

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.
- 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): Eric Olson, Office of the Mayor, City of Pensacola

Name of Entity/Organization: City of Pensacola, Florida

Background of Applicant Individual/Entity/Organization: City Administrator, City of Pensacola on behalf of Mayor Ashton Hayward and the Pensacola International Airport.

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

Federal Employer Identification Number: 59-6000406

Contact Information:

Primary Contact Information: Eric Olson

Title: City Administrator

Mailing Address: City Hall, Office of the Mayor, 222 West Main Street

Pensacola, Florida 32502

Phone: 850-435-1696

Email: eolson@cityofpensacola.com

Website: www.cityofpensacola.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.

State of Florida, Florida Department of Economic Opportunity, Florida Department of Transportation,

Florida West, Escambia County, VT-MAE and Pensacola International Airport each will have a role in the proposed project.

(See attached document Response #1 for further information)

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

Total amount of funding requested from Triumph Gulf Coast: \$130 million over 4 years. \$60 million in 2018; \$0 in 2019; \$38 million in 2020, \$32 million in 2021.

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 financial status of the City of Pensacola is described in the Comprehensive Annual Financial Report (CAFR), dated February 1, 2018, for the period ending September 30, 2017. According to the Independent Auditors Report, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, in accordance with accounting principles generally accepted in the United States of America.

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

In a separate attachment, please provide financial statements or information that details the financial status of the applicant and any co-applicants or partners.

The Comprehensive Annual Financial Report (CAFR) for City of Pensacola for the year ended September 30, 2017 may be found at the following site:

<https://www.cityofpensacola.com/ArchiveCenter/ViewFile/Item/937>

The Annual Report to Bondholders for the year ended September 30, 2016 may be found at the following site:

<https://www.cityofpensacola.com/ArchiveCenter/ViewFile/Item/840>

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.

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

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.

- See attached Response #2

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

See attached Response #3.

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

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

See attached Response #4

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

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

See attached Response #5

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

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.)

See attached Response #6

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

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

See Response to #5 above

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

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.

See attached Response #8, wherein each checked box item is addressed in detail.

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

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

See attached Response #9

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

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

If yes, list all Counties that apply: Escambia County

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.**

See attached minutes from the Escambia County Commissioners board meeting dated December 14, 2017 wherein the proposed project was approved (See Exhibit 1).

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.?

Approval by Pensacola City Council

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

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

Please see attached Response #10

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

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.

Please see attached Response #11

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

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 City Charter describes the roles and responsibilities of the Mayor and City Council. This proposal is executed by the Mayor of the City of Pensacola in the exercise of his executive authority granted by the Pensacola City Charter. The Pensacola City Charter may be found at:

<https://www.cityofpensacola.com/ArchiveCenter/ViewFile/Item/222>

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.

Total funding requested is \$130 million over four years. The five year time period over which funds are requested is as follows: \$60 million in 2018, \$0 in 2019, \$38 million in 2020 and \$32 million in 2021.

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

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 amount of funds requested from Triumph is 65% of the total project cost.

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

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

See Response #12

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

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

See Response #13

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

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

A. Project/Program Costs: **[NUMBERS ARE ALL PRELIMINARY]**

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

	In Millions
Construction	\$ <u>168.0</u>
Reconstruction	\$ <u>none</u>
Design & Engineering	\$ <u>17.0</u>
Land Acquisition	\$ <u>none</u>
Land Improvement	\$ <u>15.0</u>
Equipment	\$ <u>none</u>
Supplies	\$ <u>none</u>
Salaries	\$ <u>none</u>
Other (specify)	\$ _____

Total Project Costs: \$ 200.0

B. Other Project Funding Sources:

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

City/County	\$ <u>10.0</u>
Private Sources	\$ <u>35.0</u>
Other (e.g., grants, etc.)	\$ <u>25.0</u>
Total Other Funding	\$ <u>70.0</u>
Total Amount Requested:	\$ <u>130.0</u>

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

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

See Response #14

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

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

ADDENDUM FOR INFRASTRUCTURE PROPOSALS:

1. Program Requirements

- A. Is the infrastructure owned by the public?
☐ Yes ☒ No
- B. Is the infrastructure for public use or does it predominately benefit the public?
☐ Yes ☒ No (See Response 15 for additional explanation)
- C. Will the public infrastructure improvements be for the exclusive benefit of any single company, corporation or business entity?
☐ Yes ☒ No (See Response 15 for additional explanation)
- E. Provide a detailed explanation of how the public infrastructure improvements will connect to a broader economic development vision for the community and benefit additional current and future businesses.

See Response #3 in the attached Detailed Response to Questionnaire.

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

- F. Provide a detailed description of, and quantitative evidence demonstrating how the proposed public infrastructure project will promote:
- Economic recovery,
 - Economic Diversification,
 - Enhancement of the disproportionately affected counties,
 - Enhancement of a Targeted Industry.

See Response #3 in the attached Detailed Response to Questionnaire.

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

2. Additional Information

- A. Is this project an expansion of existing infrastructure project?
☐ Yes ☒ No (See Response #16 for additional explanation)
- B. Provide the proposed beginning commencement date and number of days required

to complete construction of the infrastructure project.

See Response #17 in the attached Detailed Response to Questionnaire

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

- C. What is the location of the public infrastructure? (Provide the road number, if applicable.)

The public infrastructure is located entirely on the grounds of Pensacola International Airport.

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

- D. Who is responsible for maintenance and upkeep? (Indicate if more than one are applicable.)

The infrastructure will be subject to a real property lease agreement with VT MAE. The lease will be a triple net lease, accordingly VT MAE is responsible for maintenance and upkeep.

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

- E. What permits are necessary for the infrastructure project?

1. **Stormwater Environmental Resource Permit (ERP) – should be FDEP modification to regional pond, but may need to involve Northwest Florida Water Management District (NFWFMD)**
2. **Building Permit – City of Pensacola**
3. **Water and Sewer Connection Permits – Escambia County Utility Authority**
4. **Driveway Connections / Traffic Signal(s) – City of Pensacola**

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

Detail whether required permits have been secured, and if not, detail the timeline for securing these permits. Additionally, if any required permits are local permits, will these permits be prioritized?

Permits have not been secured. Permitting will occur during the Planning/Design/Specification/Bidding phase of the program as shown on the Response 2e Proposed timeline for the proposed project - Planning/Design/Specification/Bidding phase that will occur between July 2018 and December 2019. The building and Driveway Connection Permits are under

the jurisdiction of the City of Pensacola and will be prioritized by the City.

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

- F. What is the future land use and zoning designation on the proposed site of the Infrastructure improvement, and will the improvements conform to those uses?

The zoning classification for the proposed site is Airport Restriction Zone (ARZ) and the Future Land Use designation is Airport Land Use District. The proposed improvements and uses conform to the current zoning and future land use requirements.

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

- G. Will an amendment to the local comprehensive plan or a development order be required on the site of the proposed project or on adjacent property to accommodate the infrastructure and potential current or future job creation opportunities? If yes, please detail the timeline
☐ Yes ☒ No
-

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

- H. Does this project have a local match amount? If yes, please describe the entity providing the match and the amount.
☒ Yes ☐ No

See Response #14 attached that describes the plan for funding.

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

- I. Provide any additional information or attachments to be considered for this proposal.

Memorandum of Understanding between VT Mobile Aerospace Engineering, Inc. and City of Pensacola, Florida dated November 14, 2017; VT MAE letter of financial commitment dated March 15, 2018; Haas Center Economic Impact of Proposed Expansion of Pensacola International Airport dated August 31, 2017 and Project Summary Brochure (10 copies).

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

ADDENDUM NOT APPLICABLE

ADDENDUM FOR WORKFORCE TRAINING PROPOSALS

1. Program Requirements

- A. Will this proposal supports programs that prepare students for future occupations and careers at K-20 institutions that have campuses in the disproportionately affected counties? If yes, please identify where the campuses are located and provide details on how the proposed programs will prepare students for future occupations and at which K-20 institutions that programs will be provided.

☐ Yes ☐ No

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

- B. Will the proposed program (check all that apply):
- ☐ Increase students' technology skills and knowledge
 - ☐ Encourage industry certifications
 - ☐ Provide rigorous, alterative 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
 - ☐ 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 (similar to or the same as talent retention programs created by the Chancellor of the State University System and the Commission on Education)

For each item checked above, describe how the proposed program will achieve these goals

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

- C. Will this proposal provide participants in the disproportionately affected counties with transferable, sustainable workforce skills but not confined to a single employer? If yes, please provide details.

☐ Yes ☐ No

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

- D. Identify the disproportionately affected counties where the proposed programs will operate or provide participants with workforce skills.

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

- E. Provide a detailed description of, and quantitative evidence demonstrating how the proposed project or program will promote:
- Economic recovery,
 - Economic Diversification,
 - Enhancement of the disproportionately affected counties,
 - Enhancement of a Targeted Industry.

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

2. Additional Information

- A. Is this an expansion of an existing training program? Is yes, describe how the proposed program will enhance or improve the existing program and how the proposal program will supplements but not supplant existing funding sources.
- ☐ Yes ☐ No

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

- B. Indicate how the training will be delivered (*e.g.*, classroom-based, computer based, other).
- If in-person, identify the location(s) (*e.g.*, city, campus, etc.) where the training will be available.

If computer-based, identify the targeted location(s) (e.g., city, county) where the training will be available.

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

- C. Identify the number of anticipated enrolled students and completers.

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

- D. Indicate the length of the program (e.g., quarters, semesters, weeks, months, etc.) including anticipated beginning and ending dates.

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

- E. Describe the plan to support the sustainability of the proposed program.

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

- F. Identify any certifications, degrees, etc. that will result from the completion of the program.

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

- G. Does this project have a local match amount? If yes, please describe the entity providing the match and the amount.

☐ Yes

☐ No

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

- H. Provide any additional information or attachments to be considered for this proposal.
-

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

ADDENDUM NOT APPLICABLE

ADDENDUM FOR AD VALOREM TAX RATE REDUCTION:

1. Program Requirements

- A. Describe the property or transaction that will be supported by the ad valorem tax rate reduction.

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

- B. Provide a detailed explanation of how the ad valorem tax rate reduction will connect to a broader economic recovery, diversification, enhancement of the disproportionately affected counties and/or enhancement of a targeted industry.

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

- C. Provide a detailed description of the quantitative evidence demonstrating how the proposed ad valorem tax reduction will promote:

- Economic recovery,
- Economic Diversification,
- Enhancement of the disproportionately affected counties,
- Enhancement of a Targeted Industry.

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

2. Additional Information

- A. What is the location of the property or transaction that will be supported by the ad valorem tax rate reduction?

