

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

March 12, 2021 @ 8:30 a.m.
Titusville Public Library - Auditorium
2121 South Hopkins Ave
Titusville, Florida 32780

Board Members:

In Attendance: Dan Aton, Rodney Honeycutt, Al Matroni, Donn Mount, and Louis Sanders

Telephone: Dr. Brenda Fettrow

Absent: Micah Loyd, George Mikitarian, and Stan Retz

Call to Order: Meeting was called to order at 8:33 a.m. by Donn Mount, Treasurer.

Pledge of Allegiance: Donn Mount, Treasurer

I. Approval of Agenda

Motion by Louis Sanders, seconded by Al Matroni, to approve the Agenda as presented. Motion carried and ordered unanimously.

II. Approval of Minutes

Troy Post, CEcD, CBE, NBEDZ Executive Director, stated that there are no minutes for approval for this meeting; he mentioned that the minutes for this current year may be completed before the ones are completed for last year; and Donna Scott is going to continue to process the previous year minutes.

III. Report on Expenditures to Budget

Troy Post, CEcD, CBE, NBEDZ Executive Director, stated this month the Budget Office was busy with Budget Change Requests for all the different departments and he was not able to get the Budget report; there should be a report for next month's meeting; and he does not think anything significant has changed.

III. Staff and Partnership Reports/Updates

North Brevard Economic Development Zone Executive Director Report

Troy Post, CEcD, CBE, NBEDZ Executive Director, stated he participated in the Spaceport Summit, which was virtual this year, but seemed to have good participation; he sent the Zone board members the annual report from Kennedy Space Center (KSC) for review; he has been talking to a group from South Florida called Cardno, an environmental services firm, which has been offering information on the State's Brownfields Redevelopment Program; and he thinks the State tax credits could be a good tool to promote and use. He stated the Lean Six Sigma project, which is something the County is using, is a program to improve efficiency and operations; the program would help with job tracking for compliance with the Zone board's projects; he has been working on the budget and attended the County Commission's initial budget workshop; he mentioned the Zone board will need to speed up the schedule this year, as the County Manager

is wanting them to come in to the meetings earlier than normal, which may mean that it has to go to the Titusville City Council in late April to see if their budget is approved; and he is working on a workforce needs survey, and one of the things that the Titusville City Council is trying to do is see if the local girls and boys club could have a basic skills and workforce training program. He mentioned working on some prospects and local expansion projects; he met with an investment group considering a partnership with Jessie Wright for the Titusville Mall redevelopment project, which is very elaborate; and he spoke with the WeVenture people and asked for some numbers for the cost of their services, which were quite high, so he is checking to see if that could be re-worked and, if the Zone board approves, maybe implement it at the beginning of the next Fiscal Year.

City of Titusville

Lisa Nichols, Economic Development Director City of Titusville, advised the City is also beginning their budget process; at the Chamber of Commerce meeting, the speaker was Peter Cranis of the Spacecoast Office of Tourism, and he provided a report that was very optimistic and showed that Titusville is doing better than most areas, which was good to hear; they will be rolling out an advertising campaign soon to market the area; it was interesting that most people identify Brevard County as the Spacecoast, which will be used in the marketing; and she mentioned Milken Industries is a think-tank that evaluates jobs, wages, high-tech growth, and housing and affordability, and the Melbourne-Palm Bay-Titusville metropolitan statistical area ranked number two in the country for tier-one cities, which is very exciting because in 2019, it was ranked as number 57.

Al Matroni asked when the Popeye's is opening.

Scott Larese, Titusville City Manager, replied the first week of April.

