

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

January 12, 2018 @ 8:30 a.m.
River's Edge Event Center – Tom Statham Park
7101 S. U.S. Highway 1
Titusville, Florida 32780

Board Members:

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

Absent: Donn Mount and Micah Loyd

Call to Order: Meeting was called to order at 10:12 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.

II. Planning Session: Discussion on Economic Development Plan

Mission/Purpose

Troy Post, CEcD, CBE, NBEDZ Executive Director, provided the Zone board with a handout of the 2018 Zone Board meeting schedule; he advised of the reason for the planning session is over the summer there was opportunity to make an amendment to the Zone's Economic Development Plan (EDP) when reconsidering a Redevelopment Assistance Program of the second strategy under the redevelopment component of the EDP; there may be some other things to talk about within the EDP since its formation; and he envisions for today not a session for goals, but a session for discussion. He went on to say the Zone's Mission Statement appears in the EDP, on the website, and is relevant today; it is working with local and State economic development partners to facilitate economic development activities through targeted investments in the area that directly result in the creation of jobs; he is not proposing to make any changes to the Zone's Mission Statement; but it is to make the region more competitive, by being more diversified and resilient in a way through any kind of downturn in the economy.

Review of Economic Development Plan's (EDP) Existing Components

Troy Post, CEcD, CBE, NBEDZ Executive Director, stated on page six of the EDP it talks about the ability to make modifications of adopted program strategies and guidelines; the EDP was approved by the Board of County Commissioners and the City of Titusville; if there is any kind of change or amendment to the EDP, it will require concurrence from both of those bodies; and any additions or deletions will come back at a later Zone board

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meeting for its approval. He noted if there are any changes made it requires six of the nine members to vote in favor; and then it would go to the other two bodies for its approval. He stated he put together a survey through SurveyMonkey for the Zone board members of how the EDP is viewed by how the Zone is doing in the local area of the region of its strengths, such as the skill level of the workforce, the proximity to Kennedy Space Center, quality of life, the proximity to Port Canaveral, and offered local incentives for such businesses that creates 30 jobs or less. He advised some of the potential weaknesses are the median age of the North Brevard region of about 140,000 people is 46 years old, range of housing stock, and appearances of major corridors; and he inquired if there should be some kind of elements in the EDP to address some of these weaknesses. He added the next area were the concerned threats of North Brevard and polled the highest was lack of economic diversification; it has been acknowledged that the area is still heavily tied to the aerospace industry and there needs to be branching out into other sectors, such as marine, distribution, and medical; they next area was the birth of small businesses who employ less than 10 people, which did not poll quite as high as the workforce; and the availability of industrial building stock also polled very highly. He went on to say the next question looked at what opportunities offer the greatest impact for the Zone, such as the communities' proximity to the Central Florida region, growth in aerospace, tech firm development, tourism development, and retail development; the EDP call for partner relationships with several organizations of who the Zone works with is the Greater Titusville Renaissance, Economic Development Commission of Florida's Space Coast, and Space Florida; and he added he would like to see the Zone work more with the Titusville Area Chamber of Commerce, Career Source, Space Coast Economic Development Commission, and Groundswell Startups. He advised the next question was where the Zone stands five years out and wanting to see; having all remaining lots in the Spaceport Commerce Park be fully-developed and having another Blue Origin type of project, and the creation of a new industrial park; and the last question was if there is overall satisfaction with what the Zone is doing. He advised it is the seventh year of the Zone being in operation, it was created in 2012, and it will sunset in 2043; and there are two sources of property tax revenues that comes back to the Zone; the EDP has five components consisting of business attraction, redevelopment, development of pad ready/spec-building sites, small business attraction, and strategic initiatives. He stated the first component is business attraction that has one strategy as a qualifier component called high-wage business attraction and retention; the business has to create at least 30 jobs and has to be of a certain wage rate, being equal to or above the County's median wage; it has to be operated as a targeted industry, for aerospace and tech firms with high-skill levels; and he inquired if something else may be needed to be able to go after other firms representing a significant job source for the area. He stated the second component is redevelopment of commercial and/or industrial sites to help provide financial and non-financial incentive and assistance by filing an application, telling how the assistance will make a material difference to redevelop the site, the development will impact the area, and to generate a 5:1 ration on Return on Investment (ROI) over a 10-year period; the third component is development of pad ready/spec-building sites is to provide a development incentive to prospective businesses by eliminating or significantly accelerating the planning and site plan engineering phases of the development process to decrease the development timeline, as well as provide possible incentives through cost of the land and site improvements; and for eligibility it consists of demonstrating that the assistance will make a difference to the site, economic impact on projected ROI, clear need for the spec-building/pad ready site, and generating 5:1 ROI over a 10-year period. He stated the fourth component is small business attraction, creation, retention, and expansion to provide assistance to new or expanding businesses through a Loan Interest

