

Feb. 20, 2018

Alan Bense, Chairman
Florida Triumph Gulf Coast, Inc.
MyFloridaTriumph.com
P.O. Box 12007
Tallahassee, Florida 32317

Dear Chairman Bense and members of the Triumph Gulf Coast Board,

Information is spreading on Tallahassee Community College's campus and throughout Wakulla County that the Florida Triumph Gulf Coast is allowing TCC and Wakulla Environmental Institute administrators to circumvent the regular process for seeking funding from this board.

This report, then, is presented anxiously with the hope that board members will review it and consider it carefully before agreeing to award money under the direction of people who have failed to achieve their past promises of results, or to award money that may be used for for-profit businesses intertwined with a college institute providing little or no benefit to the public.

Before wading into the details in this report, please note that the Wakulla County Board of Commissioners refused on Nov. 6, 2017, to support WEI's Triumph request (Wakulla County BOCC letter to Alan Bense Nov., 6, 2017), a stark rejection compared with the Commission's initial enthusiasm in 2010, when TCC was "gifted" 48.37 acres of Wakulla County land for a "world class" WEI. Since the acreage was "gifted," it has done nothing more than grow weeds and eliminate county property-tax revenue.

To date, TCC/WEI has spent more than \$6 million in funding by promoting an institute that would offer associates degrees and certificate programs. The Legislature provided WEI \$4.5 million in 2012, followed by \$1.5 million from the U. S. Department of Commerce's Economic Development Administration (EDA) for a building on 157.93 acres of now tax-exempt land purchased from a Wakulla family for a recorded \$382,000. The EDA granted its funding based specifically on TCC/WEI's unfulfilled pledge to offer "eight" degree and certificate programs and "commitment letters by private employers" that WEI would leverage \$18 million in private investment and create 100 jobs, a low threshold for success when compared with WEI director Bob Ballard's prediction in 2014, that the institute would create 900 jobs (Source: *Tallahassee Democrat* May, 20, 2014, article).

Although WEI's ground-breaking was in 2013, the institution's doors did not open until 2016, and, with the exception of a smattering of field trips (some coordinated with the Girl Scouts), a Green Guide certificate course, a drone class and a controversial oyster farming program, the WEI building is no more than an empty lecture hall, a well-designed unused lab, few "students" meeting in classrooms and no academic college-credit degrees (Source: TCC public records, various news releases, and Wakulla County Property Appraiser). Drive to the WEI parking lot during the week, and it will be almost empty, observed a Wakulla County official in 2017.

Inexplicably, after receiving millions of dollars, TCC/WEI tried to secure more funding for three separate WEI expansions, which had features similar, if not exactly like those in the Training Center for Excellence pre-application sent to Triumph Gulf Coast.

TCC/WEI'S TRAIL of REJECTED QUESTS FOR EXPANSION

Ballard's past WEI expansion attempts have been thwarted by public opposition because the proposals intruded and/or competed with other government services and local businesses, threatened the environment and appeared to waste tax dollars. Those attempts include:

- A defeated 2013 proposal to locate a garbage transfer center at a warehouse in the marshland area of Wakulla County where trucks would haul waste materials for "students" to be trained to sort the contents. This proposal was vehemently opposed at a public meeting at Posey's restaurant in Panacea, in part because of the threat to the local environment and criticism the garbage company had received in another county,
- A defeated 2014 proposal for WEI to have a 50-year lease on 2,000 acres of Cherokee Sink next to the world-famous Wakulla Springs, where "students" would be trained to conduct prescribed burns that state foresters routinely conduct, manage invasive plants, re-open a swimming hole, and run an RV park and campground that would compete with local parks and unnecessarily duplicate state park training. The proposal was scrapped in response to public criticism at a meeting inconveniently held in Leon County, which, nevertheless, was a packed house with 200+ interested residents, and
- A muted 2017 proposal to take over 90 acres of coastal land in Panacea to establish an eco-training center that called for more classrooms, research cabins, tiny houses, a hospitality center, zip lines, an animal rescue center and medical center, and open pavilions. Following an inquiry in April 2017, the 90 acres remain on the county tax rolls.

