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Mayor

Bob Campbell

City Council

Todd Bierbaum
Council Member, Seat 1
Mayor Pro-Temp

Josh Sconiers
Council Member, Seat 2

Amy Heavilin
Council Member, Seat 3

Glen Harrison
Council Member, Seat 4

Anthony J. Vallée
Council Member, Seat 5

City Manager

Koby Townsend

City Clerk

Rafael Ali

November 24, 2024

Mr. David Bear
Chairman
Triumph Gulf Coast, Inc.
P.O. Box 12007
Tallahassee, FL 32317

Dear Chairman Bear:

In August 2022, the City of DeFuniak Springs submitted a pre-application for a Triumph project at the DeFuniak Springs Airport 54J. In December 2022, the City submitted the full application for **Triumph Project #284 titled the Center for Emerging Professional Technologies in Aviation (CEPTA)**.

Since that time, there have been nearly two years of discussions about the project, the City's financial request of Triumph, and how the project was structured. Letters dated April 17, 2023 and October 5, 2023 were sent by Triumph legal counsel Scott Remington to the City's legal counsel Clay Adkinson. Mr. Adkinson responded to the April 17, 2023 letter from Mr. Remington on July 13, 2023. Several in-person meetings with Mr. Remington and the City, followed with the most recent letter from Mr. Remington to the city on October 5, 2023 suggesting that the City should consider an infrastructure-related project at the airport instead of a workforce training project.

Over the past two years, the City has continued to work on securing funding for several other components of 54J including, most notably, over \$9 million in funding for construction of the new terminal (set to open in early 2025) and nearly \$11 million in funding for the widening and lengthening of the east/west runway 9-27. Additionally, the City has secured \$1.1 million in Federal funding for the apron around the new terminal, an additional \$1 million for part of a taxiway and access element within the state budget and over \$2.5 million in the FDOT workplan.

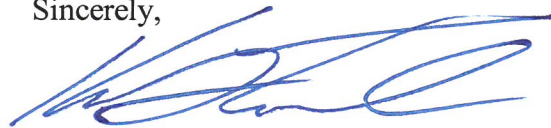
The City has also worked diligently over the last two years to develop a concept to attract aviation and advanced air mobility-related businesses to 54J through discussions with economic development partners. During that time, the City has had significant discussions with private companies interested in locating at 54J should the infrastructure at the airport continue to grow.

As such, the City sought funding from the Florida Department of Commerce through the Florida Job Growth Grant Fund (JGGF). In early July, **Governor Ron DeSantis awarded the City of DeFuniak Springs \$3,051,550 in funding from the JGGF** to construct two 6,400-square-foot hangers, one 10,000-square-foot hanger, a taxiway, an access road, and associated utilities. This infrastructure will allow the airport to attract new innovative employers in aerospace and defense, including Advanced Air Mobility (AAM). **The project will create 500 jobs and according to economic estimates by the Florida Department of Commerce will have a total estimated fiscal impact of more than \$12.3 million over the life of the project.**

Since the Triumph Gulf Coast application process has largely been modeled after the Florida JGGF and Triumph legal counsel and staff have encouraged the City to explore an infrastructure-related project, please accept this as the **City's request for funding in the amount of \$4,229,000 to complete Phase 1 of Triumph Project #284**. This investment by Triumph Gulf Coast would be considered the "last dollar in" for the project. The City anticipates seeking additional phases in the future to complete Project #284.

Attached you will find a summary of the infrastructure project and estimated costs. We look forward to discussing **Phase 1 of Project #284** with you and the rest of the Triumph Board. Please feel free to contact me or our project consultants with any questions.

Sincerely,



Koby Townsend
City Manager

Attachments: Triumph Project #284 - Phase 1 Summary/Budget/Layout
April 17, 2023 – Letter to City from Scott Remington
July 13, 2023 – Letter to Scott Remington from Clay Adkinson
October 5, 2023 – Letter from Scott Remington Clay Adkinson

cc: Triumph Gulf Coast Board
The Honorable Jay Trumbull
The Honorable Shane Abbott
DeFuniak Springs City Council

Triumph Project #284 CEPTA – Phase 1

| | |
|-----------------------------------|--|
| Government Entity: | City of DeFuniak Springs |
| Location: | DeFuniak Springs Airport (54J) |
| Project: | #284 – Center for Emerging Professional Technologies in Aviation (Project CEPTA) |
| Total Project Cost: | \$40,975,000 |
| Phase I Project Costs: | \$12,875,000 |
| Phase I Funding Requested: | \$ 4,229,000 |
| Contact: | Koby Townsend, City Manager |

Triumph Project #284 - Phase I Summary:

Triumph Project #284 (CEPTA) at the DeFuniak Springs Airport 54J is estimated at a cost of \$40,975,000 and includes a complete transformation of 54J providing a platform for both significant job creation and industry certifications over the life of the project.

Through funds secured through the Florida Job Growth Grant Fund, state legislative appropriations, FDOT workplan, Federal appropriations and Federal grant funding sources, Phase I of Project CEPTA will provide key infrastructure to construct three new hangars (Hangars 18-20) and associated taxiways and access roads at the City's publicly owned airport. This project will support the establishment of multiple Targeted-Industry employers with a promise to provide high-skill, high-wage jobs within Florida's North Central Rural Area of Opportunity (RAO).

