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 November 30, 2016 at the Hilton Sandestin Beach Resort in Miramar Beach, Florida.

Members Present
Jason Altmire
Alan Becker
Holly Borgmann
Kirk Boylston
Paul Browning
Cathy Chambers
Stan Connally
Andy Corty
Marshall Criser
Brian Curtin
Ken Detzner
Jorge Gonzalez
Mike Grissom
Chris Hart
Sonya Deen Hartley
Marva Johnson
Neil Jones
Belinda Keiser
David Kornick
Danny Martell
Joe Mayer
Chris Moya
Tom Pennekamp
Adam Putnam
Governor Rick Scott
Harry Sideris
Britt Sikes
Kelly Smallridge
Nathan Sparks
Pam Stewart
Maria Wells
Mark Wilson

On the Phone
Chris Appleton
Jay Beyrouti
Jesse Biter
Jim Boyd
Dominic Calabro
Jeff Chamberlin
Carol Craig
Kent Ellert
Bill Heavener
Mori Hosseini
Winfred Phillips
Jim Shimberg
Jason Steele

Agenda
I. Welcome & Roll Call
   o Statement of Public Notice
II. Approval of Minutes - September 29, 2016
III. Chairman's Report
IV. Job Creator Award
V. Audit Update
VI. Business Development Update
VII. Team Florida Marketing Update
VIII. International Trade Update
IX. CEO Search Committee Update
X. CEO Search Board Approval
XI. DEO Update
XII. State Board of Education Update
XIII. Regional Economic Development Update
XIV. Actions Items
   o Consent Agenda
XV. 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 and announced that the meeting had been publicly noticed.

Approval of Minutes for September 29, 2016
Maria Wells made a motion to approve the minutes of the September 29, 2016 board meeting and Mark Wilson seconded. The motion carried.

Chairman's Report
Governor Scott welcomed everyone and thanked Alan Becker for his time and hard work as Vice Chair. He then gave an update on Hurricane Matthew. He stated that Enterprise Florida is helping people get jobs. There are job openings at all levels across the state. Because of everyone’s hard work there have been 1,232,400 jobs created in over five and a half years. Florida is the number one place for job creation with some months growing at the fastest rate in the country. Florida has invested over $1 billion in its ports and has record funding for state colleges and universities. Governor Scott wants to make sure EFI continues and asked those present to get active and continue to tell the EFI story. Let the legislature know the importance of funding EFI. He is excited about the new leadership and the opportunities that will bring.

Vice Chair Becker asked how to address those who says incentives are just corporate welfare. Governor Scott answered that there must be a return for taxpayers. We don’t put the money unless we know we are going to get the jobs; there are claw back provisions; and, we have significant expectations for annualized return on investment. We have to be in the game to win.

Mark Wilson asked the Governor for his advice on what can be done now to protect the culture of private sector job creation considering the transition in a couple of years. Governor Scott recommended institutionalizing the things that work; continue getting companies to move here and expand; and, get politically active. Partner with government. Maria Wells asked the Governor what to look at going forward that hasn’t been thought about with respect to strengthening communities through jobs. He expressed the need to diversify the economy; get the pension plan 100% funded; play to the state’s strengths.

Vice Chair Becker asked Adam Putnam about his priorities for the year. He remarked that the scarcity of water will be a discussion for the new year. The state has to make a sustained commitment to resources.

Job Creator Awards
Governor Scott presented three companies with job creator awards.
- Jensen – leading manufacturer and supplier in the laundry industry employing 180 people. Last year they added 20 jobs and plan on adding 10 more jobs in the next 12 months.
- Jellyfish Health – create software applications that connect people with wait times and other important information at nearby health care facilities. They employ 40 people and are expanding in Panama City and creating another 100 new jobs.
- International Paper – five facilities across the state with over 800 employees. Their Pensacola paper mill just celebrated their 75th anniversary. They have 450 jobs there and have created 60 jobs over the last two years.

Audit Update
Vice Chair Becker asked Ron Conrad of Cherry Bekaert to present an overview of the Enterprise Florida consolidated financial statements which is EFI and three entities for which it is the sole member – the Florida Sports Foundation, Florida Opportunity Fund and Team Florida. The Florida Opportunity Fund is
an investment arm that started with $29.5M in funding for technology development and then followed up with $36M to invest in clean energy projects. Subsequently, the State developed the State Small Business Credit Initiative (SSBCI) which provided additional funding for technology development. The transfer of SSBCI out of EFI to DEO has been accomplished. The Florida Opportunity Fund and Clean Energy programs remain with EFI. In addition to that Team Florida was created and is part of the consolidated entity.

