

**Meeting Minutes
Triumph Gulf Coast, Inc.
Conference Call Meeting
877-568-4106
ID: 507-084-133
April 30, 2020
10:30 a.m. CT**

MEMBERS PRESENT:

Lewis Bear, Jr. – Vice Chair
Allan Bense
Pam Dana, Ph. D
Don Gaetz – Chair
Ben Lee – Assistant Treasurer
Matt Terry

EXCUSED ABSENCE:

Stephen Riggs, IV - Treasurer

Call to Order

Chair Don Gaetz called the meeting to order at 10:30 a.m. CT, welcomed everyone and reminded all callers of conference call etiquette. He noted that the work of Triumph Gulf Coast is more important than ever given the triple impacts of the oil spill, Hurricane Michael and now the coronavirus pandemic on our regional economy. He said that no matter what the cause has been there has been a tripling impact on our local economies.

Roll Call

Executive Director Susan Skelton called the roll and announced the presence of a quorum. She indicated that all professional staff members were on the call, as well.

Review and Approval of March 3, 2020 and April 7, 2020 Meeting Minutes

Chair Gaetz asked for any additions or corrections to the Meeting Minutes for the March 3, 2020 meeting. There being none, the minutes were approved without objection.

Chair Gaetz asked for any additions or corrections to the Meeting Minutes for the April 7, 2020 Special Meeting. There being none, the minutes were approved without objection.

Treasurer's Report

Chair Gaetz recognized Ben Lee for comment and Ms. Jennifer Davidson, CPA, of the Tipton, Marler, Gardner, and Chastain CPA Firm for review of the February 2020 and March 2020 Financial Reports.

After review of the reports, Mr. Lewis Bear, Jr., made a motion to accept the February 2020 Financial Report. Dr. Pam Dana seconded the motion. The motion was adopted without objection. Likewise, Mr. Bear made a motion to accept the March 2020 Financial Report. Dr. Dana seconded the motion and it was adopted without objection.

Ms. Davidson reported that the April 2020 BP Settlement Payment had been received and deposited. The 2020 payment amount to Triumph Gulf Coast was \$79,999,999.50.

Staff Report

Chair Gaetz recognized Dr. Rick Harper, Economic Advisor, to provide a presentation on present and projected economic conditions in light of the global, national, and local COVID-19 pandemic impacts. He noted that now, more than ever, it is very helpful to have Dr. Harper on the Triumph Gulf Coast staff since he is by far and away the leading business economist in the state and probably the Southeastern United States.

Dr. Harper said that just in the last week higher quality data is becoming available that can be used to determine how the future State of Florida and national economies will look. Initial estimates from the U.S. Bureau of Economic Analysis have shown that in Quarter 1 of Calendar 2020 (Q1-2020) there was a decrease in Gross Domestic Product (GDP) of 1.2% relative to Q4-2019. Annualization of that loss would project a 4.8% decrease in GDP even though behavior related to the COVID-19 Pandemic only began to change during the second half of March 2020 leading to the conclusion that behavior in one half of one of the three months in Q1 drove the 1.2% loss for the entire quarter. He said that April 2020 employment numbers reflecting who was employed during the month will not be available until later in May but economists, using similar modeling to that used by the government, have indicated that data suggests that there will likely be approximately 32 million fewer jobs in the second and third quarters of 2020 than had been previously forecasted. The Congressional Budget Office (CBO) just posted forecasts that show the same range of unemployment at approximately 28%. He noted that numbers do not reflect persons who have left the labor market and are not currently seeking employment are not included in the projected numbers. He said taking all factors into consideration, the enumerated unemployment rate will probably be in the range of 16% and that the nation has not experienced 16% unemployment since the Great Depression ninety years ago.

Dr. Harper said that the U.S. Treasury will use the tools available that have been developed over the last ninety years to stabilize the economy. Treasury will be issuing massive amounts of new debt with no tax revenue to fund the spending that is being done. The annual deficit spending rate is projected to be about \$3.7 trillion for the current fiscal year, or about \$12,000 in new debt issued annually for every man, woman and child in the United States. Going forward, that will add a tremendous federal debt. The State of Florida is prohibited by the Constitution from creating a deficit. The federal government can issue dollar denominated debt as long as anyone is willing to purchase such debt. Dr. Harper said that the United States Federal Reserve would do so and would drive the size of the Reserve's balance sheet up to \$6500 billion, which would be a massive increase from the current \$4000 billion.

