

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

March 9, 2018 @ 8:30 a.m.

8K Solutions – Second Floor Conference Room
8850 Grissom Parkway
Titusville, Florida 32780

Board Members:

In Attendance: Dan Aton, Brenda Fettrow, Robert Jordan, Al Matroni, George Mikitarian, Donn Mount, and Stan Retz

Absent: Micah Loyd and Louis Sanders

Call to Order: Meeting was called to order at 8:35 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 Brenda Fettrow, to approve the Agenda as presented. Motion carried and ordered unanimously.

Approval of Minutes:

Motion by Robert Jordan, seconded by Brenda Fettrow, to approve the meeting minutes of October 13, 2017 and November 17, 2017. Motion carried and ordered unanimously.

II. Report on Expenditures to Budget:

Motion by Brenda Fettrow, seconded by Stan Retz, to approve the Report on Expenditures to Budget as presented. Motion carried and ordered unanimously.

III. Staff and Partnership Reports:

NBEDZ Executive Director Report

Troy Post, CECD, CBE, NBEDZ Executive Director, stated he chaired a working group consisting of aerospace companies to discuss how to fund elements of the proposed workforce apprenticeship program advocated by RUAG; he met with Bryan Kamm who is the organizer for the initiative; and the training could possibly be placed at the Gibson Community Center, since Whispering Hills is no longer a viable site. He mentioned having follow-up discussions with Cities of Rockledge, Cocoa, and Titusville about participating jointly in three trade shows later in the year to reach out and help with some partnerships; and having several discussions with a hotel developer, Kent Oliver, who purchased Kennedy Point Marina and is planning to develop a project which could be combined with a new hotel. He advised he started drafting the Fiscal Year 2018/2019 budget, to be presented to the Zone board in April for its initial review and comments; and the budget

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will reflect the revised amortization schedule for the Blue Origin debt of approximately \$6.6 million. He went on to say he met with two international firms regarding Foreign Direct Investment (FDI) interests in the area, but the available building stock is beginning to be an issue; he had a follow-up meeting with Mac Smith, Orlando Aviation Consultants, for the continued interest of Airgroup Dynamics building, a 15,000 square foot facility; held discussions with Roger Molitor who is developing the remaining acreage where the new Marriott is under construction; and there are some additional parcels located there that are State-designated Brownfields, and will likely require some additional mitigations. He talked about meeting with Scott Larese, City of Titusville City Manager, regarding the City-owned piece of industrial property near Space Coast Regional Airport for the possibility of pad development on 20 acres. He stated he attended a meeting in Orlando with County staff and State officials from the Department of Economic Opportunity (DEO) for \$616 million allocation of the U.S. Department of Housing and Urban Development (HUD) funding for economic development activities.

GTR Executive Director Report

Cathy Musselman, Greater Titusville Renaissance (GTR) Executive Director, stated COlaunch has 19 members, with six offices, five basic members working in open space, and eight mail drop members; she is working on the creation of 321Workshop Series and she is hopeful for it to kickoff next month; and the topics are geared towards startups interested in starting up his or her business. She added she is looking for guest speakers ranging from market research, competitive analysis, writing a business plan, calculating startup costs, funding the business, and buying a franchise; and she has a creative and technical group of wizards who are talking about redesigning the GTR website, and having a goal of 25 people working out of COlaunch. She mentioned the Playalinda Festival of the Arts being a success; there were approximately 3,000 attendees and 189 performers, and over 200 pieces of art were exhibited; the Titusville Art League is ecstatic because it had 500 people show up on Friday night; and the most amount of people to ever attend their shows was 125. She stated Titus Landing is promoting event opportunities to the community; it developed a special events application and guide package; it answers questions for potential events from organizations and the community; it recruited volunteers to advocate and work on community special events team; is working for the Easter bunny and egg hunt event on March 31; is creating a 'Lovin' the Outdoors' show featuring outdoor living business, which is a revenue source for GTR; and is helping with the grand opening of EPIC Theaters. She mentioned continuing to work with new volunteers and community members to assist the Downtown Merchants with Sea Turtle Festival planning; and she is working together with Troy Post, CEcD, CBE, NBEDZ Executive Director, to hold a monthly Port St. John Entrepreneur community meeting.

