

December 20, 2019

The Honorable Ron DeSantis,
Governor
Plaza Level
The Capitol
400 South Monroe Street
Tallahassee, Florida 32399

The Honorable Jose Oliva
Speaker
The Florida House of Representatives
420 The Capitol
402 South Monroe Street
Tallahassee, Florida 32399-1300

The Honorable Bill Galvano
President
The Florida Senate
409 The Capitol
404 South Monroe Street
Tallahassee, Florida 32399-1100

VIA ELECTRONIC AND U.S. MAIL

RE: Triumph Gulf Coast, Inc. Semi-Annual Report July 2019 – December 2019

Dear Governor DeSantis, President Galvano and Speaker Oliva:

Triumph Gulf Coast, Inc. continues to provide funding for high wage economic development projects and workforce training to support new opportunities across the eight counties that were disproportionately affected by the 2010 BP Deepwater Horizon disaster. The need to promote a wider and stronger economic base is the driving force behind the work of our organization.

In the aftermath of Deepwater Horizon, the Legislature directed the Attorney General to seek economic damages from BP and set aside three-fourths of the \$2 billion settlement approved by the federal court to help diversify and strengthen the disproportionately affected coastal economy. (s. 288.8011, F.S. and s. 288.8012, F.S.) The Legislature established Triumph Gulf Coast as the repository and administrator of \$1.5 billion to be paid by BP over 15 years (s. 288.8013, F.S.) The remaining \$500 million in oil spill damage funds are paid by BP directly to the state for the unrestricted use of the Legislature.

Triumph Gulf Coast focuses on bringing high wage jobs and workforce training to supply the pipeline of skilled workers for these jobs across the region. We fund public infrastructure and career and technical education projects that enhance and support high quality economic growth. These projects are intended to generate high returns on investment (ROI) to improve family incomes and living standards by building productive assets and human skills that otherwise would not exist in Northwest Florida. In providing funding for these projects and programs, we recognize that not all our counties are capable of supporting the same levels of development. For this reason, Triumph Gulf Coast has been willing to provide higher levels of funding for some jobs and training in our rural counties (Franklin, Gulf, Wakulla and Walton) to compensate for economic obstacles in those areas.

Triumph Gulf Coast received its initial \$300 million payment from BP in June 2017. Since that time, we have approved over \$243 million in support of 29 projects located in all eight of the counties disproportionately affected by the Deepwater Horizon oil spill (see Attachments A and B).

Twenty of those projects, accounting for over \$211 million, are under contract and underway. The remaining nine projects have been approved by the Triumph board subject to final contracts which are now being completed.

Conforming with s. 288.8017, F.S., Triumph projects approved to date focus on public infrastructure, career and technical workforce training and ad valorem property tax relief.

As validated by Triumph's economist, a minimum of 4,975 new direct jobs and 7,517 new indirect and induced jobs will be created by infrastructure approved by the Board by December 31, 2019. Direct jobs are contractually guaranteed, subject to enforceable clawbacks and pay higher than the prevailing wage. For projects approved the cost to Triumph per new direct job is \$40,794, which compares favorably with competitive economic development projects around the nation.

The projects which are primarily focused on career and technical workforce training are contractually required to produce national industry certifications in trades and vocations in high demand in the region, with specific linkage to the aerospace, shipbuilding, manufacturing and transportation projects supported by Triumph. The cost to Triumph per high demand certificate is \$3,527, substantially less than the price students, parents and employers would otherwise pay for the same training.

Triumph is working closely with the counties declared national disaster areas to determine how Hurricane Michael may have changed their priorities for Triumph funding. The Triumph board is mindful that our mission of creating and sustaining jobs and a qualified workforce is more important than ever in the post-hurricane economy.

As such, Triumph Gulf Coast committed \$15 million to a Hurricane Michael Major Disaster Recovery fund to be used to offset local government ad valorem tax losses caused by short-term decline in property values. Franklin and Wakulla counties informed Triumph they did not expect such losses. Consequently, the entire \$15 million was distributed to Bay and Gulf County local governments and school districts for immediate relief. Triumph requires the county commissions of the four hurricane-affected counties to affirm each and every project proposed from those counties as being important to their post-hurricane economic recovery.

A need for skilled construction workers continues to slow the progress of recovery across the hurricane affected counties and their neighbors. Triumph Gulf Coast will provide funding to allow for up to 220 new construction workers per year to be trained in high-demand skills at the region's technical schools for up to three years as the demand continues. At its December 18, 2019 meeting, the Triumph board voted to commit up to \$1.4 million in funding for skilled labor CAPE certifications for carpentry, electrician, plumbing, HVAC and pipefitting, and recruitment of students to fill the work needs of the area.

in 2020. If the program is successful in providing the needed workforce, it will be continued with additional funding through 2022.

Since its first meeting in July 2017, Triumph Gulf Coast has received 215 pre-applications requesting awards that total over \$1,1643,000,000. Of those, 77 applicants have elected to submit completed applications requesting over \$615,500,000. All pre-applications and completed applications can be viewed at www.myfloridatriumph.com. (see ATTACHMENT C)

Each proposal is reviewed to determine whether it is qualified under the Triumph statutes and, if so, is then evaluated by our economic advisor for return on investment, including creation of high-paying, sustained jobs. As required by law, proposals are graded “A” through “F” based on detailed economic analysis. Proposals scored as “A” or “B” are eligible for presentation to the board for funding. After receiving initial approval by the board, applicants work with Triumph legal counsel and consultants to agree on a term sheet stipulating metrics of performance, funding schedules and participation of other funding sources. Then an award contract is agreed to by all parties. Our board requires that every Triumph dollar be matched by private sector risk capital, local government funds or other resources. To date, the Triumph funding for approved projects has attracted commitments of over \$650,000,000 in matching investment from the private sector and local, state and federal governments.

For infrastructure projects, we expect an average of \$59 dollars in additional personal income for every dollar of Triumph funds expended. For Career/technical education projects, we expect an additional \$41 dollars in personal income for every dollar of Triumph funds expended. These benefit/cost ratio numbers are likely to be conservative as we use a 20-year window to project benefits (i.e., additional personal income), while the work life expectancy of someone received additional certifications may well be longer than 20 years. The same is true for the lifespan of infrastructure funded by Triumph awards.

Under s. 288.8013 (2)(d), F.S., Triumph Gulf Coast operates within overhead limits of $\frac{3}{4}$ of one percent of the funds it receives and manages. This includes one salaried employee, one full-time contract employee, three part-time consultants including an economist, a workforce education specialist, and a construction management expert along with the professional services of legal counsel, accountants and other minimal operating expenses. The seven member board of directors serves without pay.

In addition to its regular and ongoing activities, Triumph’s board members and staff worked with the Auditor General’s Office on its Second Annual Operational Audit. The audit (Attachment D) took five months to complete, was transmitted in November and had one de minimis recommendation.

Triumph Gulf Coast conducts its business in public meetings properly noticed, encourages public comment, complies with all public records laws and is bound by specific ethical and conflict of interest standards (s. 288.8014, F.S.) Board members are appointed from the private sector by the Governor, Attorney General, Chief Financial Officer, Senate President and House Speaker for specified terms and cannot be reappointed. In turn, the board appoints and employs an Executive Director, Ms. Susan Skelton.

The members of the Triumph board are:

- Don Gaetz, Chair, health care and development investments, former Senate President, term ending June 30, 2022 (appointed by Speaker of the House)
- Allan Bense, Vice Chair, President, GAC Contractors, Inc., former House Speaker, term ending June 3, 2022 (appointed by Senate President)
- Stephen Riggs, IV., Treasurer, CPA, Carr, Riggs, Ingram, term ending June 3, 2021 (appointed by CFO)
- Dr. Pam Dana, charter boat owner, economist-businessperson, term ending June 3, 2021 (appointed by Attorney General)
- Ben Lee, regional banking executive, term ending June 3, 2022 (appointed by Speaker of the House to fill vacancy due to resignation of Bob Bonezzi)
- Lewis Bear, Jr., CEO, Bear Distributing, term ending June 3, 2021 (appointed by Governor DeSantis to complete the original term of Mr. Stan Connally, Jr.)
- Matt Terry, a real estate appraiser, term ending June 30, 2022 (appointed by Senate President to fill vacancy due to resignation of Jason Shoaf. Mr. Shoaf was elected to the Florida House of Representatives in a Special Election on June 18, 2019)

Triumph board members understand and agree to uphold the stewardship obligations we have undertaken in carrying out the Legislature's mandate. We are grateful for the opportunity to serve our communities and our state.

Respectfully,

A handwritten signature in black ink, appearing to read 'Don Gaetz', with a stylized flourish at the end.

Don Gaetz, Chair

cc: Cabinet Members
Members of Northwest Florida Delegation
Members of Triumph Gulf Coast

ATTACHMENT A

TRIUMPH PROJECTS BY COUNTY

June 2017 – December 2019

BAY

Triumph Gulf Coast has entered into a Grant Award Agreement with the City of Panama City for \$20,000,000 for a major infrastructure improvement project at the Nelson Street port facility to assist Eastern Shipbuilding Group (ESG) to incentivize the continuation of the U.S. Coast Guard contract to construct vessels for its fleet. The proposal will create 900 new jobs in Bay County. **(Agreement executed on August 1, 2019)**

Hurricane Michael Major Disaster Recovery Program Funding for Ad Valorem Tax Loss Replacement for Bay County, the Bay County School Board, and Municipal Taxing Authorities in the county - \$10,728,316. **(Grant Award approved April 29, 2019 and funds delivered within two days.)**

Award to the Bay County School District for the Tom P. Haney Technical Center to modernize its HVAC training program. The program includes a pilot program requiring Haney to offer skills upgrade training to graduates using the new equipment and certification programs. The grant request is for \$615,000. **(Grant Award signed on September 25, 2018 and reaffirmed on April 29, 2019 with a Force Majeure extension of one year due to damages from Hurricane Michael)** *This grant award was increased by \$233,955 on October 4, 2019 as a result of increased construction costs due to market conditions after Hurricane Michael.*

The first grant approved by the Triumph board provides \$10 million to the Port of Panama City for a major expansion of port capacity. The project develops new East Terminal facilities that will support over 140 direct high-wage jobs at the port and more than 250 additional port dependent manufacturing and distribution jobs that could not locate in the region absent an expanded working port.

