

Triumph Gulf Coast, Inc. Application for Funds

November 2022

***** IMPORTANT *****

Required for ALL Projects in Bay, Franklin, Gulf and Wakulla Counties

Hurricane Michael Application Addendum

For ALL regular project applications not yet approved by the Triumph Gulf Coast Board in Bay, Franklin, Gulf and Wakulla counties:

Please provide documentation of support or continued support for the proposal as a component of the county's post-Hurricane Michael recovery efforts made by the Board of County Commissioners (for each Hurricane Michael impacted county included in the project) on a date after October 10, 2018.

Triumph Gulf Coast, Inc. Trust Fund Application for Funds

Proposal Instructions: The Triumph Gulf Coast, Inc. Trust Fund Grant Application (this document) must be completed by the entity applying for the grant and signed, as applicable, by either the individual applying for funds, an individual authorized to bind the entity applying for funds, a chief elected official, the administrator for the governmental entity or their designee. Please read the Application carefully as some questions may require a separate narrative to be completed. In addition, please complete all Addendums that may be applicable to the proposed project or program.

Triumph Gulf Coast, Inc. will make awards from available funds to projects or programs that meet the priorities for economic recovery, diversification, and enhancement of the disproportionately affected counties. Triumph Gulf Coast, Inc. may make awards for:

- Ad valorem tax rate reduction within disproportionately affected counties;
- Local match requirements of s. 288.0655 for projects in the disproportionately affected counties;
- Public infrastructure projects for construction, expansion, or maintenance which are shown to enhance economic recovery, diversification, and enhancement of the disproportionately affected counties;
- Grants to local governments in the disproportionately affected counties to establish and maintain equipment and trained personnel for local action plans of response to respond to disasters, such as plans created for the Coastal Impacts Assistance Program;
- Grants to support programs that prepare students for future occupations and careers at K-20 institutions that have campuses in the disproportionately affected counties. Eligible programs include those that increase students' technology skills and knowledge; encourage industry certifications; provide rigorous, alternative pathways for students to meet high school graduation requirements; strengthen career readiness initiatives; fund high-demand programs of emphasis at the bachelor's and master's level designated by the Board of Governors; and, similar to or the same as talent retention programs created by the Chancellor of the State University System and the Commission of Education; encourage students with interest or aptitude for science, technology, engineering, mathematics, and medical disciplines to pursue postsecondary education at a state university or a Florida College System institution within the disproportionately affected counties;
- Grants to support programs that provide participants in the disproportionately affected counties with transferable, sustainable workforce skills that are not confined to a single employer; and
- Grants to the tourism entity created under s. 288.1226 for the purpose of advertising and promoting tourism and Fresh From Florida, and grants to promote workforce and infrastructure, on behalf of all of the disproportionately affected counties.

Pursuant to Florida Law, Triumph Gulf Coast, Inc. will provide priority consideration to Applications for projects or programs that:

- Generate maximum estimated economic benefits, based on tools and models not generally employed by economic input-output analyses, including cost-benefit, return-on-investment, or dynamic scoring techniques to determine how the long-term economic growth potential of the disproportionately affected counties may be enhanced by the investment.
- Increase household income in the disproportionately affected counties above national average household income.
- Leverage or further enhance key regional assets, including educational institutions, research facilities, and military bases.
- Partner with local governments to provide funds, infrastructure, land, or other assistance for the project.
- Benefit the environment, in addition to the economy.
- Provide outcome measures.
- Partner with K-20 educational institutions or school districts located within the disproportionately affected counties as of January 1, 2017.
- Are recommended by the board of county commissioners of the county in which the project or program will be located.
- Partner with convention and visitor bureaus, tourist development councils, or chambers of commerce located within the disproportionately affected counties.

Additionally, the Board of Triumph Gulf Coast, Inc. may provide discretionary priority to consideration of Applications for projects and programs that:

- Are considered transformational for the future of the Northwest Florida region.
- May be consummated quickly and efficiently.
- Promote net-new jobs in the private sector with an income above regional average household income.
- Align with Northwest Florida FORWARD, the regional strategic initiative for Northwest Florida economic transformation.
- Create net-new jobs in targeted industries to include: aerospace and defense, financial services/shared services, water transportation, artificial intelligence, cybersecurity, information technology, manufacturing, and robotics.
- Promote industry cluster impact for unique targeted industries.
- Create net-new jobs with wages above national average wage (*e.g.*, similar to EFI QTI program, measured on graduated scale).
- Are located in Rural Area of Opportunity as defined by the State of Florida (DEO).
- Provide a wider regional impact versus solely local impact.
- Align with other similar programs across the regions for greater regional impact, and not be duplicative of other existing projects or programs.
- Enhance research and innovative technologies in the region.
- Enhance a targeted industry cluster or create a Center of Excellence unique to Northwest Florida.
- Create a unique asset in the region that can be leveraged for regional growth of targeted industries.

CORE Triumph-Application

- Demonstrate long-term financial sustainability following Triumph Gulf Coast, Inc. funding.
- Leverage funding from other government and private entity sources.
- Provide local investment and spending.
- Are supported by more than one governmental entity and/or private sector companies, in particular proposed projects or programs supported by more than one county in the region.
- Provide clear performance metrics over duration of project or program.
- Include deliverables-based payment system dependent upon achievement of interim performance metrics.
- Provide capacity building support for regional economic growth.
- Are environmentally conscious and business focused.
- Include Applicant and selected partners/vendors located in Northwest Florida.

Applications will be evaluated and scored based on compliance with the statutory requirements of the Triumph Gulf Coast legislation, including but not limited to the priorities identified therein and the geographic region served by the proposed project or program.

Applicant Information

Name of Individual (if applying in individual capacity): N/A

Name of Entity/Organization: Pensacola-Escambia Promotion and Development Commission (PEDC)

Background of Applicant Individual/Entity/Organization: The Pensacola-Escambia Promotion and Development Commission is Escambia County's economic development authority, a dependent special district, created pursuant to Chapter 67-1365, Laws of Florida. The PEDC is governed by a 9-Member Board of Directors appointed by Escambia County and the City of Pensacola. The purpose of the Commission is to promote industry and commerce in Escambia County and the municipalities therein. PEDC promotes economic development, job creation, workforce development, enhancement of the economic environment, expansion of the tax base, enticement of industry and other business to the area, acquisition, lease, and construction of facilities. The PEDC has a contractual relationship with FloridaWest EDA, the community's sole economic development organization, whose purpose is to grow economic prosperity in the greater Pensacola, FL area.

Federal Employer Identification Number: 59-1172550

Contact Information:

Primary Contact Information: Scott Luth

Title: CEO

Mailing Address: 3 West Garden Street, Pensacola, FL 32502

Phone: 850-898-2201

Email: sluth@floridawesteda.com

Website: www.floridawesteda.com

Identify any co-applicants, partners, or other entities or organizations that will have a role in the proposed project or program and such partners proposed roles.

- Pensacola-Escambia Promotion and Development Commission (PEDC)
- FloridaWest EDA
- Project CORE (The Company)

PEDC and FloridaWest EDA are working with Project CORE, an information technology-cybersecurity firm, looking to locate and expand operations through the establishment of a Sensitive Compartmented Information Facility (SCIF) in downtown Pensacola. The PEDC is seeking

CORE Triumph-Application

project funding in support of establishing a “Classified-Space-as-a-Service” model for our area. The Company would execute a 10-year minimum master lease within an existing office building in downtown Pensacola. The Company would then sub-lease the space to PEDC for the same ten-year period for a nominal amount. The PEDC would follow current public procurement process to retrofit, and government certify approximately 6,400 sq ft of SCIF space in Pensacola. The cost to renovate and certify 6,400 sq ft is approximately \$8.35 million. Any funding required over and above the \$6 million in Triumph funds requested by PEDC would be the responsibility of The Company.

Once the renovations and certification process are complete, the use of the space would be contracted back to The Company to operate the SCIF. Project CORE’s “Classified-Space-as-a-Service” model would then facilitate **\$20 to \$30 million in new government contracts** and the creation of **120 new high wage jobs** for the region by leasing SCIF space to both existing and new government cyber security firms within the Triumph service area. The Company will provide guarantees to PEDC to secure the Triumph funding in the event the job creation commitments are not met.

Total amount of funding requested from Triumph Gulf Coast: **\$6 Million**

Has the applicant in the past requested or applied for funds for all or part of the proposed project/program?

☐ Yes ☒ No

If yes, please provide detailed information concerning the prior request for funding, including:

- the date the request/application for funding was made;
- the source to which the request/application for funding was made,
- the results of the request/application for funding, and
- projected or realized results and/or outcomes from prior funding.

(If additional space is needed, please attach a Word document with your entire answer.)

Describe the financial status of the applicant and any co-applicants or partners:

The 2020 financial audit of PEDC (**exhibit 1**) shows the organization is financially sound. The audit was performed by Saltmarsh Cleveland and Gund.

Has the applicant or any co-applicants, partners or any associated or affiliated entities or individuals filed for bankruptcy in the last ten (10) years?

☐ Yes ☒ No

If yes, please identify the entity or individual that filed for bankruptcy and the date of filing.

Eligibility

Pursuant to Section 288.8017, Triumph Gulf Coast, Inc. was created to make awards from available funds to projects or programs that meet the priorities for economic recovery, diversification, and enhancement of the disproportionately affected counties. The disproportionately affected counties are: Bay County, Escambia County, Franklin County, Gulf County, Okaloosa County, Santa Rosa County, Walton County, or Wakulla County. *See*, Section 288.08012.

