

**Triumph Gulf Coast, Inc. Meeting
Walton County Commission Chambers
DeFuniak Springs, Florida 32433
July 18, 2018
10:30 a.m. CT**

Members Present:

Allan Bense
Stan Connally, Jr.
Pam Dana, Ph. D
Don Gaetz, Chair
Ben Lee
Steven Riggs, IV
Jason Shoaf

Chair Don Gaetz called the meeting to order at 10:30 a.m., CT and thanked the Walton County Commission for the use of its chambers. He recognized Commissioner Bill Chapman for remarks. Commissioner Chapman thanked Triumph Gulf Coast for holding a meeting in Walton County and welcomed everyone to the county.

Executive Director Susan Skelton called the roll and announced that with all members participating, a quorum was present.

Mr. Stan Connally made a motion to approve the June 12, 2018 meeting minutes. The motion was seconded by Mr. Jason Shoaf. The June 12, 2018 meeting minutes were approved unanimously (7-0.)

Ms. Skelton reported on the work of the staff and contractors and said that the legal services contract with the Clark Partington Law Firm is up for renewal in August. She said that the firm had done very good work for Triumph Gulf Coast, and that there were a couple of issues that Chair Gaetz needed to discuss with the Auditor General staff prior to completing negotiations for renewal of the contract, but that she recommended such a renewal. Chair Gaetz said that the rate originally negotiated with the firm is extremely discounted, and that in the next year the contract may reflect a higher hourly rate, but still containing a discounted rate for services. He asked Mr. Riggs to review the billings and approval for the Chair to continue negotiations with the firm. Chair Gaetz noted that the original contract was in two parts, one for general counsel services for a set monthly and annual fee, and one for special counsel fees for projects that exceed \$10 million. He said that there is a proposal for consideration at this meeting (#120) that would trigger that special counsel contract. He said that the current contract will expire prior to the next Triumph Gulf Coast meeting and asked the Board for permission to work with Clark Partington to extend, on a month to month basis, the current arrangement until a new contract can be brought to the board at its next meeting. **Mr. Allan Bense made a motion to continue the current contract with Clark Partington on a month to month basis until a new contract can be put in place. Mr. Ben Lee seconded the motion. The motion was adopted unanimously (7-0.)**

Ms. Skelton reminded the members that the Florida Auditor General's Office is conducting its annual Operations Audit and that the Entrance Conference with the Auditor General's staff would be held after the board meeting. She noted that the Auditor General's staff was attending today's meeting and would be meeting with various staff and board members after the meeting.

Ms. Skelton reminded the board that her contract requires an annual performance review and said that the original committee appointed to perform that review was Mr. Bense and Mr. Connally, but that Mr. Connally's increased work responsibilities had made it difficult for him to complete that assignment. Chair Gaetz appointed Dr. Pam Dana to replace Mr. Connally on the review committee. The review committee will now be comprised of Mr. Bense, Dr. Dana and the Chair.

Mr. Riggs reported that the financial statements for June 2018 were in order, and that this report looks slightly different because there are now comparables from 2017 to 2018 as a result of having been in business for a full year. He said there is an additional schedule in the report going forward that shows a county by county encumbrance. **Mr. Riggs made a motion to approve the June 2018 Financial Statement. The motion was seconded by Dr. Dana. The motion was approved unanimously (7-0.)** Mr. Bense inquired about the status of the interest from the Department of Economic Opportunity Trust Fund that is to be returned to Triumph Gulf Coast, Inc. Mr. Riggs indicated that the total amount to be returned is approximately \$4.4 million. He said the return of funds was in process and the funds would be transferred as a normal course of business by DEO. Ms. Skelton indicated that the funds would arrive after July 1.

Mr. Alan Manning, representing the Clark Partington Law Firm, reported to the board on two contracts and one term sheet for consideration at this meeting. He noted that the intent to take up the contracts was timely posted on the Triumph Gulf Coast website on July 3 to meet the statutorily required 14-day notification period.

