

**Meeting Minutes
Committee of the Whole Meeting
Triumph Gulf Coast, Inc.
Bay County Commission Chambers
Bay County Government Center
840 West 11th Street
Panama City, Florida 32401
December 15, 2022
1:30 p.m. – 3:30 p.m. CT**

Members Present

David Bear
Bryan Corr, Sr.
Reynolds Henderson
David Humphreys
Collier Merrill
Jay Trumbull, Sr.
Leslie Weiss

Committee of the Whole Chair Collier Merrill 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 with all members present.

Chair Merrill welcomed everyone to the committee meeting and explained that the purpose of the meeting was to continue the earlier Board discussion from the November 2 workshop about possible changes to the Triumph Gulf Coast Board's discretionary priorities in the grant award process. He noted that the Board had asked staff to prepare a white paper outlining scenarios that have proven to be difficult in reaching success for applicants in the process and that the Board would use that white paper as the outline for its discussion in this committee meeting. He pointed out that the difference between the earlier workshop and this committee meeting is that the Board can make formal motions to make changes to the discretionary priorities that, if approved, can then be ratified at a future board meeting.

Next, Chair Merrill introduced Ms. Jennifer Conoley, President of Florida's Great Northwest to present the Northwest Florida FORWARD initiative, and to discuss current economic development activities in the region. Alignment with the Northwest Florida FORWARD initiative is one of the current Board Discretionary Priorities.

Ms. Conoley noted that the Northwest Florida FORWARD Initiative was set in place in 2017 and provides the guidance for Florida's Great Northwest in recruiting and preserving business in the region. The initiative is a strategic plan to promote Northwest Florida's business vitality, infrastructure, entrepreneurship, talent, and quality of place.

Northwest Florida *FORWARD* is a strategic initiative designed drive economic vitality and growth for the region. The vision for the initiative is to create and preserve a diverse and vibrant regional economy where Northwest Florida residents and businesses have a wealth of opportunities by providing a sustainable and enduring economic base through diversified industries and high wage employment growth with a greater alignment of partner resources through regional collaboration. These collaborative efforts can improve the vitality of all areas

and populations in the region by strengthening the job market beyond the traditional economic engines of tourism and the military.

The process of creating Northwest Florida *FORWARD* began with the **discovery phase** in Fall 2015, where existing strategic plans from the local, regional, and state level were reviewed; a presentation on regional economic transformation was made to the Triumph Gulf Coast Board; and research was conducted on strategic plans and processes implemented by other regional entities in the U.S.

Florida's Great Northwest and the University of West Florida received an EDA grant in Summer 2016, which allowed the **strategy development phase** to begin. Over the course of five months, a Northwest Florida *FORWARD* Steering Committee, consisting of **Apalachee Regional Planning Council, Florida's Great Northwest, Gulf Power, University of West Florida Haas Center, and West Florida Regional Planning Council**, worked closely with a national consultant, TIP Strategies, to hold workshops, meetings, and one-on-one interviews across Northwest Florida. More than 860 business, government, educational and community leaders provided their insights to identify the region's most promising opportunities for transformative economic growth. The Haas Center conducted research and provided a technical report and profiles of each county, which served as a strong foundation for the regional effort. Together, the region developed the Northwest Florida *FORWARD* Strategic Plan.

In designing the strategic plan, TIP Strategies and the Haas Center sought to identify target industry clusters for Northwest Florida that will transform the region if successfully developed through business recruitment, retention, expansion, and entrepreneurial support. These recommendations, however, should not be viewed as the only viable industries in the region for attraction and development. Some counties and communities offer competitive advantages to specific sectors that may not be part of these recommendations. However, based on regional industry and occupational data, national and regional trends, as well as the consulting team's experience in identifying target industries for markets nationwide, the following regional targets are recommended for inclusion in the regional strategy.

- **Aerospace and Defense** is the region's deepest and most diverse cluster
- **Financial Services** plays an essential role in the economy as it interacts with virtually all other clusters via the banking industry. The recent and projected growth of the cluster in the region is being driven by the ongoing expansion of Navy Federal Credit Union in Escambia County. In addition to employing thousands of residents, the sector serves as an essential support service for other industries and contributes significantly to the regional economy.
- **Water Transportation** is poised for healthy growth in the region largely due the success of Eastern Shipbuilding in winning the significant U.S. Coast Guard Cutter shipbuilding contract. Targeting the shipbuilding supply chain presents opportunities for additional cluster growth in the region beyond Bay County.
- **Cybersecurity** is not considered a traditional cluster yet presents promising high-wage growth opportunities due to unique assets and new supporting programs in the region.
- **Advanced Manufacturing** is an important target for growth as it impacts many other clusters and offers high-wage employment growth for all areas of the region.

The goal of the regional strategy is to foster a dynamic economy that can support a variety of industries, especially those that Northwest Florida is uniquely positioned to nurture.

Ms. Conoley said that since Florida's Great Northwest was founded in 2000 by private sector business and community supporters, it has continued to work with its economic development partners across the region that are either public- private partnerships, or county run departments. She said that not only do our private sector leaders that want to change the perception of Northwest Florida as an ideal place to do business, that they are joined in this effort by our local economic developers, our education partners and workforce development regions with CareerSource.

There are three main purposes at Florida's Great Northwest to just to briefly mention one is advocacy. The organization has been collectively raising the voice of Northwest Florida in Tallahassee. This past legislative session, the organization went to the capitol to host Northwest Florida Days and had a big successful event with all our leadership there. They now offer a legislative priorities list to lawmakers that includes issues that specifically affect Northwest Florida. That list of priorities is sent out to private sector leaders and economic developers to help us to have one song that our region is singing as we're going to Tallahassee to talk about issues that affect all of us.

Under the organization's purpose of collaboration, it has just launched a brand-new program, Leadership Northwest Florida. The new group is truly within the spirit of regional collaboration, working across county lines to figure out how if we work together, how we can be better together. Eighteen people were accepted into the inaugural class. This group will serve as a pipeline to have a different kind of leaders come and serve on our regional boards or local boards that are more educated about the economic development process.

The third purpose that the organization probably spends most time on is promotion, promoting Northwest Florida as an ideal location to do business. And if you like fishing like I do, I thought you'd like my assemblage because it speaks very clearly to what we're doing from a promotional perspective. We work with local economic development organizations, to sell Northwest Florida as a whole. Using a fishing analogy, these partnerships allow the region to have a lot of lines in the water, we know the more lines we have in the water, the more fish we're hopefully going to catch, and the more fish we catch the bigger piece we have for everyone. This is the work being done when we're going out there doing this lead generation. Florida's Great Northwest collects the leads, and filters them out for Northwest Florida. And we work with the company to where we find them the best place, again working with the local economic developers, so that the region can be successful.

Ms. Conoley said that she is very proud of the work that is being done on promotion. As with anything, there are several ways to market it to your target industry or your target audiences. And Florida's Great Northwest has two primary target audiences, we want to speak directly with company decision makers, and we also want to speak with site selection consultants who are also working with company decision makers who are in growth mode, perhaps they're trying to relocate a facility completely or find a location for their facility to expand. So, we tell our Northwest Florida story and there are several ways we do that, from Industry Focus newsletters or website articles. The organization also does some we personal unique touches on the relationship marketing side of the house with our signature Beyond Our Beaches campaign, and site selectors caravan events, a couple of the Board members have had the opportunity to attend. Just last month, Florida's Great Northwest did some geofencing with targeted advertising, targeting you wherever you go to show you, our ads. And they have been sending out award winning gift sets as part of a marketing campaign. All these activities are increasing that brand awareness about Northwest Florida with the targeted companies and site selectors.

