

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

March 13, 2015 @ 8:30 a.m.
Parrish Health Village West/Heritage Hall
931 N. Washington Avenue
Titusville, Florida 32780

Board Members:

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

Absent: Brenda Fettrow

Call to Order: Meeting was called to order at 8:33 a.m. by George Mikitarian, Chairman.

Pledge of Allegiance: George Mikitarian, Chairman, led the assembly in the Pledge of Allegiance.

I. Approval of Agenda:

Paula Cardwell stated the Agenda has an under Old Business a Transit Service request being heard today; the Agenda she received yesterday had no packet attached to it and inducements; without a summary she has no ability to be prepared for questions; she thinks if there cannot be a summary with some kind of description of what is going to be discussed, then the item needs to be tabled to allow for prep time; and the Charter says the Zone board has to form opinions based on economic development in the Zone. She stated she does not know of the process to getting on an Agenda, but she does know that for the cities and the County, it is pretty entailed in doing so; and she believes the process needs to be changed in moving forward.

Troy Post, CEcD, NBEDZ Executive Director, advised the Zone board that economic development projects move at different speeds to meet certain deadlines; the two projects to be discussed today are both running against a deadline of what kind of potential incentives as part of their packages are to be consider before moving forward of what potential incentives exist; preservation of the inducement does not mean the Zone board is approving the incentive, it basically is the commitment to provide incentive, and allocating those dollars if they do certain things; and they have to supply an application for assistance to the Zone board, with proper information being required on the application determining economic impact analysis, the benefit of the costs involved, and the use of dollars. He explained the developer's capacity is a task that has to be looked at; he stated he does try to get information out to the Zone board as soon as he receives it; he is a staff of one who depends on Commissioner Fisher's staff for clerical assistance; he expressed his appreciation to Commissioner Fisher's staff for their assistance; and he reiterated he is doing the best that he can in 30-day cycles for the monthly Zone board meetings.

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

II. Review and Approval of Board Minutes:

Motion by Robert Jordan, Secretary/Treasurer, seconded by Micah Loyd, to approve the meeting minutes of February 13, 2015. Motion carried and ordered unanimously.

III. Financial Report:

Robert Jordan, Secretary/Treasurer, stated line item number 67 is for the construction of the spec-building costing \$3,400; and line item number 73 is for debt service, it shows \$620,000, and the monthly premium for the Mall Project begins in the next Fiscal Year.

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

IV. Staff and Partnership Reports:

a. NBEDZ Executive Director Report

Troy Post, CEcD, NBEDZ Executive Director, stated along with the City of Titusville officials, he participated in an economic development stakeholders meeting in Rockledge conducted by the Economic Development Commission (EDC); and the group holds sessions with its economic development partners around the County to better define roles and improvements in communications between the EDC and local-based economic development organizations.

Stan Retz's presence is noted at 8:50 a.m.

Mr. Post stated he met with Commissioner Fisher, Art Hoelke, Reed Knight, and Frank Margiotta of East Florida State College to discuss ways to launch a manufacturing training initiative being pursued by Knight Armaments and several area manufacturing firms, and to examine possible roles for the Zone in the project. He stated he put together a draft budget for the Fiscal Year 2015-2016; he discussed with County staff how to track expenditures in the Zone's Capital Improvement Projects (CPI) over the next year; and the budget cycle begins with a presentation of the drafted budget at the April NBEDZ board meeting. He stated he finished compiling the latest edition of NBEDZ newsletter, *North Brevard Business Review*, for electronic distribution to stakeholders and prospect contacts; and there is an article about how the Zone is trying to create a pad area for an industrial building at Spaceport Commerce Park (SCP). He advised the Zone Board that at the April meeting there will be a proposal detailing The Vault with some of its project costs likely to be incurred and a copy of a lease agreement; and he provided the NBEDZ board with a pamphlet of The Vault, a cowork space environment in Downtown Titusville. He stated he worked various economic development projects, including several coordinated by the EDC; it is likely that the EDC will attend the Zone's April meeting to present a package for Project Eagle; there is a lot involved with Project Eagle and Greg Weiner, CEcD, Senior Director Business Development at Economic Development Commission of Florida's Space Coast, offered to meet individually with members of the Zone board, because there is a lot involved in the Project; it will be a significant development deal and incentive package; and the work has already been started on getting a necessary permit for the 11-acre lot at the corner of SR 407 and

Shepard Drive. He advised he attended a meeting with St. Johns River Water Management District (SJRWMD) in Palm Bay to discuss permitting for clearing and grading activities on 38-acre lot identified for the potential spec-building, and on the considered Project Eagle site; and that the feedback received was very favorable. He stated his local networking consisted of meeting with the Titusville Area Chamber of Commerce's Governmental Affairs Committee, attending the Space Coast Economic Development Commission (SEDC) luncheon featuring Tammie Nemecek, GrowFL Director, and attending the County Manager's bi-weekly meetings with all Department Directors.

b. Greater Titusville Renaissance Executive Director Report

Troy Post, CEcD, NBEDZ Executive Director, stated Cathy Musselman, Greater Titusville Renaissance Executive Director, is attending a meeting in Orlando today; and she provided him with her report.