Special Recognition

George Mikitarian, Chairman, stated this is the last Zone board meeting that Scott Knox, County Attorney, will be attending because after 24 and one-half years he is retiring; he has known Attorney Knox for over 20 years; the Parrish Medical Center is a public hospital, every three out of four years it has some of its board members appointed by the Board of County Commissioners (BOCC), and Attorney Knox and he have been in constant communication for over 20 years; Attorney Knox has an amazing legacy and he helped develop the Economic Development Plan, bylaws, and many Project Agreements; and he presented Attorney Knox with a special recognition clock.

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Attorney Knox stated he has been involved with the Zone since its creation; it has been thrilling to serve as the County's Attorney for over 24 years; he has enjoyed the Zone board more than anything else he has worked on and it has really done some fantastic Projects; he feels the Zone has a bright future ahead; and he expressed his thanks to the Zone board for his recognition. He announced that he will be starting April 1 with Widerman Malek, PL.

Troy Post, CEcD, CBE, NBEDZ Executive Director, expressed his thanks to Attorney Knox for his involvement and creation of the many tough structured agreements.

IV. Discussion and Direction

New Business

V. Old Business

Language Approval – RCG Ventures Project (former KMART site)

Troy Post, CEcD, CBE, NBEDZ Executive Director, stated this is for the redevelopment of the old KMART site by a commercial real estate redevelopment firm out of Atlanta called RCG Ventures; this was a deal originally brought forward by the Economic Development Commission of Florida's Space Coast (EDC); there were two items that came out of the last discussion, such as there was a commitment made by the developer to provide what the landscaping design would be, and the creation of the language of the agreement; and he provided the Zone board with a handout of the landscape plan. He advised there were a few remaining issues that needed to come back to the Zone board to ensure its concurrence of what is being proposed; and RCG Ventures has already signed off on this particular version of the agreement, based on an email he recently received. He went on to say in Section 5: Remedies, 5.2 says the District remedies for default by the company shall lead to a termination of the Agreement; and in Section 6: Term and Termination, 6.1.4 says at the option of District if the Company suffers an event of bankruptcy or insolvency. He stated there is a remedy in the agreement if the company decided to shut down its operations; what is trying to be done is to induce the developer to take possession of the property and do the improvements; he is not so concerned about them operating as a controlled climate self-storage, but in order to qualify they have got to acquire the property, and do the improvements; if they decided to close the business down for whatever reason but is still built out as a controlled climate self-storage is okay; but under the event of bankruptcy or insolvency would render everything invalid.

Christine Schverak, Assistant County Attorney, stated they brought up things like if they had to close down for a while because of a hurricane; their point is if they have improved the property, such that the taxable value of the property has gone up, they should still be able to get the grant even if, for a period of time they are not able to operate the business in there; she is alright with that because this is a unique agreement; and it is unique in a sense that if they do not do the landscaping, they do not get the grant. She added in order for them to receive the grant they have to actually show an increase in taxable value that the County has already put in place; it is an interesting agreement and that it is self-proving in that sense; and she reiterated she was okay with their proposed changes on those two points.

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Al Matroni inquired if that is for a temporary shutdown because the agreement does not reflect a temporary shutdown. Ms. Schverak responded correct; she stated it could be permanent, but if they have improved the property they are still going to have to pay the property taxes on it, they have made the improvement, and the value has gone up; they still have the benefit of the bargain; and she inquired why the Zone would not be okay with giving them that part in the agreement.

Mr. Matroni replied part of it is to generate an occupied building; and he stated the reason for giving the grant is because it is an on-going occupied building that is servicing the community, not just having a building that is ready for occupancy, but having one that is going forward as opposed to that which is servicing the community.