1. From the choices below, please check the box that describes the purpose of the proposed project or program (check all that apply):

- ☐ Ad valorem tax rate reduction within disproportionately affected counties; Local match requirements of s. 288.0655 for projects in the disproportionately affected counties;
- ☒ Public infrastructure projects for construction, expansion, or maintenance which are shown to enhance economic recovery, diversification, and enhancement of the disproportionately affected counties;
- ☐ Grants to local governments in the disproportionately affected counties to establish and maintain equipment and trained personnel for local action plans of response to respond to disasters, such as plans created for the Coastal Impacts Assistance Program;
- ☐ Grants to support programs that prepare students for future occupations and careers at K-20 institutions that have campuses in the disproportionately affected counties. Eligible programs include those that increase students' technology skills and knowledge; encourage industry certifications; provide rigorous, alternative pathways for students to meet high school graduation requirements; strengthen career readiness initiatives; fund high-demand programs of emphasis at the bachelor's and master's level designated by the Board of Governors; and, similar to or the same as talent retention programs created by the Chancellor of the State University System and the Commission of Education, encourage students with interest or aptitude for science, technology, engineering, mathematics, and medical disciplines to pursue postsecondary education at a state university or a Florida College System institution within the disproportionately affected counties;
- ☐ Grants to support programs that provide participants in the disproportionately affected counties with transferable, sustainable workforce skills that are not confined to a single employer; and
- ☐ Grants to the tourism entity created under s. 288.1226 for the purpose of advertising and promoting tourism and Fresh From Florida, and grants to promote workforce and infrastructure, on behalf of all of the disproportionately affected counties.

2. Provide the title and a detailed description of the proposed project or program, including the location of the proposed project or program, a detailed description of, and quantitative evidence demonstrating how the proposed project or program will promote economic recovery, diversification, and enhancement of the disproportionately affected counties, a proposed timeline for the proposed project or program, and the disproportionately affected counties that will be impacted by the proposed project or program.

Proposed Project: Project CORE

PEDC and FloridaWest EDA are working with Project CORE, an information technology-cybersecurity firm, looking to locate and expand operations through the establishment of a Sensitive Compartmented Information Facility (SCIF) in downtown Pensacola. This project would create a “Classified-Space-as-a-Service” model for our area providing access to secure infrastructure for classified work & communications.

Project CORE is unique as the only Company with explicit USG authorization — as provided in the Company's Department of Defense Form 254 — to implement the Classified-Spaces-as-a-Service model, i.e., to build and operate co-use classified facilities across classification levels for both government and commercial customers available on an hourly, daily, monthly, or annual basis.

Project CORE is a private sector solution to the government recommendation from Larry Hanauer, vice president for policy at The Intelligence and National Security Alliance (articles attached).

This one-of-a-kind space would be capable of servicing multiple users as flexible, certified, secured space and provide for essential foundational support for Pensacola's Cyber-Defense target industry cluster of companies. Over twenty-five cyber/IT companies already exist in the area and are all working on contracts associated with NAS Pensacola or Corry Station Information Warfare Training Commands as well as other non-classified Department of Defense contracts nationally. No other non-governmental, classified contracted space like this exists in our region. The current SCIF space in the region is either located on NAS Pensacola, Corry Station, our other military installations, or is small, dedicated space only certified to a single company and a specific contract. A flexible downtown SCIF is critical for Pensacola/Escambia County to become the location of choice for this important, competitive economic development target industry sector. Project CORE has new and expanded space under development in El Segundo, CA, Alexandria, VA, and is working on a project in Colorado and Orlando, FL. The Pensacola space would be its first location in a region of our size.

Because of the time it would take to design and build a new building, the project will involve converting an existing 6,400 square foot office space in downtown Pensacola into “Classified-Space-as-a-Service” space and elevate opportunities for Pensacola's Cyber-Defense contractors to bid and win new government contracts. New classified contracts

in Escambia will not otherwise be possible without existing “ready to use space”. That new work will continue to go to other larger markets with existing secured space ready to lease as needed. Project CORE flexible SCIF space could be leased hourly, daily, monthly, or annually.

PEDC is proposing to sub-lease general office property for 10 years from Project CORE, RFP the specialized build out and certification of the space, which is estimated to be approximately \$8.35M. PEDC would then enter into a long-term lease contract with project CORE to securely operate and maintain the SCIF. In addition to the build out of the space, it will cost approximately \$2.5M to receive and maintain certification of the SCIF, and \$1.75M for the master lease and utilities for annual operation. The total project cost over 10 years is approximately \$12.6 Million.

The project would result in the creation of at least 120 highly skilled, specialized information technology jobs within the first few years and be maintained over the next 8 years with average wages of at least \$93,140 annually, which is approximately 200% higher than the current Pensacola annual average wage of \$46,570. Moreover, based on the past 36 months track record of a few of Pensacola’s cyber industry firms that have successfully won non-secured contracts equating to \$47M; we believe that Project CORE would serve as a catalyst to propel Pensacola and the region in gaining additional significant cyber-defense contracts requiring SCIF space, conservatively estimated at \$20 to \$30 million, attributable to Project CORE, with overall impact of employment and contract forecasts of \$91,250,000 to \$100,000,000 in Pensacola and Northwest Florida.

(i) **Amount of Funds being sought from Triumph Gulf Coast:** \$6,000,000
(\$50,000/job)

(ii) **Amount and identity of other sources of funds for the proposed project or program:**

Private Funds	\$6,592,131
Total Project Cost	\$12,592,131

(iii) **Location of the project or program:** Escambia County/ Pensacola, Florida

(iv) **Summary description of the proposed project/program, including how the program will be transformational and promote economic recovery, diversification, and enhancement of the disproportionately affected counties:**

Project CORE’s information technology-cybersecurity project holds critical importance to growing Pensacola’s cyber-security presence and enhancing the opportunities that exist in the highly competitive environment for attaining DoD and Government cyber

contracts. The presence of a non-governmental SCIF in Pensacola will be transformational, catalyzing the creation of 120 direct new, higher paying, higher skilled, specialized information technology jobs, enabling multiple cyber-defense contractors access to SCIF space that doesn't presently exist in our community, and holds much potential as an attractor for new cyber-IT firms to locate to Pensacola. Thus, the project will help to further diversify and promote economic recovery of Escambia County, Northwest Florida, that has been adversely affected by the BP oil spill, natural disasters and Covid-19.

(v) Summary timeline for the proposed project or program

Q1 2023	Lease Space acquisition RFP for SCIF Build-Out and finalization of Project CORE lease
Q2 2023	PEDC Contractor Selection and begin SCIF upgrades
Q4 2023	Project CORE, Operational SCIF

3. Explain how the proposed project or program is considered transformational and how it will affect the disproportionately affected counties in the next ten (10) years.

PEDC, FloridaWest EDA, and our counterpart economic development organizations throughout Northwest Florida intensely focus efforts in attracting and growing industries that generate maximum prosperity for our region. We continuously position our communities to be competitive in winning projects. Cyber Security and Information Technology are a primary target, highly sought for its ability to positively impact economic growth and raise the standard of living for our residents. Northwest Florida and Pensacola-Escambia County must ensure that proper investments are made now that keep us competitive in growing the number of technology-based jobs.

To further illustrate the positive impacts Cyber Security and Information Technology has within our region, consider the Pensacola MSA, total employment picture. The combined \$47,142 total average wage across all industry sectors is well below the national annual average of \$63,393. This table also illustrates that the largest concentration of lower wage employment in the Pensacola MSA area is within retail trade, accommodation, and food services sectors, which combined makes up almost 25% of total employment.

Pensacola MSA Employment by Industry				
Industry	Employment	Percentage of Total	Average Annual Wages	Annual % Growth
Health Care and Social Assistance	29,834	15.13%	\$62,353	1.7%
Retail Trade	25,485	12.92%	\$32,315	0.2%
Accommodation and Food Services	23,152	11.74%	\$24,029	2.7%
Construction	15,067	7.64%	\$52,554	1.0%
Educational Services	14,405	7.30%	\$43,852	1.4%
Administrative and Support	13,613	6.90%	\$41,758	1.3%
Finance and Insurance	12,094	6.13%	\$82,979	0.2%
Public Administration	10,950	5.55%	\$59,818	0.8%
Professional, Scientific, and Technical Services	10,915	5.53%	\$70,448	1.4%
Other Services (except Public Administration)	9,876	5.01%	\$32,524	1.7%
Manufacturing	7,331	3.72%	\$71,412	0.7%
Wholesale Trade	5,850	2.97%	\$63,715	0.8%
Transportation and Warehousing	5,265	2.67%	\$56,905	1.2%
Real Estate and Rental and Leasing	3,992	2.02%	\$50,493	1.0%
Arts, Entertainment, and Recreation	3,727	1.89%	\$24,760	3.8%
Information	1,666	0.84%	\$65,802	1.3%
Management of Companies and Enterprises	1,370	0.69%	\$78,271	0.6%
Agriculture, Forestry, Fishing and Hunting	1,228	0.62%	\$26,346	1.3%
Utilities	1,129	0.57%	\$83,019	0.1%
Unclassified	183	0.09%	\$54,040	1.4%
Mining, Quarrying, and Oil and Gas Extraction	117	0.06%	\$55,440	1.2%
Total - All Industries	197,247		\$50,462	1.3%
Source: JobsEQ®, Data as of 2022Q2				

Additionally, Project CORE has the propensity to contribute stabilizing factors previously mentioned that improve the resiliency of the Pensacola MSA economy as well as the overall Northwest Florida regional economy. Cyber Security and Information Technology provides diversified employment opportunities and helps distribute additional demand for goods and services across a wide variety of sectors, which also supports quicker economic recovery in times of turmoil as with the BP oil spill, natural disasters, and the global Covid-19 occurrences.

