

**DRAFT Meeting Minutes
Triumph Gulf Coast, Inc.
Bay County Commission Chamber
Bay County Government Center
840 West 11th Street
Panama City, Florida 32401
February 25, 2019
10:30 a.m. CT**

Members Present:

Allan Bense, Vice-Chair
Pam Dana Ph.D.
Don Gaetz, Chair
Ben Lee
Stephen Riggs, IV, Treasurer
Jason Shoaf (by telephone)

Chair Don Gaetz called the meeting to order at 10:30 am CT. He welcomed everyone to the meeting and thanked the Bay County Commission for allowing Triumph Gulf Coast to meet in the Commission Chambers.

Executive Director Susan Skelton called the roll and announced that all members were present.

After review of the Minutes of the January 14, 2019 and February 8, 2019 Board Meetings, the Minutes were approved without objection (6-0).

Mr. Stephen Riggs, IV presented the Treasurer's Report. **On a motion by Mr. Riggs, with Mr. Ben Lee offering a second, the January 2019 Financial Statement was approved unanimously (6-0).**

Mr. Riggs offered a Proposed Operating Budget amendment. **On a motion by Mr. Allan Bense, with Mr. Riggs offering a second, the amendment was adopted unanimously (6-0).**

Mr. Riggs presented a Letter of Engagement renewal for Tipton, Marler, Gardiner and Chastain CPA firm for consideration of the Board. Mr. Bense and Mr. Lee each noted that the firm did work for them on other business and abstained from the discussion and vote. Mr. Riggs noted that the firm had performed in an excellent manner and Ms. Skelton pointed out that the firm had been working in difficult circumstances after Hurricane Michael when their main office was destroyed, but that the work product had always been excellent regardless of the circumstances. **On a motion by Mr. Riggs, with Dr. Pam Dana offering a second, the Letter of Engagement was approved by a vote of 4-0 with Mr. Bense and Mr. Lee abstaining.**

Mr. Riggs presented a Letter of Engagement renewal for Warren Averett CPA firm for consideration of the Board. Dr. Dana noted that the firm did work for her on other business and abstained from the discussion and vote. **On a motion by Mr. Riggs, with a second offered by Mr. Bense, the Letter of Engagement was approved by a vote of 5-0 with Dr. Dana abstaining.**

Ms. Skelton introduced Mr. Randy Lewis, AIA, - Construction Management Review Consultant and noted that Mr. Lewis and Program Administrator Cori Henderson would be conducting their first site visit for grant award compliance review at the Port of Panama City later in the day. The Board welcomed Mr. Lewis and asked about how he would be conducting the site visit. Mr. Lewis said the first visit would be to get acquainted with the site. He said he had reviewed all of the documentation on the project and would be looking to verify the information provided in the document, including visual inspection, providing photographic evidence of work performance, and construction progress. He said that he did not anticipate any problems but would be checking to be sure that the paperwork correlates with actual performance. Mr. Bense asked, for the record, if Mr. Lewis is doing any work for his companies. Mr. Lewis said that he was not doing any work on any of Mr. Bense's companies' projects. Mr. Lewis said he would report back in writing. Ms. Skelton noted that Triumph Gulf Coast uses an electronic reporting system and that Mr. Lewis' work would be incorporated into that reporting system so that all of the information needed by our accountants and auditors is available in one location.

Ms. Skelton said that the Auditor General's Office Audit has reached the management level of review and the next step would be for the audit to go to the Office of General Counsel and then finally to the Auditor General. There is still no final date offered by the Office of the Auditor General, but the process continues to move forward. Chair Gaetz asked if our CPA firm had any concerns to date. Mr. David Tipton, Senior Partner of Tipton, Marler CPA Group, said that there did not appear to be any particular areas of concern, and that the Auditor General's staff had indicated early on that this audit was more in-depth than normal simply because it was the first one on Triumph Gulf Coast, which is a new entity.

