

AGENDA

Hardee County Economic Development Council Hardee County Industrial Development Authority

Commission Chambers 412 W. Orange, Room 102, Wauchula, FL 33873 Regular Meeting

9/13/2018 8:30 AM

BOARD MEMBERS

Gene Davis, Chairman | Tommy Watkins, Vice-Chairman | Courtney Green | Lory Durrance | Calli Ward | Vanessa Hernandez | |

- Item 1. Call to Order
- Item 2. Approval of Agenda
- Item 3. Approval of Minutes
 - Item 3.1. August 2018 Minutes
- Item 4. Agenda Items
 - Item 4.1. EZ Products, Inc Presentation
 - Item 4.2. Rapid Systems Presentation
 - Item 4.3. Purchase of 1436 Old Bradenton Rd discussion
 - Item 4.4. MDQ lease
 - Item 4.5. Draft EDC Budget FYE 2019
 - Item 4.6. Draft IDA GF and South Ft. Meade Mine Budget FYE 2019
 - Item 4.7. Draft Ona Mine Budget FYE 2019
 - Item 4.8. Budget Resolution for FY 2018-2019
 - Item 4.9. Mauldin & Jenkins- FYE 2018 Annual Audit Engagement Letter
- Item 5. Updates

- Item 5.1. Winn Dixie "Option" update
- Item 5.2. Hospital "Option" update
- Item 5.3. Techriver Update
- Item 5.4. Lease purchase of portable offices to Hardee Fresh
- Item 6. Financial Report
 - Item 6.1. General Fund Budget Amendments FYE 2018
 - Item 6.2. August 2018 EDC/IDA Financials
- Item 7. Announcements/Other Business/Public Comments
- Item 8. Adjournment

MINUTES

Hardee County Economic Development Council Hardee County Industrial Development Authority

Commission Chambers 412 W. Orange, Room 102, Wauchula, FL 33873 Regular Meeting

8/14/2018 8:30 AM

BOARD MEMBERS

Gene Davis, Chairman | Tommy Watkins, Vice-Chairman | Courtney Green | Lory Durrance | Calli Ward | Vanessa Hernandez | |

1. Call to Order

Attendee Name	Title	Status	Arrived
Gene Davis	Chairman	Present	
Tommy Watkins	Vice-Chairman	Present	
Courtney Green	Board Member	Absent	
Lory Durrance	Board Member	Present	
Calli Ward	Board Member	Present	
Vanessa Hernandez	Board Member	Present	

Visiting: Myles Albritton, Michael Noel, Bruce Stayer, Jamie Harrison, Henry Kuhlman, Rhonda Cole, Virginia Brown, Charlie Cox, Grady Johnson, Sharon Moye, Drew Varner, Arnold Lanier, Eddie Davis and Skip Darbin.

County Commissioners: Mike Thompson and Sue Birge

County Manager: Lex Albritton

County Attorney: Ken Evers

Press: Michael Kelly

Staff: Bill Lambert, Sarah Pelham and Kristi Schierling

2. Approval of Agenda

Item 2.1. Motion to approve the agenda with the addition

Director Lambert would like to change 4.1 to 4.1A experimental crop update and add 4.1B.

RESULT:	APPROVED [UNANIMOUS]
MOVER:	Calli Ward, Board Member
SECONDER:	Vanessa Hernandez, Board Member
AYES:	Davis, Watkins, Durrance, Ward, Hernandez
ABSENT:	Green

3. Approval of Minutes

Item 3.1. July 2018 EDC/IDA Minutes

RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Tommy Watkins, Vice-Chairman
SECONDER:	Lory Durrance, Board Member
AYES:	Davis, Watkins, Durrance, Ward, Hernandez
ABSENT:	Green

4. Agenda Items

Item 4.1. Experimental Crop Update

Myles Albritton was here to give an update to the board relating to our experimental ag crop. We grafted 386 olive trees and of those about 85% held. The Arbequina and Koroneiki varieties seem to be the best so far. We are also assisting SFSC with their olive test plot. Pongammia Pinnata seems to be very adaptable here and grow very fast. Some were hurt by the cold while others were not. The IDA has purchased a small press and we will press olives ourselves.

Item 4.2. Impact of Ona Mine Agreement on Financial Statement- Presentation by Hardee County Education Foundation

The BOCC approved the Ona Mine agreement. Today we will be discussing the education portion of the agreement. Calli Ward is currently the President of the Hardee County Education Foundation. She has been on the board 5 or 6 years. The HCEF board will be the ones that manage the education endowment of the Ona Mine Agreement. It is to be maintained at \$8 million dollars. The scholarships that will be awarded will only be from the interest that the money has earned. Greg Harrelson will be assisting the foundation. The scholarship funds will be forgiven at 20% each year that the graduate lives in Hardee County. In order to expedite the funding of the endowment, Director Lambert mentioned that the CF money that is held by the EDA could be used. It will be at \$7 million dollars. The IDA could add in the remaining \$1 million dollars.

Item 4.3. DRAFT Budget EDC Fiscal Year 2018-2019

Sarah Pelham told the board that there was no change from last month's meeting to the EDC budget.

Item 4.4. DRAFT IDA Budget Fiscal Year 2018-2019 General Fund & South Ft Meade Mine

There were no significant changes to the budget. Charlie Cox did add in the expenses for Florida Hospital for the first 3 months of the new budget year. Winn Dixie columns were still left blank. The income for Techriver will change before we adopt the budget next month. Sarah told the board that there will need to be some repairs to the AC units at the old hospital. We have quotes for these. Director Lambert said that there are 3 parties interested in the old hospital. One is a 501c3 non profit. They will provide about 80 jobs. There is also a private sector company that has been looking at it for about 2 months. They are continuing to mull over pulling the trigger on the building. Bill told them we would be open to any proposals they send. Their job creation would be about 125 jobs and it would go on the tax roll. The 501c3 would not go on the tax roll. Resthaven is also another option if we could not find a good job creation company to occupy it.

There were no changes to the Special Revenue side of the budget.

Item 4.5. DRAFT IDA budget Fiscal Year 2018-2019 Ona Mine

This budget was updated to show the income increase of \$2 million and the stripping margin column was added.

Item 4.6. Techriver- Leases

Two companies are interested in trying to employ former Caresync employees. The first is H3C, LLC out of Lincoln, Nebraska. We would like to give them a 90 day start up period. They have already hired local people who will be traveling to Nebraska for training on their system. In the event that the school board is still interested in the building, we would pay for both companies moving costs.

They would start with 10 employees and they will have rent and utility abatement for the first 3 months. Calli voiced that she would like the insurance requirement be increased to \$2 million from the current \$1 million.

-Lory Durrance made a motion and was seconded by Vanessa Hernandez to authorize the Chair to sign the lease with H3C with the insurance to be increased to \$2 million from the current \$1 million.

MDQ is the other company that is interested in moving into Techriver. They are based in California with offices in multiple states. They will start off with 5 employees. There have been no issues or concerns from either companies with the co-locating in Techriver. With both of them in there, the building will not be fully occupied. They will also be provided with rent and utility abatement for the first 3 months.

-Vanessa Hernandez made a motion and was seconded by Lory Durrance to authorize the Chair to sign the lease with MDQ with the insurance be increased to \$2 million from the current \$1 million.

Ken Evers said that there is still a lease in place with Caresync until November. Director Lambert said we would waive the remainder of the owed lease payments in exchange for the cubicles, furniture and equipment that was left in the building. This would be valued at close to \$100,000. Bill has been in touch with the assignee of Caresync related to this issue. Ken has reached out to their lawyer. We have not yet sent Caresync a termination letter. We wanted to discuss this with the board first.