As a result of the Great Depression, Congress allocated authority to the Treasury and the Federal Reserve to take extraordinary measures on an as needed basis, so the United States is responding much more quickly to the pandemic economic crisis with monetary and fiscal policy

adjustments that it did to the Great Recession in 2007-2008. Such quick action is what can lead us to expect a return to normalcy.

The shock to the economic system of the loss of one-fifth to one-third of the nation's jobs could be enough to throw the economy into a self-perpetuating downward cycle because one person's spending is another person's income and if nobody is spending because they are not having meals away from home, they're not traveling, or patronizing retail shops, that creates the downturn that could become the kickoff to a depression. The aggressive, quick responses by the Federal Reserve, the Treasury and Congress are realistic interventions that may not stop us from experiencing, perhaps, a severe recession but should stop the country from experiencing the downward cycle into a depression. The CBO forecast is that in about 20 months, about December 2021, the economy will be down approximately 6% in terms of inflation, adjusted GDP relative to what had been forecasted as recently as January 2020.

Dr. Harper said that the recovery from the projected recession will be slow because stock portfolios have been damaged at approximately 4.5% of every dollar invested. For every dollar lost in the stock market translates into 4.5% less spending in the economy as a whole. In decreased consumer spending, there is a massive shortfall in aggregate demand, and particularly hard hit areas include leisure and hospitality and airline sectors. Also, global and domestic supply chains continue to have disruptions including such items as toilet paper, pork and milk. He said that when you see such a precipitous drop in GDP that will harm people's income and household balance sheets with individual's accumulated wealth declining which will take time to recover and rebuild. He noted that it took until 2014 to recover jobs lost in the 2007-2008 recession. He said there would be a downward pressure on government spending because of the huge levels of debt being run up in the current environment.

Florida is particularly at risk due to the density of employment in the sectors that are at highest risk, though we are not as decimated as states dependent on the energy sector such as Louisiana. Of the fifteen counties that will be hardest hit as a share of the state's drop in tourism spending, Monroe County (Key West) leads the way, but Walton County is number two, with over 140% greater employment density in leisure and hospitality than the nation as a whole. "Drive to" markets should recover faster than "fly to" markets due to individual's risk tolerance being higher for arrivals in individual vehicles as opposed to airplanes at this time. Franklin County ranks fifth on the list and it is a smaller economy. Okaloosa County is on the list but gets a break because the total non-farm employment does not include military employment which is always stabilizing for its economy. Bay and Santa Rosa Counties are also on the list.

Chair Gaetz asked Dr. Harper if Triumph Gulf Coast's largest project, the ST Engineering Maintenance, Repair and Overhaul (MRO) development at the Pensacola Airport, would be impacted by the current economic situation. Dr. Harper responded that he had reviewed what the MRO sector trade journals are reporting and had been in contact with management at ST. He said that while passenger traffic has declined precipitously that demand for most MRO has declined, but that the largest customer for the Pensacola facility is UPS and that has caused two positive impacts. First, since e-commerce is exploding while everyone stays at home, UPS has seen an increase in business from its normal delivery clients. Companies like UPS and FedEx are scrambling to maintain sufficient air freight capacity to meet demand of shippers such as Amazon and other vendors who sell at a distance. Since MRO services are directly related to flight hours, the more flight hours, the more work for the MRO facility to keep up with demand. The second impact is from the increased freight being hauled on dedicated freight planes due to the lack of available shipping space in the underbellies of passenger planes. The dramatic fall

off in passenger flights has necessitated the use of the freight carriers to deliver contents that would otherwise have been shipped in the bellies of passenger planes. While the overall market for MRO services is in steep decline, the unique position of the ST facility in Pensacola is protecting our local market. Management of ST indicates that they are on track to continue with their current hiring plans. The company has not had to make any cutbacks or layoffs among their direct hires.

Dr. Harper commented that Triumph Gulf Coast's second largest project, the expansion of road capacity in Okaloosa County to increase access to the local military bases would seem to be recession proof due to the continued needs of the military.