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

- B. Detail the current status of the property or transaction that will be supported by the ad valorem tax rate reduction and provide a detailed description of when and how the ad valorem tax rate reduction will be implemented.

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

- C. Does this proposed project have a local match amount? If yes, please describe the entity providing the match and the amount.
☐ Yes ☐ No

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

- D. Provide any additional information or attachments to be considered for this proposal.

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

ADDENDUM NOT APPLICABLE

**ADDENDUM FOR LOCAL MATCH REQUIREMENTS OF SECTION 288.0655,
FLORIDA STATUTES**

1. Program Requirements

- A. Describe the local match requirements of Section 288.0655 and the underlying project, program or transaction that will be funded by the proposed award.

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

- B. Provide a detailed explanation of how the local match requirements and the underlying project or program will connect to a broader economic recovery, diversification, enhancement of the disproportionately affected counties and/or enhancement of a targeted industry.

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

- C. Provide a detailed description of, and quantitative evidence demonstrating how the proposed local match requirements will promote:

- Economic recovery,
- Economic Diversification,
- Enhancement of the disproportionately affected counties,
- Enhancement of a Targeted Industry.

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

2. Additional Information

- A. What is the location of the property or transaction that will be supported by the local match requirements?

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

- B. Detail the current status of the property or transaction that will be supported by the local match requirement and provide a detailed description of when and how the local match requirement will be implemented.

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

- C. Provide any additional information or attachments to be considered for this proposal.

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

ADDENDUM NOT APPLICABLE

ADDENDUM FOR LOCAL ACTION PLAN

1. Program Requirements

- A. Describe how the proposed award will establish and maintain equipment and trained personnel for local action plans of response to respond to disasters.
- B. Describe the type and amount of equipment and trained personnel that will be established or maintained by the proposed award.
- C. Identify the specific local action plans (*e.g.*, Coastal Impacts Assistance Program) that will benefit from the proposed award.
- D. Provide a detailed explanation of how the proposed award will connect to a broader economic recovery, diversification, enhancement of the disproportionately affected counties and/or enhancement of a targeted industry.

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

- E. Provide a detailed description of the quantitative evidence demonstrating how the proposed will promote:
 - Economic recovery,
 - Economic Diversification,
 - Enhancement of the disproportionately affected counties,
 - Enhancement of a Targeted Industry.

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

2. Additional Information

- A. What is the location of the local action program that will be supported by the proposed award?

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

- B. Detail the current status of the local action plans (*e.g.*, new plans, existing plans, etc.) that will be supported by the proposed award and provide a detailed description of when and how the proposed award will be implemented.

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

- C. Provide any additional information or attachments to be considered for this proposal.

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

ADDENDUM NOT APPLICABLE

ADDENDUM FOR ADVERTISING/PROMOTION

1. Program Requirements

- A. Is the applicant a tourism entity created under s. 288.1226, Florida Statutes?

☐ Yes ☐ No

- B. Does the applicant advertise and promote tourism and Fresh From Florida? If yes, provide details on how it advertises and promotes tourism and Fresh From Florida.

☐ Yes ☐ No

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

- C. Does the proposed award promote workforce and infrastructure on behalf of the disproportionately affected counties? If yes, describe how workforce and infrastructure is promoted on behalf of the disproportionately affected counties.

☐ Yes ☐ No

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

- D. Provide a detailed explanation of how the proposed award will connect to a broader economic recovery, diversification, enhancement of the disproportionately affected counties and/or enhancement of a targeted industry.

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

- E. Provide a detailed description of the quantitative evidence demonstrating how the proposed will promote:

- Economic recovery,
- Economic Diversification,
- Enhancement of the disproportionately affected counties,
- Enhancement of a Targeted Industry.

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

2. Additional Information

- A. Describe the advertising and promotion mediums and locations where the advertising and promotion will occur.

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

- B. Detail the current status of the advertising and promotion (*e.g.*, new plans, existing plans, etc.) that will be supported by the proposed award and provide a detailed description of when and how the proposed award will be implemented.

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

- C. Provide any additional information or attachments to be considered for this proposal.

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

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: **City of Pensacola, Florida**

Name and Title of Authorized Representative: **Ashton J. Hayward III, Mayor**

Representative Signature: 

Signature Date: 3/15/18

Exhibit 1

RESUME OF THE REGULAR BCC MEETING – Continued

COUNTY ADMINISTRATOR'S REPORT – Continued

III. FOR DISCUSSION – Continued

1. Continued...

- C. Appoint one of the following candidates to the ECDAC, to serve as one of the two "At Large" appointees, for a four-year term, effective January 2, 2018, through January 1, 2022, to replace Gwenith H. Shiver, who resigned:

1. Lisa Autrey Hopkins; or
2. Kenneth R. Holt; or
3. Mary Lynn Williams; or
4. Julia Kaple.

Escambia County's Community & Media Relations Office posted a General Alert on the County's website for two weeks, from October 25, 2017, to November 8, 2017, to seek volunteers to fill the one of the "At-Large" positions on the Escambia County Disability Awareness Committee; Lisa Autrey Hopkins, Kenneth R. Holt, Mary Lynn Williams, and Julia Kaple responded to the General Alert.

Arthur R. Nunamaker, one of the two "At Large" appointees on the ECDAC, whose term will expire on January 1, 2018, has indicated that he would like to be considered for reappointment.

Approved 5-0 to appoint Lisa Autrey Hopkins

Approved 5-0 to appoint Kenneth R. Holt

2. Recommendation: That the Board approve the contribution of \$10,000 of discretionary funds by Commissioner Grover Robinson to the 501(c)(3) non-profit Shepherds Place Intact Transitional (Funding: Fund 001, General Fund, Discretionary Money, Cost Center 110101, Object Code 58201).

Approved 5-0

3. Recommendation: That the Board discuss the City of Pensacola TRIUMPH Ask.

Approved 4-1, with Commissioner Underhill voting "no," to submit an affirmative position in the preliminary application for the City for this particular project with VT MAE

**TRIUMPH GULF COAST, INC. Trust Fund
Application for Funds**

Detailed Responses to Questionnaire

RESPONSE

1. Other entities having a role in the proposed project:

Name of Organization	Proposed Role
State of Florida	Funding partner
Florida West	Economic development agency for NW Florida supporting the application
Florida Department of Economic Opportunity	Funding partner
Florida Department of Transportation	Funding partner
Escambia County	Supporting Agency
VT MAE	Funding partner and primary tenant in the MRO aviation campus
Pensacola International Airport	Proposed project is located on the grounds of Pensacola International Airport. The hangars and buildings to be constructed on approximately 75 acres of land will be leased under a long-term Real Property lease to VT MAE.

2a) Title: PENSACOLA INTERNATIONAL AIRPORT MRO AVIATION CAMPUS

b) Location of the Proposed Project: The proposed MRO Aviation campus will be situated on approximately 75 acres of land located at the Pensacola International Airport. The City of Pensacola owns the Pensacola International Airport and it is operated as an enterprise department of the City. The land and buildings will be leased to a primary tenant, VT MAE, subject to a long-term Real Property lease to be negotiated in the future. The entire MRO development, including all roadways, taxiways, aprons, hangars and buildings; and all related infrastructure necessary to support this proposed project will be City owned assets of Pensacola International Airport. No part of this proposed project will be owned by a private business or enterprise.

c) Detailed description of the proposed project: On November 14, 2017, the City of Pensacola (City) and VT Mobile Aerospace Engineering, Inc. (VT MAE) signed a Memorandum of Understanding (MOU) to expand VT MAE's aircraft maintenance, repair and overhaul (MRO) business operations at the Pensacola International Airport (a copy of the MOU is attached). This comes as VT MAE prepares to begin its initial operations at the airport's new 173,000 sq. ft. MRO hangar in April 2018 (See attached photo of Hangar 1).

The signing of the MOU is an important first step in negotiations to expand VT MAE's business in Pensacola. A similar MOU signed by the City and VT MAE in December 2013 led to VT MAE's decision to establish its initial MRO business in a newly developed facility owned by the City. That facility, developed at a cost of \$46 million, will provide VT MAE with the infrastructure it needs to create 400 new high-wage jobs. Building on the success of the current VT MAE relationship, this proposed project for an MRO Aviation campus as described within the MOU creates an opportunity to add an additional 1,325 high-income jobs for Northwest Florida in the aerospace industry. When combined with the new jobs associated with the first hangar, total Aerospace sector jobs would be 1,725.

As envisioned, the proposed expansion project would include three additional hangars (one hangar at 173,000 sq. ft. and two additional hangars at 191,000 sq. ft. each), 100,000 sq. ft. of warehouse and shop space, 120,000 sq. ft. administrative office building, and all adjacent roadways, taxiways, aprons and infrastructure to support the development. The MRO hangars are capable of accommodating aircraft as

large as the Boeing 777/A300. In addition to VT MAE as the primary tenant, much of the city-owned infrastructure being developed will have multiple users. For example, within the MRO hangars, a training center will be established for use by a secondary education provider to offer aviation maintenance technology programs to prepare students for a career in the commercial aviation industry (See MOU Article 2.4(b)). Also, administrative offices are being developed for use by the Federal Aviation Administration representatives and airline representatives (i.e. Delta, American, UPS, etc.) to be on site while their aircraft are being overhauled. Further, all of the common usage aprons and taxiways will be utilized by general airfield traffic (all airlines and other aircraft operators).

