

DRAFT 6/4/2018

FOR DISCUSSION PURPOSES ONLY

TERM SHEET
FOR
GRANT AWARD CONTRACT
BETWEEN
TRIUMPH GULF COAST, INC.
AND
ESCAMBIA COUNTY SCHOOL DISTRICT

This Term Sheet summarizes the basic terms upon which Triumph Gulf Coast, Inc. (“Triumph”) is considering awarding a grant to the Escambia County School District (the “District”) under the Triumph Gulf Coast Trust Fund. This Term Sheet is intended for discussion and negotiation purposes only and (a) does not constitute a grant, or an approval of a grant, by Triumph to the District, and (b) does not create any binding obligations on Triumph or the District with respect to (i) any grant, (ii) any approval of a grant, or (iii) engaging in any further discussions or negotiations with respect to a grant. Any binding agreement between Triumph and the District with respect to any grant must be contained in a definitive grant award agreement (the “Agreement”), approved by the Board of Directors of Triumph and the Superintendent of the District on behalf of the District and executed by Triumph and the Superintendent of the District on behalf of the District. At any time prior to such execution of the Agreement, either Triumph or the District may terminate negotiations, and upon such termination, neither party shall have any liabilities or obligations to the other.

GRANT AMOUNT: \$3,012,709

PURPOSE: To provide partial funding for the following projects (collectively, the “Project”) relating to training programs in cybersecurity, advanced manufacturing, aviation maintenance, and, in conjunction with Pensacola State College, programs in IT, middle school summer STEM topics, and commercial driver training: (i) the purchase of equipment, (ii) faculty salary and benefits, (iii) professional services, (iv) design and construction of classrooms and facilities, (v) teacher training/tuition/travel. (vi)

instructional materials, (vii) supplies, and (viii) miscellaneous other expenses such as transportation and related expenses for field trips, and industry certification vouchers, all as further described in the District's Application for Funds submitted to Triumph on March 23, 2018, as amended and supplemented on April 9, 2018.

FUNDING:

The grant shall be disbursed as follows:

1. Beginning August 1, 2018, or as soon as possible after August 1, 2018, the District will request the following grant disbursements:
 - A. One-hundred percent (100%) of awarded funding for budgeted expenditures for the Equipment (Over and Under \$1,000) and Facilities categories for the total 3-Year Budget Plan (\$1,093,555.88) found as Appendix A.
 - B. One-hundred percent (100%) of awarded annual funding for budgeted expenditures in the Salary, Extra Pay and Fringe Benefits; Professional Services; and Teacher Training/Tuition Travel categories for Year 1 of the 3-Year Budget Plan found as Appendix A (\$476,191.12).
2. On July 1, 2019, one-hundred percent (100%) of awarded annual funding for budgeted expenditures in the Salary, Extra Pay and Fringe Benefits; Professional Services; and Teacher Training/Tuition Travel categories for Year 2 in the 3-Year Budget Plan found as Appendix A (\$493,671.52).
3. On July 1, 2020, one-hundred percent (100%) of awarded annual funding for budgeted expenditures in the Salary, Extra Pay and Fringe Benefits; Professional Services; and Teacher Training/Tuition Travel categories for Year 3 in the 3-Year Budget Plan found as Appendix A (\$516,476.12).
4. Beginning August 1, 2018 or as soon as possible after August 1, 2018, and on each July 1 during each remaining funding year within the awarded 3-Year Budget Plan (Appendix A), the District will request a grant disbursement in the amount of fifty percent (50%) of the funding for budgeted expenditures in the Instructional Materials, Supplies, and Other categories the year requested (Year 1 = \$89,635.75, Year 2 = \$69,635.75, Year 3 = \$57,135.75).
5. Beginning January 1, 2019 and on each January 1 during each remaining funding year within the awarded 3-Year Budget Plan (Appendix A), the District will request a grant disbursement of fifty percent (50%) of the remaining funding for budgeted expenditures in the Instructional Materials, Supplies, and Other categories the year requested. (Year 1 = \$89,635.75, Year 2 = \$69,635.75, Year 3 = \$57,135.75).

The disbursement described in Item 1(A) above (the “Equipment Disbursement”) shall be used solely to purchase the Equipment described in Appendix A. Prior to making the Equipment Disbursement, Triumph shall have received from the District copies of quotes, proposals, or other documentation evidencing the Equipment that will be purchased with the Equipment Disbursement. Triumph shall disburse an amount equal to the lesser of (i) the quoted cost of the Equipment, or (ii) \$1,093,555.88. Within sixty (60) days after purchase of the Equipment & Facilities Items, the District shall deliver to Triumph copies of receipts and proof of payment. None of the Equipment Disbursement shall be used as a reimbursement of items purchased by the District prior to the date of the Agreement.

