

TRIUMPH GULF COAST, INC. PRE-APPLICATION FORM

Triumph Gulf Coast, Inc. (“Triumph Gulf Coast”) has created a pre-application process to provide initial consideration of eligibility for potential ideas of projects or programs that may seek an award of funding. Applicants are required to participate in the pre-application process. Notwithstanding the response from Triumph Gulf Coast on the pre-application form, an Applicant may still elect to submit an Application.

APPLICANT INFORMATION

Name of Individual/Entity/Organization: **Economic Development Council of Okaloosa County**

Proposal Title: **Project Reese** *This is a confidential project pursuant to F.S. 288.075*

Amount of Triumph Funds Requested: **\$34,822,786**

Total Estimated Project Cost: **\$740,000,000**

Brief Description of Individual/Entity/Organization: **Non-profit 501(c)(6) with a 31 year track record of leading economic development efforts for Okaloosa County and its nine municipalities.**

Contact Information

Primary Contact: **Nathan Sparks, CEcD**

Title: **Executive Director**

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Names of co-applicants, partners or other entities, organizations that will have a role in the proposed project or program: **Okaloosa County Board of County Commissioners (including Okaloosa Water/Sewer Dept and Okaloosa Public Works Dept), Gulf Power, CHELCO, Okaloosa Gas, FDOT, Florida Gulf & Atlantic Railroad, Northwest Florida State College, Okaloosa Technical College, Okaloosa County School District – Career & Technical Education and CareerSource Okaloosa Walton will all have significant roles in supporting the establishment – and long-term success – of the project in question.**

REQUIRED EXECUTIVE SUMMARY

In a maximum of two (2) pages, please describe the proposed project or program and anticipated outcomes including (i) the amount of funds being sought from Triumph Gulf Coast; (ii) the amount and identity of other sources of funds for the proposed project or program; (iii) the location of the project or program; (iv) summary description of the proposed program, including how the program will be transformational and promote economic recovery, diversification, and enhancement of the disproportionately affected counties, and (v) a summary timeline for the proposed project or program.

IMPORTANT NOTICE

This pre-application process will **not** result in an award of funding by Triumph Gulf Coast. Rather, this process is designed to facilitate submission of ideas for potential projects or programs before the Applicant expends time and/or resources to complete a full Application. All Applicants for funding are required to complete an Application, which will be reviewed and then considered for award at the discretion of Triumph Gulf Coast Board.

Please Select the Proposal’s Eligibility Category(s)

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;

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.

Please Select the Priorities this Proposal's Outcomes will Achieve

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.

EXECUTIVE SUMMARY

DESCRIPTION OF PROPOSED PROJECT:

Project Reese **This is a confidential project pursuant to F.S. 288.075*

The Economic Development Council of Okaloosa County has been engaged with an advanced manufacturing company that is seeking a large, strategically located parcel on which to construct a nearly one million square foot facility that would produce products for the energy sector. The company – identified as Project Reese – anticipates investing approximately \$750,000,000 in building and equipping the state-of-the-art facility. In addition, the company would employ more than 3,000 northwest Floridians by 2024 at an average wage that meets or exceeds the 115% of average wage requirement (in Okaloosa's case, 115% of the current average wage of \$42,848 would equate to \$48,857). A project of this magnitude would transform and diversify the region's economy in a way that has long been dreamt of.

Noting the significant locational advantages of the 10,500 acre Shoal River Ranch Gigasite, the company has informed Enterprise Florida that the site has been shortlisted for this monumental opportunity expected to result in a \$754,000,000 capital investment on 250 acres. Further, the company has indicated that Shoal River Ranch is the only site that remains under consideration in Florida, and is one of only a very small number of finalists nationwide. The company is now seeking a final value proposition from the states and communities that remain under consideration, with a due date of Friday, April 10. Given the sheer impact and scale of this project, the Economic Development Council of Okaloosa County respectfully requests funding support of \$34,822,786 from Triumph Gulf Coast that will be applied as follows:

WATER & SEWER EXTENSIONS FROM US HWY 90 TO 250 ACRE REESE PARCEL:

With Triumph Gulf Coast Project #43 providing \$1.5 million in grant funding to support the extensions of water and sewer lines east on US Highway 90 to the Jericho Road intersection (the entrance to the Shoal River Ranch Gigasite), Project Reese's preferred site is positioned approximately .9 mi south of what will soon be the terminus of these lines once the project is completed. As such, and based on current estimates, an additional \$500,000 is needed to extend the lines to a point adjacent to Reese's preferred parcel. Funding Request - **\$900,000**

MASTER LIFT STATION

Given the volume of sewer flows provided by Project Reese – coupled with anticipated long term needs for the continued build-out of the Shoal River Ranch Gigasite (the prospects of which should be considerably accelerated with a large scale and noteworthy first tenant) – a master lift station is needed. Funding Request - **\$1,750,000**

