

MINUTES OF NORTH BREVARD ECONOMIC DEVELOPMENT ZONE
(NBEDZ)

SPECIAL DISTRICT BOARD, GOVERNING BODY OF THE SPACEPORT
COMMERCE PARK AUTHORITY

May 12, 2023 @ 8:30 a.m.

Statham Park

7101 U.S. Highway One
Titusville, Florida 32780

Board Members:

In Attendance: Dan Aton, Bart Gaetjens, Rodney Honeycutt, Robert Jordan, George Mikitarian,
Donn Mount, Stan Retz, and Edna Wilson

Telephone: N/A

Absent: Dr. Brenda Fettrow

Call to Order: Meeting was called to order at 8:31 by George Mikitarian, Chair

Pledge of Allegiance: Donn Mount, Treasurer

Call to Order/Pledge of Allegiance/Approval of Agenda

Motion by Robert Jordan, seconded by Bart Gaetjens, to approve the Agenda. Motion carried and ordered unanimously.

Review and Approval of Board Minutes

Motion by Robert Jordan, seconded by Stan Retz, to approve the April 2023 minutes as presented. Motion carried and ordered unanimously.

Report on Expenditures to Budget

Troy Post, CECD, CBE, NBEDZ Executive Director, stated nothing has changed dramatically and everything seems to be tracking good; the mid-year point in the Fiscal Year has been reached; no mid-year supplemental changes had to be made; and there is still enough money allocated in grants and aids to pay the different incentives that become due over the next few months, although some of them may not qualify yet and will be carried into the next Fiscal Year.

Motion by Robert Jordan, seconded by Rodney Honeycutt, to accept the Report on Expenditures. Motion carried and ordered unanimously.

Staff and Partnership Reports/Updates

North Brevard Economic Development Zone Executive Director Report

Troy Post, CEcD, CBE, NBEDZ Executive Director, stated this week he went to the Florida Economic Development Council's annual conference in Orlando; he was most interested in updates by Laura DiBella, Florida's Secretary of Commerce, regarding recent legislation that passed that would effectively end Enterprise Florida; if that takes place, his understanding is a committee would be formed to go through the legislation that was passed; it was characterized as more of a rebranding of Enterprise Florida; but no one actually knows what will take place. He mentioned in the absence of having the State take the lead on some of these projects, and without some of the tools had in the past from the State, more emphasis will be placed on the local government for helping with the incentives in order for them to take place. He added he met with Angela Neel from the Economic Development Commission of Florida's Space Coast (EDC) about the name change proposal for the Spaceport Commerce Park to Exploration Park West; an issue was raised by Space Florida to make sure there is not an issue of a copyright or trademark infringement; the EDC is studying that; and he may need to get with the County Attorney's office to make sure there is not a violation. He stated he had a meeting with the Parks and Recreation Director to discuss the Gibson Community Center project and make sure the changes for the GROW project meet the approval of the County; he attended the quarterly meeting of the Space Coast Apprenticeship Program; he is tracking six active projects, and spoke to several local companies considering expansion; and he attended a training program in Viera on bond financing, which could be useful if NBEDZ takes on a major capital improvement in the future. He went on to say he attended an EDC-sponsored event with the Atlanta Federal Reserve Bank of Atlanta president who shared some good information and a web link to access the bank's data resources, with estimates on the region's gross national product and its monitor on home ownership affordability within the district; and he will share this with local businesses in the next newsletter.

City of Titusville

Scott Larese, City of Titusville Manager, shared an invitation for the affordable housing summit along with a couple articles about the housing market shortage of 6.5 million units, which helps explain all the residential construction in the area; as a result of the 2008 crash, much of the home building stopped, creating a bubble which takes a while to get back up to normal again; there seems to be a shift to building multi-family housing; and the low-end rent in Titusville is about \$1,800 per month, which makes it hard for a younger person to save for a home. He added one of the challenges during COVID-19 is, the City was uncertain about State revenues because it has a consumption-based tax base; what helped to explain why the revenues were up is the amount of people coming to Florida from blue states bringing higher wages; people are living in Titusville and working in another state, as they can afford a house here while earning other state's wages; that is something that has not been seen in the past; and that produced in Florida in Fiscal Year 2021 was a \$22 billion surplus in the budget. He went on to say

that states that are losing their population, they had a \$29.5 billion deficit from their program budget; and he hopes this information helps the economic development committee understand what is going on that affects the community.

