

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

June 14, 2019 @ 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, Micah Loyd, Donn Mount, Stan Retz, and Louis Sanders

Absent: Dr. Brenda Fettrow, Rodney Honeycutt, and George Mikitarian

Telephone: Al Matroni

Call to Order: Meeting was called to order at 8:32 a.m. by Donn Mount, Secretary/Treasurer.

Pledge of Allegiance: Walt Johnson, City of Titusville Mayor, led the assembly in the Pledge of Allegiance.

**I. Approval of Agenda**

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

**II. Report on Expenditures to Budget**

Donn Mount, Secretary/Treasurer, provided the Zone board with a spreadsheet of the budget; and he stated all is running smoothly.

Motion by Louis Sanders, seconded by Dan Aton, to approve the Report on Expenditures as presented. Motion carried and ordered unanimously.

**III. North Brevard Economic Development Zone Executive Director Report**

Troy Post, CEcD, CBE, NBEDZ Executive Director, provided the Zone board with a handout of his report; he provided the Zone board with a flyer from Senator Tom Wright about his 2019 Legislative session update; and he provided the Zone board with a handout of the Corporate Action Plan he submitted to LEAD Brevard for creating a Countywide database of resources for companies new to the area and establishing ongoing dialogue with all economic development groups within the County.

**Greater Titusville Renaissance Executive Director Report**

Cathy Musselman, Greater Titusville Renaissance (GTR) Executive Director, provided the Zone board with a handout of her report.

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## **Greater Titusville Renaissance (GTR) Financial Report**

Troy Post, CEcD, CBE, NBEDZ Executive Director, introduced Laura Anne Pray, Berman Hopkins, CPAs & Associates, and GTR board member.

Ms. Pray provided the Zone board with a handout of the GTR balance sheet dated May 31, 2019; she noted the Port St. John (PSJ) community has \$14,000 that the GTR is holding for them and they are charged an administrative fee; she stated the income statement has individual business contributions of \$15,135, and \$14,000 of that is for PSJ, \$35,000 is the grant from the Zone, and \$16,000 is program service fee for EXXCEL Project Management at Titus Landing; and the net income for GTR is about \$32,000.

### **IV. COlaunch Considerations**

Troy Post, CEcD, CBE, NBEDZ Executive Director, provided the Zone board with a schedule for disposing of COlaunch assets; he stated there currently is a lease at 2323 South Washington Avenue that expires on January 21, 2020; the lease agreement has the tenant shall provide written notice to the landlord no less than 90 days prior to the expiration; and that letter needs to be provided no later than October 21, 2019. He advised if the Zone board chooses to not renew the lease, it needs to decide what to do with the assets and the brand; the Zone board could decide to sell the assets, lease the assets, or transfer title to an entity; and the possible candidates to succeed the Zone are the Greater Titusville Renaissance (GTR), DLP Capital Partners, Space Coast Apprenticeship Consortium Program and Space Tec, and Red Canyon Software and Engineering. He went on to say there are items to consider when determining the future of COlaunch's assets; and the Zone board should consider when evaluating candidates if the candidates have experience, financial resources, a written business plan, provide years of commitment, leverage to ensure continuity of operations, and connections to entrepreneurs. He advised if the Zone board wishes to not continue with COlaunch, he needs to be provided some direction at the July meeting; at the August meeting he can present to the interested parties; at the September meeting pose questions to candidates; and at the October meeting final determination, and how assets will be transferred.

Stan Retz inquired what the amount of revenue in the first year is that COlaunch brought in. Mr. Post replied \$10,000 to \$12,000 annually, which is not enough to cover the operation that runs about \$70,000 a year.

Louis Sanders inquired if the Zone board is responsible to look for another spot that is less expensive. Mr. Post responded that is another option for the Zone board to consider.

Micah Loyd stated the numbers are not good and money is definitely being lost; he was hoping for more of a breakeven proposition; he urged caution for the Zone board with the other companies investing in the community like Launch Now and Red Canyon Software and Engineering, because if they are going to have a spot like COlaunch the Zone does not want to be in competition with them; and one of those facilities may be interested in transferring the book of business.

Donn Mount inquired when the Red Canyon facility would be ready. Mr. Loyd replied seven months for the bank side and the apartments are going to take a lot longer.

Mr. Sanders remarked the Zone board is going to have to end what it is doing presently.

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Mr. Post stated he can put it out to see what kinds of offers are received; and he can invite Red Canyon Software and Engineering and DLP Capital Partners, and any others who are interested in making a proposal.

