

RESOLUTION NO. 2023 - 283

A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF ST. JOHNS COUNTY, FLORIDA, AUTHORIZING THE COUNTY ADMINISTRATOR, OR DESIGNEE, TO EXECUTE AN ECONOMIC DEVELOPMENT GRANT AGREEMENT WITH KeHE DISTRIBUTORS, LLC ON BEHALF OF ST. JOHNS COUNTY; AND PROVIDING FOR THE EFFECT OF RECITALS; PROVIDING FOR THE CORRECTION OF ERRORS; AND PROVIDING AN EFFECTIVE DATE.

RECITALS

WHEREAS, KeHE Distributors, LLC (KeHE) submitted an application to the St. Johns County Economic Development Agency (AGENCY) requesting business incentives be considered to construct a building totaling approximately 530,000 square feet within the Deerpark Commerce Center Planned Unit Development in St. Johns County, Florida to distribute organic foods; and

WHEREAS, KeHE anticipates retaining 345 jobs and creating 100 new jobs at an average annual wage of \$52,000 per year; and

WHEREAS, the AGENCY prepared a written report and the request was presented to the Board of County Commissioners (BOARD) on June 6, 2023; and

WHEREAS, the BOARD approved the incentive request for two (2) years ad valorem taxes on real property improvements and new tangible personal property (general county portion), 50% of water/sewer connection fees, and up to 84% of impact fees collected by the County, with an incentive value estimated to be \$1,341,410 along with up to \$1,000,000 to fund construction of traffic control measures at the intersection of Deerpark Blvd. and State Road 207; and

WHEREAS, the BOARD directed the County Attorney's office to prepare an Economic Development Grant Agreement for this project; and

WHEREAS, the COUNTY has reviewed the terms, provisions, conditions and requirements of the proposed Economic Development Grant Agreement (attached hereto and incorporated herein), and has determined that accepting the terms of the Economic Development Grant Agreement, and executing said Agreement will serve the interests of the COUNTY.

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. Authorization to Execute.

The County Administrator, or designee, is hereby authorized to execute an agreement substantially in the same form as the attached Economic Development Grant Agreement on behalf of the County for the purposes mentioned above.

SECTION 3. 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.

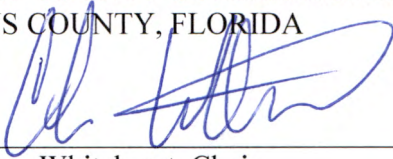
SECTION 4. Effective Date.

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

PASSED AND ADOPTED by the Board of Board of County Commissioners of St. Johns County, Florida this 18th day of August 2023.

BOARD OF COUNTY COMMISSIONERS OF
ST. JOHNS COUNTY, FLORIDA

Rendition Date AUG 03 2023

By: 
Christian Whitehurst, Chair

ATTEST: Brandon J. Patty,
Clerk of the Circuit Court & Comptroller

By: 
Deputy Clerk



ECONOMIC DEVELOPMENT GRANT AGREEMENT

THIS ECONOMIC DEVELOPMENT GRANT AGREEMENT is entered into between **ST. JOHNS COUNTY, FLORIDA** (the “**County**”), a political subdivision of the State of Florida, located at 500 San Sebastian View, St. Augustine, Florida, 32084 and **KEHE DISTRIBUTORS, LLC** (“**KeHE**”), an Illinois Profit Corporation that is qualified to do business in Florida, whose primary place of business is located at 1245 E. Diehl Road Suite 200, Naperville, Illinois 60563, this 1st day of August, 2023.

RECITALS

WHEREAS, Section 125.045, Florida Statutes, declares that a public purpose is served when a county makes economic development grants to private enterprises for the expansion of businesses existing in the county, or the attraction of new businesses to the county; and

WHEREAS, Section 125.045, Florida Statutes, authorizes counties to spend public funds for economic development activities, including the making of economic development grants; and

WHEREAS, Section 125.045, Florida Statutes, expressly notes that such section of the Florida Statutes, “must be liberally construed in order to effectively carry out the purposes of this section” of the Florida Statutes; and

WHEREAS, consistent with Section 125.045, Florida Statutes, St. Johns County, pursuant to Ordinance 2014-30, adopted and implemented a St. Johns County Business Incentive Program, for the purpose of providing economic development grants for private enterprises which meet the criteria established under the ordinance; and

WHEREAS, **KeHE** received a favorable recommendation for award of an Economic Development Grant by the Board of County Commissioners (the “**Board**”); and

WHEREAS, **KeHE** anticipates retaining 345 jobs and creating 100 new jobs.

