

SUMMARY
OF
GRANT AWARD AGREEMENT
BETWEEN
TRIUMPH GULF COAST, INC.
AND
PENSACOLA-ESCAMBIA PROMOTION AND DEVELOPMENT COMMISSION, INC.
(Project Pioneer/Project #259)

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 Pensacola-Escambia Promotion and Development Commission, Inc. (“**Grantee**”) 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 Grantee, and (b) does not create any binding obligations on Triumph or Grantee 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 Agreement approved by the Board of Directors of Triumph and Grantee and executed by Triumph and Grantee.

GRANT AMOUNT: Two Million Five Hundred Thousand Dollars (\$2,500,000) (the “**Grant**”).

PURPOSE: To provide partial funding partial funding for a project (the “**Project**”) to acquire land and renovate a 172,000+- square foot building thereon (collectively, the “**Property**”) at Ellyson Field Industrial Park in Pensacola, Florida, which Property will then be leased by Grantee to Pegasus Laboratories, Inc., a Missouri corporation (the “**Company**”), all as further described in Grantee’s Application for Funds submitted to Triumph (the “**Grant Application**”).

CONTINGENCIES
FOR GRANT:

Triumph’s approval of the Grant, and any obligation to disburse the Grant, are expressly conditioned and contingent upon the following:

- (a) **Contract for Purchase of the Property/Closing.** No Grant funds shall be disbursed to Grantee unless Grantee and the current owner of the Property, Hitachi Cable America, Inc. (“**Seller**”) shall have entered into a

binding and enforceable purchase and sale agreement (the “**Purchase Agreement**”), pursuant to which Grantee agrees to purchase, and Seller agrees to sell, the Property. In addition, no Grant funds shall be disbursed to Grantee (i) unless and until all conditions precedent to Grantee’s obligations under the Purchase Agreement have been satisfied or have been waived by Grantee, (ii) if any event or condition has arisen that could reasonably be expected to render the timely purchase and renovation of the Property as contemplated in the Grant Application by December 31, 2025 infeasible, impracticable, or illegal, (iii) unless and until Grantee and Seller are ready, willing, and able to consummate the purchase and sale of the Property on and subject to the terms set forth in the Purchase Agreement, (iv) unless and until the closing and consummation of the purchase and sale of the Property on and subject to the terms set forth in the Purchase Agreement (the “**Closing**”) is scheduled for a date certain with a title insurance company or law firm (“**Closing Agent**”) reasonably acceptable to Triumph, (v) unless and until Triumph has reviewed and approved the deed and the settlement statement for the closing of the transaction, and (vi) unless and until the Closing Agent has executed closing instructions acceptable to Triumph, pursuant to which, among other things, the Closing Agent agrees that, if the Closing fails to occur for any reason, Closing Agent agrees to return to Triumph any Grant funds provided by Triumph to the Closing Agent (whether such Grant funds were delivered directly by Triumph to Closing Agent or delivered by Triumph to Grantee, who in turn delivered them to Closing Agent). In the event the Closing does not occur for any reason, then upon the return of the Grant funds to Triumph, the Grant shall be deemed automatically rescinded and revoked and the Agreement shall be deemed automatically terminated and of no further force or effect and the parties hereto shall have no further liabilities or obligations to each other.

(b) **Matching Funds.** No Grant funds shall be disbursed to Grantee unless there are irrevocable and legally enforceable Matching Funds commitments from Grantee and private sector sources totaling not less than \$15,165,000 to be used exclusively toward completion of the Project as shown in the Budget.

(c) **Lease.** No Grant funds shall be disbursed to Grantee unless Grantee, as lessor, and the Company, as lessee, shall have entered into a binding and enforceable lease agreement (the “**Lease**”), pursuant to which Grantee agrees to lease the Property to the Company on substantially the terms set forth in **Exhibit “B”** attached hereto and incorporated herein, which includes, among other things, (i) a rental rate of not less than fair value, for a term of not less than ten (10) years, and (ii) a covenant that the Company must pay to Grantee any Clawback Amount (as defined below) that Grantee owes to Triumph. Triumph shall have the right to review and approve the Lease. Triumph shall have forty-five (45) days from receipt of the Lease to

approve or disapprove it, and Triumph's failure to either approve or disapprove the Lease within such forty-five (45) day period shall be deemed approval.

FUNDING:

The Grant shall be allocated as more fully shown in the Budget attached hereto as **Exhibit "A"**.

