

HARDEE COUNTY
ECONOMIC DEVELOPMENT AUTHORITY (EDA)
(INDEPENDENT BOARD)
COUNTY COMMISSION CHAMBERS
412 WEST ORANGE STREET, ROOM 102
WAUCHULA, FLORIDA 33873
November 21, 2012 8:30 A.M.

MINUTES

Members:

David Royal, Chairman, P
Bill Beattie, P
Kenny Miller, P
Casey Dickson, P
Roger Hood, Excused

Perry Knight, P
Sue Birge, Vice-Chairman, P
Stanley Pelham, P

County Attorney Ken Evers, P County Manager Lexton H. Albritton, Jr., P
Office Manager Sandra Meeks, P

Chairman Royal called the meeting to order at 8:32 a.m. and asked for prayer for Roger Hood's family because his father had passed away.

Invocation by Chairman Royal, followed by the pledge to the flag.

MOTION by Birge, second by Miller to approve the agenda. Motion carried unanimously.

MOTION by Dickson, second by Pelham to approve the minutes for the regular meeting on Tuesday, September 25, 2012, at 8:30 a.m. Motion carried unanimously.

- I. Acknowledge receipt of Clerk's Financial Report for period ending 09/30/12.

MOTION by Birge, second by Miller to acknowledge receipt of Clerk's Financial Report for period ending 09/30/12. Motion carried unanimously.

- II. Acknowledge receipt of the Project Status Reports.

Chairman Royal also reminded Board that they had a letter from Alane Academy touching on their progress.

- III. Spec building 1 – project update and request from the IDA to acknowledge tenant change and consider increasing funding.

Mr. Bill Lambert, Hardee County Economic Development Director explained to the Board back when they had presented the proposal to the Board they had a tenant that also came before the Board explaining their proposed project and even though the grant had been awarded as a spec building they had a change in

order of tenants at the Commerce Park and felt it was appropriate to inform the Board, so if they had reservations or wanted to reconsider the grant they had an opportunity to do so.

He went on to explain how when the presentation of the first spec building was brought before the Board it was with a company called Lightning Bay. He explained how Lightning Bay still had every intention of expanding into Hardee County, but at this point they had received approval from them to change the order of tenancy at the first spec building to allow a company called PLM to locate at the park. He also advised how PLM had given a presentation last week at the Industrial Development Authority (IDA) meeting. He closed with how they were just seeking acknowledgement that the Board was aware of the change in tenants for spec building 1 and if there were any questions he would answer them. Chairman Royal asked if he could give some background on the PLM Company. Mr. Lambert explained they were a start up company, but the founders were not. He touched on how the founders had been in business since 2000 at the Sebring Municipal Airport and was in the experimental aircraft business. He further explained they were planning on locating here to build a plant that was mechanized with robots to build generator sets. He also touched on how they did have financial backing and also support from Space Florida. Commissioner Birge asked Mr. Lambert what would be their investment in the project at this point. Mr. Lambert explained the investment would be the spec building, the company was asking for rent abatement for two years, and the company planned on asking the Board of County Commissioners for tax abatement on tangible taxes. He further advised the investment from the IDA would be \$1,650,000 for the spec building. Commissioner Birge also stated that at the IDA meeting, they had received a letter from Lightning Bay consenting to moving in this direction. Pelham asked when the company was planning on moving in. Mr. Lambert explained the company was receiving their equipment the last of March and they would need to redesign the floor to accommodate the equipment. He went on to explain how this was not a done deal and things could fall apart and if they did, they would proceed with Lightning Bay. Commissioner Birge stated she was impressed with the project and had heard positive remarks from Mike Willingham of Highlands County. Miller asked since this was an IDA grant was there any action required from the EDA Board besides an acknowledgement of the tenant change. Miller did ask about the request on the agenda for an increase in funding. Mr. Lambert advised they were going to withdraw that request.