WHEREAS, **KeHE** will operate in a building totaling approximately 550,000 square feet to be constructed on Deerpark Blvd. in St. Johns within St. Johns County, Florida with a food distribution facility (the “**Project**”) pursuant to a built-to-suit lease between KeHE, as tenant, and BGO 3800 DEERPARK OWNER LLC (“**BGO**”), a Delaware limited liability company, as landlord (the “**Lease**”); and

WHEREAS, in accordance with Ordinance 2014-30, **KeHE** applied to the County for the award of an Economic Development Grant the includes the following incentives:(i) reimbursement of eighty-four percent (84%) of Impact Fees (calculated as 100% of road impact fees and 50% of remaining impact fees), (ii) reimbursement of fifty percent (50%) of water/sewer connection fees, (iii) reimbursement of one hundred percent (100%) of the general county portion of ad valorem taxes on capital improvements for two (2) years associated with the project and new tangible personal property for two (2) years associated with the project, (iv) and up to *one million 00/100 dollars* (\$1,000,000.00) towards construction of traffic control measures (per *Exhibit “D,” attached hereto and incorporated herein by reference*). The grant referred to in

subsection (iv) shall be referred to herein as the “**Traffic Improvement Grant.**” Sometimes, the grants shall collectively be referred to herein as the “**Economic Development Grant;**” and

WHEREAS, in accordance with Ordinance 2014-30, the St. Johns County Economic Development Agency (Agency) reviewed the application and issued a report evaluating the proposed enterprise and recommending approval of the Application (defined below).

WHEREAS, in order to encourage KeHE to enter into the Lease and operate its business in accordance with the terms of this Agreement, the Board approved the Application at its meeting on June 6, 2023, for the allocation of the Economic Development Grant described therein, and authorized the execution of this Agreement at its meeting on August 1, 2023; and

WHEREAS, the County commits to use its best efforts to budget for this Economic Development Agreement each year and includes this commitment to the extent allowable by Florida Statute 129.07 and other Florida law; and

WHEREAS, after careful consideration and in reliance on the Economic Development Grant to be paid in accordance with this Agreement, KeHE determined to enter into the Lease and operate its business at the Project in accordance with the terms of this Agreement.

NOW THEREFORE, the County and **KeHE** (the “**Parties**”), in consideration of the terms set forth below, agree as follows:

Section 1. Effect of Recitals.

The Recitals expressed above are incorporated by reference into the body of this agreement as a substantive part hereof, and such Recitals shall be adopted as findings of fact.

Section 2. Project Details.

The Project shall be restricted to the material details contained in **KeHE’s** Application for Economic Development Grant (“**Application**”), a copy of which is attached to this agreement as *Exhibit “A”*, and a New Job Phasing Schedule through the end of 2027, a copy of which is attached to this agreement as *Exhibit “B”*, which is incorporated into this agreement by reference.

Section 3. Duration.

This agreement shall be effective upon execution by both parties and shall terminate when the County submits the final payment of the County Economic Development Grant to **KeHE**, or on September 30, 2030, whichever occurs first.

Section 4. Definitions.

Unless stated otherwise in this agreement, all terms that are defined in Ordinance 2014-30 shall have the same meaning as is set forth therein.

Section 5. Total Number of New Full-Time Equivalent Jobs.

(a) **KeHE** represents that it will retain *three hundred and forty five* (345) existing full-time equivalent jobs and provide at least *one hundred* (100) new full-time equivalent jobs in St. Johns

County as a result of the project as of December 31, 2026 per *Exhibit "A"*. Full-time equivalent jobs are to be retained and created over time as provided in the schedule attached hereto as *Exhibit "B"*. A full-time job means full-time equivalent positions, as defined by the Florida Department of Economic Opportunity for purposes of unemployment compensation tax administration and employment estimation, resulting from the business at this location (subject to temporary leaves permitted by federal and state employment laws). No individual may be considered more than one FTE regardless of the number of hours worked by such individual.

(b) **KeHE's** representation of the number of new full-time equivalent jobs that will be created by the project was a factor relied upon by the County with respect to entering into this agreement. Therefore, once **KeHE** fulfills the full-time equivalent jobs requirement as set forth in subsection (a) above, the business shall be required to maintain an annual average of at least that many full-time equivalent jobs in the County in order to maintain its eligibility to receive Economic Development Grant funds pursuant to this agreement.

Section 6. Average Wage of Full-Time Equivalent Jobs.

(a) **KeHE** represents that they will collectively provide wages at an average rate of at least *fifty-two thousand 00/100 dollars* (\$52,000.00) in the aggregate for the new full-time equivalent jobs created in St. Johns County as a result of the project.

