

FIRST AMENDMENT TO GRANT AWARD AGREEMENT
(City of Panama City – Eastern Shipbuilding/Project #185)

This First Amendment to Grant Award Agreement (this "Amendment") is made and effective this 27th day of October, 2020 by and among Triumph Gulf Coast, Inc., a Florida not-for-profit corporation ("Triumph"), the City of Panama City, a Florida municipal corporation ("City"), and Eastern Shipbuilding, Inc., a Florida Corporation ("ESG"), for the uses and purposes set forth hereafter.

WITNESSETH:

WHEREAS, Triumph, the City, and ESG entered into that Certain Grant Award Agreement ("Agreement") dated August 1, 2019, whereby Triumph awarded a grant of \$20,000,000.00 to the City under certain terms, conditions, and contingencies, and subject to certain performance metrics, all as set forth in the Agreement; and,

WHEREAS, on or about October 10, 2019, Hurricane Michael made landfall in Bay County, Florida as a Category 5 storm with sustained winds of 160 miles per hour; and,

WHEREAS, ESG's shipbuilding facilities and infrastructure sustained significant damage as a result of Hurricane Michael impacting its ability to meet all terms, conditions, contingencies, and performance metrics of the Agreement and its contract with the United States Coast Guard ("USCG") for the construction of Offshore Patrol Cutters ("OPC"); and,

WHEREAS, in the wake of Hurricane Michael the USCG made certain concessions for ESG and agreed to amend its contract for the construction of OPCs to enable ESG to continue building a set number of OPCs under a guaranteed contract with the USCG; and

WHEREAS, ESG has assured Triumph that the changes to ESG's contract with the USCG will not impact ESG's ability to meet the performance metrics set forth in the Agreement with regard to job creation and retention; and

WHEREAS, the parties wish to amend the Agreement to more accurately reflect the current status of the USCG contract for the construction of OPCs by ESG.

NOW THEREFORE, in consideration of the foregoing recitals, and other good and valuable consideration, the parties hereby agree as follows:

1. The foregoing recitals are true and correct and incorporated herein by reference.
2. Paragraph 8.3 of the Agreement is deleted in its entirety and replaced with the following language:

8.3 Performance Metrics. In the event ESG fails to timely achieve the performance metrics set forth below, then in accordance with Section 8.4 below the City and ESG shall, upon written demand by Triumph, repay to Triumph all portions of Grant theretofore disbursed to and received by the City.

- (a) On or before August 1, 2028, at least 900 "Net New Jobs" (as defined below) shall have been created at the ESG Nelson Street Facility over and above the existing 497 FTE (as defined below) jobs, and such 900 Net New Jobs shall have been maintained for a period of three (3) years.

(b) As used herein, a "Net New Job" shall mean a job that was (a) created after the quarter ending December 31, 2017, (b) resulted in a net increase in overall employment on or at the ESG Nelson Street Facility related specifically to contracts obtained with respect to the United States Coast Guard Offshore Patrol Cutter ("USCG OPC Project"), and (c) is performed by a FTE (2080 man-hours/year) at the BSG Nelson Street Facility specific to the USCG OPC Project Jobs are not considered Net New Jobs if they are (A) moved from other workplaces 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 (B) temporary construction jobs involved with the construction of the Project, or temporary or seasonal jobs

Notwithstanding the foregoing, in the event ESG does not win the United States Coast Guard ("USCG") contract for offshore patrol cutters ("OPC") 5 or up to 25, then the City can retain any Grant received as long as at least the 900 Net New Jobs described above are maintained at the ESG Nelson Street Facility and Allanton Facility which are devoted to local, state, federal, or commercial shipbuilding and the Lease shall remain in full force and effect.

The calculation of the performance metrics shall be made by Rick Harper or another similarly qualified economist or analyst selected by Triumph.

Triumph shall have the discretion to waive, reduce, extend, or defer any clawback 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 ESG's reasonable control, (iii) ESG made a good faith effort to achieve full performance of at least one of the performance metrics and its failure to do so does not substantially frustrate the general purpose of the Grant, and/or (iv) based on quantitative evidence, the effects of a named hurricane or tropical storm, or specific acts of terrorism, adversely affected ESG's ability to achieve at least one of the performance metrics.

At any time and from time to time, upon written request by Triumph, the City and ESG shall, within thirty (30) days of such request, deliver to Triumph such data, reports, payroll records, financial statements and reporting, and other documents, instruments, State of Florida employment reporting forms, and such other information in its possession or control as Triumph requires in order to determine whether ESG achieved the above performance metrics (collectively, "Back-up Data"). The City's and/or ESG's refusal or failure to timely provide any requested Back-up Data and other information described above shall be deemed a breach of a material obligation of this Agreement.

3. The parties represent and agree that this Agreement is entered into at the request of ESG for concessions related to the impacts of Hurricane Michael and the resulting changes to its OFC contracts with the USCG and that these changes and the job creation obligations undertaken herein are reasonable and representative of ESG's post-Michael expectations.

4. Except as expressly provided above, the Agreement shall remain unmodified and in full force and effect. The City and ESG each hereby (a) agree that, as of the date hereof, (i) there are no currently

existing claims, counterclaims, cross-claims or defenses of the City and/or ESG with respect to their obligations under the Agreement (as originally executed and as amended hereby), and (ii) Triumph has fully performed all of its obligations thereunder, and (b) ratify and reaffirm their respective obligations thereunder.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment be executed as of the day and year first above written.

THE CITY:

CITY OF PANAMA CITY,
a Florida municipal corporation

By: [Signature]
Print Name: Greg Brudnicki
Title: Mayor

Approved: 5/12/20

ATTEST:

By: [Signature]
Print Name: Brandy Waldron
Title: Clerk-Treasurer

TRIUMPH:

TRIUMPH GULF COAST, INC., a Florida
not-for-profit corporation

By: [Signature]
Print Name: Don Gaetz
Title: Chairman

By: [Signature]
Print Name: Ben J. Lewis
Title: Asst Treasurer

ATTEST:

By: [Signature]
Print Name: Susan Skelton
Title: Secretary

APPROVED AS TO FORM AND CORRECTNESS:

[Signature]
Kevin J. Zimmerman, City Attorney
Buck Blue PA

ESG:

Eastern Shipbuilding Group, Inc., a Florida corporation

By: [Signature]
Name: Joseph D'Isornio
Title: President