

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

October 9, 2015 @ 8:30 a.m.  
Parrish Health Village West/Heritage Hall  
931 N. Washington Avenue  
Titusville, Florida 32780

**Board Members:**

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

Absent: Brenda Fettrow and Stan Retz

Telephone: Dan Aton

**Call to Order:** Meeting was called to order at 8:32 a.m. by George Mikitarian, Chairman.

**Pledge of Allegiance:** Micah Loyd led the assembly in the Pledge of Allegiance.

**I. Approval of Agenda:**

The Zone board acknowledged the Agenda as presented.

**Review and Approval of Board Minutes:**

Motion by Robert Jordan, seconded by Louis Sanders, to approve the August 28, 2015, Special meeting minutes. Motion carried and ordered unanimously.

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

Robert Jordan, Secretary/Treasurer, stated everything is tracking well.

Motion by Stan Retz, seconded by Micah Loyd, to accept the Expenditures Report as presented. Motion carried and ordered unanimously.

**III. Staff and Partnership Reports:**

**NBEDZ Executive Director Report**

Troy Post, CEcD, NBEDZ Executive Director, stated he attended a meeting with Seacoast Bank to discuss ways to structure a micro-lending program for the area; he attended the Economic Development Commission of Florida's Space Coast (EDC) and National Aeronautics and Space Administration (NASA) Technology Docking Roadshow; he toured the Space Coast FABLAB in Melbourne, and discussed how to expand the concept into North Brevard County; and he advised that the Steam Works concept is a

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way to piggyback on. He advised he assembled the draft fall issue of the *North Brevard Business Review* quarterly newsletter, including the Blue Origin announcement, and the Precision Shapes (PEI) expansion project; and he met with Scott Shepard, Director of Real Estate at Port Canaveral, to discuss prospects for the Titusville Logistics Center facility that is still going forward, which is a contractual arrangement between the Port and Flagler for a second building on its property before the end of 2016.

Dan Aton's presence on the telephone is noted at 8:39 a.m.

Mr. Post went on to say he provided input to the East Central Regional Planning Commission (ECRPC) for updating its current Comprehensive Economic Development Strategy (CEDs) to use when applying for any funding opportunity of grants; he met with a business in Rockledge that is considering several sites in the County for an aquaponics/harvesting operation; and he attended the monthly Space Coast Economic Development Commission (SEDC) meeting, the Chamber of Commerce Governmental Affairs Committee meeting, and he participated in the Florida Department of Transportation (FDOT) hearing on Garden Street and U.S. 1 improvements and corridor enhancements issues.

### **Greater Titusville Renaissance Executive Director Report**

Cathy Musselman, Greater Titusville Renaissance (GTR) Executive Director, stated Arts and Algorithms on Florida's Space Coast is happening now through October 11; the festival is going well; and the VIP party kicks off tonight to thank and recognize the sponsors and the volunteers at Bar IX at 5:30 p.m. She stated she has talked with the Director of weVENTURE and they are interested in space at the Cowork Space and provided services in North Brevard County; and she met with Seacoast Bank to possibly work together on them being the processors of any micro loans.

### **Cowork Space Committee**

Robert Jordan, Chairman of Cowork Space Committee, stated at the last meeting the Committee was asked to reconvene to look at the rental and how to charge the tenants for membership participation rates; the landlord at 2323 South Washington Avenue made a proposal of \$3,700 per month for rent, and \$700 per month for the update to the facility; after discussions, the Committee figured it to be \$14.40 per square foot; the Committee thought that it could get the monthly rate lowered, and proposed a two-year lease term at \$3,000 per month with \$625 per month for the update; and there is a per square foot charge of \$11.04. He added, there was a three-year lease term proposed at \$2,800 with the tenant improvement fee of \$416 per month to be \$10.08 per square foot; there has been no response to the counteroffer; and the Committee is hopeful of hearing back from the landlord in about one week. He stated the recommended initial membership rates are \$15 for a day-only pass, \$50 per month for basic membership, \$100 per month for a dedicated workstation, and \$200 per month for traditional office space; and Troy Post, CEcD, NBEDZ Executive Director, is charged with getting the participation agreement.

Paula Cardwell stated this is the first project done and it needs to be done right; she thinks the perception about what the Cowork Space should be has a disconnect; this

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needs to be spelled out with a lot more information to get a snapshot of the monthly expenses; she has it all worked out; and she asked the Zone board for five minutes to present her idea.

