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BETWEEN THE INDIAN RIVER COUNTY BOARD OF COUNTY
COMMISSIONERS AND THE CITY OF VERO BEACH
COUNCIL MEMBERS, REGARDING THE PIPER PROPOSAL

HELD OCTOBER 2, 2007 AT 1:30 P.M.

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October 2, 2007

**JOINT MEETING OF THE INDIAN RIVER COUNTY BOARD OF
COUNTY COMMISSIONERS AND THE CITY OF VERO BEACH
CITY COUNCIL REGARDING THE PIPER PROPOSAL**

The Board of County Commissioners of Indian River County, Florida, met in a Special Call Joint Meeting at the County Commission Chambers, 1801 27th Street, Building A, Vero Beach, Florida, on Tuesday, October 2, 2007, to discuss the Piper Proposal. Present for Indian River County were Chairman Gary C. Wheeler, Vice Chair Sandra L. Bowden, Commissioners Wesley S. Davis, Joseph E. Flescher and Peter D. O'Bryan. Also present were County Administrator Joseph A. Baird, County Attorney William G. Collins II, and Deputy Clerk Athena Adams.

Present for the City of Vero Beach were Mayor Thomas White, Vice Mayor Sabin Abell, Council members Ken Daige, Debra Fromang and Bill Fish. Also present were City Attorney Charles Vitunac, City Manager Jim Gabbard and City Clerk Tammy K. Vock.

1. CALL TO ORDER AND PLEDGE OF ALLEGIANCE

Indian River County Board Chairman, Gary C. Wheeler, called the meeting to order at 1:30 p.m.

2. INVOCATION

Indian River County Public Works Director, Jim Davis, delivered the Invocation.

3. OPENING REMARKS AND INTRODUCTIONS

A. INDIAN RIVER COUNTY BOARD OF COUNTY COMMISSIONERS AND STAFF BY CHAIRMAN GARY C. WHEELER

Vice Chair Bowden reminded the Board that the 9:00 a.m., Board of County Commissioners (BCC) meeting was on hold and that possibly there were interested parties waiting for that meeting to reconvene. She asked whether the Board would consider postponing the remainder of that Agenda to next week's Board meeting, so anyone waiting for that meeting to reconvene would not have to sit through the "Piper" meeting. After brief consideration, Commissioners and staff all agreed to postpone the remainder of the morning's Agenda.

ON MOTION by Vice Chair Bowden, SECONDED by Commissioner Flescher, the Board of County Commissioners unanimously agreed to postpone the remainder of the 10/02/07 BCC Agenda items (11.A.2 through 14.C, except for 13.A.2) to the October 9, 2007 BCC Meeting.

Chairman Wheeler introduced Piper CEO Jim Bass, who in turn introduced his colleagues, Human Resources Director for Piper Aircraft Steve Johnson, Chief Financial Officer Mike Kelly, and Project Consultant Michelle Comerada.

Chairman Wheeler also acknowledged the presence of State Representative Ralph Poppell, Bob Rohrlack of the Division of Business Retention and Recruitment with Enterprise Florida, and Casey Barnes, Project Manager of Business Retention and Recruitment with Enterprise Florida. Other County staff present were Assistant County Administrator Mike Zito, Budget Director Jason Brown, and Public Works Director Jim Davis.

**B. CITY OF VERO BEACH CITY COUNCIL AND STAFF BY MAYOR THOMAS
P. WHITE**

Mayor Tom White introduced City Council members, and City Manager Jim Gabbard introduced City staff present. Other City staff in attendance were Finance Director Steve Maillet, and Airport Director Eric Menger.

4. DISCUSSION OF PIPER PROPOSAL

Chairman Wheeler explained that his objective for asking for a special call meeting was for the County to consider, with Enterprise Florida, the \$16 million proposal to Piper Aircraft, pending final approval by the Board and Cities.

Attorney Charles Vitunac asked if there were any other representatives from other municipalities in attendance. Chairman Wheeler acknowledged the presence of Mayor Cadden and Administrator Bradshaw of the Town of Indian River Shores, Mayor Dunlap of the Town of Orchid, and Mayor Savage and City Manager Jason Nunemaker of the City of Fellsmere.

