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 September 29, 2016 at the Hyatt Regency Grand Cypress Hotel.

Members Present

Jason Altmire
Jeff Atwater
Alan Becker
Jay Beyrouti
Jesse Biter
Holly Borgmann
Cathy Chambers
Stan Connally
Andy Corty
Brett Couch
Carol Craig
Marshall Criser
Brian Curtin
Carl D’Alessandro
Neal Dunn
Susan Fernandez
Chris Flack
Danny Gaekwad
Gordon Gillette
Chris Hart
Sonya Deen Hartley
Mori Hosseini
Rob Johnson
Belinda Keiser
Brian Lamb
Chris Moya
Mark Morton
Jeff Newman
Tom Pennekamp
Gene Schaefer
Governor Rick Scott
Lisa Gefen Sicilian
Eric Silagy
Nathan Sparks
Gary Spulak
Jason Steele
Pam Stewart
Kevin Thibault
Jeff Vinik
Bob Ward
Drew Weatherford
Maria Wells
Andy Wike
Mark Wilson
Joe York

On the Phone
Kelly Madden
Winfred Phillips

Agenda

I. Welcome
II. Chairman’s Report
III. Job Creator Award
IV. Economic Update
V. Audit Committee Update
VI. Business Development Reorganization
VII. CEO Search Committee Update
VIII. Action Items
   • Consent Agenda
V. Public Comment
VI. Closing Remarks & Adjournment
Welcome
After confirming that a quorum was present, Vice Chair Alan Becker called the meeting to order at 9:33 a.m. He welcomed all members and announced that the meeting had been publicly noticed.

Chairman’s Welcome
Governor Scott reported that his goal is for Florida to be the number one state for jobs. There are 250,000 job openings, few people on unemployment and 1,191,900 private sector jobs created in over 5 ½ years. Enterprise Florida creates jobs for Florida families. People are moving here because they know they can get a job. Florida is cutting regulations and is one of the few states that has the highest credit rating a state can have. David Wilkins encouraged Enterprise Florida to refocus on its one mission – to provide jobs. The Governor wants to provide $85M for economic incentives. Florida has to be in the game to win projects. An education summit was held this summer and next spring he has plans for an economic summit with a focus on accelerating growth. The Governor thanked everyone. He is looking forward to a good legislative session.

Job Creator Awards
Governor Scott presented four companies with job creator awards.
- ADP – will add 1,600 jobs in Orange County with a big commitment to veterans
- Blue Origin – the orbital launch vehicle program will add 330 new jobs with a capital investment of over $200M
- OneWeb Satellites – pioneers in space; met at the Farnborough Air Show; will add 250 high tech manufacturing engineering jobs.
- Topps Digital – will add 16 jobs; have already doubled their workforce to 22

Economic Update
Vice Chair Becker introduced Cissy Proctor, Executive Director of the Department of Economic Opportunity. She reported that since December of 2010 private sector businesses have created over 1,190,900 jobs with 240,000 created in the last twelve months. Growth continues as the unemployment rate remains steady at 4.7% which is lower than the rest of the county at 4.9%. Job demand is a positive indicator for Florida. Since 2010 Florida job growth is 19.5% compared to a national increase of 12.7%. Wages have increased 1.8% compared to the national rate of 1.3%. The Florida housing market is strong with the median price of a single family home increasing over the past year by 11% over the previous year. Cissy introduced a new program launching in October called the Florida Unique Abilities Partner Program which raises awareness about the social and economic benefits of hiring individuals with unique abilities. Chris Hart, CareerSource, announced the Governor’s reemployment challenge to move people off unemployment faster.

