

TRIUMPH GULF COAST, INC. PRE-APPLICATION FORM

Triumph Gulf Coast, Inc. ("Triumph Gulf Coast") has created a pre-application process to provide initial consideration of potential ideas for projects or programs that may seek an award of funding. Applicants are required to participate in the pre-application process. Notwithstanding the response from Triumph Gulf Coast on the pre-application form, an Applicant may still elect to submit an Application.

APPLICANT INFORMATION:

Name of Individual/Entity/Organization: TechFarms Capital

Brief Description of Background of Individual/Entity/Organization: TechFarms Capital is an angel investment company that focuses on technology startups.

Contact Information:

Primary Contact Information: Steve Millaway
Title: Managing Director
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Website: TechFarmsCapital.com

Names of co-applicants, partners or other entities, organizations that will have a role in the proposed project or program: Currently interviewing individuals across NWFL for positions as directors, advisors, etc. Investigating strategic partnerships also.

REQUIRED EXECUTIVE SUMMARY:

In a maximum of three (3) pages, please describe the proposed project or program, including (i) the amount of funds being sought from Triumph Gulf Coast; (ii) the amount and identity of other sources of funds for the proposed project or program; (iii) the location of the project or program; (iv) summary description of the proposed program, including how the program will be transformational and promote economic recovery, diversification, and enhancement of the disproportionately affected counties, and (v) a summary timeline for the proposed project or program.

IMPORTANT NOTICE

This pre-application process will **not** result in an award of funding by Triumph Gulf Coast. Rather, this process is designed to facilitate submission of ideas for potential projects or programs before the Applicant expends time and/or resources to complete a full Application. All Applicants for funding are required to complete an Application, which will be scored, and then considered for award in the discretion of Triumph Gulf Coast Board.

EXECUTIVE SUMMARY - TRIUMPH ANGEL FUND

A GRASSROOTS APPROACH TO TRANSFORMATIVE CHANGE IN THE BUSINESS INVESTMENT LANDSCAPE OF NORTHWEST FLORIDA

PROJECT ELGIBILITY

The project described herein has been structured to meet the following Triumph Gulf Coast goals:

- Meet the local match requirements of Section 288.0655.
- Provide participants in the disproportionately affected counties with transferable, sustainable workforce skills not confined to a single employer.
- Generate long-term economic growth for disproportionately affected counties.
- Increase household income in the disproportionately affected counties above national average household income.
- Partner with K-20 educational institutions located within the disproportionately affected counties as of January 1, 2017.
- Meet all discretionary priority items detailed in pages 2-3 of the Triumph Fund Grant Application, except a) the project's duration and scope is long-term and may not be considered "consummated quickly", and b) although it is very probable, it is impossible at this point to know if any elements of the project will be located in a Rural Area of Opportunity.

THE OPPORTUNITY

For decades now, the 13 counties comprising NW Florida (the "Region") have sought to transform and diversify their economic profiles. Unfortunately, the fact remains that the Region is still largely a two-dimensional economy heavily dependent on tourism and the military. For the last several years, however, an unprecedented effort comprised of hundreds of individuals from across the Region has resulted in a new comprehensive regional strategy. The culmination of this ongoing effort is contained in Northwest Florida Forward's *Regional Strategy for Economic Transformation* report (the "Report").

The Report identifies *Entrepreneurship and Innovation* as one of the five most important focus areas for future economic growth and vitality for the Region. Of all the strategies & actions identified under the Entrepreneurship and Innovation section of the Report, only one received a "High-Priority, Short-Term" rating – Section 4.3 "Increase access to capital for Northwest Florida entrepreneurs and develop a formal mechanism to access funds." The reason is simple: small businesses nationwide account for 7/10 new jobs created annually, and furthermore, cities without vibrant entrepreneurial ecosystems often do not possess the skilled workforce required to attract larger firms. In addition, the lack of capital is continually driving our most promising new ventures to larger cities like Atlanta where capital is abundant.

An incredible once-in-a-generation opportunity exists to match investment funds from individual and institutional investors with those from Triumph Gulf Coast to finally put in place a long-term funding mechanism that will help stimulate regional economic growth for decades to come.

