

**Meeting Minutes
Triumph Gulf Coast, Inc.
Conference Call Meeting
877-309-2073
ID: 526-008-997
September 24, 2020
1:30 p.m. CT**

MEMBERS PRESENT:

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

Chair Don Gaetz called the meeting to order at 1:30 p.m. CT.

Executive Director Susan Skelton called the roll and announced the presence of a quorum.

Mr. Stephen Riggs, IV made a motion to approve the August 13, 2020 Meeting Minutes. The motion was seconded by Dr. Pam Dana, Ph. D and approved without objection.

Treasurer's Report

Mr. Riggs then presented the August 2020 Financial Report and made a motion to approve the report. The motion was seconded by Mr. Ben Lee and approved without objection.

Staff Report

Ms. Skelton reported that the Auditor General's Audit is ongoing that staff continues to work with the Auditor General's office to complete the audit.

Legal Report

Mr. Alan Manning, Legal Counsel, gave an overview of Grant Award Negotiations for Proposal #191 – Franklin County Board of County Commissioners – Apalachicola Regional Airport Fuel System Upgrade for \$1,059,000 and asked Ms. Skelton to explain that staff would be asking the Board to consider amending the approved Term Sheet to reflect negotiated changes that are incorporated in the Grant Award Agreement. Ms. Skelton explained that the original Term Sheet had required the County to commit to the completion of several projects to be funded by the Florida Department of Transportation and to be subject to clawbacks if the department did not complete those projects. After discussions with the county, it became clear that requiring a small, rural county to be held fiscally responsible for projects over which they had no control

was not the best approach. In the revised term sheet, and subsequent Grant Award Agreement to be considered today, the county keeps the same financial commitment for local match and the same time frame for completion of the project, but the amount of required state match has been reduced to reflect an ongoing FDOT project at the airport and will be slightly more than a one to one match. Staff believes that this amendment is fair to all parties and will move this much needed project forward. The Return on Investment is not affected since for this project that determination is based on the emergency preparedness valuation, not a per job valuation. Staff requested that the Board consider taking up both the Term Sheet Amendment and the Grant Award Agreement and noted that appropriate public notice had been given, should the Board decide to move in that direction.

Franklin County Commission Chair Joseph “Smoky” Parrish spoke on behalf of the proposal and said that the county has already had some interest in new business development at the airport and that these improvements would encourage that activity. Chair Gaetz asked if there was any public comment on the proposal including adoption of the Term Sheet and Grant Award Agreement. No one spoke.

Mr. Allan Bense made a motion to approve the updated Term Sheet for Proposal #191. The motion was seconded by Mr. Matt Terry and approved on a unanimous roll call vote (7-0.) Mr. Lewis Bear, Jr., then made a motion to approve the Grant Award Agreement as presented. Mr. Terry seconded that motion which was approved on a unanimous roll call vote (7-0.)

Mr. Manning then gave a review of Grant Award Negotiations for Proposal #209 – Santa Rosa County Board of County Commissioners – Project Lionheart – I-10 Industrial Park Infrastructure for \$3,484,728. Chair Gaetz noted that due to state confidentiality requirements, the name of the company that will be moving into the Industrial Park has not been revealed to this point but asked staff to provide that name at this juncture before the Board takes final action. Ms. Skelton reported that the company is Lovell Government Services, Inc., a medical device and pharmaceutical distribution company. Ms. Cori Henderson, Program Administrator refreshed the Board on the content of the proposal which will provide infrastructure improvements to the industrial park to support the location of this company. The company will provide a new building and the county is purchasing additional land for the project. Triumph Gulf Coast will be responsible for 33.8% of the overall project funding. The Project application was approved by the Santa Rosa Board of County Commissioners at the regular meeting on October 21st, 2019.

