

RESOLUTION NO. 2004-257

A RESOLUTION BY THE BOARD OF COUNTY COMMISSIONERS OF ST. JOHNS COUNTY, FLORIDA FINDING THAT NORTHROP GRUMMAN BE APPROVED AS A QUALIFIED APPLICANT PURSUANT TO §288.106, FLORIDA STATUTES; AND PROVIDING AN APPROPRIATION OF \$95,000.00 AS LOCAL PARTICIPATION IN THE QUALIFIED TARGET INDUSTRY TAX REFUND PROGRAM, AND PROVIDING FOR AN EFFECTIVE DATE.

RECITALS BY THE BOARD OF COUNTY COMMISSIONERS OF ST. JOHNS COUNTY, FLORIDA as follows:

WHEREAS, the business under consideration is one of the largest private employers in St. Johns County and manufactures the E-2C Hawkeye and modifies U.S. Government and foreign military aircraft, specifically, Northrop Grumman; and

WHEREAS, Northrop Grumman is located at 5000 U.S. 1 North, P.O. Box 105, St. Augustine, FL 32085; and

WHEREAS, Northrop Grumman service markets throughout North America, Central America, Mexico and other selected international projects; and

WHEREAS, Northrop Grumman intends to bring up to 95 new jobs to St. Johns County, and those new jobs will have an average salary of \$61,000 per year; and

WHEREAS, Northrop Grumman has submitted an application with the State of Florida, Enterprise Florida in connection with its desire to be approved and certified as a Qualified Target Industry Business, under Section 288.106, Florida Statutes; and

WHEREAS, Northrup Grumman, consistent with Section 288.106, Florida Statutes, has applied for a Qualified Target Industry Tax Refund, and seeks St. Johns County to provide a local match of 20% of the total Qualified Target Industry Tax Refund; and

WHEREAS, if Northrup Grumman is certified as a Qualified Target Industry Business, then St. Johns County's local match of Qualified Target Industry Tax Refund could total an amount up to, but not exceeding, ninety-five thousand (\$95,000.00); and

WHEREAS, the Board of County Commissioners of St. Johns County, Florida, has considered the merits of Northrup Grumman's application, and

determined that such an application, if approved, will provide an economic benefit for the residents of St. Johns County, Florida.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF ST. JOHNS COUNTY, FLORIDA as follows:

Section 1. The above Recitals are incorporated by reference into the body of this Resolution, and such Recitals are adopted as Findings of Fact.

Section 2. The Board of County Commissioners of St. Johns County, Florida (Board) recommends to the State of Florida that Northrop Grumman be approved as a Qualified Target Industry Business pursuant to Section 288.106, Florida Statutes.

Section 3. The Board acknowledges that the necessary commitment of local financial support for Northrop Grumman, as a Qualified Target Industry Business for the Qualified Industry Tax Refund Program exists in an amount not to exceed ninety-five thousand dollars (\$95,000.00), spread over at least a minimum of four (4) County fiscal years.

Section 4. That any money paid by the County under the Qualified Target Industry Tax Refund Program will be paid to the Florida Economic Development Trust Fund, as required, and containing the stipulation that such funds are intended to represent the "local participation" pursuant to Section 288.106, Florida Statutes.


Section 5. This **Resolution** shall take effect immediately upon its adoption.

DULY ADOPTED BY THE GOVERNING BOARD OF ST. JOHNS COUNTY, FLORIDA this 22nd day of September, 2004.

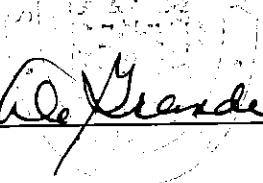
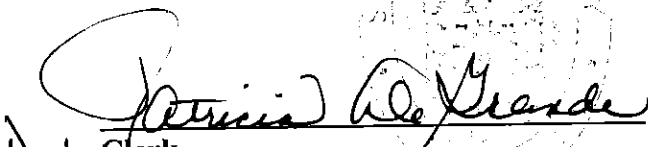
ATTEST:

**ST. JOHNS COUNTY
BOARD OF COUNTY COMMISSIONERS
ST. JOHNS COUNTY, FLORIDA**

Cheryl Strickland, ~~Clerk~~



Chairman

Deputy Clerk

RENDITION DATE 9-23-04

**QUALIFIED TARGET INDUSTRY
TAX REFUND PROGRAM
Payment Summary**

Applicant Northrop Grumman Corp.

