

TERM SHEET FOR
GRANT AWARD AGREEMENT BETWEEN
TRIUMPH GULF COAST, INC.
AND
CITY OF DEFUNIAK SPRINGS
(DeFuniak Springs Airport/Project #284)

This Term Sheet summarizes the basic terms upon which Triumph Gulf Coast, Inc. ("**Triumph**") is considering awarding a grant to City of Defuniak Springs ("**Grantee**") under the Triumph Gulf Coast Trust Fund. This Term Sheet is intended for discussion and negotiation purposes only and (a) ~~does not constitute~~ a grant, or an approval of a grant, by Triumph to 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. Any binding agreement between Triumph and Grantee with respect to any grant must be contained in a definitive grant award agreement (the "**Agreement**"), approved by Grantee and the Board of Directors of Triumph and executed by Triumph and Grantee. At any time prior to such execution of the Agreement, either Triumph or Grantee may terminate negotiations, and upon such termination, neither party shall have any liabilities or obligations to the other.

GRANT AMOUNT: Up to \$4,229,000

PURPOSE: To provide partial funding for the following project (the "**Project**"): (A) Using Grant funds, the construction at the DeFuniak Springs Airport of three (3) new airplane hangars and an access road (collectively, the "**Facility**"), and (B) Using Matching Funds (as defined below), the design, engineering, and construction of the Facility, which Facility will be leased to one or more private sector companies to be determined (collectively, the "**Companies**"), to support the operations of the Companies, which operations will provide at least 100 Net New Jobs (as defined below) paying an average wage of 115% of the current prevailing average wage in Walton County, Florida, using the Florida Commerce 2023 Wage Data Effective 1/1/2025, all as further described in Grantee's Application for Funds submitted to Triumph (the "**Grant Application**").

APPROVAL OF
THE COMPANIES
AND LEASES:

Triumph shall have the right to approve the Companies, wages, and leases. Companies must be within a designated target industry sector under Section 288.005(7), Florida Statutes, and qualifying Net New Jobs must pay at least 115% of the current prevailing average wage in Walton County, Florida, using the Florida Commerce 2023 Wage Data Effective 1/1/2025.

COMPETITIVE
BIDS:

For contracts and/or purchases exceeding \$325,000, Grantee shall obtain competitive bids when required under the applicable laws, statutes, ordinances, rules and regulations when purchasing services or commodities, or contracting for construction or renovations to public property, and Grantee shall upload a copy of the applicable standards or procedures to Triumph's SmartSheet system and submit for Triumph review. When awarding contracts according to the applicable laws, statutes, ordinances, rules and regulations, Grantee shall award the contract to the lowest cost qualified responsive bidder considering the selection criteria contained within the solicitation.

PLANS AND
SPECIFICATIONS:

Grantee shall upload to SmartSheet for Triumph's review and approval of the plans and specifications for the construction and any proposed changes to said plans and specifications. Triumph shall have fifteen (15) days from receipt of the plans and specifications or proposed change to notify Grantee of its approval or disapproval. Upon any disapproval, Grantee shall have ten (10) days to revise plans and specifications or proposed change ("Revised Plans") for resubmission for approval or disapproval by Triumph. Triumph shall have fifteen (15) days from receipt of the Revised Plans and specifications or proposed change to notify Grantee of its approval or disapproval of Revised Plans. If Triumph fails to approve or disapprove of the plans and specifications or proposed change within such fifteen (15) day period, the plans and specifications or proposed change shall be deemed approved. If Grantee fails to upload and notify Triumph, that failure shall be sufficient cause for nonpayment by Triumph.

COMPLIANCE
WITH
CONSULTANTS'
COMPETITIVE
NEGOTIATION

Grantee shall be deemed an "Agency" under, and shall comply in full with, the provisions of Chapter 287.055, Florida Statutes, Consultants' Competitive Negotiation Act with respect to engineering, architecture or surveying services, and shall certify to Triumph that all selections have been

accomplished in compliance with said statute.

OWNERSHIP OF EQUIPMENT AND IMPROVEMENTS

All improvements and equipment purchased with Grant funds shall be owned by Grantee.