The estimated total cost for the proposed Aviation MRO campus at Pensacola International Airport is \$200 million. Provided that funding and lease terms can be successfully negotiated in the coming months, design work on the new facilities could begin in mid-2018 and construction of a second hangar could begin in early 2019. Design and construction of the other MRO campus facilities could conceivably be completed by the end of 2021.

d. Quantitative evidence of how the proposed project will promote economic recovery, diversification and enhancement of the disproportionately affected counties:

There are multiple quantitative measures that promote economic recovery and diversification. Upon full implementation, the total economic benefits to be realized to the region are as follows:

- The direct new jobs created in the Aerospace industry sector are 1,325 (See MOU Article 2.4(c)) and total indirect new jobs will increase by over 3,400.
- The average wage associated with the direct new jobs is \$44,461, not including fringe benefits (See MOU Article 2.4(c)).
- Based on the above, total annual payroll to NW Floridians will be \$58.9 million associated with the proposed project.
- When combined with the new jobs already created associated with the development of Hangar 1 (not part of the proposed project), total new Aerospace industry sector jobs will be 1,725, total annual payrolls will be approximately \$69.0 million.
- Upon full operation, personal net incomes in the state of Florida will increase by \$400 million **annually**.
- Upon full operation, GDP in the state of Florida will increase by \$600 million **annually**.
- The proposed project will create an additional \$200 million of publicly owned assets dedicated to the Aerospace industry sector, all subject to a long-term lease with a Triple AAA (Moody's and Standard & Poor) rated tenant.

e. Proposed timeline for the proposed project: The following is the anticipated timeline for the planning and construction of the Aviation MRO Campus. As the project would occur over a 4-year time period, the request for Triumph funds mirrors the construction schedule. The timeline below represents a four-year strategy to grow the airport MRO capacity beyond Phase 1 currently under construction:

Construction Timeline

- 1) Hangar 1 – Completion March 2018 (not part of funding request)
- 2) Hangar 2
 - a. Plans/Specifications/Bidding – April 2018 to January 2019
 - b. Construction – February 2019 to July 2020
- 3) Hangars 3 and 4, Support Facilities and Administration Building
 - a) Environmental – May 2018 to April 2019

- b) Plans/Specifications/Bidding – May 2018 to October 2019
- c) Construction Hangar 3 – October 2019 to April 2021
- d) Construction Hangar 4 – May 2020 to October 2021
- e) Construction Administration Building – January 2019 to July 2020
- f) Construction Warehousing/Shops/Support Facilities – March 2019 to September 2020

f. **Disproportionately counties affected by proposed project:** This proposed project will be located at the Pensacola International Airport which is located within Escambia County. Consequently it is expected that Escambia County and the immediate proximity counties of Okaloosa County and Santa Rosa County will be most significantly impacted by this project. However due to the large scale of the project and both the direct and indirect jobs created as a result of this expansion of the Aerospace sector, all of NW Florida and the state of Florida will be favorably impacted.

3. How is the proposed project Transformational over the next 10 years: Prior to the execution of the MOU, the City engaged the Haas Center to conduct a preliminary economic impact study on the basis of a proposed MRO Aviation campus resulting in 1,200 new direct jobs (See attached *Economic Impact of Proposed Expansion of Pensacola International Airport*, dated August 31, 2017). The new jobs number has subsequently been increased to 1,325 as described in the MOU (Article 2.4(c)). Based on the findings of the Haas Center, there are several measures and outcomes that reflect the transformational nature of this project to the NW Florida region. The results are conservative as they are based on 1,200 rather than 1,325 new jobs.

The Haas Center report shows that a nationally recognized MRO aviation campus would attract additional aviation industry businesses to Northwest Florida and significantly diversify the regional economy. In addition to the 1,325 direct new jobs, the planned expansion project would create up to 3,400 indirect new jobs in the state of Florida. Further, this would increase statewide personal net income by \$400 million **per year**, and increase the state's GDP by \$600 million **per year**. Florida is consistently ranked as one of the top states in the country for Aerospace industry attractiveness. The addition of an MRO Aviation Campus to the already robust tourism, military and financial services sectors of the regional economy will further strengthen Northwest Florida's economic resiliency and solidify Florida's reputation as a leader in meeting the growing demand for aviation services. This project creates a Center of Excellence in the MRO industry, which is consistent with the state of Florida and Northwest Florida FORWARD's growth strategy for the Aviation and Aerospace industry sector.

The proposed project together with the MRO facilities currently under construction creates a critical mass of MRO activity in Northwest Florida that will enhance the ability of the region to attract additional aviation and aerospace business opportunities. An expanded MRO industry not only creates new direct economic activity but also generates indirect activity in terms of construction jobs, supply chain providers, service providers and customers located at the Airport and the surrounding area, providing jobs and economic activity at a series of levels to grow the regional economy. As this project spans a construction timeline of 4 years, significant economic stimulus is realized by the construction activity alone and is in addition to the favorable economic impacts noted previously.

In addition to regional economic diversification and the creation of high-quality new jobs, an MRO campus further leverages the expanding Aviation and MRO industry opportunities along the Gulf Coast. Through this project, the region will participate in the projected global growth of the MRO industry, expected to grow from total gross revenues of \$75.6 billion in 2017 to an estimated \$109.2 billion in 2027, thus benefitting our state and region. Although not part of the current project, there is room for one additional MRO hangar if future expansion is needed. In addition, approximately 2,400 people are separated from local military bases every year, which has the potential to provide a

substantial, technically trained workforce to support future growth. This project provides a career path for aircraft mechanics and technicians exiting the military or retired veterans, and will retain or attract these individuals to our region. This project will provide a “path to the middle class” for many.

As part of a longer-term strategic vision, upon completion and build out, the MRO campus will be one of the largest commercial MRO Service Centers in the United States. The Service Center will leverage and enhance existing workforce development programs through Washington High School (Aviation Maintenance Academy), George Stone Technical Center (Airframe & Power plant Technology) and Pensacola State College certification programs in addition to transitioning veteran military personnel to commercial aviation and aerospace jobs. A near-term strategic vision is the collaboration between VT MAE and local education providers to create an MRO Aviation Training Academy to develop the workforce needed to man the available jobs and to maintain a pipeline of trained technicians for the future.

This project firmly establishes an Aerospace and Aviation industry sector in the regional economy and will diversify economic activity in the region. Significant MRO activity adds an additional dimension to the regional economy that complements the emerging sectors of Clean Energy Wind Turbines (200 jobs), Cyber Security (140 jobs), Financial Services (6,200 jobs), MRO activity at the Airport (1,725 jobs), Tourism and Military/Government activity. Continuing investment in infrastructure along with an existing and future highly trained workforce paves the way for successful economic enhancement of the targeted aviation/aerospace industry. According to the 2014 Military Transitioning Study completed by UWF Haas Center, relevant skills are essential to continue to attract aviation investment in NAICS Targeted Industry Sectors. Specifically, this investment supports a growth strategy over the next four years to increase the number of jobs by 1,325 in Aircraft Maintenance, Modification (NAICS Code 336411, \$44,720), Support Engineering, Materials Fabrication (NAICS Code 336411, \$27,700) and Administration (NAICS Code 551114, \$70,833).

In summary this project is truly transformational as it creates 1,325 direct and 3,400 indirect new jobs, promotes economic recovery, provides for regional economic diversification and stability, leverages invested funds to drive annual net incomes and statewide GDP and establishes NW Florida as a leader in the global MRO industry.

4. Describe data or information to demonstrate viability of the proposed project: The project is viable as the City and VT MAE have previously negotiated and executed a Real Property lease and construction is nearly complete on the first MRO hangar as part of the MRO Aviation campus. Further, the City and VT MAE have entered into a new MOU that outlines the future intentions of both parties to continue with the further expansion and development of the MRO Aviation campus as described in this Application. The following data describes the financial viability of the proposed project at full implementation, and reflects the economic impact of terms agreed to in the MOU:

- a. 1,325 direct new MRO jobs (per MOU)
- b. 3,400 indirect new jobs, other industries (per Haas Center report)
- c. \$200,000,000 value in City owned infrastructure dedicated to the Aerospace industry
- d. \$58,900,000 direct annual payroll

- e. \$44,461 average annual salary, without benefits (per MOU)
- f. Approximately \$1,000,000 annual rent for real property lease (based on Hangar 1 lease terms)
- g. \$400,000,000 **annual** personal net incomes increase (per Haas Center)
- h. \$600,000,000 **annual** statewide GDP increase (per Haas Center)

5. How impacts will be measured long term: The primary deliverable from the proposed project is the creation of new direct jobs at the agreed-to average annual compensation. It is anticipated that the real property lease between the City and VT MAE, as well as agreements with funding partners, will have terms and conditions that will require VT MAE to demonstrate it has met its obligations regarding minimum job and salary levels. Similar agreements were documented in funding commitments for the development of Hangar 1 currently under construction; and will serve as a guideline to measure outcomes and determine “clawbacks” if performance measures are not achieved for the current proposed project.

6. How the proposed project is sustainable: The proposed project will result in the construction of \$200,000,000 of city owned Airport infrastructure including hangars, support buildings, an administrative building and adjacent roadways, taxiways, aprons and site improvements. These facilities will be leased to VT MAE under a Master lease agreement that defines the rights and responsibilities of each party for the entire site development. The underlying leases will be long term leases for each separate facility and will be modeled upon the Real Property Lease Agreement executed between City and VT MAE for Hangar 1. VT MAE is the subsidiary of ST Aerospace, which is the largest global provider of MRO services. The anticipated global expansion of the MRO industry is expected to grow from total gross revenues of \$75.6 billion in 2017 to an estimated \$109.2 billion in 2027. As the leader in this industry, ST Aerospace and its subsidiary VT MAE will likely experience a similar growth pattern in the future. Based on the quality of the primary tenant and the expected growth and sustainability of the MRO industry, it is reasonable to expect this project will have long-term financial viability and sustainability.

Furthermore, the state-of-the-art facilities to be developed in the MRO Aviation campus will enable VT MAE to efficiently implement “Smart MRO” technologies as described below. This will further solidify their global industry leadership and long-term sustainability. This Smart MRO technology, such as robotics, aerial inspection and data connectivity to enhance workplace safety, productivity and quality of solutions adds value to their customers and enhances the technical skills of their employees.

Digitized Work Flow

Using paperless processes, tasks are assigned, approved and monitored online.

Virtual Warehouse

Spare parts are 3D printed and assembled on site to shorten turnaround time and reduce warehousing and logistics costs.

Wearable Connectivity

Augmented Reality (AR) glasses provide technicians with visual cues for each task and provide remote connectivity support while wrist-worn devices track the activities in real-time.

Robotics

Drones equipped with 3D-Scanners and HD Cameras inspect the aircraft fuselage for defects. UGVs transport inventory from Automated Storage and Retrieval System (ASRS) for Just-In-Time (JIT) servicing.

Automated Toolcribs

Tools are inspected to be serviceable before being pre-packed in toolboxes according to the work cards.

SMART Hangar

Biometric iris scanner in AR glasses automatically clock technicians work schedules. Sensors within the hangar provide round-the-clock security. Data analytics is used to understand the information collected from the sensors, bots and other devices to optimize workflow and recommend predictive maintenance for aircraft.

7. How deliverables will be measured: See Response #5 above. City will have the primary responsibility to verify that the deliverables (stated jobs at a stated average salary level) are being realized on an annual basis.

8. Generate Maximum Estimated Economic Benefit:

- a. 1,325 direct new MRO jobs (per MOU)
- b. 3,400 indirect new jobs, other industries (per Haas Center report)
- c. \$200 million value in City owned infrastructure dedicated to the Aerospace industry
- d. \$58.9 million direct annual payroll
- e. \$44,461 average annual salary, without benefits (per MOU)
- f. Approximately \$1,000,000 annual rent for real property lease (based on Hangar 1 lease terms)
- g. \$400 million **annual** personal net incomes increase (per Haas Center)
- h. \$600 million **annual** statewide GDP increase (per Haas Center)

Increase household income above national averages: The initial commitment is to provide 1,325 new direct jobs at an average annual salary of \$44,461 plus benefits.