Mr. Lee asked Dr. Harper to comment about the concept of bringing supply chains back to the United States to protect them in the future. Dr. Harper said that he believed that such repositioning would be a realistic possibility for a couple of reasons. One is the increasing realization about how interconnected our global supply chains really are and what that implies for risk. He said we first saw it with the automotive industry at the beginning of the COVID-19 outbreak in China when supply chains were disrupted. Now we are seeing it in the construction industry with the inability to secure key components such as steel. As a risk minimization strategy, it certainly makes sense to bring some supply chains home. Second, manufacturing has grown increasingly more automated so that we see large asset installations, large capital outlays that use relatively fewer employees, but those employees are more indispensable and they are more technically skilled because the shop worker of tomorrow carries a laptop computer and assesses the progress of processes rather than carrying a wrench on the shop floor. That means that as a share of total production cost is declining over time, which means that companies are better able to afford relatively higher U.S. wages, so taking those factors into consideration, Dr. Harper expects to see manufacturing placement to increasingly be brought back to the United States and those same features that make North American manufacturing and supply chains attractive will also be attractive to multinational corporations. From the global perspective, he expects to see increases in direct foreign investment in the U.S. and the Southeast is very attractive as a region. Because of the ability of government to leverage Triumph Gulf Coast funds to attract massive investment, massive payroll and then the tax revenue that they generate, our counties are very well positioned to compete for the new opportunities relative to other places in Florida and the Southeast. There will be fiscal pressures around the nation and in Florida, but hopefully this region will be positioned to withstand those pressures.

Mr. Allan Bense posed the question about how the federal government will recoup the money it is expending in response to the crisis. Dr. Harper pointed out that the good thing about being in the United States is that our federal government has the legal authority to create new legal currency. In theory, the government could print enough new currency to pay off the entire debt at any time. Such an action is known as monetizing the debt. Decades ago, Milton Friedman told America that if you print more U.S. dollars and you don't change the amount of output then it has to be that each dollar becomes worth relatively less than it was before. That's the very definition of inflation. So, there is a risk of inflation but what we have seen in the massive run up, the quadrupling of the amount of money in circulation associated with the Great Recession (2007-2008) is that there will simply not be inflation until wages start to rise. Dr. Harper noted that the Federal Reserve and the U.S. Treasury have put our economy on a roller coaster of the value of the dollar, but the dollar is a safe haven currency in the global market. Because the world market wants to invest in U.S. currency, we are seeing demand to hold those dollars and as long as there is a demand for them the nation should be ok. The Federal Reserve still has

the authority bestowed on it by Congress to regulate the size of the money supply in circulation and it should be able to successfully maneuver the challenge so that the rate of output (GDP) can increase to catch up with the money in circulation.

Legal Report

Chair Gaetz recognized Mr. Scott Remington, Legal Counsel for a review of the Grant Award Amendment Recommendation for Proposal #187 – Northwest Florida State College - Walton Works Training Center of Excellence - NO CHANGE IN FUNDING AMOUNT - (Hurricane Michael related Budget Adjustment). Mr. Remington said that the amendment is being requested because of an adjustment to the original budget that exceeds 5% of the \$2,763,716 Grant Award Agreement amount. The grantee is asking to shift approximately \$300,000 of the project budget from salary cost to construction costs based on increases in construction expenses in the wake of Hurricane Michael. The construction costs have been reviewed by Mr. Randy Lewis, Construction Management Advisor, and at this time staff recommends approval of the amendment. Mr. Sam Renfro, representing Northwest Florida State College indicated that there were some unexpected costs associated with site work on the project in addition to increased construction material costs. He noted that prior to the onset of the COVID-19 crisis, the program had already exceeded the number of certifications projected for the first fiscal year with 35 completions.

Chair Gaetz asked if there was any public comment on the Grant Award Amendment for Proposal #187. No one asked to speak. **Mr. Bense made a motion to approve the Grant Award Agreement for Proposal #187. Mr. Lee seconded the motion. On a roll call vote, the motion passed 6-0.**

Mr. Remington then presented a review of Grant Award Amendment Recommendation for Proposal #185 – Panama City – Panama City Industrial Complex – NO CHANGE IN FUNDING AMOUNT – (Adjustment to Performance Metrics due to underlying changes to USCG Contract for Eastern Shipbuilding Group, Inc.). He said that the original Grant Award amount of \$20 million is unchanged in the proposed amendment, but the amendment is being requested based on changes to the Offshore Patrol Cutter (OPC) contracts between Eastern Shipbuilding Group, Inc. (ESG) and the U.S. Coast Guard in the wake of Hurricane Michael. Changes involve shifting of timelines for the performance metrics based on the underlying USCG contract. He then asked Dr. Harper to explain the recommended adjustments. Dr. Harper said that the changes in the USCG contract have the effect of bumping up closer in time the dates for the upcoming competitive rebid of the contract after the first four vessels instead of after the first nine vessels. ESG has asked to extend the period for maintenance of the 900 jobs from 2026 to 2028. Because the length of the job maintenance period is extended in time and the incentive is now more valuable in terms of personal income incentives, staff recommends approval of the amendment. Chair Gaetz asked if it was correct that the return on investment will remain the same. Dr. Harper responded that it is correct that the number of net new jobs remains at 900 and that the number is maintained throughout the extended maintenance period. The return on investment would be increased because the return would now be measured on a lesser number of vessels. Should ESG get the follow-on contract that return would be even higher due to a greater incentivized payroll over time.

