

**Meeting Minutes  
Triumph Gulf Coast, Inc.  
Bay County Government Center  
840 West 11<sup>th</sup> Street  
Panama City, Florida  
September 12, 2018  
1:00 p.m. CT**

Members Present:

Allan Bense  
Pam Dana, Ph. D  
Don Gaetz, Chair  
Ben Lee  
Stephen Riggs, IV  
Jason Shoaf

The meeting was called to order by Chair Don Gaetz at 1:00 p.m. CT.

Executive Director Susan Skelton called the roll and noted the presence of all six Board Members.

Chair Gaetz thanked the Bay County Commission for allowing the use of the Commission Chambers and recognized Commission Chair Bill Dozier for brief remarks. Chair Dozier thanked the Board for the work that it is doing and welcomed everyone to Bay County.

**Allan Bense made a motion to approve the Minutes of July 18, 2018 Board Meeting. Pam Dana seconded the motion. The motion was adopted unanimously (6-0).**

Chair Gaetz acknowledged the service and resignation of Mr. Stan W. Connally, Jr. He noted that Mr. Connally has resigned due to professional responsibilities with the Southern Company. He said that he hopes to have a formal recognition of the work he has done, and the leadership that he has provided in the formative years of this entity, and for his wise counsel, strong participation and guidance in moving through the first series of Triumph Gulf Coast awards. He said Stan Connally is an extraordinary individual, one of Florida's great business leaders and someone who contributes in every way to our communities in Northwest Florida. Mr. Bense said that the Board would certainly miss Mr. Connally, and his sharp mind, going forward.

Mr. Nathan Sparks, Okaloosa County Economic Development Council Director, made a presentation on Regional Economic Development Officers' activities related to attendance at Farnborough Air Show including impacts of Triumph Gulf Coast on possible prospects and leads. He said that Farnborough is the largest air show in the world and the Northwest Florida Economic Development team makes a strong effort and showing at the event. He said having Triumph Gulf Coast as the centerpiece of their conversations at the event has been a major help. The air show took place in London on July 16 – 20, 2018. There were seven representatives from Northwest Florida, and forty representatives total from Florida at the show, led by Pete Antonacci, President of Enterprise Florida. He said that the Florida Pavilion told the story of Florida's Aerospace Sector in great detail, but the team was doing constant outreach to business prospects throughout the event. The event allowed local economic development officers to have access to senior level executives of corporations, such as GKN, that are already locating in our region, or that may desire to come to the region in the future. In addition to attendance at a GKN reception, the group participated as part of the Gulf Coast Aerospace

Alliance Reception. The Gulf Coast Aerospace Alliance is comprised of representatives from Alabama, Florida, Louisiana and Mississippi. At every air show, there is a reception hosted by the Alliance that brings in senior level decision making executives of major corporations from around the world.

The Northwest Florida delegation had forty unique, individual meetings with prospective corporations and/or existing industries during the four-day show. Mr. Sparks said that adding Triumph Gulf Coast as the centerpiece of the region's value proposition has created a different level of interest and is serving as a major differentiator for the region. He said that a number of real opportunities, that have since become recruitment projects, were identified at the show. While confidentiality limits the amount of information he can share at this time, he said that without exception, they found a very receptive audience, regardless of the type of company, the size of company, or the company's current location in the world. He said that every company they met with started the conversation by identifying the challenge of workforce and talent. Because this region has such a wealth of transitioning military personnel with diverse, aviation related skills, in combination with the opportunities for workforce training provided through possible Triumph Gulf Coast projects, there appeared to be a heightened level of interest in the area. Those conversations are continuing and since returning from the show area economic development entities have submitted a number of proposals to companies that showed such interest in the region. Two companies have already scheduled headquarters meetings with regional delegations to discuss opportunities going forward. There is a lot of very positive momentum as a result of Triumph Gulf Coast being a part of the conversation. Mr. Sparks said he believes that Triumph Gulf Coast participation in some future projects may become the "closer" for those projects.

In addition to the air show meetings, Northwest Florida economic development teams are involved in several other activities. Since the air show, there have been two delegation recruiting trips, one to Atlanta and one to Dallas to meet with site selection professionals. In total, the teams have met with twenty companies or their consultants over the past month. Conversations with those entities have been heavily focused on the fact that the region now has a great differentiator in Triumph Gulf Coast. There is a current delegation in Chicago engaging in one on one meetings with prospects, visiting with site consultants and creating new contacts at an international manufacturing and technology show. By the end of the week, the team will have communicated with more than twenty prospects and another nine site selectors on this one trip alone. Over the past sixty days, Team Northwest Florida has communicated with sixty companies and thirty site selectors. In two weeks, another delegation will go to Atlanta to discuss specifically the Shoal River Ranch property, and Team Northwest Florida will be meeting with site selection consultants prior to the Gulf Power Symposium in October. In November, the team will be sponsoring a panel discussion at the Hamburg Aviation Forum, a major supplier endeavor. As a sponsor, the team will be able to showcase the region in a booth format.

