Following recent public discussions at various meetings, it has become critically necessary to provide accurate, factual information regarding the MSM Business Improvement Program (BIP). The goal of this Fact Sheet is to provide that information and directly answer the questions that have been posed and hopefully alleviate the various concerns stated, correct the multiple factually inaccurate statements and allow the City and MSM to move forward with this successful program that is in use around the country, and locally has now been copied by Santa Rosa County Economic Development Department. It should be noted that as of the date of this Fact Sheet, none of the identifiable individuals who have raised questions or concerns in public meetings or on social media sites have ever contacted Main Street Milton staff or Board Members to seek answers to their questions despite constant invitations to do just that. The first 2 of 4 informational workshops on the current round of funding had zero attendees. These workshops were held on Wednesday, February 6 at 11:30 and 5:30. In an effort to provide a completely neutral site, the 5:30 workshop was moved to City Hall, to alleviate any concern an interested party may have in coming to the Main Street Event Center. Below are the answers to the questions and concerns expressed to date. If anyone has any additional questions or concerns above and beyond what is offered here in, please contact MSM Executive Director Ed Spears at 850-564-1647 (o), 850-530-0051 (c), or email at espears@miltonfl.org.

1. Does the BIP utilize a “first come, first serve” approach to funding?

While the original application, issued in June, 2018 did stipulate the program would be on a “first come, first serve” basis, that decision making process was never utilized. For the first cycle in June/July 2018, applications were received through July 6, 2018. Eight (8) applications totaling $26,000 in requests were received. Starting with the second application cycle, issued in October, 2018, and continuing to the current application cycle, there is no reference what-so-ever to be found of the phrase “first come, first serve” in the BIP application.

The BIP is and has always been a deadline driven process. All applications have and will continue to be considered together following the published deadline. For the July Cycle, all applications were reviewed collectively at the July 11, 2018 MSM BOD meeting following the deadline established by staff of July 6th. For the October Cycle, all applications were reviewed collectively at the December 19, 2018 BOD meeting following the November 16th deadline. For the current cycle, all applications will be reviewed collectively following the April 26th deadline. This information is easily discerned from the MSM meeting minutes, which have been provided to City Council monthly and are available for review on the MSM website at www.mainstreetmilton.org. The MSM BOD meeting minutes have always been available from Mr. Spears upon request.

No BIP application has ever been presented to, or considered by the MSM BOD at any other meeting outside of those listed above.
2. Was Mamma Latte’s Coffee Shop in some way discriminated against or purposely left out of the first round of funding?

Mama Latte’s Coffee Shop did apply and was not recommended for funding during the first round, but was invited to apply in the next round. The application was not funded due to the fact that the application was incomplete. It contained none of the required information to allow the Board to make a determination. Drawings, bids, building owner permission, etc. were all missing from the application. The Board, wishing not to cause any embarrassment to the young entrepreneurs who were encouraged to apply, instructed staff to assist them in any way possible to ensure they would be ready to apply in the next cycle and ensured them that they would be the highest priority for future funding. That is exactly what transpired and their request was fully funded in the subsequent round. The owners proudly presented a complete application with all required information. This situation could have been discussed in person, or via telephone at any time.

3. Did the Main Street Milton Board have “inside information” or “know about the grant before anyone else”?

In the contract between the City and MSM, it states that MSM “will: (3) offer Façade Improvement Grants to assist business and property owners” (Page 3, Section 3). This agreement was entered into after substantial public debate in March, 2018. The program was presented to the City Council in a public presentation on June 12, 2018. A press release was presented by MSM 2 days later on June 14th. Articles appeared in the Santa Rosa Press Gazette soon thereafter, both in print and online. The information was shared on the City’s website and MSM social media. (It should be noted that the MSM website was undergoing a complete revamp and was not in use until December, 2018). Staff appeared on various radio talk shows to tout the program. Staff personally hand delivered applications upon request and delivered applications unsolicited to many businesses in the target area. The most important information to verify that there was an equal playing field is that only 2 of the 8 applications (25%) in the first cycle were in any way associated with a MSM Board Member. For the second cycle, 3 of the 8 applications (37.5%) were in any way associated with a MSM Board Member. Of those three, one was for business equipment to allow for the expansion of production. This equipment is the sole property of the business and is no way associated with a MSM Board Member.