Mr. Retz inquired when a financial grant is made to GTR, would the Zone be able to grant the fixed assets and the tangible properties to make it a grant to GTR and they can take it, and run with it. Christine Schverak, Assistant County Attorney, responded she would have to get back with Mr. Retz about that, because it is an interesting question.

Al Matroni's absence is noted at 9:10 a.m.

Mr. Loyd reiterated using caution with public money, if it is not going to make money or be close to breaking even there is a responsibility with the money; he stated he likes the plan of putting it out for Request for Proposals (RFP) to see what happens; and then the Zone board can vote on it.

Dan Aton stated in all fairness to the members, they need to be given notice of what is to come; the funding for COlaunch is very significant to the GTR budget; and as a GTR board member, he will relay so it can make the appropriate arrangements.

Mr. Post advised he has his direction.

#### **Gate Installation at Spaceport Commerce Park**

Troy Post, CEcD, CBE, NBEDZ Executive Director, provided the Zone board with an aerial map of Shepard Drive in Spaceport Commerce Park (SCP) where there is a lot of debris dumped along the roadway; the City of Titusville can pick the debris up, as long as it is in the City's right-of-way, but the debris is being dumped further in the interior; and the only thing he can think of to do to stop further dumping is to erect some gates with limited fencing. He went on to say there is a separate fund for the SCP that is generated from making land sales and some of that money can be used to cover the costs; and he asked the Zone board if it is interested in him getting some quotes and if there are any other ideas of what else to do.

Micah Loyd suggested putting no dumping signs out and a very tough gate that a truck cannot roll over it.

Louis Sanders suggested cameras.

Mr. Post stated he will come back next month with some fencing quotes.

#### **V. Project Eagle – Purchase Intent and Incentive Termination Agreement**

Troy Post, CEcD, CBE, NBEDZ Executive Director, advised Project Eagle was incentivized in 2015 involving an incentive to build a manufacturing building and they entered into a ground lease for access to the property; it is 15-acre tract that the company is interested in, but has some internal things going on now and they may be changing the direction of how they want to do certain things, and they still have a need for the facility; it may not be done as previously described to the Zone, by the type and number of jobs; and the company would like to enter into a termination agreement, and they want to

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exercise an option that exists in the ground lease of purchasing the property for \$25,000 an acre. He stated the final version will come back in July; but if approved today, it will proceed to allow for the language to be worked out.

Stan Retz inquired why the Zone board needs to do anything if the company is just exercising an option.

Christine Schverak, Assistant County Attorney, responded the real estate sale is wrapped in the termination agreement, so they go together; she stated the company has a right to purchase the property because there is an option in the lease and the lease is tied to the economic incentive agreement; the incentive agreement specifically says if they return the money, they are not in default of the agreement; and they are offering to return the money and they want to exercise the lease. She added the way the company is doing everything fulfills the agreement and it is in good standings to go on its separate way; all of the restrictive covenants will apply to the property; and all of the property is in the agreement. She went on to say there will be a termination agreement that will go before the Board of County Commissioners; and there needs to be some easement discussion for access of the remaining site.

Motion by Dan Aton, seconded by Stan Retz, to approve entering a termination agreement with Project Eagle, allowing to end the incentive obligation for returning the grant money and exercising the option to buy the 15-acre site on Armstrong Drive; and directed Troy Post, CEcD, CBE, NBEDZ Executive Director, to negotiate the need of the entire parcel and to ask about an easement for better access to the remainder of the site. Motion carried and ordered unanimously.

#### **Grant Agreement for Merritt Precision Technologies, Inc.**

Troy Post, CEcD, CBE, NBEDZ Executive Director, provided the Zone board with a copy of the grant agreement for Merritt Precision Technologies, Inc.; he stated it is ready for the Zone board's approval; Merritt Precision will be building a building in Spaceport Commerce Park (SCP) and they were recently acquired by Correct Craft; and everything is still a-go with the Project.

Motion by Dan Aton, seconded by Micah Loyd, to approve Economic Incentive Agreement with Merritt Precision Technologies, Inc. for up to \$25,000 to help with site work and development costs for a lot located within the Spaceport Commerce Park. Motion carried and ordered unanimously.

#### **New Energy – Novation Agreement**

Troy Post, CEcD, CBE, NBEDZ Executive Director, provided the Zone board with a copy of the grant agreement for amendment on novation agreement.