Leverage or further enhance key regional assets, including educational institutions, research facilities, and military bases:

The proposed project leverages existing real estate at Pensacola International Airport that has been consolidated over time to create a commerce park with the intention of it becoming an income-producing asset focused in the aerospace industry. This project is the culmination of a long-term land use plan and converts approximately 75 acres of unused land to income producing assets that will generate approximately \$1.0 million per year annual ground rent to the Airport. By creating this income source, the Airport will be able to effectively manage user fees that make the Airport more competitive, potentially creating lower fares, more routes and greater air service choices for the citizens of NW Florida.

The proposed project leverages and enhances existing workforce development programs through Washington High School (Aviation Maintenance Academy), George Stone Technical Center (Airframe & Power plant Technology) and Pensacola State College certification programs. It would be expected that each of these educational institutions will need to expand their programs and capabilities in order to respond to the increasing workforce development demands. In addition, this proposed project will assist in transitioning veteran military personnel to commercial aviation and aerospace jobs. As noted previously, a near-term strategic vision is the collaboration between VT MAE and local education providers to create an MRO Aviation Training Academy to develop the workforce needed to man the available jobs and to maintain a pipeline of trained technicians for the future.

Partner with local governments to provide funds, infrastructure, land, or other assistance for the project: As mentioned above, the Pensacola International Airport is providing the land that will be used for the proposed project. In addition, the State of Florida, City of Pensacola, Escambia County, the Florida Department of Transportation and the Governor's Jobs Growth Grant Fund are

expected to provide funding to support the project. Also, VT MAE will make a substantial investment to support the proposed project.

Provide outcome measures: The proposed project has a significant number of outcome measures that have been described previously in this document. Among the most significant are 1,325 new direct jobs in the Aerospace industry, 3,400 indirect new jobs in other related industries, \$200 million in publicly owned infrastructure developed for an MRO Aviation campus, \$400 million increase in personal net incomes and \$600 million increase in Florida GDP, all as a result of the proposed project.

Recommended by the board of county commissioners of the county in which the project or program will be located: The Escambia County Board of County Commissioners approved forwarding the City's pre-application submission to the Triumph board during its meeting held on December 14, 2017. A copy of the Board minutes is attached as Exhibit 1.

9. How the proposed project or program meets the discretionary priorities identified by the Board:

As described in previous responses within this document, the proposed project is transformational to the region of NW Florida and in fact to the state of Florida. Through the development of the proposed project, an Aerospace industry is created. The creation of this targeted industry results in economic diversification and stability. Most importantly, this new industry results in long-term high quality, high paying jobs that will solidify the region's economic recovery and assure a better quality of life (See Response #3 above).

As there is already an existing MOU between the City and VT MAE, both parties stand ready to commence negotiations to formalize their intentions as outlined in the MOU. In connection with the development of Hangar 1, the City and VT MAE have already negotiated a previous Real Property Agreement; therefore once funding is finalized the process should be consummated efficiently and timely.

The proposed project has, as one of its most important feature, the creation of 1,325 high quality new direct jobs in the MRO industry. The average annual salary is \$44,461 plus benefits. The net new jobs are specifically within the targeted aerospace industry. The proposed project will also result in a significant number of new indirect jobs in resultant industries (See Response #4 above).

The creation of an MRO Aviation campus is precisely aligned with Northwest Florida FORWARD regional strategic initiative for economic transformation. MRO services are within the Aerospace and Aviation industry sector that is major part of the strategic initiative. Further, the MRO Aviation campus creates an industry cluster that will be a magnet to other businesses in the Aerospace and Aviation industries.

10(a) Provide the schedule of upcoming meetings: Pensacola City Council is scheduled to meet on the following dates for their regularly scheduled Council meetings. Regular City Council meetings are typically held the second Thursday of every month and each meeting begins at 5:30 PM:

- April 12
- May 10
- June 14
- July 19
- August 9
- September 13
- October 11

(b) State whether that group can hold special meetings, and if so, upon how many days' notice:

Pensacola City Council is permitted to convene special meetings as provided in the City Charter. According to section 1.03 of City Council Rules and Procedures, notice shall be given to the Council members and media by email 72 hours prior to the meeting.

11. Describe the timeline for the proposed project:

- 1) Hangar 2
 - a) Plans/Specifications/Bidding – April 2018 to January 2019
 - b) Construction – February 2019 to July 2020
- 2) Hangars 3 and 4, Support Facilities and Administration Building
- 3) Environmental – May 2018 to April 2019
 - a) Plans/Specifications/Bidding – May 2018 to October 2019
 - b) Construction Hangar 3 – October 2019 to April 2021
 - c) Construction Hangar 4 – May 2020 to October 2021
 - d) Construction Administration Building – January 2019 to July 2020
 - e) Construction Warehousing/Shops/Support Facilities – March 2019 to September 2020

12. Describe the types and number of jobs expected from the proposed project or program and the expected average wage: The proposed project supports a growth strategy over the next four years that will increase the number of direct new jobs by 1,325 in Aircraft Maintenance, Modification (NAICS Code 336411, \$44,720), Support Engineering, Materials Fabrication (NAICS Code 336411, \$27,700) and Administration (NAICS Code 551114, \$70,833). The expected average wage overall is \$44,416 plus benefits.

In addition to the above, the proposed project will support the addition of approximately 3,400 indirect new jobs in associated resultant industries.

13. Does the potential award supplement but not supplant existing funding sources: The Triumph funds are supplemental as they represent a portion of the project cost, however the project could not proceed without the requested support from Triumph. The request of Triumph funds represents 65% of the total project costs. The remaining 35% (\$70 million) of project costs are publicly funded by City, County and State; and privately funded by VT MAE, as those entities are the primary beneficiaries of the proposed project. Consequently local community appropriations and private investment is being used to fund the remaining \$70 million balance. Of this remaining \$70 million, the contribution of public and private funding is approximately 50-50.

14. Provide a detailed budget narrative: Preliminary concept plans have been reviewed with Atkins Global and the estimated project cost of \$200 million appears reasonable based on experience with Hangar 1.

The following is the working funding plan for the project:

- Private Sector will provide fifty (50.0%) percent of the local funding.
 - \$35.0 million from VTMAE-the MRO facility user – Attached to this application is copy of a letter from VTMAE memorializing their commitment to contribute \$35.0 million to the project.

- Public Sector will provide fifty (50.0%) percent of the local funding.
 - \$25.0 million from the State of Florida – the City is in discussions with state of Florida agencies concerning project funding at this level. The agencies are expected to support this project at this level.
 - \$10.0 million from local public sources
 - \$130.0 million from Triumph Gulf Coast, Inc. -Triumph is requested to provide the transformative level of project funding. The MRO user, City, County and State can fund (\$70.0 million) incremental growth in MRO facilities and jobs. For transformational growth of MRO facilities and jobs, a transformational level of funding is needed from a unique funding source: \$130 million from Triumph.

15. Is the infrastructure for public use or does it predominately benefit the public: The infrastructure predominately benefits the public as the entire project (\$200 million in assets) is owned by a public entity (the City of Pensacola's international Airport) and the ground lease revenue from the proposed project is Airport revenue, each of which is predominately for the benefit of NW Floridians and the traveling public. The primary tenant of the facilities will be VT MAE, however as stated previously, much of the city-owned infrastructure will have multiple users. A training center will be established for use by a secondary education provider to offer aviation maintenance technology programs to prepare students for a career in the commercial aviation industry, administrative offices are being developed for use by the Federal Aviation Administration representatives and airline representatives (i.e. Delta, American, UPS, etc.) to be on site while their aircraft are being overhauled and all of the common usage aprons and taxiways will be utilized by general airfield traffic (all airlines and other aircraft operators).

16. Is this project an expansion of existing infrastructure project

The City has a well-established business relationship with VT MAE that dates to late 2012, when discussions first began with VT MAE to establish an MRO hangar at the Pensacola International Airport. Ultimately the City was successful and a MOU was entered into on November 12, 2013. After funding was finalized, the final lease agreement between City and VT MAE was signed on September 9, 2014. Planning and design documents were prepared, contracts were bid out and October 28, 2016 marked the official groundbreaking for Hangar 1. Hangar 1 is a 173,000 sq. ft. MRO hangar being built at a cost of approximately \$46 million. The hangar is under construction and is scheduled to be completed and ready for occupancy on March 20, 2018. The MRO Aviation campus represents an exciting expansion of the existing commitment that City and VT MAE has made to expand their focus on the Aerospace and Aviation industry.

17. Provide the proposed beginning commencement date and number of days required to complete construction of the infrastructure project: Assuming all funding approvals could be confirmed by April 2018, the proposed schedule is as follows:

- 1) Hangar 2
 - a) Plans/Specifications/Bidding – April 2018 to January 2019
 - b) Construction – February 2019 to July 2020
- 2) Hangars 3 and 4, Support Facilities and Administration Building
- 3) Environmental – May 2018 to April 2019

- a) Plans/Specifications/Bidding – May 2018 to October 2019
- b) Construction Hangar 3 – October 2019 to April 2021
- c) Construction Hangar 4 – May 2020 to October 2021
- d) Construction Administration Building – January 2019 to July 2020
- e) Construction Warehousing/Shops/Support Facilities – March 2019 to September 2020

Recognizing that April 2018 is not a likely start date since funding decisions may yet be unresolved, the schedule can be adjusted to reflect an appropriate later start date. This is a significant and technically complex project spanning approximately a four-year period of time.

MRO Hangar 1 at Pensacola International Airport



727.520.8181
www.aerophoto.com

MRO Hangar
(Pensacola International Airport)

Image # 93
Date 03.01.18

Economic Impact of Proposed Expansion of Pensacola International Airport
August 31, 2017

The Haas Center was engaged to assess the economic impact of a proposed expansion of the city-owned Pensacola International Airport. The proposed infrastructure project with a capital investment of \$171 million over three years would result in three new hangars totaling 543,000 square feet. These hangars (Hangar 2, Hangar 3 and Hangar 4) are in addition to Hangar 1 which is nearing completion. Hangars 2, 3 and 4 will be used for Aircraft Maintenance, Repair and Overhaul (MRO) activities. Because the hangars will be used primarily for overhaul of aircraft rather than maintenance and repair, the activity is within the Aerospace Product and Parts Manufacturing Industry (NAICS code 3364).