Mr. Bense and Chair Gaetz thanked Mr. Sparks for the work that is being done. Chair Gaetz noted that our staff and members stand ready to assist, as needed.

## Committee Reports

Mr. Bense reported that the Sports Tourism Working Group held a meeting on August 28, 2018 to hear from two experts in Sports Tourism. Mr. Matt Dunn, Executive Director of the Palm Coast and Flagler Beaches Visitors Bureau, and Dr. Richard Hawkins, Chair of the Department

of Marketing, Economics and Supply Chain Logistics at the University of West Florida, addressed the group and spoke of the different elements of sports tourism and accepted methods for measuring the economic impacts of the industry. He reported that he, Mr. Ben Lee, Dr. Dana and Chair Gaetz were all present at the meeting and had a good dialogue with the presenters including many hard questions about the true economic impacts of sports tourism. Mr. Bense said that after hearing the presentations, he felt prepared to ask staff to move ahead with the applications that we have pending. Dr. Dana agreed with the assessment and said that the two professionals gave a good, realistic review and didn't give an overly rosy perspective. Mr. Lee agreed and said he gained a lot of good information on how to evaluate such projects. Chair Gaetz said that he got a new appreciation for the fact that sports tourism involves more than just building facilities, rather that developing appropriate constituencies and long-term relationships with user entities is key to the success of a venue or facility. Dr. Rick Harper, Economic Advisor to Triumph Gulf Coast, said that the presentations were useful and noted that Matt Dunn introduced the group to a modeling tool that is used across the industry and discussed the impacts of three different sized events that could be used to guide the thinking of our group in reviewing economic impacts. He said that he found the modeling information to be very credible. Program Administrator Cori Henderson concurred with Dr. Harper's comments.

Mr. Jason Shoaf announced that the first meeting of the Oyster Industry Working Group is now scheduled for Tuesday, September 25, 2018 at 1:00 p.m. CT. The meeting will be held on the campus of Gulf Coast State College in Panama City and the agenda will include presentations from invited expert presenters to discuss the current situation and the evolution of the upper gulf coast oyster industry. He said that he hopes to be in a position to recommend a path forward for dealing with pending projects after that meeting. Chair Gaetz noted that the meeting was open to the public.

Chair Gaetz said that the contract with Executive Director Susan Skelton requires an annual performance review and that the committee assigned to conduct the review met on August 28, 2018. He asked Mr. Bense to present the findings. Mr. Bense noted that Dr. Dana had led the review team and deferred to her for comment. Dr. Dana said that Mr. Bense, Chair Gaetz and she attended the review and that they were unanimous in the evaluation, giving Ms. Skelton top marks in each of the designated review categories, including but not limited to professionalism, efficiency, supervision, responsible follow-up. The reviewers expressed that they were very impressed with the job that she has done, and the only suggestion to Ms. Skelton from the committee was to continue to do the good work that she has done to date. Chair Gaetz said that the committee, pending the results of the Auditor General's review, discussed bringing a recommendation to the full Board to increase Ms. Skelton's salary. Dr. Dana said that the committee asked Ms. Skelton if there was anything she wanted to ask of the Board, and Ms. Skelton simply asked that if there were ever a need for professional or technical training for herself or staff, that such training would be considered. Ms. Skelton thanked the Board for its continued support for her and the staff

#### Treasurer's Report

Triumph Gulf Coast Treasurer Stephen Riggs, IV, presented the July and August Financial Statements to the Board for consideration. **He made a motion to approve the July 2018 Financial Statement as presented. Mr. Shoaf seconded the motion. The motion was approved unanimously (6-0).**

Mr. Riggs noted that the August 2018 Financial Statement reflects the \$4.4 million in interest paid back to Triumph Gulf Coast from the Department of Economic Opportunity (DEO). He said

that an additional \$1.6 million in interest has accrued since the payment from the state, and that money resides in the DEO Triumph Gulf Coast Trust Fund for future payment to the organization. Mr. Shoaf asked if the adjustments for amounts paid to counties would be reflected in future reports. Mr. Riggs said that would be the case. Chair Gaetz expressed thanks to the legislative delegation and legislative leadership for assuring that the interest funds earned from Triumph Gulf Coast deposits are actually returned to Triumph Gulf Coast to be expended in the region. **Mr. Riggs then made a motion to approve the August 2018 Financial Statement as presented. Mr. Lee seconded the motion. The motion passed unanimously (6-0).**