Dr. Rick Harper, Economic Advisor noted that the project guarantees 90 full-time jobs paying a before fringe benefit average of \$52,995, which is 150% of EFI average wage requirement for Santa Rosa County. Normally, our infrastructure projects are greater than 115%, so at 150% these are high wage jobs for the county. Against our \$3.5 million commitment, we have \$6.8 million dollars in match with the Santa Rosa Board of County Commissioners providing \$400,000 in land assets. The private sector tenant is providing \$5.2 million and building construction, and thus, we have a three year ramp up period, followed by a three year job maintenance period, the return on investment for this project. Dr. Harper said that if we look at a standard 10 year period, which includes the ramp up period, we have additional labor income, household wages associated with this job projected in present money value, terms at \$11.35 dollars per Triumph dollar expended. The cost per job is 38,719, which is quite reasonable given the high wages in a Florida targeted industry therefore staff scores the project as an A.

Mr. Shannon Ogletree, Director of the Santa Rosa County Office of Economic Development, spoke in favor of the proposal and said that the Triumph Gulf Coast grant money will enable the county to move ahead with this great opportunity to bring new, high paying jobs to the area. He said that in addition to Lovell Government Services, the county is entertaining other clients that are looking at the site for future development and without this funding amount, none of these companies could really locate there at this facility. He thanked the Board for Triumph's participation. Chair Gaetz said that the Board is grateful that the company is prepared to bring over \$5 billion of hard cash to Santa Rosa County and Northwest Florida to create jobs.

Mr. Chris Lovell, CEO of Lovell Government Services, Inc., said that he appreciates the support of Santa Rosa County and their business development team in providing the opportunity to speak at the Triumph Board meeting. He said he is excited to bring high paying jobs to Santa Rosa County and that really, what the company is doing is bringing federal dollars to Santa Rosa County. Lovell's primary client is the federal government, 99% of all revenue comes from the federal government, specifically with Health and Human Services, and the CDC. He said the company is super excited to bring the opportunity for federal dollars in federal spending to Santa Rosa County for economic development and job growth.

Chair Gaetz asked if any member of the public wished to be heard on the proposed Grant Award Agreement. **No one spoke. Mr. Bear made a motion to approve the Grant Award Agreement for Proposal #209. Dr. Dana seconded the motion. The motion passed unanimously (7-0.)**

Mr. Manning then gave a review of Grant Award Negotiations for Proposal # 217 - AMIKids Pensacola, Inc. – AMIKids Pensacola Workforce Development Program for \$408,000. He noted that the grant award agreement is on the standard certificate template that Triumph has been using and is consistent with the term sheet that was approved by the Board at the meeting last month, and that legal counsel and staff recommended approval.

Ms. Cheri Williams, Director of AMIKids Pensacola, Inc. thanked the Board for its support, and for working with their organization through the process to help the young people in Pensacola. She said that they have been really talking about this program with the youth, and they're all very excited to participate. Chair Gaetz asked if any member of the public wished to comment on the proposed Grant Award Agreement. No one spoke.

Mr. Bear made a motion to approve the Grant Award Agreement for Proposal #217. The motion was seconded by Mr. Bense and passed unanimously (7-0.)

Mr. Manning offered a review of Grant Award Negotiations for Proposal #227 - Panama City Port Authority – Intermodal Distribution Center Expansion for \$3,000,000. Chair Gaetz asked for a report on the current Port of Panama City proposal and said that it would be appropriate to hear from Mr. Randy Lewis, Construction Management Advisor, and from Mr. Wayne Stubbs, Director of Port Panama City, about that project's progress prior to voting on approval of the proposed new project.

Mr. Lewis reported that he has reviewed all of the construction paperwork and reports, that the port is doing a wonderful job of administering the project, and that the contractor was slightly ahead of schedule. He said that the project is closing up, that they have finished the building and they're finishing bulk, dredging and bulkhead work. He said the project has gone very well.

Mr. Stubbs said that relative to the first project the port has substantially completed infrastructure work and that the dredging component is being finished up in this timeframe. He said that the port should be close to submitting its final reimbursement request for the initial project. He said they have been operating in that facility and are having deep ships arrive there and they're getting many great reviews in the industry for that project. In terms of meeting the metrics for the first project, that the port is about halfway there with our tonnage projections which translates into jobs.

The Chair asked if there was any public comment on the proposed Grant Award Agreement. There was none. **Mr. Riggs moved to approve the Grant Award Agreement for Proposal #227. The motion was seconded by Mr. Bense and passed unanimously on a roll call vote (7-0.)**

Chair Gaetz noted that two proposals listed on the agenda, Proposal #70 – University of West Florida Innovation Network Project, and Proposal #206 – AMIKids Panama City Marine Institute STEM and Business Entrepreneurship Labs, would not be taken up at this meeting due to ongoing conversations between our staff and the applicants relative to possible terms for grant award agreements.