- Describe data or information available to demonstrate the viability of the proposed project or program.

Project CORE Cyber Security project directly aligns with Pensacola-Escambia County, Northwest Florida, and Florida's leading target Industry attraction and retention and quality job growth goals. Accordingly, to the **Northwest Florida Forward: A Regional Strategy for Economic Transformation** developed by TIP Strategies and the Haas Center (2017), identified five target industry clusters for Northwest Florida that, "will transform the region if successfully developed through business recruitment, retention, expansion, and entrepreneurial support." These five industry sectors include: Aerospace and Defense, Financial Services, Water Transportation, Cybersecurity and Advanced Manufacturing. Further noted, "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.”

Economic development expert and VisionFirst Advisors’ President & CEO Gray Swoope presented FloridaWest and its stakeholders with its new strategic plan to on Oct. 25, 2022. That plan included a recommendation to “Devise a strategy to provide access to a Sensitive Compartmented Information Facility (SCIF) in the region.”

5. Describe how the impacts to the disproportionately affected counties will be measured long term.

The addition of Project CORE further diversifies and enhances Cyber Security and Information Technology foundation of the regional economy and generates significant job creation for residents of the region. To measure success and impacts of Project CORE to Pensacola-Escambia County, and the surrounding communities the net new job creation will be measured, the average wages of the new positions, overall capital investment of the project and the annual payroll increase for the community.

6. Describe how the proposed project or program is sustainable. (Note: Sustainable means how the proposed project or program will remain financially viable and continue to perform in the long-term after Triumph Gulf Coast, Inc. funding.)

The addition of Project CORE further diversifies and enhances Cyber Security and Information Technology foundation of the regional economy and generates significant job creation for residents of the region. To measure success and impacts of Project CORE to Pensacola-Escambia County, and the surrounding communities the net new job creation will be measured, the average wages of the new positions, overall capital investment of the project and the annual payroll increase for the community

The funding request to Triumph Gulf Coast, Inc. for Project CORE will support the company’s decision to make a significant operational investment in Pensacola-Escambia County. The funding requested will support PEDC’s desire to build out a SCIF to support the development of our Cyber Security cluster. PEDC will maintain control of the facility and enter into a long-term lease/operating agreement with the company. Project CORE will undertake subsequent buildout/renovation/operations of 6,400 sq ft of “Classified-Space-as-a-Service” space. This project is most important to help fill the imminent void of similar space available in other competitive markets recruiting similar companies.

7. Describe how the deliverables for the proposed project or program will be measured.

The deliverables for Project CORE will be made possible through the financial support of Triumph Gulf Coast. PEDC will sub-lease the space which will be a publicly controlled asset to facilitate Project CORE’s job creation and leverage the private sector investment.

Project CORE will undertake the necessary financial support for build-out construction activities of the space. The economic benefits to Pensacola-Escambia County community and region will be the in 120 direct new cyber security jobs, the increase in average annual wages, the increase in annual payroll, and the infusion of significant government contracts generated by the access to the new space.

Priorities

1. Please check the box if the proposed project or program will meet any of the following priorities (check all that apply):

- ☒ Generate maximum estimated economic benefits, based on tools and models not generally employed by economic input-output analyses, including cost-benefit, return-on-investment, or dynamic scoring techniques to determine how the long-term economic growth potential of the disproportionately affected counties may be enhanced by the investment.
- ☒ Increase household income in the disproportionately affected counties above national average household income.
- ☒ Leverage or further enhance key regional assets, including educational institutions, research facilities, and military bases.
- ☒ Partner with local governments to provide funds, infrastructure, land, or other assistance for the project.
- ☐ Benefit the environment, in addition to the economy.
Provide outcome measures.
- ☒ Partner with K-20 educational institutions or school districts located within the disproportionately affected counties as of January 1, 2017.
- ☒ Are recommended by the board of county commissioners of the county in which the project or program will be located.
- ☐ Partner with convention and visitor bureaus, tourist development councils, or chambers of commerce located within the disproportionately affected counties.

2. Please explain how the proposed project meets the priorities identified above.

Generate maximum estimated economic benefits: Growth of the Cyber Security and Information Technology sector is critical to maintaining the competitiveness and long-term vibrancy of Northwest Florida's economy. We must continue to make investments now, that safeguard our communities, have the ability to attract and grow our talent, and provide a wide range of occupational opportunities conducive to keeping students, professionals of all ages, exiting military and their spouses interested in remaining in Northwest Florida. Moreover, the pace of technological change is the fastest the nation has ever seen and is accelerating. The recent and ongoing pandemic has highlighted inadequacies in our supply chain across the nation as well as our skilled workforce. Now is the time to embrace technological.

Increase household income: The Census Bureau reports the 2021 median household income in Escambia County was \$53,023, compared to Florida at \$57,703 and the U.S. at \$64,944. Project CORE can contribute significantly to the mix of vibrant advanced Cyber Security and Information Technology operations in the region which will lead to more research and development, innovation, productivity, and a broader range of quality jobs. Likewise, these activities will drive growth in productivity (output per worker), increased wealth, and higher average standards of living within our region.

Partner with local governments: Through PEDC, FloridaWest EDA, Pensacola and Escambia County leadership, CareerSource Escarosa, Pensacola State College, and other community partners all support economic diversification and the growth of Cyber Security and Information Technology as a primary target sector, important to our regional economy.

3. Please explain how the proposed project or program meets the discretionary priorities identified by the Board.

The Pensacola Escambia County Promotion and Development Commission is the economic development authority for Escambia County, a special district of the State of Florida, whose purpose is to promote industry and commerce in Escambia County and the municipalities therein. PEDC promotes economic development, job creation, workforce development, enhancement of the economic environment, expansion of the tax base, enticement of industry and other business to the area, acquisition, lease, and construction of facilities. The PEDC has a contractual relationship with FloridaWest EDA, the community's sole economic development organization, whose purpose is to grow economic prosperity in the greater Pensacola, FL area.

Our organizations work in concert to improve economic outcomes for our citizens and communities, that enhances the standard of living and quality of life that facilitates the creation of an environment conducive for the expansion of existing business and the location of new business.

We believe that Project CORE is transformational for the future of Escambia County and Northwest Florida. The project meets and exceeds the discretionary priorities of the Triumph Board. As a Cyber Security and Information Technology project a regional SCIF will attract new federal and industry contract funding to NW Florida.

4. In which of the eight disproportionately affected county/counties is the proposed project or program located? (Circle all that apply)

Escambia Santa Rosa Okaloosa Walton Bay Gulf Franklin Wakulla

5. Was this proposed project or program on a list of proposed projects and programs submitted to Triumph Gulf Coast, Inc., by one (or more) of the eight disproportionately affected Counties as a project and program located within its county?

☐ Yes ☒ No

6. Does the Board of County Commissioners for each County listed in response to question 5, above, recommend this project or program to Triumph?

☒ Yes ☐ No

****Please attach proof of recommendation(s) from each County identified.**

[Escambia County Board of County Commissioners Letter of Support Requested \(1/19/23\)](#)

Approvals and Authority

1. If the Applicant is awarded grant funds based on this proposal, what approvals must be obtained before Applicant can execute an agreement with Triumph Gulf Coast, Inc.?

[PEDC approved and authorized submittal of Project CORE application at its Board of Directors meeting held on November 14, 2022.](#)

2. If approval of a board, commission, council or other group is needed prior to execution of an agreement between the entity and Triumph Gulf Coast:

- A. Provide the schedule of upcoming meetings for the group for a period of at least six months.

[PEDC Upcoming Schedule of Meetings:](#)

November 14, 2022	December 27, 2022
January 24, 2023	February 28, 2023
March 28, 2023	April 25, 2023

- B. State whether that group can hold special meetings, and if so, upon how many days' notice.

[PEDC has the ability to hold a special meeting upon written or called notice by the Chair or Vice-Chair, with a 7-day notice in accordance with Florida Statutes 189.015.](#)

3. Describe the timeline for the proposed project or program if an award of funding is approved, including milestones that will be achieved following an award through completion of the proposed project or program.

[Summary timeline for the proposed project or program](#)

Q1 2023	Lease Space acquisition RFP for SCIF Build-Out and finalization of Project CORE lease
Q2 2023	PEDC Contractor Selection and begin SCIF upgrades
Q4 2023	Project CORE, Operational SCIF

4. Attach evidence that the undersigned has all necessary authority to execute this proposal on behalf of the entity applying for funding. This evidence may take a variety of forms, including but not limited to: a delegation of authority, citation to relevant laws or codes, policy documents, etc. In addition, please attach any support letters from partners.

The Pensacola-Escambia Promotion and Development Commission is Escambia County's economic development authority, a dependent special district, originally created pursuant to Chapter 67-1365, Laws of Florida (**Exhibit 4**) subsequently amended, revised for definition and membership structure (Chapter 2017-177). "Development" shall be deemed to mean the improvement of the County of Escambia and all municipalities therein (including that portion of Santa Rosa Island under the jurisdiction of the Santa Rosa Island Authority) or its successor through economic development, job creation, workforce development, enhancement of the economic environment, expansion of the tax base, enticement of industry and other business to the area, and acquisition, lease and construction of facilities for such purposes within the subject area.

