or composition of companies being sought is important for investment. He advised it is better for the Zone if it works through groups like the EDC to work with the State for out of State prospects looking for land that can directly be talked about with the client.

Mr. Loyd suggested utilizing a real estate agent list it on the MLS for screening some of those things.

Mr. Post stated he has worked in economic development for a number of years and his philosophy has always been not going with just one real estate group and to say a commission fee will paid if in the community a deal is brought forward; and in essence, there are multiple groups trying work on deals rather than just relying on agency representation.

Donn Mount stated when listing the property the MLS would have the stipulations for the property.

Edyie McCall, City of Titusville Economic Development Director, advised SCP property is listed on the City's site.

Chairman Mikitarian suggested making it a future agenda item for further discussion.

Mr. Loyd inquired if there are dimensions of the property intent for purchase. Mr. Post responded Exhibit "A" shows a road and the Zone will need to get its civil engineer to come up with a road design; the conditions for this project is to not have that road; but he wanted to ensure ability to utilize the lots in the back. He went on to say if this project is done there will be a future need at some point to access the back lots.

Mr. Loyd advised working with the civil engineer to map out what is trying to be sold so there is no weird piece of land left once this has sold.

Mr. Mount inquired if an easement for the road is needed. Mr. Post responded affirmatively.

Dan Aton inquired about stormwater removal. Mr. Post replied he will talk with the civil engineer to see what can be done, before responding to the prospect.

Mr. Jordan inquired if the roads in SCP are City or County roads. Mr. Post responded Armstrong Drive and Shepard Drive are City roads, Grissom Parkway is a County road, and S.R. 407 is a State road.

Ms. Hashagen added the company is a well-established company of 60 years and all over the country; she stated when the EDC met with the owner, he takes great pride in his company, employees, his buildings; she understand the wages are not the typical aerospace type of wage that had been seen in the area; but it is a good company taking care of its employees and offering good benefits.

Mr. Jordan inquired the type of industry the business has. Ms. Hashagen replied a company cleaning components for all different types of industries.

Mr. Post added they generally clean off-site.

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Motion by Stan Retz to approve selling six-acre parcel in Spaceport Commerce Park for \$25,000 per acre and the buyer may apply for an incentive.

Mr. Jordan seconded the motion; but he stated he would like more discussion and to have an appraisal done on the property.

Mr. Post stated there is a cost in doing real estate appraisals; one technique for value used by real estate is research of recent sales of what other properties sold for; if other industrial areas of zoned lots around the area are looked at and not developed, or site ready has a range of between \$20,000 and \$35,000 per acre; and he felt \$25,000 is a close approximation.

Chairman Mikitarian inquired what due diligences will the County do on its end in order to decide if it should vote in favor or against the recommendation. Attorney Knox responded typically when dealing with an incentive situation there is a lot of flexibility; he advised of one way to do this is to tie in the price to an appraisal, and the cash would be the difference of \$20,000 or \$25,000 per acre paid for the property value; and whatever the property value is sets the market value.

Mr. Jordan stated the purchaser would want to know what the property is worth before purchasing it.

Mr. Retz remarked it is on the purchaser to determine.

Mr. Post added if it is being financed, the bank may require it to have an appraisal.

Mr. Retz explained an appraisal is an estimation of value.

Mr. Mount stated the benefit of having the company here is tremendous, but he also agrees there is an advantage to \$25,000 price; if a way could be found to make that net-amount an incentive, is just not stated; and he would like to see come in at \$25,000.

Mr. Retz advised the Zone board they can come back to the Zone board and ask for another incentive; and they probably did not come to the Zone with its highest and best offer as its first offer.

Mr. Aton mentioned due to the timeframe it is important to send a message that the company is wanted here and the Zone board is okay with the offer, but would like to change the structure without having to come back to the Zone board; and having a 30-day offer is probably beneficial to the company.

Walt Johnson, City of Titusville Mayor, reminded the Zone board that if it is sold for \$20,000 that automatically becomes the most recent sale in the area; and he suggested for the Zone to keep the price towards the upside, and then to offer incentives because it drives the next price higher for the next customer coming.

Mr. Loyd mentioned he does not quite agree with the motion; he stated he is not seeing where the Zone needs to be in the real estate business; there is a lot of land, the Zone

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board sets the precedence; the last lot sold was for \$21,000 per acre; and he cannot see notching the price up, and he wants to get the company in there.

Mr. Post advised people are told upfront the value of the property is about \$25,000, they can make any offer; he will bring it to the Zone board; and if they came back with an offer of \$20,000.

