



NASSAU COUNTY
BOARD OF COUNTY COMMISSIONERS
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County Attorney

MEMORANDUM

TO: Taco Pope, County Manager

FROM: Marshall Eyerman, Assistant County Manager
Chris Lacambra, OMB Director

SUBJECT: LignoTech Economic Development Grant Agreement

DATE: April 25, 2025

Executive Summary

On May 18, 2016, the Nassau County Economic Development Board submitted an Economic Development Grant Agreement for LignoTech Florida, LLC ("LignoTech") to the Board of County Commissioners ("BOCC"). The grant was to assist with construction of a new 275,000 sq ft facility for advanced manufacturing of high purity natural lignin-based products at its Fernandina Beach location.

On May 23, 2016, the Board approved hiring Robert Charles Lesser & Co. ("RCLCO") to do a benefit and cost analysis study related to Economic Development Grant Incentives for LignoTech. Those results were received on Friday, June 17, 2016 and presented to the BOCC as part of the July 6, 2016 agenda package.

On July 6, 2016, based on the recommendation of the Nassau County Economic Development Board ("NCEDB"), the BOCC approved the agreement with LignoTech, to participate in the local Economic Development Grant Incentive offered in Nassau County. The Economic Development Grant Incentive is available for companies that create high wage jobs in targeted high value-added industries in Nassau County, Florida. The incentive includes a grant to be applied toward the BOCC portion of their ad valorem taxes.

The 2016 agreement was further amended in September of the same year and later on June 15, 2022. Per the terms of the amended agreement, LignoTech may, over a ten-year period, receive a refund of a portion of the ad valorem taxes paid on the incremental increase in value resulting from the eligible investment. To be eligible for the grant

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incentive authorized by the agreement, LignoTech must meet the following performance measures:

- (1) The total number of new full time equivalent jobs in Nassau County, Florida that LignoTech is, or will be, dedicating to this project is at least fifty-one (51), and these jobs will be fully implemented by January, 2019. LignoTech must maintain these jobs for the duration of the ten-year period of eligibility; and
- (2) The new capital investment that LignoTech will be dedicating to this project is at least \$110 million for the construction, equipping, and furnishing of the project. LignoTech will complete this new capital investment by January, 2019.

The County received the 2024 request from LignoTech for reimbursement based on the amended agreement (on or before April 30, 2024). While the NCEDB recommends the award, the BOCC may adjust the award based on performance measures identified in the agreement.

The Office of Management and Budget (“OMB”) was tasked by county administration to review the request and make recommendations regarding the award for 2024. The BOCC has sole discretion to determine the amount of the economic development grant award based on the terms of the economic development agreement and LignoTech’s activities.

Contract (and Amendment to) CM2327 – Economic Development Grant Incentive Agreement

This agreement was signed in July 2016 and amended in September of the same year and June 15, 2022. The pertinent parts of this agreement related to this analysis are included below.

- Performance Measures (**Sec. 5**)
 - Applicant will create at least fifty one (51) new full-time equivalent jobs (FTEs) (at least thirty five (35) hours per week) and must maintain these jobs for the duration of the period of eligibility (10 years).
 - Applicant will invest at least \$110,000,000 in capital for the construction, equipping, and furnishing of the project.
 - Applicant will complete both by January 2019.
- Award Calculation (**Sec. 5**)
 - There will be a “base year assessed value” that will be determined as the year immediately preceding the year in which the eligible investment is made for the project.
 - For every year of eligibility, the base year assessed value will be subtracted from the new assessed value. This difference will be the dollar amount of taxes subject to the economic development grant (called the “increment”).

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- The increment will be multiplied by the “County-wide” millage set annually by the BOCC.
- For years 1-5, this number will be multiplied by 75% to determine the grant award.
- For years 6-10, this number will be multiplied by 50% to determine the grant award.

Analysis

OMB performed three (3) distinct analyses to provide recommendations to the administration and BOCC.

1. Did LignoTech invest \$110,000,000 in capital by January 2019?
2. Did LignoTech hire and maintain fifty-one (51) new FTEs after September 2016 but before the end of January 2019 and maintained those positions? Were those positions full-time (i.e., at least thirty-five (35) hours per week)?
3. Is the requested reimbursement calculation from the NCEDB to the BOCC in accordance with the agreement?