FUNDING:

The total cost of the Project is \$ \$10,980,550, of which (i) a match is being contributed by Grantee and others in the amount of \$ \$6,751.550 (the "**Matching Funds**"), and (ii) up to \$4,229,000 is being provided by the Grant. The total estimated cost of the Project is based upon the Budget attached hereto as Exhibit "B" (the "**Budget**"). To the extent that the actual cost of the Project exceeds \$10,980,550, Grantee shall be solely responsible for such excess

Grantee shall submit to Triumph a separate Request for Funding for each Budget category (a "**Request for Funding**") in accordance with the Budget and shall submit information pursuant to a SmartSheet system by Grantee's authorized users. After the Request for Funding for the Initial Funding, each subsequent Request for Funding may only be submitted after Triumph's approval of the immediately preceding Request for Funding. Each Request for Funding shall include the following items (A) through (H): (A) completed detailed Project account spreadsheet (i.e., in a tab on the Budget), (B) a completed Expense Itemization Sheet in a form provided by Triumph ("**Expense Itemization Sheet**") for each category of funds requested and for Matching Funds category, together with invoices, receipts, or contracts from vendors providing equipment, materials, labor, and services; (C) payroll ledgers, percentage of time dedicated to the Project, and job descriptions as they relate to the Project, (D) documentation evidencing the completion of the work that is the subject of the requested funding, (E) to the extent that any portion of the current funding request is for reimbursement of amounts already paid by Grantee, copies of front and back of cancelled checks for funding, (F) 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 (G) copies of the insurance policies required under the Agreement and evidence that such policies are in current force and effect, and (H) such other documents as Triumph shall require in order to

determine that the funding is consistent with the purposes of the Grant. Grantee shall notify the Triumph Program Administrator via email each time a Request for Funding is submitted. Other than the final Request for Funding, no single Request for Funding shall be submitted for a funding request amount of less than \$105,725. In no event shall the cumulative fundings made by Triumph exceed the \$4,229,000 maximum amount of the Grant. Upon Triumph's receipt of (a) notification to the Program Administrator, and (b) a Request for Funding that includes all required supporting documents, Triumph shall have forty-five (45) days from receipt to review and either approve or disapprove of a Request for Funding. If Triumph approves a Request for Funding, then it shall fund the approved amount to Grantee 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.

None of the Grant funds 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 in connection with the invoices submitted in a Request for Funding and then funded by Triumph 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 contractor, materialman, vendor, or any other 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, facilities overhead, continuing education fees, and auxiliary fees.

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 conditions and contingencies described above have not been satisfied, and/or there is missing or incomplete documentation;

(b) The Request for Funding seeks funding for items other than as shown in the Budget or seeks funding for more than amounts actually invoiced by contractors, materialmen, or other vendors under any contracts;

(c) The amount requested for funding under the Request for Funding, together with all amounts previously funded under the Grant, would exceed the \$4,229,000 maximum amount of the Grant; or the amount requested for funding under the Request for Funding for a particular Budget category, together with all amounts previously funded for such Budget category, would exceed the maximum amount allocated to such Budget category; or Grantee failed to use any Grant funds funded to date in the amounts and for the purposes stated in the Budget;

(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 which may jeopardize or adversely affect the Project, this Agreement, or funding of the Grant; or a receiver or trustee has been appointed for Grantee and/or any of the Companies or a substantial portion of their respective assets; or any involuntary petition for relief under any bankruptcy or insolvency law has been filed against Grantee and/or any of the Companies and has not been dismissed within sixty (60) days; or Grantee and/or any of the Companies has voluntarily petitioned for relief under, or otherwise sought the benefit of, any bankruptcy, reorganization, arrangement or insolvency law, or made an assignment for the benefit of creditors;

(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 interests provisions 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 of the Companies, and/or any federal, state, or local government, organization or agency providing financial assistance to

the Project has revoked, suspended, or terminated that financial assistance to the Project, including, but not limited to, the Matching Funds;

(k) The Matching Funds are not being used for the intended purposes and in the amounts and at the times as set forth in the Budget, and/or Grantee has failed to provide Triumph with evidence of payment of the Matching Funds toward completion of the Project;

(l) With respect to previous fundings of the Grant and payments under contracts, Grantee has failed to pay, or has failed to provide Triumph with evidence of payment of, the Grant for the purposes of such funding. Such evidence shall include, but not be limited to, payroll ledgers, state and federal payroll returns, job descriptions, invoices, cancelled checks, wire transfer confirmations;

(m) Prior to December 31, 2031 (the "**Completion Deadline**"), 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, or Grantee has failed to make substantial progress toward achieving not less than 100 Net New Jobs;

(n) All or any portion of the requested funding includes funding for items that are outside the scope of the Project that is contemplated under the Budget;

(o) One or more of the contracts previously approved or deemed approved by Triumph have been modified, amended, or terminated, or have been subject to a change order, without the prior written consent or deemed approval of Triumph; provided, however, that any change order under \$65,000 shall not be subject to approval under the Agreement;