Concurrently with the execution of the Agreement, Grantee may submit to Triumph a Request for Funding (a "**Request for Funding**") pursuant to a SmartSheet system by Grantee's authorized users in the full amount of the Grant (Two Million Five Hundred Thousand Dollars (\$2,500,000)) to be used in connection with Grantee's purchase of the Property in accordance with the Budget. The Request for Funding shall include evidence that all conditions and contingencies set forth above have been satisfied. Upon Triumph's receipt of (a) notification to the Program Administrator, and (b) a Request for Funding that includes evidence that all conditions and contingencies set forth above have been satisfied, Triumph shall have forty-five (45) days from receipt to review and either approve or disapprove the Request for Funding. If Triumph approves the Request for Funding, then it shall fund the approved amount within thirty (30) days after approval. If Triumph disapproves a Request for Funding, Triumph shall deliver a notice of disapproval within such forty-five (45) day period that states the reasons for such disapproval. If the stated reasons for disapproval can be cured by Grantee's submittal of missing or corrective items, Grantee shall have thirty (30) days following receipt of the notice of disapproval to submit such missing or corrective items. If Triumph fails to notify Grantee of its disapproval of the Request for Funding within forty-five (45) days of receipt, such Request for Funding shall be deemed disapproved. If Triumph approves the Request for Funding, Triumph shall, at its option, fund the Grant either (i) to Grantee, with Grantee subsequently depositing the funds with the Closing Agent to consummate the Closing, (ii) to Grantee, as a reimbursement of funds that Grantee actually deposited with the Closing Agent in order to consummate the Closing, or (iii) directly to the Closing Agent. Within fifteen (15) days after the Closing, Grantee shall upload executed copies of the deed and settlement statement to Triumph's SmartSheet system.

The Grant shall be used solely for the purchase of the Property (including the purchase price and customary closing costs) and for no other purposes. Without limiting the generality of the foregoing, none of the Grant shall be used as a reimbursement of items purchased by Grantee prior to the date of the Agreement. None of the amounts paid by Grantee for the Purchase of the Property shall also have been or will in the future be in any manner (a) reimbursed, returned, refunded, rebated, or otherwise credited to, Grantee by any person or entity, or (b) paid, reimbursed, returned, refunded, rebated, or otherwise credited to Grantee 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 Grantee shall not receive payments, refunds, reimbursements, rebates or credits from any sources in amounts collectively exceeding 100% of the amounts paid or owing by Grantee. None of the Grant funds or the Matching Funds shall be used to pay, reimburse, or recover any overhead or other indirect costs, including, but not limited to, general and/or administrative overhead, rental or other facilities overhead, continuing education fees, auxiliary fees, and fringe fees; provided, however, that rent payments under the Lease shall not be deemed a reimbursement, return, refund, rebate, or other credit for purposes of the foregoing. All amounts paid by Grantee and/or any governmental or private person or entity providing Matching Funds with respect to the Project shall be supported by properly executed invoices, contracts, vouchers, and payroll records evidencing in proper detail the nature and propriety of the charges and use of the Matching Funds. All checks, invoices, contracts, vouchers, orders, payroll records, 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. Grantee shall ensure that all Matching Funds are used for the intended purposes and in the amounts and at the times as set forth in the Budget, and Grantee shall provide Triumph with evidence that such Matching Funds have been secured and timely used toward completion of the Project;

Triumph will honor requests for funding; provided, however, that Triumph may elect by notice in writing not to make a payment if:

- (a) Any of the contingencies described in Section 3 above have not been satisfied, and/or there is any missing or incomplete documentation in the Request for Funding;
- (b) The Request for Funding seeks funding for items other than for the purchase of the Property (including the purchase price and customary closing costs);
- (c) The amount requested for funding under the Request for Funding, together with all amounts previously funded under the Grant, would exceed the \$2,500,000 maximum amount of the Grant;
- (d) Grantee 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 Grantee of any of its duties or obligations which may jeopardize or adversely affect the Project, the Agreement, or funding of the Grant;
- (f) Grantee has taken any action pertaining to the Project which, under the Agreement, requires the approval of Triumph, and Grantee failed to obtain such approval;
- (g) There has been a violation of the prohibited interest provisions of the Agreement of the Agreement;
- (h) Grantee is in material violation, default, or breach of or under any provision of the Agreement;
- (i) Grantee is in breach of any material representation or warranty contained in the Agreement;
- (j) Grantee, any federal, state, or local organization or agency, and/or any private entity providing financial assistance to the Project (including, but not limited to, the Company and any other private sector sources) have revoked, suspended, or terminated that financial assistance to the Project, including, but not limited to, the Matching Funds; and/or
- (k) Grantee has abandoned or discontinued the Project, or for any reason the commencement, prosecution, or timely completion of the Project by Grantee is rendered improbable, infeasible, impossible, or illegal.

