

TERM SHEET
FOR
GRANT AWARD AGREEMENT
BETWEEN
TRIUMPH GULF COAST, INC.
AND
NORTHWEST FLORIDA STATE COLLEGE
(Project #187)

This Term Sheet summarizes the basic terms upon which Triumph Gulf Coast, Inc. (“Triumph”) is considering awarding a Grant (“Grant”) to the Northwest Florida State College (“NWFSC”) 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 NWFSC, and (b) does not create any binding obligations on Triumph or NWFSC 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 NWFSC 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 NWFSC and executed by Triumph and NWFSC. At any time prior to such execution of the Agreement, either Triumph or NWFSC may terminate negotiations, and upon such termination, neither party shall have any liabilities or obligations to the other.

GRANT AMOUNT: \$2,763,716.00

PURPOSE: To provide partial funding to establish workforce training programs in the Walton Works Training Center of Excellence at its Chautauqua Center in Walton County, Florida, and at a Fire Tower to be constructed at the Walton County Sheriff’s Office in DeFuniak Springs, in the following areas (collectively, the “Project”): Industrial Trades (electrical, plumbing, construction, welding, and millwright), Cybersecurity, Unmanned Vehicle Systems Operations, Law Enforcement, Fire Science, and Emergency Medical Technician, as further described in NWFSC’s Application for Funds submitted to Triumph (the “Grant Application”).

FUNDING: The Grant shall be allocated as follows:

\$654,419 of the Grant funds shall be allocated for instructor salaries and fringe benefits, to be disbursed in the amounts and at the times as set forth in the Budget/Timeline attached hereto (the “Budget”);

\$109,297 of the Grant funds shall be allocated for the purchase of equipment, to be disbursed in the amounts and at the times as set forth in the Budget;

\$1,600,000 of the Grant funds shall be allocated for construction of a new industrial trade building with drone arena at NWFSC’s Chautauqua Center in DeFuniak Springs and fire training tower at the Walton County Sheriff’s Office in DeFuniak Springs, to be disbursed in the amounts and at the times as set forth in the Budget; and

\$400,000 of the Grant funds shall be allocated for renovation of existing buildings, to be disbursed in the amounts and at the times as set forth in the Budget.

The Grant shall be disbursed from time to time as copies of contracts, draw requests, purchase orders, invoices, or other documentation evidencing the completion of work, items to be purchased, or other funds to be expended, are submitted to Triumph along with an Application for Disbursement on the form attached to the Agreement (“**Application for Disbursement**”). None of the Grant shall be used as a reimbursement of items purchased by the NWFSC prior to the date of the Agreement. In addition, none of the amounts paid by NWFSC in connection with the invoices submitted in an Application for Disbursement and then reimbursed by Triumph shall also have been or will in the future be in any manner (a) reimbursed, returned, refunded, rebated, or otherwise credited to, NWFSC by any contractor, materialman, vendor, or any other person or entity, or (b) paid, reimbursed, returned, refunded, rebated, or otherwise credited to NWFSC by the State of Florida, the United States, or any agency or instrumentality of any of the foregoing, whether under any Grant or loan program or other method of contribution, it being expressly understood and agreed that NWFSC shall not receive payments, refunds, disbursements, rebates or credits from any sources in amounts collectively exceeding 100% of the invoices.

Within forty-five (45) days of receipt of an Application for Disbursement, Triumph shall either approve or disapprove of the Application for Disbursement in a written notice to NWFSC. If Triumph approves the Application for Disbursement, then it shall disburse the approved amount to NWFSC within thirty (30) days after delivery of the notice of approval.

If Triumph disapproves the Application for Disbursement, Triumph shall state in the notice of disapproval the reasons for such disapproval. If the stated reasons for disapproval can be cured by NWFSC's submittal of missing or corrective items, NWFSC shall have thirty (30) days following receipt of the notice of disapproval to submit such missing or corrective items. If Triumph fails to approve or disapprove of the Application for Disbursement within forty-five (45) days of receipt, such Application for Disbursement shall be deemed disapproved.