The Okaloosa County Water and Sewer Main Extension Contract (Proposal #43) for \$1.5 million includes a bid process for the work to be done and allows for Okaloosa County to bid for the work. Disbursements will be made as work is completed. Triumph Gulf Coast will pay for approximately 54% of the total estimated cost of the project. He said the contract contains agreed to performance metrics and a clawback provision. Chair Gaetz asked if any members of the public would like to speak on the proposal. No one came forward to speak. **Mr. Riggs made a motion to approve the contract. The motion was seconded by Mr. Connally. On a roll call vote, the motion passed unanimously (7-0.) The approved contract is appended and made a part of these minutes.**

The Wakulla County School District Project (Proposal #29) for \$3,926,867 for equipment and improvements to increase workforce training programs calls for an initial disbursement of \$180,000 within 30 days for the purchase of already identified computer equipment. Upon total expenditure of the School District's agreed-to-match,

Triumph Gulf Coast funds will be disbursed upon satisfactory completion of the project phases. The district has an affirmative obligation to solicit matching funds or in-kind services from the county's business community to assist in reducing the Triumph Gulf Coast share of the project cost. If donations are received, the award would be reduced by 50% of the value of the donations. The contract contains agreed to performance metrics and a clawback provision. He noted that there was a typographical error in the draft in the members' packets that staff has corrected by hand. The error will be corrected in the version that is executed by Triumph Gulf Coast and the Wakulla County School Board. Mr. Bense asked if the School District has to quantify their efforts to solicit donations. Mr. Manning indicated that they are obligated, for the life of the contract, to continue to make those efforts, and in fact, the district has already begun that outreach and reported to Triumph Gulf Coast on those ongoing efforts. Chair Gaetz noted that Program Administrator Cori Henderson will be keeping up with those compliance requirements. Ms. Sunny Chancey, Chief Academic Officer, Wakulla County School Board, spoke and reiterated the district's commitment and indicated that in-kind contributions have already been received. A spreadsheet and documentation will be provided semi-annually to meet contract requirements. Chair Gaetz thanked Ms. Chancey and she said that the community is very excited about this award. Chair Gaetz inquired if there was anyone from the public who wished to speak about the project. There was no public comment. **Mr. Jason Shoaf made a motion to approve the contract (with scrivener's error corrections). The motion was seconded by Dr. Dana. On a roll call vote, the motion passed unanimously (7-0.) The approved contract is appended and made a part of these minutes.**

Chair Gaetz recognized Dr. Frank Fuller, Subject Matter Expert for Education, for the good work that he has done to coordinate all of the education workforce projects that are before the board.

Chair Gaetz then recognized Mr. Manning and Dr. Fuller for the Term Sheet Review for the Haney Technical School HVAC Project (Proposal #143).

The proposal is for an award of \$614,000. The proposal includes a \$30,000 pilot program with \$15,000 to be awarded within the first 30 days and the remainder to be reimbursed as laid out in the proposal as phases are completed. This term sheet proposes an obligation by the technical school to seek in-kind donations for goods and services with the Triumph Gulf Coast portion of the project cost reduced by 50% of the value of the donations received. Performance metrics and clawback provisions are included in the term sheet. Dr. Fuller noted that Haney Technical School is agreeing to assure that employers are getting well-trained employees through the program by retraining employees whose skills are deemed by employers as insufficient or requiring updating. Up to three years following completion of initial training, students can come back to the school for in-service training if employers are not satisfied with the training received. Dr. Fuller said that Haney is committed to extending the retraining guarantee to its welding students as well, and he hopes this becomes a training model for all other workforce training programs. Ms. Ann Leonard, Director of Haney Technical Center said that she appreciated the commitment shown by Triumph Gulf Coast. Mr. Connally

asked if the request for in-kind donations would be structured identically to the Wakulla County School District contract. Mr. Manning indicated that it would be identical. Chair Gaetz asked if there was anyone from the public who wished to comment on the term sheet proposal. No one came forward to speak. Chair Gaetz noted that Mr. Bense and Mr. Lee would be abstaining from voting on this proposal due to their individual relationships with Haney Technical Center. Mr. Bense employs students trained by the center, and Mr. Lee serves as a member of the Haney Technical Center Foundation Board. **Mr. Connally made a motion to approve the Term Sheet and move forward to contract negotiations with Haney Technical Center for Proposal #143. The motion was seconded by Mr. Riggs. On a roll call vote with Mr. Bense and Mr. Lee abstaining, the motion passed 5-0. The term sheet is appended and made a part of these minutes.**

Chair Gaetz called on Dr. Harper to report on the status of discussions with the City of Pensacola for the Commercial Aircraft Maintenance Campus (Proposal #120) and the Whiting Airfield Maintenance Facility Improvements (Proposal # 72).