JERICHO ROAD IMPROVEMENTS

A public, county-owned Right-of-Way, Jericho Road serves as the primary access point into the Shoal River Ranch Gigasite. Located perpendicular to US Highway 90, Jericho Road is an unimproved facility that also abuts Project Reese's preferred site on the eastern boundary of the parcel. Of note, approximately .9 mi must be traversed on Jericho Road in order to access Project Reese's preferred site. This facility must be improved / paved for the project to succeed. Funding Request - **\$900,000**

US HIGHWAY 90 INTERSECTION IMPROVEMENTS / SIGNALIZATION

Currently a moderately traveled, two-lane highway with no turn lanes nor acceleration / deceleration lanes and no stoplight, significant intersection improvements allowing for safety and the efficient flow of traffic associated with Project Reese's anticipated maximum of 6,000 employee trips (3,000 employees, 2x daily) and truck-based shipments must be made. Required improvements must also work in concert with the existing Florida Gulf & Atlantic railroad crossing at US 90 and Jericho Road. Funding Request - **\$1,000,000**

PAD READY SITE

Currently under a purchase option agreement with the Okaloosa County Board of County Commissioners, the 250 acre site being considered by Project Reese will require clearing, grubbing and grading in order to become truly "pad ready" and able to accommodate the \$300 million, one million square foot building that Project Reese seeks to construct. Funding Request - **\$5,000,000**

AD VALOREM TAX REDUCTION

Under Okaloosa County's Economic Development Ad Valorem Tax Exemption (EDATE) program approved by voters in 2014, the Okaloosa County Board of County Commissioners has the ability to exempt 100% of the County's portion of the overall property tax millage (both Real and Tangible Personal Property) for up to 10 years for qualifying projects. Certainly, Project Reese resoundingly meets the criteria for this program. Anticipating approval by the Okaloosa County Board of County Commissioners for a 10 year, 100% EDATE exemption for Project Reese, the Economic Development Council of Okaloosa County is requesting that Triumph Gulf Coast provide funding

that would equate to the portion of the company's anticipated ad valorem property tax (both Real Property and Tangible Personal Property) bill that is not eligible for exemption under Okaloosa County's Economic Development Ad Valorem Tax Exemption (EDATE) program.

Based on current information provided by Project Reese and utilizing calculations provided by the Okaloosa County Property Appraiser's office, the resulting tax bill on the Real Property (building) portion of the project is estimated to be \$807,670 per year, assuming a total assessed value of \$77.9M. Over 10 years, this would equate to \$8,076,704 in ad valorem taxes owed by the company for the building. Okaloosa County's anticipated EDATE award (based on 100% of County millage) would translate to \$2,984,061 of \$8,076,704 being exempted, leaving \$5,092,643 as unexempted. Funding Request for Real Property Ad Valorem Tax Reduction - **\$5,092,643** over 10 years, or \$509,264 per year.

Given current information, it has also been estimated that the company's tax bill would be \$32,005,233 over 10 years for the Tangible Personal Property (equipment) portion of the project. Standard depreciation would result in a peak assessed value of \$490M in Year 1 (2022) and declining gradually over the 10 year period to an assessed value of \$133M in Year 10 (2031). Okaloosa County's anticipated EDATE award (based on 100% of County millage) would translate to \$11,824,820 of \$32,005,233 being exempted, leaving \$20,180,413 as unexempted. Funding Request for Tangible Personal Property Ad Valorem Tax Rate Reduction – **\$20,180,143**; annual contribution values would vary each year based on depreciation.

TOTAL TRIUMPH FUNDING SUPPORT REQUESTED FOR PROJECT REESE – \$34,822,786 (\$11,608 per job)

SUMMARY OF OTHER PROJECT FUNDING SOURCES

- Company Funding = \$740,000,000 (Building & Equipment)
- FL Qualified Target Industry (QTI) Tax Credit = \$15,000,000 (\$5000 per new hire)
- FL Capital Investment Tax Credit = TBD
- CareerSource Florida Training Grant = \$7,500,000 (\$2500 per new hire)
- Veterans Florida Training Grant = \$8,000 per Veteran hired; \$200,000 maximum
- Okaloosa County (EDATE Estimate) = \$14,808,881
- Okaloosa County (Estimated Land Value of 250 acre parcel) = \$5,000,000
- Northwest Florida State College Training Lab = TBD
- Okaloosa Technical College Training Lab Specific to Company Product = TBD
- CareerSource Okaloosa Walton Recruitment Services = \$7,200,000
- Okaloosa County School District Career Pathways = TBD
- University of West Florida Economic Diversification Fund = \$2,000,000 (est)