Reasons for disapproving an Application for Disbursement must include one or more of the following:

- (a) Missing or incomplete documentation;
- (b) The Application for Disbursement seeks disbursement for more than the amounts actually invoiced by contractors, materialmen, or vendors;
- (c) The amount requested for disbursement under the Application for Disbursement, together with all amounts previously disbursed under the Grant, would exceed the \$2,763,716 maximum amount of the Grant;
- (d) NWFSC 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 with the Grant Application or pursuant to the Agreement;
- (e) There is any pending litigation with respect to the performance by NWFSC of any of its duties or obligations which may jeopardize or adversely affect the Project, the Agreement, or disbursement of the Grant;
- (f) NWFSC has taken any action pertaining to the Project which, under the Agreement, requires the approval of Triumph, and NWFSC failed to obtain such approval;
- (g) There has been a violation of the lobbying, prohibited interest, or sharing provisions of the Agreement;
- (h) NWFSC is in material violation, default, or breach of or under any provision of the Agreement;
- (i) NWFSC is in breach of any material representation or warranty contained in the Agreement;

- (j) Any federal, state, or local agency (including NWFSC) providing financial assistance to the Project has revoked, suspended, or terminated that financial assistance to the Project, including, but not limited to, the Matching Funds (as defined below);
- (k) The Matching Funds are not being used for the intended purposes and in the amount and at the times as set forth in a schedule of expenses approved by Triumph;
- (l) With respect to previous disbursements of the Grant, NWFSC has failed to pay, or has failed to provide Triumph with evidence of payment of, the Grant for the purposes of such disbursement;
- (m) NWFSC has abandoned or discontinued the Project, or for any reason the commencement, prosecution, or timely completion of the Project by NWFSC is rendered improbable, infeasible, impossible, or illegal;
- (n) All or any portion of the requested disbursement includes disbursement for improvements that are outside the scope of the Project that is contemplated under the Budget (as defined below); or
- (o) NWFSC shall have failed to make reasonable good faith efforts to obtain Business Donations (as defined below), and/or shall have failed to provide Triumph with satisfactory evidence of such efforts. Such evidence shall include a spreadsheet listing the Business Donations, the donors, and NWFSC's determination of the fair market value of the Business Donations, together with the latest sample form of letter or other communication requesting such Business Donations.

**ELIGIBLE COSTS/
DOCUMENT-
ATION:**

NWFSC shall seek disbursement only for costs of the as shown or contemplated under the budget attached to the Agreement (the "Budget"). All amounts paid by NWFSC with respect to the Project shall be supported by properly executed invoices, contracts, or vouchers evidencing in proper detail the nature and propriety of the charges. Any check or order drawn by NWFSC 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 NWFSC stating in proper detail the purpose for which such check or order is drawn. All checks, invoices, 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.

BUSINESS

DONATIONS:

NWFSC shall make reasonable good faith efforts to solicit and obtain financial contributions to support the Project and/or in-kind contributions of services and/or tools and other equipment from businesses and industry that would support the Project ("Business Donations"). Such reasonable good faith efforts shall include sending letters to area businesses, building a file or database of business names in area to annually solicit donations, and maintaining records of donations. NWFSC shall provide Triumph with documentation and other evidence of such reasonable good faith efforts, which documentation shall include, but not be limited to, the NWFSC's good faith estimate of the fair market value of such Business Donations. The maximum amount of the Grant shall be reduced by 50% of the fair market value of any Business Donations. Triumph shall have the right to approve, disapprove, or modify NWFSC good faith estimate of the fair market value of such Business Donations.

MAINTENANCE OF RECORDS:

NWFSC 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 eight (8) 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 NWFSC's general accounting records and the Project records, together with supporting documents and records, of NWFSC and all consultants and sub-consultants performing work on the Project and all other records of NWFSC and consultants considered necessary by the Triumph for a proper audit of costs. If any litigation, claim, or audit is started before the expiration of the eight (8) 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. NWFSC shall submit quarterly reports to Triumph reporting on the progress of the Project. In addition, NWFSC 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 NWFSC's audited financial statements.

**TERMINATION
OR SUSPENSION
OF PROJECT:**

If NWFSC abandons or, before completion, finally discontinues the Project; or for any other reason, the commencement, prosecution, or timely completion of the Project by NWFSC is rendered improbable, infeasible, impossible, or illegal, Triumph will, by written notice to NWFSC, 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, NWFSC 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 NWFSC executes or obligates itself in any manner requiring the disbursement of Triumph funds. NWFSC 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, NWFSC shall keep and maintain casualty insurance on all equipment and improvements, the cost of which was in whole or in part was paid for using Triumph Grant funds.