Project Defense

	12/31/04	12/31/05	12/31/06	12/31/07	12/31/08	12/31/09	12/31/10	TOTAL
Project Jobs	0	95	0	0	0	0	0	95

QTI Business Requested Maximum Tax Refund Schedule (288.106, Florida Statutes)

State Fiscal Year:	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	TOTAL
State Portion (80%)	\$ -	\$ -	\$ 95,000	\$ 95,000	\$ 95,000	\$ 95,000	\$ -	\$ 380,000
Local Portion (20%)	\$ -	\$ -	\$ 23,750	\$ 23,750	\$ 23,750	\$ 23,750	\$ -	\$ 95,000
Total by Year:	\$ -	\$ -	\$ 118,750	\$ 118,750	\$ 118,750	\$ 118,750	\$ -	\$ 475,000

Based on requested maximum of \$5,000 per project job

Note: State fiscal year begins July 1.

GENERAL PROJECT OVERVIEW

Northrop Grumman Systems Corporation - St. Augustine

Name of Business

Relocation of E-2C/EA-6B VDE

Project Title (1-5 word description)

FOR EFI USE ONLY	
Date Received	Date Completed
Project Number	

It is suggested that you contact Enterprise Florida at the below address to discuss your project and application before submitting a formal proposal

The completed and signed application must be filed with:



Enterprise Florida

The Atrium Building, Suite 201 - 325 John Knox Road
Tallahassee, Florida 32303
T. 850.488-6300 - F. 850.922.9595
<http://www.eflorida.com/>

Employer Identification

BUSINESS INFORMATION:

1. a) Name of Business Unit: Northrop Grumman Systems Corporation
- b) Mailing Address: 5000 U.S. 1 North, St. Augustine, FL 32095
- c) Name of Parent Company (if applicable): _____
- d) Primary business unit contact:
 Name: Douglas Hunsworth Title: Business Manager
 Company: Northrop Grumman Systems Corporation
 Address: 5000 U.S. 1 North, St. Augustine, FL 32095
 Phone: (904)825-3322 Fax: (904)824-1743
 Email: douglas.hunsworth@ngc.com Beeper # 1-800-591-4072
- e) Business unit's federal employer identification number: 95-1055798
- f) Business unit's unemployment compensation identification number: 0024903-1
- g) Business unit's Florida sales tax registration number: 80 801 221 521 77
- h) List NAICS and SIC codes of all activities of the business unit: 8711, 3725
 Targeted Industry: Defense
- i) Describe the business unit's primary business activities/function: Production Aircraft Assembly and Modification
2. a) Is the business unit minority owned: _____ YES NO
- b) If YES, explain: _____
3. Business unit's tax year (ex: Jan. 1 – Dec. 31): Jan 1 – Dec. 31

Project Identification/Information

4. a) Is the business unit a (please choose one):
 A new business unit to Florida
 X An expansion of an existing Florida business unit
- b) If an expansion, how many Florida employees are currently in the expanding business unit? 1,234 September 10, 2004
- c) How many individuals are employed in ALL Florida locations? 2,976 as of June 2004 _____

¹ Existing Florida employees cannot be included for consideration in certain incentive awards.

² Incentives may not be used in connection with any project that involves the relocation of jobs from one Florida community to another.

5. Full project description: Relocation of Contract Activity From Bethpage, New York, which Includes Vehicle Design Engineering, Production Engineering and Related Support Functions that are an Integral Part of the Manufacturing of the E-2C and EA-6B Aircraft and Components

6. Check the appropriate box and complete the line item:
 Project's current location address: Northrop Grumman Systems Corporation
600 Grumman Road West, Bethpage, New York 11714
 Project's proposed location address: _____
5000 U.S. 1 North, St. Augustine, FL 32095

7. a) Located on Brownfield Site or in a Brownfield Area? _____ YES X _____ NO
(Please attach a copy of the official document that designated this area a brownfield area.)
 b) Will project be locating or expanding in an Enterprise Zone?
 _____ YES X _____ NO Which Zone: _____
 c) Will project be locating in a designated rural area?
 _____ YES X _____ NO Which designated rural area: _____

8. County in which project is/will be located: St. Johns County

9. Please check the box that best defines your project. Answer a) AND b), if applicable:
 a) X Multistate business enterprise b) Regional headquarters office
 Multinational business enterprise National headquarters office
 International headquarters office

10. Please estimate percentage of gross receipts or final sales resulting from this project that will be made outside of Florida: 100 %