Triumph will pay for approximately 17% percent of the project with remaining funds coming from the Port Authority, the Florida Department of Transportation (FDOT) and the Florida Seaport Transportation Economic Development Council (FSTED). The total project cost increased after Hurricane Michael while Triumph's commitment remained the same. Triumph authorized the use of grant funds for an additional part of the project allowing the Port to drawdown additional (FDOT) funds to the project. **(Agreement executed on June 12, 2018 and amended on June 20, 2019)**

A Bay County proposal that had moved to the Contract Negotiation phase immediately prior to Hurricane Michael has been taken back up with the applicant pending recovery from the hurricane. That proposal for the Bay Summer Youth program will provide

funding for the continuation of an already successful minority outreach program to give underserved youth in the community real world experience in the business community through internships. The Triumph portion of the program will create a partnership with Gulf Coast State College to provide computer training and certifications to the young people participating in the program. Triumph Gulf Coast is waiting for the applicant to ask to restart the program for the Summer of 2020. **(Grant Award negotiations are continuing)**

ESCAMBIA

Triumph Gulf Coast voted to begin term sheet negotiations with the University of West Florida (UWF) for \$14,500,000 for cyber security, advanced manufacturing and supply chain logistics industry certifications. Through the Center for Cybersecurity, the Sea3D Additive Manufacturing Laboratory and the Hal Marcus College of Science and Engineering UWF proposes to produce a minimum of 3,220 industry certifications and provide career pathways to high paying jobs across the region. **(Board approved staff recommendation to move to Term Sheet negotiations on October 4, 2019)**

Triumph's largest award to date is a \$66,000,000 grant to the City of Pensacola in Escambia County for expansion of its Commercial Aviation Maintenance, Repair & Overhaul (MRO) Facility at Pensacola International Airport. This project follows the recent opening of the first new MRO hangar at the Pensacola International Airport. At full buildout the MRO Aviation Campus's four MRO hangars, administrative building, warehouse and shop space will house over 1,725 new jobs and cost \$334,825,000.00. According to information presented to the Triumph board, jobs created by its award will pay an average annual salary of \$44,461, plus benefits, per employee. Triumph's award represents 17% percent of the total project cost. Additional project funding partners include the City of Pensacola, Escambia County, the State of Florida/Florida Department of Transportation, Florida Job Growth Grant Fund, VT Mobile, Aerospace Engineering, and the Industry Recruitment, Retention and Expansion Fund. **(Grant Award Executed on April 29, 2019.)**

Triumph is in Grant Award Negotiations for a \$2,329,302 workforce education proposal presented by the Escambia County School District that would train skilled workers to fill new job opportunities associated with the MRO project. **(Grant Award Agreement in negotiation.)**

FRANKLIN

The Triumph Board entered into a grant award agreement with the Franklin County School Board (FCSB) for \$1,215,000 for the second phase of their Environmental, Career

and Technical Training plan. Phase II will add digital tool certifications for 4th and 5th grade students. At the high school level it will create opportunities to earn Healthcare, Unmanned Aerial Systems (UAS) Safety certifications and Visual Line of Site System Operator certifications in a state designated Rural Area of Opportunity.

Participating in these pathways will afford students new opportunities for success in secondary school. It will also broaden their awareness of college and career pathways. The earning potential for these students will be increased due to their knowledge and increased skills. The certificate programs will provide students with skill sets that are in demand and surpasses the wages of most of the hospitality related jobs currently found in the community. **(Agreement executed November 20, 2019)**

Triumph Gulf Coast has agreed to partner with the Florida State University to provide focused research and assistance in producing future commercial products to assist in the restoration of the oyster industry and ecosystem in the Apalachicola Bay System. The Florida State University Coastal & Marine Laboratory (FSUCML) in St. Teresa (Franklin County) has requested \$7,998,678 from Triumph Gulf Coast, Inc. to gain insight into the extent of deterioration of the reef system and the underlying causes of the observed decline resulting in a plan of action for recovery of the oyster reefs and the health of the Bay. The overarching objective of Apalachicola Bay System Initiative (ABSI) is to provide information and tools that will facilitate the recovery of the Apalachicola Bay ecosystem, which is critical to the economy of Franklin County. The objective will be met by understanding the trajectory of change in physical structure and water flow over time, monitoring oyster recruitment and survival, and conducting laboratory and field experiments that inform predictive models of oyster productivity. **(Grant Award executed on March 15, 2019)**

Triumph Gulf Coast is partnering with the Franklin County School District to support the Franklin Environmental, Career and Technical Center which will train students for targeted industries such as welding, health related fields, environmental fields, and manufacturing once all phases of this project are completed. The center will provide job opportunities for high school graduates above and beyond any that have ever been available to them. The Franklin Environmental, Career and Technical Training Center will serve both Franklin County students and the community. The School District's goal is for all students to graduate having earned industry certifications which will afford them the opportunity to enter the work force at pay levels above those of the typical high school graduate. Triumph will provide \$2,327,322 over a 2.5 year period to assist in providing instruction and training that will result in awarding industry certifications. Lively Technical Center (in Tallahassee), and the Apalachicola Bay Charter School will participate along with the local school district in administering the training program. **(Grant Award Agreement signed January 25, 2019)**

The Board voted to move to term sheet negotiations on a proposal from City of Apalachicola for improvements to the Scipio Creek Basin boat yard, landing docks, and the historic Popham house. This negotiation was placed on hold pending the City's assessment of hurricane damage. Triumph Gulf Coast is still waiting to resume negotiations based on that assessment. The Triumph request of \$1,100,000 represents 24.7 percent of total project cost of \$4,454,596 over the 15-year (2010 – 2025) implementation of the multi-facility Port of Apalachicola strategic plan. **(Term Sheet pending. Applicant has requested post-hurricane changes to original request)**

GULF

The Gulf County School Board was awarded a \$125,000 Triumph Gulf Coast grant to expand the agriscience industry certification program at Wewahitchka High School (WHS). The Triumph grant will be used in part to purchase equipment for the program. The curriculum teaches a variety of skills resulting in students being employable in several professions. Students enrolled in the agriscience program will also be able to obtain certification in Agricultural Use of UAS Technology. The unmanned aircraft (drone) industry certification program being established at WHS through a separate Triumph grant, includes curriculum to support agriculture applications (soil and field analysis, livestock and crop monitoring, health assessment, etc.). For this project, the gain in projected discounted personal income over the 2019 – 2038 period divided by projected cost to Triumph yields a ratio of \$19 dollars in projected personal income gain for every dollar of Triumph Gulf Coast cost. **(Agreement executed on August 12, 2019)**

Gulf District School District's request for \$250,000 in Triumph Gulf Coast grant funds for the expansion of a welding program at Wewahitchka High School (WHS) will provide welding instruction via a certified welding instructor to high school students and retrofit of an existing vocational building on WHS's campus. The primary objective of the program is to produce high school graduates with industry certification in the field of welding. Prior to Hurricane Michael, this area was ripe for the development of ports, maritime-related companies, and growing shipbuilding industries. A large agriculture company in the community placed job postings for Mechanic/Welder positions. There is an ongoing need for graduates with welding certification and skills. Hurricane Michael left unfathomable damage in its wake, but in doing so created more demand for skilled laborers such as welders. For this project, the gain in projected discounted personal income over the 2019 – 2038 period is \$67,849 per completer, and the projected cost to Triumph is \$5,000 per completer, for a ratio of \$14 dollars in personal income gain for every dollar of Triumph Gulf Coast cost. **(Agreement executed on August 12, 2019)**

Hurricane Michael Major Disaster Recovery Program Funding for Ad Valorem Tax Loss Replacement for Gulf County, the Gulf County School Board, and Municipal Taxing

Authorities in the county - \$4,271,683. **(Grant Award approved April 29, 2019 and funds delivered within two days.)**

The Triumph Board approved an agreement with Gulf County School District (GCSD) that will result in industry certifications in subject areas pertaining to unmanned aircraft systems (UAS). The request of \$750,000 represents 53.5 percent of total project cost over a 5-year period. GCSD will provide \$652,000 in instructor salaries and benefits as matching funds. A minimum of 200 students will obtain Small UAS Safety certifications, Agricultural Use of UAS Technology certifications or Visual Line of Sight Operator (VOS) certifications over the five years. UAS is a high demand and growing industry sector that is well-matched to the needs of the local economy. **(Agreement executed on April 29, 2019 and Force Majeure extension of one year approved due to Hurricane Michael Impacts)**

Gulf Coast State College is requesting a \$2,200,358 grant to expand the number of students who can be served in the nursing programs offered at the Gulf Franklin Campus. The funding would be used to purchase equipment, including human patient simulators; remodel existing facilities to accommodate the simulation equipment; and fund startup salaries of faculty until programs are self-sustaining in order to increase enrollment, completion, and job placement in the Certified Nursing Assistant (CNA), Practical Nursing (PN) and LPN to ADN Bridge (Registered Nurse) programs.

The College is committing to 289 completers over a six-year period, with an additional one-year grace period if needed to attain that cumulative number of completers. The requested amount represents 67.5 percent of total project costs of \$3,260,658. **(Board voted to move to Term Sheet Negotiations on December 18, 2019)**

OKALOOSA

Triumph Gulf Coast has entered into a Grant Award Agreement with Okaloosa County to provide \$64,100,000 million or 32.2% percent of the total costs for the construction of a new bypass road connected to a new I-10 exit southwest of Crestview. The project is expected to alleviate major traffic congestion that threatens the future viability of the military complex in the county. Military missions could be at risk due to extended response times because of traffic congestion in the area. Additionally, the opening of a new interchange on I-10 will create new business opportunities. **(Agreement executed December 3, 2019)**

Okaloosa County asked for assistance with water and sewer infrastructure in an industrial park east of Crestview to close deals to attract major employers to developable tracts. Triumph is partnering with the county government by providing \$1.5 million or 35.7% percent of the total costs of improving water and sewer infrastructure for the premier

Okaloosa County industrial site at Shoal River Ranch. The project is expected to attract more than 250 high-wage net new jobs within five years of site work completion. **(Agreement executed August 7, 2018)**

SANTA ROSA

The Santa Rosa County Board of County Commissioners has requested \$4,500,000 to complete infrastructure for the Blackwater Industrial Park for Project Runner, a confidential competitive economic development project. Additionally, the County has requested a \$3,500,000 grant over 10 years for property tax abatement for the same confidential competitive economic development project.