CLAWBACK:

Any Grant funds disbursed by Triumph to NWFSC shall be subject in being repaid ("clawed back") in the event (i) NWFSC 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 disbursement, and/or (ii) NWFSC breached, violated, or is in any way in default under any of its obligations under the Agreement, and/or (iii) NWFSC fails to (A) timely achieve at least one (1) of the following three (3) performance metrics described in items (a), (b), and (c) below (the "Initial Performance Metrics"), and (B) timely achieve the performance metric set forth item (d) below (the "Maintenance Performance Metric"):

(a) **Performance Metric #1:** by May 31, 2024, not less than 1,570 students will have obtained industry-recognized certificates in Aerospace and Defense, Architecture and Construction, Law Enforcement, Public Safety, Corrections and Security, and Cybersecurity;

(b) **Performance Metric #2:** for the first year for which DEO wage data are available for students that participated in the certification programs, at least 50% of students for whom DEO wage data is available will be earning the entry level wage for Walton County as reported in the OES data for the corresponding year of employment as reported by the Florida Research and Economic Information Database Application (FREIDA); or

(c) **Performance Metric #3:** by the first anniversary of the date on which the final Grant funds were disbursed, at least 70% of students who enrolled in the certification programs completed the certificates.

(d) **Maintenance Performance Metric:** The certificate programs described in subparagraph (a) above are intended to be durable and must be continued for at least seven (7) years after the date of the Agreement using NWFSC's own funds after the Grant funds have been fully disbursed. Accordingly, in addition to satisfying one of the Initial Performance Metrics set forth in subparagraphs (a), (b), and (c) above, NWFSC must also satisfy the following Maintenance Performance Metric: Commencing with the 2024-2025 school year, at least 413 certificates shall be obtained for each school year thereafter until then end of the seventh (7th) anniversary of the date of this Agreement. Such annual rate shall be obtained even if one of the performance metrics described in subparagraphs (b) or (c) above were used to satisfy the Initial Performance Metrics.

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 NWFSC's control, (ii) it determines in its sole and absolute discretion that NWFSC 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 NWFSC'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 NWFSC, and (b) does not create any binding obligations on Triumph or NWFSC 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 NWFSC with respect to any Grant must be contained in a definitive Grant award Agreement, approved by the Board of Directors of Triumph and the Gulf County School Board and executed by Triumph and NWFSC. At any time prior to such execution of the Agreement either Triumph or NWFSC may terminate negotiations, and upon such termination neither party shall have any liabilities or obligations to the other.

Dated: June 25, 2019

TRIUMPH:

Triumph Gulf Coast, Inc.

By: 
Name: _____
Title: _____

NWFSC:

Northwest Florida State College

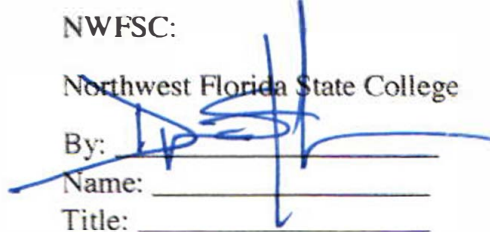
By: 
Name: _____
Title: _____

EXHIBIT "A"

BUDGET/TIMELINE

Project Expenses

| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Project Total |
|--------------------|--------------|------------|------------|------------|------------|---------------|
| Personnel + Fringe | \$ 409,678 | \$ 417,215 | \$ 424,903 | \$ 432,534 | \$ 440,740 | \$ 2,125,070 |
| Equipment | \$ 1,100,000 | \$ 336,049 | \$ 173,248 | \$ - | \$ - | \$ 1,609,297 |
| Construction | \$ 1,600,000 | \$ - | \$ - | \$ - | \$ - | \$ 1,600,000 |
| Renovation | \$ 400,000 | \$ - | \$ - | \$ - | \$ - | \$ 400,000 |
| | \$ 3,509,678 | \$ 753,264 | \$ 598,151 | \$ 432,534 | \$ 440,740 | \$ 5,734,367 |