The consolidated statement reports on cash available to EFI for general operations as well as cash that is in escrow and limited to use for the incentive program - $202 million. Some of that has been paid out and some has been returned to DEO leaving $110 million still in escrow. Loan receivables total $22.5 million and there are $10.7 million of guarantees. None have resulted in bad debts under the SSBCI programs. Florida Opportunity Fund investments have risen from $52 million last year to $74 million this year. The increase is due to continued investments that have done well. The consolidated statement shows changes in assets from $24.8 million to $33.3 million this year. That is the result of the Team Florida appropriation. The net appreciation in investments is $17.4 million which is remarkable. Vice Chair Becker explained that the millions of dollars in escrow is based on commitments and contracts. The money isn't given to the companies until they perform.

Business Development Update
Vice Chair Becker introduced Nathan Sparks who was standing in for Brett Couch as the board liaison for the Business Development unit at EFI. Nathan Sparks explained that Business Development is on the front lines of the effort to create jobs and complimented the team on their efforts. Nathan Sparks introduced Paul Marttila, the EFI SVP of Business Development. He explained that the work done is not just about incentives. They are one element of the toolkit and part of larger scale projects. A whole range of services is provided. Business Development project managers are a one-stop point of contact for companies interested in locating in Florida. They assist with real estate searches looking for the location with the appropriate labor profile. They provide explanations on access to the incentive programs and provide business tax information. Last fiscal year the Business Development unit exceeded all their targets despite the turmoil and lost staff. They reached $2.82B in capital investment, 28,919 total jobs with an average wage of $54,133.

On the recommendation of David Wilkins, a working group was formed to implement a new structure for Business Development. Elements of the existing structure that had proven successful were maintained. The new structure will free up senior staff to go out and recruit more companies. A full-time financial expert was hired. Each of Florida’s eight regions was assigned a Business Development contact. A competitive intelligence and research function was created. They are also focusing on strategic site initiatives, industry outreach and sales training. They would like to enhance lead generation capacity; have sales consultants in different geographic areas or sector expertise; invest in additional analytical tools; and, ensure small business delivery.

Paul Marttila highlighted key project wins – Johnson & Johnson, KLX, Amazon and Hotwire.

Team Florida Marketing Update
Vice Chair Becker introduced Kelly Smallridge, the Vice Chair of Team Florida. Eric Silagy leads Team Florida as their Chairman. Kelly Smallridge gave an overview of Team Florida’s current activities and outreach. Board members have been approved for the coming year. The budget, approved last October, includes $8.5M to promote Florida and $1M in privately raised funds. The campaign is expected to generate 360 million media impressions.
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Kelly Smallridge introduced Joe Hice, the EFI Chief Marketing Office, who explained that the campaign was launched 11 months ago. They have taken the Boundless theme and inserted new graphics. Other state ads are very traditional. Florida’s draws attention. They are using traditional media as well as internet and digital. There were 40 million visitors to the Mashable website. The partnership with TED drew another 40 million visitors.

The marketing team is working on a new program, the Co-Op marketing program which comes down to the local level involving work with and funding for the partners. There is a similar program for the rural partners – 78 million acres of opportunity. Joe Hice also spoke about the importance of video. Videos are being created that go around the state and into 16 companies to tell the Florida story in web outreach.

International Trade Update
Vice Chair Becker introduced Brian Curtin, the board liaison with the EFI International Trade & Development unit. He explained that 61,000 Florida companies export goods and services. Florida exporters have grown by 76% since 2003. Small to mid-sized companies account for 67%. International trade jobs pay 30% higher wages, and international trade supports 2.5 million jobs indirectly. Florida origin exports surpassed $92 billion in 2015. Florida was the sixth largest export state in 2015, the third largest exporter of high tech goods and number two in the US in manufacturing export intensity. Their objectives are to assist Florida companies with diversifying their exports to new markets; to provide a platform of trade missions and shows to showcase Florida products and services worldwide; to grow Florida manufacturing, high tech and knowledge-based services; and, to assist Florida communities in showcasing their regions around the world.