Ms. Skelton noted that at the February 8, 2019 Special Board Meeting of Triumph Gulf Coast, the Board set aside \$15 million for the creation of Hurricane Michael Major Disaster Recovery Program and tasked staff with developing a process for the distribution of those funds in the counties of Bay, Franklin, Gulf and Wakulla based on their major disaster declaration status. The Board indicated that it seemed appropriate to focus on the prospective ad valorem tax losses for the counties, and its component entities, due to the need to restore and/or maintain public operations so that a healthy economic environment can be re-established. This goal is consistent with the statutory confines of Triumph Gulf Coast operations and was determined to be a way to help these counties, their incorporated cities, and school districts to provide stable government services until more long-term solutions can be established at the state and federal government levels. She then deferred to Mr. Lee, whom the Chair had designated as the lead Board member in development of the process.

Mr. Lee said that he had been working closely with staff and legal counsel to develop the streamlined application process for the program that will be presented for Board consideration. He said that the goal was to make the process as easy and straight forward as possible for the four applicants in order to get the funding to the governments as quickly as possible. He said that he was comfortable with the proposal and asked Ms. Skelton to continue with the presentation of the proposed process.

Ms. Skelton explained the "IMPORTANT" Announcement language that will be attached to all future Triumph Gulf Coast applications and will require that any applications currently pending for consideration of the Triumph Gulf Coast Board, or future applications, for proposals located in any of the four named counties will need to provide documentation of support of the local Board of County Commissioners that indicates that the proposal is a part of the post-hurricane recovery efforts in that county. She said that the new notification would be posted immediately after the meeting.

Under the proposed process, each of the four counties would submit one application that would be inclusive of the county itself and each of incorporated cities within the county as well as the school district that would provide an estimated ad valorem tax loss for FY 2019 for each of the entities. The application would require the applicant county to provide certified ad valorem tax information for FY 2017 and FY 2018 along with an estimated tax loss for FY 2019 to be provided by the Property Appraiser based on the best information available at the time of the application. She said the proposal would be to have Triumph Gulf Coast consider funding up to 50% of the estimated ad valorem tax loss for each of the entities. She said that the 50% recommendation was an attempt to assure that the funding available would be able to be spread to each of the four counties based on their need. If there were funds left after the initial disbursement, the Board could consider offering more than the 50%, or the funds could go towards other hurricane related priorities within the confines of statutory authority. **Ms. Skelton asked that the Board recognize that this process is not a part of the regular Triumph Gulf Coast process and asked for permission to suspend the requirement for Pre-Application and Term Sheet Negotiation steps provided for in the regular review process in order to expedite disbursement of the funds to the governments in immediate need.** She said that a Grant Award Agreement would be offered to each of the applicants and that with all things working in concert, staff could make recommendations for disbursement of those funds as early as late April. She said that staff had checked with administrators in the counties and that there did not seem to be any concerns about having a short application timeframe and that the application itself should not take much longer than 30 minutes to complete once the estimations had been compiled by the Property Appraiser.

Ms. Skelton indicated that one of the considerations at the staff level was requiring a representative of each local entity to attend a workshop with the Division of Emergency Management (DEM) to be hosted by Triumph Gulf Coast for the purpose of assuring that the entities had all of the necessary resources to properly apply for Federal Emergency Management Agency (FEMA) reimbursement or grant programs. She said that details of such a workshop are still being discussed with DEM, but that the application process could be put into effect with an expedited deadline for completion by the counties almost immediately. She noted that the funds were intended to be an emergency relief mechanism to get money into the hands of the local entities as soon as possible to be used for beginning the rebuilding process for projects that would ultimately be reimbursable by FEMA. She said the cash advance is critical to getting these projects started. Additionally, Ms. Skelton noted that the Legislature is expected to have some sort of hurricane funding package, but that the nature and extent of that source of relief has not yet been determined.

Mr. Jason Shoaf asked if drawing on these funds would go against their \$15 million per county allocation pursuant to statute. Ms. Skelton responded that the Hurricane Relief Program is a separate set aside and would not impact the counties' ability to receive the full \$15 million per county required by statute.