(b) **KeHE's** representation of the average wage of the new full-time equivalent jobs was a factor relied upon by the County with respect to entering into this agreement. Therefore, once fulfills the full-time equivalent jobs requirement as set forth in Section 5 of this agreement, the average wage of the new full-time equivalent jobs and existing full-time equivalent jobs in the County shall be considered a condition associated with **KeHE's** eligibility to receive County Economic Development Grant funds.

(c) If, at any time during the term of this agreement, the average wage of the new full-time equivalent jobs falls below *fifty-two thousand 00/100 dollars* (\$52,000.00) the County may recalculate the amount of the Economic Development Grant based on Section 11 of St. Johns County Ordinance 2014-30, as may be amended from time to time.

Section 7. Payment of Fees and Taxes Prior to Claim Submission.

(a) Prior to any submission of claim by **KeHE or its Designee** to the County for a County Economic Development Grant payment, **KeHE or its Designee** shall pay to the County a total amount equal to total impact fees, total water/sewer connection fees, the general County portion of County ad valorem taxes and tangible personal property taxes. It is expressly understood by the Parties that **KeHE or its Designee** shall pay the total amount of County ad valorem taxes and tangible personal property taxes as shown on **KeHE's or its Designee's** tax bill prior to **KeHE or its Designee** applying for, or receiving, any County Economic Development Grant payment in each eligible County Fiscal Year (which runs from October 1 to September 30).

(b) **KeHE** may approve, add, or remove a designee for any portion of this Agreement by providing the County with written notice in accordance with Section 14 of this Agreement. If **KeHE** does not provide the County with a written notice of a designee, then it is assumed that **KeHE** does not have a designee.

(c) **KeHE** hereby designates BGO as its Designee for purposes of submitting claims and receiving Traffic Improvement Grant payments as provided in Exhibit D. All remaining

Economic Development Grant payments shall be paid to KeHE, regardless of whether the claim is submitted by KeHE or BGO.

Section 8. Authority of the Board to Review Records.

(a) The County and Agency reserve the right to review the applicable financial and personnel records of **KeHE** relating to the capital investment and new full-time equivalent jobs contemplated under this agreement in order to determine the degree of **KeHE's** compliance with this agreement, as well as **KeHE's** compliance with the applicable provisions of Ordinance 2014-30, as may be amended from time to time.

(b) The Agency shall maintain such financial and personnel records, data, information, correspondence and documents as confidential to the full extent permitted under Chapter 119, Florida Statutes and otherwise in accordance with applicable laws, consistent with the request of **KeHE** for such purpose. **KeHE** shall label any records provided to the County that contain trade secrets or proprietary information prior to such records being provided to the County.

Section 9. Timely Filed Claims; Consequences for Failure to File Timely Claims.

(a) Economic Development Grant payments shall be made pursuant to the requirements set forth in the St. Johns County Business Incentives Ordinance, as may be amended from time to time, but in no event later than sixty (60) days from submission of a claim and all required documentation of the achievement of each performance item specified in this Agreement.

(b) For each fiscal year in which **KeHE** is eligible for an Economic Development Grant payment, **KeHE** shall submit a claim to the County for such payment prior to the end of the fiscal year. Any claim made pursuant to this agreement shall comply with the requirements set forth in Ordinance 2014-30.

(c) If **KeHE** fails to timely submit a claim to the County for an Economic Development Grant payment within one year of any eligible fiscal year, then **KeHE** shall waive its right to such payment for that particular fiscal year. Any such waiver shall not affect **KeHE's** right to seek Economic Development Grant payments in any other fiscal year during the term of this agreement.

(d) Upon written request by **KeHE**, the Board may consider and approve an untimely claim for an Economic Development Grant payment. Such relief shall be granted no more than once during the term of this agreement. Nothing in this subsection shall create any obligation on the part of the Board to approve an untimely claim for an Economic Development Grant payment.

Section 10. Conditions of Compliance; Consequence for Failure to Comply.

(a) In order to remain eligible for County Economic Development Grant payments, **KeHE** must abide by and comply with the provisions set forth in this agreement, any incorporated attachments or exhibits, any amendment to this agreement and any applicable provisions of Ordinance 2014-30.

(b) **KeHE** shall occupy the building by August 31, 2025, subject to force majeure events as described in Section 8 of Exhibit D.

