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**Levy County Board of County Commissioners**  
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**To:** The Board of County Commissioners  
**From:** Mary-Ellen Harper, County Manager  
**Date:** March 18, 2025  
**Subject:** A&M Corporation

On April 16, 2019, the Levy County Board of County Commissioners (BoCC) approved an application from A&M Manufacturing for a \$60,000 Economic Development Fund (EDF) grant through the County's EDF incentive program set forth in Chapter 86, Division 3, of the Levy County Code. This grant was based on A&M Manufacturing's planned relocation of its business to Chiefland, Florida.

On July 11, 2023, the BoCC approved the First Amendment to this agreement. The obligations of the Grantee, as stated in the amended agreement, are as follows:

3. Obligations of Grantee:

3.1 Operations in Levy County. At a minimum, Grantee will continue to operate its upholstery shop, metal welding and fabrication shop and Lancer Craft brands production at 315 NW 11<sup>th</sup> Avenue, Chiefland, FL 32626 (the "Chiefland Location.")

3.2 Job Creation and Retention at Chiefland Location. Grantee currently employs 22 full-time employees at its Chiefland Location. Grantee shall, at the Chiefland Location:

- Create 12 new positions by December 31, 2023, for a total of 34 full-time positions.
- Create 20 new positions by December 31, 2024, for a total of 54 full-time positions.
- Create 34 new positions by December 31, 2025, for a total of 88 full time positions.
- Retain no less than 78 of the 88 full-time positions until December 31, 2026.

The annual average wages of all newly created positions must be equal to or higher than Thirty-Five Thousand Dollars (\$35,000). Grantee shall utilize the services of CareerSource, CLM, of the Citrus, Levy, Marion Workforce Consortium, to find suitable candidates for the newly created positions. Other services may be utilized for candidate searches provided that services are also maintained through CareerSource by an ongoing agreement.



**Commissioners**

- Charlie Kennedy, District 1
- Rock Meeks, District 2
- Desiree Mills, Chair, District 3
- Tim Hodge, Vice Chair, District 4
- Johnny Hiers, District 5

A&M Manufacturing has filed its Annual Report with the BoCC. The report is included in its entirety at the end of this memo. In summary, A&M Manufacturing has reached the following conclusion and offered a proposed remedy:

Conclusion

*A&M did not meet 2024's job expectation of 54 full-time jobs at the Chiefland factory site nor is Plan "C" (even in the most optimistic sense) able to achieve 2025's job expectation of 88 full-time jobs at the Chiefland factory site.*

Proposed Remedy

*Given what we experienced in 2023, we will not be asking for another amendment. We believe that it is best for A&M to simply refund the \$60,000 grant. We plan to do so on or before 3/31/25.*

Sec. 86-71. titled "Board revocation" addresses non-compliance as follows:

(a) Revocation. Should any grantee fail to comply with any requirements of this division or with the agreement between the grantee and the board regarding the grant, and/or fail to fulfill any other representation made to the board during the application process, upon 30 days' written notice to the respective grantee, the board may revoke the grant, terminate the grant agreement, or take such other action with respect to the grant it deems appropriate.

(b) Recovery of grant. If it is determined that for any year within a grant period, a grantee was not entitled to receive such funding, the grantee shall be subject to the repayment of the grant amount paid plus annual interest at the maximum rate allowed by law.

Based on this and the Agreement and First Amendment, there seems to be a range of "possibles" within the BoCC's discretion. Options include:

- Most Harsh – requirement repayment of \$60,000 plus maximum interest allowed by law.
- Equitable/Reasonable Approach: Determine what portion of the Grant funds the Grantee "earned" by creating and retaining full-time jobs that paid in excess of \$35,000 within Levy County.
- Most Lenient – requires no repayment.

Should the BoCC be interested in considering an Equitable/Reasonable Approach, one method for calculating the amount of money to be returned by A&M Manufacturing could be as follows. This approach recognizes the jobs created by A&M Manufacturing even though the total number of required positions was not achieved.

	<b>New Positions to be Created Throughout the Year</b>	<b>Total Positions Required at Year-End</b>	<b>Notes</b>	<b>Basis for Calculating Repayment</b>
<b>Original agreement (2019) – started with 8 employees.</b>				\$60,000 paid upfront by the County 5 years of “performance” required \$60,000 divided by 5 = \$12,000 per year
By 12/31/2019	12	20	(a) Satisfied, 21 jobs existed on 12/31/19 per A&M Manufacturing	Grantee “earned” \$12,000
By 12/31/2023	68	88	(b) Performance waived by First Amendment	Not applicable
By 12/31/2024		Retain 78		
<b>First Amendment (2023) – started with 22 employees</b>				
By 12/31/23	12	34	(c) Satisfied, 36 jobs existed on 12/31/23 per A&M Manufacturing	Grantee “earned” \$12,000

	<b>New Positions to be Created Throughout the Year</b>	<b>Total Positions Required at Year-End</b>	<b>Notes</b>	<b>Basis for Calculating Repayment</b>
By 12/31/24	20	54	(d) 15 jobs existed on 12/31/24 A&M Manufacturing	15 divided by 54 = 27% performance for the year \$12,000 x .27 = Grantee "earned" \$3,240
By 12/31/25	34	88	(e) 15 jobs currently exist per A&M Manufacturing	15 divided by 88 = 17% performance for the year 17% divided by 12 months = 1.41% per month 1.41% x 3 (if he retains thru the end of March) = 4.23% \$12,000 x .0423 = Grantee "earned" \$508
By 12/31/26		Retain 78		Zero
<b>Total Amount To Be Refunded by A&amp;M Manufacturing</b>				<b>Grantee "earned"</b> <b>\$12,000 (2019) + \$12,000 (2023) + \$3240 (2024) + \$508 (2025) = \$27,748</b>  <b>\$60,000 - \$27,748 = Grantee "owes" County \$32,252 (plus interest?)</b>

In this model, the BoCC would credit A&M Manufacturing \$27,748 and be refunded \$32,252.

