Minutes of a Regular Meeting of the Board of Directors of Enterprise Florida

A regular meeting of the Enterprise Florida, Inc. Board of Directors was held on February 2, 2017 at the Caribe Royale Convention Center in Orlando, Florida.

Members Present

Jason Altmire  
Adam Babington  
Zane Beard  
Alan Becker  
Jay Beyrouti  
Jesse Biter  
Holly Borgmann  
Kirk Boylston  
Paul Browning  
Cathy Chambers  
Stan Connally  
Andy Corty  
Brett Couch  
Carol Craig  
Marshall Criser  
Brian Curtin  
Julius Davis  
Ken Detzner  
Danny Gaekwad  
Jim Giordanos  
Jorge Gonzalez  
Amy Gowder  
Mike Grissom  
Chris Hart  
Sonya Hartley  
Mori Hosseini  
Marva Johnson  
Belinda Keiser  
Carlos Lopez-Cantera  
Mark Morton  
Yolanda Nader  
Tom Pennekamp  
Kent Perez  
Winfred Phillips  
Adam Putnam  
Andy Rosen  
Governor Rick Scott  
Harry Sideris  
Eric Silagy  
Nathan Sparks  
Gary Spulak  
Jason Steele  
Pam Stewart  
Kevin Thibault  
Bob Ward  
Drew Weatherford  
Robert Weissert  
Maria Wells  
Mark Wilson  
Joe York  

On the Phone

List unavailable

Agenda

I. Welcome & Roll Call  
o Statement of Public Notice
II. Passing of the Gavel
III. Chairman’s Report
IV. Job Creator Awards
V. Approval of Minutes – November 30, 2016
VI. Action Items  
o Consent Agenda
VII. President & CEO Report
VIII. DEO Update
IX. Business Development Update
X. Team Florida Marketing Update
XI. International Trade Update
XII. Site Selectors Panel
XIII. Public Comment
XIV. Closing Remarks & Adjournment
Welcome
After confirming that a quorum was present, Vice Chair Alan Becker called the meeting to order at 8:34 a.m. He welcomed all members.

Approval of Minutes
Maria Wells made a motion to approve the minutes of the November 30, 2016 board meeting and Julius Davis seconded. The motion carried.

Chairman’s Report
Governor Scott welcomed everyone and thanked Alan Becker for his outstanding service remarking that he cares about job creation and Enterprise Florida. A plaque was presented to Alan in appreciation of his leadership and guidance. He thanked the Governor and everyone present for making EFI stronger and putting jobs in the forefront. The Governor passed the gavel to the new Vice Chair, Stan Connally. He is looking forward to working with Stan for the next two years saying that Stan has heart and passion for the state of Florida and its people.

The Governor stated that there has been significant job growth around the state especially in Orlando and Tampa. The budget is out and in good shape with $2.8B of projected revenues over recurring expenses. The focus will be how to get more jobs in the state through $618M in tax cuts including sales tax holidays and reductions in the cost of doing business through elimination of the sales tax on commercial leases. EFI and Visit Florida need to be fully funded with $85M for EFI on top of operating costs. Every family in Florida deserves a good job. We have to continue to fight to diversify the economy or there will be repercussions down the road when there is another recession. We can grow tourism even more but we still need to diversify. Let Senate and House members know how important it is to recruit companies to Florida, cut taxes and decrease regulation.

Job Creator Awards
Governor Scott presented three companies with job creator awards.
- Eastern Shipbuilding – won a $10.5B Coast Guard contract against a large competitor to build ships in Panama City.
- SolarTech Universal – only solar panel manufacturer in the state of Florida. In 2013 they chose West Palm Beach, Florida for their new manufacturing facility over sites in Georgia, North Carolina and South Carolina. They have already added 15 jobs to the original 40 well-paying jobs in the STEM field and plan another 80 this year.
- USTA – created a 64 acre, 100 court national tennis campus in Lake Nona creating 170 jobs. Another 20 jobs will be added. The campus will bring hundreds of employees to Florida along with hundreds of thousands of visitors.

Action Items
Vice Chair Connally explained that the board would be voting on all the consent agenda items together as follows:

1. Legislative Policy Committee
   - Adopt the 2017 Florida Economic Development Legislative Agenda as recommended by the Legislative Policy Committee. It covers the ask for Enterprise Florida, the marketing dollars, the $85M for the economic development toolkit – all approved by the Executive Committee the day before.
2. Finance and Compensation Committee
   - Approve the recommendations of the Finance and Compensation Committee which met the day before to discuss where EFI is year to date. EFI is ahead of budget in terms of savings; actions were taken based on the David Wilkins recommendations; they are on top of expense management; and, financial controls are in place.

3. Investor Membership Renewals
   - Approve Bank of America, Charter Communications and Gulf Power to continue as At-Large members of the EFI board for a one-year term.

