

SUMMARY
OF
GRANT AWARD AGREEMENT
BETWEEN
TRIUMPH GULF COAST, INC.
AND
CITY OF PENSACOLA
(Project #120)

This summarizes the basic terms of a grant award agreement (the “**Agreement**”) that has been negotiated between the staffs of Triumph Gulf Coast, Inc. (“**Triumph**”) and the City of Pensacola (the “**City**”) under the Triumph Gulf Coast Trust Fund. This summary is intended for notice purposes only and (a) does not constitute a grant, or an approval of a grant, by Triumph to the City, and (b) does not create any binding obligations on Triumph or the City 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. The final terms and conditions of the grant (the “**Grant**”) will be contained in the definitive Grant Award Agreement (the “**Agreement**”) approved by the Board of Directors of Triumph and the City and executed by Triumph and the City. A copy of the full proposed Agreement is on the Triumph website under Meetings/Meeting Details.

GRANT AMOUNT: Sixty-Six Million Dollars (\$66,000,000).

PURPOSE: To provide partial funding for the planning and construction of the following projects collectively referred to herein as “**Project Titan**”:

- 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

all as further described in the City’s Application for Funds submitted to Triumph (the “**Grant Application**”).

GRANT

CONTINGENCIES:

1. The City's cash or other funding commitments for Project Titan must total not less than \$144,125,000, of which \$35,000,000 must be committed by VT Mobile Aerospace Engineering, Inc. ("**MRO Lessee**").
2. The City and a qualified construction manager at risk ("**CMAR**") must execute a guaranteed maximum price contract (the "**CMAR Contract**") within the Project Titan budget of \$210,125,000 no later than December 31, 2021.
3. MRO Lessee must execute in favor of Triumph and delivered to Triumph the written agreement (the "**MRO Performance Agreement**") attached as **Exhibit "B"** to the Agreement, pursuant to which MRO Lessee agrees to assume liability for payment of the clawback amounts associated with the performance metrics as set forth therein.
4. The City and MRO Lessee must execute, on or before July 1, 2019, (a) a development agreement (the "**MRO Development Agreement**") providing for the development and construction of Project Titan and (b) a lease agreement (the "**MRO Lease**") pursuant to which MRO Lessee leases Project Titan from the City for a term of not less than thirty (30) years, and which MRO Lease (i) obligates MRO Lessee to pay the clawback liability associated with the performance metrics, and (ii) provides that Triumph is designated a third-party beneficiary thereunder with rights to enforce the clawback liability provisions therein as if Triumph were a party to the MRO Lease.

FUNDING:

The Grant will be drawn down generally in accordance with the projected funding schedule attached as **Exhibit "C"** to the Agreement (the "**Funding Schedule**"). The parties acknowledge that the Funding Schedule may be updated and modified from time to time as the design and construction of Project Titan proceed, based on prudent financial management, the requirements and limitations of the various funding sources, and other considerations; provided that in no event shall the City exceed the limitations of clauses (3) and (4) below. The Grant shall be used only to pay a portion of the amounts due and owing from time to time by the City to the CMAR under and in accordance with the CMAR Contract. Not more than once per calendar month, the City shall submit an application for disbursement in the form of **Exhibit "D"** attached to the Agreement ("**Application for Disbursement**") for an amount not to exceed the amounts set forth in items (3) and (4) below with respect to the amounts then due and owing from time to time by the City to the CMAR under and

in accordance with the CMAR Contract, together with (i) documentation evidencing the extent of completion of each eligible element of Project Titan and the cost of each eligible element of Project Titan incurred to that point, together with an updated Funding Schedule, an updated contract construction schedule in a form reasonably acceptable to Triumph and the City, progress reports from the architect/engineer, and (if available) aerial photographs, (ii) documentation and invoices in detail sufficient for a proper pre-audit and post-audit thereof, including, but not limited to, records of the Project account described in Section 7.1 of the Agreement, and (iii) in order for Triumph to calculate compliance with the limitations set forth in items (3) and (4) below, documentation regarding the cumulative amounts paid and the amounts to be paid by other funding sources with respect to the amounts then due to the CMAR under the CMAR Contract. In addition to additional conditions set forth in Section 4.2 of the Agreement, Triumph's obligation to disburse Grant funds pursuant to an Application for Disbursement shall be subject to additional limitations:

- (1) Prior to the initial disbursement of any Grant funds, all applicable permits, development orders, concurrency certificates, and other governmental approvals (each, a "**Permit**") necessary for the construction of Hangar 3 shall have been obtained, and copies thereof shall have been provided to Triumph;
- (2) Prior to disbursement of Grant funds in excess of \$20,000,000, all Permits necessary for the construction of Hangar 4 shall have been obtained, and copies thereof shall have been provided to Triumph;
- (3) At any point in time prior to the completion of Project Titan, the cumulative amount disbursed by Triumph shall not exceed forty percent (40%) of the total cumulative amount disbursed for Project Titan by all funding sources (including Triumph) shown on the Funding Schedule; and
- (4) Upon completion of Project Titan, the cumulative amount disbursed by Triumph shall not exceed thirty one and 41/100th percent (31.41%) of the total cumulative amount disbursed for Project Titan by all funding sources including Triumph (i.e., \$66,000,000/ \$210,125,000). To the extent that, upon completion of Project Titan, Triumph has disbursed an amount in excess of thirty-one and 41/100th percent (31.41%) of the total cumulative amount disbursed for Project Titan by all funding sources including Triumph, the City shall upon demand by Triumph repay such excess.