ELIGIBLE COSTS/
DOCUMENTATION:

The total cost of the Project is \$17,665,000, of which (i) a match is being contributed in the amount of \$15,165,000 (the “**Matching Funds**”), and (ii) \$2,500,00 shall be provided by the Grant. The total estimated cost of the Project is based upon the Budget. To the extent that the actual cost of the Project exceeds \$17,665,000, Grantee shall be solely responsible for such excess. Grantee shall monitor the Budget and submit an amended Budget to Triumph in the event that (a) the total cost of the Project increases or decreases by greater than five percent (5%), (b) the total Budget increases or decreases by greater than five percent (5%), (c) the Budget increases or decreases by greater than five percent (5%) within a particular Budget category, and/or (d) Grantee’s portion of the Matching funds decreases by greater than five percent (5%). If Grantee proposes an increase or decrease by greater than five percent (5%) as described above as compared to the most recently approved Budget, such proposal shall be submitted to

Triumph in writing along with a proposed amended Budget, and Triumph shall have the right to approve or disapprove both the proposed Budget category increase or decrease and the proposed amended Budget. If Grantee fails to obtain Triumph's approval, that failure shall be sufficient cause for nonpayment by Triumph as provided in Section 4.2(f) of the Agreement. Using the Grant, its own funds, and funds from other grants (including, but not limited to, the Matching Funds), Grantee agrees to bear the entire cost and expense of the Project, including but not limited to, all costs and all expenses in excess of the total estimated cost of the Project, it being expressly understood and agreed that the Grant shall operate only to pay, on and subject to the terms and conditions set forth herein, a portion of the costs and expenses of the Project. Furthermore, Grantee shall ensure that the expenditure of all Matching Funds is as contemplated in the Budget, and agrees that its failure to do so shall be deemed a material breach of the Agreement. Grantee agrees to complete construction of the Project on or before December 31, 2025 (the “**Completion Deadline**”).

MAINTENANCE OF RECORDS:

Grantee shall submit to Triumph such data, reports, records, contracts and other documents relating to the Project as Triumph may require at any time and from time to time and continuing for a period of five (5) years after the Completion Deadline. In addition, Grantee shall on an annual basis on or before October 31 of each year submit to Triumph an activity report which contains, in addition to any other information requested by Triumph (a) the progress of the Project, (b) costs incurred to date, (c) how Grantee is progressing toward achieving the Performance Metrics (as defined below), (d) Grantee's most recent audited financial statements, (e) a completed detailed Project account spreadsheet (i.e., in a tab on the Budget), (f) a completed Expense Itemization Sheet in a form provided by Triumph (“**Expense Itemization Sheet**”) for each category of Grant funds previously disbursed and for Matching Funds category, together with invoices, receipts, or contracts from vendors providing equipment, materials, and services; (g) payroll ledgers, percentage of time dedicated to the Project, and job descriptions as they relate to the Project, (h) documentation evidencing the completion of the work to date, (i) copies of front and back of cancelled checks, (j) to the extent that all or any portion of the prior funding was a disbursement for items to be paid rather than a reimbursement of amounts already paid, a completed Expense Itemization Sheet and receipts or other documentation evidencing that the funds disbursed previously were in fact paid in the proper amounts to the proper vendors for such items, including copies of front and back of cancelled checks for funding (k) evidence that Grantee maintains the insurance required under the Agreement, and (l) such other documents as Triumph

shall require in order to determine that the Grant funds previously disbursed and Matching Funds used to date are consistent with the purposes of the Grant. Triumph shall have the right, at any time and from time to time upon reasonable notice to Grantee, to access the Project and inspect any work being performed or as completed. Grantee shall also make available to Triumph copies of any and all invoices, contracts, plans and specifications, and other documentation relating to the Project.

Grantee shall establish separate accounts to be maintained within its existing accounting system or establish independent accounts with respect to the Project, including, but not limited to, if applicable, payroll ledgers, state and federal payroll returns, and job descriptions, with respect to personnel used in connection with the Matching Funds. Such accounts are referred to herein collectively as the “**Project account.**” Records of costs incurred under terms of the Agreement 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 payment of the Grant is made. Copies of these documents and records shall be made available to Triumph upon request. Records of costs incurred include Grantee's general accounting records and the Project records, together with supporting documents and records, of Grantee and all consultants performing work on the Project and all other records of Grantee and consultants 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 and applicable public records laws.