IV. Discussion and Direction

Draft Proposed Budget for FY 21/22

Troy Post, CEcD, CBE, NBEDZ Executive Director, mentioned typically, he would bring this to the Zone board in the April meeting to get it back in time for the May meeting for approval; this time he is bringing it sooner than he has in the past, so he thought he should show some preliminary numbers now, before any input from any of the board members; he also wants to go through some things with Commissioner Pritchett, so there could be some changes; but this is for a first-look to get some comments before the meeting in April. He stated that would allow the budget to be adopted and then go to the City Council, and then the County Commission for approval; the spreadsheets have gotten a little more complex since it has grown, and there are three funds that it manages; what it is doing now with the County Budget Office is breaking it down to three funds, so there are three budgets to look at and approve, the County Tax Increment Financing (TIF) fund, City's TIF fund, and the Spaceport Commerce Park fund; the salary figure on the County TIF fund has greatly increased because he will be getting additional staff for the Zone; and the pay range will be in next year's budget package. He added the two additional staff will be under the County personnel with salaries in the range of \$50,000 for the administrative assistant and \$35,000 for the administrative clerk; one thing that does not show in the County TIF budget is that a portion of his salary is paid from the City TIF, which has been done for the past couple of years; he has put in a Budget Change Request to possibly bring the new employees in sooner, like the start of the fiscal year in October; he is looking at increasing professional fees slightly, along with other contractor fees; there are things that he hopes to do from a civil engineering standpoint, the brownfield project, and possibly the former Florida Corrections site; and he is looking to reduce the amount of travel expense, and a reduction in professional memberships. He stated under Capital Outlay, it is smaller this year because he is trying to shift more of that expense to the

City's TIF; the Spaceport Commerce Park (SCP) is growing due to some land sales, and continues to grow, so things like the new signage, exploration park west, and site prepping can be paid out of its own fund; the ecological survey just received shows no scrub jays and less wetlands, which will help with the site prep-work; there is a slight increase in the grants and aid; and \$800,000 is budgeted for aid to government agencies, which is used to pay for Titus Landings' incentive provisions, that has about seven years left to pay. He mentioned the other \$1.8 million of new TIF money for this year for grants and aid, will be used to pay the Blue Origin incentive payments and others; and there are only two more Blue Origin payments, and the Lockheed deal is almost half paid, which puts the Zone in a good position to do some other big projects in the future.

Dr. Brenda Fettrow, asked if the County Manager would allow the two new positions.

Mr. Post replied that he felt comfortable, and he has also spoken with Commissioner Pritchett about it; one of the staffers may begin as early as April and the salary will be paid by the American Association of Retired Persons (AARP); the other will be an intern which the County will pay for; he also mentioned that his office, along with Commissioner Pritchett, is moving to the building at Tom Statham Park as of May 1; and he thinks the NBEDZ meetings will be held there as well.

Dr. Fettrow asked if there has been any mention of a raise for existing County employees.

Mr. Post replied he has been told by the Budget Office that there is a possibility of a 1.5 percent Cost of Living Adjustment, but also an increase in health care premiums.

Al Matroni stated with the increased value in property, the County's budget must be increasing this year; and the furniture from the CoLaunch office would have been good for Mr. Post's new office.

Mr. Post replied there are a few pieces left of that furniture if he needs it, but he is just moving his furniture to the new office; prior to the pandemic, he was talking to Jeff Thompson, Library Services Director, who mentioned bringing the CoLaunch furniture to the Titusville Library.

Dan Aton asked if there would be a space for the meetings at the new location.

Commissioner Pritchett responded after years of trying to make the River's Edge Event Center a success, it has lost so much money through the years; it was decided to make it a County complex; it will be nice to have an office of this size with the ability to have meetings; she has bought several pieces of furniture to make it a nice meeting room; and she thanked the City of Titusville for allowing them to use the building.

V. New Business Items

Request for Extension on Land Development by Paragon Plastics

Troy Post, CEcD, CBE, NBEDZ Executive Director, stated back in 2016 the Zone board sold a six-acre lot to Paragon Plastics which built a 25,000-40,000 square foot building; they have about 40-50 employees; in 2018 they asked the Zone board to buy the adjoining four-acre lot for an expansion; there is a provision in all of the Zone's leases that allows a window to start construction, which means clear the site and put a slab in; and the company missed the deadline. He stated Paragon Plastics sent two letters, one from the company, and one from the LLC that actually owns the site; he had told the company to send letter to explain what is going on and he could present it to the Zone board for advisement; he is not against granting an extension, but they want a two-year extension; he thought maybe an 18-month extension; and he was told that things are getting better for the company.