Ms. Schverak remarked on the other side of that how many self-storage units that have not worked out.

Mr. Matroni felt there were several that have gone bankrupt.

Dr. Brenda Fettrow, Vice Chair, stated if they do what they are supposed to do to be fully-functional enough in theory to get the grant award; a hurricane comes along causing damage and then they become non-operational; and it becomes a true eyesore again, with property values plummeting.

Ms. Schverak stated if the property value drops, they cannot qualify for the grant because it is a yearly grant, which is what she means by self-proving that every year the Property Appraiser's Office is going to go out and come up with the taxable value; they are starting underneath the value of the property even, because it is using 2011 taxable value of that property; and they have to keep it above there to get the grant.

Vice Chair Fettrow clarified that for each year there is a certain threshold needed in order to get the grant.

Mr. Post inquired if in the agreement temporary and permanent could be defined with for a certain period of time. Ms. Schverak replied some other language could be put in that says, or if the company closes down or shuts down its operation permanently; the company was concerned about the can-of-worms type of argument; and they felt that if they improved the property, such that the taxable value stays up above where it was that they should get the benefit of the grant no matter what.

George Mikitarian, Chairman, stated they would almost need two years to get back into business when looking back at the previous tax year.

Stan Retz pointed out what if they change their business operation; he agreed with Ms. Schverak that this is not a big job creator, but is looking at this as improving a blighted property; by taking a blighted piece of property and improving it, the value goes up, and the Zone is refunding them some of the money that they are paying in taxes; and if they pay more money in taxes they get some of it back. He went on to say as long as the value stays up, whether operational as a self-storage unit or not, as long as the value is there because that is what the Zone is incentivizing to improve the property, and not to incentivize them to run a particular business.

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Mr. Matroni remarked an improved property is not just a good looking and cleaner looking property, it is an operational property which is what the improvement is; and it is not just cosmetically, because it is something that is generating services for the community.

Mr. Retz inquired if that is how the Property Appraiser's Office appraises it, is based on operational services. Mr. Matroni replied unless they do an income approach, then the value would dramatically go down and close, because it is not generating income.

Ms. Schverak advised at that point they would not qualify for the grant; she reiterated it is all based on the taxable value of the property; from that standpoint point she was okay with the change; but if the Zone would like to counter back to them with different language, that could be done.

Robert Jordan, Secretary Treasurer, recommended leaving it the way it is written.

Mr. Post went on to say under the original assignment clause they could not assign without written prior approval of consent by the Zone board; Section 9: Binding Effects and Assignment, says this assignment would allow for them to assign, but with notification given to the Zone and it would have to be for a use that fits the current zoning of Regional Commercial that is whatever the use would be intended for still fits into the current zoning classification; and if it is a zoning change of assignment, it would have to come back to the Zone board for it to approve or not.

Ms. Schverak added this was a negotiated provision, it is very important to the company, and they do not want to feel like the deal is going to be completely redone when they try to assign the rights to the outparcels; she stated they can live with terms; she can draft any language that the Zone board would want; but she advised if it goes back to the original language that was proposed to them which was consenting to an assignment at the Districts sole discretion and that may be a deal-breaker for them.

Mr. Matroni mentioned there is middle ground between that; he stated will not unreasonably be withheld, is the middle ground where the Zone is saying that it has full right to approve the assignment; and could utilize language that says the Zone will not unreasonably withhold consent.

Ms. Schverak advised they are going to give 45-day notice window for which the Zone could withhold the assignment, if that noted period passes they could go ahead and assign to streamline; and it would not be unreasonably withheld, but she inquired if there is all that much difference between saying it is not going to be unreasonably withheld and if allowed under the current Regional Commercial zoning, it would be okay.