TERMINATION
OR SUSPENSION
OF PROJECT:

If Grantee abandons, suspends, or discontinues the Project, or fails to complete the Project by the Completion Deadline (subject to *force majeure* events), or for any other reason, the commencement, prosecution, or timely completion of the Project by Grantee is rendered improbable, infeasible, impossible, or illegal, Triumph shall have the right, by written notice to Grantee, to (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 Grantee shall, upon written demand by Triumph, repay to Triumph all portions of the Grant theretofore disbursed to and received by Grantee.

COMPLIANCE
WITH LAWS:

Grantee shall also comply with all applicable laws regarding third party contracts, labor laws, and civil rights laws. The Agreement also has prohibitions on conflicts of interest.

INSURANCE:

Grantee shall keep and maintain or cause to be maintained casualty insurance on all improvements, fixtures, and equipment, that constitute the Project, the cost of which was in whole or in part funded using the Grant, but only to the extent that such equipment and improvements can in fact be insured. In the event of the loss of such equipment or improvements, Grantee shall either replace the improvements, fixtures, and equipment, or reimburse Triumph to the extent the Grant was used to purchase such improvements, fixtures, and equipment.

PERFORMANCE
METRICS:

Any Grant funds disbursed by Triumph to Grantee shall be subject in being repaid (“clawed back”) in the event (i) Grantee abandons, suspends or discontinues the Project, or fails to complete the Project by the Completion Deadline, and/or (ii) Grantee 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 (iii) Grantee breaches any obligation under the Agreement, and/or (iv) Grantee fails to timely achieve both of the performance metrics set forth in subparagraphs (a) and (b) below (the “**Performance Metrics**”), then Grantee shall upon written demand by Triumph repay to Triumph all portions of Grant theretofore funded to and received by Grantee:

- (a) **Performance Metric #1:** By the date (the “**Performance Commencement Date**”) which is the earlier of (i) three (3) years after the date that the renovations of the Property have been substantially completed as evidenced by a certificate of

occupancy, or (ii) December 31, 2025, the Company will have created at least 63 New Jobs (as defined below) ; and

(b) Performance Metric #2: All of the 63 New Jobs shall have been maintained for at least three (3) years after the Performance Commencement Date.

As used herein, a “**New Job**” shall mean a job with the Company at the Property or at the Company’s property adjoining the Property that (a) has an average wage of not less than \$61,204, (b) was created after October 18, 2021, (c) could not be sustained absent the availability of the Property, and (d) is performed by a full-time employee or a full-time equivalent employee working at least 35 paid hours per week. Jobs are not considered New Jobs if they are (A) moved from one business to another business within the Company in Florida, unless the relocated positions are back-filled with net new-to-Florida full-time-equivalent jobs paying at least the wage of the transferred position(s), (B) moved from one business unit or location of a business or any of its affiliates or subsidiaries in Florida to another business unit or location of that business or any of its affiliates or subsidiaries in Florida, unless the relocated positions are back-filled with net new-to-Florida full-time-equivalent jobs paying at least the wage of the transferred position(s); or (C) temporary construction jobs involved with the construction of the Project, or temporary or seasonal jobs associated with cyclical business activities or to substitute for permanent employees on a leave of absence..

CLAWBACKS:

Upon the occurrence of (a) any of the events described in items (i), (ii), or (iii) of the Performance Metrics section above, then Grantee shall pay to Triumph, within thirty (30) days of demand therefor, all amounts of the Grant that were theretofore funded, plus interest as described below. In the event Grantee fails to timely achieve both of the Performance Metrics described in in subparagraphs (a) and (b) above, then Grantee shall pay to Triumph, within thirty (30) days of demand therefor, an amount of the Grant proportional to the jobs shortfall, based on \$33,875 per job (see the basis for this number below). For example, if there is a shortfall of 1 job (62 jobs created or maintained instead of 63), then the amount owed would be \$39,683 (1 x \$39,683), and if there is a shortfall of 20 jobs (43 jobs created or maintained instead of 63), then the amount owed would be \$793,660 (20 x \$39,683). The \$39,683 per job amount is determined by dividing the

\$2,500,000 Grant amount by the 63 promised jobs. All amounts owed under the Agreement shall be repaid with interest at the rate *Wall Street Journal Prime Rate* plus three percent (3%) per annum on such amounts to be repaid. Such interest shall accrue commencing on the date of such written demand by Triumph and shall continue to accrue until the amount demanded is repaid in full. The amount(s) due shall be repaid with interest at the rate *Wall Street Journal Prime Rate* plus three percent (3%) per annum on such amounts to be repaid. Such interest shall accrue commencing on the date of such written demand by Triumph and shall continue to accrue until the amount demanded is repaid in full. The amount(s) due, including interest thereon and any attorneys' fees and costs incurred by Triumph in connection with enforcing the Agreement is referred to herein as the "**Clawback Amount.**"