With respect to the disbursements described in Items 1(B), and 2-5 above, Triumph shall have thirty (30) days following receipt of the request to disburse the funds to the District.

Triumph will honor requests for disbursement to the District; however, Triumph may elect by notice in writing not to make a disbursement payment if, among other things:

- (a) There is missing or incomplete documentation;
- (b) The request for disbursement seeks disbursement for more than the amounts actually paid;
- (c) The amount requested for disbursement under the request for disbursement, together with all amounts previously disbursed under the grant, would exceed the \$3,012,709 maximum amount of the grant;
- (d) The District made a misrepresentation or omission of a material nature in the grant application, or any supplement or amendment to the grant application, or with respect to any document or data furnished to Triumph;
- (e) There is any pending litigation with respect to the performance by the District of any of its duties or obligations which may jeopardize or adversely affect the Project, the Agreement, or the disbursement of the grant;
- (f) The District has taken any action pertaining to the Project which requires the approval of Triumph, and the District failed to obtain such approval;
- (g) There has been a violation of the prohibited interests (conflicts of interests) provisions the Agreement;
- (h) The District is in violation, default, or breach of or under any provision of the Agreement;
- (i) The District is in breach of any representation or warranty contained in the Agreement;

(j) Any federal, state, or local agency providing financial assistance to the Project (including the District) has revoked, suspended, or terminated that financial assistance to the Project, including, but not limited to, the matching amount stated in the Grant Application;

(k) The District has abandoned or, before completion, discontinued the Project, or for any reason the commencement, prosecution, or timely completion of the Project by the District will be rendered improbable, infeasible, impossible, or illegal; or

(l) All or any portion of the requested disbursement includes costs that are not shown or contemplated under the budget for the Project.

ELIGIBLE COSTS/
DOCUMENT-
ATION:

The District shall seek disbursement only for costs of the items as shown or contemplated under the budget attached to the Agreement (the Appendix A). When an expenditure exceeds the original budget amount (in Appendix A) by greater than ten percent (10%), a Triumph-approved budget amendment shall be required prior to the purchase. If the purchase price difference does not exceed ten percent (10%) of the original budget amount, no Triumph budget amendment shall be required, and the purchase may be made using a District, internal transfer of funds from another budgeted project component. All amounts paid by the District with respect to the Project shall be supported by properly executed payrolls, time records, invoices, receipts, contracts, or vouchers evidencing in proper detail the nature and propriety of the charges. Any check or order drawn by the District with respect to any item which is or will be chargeable against the Project account (as defined below) will be drawn only in accordance with a properly signed voucher then on file in the office of the District stating in proper detail the purpose for which such check or order is drawn. All checks, payrolls, invoices, receipts, contracts, vouchers, orders, or other accounting documents pertaining in whole or in part to the Project shall be clearly identified, readily accessible, and, to the extent feasible, kept separate and apart from all other such documents.

MAINTENANCE
OF RECORDS:

The District shall establish separate accounts to be maintained within its existing accounting system or establish independent accounts (the "Project account"). Records of costs incurred shall be maintained in the Project account and made available upon request to Triumph at all times during the period of the Agreement and for five (5) years after final grant payment is made. Copies of these documents and records shall be furnished to Triumph upon request. Records of costs incurred include the District's general

accounting records and the Project records, together with supporting documents and records, of the District and all sub-recipients performing work on the Project and all other records of the District and sub-recipients considered necessary by Triumph for a proper audit of costs. If any litigation, claim, or audit is started before the expiration of the five (5) year period, the records shall be retained until all litigation, claims, or audit findings involving the records have been resolved.

AUDITS: The grant shall be subject to audits and/or monitoring by Triumph. In addition, the District shall submit an annual report to Triumph in or about August of each year reporting on the progress of the Project and the achievement of the forecasted number of certifications. Such annual report shall include copies of the District's audited financial statements and substantiation of expenditures using grant funds.