Mr. Jordan opined if he owned the property, there is already things a person has to go through, and for the Zone to be controlling of his property would turn him off; he stated there is someone who is willing to purchase this property, they are going to improve the property, and if they can lease or sell the outparcels to somebody else, what business is it of the Zones who they sell to as long as it is part of the zoning of that area; and he inquired why the Zone is getting into the minutia of business.

Mr. Retz agreed with Mr. Jordan; and he stated the Zone should not be in the business of telling who a person can sell his or her property to.

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Dan Aton stated he thinks that it is a big hill to climb to find the difference between not unreasonably withheld and the proper zoning; he recollects the non-assignment clause was kind of over profit taking by the original owner of this company coming in, getting this agreement in place, and then being able to sell and assign the agreement to somebody who is going against what the Zone's original intent was to develop the outparcels, and that they had a good customer list; and he inquired if the Zone is still protected against that based on this language. Ms. Schverak responded if they do not get the Certificate of Occupancy (CO) the agreement terminates; she explained that if they did nothing to the parcel and just sold it to somebody else and transferred the grant rights the agreement would terminate in three years; but she stated they realistically need about one years' time to get the CO.

Mr. Aton inquired if it would be assignable after those three years. Ms. Schverak replied it will be assignable with notice.

Scott Knox, County Attorney, inquired if there is anything in Regional Commercial that allows for adult entertainment. Scott Larese, City of Titusville City Manager, responded no.

Vice Chair Fettrow inquired if this were reassigned they have to meet the same standards to meet certain thresholds; and she stated if it is within the appropriate zoning classification, she does not see any reason for the Zone to prohibit that. Ms. Schverak replied they have to improve the property.

City Manager Larese remarked Panera Bread and Chick-fil-A are on the customer list.

Motion by Dr. Brenda Fettrow, seconded by Donn Mount, to accept the proposed changes, as presented for the RCG Ventures Project. Motion carried and ordered unanimously.

Budget Change Request - Blue Origin and Pad-Ready Projects:

Troy Post, CEcD, CBE, NBEDZ Executive Director, stated there are two amounts listed in the balance forward consisting of \$2.5 million and \$523,900, and the reason for the differential is because for the last couple of years he has been programing some dollars that had not been spent; the biggest one was anticipated a couple of years ago for the Titus Landing Project; and he has been saving money for Project Landmark. He went on to say Project Landmark had to be shifted out further than anticipated; he thought that he would have to expend monies for those two Projects, but they were not expended and were carried forward; where this is now is instead of carrying the forward balance into this current year of \$523,900 is really carrying \$2.5 million; and the County Finance Department had asked him about some of the categories of the Line Items called Debt Service. He advised the Zone is a dependent agency and it cannot go out and incur its own debt; it is not accurate to say that the Zone has a debt service and a better way to characterize it is to eliminate the Line Item for Debt Service showing \$1.3 million allocated for Blue Origin and Titus Landing, and to use Line Item for Grants and Aids to Private Organizations; but because there is some money that goes back to the County or back to the City of Titusville, a new Line Item has been created called Aids to Governmental Agencies. He stated part of the request needed is for the Board of County Commissioners (BOCC) to approve a Budget Change Request (BCR), shifting the amount in Debt Services to Grants and Aids to Private Organizations and Aid to Governmental Agencies. He mentioned in December 2017 the Zone asked the courts to rule on whether or not the

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Zone can provide that incentive payment through the validation suit for the Blue Origin Project; the company has been told and it has now met its qualification for the grant, based on its Certificate of Occupancy (CO) being issued, and there needs to be some resolution of the process before providing the grant; the Zone board and the BOCC approved previously that the Zone would be in the position to provide at least a portion of the grant this year in the amount of \$1,379,296; and that will allow for next year, if successful in the validation suit, allow the Zone to provide the balance of the funds to the company which will be just a little bit about \$6.6 million. He continued to state in order to make that payment this year in April, the budget will have to be changed through a BCR to make sure there is money under Grants and Aid to Private Organizations of the \$1,379,296; and requesting a BCR to shift money from Debt Service to Aid for Governmental Agencies to continue honoring the payment to the City that is due later in the spring for an interest only payment of about \$80,000, and after that over the next few years the Zone will be making principal and interest payments. He added with some additional money out of Balance Forward, he is requesting to take \$350,000 and add that to the existing commercial/industrial site redevelopment for Line Item Construction for use in Capital Improvement Projects (CIP), such as pad-ready development at Spaceport Commerce Park, because currently, the Line Item has a budget of \$50,000 for Fiscal Year 2017-2018.