Mr. Jim Bass, Chief Executive Officer of Piper Aircraft, thanked the Board for inviting him and for the time and consideration given to Piper. He then presented some background on Piper's location decision and the reasons they are seeking to partner with local government. He stated that as they contemplate Piper's future and prepare to launch new products, it is Piper management's responsibility to protect and grow their business. He said that after a long and comprehensive evaluation of several competitive communities, Vero Beach has remained a viable option for Piper, due primarily to its outstanding workforce. But in order to grow in Vero Beach, Piper must overcome burdens that its competitors do not face, such as the "extraordinary cost of utilities and insurance."

Mr. Bass felt they could not make investments and price their aircraft competitively without mitigating some of the extraordinary expenses. He informed the Panel that it was Piper's hope "to work with you in securing financial assistance to enable Piper to grow and compete while building value for the community as well." He alluded to the benefits of increased revenues the City of Vero Beach would see if Piper stays here. They believe a compelling assistance package, with mutually agreeable terms and conditions would be in the best interest of Piper and this community. Mr. Bass said Piper would respect any decision of the Board.

Mr. Bass announced that he would be attending an Aircraft Owners Pilots Association (AOPA) Convention in Hartford, Connecticut, on October 4, 2007, where he would make a major announcement about a new product. In conclusion, he dispelled rumors that his home was up for sale. Mr. Bass thereafter responded to questions from the Panel.

To Commissioner O'Bryan's desire for elaboration on comments regarding guarantees for taxpayers dollars, parameters in the contract for lack of performance, and change of management, Mr. Bass explained that they wanted to make sure taxpayers' dollars are protected, and provisions in the agreement must be survivable if the facility is sold or the CEO loses his job.

To Commissioner Flescher's inquiry on Piper's goal for the next year, Mr. Bass remarked that it was their desire to position the company for sustained growth, and their intention to keep Piper Jet here, if these discussions were completed successfully.

Vice Chair Bowden questioned Mr. Bass regarding the County's position if the offer were acceptable. Mr. Bass assured her that if Vero Beach's proposal was the best of all the cities Piper would decide to stay here. He also assured other Commissioners that the rules would not change mid-stream, and that he understood that there would not be a counter offer.

Mayor White was told that possibly other cities were trying to bid, despite his understanding from Piper that there were only three (3) offers. Mr. Bass refuted the allegation as

incorrect and was only aware of the three offers. He acknowledged that Piper receives unsolicited bids daily, but that they were not a part of the process.

Council Member Sabin Abell asked whether the game was still on with three (3) players. Mr. Bass affirmed that it was, but pointed out that he had not yet received a definitive proposal from Indian River County.

Chairman Wheeler expressed his views on the proposal, making it clear that this was the final one, this was all we have, and Piper would have to accept or reject it.

In response to Commissioner O'Bryan's questions regarding contract terms, Mr. Bass was not prepared or willing at this forum to negotiate the terms and conditions of an agreement. He just wanted to express Piper's intent and good faith at trying to hammer out a mutually agreeable agreement for all concerned.

City Manager Gabbard felt they needed to get clear directions on incorporating into the contract the basic requirements for maintenance of certain levels of employees. He stressed that the County and City needed to take the same level of information that American Capital Strategies requires that they do business with. He read the requirements, which he said would be critical to determine if our dollars are going to be used wisely.

Representative Poppell clarified comments that other communities were contacting Piper, pointing out that it was never said or implied that Piper was interested in other cities.

Administrator Baird requested direction as to how staff should proceed if the Board decides to move forward. He thought it was important to the community to have a limit on the

number of employees. He emphasized that the number of employees was important in this document and that needed to be lowered or fall below a certain employment ratio.

Chairman Wheeler agreed, and explained that putting the \$16 million on the table was only the first step of coming to a complete agreement. The second step would be to work out the details of the contract, which would include the jet, and personnel. He thought it would be a waste of our time to come up with all the details of the contract and then find out that Piper is not interested in the financial aspect of the contract.

Vice Chair Bowden agreed with Chairman Wheeler. She argued that the County has already set its budget and millage for the new year and could go no higher. She wanted this to work, but not at the expense of our County employees that might have to be let go if we run into unforeseen dangers. She also wanted to know the risks, if any, and felt it was not fair to the County to have to compete with other cities because Vero Beach has a loyalty and commitment to Piper much more than the other cities, and that alone should be worth something.

Mr. Bass noted the “beautifully expressed” sentiments of Vice Chair Bowden, and assured her that Piper shares the same level of commitment to making this work.

The Chairman opened the floor to public comments.

Commissioner Flescher thought it would be in the best interest of everyone for the Board, at this juncture, to present the details of the offer. It was decided that the information would be presented at the conclusion of public comments.