The expectation and standard that Main Street Milton strives to uphold is equality of opportunity. That anyone interested could, through various means find information about a program and apply in a reasonable time prior to the deadline. The above process of announcements via press release, stories in the Santa Rosa Press Gazette, posts on social media and websites, and appearances on local radio has taken place for every funding cycle.

The notion that there must be simultaneous, instantaneous dissemination of information to any and all is an unobtainable and unrealistic expectation. There will always be those that know of a new program or opportunity in advance in every field. This does not make the playing field inherently unfair or biased. If information was never provided or provided so far after that fact someone interested in participating is excluded due to time constraints, that would constitute an illegitimate process. The fact that the vast majority of applications, some 75%, were in no way associated with anyone on the staff or Board of Main Street Milton is prima-facie evidence that the program was well and widely advertised.
4. What are the criteria utilized to determine who gets funding?

The criteria utilized is found on page 1, bullet #6 of the current application. It has been a stand-alone, bulleted item on page 1 of the application since inception. The criteria are:

- first-time applicants;
- applicants with projects on Caroline, Willing and Stewart Streets;
- projects in historically significant structures; and/or
- projects creating a minimum of 5 full-time positions within the first year.

The only change to these criteria through three grant cycles is the inclusion of Stewart Street as a priority target area following City Council’s approval of the Stewart Street Expansion area. These criteria establish a priority order for funding. Project applications are evaluated on completeness of the application, eligibility and scope of the project and project impact. No other criteria or evaluation aspects are utilized.

5. Are the matching funds deposited with Main Street Milton? How do we know the match was paid?

Matching funds are not required to be submitted to MSM and then MSM turn around and pay them out. MSM is not the project manager. Instead, MSM serves as the “bank”. The projects that are funded demonstrate the cost of the project through submission of project estimates and bids from qualified companies. These bids demonstrate the total cost of the project and the total project cost, must exceed the required match. By having the project completed and inspected by staff along with invoices is proof that the match was in deed paid. If the total cost is less than the amount identified in the estimate or bid, then the lower amount is all that will be paid. If the total cost is greater than the amount awarded to the project, the grant amount is the maximum that will be paid out.

To date, the BIP has awarded $49,950.00 which generated a required match of $48,450.00 (Note – sign grants do not require a match). However, the projects have generated an estimated total match of $201,000.00. This is a 4 to 1 return on investment.

6. Did one applicant obtain their match through a Go-Fund-Me account? Is this allowed?

Where the required match comes from is not a concern of MSM. Our concern is that the match is available for the project when needed. Whether it be a loan from a bank, a gift from friends and family, or a Go-Fund-Me account, there are various means and methods to fund projects. Go-Fund-Me and other “crowd funding” type efforts are currently very popular around the world. They have been used to raise funds for medical needs to border walls and everything in between. If an entrepreneur can make an effective sales pitch and convince people from far and wide to donate funds with no strings attached, then they should be applauded. This allows a new-start up or expansion to go forward without incurring debt. Such fund raising efforts also demonstrate the support of a community for a new endeavor.

7. Where is no reporting of how these funds have been spent?

Main Street Milton provides a financial report monthly to the MSM Board and City Council. Included in this report is a complete accounting for the bank account that is utilized to segregate the BIP funds from other MSM general revenue. This is specifically done for the purpose of reporting and tracking
these funds. Preventing co-mingling of funds that are to be used for different purposes is a standard accounting practice. As of the date of this report, MSM has paid out $16,619.82 via 15 checks. This represents 6 of the 7 funded projects. The six projects have all been completed, inspected and closed out. The 7th project is awaiting engineered drawings and a permit for construction. None of the projects awarded in December have progressed to the point of construction or payment at this time. Due to the seeming lack of understanding and constant questions regarding the financial reports, MSM staff developed a stand-alone report for the Business Improvement Program. This report was provided to the City Council in the January 8, 2019 Quarterly Report to the City. The BIP Financial Report is attached.