Triumph shall have the discretion to waive, reduce, extend, or defer any amounts due if it determines in its sole and absolute discretion that (i) a breach of a representation and warranty herein or in the Grant Application, or a breach, violation, or default of or under any other provision of the Agreement, was not material in nature, (ii) based on quantitative evidence, the Performance Metrics were not achieved due to negative economic conditions beyond Grantee's reasonable control, (iii) Grantee made a good faith effort to achieve the Performance Metrics, and/or (iv) based on quantitative evidence, the effects of a named hurricane or tropical storm, or specific acts of terrorism, adversely affected Grantee's ability to achieve the Performance Metrics.

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 Grantee.

EXHIBIT “A”

BUDGET

[see attached]

Exhibit B as of
Project Name and Number

PIONEER #259

Budget
 Estimated Construction Start Date if applicable
 Estimated Education component start date if applicable

		Facility	Renovation, Equipment & Furnishings	Total
Project Total				
2022		8,400,000.00	2,415,000.00	10,815,000.00
2023		-	4,250,000.00	4,250,000.00
2024		-	1,300,000.00	1,300,000.00
2025		-	1,300,000.00	1,300,000.00
Project Total		8,400,000.00	9,265,000.00	17,665,000.00
Triumph				
2022		2,500,000.00		2,500,000.00
2023				-
2024				-
2025				-
Triumph Total		2,500,000.00	-	2,500,000.00
Match Funding				
2022		5,900,000.00	2,415,000.00	8,315,000.00
2023			4,250,000.00	4,250,000.00
2024			1,300,000.00	1,300,000.00
2025			1,300,000.00	1,300,000.00
Grantee Total		5,900,000.00	9,265,000.00	15,165,000.00

EXHIBIT “B”

Lease Term Sheet

[see attached]

**TERM SHEET
PREMISES LEASE**

Date: _____, 2022

Premises: Facility and adjoining grounds, 9101 Ely Road, Pensacola Escambia County, Florida (the "Premises"), Esc. Co. Parcel Id. No. 161S301101000002

Landlord: Pensacola-Escambia Promotion and Development Commission ("PEDC")

Tenant: Pegasus Laboratories, Inc., a Missouri corporation ("Pegasus"), or as assigned to an entity of which it is a principal consistent herewith

This Term Sheet is merely an invitation to negotiate and is intended for discussion and negotiation purposes only. This Term Sheet (a) does not constitute an offer by PEDC to lease the Premises, and (b) does not create any binding obligations on PEDC or Pegasus to enter into a lease of the Premises nor to engage in any further negotiations with each other. Any binding agreement between PEDC and Pegasus to so lease the Premises must be contained in a definitive lease agreement executed by the parties, and at any time prior to such execution either PEDC or Pegasus may terminate negotiations; in which event neither party shall have any liabilities or obligations to the other.

1. **Assignment of Purchase Option.** Pegasus has the option to purchase the Premises from current owner Hitachi Cable America Inc. Pegasus shall assign its rights to so purchase the Premises to PEDC.
2. **Financing:** (a) Pegasus may extend credit to PEDC for purposes of funding purchase of the Premises on terms that are mutually acceptable and commercially reasonable to PEDC and Pegasus; or (b) PEDC may finance the purchase of the Premises by any other means acceptable to PEDC.
3. **Lease by PEDC to Pegasus.** Upon PEDC closing the purchase of the Premises and becoming owner, PEDC shall enter into a lease with Pegasus as tenant in substantial compliance herewith (the "Lease").
4. **Incorporation of Triumph Grant Award Obligations.** Pegasus acknowledges the award of certain grant funds by Triumph Gulf Coast ("Triumph") to PEDC (the "Triumph Grant"). The Triumph Grant imposes certain obligations on PEDC, which obligations as identified herein below PEDC will delegate to Pegasus via the Lease.
5. **Clawback.** The final lease between Pegasus and PEDC will contain a "clawback" provision substantially the same as that in the Triumph Grant, in which the clawback obligations owed to PEDC by Pegasus are the same as the clawback obligations owed by PEDC to Triumph. The clawback obligations are as follows:
 - (i) **Renovation and Job-Creation Obligations.** Pegasus hereby acknowledges that any Triumph Grant funds shall be subject to being repaid ("clawed back") in the event the following performance metrics (the "Performance Metrics") set forth in subparagraphs (a), (b) and (c) below are not achieved. In such event, Pegasus shall upon written demand by PEDC repay some or all portions of the Triumph Grant theretofore funded to and received by PEDC, determined as follows:

(a) Performance Metric #1: Private Sector Matching Funds. Pegasus agrees to complete renovation of the facility and the purchase of all equipment on or before December 31, 2025 (the "Completion Deadline"), utilizing Private Sector Matching Funds commitments from Pegasus totaling not less than \$9,265,000 to be used exclusively toward completion of the Project as shown in the Budget for such matching funds as provided in the Triumph Grant and which is attached hereto as **Exhibit "A"** and which shall be attached as an Exhibit to the Lease.