Dr. Harper indicated that the City of Pensacola Airport Maintenance Repair and Overhaul (MRO) project is requesting \$56 million from Triumph Gulf Coast to support, in conjunction with multiple other funding partners, the construction of three hangars, warehouse and shop space, and an administration building along with associated roadways, taxiways and aprons. From an economic perspective, this is the largest request to date, but the proposal was described by Dr. Harper as transformational for the local economy, creating 1325 mostly high wage new jobs with the potential for many more high wage spinoff jobs in the area. He said there is a strong likelihood that suppliers to the MRO would choose to relocate to the area to be closer to the new operations at the airport, as well, for a total of at least 3100 net new jobs (direct and indirect) from the Escambia County project. He said jobs would most likely increase in surrounding counties due to spin-off activities. He noted that new employees from Escambia and surrounding counties would impact local tax revenues for governments and school systems in those counties. He said the impact in Escambia in tax revenues would be an annual increase of approximately \$6.6 million due to approximately 2000 new households, with a non-recurring fiscal impact of approximately \$50 million for new construction, alone. The ongoing revenue impacts from ad valorem taxes in the range of \$3.5 million for city and county governments and an additional \$2.2 million to the school district in Required Local Effort revenues. There would be an increase in local sales tax collections due to spending by new households in the range of \$900,000 per year. Airlines would not want to send empty planes to be serviced at the facility, so an additional 5-7% of passenger arrivals and departures can be anticipated at the Pensacola Airport with associated fees and taxes of additional visitors to the area. Assuming an additional 50,000 passengers a year, an additional \$600,000 in local tax revenues could be collected. He said that these positive impacts are not defined in the proposal but are determined from his research.

Citing the application, Chair Gaetz reflected that the total cost of the project is \$334,825,00. He said that the first hangar is complete and open at a cost of

approximately \$59 million. The remainder of the project cost is \$275,460,000. Per documentation provided, he asked the applicant to confirm that there are private sector commitments of \$59 million of which \$35 million would be cash with the remainder as hard costs of relocation to the campus, that the City of Pensacola has committed \$41.335 million for site development and land acquisition but no cash to date. Dr. Harper asked for the City's representative to clarify that number. Mr. David Penzone, Consultant to the City of Pensacola, said that the \$41 million is a cost that the city has incurred to acquire the property. Mr. Penzone indicated that, based on the decision made by Triumph Gulf Coast to participate in the project, the City and Escambia County would commit to expend approximately \$20 million more in additional cash for the project. Chair Gaetz said that while there is currently no cash commitment from the city and county, those commitments are called for in the application. Mr. Penzone said that he understands that FDOT has already committed \$25 million against the remaining cost. He said there was a legislative appropriation of \$3 million, and the Governor's Jobs Growth Fund has committed \$4 million. FDOT has been asked for an additional \$25 million, and the Governor's Jobs Growth Fund has been asked for an additional \$15 million. In addition, a request from the federal government for \$17 million has been made for the project. After all current and requested funds, with the addition of the proposed \$56 million from Triumph Gulf Coast, Chair Gaetz noted that there is still a shortfall of \$10,125,000. He said he wanted everyone to understand that there are many partners that need to step forward prior to Triumph Gulf Coast making an award. Mr. Penzone said that based on extensive conversations over the past sixty days, he has reasonable optimism that all of the additional funds, as called for in the application, from other partners can be expected to be in place prior to any Triumph Gulf Coast funds being expended for the project.

Mr. Connally asked Mr. Penzone if the Triumph Gulf Coast funding were to be approved today, how soon would he know that the gap funding would be provided and in place. Mr. Penzone said that relative to the state and local portion, he would expect to know within thirty days, but said the federal funding application process would take longer, possibly ninety days. Mr. Bense said that assuming everything goes exactly to plan, and the gap remains, he wanted to know how the gap would be closed. Mr. Penzone said that the applicant would close the gap from expected funding sources. Mr. Riggs asked what the rental income amount would be. Dr. Harper said the application indicates that \$1.5 million in cash revenues annually would be generated. Mr. Penzone concurred. Mr. Riggs asked Mr. Penzone to reach out to the other partners to discuss contingencies to close the gap, and to consider using the annual income to borrow money to close the gap. Mr. Penzone said that he understands that any Triumph Gulf Coast award would be conditional on other funding, but that conditional approval from Triumph Gulf Coast will move the discussions from other funding sources towards completion. He said that borrowing to close the gap would certainly be an option, assuming that the City would agree.