Stan Retz advised he previously abstained because New Energy Service, Inc. and NES Investment Group, LLC were clients of a firm he was heavily involved in; this is coming before the Zone board again, but the firm he was involved with has been sold to Berman Hopkins, CPAs & Associates; New Energy Service, Inc. is a client of Berman Hopkins, but the work has all been done at an Orlando office which he has no involvement with; Randall Real Estate Investments, Inc. and Randall Electric, LLC are not clients of Berman Hopkins; and he inquired if he should still abstain.

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Assistant County Attorney Christine Schverak recommended for Mr. Retz to abstain.

Mr. Post stated New Energy was approved for \$90,000 to help offset the cost of acquiring and doing some renovations to the building on Norwood Avenue; there was an issue with the company and it was able to negotiate a deal with Randall Electric to take over; Randall Electric wanted to continue New Energy's path of owning the building on Norwood Avenue; Randall has submitted an application and it plans to continue with the obligation to finish the building and get the Certificate of Occupancy (CO); they will have 15 to 20 jobs created; and that is with an investment of about \$700,000, which is a little bit larger than New Energy was. He advised the New Energy deal was set to expire at the end of July 2019; and if the Zone board allows for the transfer, Randall Electric will assume New Energy's incentive through the novation agreement by finishing the building, showing the CO, having occupancy for a brief period of time, and then qualifying for the incentive.

Mr. Retz advised he confirmed with his office that Randall is not a client of the firm.

Assistant County Attorney Schverak advised the novation agreement with Randall will get the advantage of being able to include, in the amount of money that New Energy spent.

Motion by Stan Retz, seconded by Louis Sanders, to approve the New Energy Novation Agreement. Motion carries and ordered unanimously.

### **Project Data Counteroffer**

Troy Post, CEcD, CBE, NBEDZ Executive Director, advised he received a letter from Kevin LeBeau, Executive Vice Preside/Chief Financial Officer at Launch Federal Credit Union, for a counteroffer in Spaceport Commerce Park (SCP) of \$35,000 per acre on lots 12 through 16, with first right of refusal on lot 11 until the engineers have reviewed the site to determine the building, parking, and retention requirements, plus possibly having the need for more property.

Mr. LeBeau stated Launch Federal Credit Union is previously known as Kennedy Space Center Federal Credit Union that started in Brevard County in 1963; the main office is on Merritt Island and the Launch is looking to combine all of its operations into one building; the two-story building built 12 years ago was thought to last 20-plus years, but there has been rapid growth of up to \$870 million in assets; and for the last few years properties have been looked at, but there is not a lot of large pieces of property in the north end of the County. He went on to say because the Launch is in Brevard and Volusia County's, Titusville is a centralized location; as they have grown and have added employees and branches, they have promoted people, and some of those people live in South Brevard County and Volusia County and drive to the main office; and part of the problem is getting to the main office on Merritt Island from Interstate 95 can be 20 to 30 minutes, because there are just not a lot of good ways to get there which is some of the problem with promotions because the people do not want to do that drive. He added a place is being looked for that they can draw people pretty quickly and SCP is a great location because of its access to State Road 528, Cheney Highway 50, and I-95; there are other employees hired in with some other expertise that are living in Orange County; the Launch thinks that is a great benefit; in the search done, several other properties have been looked at in Titusville; one of the sites looked at was the southeast side of I-95 and 50, but due to starting with 130 employees and within 10 years having 300 or more employees there is

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no way to get in and out of that property safely for the employees; and another site looked at was S.R. 405 and S.R. 407, which does have a nondisclosure agreement, but due to having some City limitations there were issues there. He added as a financial institution, especially after hurricanes, they have to be up and running the next day and on Merritt Island the bridges are shutdown, and people have not been able to get back on the Island to get systems up and running again in a reasonable amount of time; and Launch is wanting to get off the Island and get further away from the water, and the possibility of things being damaged. He stated SCP is a higher piece of property with much easier access to major roadways, and would be easier to get to if there was a storm because major roadways are cleaned up pretty quickly; they looked in Volusia County and in Orange County, but the Launch prefers to stay locally; there are a lot of employees who live in Titusville, Merritt Island, and Port St. John because of originally starting out at the Space Center; and there are a lot of options to get to the SCP from all of those areas.

Micah Loyd inquired if there is a way to purchase the phase one property and lease the phases two and three property for 10 years.

Mr. LeBeau responded all options would be looked at; he stated they have options now where they have branches that are in commercial centers; Mr. Post had inquired about being willing to build out the three pads; and he talked to the contractor who said yes, as long as the Launch is willing to spend the money, clean the whole lot, and put in the three pads. He added a large piece of property is needed because they are looking to build a 75,000 square foot building and put 130 people in to start; but the biggest problem for Launch is it employs a lot of people and there needs to be a lot of parking.