Mr. Loyd advised due to the Zone board's schedule its 30 days before approving another offer; and he does not want to lose an opportunity over getting another incentive of \$5,000 per acre.

Mr. Mount advised giving the \$30,000 incentive that is in this amendment and not having them come back applying for the difference; and establishing the sale at \$25,000 per acre which he thinks can be done today, with an amendment to the motion.

Chairman Mikitarian advised of there being a specific motion made with a seconder on the floor.

Mr. Retz reiterated the motion was to counter the offer at six acres at \$25,000 per acre with a communication of applying for another mechanism of a grant for the difference. He advised creating the grant in a motion is difficult, because Mr. Post has to still figure if it is based on jobs, or based on equipment purchased; but although, he is fine with that.

Mr. Aton advised the company should submit an application for incentive needs to be made before the Zone board may do so; if there was authority based on information before the Zone board to include a rebate of \$5,000 per acre incentive, could be solved by amending the motion to accept \$25,000 per acre offer, and to approve with a rebate of \$30,000 netting them \$25,000 per acre; and he inquired if that is something the Zone board has authority to do today, without the company having to come back and submitting an application for the rebate to be able to do this. Attorney Knox responded affirmatively.

Mr. Post remarked subject to them turning in an application.

Mr. Aton went on to say from a transparency standpoint that is what is trying to be done all along with the land being worth \$25,000 per acre; and offering them an extra \$5,000 per acre incentive, and this papers it all the way through prosperity.

Chairman Mikitarian inquired if Mr. Retz is willing to accept an amendment to the motion.

Mr. Retz responded he is willing to amend his motion, but he would rather just sell it for \$25,000 per acre and not give a rebate until an application is applied for; he stated if it is documented as a rebate, a qualified appraisal or the Property Appraiser Office would look at it and say, it is really a sale for \$20,000; and in the spirit of getting things done, he accepts an amendment to his motion.

Mr. Jordan expressed concern about adding a caveat of \$30,000 to get to \$120,000, seems a little hooky to him; he stated it does not feel comfortable to him; the company offered \$120,000, but the Zone is now saying it will sell for \$125,000 with an grant upfront; the company may do something allowing them the possibility of having an additional grant; and giving money away without them applying for a grant it is not acceptable to him as the seconder.

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Mr. Aton advised in Mr. Jordan's view, they have not made an application; they have made an application because it is being decided to not sell to a garage type of business, and to sell for \$20,000 per acre because of the kind of company fitting the profile wanted in SCP; that is the difference and is why the \$30,000 is there because of fitting the profile; and he inquired what claw backs are there, that they actually do build a building.

Mr. Post pointed out in the deed there can be a certain period of time to start construction and pouring a slab.

Mr. Aton stated affectively all the things normally are tied to a rebate.

Mr. Retz Called the Question.

Attorney Knox inquired how long it will push things back if they apply for an additional grant. Mr. Post responded a special meeting may need to be held; and it may come back at the February meeting.

Chairman Mikitarian Called the Vote; he stated he wants to see the vote by the show of hands; and he stated the motion failed by a vote of 4:1.

Motion by Robert Jordan, seconded by Dan Aton, to approve selling six-acre parcel in Spaceport Commerce Park for \$25,000 per acre, with an incentive of \$30,000.

Mr. Retz inquired if the incentive is based off of equipment purchases or employment. Mr. Aton replied the same things that are in the deed restrictions.

Mr. Post remarked he thinks Mr. Aton is thinking of another Zone program.

Mr. Retz mentioned the same that is being talked about is the rebate that Mr. Jordan just voted against.

Mr. Jordan explained he is incentivizing the company to buy the property because of what the company is bringing to table; and he stated the company does not have to have an application for the incentive.

Attorney Knox recommended taking the proposed provisions in a standard incentive agreement and merging it into a real estate contract of the application process, having both appear in the same document; and that way they can go through the application process if they have to, but already authorized doing that process.

Mr. Loyd mentioned to not slow down the closing of the land; and if the Zone is willing to work with them both on the money and on the time, he will be good with it.

Attorney Knox advised in the motion all of that mentioned is going to be done.

Chairman Mikitarian Called the Vote; he stated he wants to see the vote by the show of hands; and he stated the motion passed by a vote of 5:0, to approve selling six-acre parcel in Spaceport Commerce Park for \$25,000 per acre, with an incentive of \$30,000. Motion carried and ordered unanimously.