Mr. Riggs said that this is the type of project that makes sense for Triumph Gulf Coast. He asked if the Board would consider conditional approval based on guarantee of other funding sources being available. Mr. Bense asked why Escambia County is only in for

\$10 million when this project will greatly impact the county. He said the conditional commitment of funds from Triumph Gulf Coast could help move others along in the funding agreements. Mr. Connally agreed, but said that some time frame for meeting the other funding requirements should be considered. He said that it is understandable that some funding is not yet locked down, but that Triumph Gulf Coast should not tie up funds indefinitely waiting for other funding partners to commit.

Mr. Lee asked if the funding was being requested to be paid over multiple years, and if being paid in phases, is Triumph Gulf Coast going to commit the full \$56 million out of current funds. Mr. Penzone indicated that his understanding from watching and listening to prior Triumph Gulf Coast Board meetings is that the Board is comfortable committing funds that are available now, but not comfortable committing funds not yet appropriated. He said that the applicant is requesting that the \$56 million allocation, to be paid out over time, be set aside at this time for the project. Mr. Manning said that he did not believe that funds not yet allocated can be committed. Chair Gaetz noted that as a matter of course, all contracts involving the State of Florida have contingent clauses dependent on future funding by the legislature. He said that this project appears to have a payout over three or four years. If the proposal is to be considered, it should be contingent on all of the other funding sources being in hand or committed. If funds are to be paid out over multiple years, Triumph, like every other entity disbursing appropriated funds, would have to rely on funds being available, pursuant to the statute, to fulfill the commitment. He said that disbursement of funds over time would coincide with the inflow of funding already provided for in statute, and he saw no advantage to setting aside the full \$56 million from the first \$300 million now on deposit in Triumph Gulf Coast's accounts when the bulk of the disbursement would not occur for several years. He said that the first \$20 million could coincide with the current funding, and the second and third payments could coincide with the funds which come available to Triumph Gulf Coast in the coming years as provided for in the federal settlement between the state and BP. Dr. Dana supported the contingency and phased in approach. She said that she was uncomfortable with setting aside the full \$56 million from the first appropriation.

Mr. Lee asked about the percentages of employees coming from Santa Rosa County and other than Escambia County, Florida. He asked if other counties that will benefit from the additional payroll are asked to participate in the funding of the proposal. Dr. Harper said that there were definitely spill over benefits to the surrounding counties.

Mr. Riggs asked if a cost per job calculation was done. Dr. Harper said that such a review was done, and that this proposal would be the highest cost per job that Triumph Gulf Coast has entertained, but in his view an appropriate cost due to the transformative nature of the project in the highly desirable, high-wage aviation aerospace industry sector. He said that he used the metric of cost per direct Full Time Equivalent (FTE) recognizing that there will be associated spin off jobs created providing additional FTEs. He noted that higher wage sectors have higher economic multipliers because high wage households spend more money in their communities, whereas lower sector job earners have less disposable income to spend. He said that for the 1325 direct jobs, the cost per job works out to about \$42,000 per job. When you add indirect and induced jobs,

including spin off jobs and jobs created due to the higher spending in the community by the direct job holders' households, the cost per job drops substantially. Chair Gaetz asked what the applicant projects that the wage per job will be. Mr. Penzone indicated that the projected average wage per job is \$44,461. That number does not include benefits, nor overtime pay.

Chair Gaetz asked Dr. Harper if there was a staff recommendation for next steps in consideration of the proposal. Dr. Harper said that he is recommending that the proposal receive a score of "A", that the proposal is transformational in nature, and staff supports the movement of the proposal to Term Sheet consideration. He said that in fairness to the other counties in the region, staff recommends funding the proposal in phases, as opposed to committing \$56 million to this project from the first \$300 million now on deposit in Triumph Gulf Coast accounts, and that he has prepared a draft motion for consideration of the Board. Chair Gaetz asked him to read the draft motion:

Staff would ask the Board to approve a motion to move to a Term Sheet with the City of Pensacola for a \$56 million performance-based contract award to support development of the Commercial Aircraft Maintenance Campus project. The term sheet shall contain at a minimum the following elements:

