

HARDEE COUNTY
ECONOMIC DEVELOPMENT AUTHORITY (EDA)
(INDEPENDENT BOARD)
COUNTY COMMISSION CHAMBERS
412 WEST ORANGE STREET, ROOM 102
WAUCHULA, FLORIDA 33873
October 06, 2014 8:30 a.m.

MINUTES

Members:

David Royal, Chairman, P
Linda Roberson, P
Kenny Miller, P
Stanley Pelham, P

Donna Doubleday, P
Terry Atchley, P
Sue Birge, Vice-Chairman, P
Steven Southwell, P

County Attorney Ken Evers, P
Office Manager Sandra Meeks, P

County Manager Lexton H. Albritton, Jr., P

Chairman Royal led the invocation followed by the pledge to the flag.

Chairman Royal called the meeting to order at 8:32 a.m.

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

MOTION by Atchley, second by Pelham to approve the minutes for the regular meeting on Thursday, September 11, 2014, at 8:30 a.m. and Monday, September 15, 2014, at 8:30 a.m. Motion carried unanimously.

- I. Welcome new member Steven Southwell representing the Chamber of Commerce.

Chairman Royal welcomed new member Steven Southwell representing the Chamber of Commerce.

- II. Discuss the Draft Policies & Procedures Manual for the Hardee County Business Incubator.

Sarah Pelham, Economic Development Coordinator Hardee County Economic Development Office, Autumn Blum, and Kristin Giuliani came before the board and explained they wanted to go over the manual with the board and discuss any changes that needed to be made. Mrs. Pelham explained she was going to allow Ms. Giuliani take the lead in the discussion since she had been the main one that assisted in developing the manual. Ms. Giuliani explained the manual mainly focused on the Incubator Accelerator portion of the program and not the Fill Line. Mrs. Pelham explained they had a meeting the week before and had decided it would be best to have a separate Policy & Procedures Manual for the Fill Line. Ms. Giuliani explained the purpose of the manual and asked how the

board wanted to proceed with going over the manual. Atchley stated he would be comfortable with just going over the outline of the manual since they were not owners or operators of the facility, but just wanted to feel comfortable as they continued to fund. Birge stated she agreed. Chairman Royal advised just read and outline it and then if they had any changes or questions they would ask. Ms. Giuliani read the manual.

The Outline contained the following:

1. Introduction
 - a) Incubator Tenant Description
 - b) Accelerator Tenant Description
2. Facility Overview
 - a) Production Line Details
 - b) Facility Hours & Building Access
 - c) Security (after hours, weekends and holidays)
 - d) Visitors
 - e) Emergency Situations
 - f) Prohibited Conduct & Activities
 - g) Signs
 - h) Rules (internal temperature, care of space, heat sources, cleanliness, smoking, building exits)
3. Finances
 - a) Production Rates
 - b) Billing and Payments
4. Incubator/Accelerator Program
 - a) Program Guidelines
 - i. Qualifications
 - ii. Application Process
 - b) Marketing Manager OR Business Manager Support Role
 - c) Business Plan and Manager Meeting
 - d) Mentorship/Consulting program through SBDC
 - e) Termination of Relationship/Contract
5. Graduation Policies and Procedures

Ms. Giuliani read the Introduction and under *Program Guidelines; Qualifications*:

Pelham asked about the sufficient capital to carry forward the established business plan and wanted to know if this was when they were ready to leave the Incubator or the first six months they are in. Ms. Giuliani explained it was her understanding not all businesses that would locate in the Incubator would have the EDA Grant dollars, so this pertained to them either having dollars from other grant sources or capital of their own. Mrs. Pelham stated they would need to tweak that sentence so it was very clear. Doubleday asked if they had determined what services would be available at the Incubator. Ms. Giuliani explained marketing was the big one and someone to execute marketing plans and assisting the company with any resources they needed. Mrs. Pelham also touched on providing the tenants with accounting software and training. Ms. Giuliani touched on having a customer

service team and also, telemarketing available. Doubleday also asked about the timeframe for the tenant of the Incubator to begin operations and would there also be a commitment from the tenant on continuing to operate. Mrs. Pelham explained they would like to, but would have to make sure it was legal to require someone to keep their business in the county. County Attorney Evers explained he believed they could and they were usually called claw backs, but the problem was enforcing it. Mrs. Pelham stated they would probably need to take these up on a case by case basis. Atchley asked County Attorney Evers how far should the EDA board be trying to drill down into their policies and operating procedures and then should that not apply to every applicant that came before the board. County Attorney Evers replied that was a very good question and he believed they were at the policy level and were kind of putting them on notice that these would be the kind of questions that would be asked and addressed up front. Southwell stated he agreed the actual constraints would be on a case by case basis, but the expectation that it was a requirement would be across the board. Ms. Giuliani agreed. Ms. Blum touched on her business she had in the Commerce Park and some of the provisions of her contract and she also touched on dollar based values. Doubleday touched on some of the qualifications she would like to see added. Southwell asked about the expectation of job creation with the tenants. Ms. Giuliani explained it was discussed further down in the manual, but it would be addressed on a case by case basis. Mrs. Pelham explained most of that could be handled through the IDA. Atchley advised they would be asking a lot of those questions during the application process.