TICO Airport Authority

Kevin Daugherty, TCAA Director, stated the master plans for all three airports are moving forward; he will be scheduling workshops soon for the TCAA board members to get their input on visioning, Strengths, Weaknesses, Opportunities, and Threats (SWOT) analysis, and direction; Operator Solutions, providers of launch and recovery support for commercial space operations, requested a Memorandum of Understanding (MOU) to start their due diligence on their lease hold at the airport; and they are excited to move their aircraft and operations from Melbourne to north Brevard. He added the Economic Development Commission of Florida's Space Coast (EDC) brought him a new lead, called Red Six; the company utilizes augmented reality to train U.S. fighter pilots, and they have three planes that they want to bring to Florida from California; and they are looking to construct a new facility in Brevard, hopefully at TICO.

Discussion and Direction

Troy Post, CEcD, CBE, NBEDZ Executive Director, introduced Jesse Wright, the owner of the Titusville Mall, who has been working on his project since the pandemic; the Zone board previously approved a small incentive for a section of the mall; he has since started developing a much more elaborate project and he has been working with the City to get the new plan approved; there could be a role for NBEDZ to help with this project, as it is a huge capital undertaking; and Mr. Wright has submitted an application for assistance and NBEDZ staff has been working on getting all the information. Mr. Post discussed the project with the Zone board, explaining the four different components of development; he advised he would set up individual meetings with the Zone board members to discuss the project; Mr. Wright showed a video presentation of the proposed project; he then explained the phases of the project to the Zone board; and he stated the demolition of the east side of the mall should begin in about a month, but the project is expected to take up to 5 years to complete. Mr. Post advised that since the proposed incentive for the project will probably exceed \$500,000, he will need to bring this before the Board of County Commissioners for concurrence; he mentioned he would like to have the East Central Florida Regional Planning Council to do an economic and fiscal impact analysis in order to defend the amount of the incentive at several jurisdictional levels; and that would be the only action to be taken towards this project today.

There was discussion between Zone board members and Mr. Wright pertaining to loans, permits, infrastructure, and timelines.

New Business Items

Request for Inducement - "Project Topaz"

Troy Post, CEcD, CBE, NBEDZ Executive Director, stated he met individually with the Zone board members to discuss "Project Topaz" due to the non-disclosure agreement; this is a major project that would be a significant employer for the area; it is in competition with several other states; the question is whether to retrofit an existing

structure in another state or build a new structure in Titusville; NBEDZ has been asked to consider an inducement to help drive this project forward; and it would be a significant employer, with 300 jobs, and 100 military personnel to be stationed here. He advised the potential inducement would be up to \$1,260,000 which would be paid as the company hits the targets of employment; he reviewed the job creation schedule and clawbacks with the board; there would be a one-time option of moving the schedule out by one year; and he asked Edgar Campo-Palafox, Economic Development Commission of Florida's Spacecoast, to speak on the project.

Mr. Campo-Palafox stressed the competitive nature of the project; and he stated the wages are above-average for these positions by about \$17,000 per year.

Robert Jordan commented that the Commission may ask if this project would come to Titusville anyway, if the inducement was not approved by the Board; and he suggested staff to be ready to respond to that.

Stan Retz noted that it is really an investment, or a return on investment, as the County will get back property taxes, sales tax, or a multiplier for the local economy.

Bart Gaetjens commented this is a big fish and it would be a great addition to the community, as it is needed; and he is 100 percent behind the project.

Mr. Jordan stated the area is in a housing crisis; with new projects, he hates to see new people coming in and then move to Viera; typically a new employee would rent first; there is a need for new projects, as his opinion is rent is too high; and he feels developers should spend their money on affordable housing.

Edna Wilson stated she hopes that by the time "Project Topaz" has their building, that hopefully, there is a balance reached, as there is a lot of construction going on.

Motion by Robert Jordan, seconded by Bart Gaetjens, to provide an inducement totaling \$1.26 million to attract "Project Topaz" to the Titusville market, with its promise of creating 300 new jobs for the area, subject to a clawback provision tied to the creation and retention of those jobs at the project site in Titusville. Motion carried and ordered unanimously.

Economic Impact Analysis Proposal – East Central Florida Regional Planning Council

Troy Post, CEcD, CBE, NBEDZ Executive Director, stated he would like to get authority to enter into a contract with the East Central Florida Regional Planning Council (ECFRPC) for an economic impact analysis, as was done for the Nasa Causeway project and the sanitary sewer line project; this could be done in-house, but knowing this project will have to go before the Commission for approval, he feels it may be better coming from an outside source; and the last two times, it cost around \$10,000. He added he is asking for an approval of up to a certain amount for this new analysis; and he would like approval from the Zone board for a more robust analysis of what the impact could be for the Titusville Mall Redevelopment Project.