- (a) A Triumph payment of \$20 million to be made from funds now in Triumph Gulf Coast accounts for construction of Hangar 2 and which shall be contingent upon full funding from all other sources being in hand or fully committed, included any funding gap that exists today, for the total cost of the project as described on page 53 of the proposal, and,
- (b) a subsequent Triumph payment of \$20 million for Hangar 3 shall be made upon on-time and on-budget completion of Hangar 2, including occupancy by a tenant and associated progress towards jobs and payroll metrics, and,
- (c) a subsequent Triumph payment of \$11 million for Hangar 4 shall be made upon on-time and on-budget completion of Hangar 3, including occupancy by a tenant and associated progress towards jobs and payroll metrics, and,
- (d) a subsequent and final Triumph payment of \$5 million for warehouses, workshops, and administrative buildings shall be made upon on-time and on-budget completion of Hangar 4, including occupation by a tenant and associated progress towards jobs and payroll metrics, and,
- (e) a performance agreement incorporating growth in direct jobs at specified average wage rates, and other metrics found in the application, and,
- (f) establishing enforceable clawbacks in the event milestones are not met.

Mr. Riggs asked about how hard the costs are that are outlined in the application. He said he didn't want to find out, mid-project, that the estimated costs are too low. Mr. Penzone said that the costs are provided based on the experience of the company Atkins Global – North America that built Hangar 1 of the project. He said that the City is relying on that company's expertise and skill set in determining the hard costs. He said that there are things in the economy, such as tariffs, that are out of their control, but given all that is known today, the applicant stands by the costs outlined in the proposal. Mr. Riggs asked Mr. Bense, as an expert in this type of construction, if he had any

concerns or thoughts on the hard costs. Mr. Bense asked about the size of the buildings in question. Mr. Penzone provided a list of sizes and cost per square foot for the buildings and structures. He said that there is a large cost associated with the flat infrastructure construction, and the numbers he provided included the flat costs. The cost per square foot would be reduced by approximately 60% for purely vertical building costs. Mr. Bense said it would be prudent to wait until there is a bonded cost for the buildings before Triumph Gulf Coast makes its first payment. Chair Gaetz said that any motion should include language that required that hard costs are agreed to or bonded. Mr. Bense said that the language should be that a final set of plans and specifications has been prepared, bids have gone out, there are agreed to prices to construct the buildings and those prices are backed by a bond. Mr. Penzone said that was the exact procedure used for Hangar 1. He said that the applicant agrees to that condition.

Dr. Harper said that a sentence could be added in the paragraph of the motion stipulating that the first payout of \$20 million would require that, "hard costs for construction have been agreed to and bonded." Mr. Bense said that would be agreeable.

Mr. Connally asked if there was support by the Board of County Commissioners for this project. Staff indicated that the county was formally supporting this project. Mr. Shoaf asked if there was any provision made for lease revenues to go back into the project, or if the lease revenues can be used for any purpose. He said that for this and future projects, revenues generated by Triumph funding should go back to economic development or to offset future costs of the projects. Mr. Penzone said that the FAA requires that revenues generated on the airport can only be used for specific purposes. He deferred to Mr. John Daniel, Attorney representing the City of Pensacola, to respond to whether such funds could be used for debt service. Mr. Daniel indicated that the funds could be used for debt service, but there would be restrictions on using lease funds for other purposes. He said the airport is a closed economic enterprise of the City, self-contained and cannot produce revenues for any other purpose. Mr. Bense said he didn't think Triumph should make a formal requirement for such use at this time, but that the City should keep that option available to assist in reducing any funding gap in the future. Mr. Lee complimented the City on the project, and he asked what the date on the last cost estimate was by Atkins. Mr. Penzone indicated that the construction costs in the application were current within 30-60 days.

Chair Gaetz asked City of Pensacola Mayor Ashton Heyward for his comments on the proposal. He thanked Triumph Gulf Coast for consideration. He said this is a transformational project for Northwest Florida and that creating the environment for bringing in approximately 2000 new jobs is important to the future. The talent created now can serve as a pipeline for great success in the future of the region. He said that MRO sector numbers are expected to grow substantially and will bring more and better economic transformation to the entire region.

Dr. Harper read the motion, as amended:

Staff would ask the Board to approve a motion to move to a Term Sheet with the City of Pensacola for a \$56 million performance-based contract award to support development of the Commercial Aircraft Maintenance Campus project. The term sheet shall contain at a minimum the following elements:

- (a) A Triumph payment of \$20 million to be made from funds now in hand for construction of Hangar 2 and which shall be contingent upon all funding from all other sources being in hand or fully committed, including any funding gap that exists today, for the total cost of the project as described on page 53 of the proposal, and,**
- (b) Hard costs for construction have been agreed to and bonded, and,**
- (c) a subsequent Triumph payment of \$20 million for Hangar 3 shall be made contingent upon on-time and on-budget completion of Hangar 2, including occupancy by a tenant and associated progress towards jobs and payroll metrics, and,**
- (d) a subsequent Triumph payment of \$11 million for Hangar 4 shall be made contingent upon on-time and on-budget completion of Hangar 3, including occupancy by a tenant and associated progress towards jobs and payroll metrics, and,**
- (e) a subsequent and final Triumph payment of \$5 million for warehouses, workshops, and administrative buildings shall be made contingent upon on-time and on-budget completion of Hangar 4, including occupancy by a tenant and associated progress towards jobs and payroll metrics, and,**
- (f) a performance agreement incorporating growth in direct jobs at specified average wage rates, and other metrics found in the application, and,**
- (g) establishing enforceable clawbacks in the event milestones are not met.**

Mr. Connally asked what the length of the commitment to these terms would be. He said that at least some progress in securing other funding should be made over the next 100 days, but it must be considered that some funding may take a little longer to get in place. Mr. Riggs said he thought six months would be reasonable. Dr. Dana said that six months would bring the calendar into 2019. Mr. Penzone said he thought that six months was reasonable. Chair Gaetz asked if it would make sense to allow six months to secure all funding and an additional period of time to perform design, bonding, etc. Mr. Daniel noted that there are various deadlines that overlap on the outyears because the process will be different for each building. Mr. Bense asked how a request for extension would be handled. Mr. Daniel said that it would be handled on a case by case basis. Mr. Bense said if funding is in place in six months, twelve months should be sufficient for development of plans and submission of hard costs. Mr. Daniel said that he is still concerned about federal funding timelines. Dr. Dana said that it would be clean just to use December 31, 2018 as the date for having funding in place, and one year after that date to have design and construction costs in place and bonded.

The following language is added to the end of above motion to reflect the contingent applicability of the term sheet:

The terms set forth in this document are contingent upon the applicant securing all other funding by December 31, 2018 and having all hard costs for construction agreed to and bonded by December 31, 2019.

Mr. Riggs made the motion as stated above. Mr. Shoaf seconded the motion.

Chair Gaetz asked the applicant if they agree with the provisions of the motion. The representatives of the applicant agreed with the provisions of the motion.

Chair Gaetz asked if any person from the public wanted to speak on this proposal. Mr. Todd Thomson, Pensacola Chamber of Commerce spoke in favor of the proposal.

On a roll call vote, the motion passed unanimously (7-0.)

Chair Gaetz asked that staff and members be available to work with the project managers to assist in the success of this transformational project. He thanked everyone involved and said we all look to this success.

After a brief recess, Dr. Harper continued with his presentation. He began with a description of the Whiting Aviation Park project (Proposal #72). Dr. Harper noted that the proposal by the Santa Rosa Board of County Commissioners is a request for \$8,523,655, or 48% of the total \$17,700,000 project cost. He said that Commissioner Don Salter, EDA team members Shannon Ogletree and Erica Granganola, and Santa Rosa County Engineer Michael Smith were at the meeting and available to respond to any questions or concerns by the Board. The proposal is for an infrastructure improvement project on a 40-acre property adjacent to the south end of Whiting Field for the purpose of providing helicopter maintenance, repair and overhaul services for the military base in support of the training mission. He noted that the timing of this request is important because the U.S. Navy will be putting contracts out for bids within the next two years for the services needed at the base. At the current time, such services are not offered in the vicinity and aircraft have to be transported to offsite MRO facilities, some as far away as St. Louis, Missouri. Such travel adds transportation costs and reduces the availability of training aircraft at Whiting Field. Establishing these services in proximity to the airfield would help reduce the cost to the U.S. Navy and would greatly improve the viability of the base going forward. The Santa Rosa BOCC believes that these improvements will generate substantial private investment as well as employment directly and at associated jobs with direct employment being at or above 150% of the current average wage for the county. Such a project will assist in elevating the region as a strong aviation and aerospace location for future growth in the industry sector and will help to guarantee the continued dominant role of Whiting Field in helicopter training for the military, guarding against loss of the mission in future Base Realignment Commission reviews. The county reports that it has already had serious inquiries from at least two major private sector employers wishing to pursue these MRO opportunities at Whiting. Dr. Harper said for all of these reasons, his economic analysis has given this proposal a score of "A."