Under Step 5: Determine if applicant meets the Incubator criteria for admission

Realistic financial projections – There was discussion on how they needed to have tenants understand that the incubator would only recruit entrepreneurs and companies that possessed a real need for the services provided and demonstrated receptiveness to the inputs available from the incubator. Chairman Royal stated how important it was to have that in the policy. Mrs. Pelham agreed. Chairman Royal also stated he would like for quarterly updates to be given to the board on how the businesses were doing. Ms. Giuliani stated there would be benchmarks discussed during the admission process. Chairman Royal also stated he would like the Manage Team’s viewpoints on the businesses and how they felt everything was moving forward.

Under Step 8: Admissions Committee’s report to the Board

Southwell asked about the governance structure of the board and the admissions committee and who would actually make the decision on who was accepted into the incubator. Mrs. Pelham advised they had not decided that as of yet. Mr. Lambert, Director Hardee County EDO explained that the IDA would make the final decision. He also provided a brief history of the project and their plans.

Under Production Fees

Ms. Giuliani explained there had been a lot of discussion on the Incubator Format and how much the tenant would be putting in year one, two, and three. Chairman Royal explained he felt the more skin the businesses put in the game the more successful the program would be. Miller asked about the First year – Component Cost + 0 and if that meant they would not have to pay any overhead costs like utilities and so forth. Ms. Giuliani explained the zero cost had to do with the fill line. Mrs. Pelham explained they had been discussing the incubator paying for all the raw materials needed and charging that back to the tenant. Mrs. Pelham also reminded the board that they were planning on using the fill line as a contract manufacturing piece. Doubleday asked who would be responsible for the utilities, rent, and staff. Mrs. Pelham advised the incubator. Doubleday asked how the incubator would become self-sustaining. Mrs. Pelham explained a portion of the overhead cost for the incubator was included in the EDA Grant, revenue would be generated from the contract manufacturing of the fill line, and the cost plus that they would be charging the tenants would all be sources of revenue. Ms. Blum then gave the board a scenario of how the cost plus process would work. Roberson asked who would be keeping up with all the finances. Ms. Giuliani advised the business manager of the incubator and the IDA. Royal advised he would like to see the zero costs for only a short period of time like six months. Atchley advised that would probably be hard to do without looking at the overall business plan. Ms. Blum advised they could use a performance metric for that instead of a timeline. Atchley asked who would keep up with that data. Ms. Blum explained the board of advisors could probably be responsible for that.

Under Graduation:

Ms. Giuliani explained from her research most incubators expect tenants to graduate within a reasonable period of time, not to exceed five years; she felt three years. She also touched on the business would be expected to graduate once they had grown to ten employees and how that might need to be changed. Doubleday advised she would like to see that changed because 67% of businesses in their region only had five employees or less and should have it more geared toward the business. She also agreed with Ms. Giuliani that five years was too long for a reasonable time for graduation. Pelham asked what thoughts they had when they put the ten employees in the manual. Ms. Giuliani explained they were looking at the Stream2Sea goals on the number of employees they hope to have and from her past experience with cosmetic businesses.

Commissioner Birge mentioned her concern on after the business was ready to graduate if there was not a place for them to locate in Hardee County, they would be gone and they would have subsidized them to go and locate in another county. She further explained she would like for them to consider allowing them to stay in incubator if there was room and no one was waiting in line to get in as

long as they paid all of their costs. Royal stated they would have to place a timeline on that. Mrs. Pelham advised as the businesses graduation came closer the IDA would begin working with that business on assisting them in finding a location or whatever their needs might be. Mr. Lambert spoke regarding the fill line and how it could be an individual business and was what they would be using to attract businesses. Commissioner Birge stated she was still confused on how that would work. Ms. Blum explained the fill line that was at the incubator was very scalable and unique. Mrs. Pelham explained that a business would call in an order to the business manager of the incubator on what they needed and they would fill their order and charge them a fee and they would come and pick their order up and that would basically be how the process would work with outside companies wanting to utilize the fill line. Atchley applauded the efforts everyone had made in putting the manual together, but stressed to the board there would be many changes made moving forward because of the market.

