



Inspector General Insights

Background: On June 27, 2016, the State of Florida Department of Economic Opportunity (DEO) entered into a Quick Action Closing Fund (QACF) Agreement with Arthrex, Inc. (Arthrex) pursuant to Section 288.1088 of the Florida Statutes. Through this agreement, the DEO is to provide \$2,500,000 in state funding to Arthrex under the QACF program.

Subsequently, on July 12, 2016, the Board of County Commissioners (BCC) approved a local contribution agreement which provides for up to \$600,000 for local financial support to augment the State's \$2,500,000 investment for a total Closing Fund related incentive of \$3,100,000.

The program requires achievement of certain economic thresholds over the life of the program:

- 560 new full-time equivalent jobs created.
- The new jobs have an annual wage qualifier of at least \$54,000/year and average annual benefits of \$17,000/year.

Upon meeting these qualifiers, DEO paid Arthrex the grant award, which was to be partially paid by Collier County under the following schedule:

Payment Installment No	State Fiscal Year	Maximum Tax Refund Per FY by State of Florida	Maximum Tax Refund Per FY Paid by Collier County	Total
1	2018-2019	\$100,000.00	\$24,000.00	\$124,000.00
2	2019-2020	\$200,000.00	\$48,000.00	\$248,000.00
3	2020-2021	\$280,000.00	\$67,200.00	\$347,200.00
4	2021-2022	\$370,000.00	\$88,800.00	\$458,800.00
5	2022-2023	\$400,000.00	\$96,000.00	\$496,000.00
6	2023-2024	\$400,000.00	\$96,000.00	\$496,000.00
7	2024-2025	\$375,000.00	\$90,000.00	\$465,000.00
8	2025-2026	\$375,000.00	\$90,000.00	\$465,000.00
	TOTAL	\$2,500,000.00	\$600,000.00	\$3,100,000.00

Objective: The following objectives were identified:

- Validate compliance with the terms of the agreement.
- Verify that the amount requested is reimbursable under the contract.

Scope: The Office of Inspector General (OIG) reviewed the payment request for the 7th installment, as described in the schedule on the previous page.

Observations: The OIG reviewed the steps performed by DEO. We also reviewed Arthrex’s public reports available online to confirm the findings and reviewed the status of their local taxes paid.

Per review of online research, Arthrex has far exceeded the number of employees and the average wage as described. We also reviewed the project summary with the number of jobs and the average annual wage confirmed by the DEO on their website <https://www.floridajobs.org/office-directory/division-of-economic-development/economic-development-incentives-portal>.

Arthrex had more than doubled their required new jobs (1,467 achieved) and their capital investment (\$117.82 million) required, and their annual wages for the new jobs were about 54% higher than the requirement (\$83,347.20 actual versus \$54,000.00 required). DEO had properly disbursed the Arthrex grant under the schedule for the QACF grant.

As per the County’s local contribution agreement, the County shall rely on the State’s issuance of each Award Payment as proof that Arthrex has met all of the required terms and conditions under the QACF agreement, and no further proof that Arthrex has met these terms and conditions will be required by the County. Therefore, we will pass on further testing on the employee base as we can rely on both the DEO’s results and the public results available online for Arthrex, which confirm the findings.

Recommendations & Actions: Based on the results of our review, Arthrex has complied with the terms of the agreement with the County under the QACF local contribution agreement and therefore is eligible to be paid the seventh installment in the amount of \$90,000 for year 2024-2025. The OIG recommends payment for the full payment request amount.

Conclusion: The QACF agreements between DEO and Arthrex, as well as Collier County and Arthrex, remain active through fiscal year 2025, with only the final installment still pending.

Total # Transactions	Amounts Audited or Reviewed	Questioned Costs	Taxpayer Savings	# Observations / Recommendations
1	\$90,000	N/A	N/A	None