Econometric Modeling Assumptions:

- The activity occurs within and the impact is measured relative to the State of Florida.
- Employment is within Aerospace Product and Parts Manufacturing (NAICS code 3364).
- Construction of Hangar 1 (already underway) will be completed and begin operation in 2018, which will employ 400 workers through at least 2031¹.
- Capital expenditures for Hangars 2, 3 and 4 will be complete by 2020.
- Hangar 2 will be operational in 2020 and will employ 400 workers through at least 2031.
- Hangars 3 and 4 will be operational in 2021 and will employ 800 workers combined through at least 2031.
- Hangars 2, 3 and 4 are substantially similar to each other and to Hangar 1.

These inputs were run through an econometric simulation model² in order to determine the impact on the state of Florida should Hangars 2, 3, and 4 proceed as outlined above. Results for the project, including the one-time impact of capital expenditures and the continuing effects of the newly created jobs, are provided below. A list of modeling assumptions, a description of the model used and definitions of terms can be found after the project results tables.

¹ 2031 is selected because it is ten years of operation after the 1,200 jobs related to Hangars 2, 3 and 4 are underway beginning in 2022.

² REMI PI+ Version 2.1.1

Table 1: Hangars 2, 3 and 4 combined Impact (543,000 square feet; 1,200 direct jobs; \$171 million in total capital investment)

	2018	2019	2020	2021	2022	2023	2024-2031 (average) ³
Total Employment (Jobs)	1,163	1,156	2,687	4,719	4,810	4,892	4,699
Gross Domestic Product (Millions of Fixed 2009 \$)	\$ 75.1	\$ 76.6	\$ 243.6	\$ 516.0	\$ 536.6	\$ 555.6	\$ 596.9
Output (Millions of Fixed 2009 \$)	\$ 119.3	\$ 121.8	\$ 434.7	\$ 965.9	\$ 1,002.0	\$ 1,034.4	\$ 1,117.9
Personal Income (Millions of Current \$)	\$ 67.2	\$ 75.0	\$ 193.4	\$ 377.3	\$ 419.5	\$ 456.1	\$ 581.5

As stated in the assumptions, Hangars 2, 3 and 4 will be employing 1,200 workers beginning in 2022. From that point, in addition to the 1,200 jobs directly related to the new hangars, the activity will support an additional 3,422 to 3,692 jobs in the state. Each year, this activity is expected to produce more than \$400 million in Personal Income and an increase in Florida's GDP of almost \$600 million.

These values are independent of the economic activities flowing from the capital investment and employment related to Hangar 1. Therefore, these figures only represent the economic activity related to the capital investment and employment related to Hangars 2, 3 and 4.

³ 2024-2031 average annual data is presented as an average here for clarity. Full yearly data is provided below.

Table 2: Sector Level Employment

Category	2018	2019	2020	2021	2022	2023	2024-2031 (avg.)⁴
<i>Manufacturing</i>	27	27	496	1,407	1,397	1,388	1,355
<i>Retail Trade</i>	87	84	224	417	417	430	439
<i>Construction</i>	658	648	779	513	572	572	374
<i>Professional, Scientific, and Technical Services</i>	38	48	156	334	343	350	350
<i>Health Care and Social Assistance</i>	60	57	154	288	286	298	325
<i>Administrative and Waste Management Services</i>	38	38	131	281	281	285	278
<i>Accommodation and Food Services</i>	43	43	117	221	227	243	271
<i>Real Estate and Rental and Leasing</i>	33	31	87	163	166	173	172
<i>Management of Companies and Enterprises</i>	6	6	59	160	159	160	160
<i>Other Services, except Public Administration</i>	40	33	99	185	168	166	152
<i>Finance and Insurance</i>	32	28	83	160	150	147	132

REMI model

Econometric simulation models combine the sector detail and geography detail of input/output models but provide for functioning economic linkages between sectors and regions over time. The current study uses REMI PI+ Version 2.1.1 (Regional Economic Models Inc.), a structural econometric model of the state of Florida. It incorporates the basic input/output linkages, but

⁴ 2024-2031 average annual data is presented as an average here for clarity. Full yearly data is provided below.

also uses econometrically estimated county-specific parameters, for example, interregional migration in response to changes in economic opportunities, in generating impact results. Because of these between-sector linkages, the model incorporates general equilibrium tendencies as the economy responds to shocks over time. That is, changes in spending in a region affect not just conditions in that market, but also in other markets within the region (economists term this a "general equilibrium") and outside the region (via trade and also via migration in response to changes in economic opportunities). This describes the phenomenon whereby, for example, a new manufacturing facility opens in a county, and other manufacturers and related industries may have to increase their pay or benefits in order to prevent their workers from leaving to take a job at the new facility. A traditional input-output model description of the economic impact would have held other economic factors fixed (including manufacturing wages across the county) and simply documented the employment and job creation effects resulting directly at the new manufacturing facility and indirectly via businesses in its supply chain, as well as household spending induced by the new income flows.

A simulation model such as REMI captures not only the spending effects flowing from the new manufacturing facility and its local suppliers and employees and owners, but also the spillover effects into other markets as wages and prices change due to competition for the same employees and other resources. These effects are the general equilibrium (equilibrium across all markets simultaneously) tendencies of the model. It also simulates the adjustment path over time of these market responses, using historical parameters estimated specifically for that county (the dynamic component).

Glossary of terms

Analysis of economic impact. The assessment of a change in overall economic activity that occurs as a result of a corresponding change in one or more components economic activities, such as the addition of new businesses and jobs.

Employment. Employment comprises estimates of the number of jobs, full-time plus part-time, by place of work. Full-time and part-time jobs are counted at equal weight. Employees, sole proprietors, and active partners are included, but unpaid family workers and volunteers are not included.

Multiplier. The multiplier is the ratio of the change in equilibrium divided by the original change in spending that causes the change. Each industry that produces goods and services generates demands for other goods and services. These demands ripple through the economy, multiplying the original economic impact.

Income. Income received by persons from all sources. It includes income received from employment or investments as well as government or employer transfer payments.

Transfer payment. A payment of money for which no money, good, or service is received in exchange. Examples include social security, old age or disability pensions, student grants, unemployment compensation, etc.

Table 3: Impact Summary

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Total Employment	1,163	1,156	2,687	4,719	4,810	4,892	4,872	4,808	4,745	4,686	4,644	4,624	4,622	4,635
Gross Domestic Product (Millions of Fixed 2009\$)	\$ 75.1	\$ 76.6	\$ 243.6	\$ 516.0	\$ 536.6	\$ 555.6	\$ 566.4	\$ 572.7	\$ 578.2	\$ 584.1	\$ 591.9	\$ 601.6	\$ 612.8	\$ 625.3
Output (Millions of Fixed 2009\$)	\$ 119.3	\$ 121.8	\$ 434.7	\$ 965.9	\$ 1002.0	\$ 1034.4	\$ 1053.3	\$ 1066.7	\$ 1078.7	\$ 1092.0	\$ 1108.5	\$ 1128.5	\$ 1151.5	\$ 1176.9
Personal Income (Millions of Current \$)	\$ 67.2	\$ 75.0	\$ 193.4	\$ 377.3	\$ 419.5	\$ 456.1	\$ 484.6	\$ 508.9	\$ 531.4	\$ 553.4	\$ 576.5	\$ 601.8	\$ 628.8	\$ 658.1

Table 4: Employment by Sector

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Manufacturing	27	27	496	1,407	1,397	1,388	1,378	1,369	1,362	1,356	1,350	1,345	1,342	1,339
Retail Trade	87	84	224	417	417	430	434	435	436	436	437	440	444	448
Professional, Scientific, and Technical Services	38	48	156	334	343	350	350	349	348	348	348	350	352	356
Health Care and Social Assistance	60	57	154	288	286	298	305	309	314	320	326	334	342	352
Accommodation and Food Services	43	43	117	221	227	243	253	259	265	270	274	279	283	287
Administrative and Waste Management Services	38	38	131	281	281	285	284	281	279	277	276	276	277	278
Construction	658	648	779	513	572	572	537	483	426	375	332	300	277	262
Real Estate and Rental and Leasing	33	31	87	163	166	173	175	174	172	171	170	171	172	173
Management of Companies and Enterprises	6	6	59	160	159	160	160	160	160	160	160	161	161	162
Other Services, except Public Administration	40	33	99	185	168	166	162	157	153	151	149	148	148	149
Finance and Insurance	32	28	83	160	150	147	142	137	134	131	129	128	129	129
Wholesale Trade	24	24	67	131	131	132	131	129	128	127	126	125	125	126
Transportation and Warehousing	16	15	44	88	85	82	79	75	71	69	66	65	63	63
Information	8	8	25	50	49	49	49	48	48	48	48	48	48	49
Arts, Entertainment, and Recreation	11	9	29	55	51	50	48	47	46	45	45	45	45	46
Educational services; private	6	6	16	30	31	32	33	33	33	33	33	33	34	34
Mining	2	1	6	15	16	16	16	15	14	14	13	12	12	12
Utilities	1	1	3	6	6	6	6	6	6	6	6	5	5	5
Forestry, Fishing, and Related Activities	1	1	4	8	7	7	6	6	5	5	4	4	4	4

MEMORANDUM OF UNDERSTANDING

VT MOBILE AEROSPACE ENGINEERING, INC

AND

CITY OF PENSACOLA, FLORIDA

THIS MEMORANDUM OF UNDERSTANDING ("MOU") is hereby made and entered into as of the 14th day of November, 2017, by and between **VT MOBILE AEROSPACE ENGINEERING, INC.**, a corporation organized in the State of Alabama ("Company") and the **CITY OF PENSACOLA**, a Florida municipal corporation ("City"), in its capacity as proprietor and sponsor of the **PENSACOLA INTERNATIONAL AIRPORT ("Airport")**. The above-referenced entities may from time to time be referred to individually as a "Party" and collectively as the "Parties."

RECITALS

WHEREAS, the City enthusiastically supports and encourages economic development and workforce training and development, particularly the expansion of the business activities at the Airport;

WHEREAS, the Company's primary business activity is the maintenance, repair and overhaul of aircraft ("Aircraft MRO");

WHEREAS, the City and the Company have entered into a Real Property Lease at Pensacola International Airport dated September 9, 2014, pursuant to which the City is currently constructing an Aircraft MRO hangar facility that will be occupied and used by the Company ("Phase I");

WHEREAS, the City and the Company have discussed proposals for the construction of new additional Aircraft MRO hangars and ancillary facilities (the "Project") at the locations at the Airport depicted on Exhibit A attached hereto (the "Project Site");

WHEREAS, the Project will include, without limitation, site work, utilities, flatwork, ramps, aprons, taxiways, access roads or drives, parking areas, hangars and ancillary facilities, design services and construction administration services;

WHEREAS, the Parties desire to enter into this non-binding MOU to set out a general working arrangement for proceeding with the development of the Project;

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NOW, THEREFORE, the Parties agree as follows:

ARTICLE I

NONBINDING EFFECT

1.1 This MOU reflects the Parties' current intentions, is subject to the negotiation and execution of definitive written agreements which shall take precedence over this MOU, and is not and shall not be construed as a binding or enforceable agreement for any purpose. Without prejudice to the generality of the foregoing, none of the parties have an obligation to enter into any definitive agreements or to consummate the transactions contemplated herein. If the Parties fail, for any reason, to agree upon and execute definitive written agreements for the Project or this MOU is otherwise terminated, neither Party will have any claim against the other for any reason including but not limited to any claim based on "part performance", "detrimental reliance", "lack of good faith" or any other cause of action arising out of this MOU.

