

TERM SHEET
FOR
CLAWBACK GUARANTY AGREEMENT
BETWEEN
TRIUMPH GULF COAST, INC.
AND
VT MOBILE AEROSPACE ENGINEERING, INC.

This Term Sheet summarizes the basic terms upon which VT Mobile Aerospace Engineering, Inc. ("VT") would agree to guaranty certain "clawback" obligations related to a proposed \$56,000,000 grant award (the "Grant") by Triumph Gulf Coast, Inc. ("Triumph") to the City of Pensacola (the "City") under the Triumph Gulf Coast Trust Fund. This Term Sheet is intended for discussion and negotiation purposes only and does not create any binding obligations on Triumph or VT with respect to (i) any guaranty, or (ii) engaging in any further discussions or negotiations with respect to a guaranty. Any binding agreement between Triumph and VT with respect to any guaranty must be contained in a definitive written guaranty agreement ("Guaranty"), approved by the Board of Directors of Triumph and by VT and executed by Triumph and VT. At any time prior to such execution of a Guaranty, either Triumph or VT may terminate negotiations, and upon such termination, neither party shall have any liabilities or obligations to the other.

PROJECT AND GRANT:	<p>The proposed Grant to the City is to provide partial funding for the planning and construction of an aircraft Maintenance, Repair, Overhaul Aviation Campus (MRO Campus) consisting of following projects (collectively, "Project Titan") at Pensacola International Airport:</p> <ul style="list-style-type: none">• Hangar 2 – 173,000 square feet• Hangar 3 – 191,000 square feet• Hangar 4 – 191,000 square feet• Warehouses/shops/support facilities – 100,000 square feet• Administrative Offices – 120,000 square feet• Aircraft taxiways accessing the hangar aprons• Aircraft aprons at the hangars• Automobile ingress and egress roadways and auto parking
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CLAWBACK:

The Guaranty will contain a clawback provision that provides for the following:

(a) In order for VT to avoid imposition of clawbacks as further set forth below, VT must meet the conditions below:

(1) (A) Tier 1 Jobs: Prior to the end of the Job Maintenance Review Period for Tier 1 Jobs (as defined below), creation of at least nine hundred ninety four (994) [75% of 1,325] net new, private sector, full-time equivalent jobs (defined as 2,080 hours per year) in Escambia County and maintenance of each of those jobs for at least three (3) years from the date of their creation. The new jobs required herein are referred to as "Project Jobs." As used herein, "Project Jobs" shall have the meaning set forth in Section 288.106(2)(i), Florida Statutes. In order for a Project Job under this paragraph (A) to have been created and maintained for three 3 years, it must have been created no later than three (3) years after the Date of Beneficial Occupancy of Hangar 4 of Project Titan, and maintained for at least three years after creation. Such period is herein referred to as the "Job Maintenance Review Period for Tier 1 Jobs."

(B) Tier 2 Jobs: Creation of at least three hundred thirty one (331) [25% of 1,325] additional net new, private sector, full-time equivalent jobs in Escambia County and maintenance of each of those jobs during any three (3) years (which three years need not be consecutive) during the period beginning upon the termination of the Job Maintenance Review Period for Tier 1 Jobs and ending four (4) years thereafter. Such period is herein referred to as the "Job Maintenance Review Period for Tier 2 Jobs." The new jobs required herein are referred to as "Project Jobs." As used herein, "Project Jobs" shall have the meaning set forth in Section 288.106(2)(i), Florida Statutes. Only Project Jobs in excess of a base of nine hundred ninety four (994) Project Jobs in any year during the Job Maintenance Review Period for Tier 2 Jobs may be used to meet the requirements of this paragraph (B). However, Project Jobs created and maintained for at least a year during the Job Maintenance Review Period for Tier 1 Jobs which are in excess of those required to meet the requirements of paragraph (A) above may be applied in any year and used to meet the requirements of this paragraph (B). Further, Project Jobs created and maintained for at least a year during the Job Maintenance Period for Tier 2 Jobs

