



**TRIUMPH GULF COAST, INC.
FUNDING PROPOSAL**

PROJECT SOUND

(Reference: #322 Pre-application)

**Application submitted by
Okaloosa County Board of County
Commissioners**

November 2023

Triumph Gulf Coast, Inc. Trust Fund Application for Funds

Proposal Instructions: The Triumph Gulf Coast, Inc. Trust Fund Grant Application (this document) must be completed by the entity applying for the grant and signed, as applicable, by either the individual applying for funds, an individual authorized to bind the entity applying for funds, a chief elected official, the administrator for the governmental entity or their designee. Please read the Application carefully as some questions may require a separate narrative to be completed. In addition, please complete all Addendums that may be applicable to the proposed project or program.

Triumph Gulf Coast, Inc. will make awards from available funds to projects or programs that meet the priorities for economic recovery, diversification, and enhancement of the disproportionately affected counties. Triumph Gulf Coast, Inc. may make awards for:

- 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; and
- 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.

Pursuant to Florida Law, Triumph Gulf Coast, Inc. will provide priority consideration to Applications for projects or programs that:

- 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.

Additionally, the Board of Triumph Gulf Coast, Inc. may provide discretionary priority to consideration of Applications for projects and programs that:

- Are considered transformational for the future of the Northwest Florida region.
- May be consummated quickly and efficiently.
- Promote net-new jobs in the private sector with an income above regional average household income.
- Align with Northwest Florida FORWARD, the regional strategic initiative for Northwest Florida economic transformation.
- Create net-new jobs in targeted industries to include: aerospace and defense, financial services/shared services, water transportation, artificial intelligence, cybersecurity, information technology, manufacturing, and robotics.
- Promote industry cluster impact for unique targeted industries.
- Create net-new jobs with wages above national average wage (*e.g.*, similar to EFI QTI program, measured on graduated scale).
- Are located in Rural Area of Opportunity as defined by the State of Florida (DEO).
- Provide a wider regional impact versus solely local impact.
- Align with other similar programs across the regions for greater regional impact, and not be duplicative of other existing projects or programs.
- Enhance research and innovative technologies in the region.
- Enhance a targeted industry cluster or create a Center of Excellence unique to Northwest Florida.
- Create a unique asset in the region that can be leveraged for regional growth of targeted industries.

- Demonstrate long-term financial sustainability following Triumph Gulf Coast, Inc. funding.
- Leverage funding from other government and private entity sources.
- Provide local investment and spending.
- Are supported by more than one governmental entity and/or private sector companies, in particular proposed projects or programs supported by more than one county in the region.
- Provide clear performance metrics over duration of project or program.
- Include deliverables-based payment system dependent upon achievement of interim performance metrics.
- Provide capacity building support for regional economic growth.
- Are environmentally conscious and business focused.
- Include Applicant and selected partners/vendors located in Northwest Florida.

Applications will be evaluated and scored based on compliance with the statutory requirements of the Triumph Gulf Coast legislation, including but not limited to the priorities identified therein and the geographic region served by the proposed project or program.

Applicant Information

Name of Individual (if applying in individual capacity): _____

Name of Entity/Organization: Okaloosa County Board of County Commissioners

Background of Applicant Individual/Entity/Organization: County Government

(If additional space is needed, please attach a Word document with your entire answer.)

Federal Employer Identification Number: 59-6000765

Contact Information:

Primary Contact Information: Jane Evans

Title: Grants & RESTORE Manager

Mailing Address: 1250 North Eglin Parkway, Ste 102
Shalimar, FL 32579

Phone: 850-651-7521

Email: jevans@myokaloosa.com

Website: www.myokaloosa.com

Identify any co-applicants, partners, or other entities or organizations that will have a role in the proposed project or program and such partners proposed roles.

One Okaloosa EDC; Project Sound; Space Florida; CareerSource Okaloosa Walton;

University of West Florida IRDF; Northwest Florida State College; Okaloosa County School District;
Technical College

(If additional space is needed, please attach a Word document with your entire answer.)

Total amount of funding requested from Triumph Gulf Coast: \$6,000,000

Has the applicant in the past requested or applied for funds for all or part of the proposed project/program?

Yes No

If yes, please provide detailed information concerning the prior request for funding, including:

- the date the request/application for funding was made;
- the source to which the request/application for funding was made,
- the results of the request/application for funding, and
- projected or realized results and/or outcomes from prior funding.

(If additional space is needed, please attach a Word document with your entire answer.)

Describe financial status of the applicant and any co-applicants or partners:

Normal local government funding sources

(If additional space is needed, please attach a Word document with your entire answer.)

In a separate attachment, please provide financial statements or information that details the financial status of the applicant and any co-applicants or partners.

Has the applicant or any co-applicants, partners or any associated or affiliated entities or individuals filed for bankruptcy in the last ten (10) years?

Yes No

If yes, please identify the entity or individual that filed for bankruptcy and the date of filing.

(If additional space is needed, please attach a Word document with your entire answer.)

