



# HARDEE FRESH – FACILITY EXPANSION PROPOSAL

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PRESENTATION TO HARDEE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

JULY 16, 2020

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# HARDEE FRESH EXECUTIVE SUMMARY

- Hardee Fresh was formed to design, construct, commission, own, and operate customized indoor vertical growing facilities for the production of USDA certified organic leafy green vegetables; Hardee Fresh grows, packs, cools, and ships under one roof
- The first such facility is now operational in Wauchula, Hardee County, Florida
- The Company's current product offering includes organic romaine, butterhead, crispy leaf (frisee), and oak leaf lettuce, as well as chard, basil, cilantro, and other leafy greens
- A microgrid incorporating ~1.1 MW of solar capacity is currently under construction
- Hardee Fresh is currently seeking to acquire the sites for second and third facilities planned to be constructed beginning in 2020
- Hardee Fresh now proposes to construct a facility at Florida Hospital Heartland



# WAUCHULA FACILITY CHARACTERISTICS

- Site
  - ~54k sf farm facility footprint
  - 1,200 sf adjacent office with locker rooms
  - ~9-acre site off US Highway 17 North
- Utilities
  - 4,000 amp service to operations
  - 400 amp service to office
  - 1.6 MW maximum electric load (~1.2 MW typical run rate)
  - 4" natural gas line for HVAC chillers
  - 1.1 MW onsite solar (in construction)
- Water
  - 130k gallon/day well for all process water
  - Municipal sewer (services offices only)
- Telecom
  - 100 Mbps external fiber with fixed IP addresses
  - 10 Gbps internal fiber backbone



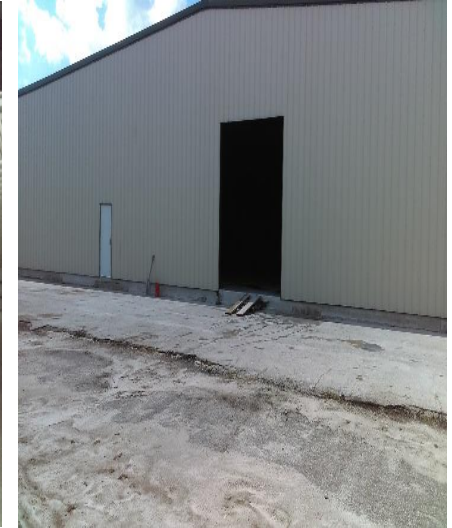
# WAUCHULA LAUNCH – PART 1/5

- The Hardee County Industrial Development Authority (“HCIDA”) had previously acquired a former manufacturing site and vegetable packing house in a prime location but that required substantial retrofitting to be suitable for any new business
- Hardee Fresh first toured the facility in Q3 2016



# WAUCHULA LAUNCH – PART 2/5

- HCIDA performed demolition and refurbishment of the building on the site
- Demolition and refurbishment were done to specifications provided by Hardee Fresh
- HCIDA provided Hardee Fresh an exclusivity agreement during this time



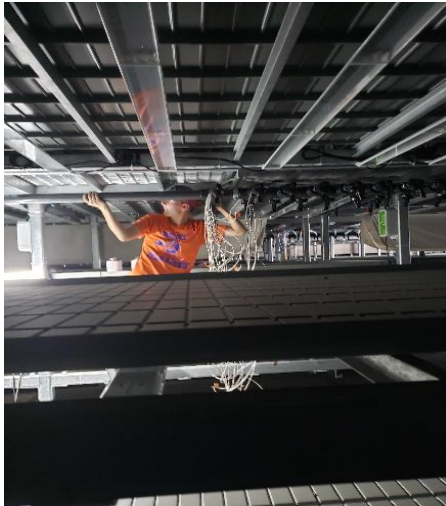
# WAUCHULA LAUNCH – PART 3/5

- Following renovation, in Q2 2017 HCIDA entered into a 10-year lease with purchase option with Hardee Fresh while Hardee Fresh conducted pre-construction development work
- Agreement provided financial incentives for Hardee Fresh meeting employment goals
- This structure allowed Hardee Fresh to control the site prior to construction while HCIDA assisted with technical advice, permitting, and other regulatory matters



# WAUCHULA LAUNCH – PART 4/5

- Hardee Fresh purchased the site from HCIDA in Q2 2018 and began construction of the farm facility in Q3 2018
- Hardee Fresh served as the general contractor for the construction of the facility and was responsible for the integration of all technologies and installation of most equipment
- Site required upgraded utilities, sewer, and telecom during construction
- Construction: ~14 months
- Commissioning: additional 3 months



