

RESOLUTION NO. 2017 - 131

A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF ST. JOHNS COUNTY, FLORIDA, RECOMMENDING PROJECT BOILERMAKER BE APPROVED AS A QUALIFIED TARGET INDUSTRY BUSINESS PURSUANT TO SECTION 288.106, FLORIDA STATUTES; PROVIDING FOR LOCAL FINANCIAL SUPPORT IN THE FORM OF CASH FOR THE QUALIFIED TARGET INDUSTRY TAX REFUND WITH HIGH-IMPACT SECTOR BONUS; DIRECTING THE COUNTY ATTORNEY TO DRAFT AN ECONOMIC DEVELOPMENT GRANT AGREEMENT; PROVIDING FOR THE CORRECTION OF ERRORS; PROVIDING FOR SEVERABILITY; AND PROVIDING FOR AN EFFECTIVE DATE.

RECITALS

WHEREAS, PROJECT BOILERMAKER has expressed interest in St. Johns County for consideration to relocate their U.S. corporate headquarters; and

WHEREAS, PROJECT BOILERMAKER is considering another state for the proposed location of this operation; and

WHEREAS, PROJECT BOILERMAKER proposes to create at least 145 new jobs in St. Johns County at an average wage of at least 200% of the St. Johns County average wage if the local site is ultimately selected; and

WHEREAS, under St. Johns County's Business Incentive Program, PROJECT BOILERMAKER is eligible for consideration of expedited permitting and an economic development grant of up to 100% of fees paid to the County by the applicant (Impact Fees and Water/Sewer Connection Fees) and four years Ad Valorem taxes paid (general County portion) on capital improvements and tangible personal property valued at \$86,000,000; and

WHEREAS, the estimated value of the proposed economic development grant under the Business Incentive Program is \$2,758,310; and

WHEREAS, PROJECT BOILERMAKER represents a targeted industry for both St. Johns County and the State of Florida and has applied for a Qualified Target Industry Tax Refund for job creation estimated to be \$1,015,000, of which St. Johns County will provide a local match of 20% if selected as the project site; and

WHEREAS, PROJECT BOILERMAKER has been identified as a Target Industry Business and, moreover, falls within one of the high-impact sectors designated under Florida Statute 288.108, specifically Corporate Headquarters, and is eligible to apply for the Qualified Target Industry Tax Refund with a High-Impact Sector Bonus, pursuant to s.288.106, F.S.

NOW THEREFORE BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF ST. JOHNS COUNTY, FLORIDA, THAT:

SECTION 1. Incorporation of Recitals.

The Recitals expressed above are incorporated by reference into the body of this Resolution, and such Recitals are hereby adopted as findings of fact.

SECTION 2. Board Recommendation.

The Board of County Commissioners of St. Johns County, Florida hereby recommends to the State of Florida that PROJECT BOILERMAKER be approved as a Qualified Target Industry Business.

SECTION 3. Board Acknowledgement of Financial Support.

The Board acknowledges that the necessary commitment of local financial support for PROJECT BOILERMAKER for the Qualified Target Industry Tax Refund with High-Impact Sector Bonus exists in the amount of \$203,000, which includes \$145,000 for the Qualified Target Industry Tax Refund and \$58,000 for the High-Impact Sector Refund spread over eight (8) County fiscal years. This amount will be made available in accordance with the guidelines set forth by the Department of Economic Opportunity with the stipulation that these funds are intended to represent local financial support pursuant to section 288.106 of the Florida Statutes.

SECTION 4. Board Request of Letter Preserving Inducement.

The Board authorizes the County Administrator or designee to issue a request for a Letter Preserving Inducement (LPI) to Enterprise Florida in connection with PROJECT BOILERMAKER substantially in the form that is attached.

SECTION 5. Draft Economic Development Grant Agreement.

The Board hereby directs the County Attorney to prepare a draft Economic Development Grant Agreement providing for \$2,758,310 in economic incentives for later Board consideration upon St. Johns County being selected as the PROJECT BOILERMAKER site.

SECTION 6. Correction of Errors.

To the extent that there are typographical and/or administrative errors and/or omissions that do not change the tone, tenor, or context of this Resolution, then this Resolution may be revised without subsequent approval of the Board of County Commissioners.

SECTION 7. Severability.