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Mr. Aton inquired if for future deals should Attorney Knox's recommendation if giving a discount on the land, even if it is \$25,000 against \$30,000 that application just become part of the process, because effectively that was said when starting this process of giving them a discount as an incentive. Mr. Post replied he will look into that administratively.

Mr. Loyd recommended giving Mr. Post some guidance of what price is wanted per acre and does an appraisal of what the market price should be.

Mr. Post explained he will get quotes from some real estate appraisers and bring those back as an agenda item.

Mr. Mount suggested utilizing an independent broker's opinion; and his absence is noted at 9:36 a.m.

Request for Funds – Titusville FabLab Project

Troy Post, CEcD, CBE, NBEDZ Executive Director, stated David Beavers, FabLab Manager, and Jim Tulley are present today; at a previous meeting there was presentation given to the Zone board of the FabLab concept; he provided the Zone board electronically a proposal; and the concept is an environment where there are certain kinds of machines and equipment through course training of innovation leading entrepreneurs, hobbyist, or school-aged children a chance to experiment. He stated Space Coast FabLab is located in Palm Bay, but has located a building in the Titusville area; from the Zone's standpoint, it is seen as a project that is both an economic development project and a workforce development project, and in the Strategic Plan there is strategic initiative to work in workforce development. He went on to say the proposal request is seed money of \$125,000, to be combined with some other financing sources, and representing an overall investment of just under \$400,000; money is provided after some type of performance has been rendered on a project; and if approved for \$125,000, there will be a series of installments made on the grant. He advised the first installment would be one-third after evidence of executing the lease agreement on the building and by submission of certain evidentiary materials of being a 501(c)(3); after four months of operation another one-third of the grant will be given; and after another four months of operation another one-third of the grant will be given. He added the money would be used in the first year of operation; there are deliverables and things being checked on to evaluate the project; he provided the Zone board with a picture of the building located at 4001 Capron Road and a letter of support, he received yesterday from the American Space Museum and Space Walk of Fame, Executive Director, Tara Dixon Engel.

Stan Retz's absence is noted at 9:39 a.m.

Mr. Beavers stated FabLab is a nonprofit organization with education paralleling in workforce development; the Palm Bay facility was started a little over one year ago and runs three to 700 K-12 students field trips each month; the facility is equip with additive subtractive manufacturing and teaches no levels from grade school to college levels; he offers co-grants; and he offers a collaborative space that is open to the community. He stated it is diversity that makes this; and he would like to bring that to Titusville.

Mr. Retz's presence is noted at 9:43 a.m.

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Mr. Tulley stated the Zone is tremendously successful at bringing companies for incentives; the next challenge is going to be to keep those jobs here; to create a high-tech environment in North Brevard County that companies want to start coming here without incentives, because it is a great place to do business; and supporting workforce development and entrepreneurs is how it is done. He pointed out this is a bargain and the amounts of money that has been provided for incentives, and successfully brought companies here is a drop-in-the-bucket by comparison; the long-term effect can be tremendous; and he is hopeful of the Zone board supporting this.

Ms. Engel stated the Museum will benefit from this and she is excited about being actively involved, inspiring the next generation of space and technology in the region, and helping with the 21st Century generation; a smaller version of a makers space is being created at the Museum for hands-on experience; and then going to FabLab to work on a much larger scale. She added there is urgency of getting people more in tune with becoming producers versus consumers; and she stated it is an incredible opportunity for North Brevard to take steps forward in a changing workforce.

Micah Loyd inquired how long the lease is for. Mr. Beavers responded the first year is for \$6,000 taxes due; the property has been in a family for a while and it is not for sale; but are not adverse to two or three years lease term. Mr. Loyd advised he would like to see more lease time to add into a motion. Mr. Beavers advised three years could be added to cover that timeframe.

George Mikitarian, Chairman, disclosed Scott Larese, City of Titusville City Manager, Mr. Tulley, and he had toured FabLab together; he stated it is an impressive place; and they got to meet an entrepreneur developing technology.

Motion by Stan Retz, seconded by Robert Jordan, to approve the provision of \$125,000 for use in establishing a FabLab or maker space concept in Titusville for a three-year period, subject to obtainment of certain evidentiary materials, such as 501(c)(3) standing, financial information on Project-based Learning, Inc., copy of executed lease agreement on Capron Avenue building, and letters of support from industry partners. Motion carried and ordered unanimously.

Upon consensus, the meeting adjourned at 10:01 a.m.



Robert Jordan, CM, Secretary/Treasurer

Approved on May 12, 2017.