IV. Spec building 2 – generic spec building assignment to specific site and infrastructure related to BioNitrogen.

Mr. Lambert explained that Spec building 2 did not have specificity but they had a request from the IDA to allow the spec building grant award be placed specifically at the BioNitrogen site at Vandolah & CR 663. He further explained

how the IDA awarded 2 million to the project and it would be disbursed according to the draw schedule from the financiers of the project. He went on to explain the total cost of the project was \$150 million. The IDA's contribution was two million (one million from reserves and one million from EDA grant). He explained they were seeking acknowledgement from the Board for a grant award agreement modification change from specifically building to infrastructure because of the way the IDA was participating in the project. If the company was bringing 150 million and the IDA was contributing 2 million it would be parceled out over the construction period of the project and the IDA would hold a reservation of rights in the rail spur and other egress/ingress transportation so that in the event if the project was a success or even if it failed, the IDA would have the ability to recruit or market the rail spur or either the egress/ingress portions of the property. Chairman Royal asked when he expected this project to start. Mr. Lambert advised the project is expected to be financed with conduit bonds that will be issued through Enterprise Florida and a bank had agreed to handle the bond issue and the last he had heard it would happen in December or early January. He then asked Frank Segredo, Corporate Development Officer from Bionitrogen if he would like to speak. Mr. Segredo explained to the Board that BB&T was the bank that was doing the bond underwriting. He explained how they were expecting to have the allocation approval by the end of December. He also touched on how all the due diligence on the project was advanced. Commissioner Birge asked where the money was coming from in the pool. Mr. Segredo explained the money was coming from the subscribers of the bonds and was backed by Enterprise Florida and the underwriter was BB&T. Commissioner Birge advised she was at the last IDA meeting and the project was well vetted. Miller asked what contingencies were on the IDA dollars to be provided because the spur would be on private property. Mr. Lambert explained there were two answers to his question. He went on to explain the IDA would maintain a reservation of rights to the rail spur and transportation infrastructure and the draw schedule was the basis for disbursement. Mr. Segredo explained the project would be completed once the bonds were subscribed to and it would take between 12 to 14 months to complete. Miller asked Mr. Segredo if they were planning on using gas. Mr. Segredo explained they could use gas if all the vegetation died out and they had no other source which would be their Plan C. Miller asked if it was a straight conversion process. Mr. Segredo explained the process. Chairman Royal asked if there were any other questions. There were none. Mr. Lambert asked County Attorney Evers to help with the motion needed. **MOTION by Knight, second by Pelham** to amend the grant award agreement from a generic spec building site to infrastructure specific site. **Motion carried unanimously.**

Mr. Kirkland, Citizen asked about public comment. Chairman Royal advised they always had public comment at the end of the meeting. Mr. Kirkland asked why they didn't do it when they were discussing the matters. Chairman Royal advised that was just the way they had always done it. He also explained they had

discussed all these projects previously and there had been plenty of discussion. Mr. Kuhlman, Citizen advised today was different because it was a request to change the agreement. Mr. Lambert advised he disagreed with that because the agreement was awarded as a generic agreement and how they were coming back with specificity. Mr. Kuhlman explained what he thought about the changes to the spec buildings and the agreements. Mr. Lambert advised how he was making misstatements. Mr. Kuhlman asked Mr. Lambert if he was planning on building a spec building on the BioNitrogen site. Mr. Lambert advised for him to let him give him one reasonable rationale. He went on to state that the taxes on a \$150 million dollars with or without abatement would pay for itself in a very short time. Pelham explained the motion was not for a spec building it was for infrastructure. Mr. Kuhlman went on to speak about the project and wondering if it was real stuff or funny stuff. Chairman Royal explained how the money was all going to be a draw. Mr. Kuhlman then asked if the original spec building was going to be in the Commerce Park. Mr. Lambert explained no it was not. Commissioner Birge stated that Mr. Kuhlman should probably get with Mr. Lambert and get everything worked out. Mr. Lambert advised that would be fine. Mr. Kirkland then touched on how he was at the meetings and listened to what was going on and felt the Board did not need to do any creative financing and how they needed to slow down on some of these projects.