Funding and Budget:

Pursuant to Section 288.8017, awards may not be used to finance 100 percent of any project or program. An awardee may not receive all of the funds available in any given year.

1. Identify the amount of funding sought from Triumph Gulf Coast, Inc. and the time period over which funding is requested.

\$6 Million

2. What percentage of total program or project costs does the requested award from Triumph Gulf Coast, Inc. represent? (Please note that an award of funding will be for a defined monetary amount and will not be based on percentage of projected project costs.)

The \$6 Million funding request represents 47.6% of the total direct project cost.

3. Please describe the types and number of jobs expected from the proposed project or program and the expected average wage.

Most all new jobs created will fall into the following categories:

FIGURE 37. EMPLOYMENT OVERVIEW: CYBERSECURITY OCCUPATIONS

SOC CODE	DESCRIPTION	2015 JOBS	LQ	RECENT TRENDS (2009 TO 2015)			10-YEAR FORECAST (2016-2026)		
		Number	US=1.00	Total Change	Region % Chg.	US % Chg.	Total Change	Region % Chg.	US % Chg.
11-3021	Computer & Info. Systems Managers	319	0.32	-50	-13%	15%	59	18%	18%
15-1111	Computer & Info. Research Scientists	233	2.90	33	17%	14%	8	3%	13%
15-1121	Computer Systems Analysts	611	0.37	-56	-8%	20%	125	19%	23%
15-1122	Information Security Analysts	152	0.58	6	4%	16%	25	16%	21%
15-1131	Computer Programmers	429	0.48	-64	-13%	8%	-36	-8%	-1%
15-1132	Software Developers, Applications	883	0.40	-74	-8%	23%	115	12%	22%
15-1133	Software Developers, Systems Software	553	0.48	-66	-11%	15%	63	11%	17%
15-1134	Web Developers	303	0.62	54	22%	34%	69	22%	28%
15-1141	Database Administrators	210	0.62	-8	-3%	10%	22	10%	15%
15-1142	Network & Computer Systems Admin.	539	0.49	-53	-9%	9%	56	10%	12%
15-1143	Computer Network Architects	441	1.01	-27	-6%	7%	4	1%	12%
15-1151	Computer User Support Specialists	1,203	0.64	-3	0%	14%	132	11%	16%
15-1152	Computer Network Support Specialists	265	0.46	-48	-15%	9%	30	11%	12%
Total for Occupational Group		6,141	0.50	-354	-5%	16%	673	11%	17%

Source: EMSI 2016.4 – QCEW Employees, Non-QCEW Employees, and Self-Employed; Haas Center.

Note: Cluster definition based on the US Benchmark Cluster Definitions prepared by Harvard Business School's Institute for Strategy and Competitiveness in partnership with the US Department of Commerce and US Economic Development Administration.

Economic Benefit						
		Jobs	Average Wage	Payroll Per year		10 year cost
Project CORE		3	\$ 93,140	\$279,420		\$2,794,200
Company 1		10	\$ 93,140	\$931,400		\$9,314,000
Company 2		10	\$ 93,140	\$931,400		\$9,314,000
Company 3		8	\$ 93,140	\$745,120		\$7,451,200
Company 4		8	\$ 93,140	\$745,120		\$7,451,200
Company 5		6	\$ 93,140	\$558,840		\$5,588,400
Company X		15	\$ 93,140	\$1,397,100		\$13,971,000
Total jobs		120				
						\$53,089,800

4. Does the potential award supplement but not supplant existing funding sources? If yes, describe how the potential award supplements existing funding sources.

Yes ☐ No

5. Please provide a Project/Program Budget. Include all applicable costs and other funding sources available to support the proposal.

A. Project/Program Costs:

Example Costs (Note: Not exhaustive list of possible Cost categories.)

Construction	\$ _____
Reconstruction	\$ <u>8,350,000</u>
Design & Engineering	\$ _____
Land Acquisition	\$ _____
Land Improvement	\$ _____
Space Lease	\$ <u>1,741,131</u>
Facility Certifications	\$ <u>2,500,000</u>
Salaries	\$ _____
Other (specify)	\$ _____

Total Project Costs: \$ 12,592,131

B. Other Project Funding Sources:

Example Funding Sources (Note: Not an exhaustive list of possible Funding Sources.)

City/County	\$ _____
Private Sources	\$ <u>6,592,131</u>
Other (e.g., grants, etc.)	\$ _____

Total Other Funding \$ _____

Total Amount Requested: \$ 6,000,000

Note: The total amount requested must equal the difference between the costs in 3A. and the other project funding sources in 3.B.

- B. Provide a detailed budget narrative, including the timing and steps necessary to obtain the funding and any other pertinent budget-related information.

The PEDC is seeking project funding in support of establishing a “Classified-Space-as-a-Service” model for our area. The Company would execute a 10-year minimum master lease within an existing office building in downtown Pensacola. The Company would then sub-lease the space to PEDC for the same ten-year period for a nominal amount. The PEDC would follow current public

procurement process to retrofit, and government certify approximately 6,400 sq ft of SCIF space in Pensacola. The cost to renovate and certify 6,400 sq ft is approximately \$8.35 million. Any funding required over and above the \$6 million in Triumph funds requested by PEDC would be the responsibility of The Company. PEDC would enter into a long-term lease contract with project CORE to securely operate and maintain the SCIF. It will cost approximately \$2.5M to receive and maintain certification of the SCIF, and \$1.75M t for the master lease and utilities for annual operation. The total project cost over 10 years is approximately \$12.6 Million.

Applicant understands that the Triumph Gulf Coast, Inc. statute requires that the award contract must include provisions requiring a performance report on the contracted activities, must account for the proper use of funds provided under the contract, and must include provisions for recovery of awards in the event the award was based upon fraudulent information, or the awardee is not meeting the performance requirements of the award.

☒ Yes ☐ No

Applicant understands that awardees must regularly report to Triumph Gulf Coast, Inc. the expenditure of funds and the status of the project or program on a schedule determined by Triumph Gulf Coast, Inc.

☒ Yes ☐ No

Applicant acknowledges that Applicant and any co-Applicants will make books and records and other financial data available to Triumph Gulf Coast, Inc. as necessary to measure and confirm performance metrics and deliverables.

☒ Yes ☐ No

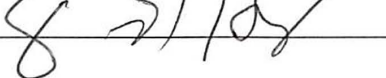
Applicant acknowledges that Triumph Gulf Coast, Inc. reserves the right to request additional information from Applicant concerning the proposed project or program.

☒ Yes ☐ No

I, the undersigned, do hereby certify that I have express authority to sign this proposal on my behalf or on behalf of the above-described entity, organization, or governmental entity:

Name of Applicant: [Pensacola-Escambia County Promotion and Development Commission \(PEDC\)](#)

Name and Title of Authorized Representative: Dave Hoxeng, Chair

Representative Signature: _____

Signature Date: [November 14, 2022](#)

WeWork for spies? Industry group pushes for classified co-working spaces

[Justin Doubleday@jdoubledayWFED](mailto:Justin.Doubleday@jdoubledayWFED)

November 4, 2022 5:01 pm

Like many agencies across government, the intelligence community is considering new models for work, especially amid ongoing challenges with recruiting and retaining cleared employees.

Unlike most offices across government, intelligence agencies are constrained by the classified nature of their work.

Intelligence officers, analysts and contractors complete the vast majority of their work in “sensitive compartmented information facilities,” or SCIFs, secure rooms or facilities where they’re allowed to work with classified information.

Such facilities are limited to federal properties or companies who have a contract requiring SCIF. And individuals are typically limited to specific working out of a specific SCIF, dependent on the nature of their work or contract.

Now, a not-entirely-new idea is once again percolating. The Intelligence and National Security Alliance [is pushing for agencies](https://federalnewsnetwork.com/commentary/2022/10/intelligence-agencies-must-transform-acquisition/) (https://federalnewsnetwork.com/commentary/2022/10/intelligence-agencies-must-transform-acquisition/) to fund and certify shared SCIFs to give the cleared workforce more flexibility in where they can work.

“The economy as a whole over the last 10 years or so at least up until the pandemic started shifting to people having a lot more flexibility in where they do their work, because the focus was really on how people did their work and what they produced,” Larry Hanauer, vice president for policy at INSA, said on [Inside the IC](https://federalnewsnetwork.com/category/radio-interviews/inside-ic/). (https://federalnewsnetwork.com/category/radio-interviews/inside-ic/) “So why not apply the same logic to the trusted workforce?”

They don’t need to necessarily have kombucha and cold brew on tap. But Hanauer said building classified co-working spaces could help intelligence agencies with ongoing recruitment and retention challenges, giving officers and analysts the opportunity to work closer to home, rather than facing long commutes in places like the Washington metro area.

“I think there’s wide agreement that we have a bit of a crisis in the cleared workforce,” Hanauer said. “It’s increasingly difficult to hire and clear people who have advanced technology skills, foreign language fluency, and other necessary abilities, particularly when Silicon Valley tech firms can hire them in an instant, at twice the salary without having to go through a clearance process. And it’s harder to hire and retain cleared personnel if they have to make a long commute into their organization’s SCIF. So the key issue is that they do their work in a secure space. Why does it matter where that space is located?”

