

Meeting Minutes
Triumph Gulf Coast Board Meeting
Bay County Government Center
840 West 11th Street
Panama City, Florida
December 8, 2017
10:00 a.m. CT

Members Present:

Allan Bense, Chair
Bob Bonezzi (by telephone)
Stan Connally, Jr.
Pam Dana, PhD
Don Gaetz, Vice Chair
Stephen Riggs, IV
Jason Shoaf

Chair Allan Bense called the meeting to order at 10:04 a.m., CT.

Ms. Susan Skelton, Executive Director, called the roll and announced the presence of a quorum.

Senator Gaetz made a motion to approve the minutes from the November 8, 2017 Board Meeting. Dr. Dana seconded the motion. The motion passed unanimously (6-0).

Chair Bense recognized Bay County Commission Chair Bill Dozier and thanked him for the use of the Bay County Commission Chambers. Commissioner Dozier thanked the Board for all that they are doing, and for coming to Bay County to hold this meeting.

(Chair called a brief recess to wait for Mr. Riggs to arrive in the meeting room. Mr. Riggs arrived and the meeting resumed.)

Senator Gaetz was recognized to report on the activities of the Program Administrator/Economic Advisor Selection Committee. He reported that the committee had met twice and had agreed to work to try to secure the services of Dr. Rick Harper, a recognized expert in economic development with an emphasis on Northwest Florida. He noted that Dr. Harper is currently on the faculty of the University of West Florida, but that he is in the process of retiring. He said that Triumph Gulf Coast legal counsel, Mr. Scott Remington, has negotiated directly with Dr. Harper and asked Mr. Remington to report to the Board on where those negotiations stand. Mr. Remington told the Board that each of them had a copy of a proposed letter of engagement for services of Dr. Rick Harper and Rick Harper PhD, Inc. in their meeting packets. He explained that the letter of

engagement would be for services provided by Dr. Harper under the auspices of Rick Harper, PhD, Inc., effective December 20, 2017 to serve as the Economic Advisor for Triumph Gulf Coast, Inc. He outlined the proposed scope of work as contained in paragraphs A-K of the letter of engagement. He noted that the contract is for three years, with either party able to cancel with ninety days notice. He explained that the annual fees for services represent exactly one-half of his current salary (with expected adjustments over the three year period), and the Board would be hiring Dr. Harper for one-half of his work time over the period. He said that there is no indication that any conflicts might arise, but if one did, the Board would be able to appoint an economic advisor to review any projects that presented such a conflict. Triumph Gulf Coast would provide indemnification for Dr. Harper and the corporation for work performed on behalf of Triumph Gulf Coast. Dr. Harper and the corporation would be subject to the same code of ethics required by statute for all employees and contract employees.

Senator Gaetz made a motion to accept the recommendations of the Program Administrator/Economic Advisor Selection Committee to engage Dr. Rick Harper as the Triumph Gulf Coast Economic Advisor. Mr. Stan Connally seconded the motion.

Chair Bense noted that he had known and worked with Dr. Harper and that it will be a strong advantage for the organization to have someone with his expertise in the economy of Northwest Florida as a part of the team. He reminded the Board that Dr. Harper had been instrumental in drafting the original legislation that formed Triumph Gulf Coast in 2011, with updates in 2013. Dr. Dana said that she was very pleased that Dr. Harper would be joining the team, and thanked Senator Gaetz and Mr. Remington for their diligence in reaching an agreement with him. She said that Dr. Harper is truly a champion for Northwest Florida. Mr. Bonezzi said that he thought that Dr. Harper was a fabulous find for the organization, and asked for clarification on his contractual commitment to provide services. Mr. Remington said that the agreement was for one-half of Dr. Harper's normal work effort over three years. **At the conclusion of the discussion, the vote in favor of the motion was unanimous (7-0).**

Chair Bense asked Dr. Dana to report on progress related to hiring a Program Administrator. Dr. Dana said that there had been very impressive contacts with several strong prospects, and that while she was not prepared to name a candidate at this meeting, she anticipated being able to do so in the very near future. She asked if the Board would consider giving the Chair hiring authority in the interim before the next scheduled Board Meeting, as it would be important to have someone in place as soon as possible and the next meeting would not be until the end of January. Mr. Connally said that in view of the importance of the position, he would like to have a called Board meeting to discuss that hiring, as the Board has done for all other positions. Chair Bense concurred and asked if the members would be willing to have such a meeting by conference call. Everyone agreed to that format.