Project Runner has committed to create at least 400 new to Florida target sector jobs at an average annual wage of at least \$46,000 as well as capital investment by the company of at least \$50 million. The grants to Santa Rosa County would be part of a competitive incentive package that also includes property tax abatement and tax refunds from the county and state to win the project for the region. **(Board voted to move to Term Sheet negotiations, pending successful award of Project Runner to Santa Rosa County, on August 16, 2019)**

In Santa Rosa County, the Triumph Board's \$8.5M support of site development at Whiting Aviation Park is expected to create over 200 high paying jobs. This project is built on the investment Santa Rosa County made to purchase 267-acres adjacent to NAS Whiting Field and a unique MOU with The Department of the Navy for "through the fence" accesses for private companies. The total project cost is \$17,704,975 with Triumph contributing 48% of those costs. **(Agreement Executed January 17, 2019)**

The Santa Rosa County Board of County Commissioners is requesting \$3,484,728 in Triumph funds to construct 2,300 feet of roadway, a retention pond, and sewer system improvements to support Project Lionheart, a medical device and pharmaceutical distribution company seeking to expand in the county's I-10 Industrial Park. The improvements will be on county-owned and maintained property or easements, and the improvements will benefit the County and other future tenants. The total project cost presented in the application is \$10,316,728 and the Triumph request represents 33.8 percent of that total project cost (counting land acquisition of eight acres in the industrial park.)

The Triumph funding will be used to complete infrastructure construction to allow a distribution company to expand into the site with a new 100,000 square foot warehouse. The infrastructure will be maintained by the county.

The project will guarantee 90 full time jobs paying a before fringe benefits average of \$52,995 annually, which is 150 percent of EFI's 2019 average wage requirement for Santa Rosa County. Total match is \$6,472,000, of which the Santa Rosa County BOCC is providing

\$400,000 in land and \$72,000 in QTI match, while the State of Florida is expected to provide \$360,000 in QTI funds. The company will have a capital investment of \$6 million. It is expected that the project will take 36 months to complete. At that time, the three-year ramp-up period would begin, followed by a three-year job maintenance period. **(Board voted to move to Term Sheet Negotiations on December 18, 2019)**

WAKULLA

The Wakulla County School Board (WCSB) was awarded funding for \$1,780,000 to initiate an Unmanned Aerial System (UAS) Career Technical Education (CTE) program at Wakulla High School and provide additional computer technology programming for 3-5 graders at all four county elementary schools. With additional workforce development programs in place WCSB seeks to increase the median household income and move toward a state of less poverty in the community.

The major goal of grades 9-12 UAS/VSO CTE program is to provide the opportunity for students to attain industry-recognized credentials in a new and growing industry. It is anticipated students will earn more than one certification increasing their marketable skills. Students will be mentored about job availability at each exit point along their educational career routes. The programs aim to appeal to students' varying degrees of interests and abilities.

The UAS/VSO curriculum teaches students aeronautical components, such as maintenance and testing of flight skills, to earn their certifications. The Florida State University/Florida A & M, College of Engineering and with Inspired Technology, are partnering with WCSB on this project to invest in the education of an underserved, disproportionally affected population.

WCSB expects to enroll students in 200 certificate programs each year with approximately 100 UAS/VSO industry certifications completed each year. Students would receive fundamental digital tool certification prior to/or at the same time as industry certifications in more complex CTE programs such as UAS/VSO. The multi-faceted ability to work in commercial and private industries for consistent growth would provide students new opportunities. Data suggests approximately 50,000 new jobs in Florida with Northwest Florida areas gaining 40% of those.

In addition to anticipated aviation industry careers, the Wakulla High School UAS/VSO program would also provide content aligned with relevant technical training and skills to enhance careers in Transportation, Distribution and Logistics with competency-based applied learning for the jobs after high school.

For students in grades 3-5, the exposure to proper use of computer technology and safety protocols will enhance their awareness of opportunities for continued access in secondary school and translate into post-secondary opportunities. The earning potential for elementary students will be increased due to helping inform them on current trends in the job market. **(Agreement executed on October 21, 2019)**

An earlier Triumph project has significantly expanded career-technical education in Wakulla County by providing digital tools certification to 4th – 8th graders. The Wakulla project has already resulted in more than 400 students earning national industry certifications in information technology and will result in HVAC and automotive maintenance certificate programs over the next five years of the program.

The Wakulla County School District has a history of excellence in creating meaningful industry-recognized career training for its students. The prototype project brings training to the elementary and middle schools that will mesh with advanced training at the high school levels. The HVAC and automotive training will create well-paying jobs in business areas with high needs for skilled labor. **(Agreement executed July 23, 2018)**

WALTON

The Triumph Board has agreed to fund a joint application from the Walton Economic Development Alliance (Walton EDA) Walton County and the City of DeFuniak Springs requesting \$1,742,407 to extend water and sewer service along the west side of US 331 for nearly 4 miles. The extension would run from approximately 1-10 south to just north of Eglin Range Road. The EDA, in conjunction with the County, is currently negotiating for parcels of land along the corridor that would be suitable for business, industrial, and commercial development. The proposed project is located in a state designated Rural Area of Opportunity (RAO).

The County has committed to creation and maintenance of at least 100 new to Florida private sector jobs at the new development. The jobs will be Qualified Target Industry (QTI) tax refund eligible, paying an average wage of at least 115% of the County wage. The EDA has a commitment from a defense contractor for the creation of at least 35 new jobs at the new site. **(Agreement executed on December 18, 2019)**

Northwest Florida State College's grant award for \$2,763,716.00 for the Walton Works Training Center of Excellence at the College's Chautauqua Center in DeFuniak Springs creates a training hub in the northern part of Walton County, designated by the State of Florida as a Rural Area of Opportunity. The project will provide access to relevant training opportunities that are responsive to job demands and create a path to higher educational attainment and careers.

The Walton Works project targets five industry clusters that have high growth opportunities for Walton County and/or are identified in the Northwest Florida Forward, Florida Chamber of Commerce Foundation's Florida Jobs 2030, and West Florida Regional Planning Council's Comprehensive Economic Development Strategy (CEDS) 2018 reports. The programs proposed to be offered at the Walton Works Training Center of Excellence were strategically selected to produce workers with skills that are applicable across multiple occupations and transferrable to additional industry clusters identified as priorities by regional development entities.

The Walton Works Training Center will prepare students for 20 different occupations with an average wage of \$21.24/hr. Because the program will reach a large number of students in subject areas expected to see good job growth, and because the cost per student is low, it is reasonable to expect that the benefit/cost ratio for the program will be exceptionally high. Substantial increases in wages can be expected for program completers relative to wages associated with a standard high school degree. Assuming relatively conservative average annual increments to completers, and modest increments to completion rates, the program will likely drive substantial increases in net new wages, both initially and over the students' work life window. Further, the program is projected to be self-sustaining based on the per-full time equivalent (FTE) increment to funding provided by the state. For this project, the gain in projected discounted personal income over the 2019 – 2038 period is \$67,849 per person, and the projected cost to Triumph is \$1,760 per person, for a ratio of \$39 dollars in personal income gain for every dollar of Triumph Gulf Coast cost.

The project will establish the following workforce training programs:

- Industrial Trades (Electrical, Plumbing, Construction, Welding & Millwright);
- Cybersecurity;
- Unmanned Vehicle Systems Operations;
- Law Enforcement;
- Fire Science; and
- Emergency Medical Technician

(Agreement executed on August 16, 2019)

Triumph Gulf Coast has approved a grant award to the Walton County Sheriff's Office for a training and certification program that will benefit both its inmates, with training in welding, HVAC repair and computer skills, and its employees with computer skills training. Both cohorts will benefit by earning certifications in skills that can provide advanced employment opportunities. **(Grant Award Approved March 15, 2019)**

Regional Projects

Florida's Great Northwest (FGNW) is requesting \$440,000 to implement a research and marketing project targeted at diversification, enhancement, and recovery of the eight Triumph disproportionately affected counties. This requested amount represents 48.4 percent of total project costs of \$910,000. The project proposes to focus on three areas, return on investment (ROI) analysis for career and technical education (CTE) programs, supply and demand analysis for industry certifications, and marketing and promotion of regional workforce and training programs.

One of the most important issues to business executives as they consider locations to expand operations is current workforce availability and the future talent pipeline. Having competitive labor market supply data is key when educating companies on the region's workforce pipeline. The information will enhance FGNW and the region's business development efforts by providing more detailed data points which will be shared with business executives and site location consultants and at industry trade shows.

The Labor data analysis will also provide information needed in order for the region to better align resources and support targeted industries clusters with the workforce needed to remain competitive. The data can also be used by educator, parents and students to make informed decisions about career opportunities. **(Board voted to move to Term Sheet Negotiations on December 18, 2019)**

Triumph Gulf Coast staff has identified a need to assist with training of skilled construction workers in the aftermath of Hurricane Michael. The Hurricane Michael Skilled Labor Recovery Program to expedite that training in specific skills, to be delivered through the region's technical schools, has been designed to produce up to 220 CAPE certifications in carpentry, plumbing, pipefitting, electrician and HVAC in six months. Triumph will fund up to \$1 million at \$4500 per verified certification completion with up to an additional \$20,000 per technical school to support recruitment and expenses. The first year of funding would support a six month training period of April through August 2020. Should the program be successful in assisting the construction industry Triumph would consider extending the program for an additional one to two years based on need for services. Technical schools can work with private employers to coordinate training and must agree to retrain any student completing the program in the event that an employer is not satisfied with the original training. **(Board approved moving forward with the program and authorized expenditure of up to \$1.4 million for 2020 implementation)**

ATTACHMENT B
(Document Attached)
Annual Reports of Grant Awardees
October 2019

ATTACHMENT C
(Document Attached)
List of all Pre-Applications and Applications
July 2017 – December 2019

ATTACHMENT D
(Document Attached)
2019 Auditor General Audit

ATTACHMENT B

**Triumph Annual Grant Review
November 2019**

Triumph Staff reviewed the information provided by Grantees with education/workforce projects due for annual review under s. 288.8016 , F.S.

s. 288.8016, F.S. Triumph Gulf Coast, Inc.; duties.

(3) Monitor, review, and annually evaluate awardees and their projects or programs to determine whether an award should be continued, terminated, reduced, or increased.

Staff recommends the Board accept a recommendation to continue to fund:

#29 Wakulla School Board, Career and Technical Education	\$3,926,867
#143 Bay School Board, Haney HVAC Program Expansion	\$847,955
#148 Gulf School Board, Agri-Science Program Expansion	\$125,000
#153 Gulf School Board, Unmanned Systems Programs	\$750,000
#157 Franklin School Board, Phase I	\$2,327,322
#180 Gulf School District, Welding Program Expansion	\$250,000
#187 Northwest Florida State College, Walton Works	\$2,763,716

#29 Wakulla County School Board, Career and Technical Education Center

Wakulla County School Board was awarded a grant for \$3,926,867 and has received \$180,000 of the grant funds as of Sept. 30, 2019. The grant is to provide digital tools certifications at the elementary and middle school levels in addition to HVAC and automotive repair certifications at the high school level.