V. Discussion and Direction:

Wild Ocean/Wild Earth – Support Letter

Troy Post, CEcD, NBEDZ Executive Director, stated Wild Ocean wants to utilize its property by converting the parking lot area of Wild Ocean Market into a community garden with raised platforms for growing fruits/vegetables; and the project would also utilize a portion of the building shell because the structure has no roof, for hydroponics farming. He stated there is a United States Department of Agriculture (USDA) Community Food Projects competitive grant opportunity that is fast approaching; Wild Ocean is asking the Zone for a letter of support of its concept, in terms of a community gardening project from a redevelopment standpoint, and that is how the Zone would have a role to support it in the redevelopment aspect of the Economic Development Plan (EDP) by helping with technical assistance or redevelopment assistance, and helping with the grant application; but any redevelopment assistance is not part of the request being made today. He stated if the Zone board is so inclined to issue a letter of support, the deadline is next Tuesday; and if they do not get all of the elements necessary to submit, they will try for another grant request in the near future.

The Zone board reached consensus for Troy Post, CEcD, NBEDZ Executive Director, to compose a Letter of Support to USDA Community Foods Program for Wild Ocean supporting an application for grant assistance to establish a community garden project.

VI. Business Items:

New Business:

Troy Post, CEcD, NBEDZ Executive Director, stated Project Brix is a name assigned by the Economic Development Commission (EDC).

Stan Retz disclosed the involved principle is a client of his firm; and stated he will be abstaining from any vote.

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Mr. Post stated he is characterizing Project Brix as a redevelopment project because it has an economic component and is an opportunity to take a piece of blight and turn that into a better use; the location is at the old K-Mart building on S.R. 50; and they want to acquire it to be converted into a brewery/packaging operation for the production and distribution of craft beer projects. He added, a material handling system with conveyors would be installed to allow for shipping to retail locations; it represents not just an operation brewing a beverage, but a distribution; it will have a significant number of jobs, it would be classified as a redevelopment project, and taking a former retail building and improving the building and six-acre lot upon which it is situated; and the projected cost is \$4 million to \$5 million, and there is some environmental issues needing mitigation with the building. He advised that he is seeking a preservation of inducement, which would permit the company to return a formal application to NBEDZ; the preservation would establish a commitment to consider the application and evidentiary materials received from the Company and to preserve those dollars for a limited time, before reallocating to another project; the program to use is called a Matching Capital Investment Program seeking to provide a financial incentive to an industrial business that makes a minimum investment in capital equipment, renovations, or building construction; and the incentive would represent a dollar for dollar match of equity injected into the project. He went on to say it is not a grant but is a noninterest bearing note, that would not become due and payable until, at such time in the future, the property is either sold or the title is transferred to another entity.

Paula Cardwell inquired if there are any other investors; and if they have a contract on the building. Mr. Post responded there is one more investor, but that would be a part of the application that when it comes back to the Zone board identifying who the principles are; and they do have a contract on the building.

Micah Loyd inquired about the sale of outparcels. Mr. Post replied it has been mentioned; stated he will meet with legal staff whenever the craft of the final document is to be signed; and there has been talk about developing one of those outparcels for a restaurant.

Dan Aton inquired how reserving this inducement affects the budget; and at what point does pre-approval of preservations impacts the Zone's ability to do other things. Mr. Post responded when entering this Fiscal Year it was felt that servicing the debt instrument for the Mall Project or having to take an amount equal to the first year's debt service and put it in some kind of reserve account; he stated that still may need to be the case, but because the timeline has been pushed so far back now to the next Fiscal Year, or maybe to the following Fiscal Year will have to make the first payment towards that debt instrument for the City of Titusville is pending on the Mall Project with the money that is currently in there can be re-budgeted for that; and the inducements dollars really provided when the Certificate of Occupancy (CO) is issued.

Mr. Loyd stated \$300,000 seems like a very small piece of what is trying to be done; he inquired if Mr. Post was approached before or after they had a contract on the building. Mr. Post responded after they had the contract. Mr. Loyd stated this inducement is not going to make or break this project.