Mr. Riggs said that he has been meeting with staff and the CPA firm to develop the policies and procedures to ensure compliance with applicable contract provisions for disbursement of funds. The group has developed a procedure internally to meet those requirements, and Mr. Riggs said that for the short term he would be performing the compliance reviews to assure that he has a full understanding of the needed policies and procedures. In addition, the group will be evaluating whether there is a need for outsourcing some or all of the compliance review functions. Chair Gaetz asked if there had been conversations about the need to bring in an additional position for compliance management. Mr. Riggs said the conversation had not reached that level but, in his opinion, he thought that the function could be done less expensively through outsourcing, but that appropriate cost analysis would be done before he brings a formal recommendation to the Board. Mr. Ben Lee asked if there had been any quotes or bids considered for the process. Mr. Riggs replied that quotes or bids had not yet been considered and that he wanted to walk through the first reviews to determine the realistic time and workload requirements to perform the needed tasks so that that information could be considered in pricing future work requirements. Mr. Riggs said that he would be using an online application (SmartSheet) to allow for interactive submissions from applicants. The program allows for retention of all documents for audit trail purposes. Mr. Lee asked if it would be appropriate to begin the bid process. Mr. Riggs said that he would like to work through this initial application and would be working in that direction in the near future.

#### Staff Report

Ms. Skelton reported that the Auditor General's Office Audit is ongoing and that all audit requests for information with the exception of one that is due September 26, 2018 have received responses. So far, we have not gotten any negative comments from the audit team. An October exit conference is anticipated with a final audit report to follow any allowed response period. Chair Gaetz noted that there is a statutory requirement for an annual audit and since this is the first audit, we appreciate the ability to ask for clarification going through the process.

In asking the Board for permission to continue the current legal services agreements with Clark Partington Law Firm through October 31, 2018 on a month to month basis, Chair Gaetz explained that the reason for this request is due to a need to clarify a question about how the contracts are structured and the intent of the statute relative to capped fees for services. He had hoped for some sort of informal comment from the Auditor General's Office. He noted that at the time of the initial agreement, neither Triumph Gulf Coast nor Clark Partington knew how much time would be needed to perform legal services. He said that Triumph Gulf Coast is paying less than it probably should be for legal services at this time and will most likely need to adjust the rates. Mr. Scott Remington, representing Clark Partington, indicated that the comments made by the Chair were fair and accurate, and that he is hopeful that the working relationship can continue. Chair Gaetz noted that in the contractually required six-month review of the law firm, he and Ms. Skelton found the work of the firm to be excellent and that there have been no

problems in working with the firm. **Chair Gaetz then asked for permission to continue the current letters of agreement with Clark Partington through October 31, 2018. Mr. Bense made a motion to continue the contracts. Dr. Dana seconded the motion. The motion passed unanimously (6-0).**

Ms. Skelton gave a brief explanation about the timing of future payments to the State of Florida from the BP Settlement. She said that she had spoken with the lead attorney on the case from the Attorney General's Office. The attorney indicated that the payments are due to the state on the anniversary dates of the final decree in each year going forward from 2019 until 2033. The next anniversary date is April 4, 2019.

Mr. Bense, on a point of personal privilege, pointed out that the funds that are allocated to Triumph Gulf Coast are the direct result of the work done by Chair Gaetz during his tenure as a State Senator (and Senate President.) Mr. Bense thanked the Chair for making this transformational funding source a reality for the region. Chair Gaetz noted that Speaker Weatherford was instrumental in passing the legislation as well.

#### Legal Report

Mr. Remington explained the Proposed Grant Award for Proposal #143 – Bay County School District - Haney Technical Center HVAC Training Program Modernization for \$614,000. He said the term sheet was previously approved by the Board and that the Grant Award Agreement was negotiated by staff and counsel based on the term sheet agreement. He explained the payout schedule for the funds as described in the Grant Award Agreement. He said that construction is to be completed by August 31, 2019, that change orders over \$5000 must come to the Triumph Gulf Coast Board for approval, and that the School District must make a good faith effort to solicit private business support for the project through donations of equipment. Should such donations be provided, the Triumph Gulf Coast funding would be reduced accordingly pursuant to the terms of the agreement. The clawbacks, based on performance metrics, are equal to 100% of the grant award plus 3% interest if at least one of the described metrics is not met. Mr. Remington noted that pursuant to ss. 288.8016, F.S., the intent to make a Grant Award, along with the award summary, was posted on the Triumph Gulf Coast website on August 28, 2018.

Ms. Ann Leonard, Director of the Haney Technical Center, thanked the Triumph Gulf Board for the support of this project and the ability to modernize their program. The Chair asked if anyone from the public wished to comment on the Grant Award before final action was to be taken by the Board. No one came forward to speak.