Ms. Conoley stated that Triumph Gulf Coast is the game changer for the economy in Northwest Florida and that Florida's Great Northwest uses a lot of collateral material that is specific to Triumph Gulf Coast. The material includes a white paper that does a deep dive into some of the early successes that the Triumph Board played a role in helping companies expand or locate here in Northwest Florida. They do a deep dive on that because one of the questions they get most from companies or site selectors is how the companies can really use this fund if the money cannot go directly to them. Florida's Great Northwest uses all these pieces to help explain that a little more to help paint that picture of how they work with local governments to be able to help them be successful using the training and infrastructure funding. She said they know that companies may important relocation decisions based on data and that's why it's really important that the work that Triumph has funded is available through a grant on a labor supply and demand analysis. Dr. Aaron Schmerbeck, who performed that research as part of the Triumph grant to Florida's Great Northwest, will speak next about an update around that data research and report. The organization is using the data from the Phase One report, in addition to commuting patterns, exiting military skill sets, and our projected population growth when putting together formal proposals to companies or making regional presentations. The goal is to make that data driven message about Northwest Florida to assure that Northwest Florida gets considered for these competitive job creation projects. She reported that they are getting results from the expanded data in their proposals.

In addition to its traditional marketing efforts, they are taking some business intelligence platforms based on artificial intelligence, and the companies in growth mode into their regional campaigns. This year Florida's Great Northwest reached out to over 670 companies with phone calls that are very direct to cold call marketing based on business intelligence. Of those, forty have developed "hot leads" for potential projects across the region. Fourteen have already resulted in active economic development projects. She pointed to the success of the partnership between her organization and Bay County EDA in bringing Central Maloney, Inc., to the region. The company had decided to expand its business footprint and they have since learned from the CEO had it not been in for Florida's Great Northwest introduction to this region beyond our beaches, then his company would be growing in Texas right now. She said that she knows their regional approach is working and great work is being done at the local economic development organization level, whose organizations are working their own leads and active projects.

It's tremendous to see the overall results from the region of projects that our local areas were able to announce this year, adding over 981 new jobs to the regional economy. Those are high quality new jobs across Northwest Florida, because of the collective efforts within the region. The strategy that we've been using in the region is working, we're getting results. Ms. Conoley said that she is excited about the momentum that has been built to this point and for what the future holds. She reiterated how important Triumph Gulf Coast is to the regional economic development effort and that a day does not go by that she or her team members do not talk about Triumph in some capacity when meeting with companies that are interested in learning more about what's going on in the region. She thanked the Board for its support and said that it's a privilege to be able to serve in this role to promote Northwest Florida across the world.

Chair Merrill then introduced Dr. Aaron Schmerbeck, CEO of Able Operations, LLC, to update research provided to Triumph Gulf Coast and Florida's Great Northwest on regional employment needs for Northwest Florida

Dr. Schmerbeck gave a brief overview of his experience in economics with a focus on Northwest Florida. He noted that he had worked as an economist for the University of West Florida Haas Center for four years prior to forming his own company in 2017. He explained that this presentation is a follow on to the original Phase One Report prepared as part of the

Triumph Gulf Coast Grant to Florida's Great Northwest to collect data and perform demand analysis for the labor supply in the region to support workforce training and marketing efforts for regional economic development.

Based on his Phase Two labor supply analysis, Dr. Schmerbeck said that there were several new industry areas that should be considered for development. There are some industries that show signs of continued development and at least one industry that appears to be adequately supported in the region. He recommended that the new industry areas that show growth potential are: Industrial Mechanics, Aviation Engineering Technicians, and Truck and Bus Drivers. Industrial mechanics are employed across any number of types of manufacturing and repair operations including aviation, aerospace, chemicals, and production technology. Aviation Engineering Technicians are needed to support the ongoing aviation industry cluster job needs and to prepare for additional Department of Defense contracts across the region. There is an ongoing strong demand for commercial truck and bus drivers across many manufacturing, logistics and passenger transportation entities throughout the entire region.

Industries that continue to show demand for growth in the labor market in the region include: Chemical and Industrial Technicians, Aircraft Maintenance, and Drafting. Chemical and Industrial Technicians are in demand in several industries including Aerospace, Chemicals, and Production Technology. Aircraft Maintenance workforce enhancement is needed to meet local demands given the region's Aerospace/Defense pipeline. Training for Drafting jobs is provided across the region and has growth potential as new industries come to the area.

Labor analysis shows that there is currently an adequate number of welders across the region, in part due to Triumph funding of training programs in the area's high schools and technical colleges.

Dr. Schmerbeck has added nursing and related fields to his market analysis and confirms the need to continue to provide a steady supply of highly skilled nurses for the region. While the region is holding steady with the national average of job openings, the turnover rates justify the continued need for maintaining a strong workforce pipeline.

Mr. Reynolds Henderson asked if the information provided, which is a regional overview, could be broken down by county. Dr. Schmerbeck explained that the information presented represents the eight county Triumph region. Mr. Bryan Corr asked if the information is available by county and Dr. Schmerbeck indicated that it is, but that it is hard to cut it by county because of the high number of commuters, those that live in one county and work in another, that makes it difficult to "place" a person and their associated wage and job information in one county or the other. A determinant of either residence or employment would have to be factored into the data. Mr. Corr said that he would like to see the data based on where the job is located since there is a wide disparity between the counties. Dr. Schmerbeck said that it could definitely be done down to the MSA (Metropolitan Statistical Area) level but that beyond that the only disclaimer would be that there may not be enough job information to provide an accurate picture for an individual county.

Mr. Corr asked what the source of the data used for analysis is. Dr. Schmerbeck said that he uses EMSI and Bureau of Labor Statistics (BLS) and CareerSource data.

Mr. Henderson said that EMSI uses the MSA and so even with that data it would be hard to get down to the Walton County information using that tool.

Dr. Schmerbeck said that EMSI does do a county specific estimator. But because it cannot determine specific data for just one county the estimate is obviously going to be inexact, but they do the best they can with their estimate to divide it by county lines. And the DEO data is live on workforce dashboards. So that data would be including Okaloosa-Walton together for example, from CareerSource.

Chair Merrill thanked Dr. Schmerbeck for his presentation.

Chair Merrill then recognized Dr. Rick Harper, Triumph Economic Advisor to present the Triumph Gulf Coast Staff White Paper on Project Funding Issues which the Board asked staff to prepare at the November Workshop Meeting in Freeport.

Dr. Harper noted that the paper was prepared at the request of Mr. Jay Trumbull, Sr., while members were discussing the importance of tourism to our vision, and how Triumph could possibly get to the point where certain types of projects could be considered for funding. The Board asked staff to identify factors that have led to projects being difficult to fund based on our statutory rules and Board discretionary priorities.

The paper acknowledges that tourism is one of three major sectors along with national defense and health care that are current drivers of the Northwest Florida economy. Among these three largest sectors, there are different degrees of potential engagement with the economic recovery, enhancement, and diversification mission of Triumph. Military mission locations are set at the Pentagon, but local assets and characteristics can be important. Healthcare investment is driven mostly by the demographic characteristics and associated healthcare needs in the local population. Tourism depends crucially on the beauty and quality of our natural assets but also on investment in amenities that will draw additional visitors.

At the most basic level, we can split the economy into two components: those in which businesses generate their revenue from outside customers who work outside our region, and those that generate their revenue from people who live and work locally. An example of the former would be a boat fabrication facility that makes boats to be sold around the Nation or the Southeast. It generates sales revenue from far-away customers and that revenue funds the paychecks of local workers. Such businesses are said to be active in a "traded cluster" or business sector and are the target of traditional economic development recruitment, retention, and expansion efforts. If we successfully recruit such a business, the new jobs would be new to our region. For Northwest Florida, total employment in the traded sector might be 25 percent of our total number of jobs.