Eligibility

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.*

From the choices below, please check the box that describes the purpose of the proposed project or program (check all that apply):

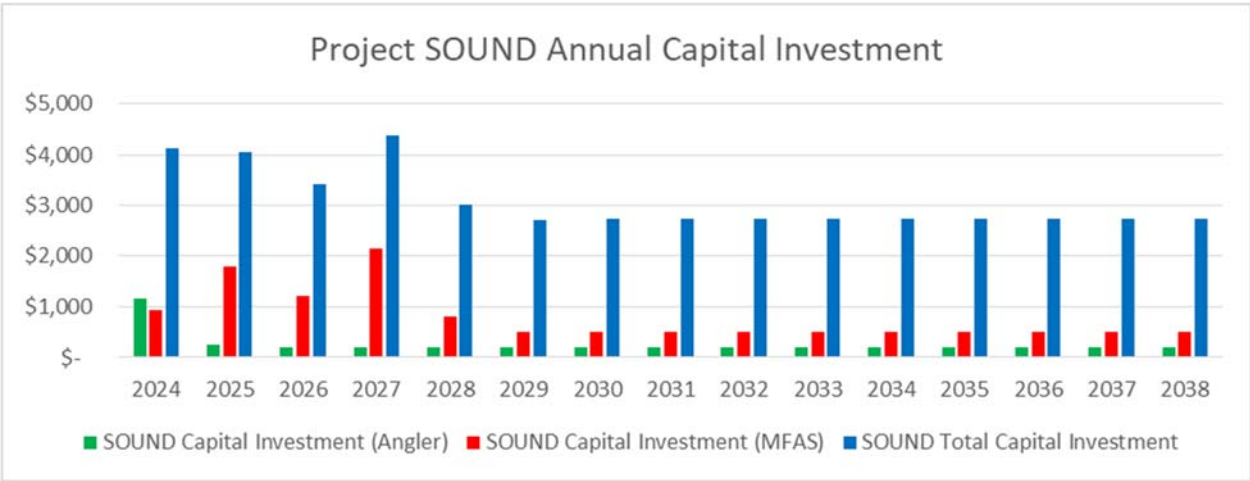
- Ad valorem tax rate reduction within disproportionately affected counties;
- Local match requirements of s. 288.0655 for projects in the disproportionately affected counties.
- Public infrastructure projects for construction, expansion, or maintenance which are shown to enhance economic recovery, diversification, 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 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; and
- 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.

1. Provide the title and a detailed description of the proposed project or program, including the location of the proposed project or program, a detailed description of, and quantitative evidence demonstrating how the proposed project or program will promote economic recovery, diversification, and enhancement of the disproportionately affected counties, a proposed timeline for the proposed project or program, and the disproportionately affected counties that will be impacted by the proposed project or program.

One Okaloosa EDC first initiated discussions with Project Sound in July 2022. At the time, Project Sound’s leadership team was evaluating multiple sites in states including FL, VA, SC, MD and PA for a “High Volume Manufacturing” (HVM) facility to support continued growth of high-priority defense programs. In undertaking the comprehensive site review, Project Sound enlisted the support of CBRE and supplemented CBRE’s research with their own internal findings. Site visits to three semi-finalist locations – including Okaloosa County – were undertaken in August 2023. One of these three semifinalist communities was subsequently eliminated; Okaloosa County and another community (not located in NW Florida) are the two remaining finalists. Project Sound officials are seeking to make a final site selection decision by the end of 2023 and have asked both finalist locations for “best and final” offers.

By way of background, Project Sound was founded in 1989 and is a leading developer and manufacturer of integrated systems, sensors, weapons, and training & support systems for the defense industry. Its systems are used in advanced systems for defense platforms supporting the US Navy in a deterrence capacity. The company designs, develops, engineers, manufactures, and sells a complete range of state-of-the-art systems and associated software. Now operating as a wholly-owned subsidiary of an international company, Project Sound has annual sales in excess of \$100M and employs over 250 associates at sites located in three states and the District of Columbia.

Project Sound is seeking Triumph Gulf Coast’s support with the establishment of HVM operations in Okaloosa County / Crestview, FL. The company estimates that the total capital investment required for this project over the five year initial ramp up will total \$17,028,000.



Project Sound has previously utilized a phased “crawl, walk, run” approach in standing up new facilities in new locations. Given their success with this approach, they intend to follow a similar strategy with establishing and growing their new HVM location. The requested \$6,000,000 Triumph Gulf Coast grant award will be used to grow from an initial leased facility of approximately 10-12K SF (crawl phase) to a publicly-owned, custom-built facility of approximately 40,000 square-foot facility (accelerated and combined walk/run phase). Project Sound will create 44 jobs within the first 5 years with an average salary of \$90K annually or more - well above Okaloosa County’s current average wage of \$53,156. Between 2024 and 2034, 140 jobs will be created with over \$50M in salary paid over this period.

- Average Salary By Year
 - 2024 - \$91K
 - 2029 - \$75K
 - 2034 - \$86K
 - 2038 - \$97K

Project Sound fully intends to be one of the most sought-after companies to work for in Okaloosa County and the surrounding region. The company will partner with local colleges, universities, and county entities to develop training programs, internships, and co-op programs to benefit both the community and the company. The company’s products are highly technical state-of-the-art systems. To accomplish the design and manufacture of these systems, they directly employ professional engineers, scientists and highly qualified personnel who are all experienced in the defense manufacturing business. All the employees at this company are highly trained in their careers.