Triumph's Education Subject Matter Expert reviewed the program's progress towards their certification metrics and found student certification attainment be significantly ahead of schedule. Additionally, construction plans are at the 90% complete mark.

Staff reviewed the report provided by the School District, Triumph's Subject Matter Expert's report, construction plans, confirmed the District had sought donations from the community for the program and that their audited financials were uploaded.

#143 Bay School District, Haney HVAC Program Expansion

The Bay School District was awarded a grant of \$614,000 to expand and modernize the HVAC program at Tom P. Haney Technical Center. The award was increased to \$847,955 in October 2019 due to the significant impact Hurricane Michael had on Haney and the Bay County community.

The HVAC program continues to operate in a temporary location, currently serving 44 students. A total of 210 industry certifications have been earned, including NCCER levels 1-4 and EPA core-level 3. Construction is scheduled to start in the near future with an estimated completion date of December 31, 2020.

Staff reviewed the report provided by the School District, Triumph's Subject Matter Expert's review, confirmed the District plans to seek donations from the community for the program and that their audited financials were up to date.

Triumph executed the grant award agreement with the District on 9/25/18 which was immediately followed by Hurricane Michael on 10/10/18. The District did not seek donations in 2018. Staff recommend the Board continue to fund this project without the 2018 donation effort due to the timing of the grant and Hurricane Michael's direct impact on Haney Technical Center.

#148 Gulf School Board, Agri-Science Program Expansion

The Gulf County School Board was awarded a \$125,000 grant for the Agri-science program at Wewahitchka High School. The program began on August 2019 with 57 students enrolled. As of this report students are making adequate academic progress according to the School District.

Staff reviewed the report provided by the School District, Triumph's Subject Matter Expert's review, confirmed the District sought donations from the community for the program and that their audited financials were up to date.

#153 Gulf School Board, Unmanned Systems Programs

The Gulf School Board was awarded a grant for \$750,000 to start an Unmanned Ariel Systems Program at Port St. Joe High School and Wewahitchka High School.

Port St. Joe High School has enrolled its first class of 17 students. The instructor for the UAS Agriculture program at Wewahitchka High School is currently completing his specialized training.

Staff reviewed the report provided by the School District, Triumph's Subject Matter Expert's review, confirmed the District sought donations from the community for the program and that their audited financials were up to date.

#157 Franklin School Board, Phase I

The Franklin County School Board was awarded a grant for \$2,327,322 to expand the industry certification program in Franklin County schools.

During the 2017-2018 school year, the year prior to the Triumph Grant, Franklin County students earned 35 industry certifications. With the Triumph grant, during the 2018-2019 school year students earned over 400 industry certifications. The graduation rate has increased from 51% in 2015-2016 to 81.4% in 2018-2019.

129 students are enrolled in High School CTE programs this school year in addition to elementary and middle schoolers enrolled in the Digital Tools certification program.

Staff reviewed the report provided by the School District, Triumph's Subject Matter Expert's review, confirmed the District plans to seek donations from the community for the program and that their audited financials were up-to-date.

#180 Gulf School District, Welding Program Expansion

The Gulf County School Board was awarded a \$250,000 grant for the Welding program at Wewahitchka High School. The program began on August 2019 and has 35 students enrolled. As of this report all but two students were on track.

Staff reviewed the report provided by the School District, Triumph's Subject Matter Expert's review, confirmed the District sought donations from the community for the program and that their audited financials were up to date.

#187 Northwest Florida State College, Walton Works

Northwest Florida State College was recently awarded a grant for \$2,763,716 to expand workforce training programs at the DeFuniak Campus known as Walton Works. The College is currently recruiting for the new staff positions who will oversee the program as well as preparing the site for construction of the facility expansion.

The College and the Walton Sherriff continue to work collaboratively during pre-construction of the Fire Tower to be constructed on Sheriff office property.

Staff reviewed the report provided by the School District, Triumph's Subject Matter Expert's review, confirmed the District plans to seek donations from the community for the program and that their audited financials were up to date.

Annual Grant Review for Infrastructure and Hurricane Michael Recovery Projects Dec. 2019

Triumph Staff reviewed the information provided by Grantees with projects due for annual review under s. 288.8016 , F.S.

s. 288.8016, F.S. Triumph Gulf Coast, Inc.; duties.

(3) Monitor, review, and annually evaluate awardees and their projects or programs to determine whether an award should be continued, terminated, reduced, or increased.

Staff recommends the Board accept a recommendation to continue to fund:

#43 Okaloosa County, Hwy 90 East Water and Sewer Expansion	\$1,500,000
#49 Panama City Port Authority, PC Port Authority Eastern Terminal Development	\$10,000,000
#72 Santa Rosa County, Whiting Aviation Park	\$8,523,655
#120 City of Pensacola, Commercial MRO Campus Expansion	\$66,000,000
#186 Gulf County, Hurricane Michael Recovery	\$4,271,683.34

#43 Okaloosa County, Hwy 90 East Water and Sewer Expansion

Okaloosa County was awarded a grant for \$1,500,00 for site readiness at the Shoal River Ranch Gigasite. The county has not requested reimbursement of funds for the water and sewer expansion project as of Sept. 30, 2019.

Staff reviewed the report provided by the County, construction plans, and confirmed that their audited financials were uploaded. Construction plans are at the 90% complete mark.

To meet the project metrics the County's Economic Development Team has met with and marketed the site to interested companies and site location consultants.

#49 Panama City Port Authority, PC Port Authority Eastern Terminal Development

The Panama City Port Authority was awarded a \$10,000,000 Triumph grant towards the development of the Port's Eastern Terminal. Triumph has approved \$5,858,442.78 of reimbursements as of December 13, 2019.

Due to significant damage caused by Hurricane Michael there was a six month delay in the project timeline, change orders to allow for additional strengthening of the new facility and budget increases. The Port Authority continues to move forward with the project.

One hundred new port-related distribution and manufacturing jobs and six direct port related jobs have been announced toward the project's late 2022 metric of 250 new port-related and 148 direct port jobs. The Port has limited its direct job growth while rebuilding after Hurricane Michael.

In June 2019, the Triumph Board received an update from the Port Authority Director and agreed to move a portion of Triumph funds to a new construction category. The move of Triumph funds allowed the Port Authority to drawdown additional Florida Department of Transportation funds made available after Hurricane Michael to assist in offsetting budget increases.

Triumph Staff reviewed the report provided by the Port Authority, confirmed that their audited financials were uploaded and regularly reviews construction progress.

#72 Santa Rosa County, Whiting Aviation Park

The Santa Rosa County Board of County Commissioners was awarded an \$8,523,655 grant for site readiness at Whiting Aviation Park. As of December 1, 2019, Santa Rosa County has received \$560,836.03 toward the project.

The project is on schedule, expected to break ground early 2020 with an early 2021 completion timeline. To meet the project metrics the County's Economic Development Team has met with and marketed the site to interested companies and site location consultants. The county received notice that should Leonardo Helicopters win the federal contract to replace aging helicopters at Whiting Field they will open a helicopter support center at the Aviation Park.

Staff reviewed the report provided by the County, construction plans, and confirmed that their audited financials were up-to-date.

#120 City of Pensacola, Commercial Maintenance Repair and Overhaul (MRO) Campus Expansion

The City of Pensacola was awarded \$66,000,000 for the expansion of the Pensacola Airport's Commercial MRO Campus. The City Council has authorized borrowing capacity of up to \$20M to meet the obligations of the project and has not requested reimbursement of funds as of December 1, 2019.

The project is on schedule to break ground on Hanger 2 (the first element of the overall project) in early 2020. Triumph funds are not part of Hanger 2, Triumph funded project elements will follow later in the timeline.

Staff reviewed the report provided by the City, the MRO Development Agreement, MRO Lease, and confirmed that their audited financials were up-to-date.

#186 Gulf County, Hurricane Michael Recovery

The Gulf County Board of County Commission was awarded a \$4,271,683.34 grant towards lost Ad Valorem Property Taxes following Hurricane Michael. The Triumph grant offset losses in the

County, the City of Port St. Joe, the City of Wewahitchka and the Gulf County School District. The County received all \$4,271,683.34 and appropriately disbursed \$2,103,450.37 to the other three entities.

Staff reviewed the report provided by the county, the Certified Tax Assessment Roll and confirmed that their audited financials were up-to-date.

Staff recommends the Board accept a recommendation to continue to fund pending review of project scope change and confirmation of performance metrics

#185 City of Panama City, Panama City Industrial Complex	\$20,000,000
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#185 City of Panama City, Panama City Industrial Complex

The City of Panama City was awarded a \$20,000,000 grant for infrastructure improvements to the Panama City Industrial Complex. The project has not requested reimbursement of funds as of December 1, 2019.

Staff reviewed the report provided by the City and confirmed that their audited financials were up-to-date.