Program Administration

Program Administrator's Report

Ms. Henderson presented her regular report and said that staff has been discussing new projects that we anticipate you'll see this fall and in early 2021, with economic development professionals and the workforce development professionals in the region.

A quick highlight is the fast track training programs that the Board approved. Over the summer, most of them are underway and the early reports have been fantastic with full classes, and, in some cases, waiting lists. Staff is really excited to hear the conclusion of these programs in December and January, to see the success they bring for the region, and using their best practices and their best results to continue to respond to workforce gaps.

Ms. Henderson reported that during the second quarter of this year (April – June) she and Mr. Lewis reviewed and approved a number of construction documents, contracts, change orders, and task orders as per Triumph Gulf Coast policies and procedures. Staff has been working with additional grantees on their construction documents, contract change orders and task orders, that you'll be hearing more about as we continue through this calendar year. She noted that most of the site work and construction projects currently underway are with schools and the more traditional projects are just getting underway, with the majority of them to have broken ground by the first quarter of 2021.

Ms. Skelton noted that there needed to be one amendment to the program administrator report. The report proposes that the Board consider authorizing council and staff to negotiate the grant agreement for Proposal #206 which was temporarily postponed after an issue arose yesterday, and we would just need to strike that language from the report. The motion would be to approve the Program Administrator report, as amended.

Chair Gaetz asked if Mr. Lewis had a written report as to the progress of the construction projects and change orders that may have been requested and approved or denied that could be shared with Board members or if he could make a brief report now. He said he wanted to

know if there had been any material changes either in time or money. Ms. Skelton indicated that all of those documents are uploaded to our electronic reporting system and Mr. Lewis can speak to those, but if a written document is needed, staff will have to pull that down off of our electronic system in a new format. Ms. Henderson said that she would provide more detailed information in her future report summary, as well.

Mr. Lewis reported that whenever he reviews change, orders, amendments, qualifications, contracts, subcontracts, he uploads his comments on the Smartsheet electronic format to the staff and to the grantee and the process has worked very smoothly for all parties. He said staff has been able to do quick turnaround reviews and awardees have been very appreciative of not hindering their projects with a prolonged review process. The change orders have not changed any grant amounts and have been within the budgets.

Chair Gaetz asked Mr. Lewis to provide a monthly short written description of any change orders of any contract alterations, any documented progress in task orders that have come before you, that you've approved, simply so that we can have an understanding of how these projects are moving along, and that we have some sense as any changes that might be made even their changes are within budget and within schedule. Just a brief report, as to each of the projects, where you're involved in having these matters come for you. Mr. Lewis agreed to provide such documentation.

Dr. Dana made a motion to approve the Program Administrator's Report as amended. The motion was seconded by Mr. Bear and approved without objection.

Economic Advisor's Report and Recommendations

Prior to making recommendations on new proposals, Dr. Frank Fuller, Education Advisor gave an update on current market change relative to job training and what is happening in the region. He noted that the COVID pandemic is literally blowing up the service industry. You may have noticed the expansion announcements from Amazon, or Wal-Mart. The list goes on and on about career development opportunities, and expansion of their own unmanned vehicles in the operations of their product delivery research.

'We've seen that as recovery comes from the pandemic, as we come back out of this, as people look at their industries, they're going to be looking for more cost efficient methods to come back. The unmanned vehicle training that Triumph Gulf Coast has been funding for the last couple of years is really going to match up with the growing job market. Even right now, in the health care industry, there was a recent article where a city in Florida deploys all of their COVID tests by drones to the recipient and have them picked up and brought back to the health department site.

So what we'd like to propose, with permission of the Board, is to take about three months to just look at the market and see how we need to realign what's coming forward with our proposals, to see if we're meeting market demand, if we need to shift market demand, and if there are other sub areas that we need to expand our market in terms of training. So, we will slow down, until after the holidays, for any future unmanned vehicle proposals, to assess market changes that are being driven by COVID response. This review pause would not affect the proposal we will recommend today.

