

June 22, 2022

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

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

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

VIA EMAIL DELIVERY

RE: Triumph Gulf Coast, Inc. Semi-Annual Report January 2022 – June 2022

Dear Governor DeSantis, President Simpson, and Speaker Sprowls:

Triumph Gulf Coast, Inc. was originally created in statute in 2013 and received its first funding from the Deepwater Horizon Oil Spill Settlement in 2017. In the ensuing years, Triumph Gulf Coast has become one of the most successful and effective economic development engines in Florida history. As the stewards of \$1.5 billion awarded to Florida by the federal court for economic damages caused by the oil spill, Triumph Gulf Coast's statutory mission is to strengthen and diversify the economy of coastal Northwest Florida through job creation, workforce development and public infrastructure.

Since its first grant award of \$10 million in 2018 to expand the Port of Panama City, Triumph has awarded more than \$361 million to 52 projects in all eight counties disproportionately affected by the Deepwater Horizon Oil Spill. Because of its vetting and selecting of well-conceived projects, attracting 2+ to 1 matching funds, and requiring strict

performance contracts with enforceable clawbacks, Triumph was described as "...a model of efficiency and effectiveness...." by the James Madison Institute. (See attached Fox Business News Editorial by Bob McClure, President and CEO, James Madison Institute, published on May 18, 2020.)

The highly respected business and governmental economist, Dr. Rick Harper, reports that every \$1 awarded by Triumph is creating \$19 in beneficial economic growth for Northwest Florida, an extraordinary return on investment.

With less than a third of Triumph's total corpus committed and more than \$1 billion remaining to be awarded, Triumph's milestones to date already include:

- More than \$229 million in **infrastructure investments** including expansions of two seaports, a major bypass to support military missions, a maritime industrial park making possible as much as \$10.3 billion in Coast Guard construction, outside the gate airfield expansion to substantially expand Naval support missions, three industrial parks across the Highways 90 and 10 corridors with a majority of sites already committed. Job creation projects include an aircraft maintenance-repair-overhaul campus with international partners and customers, electrical transformer manufacturing, pharmaceutical and medical device manufacturing, marine manufacturing, and multiple logistics and distribution facilities.
- \$105.6 million in **education workforce training** including facilities and faculty for airframe, aircraft maintenance and pilot training, a joint venture with the University of Florida and a local school district for artificial intelligence instruction, a Florida State University STEM lab school supporting the post-Michael rebuild of Tyndall Air Force Base, four Unmanned Systems drone training programs linked to K-12 school districts, near-doubling of nursing education in the eastern portion of the Triumph region, Career Technical Education (CTE) training in welding, pipefitting, carpentry, construction and industrial trades, HVAC, agriculture sciences, emergency management, fire sciences, health care services, information technology, commercial driving licenses, and engineering/design sponsored by seven K-12 districts, two universities, four state colleges and a county sheriff's office.
- \$8 million in Triumph sponsored research to restore the aquaculture of Florida's legendary Apalachicola oyster beds. This funding has induced federal and state research grants of over \$20 million.
- \$19 million in **ad valorem tax benefits** to assist local governments in covering emergency post-hurricane costs and support counties in attracting private job-creation industry
- Of the \$106 million in education and workforce training, **more than \$41 million is in programs with a primary focus in cybersecurity and IT training** with education partners for Northwest Florida residents, active-duty military families, and separating uniformed military to qualify them for high-skill, high-wage jobs in Northwest Florida.

The net effects of those milestones include:

- 16,273 net new jobs, with all incentivized jobs paying 115% or more of the prevailing wages in the area
- 29,977 national industry certifications or milestones earned by K-12, college, and university, retiring military and military spouses in the very occupational categories most needed in our coastal economy
- More than \$800 million in net new family income annually
- Uncommon risk-sharing by attracting almost \$800 million in matching funds, attracting private and public sector partners as full investors in every project
- A regional economy more diversified, resilient, and self-reliant than at any other time in our area's history

A highly unusual feature of Triumph's operation is the strict, objective, measurable performance metrics applied to every project. Binding contracts with qualified applicants and partners ensure that Triumph can reclaim funds in all cases if metrics aren't achieved. When hurricanes and pandemic conditions justified flexibility, the Triumph board renegotiated with a few applicants. But, to date, not one of the funded projects have been cited for non-performance nor have any funds had to be clawed back.

Triumph has provided extensive hands-on help to applicants to qualify for funding, evaluated every proposal with due diligence, return on investment and job-creation viability prior to every award and managed and monitored every project for contract compliance and faithful performance. These functions are carried out by Executive Director Susan Skelton, Program Administrator Cori Henderson, Economic Advisor Dr. Rick Harper, Education/Workforce Advisor Dr. Frank Fuller, and Construction Compliance Advisor Randy Lewis, AIA, together with the accounting firm of Tipton, Marler, Garner and Chastain, and the Clark Partington law firm.

Total operational costs – including financial management, legal services, and research – have cost less than $\frac{3}{4}$ of 1 percent of Triumph funds, a nearly unprecedented record for low overhead and financial stewardship. The 2022 legislative session agreed that \$5 million of interest earned by Triumph on its unexpended funds could be used for project management and compliance over the remaining 11 years of the organization's intended life.

Triumph Gulf Coast is independently audited by outside auditors and is examined and audited annually by the Auditor General of Florida. Not once in its existence has Triumph been cited or criticized by any auditor or oversight body.

This spring Triumph Gulf Coast's original directors have completed their terms, which, by law, cannot be extended. Directors who have served since the organization's inception, and their appointing authorities, are:

Governor appointees:

Stan Connally, Jr. - June 3, 2017 – September 1, 2018

Lewis Bear, Jr. – March 26, 2019 – June 2, 2021 (Vice Chair 2020)

David Bear – August 13, 2021 – June 2, 2025 (Chair-elect 2022)

Attorney General appointees:

Pam Dana, Ph. D – June 3, 2017 – June 2, 2021 (Vice Chair 2021)

Collier Merrill – July 1, 2021 – June 30, 2025 (Vice Chair 2022)

Chief Financial Officer appointees:

Stephen Riggs, IV – June 3, 2017 – June 2, 2021 (Treasurer 2017 – 2021)

Reynolds Henderson – July 20, 2021 – June 2, 2025 (Treasurer 2022)

Senate President appointees:

Allan Bense – June 3, 2017 – June 2, 2022 (Original Chair 2017)

Jason Shoaf – June 30, 2017 – June 20, 2019

Matt Terry – August 13, 2019 – June 29, 2022

House Speaker Appointees:

Robert Bonezzi – June 3, 2017 – January 10, 2018

Ben Lee – January 18, 2018 – June 2, 2022 (Assistant Treasurer 2020-2022)

Don Gaetz – June 30, 2017 – June 29, 2022 (Chair 2018-2022)

The Governor, Chief Financial Officer, and Attorney General made their most recent appointments in 2021. The Senate President and House Speaker will appoint new directors this year to carry out Triumph's statutory mission for the next four years.

The departing directors express our gratitude for the opportunity to serve the State and our coastal communities. We are particularly grateful to Executive Director Susan Skelton and her small but highly effective team. And we look forward with hope and confidence in Triumph Gulf Coast's continued success.

Respectfully,

Don Gaetz
Chair of the Board

Attachment

Cc: Members of Florida Cabinet
Members of the Northwest Florida Congressional Delegation
Members of Northwest Florida Legislative Delegation
Members of Triumph Gulf Coast Board