-Calli made a motion and was seconded by Vanessa Hernandez to negotiate a termination of the lease with Caresync in exchange for a bill of sale on the remaining furniture and equipment that was left behind. Discussion was had on how we would handle the exchange of furniture for the remaining rental payments and how to get the release of it from the assignee.

RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Lory Durrance, Board Member
SECONDER:	Vanessa Hernandez, Board Member
AYES:	Davis, Watkins, Durrance, Ward, Hernandez
ABSENT:	Green

5. Project Updates

Item 5.1. Disposal of Property- Winn Dixie and Old Hospital

Florida Hospital was discussed during the budget discussion. Director Lambert would like to put the old Winn Dixie property on the market. There has been some retail interest in it and also interest from site selectors. We currently have about \$1.5 million in the building now. The appraisal we have has it valued at \$2.7 million to \$3.5 million depending on the use. We should let the local realtors know that it is on the market and see what offers we get. We should also be open to offers that have due diligence periods in them as well.

-Lory Durrance made a motion and was seconded by Tommy Watkins to price the building at \$2.75 million.

RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Vanessa Hernandez, Board Member
SECONDER:	Tommy Watkins, Vice-Chairman
AYES:	Davis, Watkins, Durrance, Ward, Hernandez
ABSENT:	Green

Item 5.2. Hardee Fresh

Bill met with Hardee Fresh last week. They have hired local staff and plan to be open at the end of the year.

Item 5.3. PFM

Skip Durbin came to the meeting to give an update on PFM. They have product on the shelf. The contract that they had with the JCSC has been cancelled for their 10 units. There is a new Commander and PFM was told that they would be invited back to meet with the new Commander. Ken Evers brought up the amount that is due to the IP Attorney we hired. The cost of this vetting was very expensive. For the 3 months of work that was done, it was around \$94,000. He gives a very detailed opinion to the IP that belongs to PFM. This firm also handled the loan closing documents.

-Tommy Watkins made a motion and was seconded by Calli Ward to pay the legal invoices out of the general fund and class it to PFM.

RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Tommy Watkins, Vice-Chairman
SECONDER:	Calli Ward, Board Member
AYES:	Davis, Watkins, Durrance, Ward, Hernandez
ABSENT:	Green

Item 5.4. EZ Products

Dave Brown asked that he come to the September meeting to give a full presentation. Bill Lambert has talked to him often and Dave Brown is okay with locating to a different building.

Item 5.5. Durango Systems

Director Lambert talked to Brian Stufflebean yesterday. He may have his financing in place next month. We must have a \$500,000 deposit and he will have \$10 million in financing.

6. Financial Report

Item 6.1. July 2018 EDC/IDA Financials

RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Calli Ward, Board Member
SECONDER:	Vanessa Hernandez, Board Member
AYES:	Davis, Watkins, Durrance, Ward, Hernandez
ABSENT:	Green

7. Announcements/Other Business/Public Comments

8. Adjournment

COMMERCIAL LEASE AGREEMENT

This Commercial Lease Agreement (Lease) is entered into on this ____ day of _____, 2018, by and between Hardee County Industrial Development Authority, hereinafter "Landlord" and hereinafter Shurui Tech Holdings, Inc., a Delaware Corporation, DBA Med Data Quest (MDQ) "Tenant". Landlord is the owner of land and improvements at 312 Carlton Street, Wauchula, Florida. Landlord makes available for lease, 2,000 square feet of space at \$6.00 per square foot, in a commercial building designated as "Techriver" (Leased space). A sketch of the leased space is attached hereto.

Landlord desires to lease the Leased space to Tenant, and Tenant desires to lease the Leased Premises from Landlord for the term, at the rental and upon the provisions set forth herein.

THEREFORE, in consideration of the mutual promises contained herein, and for other good and valuable consideration, it is agreed:

Term

The Initial Term of the Lease shall begin on the _1___ day of December, 2018 and will continue for a six (6) month period, with an option for an extension period, agreed upon by both parties. Rent payments shall commence on December 1, 2018 and shall continue each month thereafter through the term of the lease. Tenant will have the right to terminate this lease in the first ninety days following execution without penalty if, in the Tenants sole judgement, the facility will not fit Tenant's intended use as a healthcare call center for any reason, including Tenant's inability to attract and retain employees into that facility.

Tenant agrees to relocate during the term of this lease, at the written request of Landlord. Both parties agree the Landlord will assume the costs of moving/relocation to a separate facility in the minimum amount required to duplicate services and conditions existing at the original location, should the need for relocation occur prior to the expiration of this lease, or any renewal period related to this lease.

Rent.

The rent will be based on \$6.00/ sq. ft.per year (or \$0.50/sq ft per month) and the square footage will be 2,000 sq. ft. See Exhibit A, attached in this agreement, "leased space" .

Rent payments shall be made to:

Hardee County Industrial Development Authority
P. O. Box 458
Wauchula, Florida 33873

The rental for any renewal lease term, if created as permitted under this Lease, shall be increased 3% per year.

Rent is due on the first of the month and late after the 5th

Prohibited Uses.

Notwithstanding the forgoing, Tenant shall not use the Leased space for the purposes of storing, manufacturing or selling any explosives, flammables or other inherently dangerous substance, chemical, thing or device.

Sublease and Assignment

Tenant shall have the right without Landlord's consent, to assign this Lease to a business with which Tenant may merge or consolidate, to any subsidiary of Tenant, to any corporation under common control with Tenant, or to a purchaser of substantially all of Tenant's assets.

Except as set forth above, Tenant shall not sublease all or any part of the Leased Premises or assign this Lease in whole or in part without Landlord's written consent, such consent not to be unreasonably withheld or delayed.

Repairs

During the Lease term, Tenant shall make, at Tenant's expense, all necessary repairs to the Leased space. Repairs shall include such items as routine repairs of floors, walls, ceilings, and other parts of the Leased space damaged or worn through normal occupancy. Landlord agrees to maintain in good condition, and repair as necessary the foundations, exterior walls and the roof of the Premises, and major mechanical systems, subject to the obligations of the parties otherwise set forth in this Lease.

Alterations and Improvements

Tenant, at Tenant's expense, shall have the right, upon obtaining Landlord's written consent, to remodel, redecorate, and make additions, improvements and replacements of and to all or any part of the Leased space from time to time as Tenant may deem desirable, provided the same are made in a workmanlike manner and utilizing good quality materials. Tenant shall have the right to place and install personal property, trade fixtures, equipment and other temporary installations in and upon the Leased space, and fasten the same to the premises. All personal property, equipment, machinery, trade fixtures and temporary installations, whether acquired by Tenant at the commencement of the Lease term or placed or installed on the Leased space by Tenant thereafter, shall remain Tenant's property free and clear of any claim by Landlord. Tenant shall have the right to remove the same at any time during the term of this Lease provided that Tenant shall repair, at Tenant's expense, all damage to the Leased space caused by such removal.

Property Taxes

Landlord shall pay, prior to delinquency, all general real estate taxes and installments of special assessments coming due during the Lease term on the Leased space, and all personal property taxes with respect to Landlord's personal property, if any, on the Leased space. Tenant shall be responsible for paying all personal property taxes with respect to Tenant's personal property at the Leased space.

Insurance

If the Leased space or any other part of the Building is damaged by fire or other casualty resulting from any act of negligence by Tenant or by any of Tenant's agents, employees or invitees, rent shall not be diminished or abated while such damages are under repair, and Tenant shall be responsible for the costs of repair not covered by insurance.

Landlord shall maintain fire and extended coverage insurance on the Building and the Leased space in such amount as Landlord shall deem appropriate. Tenant shall be responsible, at its expense, for fire and extended coverage insurance on all of its personal property, including removable trade fixtures, located in the Leased space.