As a result of a multi-year redevelopment, DeFuniak Springs Airport 54J has been shortlisted by multiple RPAS (Remotely Piloted Aircraft Systems) and AAM (Advanced Air Mobility) Original Equipment Manufacturers, along with Maintenance, Repair, and Overhaul (MRO) companies who will create jobs within multiple Targeted Industries including Information Technology, Aviation and Aerospace, and Advanced Manufacturing. Based on growth trends, the Florida Department of Transportation has indicated that Advanced Air Mobility (AAM) will be incorporated into the Statewide Transportation Plan within the next five years, indicating the critical nature of investing in infrastructure within this industry.

Although the airport's geographic location, future runway length, and available real estate are conducive to these developments and viewed favorably by companies who hope to relocate to this site, 54J requires additional city-owned hangar space that will allow these companies to flourish, establishing their operations through long-term, fair market value leases. Distinct from this infrastructure request, the project also includes a future phase with significant workforce development and an educational component that provides workforce skills and credentials applicable on an industry-wide scale. The City is embarking

upon a phased approach to Triumph Project #284 that will focus on infrastructure-related projects first and conclude with critical aviation and AAM-related workforce training and site testing.

Phase I Site Overview and Capital Improvement Plan:

54J a city owned and operated, general aviation, public use airport located in a Rural Area of Opportunity at the junction of Interstate 10, U.S. Highway 90, U.S. Highway 331, and the Florida, Gulf, and Atlantic Mainline (Formerly CSX Railway). Triggered by the departure of the City's two major employers over the past decade, DeFuniak Springs chose to invest in Walton County's sole airport because of its Northwest Florida centrality, intermodal assets, and potential to support future business and workforce development institutions.

One of the key competitive advantages of this facility lies in the fact that it is close to other airports, yet provides comparatively greater runway accessibility and maintains real estate sufficient for cost-effective growth.

Nearby commercial airports include Panama City Airport (ECP), Destin-Fort Walton Airport (VPS), and Pensacola International Airport (PNS). DeFuniak Springs is highly desirable to aviation and aerospace companies who wish to serve these larger facilities and capitalize on the Panhandle's growing aerospace industry, yet also require room for growth and frequent runway access unhindered by commercial aviation traffic. This is one of the site's greatest competitive advantages.

Phase I Project Description:

This \$12 million portion of the airfield is Phase 1 of Triumph Project #284 and has fostered incredibly positive public feedback. The construction of the new terminal facility will conclude in September 2024, and the completed lengthening (5,000') and widening of runway 9-27 is set to commence in late 2024.

Phase I of Triumph Project #284 is estimated at \$12,875,000 and is focused entirely on improvement to airport infrastructure including constructing Hangars 18-20 with an access road and taxiway connector to the runway 9-27 expansion. This new 800-foot parallel taxiway will ensure the capacity building benefits of the 9-27 expansion are realized and safely support a projected 35 percent increase in 54J's air traffic. Adjoining the parallel taxiway, the access road development will connect to three new hangars, which include two 6,400 sq ft and one 10,000 sq ft structure, to accommodate OEM, MRO, and Information Technology industries in the available area Southeast of runway 9-27. Triumph funds in Phase I will be used for the remaining costs needed to complete hangars and access road.

Phase I Economic Recovery, Diversification, and Enhancement

Location is fundamental to DeFuniak Springs Airport's CIP because modern aviation businesses recognize the unduplicated benefits of a regionally central, multimodal airport with optimal air space. The Phase I companies with earnest intentions toward this facility include a prominent blue UAS MRO, an established fixed wing VTOL and BVLOS UAS manufacturer, a remotely piloted eVTOL manufacturer, a single piloted eVTOL manufacturer, and a leading aviation communications infrastructure provider.

Triumph Project #284 Phase I construction will occur on publicly-owned property, and no infrastructure developments will be designed or assigned for the exclusive benefit of any single company, corporation, or business entity. Rather, the infrastructure developments outlined in this proposal are elements of a city approved Airport 54J CIP that also aligns with: (1) the DeFuniak Springs 2025 Comprehensive Plan goal to “provide a safe, cost-effective multimodal transportation system;” (2) the DeFuniak Springs Community Redevelopment Plan vision to establish a “thriving year-round economy;” and (3) the Walton County Redevelopment Plan objective to expand 54J’s services “as an available asset to aviation and aerospace-dependent industries.”

Project #284 Phase I is a response to actionable insights aligned with the City’s broader economic goals, and the construction of Hangars 18-20 and a taxiway/access road connector will position DeFuniak Springs to secure major 54J employers, initially creating a minimum of 500 new high-wage jobs within the project timeframe (10 years). Construction is proposed to commence in March 2025, with a job ramp-up commencing immediately thereafter. Jobs will be created due to the relocation of at least four new small to medium-sized companies onsite, all operating in Qualified Targeted Industries identified by Florida Commerce. These companies include a drone manufacturing operation, air traffic telecommunications provider, maintenance, repair, and overhaul facility (MRO), and aviation component manufacturing company. Although the minimum number of jobs created by these facilities are included in the table below, this project is likely to result in far greater impacts in the coming decade.

| Targeted Industry | Jobs Created Year 1 | Total Jobs Years 1-10 |
|---|---------------------|-----------------------|
| Advanced Manufacturing and Transportation (NACIS Sectors 31-33, 336412, 336413 as examples) | 10 | 60 |
| Aviation and Aerospace (NAICS 488190) | 15 | 45 |
| Information Technology (NAICS 51, 517, 518 and 541) | 5 | 55 |
| Corporate Headquarters (NAICS Sector 55) | 18 | 340 |
| TOTAL ESTIMATED JOBS: | | 500* |