Dr. Brenda Fettrow, Vice Chair, inquired if she has Mr. Post's request noted properly by requesting a BCR for \$1.3 million to come out of Debt Service and to go into Aid for Governmental Agencies; create a Line Item for Grants and Aid to Private Organizations for the \$1,379,296 amount to go into; and \$350,000 to come out of Balance Forward and go into Line Item for Construction (CIP). Mr. Post responded affirmatively.

Dr. Fettrow inquired where the balance is coming from if Aids to Private Organizations has \$1.3691million in it and it needs to have \$1,379,296 in it. Mr. Post replied it is coming from the Balance Forward, but it will actually be increased above that; and it will be the \$1.3691 on top of the \$1,379,296.

Scott Knox, County Attorney, inquired if the Clerk asked Mr. Post to change this from Debt Service to Aid to Private Organizations, which he is opposed to; inquired if this will go back to the BOCC; and inquired if this was insisted that Mr. Post change it, or was it recommended that it be changed. Mr. Post replied affirmatively; he advised that it is a BCR, that the BOCC would have to approve; and he responded right now with the way that the budget is being approved, if he is to be in the position to make the payment to Blue Origin, he is falling short of funds in the budgeted category to do it; and he could take money from Balance Forward, but it would still be a change going before the BOCC.

Attorney Knox advised his only concern is having only two votes on the BOCC who are opposed to aid to private corporations; the Clerk is basically telling Mr. Post that he wants to see a Line Item for Aid to Private Organizations; but the Clerk will show up at the BOCC meeting to say what is this aid to private organizations.

Mr. Post stated the County Finance Department and the Budget Office have created those two separate categories.

Stan Retz advised another alternative would be to re-class from Balance Forward to Debit Service, rather than the two new line items being asked for by the Clerk.

Dan Aton felt that the nomenclature is poor.

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Robert Jordan, Secretary/Treasurer, remarked the Zone is an entity within the BOCC, it cannot have debt service.

Mr. Retz's absence is noted at 9:37 a.m.


Mr. Post replied that is his understanding of it; and he deferred to legal counsel because the Zone exists under the County. Attorney Knox responded affirmatively.

Attorney Knox inquired if it could be changed to reimbursement of debt service; and he stated it is the City paying the debit service, but the Zone is going to reimburse the City; but the County may end up paying the debt service for Blue Origin. Mr. Post responded he will talk with the Budget Office about the labeling characteristics.

Mr. Post advised he is going to be in a position to try and make a payment in April; the County has its mid-year supplement budgetary process and are trying to get all of the BCR's together now.

Motion by Dr. Brenda Fettrow, seconded by Robert Jordan, authorized Troy Post, CEcD, CBE, NBEDZ Executive Director, to meet with Jill Hayes, Budget Office Director, for the appropriate nomenclatures for Line Items; approved moving \$1.3 million in the Line Item for Debit Service be relocated to the appropriate nomenclature determined by NBEDZ Executive Director, Budget Office Director, and the County Attorney for governmental agencies; approved moving \$1,379,296 from the Balance Forward to the appropriate nomenclature for private organizations; and authorized moving \$350,000 out of Balance Forward to go into the Line Item for Construction (CIP). Motion carried and ordered unanimously.

Upon consensus, the meeting adjourned at 9:42 a.m.



Robert Jordan, CM, Secretary/Treasurer

Approved on June 22, 2018.