Tenant and Landlord shall, each at its own expense, maintain a policy or policies of comprehensive general liability insurance with respect to the particular activities of each in the Building with the premiums thereon fully paid on or before due date. Such insurance policy shall be issued by and binding upon an insurance company with a financial strength rating by A.M. Best of "A" or better, and shall afford minimum protection of not less than \$2,000,000 combined single limit coverage of bodily injury, property damage or combination thereof. Tenant shall provide Landlord with current Certificates of Insurance evidencing Tenant's compliance with this Paragraph.

Utilities

Tenant shall pay all charges for water, sewer, gas, electricity, telephone and other services and utilities used by Tenant on the leased space during the term of this Lease unless otherwise expressly agreed in writing by Landlord, commencing December 1, 2018. In the event that any utility or service provided to the Leased space is not separately metered, Landlord shall pay the amount due and separately invoice Tenant for Tenant's pro rata share of the charges of the leased space, which shall be 5% (2,000 sq. ft./36,634 sq. ft.) of the total utility bill for the building.

Tenant shall pay all such utility charges prior to the due date. Tenant acknowledges that the Leased space is designed to provide standard office use electrical facilities and standard office lighting. Tenant shall not use any equipment or devices that utilizes excessive electrical energy or which may, in Landlord's reasonable opinion, over load the wiring or interfere with electrical services to other tenants.

Signs

Following Landlord's written consent, Tenant shall have the right to place on the Leased Premises, at locations selected by Tenant, any signs which are permitted by applicable zoning ordinances and private restrictions. Landlord may refuse consent to any proposed signage that is in Landlord's opinion too large, deceptive, unattractive or otherwise inconsistent with or inappropriate to the Leased Premises or use of any other tenant. Landlord shall assist and cooperate with Tenant in obtaining any necessary permission from governmental authorities or adjoining owners and occupants for Tenant to place or construct the foregoing signs. Tenant shall repair all damage to the Leased Premises resulting from the removal of signs installed by Tenant.

Entry

Landlord shall have the right to enter upon the Leased space at reasonable hours to inspect the same, provided Landlord shall not thereby unreasonably interfere with Tenant's business.

Parking

During the term of this Lease, Tenant shall have the non-exclusive use in common with Landlord, other tenants of the Building, their guests and invitees, of the non-reserved common automobile parking areas, driveways, and footways, subject to rules and regulations for the use thereof as prescribed from time to time by Landlord. Landlord reserves the right to designate parking areas for Tenant and Tenant's agents

Damage and Destruction

If the Leased space or any part thereof or any appurtenance thereto is so damaged by fire, casualty or structural defects, such damage or defects not being the result of any act of negligence by Tenant or by any of Tenant's agents, employees or invitees, that the same cannot be used for Tenant's purposes, then Tenant shall have the right within ninety (90) days following damage to elect by written notice to Landlord to terminate this Lease as of the date of such damage. In the event of minor damage to any part of the Leased space, and if such damage does not render the Leased space unusable for Tenant's purposes, Landlord shall promptly repair such damage at the cost of the Landlord. In making the repairs called for in this paragraph, Landlord shall not be liable for any delays resulting from strikes, governmental restrictions, inability to obtain necessary materials or labor or other matters which are beyond the reasonable control of Landlord. Tenant shall be relieved from paying rent and other charges during any portion of the Lease term that the Leased space is inoperable or unfit for occupancy, or use, in whole or in part, for Tenant's purposes. Rentals and other charges paid in advance for any such periods shall be credited on the next ensuing payments, if any, but if no further payments are to be made, any such advance payments shall be refunded to Tenant.

Default

In the event of a default made by Tenant in the payment of rent when due to Landlord, Tenant shall have five (5) days after receipt of written notice thereof to cure such default. In the event of a default made by Tenant in any of the other covenants or conditions to be kept, observed and performed by Tenant, Tenant shall have thirty (30) days after receipt of written notice thereof to cure such default. In the event that the Tenant shall fail to cure any default within the time allowed under this paragraph, Landlord may declare the term of this Lease ended and terminated by giving Tenant written notice of such intention, and if possession of the Leased space is not surrendered, Landlord may reenter said premises. Landlord shall have, in addition to the remedy above provided, any other right or remedy available to Landlord on account of any Tenant default, either in law or equity. Landlord shall use reasonable efforts to mitigate its damages.

Quiet Possession

Landlord covenants and warrants that upon performance by Tenant of its obligations hereunder, Landlord will keep and maintain Tenant in exclusive, quiet, peaceable and undisturbed and uninterrupted possession of the Leased Premises during the term of this Lease.

Condemnation

If any legally, constituted authority condemns the Building or such part thereof which shall make the Leased space unsuitable for leasing, this Lease shall cease when the public authority takes possession, and Landlord and Tenant shall account for rental as of that date. Such termination shall be without prejudice to the rights of either party to recover compensation from the condemning authority for any loss or damage caused by the condemnation. Neither party shall have any rights in or to any award made to the other by the condemning authority.

Subordination

Tenant accepts this Lease subject and subordinate to any mortgage, deed of trust or other lien presently existing or hereafter arising upon the Leased space, or upon the Building and to any renewals, refinancing and extensions thereof, but Tenant agrees that any such mortgagee shall have the right at any time to subordinate such mortgage, deed of trust or other lien to this Lease on such terms and subject to such conditions as such mortgagee may deem appropriate in its discretion. Landlord is hereby irrevocably vested with full power and authority to subordinate this Lease to any mortgage, deed of trust or other lien now existing or hereafter placed upon the Leased space of the Building. Tenant agrees that it will from time to time upon request by Landlord execute and deliver to such persons as Landlord shall request a statement in recordable form certifying that this Lease is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as so modified), stating the dates to which rent and other charges payable under this Lease have been paid, stating that Landlord is not in default hereunder (or if Tenant alleges a default stating the nature of such alleged default) and further stating such other matters as Landlord shall reasonably require.

Notice

Any notice required or permitted under this Lease shall be deemed sufficiently given or served if sent by United States certified mail, return receipt requested, addressed as follows:

Landlord:
Hardee County Industrial Development Authority
P. O. Box 458
Wauchula, FL 33873

Tenant:
Med Data Quest

Landlord and Tenant shall each have the right from time to time to change the place notice is to be given under this paragraph by written notice thereof to the other party.

Brokers

Tenant represents that Tenant was not shown the Premises by any real estate broker or agent and that Tenant has not otherwise engaged in, any activity which could form the basis for a claim for real estate commission, brokerage fee, finder's fee or other similar charge, in connection with this Lease.

Waiver

No waiver of any default of Landlord or Tenant hereunder shall be implied from any omission to take any action on account of such default if such default persists or is repeated, and no express waiver shall affect any default other than the default specified in the express waiver and that only for the time and to the extent therein stated. One or more waivers by Landlord or Tenant shall not be construed as a waiver of a subsequent breach of the same covenant, term or condition.

Memorandum of Lease

The parties hereto contemplate that this Lease should not and shall not be filed for record, but in lieu thereof, at the request of either party, Landlord and Tenant shall execute a Memorandum of Lease to be recorded for the purpose of giving record notice of the appropriate provisions of this Lease.

Headings

The headings used in this Lease are for convenience of the parties only and shall not be considered in interpreting the meaning of any provision of this Lease.

Successors.

The provisions of this Lease shall extend to and be binding upon Landlord and Tenant and their respective legal representatives, successors and assigns.

Consent

Landlord shall not unreasonably withhold or delay its consent with respect to any matter for which Landlord's consent is required or desirable under this Lease.