Audit Committee Update
Brian Lamb, chairman of the Audit Committee, explained that they are working with EFI staff to make sure they are advancing the findings of Ernst & Young, David Wilkins and the external auditors. After reviewing those findings, a scope of work for an internal audit was prepared. An audit of the 401(k) benefit plan was completed with a clean opinion. The Cherry Bekaert external audit will be completed in October and recommendations will be brought to the board at the November meeting.
Business Development Reorganization
Vice Chair Becker stated that pursuant to the David Wilkins recommendations, structural changes are taking place in EFI’s Business Development group. He introduced Brett Couch who chaired a committee looking at how to implement those recommendations. Brett explained that while they are looking at streamlining the organization, they are also creating focus on the core mission of Business Development which is job growth and diversification. The committee reviewed several models and proposed an approach that would retain parts of the sector-oriented structure while adding more proactive lead generation, assign regions, create best in class competitive intelligence and research and ensure small business service delivery.

CEO Search Committee Update
Vice Chair Becker stated that the CEO position has been vacant for three months, and EFI has still exceeded all goals with respect to job creation, investment and customer satisfaction. A search committee was formed led by Stan Connally who explained that the job had been posted six weeks prior to the board meeting and yielded 101 applicants. Stan recognized Sharon Blake, VP of Human Resources who has done an incredible amount of work in a short amount of time for this search. The committee members evaluated all the resumes and came up with the top five candidates. Each member had one-on-one phone interviews with each of the five. The list was then narrowed to two who came to Orlando for interview sessions. The Governor was unable to meet the two candidates due to the hurricane, so there is no recommendation at this time.

Action Items
Vice Chair Becker explained each item on the consent agenda.

1. Implementation of Remaining Recommendations – some of the David Wilkins recommendations were implemented immediately. There were cuts in payroll – 80 positions were reduced to 57. The office space in Coral Gables was reduced and Orlando will sublet a portion of their space for $75,000. Space reduction is still being sought in Tallahassee. Internal controls and restructuring of Business Development are reported above.

The SSBCI programs are still under discussion with DEO. The programs involve venture capital through the Florida Opportunity Fund and other loan and loan guarantee programs to help small businesses expand. EFI has responsibility by statute and through contract with DEO. There are overlapping responsibilities. EFI and DEO are working on streamlining and clarification. Progress is being made.

The discussions about moving VISIT FLORIDA, Florida Sports and minority and small business to DEO are ongoing.

The international offices were evaluated. The Japan contract was redone. One of the two Canada offices was cut. The China contract will expire in December and won’t be renewed. There is a separate legislative appropriation for South Africa. That work will continue but not out of EFI funds.

For the restructure of the performance bonus structure, Vice Chair Becker explained that EFI employees are not state employees with state benefits and their salaries are not the highest, so there has been a bonus program for them. Last year $650,000 was distributed from private sector money. This year the Finance and Compensation committee recommended a 44% reduction in the bonus pool not to exceed $395,000. David Wilkins also recommended that the bonuses should better reflect a bell curve. For next year they are reviewing a change in criteria to better reflect a
more performance-based system. There is no recommendation yet for that new structure. Five models are being studied. A recommendation will be forthcoming at the next board meeting.

The recommendation to reorganize the business flow between EFI and DEO is in progress.

The reinvestment of $5M in savings/$6M on an annualized basis – some to be realized in the second half of the year — will be addressed by a task force in the next few weeks.


3. Team Florida Marketing Budget for Fiscal Year 2016/2017 – Eric Silagy commended EFI and the marketing team for a great job on the new Boundless campaign. So far year to date there have been over 250M media impressions. The $9.5M budget is being used in a variety of mediums across the country and the world. Florida is the third largest state in the nation. The largest state spends $52M for the same efforts; second largest spends $50M; and, the fourth largest spends $140M. Going forward the Team Florida board approved a budget of $9.5M which is both public and private funding.

4. Staff Performance Results for Fiscal Year 2015/2016 and Fiscal Year 2016/2017 Goals – goals are set internally for EFI and staff each year. There are also similar goals by contract with DEO. Despite the turmoil, EFI met or exceeded all goals.