Mr. Connally made a motion to call a special meeting prior to the end of the month for the purpose of consideration of a Program Administrator. Senator Gaetz seconded the motion. The motion passed unanimously (7-0). Chair Bense instructed staff to prepare for and notice a meeting by conference call as soon as possible and not later than December 31.

Chair Bense made a special recognition of the entire Bay County Board of County Commissioners, all of whom were present at the meeting. He thanked the Board of County Commissioners again for allowing Triumph Gulf Coast to use the Commission Chambers for the meeting and for participating in the process.

Dr. Dana was recognized to give an update on Pre-Applications and Applications filed to date. She noted that 118 Pre-Applications were received during the first filing period, with a total request for funds in excess of \$1 billion. She said that an additional four Pre-Applications have come in after the first cut-off date with requests for an additional \$1,077,000. To date, we have received one full application. Ms. Skelton told the members that the first set of pre-applications will be reviewed and applicants will receive notification once they are reviewed about going forward with a full application. She noted that all pre-applications are logged in and available for viewing on the website and applicants do not need to do anything until they receive notification. She said that notifications would not begin to occur until the team is in place, and would not start until the end of the month at the earliest. Dr. Dana noted that there had been some issues with applicants using the full application document; Ms. Skelton said she was aware of the concerns and working on a solution. She said that she has advised applicants that were experiencing problems that it would be acceptable to submit the document in word format as long as the questions and answers were exactly the same as the PDF format. Chair Bense told Ms. Skelton to get the issue resolved to assure the process will be smooth.

Mr. Jason Shoaf said that he would like to provide some clarification to the counties about the deadlines for pre-applications. He said he has had several questions, and that he understands that there is a rolling deadline. Mr. Remington said that we continue to accept pre-applications, and that once workload and workflow are established, there may need to be a second cut-off date, but that there is no deadline, per se.

Ms. Skelton presented the Semi-Annual Report to the Governor, Senate President and House Speaker for consideration and approval. She said that the report provided updates on the activities of Triumph Gulf Coast, and pre-applications and applications received to date as required by statute. Mr. Connally asked that a copy of the report be sent to each of the legislative delegation members, as well. **Ms. Skelton asked for a motion to approve the letter and its delivery to the Governor, President and Speaker. Dr. Dana made the motion and Mr. Connally seconded it. The motion was approved unanimously (7-0).**

Ms. Skelton then reported that implementation of the computer system is on course and on schedule to provide the security and transparency required by the Sunshine Law and to protect data.

Ms. Skelton reported that she had been working with Senator Gaetz to locate office space, and that there was a solution that would fit our current needs and allow for scalability in the future. That solution would be to rent one lockable office in the office of the Clark Partington Law Firm's Destin Commons location, with use of a shared conference room on a month-to-month basis for \$1000 per month. The solution would allow for additional space at a different location if needed in the future, and should the business relationship between Triumph Gulf Coast and Clark Partington ever change, there would be no penalty for vacating the space in a timely manner. Mr. Remington indicated that Clark Partington's agreement with Triumph Gulf Coast allows for occasional use of their offices, and that this arrangement would provide the necessary protections for both parties to maintain files and materials at the location on an ongoing basis.

Chair Bense noted that he had spent time in the office and that it is a nice space. He said that if the Board decided to go into the market to locate space, there might be a need to incur costs to build out space, to purchase furniture and equipment, and to hire additional staff for such a location. He said this space is well furnished, in a good location, and there is a receptionist on site that can accept documents or other deliveries for us. He said this option would save money on overhead and provide a physical location for the operations. Senator Gaetz said that this solution would be better than having free office space provided by some educational institution or other entity that might later become an applicant for funding. Mr. Bonezzi said that the location and price could not be matched in that market. **Senator Gaetz made a motion for Chair Bense and Susan Skelton to enter into a contract with Clark Partington to lease the office space in the Destin Commons office. Dr. Dana seconded the motion. The motion passed unanimously (7-0).**

Mr. Remington told the Board that Dr. Harper had provided them each with a copy of a book by economist Enrico Moretti, "The New Geography of Jobs" as a learning tool about the current economic environment.