Dan Aton asked if it would be helpful for "Project Topaz" as well, or if the one provided by the Economic Development Commission of Florida's Space Coast is sufficient.

Mr. Post replied that was talked about, but it was felt that the in-house analysis was sufficient because the emphasis is on the jobs; the jobs are far-above even what the State has, so it is easy to predict; the Titusville Mall Project is more difficult with its many layers, some of which NBEDZ has not done before, like the Senior Living facility; he thought it might be a little bit better, as ECFRPC uses a powerful, top-of-the-line program; and he feels like the high-dollar deals that have to go before the Commission are better acknowledged when including an ECFRPC analysis.

Stan Retz asked if ECFRPC is a governmental group between agencies, or is it private.

Mr. Post replied it is a non-profit; every community across the nation has a regional planning group that does regional planning activities like transportation, and infrastructure, et cetera; and this particular group does eight counties in eastern central Florida.

Robert Jordan asked what the money would be used for, as he is feeling a little uncomfortable.

Mr. Post explained that since the inducement will be over \$500,000, it will need to go before the Commissioners; it is a tool to help the Commissioners to see the value in the Titusville Mall Project; it gives more legitimacy if an outside group looks at the Project; and he feels good about the Project, but he feels like this may help get it approved by the Commission.

Mr. Jordan asked how long the study will take.

Mr. Post replied he thinks within two to three weeks; his office will supply the input variables pertaining to employment, capital expenditure, et cetera; but he does not know about their current workload.

Dan Aton mentioned the reusability of this analysis, should the project not move forward, is a concern for him; he is assuming with it being compartmentalized, if there is a similar project that comes forward for a senior facility in that part of town, the data is still valid; and he asked if it is specific to only the Titusville Mall Project.

Mr. Post responded he would be inclined to think it is more specific to the Titusville Mall Project; if the Project does not go through, he would think that it might be useful for another project that is similar and in a similar location; it is really used to gauge how well it moves the needle on revenue for the local government, or benefits to the community, such as job creation; it is not like doing a feasibility study on a hotel; and it may be more for the government and the public's benefit, and not for the company.

Mr. Jordan remarked this was not done for the Titus Landing Project.

Mr. Post replied that NBEDZ was new at that time and still learning as it went; there was an in-house "Developer's Capacity Report" done; and it was a much simpler version of the economic impact analysis.

Mr. Jordan remarked that something just did not seem right to him.

Motion by Rodney Honeycutt, seconded by Edna Wilson, to authorize the NBEDZ Executive Director to spend up to \$15,000 for an economic impact analysis to be performed by the East Central Florida Regional Planning Council for the Titusville Mall Project. Motion carried and ordered, with Robert Jordan voting nay.

Old Business Items

Project Pier 13 Redevelopment – Amendment Request

Troy Post, CEcD, CBE, NBEDZ Executive Director, stated Justin Hilligoss with Pier 13 Coffee is present to discuss an amendment to his Agreement; the cost of extending the sewer line was much higher than originally anticipated; and incentive of \$130,000 was approved in the fall of 2022; there is now a requirement for a turning lane, which is very costly; this has increased the project cost from \$1 million to \$1.8 million; and he is requesting an amendment to increase the inducement to offset the additional costs.

Mr. Hilligoss provided a brief overview of the project; he discussed the additional requirement for the turn lane that was not in the initial plan; and he provided the cost proposals which total \$401,000.

Robert Jordan asked how the grant amount is calculated.

Mr. Post replied the practice is that NBEDZ does not go above 20 percent of the total cost of a project, and tries not to go above 10 percent, as it does not want to try to replace the owner's equity in a project.

Dan Aton asked if this project was amended once already.

Mr. Post replied he thought the first incentive was all at the same time.

Mr. Hilligoss remarked he had come once to request the incentive, then came back to execute the contract, after he had found out about the impact fees, and the amount was increased; and he mentioned that part of the reason the cost is so high, is because the main water line will need to be rerouted to do the lift station, as it cannot be shut off temporarily to do the work.

Mr. Jordan inquired about the percentage amounts; he mentioned 10 percent would be \$180,000 and there has already been an incentive for \$130,000; and 13 percent would be \$235,000 total, or \$95,000 more.