Stan Retz stated he would like to step back and redefine what the Zone's role is with the Cowork Space; it started out with the Zone giving a grant to Greater Titusville Renaissance (GTR) to run the Cowork Space; it seems like the Committee, as representative of the Zone board, are deeper into the weeds more so than he thinks it needs to be; he reiterated that he thinks the Zone's role needs to be redefined; and it is either a grant to GTR or it is the Zone's Cowork Space to facilitate.

Ms. Cardwell stated in addition to the application she thinks there needs to be 30-day cancellation clause to help with the flow of money; she thinks funds should not be collected on a quarterly basis because she thinks it will mess up the budget; she would like to see a presentation be given to the Zone board in November of the framework of the scope, a business plan for the Cowork Space, the core principles without GTR's involvement, a forecasted cost of operation monthly and yearly, and reporting recommendations; she thinks there is no need for an advisory committee because it is redundant; and the only need to know how the data matrix is going to be set up, what data to collect, how to collect it, and how to synthesis that data. She added, a monthly report to the Zone board of total members, new members, members leaving, model upgrade and downgrade with that effect on the revenue, total revenue about payments received, and outstanding payments will give the Zone board the understanding of how the business is going and what needs to be tweaked. She went on to say the goal should be net zero and to reverse engineering to setup milestones; she stated management contract terms are needed if Cathy Musselman is going to be the go-to person for GTR; but she thinks Ms. Musselman's office should be located in the Commerce building, because if she takes up office space at the Cowork Space, that is \$2,500 in revenue that is given up every year. She advised that she would like to see a specific job description of scope of work and number of hours for Ms. Musselman to do her duties while she is at the Cowork Space; she encouraged the Zone board to include a non-compete in the clause with GTR for a certain amount of time; and she would like to see specific goals for year one. She added, she would like the Zone board to be given a presentation from Ms. Musselman about goals and contributors of what is going on; and how the goals are being met.

Secretary/Treasurer Jordan stated the Zone's name is going to be on the lease, not GTR; someone has to be at the Cowork Space location; the numbers are for Mr. Post to negotiate; and Ms. Musselman will manage the Cowork Space. He went on to say if Mr. Post feels it is necessary to do some of the reports suggested by Ms. Cardwell, then he will; and the Cowork Space is not a direct money maker.

Chairman Mikitarian inquired if there is a recommendation from the Cowork Space Committee. Mr. Retz responded months ago the Zone was looking at doing a \$200,000 grant to startup a Cowork Space; the Zone is going to be on the lease for various reasons, but ultimately is it going to be the GTR's Cowork Space or is it going to be the Zone's Cowork Space; he understood it will be GTR running the Cowork Space; and the Zone is going to fund financial support by way of a lease and other deals.

Mr. Post advised to clarify it, the Zone would be the lessee from the landlord, it would take out the space, then it would work out the management contract, which was the

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intent to bring it back in November to present, the management contract would say that part of GTR's service would be to run the Cowork Space, by the Zone providing a stipend for them to run it based upon the subsidy, and they would use that along with revenue generated from fees of membership rates to run it on a monthly basis; the mechanism they talked about using is through QuickBooks or whatever mechanism she has, she would run a report of financial income statement report to show how it is tracking, and it will have a lot of the matrix's that Ms. Cardwell is interested in; that is the framework; and it has not changed. He added, the only thing the Zone would do is to cut a check to the landlord and a check to the GTR to grant them subsidy with dollars.

Mr. Retz inquired if whoever is a member of the Cowork Space is going to write a check, that the check is going to be deposited into a GTR bank account, not into a Zone bank account, and GTR is running it. Mr. Post responded affirmatively.

Chairman Mikitarian inquired if a motion was ever passed just saying the Zone board is interested in allocating \$200,000 to a Cowork Space Project. Mr. Post responded the Zone approved the budget that has it as a line item; he stated the Zone went through this process on May 8 and in a subsequent meeting where Ms. Cardwell asked for it to be rescinded; a few weeks ago the Cowork Space Project went back to the Cowork Space Committee's recommendation to pursue the Project, but are still working out exactly what space is to be considered; but it approved the Project that was approved in the budget. Chairman Mikitarian inquired if it is a series of motions that the philosophy of the Zone board is that it is interested in receiving proposals or grant requests for the operation of the Cowork Space; and he inquired if when GTR submits a proposal for approval or disapproval, the proposal is wanted to include what Ms. Cardwell has stated.

