

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

September 14, 2018 @ 8:30 a.m.

Parrish Medical Center - Health Village West/Heritage Hall
931 N. Washington Avenue
Titusville, Florida 32796

Board Members:

In Attendance: Dan Aton, Robert Jordan, Al Matrioni, George Mikitarian, Donn Mount, Stan Retz, and Louis Sanders

Absent: Micah Loyd

Telephone: Dr. Brenda Fettrow

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

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 Louis Sanders, to approve the Agenda as presented. Motion carried and ordered unanimously.

II. Report on Expenditures to Budget

Robert Jordan, Secretary/Treasurer, stated the budget to expenditures is tracking well.

Motion by Al Matrioni, seconded by Louis Sanders, to approve the Report on Expenditures to Budget as presented. Motion carried and ordered unanimously.

III. Staff and Partnership Reports

North Brevard Economic Development Zone Executive Director Report

Troy Post, CECD, CBE, NBEDZ Executive Director, stated he attended with representatives from Cities of Cocoa, Rockledge, and Titusville the Florida Retail Show, an event staged by the International Council of Shopping Center (ICSC) to market a larger trade area to potential retailers and real estate developers; and he discussed with the planners of the East Central Florida Regional Planning Commission about the possibility of a planning grant for infrastructure assistance, relating to future development of property into a light industrial park. He advised he is tracking six economic development projects and one of those projects is being discussed today; he met with representatives for the new owners of the Village Square Shopping Center on Harrison Street about the non-retail uses of space within the shopping center; and he created a report for a real estate investment group who is working on extended stay lodging

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concept, and he provided the group with an economic analysis on the local market potential for its concept. He mentioned the Economic Development Commission of Florida's Space Coast is hosting the 3rd Annual State of Manufacturing event on Wednesday, September 19 at 4:30 p.m. at Eau Gallie High School Aviation Hangar; this event celebrates modern manufacturing with a focus on inspiring the next generation of manufacturers and connecting to the community at large.

Greater Titusville Renaissance Executive Director Report

Cathy Musselman, Greater Titusville Renaissance (GTR) Executive Director, stated COlaunch has 23 members; she coordinated for Food Truck Mondays, worked on sponsorship program for the Playalinda Festival of the Arts 2019, and launched 'Art Outside the Box'; she spoke with Steve Human, the community citizen leading 'Save the Clock'; and the GTR board voted to be its 501(c)(3), and there will be some events coming to save the clock. She went on to say she continues to serve as the Property Manager at Titus Landing; she submitted a Transportation Planning Organization (TPO) tourist grant for the Playalinda Festival of the Arts and \$8,977 was received; and she now is working on submitting a grant to the Brevard Cultural Alliance for the Indian River Festival.

City of Titusville Economic Development Director Report

Edyie McCall, City of Titusville Economic Development Director, stated the City has Florida Greenways and Trails of Florida Department of Environmental Protection (FDEP) at its City Council chamber from 9:00 a.m. to 3:00 p.m.; at tonight's Street Party they will present the Mayor with an award for being a trail town at 6:45 p.m.; and the downtown merchants are hosting 'Swing Into September' at the Street Party.

IV. New Business

Project Dynamo

Troy Post, CECD, CBE, NBEDZ Executive Director, stated Project Dynamo has been in communication over the last couple of years with Titusville-Cocoa (TICO) Airport Authority, trying to relocate all of its operations from Orlando International Airport (OIA) to TICO; the company has run into an issue where it secured some contracts and has maxed out its space at OIA; and they are looking at the IntelliFuel System, Inc. site. He went on to say they are interested in taking the site as a lease for up to three to five years and willing to make improvements of \$45,000 to the building; he provided the Zone board with the Fiscal Impact Analysis (FIA) of taxes anticipated from the implementation of the Project; and the annual tax increment revenue. He advised of an incentive to propose of \$50,000 that would be structured on the jobs created; since they would be leasing the space, they could go ahead and hire up to 15 people and keep those positions in place for up to six months that would qualify them for \$25,000 for reimbursement of costs; if they get the job total up to 30 people, and hold those positions in place for up to six months, they could get the remaining \$25,000; and if the projections are correct for making improvements work for \$45,000, it reimburses their initial cost.

Robert Jordan, Secretary/Treasurer, disclosed he was contacted by a real estate agent for Project Dynamo about the potential of the client contacting him for lease of his office space.

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Christine Schverak, Assistant County Attorney, advised for Secretary/Treasurer Jordan to submit Form 8B, Memorandum of Voting Conflict to the Clerk.

Motion by Stan Retz, seconded by Dan Aton, to approved financial incentive for Project Dynamo of up to \$50,000, paid in two instalments of \$25,000, and based on 15 jobs created and retained for a period of six months for a total of 30 jobs created. Motion carried and ordered, with Robert Jordan abstaining from the vote.