1. A quarter of their business is engineering and software based with a portion of that being highly advanced and classified R&D requiring highly educated personnel. The rest of the business is high precision manufacturing requiring sophisticated assembly and test processes.
2. The company is wholly-owned by a large, multi-national company and provides excellent working conditions, education, wellness, and medical benefits.
3. Sound will have to control the building grounds, as there are spaces within the facilities that will be classified up to secret level.
4. Sound will work with the community regularly taking on interns or co-op students and will be active in supporting local schools, colleges, and universities to every extent possible.
5. They have very clean operations with no air or water pollutants.
7. Noise is minimal.
8. From the community, they would require highly qualified candidates in Engineering, Precision-assembly, and MIL-SPEC/Aerospace qualified QA/QC. Requirements may include master’s degrees, bachelor’s degrees, associate degrees, and highly skilled HS graduates.
9. Employees must pass different levels of security background checks depending on their position or job.

Below is the target timeline for standing up Phase 1 and Phase 2 HVM facilities:

- | | |
|--|------------------------------|
| 1. Determine site selection for the facility | 4 th quarter 2023 |
| 2. Locate Phase 1 (Crawl) 10-12K SF facility to lease | 4 th quarter 2023 |
| 3. Sign lease | Jan 2024 |
| 4. Design lease improvements and renovate | Jan-Jun 2024 |
| 5. Operations commence in leased facility | July 2024 |
| 6. Initiate design/permitting for 40K SF custom-built facility (Walk, Run) | Jan 2025 |
| 7. Begin Construction of building | Jan 2026 |
| 8. Occupy new facility | July 2027 |

2. Explain how the proposed project or program is considered transformational and how it will affect the disproportionately affected counties in the next ten (10) years.

Advanced manufacturing such as what is proposed with Project Sound’s state-of-the-art High Volume Manufacturing facility in Crestview is a much-prized targeted industry sector for the State of Florida and the northwest Florida region, and for good reason. The Economic Policy Institute in the U.S. reports that every single manufacturing job creates at least three additional jobs, as manufacturing supplies are purchased and wages are spent in other parts of the economy. Unfortunately, American manufacturing suffered a widely-reported decline in the 30 year period between 1979 and 2009 - with the U.S. losing more than 40% of its manufacturing jobs (Brookings Metropolitan Policy Program article “*Why Does Manufacturing Matter?*”, Feb 2012).

Okaloosa County’s percentage of manufacturing employment has hovered around 4% in recent years, well beneath the 11% national average. Additionally, according to EMSI/Lightcast, some 3,099 manufacturing jobs exist in Okaloosa County at present compared with 9,214 manufacturing jobs for comparably-sized U.S. markets. The opportunity to provide viable advanced manufacturing career pathways for northwest Florida transitioning military members, students participating in career/technical education programs and lower-wage service industry workers looking to upskill is significant. With Project Sound seeking to employ higher-wage personnel in precision assembly, engineering and MIL-SPEC/Aerospace qualified QA/QC, this project stands to have an outsized impact on the region’s economy.

3. Describe data or information available to demonstrate the viability of the proposed project or program.

With a successful 34-year history, Project Sound has a proven track record of successful project execution. The two programs planned for the new HVM facility (Angler and Sonobuoy) are of high interest and importance to the US Navy and will provide long-term, stable employment and steady growth. Additionally, Project Sound benefits from having a financially strong corporate parent. The parent company is a large, multi-national corporation that reported record profitability in 2022, including an 8.5% Year over Year increase in sales and a 14% increase in adjusted net income.

The University of West Florida’s Office of Research Administration & Engagement

conducted a thorough review of Project Sound’s Business Plan and Financial Statements prior to approving a \$1,050,000 award from the UWF Industry Resilience & Diversification Fund in October 2023. Likewise, Space Florida, as a development partner in the proposed Phase 2 custom-built facility, has vetted the company’s financials and reviewed pertinent information including performance history, current customer list, and future planned contracts.

4. Describe how the impacts to the disproportionately affected counties will be measured long term.

In order to effectively measure the success and overall impact of Project Sound to Okaloosa County and the northwest Florida region, the net new jobs created will be measured along with the average wages of the new positions. Other metrics to be reviewed will include the overall capital investment of the project and the annual payroll increase for the community. These economic variables will help support the continued transformation of the Okaloosa County economy – an economy that suffered mightily through the impacts of the Great Recession (2008), the Deepwater Horizon Oil Spill (2010) and defense spending cuts during Federal budget sequestration (2013). Moreover, with more than 41,000 wage earners in Okaloosa County working in the historically lower-wage Services sector – versus 3,099 employed in the Manufacturing sector – Project Sound represents a significant economic diversification opportunity, and one that will serve to showcase Okaloosa County and the northwest Florida region to other, similar high-wage manufacturing / engineering-oriented companies.

5. Describe how the proposed project or program is sustainable. (Note: Sustainable means how the proposed project or program will remain financially viable and continue to perform in the long-term after Triumph Gulf Coast, Inc. funding.)

The funding request to Triumph Gulf Coast, Inc. for Project Sound will support the establishment of the company in the Okaloosa Industrial Air Park. In particular, the funding requested will support the construction of a 40,000 SF facility necessary to accommodate Project Sound’s High-Volume Manufacturing (HVM) facility. Financing of the facility will occur through Space Florida, and the Triumph Gulf Coast funds will be designated to support the facility construction to include, but not limited to, site work, foundations, utility extensions, parking areas, storm water retention and other requirements. The Triumph Gulf Coast proceeds will be used in combination with private financing that is secured through Space Florida utilizing the company’s credit history / profile. The amount of financing requested of Triumph Gulf Coast is one-time financial support and will serve to reduce the financial burden on Project Sound. All recurring financial burdens shall be on Project Sound and not Triumph Gulf Coast, Inc. Space Florida will enter into a ground lease with Okaloosa County for the site in question, and Space Florida will maintain ownership of the facility and enter into a long-term lease with the company.