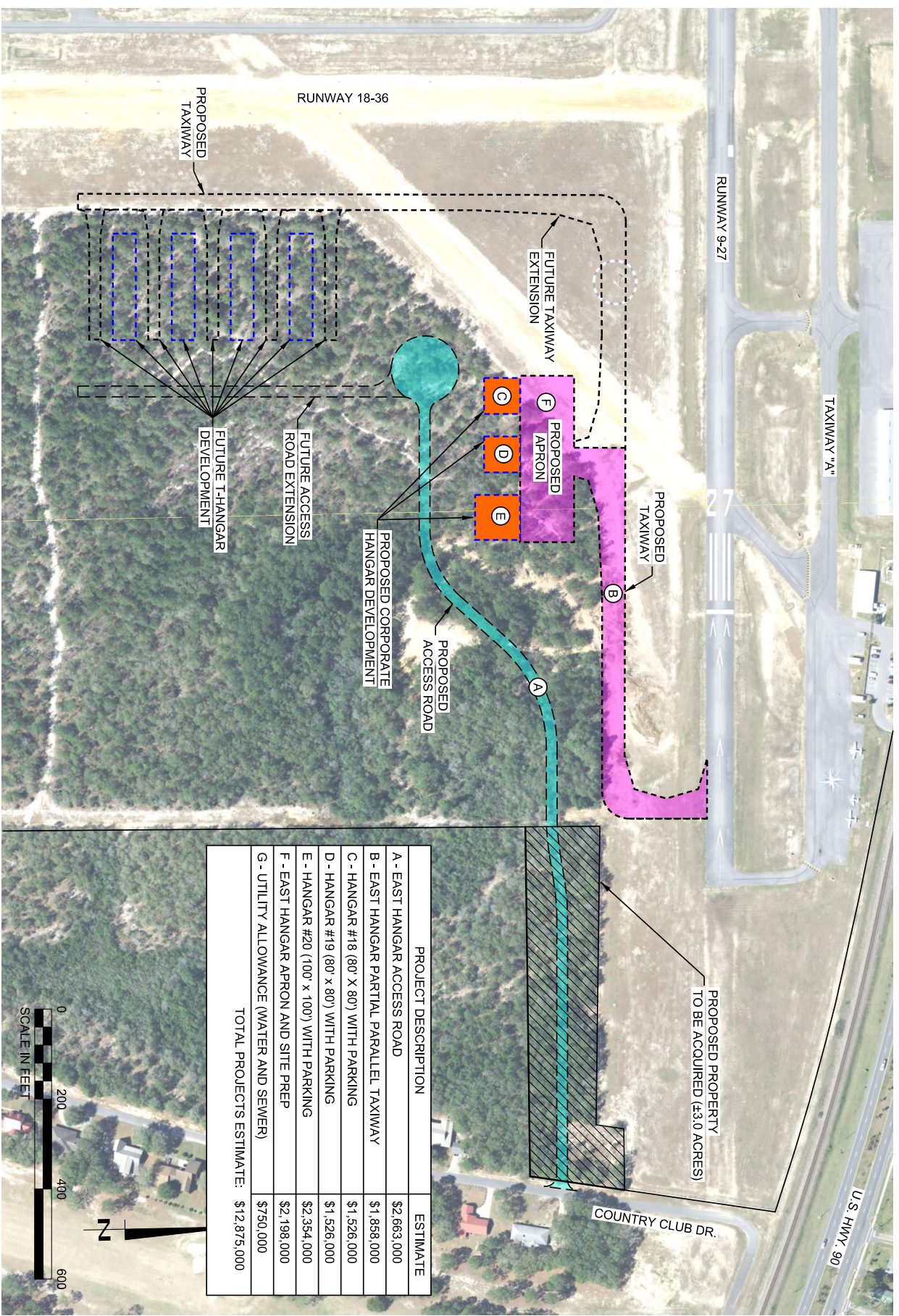
**75 jobs specifically allocated to the Triumph funds.*

Phase I Project Budget

Construction of Airport 54J’s two major construction projects are underway, and, with “last dollar funding support”, the synchronous buildout of Triumph Project #284 Phase I taxiway/access road and commercial hangar (Hangars 18-20) development can commence and complete in 2026. The City of DeFuniak Springs has secured the following funding for Triumph Project #284 Phase I construction costs and requests the Triumph board to consider funding the remaining \$4,229,000 needed to complete Phase 1.

| | |
|---------------------|------------------------|
| \$1,000,000 | State Appropriation |
| \$3,051,550 | Commerce - JGGF |
| \$1,500,000 | FDOT Workplan |
| \$900,000 | FDOT Workplan |
| \$300,000 | FDOT Workplan |
| \$1,894,450 | City Funds |
| \$4,229,000 | Triumph Request |
| \$12,875,000 | TOTAL COST |