Grant/Match Funds

NWFSC (\$1,470,651)

| | | | | | | |
|-------------------|-----------|------------|------------|------------|------------|--------------|
| Personnel+ Fringe | \$ 31,104 | \$ 253,264 | \$ 348,151 | \$ 397,392 | \$ 440,740 | \$ 1,470,651 |
|-------------------|-----------|------------|------------|------------|------------|--------------|

Walton (\$1,500,000)

| | | | | | | |
|-----------|------------|------------|------------|------|------|--------------|
| Equipment | \$ 990,703 | \$ 336,049 | \$ 173,248 | \$ - | \$ - | \$ 1,500,000 |
|-----------|------------|------------|------------|------|------|--------------|

Triumph (\$2,763,716)

| | | | | | | |
|------------------|--------------|------------|-----------|-----------|------|--------------|
| Personnel Fringe | \$ 378,574 | \$ 163,951 | \$ 76,752 | \$ 35,142 | \$ - | \$ 654,419 |
| Equipment | \$ 109,297 | \$ - | \$ - | \$ - | \$ - | \$ 109,297 |
| Construction | \$ 1,600,000 | \$ - | \$ - | \$ - | \$ - | \$ 1,600,000 |
| Renovation | \$ 400,000 | \$ - | \$ - | \$ - | \$ - | \$ 400,000 |
| | \$ 2,487,871 | \$ 163,951 | \$ 76,752 | \$ 35,142 | \$ - | \$ 2,763,716 |

| CATEGORY | MILESTONE | PROCESS | TIMELINE FOR COMPLETION OF INDIVIDUAL MILESTONE | RUNNING TIMELINE RELATIVE TO CONTRACT EXECUTION DATE | SUGGESTED PAYMENT SCHEDULE |
|-----------------------------|---|--|---|--|--|
| Construction/ Renovation | Development of Architectural Plans for Renovation of Building 1 and 2, New Construction of an Industrial Trades Building, and New Construction of a Fire Tower at the Walton County Sheroff's Office in DeFuniak Springs (which will then be leased to us for 20+ years). | Planning meetings will begin within 2 weeks of executing a contract. After approval of concept and an initial meeting with the architect, it will take approximately 2 weeks for the architect to produce an initial set of floor plans for review. Once approved, engineers will further assist with the development of the plans which will take approximately 3-4 weeks to complete. Once approved, it will take approximately 2 weeks to produce final plans for the College's approval. | 3 Months | 3 Months | <p>\$1,600,000 of grant funds shall be allocated for the Construction of the Fire Tower and Industrial Trades Building and shall be disbursed from time to time as architect and contractor invoices for completed work are submitted to Triumph. Triumph shall have forty-five (45) days from receipt to review and approve or disapprove of an application for disbursement, and if approved, thirty (30) days to disburse the funds to NWFSC. Triumph shall disburse to NWFSC 100% of each invoice for completed work.</p> <p>\$400,000 of grant funds shall be allocated for the Renovations of Building 1 and 2 on NWFSC's DeFuniak Springs Center and shall be disbursed from time to time as NWFSC submits invoices for materials and labor to Triumph. Triumph shall have forty-five (45) days from receipt to review and approve or disapprove of an application for disbursement, and if approved, thirty (30) days to disburse the funds to NWFSC. Triumph shall disburse to NWFSC 100% of each invoice for completed work.</p> |
| | Selection of Contractor for New Construction | Once plans are completed the College will advertise for Contractors to complete new construction. (Renovation work will be completed by NWFSC's renovation team). The College will advertise for approximately 3 weeks. Approximately 4-6 weeks will be allowed for contractors to prepare bids and provide pricing. Once the College evaluates | 2 Months | 5 Months | |