Mr. Henry Kuhlman, Citizen asked if there was going to be full disclosure. He went on to explain how important it was for everyone to be crystal clear with every detail and that all of the questions he had were worth asking. Dickson responded that that the IDA Board and EDA Board both did their homework and did ask questions and the motion was made and approved by the Board based on the information that was provided to the Board. She also advised they appreciated the questions, but not to insinuate they did not ask questions. Mr. Kuhlman explained he thought they were doing the best they could and so was he and how they should use each others input and how he felt his question was a good question and should be answered.

Mr. Horst Witschonke, Citizen wanted to know where one specific BioNitrogen plant had been built in the world and where it was. Mr. Segredo explained how they were the first company to bring the concept of biomass to urea and how they owned the patent for the technology that was being utilized. He also touched on how the process was complicated. Mr. Witschonke thanked Mr. Segredo for answering all the questions clearly.

Mr. Segredo also explained to Mr. Kuhlman how all the funds would be going into an escrow account and the disbursements would be made according to a disbursement schedule that would be approved by all parties. He also touched on the \$2 million grant and the feasibility study.

V. Discuss local bill modification proposals to accommodate the CFI Agreement.

Bill Lambert, Economic Development Director explained the need for the local bill modification and how it came about primarily due to the CF Industries Development Agreement. He also touched on what local bills were. He also explained how the Board of County Commissioners would be approving a resolution to support the modification. He further explained how Ken Grimes, County Lobbyist assisted in the proposed changes and how each member should have a copy of the proposed changes. He stated that Senator Galvano and Representative Albritton would approve the final bill.

Chairman Royal asked Mr. Lambert to go through each of the proposed changes.

Mr. Lambert touched on the two amendments done in 2006 and 2010. He explained each recommended change. Section 1. Creation; (3) is created to read: In addition, the authority shall be empowered to accept funds received by loan, gift grant or agreement, to facilitate economic development, education, recreation, or infrastructure projects in the county. He explained this was generic language that would allow the gift, grant, or agreement to come into the EDA.

Section 3. (1) (d) Delete: The chairman of the Florida Phosphate Council or Chairman's designee. Add: Member representing the county's phosphate mining industry.

(2) Add: The county's two phosphate mining companies shall appoint the member representing the county's phosphate mining industry on a rotating basis at the conclusion of each 3 year term. Mr. Lambert touched on how they may want to make that a little more generic. Chairman Royal asked if they should just strike the word two. Miller stated he thought it would be a good idea.

Section 4. Mr. Lambert explained he felt there was a numbering issue that he would get with Mr. Grimes about.

Appropriate funds that have been received by loan, gift grant or agreement for economic development, education, recreation or infrastructure projects in the county. Mr. Lambert also explained to the Board how they would have to promulgate rules to disburse the funds.

Section 6. Add wording grant or agreement.

Section 7. (1) (e) Add: The authority shall have separate applications for grants funded from funds received pursuant to F.S. 211.3103(4) and those funded by monies obtained from loans, gifts, grants or agreements. Both application processes shall be awarded as provided by this act and any rules adopted by the authority.

(2)(a) Add: Eligible applications shall include but not be limited to applications for public or non-profit education grants, as well as, applications for public or non-profit recreation grants to enhance, create and operate public recreation in the county. Mr. Lambert explained he would make sure this language was exactly as it was supposed to read relative to the CF Development Agreement.

Miller asked the County Attorney if the changes allowed for people to apply for funds for recreation or education. County Attorney explained it did and how it segregated it.

Mr. Horst Witschonke, Citizen thanked Mr. Lambert for explaining the changes thoroughly so everyone could understand them.

Mr. Kirkland, Citizen advised the Board how he felt they needed to always look at the end product before they approved anything.

Mr. Lambert explained to the Board that their role at this point with the proposed changes was just advisory because the Legislation would make the final decision, but would respect the EDA's opinion.

MOTION by Knight, second by Pelham to accept wording as presented. Motion carried unanimously.

VI. Public Comment.

Mr. Kuhlman, Citizen explained how the agreements needed conditions, contingencies, and reversions.

Chairman Royal explained that the EDA money was reimbursable funds and how they had to perform in order to get the funds.