Mr. Remington reported that he is waiting on a reply to a letter he sent to the Attorney General's Office regarding the ability to pay for prior services of Ms. Skelton and the Burke and Blue law firm. He said the Directors and Officers Insurance Policy is now in effect.

The IRS requires the Board to have a formal Conflict of Interest Policy, in addition to the statutory requirements already imposed on the Board. Mr. Remington explained that the policy in front of the Board for consideration is

basically a codification of the statutory requirements with the addition of some language that the IRS prefers in such policies for not for profit corporations. **Mr. Shoaf made a motion to approve the Conflict of Interest Policy. Dr. Dana seconded the motion. The motion was approved unanimously (7-0).**

Dr. Dana asked about the appropriate time to declare a conflict of interest in the application process. Mr. Remington said that at any time that a member is asked to review or act on a pre-application or application for which there may be a conflict of interest, the member should file a written notice that there is a conflict and that the member will be abstaining from any votes on said pre-application or application.

Mr. Stephen Riggs opened the Treasurer's report by thanking Mr. David Tipton and Mrs. Jennifer Davidson of the Tipton Marler CPA firm for the fine work they are providing in keeping the detailed records of the corporation. He then turned to the November Financial Report and noted that current administrative expenses continue to be minimal, but will increase as additional staff and contract services come online in the next few months. Senator Gaetz asked if there should be a reserve in place now for the contingent payment for prior services rendered by Ms. Skelton and Burke and Blue, or if that would just be added if and when there is a disposition of the legal questions involved. Mr. Riggs said that since the amount is not yet known it would be hard quantify such a reserve, and that it could appropriately be added at a time when it becomes acceptable to do so. He explained that the liability could be added at any time within the audit period to meet the requirements of the audit if it becomes available for resolution. **Mr. Connally made a motion to approve the November Financial Statement. Senator Gaetz seconded the motion. The motion was approved unanimously (7-0).**

Mr. Riggs explained the Proposed Operating Budget and said that while all currently known expenses are included, any additional expenses that arise through the years can be added, as they become known. Senator Gaetz noted that the proposed budget is substantially less than the amount allowed by the legislature and he thanked Mr. Riggs, Chair Bense and Ms. Skelton for holding costs to a minimum in the formative period of the corporation. **Dr. Dana made a motion to approve the Proposed Operating Budget. Senator Gaetz seconded the motion. The motion was approved unanimously (7-0).**

Mr. Riggs then explained the Systems Documentation (Financial Policies and Procedures) document that provides guidelines for operations to assist in performance of duties and assure proper actions in accordance with audit requirements. **Senator Gaetz made a motion to approve the Systems Documentation document. Mr. Connally seconded the motion. The motion passed unanimously (7-0).**

Mr. Riggs told the members that the Application for Non-Profit Corporation Status was complete based on actions taken by the Board at this meeting, and would be sent to the IRS for review and determination of status. He said he did not foresee any problems or concerns with the application.

Chair Bense noted that Senator Gaetz had prepared a memo, which has been made available to the members and to the public on the website, that begins to formulate a discussion about what types of projects might be considered for funding, and to set some guidelines for moving forward in the process. Chair Bense said that it was now time for the Board to begin to articulate such guidelines, and to give the public some insight on the types of proposals that could merit better chances for funding as opposed to the types that probably would not meet the approval of members. He said without discussing specific projects, it was time for the members to provide some perspective and “specific generalities” about what they would be looking for going forward. He then asked Senator Gaetz to present his memo.