1.2 This MOU may be terminated at any time by a Party by providing written notice of termination to the other Party.

1.3 In the event this MOU terminates, for whatever reason, each Party shall bear its own costs and expenses incurred in connection with this MOU and the transactions contemplated herein.

ARTICLE II

PROPOSED UNDERTAKINGS OF THE PARTIES

2.1 Project Development to Date. The Parties and their consultants have been collaborating to develop a detailed hangar design concept, parking configuration, building design and site work narrative and estimate of Project Cost for the proposed Project (collectively, the "Preliminary Plans"). The Preliminary Plans as of the date of this MOU are attached as, or identified in, Exhibits A - F. For purposes of this MOU, such Preliminary Plans form the basis of the Parties' understanding of the scope and costs of the Project. The Company has had the opportunity to participate in the planning of the Project and understands the nature, cost, and funding of the Project to be constructed.

2.2 Mutual Undertakings. The Parties agree to undertake the following actions in a collaborative and mutual basis:

(a) The Parties will develop plans and specifications for the Project in a form that is suitable for incorporation into public bid documents based upon a

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"construction manager at risk" method of project construction. The construction period is estimated to be 24 months from authorization to proceed for Hangar 2 and 36 months from authorization to proceed for the remainder of the Project. The estimated Project schedule is detailed in Exhibit F.

(b) The Parties will finalize a detailed breakdown of the total estimated cost of the Project, presently estimated to be \$200,000,000.00 (the "Project Cost"). The Parties will collaborate on a value-engineering process with the mutual objective of securing a reduction of the Project Cost. The current breakdown of the estimated Project Cost is attached hereto as Exhibit D. The City may use savings in one or more elements of the Project Cost to defray overages in other elements of the Project Cost.

(c) The City, in accordance with applicable legal requirements, and after consultation with the Company to the extent lawfully permitted, will select the design professionals and construction manager at risk, who will be responsible for the design and construction of the Project. The selected construction manager at risk will be at risk and responsible for paying the amount by which the actual construction cost exceeds the agreed guaranteed maximum price.

(d) In the event that the actual Project Cost is projected to exceed \$200,000,000.00, the Parties will work together in good faith to find a mutually agreeable solution. In the event that, despite the Parties' good faith efforts, the projected actual Project Cost exceeds \$200,000,000.00, the Company has the right to either terminate the Project or agree to pay the additional costs in excess of \$200,000,000.00 and continue with the Project at the increased Project Cost.

(e) The Parties will negotiate a lease (the "Lease") of the Project and Project Site from City to Company that (i) establishes the respective responsibilities of the Parties; (ii) is compliant with state and federal airport guidelines; (iii) is consistent with airport industry best practices; (iv) acknowledges that the lease will be subject to and subordinate to the City's agreements with the United States of America and City Bond Resolution 59-88 (as amended and supplemented); (v) establishes fair market value annual ground rent for the Project Site (which ground rent will be abated from the date of the Lease until the date of beneficial occupancy of the Project) (A) at the estimated initial fair market rental rates of \$0.33 per square foot per year for the Hangar 2 site and \$0.35 per square foot per year for the remainder of the Project site, subject to adjustment in accordance with a current MAI appraisal of the Project Site complying with FAA guidelines which will be prepared prior to execution of the Lease, (B) that will be payable from the date of beneficial occupancy until the end of the Lease term, and (C) that will be subject to periodic adjustment as hereinafter provided; (vi) establishes rent that will repay the annual debt service requirement on any special purpose facility financing instruments requested by the Company to be issued; and (vii) has an initial term of thirty (30) years.

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(f) The parties shall be entitled to terminate the Lease without cause as follows:

(1) The Lease will provide that the Company may terminate the Lease without cause by giving the City written notice of termination at any time during or after the eighth (8th) year of the Lease. Upon the giving of such written notice of termination, this Lease shall terminate as of the termination date specified in such written notice; provided that such termination date shall be not less than two (2) years after the date such notice is given.

(2) The Lease will provide that the City may terminate the Lease without cause by giving the Company written notice of termination at any time during or after the eighteenth (18th) year of the Lease. Upon the giving of such written notice of termination, the Lease shall terminate as of the termination date specified in such written notice; provided that such termination date shall be not less than two (2) years after the date such notice is given.

The parties understand, however, that the ultimate funding sources for the Project may require different early termination provisions in the Lease.

(g) The Parties will agree upon an environmental baseline to determine the subsurface conditions of the Project Site at the beginning of the Lease.

(h) During the Lease term, the ground rent will be increased annually (starting in the second year of the Lease) in proportion to increases in the U. S. Consumer Price Index for All Urban Consumers ("CPI"). The CPI increases in ground rent are limited to no more than a two (2.0%) percent increase over the immediately preceding Lease year. In no event will the CPI-adjusted ground rent be less than the ground rent for the immediately preceding Lease year.

(i) The ground rent shall further be adjusted as follows: At the end of the tenth year of the Lease term, the City will engage an MAI appraiser to determine the then-current fair market rental rate of the Project Site, which rate shall be effective on the first day of the eleventh year of the Lease term; provided that the rent adjustment as the result of the re-appraisal will not exceed two percent (2.0%) compounded annually from the date of beneficial occupancy of the Project through the tenth (10th) year of the Lease. Thereafter, the appraised rate will be annually adjusted by CPI through the twentieth year of the Lease as provided in paragraph (h) above. At the end of the twentieth (20th) year of the Lease, the City will engage an MAI appraiser to determine the fair market rental rate of the Project Site, which rate shall be effective on the first day of the twenty-first year of the Lease term; provided that the rent adjustment as the result of the re-appraisal will not exceed two percent (2.0%) compounded annually from the date of beneficial occupancy of

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the Project through the twentieth (20th) year of the Lease. Thereafter, the appraised rate will be annually adjusted by CPI through the thirtieth (30th) year of the Lease as provided in paragraph (h) above. The Lease will provide a procedure for the Company to challenge appraisals of the fair market rental rates. The procedures will follow the federal guidelines.

2.3 City Undertakings. The City agrees to undertake the following:

- (a) Grant the Company the right to operate the Project at the Airport.
- (b) Complete construction of the Project in accordance with the plans and specifications with a date of beneficial occupancy to be mutually agreed upon by the Parties.
- (c) Commit all of the Grant Funds identified in Article III toward the Project Cost.
- (d) Use all reasonable efforts to secure additional public/private grant funds to be used toward the Project Cost.
- (e) Subject to the terms of existing bond resolutions, approval of Bond Counsel and in accordance with the City of Pensacola Debt Incurrence and Administration Policy, facilitate the issuance of special purpose facility financing instruments to finance the portion of the Project Costs not covered by the public grants and contributions identified in Article III below, if so requested by the Company.
- (f) Obtain FAA clearance that the Project will not obstruct or interfere with the FAA's facilities and equipment located at or near the Airport.
- (g) Provide necessary law enforcement, fire protection and emergency medical services to the Project and the Company's employees.
- (h) Extend, or cause the extension, of necessary utility services to the Project using project funds as done for Hangar 1. Such utilities include, without limitation water, sewer, electrical power, natural gas and telecommunications.
- (i) Conduct an environmental baseline study of the Project Site, in which the study will form the basis for agreement between the Parties as referenced in Section 2.2(f) above.

2.4 Company Undertakings. The Company agrees to undertake the following:

- (a) Operate the Project at the Airport.

(b) Use best efforts to establish a training center within the hangar or ancillary facility for use by a secondary education provider to offer aviation maintenance technology programs to prepare students for a career in the commercial or general aviation industry.

(c) Upon full implementation of the Project, employ 1,200 full time employees or equivalents in Northwest Florida, at an average annual salary of not less than \$44,461; and in addition, employ 50 full time equivalents in the Administration Building. As a result of the additional MRO services and activities at the MRO campus, an additional 75 MRO related and ancillary jobs are likely, for a total of approximately 1,725 Aircraft MRO-related jobs, including Phase I. It is recognized that with an optimal aircraft mix and scheduling of services there could be as many as 2,000 MRO jobs at the Airport when combined with Phase I.

(d) Comply with all applicable laws, ordinances and regulations.

ARTICLE III

FINANCIAL RESPONSIBILITIES TOWARD CONSTRUCTION OF THE PROJECT

3.1 Grant Funds. It is anticipated that grant funds (the "Grant Funds") will be secured to offset a portion of the Project Cost. The City will take the lead in securing Grant Funds, and the Company will use its best efforts to support the City's efforts. The sources and amounts of Grant Funds will be determined during project development and prior to the execution of the Lease.

3.2 Company Financial Commitment. The Company will make a financial contribution toward the Project Cost (the "Company Financial Commitment"). The Company Financial Commitment will be determined during project development and prior to execution of the Lease and may take the form of (a) a capital contribution; (b) special purpose facility financing/project financing where the Company is solely and ultimately responsible for payment of debt issuance costs and the repayment of the debt service; or (c) a combination of (a) and (b). The form of the Company Capital Commitment shall be at the sole discretion of the Company.

3.3 Use of Grant Funds and Company Financial Commitment. The City will use 100% of the Grant Funds and the Company Financial Commitment toward the Project Cost.

3.4 Recovery of Grant Funds. The Lease will include provisions for recovery of Grant Funds from the Company in the event that the Company does not meet agreed performance requirements and/or conditions of the Grant Funds.

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3.5 City's Funding Plan. The City plans to seek funding from the following sources, each of which is prospective in nature and will be finalized in future negotiations and applications:

State - FDOT
Florida Job Growth Fund
Local
Company
Triumph Fund
Other Funding Sources

ARTICLE IV

WORKFORCE DEVELOPMENT; TRAINING GRANTS; TAX INCENTIVES

4.1 Training Grants.

(a) The City will use its best efforts to optimize customized industry training through Workforce Escarosa, Inc. The Parties acknowledge that said training requires a 50% in-kind match.