(c) Should the County or Agency determine that **KeHE** has failed to comply with the conditions set forth in Sections 5, 6, or 10(b) of this agreement, the County shall notify **KeHE** of such non-compliance no later than thirty (30) days after the County or Agency makes such a determination. **KeHE** shall have thirty (30) days from the date of the County's notification in which to submit to the County a written report that either sufficiently documents **KeHE**'s compliance with the conditions set forth in the County's notification or sufficiently sets forth all corrective action to be taken by **KeHE** in order to come into compliance with the conditions set forth in Sections 5, 6, or 10(b) above.

(d) If **KeHE** fails to sufficiently establish its compliance with the conditions set forth above within thirty (30) days after notification of non-compliance (or, if the condition is such that 30 days is insufficient to establish compliance, then such time as is reasonably required to establish compliance), or fails to provide a plan to cure approved by the Agency or the County within such time, then the County may terminate this agreement upon an additional ten (10) days' notice to **KeHE**, and the parties shall be released from any further obligations under this agreement.

Section 11. Acknowledgment of Compliance as a Condition Precedent to Payment and Consequences for Failure to Comply.

(a) By executing this agreement, **KeHE** represents that it has obtained all licenses and other authorizations to do business in the state of Florida and in St. Johns County. **KeHE** acknowledges that obtaining such licenses and authorizations is a condition precedent to receiving any County Economic Development Grant Payment. Failure to maintain such licenses and authorizations shall result in **KeHE** losing its eligibility to receive future Economic Development Grant Payments for the duration of the non-compliance.

(b) By executing this agreement, **KeHE** acknowledges that compliance with all terms of this agreement shall be a condition precedent to **KeHE or its designee** receiving any County Economic Development Grant payment. Failure to comply with the terms of this agreement shall result in **KeHE** losing its eligibility to receive future Economic Development Grant Payments for the duration of the non-compliance.

Section 12. Notice Regarding Grant Payments to KeHE

(a) **KeHE acknowledges that the County's payment of grant funds pursuant to this agreement is contingent upon the appropriation of sufficient funds for that purpose by the Board. Pursuant to the requirements of Section 129.07, Florida Statutes, payments made under this agreement shall not exceed the amount appropriated in the County's budget for such purpose in that fiscal year. Nothing in this agreement shall create any obligation on the part of the Board to appropriate funds for Economic Development Grants during any given fiscal year.**

(i) The County agrees to make all reasonable efforts to budget and appropriate funds for this Economic Development Grant allowable under Section 129.07, Florida Statutes.

(b) If Economic Development Grant funds are unavailable in a particular fiscal year, **KeHE** shall not receive additional grant payments in a succeeding fiscal year in order to make up for such unavailability unless the Board authorizes such payment by resolution. If the Board authorizes additional payments pursuant to this subsection, the County and **KeHE** shall execute an amendment to this agreement, which shall incorporate the resolution authorizing the additional payments.

Section 13. Total Amount of County Economic Development Grant; Re-Calculation of Total Amount Permitted.

- (a) The County shall, in accordance with and as provided in this Agreement, pay **KeHE** the Economic Development Grant payments described herein in the following fiscal years:

Fiscal Year
2027
2028

(b) Subject to the provisions of Ordinance 2014-30, the Business Incentive Program, and this agreement, the average grant payment to be paid in each fiscal year is approximately *six hundred and seventy thousand, seven hundred and five 00/100 dollars* (\$670,705.00). An economic development grant calculation sheet is attached to this agreement as *Exhibit "C"* and is incorporated into this agreement by reference. Additional County funds may be used towards payment of the Traffic Improvements Grant (per *Exhibit "D"*).

(c) Notwithstanding the provisions of subsection (b) above, **KeHE's** eligibility for Economic Development Grant payments shall be calculated based on the standards set forth in Ordinance 2014-30, and Business Incentive Program guidelines. Grant payments are tied to **KeHE's** ad valorem and tangible personal property tax assessments for the project and may fluctuate from year to year depending on **KeHE's** property values.

(d) Notwithstanding any other provision in this Agreement, the maximum amount of Economic Development Grant funds available to **KeHE** under this agreement is *two million, three hundred forty-one thousand, four hundred and nine 00/100 dollars* (\$2,341,409.00) (\$1,341,409.00 per *Exhibit "C"* and *one million 00/100 dollars* (\$1,000,000.00) per *Exhibit "D"*). However, nothing in this subsection shall entitle **KeHE** to receive the maximum amount of funds if **KeHE** would not be otherwise entitled to the funds.

(e) Notwithstanding any other provision in this Agreement, **KeHE** shall be entitled to receive the Traffic Improvement Grant payment pursuant to the terms of Exhibit D once the construction plans are approved by the FDOT and the performance Bond is posted by Designee or its contactor. It is anticipated that this payment will be made in 2024.