Mr. Loyd inquired about what phase's timelines are. Mr. LeBeau replied phase two is probably eight to 10 years to build another 75,000 square foot building to house up to 300 people, which could be another 10 to 15 years after that; and are looking at this to be a 30 to 40 years project, and are looking to not move again.

Stan Retz inquired the current number of employees. Mr. LeBeau responded 260 employees with 15 branches in two counties; they are in the process of building another branch in west Melbourne, buying another branch in Melbourne, and are in negotiations for purchasing a piece of property in north Titusville for another branch; they are also in negotiations with purchasing the Elks Club in Titusville because they have no room in the building being used now; they need something now to move some call centers off of its current locations; and they are being moved to Titusville, in hopes of building a new corporate office there as well.

Dan Aton mentioned this in an industrial park versus a vector space and has a concern of bring people into a more industrial environment, granted Embraer will be located across the street.

Mr. Post provided the Zone board with a schematic diagram.

Mr. Aton stated he thinks he would be a lot more excited about the Project if the plan was to clear the land similar to what the Embraer look is; and he inquired about the plans of the unused parcels. Mr. LeBeau reiterated he spoke with the contractor who sees no problems to clear and set some of the area up and is something willing to be looked at more.

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Mr. Retz inquired what the total acreage is for lots 12 through 16. Mr. Post responded approximately 22-acres.

Donn Mount indicated the problem that he has with this is that it is zoned industrial.

Mr. Post clarified it is zoned Planned Industrial Park and office is allowable.

Mr. Loyd remark it was always supposed to be a high-tech area.

Mr. LeBeau clarified by saying this will be a noncustomer contact area; there will be no members coming there; the only people visiting there would be vendors; it is not a bank and people just showing up is not wanted because it is mainly the back office functions end of things going on for call centers, information technology, executive offices, and loan underwritings.

Mr. Loyd stated he likes the Project, but he does not like how it flows with the phases; this land is cheaper because it is government-owned; and he pointed out that 10 years is a long time and with the way space is growing, the resources really needs preserving as a County asset to ensure for when there is a big project coming in.

Mr. Post stated he thinks that is a fair point and what he thinks for himself is that he needs to get the next industrial park underway; the City of Titusville has 20 acres on the other side of the Space Coast Regional Airport (SCRA) that is surrounded by Flagler land; there really needs advancement, if not there then at a second industrial park; and now is the time to do it, to be ready; and eventually all the lots in SCP will be developed and have to have space to accommodate.

Mr. Loyd inquired if there can be a sale for the phase one and have a lease for the phases two and three for 10 years; and that eventual price, whatever is paid on that lease and built that would be deducted from the purchase price further down-the-road.

Mr. LeBeau advised the issue is until there is time to do due diligence with the architects and the engineers getting with the St. Johns Water Management District (SJRWMD) it is unknown how much retention is going to be needed, which is an issue of concern; and if there was more retention needed there may not be enough parking. He added during due diligence it should be decided if extra property is needed until the site plan is done.

Louis Sanders inquired the amount of acreage the current footprint has and if there is a height restriction, to build it smaller and to be taller. Mr. LeBeau responded approximately seven acres and they are looking to build a three-story building; and he inquired what the height restriction is being that it is close to the SCRA. Mr. Loyd replied 60 feet.

Mr. LeBeau remarked Launch is pretty desperate for space, it has been looking for two years, and it is ready to get moving on this Project.

Mr. Aton stated there should be for the Zone to have the ability to buy back undeveloped property should they chose to divest a piece of property not matter what time it is since this is a 30 to 40-year horizon at the original purchase price.

Mr. Loyd suggested adding a claw back for the timeline of phases.

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Scott Larese, City of Titusville City Manager, stated the City is excited Launch has chosen Titusville and the Elks building.

Motion by Stan Retz, seconded by Dan Aton, to approve selling approximately 22 acres in Spaceport Commerce Park to the Launch Federal Credit Union for \$35,000 an acre, subject to a site plan and a phasing plan provision showing parcels one, two, and three, and developing parcel one and owning parcels two and three with the Zone allowed to purchase back parcels two and three if undeveloped in 10 years at \$35,000 an acre. Motion carried and ordered unanimously.

Upon consensus, the meeting adjourned at 10:35 a.m.



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Donn Mount, Secretary/Treasurer

Approved on February 14, 2020