It is the intent of the Board, and it is hereby provided, that if any phrases, clause, sentence, subsection, section or provision of this Resolution is held to be invalid, or unconstitutional by a court of competent jurisdiction such invalidity of unconstitutionality shall not be construed as to render invalid or unconstitutional the remaining phrases, clauses, subsection or provisions of this Resolution.

SECTION 8. Effective Date.

This Resolution shall be effective upon execution by the Chair of the Board of County Commissioners.

PASSED AND ADOPTED by the Board of County Commissioners of St. Johns County, Florida this 18 day of April 2017.

BOARD OF COUNTY COMMISSIONERS OF ST. JOHNS COUNTY, FLORIDA

By: _____
James K. Johns, Chair

ATTEST: Hunter S. Conrad, Clerk

By: *Pam Halterman*
Deputy Clerk

RENDITION DATE 4/18/17



**ESTIMATE OF ECONOMIC DEVELOPMENT
GRANT CALCULATION
PROJECT BOILERMAKER**

Calculations based on County Ordinance 2014-30 and millage rates effective on October 1, 2016

POINTS AWARDED

Target Industry: Corporate Headquarters	2
Facility Size: 210,000 sq. ft.	2
Job Creation: 300+ new positions	2
Wages: \$79,442	2
Total Points	8

The applicant scored 8.0 points under the County's business incentive program. This project is eligible for Expedited Permitting and an Economic Development Grant equal to 100% of fees paid to the county (Impact, Water and Sewer) and four (4) year's Ad Valorem tax (general county portion) on capital improvements and tangible personal property.

Total Value of Capital Improvements	81,000,000
Multiplied by County Millage rate	0.51200%
Annual Ad Valorem Tax (general county portion)	414,720
Multiplied by # Eligible Years	4
Ad Valorem Tax (general county portion) Estimate =	1,658,880

Total Estimated Value of New Tangible Assets	5,000,000
Multiplied by County Millage rate	0.51200%
Annual new tangible business personal property tax (general county portion)	25,600
Multiplied by # Eligible Years	4
Total tangible business personal property tax (general county portion)	102,400

Total Square Footage	210,000	
Impact Fee Category: General Office greater than 200K sf	210,000 (\$2,883 per 1000 sq ft)	605,430
Impact Fee Estimate =		605,430

Water/Sewer Total Unit Connection Fees Estimate = 391,600

TOTAL ESTIMATED INCENTIVE 2,758,310

Payout will begin when capital improvements are recognized on the tax roll. Annual installments will not exceed the annual general county portion of the ad valorem tax paid each year.

PAYOUT SCHEDULE:

Total Maximum Possible Incentive:	2,758,310
Payout will consist of estimated annual installments of:	440,320

* The annual payment is based on the general county portion of the ad valorem taxes and tangible personal property taxes paid each year which could fluctuate with increasing property values. The total payout will not exceed the total incentive granted.

as of 03.31.17

**FINANCIAL CONTRIBUTIONS
COST-BENEFIT ANALYSIS
PROJECT BOILERMAKER**

Calculations are based on County Ordinance 2014-30 and millage rates effective on October 1, 2016

Category: Corporate Headquarters

Estimated Added Values:	Real Property	1,800,000
	Capital Improvements	81,000,000
	Tangible Personal Property	5,000,000
	Total Added Value	87,800,000

Total Estimated Countywide Property Taxes:	Annually	Over 20 Years
Real Property Taxes	1,220,439	24,408,778
Tangible Personal Property	73,698	1,473,960
Total Estimated Property Taxes Paid:	1,294,137	25,882,738

Total Estimated General County Portion Taxes:	Annually	Over 20 Years
Real Property Taxes	423,936	8,478,720
Tangible Personal Property	25,600	512,000
Estimated General County Portion Taxes Paid:	449,536	8,990,720

Impact Fees estimated		605,430
Water Unit Connection Fee		172,811
Sewer Unit Connection Fee		218,788
Total Fees:	(These figures are not included in Total Taxes Paid)	997,029

Total Estimated Value of Economic Development Grant	2,758,310
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Total Estimated Value of QTI Local Financial Support	203,000
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Net Benefit to St. Johns County (General County portion) over 20 years	7,026,439
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Sample QTI Payout Schedule