PROJECT 180281 (SOUTH) Airport Development Statement Exhibit Development/Construction_Sheet_3.dwg



| PROJECT DESCRIPTION | ESTIMATE |
|---|---------------------|
| A - EAST HANGAR ACCESS ROAD | \$2,663,000 |
| B - EAST HANGAR PARTIAL PARALLEL TAXIWAY | \$1,858,000 |
| C - HANGAR #18 (80' x 80') WITH PARKING | \$1,526,000 |
| D - HANGAR #19 (80' x 80') WITH PARKING | \$1,526,000 |
| E - HANGAR #20 (100' x 100') WITH PARKING | \$2,354,000 |
| F - EAST HANGAR APRON AND SITE PREP | \$2,198,000 |
| G - UTILITY ALLOWANCE (WATER AND SEWER) | \$750,000 |
| TOTAL PROJECTS ESTIMATE: | \$12,875,000 |

| REV. | DATE | CHK. | DATE | DESCRIPTION |
|------|------------|------|------|--------------------|
| 001 | 11/26/2024 | CSB | | INFORMATIONAL ONLY |
| | | | | |
| | | | | |
| | | | | |

SOUTHEAST COMMERCIAL DEVELOPMENT
DEFUNIAK SPRINGS AIRPORT
DEFUNIAK SPRINGS, FLORIDA

FOR
INFORMATIONAL
PURPOSES ONLY

BARGE
DESIGN SOLUTIONS

2047 West Main Street // Suite 1 // Dothan, Alabama 36301
PHONE: (334) 793-6266 // FAX: (334) 795-4459

PHASE 1 – BUDGET

| Item | Name | Cost | JGGF/State Appr/FL Work Plan | Triumph | City |
|----------------------------|-------------------------------------|------------------------|------------------------------------|-----------------|-----------------|
| 1 | Access Road Design, Testing, CEI | \$ 585,000.00 | \$ 585,000.00 | | |
| 2 | Access Road Earthwork | \$ 823,000.00 | | \$ 823,000.00 | |
| 3 | Access Road Base and Pave | \$ 1,255,000.00 | \$ 1,022,000.00 | \$ 233,000.00 | |
| 4 | Road Water/Sewer Allowance | \$ 750,000.00 | \$ 415,000.00 | \$ 335,000.00 | |
| Road Totals | | \$ 3,413,000.00 | | | |
| 5 | Taxiway Design Testing, CEI | \$ 310,000.00 | \$ 310,000.00 | | |
| 6 | Taxiway Earthwork | \$ 570,000.00 | | | \$ 570,000.00 |
| 7 | Taxiway Base, Pave, Lighting | \$ 978,000.00 | \$ 461,550.00 | | \$ 516,450.00 |
| Taxiway Totals | | \$ 1,858,000.00 | | | |
| 8 | Hangar Apron/Mass Grade Design, CEI | \$ 367,000.00 | \$ 367,000.00 | | |
| 9 | Hangar Apron/Mass Grade Earthwork | \$ 850,000.00 | \$ 850,000.00 | | |
| 10 | Hangar Apron Base, Pave, Lighting | \$ 981,000.00 | \$ 173,000.00 | | \$ 808,000.00 |
| Hangar Apron Totals | | \$ 2,198,000.00 | | | |
| 11 | Hangar 18 | \$ 960,000.00 | \$ 676,000.00 | \$ 284,000.00 | |
| 12 | Hangar 19 | \$ 960,000.00 | \$ 676,000.00 | \$ 284,000.00 | |
| 13 | Hangar 20 | \$ 1,500,000.00 | \$ 1,216,000.00 | \$ 284,000.00 | |
| 14 | Hangar 18 Landside and A/E | \$ 566,000.00 | | \$ 566,000.00 | |
| 15 | Hangar 19 Landside and A/E | \$ 566,000.00 | | \$ 566,000.00 | |
| 16 | Hangar 20 Landside and A/E | \$ 854,000.00 | | \$ 854,000.00 | |
| Hangar Totals | | \$ 5,406,000.00 | | | |
| Sub Totals | | | \$ 6,751,550.00 | \$ 4,229,000.00 | \$ 1,894,450.00 |
| Grand Total | | \$12,875,000.00 | | | |

Scott A. Remington
Shareholder
Direct (850) 432-2399
sremington@clarkpartington.com

April 17, 2023

VIA EMAIL

Jennifer Green
Liberty Partners of Tallahassee, LLC
P.O. Box 390
Tallahassee, FL 32302

RE: Triumph Application No. 284 – DeFuniak Springs Center for Emerging Professional Technologies in Aviation

Dear Jennifer:

This letter follows our recent conversations regarding Triumph Application No. 284, DeFuniak Springs Center for Emerging Professional Technologies in Aviation. Thank you for your time and cooperation seeking a path forward.

Staff has spent a considerable amount of time reviewing the original application and updates and working to develop opportunities for a Triumph partnership with DeFuniak Springs. We have compared the pending request with all other Triumph awards to determine what, if anything, was different or unique to the application from an infrastructure perspective as well as from an education perspective.

In regard to Triumph funding for an infrastructure proposal, the biggest hurdle for DeFuniak Springs is the lack of net, new high-wage jobs that utilize the infrastructure—actual or promised. It is our belief that every infrastructure grant request under §288.08017(1)(c) that has been approved by the Board has included a commitment for high-wage jobs. This includes commitments of jobs made by public entities, i.e., the Crestview By-Pass [1,300 new non-specific high wage jobs over ten-year period in a specific NACIS code] as well as the term sheet approved OLF-8 project [338 new non-specific high wage jobs over a four-year period in a Florida target sector industry]. Performance metrics for projects funded under s.288.8017 (1)(d) are specific to disaster response plans. Based on prior guidance from the Board, staff believes that new high wage jobs are essential to an infrastructure project such that it can score out meaningfully as required under §288.8017(2).