Chair Gaetz noted that Mr. Bense and Mr. Lee were abstaining from voting on the proposal due to personal or business relationships with Haney Technical Center. **Mr. Riggs made a motion to approve and execute a Grant Award Agreement with the Bay County School District for the Haney Technical Center HVAC Training Program Modernization. The motion was seconded by Dr. Dana. The motion passed on a roll call vote of 4-0 with Mr. Bense and Mr. Lee abstaining.**

Mr. Remington explained the proposed Term Sheet for Proposal #72 - Whiting Aviation Park Improvements for \$8,523,655. to accommodate a helicopter Maintenance, Repair and Overhaul (MRO) facility and simulation training facility adjacent to NAS Whiting Field. The Triumph Gulf Coast funds would be paid as reimbursement for funds expended to perform construction and would be due upon completion of work. There is a 100% clawback provision for failure to complete agreed to performance metrics pursuant to the term sheet agreement. Dr. Harper

noted that his assessment is that this is an excellent proposal that has a lot of future potential for positive growth in the region. Chair Gaetz if there was agreement with the applicant on the terms of the term sheet. Ms. Erica Granganola, Santa Rosa County Grants Department, told the Board that the Santa Rosa Board of County Commissioners formally voted to accept the terms of this term sheet at its meeting on (Monday, September 10, 2018). She said the county is committed to moving forward with Triumph Gulf Coast on this project. The Chair asked if there was anyone from the public who wanted to comment on the proposal. No one from the public came forward to speak. **Mr. Lee made a motion to move the proposal to a Grant Award negotiation. The motion was seconded by Dr. Dana. On a roll call vote, the motion passed unanimously (6-0.)**

Mr. Remington told the Board that there were two term sheets that were still being negotiated with applicants. Those proposals are Proposal #5 - Escambia County School District Workforce Development, and Proposal #120 - City of Pensacola Airport MRO Aviation Campus. He said negotiations were ongoing, but staff was not yet in a position to be able to recommend a term sheet or contract on these two proposals.

Ms. Henderson gave the Program Administrator's Report and noted that staff continues to meet with applicants, pre-applicants, interested parties and the local economic development teams throughout the region. She said that staff is being asked more about participating in discussions with new prospects as the work of Triumph Gulf Coast becomes more well known in the economic development arena. While several of the potential proposals are still in the non-disclosure phase, she hopes to be able to bring more information to the Board as the local economic development teams negotiations progress. She gave a status update on submitted applications. Members asked that as applications that do not receive a score of A or B are notified, that members are notified of those proposals. Chair Gaetz asked how proposals covered by non-disclosure agreements will be brought forward. Ms. Henderson indicated that she is working with our counsel to assure that at the time that proposals come to Triumph Gulf Coast appropriate protections will be in place so that members and staff may receive any statutorily confidential materials related to a proposal. Chair Gaetz that at the time that such confidential material is to be presented to the Board that legal counsel provide an overview primer to members about how information should be handled. **Mr. Bense made a motion to accept the Program Administrator's Report. The motion was seconded by Mr. Riggs. The motion passed unanimously (6-0.)**

Dr. Harper introduced the following proposals for consideration of moving to term sheet negotiations:

- a. Proposal #26 – City of Apalachicola - Scipio Creek Basin and Boatyard Improvements
- b. Proposal #27 – Gulf County Board of County Commissioners – Port of Port St. Joe Project (Floating Dry Dock) – (Presented for Contingent Approval subject to specific conditions)
- c. Proposal #65 – Bay Youth Summer Services Program
- d. Proposal #153 – Gulf County School District – Unmanned Aircraft Systems Certification Training

Dr. Harper said the City of Apalachicola Scipio Creek Basin and Boatyard Improvements proposal is for \$1,100,000 and is part of the city's 2010-2025 strategic plan for development of

the port facility is underway and the total cost of the plan implementation is \$4,500,000. The net new direct jobs to be created is projected to be between 13 and 16 full-time employees, with some spin off and part-time employment. The projected cost per job is \$65,000 - \$85,000. While this number is higher than some brought forward to date, the jobs are to be created in a low population, rural county where such jobs are very much needed to maintain and increase the local economy. He said that he had given the proposal a score of "A" and recommends advancing the proposal forward to the term sheet negotiation phase of the process. Mr. Bense asked about the historic building that is included in the proposal. Dr. Harper explained that it is part of the boat building program. Ms. Skelton noted that the building is part of the Apalachicola Maritime Museum that has a mission of teaching boat building skills to local young people, and that the program is also available to tourists who come to the area for a week at a time specifically to learn how to handcraft wooden boats. Mr. Shoaf said he thought the project fits nicely with the direction the city is taking on tourism and with their port culture. Mr. Lee asked about the ice plant being proposed and he was told that this new facility will provide the only ice source for the unaffiliated commercial fin and shrimp fishing fleet in the region. Dr. Harper noted that continued development of the deep-water fishing industry in Apalachicola will help reduce dependence on the oyster industry which places stress on the resources in Apalachicola Bay. He said wages will be dependent on the catch. Chair Gaetz made the point that the proposal is scored and presented differently because it is located in an isolated rural county that does not have the same resources or opportunities for growth that are common in more urban counties.