For the financing of Project Sound, the company is working with Space Florida to finance and lease the building and equipment needed for the project. It is estimated that the amount to be financed through Space Florida is \$9,978,000. The facility and equipment will be synthetically leased back to the company through Space Florida. Through the contemplated lease, Project Sound will be financially obligated for lease payments to Space Florida that

cover the debt service, the cost of the Okaloosa County land lease, and reasonable administrative fees.

6. Describe how the deliverables for the proposed project or program will be measured.

The deliverables for Project Sound and the associated grant award by Triumph Gulf Coast will be achieved through the construction of the new HVM facility by Space Florida in the Okaloosa Industrial Air Park. With this facility being built on public property and owned by Space Florida, the facility will be a public infrastructure project. The Triumph grant will be utilized to support necessary construction activities in order to bring Project Sound's HVM facility – and the associated high-wage targeted industry jobs – to fruition. The economic benefits to Okaloosa County and the broader northwest Florida region will be in the form of new manufacturing, engineering and research jobs, the resulting increase in Okaloosa County's private sector payrolls and average wage, and the overall capital investment achieved through the project. As required by future Performance Agreements / Contracts with Triumph Gulf Coast, Inc., the University of West Florida IRDF program and the Okaloosa County Board of County Commissioners' EDATE award, average wages and new jobs created by Project Sound will be reported by the company and measured annually.

Priorities

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 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.

2. Please explain how the proposed project meets the priorities identified above.

The project meets the following priorities:

Generate maximum economic benefits

As an employer of highly-skilled professionals with expertise in engineering, research & development, precision assembly and quality control / quality assurance, Project Sound is prepared to provide competitive compensation and attractive employee benefits. Utilizing the IMPLAN economic impact analysis tool, we have concluded that the 140 jobs the company plans to create in Okaloosa County will generate an additional 22 indirect and 36 induced positions in the regional economy. According to IMPLAN, the total annual payroll associated with the 140 primary positions and the combined 58 indirect and induced positions will equate to \$14,783,363. Looking at the overall economic impact of the project on GRP (Gross Regional Product), Project Sound is expected to generate a \$36,955,011 annual economic impact.

Increase Household Income

Project Sound stands to be a catalyst for the establishment of new and additional related businesses in Okaloosa County. Currently, Okaloosa County has an average wage of \$53,156 according to Enterprise Florida. Notably, this is \$7,020 less than the State of Florida's average wage of \$60,176. Project Sound anticipates an average wage of \$91,000 in 2024 and \$76,600 in 2030, resulting in average wages that are between **40% - 85% above** the County's average wage.

Leverage existing assets

With Project Sound's proposed HVM facility pursuing a location in the Okaloosa Industrial Air Park (OIAP), this project stands to be the first completely new facility developed in the OIAP since the park was first certified through FPL's Florida First Sites site certification program in 2015. The location of Project Sound's state of the art facility in the OIAP will serve to solidify the park as a preferred location for companies requiring ready-access to a high quality workforce, efficient transportation systems and low cost utilities. Additionally, Project Sound stands to leverage Okaloosa County's annual pipeline of approximately 1,300 transitioning military members (many of whom have the security clearances and skill sets that the company requires) as a valued workforce cohort. Finally, Project Sound will leverage local capabilities, including local machine shops and other critical suppliers. To that end, Project Sound representatives have already held an initial meeting with Fort Walton Machining regarding their capabilities.

Partner with local governments

For years, the Okaloosa County Board of County Commissioners has invested heavily in constructing new infrastructure in the vicinity of Bob Sikes Airport, including the creation and development of the Okaloosa Industrial Air Park. Additionally, in pursuing certification of the Okaloosa Industrial Air Park in 2015 and undertaking extensive due diligence studies intended to demonstrate ease of development while saving cost / mitigating risk for future industrial tenants, the Okaloosa County Board of County Commissioners and Okaloosa Airports Department has set the stage for high-value targeted industry sector projects like Project Sound to locate within the park. Moreover, in light of the high-wage jobs associated with Project Sound, the Okaloosa County Board of County Commissioners is concurrently considering an Economic Development Ad Valorem Tax Exemption (EDATE) award for this project. As yet another demonstration of partnership, the County is submitting this application to Triumph Gulf Coast seeking funding support for a project that it feels will have tremendous impact on the local and regional economy.

Provide outcome measures

Outcome measures of this public infrastructure project include the 140+ newly created positions, the wages associated with these positions and the addition of approximately \$11 million in annual payroll to Okaloosa County.

Partner with K-20 educational institutions

With future career opportunities in manufacturing, engineering and technology, Project Sound’s workforce requirements are closely aligned with numerous technical career pathway programs offered by Okaloosa County School District / Okaloosa Career & Technical Education, Okaloosa Technical College, Northwest Florida State College, University of West Florida and the University of Florida REEF (Research Engineering & Education Facility) housed in Okaloosa County. Project Sound has already met with the leadership of Okaloosa Technical College and Northwest Florida State College and looks forward to establishing meaningful partnerships with these institutions (and others) that may take the form of experiential learning (internships / apprenticeships / co-op), tailored training/degree programs, and long-term mentorship relationships.