ATTACHMENT C

Pre-Applications that have NOT submitted Applications as of 12-18-19

PRE-APP #	PROJECT	APPLICANT	PROJECT	AMOUNT REQUESTED	COUNTY	Eligible
2	INF	Miracle Strip Mgmt, LLC	Lynn Haven Office/Warehouse	\$3,670,000	Bay	No
3	INF	Miracle Strip Mgmt, LLC	Miracle Strip Warehouses	\$4,100,000	Bay	No
6	WF	Robert Condon	Petrochemical Clean Up Co.	\$2,100,000	Escambia	No
7	OTH	Dr. Phillip Renfro	Airport Multispecialty Medical Clinic	\$3,500,000	Escambia	No
8	INF	City of Destin	Crosstown Connector	\$5,700,000	Okaloosa	Yes
12	INF	Escambia County	OLF8/OLFX Land Swap with DOD	\$29,900,000	Escambia	Yes
13	INF	Escambia County	Beulah Interchange Connector	\$11,250,000	Escambia	Yes
15	INF	La Vie Et Belle	Papillion Pavillion	\$1,632,700	Walton	No
16	INF	Cellarus Partners, LLC	Emerald Coast Motorsports Park	\$70,000,000		No
17	OTH	FSU College of Law	Center for Econ Opportunity for Veterans	\$600,000	Wakulla	No
18	INF	North Pt St Joe PAC	MLK Boulevard Redevelopment Project	\$5,750,000	Gulf	No
21	WF/INF	Santa Rosa Co. School Dist.	Innovation High School	\$40,000,000	Santa Rosa	Yes
22	INF	City of Carrabelle	Northwest Downtown Rivitalization - Ave B	\$860,000	Franklin	Yes
23	INF	City of Carrabelle	Carrabelle Airport Improvements	\$30,000	Franklin	Yes
24	INF	City of Carrabelle	Carrabelle City Hall Construction	\$280,000	Franklin	Yes
25	INF	City of Carrabelle	Carrabelle Septic Tank Abatement	\$590,000	Franklin	Yes
30	WF/INF	Okaloosa Co School District	Vocational Ed in Need of Support Project	\$45,000,000	Okaloosa	Yes
31	INF	St. Marks Refuge Association	Lighthouse Repair and Improvements	\$300,000	Wakulla	No
33	INF/WF	City of Apalachicola	Workforce Housing Revolving Fund	\$400,000	Franklin	Yes
36	DIS	South Walton Fire District	Training/Maintenance Facility	\$3,300,000	Walton	Yes
37	INF	SocialDesk Enterprises	Tri-Net Fiber Optic Project Planning	\$600,000	Multi	No
39	INF	Okaloosa County	Bridge to Bridge Multi-Use Path	\$5,500,000	Okaloosa	Yes
40	INF	Okaloosa County	Digital Okaloosa Phase 1	\$6,352,814	Okaloosa	Yes
41	INF	Okaloosa County	Eastern Crestview Bypass	\$4,500,000	Okaloosa	Yes
42	OTH	Okaloosa County	Forensic Hospital Pilot Diversion Program	\$5,000,000	Okaloosa	Yes
45	INF	Okaloosa County	P.J. Adams Parkway Phase IV	Part of App 46	Okaloosa	Yes
47	INF/WF	Wakulla County	Wakulla County Library Construction	\$2,900,000	Wakulla	Yes
48	DIS	Wakulla County	First Response Communications System	\$3,000,000	Wakulla	Yes
50	RIF	Town of Jay	Water Quality Improvement Project	\$1,000,000	Santa Rosa	Yes
51	INF	PC - Bay Co Airport District	ECP Crosswind Runway	\$15,600,000	Bay	Yes
52	INF	PC - Bay Co Airport District	ECP SoHo Infrastructure	\$3,400,000	Bay	Yes
53	INF	PC - Bay Co Airport District	ECP Hangar Facility anda Infrastructure	\$7,000,000	Bay	Yes
57	DIS	City of Lynn Haven	Emergency Operations Center	\$1,800,000	Bay	Yes
62	WF/INF	Bay District Schools	Environmental Sciences Center	\$4,500,000	Bay	Yes
63	WF/INF	Bay District Schools	Triumph Pre-K Academy	\$10,000,000	Bay	Yes
66	INF	B & C Technologies	Manufacturing Partnership	\$5,000,000	Bay	No
67	INF	Pumpout USA, Inc.	Gulf Coast Economy Preservation Project	\$11,590,000	Bay	No
68	WF/INF	Florida State University	FSU-Panhandle Aging Research Center	\$78,000,000	Bay	Yes
71	WF	Good Samaritan Institute	Green Jobs for Wallton County	\$200,000	Walton	Yes
74	RIF	Town of Jay	Makerspace Initiative	\$375,000	Santa Rosa	Yes
75	INF	City of Lynn Haven	Marina Island Boulevard Project	\$10,000,000	Bay	Yes
76	INF	City of Gulf Breeze	TownCenter Infill Redevelopment Project	\$15,817,500	Santa Rosa	Yes
77	INF	City of Gulf Breeze	MedicalTechnologyPark Infill Redev Project	\$15,253,125	Santa Rosa	Yes
78	WF	City of Pensacola CRA	Youth Environmental Empowerment Prog.	\$1,000,000	Escambia	Yes
79	INF	City of Pensacola CRA	West Moreno Stormwater and Streetscape	\$9,100,000	Escambia	Yes
80	INF	City of Pensacola CRA	Downtown Infrastructure Project	\$20,800,000	Escambia	Yes
81	INF	City of Pensacola CRA	Hollice T. Williams Greenway	\$12,500,000	Escambia	Yes
82	INF	City of Pensacola CRA	W Cervantes St - Mobile Hwy Corridor	\$30,000,000	Escambia	Yes
86	OTH	TechFarms Capital Mgmt	Triumph Angel Fund - TechFarms Capital	\$8,000,000	Multi	No
88	INF	City of Fort Walton Beach	Landing Ferry System and Dock Expansion	\$7,500,000	Okaloosa	Yes
89	INF	City of Fort Walton Beach	Municipal Marina	\$10,000,000	Okaloosa	Yes
92	INF	Panacea Oyster Co-op	Oyster Processing Expansion & Ecotourism	\$2,036,000	Wakulla	No
93	INF	Panacea Oyster Co-op	Value Added Oyster Processing	\$1,720,599	Wakulla	No
94	OTH	Bay Defense Alliance	Defense Technology Innovation Center	\$0	Bay	No
96	INF	City of Pensacola	Unity Project	\$3,000,000	Escambia	Yes
97	INF	City of Pensacola	Affordable Housing Program	\$15,000,000	Escambia	No
99	DIS	Walton County Sheriff	Public Safety Communications Training Fac	\$8,000,000	Walton	Yes
101	INF	Alaqua Animal Refuge	Advanced Animal Medical Facility	\$1,750,000	Walton	No
102	WF/INF	Stone Clinical Laboratories	Clinical Lab and Training Facility	\$6,914,368	Walton	Yes

103	INF	Medical Risk Solutions	Primary Care/Pharmacy	\$900,000	Walton	No
104	OTH	Flotilla 1-4	Multi-purpose Vessel	\$437,000	Okaloosa	No
106	INF	Pens/Escambia PEDC	The Bluffs Corridor-Beck's Lake Rd Segment	\$8,000,000	Escambia	Yes
107	INF	Destin Fisherman's Co-op	Fisherman's Boatyard Construction-Freeport	\$1,275,000	Walton	No
107.1	INF	#107 Amended Destin Fisherman's Co-op	Fisherman's Boatyard Construction-Freeport	\$1,275,000	Walton	No
109	WF/INF	Walton County BOCC	Education and Research Center at Owls Head	\$10,000,000	Walton	Yes
110	WF	St. Andrews Bay Center	The Ark of the Bay	\$584,743	Bay	Yes
111	WF/INF	Walton County School District	Emerald Coast Technical College	\$2,931,000	Walton	Yes
112	WF/INF	Lake Erie College Osteo Med	Academic Health Clinic Expansion	\$3,623,736	Walton	Yes
113	INF	Finch Transportation	Walton County Transit System	\$2,190,000	Walton	No
114	INF	Walton County BOCC	Broadband Initiative	\$900,000	Walton	Yes
115	INF/WF	City of Pensacola	Morris Court Complex	\$18,000,000	Escambia	Yes
116	WF	The Seaside School, Inc.	STEM Center of Excellence	5,000,000	Walton	Yes
117	WF/INF	Bruce Craul/Dr. Mark Bonn	Hospitality Development Center	\$5,000,000	Okaloosa	Yes
118	INF	Ron & Peggy Childs	Port Theater & Cultural Center	\$60,000	Gulf	No
121	INF	Quiq Silver	Comm. Kitchen Equip. Assembly Plant	\$6,120,000	Bay	No
122	NA	Fish 2.0	Aquaculture Investment	250,000		No
123	WD	FGNW				WD
124	NA	Emerald Coast Wildlife Refuge	Wildlife Recovery Funding	\$233,130	Multi	No
125	INF	NWF Black Business Chamber	MLK Blvd Mixed Use Corridor	\$5,750,000	Bay	No
127	INF	Pensacola Heritage Foundation	THE GALVEZ MONUMENT PROJECT	\$50,000	Escambia	No
128	WF/INF	Franklin County Schools	STEM in Education Program	720,000	Franklin	Yes
129	WF/INF	Franklin County Schools	Workforce Dev. And Voc Training	2,955,700	Franklin	Yes
130	WF	Florida A&M University	Construction & Infra Tech Innovation Center	\$35,000,000	Multi	No
131	INF	Pensacola State College	Co:Lab Expansion	\$5,000,000	Escambia	Yes
132	MKT	OWV Company, LLC	Sweetwater Springs Marketing	\$2,898,000.00	Santa Rosa	No
134	NA	Coast Watch Alliance	Lion Fish Harvesting Program	1,121,600.00	Escambia	No
136	INF	City of Laurel Hill	Water System Upgrades	872,662	Okaloosa	Yes
137	NA	American Marine Research Co. & CWA	Protection for Marine Fisheries Against Lionfish	\$1,242,180	Escambia	No
138	NA	Division of Aquaculture, FDACS	Shellfish Aquaculture Economic Incubator	\$750,000	Multi	No
139	INF	Panama City Rescue Mission	Facility Construction and Remodeling	\$3,000,000	Bay	No
140	INF	Opportunity Place, Inc	Shelter Services and Landscaping of Family Area	\$30,000.00	Okaloosa	No
141	INF	St. Marks Refuge Association, Inc	Revised St. Marks Lighthouse Restoration Project	300,000	Wakulla	No
142	INF	Panama City Beach Public Library	Community Program Room Expansion	200,000	Bay	No
144	WF/INF	North Bay Haven Career Academy	Athletic Field Complex Project	4,500,000.00	Bay	No
145	NA	Emerald Coast Baseball League	Start-up Expenses	150,000	Walton	No - WD
146	INF	Navarre Beach Sea Turtle Conservation Center	Construction of New Facility	1,800,000	Santa Rosa	No
149	WF	Gulf District Schools	School Bus Fleet Expansion	600,000	Gulf	No
150	WF	Hanning LLC DBA STEMWERX	STEMWERX Mobile STEM Lab	\$1,342,867	Multi	yes
151	INF	Biotech Restorations Holdings, LLC	Biotech Gulf Coast	\$4,000,000.00	Multit	No
152	OTH	Point Washington Medical Center	Operating Funds		Walton	No
155	INF	City of Mexico Beach	Artificial Reef	970,000.00	Bay	Yes
156	INF	Range Project LLC	Range Project	\$3,000,000	Walton	no
158	WF	Biotility - University of Florida	Secondary Biotechnology CTE Programs	275,000.00	Multi	yes
159	inf	Panhandle Affordable Housing LLC	Walton County Workforce Housing	5,500,000.00	Walton	no
160	inf	Casa Laxmi Foundation, Inc.	Centre for Excellence	20,000,000	Bay	no
162	WF	CareerSource Gulf Coast	Triumph Workforce Consortium	22,283,836	Multi	yes
164	INF	The Joe Center for the Arts	Community Arts and Cultural Center	350,000	Gulf	no
165	INF	Twin Rivers Land & Timber, Inc.	St. Joe Port Project	\$47,066,695	Gulf	no
166	AV	Gulf County Board of County Commission	Local Government Funding Assistance	\$21,680,000	Gulf	Yes
170		N/A	N/A	N/A		
171		N/A	N/A	N/A		
172	OTH	Air Force Enlisted Village, Inc.	All-Service Military Retirement Village	\$172,000	Okaloosa	No
173	INF	Port of Pensacola	Marine Modification Maintenance Repair Overhaul	\$16,329,406	Escambia	Yes
174	INF	Bay Economic Development Alliance	Project Clear	\$7,350,000	Bay	Yes
175	INF	Bay Economic Development Alliance	Project Purple	\$4,635,000	Bay	Yes
176	N/A	Fran Vellanti	Mental Health Out Patient Day Treatment Program		N/A	No
178	WF/INF	City of Apalachicola	Workforce Housing and Infrastructure	\$800,000	Franklin	Yes
179	WD	The Oyster Restoration Company & Hatchery	Apalachicola Bay One Billion Oyster Restoration	\$15,000,000	Franklin	WD
181	N/A	Coastline Environmental Materials	Artificial Reef Creation Project	\$6,510,000	Franklin	WD
182	INF	Port Authority of the Port of Port St. Joe	Dredging of Shipping Channel	15,000,000	Gulf	Yes

