

HARDEE COUNTY
ECONOMIC DEVELOPMENT AUTHORITY (EDA)
(INDEPENDENT BOARD)
COUNTY COMMISSION CHAMBERS
412 WEST ORANGE STREET, ROOM 102
WAUCHULA, FLORIDA 33873
February 24, 2015 8:30 a.m.

MINUTES

Members:

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

Donna Doubleday, P
Terry Atchley, Excused
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 8:30 a.m.

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

MOTION by Pelham, second by Miller to approve the minutes for the regular meeting on January 27, 2015, at 8:30 a.m. Motion carried unanimously.

- i. Acknowledge receipt of Reimbursement requests from the Hardee County Industrial Development Authority for the Incubator Project in the amounts of \$26,412.00 and \$26,956.01 and the Spec Building (Florikan) in the amount of \$525,396.85. Doubleday asked what the expenses in the amount of \$26,412. Listed under other was for in the Incubator request. Mrs. Pelham, Economic Development Office explained those were for Peace River Paddle Sports.

MOTION by Miller, second by Pelham to acknowledge receipt of Reimbursement requests from the Hardee County Industrial Development Authority for the Incubator Project in the amounts of \$26,412.00 and \$26,956.01 and the Spec Building (Florikan) in the amount of \$525,396.85. Doubleday asked what the expenses in the amounts of \$26,412 and \$26,956.01 listed under other was for in the Incubator requests. Mrs. Pelham, Economic Development Office advised those expenses were for Peace River Paddlesports. Motion carried unanimously.

Chairman Royal explained he would like to ask the Board if they could recess and go into their workshop because a lot of the discussion from the workshop would pertain to the Incubator Project and then after the workshop, they could come back to this request for final approval of the agreement. Everyone agreed.

- II. Acknowledge receipt of the Clerk's Financial Reports for periods ending 10/31/14, 11/30/14, 12/31/14, and 01/31/15.

MOTION by Pelham, second by Miller to acknowledge receipt of the Clerk's Financial Reports for periods ending 10/31/14, 11/30/14, 12/31/14, and 01/31/15. Doubleday asked what the Professional Services being charged were. Mrs. Meeks, Office Manager advised they were for the Auditor and Attorney. **Motion carried unanimously.**

Mr. Bill Lambert, Executive Director and Sarah Pelham, Economic Development Coordinator, EDO went over the Severance Tax/Mosaic Agreement funding history.

RECESSED BOARD MEETING AND WENT INTO WORKSHOP

Chairman Royal called the workshop to order at 9:05 a.m.

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

- I. Discuss future funding of operating costs.

County Manager Lex Albritton started the discussion off by explaining the agenda had been set up from various discussions and comments by Board members during meetings. He also stated how there had been a delay in approving the Incubator Agreement since the award date and thought from the discussion they may have during the workshop, they might possibly want to add some conditions to the agreement. He further explained how in the past the EDA had mostly funded hard assets, but last cycle and this current cycle started funding more operational costs, payroll, insurance, etc. and stated how these expenses were harder to explain and the purpose of the workshop was to discuss all the talking points for "future" funding. He stressed this was not to discredit any past applications or agreements this was for future funding. He also touched on the statute and the senate bill changes that had been made.

Chairman Royal advised they would open it up for discussion, but they knew when they first started, this was going to be a work in progress.

Southwell stated he felt the approval of the agreement and any policies needed to be separate because the agreement had already been approved for funding.

Doubleday touched on how when they get into funding operational costs of a business it requires a lot more documentation and scrutiny and felt that was not what the intent of the EDA money. She further explained she understood the funds were for creating wealth in the community and how she felt they should stay away from funding operational costs of businesses and should get back into

funding infrastructure and job creation. Southwell explained how he felt they should not develop policies that would affect the grants that were already approved. County Manager Albritton reminded the board that the discussion was for future funding. Pelham touched on if they did not cover any operational costs it may have a chilling effect on economic development. Doubleday explained that might happen, but they also increase their risk greatly by funding the costs.

Mr. Lambert, Economic Development Director, Economic Development Office touched on how important the entrepreneur was. Miller touched on how they had to decide how much risk they were willing to take. There was also discussion on the ranking process and how if they were going to fund the operational costs the costs needed to be defined.

Miller explained they would not be able to know which businesses were going to be successful. Mr. Lambert touched on how they funded the operational costs of government everyday with tax payer's dollars and how they needed to find a way to make it work. Doubleday explained they would have to take risks, but they needed to make sure the business has some skin in the game. Roberson asked if they could base the amounts of the grants on the number of jobs.