(b) The City will use its best efforts to optimize customized industry training through the Quick Response Training Program operated by Workforce Florida, Inc. The Parties acknowledge that said training grant will be based upon the Company maintaining an agreed employment level.

4.2 Qualified Target Industry Tax Refund. The Company will use its best efforts to qualify for the Qualified Target Industry Tax Refund Program (QTI). Based upon the Company's employment of 1,200 persons, the Company's QTI is estimated to have a value of at least \$3,600,000.

4.3 Educational Programs. The City will use its best efforts to assist the Company and educational institutions to establish and continue aircraft maintenance technician programs (college) and career academy programs (high school). These programs will provide opportunities to local students. The Company will use its best efforts to provide the students of these programs jobs.

4.4 EDATE. The City will use its best efforts to assist the Company with the process to obtain an Economic Development Ad Valorem Tax Exemption (EDATE) from the County.

4.5 Sales and Use Tax Exemptions. The City will use its best efforts to assist the Company in obtaining Sales and Use Tax exemptions from the State of Florida.

4.6 Capital Expenditure Tax Reimbursement. The City will use its best efforts to assist the Company in obtaining Capital Expenditure Tax reimbursement from the State of Florida.

4.7 Support of Utility Providers. The City will use its best efforts to assist the Company in recruiting economic support for the Project from utility providers.

ARTICLE V

PHASE III

The Parties have discussed the possibility of a future expansion of the Project referred to as "Phase III." Should the Company decide to pursue the development of Phase III, the Parties agree to enter into good faith negotiations toward the execution of a memorandum of understanding and a lease agreement containing provisions materially similar to the terms and conditions found in this MOU and the Lease, respectively.

When and if the Company notifies the City of its intent to proceed with Phase III, the City will enlist the assistance of the State of Florida, Escambia County, Florida and others in an initiative to generate financial grants to fund the construction of the additional Project and the recruitment of other incentives. The City will use its best efforts to generate funding from these sources to support approximately fifty percent (or more, if available) of the project costs recognizing that public support for the Phase III will be based upon the number and quality of jobs being created, scope of Project to be constructed and the status of economic development incentive programs available at that time.

ARTICLE VI

PUBLIC RECORDS LAW; PUBLIC ANNOUNCEMENTS

The Florida Public Records Law, as contained in Chapter 119, Florida Statutes, is very broad. As a result, this MOU as well as any written or electronic transmission, communication or document created or received by City or any other public agency or entity (including but not limited to Triumph Gulf Coast, Inc.) will be made available to the public and the media, upon request. For the avoidance of doubt, all applications for funding, including without limitation all supporting materials, made or provided by City to any federal, state or local public entity or agency (including but not limited to Triumph Gulf Coast, Inc.) will be made available to the public and the media, upon request. Company understands and agrees that City's applications for funding may include references to this MOU and/or Company and its relationship to the Project and that the Company's relationship to the Project must necessarily be disclosed (verbally as well as in writing) to various individuals in order to attempt to secure funding, as well as to engineers, architects, contractors, attorneys, consultants, City personnel and others

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involved in the Project. Subject to the foregoing and except as otherwise provided by the provisions of any applicable law, order, rule or regulation, City agrees that it will not make any use of the corporate or trade name of Company or its affiliates or any of its or their trademarks or logos in connection with any advertising, promotion, publicity or other printed material without the written consent of an officer of Company and that the City will make reasonable efforts not to publicly disclose or describe the Company's relationship to the Project without the prior written consent of an officer of the Company. For the avoidance of doubt, press releases regarding this MOU must be mutually agreed to in advance of release.

IN WITNESS HEREOF, the parties have executed this MOU as of the date first written above.

COMPANY:

VT MOBILE AEROSPACE
ENGINEERING, INC.

CITY:

CITY OF PENSACOLA, FLORIDA

By:



Its:

President

By:



Ashton J. Hayward, III
Mayor, City of Pensacola

MEMORANDUM OF UNDERSTANDING

VT MOBILE AEROSPACE ENGINEERING, INC

AND

CITY OF PENSACOLA, FLORIDA

EXHIBITS

Exhibit A

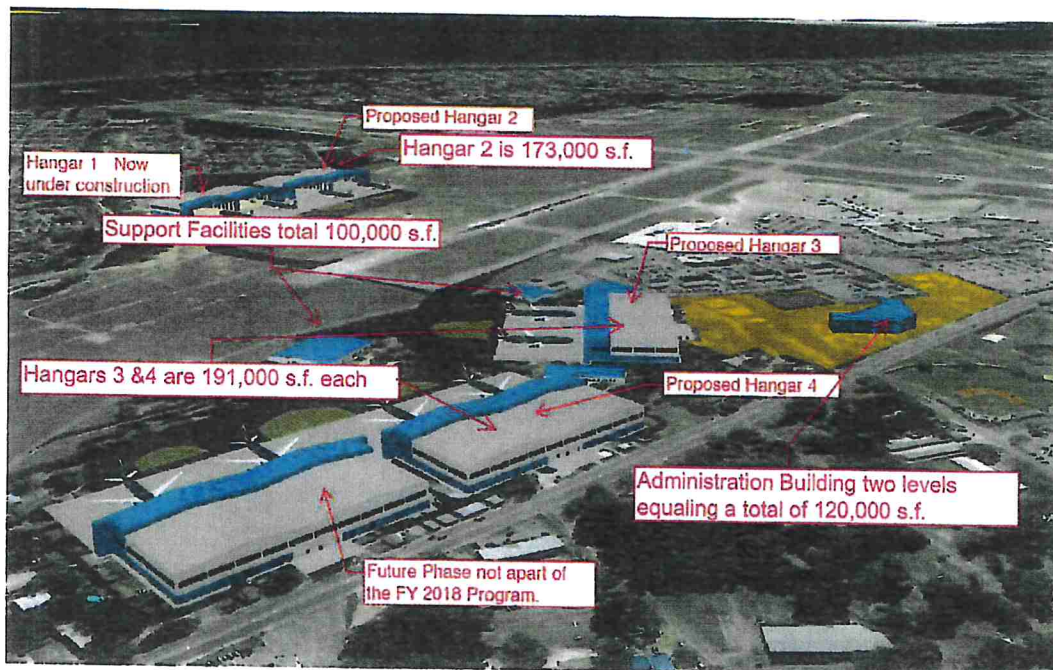


Exhibit B
Pensacola International Airport
Construction of MRO Facilities and Associated Buildings - Fact Sheet

PROJECT: Construction of three MRO Hangar Facilities and construction of related Office, Shop and Material Handling buildings.

OWNER: City of Pensacola – Pensacola International Airport

TARGET USER: VT Mobile Aerospace Engineering

BACKGROUND: VT MAE has an existing 30-year lease with the City of Pensacola to operate its MRO activities in Hangar 1, a 173,000-square foot facility that is currently under construction and scheduled for completion in Spring 2018. Based on input from VT leadership, they would like to significantly expand their business presence in Pensacola beyond Hangar 1. The project described below represents a significant expansion of their MRO business activities in Pensacola.

Scope: Construct Three Aircraft Maintenance Hangars, and related structures and Administration Building

- 3-aircraft hangars - 555,000 s.f. (Hangars 2, 3 & 4)
- Situated on 53+/- Acres of Airport land
- Associated aircraft parking apron
- Airside/landside ingress and egress – aircraft/cars
- Accommodates up to a B-777 aircraft
- Office, Shops and Material Handling – 100,000 s.f.
- Administration Building – 120,000 s.f.
- Projected Cost \$200 million

New Jobs

- New jobs in Florida range from 1,200+ full time jobs
- Average annual compensation is projected to be \$45,000 per job
- Annual direct payroll projected to be \$51.8 to \$58.5 million without regard to other direct and indirect economic impacts such as construction payrolls, demand for housing, goods, and services and sales and ad valorem taxes



Potential Sources of Funding

- Florida Job Growth Fund
- State of Florida/FDOT
- Local - City
- VT MAE
- Triumph Fund
- Other funding sources

Schedule

- Project Hangar 1: March 2018
- Completion of Hangar 2: Fall 2020
- Completion of Hangar 3, 4 & support facilities 2021-2022