WEI'S QUESTIONABLE OYSTER FARMING PROGRAM

When evaluating WEI's oyster program, it is relevant to state that the program is not a state requirement for aquaculture: oyster farmers in Florida are required simply to buy a state license, watch a 15-minute video and lease submerged land approved by Florida's Cabinet.

To promote WEI in its pre-application for funding a \$15-million expansion, Ballard claims that "Wakulla County is now a national leader in oyster production." WEI's oyster production state audits indicate that statement is not accurate, and calls into question the claim that a WEI Training Center of Excellence would "change the livelihood for all residents in the County and across Northwest Florida."

Furthermore, under the leadership of TCC president Jim Murdaugh and WEI director Ballard, the WEI "mission" to help struggling fishermen affected by the BP oil spill was never realized. Instead WEI's oyster program has become an opportunity to "change the livelihoods" and interests of a select group, including Wakulla County commissioner Jerry Moore and his wife, Virginia, Ballard's octogenarian mother and stepfather, Jamie Grooms, former director of the Florida Institute for the Commercialization of Public Research, and an entrepreneur with a TCC business partnership on TCC's campus (Sources: Florida Division of Corporations, TCC public records and FICPR records).

WEI'S 2014 OYSTER CLASS

Ballard controls WEI's oyster program, which began in January 2014, with a class of 10 hand-picked "students," an alternate, and a Panacea seafood dealer, who did not participate. Each student was given an interest-free loan of \$7,500, funded by TCC's Foundation, to cover the cost of a 1.5 acres of submerged land approved by the Florida Cabinet and leased by the Florida Department of Agriculture and Consumer Services, oyster cages for growing oysters, spat (baby oysters) and navigational poles.

Ballard hired an instructor at a higher rate of pay for TCC adjunct professors even though the instructor had no oyster farming experience and no college degree (Source: TCC public record). Ballard justified the higher pay by saying the instructor had to work with students out of class.

With TCC approval, Ballard promoted his oyster program as a revitalization for Wakulla County's struggling fishing industry, but Ballard ignored Wakulla County fishermen and oystermen, who asked to be considered for the class (Source: Fishermen Shorty Robbins, Don Porter and Thea Taylor). Although the fishermen could have farmed oysters without WEI instruction, Ballard's class offered the coveted interest-free \$7,500 loans, which were to be paid back by oyster profits.

Four of Ballard's hand-picked 2014 students were a Wakulla County real-estate broker, land investor, videographer and a lobbyist. The other six had a variety of fishing experiences.

Midway through the 12-week class, Ballard announced the students' loan repayment would be increased to as much as \$18,000. Students balked at the midstream contractual change, and one student, a commercial fisherman, was subsequently dropped from the class after complaining about the change and quality of the instruction. The student filed suit for breach of contract and received \$30,000 in a settlement (Source: Taylor v. Tallahassee Community College and TCC Board of Trustees).

Meanwhile, the class hobbled along because, among many problems, Ballard had failed to secure aquaculture permits and spat (baby oysters-for planting) was unusable. Eventually, Ballard was forced to move students' oyster farms from Wakulla County waters to shellfish leases held by a student in Alligator Harbor in Franklin County, where the student rented the leases to WEI for \$900 a month¹.

WEI'S 2015 OYSTER CLASS

Ballard taught the 2015 class, even though he had no formal training or expertise in oyster farming, and included his friend and business associate, Wakulla County commissioner Jerry Moore, as a student. After the hand-picked 2015 class began in the fall, Ballard required students to sell their oysters to the student-owned Panacea Area Oyster Co-op, which had, as one of its principals, Commissioner Moore (Source: WEI's March 17, 2016, amended contract with oyster students²).

With class funding from a \$250,000 appropriation from the Florida Legislature, Ballard again chose a student roster of Tallahassee business owners, including one owner who is in partnership with TCC on TCC property beside TCC's Tallahassee campus (Source: 2015-2016 Appropriations, Leon County Property Appraiser). Again Wakulla County oyster harvesters and fishermen were by-passed (Source: Thea Taylor, Don Porter).

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In a Sept. 27, 2015 *Tallahassee Democrat* article, Commissioner Moore, Ballard's 11th student, said he paid \$15,400 to be in the class, which met on nights of regular county commission meetings. Moore told the *Democrat* that his wife, Virginia, would attend the class when he couldn't be there. In 2016, Virginia Moore also became one of Ballard's fulltime students.