After further discussion, Chairman Royal explained what if they did an amount up to for the amount of the grant instead of just an amount. He further explained as the businesses revenues increased the amount of the grant would decrease and then the business would have skin in the game. Doubleday asked the County Manager if there were things that concerned him regarding the operational costs. County Manager Albritton advised there were not and explained how the burden of verifying the expense fell on the Clerk of Court. He advised the board that the real question was if the funding/revenue stream was designed to be expended in this way. Pelham asked what the statute stated regarding these costs. County Manager Albritton explained it was silent.

After further discussion, Chairman Royal asked if they should have a joint workshop with the IDA to go over what would and should be funded in the future. County Manager Albritton explained that he felt they just needed to tighten up their contracts up front before an award was granted. Doubleday explained from their discussion, she felt there were two areas they needed to look at 1) Is this funding stream right for the cost? 2) Funding streams have parameters. She also asked why the Mosaic money could not just be used for the funding of operational costs. Mr. Lambert reminded the board their job was to solicit, rank, and fund grants for economic development or infrastructure. He also touched on how they were to consider the applicant and how with the Incubator grant the IDA was the applicant. He also explained how the IDA had changed a lot of their procedures and felt they had improved the way they did things.

Chairman Royal summarized what they had agreed upon so far during workshop:

- They will need additional workshops once the cycle begins to decide what can and cannot be funded
- Look at the different funding streams to fund operating costs
- They need better documentation on all funding requests that are turned in to give better definition on where/how they plan on spending money

Miller stated that moving forward they might need to focus their efforts and money on more infrastructure projects. He also stated he felt they should have some flexibility to fund some operational costs, not all, but some. Birge stated she felt the IDA was vetting the businesses better, so they needed to address some of their concerns up front. Southwell touched on how moving forward he felt the two main things they needed to look at was fine tuning the application and regarding the money, where was the money coming from and what was the applicant spending it on. Miller advised they also needed to decide if they wanted to fund projects on private property. Roberson explained she felt that once the business started making money, they should use some of their own money to fund the project. Doubleday stated she wanted to see benchmarks put into the agreement.

County Manager Albritton read the original statute on what they could fund before it was amended and changed. He also provided a brief history when they began discussions on receiving the money. He also touched on the accounting procedures.

II. Discuss contract awards:

- Milestones
- Quarterly Reporting of Profit & Loss Statement

County Manager Albritton explained they did not want to get too involved in the business, so the Profit & Loss might not be the right thing maybe something like a summary, so they will at least know how the business was progressing.

Chairman Royal explained the quarterly reporting was so they could see what progress they were making and if they were having any problems. Doubleday touched on how they needed benchmarks in their agreement. Doubleday explained she was still concerned on the parameters of the funding.

They then touched on the statute and how it changed and if it was meant to be changed.

County Attorney Evers explained he agreed with the County Manager’s historical presentation. He further stated he did not think funding operational costs were prohibited, but explained it was a double edged sword and that when the changes were made to the statute it was discussed that it would be incumbent on the board on what they had to do to properly evaluate the applications and administer the funds.

Doubleday explained she felt they needed parameters when they evaluated projects.

Miller stated he did not think they were deciding anything today. He thought they were just building their discussions for their next workshop.

Doubleday asked if they could put as an item on their next agenda what constitutes a completed application.

Southwell touched on if a company becomes successful they should not penalize that company by not allowing them to receive the entire amount of the grant. Doubleday explained she appreciated that and wanted the businesses to become successful too, but the other side of that was that with most Incubators when the business starts making money the business starts paying more for services and this was also to prepare them for when they leave. Southwell stated his comment was not regarding the Incubator businesses. Doubleday stated she would also like for them to discuss separating the Incubator’s application from the businesses applications. County Manager Albritton explained they needed to make their decisions on what could happen with a business.

III. Discuss protecting the EDA’s return on their investment.

Discussion included above.

IV. Set Agenda/Date for next workshop.

Chairman Royal explained they had a good start for items to be on the agenda for their next workshop and asked if they wanted to add anything else to the agenda. Pelham touched on how it would be important for the business to give quarterly updates because their revenue and expenses could change. Southwell touched on the IDA was the applicant for the Incubator, so they would also be involved in moving business along and it would be the IDA’s responsibility to report to the EDA.

County Manager Albritton touched on taking risks and not being successful. He also stressed acknowledging the risks they are willing to take up front as a board was what would protect them with the public.

Birge stated all the board members need to tour the Incubator.

Southwell touched on if they did fund on private property they needed to discuss what they would use as protection mechanisms. Chairman Royal advised it was on the list.

Miller stated establishing deliverables moving forward was going to be tough for them.