Mr. Retz advised that Mr. Post already stated that philosophically it was approved and supported in the budget.

Chairman Mikitarian stated what he heard was the Zone approved the Cowork Space Committees recommendation to go forward with meeting and assessing this situation. He advised to take it one step at a time; and the Zone board approves the allocation of \$200,000 to obtain Request for Proposers to operate the Cowork Space.

Ms. Cardwell stated initially that \$200,000 was approved for the vault downtown that included \$69,000 worth of renovations.

Mr. Post advised the Zone board may still approve the dollar amount.

Ms. Cardwell stated the Zone is already providing GTR with a grant of \$35,000; and she inquired if this is adding additional money to the GTR for the Cowork Space. Mr. Post responded affirmatively.

Chairman Jordan advised it was just heard that the Zone will be going out for Request for Proposals (RFP) and request the things wanted within the approved cost.

Chairman Mikitarian advised that the RFP has to contain the criteria; if Mr. Post wants to help Ms. Musselman that is fine; and when the proposal comes in, the Zone board will evaluate the proposal.

Ms. Cardwell remarked that she is good with that.

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Mr. Post advised the formal RFP process does add some time to the Project.

Chairman Mikitarian stated that is fine because a neat package is wanted of the Zone board's motion of concept that it approved the Cowork Space; the budget is already approved for it; an RFP goes out; GTR submits the proposal after the Zone board evaluates it; then a management contract is signed; and initiated discussions take place around the lease based upon the Zone board's recommendation.

Ms. Cardwell agreed; and she stated that is how she does business.

Mr. Post clarified that the RFP would ask for a management contract of services and ask that group to identify the appropriate space, and that means 2323 Washington Avenue is off the table until the group identifies it; and there would be submittal for a business plan showing how they are running the operation.

Mr. Retz remarked that is going back five months.

Secretary/Treasurer Jordan stated that is slowing the process down; the Cowork Space Committee was able to narrow it down to just one building; it made its choice of where it wants the Cowork Space to be; and now just stopping all of that is slowing the process down.

Micah Loyd advised getting the lease and then getting the management contract; he stated this was an economic development exercise from the very bottom; there does need to be accountability in government and the only way to measure success of this Project is if a startup business takes off; and he does not want to have five more meetings to continue discussing the same Cowork Space Project.

Ms. Cardwell stated there should at least be one piece of paper every month that tells the numbers of membership with what the dollar amounts coming in.

Mr. Loyd advised having a motion to get a lease that includes staying under \$200,000, and getting an RFP.

Mr. Retz inquired if rather than an RFP, have Mr. Post negotiate a lease, and negotiate a management contract with GTR which includes reporting.

Louis Sanders suggested using Ms. Cardwell's guideline to incorporate into the management contract of what the Zone is looking for from the GTR; and to bring it back and let the Zone board vote it up or down.

Ms. Cardwell advised she is good with that.

Motion by Micah Loyd, seconded by Paula Cardwell, to approve not exceeding a \$200,000 budget for Cowork Space Project; to approve entering into a contract with GTR for management of the Cowork Space Project; to approve entering into a lease at a specified location by Cowork Space Committee recommendations of \$3,720 or less; and to authorize Troy Post, CEcD, NBEDZ Executive Director, to negotiate the best lease scenario. Motion carried and ordered unanimously.

**V. Business Items**

**New Business**

**Option-to-Purchase Request – Enviro-USA**

Troy Post, CEcD, NBEDZ Executive Director, stated the NBEDZ is the governing body of the Spaceport Commerce Park (SCP) Authority; a business for well over a year has been talking with him and the Economic Development Commission of Florida's Space Coast about growing its own facility; and they would like to purchase a lot in the Spaceport Commerce Park. He stated the company is called Enviro-USA, they manufacture exploding barriers that are used to contain oil spills; they have grown into a 16-person firm and would like to build a 25,000 square foot facility, and grow its employees to about 25 employees; and he provided a site plan showing the layout of a building. He went on to say the property is three-acre parcel located at the southeast corner of the intersection of Shepard Drive and Armstrong Drive; a survey would be needed preparing to carve out the site; the company is asking for the right of first refusal on an adjoining two-acre site; an earnest money deposit in the form of a check for \$1,000 was submitted yesterday; and they are proposing to purchase that for \$25,000 an acre on property that has not been cleared or graded. He added, it is felt to be a very good offer; and if the property is not constructed within a two-year period, the Seller has the right to reacquire the property at the same Purchaser price. He stated the money received from this sale has to go into a separate account that the Zone is in charge of and can only be used for stuff related to SCP; and if the Zone approves this today, it must go before the Board of County Commissioners for its concurrence.