The unique thing about the Tallahassee Community College proposal is that it rounds out our unmanned vehicle program as it brings an underwater capability and because we have an operation at the Navy Base in Panama City and Florida State University is using drones in the oyster research project, Florida A&M University has a federal contract to do aquaculture in which they develop their own set of small drones to do scanning to determine multiple levels of functioning in the water, and Gulf Coast State College is developing underwater vehicle programs for water Search and Rescue. Hopefully in the future PC AMIKids proposal will come on board with a program that already includes underwater vehicle operations training that would be brought into play. With this capability, we would have a broad spectrum of unmanned training in our region. We are already getting a lot of inquiries about our training platform. Companies are simply coming down here because we appear to have a trained workforce to help them build and develop, to deploy very large, very technical unmanned vehicles in the region. All that we've done so far with the UV process is really put in place a workforce that may be close to two years ahead of what I would assume, the rest of the country in terms of training.'

Dr. Fuller then made a recommendation to move forward to Term Sheet Negotiations on Proposal #167 – Tallahassee Community College Unmanned Vehicle Systems Center of Excellence (Wakulla Campus) for \$1,959,382. He noted that the proposal is to provide a certification program for unmanned vehicle training at the Wakulla County Campus of TCC for residents of the Triumph Gulf Coast region. The proposal provides an ROI of \$33 per Triumph dollar expended but due to the low match provision, staff has scored the project a B. The college would be responsible for producing 775 high level certifications off of the CAPE Lists, that would range from electronics all the way up to deployment of unmanned vehicles.

Dr. Harper noted that the Revised Budget Document provides \$363,000 in matching funds (15.6%) of project total. The reimbursement rate would be about \$2528 per certificate earned. \$33 per Triumph dollar spent is an attractive return, however, the low match, staff rates this as a B, because of the match situation.

Dr. Fuller said that this program will offer multiple certifications, like CAPE, Federal Aviation, Safety Institute, and hopefully, the creation of a brand new spectrum of certifications in the unmanned vehicle operation field, which right now is pretty much an open arena for certification training. He said he thinks this would be a key component of this project, to produce that certification and actually be able to deploy and use it as a revenue stream generator for us in the region. The program will offer multiple certifications, and they'll offer an Associate of Science in STEM related fields. With drones in the forefront of technology, training safety is paramount, and development of the curriculum program for the Marine Technology Certification Training Center will create a CAPE certification program to train participant members in marine technologies using autonomous underwater vehicles.

Relative to aquaculture, it seems that NOAA is going to designate in the next couple of months, regions in our area, adjacent to our counties that will be federally designated, aquaculture regions for research and development as an expansion of agriculture, it seems is 60% of our food supply from fisheries comes from foreign countries and there's an initiative right now to try to recapture some of that market and reduce that rate to have more home-grown seafood products in our food supply chain.

Higher learning institutions are also being asked to create centers of excellence, and part of the reason we're bringing the proposal forward today, even at a 15% match, is that TCC has been designated by the FAA as a Center of Excellence in Unmanned Vehicle Training. According to

market analysis, 2020, autonomous underwater vehicles from 2020 to 2025 will grow 20% and will become a \$1.6 billion dollar industry in the next five years.

The commercial drone industry trends reported by Drone Deploy, is the fastest growing commercial adapter of data coming from construction, agriculture, and mining industries in the entire economy.

As part of this proposal TCC will continue its longstanding partnership with FSU, Florida A&M University and Local School Districts. It's not a heavily developed industry now, but it will be very quickly as we come out of the pandemic because of the simple reduction in cost, doing the surveying using underwater drone technology is going to be a spectacular shift in the industry as far as all the applications that will take place.

Chair Gaetz said that this seems to be an excellent project that seems to have great potential and asked the applicant why the match amount from the college was so low.

Mr. Albert Wynn, Tallahassee Community College, said that originally the proposal had included additional match but after conversation with Dr. Fuller about eligible match and different models what they came to was a conclusion to do this fast track model, which is all performance based. He said the college does believe in this program. He noted that TCC became an FAA Center of Excellence this year, and that the college hopes to partner with Gulf Coast State College and Florida State University moving forward. By focusing on the marine environment, TCC will be one of the first colleges to develop the training that we think will be well situated to pair with our existing programs. We are fully committed to this project. We do believe, just like you and your staff that this will provide an economic multiplier for this region. Now, and going forward.