TECHFARMS CAPITAL

TechFarms Capital Management (hereinafter, TechFarms Capital or "TFC") is early-stage angel investment firm that was formed to address the shortage of capital facing promising technology startups in the Southeast and specifically in Northwest Florida. TFC's first fund is targeting tech startups in FL, AL and GA, while TFC's second fund (hereinafter, the Triumph Angel Fund) will target tech startups specifically located in Northwest Florida. It is envisioned that the majority (~80%) of the Triumph Angel Fund's investments will go to technology startups located in the 8 disproportionately affected counties.

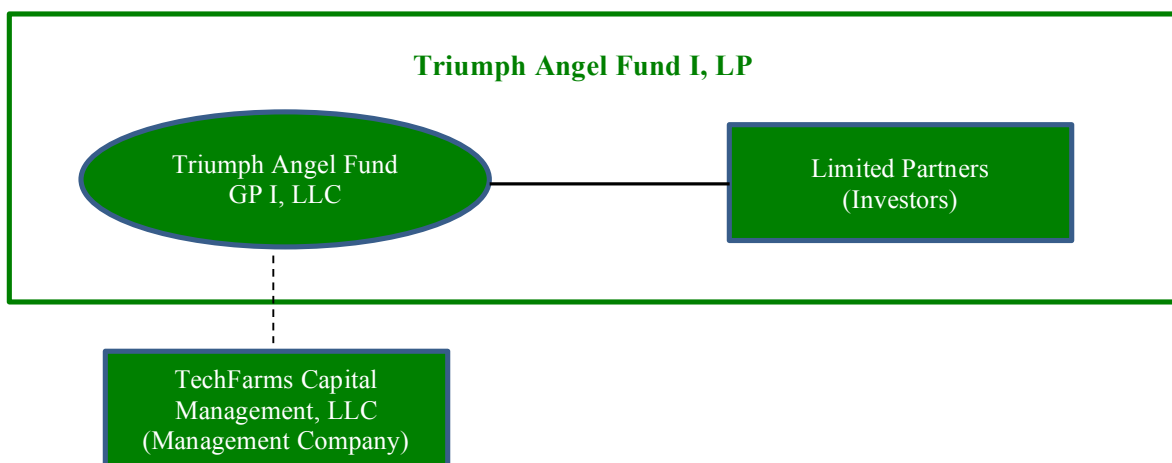
TFC believes that it is the best-positioned entity within the Region to fulfill this high-priority, short-term requirement to provide a formal mechanism for promising entrepreneurs to access capital. Formed in 2016, TFC has made good progress towards identifying skilled entrepreneurs, promising tech startups, strategic partners, and many highly skilled individuals willing to join the TFC team.

TFC’s management strongly believes that *private sector technology companies* represent the Region’s greatest potential for transformative and sustainable economic growth. Evidence of this can be found in the fast growing economies of Austin, Silicon Valley, and Boston, and by noting that the top 5 most valuable US companies by market capitalization – Apple, Google, Microsoft, Facebook and Amazon - are all private sector technology companies. As detailed in the Report, enormous opportunities for technology entrepreneurs exist across all targeted industries including aerospace and defense, financial services, water transportation, cybersecurity, advanced manufacturing, artificial intelligence, robotics, and information technology.

TechFarms Capital’s founder/Managing Director, Steve Millaway, is a Panama City native with 39 years’ experience in the technology sector. He is the founder and CEO of TechFarms, a technology incubator located in Panama City Beach, a current member of Gulf Coast State College’s (“GCSC”) District Board of Trustees, an advisor to GCSC’s Millaway Institute, and a board member of Defensewerx (formally the Doolittle Institute) located in Ft. Walton Beach. He has 24 years’ experience as a serial technology entrepreneur and angel investor. One of his startup companies, Gain Communications, Inc., was the first company in the US to provide wireless Internet access - a service that later became known as “Wi-Fi”, and another startup, Gain Technology Corporation, was the first company in the US to introduce the USB 2.0 chip currently used in 500M+ PC’s and peripherals worldwide. More recently, Mr. Millaway has helped TechFarms’ first graduate, Mine Survival Inc., secure more than \$1M in angel funding. Mine Survival Inc. has successfully commercialized local military technology and TechFarms Capital hopes to repeat this success across the Region, especially given the Region’s significant military intellectual property assets. See www.TechFarmsCapital.com for more information.