Emails between Moore and Ballard show they had an ongoing friendly social and business relationship. Moore, on Sept. 26, 2013³, offered to have the county administrator arrange county support for Ballard's aquaculture program, and on June 15, 2014⁴, the two men had a friendly personal exchange. In 2012, an email shows Moore asking Ballard to take TCC's President Murdaugh on a tour of land Moore wanted to sell to TCC. Ballard responded in the positive (Source: Aug. 15, 2012, TCC email exchange between Ballard and Moore⁵). Moore was also a member of the WEI Advisory Committee and has often touted the success of the oyster program by claiming, like Ballard, that it would create hundreds of jobs.

During the class, Ballard presented a March 17, 2016, addendum to student contracts requiring them to sell their oysters to the Panacea Area Oyster Company LLC (PAOC), until they paid back their interest-free loans. The principals in this co-op, established in February 2016, were Commissioner Jerry Moore and 2014 students - the retired real-estate broker and the land investor (Source: Florida Division of Corporations and TCC oyster class records).

Also, in February 2016, Moore and Ballard, and other "student" business associates, registered the Panacea Oyster Co-op Corporation (POCC) and bought land at Shell Point in Wakulla County to develop their own oyster cooperative for buying and selling oysters (Source: Florida Division of Corporations and Wakulla County Property Appraiser). Moore also was in that co-op until September 2017, when he removed his name as a principal.

Ballard has stated he does not receive earnings from the Panacea Oyster Co-op Corporation. It may be relevant to note that Ballard's octogenarian mother and her husband each hold a submerged-land lease in Wakulla waters. Both relatives lived in South Florida in 2015, when they acquired their leases. Ballard's mother now has a townhouse in Wakulla County. (Source: Florida Division of Corporations and Wakulla County Property Appraiser).

NO LIVEABLE INCOME AND BENEFIT FOR WAKULLA COUNTY

The FDACS audit for 2015 shows three 2015 students planted a total of 362,500 oysters and harvested none (Source: FDACS 2016 shellfish audit⁶).

A confusing FDACS audit also shows six 2014 students reported in 2016 planting 373,332 oysters and harvesting 85,754. Eight students, however, reported a harvest even though three of them planted no oysters, suggesting they harvested oysters transplanted from other leases (Source: FDACS 2016 shellfish audit⁷). In addition, the 2014 instructor reported planting 10,000 oysters in 2016 and harvesting none.

At a sale price of \$.50 per oyster, the eight students grossed, on average, an income of \$5,359.63, which is more than \$18,000 below the federal poverty level for a family of four in 2016.

WEI'S 2016 OYSTER CLASS FORCED TO SELL OYSTERS TO THE BALLARD/MOORE CO-OP

Ballard, again, taught the 2016 oyster class, hand-picked the students, and offered submerged-land leases and interest-free funding to students. Among the students were attorneys, state workers, various business owners and three commercial fishermen, if a charter boat captain can be counted as a commercial fisherman. The actual number of students is not clear since Ballard initially claimed there were 15 in the class and later said there were 24. Citing FERPA, TCC refused a public records request for a list of the names of students in the 2016 class, even though it produced rosters for 2014 and 2015.

Added late to the class was Don Porter, a commercial fisherman, who was rejected by Ballard for two years, but, by pressing Ballard, was instructed by him to call Career Source/Capital Region to secure a \$15,400 grant (Source: An Oct. 18, 2016 telephone conversation with Don Porter and Dana Peck, and an email exchange with Dee Robinson, CareerSource).

Virginia Moore, wife of Commissioner Jerry Moore, also joined the 2016 class.