# WAUCHULA LAUNCH – PART 5/5

- Wauchula began shipping produce in January 2020; 52-week availability, consistency of quality, food safety/assurance, and sustainability are the hallmarks of the Company
- USDA organic certification received in March 2020; food safety certification May 2020
- Ramping production and hiring
- Facility operates 24x7x365





# DIGITAL CONTROLS & MONITORING

- All production protocols, environmental controls, lights, alerts, and security features can be accessed and controlled onsite via HMI, or remotely via laptop, tablet, or phone
- The facility's operations are also monitored and controlled 24x7x365 by the Company's network operations center (NOC) in Colorado
- Programmable Automation Controls (PAC) and Programmable Logic Controls (PLC) incorporate machine learning capabilities

## Summary of Controls

- 33 PAC Controllers
- 392 Dampers
- 11 AHU
- 56 VFD
- 3 - 150 Ton Gas Fired Chillers (450 tons cooling total)
- 3 Water Cooling Towers
- 100 Smoke Detectors
- 18 Ethernet Switches 48 port
- 2 Fiber Switches 12 Port
- 50 CO<sub>2</sub> Sensors
- Refrigerant Leak Detection
- NO<sub>2</sub> Detectors
- CO Detectors
- 25 PAC Controllers
- 362 VoltServer Digital Electricity Transmitters
- Runs on 10GB Fiber Backbone
- 2 Firewalls
- 25 Wireless Access Points
- Security Camera System



# WAUCHULA FACILITY HR DETAILS

- 1st Employee: October 2018
- Current Employees: 28 (all fulltime)
  - 2 open management positions currently advertised
- Employees at Full Utilization: ~34 (fulltime)
- Insurance: health, vision, dental
- Other Benefits: sick leave, vacation, holidays, job training, professional development
- Legal Status: All fulltime employees are U.S. citizens or permanent residents; no H-2A temporary workers
- 3rd-party FTEs During Construction: ~26/day (estimated)
- Outsourced IT and finance functions
  - These functions will increasingly be brought in-house



# WAUCHULA FACILITY ECONOMICS

- **Hardee Fresh Investors**
  - Construction: ~\$12 million
  - Commissioning: ~\$3 million
- **Hardee County Economic Development Authority**
  - Job Creation Grant: \$272,000 (\$8k/FTE)
- **Hardee County Industrial Development Authority**
  - Real estate incentive
  - 10-year, 100% mortgage of modular office unit at 0% interest
  - Technical Support



Florida Grower, April 2020  
(<https://www.growingproduce.com/vegetables/cutting-edge-agriculture-reaching-new-heights-in-florida/>)

# HOSPITAL PROPOSAL – PART 1/2

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## Proposed Use

- Indoor Agriculture: trellis-based system for production of peppers, cucumbers, tomatoes, berries, and other produce with similar form factors
  - Expands the breadth of Hardee Fresh's product offering
- Produce Distribution: distribution service for produce of Hardee Fresh and other growers
  - a new cooler would be built to accommodate produce from non-organic growers
  - 3-4 deliveries per day
- Logistics & Storage: Office and storage space are now in short supply at the US Highway 17 location
  - Relocate sales, compliance, IT, and procurement functions to hospital site
  - Move supply reserves for both facilities to the warehouse
- IT Redundancy: High-speed internet backhaul and data storage for both sites

# PROPOSED HOSPITAL HR BREAKDOWN



Incremental Hardee Fresh job creation associated with the facility at the Florida Hospital Heartland site

<b>Title -- Hospital Site</b>	<b>Base FTEs</b>	<b>Upside FTEs</b>
<u>Sales &amp; Marketing</u>		
Sales Executive	1.0	2.0
<u>Facility Operations</u>		
Head Grower	1.0	1.0
Assistant Grower	1.0	2.0
Operations Coordinator	1.0	1.0
Finance Manager	-	1.0
Compliance/Logistics Specialist	0.5	1.0
Administrative Assistant	0.5	1.0
<u>Planting</u>		
Lead -- Planting Crew	1.0	1.0
Assistant Lead -- Planting Crew	-	1.0
Member -- Planting Crew	3.0	3.0
<u>Harvesting</u>		
Lead -- Harvest Crew	1.0	2.0
Assistant Lead -- Harvest Crew	1.0	2.0
Member -- Harvest Crew	3.0	8.0
<u>Cleaning</u>		
Lead -- Cleaning Crew	1.0	1.0
Assistant Lead -- Cleaning Crew	-	1.0
Member -- Cleaning Crew	1.0	2.0
<b>Total FTEs</b>	<b>15.0</b>	<b>30.0</b>