Mr. Retz pointed out it is not uncommon to be under contract before having the financing; and he stated it only means preserving the option of that property being available to them while they do their diligence.

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George Mikitarian, Chairman, asked the Zone board to review pages 21 through 23 of the Economic Development Plan (EDP) for eligibility; and he stated for them to comply with the eligibility, it includes all of the questions being asked.

Donn Mount inquired if there is going to be any kind of tax abatement involved. Mr. Post responded the EDC is a part of this project and is still working out what is going to be offered in that regard; he stated the EDC is very sensitive about the dollar amount outlay and does not just throw out abatement incentives every time there is a project, because if the Zone is also going to be involved it could cut into the revenue stream; and does not want to handicap the property values in the area and be able to get the tax revenues for that, which is why he likes having the EDC involved in this for coordination of incentive package.

Scott Knox, County Attorney, clarified it is preserving money that is going to be used by a qualified applicant.

Motion by Donn Mount, seconded by Louis Sanders, to approve consideration of a preservation of inducement for Project Brix based upon job creation anticipated, for a period of 18 months, using the Matching Capital Investment Program, for up to 50 percent of the portion of the Project that the company would be required to inject as part of its equity in the deal, in an amount not to exceed \$300,000 of the NBEDZ funds. Motion carried and ordered.

Stan Retz abstained from the vote; and he provided the Clerk with his Memorandum of Voting Conflict.

Mr. Post stated Project Plastic needs one facility to house all of its operations; this is a preservation of inducement for a manufacturing component looking for a place to grow into; the company came to the Zone for assistance; and they are focusing on a site in Spaceport Commerce Park (SCP) that is in a part of SCP that is not owned by the County. He stated the costs for lot acquisition and building construction are estimated to be \$3.5 million; an option has been entered into to buy the lot; they are currently in the due diligence stage of examining the lot for feasibility of building concept; the EDC has been brought in to discuss the possibility of some type of tax abatement; and will probably not be for the full 10 years, but they are still in negotiations about it. He advised the preservation of inducement is being sought; they have 33 employees right now and with expansion they will add about 15 more jobs in a period of two to three years; an agreement to enter in this incentive would allow the Zone to go to the company to monitor job creations; and they would have to give the Zone certain documentations, as done with the County for the property tax abatement process. He added, the use of Loan Interest Subsidy Program to provide a financial incentive to an industrial business will be used; the incentive, which would fund interest payments up to a maximum of \$200,000 over a five-year period for business loans of \$100,000 or more; and the building project is complete with evidence of CO from the City of Titusville.

Ms. Cardwell stated she does not have enough information to make an intelligent assessment of whether this is a good deal for the taxpayers or not.

Mr. Retz inquired what the definition of preservation of inducement is. Mr. Post responded a lot of time a project moves on a track where they go ahead and secure the

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ability to study a particular site. He stated in this case, they entered into an option real estate contract that has a period of time to ensure financing is in check; if that cannot be done, then the deal is off, even though an option contract was signed; and during that period, they are weighing all the pros and cons of what kinds of local incentives can be a part of the deal. He went on to explain to the Zone board that if a preservation of inducement for the project is accepted, certain things they will have to do like formally applying through the Zone; they are in a period right now when they are trying to decide the type of incentive to use; and if they decided based on this offer that they want to go forward with this site, then they need to formally submit an application for assistance to the Zone. He stressed there is no guarantee; he stated all the Zone is doing is making the offer; if they do certain things, the Zone will consider the application for assistance; and the application will be gone through and if it shows heavy leveraging or a problem, the Zone may choose to not go forward with the project. He asked if that is the Zone's prerogative in doing so.

Attorney Knox replied what was said is not what is being done. He explained to the Zone Board that Mr. Post said giving the assurance that the Zone will consider the application; he stated he does not see that as being an inducement, but as nothing; if giving them a preservation of inducement, the Zone needs to commit that it is going to do something if they meet all of the criteria; but has to establish what the criteria is.

Mr. Retz opined if they have bought their property, entered into a construction contract, hired a general manager, and then came to the Zone to apply for a grant, the Zone would say that it would like to help, but it is not an incentive to move and stay here; however, in this case, they are saying they may or may not stay here; and the Zone is holding a window open and is acknowledging ahead of time that they are applying, but cannot commit because an application has not been submitted.

Attorney Knox stated what is trying to be done is making a commitment to set aside money, if they meet all the criteria and then move forward because money was set aside; and they are not saying to apply after finishing the job.