The non-traded clusters are made up of businesses that meet the needs of our local population. For example, the size of our healthcare sector is largely determined by the demographic makeup of our residents. For example, the number of rheumatologists that the market will support is largely a function how many residents are of an age to suffer from arthritis or other joint or inflammatory diseases. Such businesses have typically not been the targets of economic development efforts, as a Triumph award to a particular facility or provider wouldn't bring net new jobs or increase overall demand for the service but would instead simply subsidize one provider of local services to the detriment or competitive disadvantage of other providers of those services. These jobs are likely 75 percent of total employment, much the same as in other metro areas of the nation.

Businesses active in the traded clusters that are looking for a new location, whether due to political, regulatory, or economic factors, typically can choose among several communities that could meet their needs. In contrast, the rheumatologist must locate where the patients are.

It is true for Triumph, for the State of Florida, and for most other states, that economic development incentives are limited to projects, activities and assets that have a choice about where they locate. Such companies force different geographic areas, and the economic development organizations that represent them, to compete to earn their company's new location and its payroll. Failure to fund economic development incentive programs to "go after" projects that sell outside your local market is tantamount to saying that policymakers choose not to compete for such export-oriented projects and their net new jobs. Going after a project typically means providing a built asset (in Triumph's case) to a public entity which can then offer attractive terms, perhaps on a turnkey building with good access to Florida's growing labor pool. We're essentially taking the pepperoni from other Southeastern states' pizza.

For locally traded projects, the strategy is different. It would create unfair competition among local providers if Triumph were to incentivize a particular homebuilder to do affordable housing, or a particular restaurant by paving its parking lot, or a particular health care provider by helping them construct a new facility. Instead, we've worked to provide valuable skills to workers that will raise their income by providing qualifications that are recognized and valued by several employers.

Dr. Harper provided several examples of Triumph funded grant awards that reflect the commitment to the military and health care sectors and noted that the tourism and hospitality sector has been tougher to provide funding for through Triumph.

The first challenge that we face with funding tourism projects is that most jobs and tourism sectors do not require the specialized skills that generally the higher wages, thus the tourism jobs pay less than local and regional average wages. In fact, you might think that 75 to 80% of jobs in tourism typically will not require higher education. Thus far, Triumph Boards have chosen to follow the State of Florida and EFI policies relative to award structures to be in step with what is being approved by the Legislature and Executive leadership. EFI policy requires that jobs that are incentivized must pay 115% or more of the local average earnings per job, and those earnings can be defined at the discretion of the county. On a county specific basis for our eight counties or metro area bases, our three metro areas, as Aaron referenced, are the Pensacola metro area of Escambia and Santa Rosa counties, the Fort Walton metro area of Okaloosa Walton Metro Area, and the Panama City Metro Area, which includes Gulf County, while Franklin is not included in a Metro Area and Wakulla is part of the Tallahassee Metro Area. One risk of shifting to approving projects to meet the business needs of the leisure and hospitality industry by allowing incentivization of lower wages is it could expose our program to political risk from legislators who might like to see those funds diverted to other uses elsewhere, rather than to use them for lower wage job creation here.

Looking at ways to expand the tourism shoulder season in Northwest Florida, which includes Spring Break and the autumn which we all know are the most beautiful times in our region could be transformational.

There is no metro area of Florida's two dozen metro areas that exhibits greater seasonal ups and downs than Panama City. The data suggests Panama City shuts down its tourism sector when kids go back to school and doesn't open back up until spring break begins in February. The seasonality could be moderated as Destin has done successfully over the past number of years so that entrepreneurs could better afford to build bigger, better capital assets associated with a year-round destination such as Orlando or Walt Disney have done to build bigger, better assets and encourage business dynamism and inbound migration. With this population growth, the Central Florida region has been able to create a strong economic engine. families would enroll their students at UCF who could use those tuition dollars.

The concern that we have as staffers relative to the ROI for tourism investment is not the quality of economic impact studies that get done. Such an impact study was presented at a Triumph workshop in August of 2018. The models presented were generally correct and credible, they were done to a high standard. Instead, the problem is that bricks and mortar to construct tourism infrastructure are expensive. Another issue in reviewing tourism projects is the determination of whether projects are locally oriented to provide amenities to communities across Northwest Florida that we have historically been asked to fund, such as new ball fields, pools, and sports facilities, or if the requests were for truly transformational tourism proposals that would have strong impacts on the average wage of the community. Those local amenities are certainly important from a quality-of-life perspective, but by virtue of meeting local needs, they do not create many, if any net new jobs that we need to meet Triumph funding requirements.

For tourism facilities that would be targeted at a non-local market there is still a two-prong challenge. For example, if we envision a project to develop a Sports Complex, with tournaments that would draw regional teams and associated expenditures to such a project and the applicant might request \$30 million from Triumph to be matched by an equal amount from other sources, one challenge would be at the facility itself. Typically, at most such facilities, only a few dozen jobs would be created because you don't need a lot of people to run a sports complex. In reality, the people who come to the sports complex and work will be there on a temporary basis for whatever tournament is in town. If the board were to use the standard that it has typically used for infrastructure projects, which is the count of direct jobs created at the facility itself by the applicant, then the cost per job for this described facility, assuming the performance metric for thirty net, new full-time, high wage jobs, at \$30,000,000 from Triumph would be a million dollars per job, which exceeds our highest cost per job thus far by a factor of twenty.

But those aren't the only jobs linked to facility. The purpose of installing such a tourism asset is to create related jobs for businesses across the local economy such as housing and feeding visitors that would attend tournaments and events at the sports complex. That is certainly a legitimate approach as such a facility would likely be responsible for perhaps 400 jobs spread throughout the leisure and hospitality sector of the local economy. In this example, one could assume that there are as many as thirteen jobs in the broader regional economy for each job at the facility. That's a very large job multiplier. If one were to count direct jobs generated at the facility, indirect jobs which are in the supply chain, and then induced jobs which count for spending of paychecks by those indirect and induced jobs, the million-dollar cost per job would be reduced to perhaps \$75,000. If the Triumph Board were to decide to adopt a model using a total jobs approach, including direct, indirect, and induced jobs as is commonly reported in economic impact studies, rather than the direct jobs that we use currently, we will also need to include an analogous jobs multiplier to other projects that we fund. Looking back across the Triumph infrastructure portfolio, it is likely that this multiplier is as high as four jobs in the supply

chain, indirect and induced jobs for every direct job at a manufacturing facility that sources many of its inputs locally. That's a very engaged supply chain that yields a high job multiplier, but that multiplier may be as low as 1.8. For a lower wage facility that imports most of its production inputs from outside the region, the average expenditure per total jobs created would likely be in the \$10,000 to \$15,000 range.

Back to the example of the sports complex request, the cost per job of tourism jobs needed for construction of the asset calling for \$30 million would still be four to seven times the per job award that we currently make for our highest wage projects.

Other proposals have asked us to use a general job count that includes direct, indirect, and induced jobs in value benefits to proposals. We have only done that once with the Crestview bypass project. That project used the job guarantee that was county wide due to the central nature of the Crestview bypass in the county. Creation of net new, sector specific direct military employment, and defense contractor employment, which are high wage because Department of Defense contractor jobs are among the highest remunerated jobs in the region, and above existing forecasts of trend growth, were included as performance metrics to assure net new jobs not simply existing jobs across the county. This was a unique situation with every indication that job performance metrics would be met. That has proven to be the case.