V. RUAG Incentive Clarification

Troy Post, CEcD, CBE, NBEDZ Executive Director, stated in 2016 the Zone had a proposal known as Project Signal that did not give much clarity in the Motion; it was brought forward by Greg Weiner, CEcD, Senior Director Business Development of the Economic Development Commission of Florida's Space Coast (EDC), who had an interest of RUAG going into the Titusville Logistics Center (TLC); there were four components proposed for incentive, such as a grant based to induce the company to create eight jobs, to provide the company with participation in the Qualified Target Industry (QTI) program for creating a minimum of 10 jobs, to induce the company to create more than the QTI minimum with 15 jobs and qualifying them for some additional money, and a Capital Investment Grant (CIG); but the CIG is mainly why this needs more discussion. He went on to say the jobs grant portion is if the company creates the minimum of eight new jobs, it qualifies for a \$10,000 reimbursement incentive from the Zone; if they created 10 jobs they would get the QTI benefit of \$10,000; then they are qualified for a second grant from the Zone of \$25,000; and if the company created a total of 15 jobs, it qualifies for an additional \$5,000 of QTI money, and a grant contribution from the Zone of \$25,000, for a total outlay of \$75,000. He added the 2016 discussion had a lack of clarity for the specifics on the reimbursement grant for the company's planned capital investment, related to its capital equipment expenditure, or the property tax levied on its use of leased industrial space at the Port-owned Logistics Center, or both; once a private user goes into a portion of that building, that portion is subject to property tax; and the 2016 proposal was involved in the provision of a grant each year, based upon a percentage of what the Zone would receive as a result of its tax increment revenue. He advised that Christine Schverak, Assistant County Attorney, created two hypotheticals for RUAG; if it is based just on the equipment worth \$1.6 million put into the facility, the calculation for the City of Titusville (COT) millage of 40 percent annually would generate \$4,985; if the Zone set its percentage to be granted to the company of 80 percent, it would be a grant of \$3,988 each year; part of the discussion that was clear is the General Fund property tax collected by the County is for five years, and collected by the City for 10 years; and if \$3,988 is multiplied by 10 years, that would represent \$39,880 for the City's portion. He continued by saying the amount going to the Zone for that year would be \$6,282; by providing a grant to the company at 80 percent would be \$5,026 for each year; if \$5,026 is multiplied by five years that would represent \$25,130; and the total for both is \$65,010. He stated if the incentive capital investment was based on the building, the assessed value of the entire building for 2018 is \$11 million and the prior valuation in 2016 was \$114,930; the difference on the tax roll which the Zone would benefit is the property valuation of \$10.9 million; it is an assumption that the company occupies 20 percent of building space; it is assumed that the landlord would charge the lessee for the property tax bill portion of space used; and 20 percent would equal \$2.19 million of building appreciation value. He went on to say the same calculations prior to this are used for the City and it would receive \$6,824 annually for an 80 percent grant of \$5,459 each year for 10 years is \$54,592; the Zone's calculation with the same

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percentage is \$8,599 annually for an 80 percent grant of \$6,879 each year for seven years is \$34,395; and the total for both is \$88,987. He stated it is believed that first three parts of the incentive are correct; he suggested the Zone should induce the company for the equipment that they place in service and to not be involved in rebating back any portion of the property tax for the land use or building use; and the Zone would have \$65,000 to be provided over time, providing that these numbers given were representative of the kind of valuation.

Robert Jordan, Secretary/Treasurer, advised it had to be for capital equipment because that is what the company is investing in; and the intent would have been based on the capital equipment placed in service, and to not be involved in rebating back any portion of the property tax.

Louis Sanders inquired if \$75,000 is for jobs and \$65,000 is for capital equipment, is \$140,000 for 10 jobs now. Mr. Post replied affirmatively; and he stated the overall incentive could be to not exceed \$140,000 for all incentives.

Stan Retz advised he has no recollection of having intent to rebate the property taxes. He stated he is in favor of clarifying the rebate being based on the Tangible Personal Property (TPP) purchases; the appropriate percentage of 70 percent for the County and 40 percent for COT of the Tax Increment Financing (TIF) portion; and he does not recall the number of years, but maybe it was the County was for five years and the COT was for 10 years.

Assistant County Attorney Schverak stated on an annual basis 70 percent for the County at a lower millage rate and 40 percent for the COT at a higher millage rate, is not quite 50/50 but is close; and she recommended keeping the number of years the same for both of entities, and then receive that portion of the TIF for that amount of time.

Dr. Brenda Fettrow's absence is noted at 9:20 a.m.

Mr. Sanders inquired if this could be done without rebating and only do the incentive for job creation, the capital improvement, and not disburse monies back to the County or COT. Mr. Post responded the company does expect a capital investment grant; he reiterated the company does not know what it is or what the formula is; and he thinks if it set for just the equipment of five years, the company will be happy with some type of grant rewarding them for the equipment they placed in service.

Motion by Donn Mount, seconded by Al Matroni, to approve reimbursement grant to induce the company to do parts one, two, and three, and the capital investment hypothetical for five years for the County and the COT.

Assistant County Attorney Schverak inquired if it is based on TIF. Mr. Mount responded affirmatively.

Assistant County Attorney Schverak stated the only issue she has with the motion is it should be based off of a TPP statement, by doing five years at 70 percent for the County, 40 percent for the COT based on TIF.

Mr. Aton advised not to exceed \$140,000 was mentioned and it is not in the motion.

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Mr. Mount accepted the suggestions.

Mr. Matroni agreed with Mr. Mount.

Chair Mikitarian called for the vote.

Motion by Donn Mount, seconded by Al Matroni, to approve RUAG for an inducement of creating eight new jobs; to approve for the participation in the Qualified Target Industry (QTI) program creating 10 new jobs; to approve a local match inducement if they create more than 15 jobs through the QTI program; to approve reimbursement of capital investment for five years at 70 percent of the Tax Increment Financing (TIF) for the County and five years at 40 percent of the TIF for the City of Titusville; and to approve not exceeding \$140,000. Motion carried and ordered unanimously.

Upon consensus, the meeting adjourned at 9:32 a.m.



Donn Mount, Secretary/Treasurer

Approved on December 14, 2018.