Mr. Aton mentioned he is concerned about the optics, with a "second bite of the apple" for the same project, but the additional cost was not anticipated; he suggested that the additional cost is \$400,000 and if the 20 percent is applied to that, it would be an \$80,000 addition, for a total of \$210,000; and he suggested to add \$80,000 to the incentive for the additional infrastructure costs.

Mr. Jordan asked about the two years to hold the property after the renovation; and he asked if that is enough time.

Mr. Post remarked it goes back to the optics issue; NBEDZ would never want to be accused of unduly enriching an entrepreneur or business owner; having a requirement for redevelopment projects to hold the title for a period of time is good; at the same time, there could be an opportunity for the owner to pull the equity out of the project to do another project, so he does not want to make it too restrictive; and he has used three years in an Agreement before. He added that he would work with the County Attorney's office to amend the Agreement; and when the project is complete and a certificate of occupancy is issued, he would be eligible for the reimbursement.

Motion by Robert Jordan, seconded by Bart Gaetjens, to amend the existing inducement arrangement with Hotpoint Boutique, Inc., by pledging additional assistance of \$80,000, thus representing a total grant commitment of \$210,000, to induce Hotpoint Boutique, Inc.'s redevelopment of a blighted commercial parcel on U.S. Highway 1, subject to a clawback tied to the real estate title (cannot sell the redeveloped lot for two years following completion of the building renovation). Motion carried and ordered unanimously.

George Mikitarian's absence is noted at 10:13 a.m.

Approval of Proposed FY 23-24 NBEDZ Budget

Troy Post, CEcD, CBE, NBEDZ Executive Director, stated he provided the board with three spreadsheets; he advised that if the budget is approved today, it will then go to through the City process; he advised the last sheet shows the breakdown that goes to the City, and how the money from the City Tax Increment Financing (TIF) would be spent; and he explained the separate spreadsheets and expenditures. He added he anticipates paying out the \$2 million this year upon completion of the sanitary sewer line project.

Stan Retz asked how much of the sanitary sewer line payout comes from the City TIF.

Mr. Post replied all of it; he mentioned there will be changes to this budget before the final version goes before the Commissioners; and he discussed some of the reasons for changes.

Motion by Bart Gaetjens, seconded by Robert Jordan, to approve the proposed FY23/24 budget. Motion carried and ordered unanimously.

Scott Larese, City of Titusville Manager, asked about the revenues on the old FPL plant.

Mr. Post replied that he started looking at that after the last meeting; currently Orlando Utilities Commission (OUC) has that plant off the property tax roll; it is being investigated and he has not had any feedback on it yet as to whether that project will go forward; and he is curious to see if that remains off the tax roll if the project goes through, or if it would then be considered taxable.

Mr. Larese asked if the Port St. John FPL plant's revenues have been declining every year.

Mr. Post replied yes; he stated he has received depreciation schedules each year; and he thinks this next year it will be estimated at \$2.4 million, where it used to be \$3 million.

The Zone board discussed the OUC facility, and it's past and present.

Public Comments

Troy Post, CEcD, CBE, NBEDZ Executive Director, commented that the public speaker, Clinton Hatcher, was named in the top four under 40, through the LEAD Brevard program.

Clinton Hatcher, CareerSource Brevard, introduced Stephanie Robinson, one of the newest team members; and she is presently the Project Coordinator for one of the special grants from the Governor's office.

Ms. Robinson stated CareerSource received a grant in 2020 from the Governor, called FAWA, which stands for Florida Atlantic Workforce Alliance for \$3 million, given to three different workforce boards to fortify the talent pipeline in aerospace aviation, manufacturing, and the focus on Information Technology (IT) and Cyber Security; she has been working with local employers and training providers to detect funding gaps to train the workforce to better align with what the employers need; and they are looking to see if there is some customized training that needs to be done. She asked the Zone board to help get the word out to any aerospace or IT employers; and they are holding a consortium on May 23, 2023, for all areas and she invited the Zone board to attend.

Joe Robinson, Vice-Mayor of Titusville, complimented the Zone board for all their good work; he mentioned that he visited AeroElectronics, a Titusville employer, on Park Avenue and it was a wonderful tour; he mentioned he always wondered what they did there; they work on wiring and cables for sometimes classified projects with a combination of old technology and labor technology and are not into Artificial Intelligence technology yet; but their compensation is still on the low end and it is hard to draw-in new employees with that level of salary.

Upon consensus the meeting adjourned at 10:29 a.m.



Donn Mount, Secretary/Treasurer

Approved on June 9, 2023