183	EMER	Liberty Fire District	Aerial Ladder Apparatus for North Walton County	\$720,000.00	Walton	Yes
184	EMER	Liberty Fire District	North Station	962,500.00	Walton	Yes
188	TaxAbat	City of Lynn Haven	ACMT Tax Abatement	104,000.00	Bay	Yes
192	WF	FSU Panama City	Engineering, Science, Technology & Workforce Center	14,700,000.00	Bay	Yes
193	INF	City of Destin	Public Beach Initiative Project	12,000,000.00	Okaloosa	Yes
194	INF	Port Theater Art and Cultural Center	Art and Cultural Center	\$575,000	Gulf	Yes
195	INF	City of Panama City	Panama City Marina Convention Center	40,000,000.00	Bay	Yes
196	INF	City of Carrabelle	Carrabelle-Thompson Airport Improvements	2,000,000.00	Franklin	Yes
197	INF	Keep Pushing Foundation, Inc	Help Empower Our Youth	\$1,825,000	Okaloosa	No
199	INF	The BioCarburante Company	Port St. Joe Biorefinery Project	25,250,000	Gulf	No
203	INF	Earth Steps LLC	Renewable Energy Product Manufacturing	\$13,000,000	Wakulla	No
204	WF	Rocky Bayou Christian School	STEM Training and Certifications	215,730.00	Okaloosa	Yes
206	WF	AMIkids Panama City Marine Institute	STEM AND BUSINESS ENTREPRENEURSHIP LABS	1,500,000.00	Bay	Yes
208	WF	Re-Entry Alliance Pensacola, Inc. ("REAP")	Re-Entry Workforce Training and Housing	\$2,500,000	Santa Rosa	Yes
210	WF	Gulf Coast State College	UAS Pilot Boot Camp for Exiting Military	\$2,195,000	Bay	Yes
211	WF	Pensacola State College	Truck Driver Training Program and Facility	5,500,000	Santa Rosa	Yes
212	INF	Freedom Life Compass, Inc.	Life Recovery Center	\$150,000	Okaloosa	No
214	OTH	Project Star	Project Star	\$750,000	Walton	
215	WF	Wakulla County School Board	Lively Tech A&P Cert Program	\$900,000	Wakulla	
216	WF	Northwest FL State College	Center of Aviation Excellence: Airframe & Powerplant	2,800,000	Okaloosa	

Applications Received as of 12-18-19

APP #	APPLICANT	PROJECT	GRANT REQUEST	COUNTY	Score	Agreement Status	Application Received
1	Bryant Enterprises (BEOP)	Curriculum Development	\$585,000	Multi	F		9/15/18
4	City of Pensacola	CDOT-Port of Pensacola	\$15,000,000	Escambia	A		6/22/18
5	Escambia Co. School Board	Workforce Education Director	\$2,329,303	Escambia	A	Agreement Approved	3/26/18
9	FL Comm. Svcs Corp - Utility	US 331 Water Transmission Line - Phase Or	\$4,410,113.77	Walton	C		5/22/18
10	Base IT, Inc.	Mobile STEM Workshops	\$170,000	Bay	C		6/28/18
11	Escambia County	Downtown Sports Complex	\$25,000,000	Escambia	C		3/8/18
14	Northwest FL State College	NWFSC Regional Trifecta Project	\$22,630,000	Multi	WD		4/9/18
19	City of Niceville	Niceville Landing Project	\$180,000	Okaloosa	C		6/28/18
20	Franklin County BOCC	Fort Coombs Armory Renovation	\$1,800,000	Franklin	C		6/6/18
26	City of Apalachicola	Port of Apalachicola Improvements/Mgmt	\$1,100,000	Franklin	A	In Negotiation	5/4/18
27	Gulf County BOCC	Port of Port St Joe Project	\$28,425,000	Gulf	WD		5/22/18
28	Wakulla County School Board	Career and Prep Academy	\$5,396,521	Wakulla	WD		3/5/18
29	Wakulla County School Board	Career and Technical Education Center	\$3,926,867	Wakulla	A	Executed Agreement	2/12/18
32	City of Apalachicola	Johnson Center Renovations	\$1,750,000	Franklin	C		5/30/18
34	City of Apalachicola	Apalachicola Solar Project	\$900,000	Franklin	C		11/16/18
35	City of Apalachicola	Stormwater/Wastewater Improvements	\$2,660,000	Franklin	C		5/30/18
38	Okaloosa County	Bob Sikes Water Reclamation Facility	\$1,500,000	Okaloosa	C		3/22/18
43	Okaloosa County	Hwy 90 East Water and Sewer Expansion	\$1,500,000	Okaloosa	A	Executed Agreement	3/22/18
44	Okaloosa County	N. Gulf of Mexico FAD Network	\$500,000	Okaloosa	C		3/22/18
46	Okaloosa County	Southwest Crestview Bypass	\$64,100,000	Okaloosa	B	Executed Agreement	5/22/18
49	Panama City Port Authority	PC Port Authority Eastern Terminal Dev.	\$10,000,000	Bay	A	Executed Agreement	2/23/18
54	Panama City Beach CVB	Sports Park/Stadium Complex	\$20,000,000	Bay			3/12/18
55	Eastern Shipbuilding Group, Inc.	EastShip Manufacturing/Haul Out Facilities	\$20,025,000	Bay	A		6/6/18
56	City of Lynn Haven	Sports Park Expansion	\$15,843,762	Bay	C		7/13/18
58	City of Mexico Beach	Mexico Beach Pier	\$3,700,000	Bay	C		5/15/18
59	Bay District Schools	STEM Workforce Training Center	\$10,000,000	Bay	C		2/27/18
60	Bay District Schools	Manufacturing Academy Expansion	\$965,000	Bay	WD		2/27/18
61	Bay District Schools	Haney Industrial Pipefitter Prog Expansion	\$584,000	Bay	NA	Funded by Legislature	2/27/18
64	Gulf Coast State College	Advanced Manufacturing Innovation Inst.	\$17,112,356	Bay			9/27/18
65	Bay Youth Summer Work Fnd	BayYouth Summer Work Foundation	\$71,271	Bay	H	Negotiations on Hold	3/12/18
69	FSU Marine Lab	Apalachicola Bay System Initiative	\$7,998,678	Franklin	A	Executed Agreement	4/20/18
70	University of West Florida	Innovation Network Project	\$14,500,000	Escambia	A	In Negotiation	3/7/18
72	Santa Rosa County	Whiting Aviation Park	\$8,523,655	Santa Rosa	A	Executed Agreement	4/18/18
73	Santa Rosa County	NW FL Industrial Park@ I-10 - Phase 2	\$5,301,164	Santa Rosa	H	On Hold	4/18/18

83	City of St. Marks	ADA Compliant Kayak Launch	\$65,000	Wakulla	C		2/27/18
84	City of St. Marks	River Walk	\$1,295,000	Wakulla	C		2/27/18
85	Westonwood Ranch	Autism Job Training Facility	\$1,078,230	Walton	C		4/3/18
87	City of Milton	N. Santa Rosa Reg. Water Reclamation Fac	\$9,000,000	Santa Rosa	C		10/5/18
90	E.O. Wilson Biophilia Center	Camp Longleaf	\$600,000	Walton	C		3/7/18
91	Tallahassee Comm College	WEI Ocean Shellfish Nursery Hatchery Proce	\$13,500,000	Wakulla	C		11/28/18
95	Gulf Specimens Marine Lab	Infrastructure Upgrades and Operations	\$4,950,000	Wakulla	C		9/9/18
98	Walton County Sheriff	Vocational/Technical Training Program	\$2,217,965	Walton	A	Executed Agreement	11/19/18
100	Veterans Lodge	Veterans Lodge Village	\$25,000,000	Walton	F		12/7/18
105	Project Lead The Way	STEM Training	\$4,000,000	Multi	C		5/18/18
108	Walton County BOCC	US 331 & US 90 Water/Wastewater Expans	\$14,247,468	Walton	C		8/14/18
119	Smart Horizons COHS	Career Online High School (revised)	1,816,562	Multi	C		6/21/18
120	City of Pensacola	Comm. Aircraft Maintenance Campus	\$66,000,000	Escambia	A	Executed Agreement	3/16/18
126	HSU Educational Foundation	Hsu Innovation Institutes	\$7,160,000	Multi	H	On Hold	9/18/18
133	FGNW	RISE Fund	\$15,000,000	Multi	C		5/30/18
135	Choctawhatchee Basin Alliance	Gulf Coast Economy Preservation Project	11,273,070	Okaloosa	H	On Hold	4/9/18
143	Bay District Schools	Haney HVAC Program Expansion	\$847,955	Bay	A	Executed Agreement	4/13/18
147	Gulf District Schools	Culinary Arts Center and Electives Suite	300,000	Gulf	H	On Hold	8/30/18
148	Gulf District Schools	Agri-Science Program Expansion	125,000.00	Gulf	A	Executed Agreement	11/5/18
153	Gulf County School District	Unmanned Systems	750,000.00	Gulf	A	Executed Agreement	8/28/18
154	Panacea Oyster Co-op	Wakulla Oyster and Aquaculture Expansion	19,241,000.00	Wakulla			2/1/19
157	Franklin County School District	Franklin Environmental Career and Technica	\$2,327,322	Franklin	A	Executed Agreement	10/8/18
161	Children's Home Society of Flori	Creating Tomorrow's Workforce with Weis	3,283,484	Escambia			6/28/19
163	Santa Rosa County	Project Runner Ad Valorem Tax Reduction	3,500,000.00	Santa Rosa	A	In Negotiation	7/26/19
167	Tallahassee Community College	WEI Unmanned Vehicle Systems Center of E	1,500,000.00	Wakulla			11/29/18
168	Tallahassee Community College	WEI Elevated Technology Training (ETT ²)	\$2,593,083	Wakulla	C		11/29/18
169	City of Lynn Haven	Industrial Park Expansion	\$15,764,360	Bay	H	On Hold	2/27/19
177	Tallahassee Community College	WEI Marine Service Occupational Training P	\$1,500,000	Wakulla			12/13/18
180	Gulf County School District	WHS Welding Program	\$250,000	Gulf	A	Executed Agreement	1/8/19
185	City of Panama City	Panama City Industrial Complex	20,000,000.00	Bay	A	Executed Agreement	2/20/19
186	Gulf County Board of County Cor	Hurricane Michael Recovery Ad Valorem Re	4,271,683	Gulf	A	Executed Agreement	3/7/19
187	Northwest Florida State College	Walton Works Training Center of Excellence	\$2,763,716	Walton	A	Executed Agreement	3/7/19
189	Bay County Board of County Con	Hurricane Michael Recovery Ad Valorem Re	\$10,728,317	Bay	A	Executed Agreement	3/19/19
190	Walton Economic Development	US 331 Infrastructure	1,742,407	Walton	A	Executed Agreement	3/28/19
191	Franklin County BOCC	Apalachicola Regional Airport Fuel System U	\$1,084,000	Franklin			7/17/19
198	Wakulla County School Board	UAS/VSO Certification Program	1,780,000	Wakulla	A	Executed Agreement	5/19/19
200	Franklin County School District	Career and Technical Training, Phase II	1,215,000	Franklin	A	Executed Agreement	5/24/19