1. Did LignoTech invest \$110,000,000 in Capital by January 2019?

Based on the information provided by LignoTech to the BOCC through the NCEDB, LignoTech may have invested over \$110,000,000 prior to the end of January 2019. The NCEDB provided OMB with data submitted from LignoTech that showed a total investment of \$110,015,329.08.

After reviewing the documentation provided by LignoTech, OMB prepared the following summary.

	Expenses Through January 2019 (From NCEDB)	Expenses Through January 2019	Expenses after January 2019	Total Expenses
Burns McD	\$ 80,953,492.40	\$94,720,199.08	\$5,926,787.95	\$100,646,987.03
Misc	\$ 5,264,423.88	\$4,316,432.77	\$941,968.44	\$5,258,401.21
Rayonier	\$ 23,797,412.80	\$ 23,797,412.80	\$0.00	\$23,797,412.80
Total	\$110,015,329.08	\$122,834,044.65	\$6,868,756.39	\$129,702,801.04

Although not included in the total from NCEDB, the detailed expenses through January 2019 included two line items of expenses noted as paid by LTUSA on June 29, 2017 that totaled \$19,693,494.63.

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2. Did LignoTech hire and maintain fifty-one (51) new FTEs after September 2016?

Per the Agreement, “The total number of new full time equivalent jobs in Nassau County, Florida that the Applicant is, or will be, dedicating to the project is at least fifty one (51)...”. A full time equivalent job means at least thirty five (35) hours per week. To meet this requirement, LignoTech has applied the following analysis:

A. Days in Month	31 (January 2019, for example)
B. Weeks	4.429 (days in month/7)
C. Hours per FTE	35 (min hours per FTE per agreement)
D. Min number of jobs	51 (per agreement)
E. Total hours required for 51 FTE	7,905 (BxCxD)

Per their analysis, for January 2019 the total hours (regular, overtime, but excludes paid time off) was 8,732.55, which exceeds the minimum requirement of 7,905 hours and calculates to an equivalent of 56.34 employees (8,732.55/B/C). As there have been vacancies for positions created, this method of analysis provides for a smoothing of the data to show the net impact.

The following provides additional analysis to determine the number of filled positions based on individual employees. The supporting documents provided by LignoTech reflect the following count of individual employees by month. Based on these counts, the company initially reached fifty-one (51) individual employees in September 2018.

	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18
Number of Employees	22	22	37	37	48	50	49	50	51	50	50	50
	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19
Number of Employees	49	52	53	53	52	55	51	56	58	57	59	59
	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20
Number of Employees	59	58	57	58	61	61	62	63	61	62	62	62
	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21
Number of Employees	62	60	59	59	60	63	59	58	59	60	59	58
	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22
Number of Employees	58	61	61	61	58	60	59	61	64	63	62	63
	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23
Number of Employees	63	60	62	59	63	58	61	63	62	62	60	59
	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24
Number of Employees	59	61	62	60	61	59	63	60	62	61	61	63

As the agreement further looked at the hours worked per week to count as a full time employee, based on additional information provided by LignoTech we were also able to view the monthly hours for each employee. Based on the number of weeks each month multiplied by thirty-five (35) hours per week, we have estimated the number of hours for each unique employee to meet the minimum hour goal. This calculation included hours for each employees including regular hours, overtime hours, paid time off, and other paid hours. Based on this calculation, the company reached fifty-one (51) unique employees (average thirty five (35) hours per week) in September 2019.