Staff believes there may be an opportunity for this project to recruit qualifying jobs; particularly if the City partners with other economic development partners in Walton County to identify and induce such economic development centered around the airport. In this regard, potential jobs that can support this application do not necessarily have to be located inside the

airport fence. Attached you will find staff's analysis of the current economic impact and associated jobs of the DeFuniak Springs airport compared with other rural and non-rural airports in the region. We hope the City finds this analysis to be helpful in determining if there are high-wage jobs that will be created from the airport expansion.

While jobs have been a mainstay in every infrastructure grant thus far, we recognize a colorable argument can be made that the statute does not require jobs for an infrastructure project. That said, staff is skeptical of any infrastructure project that does not have jobs and anticipates that if such a request were to be graded it would not grade out at a "B" or higher based on a lack of return on investment. An economic impact score of "B" or higher is currently the minimum threshold for grants to come to the Board with a staff recommendation. If the project receives lower than a "B" it may still be funded; however, that would require a member of the Board to raise it in a motion and obtain an affirmative vote of the Board.

Regarding a potential education project, Triumph staff has provided a roadmap for a potential project at DeFuniak Springs based on the training proposed in the current application. Triumph staff can support a workforce training grant in the range of \$4.5 million for infrastructure associated with a new training facility. The details that staff believes would need to be incorporated into such an application are set forth in the attached document.

We hope this information is helpful to the City as it considers its options. We are excited that DeFuniak has done so well with other funding sources and hope that Triumph can be a part of the project at the airport. Staff remains ready, willing, and able to work with the City and their public and private partners on finding a way to enhance the proposals. Feel free to reach out to me or Rick Harper with any questions, comments, or concerns you may have.

Warmest personal regards,



Scott A. Remington

SAR/paa
Enclosures

Aviation/UAV Workforce Training Program – Triumph Staff Guidance

The following is Triumph Gulf Coast's staff response to the City of DeFuniak Spring's (the City) request for guidance for grant funds to create an Aviation/UAV Workforce Training program at the DeFuniak Springs Municipal Airport 54J. This guidance is not a guarantee of Triumph funding nor does it convey communication by Triumph's Board or any individual board member.

After review of the documents provided by the City of DeFuniak's consultants, Triumph Staff has developed the following workforce training program recommendation:

Triumph staff recommends funding a grant of up to \$4,500,000 for the design, engineering and construction of an Aviation Training Facility inside or outside of the airport fence. The funds could alternatively be used to renovate an existing facility outside the fence.

In return for the up to \$4,500,000 grant, the City will guarantee \$2,250,000 of match and 1,125 Triumph approved Aviation/UAV industry certifications, primarily for adult learners, within 7 years once classes begin.

Triumph will reimburse the City for up to 50% of the construction or renovation expenses as they occur.

Triumph will reimburse the city for the remaining 50% of construction or renovation expenses after \$50% of the matching funds have been validated by Triumph.

The City will submit proof of match expenditures at least annually and should the City not provide the full final 50% of the match by the agreement end date they may face clawback of the grant funds in the amount of the outstanding matching funds or seek a time extension amendment.

Matching funds may include:

- New Equipment, Supplies and Furnishings (for example but not limited to simulators, drones, classroom furnishings) owned by a public entity or contributed by a private entity who contracts with a public entity to provide support for programs that provide participants in the disproportionately affected counties with transferable, sustainable workforce skills that are not confined to a single employer
- Instructor salaries and benefits for instructors who are residents of the 8 disproportionately impacted counties
- Additional sitework/construction costs directly related to the training facility
- Cert Fees and Curriculum for certs and curriculum not owned by the education provider or a legally related company.
- Lease payments if a facility outside the fence is selected and leased by a public entity for the training classrooms.

Additional Information:

- If the City chooses to lease and renovate an existing building outside the fence resulting in a smaller Triumph Grant, the matching funds and cert fee commitments will be reduced accordingly.
- The education provider must be actively operating a program leading to a private and/or commercial pilot license.
 - The education provider must hold an active FAA approved pilot training license.

- The education provider's contract must include an estimated schedule of how many certs are anticipated to be provided in each of the project's years.
- Consistent with other Triumph grants
 - Triumph has final approval of the bid docs, design and contract for any construction or renovation components funded by Triumph.
 - All contracts over \$325,000, including the education provider, must be bid and require review and final approval from Triumph

Airport Infrastructure – Triumph Staff Comments

The following is Triumph Gulf Coast’s staff response to the City of DeFuniak Springs’s (the City) request for guidance for grant funds for airport infrastructure at the DeFuniak Springs Municipal Airport (54J). The comments below are not a guarantee of Triumph funding nor do they convey communication by Triumph’s Board or any individual board member.

Triumph Staff has reviewed the documents provided by the City’s consultants and note that the airport proposal does not at this time commit to any net new job creation that would be enabled by the requested Triumph funding.

Triumph generally does not fund infrastructure projects that do not commit to creation of net new jobs, where “net new” means high wage target industry jobs above and beyond those that already exist at the project site.

Triumph staff agrees with the Florida Department of Transportation’s assessment that many airports do serve as economic drivers for their communities. As was noted in the 2019 Technical Report in the FDOT Statewide Aviation Economic Impact Study: “Airports offer significant economic contributions to our communities by supporting jobs, generating payroll, and triggering spending at the local, regional, and state levels (Technical Report, page 2).”

This study found that in 2019 the DeFuniak Springs Airport (54J) was already responsible for 139 jobs and \$5.37 million in payroll while supporting a mix of recreational and business users, with some 45 aircraft based at the airport.