Mr. Remington said that to date, ESG indicates that the COVID-19 pandemic has not had a material impact on its progress. The shipyard has implemented measures to protect its employees and continues to move forward at full speed on this important project. He then asked

the Chair to recognize Mr. Joey D'Isernia, President of ESG, to describe its response to the crisis.

Mr. D'Isernia first thanked the Triumph Board and staff for its ongoing support of this important mission. He said that ESG has been able to continue operations as part of the federal "Essential Critical Infrastructure" designation. He said that they have taken a number of measures to protect employees and have gone well over the current CDC and OSHA guidelines for worker protections. He said the company's philosophy has always been that if it takes care of its people, its people will take care of it. He said because of that philosophy, the company has been able to increase its workforce by over 300 individuals since Hurricane Michael. He said that because of this commitment, the Coast Guard has recently issued contracts to begin construction of OPC 2 and has approved the purchase of long lead time materials for OPC 3. He said the Coast Guard is satisfied with the performance of ESG and believes that the company is well positioned to win the re-compete for the follow-on vessels. He said that the company looks forward to implementing the infrastructure improvements funded by Triumph Gulf Coast and ultimately, keeping these very important jobs here for the next two decades and hopefully turn Panama City into an integral part of the industrial base for the United States government.

The Chair asked if there was anyone from the public who wished to comment on the proposed amendment. No one spoke.

Mr. Bear made a motion to approve the recommended Grant Award Amendment for Proposal #185. Mr. Terry seconded the motion. On a roll call vote, the motion passed (6-0.)

Mr. Alan Manning, Legal Counsel then presented a review of Term Sheet Negotiations for Proposal #210 – Gulf Coast State College – UAS Pilot Boot Camp for Exiting Military for \$2,259,063. Mr. Manning noted that the term sheet included standard disbursement and performance metric requirements developed by Triumph Staff but that there was one point of clarification that needed to be made before going forward. He said that the original intent of the Board was to require that non-military related students in the program would be required to be residents of the Triumph counties. Inadvertently, the term sheet as drafted could require military personnel and their spouses to be residents of the eight counties. Because some military personnel do not move their residency to Florida while stationed here, staff would like to clarify that the military families would need to be stationed in the eight counties, and non-military students would have to be residents of the eight counties. Dr. John Holdnak, President of Gulf Coast State College said that he concurred with staff's recommended adjustment and appreciated Mr. Manning's request for clarification as that was his understanding as well.

Chair Gaetz asked if anyone from the public wished to comment on the proposal. Mr. Chris Dosev of Pensacola asked what the anticipated demand is for the training to be offered. Dr. Frank Fuller, Education Advisor, said that in the current conditions all of the major distribution companies, and many retailers, are clamoring for trained UAS operators for several reasons. Drone deliveries can reduce person to person contact between retailers and customers and use of the technology as part of the distribution chain increases efficiency and reduces costs associated with employment. Dr. Holdnak noted that Gulf Coast State College has already had several businesses indicate that they are in need of outside line of sight pilots and the number of jobs they needing to fill are measured in the 100s. The businesses are waiting in line for this program to start producing completers so they can hire them. He said that the program is a 16

week curriculum that provides a number of certifications. All collectively are needed to be able to have the capability to qualify for over the horizon or outside of line of sight piloting. Chair Gaetz thanked Mr. Dosev for his question and asked if there was anyone else from the public who wished to speak. No one else came forward.

Mr. Bense made a motion to direct staff to negotiate a Grant Award Agreement with Gulf Coast State College for Proposal #210 with the clarification of residency language that Mr. Manning articulated included in the final agreement. Mr. Matt Terry seconded the motion. The motion passed on a roll call vote (6-0.)

Mr. Manning then presented a review of Term Sheet Negotiations for Proposal #216 – Northwest Florida State College Airframe & Powerplant Certificate Program for \$7,064,665. The term sheet has the required performance metrics and clawbacks developed by Triumph Gulf Coast staff. He noted that some funds would be used in the first two years for ramp up of the program that must be certified by the Federal Aviation Administration (FAA) before follow on funding is provided in future years. The term sheet requires that the FAA approval must be completed by December 31, 2022 in order for disbursement of Triumph Gulf Coast funds to continue.