Dan Aton asked if Mr. Post could clarify the ownership because it looks like the Zone board intended to sell the property to Paragon Plastics for their use, but David Trout continues to own it and he is leasing the Paragon Plastics building to them; they are in discussions to build another facility on that property to have them lease it; and he asked if they can put someone else in that facility or do they sit on it. He stated his understanding was for a Paragon expansion, but through the course of sales and reorganization, that may or may not happen now; the Zone board gave a reduced price to help Paragon Plastics grow; and it does not seem like granting this extension would not necessarily guarantee accomplishing that at all.

Mr. Post replied at the time the board did this transaction, when David Trout was still acting on behalf of the company, the board sold the same LLC the other parcel, with the intention that the building would be built and leased; but technically, since the LLC owns the site, if some company came to them and wanted to build the building and Paragon decided not to pursue it, then they could build the building for someone else.

Mr. Aton stated Paragon Plastics is asking for an extension, but it could be used for a completely different purpose.

Mr. Post remarked the Zone board could grant or deny the extension; and if does not grant the extension, it could move to try to repurchase the property.

Mr. Aton asked how much the property sold for originally.

Mr. Post replied he thinks around \$30,000 per acre.

Louis Sanders stated if the company wants to hold that property for two years at that price, he would be opposed to that; he would think it needed to be at market value; the Zone board needs to protect the taxpayer's money and the ability to get the best value for that property; and he does not think it is fair to keep it off the market at this time.

Mr. Matroni stated his suggestion would be to give the extension bases on the current value of the land.

Donn Mount suggested to give them an extension at the original price but only for a year.

Mr. Aton stated or make it contingent that it is for Paragon Plastics.

Mr. Mount inquired does the Board care if it is another company, if they bringing jobs to the area.

Mr. Aton asked what the controls are since the date has passed; and does the Zone board have any control over the Spaceport Commerce Park (SPC) deeds.

Mr. Post replied the covenants and the zoning would protect SPC from some uses; but it could be a warehouse with only one or two employees, which may not be what the Zone board wants.

Mr. Aton stated he does not think the Zone board envisioned that the ownership of the properties would be severed from the ownership of Paragon Plastics; that is his concern; and he asked if this is an opportunity for the Zone board to say as long as the original intent was respected, and that is the way it turned out, which is how these letters indicate they are trying to do, then it is good; but if it takes another direction, then it is null and void and gives the Zone board the opportunity to buy it back.

Mr. Mount stated that sounds reasonable; and he asked what time frame he was considering.

Mr. Aton replied 18-24 months sounds reasonable.

Christine Schverak, Assistant County Attorney, stated the owner is Trout Hunt Properties, LLC.

Mr. Aton asked for future deals, how does the board protect itself; and if the Zone board thought it was dealing with Paragon Plastics, but now it has done a deal with a development group.

Attorney Schverak stated she thinks Paragon Plastics is Trout Hunt's firm and after the deal was made there was a disagreement with Paragon Plastics; and that was her understanding.

Mr. Post remarked he did not think that was correct; David Trout was President and Chief Executive Officer (CEO) of Paragon Plastics at the time.

Mr. Aton remarked it is not uncommon for an owner to buy a building and lease it back to the company, which is fine for the Paragon Plastics building; now they are talking about a piece of vacant land for future development that may not end up being what the original intent was; that is his issue; but as long as it goes through as it was originally intended, then he thinks the extension is good.

Mr. Sanders stated he had two points; one, the Zone board knows who it is dealing with; secondly for an extension of two years, he thinks it should get the going rate for the property; and someone might want to buy it tomorrow, so be prudent and give them the extension, but at today's market price.

Mr. Post stated it could also give Paragon Plastics the choice; if they are willing to do 18-months or 12-months with no additional fees, but the two year option would be a higher price; and he asked Attorney Schverak if it could do that since they do not own the land.

Attorney Schverak stated it is in the deed that the Zone board has the right to repurchase it; Mr. Post is talking about trying to do a contract where it will hold off on trying to repurchase for a sum of money, for a period of time; and she did not know how that would go.

Mr. Post stated it may be easier to extend it.

Mr. Mount stated they could use the Zone board's funds and buy the land back.

Attorney Schverak stated they have a title to the land; if the company has not built a 20,000 square foot building within two years, the Zone board has the right to re-acquire it at this time, for what was paid for it.

Mr. Mount stated he liked Mr. Post's idea, to let the owners make the decision.

