

**CLAY COUNTY DEVELOPMENT AUTHORITY
BOARD OF DIRECTORS MEETING
MINUTES**

March 25, 2014

Present: Debbie Ricks, William Randall, Greg Clary, Matt Welch, Jan Conrad, Joe Mobley, Tom Morris, Paz Patel, Grady Williams, Counsel

Absent: Jan Conrad, Chip Dobson, Virginia Hall

Guests: Ken Willey, Joe Riley, Ken Smallwood

Staff: Josh Cockrell, Kerri Stewart, David Cohen

Call to Order: **Chair, Debbie Ricks** called the Clay County Development Authority ("CCDA") Board meeting to order at 4:00 PM.

Invocation: Rev. William Randall provided the invocation.

Approval of February 19, 2014 Minutes

Public Comment: Joe Riley – Stated he is against BLD. Claims IGS report, before it was published, was sent to a CCDA Board member so that they would make it look better. Claims a private meeting was held at Club Continental that included board members and BLD.

Treasurer's Report: **William Randall** reviewed the financial reports for February 2014. Motion to approve both reports accepted unanimously.

Chair's Report: **Debbie Ricks** stated that no committee meetings took place so there is nothing to report. Stated that the discussion regarding the Economic Development group will be deferred and tabled until the next CCDA meeting in April. States Jerry Agresti resigned and a new group has formed. Clay County Commission approved the new group as a separate economic development entity.

Big League Dreams Project Update: **Greg Clary** commended the Board on the great job that they have done vetting the BLD project. He provided historical insight of the project and the Board's participation thus far. He stated that Clay County has seen slow growth and BLD is an attractive economic driver for the county. He stated that everything that has been completed by the Board has been passed through counsel and has followed Sunshine compliance and any other law. Chair Ricks thanks Mr. Clary for the hard work that he has place into the vetting of the project.

Transition Report: Kerri Stewart discussed the review of the unsolicited bid, the extension of the BLD License Agreement as well as the Staff Evaluation of the BLD unsolicited bid. She reviewed the options staff has made available on the next steps to take with the BLD project. She highlighted several points in the Staff Evaluation including the CCDA mission and the BLD proposal to build a recreational sports park. She stated that this was an economic impact study, not a public investment study. Stated that the Board is a facilitator of the BLD deal, not a developer. She made clear that no negotiations have taken place. Stated that the sports park proposed by BLD in the unsolicited bid is slight different than the park evaluated during the economic impact study. The bid proposes 6 fields rather 5. BLD sports park will be a turnkey operation.

Greg Clary questioned whether a turnkey operation is typical in deals that the rest of the Board has seen. Paz Patel stated that with hotels, this is the case. Turnkey would include equipment and other needs to operate the facility. David Cohen stated that the contract holds BLD responsible for operating costs. Greg Clary also asked if BLD Clay has any financial standing. David Cohen responds no. Also, asked if there is any recourse with BLD Clay. David Cohen states that there is a specific nonrecourse provision in the maintenance and operating agreement and consulting services agreement. He stated that this is a traditional method of conducting business by many companies. Greg Clary asked what recourse would there be if BLD walks out or the project fails. David Cohen said that there are not any guarantees, nor letters of credit, nor performance bonds. Paz Patel asked if there is any insurance BLD Clay or CCDA can take out to cover for loss. David Cohen stated that BLD will not purchase a performance bond and CCDA can't get a performance bond either. Grady Williams stated that this is not a good deal if all the risk is placed on CCDA.

Matt Welch stated that there is a risk even if the project fails, how long it would take to get a new operator in while carrying the expenses of the maintenance of the facility. He also stated that there is risk if BLD does not bring in the tournaments and perform. Chairwoman Ricks asked would you get a performance bond for this. David Cohen stated that this is highly unlikely. Greg Clary stated that the CCDA will solely have to rely on the positive reputation of BLD which can pose conceptual risks. David Cohen stated that the governments that have a BLD project in their communities have not said anything negative and some are looking at getting a second park.

Greg Clary draws concern with dealing with an entity with no financials (BLD Clay) as well as if another BLD park were to be built nearby, would it become competitive and draw tournaments away from Clay. Matt Welch stated that BLD will not put their reputation on the line if they didn't think they would perform well.

David Cohen states the CCDA has sovereign immunity in respect to the ownership of the park since the CCDA is not the operator. BLD has an obligation to carry insurance and maintain it.