THE TRIUMPH ANGEL FUND

The Triumph Angel Fund consists of the traditional limited partnership arrangement in which investors (Limited Partners) own a percentage of a Limited Partnership that is managed by a General Partner who is, in turn, managed and controlled by a management entity as shown below.



The Triumph Angel Fund I, LP (the “Partnership”) is comprised of accredited investors and institutional partners, including corporations and university endowments, as well as grant awards from Triumph Gulf Coast. These investors contribute capital to the fund; all other duties, including due diligence, screening,

investment decisions, and ongoing management, are performed by the fund’s General Partner, Triumph Angel Fund GP I, LLC. Distributions (i.e. profits/or losses) flow to the Limited Partners in proportion to their individual investments, except that profits from Triumph grants will be reinvested in subsequent funds (i.e. Triumph Angel Fund II, III, etc.). Reinvestment of Triumph profits provides a powerful engine for future economic growth and a strong incentive for investors to continue to participate in future funds. With Triumph Gulf Coast’s prior approval, TFC’s planned second fund entities (TechFarms Capital Fund II, LP and TechFarms Capital GP II, LLC) will be renamed with the Triumph Angel Fund brand as illustrated above to more easily convey the fund’s intent to investors and prospective startups.

Fund oversight will be provided by directors and advisors from across the Region. Accounting and annual reviews/audits will be performed by TFC’s accounting firm, Warren-Averett. TFC’s legal team consists of attorney’s from Trenam Law in Tampa – a firm with significant angel fund experience. TFC’s management fee structure (2% of committed funds annually) follows the industry standard for most angel funds. Maintenance fees cover the cost of travel, legal, accounting, employee compensation, etc. TFC currently shares low cost office facilities with TechFarms, so no new office facility expenses are anticipated. Although TFC will seek investors from across the Region, investors can be any US citizen. The minimum investment level per fund is \$50,000.00. TFC’s ownership receives distributions from fund profits, but only after all other investors receive their full distributions. Should TFC cease operations at any point in the future, any accrued profits derived from Triumph grants will be returned to Triumph Gulf Coast or distributed to the entity (or entities) of their choice.

PARTNERSHIP OPPORTUNITES

TechFarms and TFC are both currently partnering with Socialdesk Enterprises. A partnership with the University of West Florida and several other entities across the Region is currently being evaluated.

FUNDING REQUEST

Starting in 2018, TechFarms Capital is seeking 1:1 Triumph matching funds of \$2M in 2018, and \$1.5M per year over the next 4-years for a total of \$8M. Funds will launch every other year starting in 2019. Funds have a maximum life of 10-years, although they’re normally 6-8 years – the average length of time required for most startups to have profitable exits or cease operations with little or no profits. Table 1 below illustrates the timing of up-front investment funds and the timing and amount of expected profits (2X gain, conservative minimum) for Triumph Angel Fund I. By its very nature angel investing is risky and there is no guarantee of profits. Profits could be higher or lower than shown below. In the example below, a \$3.5M Triumph investment yields \$7M in profits that are then reinvested throughout the Region.

Year	Fund Year	Description	Investors (\$M)	Triumph (\$M)	Totals (\$M)
2018		Investments in	2	2	4
2019	1	Investments in	1.5	1.5	3
2020	2	Totals:	3.5	3.5	7
2021	3				
2022	4				
2023	5	Profits out	1	1	2
2024	6	Profits out	1	1	2
2025	7	Profits out	2	2	4
2026	8	Profits out	2	2	4
2027	9	Profits out	1	1	2
2028	10	Profits out			
		Totals:	7	7	14

Table 1. Timing for Investments and Estimated Profits for Triumph Angel Fund I