Performance

If there is a default with respect to any of Landlord's covenants, warranties or representations under this Lease, and if the default continues more than fifteen (15) days after notice in writing from Tenant to Landlord specifying the default, Tenant may, at its option and without affecting any other remedy hereunder, cure such default and deduct the cost thereof from the next accruing installment or installments of rent payable hereunder until Tenant shall have been fully reimbursed for such expenditures, together with interest thereon at a rate equal to the lesser of 3 percent (3%) per annum or the then highest lawful rate. If this Lease terminates prior to Tenant's receiving full reimbursement, Landlord shall pay the un-reimbursed balance plus accrued interest to Tenant on demand.

Compliance with Law

Tenant and Landlord each shall comply with all laws, orders, ordinances and other public requirements now or hereafter affecting the Leased Premises.

Attorney's Fees

In any action or proceeding to enforce or interpret this agreement, the prevailing party shall be entitled to an award of its reasonable attorneys' fees. This provision shall apply to appellate proceedings as well. If the landlord hires an attorney to protect its interest in a bankruptcy filing by the tenant, landlord shall be entitled to recover reasonable attorneys' fees in that instance as well.

Venue

The exclusive venue for any litigation brought to enforce or interpret this agreement shall be Hardee County, FL.

Final Agreement

This Agreement terminates and supersedes all prior understandings or agreements on the subject matter hereof. This Agreement may be modified only by a further writing that is duly executed by both parties.

IN WITNESS WHEREOF, the parties have executed this Lease as of the day and year first above written.

Landlord

Hardee County Industrial Development Authority

By: _____
Chair

Witness: _____

Witness: _____

Roger Blackwell
Shurui Tech Holdings, Inc.

By: _____
CFO, COO

Witness: _____

Witness: _____

Landlord: P. O. Box 458
Wauchula, FL 33873

Tenant: 505 Coast Boulevard South Suite 300
La Jolla, CA 92037

Exhibit "A"

Hardee County Economic Development Council, Inc.
 Draft budget for the year ended September 30, 2019

	TOTAL	
	Oct '18 - Sep 19	
Revenues		
Est Carry Forward - 10/1/2018	\$	25,000
EDA FYE 2018-2019 Appropriation		150,000
Transfer in from IDA		250,000
Rent		12,000
Total Revenues		<u>437,000</u>
Expense		
012-0 · Payroll Expenses		240,000
023-0 · Life/Health Insurance		50,000
031-0 · Professional Services		8,000
040-0 · Travel		10,000
043-0 · Utilities		7,500
044-0 · Rentals/Leases		30,000
045-0 · Insurance		3,000
046-0 · Repairs & Maintenance		1,000
051-0 · Office Supplies		3,500
054-0 · Books, Dues, & Subscriptions		15,000
Total Expense		<u>368,000</u>
Est Carry Forward - 9/30/2019	\$	<u>69,000</u>

Hardee County Industrial Development Authority
Draft Budget for the year ended September 30, 2019 - General Fund / S. Ft. Meade Mine Agreement

	MLK Water/Sewer Corridor #2	Carlton Street Extension	Steele Equine	Specialty Crop Bloc Grant	Carlton Street Extension	Will-Duke to Sterner Rd Water/Sewer Corridor	Commerce Park Expansion	Pretreatment Facility	Innovation Place	Tech River	Winn Dixie	Florida Hospital Building	Commerce Park Keyplex/PPM/Residential Rentals	General Fund - Other	Total Estimated General Fund	IDA Commerce Park Expansion South Ft. Meade - Mosaic Appropriation	Pretreatment Facility South Ft. Meade - Mosaic Appropriation	Administrative Fee Supplement South Ft. Meade - Mosaic Appropriation	City of Wauchula CRA - L. Cobb LLC South Ft. Meade - Mosaic Appropriation	City of Wauchula Palmetto 8 South Ft. Meade - Mosaic Appropriation	Innovation Place South Ft. Meade - Mosaic Appropriation	Hogan Street South Ft. Meade - Mosaic Appropriation	Carlton Street South Ft. Meade - Mosaic Appropriation	Aq Test Plot South Ft. Meade - Mosaic Appropriation	Spec Building & South Ft. Meade - Mosaic Appropriation	Rapid Systems Expansion South Ft. Meade - Mosaic Appropriation	Other Mosaic Activity & to be Awarded / Appropriated	Total Estimated Special Revenue	TOTAL ESTIMATED GF & SR FUNDS			
Total Grant Award	\$ 1,460,500	\$ 156,940	\$ 555,141	\$ 150,102	\$ 500,000	\$ 500,000	\$ 500,000	\$ 300,000							\$ 1,500,000	\$ 25,000	\$ 300,000	\$ 200,000	\$ 200,000	\$ 50,000	\$ 400,000	\$ 300,000	\$ 500,000	\$ 150,000	\$ 1,000,000	\$ 1,000,000						
Fiscal Years Grant Expenditures estimated through 9/30/18	(1,000,000)	(100,000)	(250,000)	(10,000)																												
Grant Award Available for FY 2019	460,500	56,940	305,141	140,102	500,000	500,000	500,000	300,000							1,500,000	25,000	300,000	200,000	200,000	50,000	400,000	300,000	500,000	150,000	1,000,000	1,000,000						
Estimated Fund Balance Carryforward as of 9/30/18	-	-	-	-	-	-	-	-	-	-	-	-	-	2,000,000	1,500,000	25,000	300,000	200,000	200,000	50,000	400,000	300,000	500,000	150,000	1,000,000	1,000,000	3,375,000	9,000,000	11,000,000			
Estimated Revenue																																
Grant Proceeds	460,500	56,940	305,141	140,102	500,000	500,000	500,000	300,000						2,762,683	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,762,683	
Interest Income	-	-	-	-	-	-	-	-	-	-	-	-	-	500	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10,500	10,500	
Rental Income	-	-	-	-	-	-	-	-	58,400	23,316	-	12,000	202,000	-	295,716	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	295,716	
Misc. Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Mosaic Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfer In	-	-	-	-	-	-	-	-	-	-	-	-	-	400,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	400,000	
Total Estimated Revenue	460,500	56,940	305,141	140,102	500,000	500,000	500,000	300,000	58,400	23,316	-	12,000	202,000	400,500	3,458,899	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,510,000	6,968,899	
Total Fund Balance CF & Estimated Revenue	460,500	56,940	305,141	140,102	500,000	500,000	500,000	300,000	58,400	23,316	-	12,000	202,000	2,400,500	5,458,899	1,500,000	25,000	300,000	200,000	200,000	50,000	400,000	300,000	500,000	150,000	1,000,000	1,000,000	6,885,000	12,510,000	17,968,899		
Appropriations																																
Professional Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	150,000	150,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	150,000	
Advertising	-	-	-	-	-	-	-	-	-	-	-	-	-	1,500	1,500	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,500	
Meeting Security	-	-	-	-	-	-	-	-	-	-	-	-	-	2,500	2,500	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,500	
Landscaping and Grounds	-	-	-	-	-	-	-	-	3,500	4,000	9,600	3,000	8,400	10,000	38,500	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	38,500	
Property Management	-	-	-	-	-	-	-	-	-	-	-	-	-	2,000	2,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,000	
Utilities	-	-	-	-	-	-	-	-	22,000	50,000	-	27,000	17,000	5,000	121,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	121,000	
Insurance Expense	-	-	-	-	-	-	-	-	12,000	6,000	20,000	17,500	24,600	10,000	90,100	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	90,100	
Repairs and Maintenance	-	-	-	-	-	-	-	-	15,000	10,000	-	5,000	10,000	5,000	45,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	45,000	
Property Taxes	-	-	-	-	-	-	-	-	25,000	23,000	-	55,000	15,000	118,000	250,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	118,000	
Travel	-	-	-	-	-	-	-	-	-	-	-	-	5,000	5,000	5,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,000	
Grant Expenses	-	-	305,141	140,102	-	-	-	-	-	-	-	-	-	-	445,243	-	-	200,000	200,000	50,000	-	-	-	-	-	-	-	-	-	-	1,525,000	
Capital Outlay	460,500	56,940	-	-	500,000	500,000	500,000	300,000	-	-	-	-	-	-	2,317,440	1,500,000	25,000	-	-	-	400,000	300,000	500,000	75,000	1,000,000	-	-	-	-	3,800,000		
Transfers Out - EDC	-	-	-	-	-	-	-	-	-	-	-	-	-	250,000	250,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	250,000		
Transfers Out	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	300,000	-	-	-	-	-	-	-	-	-	-	-	-	300,000		
Total Appropriations	460,500	56,940	305,141	140,102	500,000	500,000	500,000	300,000	77,500	93,000	29,600	52,500	117,090	454,000	3,586,373	1,500,000	25,000	300,000	200,000	200,000	50,000	400,000	300,000	500,000	150,000	1,000,000	1,000,000	-	5,625,000	9,211,373		
Total Estimated Revenue Over (Under) Appropriations	-	-	-	-	-	-	-	-	(19,100)	(69,684)	(29,600)	(40,500)	84,910	(53,500)	(127,474)	(1,500,000)	(25,000)	(300,000)	(200,000)	(200,000)	(50,000)	(400,000)	(300,000)	(500,000)	(150,000)	(1,000,000)	(1,000,000)	3,510,000	(2,115,000)	(2,242,474)		
Fund Balance Carryforward and Estimated Revenue Over (Under) Appropriations	-	-	-	-	-	-	-	-	(19,100)	(69,684)	(29,600)	(40,500)	84,910	1,946,500	1,872,526	-	-	-	-	-	-	-	-	-	-	-	-	-	6,885,000	6,885,000	8,757,526	