4. New Company Representative
   - Approve Jairo Flor of Odebrecht, Amy Gowder of Lockheed Martin and Harry Sideris of Duke Energy to become their company’s representative on the EFI board.

Vice Chair Connally explained that there were verbal additions to the consent agenda. The first is the reinvestment of savings based on the David Wilkins recommendations. Chris Hart reported that conversations took place with board members and partners on the best way to reinvest the $4.1M in savings. The plan includes putting funds toward International and Business Development activities and events to reach higher ROI through improving quantity and quality of leads as well as toward Business Development training and data analytics. They would also like to bring on a professional to ensure the support and growth of minority and small business.

Also added to the consent agenda were the appointment of Stan Connally as the new Vice Chairman and approval of the Audit Report given yesterday at the Audit Committee meeting, both of which were approved yesterday by the Executive Committee. Vice Chair Connally explained that the EFI accounting team is being diligent on follow through despite the challenges of the staff turnover. Julius Davis added that cross training has been put in place. The auditors will check back in three months with a full follow up in six months.

Vice Chair Connally advised the board members not to vote on anything that would present a conflict of interest. Belinda Keiser made a motion to approve the consent agenda items and Joe York seconded. The motion carried.

President & CEO Report
Vice Chair Connally introduced Chris Hart who discussed the role the board plays in supporting the Enterprise Florida team to achieve job growth and prosperity. He addressed transparency, accountability, fiscal responsibility, competency, integrity and stewardship. He talked to board members and partners and spent time in the capital addressing misconceptions. Everyone needs to understand how EFI uses public dollars and see what they are doing. All contracts, salaries and meetings are posted online. EFI has undergone several audits. It is managing all travel under the state policy to ensure public dollars are utilized appropriately.

Mr. Hart stated that competency, integrity and stewardship are a true blend of the public private partnership. EFI has a competent, dedicated team of economic professionals. He has met with the Business Development team to discuss sites, partnerships, tools and resources available to use more fully to close more deals. He wants to reinforce the integrity of the numbers of jobs that are reported. Good work is going on with EFI, DEO and the incentives portal. Job numbers can be counted on. There is third party hiring validation through social security numbers. The EFI board members are stewards of the state of Florida. The Audit and Finance and Compensation Committees are ensuring that EFI is doing the right things in the right ways. The Education and Workforce Talent Committee is ensuring that Florida workers have the right skills. His vision is that Florida will be the leading economy for increasingly better opportunities for prosperity in every Florida community and for all Floridians.
Mr. Hart recommended looking at key measures often and making people accountable. He has created a monthly report that includes the EFI vision, corporate strategies and unit goals. There are EFI operations goals, stretch goals that the board voted on, and DEO contracted standards. EFI needs to know what it is being held accountable for and then drive toward the vision. He will get the report out to the board members on a monthly or quarterly basis. The total jobs number is currently 11,459 - right on track with the DEO contracted goal and a little behind the stretch goal. The number of active projects is down about 45%. Uncertainty can lead to project losses. The narrative needs to be changed in Tallahassee. Governor Scott added that site selectors will spend time where the opportunities are.

**DEO Update**

Vice Chair Connally introduced Cissy Proctor who reported that 1,262,100 new jobs have been created in the past six years with the last three years having been especially strong with an average of a quarter of a million jobs created every year. In 2016 more than 237,000 jobs were created across the state. Since 2010 the unemployment rate has been cut in more than half. Last month the rate remained low at 4.9%. There are 254,000 job openings across the state. Registered nursing is still the top job in demand followed by a diverse list ranging from logistics to retail to tourism. The four industries with the largest percentage of job growth are leisure and hospitality, education and health services, professional and business services and trade, transportation and utilities. The housing market is strong with the median sales price of a single family existing home up 10% over the previous year. Since 2011 the median sales price has risen every year and sales continue to rise as more than 1,000 people move into the state every day. Florida had the highest job growth rate of the ten largest states. This is double the growth rate of the nation. Florida continues to outpace the nation in several other indicators. The job growth rate since 2010 sits at 20.7% while the nation grew just over 13%. Florida’s labor force and GDP are also beating the nation.

**Business Development Update**

Vice Chair Connally introduced Brett Couch, the board liaison with the EFI Business Development unit, who reported on the new operating structure based on the David Wilkins recommendations. The team is doing well. Of 240 leads, the unit closed 80. When given the opportunity, this state can close deals. The missing piece is the inability to attract the four and five star companies who bring more jobs and higher paying jobs allowing the state to continue to work toward diversifying the economy. There needs to be better communication with the legislature.