He said shared SCIFs could also provide more opportunities for small businesses and startups to compete for intelligence contracts. Lawmakers in the Fiscal 2018 National Defense Authorization Act directed the Pentagon to develop processes for building multi-use SCIFs “to facilitate access for small business concerns and nontraditional defense contractors to affordable secure spaces.”

But progress on that mandate has been slow, Hanauer said, meaning small businesses typically need to subcontract with prime contractors who already have a SCIF in order to access classified information.

“Right now, many small businesses don’t have the resources to build a SCIF and get it certified,” he said. “That’s a costly and time consuming process. And without access to a SCIF, they can’t get a contract that allows it to do classified work. They can’t even read or respond to a classified [request for proposal] so they can bid on a classified contract.

‘Prohibitive costs’

A 2020 [“Report on Common Sensitive Compartmented Information Facility”](https://sgp.fas.org/othergov/intel/common-scif.pdf) (https://sgp.fas.org/othergov/intel/common-scif.pdf) from the Office of the Director of National Intelligence sheds some light on the hesitancy around creating classified co-working spaces. The report was obtained and published by the Federation of American Scientists.

The report notes that SCIF certification is tied to specific contracts because “work done under each contract is different, so security professionals need to review the safeguards required for each specific situation.”

“The security measures appropriate for the information supporting one agency’s contract may be insufficient for another, or there may be different classified information technology system requirements,” the report adds.

Funding is also an issue, according to ODNI.

“Government resources are necessary to assess the facility for certification and accreditation and should not be expended in the absence of certification and approval from a government agency that such space is required,” the report states. “Otherwise, we are in danger of giving an unfair competitive advantage to one company over others by essentially granting them classified workspace for no specific reason.”

The report gives credit to the shared SCIF idea, noting that the “appeal of multi-use classified space is apparent” and acknowledging “transportation challenges” the cleared workforce faces in areas like Washington, D.C.

But it also emphasizes “prohibitive costs” associated with meeting the security requirements of multiple agencies and contracts at one facility. ODNI also notes that the idea of neutral or common SCIFs conflicts with multiple statutes and regulations.

“While the need for policy changes alone should not prevent the exploration of ideas, the extended time and costs required to change such policies and guidelines must be taken into account,” the report states. “We do not conclude such an alternative approach is needed at this time as current policies and procedures already maximize industrial SCIF reciprocity and co-utilization, while providing requisite security protection to sensitive compartmented information.”

Meanwhile, the Senate’s version of the fiscal 2023 intelligence authorization bill includes a provision that would require the Government Accountability Office to produce a report on the “annual average utilization” of both government and contractor SCIFs, potentially shedding light on the issue.

Short of further congressional action, the shared SCIF idea will ultimately need buy-in from multiple intelligence agencies, in addition to the blessing of ODNI. But Hanauer said which agency ultimately sponsors, inspects and certifies the SCIF doesn’t matter if the intelligence community agrees to move forward with the idea.

“That’s kind of a bureaucratic question,” he said. “It’s really not important what agency signs the paperwork and does the inspection. Because everyone who uses that SCIF would be doing work that furthers the intelligence community’s mission, the Department of Defense’s mission, and overall the nation’s interests.”

Intelligence agencies must transform acquisition

[Larry Hanauer](#)

October 18, 2022 2:39 pm

The Intelligence Community spends about [70% of its budget \(https://irp.fas.org/news/2010/07/ic-contract.pdf\)](https://irp.fas.org/news/2010/07/ic-contract.pdf) — roughly [\\$59 billion in fiscal year 2022 \(https://www.dni.gov/index.php/what-we-do/ic-budget\)](https://www.dni.gov/index.php/what-we-do/ic-budget) — on contracts with private companies that provide everything from satellites to janitorial services. But IC acquisition is slow, process-oriented and understaffed, all of which delays the procurement of critical services, hinders the adoption of advanced technologies, and [increases costs \(https://www.afcea.org/signal-media/absurdity-government-contracting\)](https://www.afcea.org/signal-media/absurdity-government-contracting) for both companies and American taxpayers.

To take advantage of private sector innovation, IC policymakers must change acquisition processes to focus on outcomes rather than inputs, enable more unclassified and remote work, make it easier for contractors to clear staff and access secure workspaces, and enhance the acquisition workforce. Ultimately, as [the Defense Department wrote to Congress \(https://dod.defense.gov/Portals/1/Documents/pubs/Section-901-FY-2017-NDAA-Report.pdf\)](https://dod.defense.gov/Portals/1/Documents/pubs/Section-901-FY-2017-NDAA-Report.pdf) about its own procurement ecosystem in 2017, the IC must adapt its regimented contracting processes to enable critical thinking, effective risk management and flexible decision-making.

First and foremost, agencies should write requests for proposals based on statements of objectives (SOOs), which emphasize outcomes and results, rather than statements of work (SOWs), which specify required inputs, tasks and levels of effort. As the Intelligence and National Security Alliance (INSA) noted in [a 2017 white paper on the IC's acquisition process \(https://www.insaonline.org/wp-content/uploads/2017/05/INSA-Improving-Acquisition-April-2017.pdf\)](https://www.insaonline.org/wp-content/uploads/2017/05/INSA-Improving-Acquisition-April-2017.pdf), SOOs empower contractors to develop innovative, cost-effective and efficient solutions to achieve the government's goals. SOOs also make contractors accountable for generating results, thereby reducing the government's risk.

Second, agencies must provide clearances for industry personnel who perform enterprise functions. With few exceptions, only staff providing direct support to contract execution can have their clearances "held" by the contracting agency; as a result, senior executives, lawyers, billing staff and others whose corporate-level work enables classified projects across agencies cannot receive a security clearance. Such limitations unnecessarily complicate companies' support to government clients.

Agencies should develop a formula for providing clearances to such enterprise staff — perhaps a minimum number of slots for any company undertaking classified work plus a percentage of a company's total cleared billets. The Senate Intelligence Committee's draft FY2023 [Intelligence Authorization Act \(https://www.congress.gov/117/bills/s4503/BILLS-117s4503rs.pdf\)](https://www.congress.gov/117/bills/s4503/BILLS-117s4503rs.pdf) requires the Director of National Intelligence to develop a policy for providing such cleared billets; if passed, this provision would greatly enhance contractors' ability to support critical missions across the IC.

Third, intelligence agencies should allow more tasks to be undertaken at the unclassified level. Like other organizations forced to find new ways of operating during the pandemic, the IC learned that a great deal of work — from open source research and analysis to software development — can be performed at an unclassified level. By reducing the amount of work that must be done in secure facilities, agencies can take advantage of telework, provide contractors with greater hiring flexibility, bring new skills to intelligence missions, and lower personnel and facility overhead costs. As INSA recommended in [an August 2019 report \(https://www.insaonline.org/wp-content/uploads/2020/08/INSA_AMC_COVID19.pdf\)](https://www.insaonline.org/wp-content/uploads/2020/08/INSA_AMC_COVID19.pdf) on the pandemic's impact on acquisition, all contracts should include clauses on the performance of remote work.

Remote work could even be permitted for classified tasks. Contracts often specify that work must be performed in a government agency's secure facility. But many cleared contractors have their own certified secure facilities, and personnel who live far from an agency can often find a desk and a classified email connection in another secure office nearby. Flexibility on where work is performed (as long as security requirements are met) would undoubtedly help retain experienced personnel in the cleared workforce.

Fourth, IC agencies should fund the construction, certification, and operation of shared Sensitive Compartmented Information Facilities (SCIFs) — essentially classified co-workspaces. For a company to build and certify a SCIF, it must have a contract requiring such a facility. This requirement prevents small businesses and non-traditional government contractors (e.g., start-ups and high-tech companies) from accessing the secure workspaces required to do classified work, write a classified proposal, or develop a classified technology prototype. Without access to a SCIF, such companies can't even review classified contracting announcements, and they can't compete for contracts they don't know exist.

Shared SCIFs would enable such firms to enter the intelligence market more easily and at lower cost, thereby bringing new ideas and technologies into the IC. (They would also facilitate remote classified work, as discussed earlier.) Congress directed the DNI and the Secretary of Defense to create processes for establishing shared SCIFs in section 1628 of the [FY2018 National Defense Authorization Act \(https://www.congress.gov/115/plaws/publ91/PLAW-115publ91.pdf\)](https://www.congress.gov/115/plaws/publ91/PLAW-115publ91.pdf), yet almost five years later, only a handful exist.

The fifth and most complex step that intelligence agencies can take is to enhance their acquisition workforce. The current cadre of government contracting officers (COs) is about 20% below full staffing and, due to retirements and attrition, relatively inexperienced. These challenges make it harder for contracting staff to understand program manager requirements and translate them into contract specifications that are clear, feasible and outcome focused.