Mr. Lambert also explained how he agreed with Mr. Kuhlman but explained how if an agreement was about to sunset, they would always get in touch with company and discuss the issue and how it had never been a problem.

Mr. Kuhlman thanked the members on the board for their service and how he felt they had a good board. He also stated how he liked the reimbursement on the grants and felt the IDA should do the same.

Mr. Lambert asked how you would do a reimbursement on a spec building. Mr. Kuhlman advised when able they should use the same process.

Mr. Kuhlman stated he felt the EDA Board did a poor job of vetting and how they should do their own evaluations and not take at face value what the IDA tells them. Chairman Royal explained they did not and how the grants were ranked by the municipalities and the county and how the EDA was given the rankings and then their decisions were made upon them and all the other information they had gathered. He further explained how this year they had a joint meeting with the county and municipalities to hear the grant presentations. He also stated how they were given the grant packets/application early on and how each Board member did their homework. Mr. Kuhlman explained he was just stating what he had observed.

Mr. Kuhlman then touched on end of project reports and how no one went back to the applications for the grant awards and made sure all the promises were kept. He stated that Rapid Systems was a good example. Mr. Lambert stated he was incorrect and how there was a full accounting when the projects closed out. Chairman Royal explained how the EDA Board retained 10% and how a complete checklist was completed before the company received the final 10%. Mr. Kuhlman stated that was great. He then stated that if they compared what Rapid Systems promised they were going to do in Hardee County to reality it might not be the same thing. Mr. Lambert advised he did not agree with him. Chairman Royal explained he felt all the projects the EDA had funded had been a success. He touched on how they had filled the Commerce Park during a down economy.

Mr. Kuhlman asked about an end of project report and how there needed to be an after action report on things they would do different the next time.

Chairman Royal stated they were human and mistakes would probably be made and there was always room for improvement.

Mr. Kuhlman stated they were all on the same side and he lived in the county too and was not going anywhere so if he could help he would.

Dickson stated she would also ask that Mr. Kuhlman acknowledged that most of the time they were just philosophical differences and what his interpretation of success was may not be what the Board's interpretation of success was and that did not mean he was wrong or they were wrong. Mr. Kuhlman stated he needed numbers and how Mr. Lambert never provided numbers. Dickson stated they were not there to debate Mr. Lambert's position or the IDA's business and how

this was an EDA meeting and she felt they had conducted their meeting. MOTION by Dickson to adjourn. Chairman Royal asked if there was anymore discussion.

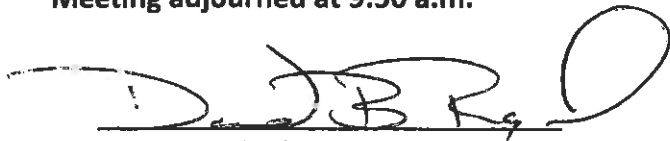
Mr. Kirkland spoke about the Lightning Bay Spec Building and how he thought the numbers were changing.

Mr. Lambert explained how the statute for the EDA stated the board was to solicit, rank, and fund grants for infrastructure and economic development and how it was given to the county to incentivize businesses to locate here. He stressed how that was the distinct difference from your normal construction of how typical ad valorem tax dollars would be spent in the same manner. He added there was a directive from the legislature and that was how the EDA Board did business. He further explained, similarly or dissimilarly how the IDA handled its distribution of the money with Performance Based Notes and explained how there might be a grant from the EDA to the IDA, but they were trying to administer with stewardship and they were either going to get job creation or some type of remuneration for the project investment and how there had never been a dollar not accounted for. Mr. Kuhlman stated he agreed with everything he just stated. Mr. Lambert asked him why he handed out his papers this morning to the Board and how there were distinct contradictions.

After further discussion, Pelham stated there was a motion made to adjourn and he seconded it.

Chairman Royal stated before they adjourned, they wanted to thank Beattie for his service on the Board and how this was his last meeting.

Meeting adjourned at 9:50 a.m.

A handwritten signature in black ink, appearing to read 'D. Royal', with a large, stylized flourish at the end.

David Royal, Chairman