Exhibit C
Typical Hangar Layout

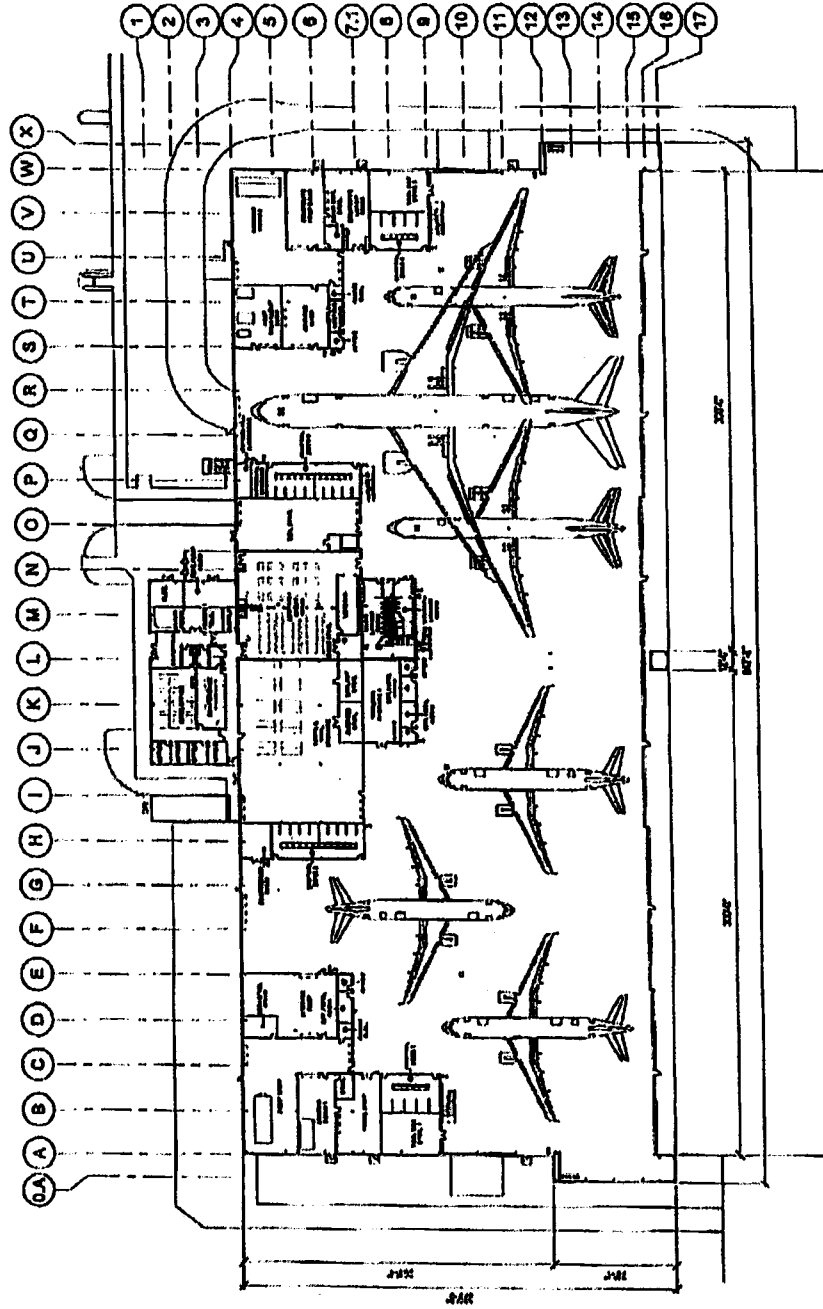


Exhibit D

**VTMAE Development Program
Potential Program Expense
Pensacola International Airport**

Facility	Occupancy	Square Feet	Pro Forma Cost Per S.F.*	Potential Total Funding Requirement
Hangar 2	2020	173,000	\$ 283	\$ 49,000,000
Hangar 3	2021	191,000	288	55,000,000
Hangar 4	2022	191,000	288	55,000,000
Shops/Warehousing/Support	2022	100,000	170	17,000,000
Administrative Building	2022	120,000	200	24,000,000
Total		775,000		200,000,000
* Escalated 3.5% per year from Phase 1				
Source: City of Pensacola				

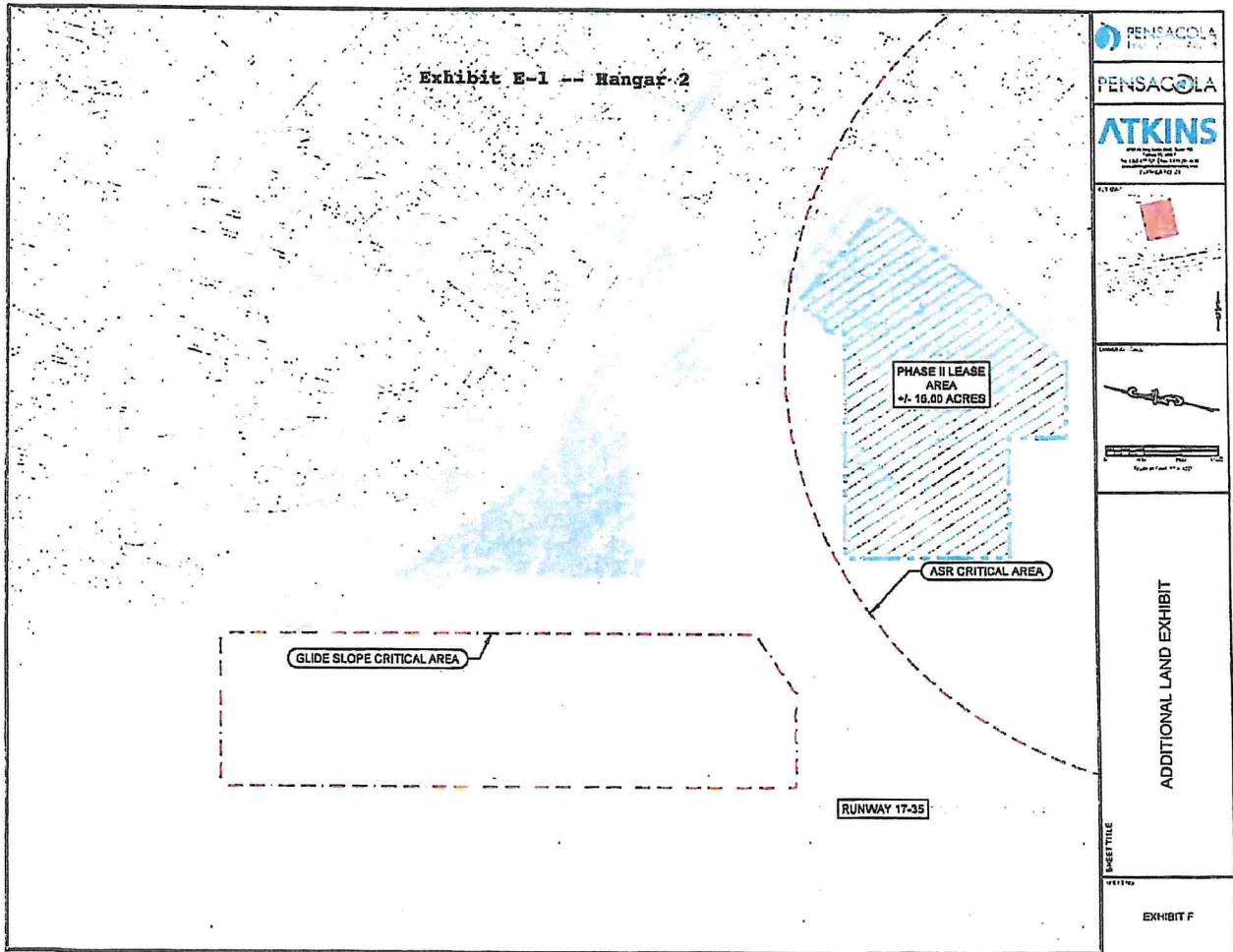


Exhibit E-2 – Hangars 3 and 4

Leased Area to be determined.



Hangars 3 and 4 are to be 191,000 Square Feet in size as of the date of this Memorandum of Understanding.

Exhibit F
Proposed Development Schedule
Pensacola Commercial Aviation Campus
Pensacola International Airport
For State of Florida Fiscal Years ending June 30

Task	2018					2019					2020					2021					2022									
	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J
<u>Hangar No. 2*</u>																														
Plans/Specification/Bidding																														
Construction																														
<u>Prerequisites for Hangar 3, 4, Support Facilities & Headquarters</u>																														
Environmental Assessment																														
Plans/Specification/Bidding																														
<u>Hangar No. 3* Construction</u>																														
<u>Hangar No. 4* Construction</u>																														
<u>Warehousing/Shops Construction</u>																														
<u>Headquarters</u>																														

* Notes:

1. Hangars is substantially the same in design and finish as Hangar No. 1 – currently under construction.
2. Hangars 3 and 4 are 191,000 square feet to accommodate anticipated new service lines and create maximum flexibility of facility use.
3. Leases for each project element are executed prior to the construction start dates shown.
4. There are no extraordinary Airport infrastructure or facility mitigation required.
5. The schedule assumes that there are no labor or material shortages due to market disruption from major storms during the construction period.

March 15, 2018

The Honorable Ashton J. Hayward III
Mayor, City of Pensacola
222 West Main Street
Pensacola, Florida 32502

Re: Development of Commercial Aircraft Maintenance, Repair and Overhaul
(MRO) Campus at Pensacola International Airport - Project Titan

Dear *Mayor Hayward,*

As you know, the City of Pensacola (City) and VT Mobile Aerospace Engineering, Inc. (Company) have previously come to agreement on the terms of a Memorandum of Understanding (MOU) that outlines a general working arrangement for proceeding with the development of an MRO Campus (Project) at Pensacola International Airport. As envisioned, the campus would include three new MRO hangars, an administrative office building and a warehouse and shop space. The anticipated construction cost is \$200 million to be incurred over an approximate 5-year period. We are aligned with the City's strategic vision to create a nationally recognized MRO service center of excellence that will achieve critical mass in attracting clients for MRO services.

Over the last several months, City and Company has had several substantive discussions to narrow the scope of the business requirements, and we continue to have substantive discussions to determine and concur on a framework for proceeding toward a final definitive agreement.

We acknowledge that a requirement for the Project to advance is the ability of the City to obtain funding for the entire Project. We understand the grant funding sources and amounts currently being sought by the City include the following:

- | | |
|-----------------------------|---------------|
| • Triumph Gulf Coast, Inc. | \$130 Million |
| • State of Florida/FDOT/DEO | \$25 Million |
| • Local Funds | \$10 Million |

If the City is successful in obtaining the above funds, a total of \$165 million of the total \$200 million required for the Project will have been committed.

To advance this Project and to demonstrate our financial support, Company commits to make a co-investment of up to \$35 million toward the cost of the Project. This financial commitment may take the form of a cash contribution, special purpose financing where the Company is solely and ultimately responsible, or a combination thereof, subject to final board approval. The Company's financial commitment is contingent upon the City's ability to obtain grant funding sufficient in amount to pay for the balance of costs associated with the Project and the execution of a final Development Agreement that defines the legal rights and responsibilities between the parties regarding the entire Project. Once these conditions are met, Company will deposit funds into an escrow account, the terms of which will be negotiated between the parties.

Notwithstanding our financial commitment herein, we recognize that there are many other business terms to be negotiated in good faith between the parties and we look forward to discussing those in the near future. Ultimately we believe these issues will be resolved through the Development Agreement or the Real Property leases.

We look forward to continuing and expanding our relationship with the City and others in Northwest Florida on this exciting and transformational project.

Yours truly,



Stephen Lim
Executive Director



Office of the President
11000 University Parkway
Pensacola, FL 32514-5750

March 12, 2018

The Honorable Ashton Hayward
City of Pensacola
222 West Main Street
Pensacola, FL 32502

Dear Mayor Hayward:

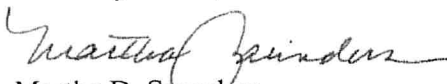
I am pleased to provide this letter of support for the City of Pensacola's application to the Triumph Gulf Coast Inc. for the Commercial Aircraft Maintenance, Repair and Overhaul campus (MRO), as this project promises to impact the international deficit of qualified and well-trained airplane mechanics while bringing positive economic changes to our community.

Our region will be significantly impacted by this project as it is planned to provide 4,725 direct and indirect jobs that create \$400 million in annual personal income. A project of this magnitude will also provide for generational change as more of our citizens become trained in airplane mechanics and similar programs not currently at the forefront of our economy. I also believe that your excellent relationship with VT Aerospace Engineering provides viability and sustainability for the request.

The University of West Florida looks forward to collaborating with you, VT Aerospace and the City to provide qualified employees who can take advantage of the many opportunities that this project will make available including our business, accounting, marketing, engineering and computer graduates. As President, I am always working to provide more opportunities for our students in the areas of internships, co-ops and jobs after graduation, and the MRO will do just that. I congratulate you on this exciting project and wholeheartedly support your application.

Please do not hesitate to contact me should you have any questions.

Sincerely Yours,


Martha D. Saunders
President