

RESOLUTION NO. 2018 - 332

**A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF ST. JOHNS COUNTY, FLORIDA, AUTHORIZING THE COUNTY ADMINISTRATOR, OR DESIGNEE, TO EXECUTE AN AMENDED ECONOMIC DEVELOPMENT GRANT AGREEMENT WITH NORTHROP GRUMMAN SYSTEMS CORPORATION, ON BEHALF OF ST. JOHNS COUNTY; AND PROVIDING FOR THE EFFECT OF RECITALS; PROVIDING FOR THE CORRECTION OF ERRORS; AND PROVIDING AN EFFECTIVE DATE.**

**RECITALS**

**WHEREAS**, the County and Northrop Grumman entered into an Economic Development Grant Agreement on April 16, 2013, as authorized by the Board of County Commissioners through St. Johns County Resolution 2013-84, providing economic development incentives to construct a 330,000 square foot, state-of-the-art manufacturing facility and hire 400 new employees at an annual wage of at least \$44,943; and

**WHEREAS**, the duration of the Agreement is from April 16, 2013, through and including September 30, 2025, with Northrop Grumman being required to complete the project no later than December 31, 2017; and

**WHEREAS**, Northrop Grumman completed construction of the company's new Aircraft Integration Center of Excellence in 2015, investing more than \$100 million dollars into the facility located at 5000 U.S. 1 North in St. Augustine; and

**WHEREAS**, Northrop Grumman maintained the company's existing workforce of 959 and created 66 net-new jobs as of December 31, 2017, paying a wage of at least \$44,943, thus exceeding 125% of the County's average annual wage, when the agreement was entered into, as a result of the project; and

**WHEREAS**, due to unanticipated business events, Northrop Grumman experienced slower workforce growth, and therefore, did not meet the 400 net-new jobs it anticipated as set forth in Section 5 of the Agreement; and

**WHEREAS**, it is acknowledged by the County that Northrop Grumman has completed two of the three performance requirements for the Agreement related to construction of the facility and wages paid to the 66 new employees hired by the project deadline of December 31, 2017; and

**WHEREAS**, Northrop Grumman submitted a written request to the County seeking to amend the Agreement to eliminate the job creation requirement and associated jobs grant; and

**WHEREAS**, recalculating the grant amount to remove the jobs grant portion and to adjust for the actual impact and utility fees paid for the new building results in a decreased incentive value of \$1,891,047, inclusive of the incentive payment paid to Northrop Grumman in the amount of \$220,642 for performance measures met in County Fiscal Year 2017; and

**WHEREAS**, the recalculated incentives for the remainder of the term of the Agreement as of the date of this Amendment are valued at an amount not to exceed \$1,670,405; and

**WHEREAS**, based upon review and consideration of said request, executing this First Amendment to the Agreement as allowed by County Ordinance 2014-30, serves the collective interests of both the County and Northrop Grumman.

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

**SECTION 1. Incorporation of Recitals.**

The Recitals expressed above are incorporated by reference into the body of this Resolution, and such Recitals are hereby adopted as findings of fact.

**SECTION 2. Authorization to Execute.**

The County Administrator, or designee, is hereby authorized to execute an agreement substantially in the same form as the attached First Amended Economic Development Grant Agreement on behalf of the County for the purposes mentioned above.

**SECTION 3. Correction of Errors.**

To the extent that there are typographical or administrative errors or omissions that do not change the tone, tenor, or context of this Resolution, this Resolution may be revised without subsequent approval of the Board of County Commissioners.

**SECTION 4. Effective Date.**

This Resolution shall be effective upon execution by the Chair of the Board of County Commissioners.

**PASSED AND ADOPTED** by the Board of Board of County Commissioners of St. Johns County, Florida this 2 day of October 2018.