Section 14. Notices.

All official notices to the County shall be delivered by hand (receipt of delivery required), reputable overnight courier, or certified mail, return-receipt requested with postage prepaid and shall be deemed delivered upon confirmed receipt to:

St. Johns County Economic Development Office
500 San Sebastian View
St. Augustine, Florida 32084

Any official notice sent to the County shall be copied to the Office of County Attorney:

Office of County Attorney
500 San Sebastian View
St. Augustine, Florida 32084

All official notices to **KeHE** shall be delivered by hand (receipt of delivery required), reputable overnight courier or by certified mail, return-receipt requested with postage prepaid and shall be deemed delivered upon confirmed receipt to:

KeHE Distributors, LLC
1245 E Diehl Road Suite 200
Naperville, IL 60563

Section 15. Timeframe for KeHE's Approval, Acceptance and Execution of this Agreement; Consequences for Failure to Comply.

(a) Upon approval of this agreement by the Board, the County Administrator shall execute two copies of the agreement and forward both copies to **KeHE**. **KeHE** shall execute both copies and shall return one copy to the County, retaining the second copy for its records, within thirty (30) days of the County Administrator's execution of the agreement.

(b) If **KeHE** fails to timely execute and deliver a copy of this agreement to the County within thirty (30) days of the County Administrator's execution of the agreement and fails to apply to the Agency for an extension of time, the Board's approval of this agreement shall be automatically terminated, and this agreement shall be rendered void.

(c) If **KeHE** is unable to return an executed copy of this agreement to the County within thirty (30) days of the County Administrator's execution of the agreement, **KeHE** may apply to the Agency for a single extension not to exceed thirty (30) days.

Section 16. Amendments to this Agreement.

Both the County and **KeHE** acknowledge that this agreement constitutes the complete agreement and understanding of the parties. Except as otherwise provided in this agreement, any amendment to this agreement shall be in writing and shall be executed by duly authorized representatives of both the County and **KeHE**.

Section 17. Termination.

(a) This agreement may be terminated as provided in Section 10 of this document.

(b) Subject to the notice and cure provisions set forth in Section 10(d), the County may terminate this agreement if **KeHE** fails to comply with the terms of this agreement or the requirements of Ordinance 2014-30.

(c) Notice of termination of this agreement by either party shall be in writing and shall be delivered as provided in Section 14 of this agreement.

Section 18. Assignment.

KeHE may not assign or otherwise transfer its rights and duties under this agreement, except as provided herein with regard to **KeHE**'s Designee. Should **KeHE** assign or otherwise transfer its rights under this agreement, this agreement shall be automatically terminated. Grant payments to **KeHE** may be assigned to another party with express written consent provided by **KeHE** to the County. Nothing in this section shall prevent **KeHE** from assigning or otherwise

transferring its rights and duties under this agreement to an affiliate, subsidiary, or parent company of **KeHE**.

Section 19. Public Records.

KeHE acknowledges that the County is subject to the provisions of the Public Records Act (Chapter 119, Florida Statutes). This agreement, and all documents associated with this agreement, are public records and shall be disclosed to any person who requests them to the extent that they do not fall within a statutory exemption to disclosure. Notwithstanding the foregoing, the County shall not disclose any information that is required to be kept confidential pursuant to Section 288.075, Florida Statutes, or any other provision of state or federal law, unless it is ordered to do so by a court of competent jurisdiction or a state or federal agency that is authorized to require disclosure of confidential information.

Section 20. Captions.

The captions and headings in this agreement are for convenience only and do not define, limit, or describe the scope or intent of any part of this agreement.

Section 21. Severability.

If any part or application of this agreement is declared unconstitutional, or otherwise invalid, for any reason by a court of competent jurisdiction, such part or application shall be severable and the remainder of the agreement shall remain in full force and effect.

Section 22. Authority to Execute.

Each party covenants that it has the lawful authority to enter into this agreement and has authorized the execution of this agreement by the signatories below.

{The remainder of this page was intentionally left blank. Signatures to follow}

IN WITNESS WHEREOF, the Parties have executed this agreement this ____ day of _____, 2023.