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Subsidy Program and a Matching Capital Improvement Program; the eligibility to be considered is being a commercial, professional service, or industrial business that increases job growth to North Brevard, and being pre-qualified for a loan, including lines of credit, with a commitment letter from the financial institution or a lender meeting the approval of the Zone board prior to the application submittal; and fifth is the strategic initiatives is the identified components of focus areas the Zone will continue to work with local and State partners to accomplish efforts to market and fully maximize State incentive programs, identify and participate in the development of infrastructure projects that are directly attributable to job creation and economic development, to utilize State incentive not currently accessible, establish, promote and market Brownfield areas within the Zone, improve communications infrastructure, and workforce development. He reiterated today he is looking for things that the Zone needs to put into the EDP to fill-in some gaps of the existing EDP; he stated businesses that create less than 30 jobs could be part of the first component for business attraction; there may be a second strategy to include for the Zone's ability to aid a company that maybe does not meet a threshold of a targeted industry; there is a definitions section to the EDP, defining what business is, but it does not distinguish what a small business is; and the targeted industries investment is needed to be focused outside of the downtown area in the Community Redevelopment Agency of the City of Titusville. He added there is not any information in the EDP of how to categorize for neighborhoods; the program talked about during the summer was kind of a loan program that provided assistance after a development project went the way it was supposed to for a period of time, with a portion of that being a grant, and a portion of it being collected; and he inquired if the Zone board needs to consider some of those type of things. He inquired if there is good justification trying to recapture some of this money; he stated up to this point all of the Programs have been for grants; once the money is delivered to the company, the Zone is hopeful to see that money coming back to it through increase of tax collection on capital investment; but he reiterated if there should be some other mechanism that allows for ROI of some of that money. He inquired if there should be a plan element for reimbursement of corridor enhancements.

Dan Aton stated the Gap Analysis appears to show a gap in the EDP that perhaps uses a different benchmark than jobs; the Zone is present to facilitate growth and it is a difficult thing to measure ahead; using a percentage of local vendors; creating certain job types, as opposed to just creating a number of jobs; and growing a business helps with economic growth in the measurable region.

Alan Matroni inquired if the EDP has an education component. Mr. Post replied it has a small segment in the strategic initiatives that talk about workforce development, which might need to be a separate segment of the EDP that may have some specific strategy; and is something that can be worked on for an additional segment in the EDP. He went on to say adding an educational component to the EDP is more specifically addressing the workforce needs; and it could be a pathway for assisting efforts to develop an apprenticeship program in the area, or further developing entrepreneurial training programs at COlaunch or Space Coast FabLab.

George Mikitarian, Chair, agreed with Mr. Aton; he stated with all due respect, he does not care how it benefits the business owner, but he does care about how the Zone uses public money to benefit the public; he goes back to the Mission that is, is the Zone creating and expanding the tax base, that can then improve the quality of life of the public; creating a higher quality of life for all in the community of how the Zone is increasing its economic opportunities for the public; the business owner benefits and has objectives, but to him

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that is not the end result the business is; and success of the business is what does the Zone get out of a successful business, which is jobs.

Mr. Aton suggested the Zone might consider encouraging more business-to-business activity within the local market; given the influx of companies like OneWeb, Blue Origin, and Embraer, the Zone should consider working with its partners to survey the supply chain of firms catering to those companies, by asking what surprised them about the area, what would they like to see from the quality of life perspective, what would they improve, and what other firms should there be in the local area; and to build a strategy around talking with those supply chains, which could lead to new prospects, and to solidifying their presence in the local market.

Brenda Fettrow remarked the Zone should not be involved in the banking business as a way of recapturing funds.

Robert Jordan's absence is noted at 11:00 a.m.

Mr. Matroni suggested recapturing funds, such as having a program that may have a way of servicing businesses that are not planning to create a lot jobs and still having the potential to make an impact on an area, as opposed to administering the current program, and finding other ways to incentivize.