Different models of airport development can be seen within the Triumph and greater NWFL region. The 2019 FDOT report (<https://www.fdot.gov/aviation/economicimpact.shtm>) provides detailed information for airports across the region. Some of the more standard airport activities can be seen in Pensacola and in Panama City, where commercial airline service dominates.

The study finds that Pensacola’s airport supports 11,497 jobs and payroll of \$397 million per year through personal, leisure, and business-related travel. It is home to a major maintenance, repair, and overhaul tenant that is ramping up towards a several thousand job level of activity.

Panama City, with the Northwest Florida Beaches International Airport, was not far behind at 7,602 jobs and \$235 million in payroll. Northwest Florida Beach is somewhat unique in having an industrial park with taxiway access to the runway.

Eglin AFB hosts VPS Airport, which provides commercial airline service, and Tallahassee, while outside the Triumph region, serves many customers from several Triumph counties with passenger service.

Given that there are already four commercial airports between Pensacola and Tallahassee, it is commonly thought that Northwest Florida does not yet have sufficient population to create the demand that would support an additional airport with airline service. The economies of scale that would be driven by ticket sales sufficient to justify assigning staff and equipment just aren’t there, although airlines do increase service during the peak summer months. **Triumph staff does not see traditional commercial passenger service in the near to medium term as viable at DeFuniak Springs even if 54J runway length and other necessary assets were to be installed.**

Another model of airport development can be seen with the Bob Sikes Airport east of Crestview in Okaloosa County. It does not have scheduled commercial airline traffic, although it does support military exercises. It is a major employment generator, with the FDOT study finding it contributes 3,506 jobs and \$159 million in payroll to the community. The County's Airport Authority and One Okaloosa EDC (the County's economic development entity) actively recruit industrial tenants to locate with access to the airport.

Marianna Airport provides examples of economic development linkages. The 2019 FDOT report identified 317 jobs and associated payroll of \$12.95 million annually. As the study noted: "The airport has two intersecting runways that both measure 4,900 feet. The airport supports general aviation aircraft as well as frequent military training operations. Most of the airport's eight on-site businesses are related to aviation maintenance and repair, including a propeller specialist that attracts customers from across the southeastern United States. Local government agencies, such the Florida Fish and Wildlife Commission and Jackson County Sheriff's Office, have based aircraft at the airport. AIRHeart provides emergency medical aviation services. The Marianna Industrial Park provides space for manufacturing facilities and generates hundreds of jobs for local residents. The airport hosts an annual fly-in that features displays of military and recreational aircraft, skydiving demonstrations, and free helicopter rides. SkyWarrior, the airport's fixed base operator (FBO), serves the needs of airport users." More recent economic development recruitment efforts were noted in a May 2021 article in 850 Magazine: "...Cowan Systems LLC, a Baltimore-based transportation and logistics company, announced plans to develop a new terminal at the Marianna Airport Commerce Park. Cowan plans to initially hire 50 drivers and office workers and told Jackson EDC officials that they expect to have 100 drivers on the road in a year." Triumph staff think that this sort of economic development success is likely attainable for 54J.

Currently, Apalachicola Regional – Cleve Randolph Field has an economic impact that is similar to that of the 54J DeFuniak Springs Airport, at 133 employees and \$4.4 million in annual economic impact. The FDOT study notes that "The airport primarily supports business flights and flight training, as well as air taxi operations and public charters. The airport has a crucial role in serving the tourism industry, a big economic driver for the region. The airport also supports recreational flying, agricultural spraying, military training, environmental patrol, and search and rescue." 54J already has some of these functions and could likely support more.

Generally, the jobs that need an airport location tend to be higher wage jobs with companies that are in Florida's targeted industry sectors. These sorts of jobs have traditionally attracted economic development incentives, and Triumph has been actively involved in such discussions. **To support Triumph grant participation and funding, staff suggests that the Walton Economic Development Alliance in partnership with the City work to recruit those entities that could bring net new high wage target sector jobs that rely on airport access.**

Triumph staff strongly encourages DeFuniak Springs and Walton County to identify ways in which additional investment in productive assets in geographic proximity to 54J could encourage companies to consider using the DeFuniak Springs airport. Further, the potential strong demand from private aircraft to use an airport without some of the air traffic and road traffic congestion associated with the Destin Jetport means that growth in airport use would likely occur naturally over time.

ADKINSON LAW FIRM
ATTORNEYS AT LAW

CLAYTON J.M. ADKINSON
CLAY B. ADKINSON

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Post Office Box 1207
DeFuniak Springs, FL 32435

July 13, 2023

Mr. Scott A. Remington
Attorney for Triumph Gulf Coast
Clark Partington
125 E. Intendencia Street, 4th Floor
Pensacola, FL 32502

In re: April 17, 2023 letter re: Triumph Application #284

Dear Mr. Remington:

As you are aware, I am the City Attorney for the City of DeFuniak Springs, Florida. On behalf of my client, please accept the City of DeFuniak Springs' ("the City") response to your April 17, 2023 letter and attachments titled "Triumph staff guidance" and "Triumph staff comments" regarding Triumph Gulf Coast ("TGC") Application #284 ("Project #284") – DeFuniak Springs Center for Emerging Professional Technologies in Aviation.