Number of Jobs
 QTI Award Amount
 Total QTI Refund

145
\$ 7,000
\$ 1,015,000

Input
Calculation

	12/31/2020	12/31/2021	12/31/2022	12/31/2023	12/31/2024	12/31/2025	12/31/2026	12/31/2027	12/31/2028	Total
Jobs	71	18	18	19	19	-	-	-	-	145
Phase I		\$ 124,250	\$ 124,250	\$ 124,250	\$ 124,250					\$ 497,000
Phase II		\$ 31,500	\$ 31,500	\$ 31,500	\$ 31,500	\$ 31,500				\$ 126,000
Phase III				\$ 31,500	\$ 31,500	\$ 31,500	\$ 31,500			\$ 126,000
Phase IV					\$ 33,250	\$ 33,250	\$ 33,250	\$ 33,250		\$ 133,000
Phase V						\$ 33,250	\$ 33,250	\$ 33,250	\$ 33,250	\$ 133,000
Total Refund Payment	\$ -	\$ 124,250	\$ 155,750	\$ 187,250	\$ 220,500	\$ 129,500	\$ 98,000	\$ 66,500	\$ 33,250	\$ 1,015,000
State Contribution (80%)	\$ -	\$ 99,400	\$ 124,600	\$ 149,800	\$ 176,400	\$ 103,600	\$ 78,400	\$ 53,200	\$ 26,600	\$ 812,000
Local Contribution (20%)	\$ 24,850	\$ 31,150	\$ 37,450	\$ 44,100	\$ 25,900	\$ 19,600	\$ 13,300	\$ 6,650	\$ -	\$ 203,000

Note: Refund payments are offset from the job creation by one year because the refund payment is made to the company after July 1 (the beginning of the state's fiscal year), the year following the job creation. For example, for jobs created 12/31/20, the refund payment would be made in July 2021.



St. Johns County Board of County Commissioners

Office of the County Administrator | Economic Development

April 13, 2017

Cori Cuttler Henderson
Business Development Director
Enterprise Florida
101 N. Monroe Street, Suite 1000
Tallahassee, FL 32301

RE: Request for LPI for St. Johns County Project Boilermaker

St. Johns County is hereby requesting a letter preserving inducement concerning the Qualified Target Industry (QTI) Tax Refund application that has been submitted by Project Boilermaker. The company's plans would create at least 145 new high-wage jobs in our state with wages averaging over 200% of St. Johns County's average wage (\$79,442). In addition, the high-impact sector corporate headquarters project will represent growth in capital investment to St. Johns County and Florida, estimated at \$86,000,000.

The company indicates that it must begin due diligence on real estate negotiations immediately to fully evaluate the proposed Florida site in St. Johns County versus another location out of state. A portion of this due diligence will require the submittal of zoning applications, which are a matter of public record in Florida. There is a possibility that the project may become public prior to the company making any formal decision regarding the viability of the proposed site. Therefore, in order to avoid unacceptable levels of risk to their business operation and goals, and to ensure that they can move quickly if they do choose the Florida location, St. Johns County is requesting a letter preserving inducement for Project Boilermaker as not to jeopardize their eligibility for potential incentives as they undergo their due diligence process.

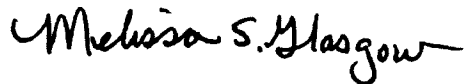
Assurance of incentive eligibility will greatly impact the company's business decision. Therefore, accommodating this project's short time frame, while assuring eligibility for Florida's QTI program, is critical to maintaining a Florida site as a competitive option in their site section process.

St. Johns County's Economic Development Department, serving as the County's Public Economic Development Agency, has submitted this project to the St. Johns County Board of County Commissioners for consideration and approval of a resolution committing the County's local match of up to \$203,000 at the BCC meeting on April 18, 2017. However, we believe that in order to retain the prospect's ability to qualify for QTI incentives, while accommodating the prospect's timing issues, requires actions outside our normal capabilities. Any assistance that you are able to provide in securing this letter preserving inducement to remove the "but for" contingency for this QTI application will be of great help in securing this project for St. Johns County.

The request by the County for the issuance of a letter preserving inducement, and the granting of such by the State, is independent of any action requested of and/or taken by the BCC to consider any incentives associated with this project. Therefore, to keep Florida's site viable, we respectfully request that Enterprise Florida and the Department of Economic Opportunity's Division of Strategic Business Development consider offering the company a letter preserving inducement.

Please feel free to contact me at 904-209-0552 if you have any questions. We appreciate your consideration and all of your assistance in our state and community's economic development efforts.

Sincerely,

A handwritten signature in black ink that reads "Melissa S. Glasgow". The signature is written in a cursive, flowing style.

Melissa S. Glasgow
Director of Economic Development
St. Johns County