201	Wakulla County	Wakulla Community Hub	9,625,148	Wakulla			9/30/19
202	Gulf Coast State College - Gulf/	Tech Center for Emergency Response and C	\$3,800,000	Gulf			8/7/19
205	Santa Rosa County BOCC	Project Runner Infrastructure	4,500,000.00	Santa Rosa	A	In Negotiation	7/29/19
207	Gulf Coast State College - Gulf/	Nursing Simulation Center	\$3,260,658	Gulf	B	In Negotiation	12/4/19
209	Santa Rosa County BOCC	Project Lionheart	3,484,728.00	Santa Rosa	A	In Negotiation	11/15/19
213	Florida's Great Northwest (FGN	Education ROI Research and Marketing	440,000	ALL	A	In Negotiation	11/25/19

Report No. 2020-057
November 2019

STATE OF FLORIDA AUDITOR GENERAL

Operational Audit

TRIUMPH GULF COAST, INC.



Sherrill F. Norman, CPA
Auditor General

Board of Directors and Executive Director of Triumph Gulf Coast, Inc.

Section 288.8013, Florida Statutes, establishes Triumph Gulf Coast, Inc. (Triumph) as a nonprofit corporation that is not a unit or entity of State Government. Section 288.8014, Florida Statutes, provides for Triumph to be governed by a seven-member Board of Directors (Board). The Board is to include three private sector members appointed by the Governor, the Attorney General, and the Chief Financial Officer, respectively, two private sector members appointed by the President of the Senate, and two private sector members appointed by the Speaker of the House of Representatives. One of the two Board members appointed by the President of the Senate and the Speaker of the House of Representatives must represent one of the four least populous disproportionately affected counties.

During the period July 2018 through June 2019, Susan Skelton served as Executive Director of Triumph and the following individuals served as Board members:

Governor Appointee:	Lewis Bear, Jr. from 3-26-2019 ^a Stan Connally, Jr. through 9-1-2018
Attorney General Appointee:	Pam Dana
Chief Financial Officer Appointee:	Stephen Riggs, IV, Treasurer
President of the Senate Appointees:	Allan Bense, Vice Chair from 12-7-2018 Jason Shoaf through 6-20-2019 ^b
Speaker of the House of Representatives Appointees:	Don Gaetz, Chair Benjamin Lee

^a The Board member position appointed by the Governor was vacant 9-2-2018, through 3-25-2019.

^b One Board member position appointed by the President of the Senate was vacant from 6-21-2019, through the end of the audit period.

The team leader was William Karalius, CPA, and the audit was supervised by Joshua T. Barrett, CPA.

Please address inquiries regarding this report to Christi Alexander, CPA, Audit Manager, by e-mail at christialexander@aud.state.fl.us or by telephone at (850) 412-2786.

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State of Florida Auditor General

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TRIUMPH GULF COAST, INC.

SUMMARY

This operational audit of Triumph Gulf Coast, Inc. (Triumph) focused on the administration of Triumph project and program awards and selected administrative activities. The audit also included a follow-up on Finding 3 noted in our report No. 2019-215. Our audit disclosed the following:

Finding 1: Security controls over mobile device utilization need improvement to ensure the confidentiality, integrity, and availability of Triumph data and information technology resources.

BACKGROUND

The Gulf Coast Economic Corridor Act¹ (Act) established Triumph Gulf Coast, Inc. (Triumph) effective May 17, 2013, as a nonprofit corporation that is not a unit or entity of State Government to administer the funds to be used for the economic recovery, diversification, and enhancement of the areas impacted by the 2010 Deepwater Horizon oil spill.²

State law³ specifies that 75 percent of the funds received by the State pursuant to the settlement agreement⁴ with the BP entities must be deposited into a trust account established by Triumph and that at least 40 percent of the funds received by the State before July 1, 2017, are to be allocated equally among the eight disproportionately affected counties (Bay, Escambia, Franklin, Gulf, Okaloosa, Santa Rosa, Wakulla, and Walton).⁵ State law⁶ further provides that Triumph administrative costs may not exceed 0.75 percent of the funds released to Triumph and that the annual salaries of employees and contracted staff may not exceed \$130,000 and associated benefits may not exceed 35 percent of salary.

Triumph is authorized⁷ to hire or contract for all staff necessary to properly execute its powers and duties to implement the requirements of the Act. According to Triumph records, as of June 2019, Triumph employed an Executive Director and utilized three independent contractors to carry out Triumph's responsibilities. During the period July 2018 through June 2019, Triumph paid salary and benefit expenses totaling \$339,593.

Pursuant to State law,⁸ Triumph is responsible for: responsibly and prudently managing all funds received; ensuring funds are used in accordance with all applicable laws, bylaws, or contractual requirements; administering the awards program created by the Act; and operating in a transparent

¹ Chapter 2013-39, Laws of Florida. Codified in Sections 288.80 and 288.8011 through 288.8018, Florida Statutes.

² On April 20, 2010, the oil rig Deepwater Horizon exploded in the Gulf of Mexico, resulting in an 87-day oil spill that impacted the coasts of Alabama, Florida, Louisiana, Mississippi, and Texas.

³ Section 288.8013(2), Florida Statutes.

⁴ Section 288.8012(4), Florida Statutes, specifies that the settlement agreement is the agreement entitled, "Settlement Agreement Between the Gulf States and the BP Entities with Respect to Economic and Other Claims Arising from the *Deepwater Horizon* Incident," entered into on October 5, 2015.

⁵ Section 288.8013(2)(b)2., Florida Statutes, specifies that at least 32 percent of settlement agreement funds received after July 1, 2017, are to be allocated equally among the eight disproportionately affected counties.

⁶ Section 288.8013(2)(d) and (3), Florida Statutes.

⁷ Section 288.8014(9), Florida Statutes.

⁸ Section 288.8016, Florida Statutes.

manner, including providing public access to information, notice of meetings, awards, and the status of projects and programs. State law⁹ requires Triumph to make awards from available funds to projects or programs that meet the priorities for economic recovery, diversification, and enhancement of the disproportionately affected counties, including projects or programs that:

- Provide ad valorem tax rate reductions.
- Meet local match requirements for rural infrastructure projects.¹⁰
- Construct, expand, or maintain public infrastructure.
- Establish and maintain equipment and trained personnel for local action plans to respond to disasters.
- Prepare students for future occupations and careers at K-20 institutions.
- Provide participants with transferable, sustainable workforce skills that are not confined to a single employer.
- Promote and advertise tourism and Fresh From Florida and promote workforce and infrastructure.

Triumph awards may not finance 100 percent of any project or program and contracts executed with an awardee must include provisions for a performance report on contracted activities, account for the proper use of awarded funds, and permit the recovery of awards in the event the award was based on fraudulent information or the awardee is not meeting performance requirements.¹¹ State law¹² specifies that Triumph is to monitor, review, and annually evaluate awardees' projects and programs to determine whether an award should be continued, terminated, reduced, or increased.

State law¹³ requires Triumph to establish an application procedure for awards and a scoring process to select projects and programs that have the potential to generate increased economic activity in the disproportionately affected counties. Accordingly, Triumph created the *Application for Funds Form* for applicants to include a detailed description of the proposed project or program, including the requested funding. According to Triumph records, during the period July 2018 through June 2019, Triumph received 25 *Application for Funds Forms* and approved 9 awards totaling \$94,608,487.

On February 8, 2019, Triumph established the Hurricane Michael Major Disaster Relief Program to make \$15 million of Triumph funds available for the recovery and diversification of the economy of the counties affected by Hurricane Michael.¹⁴ On April 29, 2019, Triumph executed a \$10.7 million grant award agreement with Bay County and a \$4.3 million grant award agreement with Gulf County.

⁹ Section 288.8017(1), Florida Statutes.

¹⁰ Section 288.0655(2)(e), Florida Statutes.

¹¹ Section 288.8017(3) and (4), Florida Statutes.

¹² Section 288.8016(3), Florida Statutes.

¹³ Section 288.8017(2), Florida Statutes.

¹⁴ Hurricane Michael made landfall as a Category 5 hurricane in the Florida Panhandle on October 10, 2018, causing catastrophic damage from wind and storm surge, particularly in the Panama City Beach to Mexico Beach to Cape San Blas areas.

FINDING AND RECOMMENDATION

Finding 1: Mobile Device Security Controls

Security controls are intended to protect the confidentiality, integrity, and availability of data and information technology (IT) resources. Our audit procedures disclosed that certain security controls related to mobile device¹⁵ utilization need improvement. We are not disclosing specific details of the issues in this report to avoid the possibility of compromising Triumph data and IT resources. However, we have notified appropriate Triumph management of the specific issues.

Without appropriate security controls related to the use of mobile devices by Triumph management, Board members, and contracted employees, the risk is increased that the confidentiality, integrity, and availability of Triumph data and IT resources may be compromised.

Recommendation: We recommend that Triumph enhance certain security controls related to Triumph management, Board member, and contracted employee use of mobile devices to ensure the confidentiality, integrity, and availability of Triumph data and IT resources.