Dr. Bill McCartney, a non-paid volunteer representing the City of Apalachicola, rose in support of the proposal and thanked the Board for considering it. He is a former employee of the Northwest Florida Water Management District and an engineer. He noted that all twenty-five independent shrimp boat captains that currently use the Scipio Creek Basin are in support of the proposal. He said that the improvements to the boat lift will double the capacity of the boatyard from the current fifteen vessels to thirty repair jobs at a time. He noted that during the shrimping season, as many as forty to fifty transient shrimp boats need a place to offload and get ice, so this improvement will increase the number of non-local boats being able to be serviced, as well. He said that Apalachicola faces many environmental restrictions not seen in other locations, and with a population of just 1700, it is difficult to find parity with other locations while facing these restrictions. He acknowledged that the city has had some recent struggles but said that it is committed to correcting the problems and has recently hired a new city manager and governmental affairs consultant to assist with the process. As part of the new plan, the city has organized all of its watercraft facilities into a new enterprise utility department, to be known as the Port of Apalachicola, that will cover all of the operational costs of the facilities. Dr. McCartney said that it was the intent of the City of Apalachicola to exceed any terms put forth by Triumph Gulf Coast to make this proposal a success.

Chair Gaetz asked if anyone from the public wished to comment on the proposal. No one came forward to speak. **Dr. Dana made a motion to move the proposal forward to term sheet negotiations. Mr. Shoaf seconded the motion. On a roll call vote, the motion passed (6-0.)**

Dr. Harper explained Proposal #27 by the Gulf County Board of County Commissioners to construct or acquire and operate a commercial floating dry dock for maintenance, repair and overhaul (MRO) of vessels at the Port of Port St. Joe. In addition, the dry dock would be used in support of ongoing ship manufacturing activities in Bay County. The application requests \$28,425,000 which, if funded at that level, would represent 74% of the total project cost. He noted that the dry dock design has already been completed and is ready to be put out to bid for construction. The proposal indicates that upon delivery of the dry dock, the facility will support 150 direct full-time jobs in vessel outfitting and an additional 90 full time jobs in the associated

repair haul out yard for a total of 240 direct new jobs. Dr. Harper said that for every direct job, a potential 1.76 additional full-time equivalent support jobs could be applied to the overall Florida jobs growth due to supply chain and spin off opportunities created. He noted that this is the only industrial project being proposed in Gulf County and is supported by all of the elected bodies in the county. He said in the rural county, this project could be transformational due to the current lack of industry in the area. He said that while the proposal is clearly transformational, the cost per full time job, as currently proposed, is an extremely high \$118,000. He said deficiencies in the application, as currently written, would need to be addressed by staff and counsel if the Board chooses to move forward to a term sheet negotiation. Relative to other projects in the Triumph Gulf Coast portfolio of applications, Dr. Harper has given this proposal a score of "B."

Chair Gaetz asked if there was an amount being recommended for funding. Dr. Harper said that if the project was funded at the assumed FTEs of 240, at the maximum that has been paid in the urban counties, that would come to \$10,080,000. If funding was made at the rate that was just discussed for the City of Apalachicola proposal in an isolated, rural county, the amount would be just over \$15,000,000. He noted that the request is for more than \$28,000,000, well over those amounts. Dr. Harper said that staff would recommend a motion to move the proposal ahead with specific caveats, and with a reduction in cost per job. Chair Gaetz asked if there were caveats identified. Dr. Harper said that several areas have been discussed with the applicant team, including:

Acquisition of the floating drydock must be put out to bid in a competitive and transparent national bid process for new or previously owned floating drydocks, with the bid to be awarded to the lowest cost bidder meeting quality standards, with bid to include delivery to Gulf County, with a preference in the scoring process for local construction, and,

all permits needed for locating and operating the floating drydock in the Port of Port St. Joe shall be in place, and,  
the floating drydock shall be operated in the Port of Port St. Joe such that the floating drydock will be physically located above submerged lands that are within two statute miles of the Port of Port Saint Joe at all times except for necessary repairs or service to the floating drydock, and,

at least 240 direct FTE jobs shall be created and maintained for at least five years (following an appropriate spool-up period), and,

Gulf County and the Port Authority shall maintain ownership of the floating drydock asset for at least twenty years, and,

Gulf County will secure third-party indemnification of Triumph to cover the eventuality of failure to meet performance metrics, and,

a description of a performance agreement incorporating growth in direct jobs at specified average wage rates, and other metrics found in the application, and establishing enforceable clawbacks in the event milestones are not met.

Chair Gaetz asked if these caveats would be included in a term sheet if the Board decides to move ahead with the application. Dr. Harper responded that was correct and that is what staff would propose.