The City submitted TGC Pre-Application #284 on August 29, 2022 for our municipal airport (Airport 54J). At that time, the pre-application was entitled "Project CEPTR – *Center for Electric Pilot Training and Research (CEPTR-54J)*", and had a projected total cost of \$47,740,000.00, nearly 3,000 pilot and technician certifications. The Triumph funding request, at that time and for that specific version of the project, was for \$14,200,000.00. Project #284 sought to increase pilot training affordability, access, and completion rates through the utilization of electric aircraft in response to Boeing's increased pilot demand forecast of 400-percent (*2022-41 Pilot and Technician Outlook*). Employing a strengths model leveraging Airport 54J's intermodal assets, centrality, and optimal National Air Space (NAS), the City requested TGC grant support for airport improvements (specifically, training space), electric aircraft, and a charging station network designed to support an emerging technology pilot training program and other anticipated aviation-related business(es). On September 27, 2022, Triumph staff sent a letter confirming the City's eligibility as an applicant for these funds.

After the City's pre-application submission, the City's selected governmental consultant, Liberty Partners of Tallahassee communicated with Triumph staff about the project, and TGC staff recommended a significantly expanded workforce program to include the addition of Stages 1-3 RPAS (more commonly referred to as "drone") pilot training. In response to what my client perceived to be a favorable response and encouragement from TGC staff, we pivoted and submitted a full application for Project #284 on December 23, 2022 which focused on providing career pathways in RPAS and AAM to equip trainees with 8,500 CAPE and industry (e.g., FAA) certifications over a 10-year period to address the industry's labor shortages and technological advancements. The full application included an increased Triumph funding request of

\$40,975,000.00, which was consistent with the guidance my client received from TGC staff. The total project cost also increased to a new amount \$86,415,000.00, of which the City provided matching funds of \$31,640,000.00 for necessary airport infrastructure improvements and \$13,800,000.00 in private matching funds.

Project #284 is widely supported as evidenced by 12 letters of comprehensive support spanning local, State, and Federal officials; a top-ranked Florida private university; Florida-based Censys Technologies (leads the RPAS industry in BVLOS operations waivers with designs to relocate to 54J; Space Florida; and Parrot, Inc. (Europe's largest drone manufacturer which has expressed a desire to establish an MRO at 54J). Similarly, additional suitors seeking relocation to 54J currently include one eVTOL manufacturer with ambitions to establish MRO services, and a second with aspirations to launch manufacturing operations at 54J.

The City has carefully evaluated TGC awards and negotiations with other projects, and in accordance with TGC prior practice, the City maintains airport infrastructure improvements totaling \$31.6 million combined with the training provider's \$13.8 million of in-kind support of training materials and equipment would serve as more than sufficient matching funds needed for an \$86.4 million project. Regrettably, TGC staff has informed my client that staff does not feel that approximately \$24 million of those improvements could be used as matching dollars for this project. This is despite the fact that Project #284 only sought \$5.7 million in TGC infrastructure investment (specifically the necessary training spaces). We strongly disagree with staff's position that disallows use of those match monies, and further disagrees with any requests that we attempt to define what percentage of the infrastructure improvements will be used with this project. This is because the only way in which Project #284 can come to fruition and be successful at our airfield is with all of those improvements. Stated differently, the infrastructure improvements the City is seeking to have recognized as matching money are all-or-nothing items - they must exist or the project is not viable. It is imperative to note that those improvements are wholly funded outside of TGC funds, and no TGC funds will be used towards any of those improvements. Moreover, the City is not seeking any credit or consideration for already constructed improvements, but merely the new upgrades that are being made that have allowed us to attract this project. As we discussed in a prior phone conference, this was an issue where the City and TGC staff may ultimately have to agree to disagree, and in the light of no explicit TGC policy prohibiting the City's proposed consideration of matching dollars, may become a decision that the TGC Board would need to make. We are now at that stage.

My client built the Project #284 pro forma on a performance-based, per certification reimbursement model. Accordingly we understand that if the training fails to succeed and yield workforce certifications we project, the City is ineligible to receive Triumph reimbursements. A thorough review of TGC's applicable statutory framework shows that this performance-based approach is not prohibited, and a review of other projects funded by TGC, notably a one in Gulf County, have used this approach. Therefore, my client should be given an opportunity to be scored by staff and presented to your Board for consideration under this model. Staff's reluctance to do so, for whatever reason, is inconsistent with TGC required framework.

As I read the TGC staff guidance, a grant ceiling of \$4,500,000 and a certification completion floor of 1,185 "Triumph approved aviation /UAV industry certifications, primarily for

adult learners" is being proposed. This would include a minimum matching benchmark over a seven-year term and \$2,250,000.0 in matching funds from the City. I am not clear if this is merely a suggested guidance that staff would approve, some form of counter-offer (of which I know of no such precedent in the TGC process), or merely a new approach staff would like the City to pursue. In any event, this framework limits Project #284 training to RPAS Stages 1 and 2 and 13-percent of the project's proposed certification completion. The City's vision is larger, as evidenced by a the Project #284 proposal which will deliver TGC's highest certification delivery for a single project to date. To reiterate, the City is proposing a minimum of 8,500 certifications over a ten (10) year period (inclusive of non-degree seeking instances, of which we see a high number and value). We are confident in our numbers and the demand for the type of certifications we will be offering. While we recognize that many certification programs pair well with degree-based programs, our project is not one of those programs. The City has engaged in positive discussions with Emerald Coast Technical College about future opportunities, and anticipates a partnership therewith, we do not believe Project #284 should be required to have such a pairing at this stage. This is an emerging technology field, and the benefit of certifications herein applies to experienced professionals who already have achieved their chosen degrees as much, if not more, than to those just beginning their higher education path.