(b) Performance Metric #2: By the date (the "Performance Commencement Date") which is the earlier of (i) three (3) years after the date that the renovations of the Premises have been substantially completed as evidenced by a certificate of occupancy, or (ii) December 31, 2025, Pegasus will have created at least 63 New Jobs (as defined below); and

(c) Performance Metric #3: All of the 63 New Jobs shall have been maintained for at least three (3) years after the Performance Commencement Date.

As used herein, a **"New Job"** shall mean a job with the Company at the Property or at the Company's property adjoining the Property that (A) results in an average wage of not less than \$61,204 for all of the 63 new hires, (B) was created after October 18, 2021 which is the date of the approved Term sheet between Triumph and PEDC, (C) could not be sustained absent the availability of the Premises, and (D) is performed by a full-time employee or a full-time equivalent employee working at least 35 paid hours per week. Jobs are not considered New Jobs if they are (A) moved from one business to another business within Pegasus in Florida, unless the relocated positions are back-filled with net new-to-Florida full-time-equivalent jobs paying at least the wage of the transferred position(s), (B) moved from one business unit or location of a business or any of its affiliates or subsidiaries in Florida to another business unit or location of that business or any of its affiliates or subsidiaries in Florida, unless the relocated positions are back-filled with net new-to-Florida full-time-equivalent jobs paying at least the wage of the transferred position(s); or (C) temporary construction jobs involved with the construction of the Project, or temporary or seasonal jobs associated with cyclical business activities or to substitute for permanent employees on a leave of absence.

In the event Pegasus fails to timely achieve the Performance Metrics described above, then, upon written demand by PEDC, Pegasus shall within ninety (90) days of such demand repay to PEDC an amount of the Triumph Grant proportional to the jobs shortfall, based on \$39,683 per job (see the basis for this number below). For example, if there is a shortfall of 1 job (62 jobs created or maintained instead of 63), then the amount owed would be \$39,683 (1 x \$39,683), and if there is a shortfall of 20 jobs (43 jobs created or maintained instead of 63), then the amount owed would be \$793,660 (20 x \$39,683). The \$39,683 per job amount is determined by dividing the \$2,500,000 Triumph Grant amount by the 63 promised jobs. All amounts owed shall be repaid with interest at the rate *Wall Street Journal Prime Rate*

plus three percent (3%) per annum on such amounts to be repaid. Such interest shall accrue commencing on the date of such written demand by Triumph of PEDC and shall continue to accrue until the amount demanded is repaid in full. The amount due, including interest thereon, is referred to herein as the "Clawback Amount").

Notwithstanding the foregoing, PEDC shall have the discretion to waive, reduce, extend, or defer any Clawback Amount due if it determines in its sole and absolute discretion that (i) a breach of a representation and warranty herein or in the Triumph Grant Application, or a breach, violation, or default of or under any other provision of the Triumph Agreement, was not material in nature, (ii) based on quantitative evidence, the Performance Metrics were not achieved due to negative economic conditions beyond Pegasus' reasonable control, (iii) Pegasus made a good faith effort to achieve the Performance Metrics, and/or (iv) based on quantitative evidence, the effects of a named hurricane or tropical storm, or specific acts of terrorism, adversely affected Pegasus's ability to achieve the Performance Metrics.

To the extent any funds shall be clawed back by Triumph, it is understood, acknowledged, and accepted by Pegasus that Pegasus shall be liable to PEDC to the same extent and amount that PEDC is liable to Triumph.

At any time and from time to time, upon written request by PEDC, Pegasus shall within thirty (30) days of such request, deliver to PEDC (so that PEDC may deliver such to Triumph) such data, reports, payroll ledgers, state and federal payroll returns, financial statements and reporting, and other documents, instruments, and information, as well as its State of Florida employment reporting forms (collectively, "Back-up Data") as Triumph requires in order to determine whether the above Performance Metrics have been met. Pegasus's refusal or failure to timely provide any requested Back-up Data shall be deemed a failure to timely achieve the above Performance Metrics. Notwithstanding the foregoing, so long as Pegasus is making diligent efforts to obtain the Back-up Data from third parties, the thirty (30) day deadline described above shall be reasonably extended with respect to any Back-up Data needed to be obtained from third parties.