**ST. JOHNS COUNTY, FLORIDA
BOARD OF COUNTY COMMISSIONERS**

By: _____

County Administrator

**ATTEST: BRANDON J. PATTY, CLERK
OF THE CIRCUIT COURT & COMPTROLLER**

By: _____

COMPANY – KeHE DISTRIBUTORS, LLC

By: _____

Name: _____

Title: _____

WITNESS:

By: _____

Print: _____

**COMPANY – BGO 3800 DEERPARK
OWNER, LLC**

By: _____

Name: _____

Title: _____

WITNESS:

By: _____

Print: _____

EXHIBIT "A" -- APPLICATION

[to be attached]

EXHIBIT "B" -- NEW JOB PHASING SCHEDULE

[to be attached]

**EXHIBIT "C" -- COUNTY ECONOMIC DEVELOPMENT
GRANT CALCULATION**

[to be attached]

Exhibit “D” – Traffic Improvement Grant -- Addendum

1. **Recitals.** The following recitals shall be incorporated into this Addendum.
 - A. Florida Department of Transportation (FDOT) and designee are performing traffic studies regarding the intersection of Deerpark Boulevard and State Road 207.
 - B. Both the County and **KeHE** benefit from the addition of traffic control measures for that intersection (“Traffic Control Measures”).
2. The County has agreed to apportion up to one million 00/100 dollars (\$1,000,000.00) of incentives as set forth in the County’s Economic Development Grant Agreement (“Economic Development Grant”) towards construction of traffic control measures in Section 13(d) of the Economic Development Grant.
 - A. The payment of the Traffic Improvement Grant is not subject to employment or wage requirements set forth in the body of the Economic Development Grant or the requirements set forth in Section 7 of the Economic Development Grant pertaining to the payment of fees and taxes.
3. **Timing of Payment.** Within fifteen (15) days of the approval of the construction plans by the FDOT and posting of the performance Bond by Designee in association with the intersection control measures at Deerpark Boulevard, the County will deposit the Traffic Improvement Grant funds in the amount of *one million 00/100 dollars* (\$1,000,000.00) in an escrow account with a title company reasonably acceptable to the parties. Funds will be disbursed up to once a month pursuant to the terms of the title company’s standard disbursing agreement. All disbursements must be approved by KeHE, Designee and the County. At the resolution of the final audit of the Traffic Control Measures, if any funds remain in the Traffic Improvement Grant escrow, those funds shall be returned to the County.
4. **Limitation of Use of Funds.** The Traffic Improvement Grant funds may only be used for the intersection control measures at Deerpark Boulevard and State Road 207. The County will approve all invoices to be made to Designee from the escrow account within thirty (30) days of submission of the required standard documentation.
5. **Percentage of Contributions towards invoices.** County Traffic Improvement Grant funds require a corresponding contribution from **KeHE or its designee** of 33% per dollar used from the Traffic Improvement Grant fund. If the total value of invoices exceeds \$1.5 million, the Traffic Improvement Grant funds will be depleted and **KeHE** is responsible for payment of 100% of the value of invoices until the intersection control measures are complete and meet to all regulatory standards.

For example, if the Designer/Builder provides documentation of \$100,000.00 in costs, the County will approve \$67,000.00 from escrow towards that cost and KeHE or its Designee shall be responsible for the remaining \$33,000.00. Should the intersection require more than \$1,500,000.00 and the County's \$1,000,000.00 economic incentive is exhausted, KeHE or its designee will provide 100% of the funds to complete the intersection going forward until completion of the intersection.

6. **Reporting.** Copies of all related invoices and payments must be provided to the County. Upon request by the County, **KeHE** shall require its Designee to submit a report to the County detailing the manner in which Traffic Improvement Grant Funds were used. The report shall be submitted within fourteen (14) days of the County's request and shall be certified as to its accuracy by the Financial Officer/Treasurer of **KeHE's** organization and shall contain the following statement: "The information provided to St. Johns County in this submittal is submitted under penalty of perjury under Section 837.06, Florida Statutes." This obligation shall survive the expiration or earlier termination of this Economic Development Grant. Failure of the **KeHE** to submit the report within the required time may result in disallowance of funds as provided in Section 8 below.
7. **Duration of the Agreement.** Time is of the essence to this agreement. If the intersection control measures are not complete to all regulatory standards by December 31, 2025, then any and all County Traffic Improvement Grant funds that were paid for the intersection project must be repaid to the County.
8. **Force Majeure.** Excuse for Non-Performance applies to this Addendum.
 - A. If the performance of any part of this contract by County or **KeHE** or its Designee is prevented, hindered or delayed by reason of any cause or causes beyond the control of County or **KeHE** or its Designee, as the case may be, and which cannot be overcome by due diligence, the party affected shall be excused from such performance to the extent that it is necessarily prevented, hindered or delayed thereby, during the continuance of any such happening or event, and this contract shall be deemed suspended so long as and to the extent that any such cause prevents or delays its performance.
 - B. The party claiming to be affected thereby shall give notice to the other party within a reasonable time after the happening thereof of the nature and extent of any force majeure condition referred to in paragraph "A" hereof claimed to exist and the terms and conditions of such paragraph shall not become operative unless such notice has been given.

