

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

February 11, 2022 @ 8:30 a.m.

Statham Park
7101 U.S. Highway One
Titusville, Florida 32780

Board Members:

In Attendance: Dan Aton, Rodney Honeycutt, Donn Mount, Stan Retz, and Louis Sanders

Telephone: Micah Loyd and Al Matroni

Absent: Brenda Fettrow and George Mikitarian

Call to Order: Meeting was called to order at 8:35 a.m. by Donn Mount, Treasurer.

Pledge of Allegiance: Donn Mount, Treasurer

I. Approval of Agenda

Troy Post, CEcD, CBE, NBEDZ Executive Director, stated the agenda will need to be changed a bit, as Dan Aton needs to leave early; and he asked to begin with Old Business Items, then the New Business Items after the approval of the agenda and minutes.

Motion by Dan Aton, seconded by Rodney Honeycutt, to approve the Agenda as amended. Motion carried and ordered unanimously.

Approval of Minutes from January 2022

Motion by Louis Sanders, seconded by Stan Retz, to approve the January 2022 Minutes as presented. Motion carried and ordered unanimously.

II. Old Business Items

Request for Amendment: Engineered Bonding Development Project

Troy Post, CEcD, CBE, NBEDZ Executive Director, stated this Item has come back before the board for approval and consideration; it involves the Engineered Bonding, or ACRA Lock company who bought some land in Spaceport Commerce Park (SCP) for a project; it looks like the entity that would be named in the title will be different than what is specified in the Incentive Agreement; and there have been issues in the past where, when he goes to do the disbursement with County Finance, they are particular with who is titled to the land or building to where the incentive is provided. He mentioned the group who will take title is named Titusville Group Holdings, LLC, which is the same as

ACRA Lock and Engineered Bonding; Christi Schverak, Assistant County Attorney, has drafted the amended draft and their attorney has looked at it; and this will give them the ability to do the transfer of title and still qualify for the incentive, subject to all the requirements in the Agreement.

Stan Retz asked Ms. Schverak if he could vote since he no longer has the company as a client.

Attorney Schverak replied she thinks he is good to vote.

Al Matroni mentioned looking at the last line in the highlighted area on the draft, where they are jointly and severally liable, which means there is no risk of anything being still owed or liable for both entities.

Motion by Rodney Honeycutt, seconded by Al Matroni, to approve the amendment to the Engineered Bonding Development Project Agreement. Motion carried and ordered unanimously.

III. New Business Items

Request for Assistance: Proposed Expansion of Renzetti's Manufacturing Facility

Troy Post, CEcD, CBE, NBEDZ Executive Director, stated Lilly and Andy Renzetti are present to discuss their project; the application was received for the proposed project to expand their building on Grissom Parkway; he mentioned they plan to hire more employees for the expansion; and he explained some of the issues they are facing and that the project will be approximately \$1.7 million. He mentioned he thinks it is appropriate to help them with the kind of improvements they are intending; and he suggested an incentive of up to \$150,000 to help induce the project.

Ms. Renzetti thanked the board for the opportunity to be considered for the grant; she discussed their business of fly fishing manufacturing and the need to expand due to increased demand for their product; they do not rely on the local economy, even though they do a lot of manufacturing business for Brevard County, as most of their business comes from all over the world; and they would appreciate the board's consideration.

Dan Aton asked if the driveway setbacks and such have been through engineers yet.

Ms. Renzetti stated the site plans are under review and will be submitted with the City soon; and they have been working on the project for about eight months.

Mr. Aton mentioned to Christi Schverak, Assistant County Attorney, that his company does a small amount of business with the Renzetts and asked if he should abstain from the vote.

Attorney Schverak replied as a customer, he could stand to gain from their expansion; and he has the discretion to decide.

Mr. Aton remarked he would abstain.

Al Matroni asked if the existing driveway was going to be closed off due to the problems with people crossing over the median.

Ms. Renzetti replied no.

Rodney Honeycutt remarked he thinks the City may want them to remove it as it is too close to the intersection; and he commented the incentive is not provided up front anyway, they will have to get the permit and build it first.

Motion by Louis Sanders, seconded by Rodney Honeycutt, to approve the incentive of up to \$150,000 for the proposed expansion of Renzetti, Inc., subject to the NBEDZ conditions. Motion carried and ordered, with Dan Aton abstaining.

Purchase Offer: ACT2 Technologies

Troy Post, CEcD, CBE, NBEDZ Executive Director, explained that the purchase offer is for lot number 16 at the Spaceport Commerce Park (SCP); a few years ago, NBEDZ was approached by a company at SCP to buy three acres of land; that company was ACT2 Technologies, which is a water filtration business, that needs more space; and they have offered \$45,000 per acre for the land. He stated according to the Fiscal Impact Analysis, the project would be about \$1.2 million for a 15,000 square foot building; this is strictly a purchase offer; and he would need to go to the County Commission for approval of the purchase.

Al Matroni questioned the request to use their Real Estate Company; he asked if that meant to take ownership or to act as their agent; not that it makes much difference, but just for housekeeping; and is their agent going to ask for commission from the seller, which is NBEDZ.