Senator Gaetz noted that the Board has wide latitude in the decision process. He said that the big question is “what are you really looking for?” He said that the document is meant as a conversation starter, and outlines the issues that he would be looking for as potential filters in making choices on proposals. The first point is whether Triumph is being asked to fund something that should be funded by the legislature or local government, or is request for supplementing a project with funding not otherwise available from other sources. He said that Triumph Gulf Coast shouldn’t be doing the work that other, elected or appointed, entities should be doing. He said that it would be important to him, as an investor in a proposal, to know how committed the partner in the proposal would be. He said it is one thing for an applicant to say that they have made a substantial commitment to the proposal’s success, and another thing to say that the applicant thinks it would be a great idea for Triumph Gulf Coast to pay for something, but that there is no level of investment or commitment from the applicant. He wants to be sure that there is a true investment partnership between an applicant and Triumph Gulf Coast.

Senator Gaetz said that the types of jobs created, their sustainability over time, and the cost per job in creating them would be considerations for him. He noted that the original \$30 million appropriated by the legislature immediately after the oil spill created 7000 well paying jobs in the region and that was a very good return on the investment. He said that a proposal would need to exhibit the ability to be viable and sustainable on its own in the out years, and not be totally dependent on continued funding from Triumph Gulf Coast, or other currently unknown funding sources, for operational success. He noted that the statutes require the funds to be used for economic diversification and said that this would be an area where Dr. Harper’s input would be critical to us. He said it is important to remember that the purpose of the funding is to protect against natural or manmade injuries to our existing tourism and military economies through

diversification into other industries. Finally, he said that proposals need to be reviewed relative to how it will create a better and stronger economy in the long run for the region in order to grow and keep our region competitive for our future generations. He said that the document he prepared was for the purpose of beginning a conversation that needs to be had, as staff will need to know what filters are important to the members, and the public needs to have an idea of what we will be looking for in the application process.

Chair Bense reiterated the importance of diversification and transformation as factors for consideration. He then asked other members to join the discussion.

Mr. Riggs thanked Senator Gaetz for memorializing these thoughts for the group and said that the issues raised in the memo identify the vast majority of topics he has discussions on with interested groups and individuals. He said that a very important issue for him would be the long-term viability of a proposal. He told a story of another non-profit that built out major infrastructure on the promise of future use and now finds itself in financial straits because the promises were not honored. He said that he would be very focused on how proposals would be supported by applicants in the long view. He said he did not want to waste this money on something does not have long-term viability.

Mr. Bonezzi thanked Senator Gaetz, but did say that he thought that transformation is important, but it is important to shore up the strongest businesses in each county. He gave the importance of the Apalachicola oyster industry as an example. He said we should not neglect the businesses that have supported the economies so far. He said that the same business principles should be used no matter the size of the businesses. He noted that there are a lot of small businesses across the region that have made payroll and employed many people over many years that should be recognized and supported.

Mr. Connally said the document was a great tool for helping the group focus. He said his comments to date align with the issues outlined and that two in particular stand out. First, the importance of job creation, and not just creation of high numbers of jobs, but the creation of jobs that innovate and improve the workforce capabilities to support targeted industries and bring in even more jobs in the future should be a consideration. The second priority for him would be the matching funds from applicants to leverage the Triumph Gulf Coast funds and create more opportunities by forming partnerships, not just funding projects with no value added matching component. He said that higher match values, and project proposals with multiple contributing partners that add to the regional and community buy-in for a proposal, will be a deciding factor in his deliberations. He said that proposals with multiple committed participants could create a more successful environment and regional support for that success.

Mr. Shoaf told the group that as each month goes by he learns more and more about what people are hoping to achieve with the Triumph funds. He said that he

hears about the importance of generational transformation and economic stability as the major concerns. He said he has a real passion for the needs of the rural counties, and that he has come to recognize the needs of those counties will be different than some of the larger counties, and that the reality of what they can hope to achieve may be different than other areas of the region. He said for those smaller counties, educational infrastructure is one of the strongest areas of concern and that both Wakulla and Franklin counties have put forward proposals that have a real possibility of creating a cultural change and to develop a stronger workforce. He said some of the proposals could truly shift focus in those educational system to more technical and workforce specific training that could allow for the counties to become competitive for future jobs.

Dr. Dana said that every one of the points that Senator Gaetz has listed are absolutely relevant and important, and that it is fortunate that all of the points are listed as discretionary priorities on the application. She said she agreed with Mr. Connally that proposals shouldn't necessarily be judged solely on the number of jobs created, but also on the net effect and quality of jobs created. She noted that support from counties for proposals in their counties would be very important, not necessarily a ranked list of priorities, but just the knowledge that a county would be supportive of an effort in their locality.