Chair Gaetz asked Dr. Fuller to explain the relationship between this project and the work being done in Pensacola and related demands in the aerospace industry. Dr. Fuller said the project is designed to support the growth of projects in the region and to support the supply chain of aviation related jobs by meeting the requirements and qualifications of those projects. It appears that there is a movement to move drone operator training more towards an FAA certification platform and our projects will support that realignment that will support larger unmanned aviation vehicles. The project provides a pathway to meet future demands in the industry. Dr. Harper said that while it may take as much as 24 months for the airlines sector to recover from the current crisis there is a clear expectation that travel demand will recover and that the larger MRO companies with a well-trained available workforce will weather the crisis. The timing of the ramp up period to achieve FAA certification of the facility fits well with the recovery process.

Dr. Devin Stephenson, President of Northwest Florida State College thanked the Board and staff for its commitment to success on this project with particular emphasis on the guidance offered by Program Administrator Cori Henderson, Dr. Fuller and Dr. Harper in crafting the term sheet. Dr. Stephenson told the Board that the college is committed to career education and advancing career education across the region. He pointed out that a welding student at the college has been hired by Space-X to help build its next rocket at Cape Canaveral. The college is focused on becoming a leader in career education and the programs that they are working on must be relevant, and lead to high wage, high demand jobs. He said the young man that will join the Space-X team will make \$150,000 next year as a welder. The school's goal is to improve lives and improve the quality of place for Northwest Florida. Dr. Stephenson said that the college could not meet its goal without the help of Triumph Gulf Coast.

Chair Gaetz asked if any member of the public wished to comment on the proposal. No one spoke. **Mr. Lee made a motion to direct staff to move to Grant Award Agreement negotiations with Northwest Florida State College for Proposal #216. Dr. Dana seconded the motion. On a roll call vote, the motion was approved (6-0.)**

Program Administration

Chair Gaetz recognized Cori Henderson, Program Administrator, for her report. Ms. Henderson noted that Triumph Gulf Coast has received 225 Pre-Applications totaling over \$1.7 Billion in request for funding and 186 Applications for over \$637 Million as of April 24, 2020. She said that several additional requests have come in over the last week. Following directions given by the Board at the April 7, 2020 Special Meeting staff has developed and distributed an application for the state and technical colleges serving the region to apply for an Infrastructure and Logistics Fast Track Training program to include training for Commercial Drivers Licenses (CDL), heavy equipment operators, concrete and masonry and aerial surveying. Staff continues to work closely with existing grantees as they move into the implementation stages of their grants at varying degrees from construction to certification programs, and to work with school districts to address issues related to the pause in classroom learning and restarting in unique situations. Applications for amendments to grant awards related to COVID-19 are continuing to come in and will be addressed at our next meeting. Three new applications have come in including one that is very highly competitive and is a very large project in Okaloosa County as well as one related to oyster industry training, and an expansion of the Panama City Port facility in Bay County. **Ms. Henderson noted that those three Pre-Applications have been reviewed by staff and recommended to be deemed eligible.**

Ms. Henderson said that the Annual Report on Grant Award for FSU Apalachicola Bay Systems Initiative (Proposal #69) has been submitted and reviewed by staff. **Upon completion of the statutorily required annual review, staff recommends continued funding for this proposal.**

The Annual Report on Grant Award for Bay County Board of County Commissioners Hurricane Michael Recovery Ad Valorem Request (Proposal #189) has been submitted and reviewed by staff. **Upon completion of the statutorily required annual review, staff recommends continued monitoring of the grant award as required by contract. Funding for this proposal has been completed.**

The Annual Report on Grant Award for Walton County Sheriff – Vocational Technical Training Program (Proposal #98) has been submitted and reviewed by staff. **Upon completion of the statutorily required annual review, staff recommends continued funding for this proposal.**

Ms. Henderson noted that Dr. Fuller has spent time with each of the grantees that have a Workforce Education Project and has done a quarterly report on each of the projects. A summary of those reviews is included in this report. She said that we are seeing a lot of exciting growth, especially in the rural communities. The students that are enrolled in the programs are excited to continue and achieve their certifications and get into the job market in their chosen fields. In addition to the Workforce Education reviews, Mr. Lewis performed quarterly reviews of several infrastructure projects. The Port of Panama City Eastern Terminal expansion project is on schedule and on track to be complete later this summer. The Haney Tech College HVAC Expansion is on track despite setbacks following Hurricane Michael. Mr. Lewis has also been busy working with construction projects that are getting ready to break ground over the last few weeks. A list of those reviews is included in this report. Those reviews include scrutiny of bid documents, construction documents and contracts for construction services.