Mr. Stephen Solomon, Director of Grants Social Projects for TCC, said that the initial request for funding is for \$315,000 for first year start-up costs. That will be upfront. For that ask the college will be providing the match of \$339,000. After that any additional funds that TCC is able to get from Triumph would be based on the certifications that the college awards using the fast track model that with staff, we thought this was the best model moving forward.

Ms. Henderson clarified that there is clawback, which is required by statute and it's regarding the initial payment that Triumph would make. The college would then have to complete that many certificates before they would be eligible to receive additional funds for additional certificates earned. At that point, Triumph would pay if the certifications are earned, but would not pay anything if the certifications are not earned. The clawback goes against the original upfront initiative.

Dr. Fuller affirmed that the first stack of certs the college produces go against the clawback for the initial funding and once that amount has been satisfied the format switches to a pure reimbursement for certifications earned.

Chair Gaetz said he appreciated the explanation that that this project makes TCC a market leader in this emerging and important area and that takes him back to his original question. In all of the other projects that Triumph Gulf Coast has done with educational institutions, including institutions that have less money than TCC, there has been more of an investment by the applicant. And so, in this case is the applicant telling us, this is most investment they will make on this project?

Dr. Fuller said that for this applicant, what staff tried to produce was the best proposal we could bring forward, based on what we understood their fiscal position. So, once they explained their fiscal position, this is as close as we could come to, to try to take an innovative project and find a pay as you go plan so that Triumph wasn't on the hook for the whole process. At the end, it literally had to pay for itself each year before Triumph would release the funds, and if the college failed to produce then they simply didn't get any funds through Triumph. So we brought this forward because of the uniqueness of the proposal, just to give the Board a chance to look at it and decide if this is an avenue that could be pursued.

Mr. Wynn said that TCC will continue to be dedicated to this particular program, rolling forward, not just within five years or the 5 to 7 years as is typically within a grant, but as we move forward over many years. The college has committed to this unmanned vehicle training program prior to this grant request and has already established the program. As we move forward, the college is looking for other grant opportunities to bring into the program to help it move along the way to solidify it as we move forward.

Chair Gaetz commented that in other negotiations Triumph Gulf Coast has had with other educational institutions, they have had enough faith in their own projects to say that they will oblige themselves and obtain additional grant funding to thereby reduce the amount of money that Triumph has to put in. Because of additional grant funding that they will secure, they've obliged themselves to do it by contract. He said that as one board member, he is happy to vote to have this matter be developed into a term sheet, but he will be very reluctant to support a term sheet that doesn't have some commitments or actual real dollars that accompanies the rhetorical commit.

Mr. Terry asked what the initial \$315,000 would go towards funding in the first year? He also wanted to know what the \$339,000 match would be used for.

Mr. Wynn pointed out that TCC would be providing \$339,000 to pay for additional salaries and scholarships for students to be able to fund training for students for free. And that's what we're looking to do with this particular program. Get enough grant funding to be able to provide free training for the students within this program. Ms. Henderson noted that part of their match is not cash but is a waiver of tuition and that part of their match is the instructor salaries. She asked the college to elaborate on what it would spend Triumph's initial \$315,000 on such as some of the equipment and other items. Mr. Solomon responded that the initial funding would be used to purchase equipment needed to get the program started. He said that as of now, the college has the salary, some in kind match, the facility, and the staff. What is missing is that initial funding to be able to purchase the drones to help get the program started. So, the college is fronting all the other costs, but the initial cost for us as an institution to invest in those unmanned vehicles is what we're looking to Triumph for assistance on.

Dr. Fuller said that his goal was to bring forward the value of the idea, and the value of the job market that this proposal could address. The needs that we've researched, and we know are out there. If this proposal does go to term sheet negotiations, we would certainly work with them to try to find another way for them to get up to their 50% match. We've heard you loud and clear and, in any discussions, we have with TCC, going forward, match will be talked about top of mind.