PEDC's remedies on Pegasus' default of clawback obligations: If the above clawback provision is exercised by Triumph on PEDC (1) Pegasus can pay PEDC the clawback amount necessary to repay Triumph and continue the lease and the renewal option; or (2) PEDC can terminate the lease and the renewal options with Pegasus and sell the Property or secure funds elsewhere to obtain the amounts necessary to repay Triumph.

- (ii) **Reporting.** Pegasus shall provide PEDC (so that PEDC can provide to Triumph) such data, reports, records, contracts and other documents relating to the Premises as PEDC may require at any time and continuing for a period of five (5) years after the completion of Pegasus' Improvements to the Premises. In addition, Pegasus shall on an annual basis on or before October 31 of each year submit to PEDC (so that PEDC may

provide to Triumph) an activity report containing the information further specified in the Lease.

- (iii) **Compliance with Laws.** Pegasus shall ensure that all clearances and permits required for the Premises and Pegasus' work thereon are obtained from the appropriate permitting authorities. Pegasus covenants and agrees that the Improvements will be completed in conformance with all applicable federal, state and local statutes, rules and regulations, and standards, including, but not limited to, applicable environmental laws and regulations including the securing of any applicable permits.
- (iv) **Plans and Specifications.** Pegasus acknowledges and agrees that Triumph shall have the right to review any plans and specifications for the Improvements to the Premises and any material changes to such plans and specifications, solely to confirm that plans and specifications or changes thereto are consistent with the that which PEDC described in its Triumph Grant application, such confirmation not to be unreasonably withheld, conditioned or delayed.
- (v) **Accounts.** Pegasus shall establish separate accounts to be maintained within its existing accounting system or establish independent accounts with respect to the Premises, including, but not limited to, if applicable, payroll ledgers, state and federal payroll returns, and job descriptions, with respect to personnel used in connection with the renovations and improvements to the Premises. Records of such costs incurred shall be maintained by Pegasus and made available upon request to Triumph at all times during the period of the Lease.
- (vi) **Audits.** Pegasus acknowledges that administration of the Triumph Grant and any federal, state, or local resources awarded to PEDC shall be subject to audits and/or monitoring by Triumph, the Chief Financial Officer of the State of Florida, the Auditor General of the State of Florida, the Florida Office of Program Policy Analysis and Government Accountability, and other state agencies, and by the federal government and agencies and representatives thereof. Without limiting the generality of the foregoing, Pegasus shall comply with all audit and audit reporting requirements as specified in the Lease.
- (vii) **Public Records.** Pegasus acknowledges that PEDC and Triumph are public entities and, as such, are obligated to comply with applicable provisions of Chapter 119 of the Florida Statutes. In the event that PEDC receives a request for a "public record" in connection with this Triumph Grant agreement, PEDC shall provide written notice to Pegasus of such request as soon as practicable after receipt of such request. If Pegasus submits records to PEDC that are confidential and exempt from public disclosure pursuant to applicable Florida law, such records should be marked accordingly by Pegasus prior to submittal.
- (viii) **Contractual Indemnity.** To the extent permitted by Florida law, Pegasus shall indemnify, defend, and hold harmless PEDC and all of its officers, agents, and employees from any claim, loss, damage, cost, charge, or expense arising out of any act, error, omission, or negligent act by Pegasus, its agents, or employees, during the performance of its obligations in the Lease, except that neither Pegasus, its agents, or its employees will be liable for any claim, loss, damage, cost, charge, or expense arising

out of any act, error, omission, or negligent act by PEDC or any of its officers, agents, or employees during the performance of PEDC's obligations under the Lease. When a claim for damages is made that may have been caused by Pegasus in the performance of services required under the Lease, PEDC will immediately forward the claim to Pegasus, and Pegasus and PEDC will evaluate the claim and report their findings to each other within fourteen (14) working days and will jointly discuss options in defending the claim.