# HOSPITAL PROPOSAL – PART 2/2

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## **Proposed Structure**

- Similar to Hardee Fresh's prior agreement with HCIDA
- Hardee Fresh and HCIDA execute lease with option to purchase
  - Hardee Fresh likely exercises the purchase option prior to commissioning of the facility
- Hardee Fresh oversees demolition, cleanup, and retrofitting activities on behalf of HCIDA
  - Budget for such activities to be agreed by Hardee Fresh and HCIDA based on third-party quotes for the scope of work
- HCIDA obtains permitting/zoning for the property and brings utilities onto the site

## **Additional Hardee Fresh Requests**

- Retire the existing performance-based note upon execution of the lease; execution of new performance-based note upon exercise of the purchase option
- Accelerate consideration of Hardee Fresh's job training and professional development grant proposal

# WAUCHULA CURRENT HR BREAKDOWN

Operating roles at the current Hardee Fresh facility on US High 17; Hardee Fresh initially estimated 22 to 24 FTEs would be required at full utilization; average compensation is also considerably above initial forecasts

Title	Current FTEs	Full Utilization
<u>Sales &amp; Marketing</u>		
Sales Executive	2.0	2.0
<u>Facility Operations</u>		
Head Grower	1.5	0.5
General Manager	0.5	0.5
Operations Supervisor	1.0	1.0
Compliance Specialist	0.5	0.5
Job Training Lead	0.5	0.5
Administrative Assistant	1.0	1.0
Operation Coordinator	-	1.0
Assistant Grower	2.0	2.0
<u>Planting</u>		
Lead -- Planting Crew	1.0	1.0
Assistant Lead -- Planting Crew	1.0	1.0
Member -- Planting Crew	6.0	7.0
<u>Harvesting</u>		
Lead -- Harvest Crew	1.0	1.0
Assistant Lead -- Harvest Crew	1.0	1.0
Member -- Harvest Crew	7.0	11.0
<u>Cleaning</u>		
Lead -- Cleaning Crew	1.0	1.0
Assistant Lead -- Cleaning Crew	-	1.0
Member -- Cleaning Crew	1.0	1.0
<b>FTEs -- Current Functionality</b>	<b>28.0</b>	<b>34.0</b>

# BASIS FOR COUNTY SUPPORT – PART 1/2



## **Construction Job Creation**

- Direct investment into local economy
- High-profile engagement for the engineers and builders involved – marketing benefits for the vendors and the County
- Benefit to public accommodations (e.g., restaurants, hotels, etc.) who service companies and workers traveling to the County to design and build the facility

## **Operations Job Creation**

- Employees enjoy compensation and benefits that are unusual in this industry
  - All fulltime; no H2A migrants required; most employees live near the facility
  - Builds stable local community and local tax base
- Hardee Fresh employee profile leverages existing knowledge of County workforce and creates demand for new technical skills and knowledge in the local area
  - Potential outlet for local graduates with technical training
- Third-party vendors are engaged to maintain facility equipment and systems (e.g., IT, food safety, HVAC, electrical, water/irrigation, grounds maintenance, etc.)
  - Hardee Fresh is “Anchor Tenant” customer that allows vendors to startup/expand
  - Public accommodations benefit when vendors visit the County to perform work



# BASIS FOR COUNTY SUPPORT – PART 2/2



## Infrastructure Expansion

- Facility contributes to the buildout of critical infrastructure in the County (e.g., fiber internet, electric utilities, renewable generation, etc.) as well as the workforce required to build and maintain this infrastructure
- Hardee Fresh is at the forefront of precision agriculture – the facility encourages the colocation of other technology-oriented companies, including suppliers and customers

## Workforce Development

- Direct training and professional development of Hardee Fresh employees
- Potential for synergies with local educational and technical training institutions
- Training benefits accrue not just to Hardee Fresh, but to employees, **to competing businesses**, and the broader community
  - Company employees, once trained, become recruiting targets for other companies that need skilled workers
  - Other companies are attracted to the region once a trained workforce is in place
  - Hardee Fresh routinely loses workers to companies that need skilled workers but are unwilling to invest in workforce development
  - These companies and the entire community benefit from Hardee Fresh's investment in job training and professional development