The IC should prioritize recruitment, retention and training of acquisition professionals, using flexible hiring authorities to bring in talent (at elevated pay grades, if necessary). Agencies should also encourage the exchange of acquisition personnel with the private sector, which would foster greater understanding of partners' goals, processes and challenges. The congressionally mandated [Advisory Panel on Streamlining and Codifying Acquisition Regulations \(https://discover.dtic.mil/section-809-panel/\)](https://discover.dtic.mil/section-809-panel/) (known as the Section 809 Panel), which examined Defense Department acquisition inefficiencies, recommended flexible hiring authorities and talent exchanges in its [June 2018 \(https://discover.dtic.mil/wp-content/uploads/809-Panel-2019/Volume2/Sec809Panel_Vol2-Report_Jun2018.pdf\)](https://discover.dtic.mil/wp-content/uploads/809-Panel-2019/Volume2/Sec809Panel_Vol2-Report_Jun2018.pdf) and [January 2019 \(https://discover.dtic.mil/wp-content/uploads/809-Panel-2019/Volume3/Sec809Panel_Vol3-Report_Jan2019_part-1_0509.pdf\)](https://discover.dtic.mil/wp-content/uploads/809-Panel-2019/Volume3/Sec809Panel_Vol3-Report_Jan2019_part-1_0509.pdf) reports. Its recommendations apply equally well to the IC, which could use [the ODNI's new Public-Private Talent Exchange \(PPTE\) \(https://www.dni.gov/files/documents/ICPM_600-02-IC-Public-Private-Talent-Exchange-May-07-2022-U.pdf\)](https://www.dni.gov/files/documents/ICPM_600-02-IC-Public-Private-Talent-Exchange-May-07-2022-U.pdf) program to manage such professional development initiatives.

Contracting obstacles make it harder for the IC to draw on industry's immense expertise. Given the need to incorporate private sector innovations into intelligence collection and analysis — not to mention the amount of money the IC spends on contracts — intelligence agencies must take steps to make their acquisition processes more efficient and effective.

Larry Hanauer is Vice President for Policy at the [Intelligence and National Security Alliance \(http://www.INSOnline.org\)](http://www.INSOnline.org) (INSA), an association promoting public-private collaboration on intelligence and national security.

(Exhibit 1)

Saltmarsh

Saltmarsh, Cleaveland & Gund

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

**PENSACOLA-ESCAMBIA COUNTY PROMOTION
AND DEVELOPMENT COMMISSION**

PENSACOLA, FLORIDA

FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

**PENSACOLA-ESCAMBIA COUNTY PROMOTION
AND DEVELOPMENT COMMISSION**

PENSACOLA, FLORIDA

FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

TABLE OF CONTENTS

	PAGE
Independent Auditor's Report	1
Management's Discussion and Analysis	3
Financial Statements:	
Statement of Net Position	8
Statement of Activities	9
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	10
Notes to Financial Statements	11
Other Reports:	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	17
Independent Accountant's Report on Compliance with Section 218.415, Florida Statutes	19
Management Letter	20

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Pensacola-Escambia County Promotion
and Development Commission
Pensacola, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the Pensacola-Escambia County Promotion and Development Commission (the "Commission") as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Board of Directors
Pensacola-Escambia County Promotion
and Development Commission

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Commission as of September 30, 2020, and the changes in its financial position and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2020 on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.



Pensacola, Florida
November 30, 2020

**Pensacola-Escambia County Promotion and Development Commission
Management's Discussion and Analysis
For the Year Ended September 30, 2020**

Our discussion and analysis of the financial performance of the Pensacola-Escambia County Promotion and Development Commission (the "Commission") provides an overview of the Commission's financial activities for the fiscal year ended September 30, 2020. Please review it in conjunction with the Commission's financial statements.

FINANCIAL HIGHLIGHTS

- Total assets for the Pensacola-Escambia County Promotion and Development Commission decreased by \$861,986 from 2019 due to a decrease of \$699,720 in grant receivables and a decrease of \$162,266 in bank account balances. Liabilities decreased by \$854,836 due to an increase in Tech Park payable – County of \$25,095, a decrease in Grant Funding payable – County of \$680,285 and a decrease in accounts payable of \$199,646.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 8-9) provide information about the activities of the Commission as a whole and present a longer-term view of the Commission's finances.

Reporting on the Commission as a Whole

The Statement of Net Position and the Statement of Activities

Our analysis of the Commission as a whole begins on the following page. One of the important questions asked about the Commission's finances is "Is the Commission as a whole better off or worse as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the Commission as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Commission's net assets and changes in them. You can think of the Commission's net assets, the difference between assets, what the Commission owns, and liabilities, what the Commission owes, as one way to measure the Commission's financial health, or financial position. Over time, increases or decreases in the Commission's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as continuing local government support, to assess the overall health of the Commission.

**Pensacola-Escambia County Promotion and Development Commission
Management's Discussion and Analysis
For the Year Ended September 30, 2020**

Reporting the Commission's Funds

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide financial statements. The notes to the financial statements can be found on pages 11-16 of this report.

THE COMMISSION AS A WHOLE

The Commission's total net position changed from a year ago, decreasing from \$4,452,507 to \$4,445,357. Our analysis below focuses on the net position (Table 1) and changes in net position of the Commission's governmental activities.

**Table 1
Net Position
(in thousands)**

	<u>2019</u>	<u>2020</u>
Cash	\$ 1,074	\$ 912
Grant receivable	700	-
Technology Park property	<u>5,850</u>	<u>5,850</u>
Total Assets	<u>\$ 7,624</u>	<u>\$ 6,762</u>
Accounts payable	\$ 206	\$ 7
FOIL payable – County	680	-
Technology Park payable – County	<u>2,285</u>	<u>2,310</u>
Total liabilities	<u>3,171</u>	<u>2,317</u>
Net Position:		
Restricted	61	61
Unrestricted	<u>4,391</u>	<u>4,384</u>
Total net position	<u>4,453</u>	<u>4,445</u>
Total Liabilities and Net Position	<u>\$ 7,624</u>	<u>\$ 6,762</u>

Statement of Activities

Prior year revenue totaled \$2,617,430 versus current year revenue of \$1,421,877. This decrease is due to a decrease in grant funds.

Prior year expenses totaled \$2,632,780 versus current year expenses of \$1,429,027. This decrease is primarily due to a decrease in grant expenditures.

**Pensacola-Escambia County Promotion and Development Commission
Management's Discussion and Analysis
For the Year Ended September 30, 2020**

**Table 2
Final Budget versus Actual Results (GAAP Basis)
General Fund**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Governmental -			
Intergovernmental	\$ 775,000	\$ 775,000	\$ 0
Program -			
Grant revenue	1,060,000	645,045	(414,955)
Foreign trade zone	2,000	1,250	(750)
Investment income	300	582	282
Expenditures:			
Current -			
General government	\$ 1,652,300	\$ 1,429,027	\$ 223,273
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 185,000	\$ (7,150)	\$ (192,150)

Final Budget versus Actual Results

The variances in grant revenue and General Government expenditures can be attributed to budgeted grant revenue and expenses for the FOIL project that were not received nor incurred.

ECONOMIC FACTORS

The economic development mission of the Commission remains constant. The Commission contracted with the Community Economic Development Association of Pensacola and Escambia County d/b/a FloridaWest Economic Development Alliance ("FloridaWest") for all its staffing and operational activities again this past year. This includes performing management duties on behalf of the Commission, economic development, and marketing. Since the creation of FloridaWest, the combined efforts of both organizations have supported a commitment from private companies to create/retain approximately 7,635 jobs, \$367 million in annual payroll, and \$744 million in new capital investments. The Commission requested level funding from Escambia County and the City of Pensacola for the current fiscal year. The funds were used for the activities of the Commission as well as for FloridaWest's public funding contribution. Escambia County granted the funding request to the Commission. Half of the funding request from the City of Pensacola came to the Commission and the other half of the funding for economic development came to FloridaWest under a separate agreement.

**Pensacola-Escambia County Promotion and Development Commission
Management's Discussion and Analysis
For the Year Ended September 30, 2020**

The Commission took ownership of property from Escambia County and the City of Pensacola for the purpose of developing it into a Technology Campus during 2008. Construction of the initial infrastructure for the Campus, partially funded with a line of credit from Escambia County, was completed in June 2012. In December 2012, the Commission sought to re-appraise the Technology Campus value to more accurately reflect the current market value of the property. Also, in fiscal year 2013 the Commission approved an updated version of the Inter-local Agreement between the Commission, City of Pensacola, Escambia County and the Community Redevelopment Agency ("CRA"), which included both City and County forgiveness of debt for the Technology Campus property and the ability to market and sell or lease the property independently of City or County approval. The line of credit from Escambia County will be paid for using proceeds from the sale of the lots on the Technology Campus. Once eighty percent of the developable square footage of the Technology Campus has been conveyed by the Commission to a third party, the net ad valorem property tax received by the City and by the County from the properties within the Campus shall be applied to repayment of the line of credit.

To market the Technology Campus to national property developers, the Commission issued an Invitation to Negotiate ("ITN") in June of 2020. The Commission is seeking responses from experienced firms who have the organizational and financial capacity to engage in a public/private partnership for development of the Pensacola Technology Campus in a timely manner providing the overall best benefit to the public. An ITN is a multi-step process of ranking proposals and then negotiating with one, some, or all applicants based on the ITN criteria. By incorporating negotiations into the process, proposals may be clarified and modified to better meet the Commission and public needs and to provide innovative services. Responses to the ITN were due October 30th, 2020. In addition, the Commission, in partnership with Space Florida, submitted a letter of interest to a new confidential client for a build to suite proposal using the former "Project Expanse" opportunity as the project's framework. The Pensacola Technology Campus did receive some damage due to Hurricane Sally. The City of Pensacola and Executive Landscape have cleaned up the damaged landscape items and have made all the necessary repairs to the sidewalk and lights. Estimated cost to the Commission will be less than \$2,000. Moving forward the Commission will need to discuss a tree replacement strategy for the Technology Campus.