However, questions persist to the point of requesting an audit of MSM and charging the City Attorney with completing investigations of processes and procedures. All of these are strongly encouraged and hopefully, along with this Fact Sheet, will provide a level of comfort with MSM and the BIP that will allow us all to move on to other priorities. MSM does not complete an annual audit due to the cost prohibitive nature of such a review. It would take some $5,000 to audit revenue and expenses that this year will be in the $50,000 range. If the City wishes to incur this cost on behalf of MSM, it is welcomed. It should be noted that MSM has cut 35 checks from all accounts for FY 2019, which began on October 1, 2019. This is less than 9 checks per month. If we remove the 26 award checks cut for the BBQ contest on one day, MSM has issued some 10 checks in 4 months. With this low level, an audit can review 100% of all expenditures. This should provide complete confidence in MSM financial management.

8. How do you determine what is paid for in each project?

Main Street Milton pays out the amount awarded to a project based on the type of project, timeline and judgement of staff. Some aspects require deposits, others, payment in periodic draws. Others are reimbursements after the project is complete and some even require a combination of payment methodologies. The general operational philosophy of the MSM staff in regards to choosing which aspects will be paid for and how, is to “buy one big thing”. That is, staff’s preference it to identify the one or two largest expenditures and pay for those aspects to limit the number of pay requests and number of items that has to be tracked and documented. That also allows staff to get a project completed and closed out in a timely manner. With a limited staff, it can be difficult to track and verify gallons of paint, boxes of nails, 2 x 4’s and sheets of plywood. By focusing resources on the largest aspects of each project, staff can get the money to the project and get the project administratively closed out in a timely manner.

9. Where is the money that is required to be paid back at 20% per year?

This is a complete misunderstanding of the program guidelines. Page 3 of the Application and Program Guidelines states:

“Loans are secured via recorded promissory note for a period of five (5) years. The loan is at zero interest. Twenty percent (20%) of the loan value is forgiven annually. At the conclusion of the five-year period, the loan is forgiven. Default will require repayment of the principle value remaining based on the year. Default of the Grant/Loan shall occur if one or more of the following takes place:

Funded Improvements are altered, modified, removed, or demolished following project completion.
Property is sold, transferred, or converted to 100% non-commercial use within the specified period.

The commercial business applicant has ceased operations for a period of twenty-one (21) consecutive days or longer.

The commercial business applicant abandons the project site.

If any of the above-referred activities occur within the note period without receiving prior MSM approval, grant/loan funds will then become due and payable.”

The loan is forgiven 20% per year, not repaid. No grant recipient has defaulted on any grant or loan. No repayment is or has ever been due.

10. MSM Board members have received the majority of grants.

This is factually incorrect. As discussed above, only 2 of the 8 applications in the first cycle were in any associated with a MSM Board Member. For the second cycle, 3 of the 8 applications were in any way associated with a MSM Board Member.

The five in question are:

1. Visible Changes Barber – Signage & Building Upgrades required by code - $2,500
2. Beardless BrewHaus – Roll-Up Door – $5,000
3. CD Properties – Window and surrounds - $4,450
4. Brew Angels Brewery – New Equipment for Product Expansion - $5,000
5. Brew Angels Brewery – Sign Grant - $500

The applicant for each of these grants is the business listed above. They are the entity that is responsible for repayment in the event of default as discussed I item #9 above. The only business entity listed above owned by a MSM Board member is CD Properties, which is owned by MSM Board President Cassandra Sharp. She is also the owner of the properties which house Visible Changes Barber, Beardless Brewhaus and Brew Angels Brewery. We encourage all property and business owners to apply for grants. If one entity or individual happens to own multiple properties and/or businesses, they absolutely could receive a higher percentage of the total amount available. These owners contribute a higher percentage of taxes that goes to create the pool of funds.

