

**SEMINOLE COUNTY GOVERNMENT  
AGENDA MEMORANDUM**

**SUBJECT:** NovaStar Mortgage, Inc

**DEPARTMENT:** Economic Development **DIVISION:** Economic Development

**AUTHORIZED BY:** Don Fisher **CONTACT:** William J. McDermott **EXT.** 7132

**Agenda Date** 12/14/04 **Regular**  **Consent**  **Work Session**  **Briefing**   
**Public Hearing – 1:30**  **Public Hearing – 7:00**

**MOTION/RECOMMENDATION:**

Approve and authorize the Chairman to execute a resolution recognizing NovaStar Mortgage, Inc as a "Qualified Targeted Industry" (QTI).

**BACKGROUND:**

NovaStar Mortgage, Inc is a nationwide originator of primarily non-conforming mortgage loans. Through a network of more than 10,000 approved brokers and 400 sales people, NovaStar Mortgage's wholesale business originates loans throughout the country. The company has been a leader in technology since the release of its automated underwriting system *Internet Underwriter*, in July of 1999. Currently NovaStar operates two processing centers in Lake Forest, CA and Cleveland, OH. The company's servicing operation and corporate offices are located in Kansas City, MO. NovaStar is seeking to establish an additional wholesale mortgage banking operation and processing center in the eastern region to accommodate growth.

NovaStar plans to lease 30,000 square feet of class "A" office space within the City limits of Lake Mary, and will create 170 new jobs, over a three-year period, with an average salary of \$45,000. The anticipated capital investment associated with this project is \$1,000,000 for building renovations and \$1,500,000 for new equipment. Additionally, the company will lease the facility for an initial term of 7.5 years, with an option for an additional 5 years, for a total value of \$4,900,000 and will pay \$343,000 in sales tax.

The Board of County Commissioners is being asked to consider a Qualified Target Industry Incentive (QTI) Award for NovaStar. The total award is \$510,000. In accordance with the QTI program, local governments are required to provide a 20% match, which in this case would be \$51,000 for Seminole County and an equal amount for the City of Lake Mary. The City of Lake Mary approved a QTI resolution, for their portion of the match, at

**Reviewed by:**  
**Co Atty:** [Signature]  
**DFS:** [Signature]  
**Other:** [Signature]  
**DCM:** [Signature]  
**CM:** [Signature]  
**File No.** REDC 1

the November 18, City Commission meeting. Funds are available in the JGI Trust Fund to cover this request.

The project is consistent with stated economic development priorities of Seminole County in several respects:

- The job creation is consistent with the development of high value added job opportunities within the county as stated in the JGI Ordinance, Section 1, (b).
- The project location and industry sector is consistent with the stated objectives of Seminole County's Economic Development Strategy, and the Metro Orlando EDC and Enterprise Florida Economic Development goals.

Attachment: QTI Resolution  
Calculation of Local Phased QTI Refunds (A&B)  
Return on Investment Summary

# QUALIFIED TARGET INDUSTRY TAX REFUND PROGRAM

RESOLUTION NO: \_\_\_\_\_

A RESOLUTION BY THE GOVERNING BOARD OF SEMINOLE COUNTY, FLORIDA FINDING THAT NOVASTAR MORTGAGE, INC, BE APPROVED AS A QUALIFIED APPLICANT PURSUANT TO S.288.106, FLORIDA STATUTES; AND PROVIDING AN APPROPRIATION OF \$51,000.00 AS LOCAL PARTICIPATION IN THE QUALIFIED TARGET INDUSTRY TAX REFUND PROGRAM FOR FISCAL YEARS 2005/06 THROUGH 2009/10, AND PROVIDING FOR AN EFFECTIVE DATE.

BE IT RESOLVED BY THE GOVERNING BOARD OF SEMINOLE COUNTY, FLORIDA as follows:

**WHEREAS**, the business under consideration is a national loan originator service operation, *specifically*, **NOVASTAR MORTGAGE, INC**; and

**WHEREAS**, **NOVASTAR MORTGAGE, INC** is currently headquartered at 8140 Ward Parkway, Kansas City, Missouri; and

**WHEREAS**, **NOVASTAR MORTGAGE, INC** intends to expand their eastern operations and have identified a site in Seminole County located in Lake Mary. The company intends to lease 30,000 square feet of class "A" office space and anticipates capital investment to include \$1,000,000.00 for renovations and \$1,500,000.00 for new equipment; the primary lease term is for a 7.5 year period with a 5 year renewal; and