The development of the "Bluffs" continues to be a high priority project for the Commission. Beginning in fiscal year 2014-2015 to the end of fiscal year 2017-2018, the Commission has received and spent approximately \$8 million from the Department of Economic Opportunity ("DEO") and the Florida Department of Transportation ("FDOT"). All funding is associated with developing sites along the Lower Escambia River Basin into major industrial sites to target high-energy, aerospace, or other industrial-manufacturing businesses to boost economic development and job growth. The Commission finished all engineering work associated with the legislative funding received from the State of Florida in past years and closed out all current grants received. The Commission continues to seek local, state, and federal funding to begin infrastructure upgrades and new construction to enhance the Bluffs.

**Pensacola-Escambia County Promotion and Development Commission
Management's Discussion and Analysis
For the Year Ended September 30, 2020**

The Commission remains the Grantee for Foreign-Trade Zone (FTZ) #249 and continues to fulfill all its responsibilities as the designated grantee for FTZ #249. FTZ #249 consists of sites at the Port of Pensacola, Pensacola International Airport, Pensacola Marine Terminal (2 sites: Pensacola Shipyard and Spruce Street Industrial Complex), Century Industrial Park and a designated sub-zone for the GE Wind Energy Plant. The Commission, with the assistance of its FTZ consulting company, submitted the FTZ #249's annual report to the Foreign Trade Zone Board.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Commission's finances for all those with interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the FloridaWest Economic Development Alliance, 3 W. Garden Street, Suite 618, Pensacola, Florida 32502.

A handwritten signature in black ink, appearing to read "Scott Luth", with a long horizontal flourish extending to the right.

Scott Luth
CEO, FloridaWest Economic Development Alliance

FINANCIAL STATEMENTS

**PENSACOLA-ESCAMBIA COUNTY PROMOTION
AND DEVELOPMENT COMMISSION
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020**

ASSETS

Cash and cash equivalents	\$ 911,744
Technology Park property, net	<u>5,850,000</u>
Total Assets	<u><u>\$ 6,761,744</u></u>

LIABILITIES AND NET POSITION

Liabilities:

Accounts payable	\$ 6,439
Technology Park payable - County	<u>2,309,948</u>
Total liabilities	<u><u>2,316,387</u></u>

Commitments and Contingencies

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Net Position:

Restricted	61,198
Unrestricted:	
Committed	52,309
Unassigned	<u>4,331,850</u>
Total net position	<u><u>4,445,357</u></u>

Total Liabilities and Net Position	<u><u>\$ 6,761,744</u></u>
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The accompanying notes are an integral
part of these financial statements.

**PENSACOLA-ESCAMBIA COUNTY PROMOTION
AND DEVELOPMENT COMMISSION
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2020**

Revenues:

Governmental -	
Intergovernmental - City	\$ 175,000
Intergovernmental - County	600,000
Program -	
Grant revenue	645,045
Foreign trade zone	1,250
Interest income	582
Total revenues	<u>1,421,877</u>

Expenses:

Current -	
General government -	
Economic development	1,409,824
Audit and accounting	10,000
Legal	6,963
Foreign trade zone	1,250
Miscellaneous	990
Total expenses	<u>1,429,027</u>

Change in Net Position	(7,150)
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Net Position, October 1, 2019	<u>4,452,507</u>
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Net Position, September 30, 2020	<u><u>\$ 4,445,357</u></u>
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The accompanying notes are an integral
part of these financial statements.

**PENSACOLA-ESCAMBIA COUNTY PROMOTION
AND DEVELOPMENT COMMISSION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2020**

	General Fund		
	Budget	Actual	Variance - Favorable (Unfavorable)
Revenues:			
Governmental -			
Intergovernmental - City	\$ 175,000	\$ 175,000	\$ -
Intergovernmental - County	600,000	600,000	-
Program -			
Grant revenue	1,060,000	645,045	(414,955)
Foreign Trade Zone	2,000	1,250	(750)
Investment income	300	582	282
Total revenues	<u>1,837,300</u>	<u>1,421,877</u>	<u>(415,423)</u>
Expenditures:			
Current -			
General government -			
Economic development	1,614,000	1,409,824	204,176
Audit and accounting	10,000	10,000	-
Legal	7,500	6,963	537
Contractual services - Foreign Trade Zone	2,000	1,250	750
Miscellaneous	18,800	990	17,810
Total expenditures	<u>1,652,300</u>	<u>1,429,027</u>	<u>223,273</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 185,000</u>	<u>\$ (7,150)</u>	<u>\$ (192,150)</u>

The accompanying notes are an integral
part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

**PENSACOLA-ESCAMBIA COUNTY PROMOTION
AND DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Reporting Entity

The Pensacola-Escambia County Promotion and Development Commission (“the Commission”) was established by the Legislature of the State of Florida to promote and develop tourism and industry in Escambia County and in the City of Pensacola. The Commission is governed by a nine member board consisting of representatives of the Board of County Commissioners of Escambia County, the City of Pensacola City Council, the Town of Century and the Greater Pensacola Chamber. The Commission is a joint venture of Escambia County and the City of Pensacola and is economically dependent on funding from these entities.

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Commission.

The basis of accounting refers to when revenues, expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, revenues are considered to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

**PENSACOLA-ESCAMBIA COUNTY PROMOTION
AND DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

There are no material differences between the accrual basis of accounting and the modified accrual basis of accounting in the Commission's financial statements. Accordingly, separate financial statements have not been prepared for the General Fund.

The Commission reports the following fund:

Governmental Fund

The General Fund is used to account for all financial resources except those required to be accounted for in another fund.

C. General Budget Policies

The Board approves total budget appropriations only. Management is authorized to transfer budget amounts between department and object codes. However, any revisions that alter the total appropriations must be approved by the Board. Therefore, the level of budgetary responsibility is by total appropriations.

Formal budgetary integration is employed as a management device during the year.

D. Budgetary Basis of Accounting

The budget is prepared in accordance with generally accepted accounting principles.

The budget amounts shown in the financial statements are the final authorized amounts as amended during the year.

E. Restricted and Unrestricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted resources are available, it is the Commission's policy to use restricted resources first, then unrestricted resources as they are needed. Within the unrestricted category, committed resources are used first, then assigned resources, if any, followed by unassigned resources as needed. The Commission establishes (and modifies or rescinds) net asset commitments by passage of a Board of Directors resolution.

**PENSACOLA-ESCAMBIA COUNTY PROMOTION
AND DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 2 - CASH AND INVESTMENTS

The investment of surplus funds is governed by the provisions of Section 218.415, Florida Statutes, as to the types of investments that can be made. Investments authorized by the statute include:

- (a) The Local Government Surplus Funds Trust Fund, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act, as provided in Section 163.01.
- (b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
- (c) Interest-bearing time deposits or savings accounts in qualified public depositories, as defined in Section 280.02.
- (d) Direct obligations of the U.S. Treasury.

The Commission has no investment policy that would further limit its investment choices.

Deposits:

Chapter 280, Florida Statutes, provides that deposits must be placed in a depository designated under the provisions of Chapter 136 and the regulations of the Department of Banking and Finance as a qualified public depository. As such, these deposits are considered to be fully insured.

The Commission's deposits at year end were entirely covered by federal depository insurance or pooled collateral held by the State Treasurer under the provisions of Chapter 280, Florida Statutes. At September 30, 2020, the carrying amount of the Commission's deposits was \$911,744 and the bank balance was \$941,004.

NOTE 3 - FOIL PROJECT

The Commission has signed grant agreements with the Florida Department of Transportation to prepare conceptual plans for transportation and to develop marketing materials and conduct outreach for the Forward Operating Industrial Location ("FOIL") project. The Commission incurred expenditures totaling \$670,289 related to the FOIL project during the year ended September 30, 2020.

To manage cash flow needs related to FOIL grant expenditures, the Commission entered into an agreement with the County during 2017, under which the County is providing a non-interest bearing line of credit in an amount not to exceed \$750,000. The Commission repaid the outstanding balance during 2020.

**PENSACOLA-ESCAMBIA COUNTY PROMOTION
AND DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 4 - TECHNOLOGY PARK

In 2008, the Commission entered into an interlocal agreement (the “Agreement”) with Escambia County (the “County”), the City of Pensacola (the “City”) and the Community Redevelopment Agency (“CRA”) of the City of Pensacola to develop a Technology Park in downtown Pensacola. Pursuant to the Agreement, the County and the City conveyed certain property to the Commission with a fair value of \$6,900,000 and \$1,425,000, respectively. The development of the Technology Park has been completed and the property is now considered to be held for resale. During the year ended September 30, 2013, the Commission recorded a fair value adjustment of \$5,718,106 to account for a decrease in fair value of the Technology Park property.

Under the Agreement, this property was conveyed to the Commission subject to a right of re-entry if certain goals were not met. The County provided a line of credit to fund development of the Technology Park infrastructure. Also, the County and City were to receive 83% and 17%, respectively, of the proceeds from sales of lots in the Technology Park after the County was reimbursed for all funding provided with the line of credit.

During 2013, the Agreement was amended so that County and City no longer require the Commission to reimburse the respective property interests conveyed unto it. The forgiveness of debt totaling \$4,069,512 was recorded in the statement of activities. Net proceeds from the sale of lots will be applied to the County line of credit until the line of credit is repaid in its entirety, at which time any additional proceeds from the sale of lots will remain with the Commission for future economic development projects. See Note 7 for further information.