For the $5,000 loan to Brew Angels, the business equipment is the sole property of the business and is no way associated with Ms. Sharp or in any way tied to the property. That loan should be removed from this discussion. Of the remaining $12,450, the only amount that will ever be provided directly to Ms. Sharp is the BIP Loan in the amount of $4,450 to repair exterior windows and surrounds on the Old Post Office. While it certainly can be argued that improvements made by tenants ultimately inure to the benefit of the property owner, we must recall that in the event of a default, the loans are repaid to the program, making us whole. Otherwise, if the tenant is prosperous and successful, the value of the improvements is completely amortized and depreciated over the course of 5 years. Regardless, the City and more specifically the Downtown CRA, benefit from these projects with increased property taxes, increased utility customers, increased franchise fees, increased sales tax and much, much more.
Of the 16 grants awarded to date, 4 have an association of any kind with a MSM Board Member (25%). Of the funds awarded, $12,245 of the $49,950 is associated with a MSM Board Member (24.5%). Of those funds, $4,450 was award directly to a MSM Board Member owned entity (9%). These numbers do not constitute a majority of any aspect of the program.

11. There were only 3 Board Members present when the grants were approved at the July meeting and one was on a conference call.

Under the Bylaws in effect at the time, the Board was made up of 5 seats. A majority of three was required for a quorum. Quorum was achieved and the business of the meeting took place. Voting procedures require a simple majority of those present to pass an item. An abstention from voting does not remove the person from the number required for a quorum. At this meeting, Ms. Sharon Henderson was out of state. But the issue was so important she requested we made arrangements for her to participate in the meeting via video conference. She was shown, live, on the large screen TV in the Event Center and had all the materials emailed to her in advance of the meeting for her review. She openly and actively participated in the meeting.

12. Has there been an ethics violation or conflict of interest with a MSM Board member receiving a grant?

There is no prohibition of any person or group applying for the BIP as long as they meet the program guidelines.

At a recent ethics workshop, conflicts of interest were discussed. The trainer stressed that the proper and expected process to follow is to 1. Declare the conflict. 2. Abstain from participating in the discussion or debate of the item with which there is a conflict and 3. (Stressed as most important by the trainer) Do not vote. As the trainer stated, “once you vote, it is too late”.

This is the expectation as required by the Main Street Milton Bylaws, which state, on page 9, Section X1, Section 7; “……Upon recognition of a conflict of interest, any member, Director, Officer or Employee of MSM is obligated to disclose the conflict to the Board of Directors immediately and abstain from any participation, discussion, voting or other activity associated with the conflicted issue.” These bylaws were adopted by the MSM Board on August 22, 2018. Ms. Sharp is the signature on the Bylaws as “President”.

For the 5 projects identified in #10 above, Ms. Sharp declared a conflict of interest at the meeting, she refrained from discussion on those grants and, most importantly, she did not vote on those grants.

Any notion that a person in a conflict of interest situation should resign, is a noble concept, but would shackle and paralyze government, not-for profits, civic, social and other such groups. That has never been an accepted standard when a conflict situation occurs. There would be resignations from every level of government daily and not-for-profits would be unable to attract Board members.

13. MSM check the box on the Department of Agriculture and Consumer Services form that says no assets inured to the benefit or any Board member. Does awarding the grant to Ms. Sharp make that untrue?

That particular box was checked on the annual report to the state. It is factually true as no asset of the
company has inured to the benefit of a Board member. Webster’s dictionary defines an “asset” as, “the entire property of a person, association, corporation, or estate applicable or subject to the payment of debts; or an item of value owned”. MSM does not “own” the funds provided by the City for the BIP program. They are provided for a singular purpose and cannot be used for any other purpose. If the funds were an asset of MSM, we would be free to use them as the Board of Directors sees fit. That clearly is not the case and is why the funds are segregated from other funds as detailed in #7 above. If the funds are not used for the sole intended purpose, they must be returned to the City. Any use of the fund for anything other than the intended purpose would constitute mismanagement. This is why a second round of funding is being offered during FY 2019. If the funds are not awarded to grantees, the funds will be returned to the City.