Mr. Post replied at this point, they have not disclosed any type of real estate contractual arrangement or commission.

Christi Schverak, Assistant County Attorney, remarked that the real estate contracts normally have a clause where they have to warrant that they do not have a broker, so it would have to be disclosed; and she took it to mean that is who they want to be the closing agent.

Mr. Post stated he would get clarification on that, but the purchaser is the company.

Donn Mount asked if the price is consistent with what SCP property has been selling for.

Mr. Post replied that according to the Clayton-Roper report, it has been suggested that prices should increase for the real estate to around \$60,000 per acre; he mentioned with the next purchase inquiry, he will be mentioning prices in the \$50,000's; and that will be something he will have to be prepared to answer to with the Commission.

Dan Aton inquired if there were any issues with this property such as Tortoises, Scrub Jays, wetlands, et cetera.

Mr. Post replied this is going to be a challenging lot, which is another justification for the lower price; and after doing their due diligence on the lot, they may decide not to go forward with the purchase.

Motion by Dan Aton, seconded by Louis Sanders, to accept the offer of \$45,000 per acre, for three acres in the Spaceport Commerce Park, from ACT2 Technologies, subject to Board of County Commissioner approval. Motion carried and ordered unanimously.

Mr. Matroni mentioned that when there is an existing tenant, he would not want to lose them because they need more space somewhere; and he felt that pricing may be relative to existing tenants; and he would not want to price the properties to where the tenant would go somewhere else.

Workforce Development Project: Proposed Avionics Training Facility at Titusville Campus of Eastern Florida State College (EFSC)

Troy Post, CEcD, CBE, NBEDZ Executive Director, advised an application was received from EFSC and the Zone board is always interested in ways to help advance more training opportunities to meet the needs of the aerospace companies and manufacturing companies in the area; one of the programs at EFSC is located at the Melbourne Airport specializing in aviation maintenance; they have been notified that the program will not be allowed to continue at the Melbourne Airport when their lease is expired; to enable the project to continue, they would like to bring it to the Titusville EFSC campus by renovating the gym and adding square footage; and they will need help with the funding for the project, beyond the funding they have already applied for. He added that in order to receive some of the funding, they would need a local match of 10 percent, which is just over \$400,000; and the matching funding approval may take 24-36 months.

Frank Margiotta, Dean of Career and Technical Education at EFSC, stated it is a two-year program that prepares the students to take the Federal Aviation Administration (FAA) Airframe and Powerplant certification exam, which is required to work on commercial aircraft; the lease with option to extend will expire in 2030 but the facilities are old and they need more modern facilities and room to expand; they have looked at other options but the preference is to move to the Titusville EFSC campus where they would renovate the gym and build a 15,000 square foot non-air conditioned hangar off the back of the gym; and he added it is nice to have the program on an airport facility but it is not required by the FAA. He feels this could be an economic development magnet for the area and could provide much of the needed workforce for the aviation and aerospace companies in the area; and he feels this would give the campus an identity and be a big plus for North Brevard.

Stan Retz asked how much they are paying at the Melbourne Airport for the lease.

Mr. Margiotta replied they are spending about \$180,000 per year, which is actually a very low rate for the space; building new there would be \$8 or \$9 million and they would still have a lease as they do not own the land; that would cause an increase in tuition which is very reasonable at the present; they are allowed three classes with 25 students each, which they hope to expand; and they hope to add additional instructors.

Al Matroni asked what the availability of jobs for students graduating from these classes would be; and he was under the impression that there are not a lot of jobs available for aircraft mechanics.

Mr. Margiotta replied that all of the graduating student that want jobs have been getting them; they are looking at projections from the Department of Economic Opportunities targeted occupations list, regional demand list, and even Bureau of Labor Statistics, and they are all projecting shortages for aviation mechanics and pilots; these skills are easily transferred to the aerospace industry; and they are well-paying jobs.

Mr. Matroni asked if there were statistics on the graduating classes that are working in the industry.

Mr. Margiotta replied they do not track that and usually do not have contact with the students after graduating; and there is a waiting list to get into the program and there are usually jobs for those graduates.

Mr. Matroni asked if Micah Loyd was on the phone; and he asked him what the \$15,000 square foot, non-air conditioned hangar would cost approximately.

Mr. Loyd replied there are a lot of factors, including the site cost, but he thinks approximately \$125 per square foot; but the inflation of the materials is hitting the building industry pretty hard right now.

Mr. Matroni remarked that seems like a lot of money to renovate a gymnasium.

Scott Larese, City of Titusville Manager, commented he knew someone at an airport who says they cannot find employees, and they have actually paid for employees to get the certifications; the problem is they work for the smaller airports and then move on to the bigger airlines; and he feels this kind of program is definitely necessary.

Kevin Daugherty mentioned when airspace companies come to Titusville Cocoa Airport (TICO), they want to know about this program and the A and P labor force; and he feels it would be important to support this.

Motion by Louis Sanders, seconded by Stan Retz, to approve a 10 percent funding match for the EFSC Workforce Development Project, up to \$420,000. Motion carried and ordered unanimously.