Hardee County Industrial Development Authority
 Draft Budget for the year ended September 30, 2019 - **Ona Mine Agreement**

	Administrative Supplement	Hardee Education Foundation	Infrastructure Development Special Revenue Fund	General Economic Development Special Revenue Fund	Other Mosaic Activity /Stripping Margin Adjustment	Total Estimated Special Revenue Funds
	Ona Mine - Mosaic Appropriation	Ona Mine - Mosaic Appropriation	Ona Mine - Mosaic Appropriation	Ona Mine - Mosaic Appropriation	Mosaic Funds to be Awarded/ Appropriated	Estimated Special Revenue Funds
Total Grant Award	\$ 100,000	\$ 1,000,000	\$ 450,000	\$ 450,000		
Grant Award Available for FY 2019	100,000	1,000,000	450,000	450,000	-	
Estimated Fund Balance Carryforward as of 9/30/18	-	-	-	-	-	-
Estimated Revenue						
Interest Income	-	-	-	-	-	-
Mosaic Income	100,000	1,000,000	450,000	450,000	**	2,000,000
Total Estimated Revenue	100,000	1,000,000	450,000	450,000	-	2,000,000
Total Fund Balance CF & Estimated Revenue	100,000	1,000,000	450,000	450,000	-	2,000,000
Appropriations						
Grant Expenses	-	1,000,000	-	-	-	1,000,000
Capital Outlay	-	-	450,000	450,000	-	900,000
Transfers Out - GF	100,000	-	-	-	-	100,000
Total Appropriations	100,000	1,000,000	450,000	450,000	-	2,000,000
Total Estimated Revenue Over (Under) Appropriations	-	-	-	-	-	-
Fund Balance Carryforward and Estimated Revenue Over (Under) Appropriations	-	-	-	-	-	-

** See Stripping Margin Adjustment Payment Illustration;
 Ona Mine Local Development Agreement.

**HARDEE COUNTY
INDUSTRIAL DEVELOPMENT AUTHORITY
RESOLUTION 18-01**

A RESOLUTION OF THE HARDEE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY ADOPTING A BUDGET FOR FISCAL YEAR 2018-19; PROVIDING FOR SEVERABILITY; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, notice of the public meeting to adopt the budget has been properly advertised.

NOW THEREFORE BE IT RESOLVED BY THE HARDEE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY:

Section 1. **Incorporation of Recitals.** The above recital is hereby incorporated.

Section 2. **Adoption of Budget.** The Budgets attached hereto as Exhibit "A" (General Fund and S. Ft. Meade Mine Agreement Fund) and "Exhibit B" (Ona Mine Agreement Fund) are hereby adopted for Fiscal Year 2018-19.

Section 3. **Severability.** If any portion or section of this resolution is ever determined to be invalid by any court of competent jurisdiction, the invalid section or provision shall be severed from the remainder, and the remaining portions shall be enforced or applied.

Section 4. **Effective Date.** This resolution shall become effective immediately upon adoption.

APPROVED AND ADOPTED this ____ day of September 2018, by the Hardee County Industrial Development Authority.

HARDEE COUNTY INDUSTRIAL
DEVELOPMENT AUTHORITY

By: _____
Gene Davis, Chairman



August 15, 2018

Members of the Authority Board
Hardee County Industrial Development Authority
107 East Main Street
Wauchula, Florida 33873

Attention: Bill Lambert, Economic Development Director
Sarah Pelham, EDC Coordinator

We are pleased to confirm our understanding of the services we are to provide the Hardee County Industrial Development Authority (the "Authority"), for the year ended September 30, 2018. We will audit the financial statements including the related notes to the financial statements which collectively comprise the basic financial statements of the Authority as of and for the year then ended. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the Authority's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. As part of our engagement, we will apply certain limited procedures to the Authority's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by U.S. generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1. Management's Discussion and Analysis (MD&A).

Audit Objectives

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of the accounting records of the Authority and other procedures we consider necessary to enable us to express such opinions. We will issue a written report upon completion of our audit of the Authority's financial statements.

Our report will be addressed to the Members of the Authority Board. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements are other than unmodified, we will fully discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue reports, or may withdraw from this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will include a paragraph that states that the purpose of the report is solely to describe the scope of testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control over financial reporting or on compliance, and that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control over financial reporting and compliance. The paragraph will also state that the report is not suitable for any other purpose.

If, during our audit, we become aware that the Authority is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory or contractual requirements.

Management Responsibilities

Management is responsible for the basic financial statements and all accompanying information as well as all representations contained therein.

Management is responsible for designing, implementing, establishing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements and all accompanying information in conformity with U.S. generally accepted accounting principles, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with: (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional

information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving: (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse that we report.

With regard to an exempt offering document with which Mauldin & Jenkins is not involved, you agree to clearly indicate in the exempt offering document that Mauldin & Jenkins is not involved with the contents of such offering document.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

You agree to assume all management responsibilities relating to the financial statements and related notes and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. You agree to oversee the nonaudit services by designating an individual, preferably from senior management, who possesses suitable skill, knowledge or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from: (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

Audit Procedures—Internal Control

Our audit will include obtaining an understanding of the government and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Authority's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Other Services

We will also assist in preparing the financial statements and related notes of the Authority in conformity with U.S. generally accepted accounting principles based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform these services in accordance with applicable professional standards. The other services are limited to the financial statements and related notes services previously defined. We, in our sole professional judgement, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Audit Administration, Fees and Other

We understand that your employees will prepare all cash or other confirmations we request and will locate any documents selected by us for testing.