Recommended by Board of County Commissioners

While Okaloosa County senior staff has participated in discussions with Project Sound and provided favorable guidance for the proposed project, the Okaloosa County Board of County Commissioners will need to formally consider approving the submittal of the application to Triumph Gulf Coast during their November 21, 2023 planned meeting.

3. Please explain how the proposed project or program meets the discretionary priorities identified by the Board.

According to Florida Statute 288.8017, Triumph Gulf Coast is authorized to “make awards from available funds that meet the priorities for economic recovery, diversification, and enhancement of the disproportionately affected counties”. The statute also states that one of the priorities or goals of Triumph Gulf Coast is “to generate maximum estimated economic benefits, based on tools and models not generally employed by economic input/output analysis 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.”

The list of discretionary priorities and goals set by the Triumph Board that are not included in the statute include transformation for the future of Northwest Florida and the creation of new jobs. By creating high wage, sustainable employment opportunities that closely align with recent investment made to enhance northwest Florida’s workforce and infrastructure, it is our view that Project Sound is precisely the type of opportunity that Triumph’s statutory mandate and board-established discretionary priorities envision.

4. In which of the eight disproportionately affected county/counties is the proposed project or program located? (Circle all that apply)

Escambia Santa Rosa **Okaloosa** Walton Bay Gulf Franklin Wakulla

5. Was this proposed project or program on a list of proposed projects and programs submitted to Triumph Gulf Coast, Inc., by one (or more) of the eight disproportionately affected Counties as a project and program located within its county?

Yes No

If yes, list all Counties that apply: _____

6. Does the Board of County Commissioners for each County listed in response to question 5, above, recommend this project or program to Triumph?

Yes No

This application was approved by the Okaloosa County Board of County Commissioners in their November 21, 2023 meeting.

Approvals and Authority

1. If the Applicant is awarded grant funds based on this proposal, what approvals must be obtained before Applicant can execute an agreement with Triumph Gulf Coast, Inc.?

Once Project Sound makes a final site selection decision in favor of Okaloosa County (expected by the end of 2023), Space Florida and Project Sound must identify and select a private financial institution to lend funds for the portion of the project not covered by the requested Triumph grant award. Additionally, Project Sound, the Okaloosa County Board of County Commissioners, and Space Florida must ultimately agree on the optimum building / land lease structure for all parties.

(If additional space is needed, please attach a Word document with your entire answer.)

2. If approval of a board, commission, council or other group is needed prior to execution of an agreement between the entity and Triumph Gulf Coast:

A. Provide the schedule of upcoming meetings for the group for a period of at least six months.

The Okaloosa County Board of County Commissioners meets on the first and third Tuesday of each month.

B. State whether that group can hold special meetings, and if so, upon how many days' notice.

Yes, upon three days' public notice.

(If additional space is needed, please attach a Word document with your entire answer.)

3. Describe the timeline for the proposed project or program if an award of funding is approved, including milestones that will be achieved following an award through completion of the proposed project or program.

1. Determine site selection for the HVM facility	4 th quarter 2023
2. Locate Phase 1 (Crawl) 10-12K SF facility to lease	4 th quarter 2023
3. Sign lease for Phase 1 building	Jan 2024
4. Design lease improvements and renovate Phase 1 facility	Jan-Jun 2024
5. Operations commence in leased facility	July 2024
6. Initiate design/permitting for Phase 2 40K SF custom-built facility	Jan 2025
7. Begin Construction of building	Jan 2026
8. Occupy new facility	July 2027

4. Attach evidence that the undersigned has all necessary authority to execute this proposal on behalf of the entity applying for funding. This evidence may take a variety of forms, including but not limited to: a delegation of authority, citation to relevant laws or codes, policy documents, etc. In addition, please attach any support letters from partners.

Please find in Exhibit A the Change of Chairman Letter executed for calendar year 2023 from Mel Ponder to Robert A. "Trey" Goodwin III.

Funding and Budget:

Pursuant to Section 288.8017, awards may not be used to finance 100 percent of any project or program. An awardee may not receive all of the funds available in any given year.

1. Identify the amount of funding sought from Triumph Gulf Coast, Inc. and the time period over which funding is requested.

\$6,000,000 is being requested to support construction build-out of Project Sound's 40,000 SF High Volume Manufacturing facility. Design/permitting of the facility will commence in Jan 2025. Physical construction is expected to begin in January 2026, with completion and move-in targeted for July 2027.

2. What percentage of total program or project costs does the requested award from Triumph Gulf Coast, Inc. represent? (Please note that an award of funding will be for a defined monetary amount and will not be based on percentage of projected project costs.)

The requested funding from Triumph Gulf Coast, Inc. represents approximately 35% of the overall project costs.

3. Please describe the types and number of jobs expected from the proposed project or program and the expected average wage.

Project Sound requires highly qualified candidates in Engineering, Precision-assembly, and MIL-SPEC/Aerospace qualified QA/QC. Requirements may include master's degrees, bachelor's degrees, associate degrees, and highly skilled high school graduates. Employees must pass different levels of security background checks depending on their position or job. Project Sound will pay an average wage of \$91,000 in 2024 and expects the average to level off to \$76,600 in 2030 as larger numbers of production personnel are brought on board. The company will create 44 jobs within the first 5 years with an average salary of \$90K annually or more - well above Okaloosa County's current average wage of \$53,156. Between 2024 and 2034, 140 jobs will be created with over \$50M in salary paid over this period.