Robert Jordan, Secretary/Treasurer, stated he feels comfortable with it because the Zone is not giving any money until there is a contract with them; and that contract is going to spell out exactly what they need to do in order to get the money. He stated he does not see where the Zone is going to be losing anything; the Zone is supposed to be trying to induce people to come here; and until inducing the signed contract with them, they will not receive any money.

Attorney Knox stated if money is set aside there are certain qualifications to be done in order to get that money, such as filing an application and meeting all criteria in the form of a letter to the applicant.

Chairman Mikitarian remarked this is all in the EDP.

Ms. Cardwell reiterated she would like to have a packet of information before she makes a decision.

Commissioner Fisher advised the Zone board when EDC comes to the County with a project interested in relocating to Brevard County, it has vetted out questions and provides a confidentiality agreement; if the County is going to incentivize and be

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supportive of the project, providing they create the jobs and make investment to do certain things, when it is presented it is not all in writing yet, there is a mutual understanding of memorandum or different things to be signed and agreed upon, for the incentive. He stated Mr. Post is trying to earmark these dollars for if the company does all of that; if the company does not do all of that, they do not get the money; but from a financial standpoint, making commitments on a lot of projects is not feasible, and he thinks he has vetted some stuff of if they are capable of performing; and then talking with the Zone board for setting aside some money to incentivize the company.

Attorney Knox stated this group is the economic development agency within its District of Brevard County by Ordinance designated by Board of County Commissions, which means that any group member can be approached with a confidentiality agreement for a project; and then is when more about the project is found out, to feel more comfortable about decisions to make. He recommended for the preservation of inducement that the Zone board adopt a resolution, so there is no ambiguity about what is being done.

Mr. Post concurred; and he stated he will meet with Attorney Knox to address all points needed for the resolution of preservation of inducement.

Mr. Retz inquired if adding a statement in the motion for the preservation of inducement is not a guarantee of any funds or a commitment of any funds, but is simply a window for filling the application with the Zone. Attorney Knox responded that can be done; and he inquired what is being given. Mr. Retz replied it is recognizing that more time is needed to apply application and the Zone is not going to hold the fact that the company has closed on a property against them when applying; and is not guarantee. Attorney Knox agreed that is fine because it is not being earmarked.

Motion by Paula Cardwell, seconded by Robert Jordan, Secretary/Treasurer, to authorize Troy Post, CEcD, NBEDZ Executive Director, to meet with Scott Knox, County Attorney, to provide a process for the Preservation of Inducement (POI), to provide a definition of POI, and to provide the process of POI helping to alleviate any future questions. Motion carried and ordered unanimously.

Motion by Robert Jordan, Secretary/Treasurer, seconded by Dan Aton, approved Preservation of Inducement (POI) for Project Plastic for a period of 18 months using the Zone's Loan Interest Subsidy Program, to subsidize the interest payments due on loan instruments executed for the Project, in an amount no to exceed \$150,000 in Zone funds over a five-year period.

Stan Retz's absence is noted at 10:13 a.m.

Old Business:

Troy Post, CEcD, NBEDZ Executive Director, stated the Space Coast Area Transit (SCAT) has proposed a project involving the creation of a bus route from Titusville to Orlando to aid in transporting workers and students between the two locations; an application for assistance has been filed; SCAT is seeking funding of \$82,000 to match

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State dollars, which would be used to implement the one-year experimental route; and he introduced Jim Liesenfelt, SCAT Director, to the Zone board.

Mr. Liesenfelt stated people have been requesting bus services to Orlando since the start of his employment in 1991; vanpools have been operated between Titusville and Orlando for 30 years; Volusia, Lake, and Polk counties have services running in Orlando; and Orlando is becoming the transportation hub for students. He stated when Titus Landing is complete, it would be the eastern end of the route and being a transfer point for other service routes in the North Brevard area; and in North Brevard, the hospital is a major Trip generation factor and with Titus Landing having a medical center, it is the most logical transfer point. He stated SCAT goes through its Transit Development Plan that is a 10-year plan required by the State having to look at models and alternatives; at the time this route was modeled it was from Brevard Community College (BCC) to University of Central Florida (UCF); of the 21 alternatives looked at, this came in 13th for total number of ridership; all of the other alternatives looked at bus services once an hour and five days a week; and it modeled higher than the ridership on Route 2 in Titusville. He went on to say he submitted a grant application to the Board of County Commissioners (BOCC), that was approved with four round trips between Titusville and Orlando five days a week; the total cost is \$220,000 which is based off of operating costs of \$69.19 an hour and multiplied by the projected service hours; and out of the \$220,000 the fair box revenue is estimated at \$44,000 and under service development grant with Florida Department of Transportation (FDOT) will be paying half of the costs of the estimated fairs. He advised the Zone board this was requested in the Fiscal Year 2014-2015 budget, but the BOCC did not fund it; and he is looking for local matching funds today. He stated Mr. Post provided him with a list of questions from the Zone board about the transit services request; the fair box revenue is projected at 21 percent, that is the State's average; 22 percent of transportation agencies get operation funding from fairs and Brevard County is about 17 percent; the modeling forecast projection is a State mandated model from FDOT to 2022, not 2035; a stop in Bithlo should not be a problem; the colleges have not been spoken to yet; and UCF is allowed to charge its students \$9.10 an hour for a garage parking transportation fee.