We will provide copies of our reports to the Authority; however, management is responsible for distribution of the reports and financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Mauldin & Jenkins and constitutes confidential information. However, pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available to a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Mauldin & Jenkins personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by a regulatory body. If we are aware that a federal awarding agency, pass-through entity or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

We expect to begin our audit in February 2019, and to issue our reports no later than March 31, 2019. Trey Scott, CPA is the director in charge of the engagement and Wade Sansbury, CPA is the supporting engagement partner. They are responsible for supervising the engagement and signing the reports or authorizing another individual to sign them. Our all-inclusive maximum fee for the performance of the annual financial and compliance audit services for the September 30, 2018, audit will be \$23,000. Our hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered as work progresses and are payable upon presentation. The above fees are based on anticipated cooperation from your personnel (including complete and timely receipt by us of the information on the respective client participation listings to be prepared annually) and the assumption that unexpected circumstances (including scope changes) will not be encountered during the audit. If significant additional time is necessary, we will discuss it with management and arrive at a new fee estimate before we incur the additional costs.

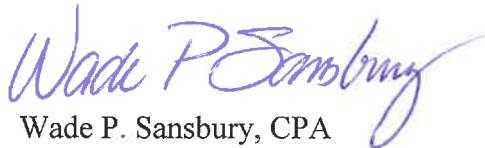
As a result of our prior or future services to you, we might be requested or required to provide information or documents to you or a third party in a legal, administrative, arbitration, or similar proceeding in which we are not a party. If this occurs, our efforts in complying with such requests will be deemed billable to you as a separate engagement. We shall be entitled to compensation for our time and reasonable reimbursement for our expenses (including legal fees) in complying with the request. For all requests we will observe the confidentiality requirements of our profession and will notify you promptly of the request.

We appreciate the opportunity to be of service to the Authority and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed letters and return one to us.



Trey Scott, CPA

Sincerely,
MAULDIN & JENKINS, LLC



Wade P. Sansbury, CPA

RESPONSE:

This letter correctly sets forth the understanding of the Hardee County Industrial Development Authority.

Management signature: _____

Title: _____

Governance signature: _____

Title: _____



August 15, 2018

Members of the Authority Board
Hardee County Industrial Development Authority
107 East Main Street
Wauchula, Florida 33873

Attention: Bill Lambert, Economic Development Director
Sarah Pelham, EDC Coordinator

We are pleased to confirm our understanding of the services we are to provide the Hardee County Industrial Development Authority (the "Authority"), for the year ended September 30, 2018.

We will examine the Authority's compliance with Section 218.415, Florida Statutes, regarding the investment of public funds as of and for the year ending September 30, 2018. The objectives of our examination are to: (1) obtain reasonable assurance about whether the Authority complied with the specified requirements above; and (2) to express an opinion as to whether the Authority complied with the specified requirements is fairly stated, in all material respects.

Our examination will be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Accordingly, it will include examining, on a test basis, your records and other procedures to obtain evidence necessary to enable us to express our opinion. We will issue a written report upon completion of our examination. Our report will be addressed to the Members of the Authority Board of the Hardee County Industrial Development Authority. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion. If our opinion is other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the examination or are unable to form or have not formed an opinion, we may decline to express an opinion or may withdraw from this engagement.

Because of the inherent limitations of an examination engagement, together with the inherent limitations of internal control, an unavoidable risk exists that some material misstatements may not be detected, even though the examination is properly planned and performed in accordance with the attestation standards.

You understand that the report is intended solely for the information and use of the Authority and the Auditor General of the State of Florida, and is not intended to be and should not be used by anyone other than those specified parties.

We will plan and perform the examination to obtain reasonable assurance about whether the Authority complied with Section 218.415, Florida Statutes, regarding the investment of public funds is free from material misstatement. Our engagement will not include a detailed inspection of every transaction and cannot be relied on to disclose all material errors, or known and suspected fraud or noncompliance with laws or regulations, or internal control deficiencies that may exist. However, we will inform you of any known and suspected fraud and noncompliance with laws or regulations, internal control deficiencies identified during the engagement, and uncorrected misstatements that come to our attention unless clearly trivial.

We understand that you will provide us with the information required for our examination and that you are responsible for the accuracy and completeness of that information. We may advise you about appropriate criteria, but the responsibility for the subject matter remains with you.

You are responsible for compliance with Section 218.415, Florida Statutes, regarding the investment of public funds; and for selecting the criteria and determining that such criteria are appropriate for your purposes. You are responsible for, and agree to provide us with, a written assertion about whether the Authority is in compliance with the above noted criteria. Failure to provide such an assertion will result in our withdrawal from the engagement. You are also responsible for providing us with: (1) access to all information of which you are aware that is relevant to the measurement, evaluation, or disclosure of the subject matter; (2) additional information that we may request for the purpose of the examination; and (3) unrestricted access to persons within the entity from whom we determine it necessary to obtain evidence.

At the conclusion of the engagement, you agree to provide us with certain written representations in the form of a representation letter.

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but we remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information, and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

Trey Scott, CPA is the director in charge of the engagement and Wade Sansbury, CPA is the supporting engagement partner. They are responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

We expect to begin our examination in January 2019. Our fees for these services are included in the Authority's annual audit engagement letter. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. Our invoices for these fees will be rendered each month as work progresses and are payable on

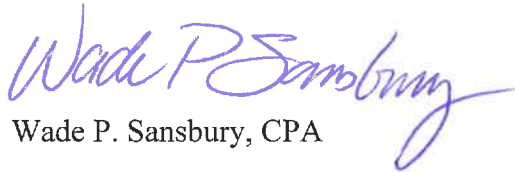
presentation. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.



Trey Scott, CPA

Sincerely,
MAULDIN & JENKINS, LLC



Wade P. Sansbury, CPA

RESPONSE:

This letter correctly sets forth the understanding of the Hardee County Industrial Development Authority.

Management signature: _____

Title: _____

Governance signature: _____

Title: _____

Hardee County Industrial Development Authority
General Fund (Including EDA Grant Activity) - Budget Amendment September 13, 2018
For Fiscal Year October 1, 2017 through September 30, 2018

	Increase / (Decrease)
Utilization of General Fund Balance Carry Forward:	
Unassigned	\$ 94,000 (1)
Revenue Increases (Decreases):	
	-
Total Fund Balance Carry Forward and Additional Revenues	\$ 94,000
Appropriations:	
Expenditures:	
Professional Fees	\$ 94,000 (1)
Total Appropriations	\$ 94,000

(1) - Additional legal fees incurred in FYE 2018 in connection with valuation of intellectual property and preparation of line of credit documents.

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Cash Basis

Hardee County Economic Development
Balance Sheet
As of August 31, 2018

	<u>Aug 31, 18</u>
ASSETS	
Current Assets	
Checking/Savings	
Wauchula State Bank	41,998.56
Total Checking/Savings	<u>41,998.56</u>
Total Current Assets	<u>41,998.56</u>
TOTAL ASSETS	<u>41,998.56</u>
LIABILITIES & EQUITY	
Equity	
3010 - Unrestrict (retained earnings)	61,078.83
Net Income	<u>-19,080.27</u>
Total Equity	<u>41,998.56</u>
TOTAL LIABILITIES & EQUITY	<u>41,998.56</u>

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Cash Basis

Hardee County Economic Development
Profit & Loss
August 2018

	<u>Aug 18</u>
Ordinary Income/Expense	
Income	
Grants	60,000.00
Rent	1,000.00
Total Income	<u>61,000.00</u>
Expense	
023-0 · Life/Health Insurance	4,117.47
025-0 · Payroll Expenses	17,512.78
031-0 · Professional Services	455.43
043-0 · Utilities	677.96
044-0 · Rentals/Leases	2,297.32
045-0 · Insurance	292.41
046-0 · Repairs & Maintenance	125.00
051-0 · Office Supplies	260.13
052-0 · Operating Supplies	114.49
054-0 · Books, Dues, & Subscriptions	175.83
8500 · Misc expenses	151.03
Total Expense	<u>26,179.85</u>
Net Ordinary Income	<u>34,820.15</u>
Net Income	<u><u>34,820.15</u></u>