9. **Compliance.** Should **KeHE** fail to comply with the conditions of this Addendum this document can be enforced following the procedures laid out in Section 10 of the Economic Development Grant.
10. **Assignment.** **KeHE** may assign any of its benefits, requirements, or obligations under this Addendum to designees by contract.
11. **County Authorization.** By authorizing this Addendum, the County's Board of County Commissioners has authorized the County Administrator or his designee to execute approvals for the intersection improvement with Florida Department of Transportation.
12. **Incorporation.** Recitals and all of provisions of the Economic Development Grant are incorporated into this Traffic Improvement Grant Addendum and this Addendum is incorporated into the agreement.



**ST. JOHNS COUNTY ECONOMIC DEVELOPMENT
BUSINESS INCENTIVE PROGRAM GRANT APPLICATION**

APPLICANT BUSINESS INFORMATION

Business name: KeHE Distributors, LLC

Does the business operate under any other name? Yes No

If yes, list all business names associated with the business.

N/A

Federal employer identification number: 27-1726000

State sales tax registration number:

Current company headquarters address: 1245 E Diehl Road Suite 200

City: Naperville

State: IL

Zip code: 60563

Describe the primary and secondary business activities.

KeHE Distributors is a nationwide distributor of natural, organic, specialty, and fresh food products to several known grocery chains throughout the United States.

Has the business and/or any associated businesses currently or recently (within the last five years) been in litigation? Yes No

If yes, please explain.

Not applicable

PROJECT CONTACT INFORMATION (Main Point of Contact for Incentive Request)

Name: Chris Sieburg

Title: EVP - Operations

Address: 4055 Deer Park Blvd

City: Elkton

State: FL

Zip code: 32033

Work phone: 904-823-3889 **Cell phone:** 904-806-2013

E-mail address: chris.sieburg@kehe.com

BUSINESS CONTACT INFORMATION (If Different from Above)

Name: --- SAME AS ABOVE ---

Title:

Address:

City:

State:

Zip code:

Work phone:

E-mail address:

PROJECT INFORMATION

Type of facility development: New Expansion Speculative

If speculative space, what is the intended use? Food and Beverage Distribution

Will the company purchase/lease existing space? Yes No

What is the estimated facility square footage under roof H/C?

550,000 ft2

What date is construction projected to begin?

08.01.2023

What date will the facility be complete and operational?

08.01.2024

What is the parcel number and/or address (if identified)?

1363860000

Is the property zoned to accommodate the proposed use? Yes No

If not, what zoning change is required? From OR to Industrial Warehouse

Have any permits, applications and/or pre-applications been submitted within St. Johns County regarding this project? Yes No

If yes, please explain.

A Comprehensive Plan Amendment application for rezoning and other cost factors is currently under discussion and neogtiation.

How many full-time equivalent jobs new to St. Johns County are projected to be created as part of the project?

100

Provide the total number of existing full-time equivalent jobs that will be retained as part of the project.

345

Provide the type of new employment proposed and the average annual pay rate. Provide a list of positions and the wage rate for each position.

Detailed list will be available in late-2023. However, these are a mix of distribution center positions and regional operational support functions. Predicted average wages will be appx \$52,000/year.

What is the 6-Digit NAICS code for the project's primary activities?

424410

Are other locations outside of St. Johns County being considered for this project? Yes No

If yes, what other locations besides St. Johns County are being considered for this project?

Locations in Duval County and in SE Georgia

What advantages or incentives offered by these other locations are considered important in the relocation decision?

Yet to be determined

Please provide any additional internal or external competitive issues impacting the decision regarding the project's location.

Costs of the location selected will be evaluated with several considerations in mind, including but not limited to:

Labor availability and ability to retain those employees, so as to minimize HR costs

What role will the incentives play in the decision to locate the project to St. Johns County?

Certainly a driver of the location decision. Ultimately, the location chosen will balance all the above items into a long-term sustainable investment.

Will the applicant be applying for other local, state or federal grants and/or incentives? If yes, please define.

Discussions with all State and Local authorities have only recently commenced - no firm details at this time. We will communicate any material updates as they occur.

Is the applicant or anyone associated with the project a relative or employer of any elected official, officer or employee of the County? Yes No

If yes, please specify.

Not applicable

Capital investment values:	Real property (land)	\$6-10M
	Real property (building)	\$60-65M
	Other taxable improvements	
	Tangible assets (equipment)	\$15M

Project description:

Provide a description of the proposed project explaining the desire to expand, locate or build within St. Johns County and the economic benefits the project would provide to the community.