By not doing a direct census of jobs created a specific facility, we would necessarily have to switch to an approach which uses output from economic impact software, which assumes that all jobs created in the sector have that sectors average multiplier. Several proposals have asked for this count, but Triumph has not used that approach since it would introduce the arbitrariness that comes with the use of industry averages rather than the actual census and actual counting of net new jobs at a facility.

The second vector that staff presents to the Board to consider with each proposal is the additional dollars of household income per Triumph dollar expended. In addition to cost per job, we calculate the estimated incremental household income, and that calculation does incorporate the supply chain impacts of direct, indirect, and induced jobs and their wages. Projects that score better than \$15 in incremental household income per Triumph dollar expended typically receive an economic impact score of "A" unless there are other characteristics such as low match provided by the applicant. Tourism project scores are lower in additional dollars of household income per Triumph dollar expended because the lower wages do not encourage as much ripple effect spending as higher wage jobs create in the local economy.

What's the way you can get to yes in tourism projects? Some avenues for Triumph participation currently exist. Triumph has yet to fund match to VISIT FLORIDA marketing campaigns, which the statute specifically enables as one of our allowable award categories. We have funded emergency rescue equipment, for example, to the Gulf Coast State College Bay County Emergency Management Program, which is devoted to keeping our beaches, residents, and visitors safe. By employing Triumph grant funds for emergency response training and equipment, which is a statutorily allowable award category, that quantity of funding that would otherwise have come from tourism dollars could then be devoted to other needed items. So that's been a way for trying to reach tourism that couldn't be used by other counties.

An additional approach that has gotten traction in past discussions among staff and Board members is to incentivize those tourism jobs which do meet the 115% average of the average wage criteria and not incentivize those that do not meet that threshold. Rough calculations suggest this could allow Triumph to participate for perhaps \$3 to 5 million, rather than \$30

million, for the above example of a sports complex, while simultaneously maintaining the Board's stated commitment to stay focused on higher wage jobs. Another more aggressive approach that could be adopted by the Board would be to argue that a new \$15 per hour job in tourism does get us closer to national average wage. How so? If that worker had previously only earned \$12 per hour or had not been in the labor market at all, then a move to the higher wage job would have the net effect of losing that \$12 per hour job, or losing an unemployed person, and transitioning them to a \$15 per hour job, thereby raising the regional average from where it had been previously. The University of West Florida IRRF program that was implemented by the Legislature in 2011 to address the BP oil spill took exactly that approach. However, that IRRF program arrived at the university as an increase to the university budget without instructions as to the legislative intent. Instead, it was simply used as a deal closing fund without the statutory strictures that our organization faces. While the argument is clearly correct, that other things equal, a \$15 per hour job is a step closer to the national average wage than the \$12 per hour job that person held previously, this argument seems like risky territory, given that the State generally requires incentivized jobs to exceed the 115%, national average.

Dr. Harper said that there are other issues included in the staff white paper and asked the Chair if he should proceed with those issues or pause for the Board to discuss the tourism funding issue.

Chair Merrill asked Board members if it would be appropriate to pause to discuss the tourism funding issue at this point. Mr. Henderson indicated that he would like to have the conversation about tourism at this point and said that he had done some research about Walton County, and that while every county has different needs, it is important to address ways to support the local tourism economy. According to his research, wait staff in Walton County is being paid approximately \$70,000 while restaurant managers are being paid \$130,000 or more and bartenders are in the range of \$100,000. These high salaries are due to the lack of workforce supply needed to support the booming tourist economy in the county and are clearly high wage jobs. He said that while the wage tables presented were probably correct across the eight-county region, in certain areas, you have some anomalies created by lack of qualified workforce. From an education standpoint, teaching people and getting them certified to go to work seems to be critically important. Providing workforce training would allow for more people in the northern part of the county to be able to compete for those high wage jobs as well.

Dr. Harper said that he agrees completely with what Mr. Henderson said about the anomaly in Walton County. The wage numbers that he uses are taken from the Bureau of Labor Statistics figures via EMSI. What he wanted to emphasize, though, is that, for example, in the four tables that are presented ranging from no credential to bachelors' credential, the question would be, is it correct that having no educational credential provides a wage range of \$28,000 to \$50,000 while having a bachelor's degree increases that wage range to \$60,000 to \$100,000? Is the differential between occupations captured accurately by the Federal statistics? In some sense, it's not because people who can work for tips and do not report some of that income. Their employers are required to report inferred tips given their occupation. But is the differential between the occupations as a percent relatively accurate and is it accurate between the educational credential so he agrees completely with your criticism.

Mr. Henderson suggested that perhaps the Board can get some more information from people who work in the industry and get them to come speak to us. He said that restaurant owners that he has spoken with are passionate about their needs and the fact that they are having to pay way more than the statistical data shows due to the tight labor market and the importance of the hospitality workers to the success of the local tourism market.

Ms. Skelton said that from a staff perspective that something that could be considered would be to find a way to identify, maybe through CareerSource or some other agency that can tell us exactly what the needs area by county as it relates to these types of job openings. Because we know for example, in a Franklin County, there are only so many certified food workers in the county. If a new restaurant opens, typically another one must close. And there may be a universe in Escambia County of more certified food workers than there would be in Okaloosa or Santa Rosa, or because of the cyclical nature of the job there may be more workers available at different points in the year. There may be places where it makes sense for Triumph to be able to do culinary training at the managerial level because you can't have a restaurant without a service manager that's trained by the state of Florida, those kinds of things. And potentially in the areas where there are higher wage jobs that are higher than the county average if we could identify those in some way. Then staff could craft a solution that we could bring back to the Board to consider this as a discretionary priority in a high need job area, like what we did with construction after Hurricane Michael. In places where they are paying minimum wage for hostess jobs, that's probably not what we're trying to get to. But if there are places where we know there's a high need, if we had verifiable way to identify that high need in an area, through CareerSource, or a jobs vacancy listing service, then we could craft something that would fit that need if that would be the board's pleasure. She said staff would have to look at what statistics are available and how we would gather such information from sources such as the Florida Lodging Association or Florida Restaurant Association.

Mr. Henderson said that one area that may be lacking is on the business operations side of restaurants. He said that great chefs sometimes go bust because they don't understand the business. Ms. Skelton agreed and said that this is a subject that Program Administrator Cori Henderson has been talking about for years. The region really needs to have more strong business management training than we have right now. Triumph hasn't had a project come forward with business training or business management training. But if, for example, we could begin to build that into our curricula, at the college level, or even at the high school level, so that when the students come out, they can go in with a piece of paper that says I'm trained to do this management job. We haven't done that to this point because of the low wage issue. But if we can identify places where that low wage issue is not necessarily true, then maybe we could come forward with something that would meet the board's consideration.

Mr. David Bear asked Dr. Harper about the schedule of tourism across our region and about the shoulder seasons and how extending those seasons helps to diversify tourism, which triggers additional investments in our local economies. He said that diversifying our tourism seasons would seem to be a real win for all areas. While the beach was, outside of the snowbirds, generally slower in the winter months, many of the people that are traveling at other times are coming for reasons such as arts and culture, medical, sports tourism, etc. Some of these industries that people are coming to the area to partake of provide higher wage positions, not just those that are impacted by tourism, not just the restaurants and hotels, there's many other many other industries that are affected. He asked Dr. Harper if there is a way to measure that type or travel impact or is there a way for Triumph to be able to participate in a way that can help diversify tourism through specific travel activities. Mr. Bear said he didn't know if that could be marketing campaigns through Visit Florida, to help diversify travel through targeted marketing. He said that there must be a way that Triumph can make another impact outside of just incentivizing these higher wage jobs but looking at how Triumph could reach out to other industries that would be affected by tourism diversification. He said that Triumph is tasked with diversifying our economy improving and recovering from an oil spill, and he thinks that diversification would include the diversification of tourism.

