

Hardee County Economic Development Council/Industrial Development Authority
Regular Meeting Minutes
February 17, 2015
Hardee County BOCC

Vanessa Hernandez- Chair-P
Gene Davis- Vice Chair-P
Dottie Conerly-A
Jim See -P

Donald Samuels-P
John O'Neal-A
Michael Prescott-P
Diana Youmans-A

Doug Jensen-A
Monica Reas-A
Lory Durrance-P

The meeting was called to order at 8:30am by Chair Hernandez.

Visiting: Rhonda Cole, Charlie Cox, Mike Carter, Arnold Lanier, Lex Albritton, Henry Kuhlman, Travis Bond, Grady Johnson, Pam Belflower, Kristin Giuliani, Autumn Blum, Vanessa Thomas, Stan Pelham, Jim Estes, Robert Cole, Kenny Lambert, Abel Hernandez and Sheriff Lanier.

County Attorney: absent

County Commissioners: Mike Thompson, Russ Melendy and Sue Birge

Press: Michael Kelly

Staff: Bill Lambert, Sarah Pelham and Kristi Schierling

Agenda: Items 4 and 5 will be switched around. Gene Davis made a motion and was seconded by Mike Prescott to approve the agenda. Motion passed unanimously.

Minutes: Mike Prescott made a motion and was seconded by Jim See to approve the minutes as presented. Motion passed unanimously.

Presentation of Severance Tax/Mosaic Agreement Funding History

Sarah Pelham gave a presentation to show where the EDA severance tax money and the IDA Mosaic Agreement money has been spent or appropriated. A total of \$39,238,391.11 has been received by the EDA and IDA combined; \$16,000,000 to the IDA, \$2,000,000 to the BOCC and \$21,238,391.11 to the EDA. The next several slides then had the different types of projects separated out with the costs associated with them. Page 9 of the presentation showed that the IDA has \$542,619 in unencumbered general revenue funds. This account includes the sale of lots, fruit income and rental income. The real estate was listed at \$13,150,000, which is the just market value from the Property Appraiser's website. The mosaic funds that are either spent or committed is \$12,576,357.12 and uncommitted mosaic funds is \$3,423,642.88 and that number does not include the Mosaic payment that we will receive this May. There was board discussion about the presentation. Most thought that a presentation like this should be done every 6 months to a year and would like for it to also show the income and expenses for the buildings that the IDA owns as well as the job creation. They would also like to see what the private sector investment into our building is.

**Short break from 9:45am-9:57am.

Discussion/Approval of Continuum Labs examination

Today's discussion is about the different proposals for the questioned costs and whether we should accept them or disallow them. A spreadsheet was included in the agenda of the questioned costs. Travis Bond explained the licensing fee again. LifeDash created the platform that Bluewater was built on. The initial API was for custom development for the platform and special functionality. It is industry standard to charge a fee to update the software and for the user to have access to the platform. When they did the Bluewater buyout, the API was a year old and a rate was applied on an ongoing monthly fee on the draw requests. This stopped once Livedash was rolled into the Caresync product. It is a questioned cost because it was out of the scope of the engagement for CliftonLarsonAllen. They could not identify any costs associated with that billing, not to say that it isn't industry standard. It just did not fit into CLA's scope of their engagement. LifeDash never made a profit on the license fee. Mr. Bond said the money that was received for the license fee stayed in the project and was used toward Caresync.

Mr. Bond's CPA did produce the financial statement compilation that was requested at last month's meeting. CLA has looked over them and the compilation shows that about \$1.2 million was put into the Caresync product over our \$7.25 million investment. The examination that was performed by CLA also shows that money was put in over the IDA's investment.

Director Lambert said that the Board should consider different dates when thinking about their decision; if Continuum be considered a success when they did their last draw in January 2014, the contract extension date of June 2014 or the original grant date of 3 years which would be September 2014. Director Lambert also reminded the Board that it has been discussed that the development of the product was more important than the job creation. They have now met their job creation goal but did keep the Board up to date at each monthly meeting on the number of employees that were hired.

Donald Samuels made a motion to have a forensic audit of Continuum Labs. Motion dies for a lack of a second.

Director Lambert again reviewed the different options that the Board had related to the questioned costs.