- Average Salary By Year
2024 - \$91K
2029 - \$75K
2034 - \$86K
2038 - \$97K

4. Does the potential award supplement but not supplant existing funding sources? If yes, describe how the potential award supplements existing funding sources.

Yes No

The funding being requested of Triumph Gulf Coast will supplement other project funding sources to support the development of Project Sound and related job creation. For Project Sound, other funding sources include private funding provided through the loan/lease arrangement with Space Florida and the University of West Florida IRDF grant fund.

5. Please provide a Project/Program Budget. Include all applicable costs and other funding sources available to support the proposal.

A. Project/Program Costs:

Example Costs (Note: Not exhaustive list of possible Cost categories.)

Construction	<u>\$ 9,600,000</u>
Design & Engineering	<u>\$ 1,000,000</u>
Land Acquisition	<u>\$ Land Lease</u>
Land Improvement	<u>\$ Included in</u>
	<u>Construction Costs</u>
Equipment	<u>\$ 6,428,000</u>
Total Project Costs:	<u>\$ 17,028,000</u>
Private Sources	<u>\$ 9,978,000</u>
Other (e.g., grants, etc.)	<u>\$1,050,000 UWF IRDF Grant (APPROVED)</u>
Total Other Funding	<u>\$11,028,000</u>
Total Amount Requested:	<u>\$ 6,000,000</u>

Note: The total amount requested must equal the difference between the costs in 3A. and the other project funding sources in 3.B.

B. Other Project Funding Sources:

In addition to company allocated funding and company obligations for private debt financing that will be structured in partnership with Space Florida, the University of West Florida’s Industry Resilience and Diversification Fund issued an award letter to Project Sound on October 24, 2023 for \$1,050,000 in grant funding. These funds will be utilized to fund a portion of the renovation and tooling expenses for the initial facility that will be leased during the “crawl” phase.

- C. Provide a detailed budget narrative, including the timing and steps necessary to obtain the funding and any other pertinent budget-related information.

As stated above, the overall budget for Project Sound is \$17,028,000. A detailed breakdown of the proposed budget is shown below.

Year	Capital Investment	Program Cost Category	Program	Description
2024	\$565,000	Equipment	Angler	Security, IT infrastructure & equipment, production test equipment & tooling, desks, computers & office equipment
2025	\$250,000	Equipment	Angler	Additional test equipment, tooling, fixtures, & assembly benches
2026	\$250,000	Equipment	Angler	Additional test equipment, tooling, fixtures, & assembly benches
2027	\$200,000	Equipment	Angler	Additional production infrastructure, test equipment, & tooling
2028	\$200,000	Equipment	Angler	Additional chairs, desks, computers, production infrastructure, test equipment & tooling
2029	\$200,000	Equipment	Angler	Additional chairs, desks, computers, production infrastructure, test equipment & tooling
2030	\$200,000	Equipment	Angler	Additional production infrastructure, test equipment, & tooling
	\$1,865,000			Total "Angler" Project Sound Capital Investment
2024	\$655,000	Equipment	MFAS	Additional test equipment, tooling, fixtures, & assembly benches
2025	\$1,313,000	Equipment	MFAS	Additional test equipment, tooling, fixtures, & assembly benches
2026	\$420,000	Equipment	MFAS	Additional test equipment, tooling, fixtures, & assembly benches
2027	\$1,300,000	Equipment	MFAS	Production tooling, test equipment & production infrastructure and equipment
2028	\$875,000	Equipment	MFAS	Production tooling, test equipment & production infrastructure and equipment
	\$4,563,000			Total "MFAS" Project Sound Capital Investment
	\$6,428,000			Total Angler & MFAS product capital
		Construction		
	\$600,000	Construction	Build out of leased Facility	
2025-2027	\$10,000,000			Build of ~40K sq-ft Building for Walk-Run Phase
	\$17,028,000			Total "capital" Investment for Project Sound

Of note, equipment purchased in Years 2024-2026 will initially be housed in the 10-12K SF leased facility (“crawl” phase). This equipment will be relocated in July 2027 to the new 40,000 SF High Volume Manufacturing (HVM) facility once that facility is completed. Also of note, an estimated \$600,000 will be spent on renovating the Phase 1 leased facility. Renovation, building infrastructure and equipment expenses for the leased facility occupied during the initial 2024-2027 timeframe are expected to total \$5,553,000, and will be supported in part by the aforementioned \$1,050,000 University of West Florida Industry Resilience & Diversification Fund (IRDF) award.

Moving to the next phase of the project, the company is working with Space Florida to assist in the financing of the 40,000 SF HVM facility (estimated at \$10,000,000) and additional equipment (estimated at \$1,475,000). Acknowledging the time it will take to design, permit and construct the new, custom-built facility, the goal is to secure both the requested \$6,000,000 Triumph Gulf Coast grant commitment and Space Florida facilitated financing no later than mid-2024 in order to support vendor selection during the second half of 2024, setting the stage for design work to begin in January 2025.

Applicant understands that the Triumph Gulf Coast, Inc. statute requires that the award contract must include provisions requiring a performance report on the contracted activities, must account for the proper use of funds provided under the contract, and must include provisions for recovery of awards in the event the award was based upon fraudulent information or the awardee is not meeting the performance requirements of the award.