Public Comments

Guy Barber, Highland Drive SW, believed there were 99.99% of the people in this County that are not privy to the deal; believed we have no guarantees that Piper won't leave three (3) years from now, and that "Corporate welfare" is something that has to stop.

Bob Rohrlack, Enterprise Florida, explained that the State's \$20 million would come from their Closing Funds. With the Closing Fund there is a contract that the Company would enter into with the State, which is a performance-based contract. They would agree to the number of jobs, they would create the average wage for those jobs, and a time schedule that they expect for those jobs, and there would be clauses for acts of God. He said Enterprise Florida has the mechanisms in place to work with the County.

Charles Wilson, 1057 6th Avenue, believed the community needs economic growth and sustainability; felt this is a better package than the first; and supported the proposal.

Richard Winger, 1361 Indian Mound Trail, thought the \$2 million a year was a small price to pay to keep Piper here. He also thought it was a good deal and supported the proposal.

Kent Bennett, 11th Avenue, Vero Beach, did not support the proposal.

Florida State Representative Ralph Poppell, 525 34th Avenue SW, 405 House Office Building, Tallahassee, appreciated the invitation to be here. He expressed the urgent need to retain certain commodities/industries in this community, and explained why the \$16 million is critical to make the State package work. He believed it is a tougher job trying to replace an industry that has left, and emphasized the need to make this happen so we could keep Piper here.

Alan Kamman, 26 Plantation Drive, commended the County for taking up this issue. He believed the Department of State could make one more concession to Piper, that is, offering Piper five (5) years of free insurance.

Mayor White informed Mr. Kamman that he had gotten his letter and has talked with Enterprise Florida, and they were trying to do something about the insurance.

Ted Robinson, 50 Casera Court, discussed why he could not financially support any measures to keep Piper in Vero Beach. He reminded the Board of its responsibility to protect taxpayers.

Andrew Kennedy, 535 Eugenia Road, fully supported the proposal.

Pilar Turner, Indian Bay Drive, believed it is important for us to maintain and support Piper in the community, but he needed a little more detail regarding the funds.

Chairman Wheeler promised to air and discuss the figures after all comments were taken.

Bea Gardner, Vero Beach, emphasized the need to do everything we possibly could to keep Piper here. She hoped there would be some way of tying down this property that if Piper leaves they are penalized with paying taxes.

Chairman Wheeler called a recess at 3:01 p.m., and reconvened the meeting at 3:15 p.m. with all members present.

PUBLIC COMMENTS CONTINUED

Joseph Paladin, Chairman of the Growth Awareness Committee, read a statement from Gary Paris who favors Piper Aircraft staying in the County. Mr. Paladin thought it would be devastating if Piper leaves. He emphasized the benefits of keeping Piper here, and supported the proposal.

Jay Hart, 2800 Indian River Blvd & Seacoast National Bank, talked about the return percentages on investment of the \$2 million a year proposal, and saw a huge return. He agreed with Representative Poppell that it is a lot easier to retain than to replace someone. He supported a competitive offer. He believed Vero Beach was in the running based on Mr. Bass' "good faith and intent" comments, and was optimistic that this would work out.

Mayor Cadden felt this was an extraordinary good financial deal, and recommend they go for the \$16 million spread over eight (8) years.

Jim Davis, Owner of WTTV, conducted a survey asking people to come forward with opposing views on Piper. The results showed no one coming forward with an opposing view, and Mr. Davis concluded that the majority of the community was in favor of the retention of Piper, as he is.

Brian Curley, 4101 Ocean Drive, did not think the County was setting a dangerous precedent, and agreed that retention is far cheaper than recruiting. He supported the proposal and saw it as a win-win situation.

Honey Minuse, President of the Indian River Neighborhood Association (IRNA), for the record, noted that the IRNA has been in favor of the efforts to keep Piper here.

Wayne Kleinstiver, 4080 8th Place, believed the proposal is a wonderful investment on the part of taxpayers, because it impacts so many people in the community.

Jerry Thistle, 2656 Paloma Drive, felt the proposal was appropriate, but cautioned about being careful with the details. He supported keeping Piper here.

Dana Howard, 2055 De Leon Avenue, said we needed to do everything we could to keep Piper in this community.

There were no other speakers and the Chairman closed the public comments session.