CLAWBACKS AND
PERFORMANCE
METRICS:

If the City abandons or, before completion, finally discontinues Project Titan; or fails to complete a substantial portion of Project Titan; or for any other reason (other than *force majeure*), the commencement, prosecution, or timely completion of Project Titan by the City is rendered improbable, infeasible, impossible, or illegal, Triumph may, by written notice to the City, (i) suspend any further disbursements of the Grant and/or any or all of Triumph's other obligations under the Agreement until such time as the event or condition resulting in such abandonment, suspension, or discontinuation has ceased or been corrected, and/or (ii) revoke and terminate the Grant. If Triumph issues a final termination or revocation notice, then the City shall upon written demand by Triumph repay to Triumph all portions of the Grant theretofore disbursed to and received by the City.

In the event the City shall (i) have made any misrepresentation 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 with the Grant Application or pursuant to the Agreement, (ii) have breached a material representation or warranty made in the Agreement, and/or (iii) have breached, violated, or is in any way in default (other than by reason of *force majeure*), after the expiration of any notice and/or cure periods, under any of its material obligations under the Agreement, then the City shall upon written demand by Triumph repay to Triumph all portions of the Grant theretofore disbursed to and received by the City.

The MRO Performance Agreement contains the performance metrics and clawback obligations summarized below. Whether enforced through the MRO Performance Agreement, the MRO Development Agreement, or the MRO Lease, the MRO Lessee will be solely liable to Triumph for all such clawback payments under the MRO Performance Agreement, and such payments shall be made by the MRO Lessee directly to Triumph. The City shall (i) bear fifty percent (50%) of the reasonable cost of Triumph's attorneys' fees and costs incurred in connection with any enforcement actions of the clawback provision against MRO Lessee, whether such enforcement occurs under the MRO Performance Agreement or the MRO Lease; and (ii) cooperate in all reasonable respects with Triumph's efforts to enforce the clawbacks; provided that (a) Triumph shall provide to the City copies of invoices for such attorneys' fees and costs as and when received by Triumph, (b) Triumph shall provide to City copies of all documents, correspondence and pleadings related to such enforcement actions, unless such documents are subject to attorney-client privilege, and (c) Triumph shall, upon the City's request from time to time, provide to City verbal

briefings by Triumph and its attorneys concerning the status and progress of such enforcement actions.

Under the MRO Performance Agreement, MRO Lessee covenants and agrees as follows:

(1) (A) Tier 1 Jobs: During the Tier 1 Jobs Ramp-Up Period (as defined below), MRO Lessee shall hire and develop its workforce in order to achieve the performance metrics described herein. Prior to the end of the Job Maintenance Review Period for Tier 1 Jobs (as defined below), MRO Lessee shall (i) create at least nine hundred ninety four (994) [75% of 1,325] net new, private sector, full-time equivalent jobs (defined as 2,080 man-hours per year) for Project Titan in Escambia County (but excluding Project Stallion jobs until the number of Project Stallion jobs reaches 400); and (ii) maintain an annual average of 994 jobs for at least seven (7) years (which seven years need not be consecutive) during the ten (10) year period from the initiation of the Job Maintenance Review Period for Tier 1 Jobs. Such annual average jobs shall be calculated by dividing by seven (7) the highest aggregate number of jobs created in any period of seven years (which seven years need not be consecutive) during such ten-year period. 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. The "Tier 1 Jobs Ramp-Up Period" shall be for a period of time starting on the Date of Beneficial Occupancy of Hangar 4 of Project Titan and ending five (5) years thereafter. In order for a Project Job to have been maintained for seven (7) years in accordance with the terms of the MRO Performance Agreement, it must have been maintained for at least seven (7) years (which seven years need not be consecutive) out of the ten (10) year period after the Tier 1 Jobs Ramp-Up Period. Such ten-year period is herein referred to as the "**Job Maintenance Review Period for Tier 1 Jobs.**"

(B) Tier 2 Jobs: MRO Lessee shall (i) create at least three hundred thirty one (331) [25% of 1,325] additional net new, private sector, full-time equivalent jobs (defined as 2,080 man-hours per year) for Project Titan in Escambia County (but excluding Project Stallion jobs until the number of Project Stallion jobs reaches 400); and (ii) maintain an annual average of 331 jobs for at least seven (7) years (which seven years need not be consecutive) during the period beginning upon the termination of the Job Maintenance Review Period for Tier 1 Jobs and ending ten (10) years thereafter. Such ten-year period is herein referred to as the "**Job Maintenance Review Period for Tier 2 Jobs.**" Such annual average jobs shall be calculated by dividing by seven (7) the highest aggregate number of jobs created in any period of seven years (which seven years need not be consecutive) during such ten-year period. 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 Tier 1 Jobs Ramp-Up Period and 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 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).