Yes No

Applicant understands that awardees must regularly report to Triumph Gulf Coast, Inc. the expenditure of funds and the status of the project or program on a schedule determined by Triumph Gulf Coast, Inc.

Yes No

Applicant acknowledges that Applicant and any co-Applicants will make books and records and other financial data available to Triumph Gulf Coast, Inc. as necessary to measure and confirm performance metrics and deliverables.

Yes No

Applicant acknowledges that Triumph Gulf Coast, Inc. reserves the right to request additional information from Applicant concerning the proposed project or program.

Yes No

ADDENDUM FOR INFRASTRUCTURE PROPOSALS:

1. Program Requirements

- A. Is the infrastructure owned by the public?
 Yes No
- B. Is the infrastructure for public use or does it predominately benefit the public?
 Yes No
- C. Will the public infrastructure improvements be for the exclusive benefit of any single company, corporation or business entity?
 Yes No
- D. Provide a detailed explanation of how the public infrastructure improvements will connect to a broader economic development vision for the community and benefit additional current and future businesses.

The opportunity to create 140+ high wage manufacturing / engineering positions through the construction of this publicly-owned building is in perfect alignment with the community’s economic development vision. With Okaloosa County’s economy still being heavily dependent on lower-wage service sector occupations, Advanced Manufacturing – such as that which will take place in Project Sound’s High Volume Manufacturing (HVM) facility – has been identified as a targeted industry sector. For years now, the Okaloosa County Board of County Commissioners, One Okaloosa EDC and various workforce and educational partners have been working collaboratively and with purpose to position Okaloosa County for the economic diversification that comes with recruiting higher wage Advanced Manufacturing jobs. From investments made in infrastructure and site readiness, to the implementation of innovative workforce education / training programs, the alignment that has been achieved has positioned Okaloosa County to offer a compelling overall value proposition to companies like Project Sound.

In terms of providing benefits to current and future businesses, Project Sound will be joining an existing ecosystem comprised of more than 300+ defense contractors, many of whom are active participants in the Technology Coast Manufacturing & Engineering Network (TeCMEN) operated by One Okaloosa EDC. Project Sound fully intends to utilize local machine shops and other critical suppliers. In fact, Project Sound representatives have already had an initial meeting with Fort Walton Machining regarding their capabilities.

If successful, the investment by Triumph Gulf Coast, Inc. supports the vision of the community and provides support for this catalytic project to be constructed on publicly-owned land in the Okaloosa Industrial Air Park.

- E. Provide a detailed description of, and quantitative evidence demonstrating how the proposed public infrastructure project will promote:
- Economic recovery,
 - Economic Diversification,
 - Enhancement of the disproportionately affected counties,
 - Enhancement of a Targeted Industry.

Economic Recovery

Okaloosa County has managed to persevere through the unforeseen economic impacts of the Great Recession (2008), the Deepwater Horizon Oil Spill (2010), Federal budget sequestration (2013) and the Coronavirus Pandemic (2020). One of the primary factors in Okaloosa County’s resilience has been the County’s overall economic composition. In particular, Okaloosa County’s military missions and “mission critical” defense contractors have played a significant role in Okaloosa County’s ability to bounce back from unforeseen economic shocks faster than other communities that don’t enjoy the same economic make up. As a critical systems supplier to the US Navy, Project Sound is perfectly aligned with Okaloosa County’s proven ability to recover from negative economic impacts.

Economic Diversification

With more than 41,000 wage earners in Okaloosa County working in the historically lower-wage Services sector (representing 36% of the community’s current workforce) – versus 3,099 employed in the Manufacturing sector – Project Sound represents a significant economic diversification opportunity, and one that will serve to showcase Okaloosa County and the northwest Florida region as a “location of choice” to other, similar high-wage manufacturing/engineering-oriented companies.

Enhancement of the disproportionately affected counties

Okaloosa County is widely recognized as a first-class tourism destination – and rightfully so. The sugar white sands and emerald green waters of the Emerald Coast draw millions of visitors from around the world each year. However, the positions associated with the region’s hospitality / tourism industry are generally lower-wage, with many being seasonal in nature and not offering employee benefits. By offering higher-wage positions, attractive benefits, growth / advancement opportunities and a willingness to partner with local schools / training providers, Project Sound will be a welcomed addition to the Okaloosa County economy. Moreover, their success in Okaloosa County will serve to enhance the visibility of northwest Florida’s overall value proposition for like employers.

Enhancement of Targeted Industry

Advanced Manufacturing – such as that which will occur with Project Sound’s High Volume Manufacturing (HVM) facility – is considered a prime targeted industry sector by Okaloosa County and the State of Florida. It is a proven fact that goods producing industries like

Advanced Manufacturing bring dollars into the community and generate wealth. Recognizing the importance of providing manufacturing career pathways, Okaloosa County educational partners have developed innovative programming and curriculum to align with the specialized needs of today’s forward-leaning manufacturing enterprises.

In particular, the Okaloosa County School District’s Career & Technical Education (CTE) Program offers programs in Applied Welding Technologies (Crestview HS), Advanced Manufacturing Technology (available to all high schools, with classes taught on the Northwest Florida State College campus), Applied Robotics (Niceville HS) and Pathways to Engineering (Fort Walton Beach HS). Additionally, Okaloosa Technical College offers a Welding Technology Program, while Northwest Florida State College offers an Engineering Technology – Mechanical Design & Fabrication Specialization A.S., along with highly-regarded CNC Machinist/Fabricator and Welding Technology Certificate Programs.