The BoCC may or may not also chose to charge interest on this amount.

# **A&M** MANUFACTURING

14700 NW US Hwy 441, Alachua FL 32615

315 NW 11<sup>th</sup> Avenue, Chiefland, FL 32626

Owner: John Hemken - 920.860.1312

[hemkenjohn@gmail.com](mailto:hemkenjohn@gmail.com)

DATE: FEBRUARY 21, 2025

**Levy County \$60,000 Grant**

**ANNUAL REPORT CHECKLIST: Due March 31, 2025**

## ANNUAL REPORT CHECKLIST

### **CREATED 20 NEW POSITIONS: FOR A TOTAL OF (54) FULL-TIME POSITIONS**

- **Although we were able to meet the 2024 employment requirement for our 2024 Annual Report Checklist (36 actual vs. 34 requirement), we failed to add (20) more new jobs in 2024 toward the 3/31/25 reporting requirement of (54) jobs. Two major product line setbacks during late 2024/early 2025 decimated our "Plan A" and "Plan B" growth plans. We are currently working on a "Plan C". However, to be fully transparent, we are currently not on track to grow employment and profitably operate the Chiefland factory site as originally planned.**
  - A. "Plan A" = A&M continuing down the path to establish a stand-alone LancerCraft factory (as reported in the 2024 report). However, given a major product issue/costs thereof + lack of dealer network being set up in a timely manner + the overhead costs of operating a stand-alone factory .....this led to a decision to officially and legally separate LancerCraft from A&M on October 2, 2024. LancerCraft LLC is now a separate entity, without a Hemken/A&M ownership interest. A&M remains in good standing with LancerCraft LLC and continues to build 1-2 LancerCraft boats/month as a contract manufacturer at the Alachua facility.
  - B. "Plan B" = A&M moving its houseboat production from the Alachua factory to the Chiefland factory w/ hopes to surpass LancerCraft's previous production capability and employment. This began in Summer 2024 so that we could ramp up to displace LancerCraft's employment by Yearend 2024. We brought in a local construction company to essentially do the inside of the "house" while A&M provided the floating platform, all marine components & any outside deck/metal railing, top structure work for the "boat". The plan was to grow together, perhaps create a joint venture .....w/ plans to construct at least (2) more/new production buildings onsite. This has not worked out as planned and the construction company made a business decision in early January 2025 to move out and operate their own marina/houseboat business.

- C. "Plan C" = A&M definitely expanding its houseboat product line as it is projected to become A&M's largest of the company's (4) product lines. We are currently evaluating the economics of transferring staff back to Chiefland, to do the full houseboat build-outs ourselves in Chiefland, or whether to simply bring that product line back to Alachua. Our Chiefland factory still has the full service upholstery shop, full service welding/metal fabrication shop + fiberglass repair shop in operations today .....with (2) houseboats under build and a sequence of (6) double slide rental boats currently being refurbished. However, even if we elect to bring staff back to Chiefland to begin building the houseboat business back up with our own inhouse construction crew for the "house" portion, our total employment as of 3/31/25 will only be ~15 full time employees.
- Levy County was gracious to amend our agreement in 2023 and we do not presume that it would happen again. Despite our best efforts, we understand that our failure to meet the job growth requirements has consequences. We fully understand the \$60,000 grant's financial obligation that we have to Levy County. We also regret our failure to fully meet the Chiefland site's employment expectations, since moving from A&M's original leased site in Old Town in 2019.

**☒ UTILIZED CAREERSOURCE (CLM) OF THE CITRUS, LEVY, MARION WORKFORCE CONSORTIUM FOR NEWLY CREATED POSITIONS**

- John Hemken (Owner/CEO) is a Career Source (CLM) board member and a member of the Economic Development sub-committee. A&M has used CLM for job posting in its hiring process and is currently exploring how to expand cooperation between Career Source (CLM) and Career Source (North Central Florida) w/ a \$20,000 job training grant that we received.

**☒ TALENT PIPELINE/COMMUNITY ENHANCEMENT PROJECT**

- We have worked for the last several years to get both an apprentice and STEM programs started with Chiefland High/Middle School. It only made sense given our location literally across the fence. No progress was made until recently because we were met with one obstacle after another from the previous administration. However, that has changed with the new administration. Tammy Boyle, new Superintendent of Schools, has personally visited the Chiefland site and has been very supportive. She has committed to help us attempt to accomplish both programs at either or both factories. A&M has also offered to staff/support workplace learning events and classes onsite at the Levy County high schools as well.

### Conclusion

A&M did not meet 2024's job expectation of 54 full-time jobs at the Chiefland factory site nor is Plan "C" (even in the most optimistic sense) able to achieve 2025's job expectation of 88 full-time jobs at the Chiefland factory site.

### Proposed Remedy

Given what we experienced in 2023, we will not be asking for another amendment. We believe that it is best for A&M to simply refund the \$60,000 grant. We plan to do so on or before 3/31/25.