Mr. Matroni stated the only right the Zone board has is to buy it back; if the Zone board tells the company it wants market value to give the extension, they could say to buy it back; he asked does the board want that type of exposure; and does the board want to buy it back or not.

Mr. Aton stated the company would have defaulted on their contract either way since their two years was up in January 2020.

Mr. Matroni stated the Zone board's options are to buy it back or give the company the extension.

Attorney Schverak stated Mr. Post would let the company know it wants to do a contract that it would not exercise its right to buy back the property in 12 months, in return for \$28,000; and whether or not the company goes for it, she does not know.

Mr. Mount remarked that sounds reasonable.

Mr. Aton stated that still did not cure the root issue that it was ear-marked for Paragon Plastics; and if they paid the \$28,000, the Zone board would still not have any say over who puts the 20,000 square foot building on the property.

Mr. Mount remarked that could be made a part of the contract.

Mr. Matroni asked Attorney Schverak if there are use clauses in the Zone agreements.

Attorney Schverak replied the use clauses are the restrictive covenants as to what the site is used for, like light industrial; and it is a separate document that states what type of business can be there.

Mr. Matroni asked what if the company sold it to another company with a different use; he used to put use clauses in all his agreements so there would have to be an approval if the type of usage changed.

Mr. Aton stated when a company makes an application to buy the property, it states as they expand their business, they will create a certain amount of jobs; and as long as it falls within the zoning, park guidelines, and creates the agreed upon number of jobs, they are good.

Mr. Post stated when this company came to the Zone board back in 2017, they had 52 jobs and they planned to create 18 more.

Rodney Honeycutt asked if that was in the deed.

Attorney Schverak replied the only thing in the deed is the building footprint.

Mr. Aton stated then the Zone board would have an opportunity to clarify that now.

Mr. Mount stated it seems that the Zone board could offer to sell it to them for \$28,000, otherwise the Zone board would buy it back; technically, without the paperwork, the Zone board owns that property now; but for \$28,000 they could buy it and have two years.

Mr. Matroni stated the Zone board could change it to an option consideration and charge a fee for the extension; the fee does not have to be bringing it up to value, but it could be some additional dollars; and it may be easier to call it an option.

Mr. Aton stated either way, it needs to include something about the use agreement.

Attorney Schverak stated the Zone board could do that in the contract, but as to the deed, if they poor the foundation and get the building permit, the Zone board would no longer have the right to buy it back.

Mr. Mount stated they have breached the contract but the Zone board has not yet put them on notice.

Mr. Aton stated the cleanest way would be to reacquire the property.

Mr. Matroni stated they must want the property, since they are asking for an extension.

Mr. Post stated that could be solved with the window they are given; and the Zone board could state that they must start within the next 12 months.

Mr. Matroni made a motion to request \$10,000 to extend the agreement with Paragon Plastics, for one year with a right to extend and additional year for an additional \$10,000.

Mr. Aton added to the motion to include with the addition, contractually, that the tenant, if any other than Paragon Plastics, has to create 18 jobs.

Attorney Schverak suggested to add no assignment or sale without the Zone board's authorization.

Mr. Aton stated that is tricky because it could still be Mr. Trout's building, but he does not put a tenant in it that creates any jobs; but he asked if the Zone board would care.

Mr. Matroni suggested to make it simpler by saying if the tenant wanted to change the utilization for the property, it would have to come back for Zone board approval; and then it could be approved or not approved.

Attorney Schverak stated they have a right to build any type of a 20,000 square foot building on the site.

Mr. Aton asked if there is another thing in the deed that relates to transfer or can Mr. Trout just sell it.

Attorney Schverak replied Mr. Trout could sell it; and the Zone board has a right to reacquire it up until there is a foundation there.

Mr. Post remarked having a 20,000 square foot building might not be a bad thing.

Mr. Aton stated even if they sell it, the vacancy provision survives; and whoever buys it would have to build right away.

Attorney Schverak stated she thinks it has a title defect on it now; and whoever tries to buy it would want to come to the Zone board for some assurance that it would not reacquire the property.