Once eighty percent of the developable square footage of the Technology Park has been conveyed by the Commission to a third party, the net ad valorem property tax received by the City and by the County from the properties within the Technology Park shall be applied to repayment of any remaining balance on the line of credit.

Infrastructure costs of \$3,243,106 have been capitalized, of which \$1,926,938 were funded by the County. The remaining infrastructure costs of \$1,316,168 were funded by a grant.

**PENSACOLA-ESCAMBIA COUNTY PROMOTION
AND DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 4 - TECHNOLOGY PARK (Continued)

The following is a summary of the carrying value of the Technology Park property and the associated liability due to the County as of September 30, 2020:

	<u>County</u>	<u>City</u>	<u>Total</u>
Initial land conveyance	\$ 6,900,000	\$ 1,425,000	\$ 8,325,000
Infrastructure funded by County	1,926,938		1,926,938
Infrastructure funded by grant	<u>1,316,168</u>		<u>1,316,168</u>
Technology Park property at cost	<u>\$ 10,143,106</u>	<u>\$ 1,425,000</u>	11,568,106
Fair value adjustment			<u>(5,718,106)</u>
Technology Park property at fair value			5,850,000
Accrued interest and other			529,460
Forgiveness of debt			<u>(4,069,512)</u>
Technology Park payable			<u>\$ 2,309,948</u>

The Technology Park payable accrues interest at the monthly yield rate required by the State Board of Administration for inter-fund loans and the County Investment Policy (0.33% at September 30, 2020)

NOTE 5 - NET POSITION

Restricted net position includes \$61,198 contributed by the Emerald Coast Utilities Authority, which is restricted for economic development in the General Fund.

Committed net position includes \$52,309 of funds for future commerce park marketing and/or improvements.

NOTE 6 - RISK MANAGEMENT

The Commission is exposed to various levels of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. To mitigate some of those risks, the Commission maintains a directors and officers liability policy and a commercial general liability policy. There have been no losses for these risks in any of the prior three fiscal years, and the Commission is not aware of any material liabilities related to these risks as of September 30, 2020.

**PENSACOLA-ESCAMBIA COUNTY PROMOTION
AND DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 7 - COMMITMENTS AND CONTINGENCIES

The Commission has engaged the Community Economic Development Association, Inc. d/b/a FloridaWest Economic Development Alliance to promote economic development for the year ending September 30, 2021 for a fee of \$675,000.

As discussed in Note 4, the Commission entered into, and later amended, the “Agreement with the County, the City and the CRA of the City to develop a Technology Park in downtown Pensacola”. Under the amended agreement, the City and County have a right of re-entry on the property if the Commission does not sell at least one lot or enter into a long-term lease, not less than 15 years in duration, of at least one lot by September 6, 2016. As of September 30, 2020, the Commission has not yet sold or entered into a long-term lease for any of the Technology Park lots. However, neither the County nor the City had indicated that they will exercise their right of re-entry.

OTHER REPORTS

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
Pensacola-Escambia County Promotion
and Development Commission
Pensacola, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Pensacola-Escambia County Promotion and Development Commission (the "Commission") as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated November 30, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Board of Directors
Pensacola-Escambia County Promotion
and Development Commission

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Pensacola, Florida
November 30, 2020

**INDEPENDENT ACCOUNTANT'S REPORT
ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES**

Board of Directors
Pensacola-Escambia County Promotion
And Development Commission
Pensacola, Florida

We have examined Pensacola-Escambia County Promotion and Development Commission's (the "Commission's") compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2020. Management is responsible for the Commission's compliance with those requirements. Our responsibility is to express an opinion on the Commission's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Commission's compliance with those requirements and performing such procedures as we considered necessary in the circumstances. We believe that our examination provided a reasonable basis for our opinion. Our examination does not provide a legal determination on the Commission's compliance with specified requirements.

In our opinion, the Commission complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2020.

This report is intended solely for the information and use of the Commission and the Auditor General, State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.



Pensacola, Florida
November 30, 2020

MANAGEMENT LETTER

To the Board of Directors
Pensacola-Escambia County Promotion
and Development Commission
Pensacola, Florida

Report on the Financial Statements

We have audited the financial statements of the Pensacola-Escambia County Promotion and Development Commission (the “Commission”), as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated November 30, 2020.

Auditor’s Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Other Reporting Requirements

We have issued our Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in this report, which is dated November 30, 2020, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings and recommendations made in the preceding annual financial audit report.

Board of Directors
Pensacola-Escambia County Promotion
and Development Commission

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The official title for the Pensacola-Escambia County Promotion and Development Commission is disclosed in the notes to the financial statements. The Pensacola-Escambia County Promotion and Development Commission was established by Chapters 67-1365 and 89-481, Laws of Florida. There are no component units.

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the Commission has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the Commission did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Section 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the Commission. It is management's responsibility to monitor the Commission's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Directors, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.



Pensacola, Florida
November 30, 2020

CHAPTER 2019-177

Committee Substitute for
Committee Substitute for House Bill No. 1067

An act relating to the Pensacola-Escambia Promotion and Development Commission, Escambia County; amending ch. 67-1365, Laws of Florida, as amended; revising the short title; revising definitions; providing for a change in the membership structure of the Pensacola-Escambia Promotion and Development Commission; providing an effective date.

Be It Enacted by the Legislature of the State of Florida:

Section 1. Sections 1 through 6 of chapter 67-1365, Laws of Florida, as amended by chapters 89-481, 89-443, and 86-449, Laws of Florida, are amended to read:

Section 1. Short Title. This act may be cited as the “Pensacola-Escambia County Promotion and Development Commission Act.”

Section 2. Definitions. When used in this act the following words and terms, unless a different meaning appears clearly from the context, shall have the following meanings:

(1) “Commission” shall mean the Pensacola-Escambia Promotion and Development Commission created by this act.

(2) “Promotion” shall be deemed to mean the promotion of the advantages of Escambia County and all municipalities therein, (including that portion of Santa Rosa Island under the jurisdiction of the Santa Rosa Island Authority or its successor), and the promotion and development of industrial, ~~tourist~~, and commercial attributes and facilities of said area including the promotion of conventions, convention facilities and visitors to said area and also encompassing the dissemination of information with reference to the foregoing through the media of advertising, personal contact and such other activities as are deemed customary to the sound development and promotion of an area.

(3) “Appointing Authority” shall be deemed to mean that body whose duty it is to appoint specific members of the Commission.

(4) “Development” shall be deemed to mean the improvement of the County of Escambia and all municipalities therein (including that portion of Santa Rosa Island under the jurisdiction of the Santa Rosa Island Authority) or its successor through economic development, job creation, workforce development the increase of employment opportunities, enhancement of the economic environment, expansion of the tax base, enticement of industry and other business to the area, and acquisition, lease and construction of facilities for such purposes within the subject area.

Section 3. For the purpose of performing such acts as shall be necessary for the sound Promotion and Development (as those terms have heretofore been defined) of Escambia County, there is created a body corporate and politic to be known as the Pensacola-Escambia County Promotion and Development Commission, which shall be deemed to be a public corporation by that name, and which body may contract and be contracted with and sue and be sued in all courts of law and equity.

Section 4. The Commission shall be composed of nine (9) members each of whom shall be either the owner of a real property interest located in Escambia County, a freeholder and a resident qualified elector of Escambia County, or the owner or shareholder of a business located in Escambia County. The Commission shall consist of the following:

(1) Two ~~(2)~~ members shall be Commissioners of Escambia County who shall be appointed by the Board of County Commissioners of Escambia County.

~~(2) Two (2) members shall be Councilmen of the City of Pensacola City Council members who shall be appointed by the Pensacola City Council of the City of Pensacola.~~

~~(3) One (1) member shall be either a member of the Century Town Council or the Mayor of the Town of Century and who shall be appointed by the Century Town to serve on the Commission by the Council of the Town of Century. One member shall be the president of the Pensacola Area Chamber of Commerce. One member, to be appointed by the president of the Pensacola Area Chamber of Commerce, shall be the chairman of the Committee of 100 or the chairman of the Tourist Advisory Council. One member at large shall be appointed by the Board of County Commissioners of Escambia County.~~

~~(4) Two (2) members at large, one member at large of which shall be appointed by the Board of County Commissioners of Escambia County and one of which shall be appointed by the Pensacola City Council of the City of Pensacola.~~

~~(5) Two (2) members shall be recognized leaders appointed by Florida-West Economic Development Alliance (or its successor as recognized by the Commission).~~

~~(2)The term of office of each of the members, excepting those holding specific offices, shall be for a period term of two (2) 2 years, which shall be staggered such that the appointments of three (3) Commission members occur each; except initial appointments for one member of the Board of County Commissioners and one member of the Pensacola City Council shall be for 1 year.~~

Section 5. The Commission shall elect ~~from its membership at its organizational meeting, and annually thereafter,~~ a Chair Chairman, Vice-Chairman, and Secretary-Treasurer.

Section 6. Quorum; transaction of business. Any five (5) members of the Commission shall constitute a quorum for the transaction of the ordinary business of the Commission. No business shall be transacted except at regularly and specially called meetings and when duly recorded in the Minutes thereof. Each Commissioner is expected to attend the Commission meetings.

Section 2. This act shall take effect upon becoming a law.

Approved by the Governor May 23, 2019.

Filed in Office Secretary of State May 23, 2019.