Chair Mikitarian agreed with Mr. Matroni regarding recapturing funds which could require the businesses assisted to repay assistance through mentoring hours; the successful businesses who receive the aid may be required to teach or council other business owners; and it would not be a monetary form of recapture, but a service provision.

Greg Weiner, CEcD, Senior Director Business Development at EDC of Florida's Space Coast, stated as a way to assist small businesses with capital improvement projects is considering to issue a letter of credit instead of a grant or loan proceeds; there would still be a financial risk to the Zone, since it would involve a commitment to provide funds if the letter was called by a lender; however, for businesses searching for ways to bolster a loan application with a bank or financial institution, a letter of credit program could make a difference; and the underwriting criteria would need to be similar to that of a bank, and the issuance of collateral might need to be broached.

Robert Jordan's presence is noted at 11:11 a.m.

Chair Mikitarian added there is a big difference between bringing a company in who employ folks from Orlando versus people who live in and support the local community; there is no formula for if the people are here; and he does not know how to fill the mission of is the community getting better, or is it contributing to Orlando getting better because people now have high-value jobs, and are taking their cash back with them.

Secretary/Treasurer Jordan remarked the focus is to help this community; on the economic side, Chair Mikitarian is correct in bringing high-value jobs in; the Zone wants the high-value jobs people to be in the community also; and there is a huge housing issue as well because most of the time with high-value wages the people want to have a really nice house. He suggested focusing on trying to find a developer who could help the Zone.

Mr. Post advised rather than developing a specific plan element or component for corridor enhancement, the Zone should work with partners already engaged in endeavors, such as Greater Titusville Renaissance, Keep Brevard Beautiful, and the local Community Redevelopment Agency assisting in projects that they may bring to the Zone; and letting them take the lead on those initiatives. He went on to say to summarize today's meeting he has to consider the possibility of a second tier supply chain component that targets more suppliers and chains; he noted liking the concept of a letter of credit for non-monetary recapturing versus a loan program; emphasis on jobs being the main metric; and having an educational workforce as a separate component of the EDP.

III. Report on Expenditures to Budget:

Troy Post, CEcD, CBE, NBEDZ Executive Director, stated the budget is tracking well.

IV. Old Business

Blue Origin Incentive Payment:

Troy Post, CEcD, CBE, NBEDZ Executive Director, stated in talking with Blue Origin he disclosed there is a possibility of action taken by a certain party to challenge whether this incentive payment could be provided; it was felt after he talked with the County Attorney's office that it was prudent to go ahead and file a validation suit, to be able to show and get the courts to tell yes or no that this is something that would be upheld; due to that suit, it is likely to draw out the process of being able to provide the incentive in lump sum fashion to the company; and it is believed that the Zone is valid in providing the incentive. He went on to say this considers providing the first installment of the grant, were the Zone to default back to the schedule in the grant agreement to make six annual payments of the incentive. He provided the Zone board with an excerpt of grant agreement; he stated if for whatever reason the Zone is not able to do the financing arrangement of the \$8 million, this is the default arrangement that would be in place; and the Zone would pay out close to \$1.4 million annually over the next six years. He advised the company is accepting of getting started on the first payment schedule and after getting the validation issue satisfied, it will go to market for the debt of \$6.7 million; at the December 19, 2017, Board of County Commissioners meeting it was added to the Resolution; but it now is back before the Zone board to make sure that it understands and it approves for this spring to make the first installment of the incentive. He provided the Zone board with the Zone's cash flow projection for Fiscal Years 2017-2018 through Fiscal Year 2025-2026; he noted the carry forward amount at the start of FY17-18 is from performance based incentives of benchmarks being reached; but there enough to cover the approximate \$1.4 million payment in the money carried forward to Blue Origin.

Motion by Robert Jordan, seconded by Dan Aton, to approve making a Budget Change Request for amendment of money into Grants and Aid, to pay \$1.4 million in mid-May to Blue Origin. Motion carried and ordered unanimously.