11. Indicate the portion of the project (if any) that will be performing non-headquarters functions. Enter the industry description and code of each industry included in this project:

Business unit Activities		5-6 digit NAICS Code	4 digit SIC Code
<u>St. Augustine, Florida Business Unit</u>	<u>100</u> %	<u>541330</u>	<u>8711</u>
_____	_____ %	_____	<u>3725</u>
_____	_____ %	_____	_____

12. List the 5-6 digit NAICS or 4 digit SIC code(s), estimated employment, and the annualized average wage (not including benefits) for activities included in the project:

NAICS/SIC	Est. Employment	Annualized Wage \$
<u>8711</u>	<u>95</u>	<u>\$61,000</u>
_____	_____	_____
_____	_____	_____

13. a) Anticipated annualized average wage (not including benefits) of the new to Florida jobs created by the project at the business unit: \$61,000
 (Cash performance bonuses and other cash payments to the employees, such as overtime, should be included. The anticipated wage reported here is only an estimate of the average wage to be paid. The wage indicated in response to an incentive attachment, if applicable, will be used in the certification, agreement, and claim evaluation process.)
- b) Annualized average value of benefits associated with each new job created by the project at the business unit: \$29,000
14. a) Describe the capital investment in real and personal property (examples: construction of new facility; remodeling of facility; upgrading, replacing or buying new equipment. Do not include the value of land purchased for construction of a new building): Information Technology \$152,700, Facilities \$258,000
- b) List the anticipated amount (within three (3) years) and type (purchase of machinery/equipment, construction of buildings, etc.) of major capital investment to be made by the applicant in connection with this Florida project:
- | | |
|--------------------------|-------------------------|
| Amount \$ <u>258,000</u> | Renovations |
| Amount \$ _____ | Manufacturing Equipment |
| Amount \$ <u>152,700</u> | Other Equipment |
| Total \$ <u>410,700</u> | |
- c) Estimated square feet of new or newly expanded facility: N/A
15. Anticipated date of beginning of construction for this project: N/A
16. Anticipated date project will be in operation: January, 2005

Project Impact Information

17. What role will the incentive (or incentives) play in the decision of the applicant to locate or expand in this state? (If there are other states/communities competing for this project, please list which states/communities and what incentives are being offered by these states/communities.) The Northrop Grumman Systems Corporation Airborne Early Warning & Electronics Warfare Systems located in Bethpage, New York is studying the potential consolidation of certain highly skilled positions to the St. Augustine Site to assist in execution of the E-2C and EA-6B aircraft product delivery to the U.S. Navy and certain foreign military customers. The skills would include but not be limited to Vehicle Design Engineering, Production Engineering and related support functions. Due to the current expansion in the Engineering department in Bethpage, New York, an analysis is being performed to identify the strategy best required to meet the growth demand. Several options are being considered including expanding in the current site, or relocate to other areas within the Integrated Systems Sector to provide for the increased requirements. The St. Augustine Site is one of the potential sites being considered in the study. All factors are being evaluated including the Florida Tax Refund Program which has an impact of mitigating the cost to relocate these potential

new jobs to St. Augustine. There are currently incentives at several other sites (Florida and New York) that are competing for this work. We are not at liberty to disclose them, however the Department of Defense is extremely competitive and cost is a major driver. This incentive will enable the site to maintain its cost competitiveness.

- 18. Provide a brief synopsis on the special impacts the project is expected to stimulate in the community, the state or regional economy, focusing on economic conditions in the area, including the unemployment rate in the community where the project will be located. St. Johns County continues to have a very low unemployment rate, with some credit due to Northrop Grumman which represents the largest Industrial employer in the county with 1,234 employees. The special impact this project has is the employment of highly skilled professional jobs in St. Johns County such as Design Engineer of which currently there is limited opportunity.
- 19. a) A brief review of the applicant's past activities in Florida and in other states, particularly as they relate to environmental and growth management impacts and how these have been handled. (Basically, what kind of corporate citizen has the applicant been?) The St. Augustine Site past 10-year history has been exemplary in regards to the environment and growth management. The site has been certified in ISO 14001 Environmental Policy since 1997.


b) Any criminal or civil fines or penalties and any awards. (If yes, please explain)
NONE

20. You may request that your project information (including the information contained in this application) be confidential per F.S. 288.075, Confidentiality of Records.