As WEI's director and a principal in the Panacea Oyster Co-op Corporation, Ballard, in 2016, asked TCC's lawyers for advice on the involvement of Ballard and TCC with the for-profit oyster co-op and ways to make the co-op eligible for grants (Source: TCC's Sept. 19, 2016, agenda and *The Wakulla News*, Oct. 27, 2016). In the *Wakulla News* article, Ballard described a plan to hand over oyster co-op land to TCC to make companies eligible for lucrative grants; TCC, in turn, would rent the land back to the co-op and the co-op would conduct business. The following are Ballard's questions, many of which are part of a current "arrangement" with TCC/WEI and the for-profit Panacea Oyster Co-op Corporation:

- Can TCC "force" oyster program students to sell their oysters to only one co-op,
- Can a co-op donate 2 percent of its annual income to TCC,
- Can a co-op provide TCC with permanent boat slip,
- Can a co-op donate a marina, fish house and nearby warehouse to TCC and TCC lease it back for \$1,
- Can TCC put its logo on another company's property signs,
- Can a co-op get insurance and include TCC as additional insured,
- Can a co-op enter into an agreement which commits TCC to getting grants for the company,
- Is there liability or conflict of interest if B Ballard enters into an agreement with a company he is involved with,
- Is TCC prohibited from WEI aquaculture class competing with private commercial interests, and
- Is it more beneficial for TCC to do output/requirements contract for students selling oysters to the co-op.

While Ballard was seeking ways for TCC/WEI to be merged with his co-op, TCC leased WEI office space to Ballard's co-op, and shared an insurance policy with Southern-Owners Insurance Company (Source: Oct. 31, 2016 lease agreement⁸ and insurance policy⁹).

Last fall, as a delayed cautionary measure in requiring students to sell oysters to his co-op, Ballard asked TCC's Board of Trustees at the Nov. 20, 2017, meeting for a vote of approval for an arrangement between his co-op and TCC/WEI with assurance to the trustees that the arrangement posed no problem.

⁸

Trustee Karen Moore recused herself from voting because her company conducts business with the co-op, but Trustee Frank Messersmith voted in support of the arrangement even though he became one of the principals of Ballard's co-op in March 2017. Messersmith says he serves only because of his ties to the community. Those ties include his wife, Quincee Messersmith, who has filed to be a candidate this year for Wakulla County commissioner, and, if elected, would be Commissioner Moore's successor.

WHERE DID WEI'S 370,089 OYSTERS GO?

The 2016 FDACS audit of oyster production on Wakulla and Franklin county leases shows that one 2016 student planted 20,000 oysters and independent oyster farmers (some of whom may be students) planted a total of 1,898,500 oysters.

Ballard's mother and stepfather reported planting 1,300,000 oysters of the 1,898,500 oysters, and Ballard reported planting an additional 1,255,000 on WEI's five acres of leased-submerged land, which makes Ballard's WEI and relative oyster planting a total of 2,555,000 oysters of the 4,453,500 oysters.

Ballard's relatives harvested 2,984 oysters; Ballard, however, reported a harvest of 370,089 oysters, which raises the question of where the oysters went. WEI's lease with the state prohibits the institute from using oysters for commercial purposes, and is restricted to growing oysters only for research, education, demonstration and training. Ballard has yet to publicly account for the use of 370,089 oysters harvested on the five-acre WEI lease; FDACS suggested WEI transferred oysters from its lease to students as part of the educational process, a position which appears to contradict a 2015 email prohibiting "adjunct" commercial endeavor transfers (Source: Sept. 29, 2015¹⁰ and Aug. 9, 2017¹¹ email exchanges with FDACS).

BALLARD AND MOORE'S CO-OP AND ITS TEMPORARY PRESIDENT

Jamie Grooms was president of the Panacea Oyster Co-op Corporation in June 2016 (Source: Florida Division of Corporations). Grooms, until Feb. 23, 2016, was the director of the Florida Institute for the Commercialization of Private Research (FICPR), a non-profit organization, which, through the Florida Technology Seed Capital Fund, provides investments in companies that meet statutory and other investment guidelines. On and before Feb. 22, 2016, Moore, as a commissioner, was working with Grooms to secure funding for "his," meaning Grooms', oyster co-op in Wakulla County (Source: Email exchanges on Feb. 22, 2016¹² and Feb. 23, 2016¹³ between Moore, Kent Watson, Economic Development Liaison for then-U.S. Rep Gwen Graham, regarding Grooms).

When Grooms' employment ended at FICPR on Feb. 23, he joined the Panacea Oyster Co-op Corporation as president, and, in September, the co-op (Moore, Ballard, Grooms and others) realized success in their quest for money by receiving \$289,087.50 from the FICPR. Last year, on June 2, 2017, Gov. Rick Scott vetoed the 2017 – 2018 \$5.5 million legislative appropriation to the FICPR.