V. New Business

Proposal for Feasibility Inquiry on Indoor Sports Arena:

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Troy Post, CEcD, CBE, NBEDZ Executive Director, stated this is a proposal for an indoor sports arena that was previously discussed a couple of months ago; he is trying to put together a project for the redevelopment of a 13-acre parcel in downtown Titusville at the northwest quadrant of U.S. Highway 1 and Garden Street; it would have 100-room hotel anchored on it; and Delaware North has interest in getting involved to help program and run this facility. He went on to say a feasibility study is in the works for the concept of up to \$15,000 for reimbursement; there had been a couple of changes because there is concern by the company and by the Zone, that if the company actually orders a feasibility study, and they were able to find something in it that they did not like about it but were not required to disclose that to the Zone, that the Zone would not have access to the report and the findings to find another interested party to do this indoor sports arena. He advised now what is being looked at is asking the Zone board to consider contracting out for the feasibility study itself, rather than going through Delaware North, and then being able to provide copies to groups like Delaware North to allow for the assessment; he provided the Zone board with a copy of the proposal to pass around; and he noted the proposal calls for the report to be done within 90 days. He went on to say he wants to make sure there is a stipulation that they reach out to United States Specialty Sports Association (USSSA), because USSSA is interested in trying to program this facility and they wanted some communication about what Delaware North's plans are; and whether or not the program concept does dovetail and work how they wanted it to because they very likely would be a user of the facility.

Dr. Brenda Fettrow inquired if the company is under a continuing services agreement with Brevard County. Christine Schverak, Assistant County Attorney, responded a continuing services agreement is being drafted; she stated it was authorized by Frank Abbate, County Manager; and it is in process.

Mr. Abbate advised the County Attorney's office has looked at it and dealt with the purchasing requirement having a specific provision allowing him the authorization for up to \$35,000.

Ms. Schverak remarked without having to go out for bid.

Mr. Post stated there are different components listed on the provided handout because there are some additional fees for some of the components; component one is the market study and financial analysis which is the key area needed for a report to come back and to be evaluated by Delaware North, and any other interested party because if it proves not to be viable then the current option on the land is taken out by the private group who is trying to do this, and has no need to go forward with the purchase of land or to access the monies from the Tourist Development Commission grant given to help with this project; a portion of those grant funds would be used to buy the property, but may not need to go there if the study is not positive in terms of what is found. He added components two and three get into more detail; what the Zone is proposing is based on the hours of professional fees involved, they are estimating for component one is \$24,000; that does include a financial analysis, but it does not include the original ask of trying to identify possible sources of financing; and this is asking for approval of up to \$25,000 to be able to enter into a contract.

Ms. Schverak advised there is another component to this, which is if the Zone has to borrow the money, it might end up going through another bond validation; some of the questions that will come back are, is there a paramount public purpose, and the Zone may need to own the facility; there are different components of how to do this; but if this study

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comes back positive, is very important to underlying the paramount public purpose for being able to build the stadium, and then publicly either own the land or the stadium.

Al Matroni inquired if financial capacity has been looked at to see if they can go out and borrow the money. Mr. Post responded no; he stated the Zone is not being asked for an incentive to the developer at this point; and the Zone's only role at this point is to try to see if the feasibility to the concept is valid.

Mr. Post went on to say it is unknown at this time who would build it or who will own it; the land will probably have to be owned by some governmental agency; more than likely the County will own the land; all of that will still needs to be determined, but before getting to that point the Zone needs to wait to see if the concept can even work.

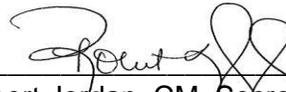
San Retz remarked he recalls being at early meetings and it seemed like the idea came about well before Delaware North; he disclosed he has spoken with a few potential developers; but now Delaware North has come in and shown a big interest in being part of the deal, which may be why it is more the Zone's study versus Delaware North's study. He added it still may happen with another party other than Delaware North.

Mr. Post advised the justification for this is in the Economic Development Plan (EDP) of component two for redevelopment; and it is being looked at as redeveloping a 13-acre parcel.

Dr. Brenda Fettrow advised of the potential importance of the study being done is the Zone would own the results of the study versus being dependent upon Delaware North or another company, to allow the Zone to have a copy of the feasibility study.

Motion by Dr. Brenda Fettrow, seconded by Robert Jordan, to authorize Troy Post, CEcD, CBE, NBEDZ Executive Director, and/or the Zone, to engage Delaware North for the feasibility/market study of an amount up to \$24,000. Motion carried and ordered unanimously.

Upon consensus, the meeting adjourned at 12:05 p.m.



Robert Jordan, CM, Secretary/Treasurer

Approved on April 13, 2018.