Mr. Henderson agreed with Mr. Bear and said that it is important to look at all the ancillary jobs created around tourism. He said we can attract some of those small businesses that are giving back to their community that have to do with tourism, that as we find another venue for them, or a way to expand, we create an overarching idea of attracting more and more jobs to the hospitality industry.

Dr. Harper said that as an economist for the past several decades in Northwest Florida, his experience leads him to the conclusion that what Mr. Henderson and Mr. Bear are saying is correct, that will be transformational for the tourism industry in Northwest Florida to be able to develop the assets that would encourage visitors to come and enjoy those assets other than the beach. He said that a current example is the Destin area where there's been a really successful effort to encourage inbound migration to beachfront communities that have the ability levels that draw on nontraditional, non-summer beach visitors. With that comes shopping activities by visitors because that's one of the rare times when you have the adult members of the household together to be able to shop together and take their purchases home with them in their car. Destin's development of strong retail shopping opportunities for tourists has been transformational for that community. From an economics perspective, if Northwest Florida continues to rely on limited summer season, as the time when business owners make their profit, that is going to continue to lose profit potential for most of the rest of the year. If we can diversify away from beach-oriented tourism to other types of tourism, whether it is arts and culture activities, outdoor recreation, or medical or sports tourism, taking advantage of Florida's climate relative to our visitors travel from would be transformational to set in motion the type of transformation that we have seen over the years in the Orlando area.

Chair Merrill asked staff to look at ways to research information about disparities in wages for hospitality jobs across the region to see if there might be solutions that would allow Triumph to participate in training in some areas and how that might work.

Chair Merrill asked about an example of a group wanting to do something like a fishing museum near Panama City, or maybe in Destin, the luckiest fishing village in the world, that would give tourists something to do that would be attractive during the offseason. Something to do that would create new jobs that could be marketed by Visit Florida as a possible match for Triumph support.

Dr. Harper said that if a group wanted to have a Fishing Museum, they could have surveys which asked visitors about their travel planning behavior to help identify levels and areas of interest. He said that this is one of the things that we just saw in Pensacola for the FooFoo Fest which takes up the first ten days of November and brings people in for an arts festival capped off with the Great Gulf Coast Arts Festival at the end and interspersed with eight or ten other activities. What's remarkable about this year's visitation patterns is that in a survey of 760 plus visitors that was accomplished by the Haas Center at UWF, which was just delivered this week, they found that as they've done it since the festival began, the number of respondents from out of town, away from Escambia County, who now say that they were aware of the festival before they came and it influenced their planning behavior, has now gotten to be about 50% of the people that are stopped at the festival and asked, Would you please respond to this survey?

The key metrics for calculating economic impact and coming up with a rationale for doing this sort of activity is, how much do the visitors spend while they are here. You can certainly use standardized data that Visit Florida has for the various regions of Florida, and you can collect it in the survey instrument as the Haas Center has done. And then to what extent did that activity

or amenity influence your decision to stay or to extend your vacation by half a day, by day or by two days? By asking those sorts of questions, you can calculate the economic impact accurately. If you don't have the data, because you don't yet have the Fishing Museum, then you look at other communities around the southeast that have coastal fishing museums and ask for their visitor stats and the behaviors of their visitors and see what they're doing.

Mrs. Leslie Weiss noted that while the number of direct jobs for a Fishing Museum might be small, the number of indirect jobs like hiring more police officers or firemen or the shopping, grocery stores, and jobs like that due to increased traffic and population in the community. That was the type of comparison that we talked about with the indirect costs versus the direct jobs that are created.

She asked if there was a way to calculate the indirect job impact, so for example, while you may only create four direct jobs, the fishing museum and its traffic may lead to the creation of 24 indirect jobs? Or is that just too much burden to try to calculate the indirect job impacts? Dr. Harper responded that this type of data would most likely happen after the fact as justification for decisions that you're making that may not be in line with Triumph's statutory charge, if the Board is talking about developing community assets, as opposed to recruiting out of state industries, since that would be at odds with traditional economic development policy. While the Board may not have a robust justification for deviating from traditional policy, that is exactly the sort of statistic that will be calculated by economic impact models that are done by any number of high-quality firms that will tell you for this much visitation, you get this much visitor spending this much additional spending in the community. He said that when serving as the state's expert in the BP Oil Spill damages litigation, and we went to the state and U.S. models that the State Office of Economic and Demographic Research used, and it is correct to say that the amount of taxes per dollar of visitor spending is on the order of ten cents per dollar of visitor spending which is very high. If you look at the amount of taxes generated to fund things such as police, fire, or other services. If you're talking about just the normal household taxes per dollar of spending, it's much closer to three or four cents. So, we do collect more than twice as much tax revenue per dollar spent by visitors as we do per dollar spent by local households.

Mr. Jay Trumbull, Sr., asked if the Board could have some input from the audience. Mr. Bryan Corr, Sr., agreed and said he had spoken with people in the restaurant business and asked them about two things. The first was about pay ranges for restaurant jobs. He said he was told basically the same thing that Mr. Henderson reported and that in Walton County, they are even having to pay accelerated wages for the lower paying jobs such as dishwashers to keep the restaurants open. The management jobs are commanding very large salaries. The second issue, and biggest problem is simply finding and keeping employees. He noted that in the table of growth rates for new jobs in the region that was shared by Dr. Schmerbeck, all four of the fastest growing job gaps over the next ten years are in the restaurant business. So, the hospitality already has a problem, that problem is becoming critical, and it's going to totally stop the business if a solution isn't found.

Chair Merrill, who is in the restaurant business, concurred with Mr. Corr and said that it is a very tough time to be in that line of work. He said he has employees that started off as dishwashers and have worked their way up in his business without having much formal education and they are great employees. He said he fights the workforce shortage every day. He said that if Triumph partnered with Visit Florida to encourage a stronger hospitality workforce through some sort of promotion that might help and be a good way to do something that falls within our statute.

Dr. Harper said that the Triumph Board has free reign, that funding of marketing projects done in conjunction with Visit Florida is one of the allowable categories of expenditure. As such, the Board could choose to put in three or four dollars for every dollar that Visit Florida put in for a Northwest Florida marketing promotion campaign to promote tourism workforce opportunities.

Ms. Skelton said that Triumph hasn't had Visit Florida come with a project yet, but we understand that the eight counties are working together on a project, and that Mr. Dan Rowe, former Chair, and current board member, of Visit Florida is present today and may be able to speak to that. If Visit Florida were to come with a project, it's very clearly allowable under statute. She said that Triumph can't do marketing programs for individual counties, but we can do the Regional Marketing. And Visit Florida spends a lot of money on regional marketing around the state. Triumph funding can help amplify that expenditure. Visit Florida may put in, as Rick said, just a little bit of the money. And Triumph could put in the bulk of it, if that was a choice that the Board wanted to make. That detail goes back to the match issue that we'll discuss later. But it's certainly allowable, and it's a discretionary decision that the Board would make as to how much the match should be.

Dr. Harper said it's a good idea for our tourism industry to collaborate on marketing with our economic development agencies. Because not only should we advertise and market our tourism assets, but we should also market our economic areas beyond the beaches. Mr. Bear asked how the region can improve our messaging to the tourists because essentially, if we can get the tourists to come here and see it, they love it, and then we're encouraging them with follow through marketing efforts to get them to stay here move their businesses here.