Mr. Mount stated there is a motion and an amended motion; Mr. Matroni's is to request \$10,000 to extend the agreement with Paragon Plastics, for one year with a right to extend an additional year for an additional \$10,000; and Mr. Aton's amendment is to have approval of any tenant, other than Paragon Plastics, is utilizing the property.

Motion by Al Matroni, seconded by Dan Aton with amendment, to require Paragon Plastics to pay \$10,000 for an extension of one year, with the right to extend an additional year for an additional \$10,000; and any tenant other than Paragon Plastics must be approved by the Zone board. Motion carried and ordered unanimously.

Mr. Matroni asked if the Zone board should be using use clauses in contracts to protect the integrity of what it is trying to accomplish at Spaceport Commerce Park.

Attorney Schverak stated she would need to think about it because use restrictions are already covered in the descriptive covenant for the whole Park.

Mr. Matroni stated he thinks it could be easily put into an agreement, as long as it does not conflict with the overall use provisions of the agreement.

Mr. Aton mentioned that potentially, the deals will be done differently; the tricky part is that the Zone board has used the land as currency, which is fine, but it has clouded the ability for clawbacks if ownership or usage changes; and he thinks it should be imbedded in the deed.

Mr. Matrioni stated once it is sold, the buyer can do what they want with it as long as it is not in conflict with the covenant.

Mr. Aton stated the Zone board needs checks and balances to make sure the company follows through with their agreement.

Attorney Schverak asked if the company does not agree with this, will the Zone board reacquire the property; and she asked if a vote would be taken today.

Mr. Aton made a motion to reacquire the property if they do not agree with the proposition.

Motion by Dan Aton, seconded by Rodney Honeycutt, to reacquire the property from Paragon Plastics if the company denies the amendment to the agreement. Motion carried and ordered unanimously.

VI. Old Business Items

Consideration of Counter-proposal Re: Land for Project Freedom

Troy Post, CECD, CBE, NBEDZ Executive Director, stated the incentive agreement for Project Freedom has been negotiated, and he is going to begin with the option contract; there are two things the Zone board has agreed to do; one, was to look at the incentive package, offering a \$250,000 grant for reimbursing certain site costs; the second element of the Zone grant is a grant as part of the Capital Investment Program, and the Zone would provide up to \$249,999, which was approved; and he would make a recommendation, as the advisory council for the Spaceport Commerce Park (SCP), to go back to the Board of County Commissioners (BOCC) to enter into a ground lease that would allow the company, for seven years, to use the site at, essentially, no cost and at the end of that term, allow the company to buy that property or extend the ground lease. He stated as he had discussions with the attorneys about how the ground lease would look, there were some things that were more complex than what the attorneys for the company had; there could be some factors with the lender and the type of lending instrument they are using, so they came back with a suggestion that the Zone board buy the property, however, it would like to zero-out the site acquisition cost; he asked if there was a way the board would consider a third grant to reimburse back to the Zone board, the cost of the site acquisition if it was tied to operating in the building for a period of time and maintaining jobs; and he has a revision to the package which will involve several things, the two previous grants of \$250,000 for the site preparation and \$250,000 for the second grant, which takes it to a total of \$500,000, which makes it have to go to BOCC for concurrence on the incentive package; and the third grant would be approximately \$362,500 which represents the land acquisition cost factor. He added those three incentives would be used; on the latest one, there is not a program that this fits into, but there is a clause in Economic Development Plan that reads "additionally the Zone or the District may consider unique proposals and/or project submittals that are not currently addressed under any of the identifying plans, components, programs, or services"; and with that in mind, he thinks it is possible to create a new program to offer. He continued to say the Incentive Agreement now proposes a total incentive of \$862,595 which will cover the three grants; he mentioned it is not possible for the Zone board to sell the property, collect the proceeds, and then take that money to rebate it back to the company, because if the Zone board sells the property, it has to go into that SCP budget, which can only be used to make improvements to the Park; there is not a mechanism for the Zone board to take that money and provide it back; that means it has to go back to grants and aid under the County's Tax Increment Financing (TIF) and have the grant come from there; and that is why the dollar amount is higher. He added what it would propose doing would be to close on the property, pay the Zone board the \$362,500, which would go to the SCP fund, then they would have to abide by the conditions by showing continuous operation of the company and also meet the job performance chart; failure to do that would result in a clawback of a portion of the \$250,000 site improvement grant, and the \$250,000 capital

investment grant; the current method the Zone board is proposing, is to go to four installments to be made if they comply by the corresponding dates on the job creation chart and continuous operation of the company; and the Zone board gets the land sale with the proceeds to go to the SCP fund, out of the County TIF, it will be putting an encumbrance on the total of \$862,600, making sure to pay that out as a qualifier. He added the first one, the site improvement grant, would be done soon after the certificate of occupancy; the third grant, the reimbursement of the purchase price, will be in 2026 if they qualify; and he feels the BOCC will approve the agreement.