6. **Term:** The initial term shall last until the expiration of ten (10) years. Pegasus shall have an option to renew as provided herein below.
7. **Rent:** Monthly rent shall be an amount calculated to cover all purchase money debt service owed by PEDC in original financing; plus administrative costs of PEDC. Pegasus shall pay all casualty insurance, ad valorem property tax, utilities, plus shall establish an adequate reserve for maintenance. Final amount to be determined. Rent shall commence upon Pegasus occupying the Premises, which is contemplated to be approximately March 1, 2022.
8. **Permitted Encumbrances.** PEDC and Pegasus acknowledge that the Premises will be subject to obligations of job creation imposed through the Triumph Grant, and purchase money financing (both of the Triumph Grant and any such purchase money financing referred to herein as the "Financial Obligations"). Pegasus shall not allow any other lien or encumbrance to be placed on the Premises during the term hereof as extended or renewed, including without limitation any construction liens without PEDC's advance written consent.
9. **Right to Erect Improvements.** With the prior approval of the PEDC, Pegasus may erect additional structures on the Premises for its use and purposes. Any improvements shall become part of the Premises.
10. **Inspections:** PEDC may inspect the Premises on a quarter-annual basis, or such other time as is necessary or appropriate, with notice to Pegasus (except in an emergency). The cost of such inspection shall be included in PEDC's administrative costs.
11. **Permitted Uses:** Animal pharmaceuticals and/or nutraceutical (nutritional) research, development and manufacturing. PEDC and Pegasus contemplate that Hitachi may continue to store its contents post-closing incidental to sale and move-out. Further, the parties contemplate that regulatory agency personnel may have access to the Premises through Pegasus' licensing.
12. **Taxes.** Pegasus shall pay all taxes that may be levied upon, assessed, or charged the Company or the Premises. Pegasus shall obtain and pay for all licenses and permits required by law. PEDC and Pegasus shall use best efforts to pursue possible abatement of real property taxes during construction of tenant improvements.
13. **Renewal.** Upon expiration of the Term provided herein above, or upon conclusion of all performance obligations owe by PEDC to Triumph Pegasus may elect to (a) renew the Lease at a term of thirty (30) years, during which time monthly rent shall be capped at a maximum of administrative costs to PEDC plus amount sufficient to cover monthly debt service, or (b) purchase the Premises with Purchase Price as follows:

Fair Market Value of the Premises as of March 2022 established by PEDC's purchase price of the Premises, LESS:

- i. The portion of all prior rent payments made pursuant to the Lease in amounts applied as to PEDC's debt service on the Premises (which shall not include PEDC's administrative costs component of Rent); and
- ii. The value of Pegasus's economic development in the community resulting from the Project job-creations, determined as the amount which has been released from Triumph's clawback rights as provided hereinabove. By way of example only, if Pegasus meets all of the job-creation performance metrics, and therefore none of the Triumph Grant remains subject to clawback, then the amount reduced from the Purchase Price for this purpose shall be \$2,500,000.

Acceptance: This Term Sheet is an outline of lease terms only. This Term Sheet and any subsequent lease drafts are subject to approval by the parties and by Triumph.

By signing below, the parties are indicating a willingness to proceed with draft agreements for the purposes hereof prepared on substantially the terms set forth herein. This Term Sheet is merely a confidential invitation to negotiate and is intended for discussion and negotiation purposes only, and (a) does not constitute an offer by PEDC to lease the Premises, and (b) does not create any binding obligations on PEDC or Pegasus to enter into such lease or financing agreements the Premises or to engage in any further negotiations with each other. Any binding agreement between PEDC and Pegasus regarding the Premises must be contained in a definitive agreement executed by the parties, and at any time prior to such execution either PEDC or Pegasus may terminate negotiations, and upon such termination neither party shall have any liabilities or obligations to the other except as may be set forth herein.

PEGASUS:

by: ANDREW PECK, CFO
22701 W 68th Terrace
Shawnee, KS 66226
date: _____, 2022

PEDC:

by: LEWIS BEAR JR., Chair
date: _____, 2022

*TERM SHEET
PEDC/PEGASUS
PREMISES LEASE
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Exhibit "A"
Private Sector Matching Funds Budget

Exhibit B as of
Project Name and Number

PIONEER #259

Budget Estimate

Estimated Construction Start Date if applicable

Estimated Education component start date if applicable

		Facility	Renovation, Equipment & Furnishings	Total
Project Total				
	2022	8,400,000.00	2,415,000.00	10,815,000.00
	2023	-	4,250,000.00	4,250,000.00
	2024	-	1,300,000.00	1,300,000.00
	2025	-	1,300,000.00	1,300,000.00
Project Total		8,400,000.00	9,265,000.00	17,665,000.00
Triumph				
	2022	2,500,000.00		2,500,000.00
	2023			-
	2024			-
	2025			-
Triumph Total		2,500,000.00	-	2,500,000.00
Match Funding				
	2022	5,900,000.00	2,415,000.00	8,315,000.00
	2023		4,250,000.00	4,250,000.00
	2024		1,300,000.00	1,300,000.00
	2025		1,300,000.00	1,300,000.00
Grantee Total		5,900,000.00	9,265,000.00	15,165,000.00