



CLERK OF THE CIRCUIT COURT AND COMPTROLLER
David R. Ellspermann

TO: The Board of County Commissioners, individually
Mounir Bouyounes, County Administrator

FROM: David R. Ellspermann, Clerk of the Circuit Court and Comptroller
Sachiko H. León, Internal Audit Director

DATE: May 6, 2020

RE: Report No. 2020-05: Economic Development Financial Incentive Grant Compliance
Review: **Mestizo Foods, LLC**

Purpose

Internal Audit performed the first compliance review of the performance measures for the Mestizo Foods, LLC (grantee) required annual report pursuant to the Economic Development Financial Incentive Grant Agreement (agreement).

Background

The Board of County Commissioners awarded to the grantee an Economic Development Financial Incentive Grant in the total amount of up to \$250,000, effective June 6, 2017. This amount shall be paid in five annual installments of up to \$50,000 each.

On March 24, 2020, the Board of County Commissioners approved the first amendment to the original agreement (Effective Date January 6, 2020). This amendment did not change the payment amount originally agreed upon, but it provided the following: 1) additional time to meet the machinery and equipment requirement from June 30, 2018 to December 31, 2018; 2) clarified that insurance proceeds to restore the operability of the facility will count toward the capital improvements requirement; and 3) established an incremental schedule for reaching the 200 Full Time Employee (FTE) requirement.

The grantee is required to:

- 1) Occupy and utilize the facility for a period of seven years commencing with the January 1 that immediately follows the Achievement Date (September 25, 2019)
- 2) Provide capital improvements:
 - a. facility renovation - \$7.3 million
 - b. machinery and equipment - \$11.6 million
 - i. \$4.6 million shall be provided no later than December 31, 2018; and
 - ii. the balance shall be provided no later than June 30, 2021

Marion County Clerk of the Circuit Court and Comptroller

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- 3) Employ and maintain a workforce with an average annual wage of \$40,518
 - a. 50 FTEs by September 25, 2019
 - b. 90 FTEs by December 31, 2020
 - c. 130 FTEs by December 31, 2021
 - d. 170 FTEs by December 31, 2022
 - e. 200 FTEs by December 31, 2023

The grantee was required to submit an initial report March 1, 2020. Thereafter, annual reports will be due each year by March 1st.

Objective

The objective was to determine if the County Administration's assessment of the grantee was reasonable and supported by sufficient documentation on the following criteria:

- Employing at least 50 FTE
- Facility renovation at a cost of at least \$7.3 million
- Machinery and equipment at a cost of at least \$4.6 million
- Compliance with the reporting due date

Scope and Approach

The scope included verification of compliance with the applicable mandatory agreement requirements for calendar year (CY) 2019 based on the amended criteria.

We reviewed the submitted documentation and performed analytical procedures to independently determine the number of FTE, the amount spent on capital improvements, equipment and machinery, and assess the timeliness of the reporting. We compared our results with the County Administration's assessment to determine if it was reasonable and supported by sufficient documentation.

Results

Our opinion is that the County Administration's assessment was reasonable and supported by sufficient documentation. We agree that the grantee spent at least \$7.3 million in facility renovations, \$4.6 million in equipment and machinery, and employed an average of 80 FTEs which exceeded the minimum FTE requirements.

The grantee was two days late in submitting the initial report for CY 2019 but was considered in compliance because the agreement provides additional 30 days upon a written notice from the County to be deemed in default. The grantee submitted the required initial report prior to receiving such notice.

The grantee is due a grant payment of \$50,000 for CY 2019.

Acknowledgement

We would like to thank the representatives of the County Administration and Mestizo Foods, LLC for their cooperation during our review.

This review was conducted by Aracelis Maldonado and Sachiko H. León.

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