Mr. Mount asked if there was a minimum wage tied to the jobs.

Mr. Post replied \$50,000.

Mr. Aton stated one of the unique things about this deal is that they were going to ask for some TIFs.

Mr. Post replied that is still the intent to request that from the City and the County.

Mr. Aton asked if there was a cost per job if they only get the minimum jobs, as far as it compares to other deals, as they are also getting a reduced price on the land.

Mr. Post replied the lot location is considered to be a prime location, however, there are many deficiencies with the lot which will create some challenges; and the other thing is the company is expecting to create 50 jobs, but the Zone board tries to make it less burdensome by only requiring a minimum of 25 jobs for the clawback; when it does a per-job grant analysis, the total of 50 jobs will be considered; and he thinks it compares well to other deals.

Mr. Mount asked what the Zone board is looking at with the clawback.

Mr. Post replied it would be a clawback of the first two grants totaling \$500,000.

Mr. Mount asked what if the company does not have the money.

Mr. Post replied the purchase price is contingent upon the company continually operating, and the jobs; if they were to go out of business and there was no way to clawback the other two grants, the Zone board would have to make the further disbursements for the site; but the site will have been developed.

Dr. Brenda Fettrow left the meeting at 9:55 a.m.

Louis Sanders asked if the company was looking at any other sites.

Mr. Post replied they started with multiple sites but have narrowed it down to two in Florida; and he suspects the other location it is in the panhandle but he does not know that.

Attorney Schverak asked if the Zone board wanted to talk about the assignment provisions for the agreements.

Mr. Post mentioned this is a different option agreement than what has been in the past; the addendum has the same type of rider that is put into other deeds about the two years; and the contract states to have at least pulled the building permit, and poured the slab within two years of transfer of title.

Attorney Schverak stated the Economic Incentive Agreement and the Option is in the name of the New York company; when they come to Florida, their intent is to create two Florida companies, one to hold the land, and one to operate the company; this is written to allow them to assign to the newly created Florida companies; the language is very specific so they could not just assign it

away; the company must be under the control of the New York company or in common control; and there are also restraints in the assignment language.

Mr. Aton stated that will satisfy the previous example with Paragon Plastics when they sold the company.

Attorney Schverak stated it ends up being two entities under common control of the same two owners; and she read and explained the assignment clause.

Motion by Dan Aton, seconded by Rodney Honeycutt, to accept the revised Incentive Packet, changing the Capital Investment to \$250,000 from \$249,999, adopting the third grant program, Economic Reimbursement, for the purchase of the land in the amount of \$362,600, adding a "whereas" clause on the Strategic Initiatives, and correction of any typing errors in the agreement. Motion carried and ordered unanimously.

Mr. Matroni mentioned under the assignment, most times if the assignee defaults, the original signor remains liable.

Attorney Schverak remarked that was not negotiated in this deal; the protection that is had in the Economic Incentive Agreement is that the Zone board is not paying anything until the building is created, and in it for five years to get the money from the third grant, and the clawback, so that additional liability was not included going back to the parent company; and she does not know if they will continue with the parent company or not.

Mr. Matroni stated to understand that the things he brings up are not only for the present deals but for future deals so the language could be inserted for better protection.

Attorney Schverak stated the next time she does a grant agreement, it will specifically say it is not assignable without the permission of the zone; and this will hopefully go to the next BOCC meeting.

Motion by Dan Aton, seconded by Rodney Honeycutt, to recommend the real estate contract to the Board of County Commissioners. Motion carried and ordered unanimously.

Upon consensus, the meeting adjourned at 10:12 a.m.

Donn Mount, Secretary/Treasurer

Approved on