Chair Gaetz asked if the FSU ABSI Project (#69) is ahead of or on schedule. Dr. Harper responded that the FSU Annual Report went into detail about the progress of each of the

different tasks and noted that they have run into some areas where they are ahead of schedule and some where they have encountered delays but they have provided good plans for how to stay on target on all of their tasks going forward. Dr. Gary Ostrander, Vice-President of Research for Florida State University, said that there had been some lab work delays due to COVID-19 impacts on staff scheduling but they are developing solutions to those slowdowns and he is pleased with the progress made by his team at this point. Chair Gaetz asked Dr. Ostrander if there were any milestones in the contract that have either not been met or may pose a problem going forward. Dr. Ostrander replied that there were no such impediments.

Chair Gaetz then asked if there were any comments or questions on the Annual Review of the Walton County Sheriff's Vocational Technical Training Program (#98). A representative of the WCSO said that they did not have any comment but would be glad to answer any questions. The Chair asked the applicant if she believed the project was on track or if there were any impediments to meeting the prescribed milestones. She responded that the project was on track and there were no known impediments at this time.

Chair Gaetz then asked Dr. Harper to comment on the Bay County Board of County Commissioners Hurricane Michael Recovery Ad Valorem Fund Annual Report (#189). Dr. Harper said that the County had now submitted all required documentation and that he had reviewed the information and it is complete and in compliance with our agreement.

Chair Gaetz asked Ms. Henderson if there were any projects currently being monitored that she or Mr. Lewis had any concerns with at this time. Ms. Henderson asked Mr. Lewis to comment and said that grantees have been very open with Triumph staff and have kept staff apprised of any issues as they arise. She said that most appear to be on schedule. There were some slight delays with the Haney HVAC project due to Hurricane Michael, but that project is now back on track and moving along pretty quickly. Mr. Lewis confirmed that all needed documentation has been provided on the projects to justify the current status of each construction schedule and that Franklin County School District was actually ahead of schedule at this time. He said that quarterly reviews for all vertical construction, construction documentation, architect and engineer contracts are all fine.

Mr. Bear made a motion to approve the April 30, 2020 Program Administrator's Report, including approval of Annual Reviews recommended in the report. The motion was seconded by Mr. Bense and approved without objection.

Economic Advisor's Report and Recommendations

Ms. Skelton announced that there had been changes to the amounts of two of the proposals listed on the agenda due to ongoing negotiations that occurred up to within the prior 24 hours. She said that the request amount for Proposal #202 had been adjusted upwards from \$3,929,166 to \$5,094,750 due to changes in the number of certificates and increased equipment costs. She said that Dr. Fuller would address those changes in his presentation and that the Economic Score Sheets provided to the Board were correct for both this proposal and the Franklin County Airport Proposal (#191) which saw a reduction from \$1,084,000 to \$1,059,000 due to increased match offered by the County.

Dr. Fuller presented Proposal #202 – Gulf Coast State College – Gulf / Franklin Campus – Technical Center for Emergency Response and Communications for \$5,094,750 and said that

after much collaborative effort with the college, staff has scored this proposal a B. He said that the proposed match funding equals 49% of total funding (\$9,972,035) and that the projected Return on Investment is \$11.50 per Triumph dollar spent. The project will develop at least 765 industry certifications for unmanned aerial systems operators with emphasis on emergency response capabilities. The cost per certification is \$6677. He said that project will update and keep current the emergency response process across all eight Triumph Gulf Coast counties by acquiring a satellite mobile unit with all support equipment needed to sustain communications, and training and certifying first responders. Dr. Fuller noted that the training and deployment would be done in collaboration with local emergency operations officials, FEMA, and various military response entities to maximize use of training and equipment. In discussing the proposed match Dr. Fuller pointed out that Skyborne Technologies, a privately owned aviation manufacturing company is providing assistance that is most likely undervalued in its declared match as use of the company's aircraft and technology commands rates as high as \$300,000 per month on the open market. The value of this, and the Franklin Airport project, can be measured not particularly in a set number of jobs created but in the reduced risk of loss of lives, injuries and loss of or damage to property when such emergency assets are available and deployed.