David Cohen discussed the revenue and repair/replacement reserve fund. BLD's proposal is for a 5% revenue share to the county and CCDA. They proposed to take 1% and set aside for the repair/replacement reserve fund. The account will likely build up to \$100,000. There is a 3 year waiver period in the beginning in which BLD does not have to make any contributions to this account. Part of the 3-years will be covered by warrantees. David Cohen stated that everything is negotiable. He stated that after a year or two of stabilization, a guess on revenue would be around \$1.5-2.3M range as a good year for BLD Clay. When David Cohen asked BLD if they have done more than 6% total in the past, BLD responded they may have, but don't like doing more than that because they likely won't get 10% anywhere else ever. Regarding performance bonds, they suggested increasing the contributions of the repair/replacement fund. David Cohen stated that CCDA would get 5% of the alcoholic beverage sales and Clay County would get 5% of the balance of the revenues. Debbie Ricks said that the CCDA 5% would give the Board an opportunity to hire someone to provide oversight of BLD for CCDA.

David Cohen said that this project should be viewed by the CCDA as an engine for economic development to create jobs. Stated the CCDA should look at sharing the expense of park oversight with the County rather than carrying it alone. A contract manager would be needed to provide oversight to ensure reports are getting filed, etc.

Greg Clary has concern with 5% due to it being not of great value. A return on the investment is most desired.

David Cohen discussed the contractual relationships. There is a license agreement with BLD USA, a consulting services agreement with another BLD entity that provides design and construction services which has a price tag of \$600,000, and the relationship with the operations agreement is the reverse of the turnkey in which BLD pays for everything following CCDA providing the turnkey. Consulting services are provided over the course of 20 months at \$30,000 a month. In addition, CCDA pays out of pocket expenses for travel. BLD will provide the owner's program to architects and engineers as well as advice and guidance regarding what works best.

Greg Clay asked if BLD has veto power or authority. He asked if the CCDA has final authority. David Cohen stated that each party has veto power: CCDA, Clay County, BLD.

Paz Patel stated his concern with the \$600,000+ out of pocket expenses that doesn't have a cap. Greg Clay stated his concern with giving a turnkey operation and the risk that BLD could walk out. BLD has not walked away from any facility but has terminated agreements. David Cohen stated that deals get complicated when all parties are brought in regarding the cost of construction. Agreements with each party that is contingent on each other are needed, but no progress has been made on that yet. All parties have to come to agreement.

Greg Clary stated his concern with the County that has been advised by their counsel to not enter into this type of arrangement between the parties involved. David Cohen stated that the CCDA Board can direct staff to research how it can get money to determine the costs to build the project. If \$26M, then the conversation will change, but if \$19M then there is a completely different conversation. Realistic progress regarding funding of the due diligence should occur. Chair Ricks asked how the CCDA will go about getting that money. David Cohen stated the Board needs to have a frank conversation with the other participants in the project and have an orderly progression of the next steps before much money is spent. He stated that the County and landowners need to cooperate by helping with the funding to determine actual costs. Matt Welch stated that the first step is to determine if 6 fields will fit on the property, then obtain a rough sketch of what BLD needs to build and how it will fit on the land then obtain an estimate of how much it would cost to build the project. Greg Clary has concern regarding where the money will come from to pay for the estimates because CCDA should not continue spending money for this project unless the other partners assist with it.

David Cohen stated that Clay County's outside counsel recognizes that there is a cost to conducting the due diligence work and could reach \$200,000. He states that the CCDA should have enough information without paying \$600k for the BLD plans to get a cost estimate for the project and believes the CCDA can get this estimate very easily without spending much money. Greg Clary emphasized to the Board that every time the CCDA makes a move, money will be spent; therefore, the Board needs to progress forward efficiently. David Cohen emphasized that the CCDA is the right body to move this project forward but a source of revenue needs to be found to bring this project closer to the finish line. All parties must come to the table and carry some of the costs.

Kerri Stewart stated that the Board can decide to pursue the project with due diligence without going into negotiations. Chair Ricks stated that this is the route the Board should take. David Cohen stated that the most challenging part will be fitting the negotiations in over the economics of the deal with the engineering work to be completed. Stated that the Board needs to decide how to move forward with BLD.

Matt Welch stated that he can get the estimate of construction costs upon receiving the specs for around \$3,000 rather spending \$75k+ for it. Rev. William Randall recommended that staff could look for grants to help with this project. Greg Clary stated that this has been looked into by the landowners and others.

Staff has been directed to continue conducting CCDA due diligence on the BLD project.

Economic Development Report: Bill Garrison was not available to provide a report.

New Business: none

Attorney's Report: Grady Williams reported that he approved the legality of the mass notification system contract with Camp Blanding for signature.

Old Business: none

New Business: The next CCDA Board meeting will be on April 16, 2014.

Adjourned: 6:23 PM.

DATES OF UPCOMING CCDA MEETINGS:

April 16, 2014

May 21, 2014

June 18, 2014

July 16, 2014

August 20, 2014

September 17, 2014