	<p>which are in excess of a base of nine hundred ninety four (994) Project Jobs for such year may be applied in any year and used to meet the requirements of this paragraph (B).</p> <p>(C) Once 1,325 Project Jobs have been created in Escambia County and maintained in accordance with paragraphs (a)(1) (A) and (a)(1)(B) above, the jobs creation requirements of the Contract shall be considered satisfied and the Grant Performance Completion Date (hereinafter defined) shall be deemed to have occurred. As a start-up project, the Project will not have a "Base Period" for the calculation of Project Jobs. No Project Jobs may be transferred by VT from other parts of the State of Florida in fulfillment the jobs creation requirements described herein.</p> <p>(2) The average annual wage of Project Jobs, to be created and maintained hereunder as specified in Paragraph (a) above, will be at least \$44,461, excluding benefits, for each year during the term of the Contract. <i>Unless otherwise indicated, compliance with this paragraph (2) shall be required in establishing compliance with the requirements for "maintaining" or "maintenance" of Project Jobs hereunder.</i></p> <p>(3) The "Grant Performance Completion Date" shall be the later of (a) the date on which the entirety of the Grant has been disbursed as described herein; or (b) the date on which VT shall have established as required herein that it has satisfied each requirement of this Paragraph (a).</p> <p>(b) [Intentionally Omitted]</p> <p>(c) Upon VT's failure to timely satisfy the foregoing performance metrics in paragraph (a) above, VT will be required to repay to Triumph an amount equal to all amounts of the Grant disbursed as of the date of termination, together with interest thereon at a rate per annum determined as set forth in Paragraph (h) below from the date of termination until the applicable Grant is repaid. VT will be given credit against its repayment obligations in the amount of \$42,264.15 [$\\$56,000,000 / 1,325$] for each Project Job created and maintained for three years in accordance with the requirements of the Contract and for any repayments that have been previously required.</p> <p>(d) For any year during the Job Maintenance Review Period for Tier 1 Jobs that the average number of Project Jobs falls below 795 [80% of 994; 994 being 75% of 1,325], then VT shall repay an amount equal to one-fifth (1/5) of the Grant, together with interest thereon at a rate per annum determined as set forth in</p>
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	<p>Paragraph (h) below from the date noncompliance is established until the applicable portion of the Grant is repaid.</p> <p>(e)(1) For any year during the Job Maintenance Review Period for Tier 1 Jobs, that the average number of Project Jobs is between 795 and 993, then VT shall repay an amount calculated based on the following formula: the difference between 994 and the average number of Project Jobs for the applicable year multiplied by \$42,264.15, together with interest thereon at a rate per annum determined as set forth in Paragraph (h) below from the date noncompliance is established until the applicable portion of the Grant is repaid.</p> <p>(e)(2) In the event that at the end of the Job Maintenance Review Period for Tier 2 Jobs VT has failed to achieve the creation and maintenance of 331 [25% of 1,325] additional Project Jobs in accordance with Paragraph (a)(1)(B) above during at least three years during the Job Maintenance Review Period for Tier 2 (which three years need not be consecutive), then VT shall repay an amount calculated based on the following formula: the number of Project Jobs by which VT failed to comply with Paragraph (a)(1)(B) multiplied by \$42,264.15.</p> <p>(f) If during the Job Maintenance Review Period for Tier 1 Jobs VT fails to achieve the creation and maintenance of 994 Project Jobs, then VT will submit for approval of Triumph a plan to return to compliance with the jobs creation and maintenance schedule (the "Compliance Plan"). Such plan will include dated benchmarks. The benchmarks for the creation and maintenance of Project Jobs set forth in any compliance schedule will be used to determine compliance with the requirements of Paragraphs (d) and (e) above. In the event VT fails to comply with the benchmarks in the Compliance Plan within one (1) year of its institution, VT shall be required to repay the Grant as described in Paragraph (c) above.</p> <p>(g) If the Grant Performance Completion Date has not occurred by the end of the Job Maintenance Review Period for Tier 2 Jobs (or such later date as may be agreed upon in the Compliance Plan described in paragraph (f) above), then VT shall be required to repay the Grant as described in Paragraph (c) above.</p> <p>(h) The interest rate per annum shall be determined by the annualized interest rate received by the State on funds in the State's Special Purpose Investment Account in January of the year in which the performance standard was not met by VT. This rate is published online at</p>