The IT&D unit offers export counseling, events, trade shows, missions and trade grants and much more. They exceeded all performance measures by a significant margin. They have assisted 2,757 companies, conducted 40 events and had 962 companies participate in events. Vendors reported $64 million in export sales contracts and expect $847 million in future sales. Manny Mencia added that Florida is the national leader in small business participation in exports. Florida small business companies export a higher percentage of state exports than any other state in the nation.

CEO Search Committee Update and Board Approval
Vice Chair Becker introduced Stan Connally who chaired the CEO Search Committee. He explained that EFI has been operating without a CEO since June. There were over 100 applicants for this job. The list was narrowed down multiple times resulting in one-on-one conversations with many candidates. There were two finalists and Chris Hart was added as the third. All committee members have spoken with Chris. Stan Connally presented the committee’s unanimous recommendation of Chris Hart to the Board Executive Committee meeting the day before. Chris has worked at EFI, CareerSource and served two terms in the State House.

Stan Connally made a motion to ratify the Executive Committee’s recommendation that Chris Hart become the next EFI President & CEO starting January 3, 2017. Belinda Keiser seconded, and the motion carried. Chris Hart thanked the Governor and the board for their confidence and trust. It is clear to him that Enterprise Florida and its board are the stewards for the state of Florida. The taxpayers are its shareholders. Florida will be the leading economy for better opportunities for prosperity in every Florida community.
DEO Update
Vice Chair Becker introduced Cissy Proctor, Executive Director of DEO who reported that the new job number for October is 1,232,400 jobs created since 2010. The unemployment rate has been cut since 2010 from more than 11% to 4.8%. Job demand is strong. The growth industries are professional business services, education and health services, leisure and hospitality and trade logistics. Wages have increased more than 3.6% over the year. Of the jobs created since 2010, 77% have an average wage of $40,000. The median sale price of homes over the past year is up more than 11%. Florida has the highest rate of job growth at 20.2% since 2010 as compared to 13% for the US.

State Board of Education Update
Vice Chair Becker introduced Commissioner Pam Stewart who reported on the growing need for a better educated workforce. She announced the launch of an exciting tool called Florida Students Achieve which is a website intended to empower parents with information on the quality and rigor of Florida standards, the relevance of standards for careers and colleges and the success of the education system in Florida. There is a school performance page where parents can view and compare schools and districts.

- www.floridastudentsachieve.org

Regional Economic Development Update
Vice Chair Becker introduced Kim Wilmes, CEO of Florida’s Great Northwest which represents 12 Florida counties. They serve as the region’s unified voice when it comes to advocacy, regional collaboration and promotion of the region as a top location for business. One of their major initiatives is to develop a regional strategy. They are working with the University of West Florida through an EDA grant and have engaged TIP Strategies to guide them through the process. Input and feedback were gathered resulting in five major areas of focus - workforce talent, infrastructure, business vitality, entrepreneurship and innovation and quality of place. The two key drivers in the Northwest are tourism and military. They will look at available sites and infrastructure readiness as well as their major industries of aerospace, aviation, manufacturing and high tech/IT. With the help of Gulf Power they launched Florida First Sites, a site certification program with a focus on nine industrial sites and parks. Recently, VT Mobile Aerospace Engineering broke ground at the Pensacola Airport. That project will bring 400 new jobs to the area.

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

1. Finance and Compensation Committee
   - Approve the recommendations of the Finance and Compensation Committee

2. Audit Committee
   - Approve the recommendations of the Audit Committee

3. Target Industry Update
   - Approve the Target Industry list which is unchanged but requires review every three years

4. Investor Membership Renewals
   - Approve Craig Technologies, Florida Realtors, Kaplan and Odebrecht to continue as At-Large members of the EFI board
5. New Board Investor  
   o Approve Lakewood Ranch Commercial Realty to join the EFI board as an At-Large member  

6. New Company Representative  
   o Approve Holly Borgmann to become the ADT, LLC representative on the EFI board  

Tom Pennekamp made a motion to approve the consent agenda items and Andy Corty seconded. The motion carried.

Vice Chair Becker announced that the next EFI board meeting has been rescheduled to February 1 and 2 in Orlando as the Governor will be attending the Presidential Inauguration.

Public Comment
None

Closing Remarks & Adjournment
Vice Chair Becker asked for a motion to adjourn. Stan Connally offered the motion and Tom Pennekamp seconded. The motion carried. Vice Chair Becker closed the meeting by thanking everyone for their time. The meeting was adjourned at 11:15 a.m.