PRIOR AUDIT FOLLOW-UP

Triumph had taken corrective actions for the applicable finding included in our report No. 2019-215 (Finding 3).

OBJECTIVES, SCOPE, AND METHODOLOGY

The Auditor General conducts operational audits of governmental entities to provide the Legislature, Florida's citizens, public entity management, and other stakeholders unbiased, timely, and relevant information for use in promoting government accountability and stewardship and improving government operations.

We conducted this operational audit from June 2019 through September 2019 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

This operational audit of Triumph Gulf Coast, Inc. (Triumph) focused on the administration of Triumph project and program awards and selected administrative activities. The overall objectives of the audit were:

- To evaluate management's performance in establishing and maintaining internal controls, including controls designed to prevent and detect fraud, waste, and abuse, and in administering assigned responsibilities in accordance with applicable laws, administrative rules, contracts, grant agreements, and other guidelines.

¹⁵ Mobile devices are portable devices, such as laptop computers, smartphones, and tablets, that allow storage and transmittal of entity data.

- To examine internal controls designed and placed in operation to promote and encourage the achievement of management's control objectives in the categories of compliance, economic and efficient operations, the reliability of records and reports, and the safeguarding of assets, and identify weaknesses in those internal controls.
- To determine whether management had corrected, or was in the process of correcting, the deficiency noted in our report No. 2019-215 as Finding 3.
- To identify statutory and fiscal changes that may be recommended to the Legislature pursuant to Section 11.45(7)(h), Florida Statutes.

This audit was designed to identify, for those programs, activities, or functions included within the scope of the audit, deficiencies in management's internal controls, instances of noncompliance with applicable governing laws, rules, or contracts, and instances of inefficient or ineffective operational policies, procedures, or practices. The focus of this audit was to identify problems so that they may be corrected in such a way as to improve government accountability and efficiency and the stewardship of management. Professional judgment has been used in determining significance and audit risk and in selecting the particular transactions, legal compliance matters, records, and controls considered.

As described in more detail below, for those programs, activities, and functions included within the scope of our audit, our audit work included, but was not limited to, communicating to management and those charged with governance the scope, objectives, timing, overall methodology, and reporting of our audit; obtaining an understanding of the program, activity, or function; exercising professional judgment in considering significance and audit risk in the design and execution of the research, interviews, tests, analyses, and other procedures included in the audit methodology; obtaining reasonable assurance of the overall sufficiency and appropriateness of the evidence gathered in support of our audit's findings and conclusions; and reporting on the results of the audit as required by governing laws and auditing standards.

Our audit included the selection and examination of transactions and records. Unless otherwise indicated in this report, these transactions and records were not selected with the intent of statistically projecting the results, although we have presented for perspective, where practicable, information concerning relevant population value or size and quantifications relative to the items selected for examination.

An audit by its nature, does not include a review of all records and actions of agency management, staff, and vendors, and as a consequence, cannot be relied upon to identify all instances of noncompliance, fraud, abuse, or inefficiency.

In conducting our audit, we:

- Reviewed applicable laws to obtain an understanding of the legal framework governing Triumph operations.
- Reviewed applicable laws, Triumph policies and procedures, and other guidelines, and interviewed Triumph's Executive Director, independent contractors, Board members, independent certified public accounting firm, and legal advisor to gain an understanding of Triumph controls for administering awards and managing financial and other administrative activities.
- From the population of 50 pre-applications for awards submitted to Triumph during the period July 2018 through June 2019, examined Triumph records for 11 selected pre-applications to determine whether pre-applications were evaluated based on the criteria established in

Section 288.8017, Florida Statutes, and eligibility decisions were sufficiently documented and communicated to applicants.

- Interviewed Triumph management and reviewed Triumph policies and procedures to determine whether Triumph required management and independent contractors to attest, in writing, that they would comply with established Triumph conflict of interest policies and were independent of, and had no conflicts of interest related to, the applicants they were responsible for evaluating.
- From the population of 25 applications for awards received by Triumph staff during the period July 2018 through June 2019, examined Triumph records for 5 selected applications to determine whether applications were appropriately evaluated based on the criteria established in Section 288.8017, Florida Statutes, and approval or denial decisions were sufficiently documented and communicated to applicants.
- From the population of 13 applications for awards, totaling \$204,404,637, approved by the Board to enter into term sheet negotiations during the period July 2018 through June 2019, examined Triumph records for 6 selected applications for awards, totaling \$35,905,959, to determine whether Triumph staff obtained Board approval prior to negotiating terms with the applicants and whether Triumph posted its intent to award on Triumph's Web site in accordance with Section 288.8016(4), Florida Statutes.
- From the population of 9 award agreements, totaling \$94,608,487, executed by Triumph during the period July 2018 through June 2019, examined Triumph records for 3 selected award agreements, totaling \$76,850,977, to determine whether Triumph included in the award agreements the provisions specified in Section 288.8017, Florida Statutes.
- Examined Triumph records for the award agreement subject to Triumph monitoring during the period July 2018 through June 2019 to determine whether Triumph reviewed and monitored awardee compliance with award agreement terms and conditions.
- Examined Triumph records for both semi-annual reports due to the Governor, the President of the Senate, and the Speaker of the House of Representatives during the period July 2018 through June 2019 to determine whether Triumph submitted the reports in accordance with Section 288.8013(4), Florida Statutes.
- Examined Triumph records for the Hurricane Michael Disaster Recovery Fund grant agreements executed with Bay and Gulf counties during the period July 2018 through June 2019 to determine whether Triumph appropriately awarded and disbursed hurricane relief funds in accordance with State law and contract terms and conditions.
- Examined Triumph policies and procedures and Board meeting agendas and minutes for the period July 2018 through June 2019 to determine whether Triumph ensured that Board meetings were held in accordance with Section 288.8011, Florida Statutes, and whether Board members timely and properly disclosed possible direct and indirect conflicts of interest.
- Examined Triumph policies and procedures, performed inquiries of Triumph management related to the Triumph organizational structure, and reviewed disclosures of financial interest filed with the Commission on Ethics for Triumph's Executive Director, three independent contractors, and eight Board members to determine whether Triumph had established adequate processes to ensure that all required parties filed disclosures of financial interests by July 1, 2018, in accordance with Section 112.3145, Florida Statutes.
- From the population of 25 general expenses, totaling \$31,303, incurred during the period July 2018 through June 2019, examined Triumph records for 5 selected general expenses, totaling \$27,298, to determine whether general expenses were appropriately supported, approved, and timely and accurately recorded to Triumph financial records.
- From the population of 40 travel expenses, totaling \$5,518, incurred during the period July 2018 through June 2019, examined Triumph records for 18 selected travel expenses, totaling \$3,227,

to determine whether travel expenses complied with applicable provisions of State law and whether expenses were timely and accurately recorded to Triumph financial records.

- From the population of 21 nonapplicant contracts, totaling \$610,685, active at some point during the period July 2018 through June 2019, examined Triumph records for 8 nonapplicant contracts, totaling \$479,954, to determine whether nonapplicant contracts were properly managed and payments were timely approved by the Board and appropriately recorded to Triumph financial records.
- Interviewed Triumph management, examined Triumph records, and evaluated Triumph processes to determine whether Triumph took steps to reasonably ensure that service organization controls relevant to the services performed on behalf of Triumph were suitably designed and operating effectively during the period July 2018 through June 2019.
- Evaluated Triumph actions to correct Finding 3 noted in our report No. 2019-215. Specifically, we evaluated Triumph policies and procedures and examined selected records to determine whether Triumph had established adequate controls over the authorization and processing of electronic funds transfers.
- Observed, documented, and evaluated the effectiveness of selected Triumph processes and procedures for:
 - Cash and revenue management and budgetary activities.
 - The administration of tangible personal property in accordance with Triumph policies and procedures. As of June 2019, Triumph was responsible for tangible personal property with related acquisition costs totaling \$4,298.
 - The administration of purchasing cards in accordance with Triumph policies and procedures. As of June 30, 2019, Triumph had one active purchasing card.
 - The assignment and use of mobile devices with related costs totaling \$900 during the period July 2018 through June 2019.
 - The acquisition and management of real property leases in accordance with Triumph policies and procedures. As of June 30, 2019, the Department was responsible for one real property lease.
 - The administration of hurricane-related contracting and purchasing activities.
- Communicated on an interim basis with applicable officials to ensure the timely resolution of issues involving controls and noncompliance.
- Performed various other auditing procedures, including analytical procedures, as necessary, to accomplish the objectives of the audit.
- Prepared and submitted for management response the finding and recommendation that are included in this report and which describe the matters requiring corrective actions. Management's response is included in this report under the heading **MANAGEMENT'S RESPONSE**.

AUTHORITY

Section 288.8013(5), Florida Statutes, requires that the Auditor General conduct an operational audit of Triumph Gulf Coast, Inc. annually. Pursuant to the provisions of Section 11.45, Florida Statutes, I have directed that this report be prepared to present the results of our operational audit.

A handwritten signature in blue ink that reads "Sherrill F. Norman". The signature is fluid and cursive, with the first name "Sherrill" and last name "Norman" clearly legible, and a middle initial "F." in between.

Sherrill F. Norman, CPA
Auditor General

MANAGEMENT'S RESPONSE



Scott A. Remington
President / Managing Partner
Direct (850) 432-2399
sremington@clarkpartington.com

November 18, 2019

Via Email To: flaudgen audrpt sga@aud.state.fl.us

Sherrill F. Norman
Auditor General, State of Florida
Claude Denson Pepper Bldg, Suite G74
111 W. Madison Street
Tallahassee, FL 32399-1450

RE: Triumph Gulf Coast, Inc. Response to 2019 Audit Findings

Dear Ms. Norman:

This letter follows receipt of your preliminary and tentative audit findings and recommendation dated October 22, 2019 and supplemental confidential recommendations. Please accept this correspondence as Triumph Gulf Coast, Inc.'s ("Triumph") written statement of explanation concerning the finding and recommendations highlighted in your preliminary and tentative findings.

Triumph acknowledges the concerns raised regarding security controls. Triumph is in the process of enhancing its security controls by implementing actions to ensure the confidentiality, integrity, and availability of Triumph data and IT resources.

Thank you for your cooperation and assistance with this matter. We appreciate the time, attention, and thought that went into the Auditor General's report & recommendations and look forward to working with your office in the future.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Scott A. Remington', with a long, sweeping horizontal line extending to the right.

Scott A. Remington
General Counsel, Triumph Gulf Coast, Inc.

cc: Don Gaetz, Chair
Susan Skelton

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