IV. Report on Expenditures to Budget

Troy Post, CEcD, CBE, NBEDZ Executive Director, advised there are no big changes, just regular operating expenses; and he did ask that the Budget Change Request be placed on the Board of County Commission meeting agenda for February 22, 2022.

Report on Expenditures accepted into the record as presented.

V. Staff and Partnership Reports/Updates

North Brevard Economic Development Zone Executive Director Report

Troy Post, CEcD, CBE, NBEDZ Executive Director, touched on some of the items on his Executive Director's Report; the Economic Development Commission of Florida's Space Coast (EDC) and Space Florida invited him to do a presentation about the Zone during a "familiarization tour" of Kennedy Space Center and Brevard County; they met with corporate real estate and economic development team of Burns and McDonnell who represent a lot of aerospace and manufacturing clients; he is working on the budget for next year; and staff has been working on the job monitoring by tracking jobs created and retained for each Project to determine if any clawbacks are due. He added the next newsletter will be done soon; he met with people from North American Properties who discussed the possibility of constructing a spec building on their optioned lot; he met with Kevin Daugherty to discuss a proposed industrial development plan for the western portion of the TICO airport-owned lands; he held a follow-up meeting with Jacqueline Reason at the Gibson Center about the operation of her entrepreneurial services program at Gibson Community Center; and attended the EDC's annual investor meeting, which was great exposure to Titusville and Brevard. He also mentioned meeting with Jesse Wright, the owner of the Titusville Mall, who may need to come back before the board; over the next few weeks, he will be contacting members of the board for one-on-one lunch meetings; and he is anticipating a quote regarding the common stormwater retention pond at Spaceport Commerce Park.

City of Titusville

Lisa Nichols mentioned she has also been working with Jesse Wright about ongoing issues; and next week will meet with all the stakeholders involved in renaming Spaceport Commerce Park to Exploration Park West, and hopes to have something to roll out soon.

TICO Airport Authority

Kevin Daugherty stated the new website is up, FlySpacecoast.org; Space Florida approved the funding request for the Spaceport master plan and they are also going to fund the design and permitting of a rocket testing facility on the south side of the airport, which will lead to very big things; and approval is set for next week for the phased industrial development and site planning will be soon afterward.

VI. Discussion and Direction

Al Matroni stated the board should begin thinking about topics to discuss with Mr. Post during the lunch meetings; he is not sure how the NBEDZ documents are structured and the actual language, but the basic structure is that the Zone provides 10 percent of the project cost; his concern is whether the board really knows what the project costs are, even though there are estimates provided for the vote at the meetings; he asked if these costs are actually tracked; and he thinks there should be some type of language change to reflect they get 10 percent of the actual cost, as some costs could be vastly overstated.

Troy Post, CEcD, CBE, NBEDZ Executive Director, remarked in the agreements, it is never a percentage used, it is always a specific dollar amount, which is the cap; with the material costs recently, the costs are usually higher than originally anticipated; that would not change unless there was a request for an amendment which would be voted on by the board; in the documentation, 20 percent is the limit for a project, and it usually comes out to be 10-15 percent; and the agreements have the dollar amount capped.

Donn Mount remarked he thinks Mr. Matroni is asking if the actual expenses end up less than the projected costs, is the Zone going to pay 10 percent on that amount instead of the projected amount.

Mr. Post replied in the incentive agreements, there are lots of documents, which includes the verification of the project costs; and that is usually a very accurate picture of the final costs.

Mr. Matroni stated he thought that usually it was contingent upon receiving a Certificate of Occupancy; and he asked who reviews the follow-up documentation.

Mr. Post replied it could also be a Certificate of Completion, or job creation for the threshold.

Mr. Matroni stated the Zone board is committing money without having hard numbers, just estimates, which may be inflated; when he does a project, he makes sure the estimate is high so he has no surprises at the end; and if it were a provision in the agreements that it would be the "lesser of" what is committed to, or the 10 percent of the project costs.

Mr. Post stated typically, the language in the agreement asks for a total cost incurred on the project; and to his knowledge, the incentive has never exceeded 20 percent.

Mr. Mount remarked he thinks what Mr. Matroni is asking is, are the incentive amounts audited to verify that the 10 percent is correct.

Mr. Post replied he does ask for documentation; some of that documentation would be paid invoices, receipts, et cetera; and once the documentation is reviewed, it then goes to the County Manager, and then to County Finance who has the final review to make the payment.

Mr. Matroni remarked he knows the Zone board is responsible to the taxpayers and would not want to get into a situation where it is paying too much for a project; and he asked what the 20 percent was that Mr. Post keeps referencing.

Mr. Post replied it is in the Economic Development Plan that was adopted by the City of Titusville and the County Commission; one of the stipulations was that the NBEDZ involvement would never represent more than 20 percent of the total project cost; NBEDZ commitments are meant to be inducements to make the deal to go forward; it is recognized on the front-end of the project when all the numbers may not be in yet; and he realizes that some numbers will change but he has not seen the costs go down, only up.

Upon consensus, the meeting adjourned at 9:40 a.m.

Donn Mount, Secretary/Treasurer

Approved on