Paula Cardwell inquired what economic development will this bring to the Zone; is there any data from the FDOT for the Transit Boarding Estimation and Stimulation Tool (TBEST) that can be reviewed; and is Eastern Florida State College (EFSC) is applying for this. Mr. Liesenfelt replied it is not that EFSC is not applying; and stated he has not met with EFSC to have the conversation about this. Ms. Cardwell advised that she spoke with EFSC Richard Laird, Vice President, Financial and Technical Services, and less than three percent of EFSC students in Titusville attends UCF to continue their education; and all UCF courses for four-year colleges can be ascertained through the community campuses. She felt this is a great idea; she stated it does not really fit into what the Zone does; and she inquired why this project is not a high priority project for the Transportation Planning Organization (TPO). Mr. Liesenfelt replied the TPO does not address transit that much and tends to look at the County to handle any of the transit requests. Ms. Cardwell stated she does not see a correlation with the numbers; and tax money is received from federal, State, and local fair revenues, and other funding. Mr. Liesenfelt advised the TBEST data is found in Transit Development Plan; he stated each year \$10 million to \$11 million is spent on operating; the capital cost can run anywhere from \$2 billion to \$4 billion if buses are purchased; the main funding source for operation right now is FDOT and Group Transportation Advantage of \$3.5 million; there is maintenance on operating costs of about \$3 million;

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the funding from the Board of County Commissioners is about \$1.6 million; the fairs are about \$1.3 million; and they operate under different contracts for seniors and disabled individuals, plus having other funding sources. Ms. Cardwell inquired about the .76 cents of every dollar allocated for a Federal Highway Program. Mr. Liesenfelt responded that is for capital projects. Ms. Cardwell understands some of the generated reports she read that were prepared by Mr. Liesenfelt were about North Brevard having a terminal system; she does not see in the scope what the Zone is trying to do; and she is not supportive of the request. Mr. Liesenfelt added, he will provide Ms. Cardwell with the TBEST information and the data of economic benefit can be provided.

Dan Aton agreed with Ms. Cardwell about not meeting the economic criteria of the Zone.

Amy Tidd stated she has been trying to get a bus from Brevard County to Orlando for about 10 years; she has served on the Citizen's Advisory Committee for the TPO, because a need exists for people to get from Brevard County to Orlando; and it is a huge problem for anyone without transportation to get to Orlando. She stated TPO told her years ago a bus cannot run to Orlando; people that live in Orlando may want to come to Brevard County to spend money at Titus Landing; there is a need; and Brevard County is the only place that does not have a service running to Orlando. She advised it is economic development because riders from Orlando could bring money to spend in Brevard County; the Zone received money for the build of the new Florida Power and Light plant; and this project is a way of taking tax dollars and doing something that benefits the entire County. She added, this is an opportunity for Brevard County to connect to a missing link; she expressed her appreciation to the Zone board for looking into in; and she expressed her appreciation to Mr. Post for his hard work put into this.

Robert Jordan, Secretary/Treasurer, inquired if the proposed project will still move forward if the Zone does not approve it. Mr. Liesenfelt responded no; he stated the grant award expired in the summer; the money will be returned to FDOT; and he will reapply again next year.

Mr. Post pointed out a formal application was received; and he stated his thought was that it was eligible for consideration through the Strategic Initiative of the Economic Development Plan (EDP).

Ms. Cardwell stated the only economic development that she sees is an incentive program for the developers of the Mall Project; and maybe later on down the road it would be a right fit.

Secretary/Treasurer Jordan stated that he wants to support this; but he felt not much money would be made off of this.

Motion by Paula Cardwell, seconded by Robert Jordan, Secretary/Treasurer, to reject funding request from SCAT for the Titusville to Orlando bus route. Motion carried and ordered unanimously.

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Upon consensus, the meeting adjourned at 10:51 a.m.

A handwritten signature in black ink, appearing to read "Robert Jordan", written over a horizontal line.

Robert Jordan, CM, Secretary/Treasurer
Approved by the Board on May 8, 2015