Mrs. Weiss noted that Wakulla doesn't have a lot of beaches, but it has a lot of ecotourism. So, in addition to whatever is done to market "beyond our beaches, she wants to be sure that other subject areas of marketing are included in the discussion. Chair Merrill concurred and said that if the Board decides to make a formal motion to change any of the discretionary priorities, this type of input is important to that conversation going forward.

Mr. Dan Brown, Executive Director of the Bay County Tourism and Development Council was asked to address the Board. He noted that he has served in that position for over 15 years. Mr. Brown is on the Visit Florida Board of Directors and has served as Chair of that Board. Mr. Brown said that when Dr. Harper was working with the state and its economic damages, Mr. Brown and the law firm representing Bay County were working with Dr. Harper and the state as well to assure that the state was looking at the appropriate inputs from the Deepwater Horizon oil spill and that the state got full maximum benefits from the involved parties. He said that Dr. Harper's work is very much appreciated.

Mr. Brown said that this quarter the Bay TDC and others have been working on a regional marketing strategy for Northwest Florida in conjunction with the Northwest Florida Tourism Council, which is comprised of the TDC directors and destination marketing organization directors from Wakulla County to Escambia County. The group is looking at the types of programming that we'd like Visit Florida to do from a marketing perspective. The group has incorporated Mrs. Weiss' concerns about promoting eco-tourism and is focused on making sure the Wakulla County input is fairly represented because it needs to be. All the efforts of the Northwest Florida Tourism Council are under the brand "Adventure Within Reach." As the campaign starts to roll out, it will include not only the beachfront adventures but also other inland adventures and eco-tourism options to explore within the region.

In terms of tourism projects, Dr. Harper talked about directly induced and indirectly induced jobs in the Hospitality Tourism Industry. The standard that the TDC uses is a multiplier effect of about in Bay County of 35% from indirect expenditures. So, for example for every \$1 generated from a direct tourism job, the County infers an additional 35 cents for indirect jobs and an additional 35 cents for induced jobs with an overall impact from that initial \$1 to be \$1.70 with the multiplier effect. Dr. Jerry Parrish, who has done some work for the Triumph Board in the past is a former economist for the Florida Chamber of Commerce. In that role, Dr. Parrish developed a model that is widely accepted across the state that for every 81 incremental, unique visitors to the state, one full time equivalent job is created. Using the example of Dr. Parrish's model, the Panama City Beach Sports Complex did its own calculations and determined that for every 147 visitors to the complex a job somewhere in Panama City Beach would be created. That job would be a direct job on the front lines of the tourism industry and does not include support industry jobs created when those employed in the tourism industry spend their earned wages in the community. Mr. Brown said that if you apply that model to tourism jobs across the board, you could get a good feel for the job creation in the industry

The tax generation from visitors is significant. Mr. Brown said that he believes that part of the legislative intent for Triumph Gulf Coast really took this into account. Because there are provisions in the statute that allow Triumph Gulf Coast to assist with ad valorem taxes for counties and that is saying that we want to help those counties in need lower their tax burdens on their residents. By increasing visitation throughout the year that has that same effect of being able to lower the tax burden for residents. Northwest Florida is blessed with having some of the lowest taxes across the state and Florida is blessed by not having a state income tax. He said that a lot of that is driven by the tourism spin, so if you're really looking at a quantifiable metric, that really meets the purpose without lowering your standards, this type of model seems to be an appropriate measure.

The Bay TDC has a project that was submitted on Friday and we're looking for about \$18.5 million to help fund an indoor sports center on Panama City Beach. But the proposal goes way beyond that. We're also tapping into the lessons learned from Hurricane Michael, where it became apparent that we needed to work with our emergency management operations to strengthen our community. We're also collaborating with Florida State University and the Navy as part of the proposed expansion. There are a lot of different parts included in the proposal.

Mr. Brown noted that tourism jobs aren't just about people who are flipping burgers and cleaning the rooms. It goes way beyond that. And we do work with our economic development partners. The Bay TDC has provided funding for the Bay Economic Development Alliance's video, and as long as it talks about us as part of the economic development stack, we're all in. The TDC works with our local school systems on workforce development as well. He noted that the TDC has been focused on diversifying the local economy for many years. He said that in 2012 the percentage of Bay County tourism business in the Fall and Winter was 20.8% of our annual expenditures. In 2018, before Hurricane Michael, it was 23%, and in the last year, 2022, it was 24.4%.

The Bay County TDC has made a specific effort to address how we continue to diversify our economy within the tourism industry, because we knew at some point, we would have to break the spine of college Spring Break because it was an important market segment for this community, but it was also a detrimental to meet the family market segment for this community. By focusing on visitation problems caused by that group of tourists and the County taking action to slow that activity down through alcohol bans and nighttime beach closures, it affected our numbers. When that happened in 2015 and 2016, we saw our revenues for the month of March

dropped by 41%. But for the year, we were down less than seven tenths of 1%. If we had not focused on building up all the months of the year, we could have gone into localized recession, like we saw happen in Fort Lauderdale, so focus on diversifying tourism to a year-round industry is important to our area.

Mr. Henderson asked if there were any ways of measuring the number of visitors that come here to vacation and end up moving to the area permanently. He said that it doesn't seem that Visit Florida is marketing to the permanent relocation market.

Mr. Brown said that the Bay TDC doesn't have that specific information, but if you look at the Panama City MSA compared to the Destin-Fort Walton MSA the numbers are the numbers. The Panama City MSA includes Bay and Gulf Counties and the Destin-Fort Walton MSA includes Okaloosa and Walton Counties. You can look at what's happened to Walton County over the past several years, especially with after the pandemic, with people literally moving for months at a time into that community, driving up to their non-summer visits at a higher rate than Panama City, but we've all done well. Walton-County tax collections were about \$2 million less than Bay ten years ago. Now Bay County's tourism tax collections are in \$7 million range per penny and Walton's is \$17 million. We cannot all replicate that county's non-summer visitor performance across the region so the reason we do have to look at it county by county is to determine how maximize visitor spending throughout the year and not just during the summer?

Mr. Corr asked what the percentage of Bed Tax is currently in Bay County. Mr. Brown said that it is six cents in Bay County and that Okaloosa County will go to six cents on January 1, 2023. Most of the other counties in the region are at five cents except Franklin which is at four cents. He noted that Bed Tax funds in Bay, Walton and Okaloosa Counties may be used to assist with public safety, but that is a special dispensation allowed by the Legislature and not available to any other counties. Those three counties spend a significant portion of their bed tax resources on public safety. He said 10% of all the Okaloosa County goes to public safety and in Bay County it's 8% to support our first responders.

Mr. Brown said that the special dispensation was passed when Senator Gaetz was in the Senate and that Representative Shoaf has tried to expand the usage to other counties that experience a high volume of visitors during peak months, and to allow the Bed Tax funds to be used for hospitality training, but he has not been successful in making those changes to this point. Because of the legislation passed by Senator Gaetz Bay, Walton, and Okaloosa are the only three counties in the state that can use those funds for public safety.

Mr. Brown said that there are ways to look at hospitality training, that could allow the tourist development tax to be used if a county is promoting that training to provide a higher standard of service to its visitors. We believe that that's something that can be done in Bay County he said he can't speak for the other counties. Bay TDC has gone through the legislative process, both at a TDC level, and at a County Commission level to say this training does promote tourism because it provides a higher level of service. We must fill it on the backend by actually doing advertising campaigns showing that those results do provide that higher level of service to make sure that we're consistent with the statutes. He said that the TDC has legislative approval on the county level, because the Legislature has determined that the county is the chief arbiters of the use of the funds and our county commission said yes is appropriate use of the tax.