Mayor White asked whether Piper would agree to \$2 million a year, if they were to agree to go with the \$16 million; whether Piper realizes that the \$2 million has to be voted on every year by the existing Council or Commission; and whether Piper was willing to take that chance.

Chairman Wheeler reported that he had similar discussions with Mr. Bass, Senator Pruitt, and Representative Poppell, because one of the possibilities was that Enterprise Florida could advance the amount and the County would reimburse Enterprise Florida on an annual basis. He disclosed that Piper was not interested in funds being approved every year.

Representative Poppell explained that it was not exactly as such that Enterprise Florida could do it, but there was another mechanism of which they could bring in another party to run that through the system and the State and bring this back. He also affirmed that Piper was not interested in the year-to-year basis. He responded to further questions from Mayor White and other Board members, regarding interest on the money, and mode of payment.

Vice Chair Bowden sought to have full disclosure, because they were not aware of everything that was happening. Mayor White said they have had numerous conversations with the consultants and every time they come up with a plan the consultants reject it.

Michelle Comerada, Project Consultant, explained that they have been very consistent in discussions about the \$16 million, but to date have not seen an offer from the local community for \$16 million and that is why they continue to reject and send it back. She responded to questions from Vice Chair Bowden.

Commissioner Davis did not have a problem with \$16 million as long as they could encumber an equivalent amount of property. Panel discussion ensued on whether \$2 million a year for 8 years was the way to go.

Ms. Comerada explained the criteria for reviewing the proposal, and Mayor White reported that he has had talks with the Governor's office about insurance, and could not see how we would do this without raising taxes.

Mr. Gabbard wanted the City of Vero Beach Bond Lawyer to meet with Ms. Comerada to gather information on how we could do a multi-year fund commitment.

Commissioner Davis MOVED for approval of the \$16 million incentive package to Piper Aircraft, to be paid \$2 million per year over a period of eight (8) years.

Vice Chair Bowden thought they should review the figures on ad valorem taxes before making a Motion.

Administrator Baird was concerned about the General Fund, which he described as his weakest fund financially, because everything feeds off it. Through a slide presentation he presented a cost analysis of the required funding from Cities and County, if the deal is approved.

He presented different scenarios of how he could raise the \$2 million. He requested direction from the Board on to how to proceed.

Councilmember Fromang understood the difficulty of County and City staff working on the issues, but felt they needed to learn everything associated with the process, because it is difficult for the Council to make decisions when they do not know all that is happening.

Mr. Rohrlack responded to Ms. Fromang's concerns regarding contract negotiations.

Commissioner Davis MOVED, Seconded by Commissioner Flescher, under discussion, for Board approval of the \$16 million incentive package to Piper Aircraft, to be paid \$2 million per year, over a period of eight (8) years.

Vice Chair Bowden thanked the negotiating team for the tremendous work they have done. She wanted to make this happen at the least painful for our citizens and taxpayers. To her inquiry, Administrator Baird explained what is required from the County for staff to proceed.

Chairman Wheeler expressed appreciation for the work City Manager Jim Gabbard and County Administrator Joe Baird have done in the negotiations process.

Mr. Gabbard suggested they move forward quickly and work with Enterprise Florida. Chairman Wheeler agreed.

Vice Chair Bowden confirmed her understanding that the matter is now in the hands of Messrs. Gabbard and Baird, and Enterprise Florida, to make this happen and everyone else was out

of it. Councilmember Fromang felt it would be prudent to keep elected officials out of the negotiations.

Attorney Vitunac questioned whether the Motion included taking the \$2 million out of the County's General Fund if for some reason there is not unanimity of the five municipalities.

Administrator Baird clarified his understanding of the Panel's intent for staff to proceed.

County Action

The Chairman CALLED THE QUESTION and the Motion by Commissioner Davis, Seconded by Commissioner Flescher, carried unanimously. The Board approved the \$16 million incentive package to Piper Aircraft, to be paid \$2 million per year, over a period of eight (8) years.

City of Vero Beach Action

Attorney Vitunac recommended that City staff put the issue on the City's October 16, 2007 Committee Meeting Agenda.

On Motion by Councilmember Debra Fromang, SECONDED by Vice Mayor Sabin Abell, City Council members unanimously agreed to support the County.

5. ADJOURNMENT

There being no further business, Chairman Wheeler adjourned the Meeting at 4:20 p.m.

ATTEST:

Jeffrey K. Barton, Clerk

Gary C. Wheeler, Chairman

Minutes Approved: _____

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