Dr. John Holdnak, President of Gulf Coast State College, indicated the school's strong commitment to the success of the project and said that the program will continue to develop the professional workforce with emergency disaster skills using satellite communication systems and unmanned vehicles with a focus on saving lives during any emergency. The college will be able to provide the Mobile Satellite Communications Center and trained staff to any community within the region as needed in an emergency. Dr. Fuller noted that one problem that plagues emergency operations teams is the attrition of trained personnel. This program will keep that line of trained personnel fresh and available as needed. He said that in addition to the many commercial uses of drones, the devices are very adaptable for use in very dangerous or tedious tasks such as monitoring wildfires, tracking oil spills, inspecting runways, etc. The military is very forward in its use of drone technology and this proposal can support any needs for collaborative support with our military neighbors across the region. The program will be sustained over time through training fees and invoices for services rendered to FEMA and local governments.

Mr. Lee asked if the technology could be adapted to provide life safety support on a regular basis for lifeguards working on the Gulf. He asked if Dr. Holdnak had considered partnering with the local Tourist Development Councils to support such a use of the technology. Dr. Holdnak said that he wholeheartedly supported such a use and had, in fact, been talking with the local TDC about such a use. He said that the college would continue to pursue such a program with any TDC that wanted to be a part of the effort. It was pointed out that use of drones in response to distressed swimmers in the Gulf could both save lives by deploying flotation devices and reduce risk to county lifeguards trying to interact with those swimmers in the water. He said that such a program is in heavy use in Australia and that his team has been studying that to see if it can be implemented here. Dr. Holdnak said that the college would commit to working with the local TDCs across the region to formalize a program to utilize drone technology to assist with Gulf front life safety.

Chair Gaetz asked if any member of the public wished to comment on the recommended proposal. No one spoke.

Mr. Bear made a motion to direct staff to move to Term Sheet negotiations on Proposal #202 with the addition of a formalized life safety program discussion with local Tourism Development Councils. The motion was seconded by Mr. Bense. On a roll call vote, the motion passed (6-0.)

Dr. Harper presented Proposal #191 – Franklin County – Apalachicola Regional Airport Fuel System Upgrade for \$1,059,000 and said that while there are not currently direct jobs created by the project it is clear that this is an important potential engine for economic growth and that this asset, the airport, is in need of improvements to its fuel delivery system. He said that the Triumph Gulf Coast statute clearly envisions the possibility of funding such local government equipment and personnel for local emergency response plans and operations. Additionally, there is known military usage and benefit at this facility. He said that because it is not currently possible to assign a direct job creation benefit, staff has scored this project a B and recommends funding due to the emergency response component of the proposal.

Ms. Skelton then explained that since the Board's initial introduction to the proposal at its April 7, 2020 Special Meeting, staff has worked with Franklin County to identify an additional \$3 million plus dollars in match that the Florida Department of Transportation is taking on to improve the infrastructure at the airport to go along with this proposed improvement. She said that this work has driven the match ratio for the project up and that now Triumph would only be responsible for 25% of the overall airport infrastructure improvement costs. Ms. Skelton said that Franklin County has reached out to the US Coast Guard to secure a letter of support for the project and has received such a letter from the Air Force Base Commander at Hurlburt Field in support of use of the facility. In fact, the Commander has asked for additional support at the airfield in the form of an Instrument Landing System (ILS) which he said could result in significant cost savings to the military that uses the airfield for regular training missions. Such a system would allow the site to provide 100% of remote training capability for air force pilots training in the area. Without the ILS, only about 90% of that training can be completed at the location since pilots must train on that equipment to become certified. Currently, the airfield is used regularly by the Air Force for training and is stop station for the U.S. Coast Guard, as it is midway between Sector Clearwater and Sector Mobile stations. It is used as a point of departure for search and rescue missions in the Northeastern Gulf of Mexico due to its central location. The Coast Guard estimates that it loses 90 minutes of flight time from Mobile to the upper Gulf if it has to base out of Mobile, so the Apalachicola Airport fueling location saves that flight time which could be the difference between life and death in an active rescue situation.

Ms. Skelton said that infrastructure improvements to the airport will potentially draw down additional business interest. She said that prior to Hurricane Michael, there had been strong interest in the facility by an aviation company. Just before the onset of COVID-19 travel restrictions, the company had shown a renewed interest in the location. It is hoped that the interest will remain post COVID. There could be a possibility of a training component at the airport. The current FBO Operation is owned by FAA certified instructors and we have been in discussion with them and the county about some sort of training availability at the airfield, perhaps in collaboration with the Gulf Coast State College programs. Staff believes there is a lot of potential for future growth at the facility with the infrastructure improvements now underway.

Ms. Skelton said that staff has been in conversation with Secretary Gainer, District 3, FDOT, about several projects and this is one of them. The department has four projects currently underway or included in the five year plan for the Apalachicola Airport. Additionally, she said that Secretary Gainer had expressed interest in the military's request for an ILS and that those

conversations are in the very preliminary phase. She said that one of the concerns would be how the county would be able to pay for the required calibration maintenance on the equipment.