- YES, we Request Confidentiality
- NO, we do not Request Confidentiality

******Be sure to attach proper incentive sheet(s)******

Application completed by:



(Signature) 9/20/04

Douglas J. Hunsworth, Business Director
(Print or Type Name & Title)

Northrop Grumman Systems Corporation_____
(Company)

904-8256-3322

(Phone Number)

904-824-1743

(Fax Number)

9/17/04

(Date)

douglas.hunsworth@ngc.com

(E-mail Address)

N/A

(Contact Person, if different)

(E-mail Address if different)

(Address if different)

(Phone if different)

To the best of my knowledge, the information included in this application is accurate.



(Signature of Authorized Officer)

Mark A. Tucker
(Print or Type Name of Authorized Officer)

Vice President
(Print or Type Title of Authorized Officer)

Northrop Grumman Systems Corporation

(Company)

904-825-3700

(Phone Number)

(Fax Number)

(Date)

(E-mail Address)

Qualified Target Industry Tax Refund as an attachment to the General Project Overview for

Northrop Grumman Systems Corporation – St Augustine

(Name of Business)

Must be a business unit or reporting unit of a business unit that is registered with or will be registered with the State of Florida for unemployment compensation purposes.

(Project Code or Number)

1. **IMPORTANT NOTE:** This application must be filed prior to making the decision to locate a new business unit in Florida or to expand an existing Florida business unit.

The tax refund claim form will be due by January 31st each year for the number of jobs on December 31st of the previous calendar year.

The tax refunds paid per state fiscal year (July 1 – June 30) may not exceed 25 percent of the total tax refund award associated with the phase(s) scheduled. The total award will be equal to \$3,000 (\$6,000 in Enterprise Zones or Rural Counties) times the number of jobs reported in item 10, plus \$1,000 per job if the average annual wage exceeds the area's average by 150% or \$2,000 per job if the average annual wage is in excess of 200%. However, the QTI award may not exceed five times the local financial support paid by the community.

2. Project employment and wages:
- a) Total number of net new full-time equivalent Florida jobs created by the project at the business unit indicated on Overview: 95 New Full-Time Equivalent Jobs
- b) Are any employees being transferred from another Florida location? No
If employees are being transferred from another Florida location(s), how many and from where? N/A
If employees are being transferred from another Florida location(s), why are they moving and why is it justified in light of 288.106(2)(b)² Florida Statute? N/A
- c) If jobs are to be phased in, provide the date when each phase of employment will be fully implemented: *(Please limit the phases to no more than three consecutive years and job creation to no less than ten jobs in any given year.)*

Phase	Number of net new full-time equivalent Florida jobs created in business unit ¹	Date by which those jobs will be created
I	95	12/31/2005
II		12/31/
III		12/31/
TOTAL	95	

¹ Existing Florida employees cannot be included for consideration in certain incentive awards.

² Florida Statute, 288.106 (2)(b) specifically prohibits the awarding of QTI in connection with any project that involves moving jobs from one Florida community to another except given very specific, clearly demonstrated, circumstances.

³ Must be a minimum of 10 new jobs or a 10 percent increase (whichever is greater) in existing employment, unless the project is located in a rural community or Enterprise Zone.

3. For purposes of certification, agreement, and claim review, indicate the wage and corresponding threshold (percentage) to which you commit:

- a) \$ _____ which is 115% of the _____ average wage of \$ _____ in _____
(year)
- b) \$ _____ which is 150% of the _____ average wage of \$ _____ in _____
(year)
- c) \$61,000 _____ which is 200% of the 2002 _____ average wage of \$ 28,329 _____ in St. Johns
_____ (year) (Enter the name of the county, MSA, or "Florida")

4. Amount of "Local Financial Support" identified by local governing body
\$ _____

Type of Support	Amount of Support
Cash	\$ _____
Ad Valorem Tax Abatement ¹	\$ _____
Land Grant by Local Governing Body ¹	\$ _____
Waived ^{1,2}	\$ _____

¹ Refund paid to Business unit will be reduced by this amount.
² Only available in Rural Counties.

(Attach the resolution adopted by the local governing body recommending the applicant be approved as a QTI Business unit and indicating the level of local financial support that has been committed. Clearly indicate waivers requested and justification for such waiver.)

PLEASE BE SURE TO ATTACH TO THE GENERAL PROJECT OVERVIEW.

Signature of individual completing this portion
(If different from General Overview)

Date

Address (if Different)

Phone

x Mark A. Tucker

Signature of Authorized Officer

9/20/04

Date

Mark A. Tucker, Vice President

Please print or type name of Authorized Officer