**Team Florida Marketing Update**

Vice Chair Connally introduced Eric Silagy, the board liaison with the EFI Marketing unit, who reported that the team has done a tremendous job with a relatively small budget. It is day 369 of the new marketing campaign which has generated 444 million media impressions. An impression is the ability to get someone to pay attention to the message. It takes six impressions before the message is retained. The Co-Op program has strong participation across the state. It is a great way to leverage local resources. The team came in on budget this year nationally and internationally. The annual report is available on the EFI website.

There is great momentum now, and the effort to market Florida needs to continue. The message being heard now might be that Florida isn’t open for business. People don’t necessarily know about Florida’s benefits from a business climate standpoint. Financial support is needed for that effort. Eric encouraged board members to contact their legislative leaders. In addition, success stories will open the eyes of the legislature. Joe Hice will send the marketing campaign videos to the full board. Mark Wilson directed everyone to the floridawins.org website, specifically the “Did You Know” section. It looks at reading scores, education metrics, taxes, eliminated regulations to get the word out about all that is going right in Florida.
International Trade Update
Vice Chair Connally introduced Brian Curtin, the board liaison with the EFI International Trade & Development unit who gave an update on Florida trade. He shared that jobs related to international trade in Florida have about 30% higher wages than regular jobs. Total merchandise trade through November was down 3.7%, in line with US trade in general. Origin exports declined by 4.6% while imports remained steady with a 1.3% gain. Exports to Brazil and Colombia saw the largest declines. The best performers were Chile, Germany and Paraguay. The strongest export sectors are aviation/aerospace and medical equipment. The strong US dollar has hurt exports. The weak Latin American economy has affected trade although a gradual improvement is expected later in 2017 and 2018.

IT&D is on track to meet their performance goals. They are doing more with less personnel. To date, they have assisted 1,440 unique companies (70% of goal) and conducted 14 in-state and overseas events for which 500 companies participated. Export sales total $339.2M (50% of goal). Upcoming events include trade missions to South Africa and Argentina, the Dubai International Boat Show, CeBIT in Germany, the Paris Air Show and the Korea Consumer Products Fair.

Site Selectors Panel
Vice Chair Connally introduced three site selectors who know Florida and our state development team. Allea Newbold of Ryan Consulting explained that her client base is mostly domestic with some large international manufacturers. Her work includes projects with military/space contractors and data centers. The attributes of Florida are the pro-business governor and good working relationships between EFI and local communities. That is not always the case in other states. What keeps Florida off the list in competing for projects is the perception that incentives are not available because of the less favorable legislature. If Florida is not in contention for a project, it is hard to get the opportunity for the Governor to fight for the project. The number of new projects is down as a result. With respect to compliance, in Florida it is hard to monetize incentives and hard for the company to get paid. In other states incentives are received right away.

Win Williamson of Ernst & Young is based in Tampa with a client base mostly in the southeast and southwest. He works projects involving financial services, manufacturing, business and professional services, healthcare, retail and distribution. He commented that Florida has a favorable tax climate, labor and real estate market. Compared to other states, EFI is the premier economic development team. In order to do better, Florida needs to address funding. When he shared the benefits of Florida with a client, they were interested but when they talk about incentives – no more QRT and Closing Fund – the conversation moved away from Florida. He would like to see more funding for QRT and incumbent worker training. While he understands the compliance side and the need to be transparent and accountable, it is more intense and detailed than in other states.

Jeff Troan of Hickey & Associates has a client base of primarily international aerospace companies with a major federal government contracting base. He also works with manufacturing companies with heavy industry. He enjoys working with small start-up companies. The attributes of Florida include the climate, affordable housing, low taxation and a history of offering aggressive incentive packages to encourage companies to come to Florida. The state has developed a strong pharmaceutical industry in South Florida and a huge aerospace industry in Central Florida. EFI and Space Florida are the best and most organized economic development groups he has done business with. His biggest issue is with the legislature. To improve, Florida must be flexible and adjust the business climate to make the deal work.

A general discussion about Florida incentives followed. Kelly Smallridge stated that quality of life alone will not bring companies to Florida. When Florida is equal to other states in infrastructure, workforce and
quality of life, incentives can be the key factor to swing the deal in Florida’s favor. She has seen a dramatic decrease in the number of deals in her county and in the state. Jeff Troan added that especially in the aerospace and pharmaceutical industries, incentives are part of the mix.

Vice Chair Connally thanked the panelists who are great partners and a good source of feedback. He encouraged all to attend the February 9th Senate appropriations meeting at 1:00 p.m. to show support. Also engage with local and regional economic development agencies.

Public Comment
None

Closing Remarks & Adjournment
Vice Chair Connally announced that the meeting had been publicly noticed. He asked for a motion to adjourn. Andy Corty offered the motion and Dominic Calabro seconded. The motion carried. The meeting was adjourned at 11:26 a.m.