Chair Gaetz asked how, as a practical matter, the process would occur. Ms. Skelton said that each county would reach out to each of its component entities and secure estimates from the Property Appraiser and Tax Collector for the FY 2019 ad valorem tax losses along with the certified FY 2017 and FY 2018 ad valorem tax collections. That data would be included in the application. In the event that the estimate is higher than the finally certified number on July 1, 2019, the envisioned clawback in the grant award would be the difference between the estimate and the certified number. The performance metric would simply be the delivery of the funding to the county for its normally allowable uses. Mr. Scott Remington, legal counsel, noted that at the

February 8, 2019, meeting the Board voted to add grants that would assist in the recovery from Hurricane Michael as a discretionary priority for the recovery and diversification of the economy in those counties affected by the storm. He said that the Board had the authority to create the additional priority pursuant to s. 288.8014, F.S., and once the priority was added the Board now has the authority to make awards for that purpose pursuant to s. 288.8017, F.S. He said that part of the purpose of designing the new application was to provide the new priority as an option for applicants to check as a reason for applying for funding. Dr. Rick Harper, economic advisor, said that sufficient data would be provided by the counties to allow for appropriate review to verify that the funds have been put to appropriate uses. Chair Gaetz noted that there is not an implied assent that there is a guarantee of 50% being paid, but that the 50% is a ceiling, not a guarantee. Ms. Skelton said that until the applications come in, it is impossible to know what the final payment by Triumph Gulf Coast would be, but it is clearly “up to %50.”

Chair Gaetz remarked that after Dr. Dana’s comments about a state loan program used to great effect after the 2004 storm season, staff did research and found the legislation creating the loan program and other hurricane related legislation that passed during the 2004-A Special Session, which was presided over by Speaker Bense. That research has been shared with our legislative delegation so that they may have it available to inform any decisions to be made about a hurricane relief legislative package. Mr. Bense said that the next payment from BP of \$80 million is due soon and he believes that the effort by Triumph Gulf Coast to assist in the hurricane recovery is important, but Triumph Gulf Coast cannot take care of the hurricane response by itself. He said that working with the delegation has been collaborative.

Mr. Riggs asked how the process will occur. Ms. Skelton said that once the applications are in and reviewed by staff, there would be a 14-day notice period before the Board finalizes votes on grant awards. **Mr. Lee said that attendance at the proposed workshop should be a requirement to receive funding but should not hold up the review process.** Ms. Skelton indicated that the purpose of the workshops is for the local governments to have access to DEM staff to ask questions and to be assured that they are going through the process in the best possible way.

Chair Gaetz said that the Board would need to give staff the authority to go forward with the application process.

He noted that Triumph Gulf Coast has already committed \$25,650,000 to projects in the four counties as of today. He said that even if the only projects to be funded in those counties were to come from the statutorily required set aside (currently \$15 million per county), Triumph Gulf Coast is still committed to spending at least another \$34 million in the hurricane affected counties. For all proposals coming forward from Bay, Franklin, Gulf, or Wakulla Counties, the local County Commissions will need to affirm that the proposals are critical to post-hurricane recovery. **He said that he would like to ask the Board to consider requiring each project going forward, not including those already negotiated or those from the special Hurricane Michael Major Disaster Relief Program, but all other applications to have a document attached from the relative Board of County Commissioners attesting that the proposal is an approved component of that county’s post-hurricane economic recovery effort. He said the timeframe for the attestation would be at the discretion of the Board, perhaps a year or until the Board determines it appropriate to remove such a requirement. There was no objection to including the attestation on the full regular application.**

Mr. Riggs made a motion to proceed with the expedited application process as described by staff, including the updated language to the full application. The motion was seconded by Dr. Dana.

Mr. Bense reiterated that the \$60 million already earmarked for the four affected counties will not be affected by the Hurricane Michael Major Disaster Relief Program funding to provide emergency cash flow relief to those counties.

On a roll call vote, the motion passed unanimously (6-0.)

Mr. Remington gave an overview of the proposed Grant Award for Proposal #69 – FSU Marine Lab – Apalachicola Bay System Initiative - \$7,998,678. He noted that all of the material elements of the Term Sheet previously approved by the Board are incorporated into the proposed Grant Award. Dr. Harper said that this proposal recognizes the importance of the scientific research needed to restore the Apalachicola Bay System for the economic recovery of the region. In addition to the letter provided by the Franklin County Board of County Commissioners in continued support of the proposal post-hurricane, Chair Gaetz noted that he had spoken with Commission Chair Noah Lockley this morning and he said that, "...this project is an approved component of Franklin County's post-hurricane recovery." Chair Lockley went on to say that this proposal is the only way forward for the county. Commissioner Joseph "Smokey" Parrish spoke in favor of the proposal and said that everyone wants Apalachicola Oysters and that the need for research is critical to the future of the industry in the region. Chair Gaetz asked if there were any other members of the public that wanted to speak on the proposal. No one came forward to speak.