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	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19
Number of Weeks	4.60	4.00	4.20	4.40	4.60	4.00	4.60	4.40	4.20	4.60	4.20	4.40
Hours (35 per week)	161.00	140.00	147.00	154.00	161.00	140.00	161.00	154.00	147.00	161.00	147.00	154.00
Count EE =>35hrs/week	43.00	43.00	45.00	45.00	50.00	48.00	49.00	50.00	51.00	56.00	54.00	56.00
	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20
Number of Weeks	4.60	4.00	4.40	4.40	4.20	4.40	4.60	4.20	4.40	4.40	4.20	4.60
Hours (35 per week)	161.00	140.00	154.00	154.00	147.00	154.00	161.00	147.00	154.00	154.00	147.00	161.00
Count EE =>35hrs/week	57.00	52.00	52.00	52.00	56.00	58.00	60.00	56.00	59.00	56.00	60.00	59.00
	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21
Number of Weeks	4.20	4.00	4.60	4.40	4.20	4.40	4.40	4.40	4.40	4.20	4.40	4.60
Hours (35 per week)	147.00	140.00	161.00	154.00	147.00	154.00	154.00	154.00	154.00	147.00	154.00	161.00
Count EE =>35hrs/week	60.00	58.00	57.00	57.00	55.00	52.00	55.00	56.00	57.00	53.00	53.00	55.00
	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22
Number of Weeks	4.20	4.00	4.60	4.20	4.40	4.40	4.20	4.60	4.40	4.20	4.40	4.40
Hours (35 per week)	147.00	140.00	161.00	147.00	154.00	154.00	147.00	161.00	154.00	147.00	154.00	154.00
Count EE =>35hrs/week	56.00	56.00	55.00	51.00	54.00	52.00	52.00	52.00	56.00	58.00	59.00	60.00
	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23
Number of Weeks	4.43	4.00	4.43	4.29	4.43	4.29	4.43	4.43	4.29	4.43	4.29	4.43
Hours (35 per week)	154.00	133.00	154.00	147.00	154.00	147.00	154.00	154.00	147.00	154.00	147.00	154.00
Count EE =>35hrs/week	57.00	53.00	56.00	53.00	55.00	54.00	54.00	57.00	56.00	55.00	56.00	53.00
	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24
Number of Weeks	4.43	4.14	4.43	4.29	4.43	4.29	4.43	4.43	4.29	4.43	4.29	4.43
Hours (35 per week)	154.00	140.00	154.00	147.00	154.00	147.00	154.00	154.00	147.00	154.00	147.00	154.00
Count EE =>35hrs/week	55.00	58.00	56.00	58.00	55.00	56.00	60.00	56.00	53.00	56.00	56.00	56.00

3. Is the requested reimbursement calculation from the NCEDB to the BOCC correct?

The NCEDB has submitted requests to the Chair of the BOCC requesting reimbursement for 2024.

OMB staff performed an independent calculation to determine what the grant amount would be, if eligible for full reimbursement for 2024. The following are the results of these calculations.

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	Base Year (2018)	2023	2024
Request Due:		4/30/2024	4/30/2025
Assessed Value 00-00-31-1840-0000-0000	\$ 9,843,039	\$ 22,422,997	\$ 22,647,000
Assessed Value 08870-000	\$ 77,998	\$ 42,468,840	\$ 39,807,291
Assessed Value 08870-001	\$ -	\$ 91,257	\$ 92,031
Assessed Value 07810-000	\$ -	\$ 7,769,120	\$ 7,037,943
Assessed Value 07810-001	\$ -	\$ 404,359	\$ 399,115
Total Assessed Value	\$ 9,921,037	\$ 73,156,573	\$ 69,983,380
Taxable Value 00-00-31-1840-0000-0000	\$ 9,843,039	\$ 22,422,997	\$ 22,647,000
Taxable Value 08870-000	\$ 52,998	\$ 42,443,840	\$ 39,782,291
Taxable Value 08870-001	\$ -	\$ 91,257	\$ 92,031
Taxable Value 07810-000	\$ -	\$ 7,769,120	\$ 7,012,943
Taxable Value 07810-001	\$ -	\$ 404,359	\$ 399,115
Total Taxable Value	\$ 9,896,037	\$ 73,131,573	\$ 69,933,380
Increment	\$ -	\$ 63,235,536	\$ 60,037,343
County-Wide Millage Rates			
General Fund		6.5287	6.3269
Transportation		0.5553	0.5553
Total County-Wide Millage		7.0840	6.8822
\$ Amount Subject to EDG		\$ 447,960.54	\$ 413,189.00
Grant Amount (75% years 1-5; 50% Years 6-10)		\$ 335,970.40	\$ 206,594.50

Recommendation

The NCEDB has completed its review of LignoTech's Economic Development Grant Application. Verified criteria for the taxes paid and criteria for the property improvements were completed and in conjunction with the agreement.

The Board may receive the reimbursement request letters from the NCEDB and recognize the efforts to date to comply with the economic development agreement and to meet the initial targets. Based on the current agreement, the BOCC has the authority to approve the grant reimbursement amount up to \$206,594.50 submitted, a portion thereof, or none at all.

The expenditure is currently budgeted in account 001.552.552.55.582000.LTECH.

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