**TERMINATION
OR SUSPENSION
OF PROJECT:**

If the District abandons or, before completion, finally discontinues the Project; or for any other reason, the commencement, prosecution, or timely completion of the Project by the District is rendered improbable, infeasible, impossible, or illegal, Triumph will, by written notice to the District, suspend any or all of its obligations under the Agreement until such time as the event or condition resulting in such suspension has ceased or been corrected, or Triumph may terminate any or all of its obligations under the Agreement. Upon receipt of any final termination or suspension notice, the District shall upon demand by Triumph remit to Triumph all or a portion of the grant previously received.

**APPROVAL OF
CONTRACTS/
COMPLIANCE
WITH LAWS:**

Triumph shall have the right to review and approve any and all third party contracts with respect to the Project before the District executes or obligates itself in any manner requiring the disbursement of Triumph funds, including consultant, engineering, and purchase of commodities contracts or amendments thereto. The District shall also comply with all applicable laws regarding public records, third party contracts, labor laws, civil rights laws, and environmental laws.

INSURANCE: At all times during the term of the Agreement, the District shall keep and maintain casualty insurance on the Equipment and Facilities (as defined in

Appendix A), the cost of which was in whole or in part was paid using Triumph grant funds.

CLAWBACK:

Any grant funds disbursed by Triumph to the District shall be subject in being repaid (“clawed back”) in the event (i) the District made any materially false certification or representation to Triumph in connection with its application for the grant, under the Agreement, and/or in connection with any request for reimbursement, and/or (ii) the District breached, violated, or is in any way in default under any of its obligations under the Agreement, and/or (iii) subject to agreed upon provisions in a formal Grant Award Agreement, the District fails to achieve at least one (1) of the following performance metrics: (1) for the 2021-2022 school year, there shall have been issued at least 210 K-5 STEM certificates, 70 Middle School IT certificates, 20 High School Aircraft Assembly certificates, 20 High School Manufacturing Skill Standards Council certificates, 100 High School cybersecurity-related CAPE Industry certificates, 50 Post-Secondary Airframe and Powerplant certificates, 30 Post-Secondary High School cybersecurity related CAPE Industry certificates, and 25 Post-Secondary Commercial Truck Driver certificates; or (2) that between the beginning of the 2018-19 school year and the end of the 2021-22 school year, at least seventy percent (70%) of those enrolled in a certification program actually obtain a certificate; or (3) based on State of Florida datasets on wages paid to individuals (adjusted for regional cost of living differences), between the beginning of the 2018-19 school year and the end of the 2021-22 school year with respect to those students that have graduated from the post-secondary program and for whom employment wage data is available from the State of Florida, one year after certification, or within three (3) months after data becomes available with the Department of Education, at least one-half of the students, shall have wages (appropriately de-identified) equal to or greater than the average entry-level wage for that occupation in this geographic area as identified by CareerSource Florida or a similar source approved for this purpose by Triumph. Triumph shall have the discretion to waive, reduce, extend, or defer any amounts due under the claw back provisions if (i) it determines in its sole and absolute discretion that, based on quantitative evidence, the metrics were not achieved due to negative economic conditions beyond the District’s control, (ii) it determines in its sole and absolute discretion that the District made a good faith effort to achieve full performance metrics and its failure to fully achieve the metrics does not substantially frustrate the general purpose of the grant, or (iii) it determines in its sole and absolute discretion that, based on quantitative evidence, the effects of a named hurricane or tropical storm, or specific acts of terrorism, adversely affected the District’s ability to achieve the metrics.

OTHER TERMS

AND

CONDITIONS: The Agreement shall contain such other terms and conditions as required by Triumph and its counsel.

By signing below, the parties are indicating a willingness to proceed with having a draft grant award Agreement prepared on substantially the terms set forth herein. However, as indicated above, this Term Sheet is merely intended for discussion and negotiation purposes only and (a) does not constitute a grant, or an approval of a grant, by Triumph to the District, and (b) does not create any binding obligations on Triumph or the District with respect to (i) any grant, (ii) any approval of a grant, or (iii) engaging in any further discussions or negotiations with respect to a grant. Any binding agreement between Triumph and the District with respect to any grant must be contained in a definitive grant award Agreement, approved by the Board of Directors of Triumph and the District and executed by Triumph and the Superintendent on behalf of District. At any time prior to such execution of the Agreement either Triumph or the District may terminate negotiations, and upon such termination neither party shall have any liabilities or obligations to the other.

Dated: _____, 2018

Triumph Gulf Coast, Inc.

By: _____

Name: _____

Title: _____

Escambia County School District

By: _____

Name: Malcolm Thomas

Title: Superintendent