Dr. Dana said that she was pleased with the MRO clustering approach that this proposal offers. She said that the Pensacola Airport proposal, along with this proposal, and work already being performed in Crestview on military and civilian aircraft is a strong indicator of support for the growth of the Aviation-Aerospace Industry Cluster in the region. She said that Whiting Field is well respected as the pre-eminent helicopter training field and such a proposal for the region is significant.

Mr. Bense asked about the timeline for the project. Chair Gaetz asked Mr. Ogletree to respond. Mr. Ogletree said that one of the prospective tenants would build their own building (30,000 square feet) and the other one would need a 20-30,000 square foot operations building as well. He said as the infrastructure is being installed, the building construction would be simultaneous. The operations of one of the prospects would be housed offsite until the new facility is ready for occupancy. Mr. Bense asked how long it would take for them to build the structure and move in. Mr. Ogletree said that operations would be ongoing, but offsite until the building is complete. Commissioner Don Salter thanked the Board for consideration of this unique and important project. He said it protects the future of the airfield and noted that the County has been acquiring lands surrounding the base to protect its viability. He said that the Commodore of Whiting Field made the first inquiry about partnering with the County to build the MRO facility just outside the fence of the airfield. He said the process has gone all the way up to the Pentagon and the Secretary of the Navy to be able to secure a limited use access agreement between the county and the Navy. Access to the amenities at Whiting Field for the county will be a major asset to the county. He said that eventually he thinks the entire 269-acre site owned by the county will develop into a major aviation-aerospace MRO facility. Mr. Bense asked what would happen if the MRO bid goes elsewhere. Commissioner Salter said that any private company that wanted to come in to the park would be welcome. Mr. Bense asked about the real chance of one of the two companies winning the bid and coming to the site. Mr. Salter said that he would estimate at least 80% possibility of the award coming to the site. He said the companies have had the contract for many years.

Chair Gaetz asked how clawbacks would work for such a project. Dr. Harper said that the clawback would be conditioned on job creation at a set wage rate and that the Santa Rosa County Administrator has acknowledged that requirement in a letter sent to Triumph Gulf Coast. He said that improvements at the 40-acre section of the site will bring at least 200 new jobs paying at least 150% of the prevailing county wage. He said the cost per job would be \$42,000, the same amount as envisioned for the Pensacola Airport MRO Campus proposal. Mr. Ogletree said that he had spoken with a majority of the County Commissioners and that it is understood and agreed by the county that the performance metrics must be met to avoid a clawback situation. He said the County stands behind the proposal and that this is Santa Rosa County's number one project.

Dr. Dana asked where the competition for the MRO work would come from. Commissioner Salter said the strongest competition would be from Andalusia, Alabama, Meridian, Mississippi and St. Louis, Missouri. She asked if development of the site would provide opportunities to draw MRO work from other military branches. Mr.

Ogletree said that would be the case, as well as private and commercial aircraft MRO work. Dr. Dana said that those opportunities, as well as the spin off supply chain job potential create a Center of Excellence for the region which is a desired goal of Triumph Gulf Coast, Inc. She congratulated the county for their work on the project.

Mr. Connally said that there should be a timeframe for the creation of the jobs consistent with the structure put in place for the Okaloosa County site development proposal. He said he will be supporting the proposal, and that the proposal has a dual role of being transformational while protecting an asset that is already in place.

Mr. Lee asked if there were other state or federal partners in the project at this time. Mr. Ogletree said that the county would be applying for Florida Jobs Growth grant funds. Commissioner Salter said that the Department of the Navy is a major partner in this effort. Mr. Bense said that while he doesn't normally support these types of infrastructure improvement projects, in this case he fully understands and supports the need for the proposal.

Dr. Harper indicated that staff would request a motion to move to term sheet negotiations with the Santa Rosa Board of County Commissioners for the \$8,523,655 performance-based contract award to support development of the Whiting Field Aviation Park.

Chair Gaetz asked about the length of the project. County staff indicated it would be approximately 365 days and that there were no special permits required to move forward. There are no environmental impact studies required. Dr. Harper said that prior award agreements have required that funds are to be disbursed as a proportion of the funds spent by the county. Chair Gaetz said that such requirements should be included in this term sheet negotiation. Mr. Ogletree said that the project will be put out to bid. Mr. Lee asked if the site had been certified through the Florida First program, and what type of marketing has been done. Mr. Ogletree said that the site was not yet certified but would be after the infrastructure is in place. He said it will continued to be marketed as an MRO industrial site. Mr. Connally said that in general it is important to be certified, but that the work is already being done to get certified just by the preparation work for the current prospective tenants. Mr. Ogletree said that the county fully intends to get the site certified as part of this project.