(p) Intentionally omitted;

(q) Without the prior approval of Triumph, the total Project cost as set forth in the Budget, the overall Budget, and/or a particular Budget category, has been cumulatively increased or decreased by more than 5%; and/or the Matching Funds have cumulatively increased or decreased by more than 5%;

(r) Completion of the Project is not on schedule for completion by the Completion Deadline and it is objectively unlikely that the Project will be completed by the Completion Deadline;

(s) Grantee has failed to maintain in full force and effect all insurance required under the Agreement;

(t) Grantee is not in substantial compliance with all applicable environmental laws and regulations in accordance with the Agreement;

(u) Grantee is not in compliance with the competitive bidding requirements described above; and/or

(v) Grantee is not in compliance with the equal employment opportunity and other labor provisions as required by the Agreement.

ELIGIBLE
COSTS/
DOCUMENT-
ATION:

Grantee shall seek funding only for costs of the Project as shown or contemplated under the Budget. All amounts paid by Grantee with respect to the Project shall be supported by properly executed invoices, contracts, and other records evidencing in proper detail the nature and propriety of the charges and use of the Matching Funds. All checks, invoices, contracts, vouchers, orders, or other accounting documents pertaining in whole or in part to the Project shall be clearly identified and readily accessible.

MAINTENANCE
OF RECORDS:

Grantee shall establish and maintain within its existing accounting system or independently from its accounting system a detailed listing of all expenses related to the Project. Records of costs incurred under terms of the Agreement shall be maintained in the listing along with supporting documentation and be made available upon request to Triumph during the period of the Agreement and for five (5) years after final payment of the Grant is made.

AUDITS:

The Grant shall be subject to audits and/or monitoring by Triumph. 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 the Companies are progressing toward achieving not less than 100 Net New Jobs, and (d) Grantee's most recent audited financial statements. Grantee's failure to be making substantial progress toward achieving not less than 100 Net New Jobs shall be grounds for suspension or termination of funding any unfunded portion of

the grant. In addition, 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.

RESTRICTIONS ON USE OF REVENUE

With respect to the lease revenue received by Grantee with respect to the use of the Facility by a Company (the "**Lease Revenue**"), such Lease Revenue shall be used solely for (i) economic development activities that do not supplant, or otherwise deduct from the funding of, other economic development activities typically funded by Grantee, and (ii) the operation, maintenance, and repair of the Facility. Upon request by Triumph, Grantee shall provide to Triumph records confirming the receipt and use of Lease Revenue as described above.

TERMINATION OR SUSPENSION OF PROJECT:

If Grantee abandons or, before completion, finally discontinues the Project; or for any other reason, the commencement, prosecution, or timely completion of the Project by Grantee is rendered improbable, infeasible, impossible, or illegal, Triumph will, by written notice to Grantee, suspend any or all of its obligations under the Agreement until such time as the event or condition resulting in such suspension has ceased or been corrected, and if not timely corrected Triumph may terminate any or all of its obligations under the Agreement. Upon receipt of any final termination or suspension notice, Grantee shall upon demand by Triumph remit to Triumph all or a portion of the Grant previously received.

APPROVAL OF CONTRACTS/ COMPLIANCE WITH LAWS:

Triumph shall have the right to review and approve any and all third party contracts with respect to the Project before Grantee executes or obligates

itself in any manner requiring the funding of Triumph funds. Grantee shall also comply with all applicable laws regarding public records, third party contracts, labor laws, civil rights laws, and environmental laws.

INSURANCE:

At all times during the term of the Agreement, Grantee shall keep and maintain, or cause to be kept and maintained (i) casualty insurance on all improvements and equipment, the cost of which was in whole or in part was paid for using Triumph grant funds, but only to the extent that such improvements and equipment can in fact be insured, and (ii) workers compensation insurance with respect to the construction of any improvements.

**PERFORMANCE
METRICS/
CLAWBACK:**

Any grant funds funded by Triumph to Grantee shall be subject to being repaid ("clawed back") in the event (i) 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 funding, and/or (ii) Grantee breached, violated, or is in any way in default under any of its obligations under the Agreement, then Grantee shall upon written demand by Triumph repay to Triumph all portions of Grant theretofore funded to and received by Grantee. . In addition, in the event both of the following performance metrics (the "**Performance Metrics**") set forth in subparagraphs (a) and (b) below are not achieved, then Grantee shall repay to Triumph the Performance Metric Clawback Amount (as defined below):

(a) **Performance Metric #1:** By the date (the "**Ramp-Up Deadline**") which is the earlier of (i) three (3) years after the date that the construction of the Facility has been substantially completed as evidenced by a certificate of occupancy or other reasonable evidence, or (ii) by December 31, 2031, the Companies will have created at least 100 Net New Jobs; and

(b) **Performance Metric #2:** All of the 100 Net New Jobs shall have been maintained for at least three (3) years after the Ramp-Up Deadline.