| CATEGORY | MILESTONE | PROCESS | TIMELINE FOR COMPLETION OF INDIVIDUAL MILESTONE | RUNNING TIMELINE RELATIVE TO CONTRACT EXECUTION DATE | SUGGESTED PAYMENT SCHEDULE |
|----------|-----------------------------|---|---|--|----------------------------|
| | | the bids, a recommendation will go to the College's Board of Trustees for approval. | | | |
| | Permitting | Once a contractor is selected, the College will apply for a permit from the County. Once the permit is issued, construction can begin. (Note that the bidding process will not be required for the renovation work and permits will be requested upon completion of the planning phase.) | 1 Month | 6 Months | |
| | Construction and Renovation | Building 1 and 2 renovations will be staged so that the College can maintain operations during the renovation process. Building 1 renovation will begin first so that some operations currently in building 2 can be relocated to building 1 for completion of work in building 2. Once permits are obtained after the bidding process, construction of the Fire Tower and Industrial Trades Building can begin and then run simultaneously with that of the renovation projects. | 6 Months | 12 Months | |

| CATEGORY | MILESTONE | PROCESS | TIMELINE FOR COMPLETION OF INDIVIDUAL MILESTONE | RUNNING TIMELINE RELATIVE TO CONTRACT EXECUTION DATE | SUGGESTED PAYMENT SCHEDULE |
|-----------|---|---|---|--|--|
| Personnel | Advertisement | Four Full-Time Faculty positions will be advertised in addition to part-time instructional staff (adjuncts). | 1 Month | Prior to contract execution (contingent on funding) | <p>\$378,574 of grant funds shall be allocated for year 1 salaries plus benefits (92.4%) and shall be disbursed within thirty (30) days of full execution of the agreement provided that NWFSC furnishes to Triumph satisfactory evidence that it has committed or otherwise allocated \$31,104 of its own matching funds for the salaries and benefits in year 1 (7.6%).</p> <p>\$163,951 of grant funds shall be allocated for year 2 salaries plus benefits (39.3%) and shall be disbursed within 12 Months of full execution of the agreement provided NWFSC furnishes to Triumph satisfactory evidence that it has committed or otherwise allocated \$253,264 of its own matching funds for the salaries and benefits (60.7%) for year 2 of the grant cycle.</p> <p>\$76,752 of grant funds shall be allocated for year 3 salaries plus benefits (18.1%) and shall be disbursed within 24 Months of full execution of the agreement provided NWFSC furnishes to Triumph satisfactory evidence that it has committed or otherwise allocated \$348,151 of its own matching funds for the salaries and benefits (81.9%) for year 3 of the grant cycle.</p> <p>\$35,142 of grant funds shall be allocated for year 4 salaries plus benefits (8.1%) and shall be disbursed within 36</p> |
| | Interview and Hire | Candidates will be interviewed and hired. | 2 Months | 2 Months (Note that adjunct faculty will be hired as needed) | |
| | Curriculum Development, recruitment, and Faculty Training | Upon being hired and while construction and renovation projects are ongoing, faculty will develop curriculum in alignment with Florida's Curriculum Frameworks, begin recruitment efforts, and attend new faculty training workshops. | 6 Months | 8 Months | |
| | Teaching | Faculty will begin teaching as soon as facilities are ready. (The EMT program will begin during year 1 while renovation is in progress.) | Ongoing throughout the grant period. | Ongoing throughout the grant period. | |

| CATEGORY | MILESTONE | PROCESS | TIMELINE FOR COMPLETION OF INDIVIDUAL MILESTONE | RUNNING TIMELINE RELATIVE TO CONTRACT EXECUTION DATE | SUGGESTED PAYMENT SCHEDULE |
|-----------|---------------------------|---|---|--|---|
| | | | | | Months of full execution of the agreement provided NWFSC furnishes to Triumph satisfactory evidence that it has committed or otherwise allocated \$397,392 of its own matching funds for the salaries and benefits (91.9%) for year 4 of the grant cycle. |
| Equipment | Equipment Lists Finalized | Equipment lists will be reviewed and finalized for each of the programs/labs. This may be tiered in during year 1 as some programs start before others and newly hired faculty will need to be involved in final review. | 4 Months | 4 Months | \$109,297 of grant funds shall be allocated for year 1 equipment and shall be disbursed from time to time as copies of contracts, purchase orders, invoices, or other documentation is submitted to Triumph. |
| | Vendors Identified | Vendors will be set up in the system so requisitions and purchase orders can be created. | 2 Months | 6 Months | |
| | Purchases | Equipment will be ordered such that delivery timelines align with construction completion as close as possible. | 3-6 Months | 9-12 Months | |