COMMISSIONER MOORE'S INSIDE OYSTER-FARMING ADVANTAGE

The FDACS's Division of Aquaculture is responsible for submitting proposals to the Florida Cabinet for 1.5 acre submerged-land leases for the cultivation of shellfish. In October 2016, FDACS had 16 available

leases and 26 hopeful Wakulla County prospective leaseholders. To determine who the lucky leaseholders would be, FDACS Aquaculture administrators held a lease-assigning event in Wakulla County and, in attendance was Ballard, who sat beside Commissioner Moore and his wife, Virginia.

When the leases were announced, the 16 selected leaseholders included one lease for Moore and another for Moore's wife (Source: FDACS public announcement of lessees at the IFAS Extension Office in Wakulla County, Oct. 24, 2016).

One of the requirements for submerged-land lessees is that leases are worked at least once a week by the lessee. Neither 76-year-old Moore, nor his 75-year-old wife, nor Ballard's octogenarian mother or step-father has been observed routinely working the leases.

CAREERSOURCE CAPITAL REGIONAL DEVELOPMENT FUNDING FOR WEI OYSTER STUDENTS

Until 2017, CareerSource Capital Regional Development was housed in TCC's Wakulla Center in rental space at a local bank, which TCC rented for \$110,000 in 2016. The Center, which had offered GED and other college support for Wakulla County students, suspended some services because the Center was being renovated as the future home of the CareerSource Capital Region office (TCC Board of Trustees Sept. 19, 2015 meeting agenda). After TCC spent tens of thousands of dollars on the renovation, CareerSource moved offices to a strip mall on U. S. Highway 319, where it is presently located.

One of the functions of CareerSource Capital Region was, in 2016, at the request of Ballard, to supply \$15,400 grants to people who wanted interest-free money to farm oysters (Source: Conversation with oyster program participant Don Porter). CareerSource said the funds came from Apalachicola Bay Fishery Disaster Recovery Project through the U. S. Department of Commerce. Each recipient was required to submit documentation that he or she was adversely affected by the fishery resource disaster that occurred for oyster stock along the west coast of Florida. Upon public request, CareerSource submitted a list of six recipients. The list omitted Porter, who was later acknowledged as a recipient in an email exchange (Source: Jan. 25, 2017 email from CareerSource Capital Region¹⁴).

STATUS OF STUDENT SUCCESS AND PAYBACK OF INTEREST-FREE FUNDING

A TCC record for the amount of money paid back to TCC/WEI by students for their interest-free funding is ambiguous, but indicates that the oyster program has been a losing proposition for taxpayers. The records show:

Five on nine students in Class 1 (the 2014 class) are reported by TCC to have paid \$9,399.33 each in "collective sales" from Alligator Harbor by the end of 2015, with no remaining balance; one student paid back \$10,100.71 by the end of 2015, with no remaining balance, and three students had remaining balances totaling \$18,327.89¹⁵.

There is no record of sales or payment by a tenth student added when one original student was dropped by the instructor from the class and settled a legal dispute for \$30,000.

None of the 10 students in Class 2 (the 2015 class) has paid back the \$15,400 for the class, although five have made partial payments totaling \$11,165.79. The outstanding amount owed,

TCC reported on Feb. 2, 2018, is \$139,212.13¹⁶. TCC supplied no record for oyster sales or paybacks in 2016, as of this month.

WEI'S BETRAYAL

One of the compelling arguments for spending millions of tax dollars to establish WEI was Wakulla's deteriorating commercial fishing industry, with emphasis on the oyster industry. If funded, WEI argued it would save the "sons of oystermen." Contrary to what has been said, Wakulla County's struggling fishermen have not benefitted to any great extent from the TCC/WEI oyster program.

The selection of students in WEI's oyster classes each year excluded most commercial fishermen. The exclusion was so disturbing that Wakulla County oystermen wrote a letter to Florida's governor, legislator, Cabinet members and TCC trustees in 2015, that WEI's Ballard was filling his oyster program with politically connected business people, lawyers, a land developer, a retired real-estate broker, a videographer, a lobbyist and a business person with close ties to TCC (Source: Oct. 5, 2015 letter¹⁷).