Public Comment:

Pam Belflower, 220 Illinois Avenue, Wauchula stated she thought they would review their By-Laws since they were having a workshop and how no one mentioned the parameters that were in the By-Laws. She also stated when they just acknowledged receipt it was not legal. Chairman Royal explained the Clerk would not pay the invoice if it did not have two signatures and the required back up. Mrs. Belflower then asked why she had to check them out when the By-Laws state she “shall” disperse. Chairman Royal advised it was another “check and balance” mechanism. Mrs. Belflower then stated their By-Laws were verbatim from the statute so if it had been amended their By-Laws needed to be amended. She then asked if the board had a copy of the new law and who was responsible for giving them that. Mrs. Meeks, Office Manager explained every board member was given a binder book that had all their information in it. Mrs. Belflower then asked when the last time the law was changed. Mrs. Meeks stated the Senate Bill was amended in 2010. Mrs. Belflower then stated that no one was given the opportunity to apply for the \$662,000 because no one knew that it was available through the Incubator like Autumn Blum did and that it was not ranked by the cities, so it was not legal and it should be rescinded.

Autumn Blum, Stream2Sea Business Owner spoke regarding what an entrepreneur was and also about the sustainability of jobs. She asked the board to not make so many constraints that more staff was needed and that she would be available to assist in developing any type of expense reports or anything else that was needed.

- ii. Request approval and authorization for the Chairman to sign the Grant Award Agreement with the Industrial Development Authority (effective 10/01/14) for \$1,500,000.00 for the Incubator Project.

MOTION by Pelham, second by Birge to approve and authorization for the Chairman to sign the Grant Award Agreement with the Industrial Development Authority (effective 10/01/14) for \$1,500,000.00 for the Incubator Project.

Miller asked for the County Attorney Evers to address what Mrs. Belflower spoke about regarding Ms. Blum and her application. He further explained the application the EDA received was from the IDA and not Ms. Blum. County

Attorney Evers advised that was correct and he asked Mrs. Pelham to explain. Mrs. Pelham, Economic Development Coordinator, EDO Office explained she was very confused regarding the comments made. She explained what Mrs. Belflower said was not what happened at all. She went on to explain the Incubator grant was approved during its first cycle with two tenants lined up and it was disclosed that it would be a multi-year funded grant. She also explained anyone in the community has the right to educate themselves on the available funding and she cannot help if they did not know that. She stated the second application for the Incubator included three tenants which included Stream2Sea.

Doubleday advised they had already approved the funding and wondered what the purpose of approving the agreement was. Chairman Royal explained the reason was if they desired to put any stipulations in the agreement such as quarterly reporting or so forth.

County Manager Albritton explained the contract for the Incubator was with the IDA and that there was enough information out there for anyone to know about the Incubator and the funding available and it was prioritized.

Southwell stated there was a provision in the agreement for quarterly reporting.

Mr. Lambert, EDO Director stated as a point of clarification the funding had been approved, but the agreement had not been approved and the amended budget needed to be included.

Miller asked how many total employees they thought they would have with the Incubator. Chairman Royal advised with Stream2Sea would start out with five for this year and then increasing each year. Mrs. Pelham explained with the Fill Line they already had one and would be bringing on a couple more, but some would be shared with Stream2Sea. She stated Peace River Paddlesports had four at this time and would need at least one more. Mrs. Pelham advised the salaries in the budget are actually true numbers for when the person was hired. She also stated that she worked with all the tenants developing the budget and they all agreed that if they become successful and started bringing in revenue, they should spend some of their own money, so if some of the line items seemed to be small that was why. County Manager Albritton spoke about budget amendments and how the Commissioners handled. He also advised there would need to be an agreement on the movement of funds between line items. Chairman Royal asked if that was something they could handle quarterly. County Manager Albritton explained for the larger expenses it may work, but Staff needed to know what the Board's expectations were within the limits. Pelham asked if they needed to amend their motion to allow Staff the authority to move

funds within the line items, but if it needed to be transferred between projects it would need Board approval. County Manager Albritton explained yes. Southwell advised he would still like to know when either was happening. County Manager Albritton explained that could be done. After further discussion, **MOTION by Pelham, second by Birge** to approve and authorization for the Chairman to sign the Grant Award Agreement with the Industrial Development Authority (effective 10/01/14) for \$1,500,000.00 for the Incubator Project to include the updated budget and also, giving County and IDA Staff the authority to move funds within the companies from one line item to another and report amendments to board quarterly. **Motion carried unanimously.**

- I. Request approval and authorization to postpone the next cycle.

MOTION by Doubleday, second by Birge to postpone the next cycle until they finish all of the workshops and were ready to advertise. Miller stated he has asked the County Attorney at the last meeting to make sure they were allowed to do this. County Attorney Evers advised they could postpone the cycle. Miller also asked if this was going to affect any new projects. Chairman Royal advised that would just give them motivation to finish the workshops as quick as they could. There was discussion on adding a time certain to the motion, but after discussing they decided to leave motion as it was. **Motion carried unanimously.**

The next workshop was set for Monday, March 16, 2015, at 8:30 a.m.

Meeting adjourned at 12:00 p.m.



David Royal, Chairman