**WHEREAS**, **NOVASTAR MORTGAGE, INC** will conservatively create 170 new jobs over a three year period beginning in 2005. These jobs will be professional and very specialized with an average salary of \$45,000.00; and

**WHEREAS**, It is acknowledged that local participation, of which Seminole County will provide a 10% match for a total not to exceed \$51,000.00, is required and understood;

**NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BOARD OF SEMINOLE COUNTY, FLORIDA** that the Board hereby recommends **NOVASTAR**

**MORTGAGE, INC** be approved as a Qualified Target Industry Business pursuant to S.288-106, Florida Statutes.

**BE IT FURTHER RESOLVED** that the necessary commitment of local financial support for the Qualified Target industry Business for the Qualified Target Industry Tax Refund Program exists in an amount not to exceed \$51,000.00, that this amount will be paid to the Florida Economic Development Trust Fund as required, in accordance with the Office of Tourism, Trade and Economic Development guidelines, with the stipulation that these funds are intended to represent the "local participation" pursuant to S. 288-106, Florida Statutes.

This resolution shall take effect immediately upon its adoption.

**DULY ADOPTED BY THE GOVERNING BOARD OF SEMINOLE COUNTY, FLORIDA THIS 14th DAY OF DECEMBER, 2004.**

**ATTEST:**

**BOARD OF COUNTY COMMISSIONERS  
SEMINOLE COUNTY, FLORIDA**

---

**Chairman**

---

**Clerk**

# Total Refund / Exhibit A Calculation of Phased QTI Refunds

NovaStar Mortgage, Inc  
Potential Per Job Award Amt.

\$ 3,000.00

	Phase 1	Phase 2	Phase 3	Phase 4	Phase 5	Phase 6	Total Jobs
Jobs	75	75	20				170
	12/31/2005	12/31/2006	12/31/2007	12/31/2008	12/31/2009		

**Potential Total QTI Refunds**

	Yr. 1-2006	Yr. 2-'07	Yr. 3-'08	Yr. 4-'09	Yr. 5'10	Yr. 6-'11	Yr. 7-'12	Yr. 8-'13	Yr. 9
Phase 1	56,250	56,250	56,250	56,250					
Phase 2		56,250	56,250	56,250	56,250				
Phase 3			15,000	15,000	15,000	15,000			
Phase 4				-	-	-	-	-	-
Phase 5					-	-	-	-	-
Phase 6									
<b>Total:</b>	<b>56,250</b>	<b>112,500</b>	<b>127,500</b>	<b>127,500</b>	<b>71,250</b>	<b>15,000</b>			
<b>State:</b>	<b>45,000</b>	<b>90,000</b>	<b>102,000</b>	<b>102,000</b>	<b>57,000</b>	<b>12,000</b>			
<b>Local:</b>	<b>11,250</b>	<b>22,500</b>	<b>25,500</b>	<b>25,500</b>	<b>14,250</b>	<b>3,000</b>			
<b>Total QTI:</b>	<b>\$ 510,000</b>			<b>State: \$ 408,000</b>			<b>Local: \$ 102,000</b>		



<b>Name of Company</b>	<b>NovaStar Mortgage, Inc</b>	
<b>Lease Term / Value</b>	7.5 years	4,900,000
<b>Taxable Value/Capital Investment</b>		\$2,500,000
<b>Company Information:</b>	Mortgage Loan Originator	
<b>Proposed Location:</b>	Lake Mary	
<b>Incentive Award</b>		\$ 51,000
<b>Taxing Entities (Ad Valorem):</b>	<b>Rate</b>	<b>Tax (\$)</b>
Countywide/General Fund	0.0047179	\$ 11,795
Countywide/Transportation	0.0002810	\$ 703
Countywide/Debt Service	0.0001721	\$ 430
St. Johns River Water Management District	0.0004620	\$ 1,155
School Board	0.0085120	\$ 21,280
Lake Mary	0.0039998	\$ 10,000
Total		<u>\$ 45,362</u>
*based on 2004 millages		

<b>County Only</b>	<b>Return of Ad Valorem</b>
Seminole County/General Fund Only	4.3 Years
Seminole County/All BCC Millages	3.9 Years

<b>All countywide</b>	<b>Return of Ad Valorem</b>
Countywide	1.1 Years