Chair Merrill then recognized Ms. Jennifer Adams, representing the Destin-Fort Walton Tourism Office. Ms. Adams said that she is a county employee, and she looks at her job from a countywide perspective especially since Okaloosa County has expanded its tourism taxing

district. She said that marketing to the US for only Beach oriented tourism is not an option anymore. Expanding the taxing district countywide has allowed her and her team to think outside of the box in developing a marketing plan. Ms. Adams has had the opportunity to work in Walton, Gulf, and Okaloosa Counties in her career and she is a member of the Northwest Florida Tourism Council. She said her organization has a lot of data for Triumph and she would be happy to share their findings and how they look at tourism. For instance, she said that she knew that she could bring in the expected tax collection but in anticipation of the expansion of the taxing district, she wanted to be sure that she was influencing visitor spending in 2021. Her goal was to increase visitor spending by 10%. Through expanded marketing of year-round visitation, the increase that year was over 30%, which will put more than \$160 million back into not just tourism, and lodging, but into shops, into dining establishments, into charter captains, and small business operators that have come to the area. In addition to that, they have focused on some of the other sectors like military and when they retire, they invest back into the hospitality community. That new investment is occurring countywide now. Ms. Adams said she would very much like for her organizations, collectively and individually, to be a resource for Triumph Gulf Coast. She said that the research tools that we all have go very deep and the nice thing about the Northwest Florida Tourism Council is that since the BP oil spill, everyone shares everything across the region. The counties are constantly in communication because although they do have their individual brands, that Northwest Florida brand is extremely important to all of them, particularly during the period between October and March when a visitor can spend time in the region for two or three weeks, as opposed to just a couple of days or a week over the summer. She asked Triumph to please reach out to these organizations anytime.

Chair Merrill thanked Ms. Adams and said that it is critical to recognize the importance of those initial visits to the region in recruiting new business for our communities. Generally, people visit a place at least once before deciding to bring a business to the area. If visitors don't like what they see they're not coming back and that is a lost opportunity. We need to have good restaurants and other amenities and attractions for the people visiting so that they will want to return on a permanent basis.

Chair Merrill then asked members for some recommendations to bring back to the group sitting as the Board to ratify. He thanked staff for putting this discussion together and preparing the white paper. He said that the previous Board members were able to find ways to reach creative solutions like the Crestview Bypass to assist the military mission and make that all work out. This Board might also find ways to get out of the box a little bit to create an environment that brings in jobs, creates more pathways to workforce training certificates or other ideas for diversifying the economic footprint of the region.

Dr. Harper said that staff would be happy to work on kind of the synthesis of some of the ideas that we heard today from members to try to put that in a compact package for the Board to memorialize and to provide a document in that regard.

Mr. Bear said that the tourism development tax statute allows for the tax to be spent on certain public facilities such as beach public facilities and that the Triumph statute allows us to fund public infrastructure. He asked if public facilities at beaches would fit into the Triumph public infrastructure definition and could that be a way for us to utilize Triumph funds to help with those tourism related projects.

Ms. Skelton responded that if they are publicly owned, they could be considered for funding and that the issue for staff would be that the Board would need to define what the performance metric for such funding would be.

Mr. Henderson said that he is interested in exploring maximization of federal opportunities in the local opportunity zones. It would be nice to have some of these projects in the counties that have opportunity zones. He said the Board could consider tweaking some of the elements of the discretionary priorities to allow for the funding of hospitality-based proposals.

Chair Merrill asked if the 50% match that Triumph has required in the past is a Board priority. Dr. Harper replied that it was a priority of the original Board to have a 50% match. He stated that the initial board was more aggressive than that with infrastructure projects. So that Triumph rarely paid more than 33% of infrastructure costs. But the Board opted to drop that requirement to 50% for education proposals.

Ms. Skelton clarified that the original statute required a 50% match for private infrastructure. The 2017 statute removed private infrastructure as an allowable award category and there is no level of match required in the current statute. The statute states that Triumph Gulf Coast may not pay for 100% of a proposal, so there must be some type of match, but the Board can decide what that match level should be. Some of former board members believed very strongly that every project should have at least a 50% match. The theory was that whoever the entity requesting to partner with Triumph for funding was, whether it was a government or whatever, that there should be some skin in the game and some commitment from that entity and a level of ownership of the project. But technically, there isn't a 50% match required on a public infrastructure project.

Chair Merrill asked if, in reality, the match for a proposal could be 1%. Ms. Skelton replied that if the Board determined that was an appropriate level of match, then that would be correct. Dr. Harper said that when asked by applicants about the necessary level of match, staff tells them that the Board has traditionally felt that more match is better. There's not an explicit match requirement, but the Board historically has asked to only participate to the extent of one quarter to one third of the total cost of an infrastructure project.

Mrs. Weiss pointed to the Escambia County infrastructure project that came before the Board earlier today and said the county is asking for \$14 million in a Triumph grant and it is only putting in the \$1.8 million for their planning expenses. The county is putting in another \$3 million cash up front, but that amount will be reimbursed back to the county once construction by the third party is underway so for a \$14 million grant, they really only put in \$1.8 million for the land. Dr. Harper said that, according to newspaper accounts from the time of the original land deal with the Navy, the county did put in dollars to do the required improvements to the Navy operations facilities in Santa Rosa County as part of the initial agreement to acquire the land. However, the match that Triumph is counting now is the \$40 million fiber installation and improvement match. Triumph will require proof that the private entity located in that improved area is putting \$40 million into infrastructure for the site.

Chair Merrill said that he is not necessarily advocating for lowering the match requirements, but he wants to assure that Triumph is not missing out on funding proposals that cannot meet a high match requirement.

Mr. Henderson said that he likes the idea of having the level of match in the Board's discretion, because whether a proposal is good or bad it can get it before the Board and get these projects

going. Cutting the match could allow for a greater number of proposals being funded and we want new dollars coming in and 25% of new dollars is better than 50% of all dollars. He said the goal should be to get as much as we can flowing into the economy right now.

Dr. Harper agreed that was a legitimate point. He said that the point of view that the initial board took in allowing is referred to as a seamless match, staff advising the Board that the match being proposed was seamless in the concept of a project, such as in the case of the OLF-8 proposal today, where the money that the county has spent on doing the improvements to the field that they swapped with the Navy, approximately \$18 million cash out of pocket, was seamless in the concept of the project. The rationale for that was when the BP oil spill occurred, and when the prospect of an economic downturn to the state became reality because of that event, and when the settlement amount was finally decided on in 2015 and 2016, counties started undertaking projects anticipating that they would be able to apply for Triumph Gulf Coast funding. With that in mind, the initial board said that they could respect those actions. Escambia County did spend \$18 million to execute the land swap with the Navy to get the outlying landing field location by putting the water and sewer in for the industrial development on the site, Triumph can say that that is seamless match. That match funding was expended even before the beginning of the Triumph process.

Ms. Henderson said that one point that the Board may want to consider in requiring so much match, particularly the match that has already occurred is that one of the most time consuming, and therefore expensive parts of the compliance process is reviewing these old matches that applicants have had to cobble together to get to the 50% match requirement. So, if the Board is considering match and looking at reasons, pros and cons of maybe not requiring so much match, this could be a consideration. Ms. Skelton said that one of the things that our Education Advisor, Dr. Frank Fuller has pointed out is that in some of our smaller rural counties, when Triumph is doing education projects, the counties simply don't have 50% to give us. They have really run out of funds to put forward. For example, that's why the issue with the drones that the Board heard about this morning is a problem because they don't have the money to replace them. Ms. Henderson said that staff tries to be flexible with our rural counties and our school districts in general because they have limited source of revenue. They don't have a company on the other end of our agreement to assist with any more funding. They only have what the Legislature appropriates to them and that must cover all their expenses. That funding is not necessarily discretionary, so the available funding for new projects is very limited.