Dr. Dana asked if Mr. Shoaf had any thoughts on the proposal since the proposal was for his home county. Mr. Shoaf said that since the paper mill had closed down, the community has had



a hard time redeveloping its economy. He noted that until the factory closed down, the town was a mill town and once the mill closed almost every family was impacted with people leaving the area to find employment. He said he believes that this proposal represents one of the first real opportunities that has come along for Gulf County. He said there are many moving parts and issues involved and he looks forward to working with staff through the term sheet negotiation process. Mr. Riggs said he had taken a hard look at the project, and that there are some difficulties, such as dollar per job costs, and the Board will have to accept some risks with this proposal, but the fact that all of the elected officials in the entire county have unanimously support the project is very important. He said those officials know more about their county, and they want this project to happen. He said it would be nice if there were more nice proposals to pick from in the county, but this one is the one that the county officials want to support. He noted that the full ask on the proposal represented seven percent of the total current funding available for Triumph Gulf Coast projects. He said it was not great enough to damage projects in other counties. He said he was in support of moving forward in this unique situation to try to reach a term sheet with the county because the Triumph Board should put some stock in the strong commitment that has been made by the Board of County Commissioners, and other elected officials in the county. Mr. Bense agreed with Mr. Riggs' comments. He said he recognized that it could be complicated, but there should be a chance to move ahead. Mr. Lee agreed with moving the proposal ahead after hearing that the County Commission has determined that this project can be accomplished. He then asked if staff had done any evaluations of the Bay County Eastern Shipbuilding proposal and if it would impact this proposal. Dr. Harper indicated that while the proposals were unique and to be individually considered, he had begun work on the scoring of the Bay County proposal and would be able to recommend a score on that application, as well.

Chair Gaetz asked if the requisite permits for placing the dock over submerged lands would be in hand before a grant award could be considered. Dr. Harper said that one of the caveats being recommended is that all permits would have to be in place prior to funding. Chair Gaetz then asked if Eastern Shipbuilding would be the party that would be providing third party indemnification of the project for clawback purposes. Dr. Harper said that several suggestions have been made that such indemnification should be in place for parties not considered credit worthy. He said the County has suggested that the dry dock could be considered as collateral or proceeds from the sale of such a facility could be collateral, or a third-party private tenant could be asked to provide a guaranty. All of those options could be considered to provide the security for clawback payments.

Mr. Warren Yaeger, representing the Gulf County Board of County Commissioners, recognized several commissioners, the County Attorney, the County Administrator, and the Port of Port St. Joe Authority Chair as being in attendance in support of the proposal. He thanked staff for its consideration and noted the complexity of the conversations to date. Mr. Yaeger said that the success of the proposal will benefit all of the citizens of the area, provide jobs that will allow for families to stay there, and will grow the school system with new young families moving in. He said that there has been a sustained effort over the last 15 to 20 years to find a good fit for the site. He said that Eastern Shipbuilding is a real company with real commitment to the community to grow the area. He said the company has already made real investments in the community and is already a part of the solution. He said this proposal would be transformational not just for Gulf County but for the surrounding counties as well.

Mr. Shoaf asked about the total project costs. Mr. Yaeger said it was in the neighborhood of a little more than \$34 million. Mr. Shoaf said it was important to note that the proposal is for land owned by the St. Joe Company, a private landholder, to serve a private company. Mr. Yaeger

said that the county has clarified that they would be joining in a public-private partnership with both St. Joe Company and Eastern Shipbuilding. Mr. Shoaf asked why the floating dry dock would need to move for repairs. Mr. Yaeger said it had been contemplated that it might need to move to a shipyard in Bay County for repairs. Mr. Shoaf said if the use of the dry dock was going to be split between two counties, the funding should come out of both counties' pots. The Chair asked Mr. Remington if he had comment on whether this proposal qualifies as a public-private partnership at this time. Mr. Remington said that he would want to see how the term sheet is structured before issuing an opinion. Chair Gaetz asked Mr. Yaeger if the elected officials that would be party to the agreement understand and are prepared to agree to the proviso discussed today as part of a term sheet. Mr. Yaeger indicated that was the case, and there are still some ideas on third party indemnification that could still be brought forward. Chair Gaetz said that while Gulf County is the applicant, it is not the controller of the results of the project, and some entity must be responsible for the performance metrics that measure the success of the proposal. He said the commercial users of the facility functionally control those results. He asked if Mr. Yaeger is representing that the County can go forward with a term sheet that includes third party indemnification so that somebody with deep enough pockets to do it can be held accountable for 100% of the required results. Mr. Yaeger said that he was representing that position and reiterated that there are different ideas about the third-party indemnification, but everyone understands that there will be some type of indemnification. Chair Gaetz noted that the County agrees that the construction of the dry dock would be bid out, so that the price for the work in the proposal are based on work already done, but the price could go up or down. He asked how the county would treat a change in the cost of the construction. Mr. Yaeger said that they are hopeful that the cost may go down but could go up based on the cost of steel. He said the County has made application to the Governor's Jobs Growth Fund and recognizes the need for additional matching funds for the project. He said he doesn't now know what the amounts would be, but they will be pursuing other sources of funding. He said the county understands that all funding sources would need to be in place before the project could commence.

Mr. Shoaf asked if there was any cost associated with receiving quotes for the construction work. Mr. Yaeger said there would be some cost involved in putting out a national search and Request for Proposal. Mr. Shoaf asked if the cost would be to pay staff to put out the information, or would the County actually pay companies to make bids. Mr. Yaeger said the costs would be associated with placement of advertisements and administrative work in the neighborhood of \$10,000. Mr. Shoaf then asked about the timeline for getting those bids. Mr. Yaeger estimated that the process may take about four months.