Project Sound’s workforce needs will touch many of these programs, and the company’s desire to engage in partnerships with area educational and workforce development partners will only serve to accelerate the continued growth of Advanced Manufacturing in Okaloosa County and beyond.

2. Additional Information

A. Is this project an expansion of existing infrastructure project?

Yes No

B. Provide the proposed beginning commencement date and number of days required to complete construction of the infrastructure project.

- | | | |
|------|---|-----------|
| I. | Initiate design/permitting for 40K SF custom-built facility | Jan 2025 |
| II. | Begin Construction | Jan 2026 |
| III. | Occupy new High Volume Manufacturing facility | July 2027 |

C. What is the location of the public infrastructure? (Provide the road number, if applicable.)

The Project Sound facility will be located within the Okaloosa Industrial Air Park. The initial “crawl” building that will be leased on a short-term basis during the first phase of the project is targeting the location at 5660 John Givens Rd, Crestview. The Phase 2 40,000 SF facility will be constructed on a 13.63 acre county-owned parcel in the Okaloosa County Industrial Air Park located directly adjacent to the leased building.

- D. Who is responsible for maintenance and upkeep? (Indicate if more than one are applicable.)

For the initial leased facility and adjacent grounds occupied during the “crawl” phase, Project Sound will be required by its lease with the facility owner to provide maintenance and upkeep for their leased portion of the facility. The facility owner will provide maintenance and upkeep for the portion of the facility that is not leased out to the Company. For the custom-built facility (“walk/run” phase), the Company will be required by their lease with Space Florida (and Space Florida’s ground lease with Okaloosa County) to provide maintenance and upkeep for the facility and grounds.

- E. What permits are necessary for the infrastructure project?

Okaloosa County will require the issuance of a development order for a project of this scale. This process will include the review of storm water management which will require permits from both the County and the State (Northwest Florida Water Management District or the Florida Department of Environmental Protection). The County Land Development Code does include requirements for setbacks and buffers for wetlands and waterbodies, but these are not separate permits and are addressed through the development order issued for the project.

Detail whether required permits have been secured, and if not, detail the timeline for securing these permits. Additionally, if any required permits are local permits, will these permits be prioritized?

Permits have not been secured, as building funding, site plan and design have not yet been confirmed. However, the review time for a project certified by the Economic Development Council is 18 business days. Of course, all code requirements have to be met for the development order to be issued, but the County does provide an expeditious review for such projects.

- F. What is the future land use and zoning designation on the proposed site of the Infrastructure improvement, and will the improvements conform to those uses?

The current zoning of the proposed location for the new HVM facility is “I-2 Airport Industrial Park District”. The purpose of the Airport Industrial Zoning District is to provide areas specifically for airport-related or airport-compatible business and industrial operations, facilities and activities. For Project Sound, this current zoning designation will conform.

- G. Will an amendment to the local comprehensive plan or a development order be required on the site of the proposed project or on adjacent property to accommodate the infrastructure and potential current or future job creation opportunities? If yes,

please detail the timeline

Yes No

Okaloosa County will require the issuance of a development order for a project of this scale. This process will include the review of storm water management which will require permits from both the County and the State (Northwest Florida Water Management District or the Florida Department of Environmental Protection.) The County Land Development Code does include requirements for setbacks and buffers for wetlands and waterbodies, but these are not separate permits and are addressed through the development order issued for the project. The review time for a project certified for Expedited Permitting by the Economic Development Council is 18 business days.

H. Does this project have a local match amount? If yes, please describe the entity providing the match and the amount.

Yes No

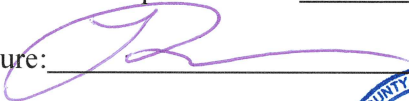
I. Provide any additional information or attachments to be considered for this proposal.

(If additional space is needed, please attach a Word document with your entire answer.)

I, the undersigned, do hereby certify that I have express authority to sign this proposal on my behalf or on behalf of the above-described entity, organization, or governmental entity:

Name of Applicant: Okaloosa County Board of County Commissioners

Name and Title of Authorized Representative: Robert A. "Trey" Goodwin III, Chairman

Representative Signature:  _____

Signature Date: November 21, 2023

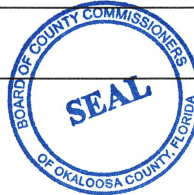


Exhibit A

Change of Chairman Letter 2023



Board of County Commissioners

State of Florida

January 3, 2023

Triumph Gulf Coast, Inc.

RE: TGC Change Authorizing Official

I am writing to inform the Triumph of a change in our authorized official. The current Okaloosa County authorizing official is, Robert A. "Trey" Goodwin III. Chairman Goodwin was nominated and approved to serve as the 2023 Chairman of the Okaloosa County Board of County Commissioners on December 6, 2022; replacing myself as the 2022 Chairman (Mel Ponder).

Please accept this as our formal request for an authorizing official change.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Mel Ponder'.

Mel Ponder
Previous Chairman, Board of County Commissioners

The new Chairman's signature is displayed below:

A handwritten signature in blue ink, appearing to read 'Robert A. Goodwin III'.

Robert A. "Trey" Goodwin III
Chairman, Board of County Commissioners