The WEI oyster program also created further distress for commercial fishermen by farming oysters in Apalachee Bay waters along the coastline of Wakulla County where they interfered with the mullet run during the mullet season and crabbing and the safety of recreational and commercial boaters.

After publicly registering their complaints, members of the Wakulla Commercial Fishermen's Association Inc., FDACS Division of Aquaculture and the Florida Fish and Wildlife Conservation Commission in Tallahassee on March 30, 2017, addressed the following grievances:

- Oyster-lease farms placed in traditional fishing areas, specifically crabbing areas in Skipper Creek and the fall mullet run in Spanish Channel, which are critically important sources of income for commercial fishermen in Wakulla County. Florida law prohibits using traditional fishing areas for purposes that interfere with commercial fishing,
- Prohibited metal poles placed by oyster leaseholders in the water, which create boat hazards for anyone and everyone in Wakulla County waters (regulated by the U. S. Coast Guard),
- Failure to enforce U. S. Army Corps of Engineers SAJ-99 and terms of the state's submerged-land lease agreements that hinder the ability of commercial fishermen to make a living,
- Oyster farmers posting "No Trespassing" signs on leases, even though they have no proprietary rights over Wakulla's navigable waters, and
- Staking out areas for more leases, even though more than half the leases along Wakulla County's shoreline are not being planted, or harvested, according to FDACS records.

The only response from WEI and Ballard has been a deaf ear.

Commercial fishermen, some of them from the Wakulla Commercial Fishermen's Association Inc. led by the former student who settled a lawsuit with TCC/WEI, were undeterred and petitioned FDACS to halt the assignment of new leases.

THE AMPHITHEATER

WEI's Bob Ballard made a pitch in April 2017, to the TCC Board of Trustees to seek BP money to build a \$10-million 5,000-seat amphitheater at the Wakulla Environmental Institute on Crawfordville Highway, and told the trustees, "We'll probably get it...We should be first in line."

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TCC President Jim Murdaugh and Ballard explained to its approving Board that the \$10-million amphitheater would be used for Wakulla High School graduation (one high school and one day a year), which is usually held at the WHS football stadium where it may rain. The amphitheater, Murdaugh said, would be partially covered.

There's more, Ballard said, as if fishing for reasons to justify the BP grab: The amphitheater also would have dining rooms (competing with local businesses), and maybe horse shows and rodeos because it's "easy" to put dirt in an amphitheater.

The looming question was whether Wakulla County commissioners wanted Ballard and TCC to claim millions of Triumph Gulf Coast dollars. That question was answered on Nov. 6, 2017, when Wakulla County commissioners refused to support Ballard's request for the county to officially support his effort.

As for the amphitheater, Tallahassee has an amphitheater 20 miles away and 330,000 residents to use it. By contrast, Wakulla County has 33,000 residents, with a sizable portion of its population commuting to Tallahassee. To commit millions of dollars to construct an amphitheater for a high-school graduation appears to be wasteful since Wakulla County has one high school with graduation on one day. That expenditure has received nothing but shock and criticism among Wakulla County taxpayers.

CONCLUSION

It is disturbing that TCC/WEI has attached itself to a for-profit corporation that has as its principals in the business connected to TCC/WEI. It is also disturbing that TCC/WEI is seeking \$15 million when Wakulla County, specifically its fishing community, is in dire need of social services and educational opportunities. Mention funding for a zip line or amphitheater to residents and they are speechless and, later, incensed. They question the justification for that type of spending when so many needs are evident, such as access to transportation for the poor and elderly, drug treatment centers for methamphetamine addicts, effective job training with instructors, who have legitimate credentials, and on and on.

To award this money to an organization that has a proven track record of not realizing its promises for the general population of Wakulla County would be deeply disturbing. There exists reasonable doubt that any money, millions or less, would be used for projects as they were promoted, and, most importantly, would not be used to hire instructors for classes that offer academic degrees, as promised when TCC got \$6 million in taxpayer funding to build WEI.

DOCUMENTATION:

Documents that are available in state or federal records and news articles are not attached to this report. Documents that are not easy to attain or are unavailable to the public are attached with a corresponding number in the report to the attached document.

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