Mr. Riggs asked if the proposal should be tabled until more hard costs were known. Mr. Yaeger said that the County is interested to know what amount Triumph Gulf Coast could be comfortable with so that the County knows what costs it still needs to cover from other sources. Mr. Riggs said that there was precedence with the City of Pensacola Airport proposal to ask the applicant to provide hard costs to the Board and where the other sources of funding are coming from and that such information would give the Board more comfort moving forward. Mr. Yaeger said that if there is a way for the Board to begin the term sheet process it would help the County in moving the proposal forward. Chair Gaetz noted that Triumph Gulf Coast wants to be helpful but wants to be sure that the applicant understands the expectations before moving to the term sheet. He said that he can't support a project with a cost per job that exceeds \$100,000. He said he would ask that the Board conditionally approve going to term sheet negotiations with the Gulf County Board of County Commissioners with such negotiations based on a Triumph Gulf Coast award not to exceed \$13 million.

Ms. Skelton read the motion, as recommended by staff:

**The staff would ask for a motion to approve, consistent with staff's recommendation, to move to a term sheet with the Gulf County Board of County Commissioners for a performance-based contract award to support development of the Floating Drydock project.**

**The term sheet shall contain at a minimum the following elements:**

**Acquisition of the floating drydock must be put out to bid in a competitive and transparent national bid process for new or previously owned floating drydocks, with the bid to be awarded to the lowest cost bidder meeting quality standards, with bid to include delivery to Gulf County, with a preference in the scoring process for local construction, and,**

**all permits needed for locating and operating the floating drydock in the Port of Port St. Joe shall be in place, and,**

**the floating drydock shall be operated in the Port of Port St. Joe such that the floating drydock will be physically located above submerged lands that are within two statute miles of the Port of Port Saint Joe at all times except for necessary repairs or service to the floating drydock, and,**

**at least 240 direct FTE jobs shall be created and maintained for at least five years (following an appropriate spool-up period), and,**

**Gulf County and the Port Authority shall maintain ownership of the floating drydock asset for at least twenty years, and, Gulf County will secure third-party indemnification of Triumph to cover the eventuality of failure to meet performance metrics, and, a description of a performance agreement incorporating growth in direct jobs at specified average wage rates, and other metrics found in the application, and establishing enforceable clawbacks in the event milestones are not met.**

**Triumph may award up to \$13,000,000 in support of the project if mutually agreeable terms with respect to performance standards and disbursement standards can be reached. The applicant must secure hard costs for the project by March 2019.**

**Mr. Shoaf made a motion to adopt the staff recommendation. The motion was seconded by Mr. Riggs. On a roll call vote, the motion passed unanimously (6-0.)**

The Chair noted that he had failed to ask for public comment on the proposal and asked if any person wanted to testify. He said that, if needed, the Board could reconsider the vote by which the proposal passed after any testimony. Mr. Tom Sands of Wewahitchka appeared before the commission on his own behalf and said that he had done research about the construction of new dry docks or purchase of second-hand dry docks. He said dry docks are mainly built over seas. He said there were brokers that sell used dry docks and the prices seem to range around \$9-10 million with a life expectancy for forty to forty-five years. He said the county's proposal seems high and he said they had gone with Eastern Shipbuilding for the Request for Qualifications and not through an RFP process. He said he was concerned with these details. Chair Gaetz said that the motion did not require use of Eastern Shipbuilding, and that staff could be instructed to consider the purchase of an existing dry dock that might fulfill specifications. Mr.

Sands then asked what would happen if Eastern Shipbuilding chose not to use the facility. Chair Gaetz said that was the purpose of the performance metrics and clawbacks in any term sheet negotiations. **The Chair asked if there was objection to instructing staff to consider use of an existing dry dock that meets specifications. The Board did not object to that instruction.**