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	<p>http://fttreasury.org. Additionally, the same interest penalty may be imposed for any period for which the required performance report is overdue, or during which period VT, after being notified in writing of any inadequacies in the performance report and/or the supporting documentation and being provided a 30-day period, or such longer period as contemplated by Paragraph (a) above, to cure any such inadequacies, has failed to correct the specified inadequacies.</p> <p>(i) The amount of any payment made by VT pursuant to Paragraph (d) and (e) shall be reduced by the amount, if any, of any prior recapture payments made by VT in prior years. The amount required to be repaid pursuant to this Paragraph shall never exceed the value of the total Grant plus interest as determined in Paragraph (h) above.</p> <p>(j) Any required undisputed repayment, together with interest thereon, is due to Triumph within thirty (30) days of receipt of written notice from Triumph.</p> <p>(k) Triumph, or its designated agent, may conduct on site visits of the Project facilities to verify VT's investment, employment and wage records and VT will provide access to its facility during normal business working hours and to its financial records to accommodate such inspections. Triumph or its designated agent must provide VT notice of at least ten (10) business days before an impending on-site visit. All payments under this provision will be made by VT directly to Triumph.</p> <p>If during the Measurement Period there occurs (i) a United States recession as determined by the National Bureau of Economic Research (NBER) or (ii) significant damage to Facilities (more than fifty (50%) destroyed) due to one or more Force Majeure events that materially and adversely affect VT's business and its ability to comply with the Minimum Jobs Level, VT may exercise a one-time election to extend the Measurement Period by twenty four months without repayment penalty.</p> <p>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 City's control, including but not limited to VT's inability to hire sufficient qualified workers, (ii) it determines in its sole and absolute discretion that the City and VT made a good faith effort to achieve full performance metrics and its failure</p>
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	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 City's and/or VT's ability to achieve the metrics.
TRAINING OF QUALIFIED WORKFORCE	As soon as practicable following the execution of the grant agreement with the City, Triumph and VT will develop a Memorandum of Understanding to jointly fund the establishment of an Aerospace Academy to train a qualified workforce for the aerospace and aviation industry in Northwest Florida. Such an academy may be operated by a public school district, institution of higher education, charter school, or other qualified provider eligible to apply for funding from Triumph.
ASSIGNMENT OF GUARANTY	Upon the corporate dissolution of Triumph, Triumph shall have the right to assign its rights and obligations under the Guaranty to any person or entity.
ATTORNEYS FEES	The Guaranty shall have a prevailing party attorneys' fees clause.
OTHER TERMS AND CONDITIONS:	The Guaranty shall contain such other terms and conditions as required by Triumph and VT and their respective counsel.

By signing below, the parties are indicating a willingness to proceed with having a draft Guaranty 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 does not create any binding obligations on Triumph or VT with respect to (i) any guaranty, or (ii) engaging in any further discussions or negotiations with respect to a guaranty. Any binding agreement between Triumph and VT with respect to any guaranty must be contained in a definitive written Guaranty agreement approved by the Board of Directors of Triumph and by VT and executed by Triumph and VT. At any time prior to such execution of a Guaranty, either Triumph or VT may terminate negotiations, and upon such termination, neither party shall have any liabilities or obligations to the other.

Dated: October 30, 2018

Triumph Gulf Coast, Inc.
a Florida not-for-profit
corporation

By: 
Name: Don Gaetz
Title: Chairman

VT Mobile Aerospace Engineering, Inc.

By: _____
Name: _____
Title: _____

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Dated: October____, 2018

Triumph Gulf Coast, Inc.
a Florida not-for-profit
corporation

VT Mobile Aerospace Engineering, Inc.

By:

Name: Don Gaetz

Title: Chairman

By:

Name: Stephen Lim

Title: Executive Director