This investment would significantly expand the footprint of KeHE Distributors in N Florida, both in terms of employment, space (and product) under roof, as well as enhancing the delivery of desired products within the SE US marketplace. These are not solely distribution center functions, as the proposed facility will include support operations for sales/logistics/and other office functions required to support a regional hub.

DOCUMENTATION

Please submit the following documents with this completed application.

- Site Map – Map identifying the proposed location and property boundaries with an explanation of the possible transportation impacts.
- Florida Department of State (Sunbiz.org) Business Documents (If applicable at the time the application is submitted).

CONFIDENTIALITY REQUEST

The company requires confidentiality in its requests for consideration of economic incentives.

- Yes No

Please note that if information about the project has already been made public (the project has been in the media or is being promoted/marketed), then the project is not eligible for a confidentiality request.

If the applicant answers "yes" with respect to requesting confidentiality in its request for consideration of economic incentives, then the following authorization is required:

The applicant authorizes the disclosure, and covenants to hold the County, and its officials and employees and the Public Agency and its members, attorney, and staff harmless and release them from any liability that they incur, should they or any of them disclose information or records that the applicant

has requested be kept confidential in the manner, and to the extent that is set forth in Section 288.075, Florida Statutes, when such disclosure is later requested or authorized by the applicant, when such information and records are no longer exempt from disclosure under the provisions of Section 288.075, Florida Statutes, when such disclosure results from an order, requirement or request, by, or from, a court of competent jurisdiction, or a Florida agency or department, or when such disclosure is required or authorized to be disclosed by this Ordinance, as amended from time to time.

SIGNATURE

By signing this document, I certify that I am authorized to submit an application on behalf of the company.

 EVP OPERATIONS

Applicant Signature and Title

Date 3/27/23

APPLICATION SUBMITTAL

Please return this completed application with required documentation to ecodev@sicfl.us. For additional information, call 904-209-0560 or visit www.sicfl.us/economicdevelopment.

Exhibit B. New Job Phasing Schedule through 2027

	Dec. 31, 2026	Dec. 31, 2027
Jobs Retained	345	345
New Jobs	100	100
Total Jobs	445	445

**ESTIMATE OF ECONOMIC DEVELOPMENT
GRANT CALCULATION
KeHE Distributers, LLC**

Calculations based on County Ordinance 2014-30 and millage rates effective on October 1, 2022

Category:	New Industry	
POINTS AWARDED		
Target Industry:	Distribution	2
Facility Size (SF):	526,471	2
New Employment (#):	100	2
Wage Rates (% of Avg.):	100%	0.5
Total Points		6.5

The applicant scored 6.5 points under the New Industry Category. Therefore, this project is eligible for an Economic Development Grant equal to 50% of impact fees paid to the county, two (2) years Ad Valorem tax (general county portion) on capital improvements and two (2) years tangible business personal property tax (general county portion).

Total Value of Capital Improvements	\$62,500,000
Multiplied by County Millage Rate	0.46537%
Annual Ad Valorem Tax (general county portion)	\$290,856
Multiplied by # Eligible Years	2
Ad Valorem Tax (general county portion) Estimate =	\$581,713

Total Estimated Value of New Tangible Assets	\$15,000,000
Multiplied by County Millage Rate	0.46537%
Annual New Tangible Business Personal Property Tax (general county portion)	\$69,806
Multiplied by # Eligible Years	2
Total Tangible Business Personal Property Tax (general county portion) Estimate =	\$139,611

	SF	Fee/1000sf	
Warehouse (c. distribution centers)	496,455	\$826	\$410,072
Office	30,016	\$4,393	\$131,860
Total Impact Fees	526,471		\$541,932
Impact Fee Estimate Incentive (50%) =	50%		\$270,966

		Road Fee/1000sf	
Warehouse (c. distribution centers)	496,455	\$588	\$291,916
Office	30,016	\$2,719	\$81,614
Additional Road Impact Fees	526,471		\$373,529
Addl. Road Impact Fee Estimate Incentive (50%) =	50%		\$186,765

Total Impact Fee Incentive **\$457,731**

Water/Sewer Total Unit Connection Fees (Total)		\$324,711
Water/Sewer Total Unit Connection Fees (50%)	50%	\$162,356

TOTAL ESTIMATED INCENTIVE	\$1,341,410
Agreement Term (Years)	2
Payout will consist of estimated annual installments of:	\$670,705

*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.

**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.

***Impact Fee rates: <https://www.sjcfi.us/GrowthManagement/media/ImpactFees.pdf>