Ms. Skelton noted that the original conversation with Secretary Gainer stemmed from the Department of Transportation's interest in the new Triumph Gulf Coast Infrastructure and Logistics Fast Track Training Program and their interest in participating as a partner in that program. Secretary Gainer had reached out to Mr. Bense and asked how the department could work with Triumph to provide assistance in connecting trainees with contractors and other professionals that could be part of the training experience. Our staff has been working with the District 3 Headquarters staff to find pathways for that cooperative effort. Mr. Bense noted that the collaboration is a great example of opportunities to partner, not just with state funding but also with federal and private entities as well.

Mr. Lee asked what the status of the military request for funding of the ILS at the Apalachicola Airport was at this time. Ms. Skelton reported that the discussion was very preliminary and that details of such an installment, including cost and maintenance, would have to be continued before staff would be ready to make any recommendations on that issue. Such an enhancement may come back as a future recommendation, but it is not part of this request.

Mr. Terry said that he had spoken with staff and was hopeful that the project will bring new use for the airport as the facility is a phenomenal asset for the county and surrounding areas. He said additional support from the military is a real driver for the project. Ms. Skelton said that there was not an exact economic impact attached to introduction of an ILS but that there would be savings to taxpayers based on reduced costs to the military for flight training based on making the training more efficient. Dr. Harper indicated that the projected ROI for the project would be impossible to calculate since there are no new direct jobs associated with the proposal, but the value of the proposal includes the possibilities of expanded training (both military and civilian), the partnership with FDOT to improve the public infrastructure, and the possibility to bring new jobs into the community through use of the asset due to the improvements. He said whether it is people locating to the area to do manufacturing or development of new aviation technologies it seems that this is a situation where we have a qualified investment in emergency response equipment that has the added value of providing a pathway to future business development and workforce training.

Mr. Alan Pierce, representing the Franklin County Board of County Commissioners, spoke in support of the proposal and thanked staff for its support of this small, rural project. He said that the military is an important presence and that the addition of the ILS would make the airport even more attractive to the Air Force and other branches to continue remote training. He said that while the ILS is not a part of this project the county is actively researching the possibility for the future. He noted that the airport has more airspace capacity than any other airport in Florida. Chair Gaetz asked if any member of the public wished to comment. Mr. Chris Dosev, citizen from Pensacola, said that before anyone moves ahead with the ILS installation there should be a firm use commitment from the Air Force. He referenced his personal experience as a service member.

Mr. Terry made a motion to direct staff to move to Term Sheet negotiations on Proposal #191. The motion was seconded by Mr. Bense. The motion passed 6-0. After the vote, Chair Gaetz acknowledged the difficulties that our smaller counties have in securing match funding and the importance of leveraging other funding sources, such as the FDOT, to get

projects completed. He thanked FDOT and Mr. Bense for sparking the collaboration that will undoubtedly lead to many successes across the region.

Chair Gaetz announced that the following proposal negotiations have been temporarily postponed with the concurrence of the applicants until more is known about classroom teaching resuming in the wake of the COVID-19 school closures:

Proposal #221 – Santa Rosa County Schools / Locklin Technical College – Hurricane Michael Skilled Labor Recovery Fund - \$189,000

Proposal #222 – Okaloosa County Schools / Okaloosa Technical College – Hurricane Michael Skilled Labor Recovery Fund - \$357,000

Proposal #223 – Walton County Schools / Emerald Coast Technical College – Hurricane Michael Skilled Labor Recovery Fund - \$190,000

Proposal #224 - Wakulla County Schools / Lively Technical College – Hurricane Michael Skilled Labor Recovery Fund - \$200,000

Public Comment

Mr. Chris Dosev, citizen of Pensacola, asked Dr. Harper if he viewed the current economic situation as an economic catastrophe. Dr. Harper replied that he did. Mr. Dosev said he had grave concerns about the future economy of our region and asked if the Board is prepared to make appropriate adjustments to funding or even canceling funding if the economy does not pick back up. He said that it is important to support businesses that are struggling to preserve the local economy and suggested considering redirecting funds to local businesses instead of performing the organization's statutory function of creating economic diversification. Chair Gaetz thanked Mr. Dosev for his comments.

Closing Remarks

Dr. Dana suggested that Franklin County look at the Defense Support Grant and Defense Infrastructure Grant programs because those programs have financing available that would be appropriate given the military use of the airport.

There being no further business, the meeting was adjourned at 2:23 p.m. CT.