Travis Bond stated that he has received about \$5 million in cash above our \$7.25 million investment. In the next 6 months, he hopes to have another 50 jobs in addition to the current 30. They are currently running all shifts. By the end of the year, he hopes to have 250-300 employees.

To settle the questioned cost figure, we have the options to forgive the amount, disallow the amount and have Mr. Bond pay the amount back, we can take what was put in the project over our investment and apply that to the questioned cost or request the amount from Mr. Bond and then allow him to do a draw request for that amount.

Lory Durrance made a motion and was seconded by Jim See to accept the additional information provided by CliftonLarsonAllen in their examination of Continuum Labs which substantiates sufficient additional investment and to offset the questioned costs. Donald Samuels voted no. Motion passed.

Discussion/Approval of contract with Stream2Sea

Lory Durrance declared a conflict of interest with this item since Ms. Blum does business with his employer. A copy of the form is on file at the EDO office.

The contract was reviewed page by page. Director Lambert noticed the Board that an amendment to page 7, section 6.2 was needed. We need to strike "fill line operator". This agreement will be taken to

the next Economic Development Authority meeting for them to review. Donald Samuels questioned the policy and procedures manual that will be attached as an exhibit in the agreement. We do have a draft copy currently and they have been presented to the EDA board. It does state that this agreement will prevail over anything else. Stream2Sea will be required to carry products liability insurance as well as worker's comp insurance. On page 3, Stream2 Sea commitments, strike out "cooperate and" and also change the sentence to read "enter into agreements with the contracted fill line operator for production of products for which the fill line can accommodate and has the capability to produce." Items were also discussed that would be considered confidential. Items like her ingredients, formulas, pricing and also the suppliers that she receives the ingredients from.

Gene Davis made a motion and was seconded by Mike Prescott to approve the contract with the changes discussed today. Donald Samuels voted no. Motion passed.

Fill Line RFP

This is to advertise for the fill line contractor. Once the advertising period is over, one board member with staff will conduct interviews with the applicants. Once the top ones are chosen, they will then do a presentation to the Board and we will then approve a contract for the chosen applicant. There is a fill line budget that will have to be adhered to and they will be paid for managing the fill line. We will use the County's advertising procurement policy.

Jim See made a motion and was seconded by Lory Durrance to advertise the RFP for the fill line contractor. Motion passed unanimously.

Incubator Budget

Sarah Pelham briefly reviewed the Incubator budget. We will send this out to the members.

Keyplex Agreement

Keyplex is expanding and needs to borrow money from their lender. The Board needs to approve Exhibit A showing what belongs to the IDA in the building.

Lory Durrance made a motion and was seconded by Gene Davis to approve with the Chair to sign. Mike Prescott abstained due to his family member working at Keyplex. Motion passed. A copy of the conflict form is on file at the EDO office.

Tech River tenant lease

A gentleman by the name of Mr. Stewart would like to rent a small space at Tech River. He would also like to utilize the classroom as well. He is a psychologist that conducts webinars and seminars. He will be a tenant at will.

Mike Prescott made a motion and was seconded by Lory Durrance to negotiate a lease based on the square footage with the same price being charged as Rapid Tech (Utilitech). Gene Davis voted no. Motion passed.

Financial Report

Sarah Pelham reviewed the EDC and IDA financials from the previous month.

A motion was made by Gene Davis and seconded by Jim See to approve the EDC and the IDA financials. Motion passed unanimously.

Other Business

Mike Prescott brought up the Cattleman's Arena and how expensive it is to restore. Many events are held there and he thought that maybe the BOCC or the IDA could help restore the arena when the time comes. The roof is already 10 years old and may need to be replaced in the near future.

Jim See said that dialogue should be held about possibly hiring a contract manager to make sure all the benchmarks are met and everything is followed through correctly. He thought this could help alleviate some of the responsibility from the staff so they could focus on economic development. Vanessa Hernandez reminded everyone that there would be tour at the Incubator building. The meeting will be recessed and reconvened at the Incubator.

Meeting was recessed at 1:00pm by Chair Hernandez and reconvened at the Incubator at 1:15pm. The tour was had and the meeting was adjourned by Chair Hernandez at 2:00pm