As used herein, a "**Net New Job**" shall mean a full-time equivalent (FTE) job with any of the Companies at the Facility which would qualify as being within a designated target industry under Section 288.005(7), Florida Statutes, paying a wage that is at or above 115% of the current prevailing average wage in Walton County, Florida, using the Florida Commerce 2023 Wage Data Effective 1/1/2025 that (a) was created after May 31, 2024, (b)

could not be sustained absent the availability of the Facility, and (c) 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 Net New Jobs if they are (A) moved from one to another business within any of the Companies 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 Facility, or temporary or seasonal jobs associated with cyclical business activities or to substitute for permanent employees on a leave of absence.

The calculation of the number of Net New Jobs shall be made by Rick Harper or another similarly qualified economist or analyst selected by Triumph.

Upon the occurrence of (i) Grantee having 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 funding, and/or (ii) Grantee having breached, violated, or is in any way in material default under any of its obligations under the Agreement, then Triumph shall have the right to demand payment of all amounts of the Grant that were theretofore funded, together with interest at the rate *Wall Street Journal Prime Rate* plus three percent (3%) per annum on such amounts to be repaid.

In the event the Performance Metrics are not timely achieved as described above, then Grantee shall repay to Triumph an amount of the Grant proportional to the jobs shortfall, based on \$42,290 per job (see the basis for this number below). For example, if there is a shortfall of 1 job (99 jobs created or maintained instead of 100), then the amount owed would be \$42,290 (1 x \$42,290), and if there is a shortfall of 25 jobs (75 jobs created or maintained instead of 100), then the amount owed would be \$1,057,250 (25 x \$42,290). The \$42,290 per job amount is determined by dividing the \$4,229,000 Grant amount by the 100 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 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 "**Performance Metric Clawback Amount**").

Notwithstanding the foregoing, Triumph shall have the discretion to waive, reduce, extend, or defer any Performance Metric 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 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 the Companies' and Grantee's reasonable control, (iii) the Companies and 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 the Grantee's ability to achieve the Performance Metrics.

OTHER
TERMS
AND

CONDITIONS: The Agreement shall contain such other terms and conditions as required by Triumph and its counsel.

By signing below, the parties are indicating a willingness to proceed with having a draft grant award Agreement prepared on substantially the terms set forth herein. However, as indicated above, this Term Sheet is merely intended for discussion and negotiation purposes only and (a) does not constitute a grant, or an approval of a grant, by Triumph to 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. Any binding agreement between Triumph and Grantee with respect to any grant must be contained in a definitive grant award Agreement, approved by Grantee and the Board of Directors of Triumph and executed by Triumph and Grantee. At any time prior to such execution of the Agreement either Triumph and/or Grantee may terminate negotiations, and upon such termination neither party shall have any liabilities or obligations to the other.

[signature page follows]

Dated: May 12, 2025

TRIUMPH:

Triumph Gulf Coast, Inc.

By: Jay Trumbull
Name: Jay Trumbull
Title: Chair

GRANTEE:

CITY OF DEFUNIAK SPRINGS

By: [Signature]
Name: Koby Townsend
Title: City Manager

Project #284, DeFunak Airport Phase 1 (Construction of Hangars, Access Road)

Budget \$ 10,980,550.00

Estimated construction start date if applicable 4/1/26

Estimated education component start date if appli N/A

	Design & Engineering	Construction	Total
Project Total			
2025	1,262,000.00		1,262,000.00
2026		4,859,275.00	4,859,275.00
2027		4,859,275.00	4,859,275.00
2028			
2029			
2030			
Project Total	1,262,000.00	9,718,550.00	10,980,550.00
Triumph			
2025			
2026		2,114,500.00	2,114,500.00
2027		2,114,500.00	2,114,500.00
2028			
2029			
2030			
2031			
Triumph Total		4,229,000.00	4,229,000.00
Grantee			
2025	1,262,000.00		1,262,000.00
2026			
2027			
2028			
2029			
2030			
2031			
Grantee Total	1,262,000.00		1,262,000.00
Match Source 1			
2025			
2026		2,744,775.00	2,744,775.00
2027		2,744,775.00	2,744,775.00
2028			
2029			
2030			
2031			
Match Source 1 Total		5,489,550.00	5,489,550.00