Hardee County Industrial Development Authority
Balance Sheet
As of August 31, 2018

09/11/18

Accrual Basis

	Aug 31, 18
ASSETS	
Current Assets	
Checking/Savings	
101009 · WSB Sales (GF)	1,948,508.63
101013 · WSB Mosaic CD	5,991,017.43
101014 · WSB Mosaic Checking	3,596,280.16
Total Checking/Savings	11,535,806.22
Accounts Receivable	
115001 · Accounts Receivable Rental Inc	17,520.66
Total Accounts Receivable	17,520.66
Other Current Assets	
133012 · Fla Hospital Prop for resale	1,174,347.59
133013 · PFM LOC	499,118.97
Total Other Current Assets	1,673,466.56
Total Current Assets	13,226,793.44
Fixed Assets	
Land Available for Sale	
161908 · Original Purchase Hwy 62 Propert	887,943.00
161909 · Original Purchase Park Improvem	16,911.87
161910 · Terrell Property	1,141,500.00
161911 · Original Purchase less propsold	-852,300.81
161912 · Contribution of Lot 13B/improv	90,621.74
161913 · Fair value writedown - FYE 2016	-526,600.00
161914 · Fair Value writedown - FYE 2017	-225,000.00
Total Land Available for Sale	533,075.80
Total Fixed Assets	533,075.80
Other Assets	
Due From Other Funds	
140001 · Due from GF	-67,654.71
240000 · Due to SR	67,654.71
Total Due From Other Funds	0.00
Due From Other Governments	
133001 · Due from EDA	1,017,555.40
Total Due From Other Governments	1,017,555.40
1330131 · Rapid Systems Note	127,878.00
1330132 · Allowance for Uncollectible Not	-127,878.00

Hardee County Industrial Development Authority

Balance Sheet

As of August 31, 2018

09/11/18

Accrual Basis

	<u>Aug 31, 18</u>
Total Other Assets	1,017,555.40
TOTAL ASSETS	14,777,424.64
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
202001 · Deferred Inflow	55,232.03
220000 · Prepaid Rent - Keyplex	8,872.00
220004 · Sales Tax Payable	2,446.00
Total Other Current Liabilities	66,550.03
Total Current Liabilities	66,550.03
Total Liabilities	66,550.03
Equity	
Fund Balance	
3000 · Nonspendable	536,554.44
3001 · Restriced for Economic Dev Proj	9,702,713.31
3003 · Unassigned	2,049,048.04
Total Fund Balance	12,288,315.79
Net Income	2,422,558.82
Total Equity	14,710,874.61
TOTAL LIABILITIES & EQUITY	14,777,424.64

Hardee County Industrial Development Authority

Profit & Loss

August 2018

09/11/18

Accrual Basis

	<u>Aug 18</u>
Ordinary Income/Expense	
Income	
337500 · EDA Proceeds Gen FD	464,274.03
361100 · Interest Income gen fd	605.13
361101 · Interest income Mosaic accts	155.30
362001 · Rental Income	18,127.35
369902 · Misc. Income Gen Fd	6,173.02
	<hr/>
Total Income	489,334.83
Expense	
5193100 · Professional Fees Legal	95,427.70
5193105 · Professional Fees	1,576.80
519321 · Meeting Security	140.00
519322 · Travel	353.16
5194301 · Utilities	16,937.32
519450 · Insurance Expense	-10,823.20
519460 · Repairs and Maintenance GF	2,104.80
5194601 · Repairs and Maintenance	770.00
5195206 · Grove Caretaking/Fertilizer	862.95
519844 · Grant Expenses- Bees&Botanicals	7,657.42
519845 · Grant expense- Steele Equine	48,926.28
6000 · Capital Outlay	76,169.53
	<hr/>
Total Expense	240,102.76
Net Ordinary Income	249,232.07
Other Income/Expense	
Other Income	
Sales Tax Collection Allowance	35.42
	<hr/>
Total Other Income	35.42
	<hr/>
Net Other Income	35.42
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Net Income	<u><u>249,267.49</u></u>

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Accrual Basis

Hardee County Industrial Development Authority
Profit & Loss by Class
August 2018

	MLK Water/Sewer #2 -EDA (General Fund)	MLK Water Extension - EDA (General Fund)	Steele Equine- EDA Grant (General Fund)
Ordinary Income/Expense			
Income			
337500 · EDA Proceeds Gen FD	364,933.88	1,408.75	69,201.98
361100 · Interest Income gen fd	0.00	0.00	0.00
361101 · Interest income Mosaic accts	0.00	0.00	0.00
362001 · Rental Income	0.00	0.00	0.00
369902 · Misc. Income Gen Fd	0.00	0.00	0.00
Total Income	364,933.88	1,408.75	69,201.98
Expense			
5193100 · Professional Fees Legal	0.00	0.00	0.00
5193105 · Professional Fees	0.00	0.00	0.00
519321 · Meeting Security	0.00	0.00	0.00
519322 · Travel	0.00	0.00	0.00
5194301 · Utilities	0.00	0.00	0.00
519450 · Insurance Expense	0.00	0.00	0.00
519460 · Repairs and Maintenance GF	0.00	0.00	0.00
5194601 · Repairs and Maintenance	0.00	0.00	0.00
5195206 · Grove Caretaking/Fertilizer	0.00	0.00	0.00
519844 · Grant Expenses- Bees&Botanicals	0.00	0.00	0.00
519845 · Grant expense- Steele Equine	0.00	0.00	48,926.28
6000 · Capital Outlay	31,202.88	4,207.65	0.00
Total Expense	31,202.88	4,207.65	48,926.28
Net Ordinary Income	333,731.00	-2,798.90	20,275.70
Other Income/Expense			
Other Income			
Sales Tax Collection Allowance	0.00	0.00	0.00
Total Other Income	0.00	0.00	0.00
Net Other Income	0.00	0.00	0.00
Net Income	333,731.00	-2,798.90	20,275.70

Hardee County Industrial Development Authority
Profit & Loss by Class
August 2018

09/11/18

Accrual Basis

	Incubator Year 3 - EDA (General Fund)	Property Management (General Fund)	Incubator Overhead (General Fund)
Ordinary Income/Expense			
Income			
337500 · EDA Proceeds Gen FD	28,729.42	0.00	0.00
361100 · Interest Income gen fd	0.00	0.00	0.00
361101 · Interest income Mosaic accts	0.00	0.00	0.00
362001 · Rental Income	0.00	438.22	1,816.67
369902 · Misc. Income Gen Fd	0.00	0.00	0.00
Total Income	28,729.42	438.22	1,816.67
Expense			
5193100 · Professional Fees Legal	0.00	0.00	0.00
5193105 · Professional Fees	0.00	0.00	0.00
519321 · Meeting Security	0.00	0.00	0.00
519322 · Travel	0.00	0.00	0.00
5194301 · Utilities	0.00	445.54	3,342.77
519450 · Insurance Expense	0.00	0.00	0.00
519460 · Repairs and Maintenance GF	0.00	0.00	490.00
5194601 · Repairs and Maintenance	0.00	0.00	770.00
5195206 · Grove Caretaking/Fertilizer	0.00	862.95	0.00
519844 · Grant Expenses- Bees&Botanicals	7,657.42	0.00	0.00
519845 · Grant expense- Steele Equine	0.00	0.00	0.00
6000 · Capital Outlay	0.00	0.00	0.00
Total Expense	7,657.42	1,308.49	4,602.77
Net Ordinary Income	21,072.00	-870.27	-2,786.10
Other Income/Expense			
Other Income			
Sales Tax Collection Allowance	0.00	0.00	8.44
Total Other Income	0.00	0.00	8.44
Net Other Income	0.00	0.00	8.44
Net Income	21,072.00	-870.27	-2,777.66