(C) During the Tier 1 Jobs Ramp-Up Period, if in any year or years the Project Jobs exceed 1,325, then such year or years will count toward satisfaction of the jobs requirements of paragraphs (A) and (B) above. Also, if the average of the Project Jobs during the Tier 1 Jobs Ramp-Up Period equals or exceed 1,325 (i.e. 6,625 jobs/ 5 years), then all five years will count toward satisfaction of the jobs requirements of paragraphs (A) and (B) above.

(D) Once 1,325 Project Jobs have been created in Escambia County and maintained in accordance with paragraphs (A), (B) and (C) above, (i) the jobs creation requirements of the MRO Performance Agreement shall be considered satisfied; (ii) the Grant Performance Completion Date (hereinafter defined) shall be deemed to have occurred; and (iii) the MRO Performance Agreement shall be deemed to be terminated without any further action being required by the parties. As a start-up project, Project Titan will not have a “**Base Period**” for the calculation of Project Jobs. No Project Jobs may be transferred by MRO Lessee from other parts of the State of Florida in fulfillment the jobs creation requirements described herein.

(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 MRO Performance Agreement. 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.

(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 MRO Lessee shall have established as required herein that it has satisfied each requirement of this Paragraph (a).

(b) MRO Lessee acknowledges that the Agreement may be terminated by Triumph upon failure of MRO Lessee to comply with any material term or condition of the MRO Lease and/or the MRO Development Agreement to be performed or complied with by MRO Lessee that has not been cured within thirty (30) days of MRO Lessee’s receipt of written notice of default thereof, or a decision by MRO Lessee not to proceed with Project Titan. Notwithstanding the foregoing, a cure period shall be extended for an

appropriate period of time should such default arise beyond the reasonable control of MRO Lessee, provided that MRO Lessee is making diligent efforts to cure the default.

(c) MRO Lessee acknowledges that any termination under Paragraph (b) will result in the City's loss of eligibility for receipt of the Grant payments previously authorized. In addition, MRO Lessee will be required to pay 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. MRO Lessee will be given credit against its payment obligations in the amount of \$49,811.32 [$\$66,000,000 / 1,325$] for each Project Job created and maintained for three years in accordance with the requirements of the MRO Performance Agreement and for any payments that have been previously required.

(d) In the event that at the end of the Job Maintenance Review Period for Tier 1 Jobs MRO Lessee has failed to achieve the creation and maintenance of 994 [75% of 1,325] Project Jobs, on average annually, in accordance with Paragraph (A) or (C) above during at least seven years during the Job Maintenance Review Period for Tier 1 Jobs (which seven years need not be consecutive), then MRO Lessee shall pay to Triumph an amount calculated based on the following formula: the number of Project Jobs by which MRO Lessee failed to comply with Paragraph (A) multiplied by \$49,811.32.

(e) In the event that at the end of the Job Maintenance Review Period for Tier 2 Jobs MRO Lessee has failed to achieve the creation and maintenance of 331 [25% of 1,325] additional Project Jobs, on average annually, in accordance with Paragraph (B) or (C) above during at least seven years during the Job Maintenance Review Period for Tier 2 Jobs (which seven years need not be consecutive), then MRO Lessee shall pay to Triumph an amount calculated based on the following formula: the number of Project Jobs by which MRO Lessee failed to comply with Paragraph (B) multiplied by \$49,811.32.

(f) If during the Job Maintenance Review Period for Tier 1 Jobs MRO Lessee fails to achieve the creation and maintenance of 994 Project Jobs, then MRO Lessee 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 MRO Lessee fails to comply with the benchmarks in the Compliance Plan within one (1) year of its institution, MRO Lessee shall be required to pay the amounts described in Paragraph (b) above.

(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 MRO Lessee shall be required to pay the amounts described in Paragraph (c) above.

GRANT FUNDS: The City acknowledges and agrees that the funds for the Grant are not and shall not be deemed a general obligation of the State of Florida, nor is the Grant or this Agreement backed by the full faith and credit of the State of Florida. Subject to the satisfaction of the funding contingencies described above, \$56,000,000 of the Grant shall be available for disbursement as of the date of execution of this Agreement out of uncommitted funds currently held by Triumph. However, the remaining Grant amount of \$10,000,000 shall only be available for disbursement to the City as follows: \$5,000,000 shall be available if and when additional funds are received by Triumph pursuant to Section 288.8013, Florida Statutes, for the expected receipt of funds by Triumph on or about April 8, 2020, and \$5,000,000 shall be available if and when additional funds are received by Triumph pursuant to Section 288.8013, Florida Statutes, for the expected receipt of funds by Triumph on or about April 8, 2021.

AUDITS: The Grant shall be subject to audits and/or monitoring by Triumph and applicable public records laws.

**OTHER TERMS
AND**

CONDITIONS: This is a summary only. The Agreement contains such other covenants, representations and warranties, and other terms and conditions as agreed to by Triumph and the City.