Louis Sanders' absence is noted at 9:32 a.m.

Micah Loyd inquired why the first right of refusal is put in the agreement. Mr. Post responded there is more activity of the company to be anticipated. Mr. Loyd advised down-the-road the Zone could come across a company that is ready to roll, but first would have to inquire through this company who may not have touched it in five years; and he does not see how first right of refusal benefits the Zone.

Donn Mount agreed that Mr. Loyd's point is a valid point; and he inquired if it would be valid to have a timeline on the first right of refusal. Mr. Post replied he can add that to the agreement for a counter back.

Mr. Loyd agreed with a two-year timeline for the first right of refusal.

Chairman Mikitarian inquired if there is a real estate appraisal. Mr. Post responded no; he stated the lender will require an appraisal; and he will ask for a copy of the appraisal. Chairman Mikitarian inquired if \$25,000 an acre is a fair market price. Mr. Post responded it is a fair market price; and the Board of County Commissioners will be given the choice to approve or not to approve the offer.

Paula Cardwell inquired if there are any claw backs if they do not build. Stan Retz responded if they do not build within two-year timeline, the Zone can buy it back for the amount the company paid for it. Ms. Cardwell remarked but the Zone is giving them money for it.

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Secretary/Treasurer Jordan advised the Zone is not giving the company anything, they are purchasing the land.

Ms. Cardwell advised that she now understands.

Secretary/Treasurer Jordan inquired if the presentation to the County is going to be that there is no appraisal and this is being looked at as economic development; and \$25,000 is a reasonable recommendation price for economic development. Mr. Post responded affirmatively.

Motion by Stan Retz, seconded by Robert Jordan, to approve making a recommendation to the Board of County Commissioners to approve an offer from Enviro-USA for the purchase of a three-acre lot located at the southeast corner of the intersection of Shepard Drive and Armstrong Drive in the Spaceport Commerce Park for \$25,000 an acre, as recommended by the Zone board, and specified in the Option to Purchase Real Estate Agreement. Motion carried and ordered unanimously.

Ms. Cardwell stated she does know how it can be done because it is unknown how much the three-acre parcel is worth nor has due diligence been done to see what else has been sold in the SCP.

Dan Aton stated nothing has sold in the SCP since 2004; this is economic development and this is helping a business to grow, which is part of the Charter; and this is helpful to get the ball rolling with sales in the SCP.

### **Preservation of Inducement – Project Flotilla**

#### **Old Business**

Troy Post, CEcD, NBEDZ Executive Director, stated this firm is known for its small motorized boat hulls, which are used by recreational boater as well as government and regulatory agencies; this Project proposes a major expansion of the firm that had relocated to Titusville in 2014; and through improvements to its facilities and the acquisition of capital equipment, the Project total is \$3 million. He went on to say present employment is 15 employees and the firm is projecting to grow an additional 65 employees, at an average annual wage of \$44,552; and the Economic Development Commission of Florida's Space Coast has prepared an Economic Impact Analysis of projected impacts. He stated Preservation of Inducement for Project Flotilla is the use of Matching Capital Investment Program in the Zone's written Economic Development Plan of up to \$150,000 for application of assistance that has not yet been received; and is setting aside funds until application for assistance is received.

Motion by Robert Jordan, seconded by Micah Loyd, to approved Preservation of Inducement up to \$150,000 for Project Flotilla, subject to certain terms and conditions regarding job creation and capital investment requirements, upon receipt and satisfactory review of an application for assistance. Motion carried and ordered unanimously.

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Upon consensus, the meeting adjourned at 9:49 a.m.

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

Robert Jordan, CM, Secretary/Treasurer

Approved on January 8, 2016