

**BOARD OF COUNTY COMMISSIONERS
GULF COUNTY, FLORIDA
COUNTY ADMINISTRATOR'S OFFICE**

Warren J. Yeager, Assistant County Administrator

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DATE AND TIME OF MEETINGS • FOURTH TUESDAY AT 9:00 A.M., E.T.

Triumph Gulf Coast, Inc.
c/o Dr. Rick Harper, Economic Advisor and
Cori Henderson, Program Administrator

Dr. Harper, Ms. Henderson and Triumph Board members,

Kindly accept this brief letter response to your July 10th summary correspondence and noted issues of concern regarding Gulf County's Triumph Application for the floating drydock project submitted on May 22, 2018.

First, on behalf of our Gulf County Commission, its administrative staff as well as the unified four local elected boards from Gulf County (City of Port St. Joe Commission, City of Wewahitchka Commission, Gulf County School Board) as well as the appointed Port St. Joe Port Authority, we thank you and your team for your continued investment of time and detailed attention to this transformational project for our community and region.

In furtherance of our recent teleconference of June 28th and most notably in direct response to your letter of guidance and your request for anticipated responses to the enumerated issues from last week please accept the following:

- Gulf County will support the Triumph stipulation of a competitive and transparent bid process consistent with its long-standing procurement process with the additional condition that the qualified and winning contractor shall construct the floating drydock within either Gulf or Bay County whereby securing the primary focus and goal of Triumph and Gulf County of creating these jobs within the affected region,
- All permits needed for locating and operating the floating drydock in the Port of Port St. Joe have been applied for and are currently in the process of being secured and shall be an agreeable stipulation of a proposed terms sheet,
- Gulf County has a proud history for well over a half century of working with the private sector and private industry within Gulf County to promote, recruit and train its local workforce; and Gulf County pledges and commits as a condition of approval that it shall continue this effort by working with both the support of its regional workforce board and Gulf Coast State College both well-established within Gulf County as well as working hand in hand with Eastern Shipbuilding who have pledged to immediately open a local workforce and recruitment office in cooperation with the established agencies and Gulf County's Economic Development Coalition department under this Gulf County Commission,
- Gulf County shall maintain ownership of the floating drydock asset as stipulated in its May 22nd application,
- The direct FTE jobs created by this project *are in fact different* than the other projects being considered by the Triumph Board, however that difference does not simply equate in the

adjusted cost per job asserted by the formula and basic breakdown in your letter from last week, rather the formula and projected cost per job is markedly lower and should be estimated to be less than most of the projects currently being considered by the Triumph Board. The formula and estimated job cost do not reflect the in-depth discussions Gulf County has engaged with Dr. Harper and also has presented in its application for this project as the cost per job must reflect the fact that Gulf County along with the Port St. Joe Port Authority will retain exclusive ownership and control of this key infrastructure as an additional variable to the stated formula for projected cost per job. Equally as important to note, the infrastructure is a floating vessel, "portable in nature" with no permanency nor finality as a fixed infrastructure to its current projected mooring, with Gulf County retaining the asset and its entire value following construction and throughout its anticipated decades of use and operation.

The notes and comments from your guidance letter state the Triumph Board would possibly only consider a smaller funding award due to this project cost per job formula, when in fact the actual cost per job will be minimal and considerably less than many of the projects currently being considered or that have been approved by the Triumph Board when these additional key and unique factors of ownership, control, maintenance, retention and transportability of the non-affixed asset and infrastructure are included with this projects final evaluation and job cost analysis.

Lastly, considering these additional elements and essential variable in the Triumph Board's evaluation and final formula used, it must then also lead to the conclusion and analysis that in fact there will most likely exist an undervaluation of each FTE currently projected by the application and lease with Eastern Shipbuilding. As Gulf County shall retain this vessel as a portable piece of infrastructure with a global demand and market for its value following its construction and immediate operation and utility as a regional job producer.

- Consistent with the application, this floating drydock shall be negotiated with the private lessor through a final comprehensive agreement and triple net lease subject to the lawful and adopted public private partnership structured by Gulf County with Eastern Shipbuilding subject to Florida Statute 255.065 and completed in December of 2017. Although the vessel is portable in nature as cited by your letter, defined stipulations and terms of the thirty (30) plus year triple net lease and comprehensive agreement with Eastern shall be the lessor's exclusive commitment and continual obligation for maintenance of the direct FTE's in Gulf County and/or ("local area" from your July 10th letter) being defined and accepted as including the surrounding disproportionately affected eight (8) counties if conditionally granted by the terms sheet and Triumph funding agreement to "*maximize* the benefit" from the Triumph and Gulf County's investment,

- It is highly unlikely the current elected Board of County Commissioners would ever obligate future generations of its residents and taxpayers of Gulf County (as a small rural county) as well as future local elected officials to a "third party indemnification" of the Triumph Board tied to "performance metrics" nor an "irrevocable letter of credit" pledged to the Triumph Board for the project award request (\$28 million dollars) as a clawback. However, it is highly probable and again appropriate to highlight the unique and salient features of this Triumph application from Gulf County as you have noted in your summary letter of July 10th, the asset is in fact "portable in nature" and therefore the infrastructure itself as the vessel may serve directly as a 100% guarantee and secured collateral for the award and may be pledged by Gulf County to Triumph as the sole beneficiary in the event of default or to "cover the eventuality of failure to meet performance metrics".

Additionally, please note in response to the other observations and points of potential interest from your letter, that Gulf County has successfully entered into economic development agreements and public private partnerships with both the St. Joe Company and Eastern Shipbuilding within the past year as well as with the Port St. Joe Port Authority. Under the umbrella of these cooperative agreements, Gulf County will continue to support and assist these public and private partners in pursuing projects to enhance job development and growth economic in Gulf County. However, the JPA you reference for an operational rail line in and out of Gulf County is one that is held by private entities with the Florida DOT and that are continuing their efforts and pursuit for the release of the \$6 million dollar appropriation between the state, St. Joe Company and Genesee Wyoming (owner of the rail line) with an additional \$2 million dollar private match. Gulf County has been actively participating and supporting these collective efforts of the private partners and appropriate State officials in finalizing and commencing with the release and application of these public and private funds to the affected Gulf County rail systems.

Likewise, Gulf County in partnership and cooperation with the Port St. Joe Port Authority continues its efforts for the advancement and promotion of the entirety of the dredging system and structure of its channel and turning basin. The recent economic development agreement between the two public entities has enabled and spurred an active dialogue and a cooperative effort to advance this collective goal for the County and the Port Authority of dredging its channel and turning basin for immediate growth and further economic development beyond this initial Triumph application.

Additionally, as promoted by Gulf County's current Triumph application and restated here for emphasis another JPA appropriated by the Florida Legislature during its 2017 regular session and signed by Governor Scott for \$6 million dollars to Gulf County is well underway with \$1 million designated for dredging for this floating drydock and \$5 million for infrastructure and costs associated with the design of this floating dry dock and upland improvements for the Eastern Shipbuilding site with the St. Joe Company. Gulf County is actively engaged and advancing through this JPA in cooperation with Florida DOT officials for the project.

I respectfully submit and trust this is responsive to your enumerated issues and outstanding concerns and I welcome the opportunity to continue our active communications. I look forward to your review and further response with the goal of assisting in the final and formal presentation of a comprehensive application with merit to the Triumph Board at the earliest public meeting date.

Respectfully,



Warren Yeager
Gulf County Assistant Administrator &
Executive Director of Gulf County Economic Development Coalition

cc: Port St. Joe Port Authority
City of Port St. Joe Commission
City of Wewahitchka Commission
Gulf County School Board