Discussion ensued regarding capping the bonus pool at $395,000 instead of the $449,000 available. Eric Silagy commented that the bonus pool was reduced to reflect the decrease in the number of staff. It was reduced further by about 12% of what is available to pay out the bonuses. The bonus is for performance of the past year, not going forward. There is a problem with a bargain made to the staff for a bonus based on performance and that bargain is not kept. The remaining staff has performed well and they rely on the overall compensation package. If they don't get paid for their good performance, this recommendation carries risk that EFI will lose good people. Danny Gaekwad agreed that the bargain made with the employees should be kept. They deserve it. Belinda Keiser remarked that it is concerning to have a performance driven system where the metric has been achieved and the staff doesn’t receive what is expected.

Chris Hart raised the issue of the lower jobs goal set for 2016/2017 (27,500 versus 22,000) asking if there was a wage metric that is considered within the jobs counted and whether the sub-metrics in the sectors are broken down as well. Crystal Siricy explained that the job goals reflect retention, expansion or recruitment measured from all angles – number of jobs created or retained, industries in which those are created, the wage levels and the capital investment brought into state. The goals reflected in the operations plan only reflect the number of jobs, number of projects, amount of capital investment and number of leads referred to partners in local communities. Wages are measured but are not part of the operation plan. Vice Chair Becker added that the lower job goal relates to the fact that there are no cash incentives this year. Only 8% of the projects required cash but accounted for 30% of the jobs and capital investment. The jobs goal is aggressive under the current circumstances. Crystal Siricy explained that setting the goals involve a number of factors that include the EFI reorganization, less staff to do the job and the current climate. The press surrounding incentives has affected work with site consultants nationally. Chris Hart recommended including wages as part of the operational goals. Crystal Siricy reported that over the last several years the average wage has been between $40,000 and $55,000. Wages can definitely be added as a metric.

The suggestion was made to pull the bonus pool item from the consent agenda and the group concurred.
5. Renewal of Existing Investors
6. New Board Investor
7. New Company Representative

These three items did not require explanation. Vice Chair Becker welcomed them to the EFI board.

8. VISIT FLORIDA Board Recommendation – EFI is tasked with approval for VISIT FLORIDA board appointments. The new member has been reviewed and approved by the VISIT FLORIDA board and by DEO.

A motion was made by Carol Craig to approve the consent agenda items except for the bonuses. The motion was seconded by Gene Schaefer. There were no questions, comments or public comments. The motion carried.

The committee recommendation is for a bonus pool of $395,000. Vice Chair Becker asked for an amendment to raise the maximum amount of the bonus pool to the original $449,103. Eric Silagy agreed on full funding for the pool distributed according to levels and performance. This was the bargain the employees relied upon for last year's work. It is paid with private sector funds and based on individual performance. Their base compensation is lower and paid by tax dollars because there is a bonus system paid by the private sector.

Eric Silagy made a motion to fund the EFI bonus pool up to $449,103. Danny Gaekwad seconded. Vice Chair Becker explained that distribution of the approved bonus pool amount will be determined by the new CEO in coordination with the COO. If there is no CEO, the COO will make those bonus determinations. A yes vote is for the full amount of $449,103. A no vote means the pool amount will remain at the committee recommended $395,000. Vice Chair Becker asked for a show of hands instead of a verbal vote. Chris Hart advised that there is statutory cap calculation for this payout. Vice Chair Becker stated that this pool falls below that level. There was a unanimous show of hands in support of the larger pool. The motion carried.

**Minutes**
A motion for approval of minutes for the last board meeting was made by Jason Steele and seconded by Marshall Criser. The motion carried. (Correction: Jason Steele was present at the May 11, 2016 meeting.)

**Other Comment**
Belinda Keiser shared a success story from the Education and Workforce Talent meeting earlier that day. The President of the AAR Airlift Group expressed his appreciation of the leadership of EFI and specifically said that the closing fund was instrumental in securing their spot in Florida. They are in the process of applying for a significant grant that if awarded will enable them to hire 1,000 new employees.

**Closing Remarks & Adjournment**
Vice Chair Becker asked for a motion to adjourn. Carol Craig offered the motion and Eric Silagy seconded. The motion carried. Vice Chair Becker closed the meeting by thanking everyone for their time. The meeting was adjourned at 11:13 a.m.