Chair Merrill said that it is important to consider the appropriate level of match, and if, in fact, match is not available for these education proposals, staff should work to bring those proposals forward so that the Board may determine an appropriate level of match on a case-by-case review if needed. Mr. Henderson said he agreed and that he was not afraid to say no to a proposal that just didn't bother to include match, but that proposals that truly couldn't provide matching funds should not be eliminated if the proposal was otherwise a good idea. Such proposals should still come before the Board for consideration. Ms. Skelton said that staff just needs a directive from the Board to implement that strategy. Once such instruction is given then staff can move forward with that directive.

Mrs. Weiss said that she would like for the Board to be able to see more projects that maybe are not scored as an "A" project because they don't have enough matching funding, or they meet the statutes, but maybe not all the Board's discretionary priorities. If the meetings need to be extended a little longer so that the Board can hear more proposals, she would be fine with that commitment to see more of those that are not the top tier, as the Board might decide that a proposal with a lesser score is needed in a community.

Chair Merrill said that the Board should submit a request to specifically address the match issue in the form of a motion to be considered at the next regular Board meeting.

Ms. Skelton said that if the board has a specific motion, or member has a specific motion to make a change to the discretionary priority, that would take a motion and a vote of the committee to move it forward, or there could be a general motion to direct staff to go back and develop some ideas based on the conversation today, and then perhaps there's another committee of the whole meeting later on. She said that whatever action is taken is important for the Board to be able to lay the foundation, and staff can then take direction from whatever changes the Board decides to make. She said if members are not comfortable making specific recommendations today the committee could direct staff to go back and do the work if that's what you want to do. All options are available to the committee in determining next steps.

Mr. Trumbull said that he agreed and that he suggests that staff go back and memorialize all that we've talked about here today and make some suggestions for going forward. He said that he also agrees with Mrs. Weiss on seeing more projects.

Mr. David Humphreys said that getting something memorialized that shows exactly what we need to change is the right direction. He said he is not completely versed on every statute, and it seems like even within the statute, the Board does have a lot of flexibility already, so he is not sure how much even needs to be changed. He said it sounds like there is not an actual set threshold on what the match needs to be so he doesn't even know if that requires a change in policy or could just be a change in attitude from the Board in directing our preferences to staff. He said that the Board should be taking into consideration the data from the presentation provided earlier about available jobs and training programs when considering funding new proposals. In the presentation we heard earlier that the region has enough welders, and maybe the Board also needs to see where the region is with nursing. Since Triumph has been funding a lot of nursing programs, we need to be sure that we aren't getting to the point where we can't do another three huge nursing projects because we're going to saturate the market, or it based on turnover rates, there will be a continuous need to backfill the pipeline. Ms. Skelton agreed and said that was the purpose of the research project, to provide the Board with that guidance, and it has proven to be a valuable tool as we can now see where Triumph investments have moved the needle in filling the region's workforce needs. That research can continue to guide the Board's decision process in making future funding decisions.

Mr. Humphreys asked if the parameters of a grant award agreement can be changed "mid-process" if the conditions in the market change or additional opportunities for expansion of an educational program comes along like the multi-layered approach the Board has taken in funding nursing programs. He wanted to know if adjustments can be made as awards are moving along in the process.

Dr. Harper replied that obviously those adjustments are within the Board's power to do. He said that, on behalf of the staff, it would be fair to say that anything that that the Board does that eases the standards in terms of say requiring certain levels of match, whatever that might be, that will immediately become the new standard which all our economic development partners will look to. We can tell you from experience having dealt with them, that they do their job, they read the other proposals that come in from other counties and as soon as they see one that says, you allowed this provision for our neighbor, so we want that, too. That's the risk that we're facing. And because of that, we need to have an informed discussion about just how far we think it's appropriate to go. So that might be that the Board loves all your children equally, and maybe a little bit more for the rural counties, which face a particularly difficult challenges.

Mr. Henderson said that it may be fair to do some baby steps here, kind of like what Chair Merrill suggested, saying that Triumph is looking at lowering the threshold for educational projects. Then as things come in, we get more proposals flowing in, and we see that some project that might be a good economic development opportunity, the Board might want to lower the threshold on that particular request but we're not just opening the floodgates for everybody to come in. Ms. Skelton said that the Board had actually seen one of those situations earlier today where one economic development team looked at what another team had gotten said, "Hey, you need to give us the deal you gave them."

Mr. Trumbull said these types of decisions are at the Board's discretion under the current legislation. The discretionary priorities are really the roadmap for how the Board and staff deal with the projects. He suggested that members think about the process and then everyone work hard together on this list and get specific so that we're not continuing to talk about how we wish we would have done this or that. For example, lowering the match. Getting specific about what the Board would like to see done, so staff understands the thinking of the full Board. He said that the Board needs to work hard on this and that it may require coming back for another meeting to get the wording right.

Ms. Skelton noted that there is a whole lot more in the white paper that we didn't get through today that describes issues that we've run into as staff that we need your help and direction on. She said she hopes that the board members will take the time to really study that and think about what your ideas might be to help crystallize some of those issues that are still in the rest of the white paper. She said that she would reach out to members individually to hear their thoughts because there are issues here that we can't move forward with it as a staff until we have direction from you.

Mr. Corr asked if Florida State at Panama City ever started their hospitality school. FSU-PC Dean Randy Hanna responded that they do have that school. Mr. Corr said that we should find out which schools in the region already have a hospitality program and figure out a way to help them. One thought he had would be to go through Visit Florida to assist with a hospitality employee recruitment campaign outside of the area to bring new workers here because the problem is that there are just not enough people to fill those jobs. It might be possible to do that employee recruitment through them and still being within our legal limits. Ms. Skelton noted that Gulf Coast State College has a hospitality program as well (formerly the Patronis Center and now the Charles Hilton School) that could partner in such a program.

Mr. Humphreys asked if, to Mr. Corr's suggestion about a Visit Florida recruitment program, it would be possible to have that program but recruit from all the neighboring eight counties. He said that \$20 an hour for washing dishes may be the norm in Walton County, but there may be a lot of people that would maybe move if they knew about that opportunity. Or could such a recruitment campaign focus on the eight counties to let the counties that are doing better than the other counties reach out to the other counties before we cast the net to a larger audience with Visit Florida. Is there a way to do something more focused within the area we're concerned about?

Ms. Skelton said that staff would need to speak with Ms. Adams and the TDCs about funding that type of campaign because Visit Florida funds may only be used for regional marketing per the statute, but individual TDCs might be able to partner with Triumph somehow to do a focused employee recruitment campaign.

Mr. Corr said that the whole reason for a recruitment campaign would be to let job seekers in our region to know where there are available well-paying jobs in various counties across Northwest Florida.

Chair Merrill said that it is important for staff to look out for non-traditional approaches to utilizing the Triumph funds to help to diversify the economy. Ms. Skelton said that in the past Triumph has waited for applicants to come to us with good ideas. After hearing some of the good ideas that the Board has come up with today, like partnering with some of the hospitality schools can certainly be pursued if staff could have permission from the Board to just have conversations with those entities about the possibility of developing an application because traditionally staff does not go out and solicit applications. We wait for applications to come to us because that's the way the previous Board had set up the process but if there's a critical need out there, we need to be able to reach out and we're just asking permission to be able to make those contacts.

Chair Merrill asked if there were any additional comments from members. Mr. Henderson said that he was excited to see some new priorities come before the Board for consideration.

The meeting was adjourned at 3:30 p.m. CT.