Hardee County Industrial Development Authority
Profit & Loss by Class
August 2018

09/11/18

Accrual Basis

	Fla Hospital Overhead (General Fund)	Spec Buildings 1 & 3 (Keyplex) (General Fund)	Spec Building 4 (TechRiver) (General Fund)
Ordinary Income/Expense			
Income			
337500 · EDA Proceeds Gen FD	0.00	0.00	0.00
361100 · Interest Income gen fd	0.00	0.00	0.00
361101 · Interest income Mosaic accts	0.00	0.00	0.00
362001 · Rental Income	0.00	10,872.46	0.00
369902 · Misc. Income Gen Fd	0.00	0.00	0.00
Total Income	0.00	10,872.46	0.00
Expense			
5193100 · Professional Fees Legal	0.00	0.00	0.00
5193105 · Professional Fees	1,350.00	0.00	226.80
519321 · Meeting Security	0.00	0.00	0.00
519322 · Travel	0.00	0.00	0.00
5194301 · Utilities	8,146.69	0.00	4,962.32
519450 · Insurance Expense	0.00	0.00	0.00
519460 · Repairs and Maintenance GF	0.00	1,614.80	0.00
5194601 · Repairs and Maintenance	0.00	0.00	0.00
5195206 · Grove Caretaking/Fertilizer	0.00	0.00	0.00
519844 · Grant Expenses- Bees&Botanicals	0.00	0.00	0.00
519845 · Grant expense- Steele Equine	0.00	0.00	0.00
6000 · Capital Outlay	0.00	0.00	1,720.08
Total Expense	9,496.69	1,614.80	6,909.20
Net Ordinary Income	-9,496.69	9,257.66	-6,909.20
Other Income/Expense			
Other Income			
Sales Tax Collection Allowance	0.00	18.48	0.00
Total Other Income	0.00	18.48	0.00
Net Other Income	0.00	18.48	0.00
Net Income	-9,496.69	9,276.14	-6,909.20

Hardee County Industrial Development Authority
Profit & Loss by Class
August 2018

09/11/18

Accrual Basis

	Spec Building 5 (PFM) (General Fund)	Spec Building 7 (MOBO) (General Fund)	General Fund - Other (General Fund)
Ordinary Income/Expense			
Income			
337500 · EDA Proceeds Gen FD	0.00	0.00	0.00
361100 · Interest Income gen fd	0.00	0.00	605.13
361101 · Interest income Mosaic accts	0.00	0.00	0.00
362001 · Rental Income	5,000.00	0.00	0.00
369902 · Misc. Income Gen Fd	6,164.85	0.00	8.17
Total Income	11,164.85	0.00	613.30
Expense			
5193100 · Professional Fees Legal	94,362.70	0.00	1,065.00
5193105 · Professional Fees	0.00	0.00	0.00
519321 · Meeting Security	0.00	0.00	140.00
519322 · Travel	0.00	0.00	353.16
5194301 · Utilities	0.00	0.00	0.00
519450 · Insurance Expense	0.00	-10,823.20	0.00
519460 · Repairs and Maintenance GF	0.00	0.00	0.00
5194601 · Repairs and Maintenance	0.00	0.00	0.00
5195206 · Grove Caretaking/Fertilizer	0.00	0.00	0.00
519844 · Grant Expenses- Bees&Botanicals	0.00	0.00	0.00
519845 · Grant expense- Steele Equine	0.00	0.00	0.00
6000 · Capital Outlay	0.00	0.00	0.00
Total Expense	94,362.70	-10,823.20	1,558.16
Net Ordinary Income	-83,197.85	10,823.20	-944.86
Other Income/Expense			
Other Income			
Sales Tax Collection Allowance	8.50	0.00	0.00
Total Other Income	8.50	0.00	0.00
Net Other Income	8.50	0.00	0.00
Net Income	-83,189.35	10,823.20	-944.86

Hardee County Industrial Development Authority
Profit & Loss by Class
August 2018

09/11/18

Accrual Basis

	Total General Fund	Ag Test Plot (Special Revenue)	Winn Dixie Property (Special Revenue)
Ordinary Income/Expense			
Income			
337500 · EDA Proceeds Gen FD	464,274.03	0.00	0.00
361100 · Interest Income gen fd	605.13	0.00	0.00
361101 · Interest Income Mosaic accts	0.00	0.00	0.00
362001 · Rental Income	18,127.35	0.00	0.00
369902 · Misc. Income Gen Fd	6,173.02	0.00	0.00
Total Income	489,179.53	0.00	0.00
Expense			
5193100 · Professional Fees Legal	95,427.70	0.00	0.00
5193105 · Professional Fees	1,576.80	0.00	0.00
519321 · Meeting Security	140.00	0.00	0.00
519322 · Travel	353.16	0.00	0.00
5194301 · Utilities	16,897.32	40.00	0.00
519450 · Insurance Expense	-10,823.20	0.00	0.00
519460 · Repairs and Maintenance GF	2,104.80	0.00	0.00
5194601 · Repairs and Maintenance	770.00	0.00	0.00
5195206 · Grove Caretaking/Fertilizer	862.95	0.00	0.00
519844 · Grant Expenses- Bees&Botanicals	7,657.42	0.00	0.00
519845 · Grant expense- Steele Equine	48,926.28	0.00	0.00
6000 · Capital Outlay	37,130.61	133.73	38,905.19
Total Expense	201,023.84	173.73	38,905.19
Net Ordinary Income	288,155.69	-173.73	-38,905.19
Other Income/Expense			
Other Income			
Sales Tax Collection Allowance	35.42	0.00	0.00
Total Other Income	35.42	0.00	0.00
Net Other Income	35.42	0.00	0.00
Net Income	288,191.11	-173.73	-38,905.19

Hardee County Industrial Development Authority
Profit & Loss by Class
August 2018

09/11/18

Accrual Basis

	Special Revenue - Other (Special Revenue)	Total Special Revenue	TOTAL
Ordinary Income/Expense			
Income			
337500 · EDA Proceeds Gen FD	0.00	0.00	464,274.03
361100 · Interest Income gen fd	0.00	0.00	605.13
361101 · Interest income Mosaic accts	155.30	155.30	155.30
362001 · Rental Income	0.00	0.00	18,127.35
369902 · Misc. Income Gen Fd	0.00	0.00	6,173.02
Total Income	155.30	155.30	489,334.83
Expense			
5193100 · Professional Fees Legal	0.00	0.00	95,427.70
5193105 · Professional Fees	0.00	0.00	1,576.80
519321 · Meeting Security	0.00	0.00	140.00
519322 · Travel	0.00	0.00	353.16
5194301 · Utilities	0.00	40.00	16,937.32
519450 · Insurance Expense	0.00	0.00	-10,823.20
519460 · Repairs and Maintenance GF	0.00	0.00	2,104.80
5194601 · Repairs and Maintenance	0.00	0.00	770.00
5195206 · Grove Caretaking/Fertilizer	0.00	0.00	862.95
519844 · Grant Expenses- Bees&Botanicals	0.00	0.00	7,657.42
519845 · Grant expense- Steele Equine	0.00	0.00	48,926.28
6000 · Capital Outlay	0.00	39,038.92	76,169.53
Total Expense	0.00	39,078.92	240,102.76
Net Ordinary Income	155.30	-38,923.62	249,232.07
Other Income/Expense			
Other Income			
Sales Tax Collection Allowance	0.00	0.00	35.42
Total Other Income	0.00	0.00	35.42
Net Other Income	0.00	0.00	35.42
Net Income	155.30	-38,923.62	249,267.49