14. The owner of Scoops Ice Cream Shop received a grant and she is a Board member.

Mrs. Amber Leek, the owner of Scoops Ice Cream Shop has never applied for a BIP grant or loan. She is a tenant in a building owned by Milton Revival, LLC. Milton Revival, LLC is solely owned by Ms. Margaret Ries. Ms. Ries applied for a BIP loan to assist with exterior renovations associated with the renovation of the upstairs unit that will house a new enterprise. Mrs. Leek was voted onto the MSM Board of Directors at the meeting on January 16, 2019. The grant awarded to Ms. Ries was awarded at the MSM Board meeting on December 19, 2018. MSM Bylaws and the state and national Main Street programs encourage local programs to include business owners from within the Main Street Area on the Board. As a vacancy on the Board existed and Mrs. Leek had expressed previous interest in serving, she was nominated and approved by the Board. There is no correlation, coincidence or connection to Ms. Ries’ project and Mrs. Leek being elected to the MSM Board a month later. The ownership information of the building that houses Scoops Ice Cream Shop is readily available via a myriad of publicly accessible websites, including the Florida Department of State, Division of Corporations; The Santa Rosa County Property Appraiser; and the Santa Rosa County Clerk of the Courts to name a few. The BIP application submitted by Ms. Ries was and remains available upon request.

CONCLUSION

As has been demonstrated throughout this Fact Sheet, various issues have been expressed by individuals publically and via social media. The questions are valid, and anyone, from Mayor and Councilmember, to concerned citizens, has the absolute right to ask them and demand accountability of any and all government programs, MSM included. However, there is also a responsibility that accompanies that right. That is the responsibility to seek out the answers from those that can provide them and then to either accept them or prove them to be false. This is even more apparent when individuals hide behind the thin, false veil of anonymous and fake social media accounts. In United States courts, hearsay is not allowed for a reason and one has the right to face their accusers. On social media, individuals can hide behind their keyboards and cast dispersion, with no more proof than, “I heard” or “someone told me” and then portray those statements as “facts”. This seems to be the case, especially in light of the complete and total absence of any email, telephone call, public information request or appearance at any of the workshops held for the purpose of educating the public on the program. Offers to meet with absolutely anyone have been constantly extended and ignored. The absolute refusal to seek out the truth, whether the truth is accepted or not, is indicative of motives that should be recognized and openly rejected by all who wish honest and fair public discord.
Main Street Milton desires to be the flagship non-profit partner with the City. We have no concerns starting with Main Street to set the bar by which all others will be judged. We desire the scrutiny and the opportunities to appear at City Council and share the great work we are doing and take responsibility for our actions but we should be able to expect others to be held to those exact same standards. All should support positive programs that are making a difference in the community regardless of who may or may not be involved at some level.

If there are questions and concerns they should be directed to the City Manager or to the Director, the same as someone with questions about the Police or Fire Department would be directed to the Chief as the first point of contact. And then place the concern in proper perspective should the person fail to follow-through. If the answers provided by staff prove unsatisfactory, discussions can then progress to the City Council and Mayor, as is done with all City issues. But for no other city activity, do simple, easily answered questions or anonymous social media accusations result in the demands from the dais for multiple written reports, investigations and opinions by the City Attorney or calls full blown forensic audits.

It is time to end the inquisition. It’s time to state that everything that has been asked for has been provided, every question answered, every penny accounted for, every rule and regulation followed. It’s time to ensure all that everything has been done above board and that there has been no “funny-business”. It’s time to recognize honorable people doing good work for the community. It’s time to move on to the important work of the City and Main Street Milton. Because if we don’t, how will our community ever grow and prosper?

Again, if anyone has any additional questions or concerns above and beyond what is offered here in, please contact MSM Executive Director Ed Spears at 850-564-1647 (o), 850-530-0051 (c), or email at espears@miltonfl.org or contact City Manager Randy Jorgenson at 850-983-5411.