Mr. Henry Kuhlman, Citizen, Ollie Roberts Road, Bowling Green spoke about how he felt the whole thing was mushy and should have been done a year ago. He also stated he thought some of the comments from the board had been prepared ahead of time and how they were talking like eventually someone would come along and take the fill line over.

Mrs. Pelham explained to the board they would get them a clean copy once they had made the changes and thanked the board for their time.

Chairman Royal asked Mrs. Pelham to give them an update on the incubator. Mrs. Pelham explained the fill line had been assembled and training had been done for it and that Ms. Blum was working with Mr. Stein on writing all the necessary SOP's (Standard Operating Procedures) for the fill line, so they could get their license. She further explained the construction on the Paddle Board area was coming along and would be completed soon. She informed everyone that Mr. Stein was there from 8 – 5; Monday – Friday if they wanted to take a tour.

III. Donna Doubleday – Discuss requesting financial statements and business plans from businesses requesting funds.

Doubleday asked what was the method the board used to request financial statements and business plans from the businesses requesting funds from the board because that was information they needed to look at. County Attorney Evers explained the issue they had from a legal perspective was they did not enjoy the same statutory confidentiality provisions like the IDA and EDC, so they had to understand once they asked for that information it became a public record. Doubleday asked the board what they felt comfortable asking for from the applicants. Chairman Royal stated if they started asking businesses for their

financials, they would probably not apply because a lot of businesses did not want all of their financials to be public records. Doubleday explained she understood, but some of the businesses were asking for millions of dollars and she needed something to look at to know they were sustainable. Chairman Royal explained one difference was they were reimbursable as the EDA Board. Doubleday said she thought they had swayed from that when they got into funding operational costs. County Manager Albritton explained one instance when the EDA handled one of the IDA requests for the Paddle Board as a draw, but that would not happen again. He went on to explain the board could ask for as much as the business was willing to give.

Mr. Kuhlman, Citizen spoke on how the board was responsible on making sure the money was used correctly and how important it was for them to make sure the company was going to make it.

Atchley reminded the board their duty under the Senate Bill was to solicit, rank, and fund businesses that provided economic development opportunities. He went on to explain that was very broad and vague statement and how they might want to have a workshop and go over their applications and application process because they need to be asking for more data. Chairman Royal stated that they did need to have a workshop and go over their applications. Mr. Lambert, Hardee County EDO Director advised he thought most of the contentiousness with the EDA was the insertion of economic development in the application process and how it did not have a lot of definition and how the board needed to take a long look at what it meant by that. He also spoke regarding the Peace River Paddle Sports and how they had approved their budget when they approved the grant and there was a van and some canoes in the budget. He went on to explain that they really did not want the liability of the van being in the IDA's name and after reviewing the statute was told they would be liable even if they held a lien against it, so they allowed him to purchase the van because the EDA had approved his budget and he got the van at a much cheaper cost than first anticipated. He also stated they would run into those instances every so often and they would do their best to work through them. He touched on how they were trying to get the applicants to submit as much information as they could in the budget they submitted. County Manager also advised they needed to go over their contracts, but reminded the board they did not want to make the application process too difficult. He also spoke on the difficulty they were having with the economic development application and the reimbursements. Chairman Royal asked what timeframe could the County Manager, his staff, and the attorney come back to them with a revised contract. County Manager explained they would have to customize each contract with each applicant.

Mr. Kuhlman, Citizen spoke about goodjobsfirst.org and organizations that looked at agreements and would give ideas on how agreement should be created. He also spoke on how someone needed to do a study on how much a job was worth in Hardee County.

Doubleday asked if they needed to schedule another workshop to go over agreements and applications.

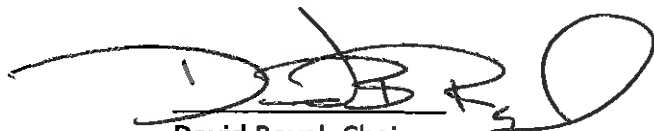
Chairman Royal advised the next meeting/workshop would be November 10, 2014, at 8:30 a.m. He also asked for the County Manager and County Attorney to come with some recommendations. They advised they would.

Pelham asked about the other money from South Pasture. Miller stated they were waiting on the Army Corps of Engineers. Pelham stated they had put that application process on hold. County Manager Albritton explained they could also discuss that in the workshop because they did not want to wait until the draglines were moving.

IV. Donna Doubleday – Clarification of EDA processes.

Will be included in next workshop

Meeting adjourned at 11:30 a.m.



David Royal, Chairman