Dr. Frank Fuller explained Proposal #65 – the Bay Youth Summer Services Program and invited Mr. Willie Pollard, the founder of the program to join him in his presentation. He noted that the neighborhood project is in its third year in Bay County and has been featured in the Chamber of Commerce newsletter and in the local newspaper as a success story. The Triumph Gulf Coast component of the project will serve as a value-added asset to the program. The project would produce 30 or more industry certifications for local youths who will serve in paid summer internships in the community. The educational opportunities promoted by the program provide fundamental work skills through these summer internships to encourage a smooth transition into the workforce upon completion of high school. He said the overhead costs are almost nonexistent as local businesses volunteer to mentor the students over the summer months. Gulf Coast State College is providing match for the program in the form of training for the industry certifications, focusing on computer skills for the workplace. Dr. Fuller recognized Ms. Loretta Costin from the college for the support being offered. To this point, the program has been privately funded, and by adding the industry certifications, the workforce capabilities of the students will be greatly enhanced. He said such improvements will enhance the workforce pipeline over time for local businesses. Students will not start work until certifications are earned so that the summer work experience will necessarily include the education component. He said the average cost per certification would be \$2890. He said the program will serve as a conduit for getting students from high school to additional education opportunities at Haney Technical Center and because the target audience for the program will likely be especially able to benefit from targeted and effective intervention to encourage workplace skills and further training, it may have more value on a per student basis than any other projects considered to date in addition to the low overhead cost. Triumph Gulf Coast staff gives the proposal a score of “A” and recommends that it move to the term sheet negotiation phase. Mr. Pollard thanked the Board for consideration of partnering with the community efforts that are being made to benefit the youth of Bay County. Mr. Bense noted that he had known Mr. Pollard for over twenty years, and first met him when Mr. Pollard was focused on prison ministries and providing people leaving the prison population with real life work skills for their re-entry into society. He said that any proposal that Mr. Pollard was working on would have his wholehearted support. Chair Gaetz asked if there were any members of the public who wished to be heard on the proposal. **Mr. Lee made a motion to move Proposal #65 – Bay Youth Summer Services Program to term sheet negotiations. The motion was seconded by Mr. Bense. On a roll call vote, the motion passed unanimously (6-0.)**

Dr. Harper introduced Proposal #153 – Gulf County School District Unmanned Aircraft Systems Certification Training and gave a brief explanation of the proposal. He said the School District will provide the training and is requesting \$750,000 from Triumph Gulf Coast with the district providing the remaining funding to pay for salaries and costs of the program going forward. The program will train students and be adapted for the region to support AgroSciences applications along with standard applications of the use of unmanned aircraft. The program would be fully implemented and self-sustaining at the end of the third year of the program. He outlined the schedule for student certification and said that the cost per student would be \$1430 for high demand, high wage jobs that appear to be well matched for the area. He gave the proposal a score of “A” and recommended it to move forward to the term sheet negotiation phase.

Chair Gaetz asked how those students would be absorbed into the Northwest Florida economy. Dr. Harper said that with agricultural applications, and what the school district has heard, for example with public utility companies moving in this direction, the literature projects that there is a current shortfall in these certifications and that these jobs would match up with those shortfalls. He said not all applications are even known at this point. Mr. Lee asked if these jobs would apply to the fishing industry as well. Dr. Harper indicated that it would apply. Mr. Warren Yaeger, on behalf of the Board of County Commissioners, read a letter from the County Commission into the record in full support of this proposal. (Letter included in September 12, 2018 Meeting Materials) Mr. Yaeger noted that a new industry in this field was being announced in Gulf County on the following day and that this application could not be more timely. Mr. Shoaf concurred and thanked everyone for this proposal that will serve both of the high schools in the county and feed the workforce pipeline for the new industry. Chair Gaetz reiterated the importance of the fact that the proposal will become self-sustaining over time, and that the school district will need to keep the program going in the future. The Chair asked if there was any member of the public that wanted to testify on the proposal. No one came forward to speak. After concluding the discussion, the Chair asked for a roll call vote on the proposal. On a roll call vote, the proposal was moved to term sheet negotiations (6-0.)

#### Public Comment

Mr. Paul Renfro, Panhandle Affordable Housing, noted that he had just submitted a pre-application that has not yet been reviewed or scored by staff. He said that he wanted to submit bundles of brochures about the unique building methods that he proposes to incorporate into the proposal. His goal is to provide affordable housing to support a growing workforce in the region by building a 10-unit complex. (Brochures made available to members after the meeting.)

Dr. Jack Rudloe, Gulf Specimen Marine Laboratories, told the members that his organization has just submitted its full application for consideration. He noted that the lab is over 50 years old and provides environmental education and marine specimens for research projects throughout the region. He said approximately 20,000 students a year come through the facility to experience marine life and learn about the ecosystem on field trips. He said that his facility led the development of the cannonball jellyfish fishery in the region which is now a multi-million export industry. The submitted proposal requests \$4.9 million that will employ approximately 19 people over a period of years at a development cost of approximately \$39,000 per job which he said would have a major impact in the small fishing community of Panacea in Wakulla County. The lab is now training students from FSU, FAMU and TCC on aquaculture techniques, management of closed systems aquaculture tanks and aquariums, and keeping sharks, sea turtles and other marine life alive. The lab has a sea turtle rehabilitation program, as well. Dr. Rudloe provided a magazine in which the sea turtle and intern programs are featured to each of the members. He asked for favorable consideration of the proposal.

Mr. David Penzone, consultant for the City of Pensacola Airport MRO Proposal, came forward to thank staff for assistance in advancing the proposal through the process. He said that as a positive consequence of the support of Triumph Gulf Coast, other funding partners are much more comfortable with becoming participants in the project. He thanked the Board for that support.

There being no further business, the meeting was adjourned at 3:45 p.m. CT.