Based on the stated intent of the county to have the site certified, Mr. Connally noted that Gulf Power will be a part of that process, and for that reason, he indicated that he would abstain from voting on the proposal.

Mr. Bense made a motion to move to term sheet negotiations with the Santa Rosa Board of County Commissioners for the \$8,523,655 performance-based contract award to support development of the Whiting Field Aviation Park. The motion was seconded by Dr. Dana.

Chair Gaetz asked if any member of the public wanted to speak on the proposal. No one came forward.

The motion passed on a roll call vote with Mr. Connally abstaining (6-0.)

Chair Gaetz if Mr. Riggs would serve as the Board Liaison for the Pensacola Airport MRO Campus proposal and if Dr. Dana would serve as the Board Liaison for the Whiting Aviation Park proposal. Both agreed to serve.

Ms. Henderson gave the Program Administrator report. She said that in addition to the proposals discussed today, there are many pre-applicants, applicants and interested parties that have not yet applied that staff has been conversing with since the last meeting. She said that through the work of Dr. Fuller, we anticipate seeing proposals from the school districts from Franklin and Gulf counties early this Fall. Since the last meeting, seven more applications have been received for a total of 41 applications for an amount of just under \$400,000,000. The dollar amount has decreased due to applicants reducing requested amounts based on their understanding of what the Board might consider reasonable funding levels from comments made at Board meetings.

Ms. Henderson said that she and Dr. Harper have met with representatives of Gulf County, the Gulf County Port Authority and interested parties on the pending Gulf County application to build a dry-dock MRO facility there. A letter was sent to Gulf County asking questions about the proposed bid process for building the dry-dock and other questions and concerns that staff had about the application. Gulf County responded to the letter today and staff will be reviewing their responses in anticipation of moving ahead with the project request. Dr. Harper noted that the cost per job was substantially higher than those proposed by any other project. Also, in light of the mobile nature of the asset, there may be a need for a longer guaranteed period of maintaining the facility in Gulf County to qualify for Triumph funds that are to benefit the county. Appropriate indemnification would be required to protect Triumph's investment in the project. Mr. Shoaf said that this proposal is one of the most exciting prospects for the county, and he looks forward to seeing the county's responses. Chair Gaetz asked Mr. Shoaf to continue to work with staff to oversee this application process.

Ms. Henderson said that preparations for meetings of the Sports Tourism and Oyster Industry working groups are ongoing. She noted that Dr. Dana is going to participate with the Sports Tourism working group as well. There has been a significant interest in several oyster applications and Ms. Henderson noted that there has been substantial conversation with several groups. Mr. Shoaf is working with local business and political leaders, FSU, University of Florida, the Department of Agriculture and the Florida Wildlife Commission to work on a plan to move forward with an Apalachicola Bay application. Dr. Harper said that this type of proposal is different from others because it is clear that there must be some science developed in order to move to a "phase two" which would constitute the economic portion of the solution. Chair Gaetz said he was encouraged that both FSU and UF have agreed to work together on this project. He thanked Mr. Shoaf for taking the lead on this issue.

Ms. Henderson said that she and the Chair have met with economic development professionals in the region to discuss ways that Triumph Gulf Coast can assist in the industry recruitment process. She noted that a number of those professionals are attending the Farnborough Air Show in London and that they will be able to report on activities that may generate more opportunities upon their return. She said she will be meeting with them to gain more insight on how Triumph Gulf Coast is being perceived internationally and how we can maximize the opportunities coming from that event for the region. Chair Gaetz said that he and Ms. Henderson had volunteered all of the members of Triumph Gulf Coast to be available to participate in any endeavors that might be of assistance in generating leads for the region. He noted that the participation would not be for the purpose of making commitments, but to indicate the strong record of supporting serious, transformational projects. Ms. Henderson pointed out that these discussions normally include confidential information sharing and that she is working with counsel to develop the appropriate process and tools for members and staff to be able to participate in such Non-Disclosure Agreements and conversations.

The Chair asked if anyone from the public wished to make any comments. No one from the public asked to be heard.

Mr. Bense asked staff to find out from the Attorney General's office about when the next payment from BP was expected and how the funds would be transferred to Triumph Gulf Coast, Inc., pursuant to the statutes.

At the conclusion of the discussion, with no further business, the meeting was adjourned at 1:32 p.m.