Chair Gaetz restated that he was just speaking as one board member and may be out of line with everyone else's views. But Triumph has held other institutions to a standard of coming up

with a more substantial match. They've had to stretch and work to do it because it's a worthwhile project that matters to them. He said he has great respect for TCC, and he knows the kind of success that they have with their programs. And if they value this program, he would like to see them put more skin in the game so that Triumph has less exposure.

Mr. Solomon made the point that in an earlier draft, there was more match that the college was committing, but they were asked by Triumph staff to remove some of that to just focus on the initial first year, \$315,000 that we're asking for, and then moving to the Fast Track model. He said the college does have more match ready to go, and they did put up more match, even than the \$315,000 for the first year. So, they feel very confident they were completely committed to this project at the institution, and really appreciate the support, the track, moving forward with this project.

Dr. Fuller said that he and Ms. Henderson would be glad to discuss additional eligible match sources and issues with the college.

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

Due to technical audio difficulties, Mr. Bense was not on the call for this portion of the meeting. He was able to rejoin the call shortly after discussion of Proposal #240 began. He was not present for the vote on Proposal #167.

Mr. Bear made a motion to direct legal counsel and staff to negotiate a term sheet for Proposal #167. Mr. Riggs seconded the motion which passed unanimously (6-0.)

Dr. Harper presented Proposal #240 – Santa Rosa County Board of County Commissioners – Santa Rosa Industrial Park East for \$6,000,000. This funding is requested to install 1.5 miles of roadway and also utility related infrastructure improvements to open up a new area of the East Industrial Park for development. There are several companies who have a desire to expand in this park. It has a three year construction period and that construction is in two phases. The road building does not take three years, and instead the road building and utility Infrastructure improvements are estimated to take up to 18 months. Once the new areas of the park are accessible, there is a private sector tenant, who wishes to install \$20 million worth of building construction improvements in the newly accessible area and that construction has to be done sequentially. It has to follow the installation of the road, and the utility infrastructure, and two other private sector tenants each are providing one million. The total match offer is \$22,136,149, so that the request of \$6 million in Triumph funding represents 21.3% of the total project cost.

Santa Rosa County wants to hold the clawback guarantee. It will provide 170 full-time jobs paying a before fringe benefits average of \$41,770, which is 115% of the 2020 average wage requirement for Santa Rosa County. At the completion of the 36 month period to construct both the public and the private infrastructure they would begin a three year ramp up, period, and then a three year job maintenance period.

Looking at the return on investment if we look at the Standard 10 year period following, in installation of infrastructure, the additional labor income, the wage income, would be \$13. That's a present money value discounted amount, \$13 per Triumph dollar expended. If we expand that horizon to 20 years, it rises to \$47 per Triumph dollar expended. The average cost per job is \$35,294, which is reasonable for permanent jobs that Triumph has funded in the past and for these reasons, staff scores this project as an A.

Mr. Shannon Ogletree, Director of the Santa Rosa County Office of Economic Development said that he and his team appreciate the opportunity to bring this new project and others to Triumph for consideration. He said that this project allows Santa Rosa County to bring these three companies to the industrial park and while it took a little bit of time to orchestrate this deal, but between Induction, Hard Metal, and Oh, Brother, all three companies are eager to move into this park once the road is constructed. Part of Project Induction is quickly becoming one of the largest manufacturers in Northwest Florida. They are a great company and this facility, this new facility, will allow them to vertically integrate, meaning they will be supplying their own product for another facility. So, they are growing fast, but if it's not for the road, this company does not come here and they can easily go to the facility in Texas.

Mr. Bear said that this is another great project brought to Triumph Gulf Coast by Santa Rosa County and it's wonderful to see the County team and the County Commission all working together to grow industrial markets. He said it is a great thrill to see opportunity for not just Santa Rosa County but for all of Northwest Florida as these industrial parks are developed and utilized to bring jobs to the region.

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

Mr. Riggs made a motion to direct staff to move to Term Sheet Negotiations on Proposal #240. The motion was seconded by Mr. Bear and passed unanimously on a roll call vote (6-0.)

Chair Gaetz asked if anyone from the public wished to comment on any activities of Triumph Gulf Coast. No one spoke.

There being no further business, the meeting was adjourned at 2:55 p.m. CT.