My client has made the Airport 54J the City's top economic development priority. Project #284 is the type of transformational project that TGC is designed to assist in funding. As a strategically located emerging technology workforce training center focused on providing career pathways in RPAS and AAM that equip trainees with high-value credentials for high-wage, high-demand jobs in the modern aviation market this is the exact type of project that TGC should want to see come to Northwest Florida. No other similar opportunity exists in Walton County, and were our training partner to locate elsewhere, it appears it would be outside the State of Florida. Upon successful establishment of the core components of Project #284, the City is confident and committed to the evolution of future projects at 54J, as outlined in Appendix B of our application.

In sum, I respectfully request, on behalf of the City of DeFuniak Springs, that TGC staff "score" the application for Project #284 as we have presented it, and then bring it before the Triumph Board of Directors to allow for their consideration and official vote for or against this project. I full well recognize that this request may well be taken as antagonistic to the TGC staff and its process, but I assure you that is not our intention. Given the wide-range of support on this project, and the fact that it appears most of the concerns and guidance received are not statutorily prohibited, or otherwise restricted by an actual policy of TGC, the City believes this is a scenario that requires determination by the ultimate-decisionmaker. If I am mistaken regarding some written law, policy, or other document on these issues, please provide those at your earliest convenience. I am confident that every issue raised is most-appropriately addressed during term sheet and final contract negotiations, and that satisfactory resolution therein will occur. Accordingly, please respectfully submit this to your client so that Project #284 may receive a full and final determination.

Sincerely,


Clay Adkinson

Scott A. Remington
Shareholder
Direct (850) 432-2399
sremington@clarkpartington.com

October 5, 2023

Via Email

Clay Adkinson, Esq.
DeFuniak Springs City Attorney
DeFuniak Springs, FL
Clay@adkinsonlaw.com

Re: Meeting at Airport 9/5/2023 and 10/2/2023

Dear Clay:

Thank you for putting together our meeting in DeFuniak Springs on September 5, 2023, and for hosting a joint meeting with the City, Space Florida, Liberty Partners, and Triumph Gulf Coast on October 2, 2023. Both meetings were productive in identifying opportunities for Triumph to participate in job creation projects at the airport.

At our first meeting, we identified the Gulf Power “Ready Site” on the South East side of the Airport as a potential for a Triumph partnership. Triumph believes that working together to make that site “pad ready” for a potential tenant is a viable Triumph project. Triumph can participate in things like: land clearing, providing necessary infrastructure to the site, grading the site, relocating right-of-ways, constructing taxiways, and discussing a “virtual spec building” for the site. Additionally, we discussed running some of these improvements up to Gene Hurley Park such that the approximately 40-acre park site would be in a good position for future development. At that time, we requested a detailed breakdown of all costs associated or relating to improvements to or around the “Ready Site” and available matching funds.

At our subsequent meeting, the City indicated it believed the FAA may prohibit or object to vertical improvements to all or part of the “Ready Site” due to aircraft landing requirements. We were provided a sketch identifying the part of the “Ready Site” which would be unavailable for development. It was also suggested that the “Ready Site” may not be useable based on setbacks that result from a proposed relocation of Gene Hurley Road from the Southern boundary of the property to the north side of the property. Instead of focusing on the “Ready Site” the City is proposing future industrial development and site preparation focus on the Gene Hurley Park property. The City must decide what it wants to focus on and request; however, Triumph would encourage the City to do everything in its power to make the “Ready Site” and Gene Hurley Park into pad ready development sites.

Regardless of what the City decides, it appears as though the sooner the City acts the better position it will be in vis-à-vis matching funds currently available to it. In order to move forward with a Triumph request, please provide Triumph with an updated site plan for what improvements the City envisions for the “Ready Site” and Gene Hurley Park as well as providing as much detail as possible for the costs associated with developing the site or sites. Once Triumph has a better idea of the costs and configuration of the developable land, it can provide the City with a more accurate estimate of Triumph’s potential funding. Additionally, please share with us the specific sunset date associated with converting Gene Hurley Park from an active City Park to Airport property. We believe this information will go a long way in crafting a successful Triumph project at the Airport.

Additionally, Triumph recommends that the City reach out to Opportunity Florida through the Walton EDA or Walton BOCC Opportunity Florida memberships to see what that organization can add to this potential project. Opportunity Florida is working with other Rural Airports in our region on airport related developments and may be an additional resource for the City.

Finally, Triumph once again suggests the City engage the Walton County Economic Development Alliance (“EDA”) with this project. Having Space Florida as a partner on this project is great; however, Space Florida represents the entire state. Space Florida may learn about leads and send them to the City; however, it does not appear that Space Florida will be actively promoting the efforts to attract an industrial/manufacturing tenant to the airport as part of its core mission. This role is generally the province of your local EDA and what the City’s funding of the EDA is intended for. Triumph has successfully worked with other EDAs in the region on similar Triumph projects and believes the EDA can add value to your efforts.

Thank you again for your hospitality. We look forward to receiving more detailed financial information on this proposal to determine how Triumph can best participate.

Warmest personal regards,



Scott A. Remington

SAR/paa

cc: Mike Barker, City Manager
Tim Parsons, Liberty Partners
Scott Luth, Space Florida
Reynolds Henderson, Triumph Gulf Coast Board Member
Triumph Gulf Coast Staff