Mr. Bense made a motion to approve the Grant Award for Proposal #69. The motion was seconded by Mr. Lee. On a roll call vote, the Grant Award was approved unanimously (6-0.)

Mr. Remington gave an overview of the proposed Grant Award for Proposal #98 – Walton County Sheriff – Vocational/Technical Training Program - \$2,217,965. He noted that all of the material elements of the Term Sheet previously approved by the Board are incorporated in the proposed Grant Award. Dr. Frank Fuller, education specialist, noted that this proposal reaches a difficult segment of the economy, working with re-entering inmates, and the work of the Walton County Sheriff and his team should be commended. Chair Gaetz asked if any member of the public wanted to be heard on the proposal. No one came forward to speak.

Mr. Lee made a motion to approve the Grant Award for Proposal #98. The motion was seconded by Dr. Dana. On a roll call vote, the Grant Award was approved unanimously (6-0.)

Mr. Remington indicated that the City of Panama City has submitted a new application (Proposal #185) and staff is reviewing the new application. Mr. Remington said that the application seems to address the statutory requirements that were problematic with the original application by Eastern Shipbuilding (Proposal #55 – Eastern Shipbuilding Group, Inc. – Manufacturing and Haul Out Facilities - \$20,025,000) but he said he needed to review all of the details of the new proposal before declaring it to be completely absolved of the earlier concerns. He said he hoped to be able to present at Term Sheet for consideration at the next Board meeting. Dr. Harper said that he was not yet ready to comment on the economic impacts of the new proposal.

Mr. Remington said that negotiations were ongoing with the City of Pensacola and VT MAE in the drafting of a final Grant Award Agreement for Proposal #120 – City of Pensacola Airport MRO Aviation Campus - \$56,000,000. Mr. Bense asked about a possible local referendum on whether the City had the authority to expend funds on the proposal. Mr. Remington said that he had just been made aware of the issue and that he would need to research whether the expenditure of those city funds is subject to the possible referendum. He said he would keep the Board apprised of his findings. Mr. Lee noted that the actual amount of the proposal should be noted as \$66,000,000. Chair Gaetz reiterated that the amount and terms that Triumph Gulf Coast has approved is the “best and final” offer of Triumph Gulf Coast.

Ms. Cori Henderson, Program Administrator, reported that Triumph Gulf Coast continues to meet regularly with applicants, pre-applicants and interested parties, including collaborative discussions with economic development teams and potential prospects on some exciting proposals that are currently confidential under the state’s non-disclosure agreements with the prospects. She noted that staff hopes that at least one of those proposals will be able to be discussed at the next Board meeting. She said that the Regional Planning Councils are collaborating with the federal Economic Development Administration (EDA) to work with hurricane affected counties to secure assistance and there may be potential for future participation by Triumph Gulf Coast. Ms. Henderson that as of last Friday, Triumph Gulf Coast had received 183 pre-applications totaling requests of just over \$1,471,000,000. She said that staff continues to review pre-applications for eligibility. As of last Friday, we have received 59 applications totaling requests of over \$526,000,000. Chair Gaetz asked if any new letters have been sent to applicants that have not received an economic review score of A or B. Ms. Henderson said that staff has been focused on standing up the Hurricane Michael Relief Program so no new letters have been sent, but that she anticipates more to be sent prior to the next meeting.

Dr. Dana made a motion to approve the Program Administrator’s Report. Mr. Riggs seconded the motion. The motion was adopted without objection (6-0.)

Chair Gaetz asked Dr. Fuller if he would consider performance of compliance reviews on behalf of Triumph Gulf Coast for the education focused projects approved by the Board. He directed the Executive Director to address changes to Dr. Fuller’s engagement to allow for such activities.

Dr. Gary Ostrander, Vice-President of Research – Florida State University, thanked the Board and the staff for the professional and transparent manner in which their organization was treated in going through our awards process.

There being no further business, the meeting was adjourned at 11:41 am CT.