Chair Bense said that each of the members will be able to vote on proposals, with input from Dr. Harper and other economic experts, but he said that there are some things that he didn't think met the purpose of the Triumph Gulf Coast funding. He said that the funds were not provided to build another boat ramp (or the like). He said repairing leaky water lines is not the responsibility of this group; it is the responsibility of local government. He said he didn't like the thought of using these funds just to build more turn lanes that could be funded by an appropriate government agency. However, from a public infrastructure perspective, if there was a new industry coming in that could provide several hundred jobs to a community and there was a need to provide public infrastructure to assist in that effort, that would be a different situation. He said that this organization should not be funding proposals and supplanting dollars that are available from other sources, or trying to take on the role and responsibility of government at any level. He said he agreed with Mr. Bonezzi about not leaving behind existing businesses, but his number one priority would be to expand a transformational economy beyond the traditional backbones of the military and tourism industries across the region. He said his focus would be on infrastructure that helps to diversify the economy, and on creating new jobs in targeted industries such as manufacturing and aerospace technology.

Senator Gaetz reiterated that the Triumph Gulf Coast Board has the opportunity to bring real change to the region, not just play a passive role in passing out checks. He said that partnerships between this group, state and federal government agencies could help to move forward larger projects at the federal level and indicated that the congressional members from the region are very

supportive of creating that type of synergy. He said it is important to actively search out those opportunities to make things happen for the region.

Mr. Shoaf asked if it would be possible to share economic analysis done by Dr. Harper with counties to assist them in their review of proposals and provide broader insight into potential impacts. Chair Bense said that he would like for the Board to give that further consideration as a possibility.

Mr. Bonezzi noted that all of the Board's activities will be happening in a period of very volatile and dramatic changes in the national and regional business environment and that there will potentially be major shifts in the business landscape over the coming years that will need to be taken into account going forward.

Mr. Connally raised the issue of multi-year commitments and the importance of long term planning in allocation of the current and future funds. He said that since there are no guarantees of future funding, the Board must be very careful in considering multi year commitments. He said that the question would be whether funding for multi year obligations should be set aside out of the current funding, or would it be acceptable to obligate future funding without knowing if it would be available.

Senator Gaetz said that measurable milestones and performance requirements are very important, as are clawback provisions. If milestones were not met, there would need to be clawbacks to get funding back for reuse. He said that everything may not work, but there need to be specific, measurable milestones and progress payments upon completion of those milestones built into the contracts for funding of the proposals. Mr. Bonezzi asked if those clawbacks do work. Senator Gaetz said that some do and some don't but it is worth the effort to protect the funds that are to be expended. Mr. Bonezzi agreed that every effort should be made for that protection.

Public Comment

Commissioner _____ Dozier, Chair of the Bay County Board of County Commissioners, noted that their board had received 19 pre-applications for review, and that there were several additional pre-applications that did not come to them but that were located in Bay County. He said the BOCC made a choice not to rank the proposals because it wanted clearer direction and guidelines from Triumph Gulf Coast prior to making those decisions. He said that the discussion held at this meeting would be very helpful to the BOCC going forward in the process and that they do want to prioritize the proposals at a later date. Mr. Riggs indicated that having those ranked lists would be very helpful to the Board, and that he intends to put a lot of weight on those recommendations in the decision process. Dr. Dana said that she was not as concerned with actual rankings, but just if a county would be supportive of a project for their area.

Mr. Mike Langton, of Jacksonville, told the Board that clarity in the process would be important to the applicant community going forward.

Finally, Mr., Connally, on behalf of the Triumph Gulf Coast Board, recognized that this meeting would be the last regular board meeting for Chair Bense's service as Chair. He thanked Chair Bense for all that he had done to shepherd the Board through the two difficult years that has brought the organization to where it is now, and for all of his hard work for the good of the people of Northwest Florida.

After a brief ovation from those in attendance, Chair Bense thanked the group and adjourned the meeting at 11:59 a.m. CT.