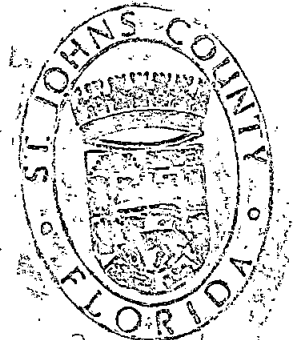
BOARD OF COUNTY COMMISSIONERS OF ST.  
JOHNS COUNTY, FLORIDA

By: Henry Dean  
Henry Dean, Chair

ATTEST: Hunter S. Conrad, Clerk

By: Pam Hatterman  
Deputy Clerk

RENDITION DATE 10/4/18



**AMENDMENT TO THE ECONOMIC DEVELOPMENT  
GRANT AGREEMENT BETWEEN ST. JOHNS COUNTY, FLORIDA, AND  
NORTHROP GRUMMAN SYSTEMS CORPORATION**

**THIS AMENDMENT (“Amendment”)** to the Economic Development Grant Agreement is entered into between St. Johns County, Florida (the “County”), a political subdivision of the State of Florida, located at 500 San Sebastian View, St. Augustine, Florida, 32084 and **Northrop Grumman Systems Corporation** (“Northrop Grumman”), a Delaware corporation, whose primary place of business is located at 2980 Fairview Park Drive, Falls Church, Virginia 22042.

**RECITALS**

**WHEREAS**, the County and Northrop Grumman entered into an Economic Development Grant Agreement effective April 16, 2013 (the “Agreement”), as authorized by the Board of County Commissioners through St. Johns County Resolution 2013-84, providing economic development incentives to construct a 330,000 square foot, state-of-the-art manufacturing facility and hire 400 new employees at an annual wage of at least \$44,943; and

**WHEREAS**, the duration of the Agreement is from April 16, 2013, through and including September 30, 2025, with Northrop Grumman being required to complete the project no later than December 31, 2017; and

**WHEREAS**, Northrop Grumman completed construction of the company’s new Aircraft Integration Center of Excellence in 2015, investing more than \$100 million dollars into the facility located at 5000 U.S. 1 North in St. Augustine (the “Facility”); and

**WHEREAS**, Northrop Grumman maintained the company’s existing workforce of 959, and created 66 net-new jobs as of December 31, 2017, paying a wage of at least \$44,943, thus exceeding 125% of the County’s average annual wage, when the agreement was entered into, as a result of the project; and

**WHEREAS**, due to unanticipated business events, Northrop Grumman experienced slower workforce growth, and therefore, did not meet the 400 net-new jobs it anticipated, as set forth in Section 5 of the Agreement; and

**WHEREAS**, it is acknowledged by the County that Northrop Grumman has completed two of the three performance requirements for the Agreement: construction of the facility and the meeting the minimum wages paid to the 66 net-new employees hired by the project deadline of December 31, 2017; and

**WHEREAS**, Northrop Grumman submitted a written request to the County seeking to amend the Agreement to eliminate the job creation requirement and associated jobs grant; and

**WHEREAS**, recalculating the grant amount to remove the jobs grant portion and to adjust for the actual impact and utility fees paid for the new building results in a decreased

incentive value of \$1,891,047, inclusive of the incentive payment paid to Northrop Grumman in the amount of \$220,642 for performance measures met in County Fiscal Year 2017; and

**WHEREAS**, the recalculated incentives for the remainder of the term of the Agreement as of the date of this Amendment are valued at an amount not to exceed \$1,670,405; and

**WHEREAS**, based upon review and consideration of said request, executing this Amendment to the Agreement as allowed by County Ordinance 2014-30, serves the collective interests of both the County and Northrop Grumman.

**NOW THEREFORE**, the County and Northrop Grumman (the "Parties"), in consideration of, the mutual covenants and conditions set forth below, agree to amend the Agreement as follows:

1. The Recitals expressed above are incorporated by reference into the body of the Agreement, and such Recitals shall be adopted as findings of fact.
2. All references in the Agreement to St. Johns County Ordinance 2006-99 as defined in Section 4(f) of the Agreement shall refer to St. Johns County Ordinance 2014-30, as amended, or its successor in function.
3. Section 2 of the Agreement shall be substituted as follows:

**Section 2. Project Details/Parameters.**

The Project shall be referenced as Buildings 1 and 4 of Parcel 074810-0000, completed by Northrop Grumman in 2015, representing the 361,000 square-foot Aircraft Integration Center of Excellence, and associated full-time equivalent employees located at 5000 U.S. 1 North in St. Augustine.

4. Section 4(d) of the Agreement shall be amended as follows:

d) *County Economic Development Grant* means the \$1,891,047, inclusive of the payment made to Northrop Grumman in the amount of \$220,642 for performance measures met in County Fiscal Year 2017, available to Northrop Grumman through reimbursement of the County portion of ad valorem taxes not to exceed the term expiring September 30, 2025, which shall offset the impact fees, water connection charges, sewer connection charges and the County portion of ad valorem taxes for a four year period paid by Northrop Grumman related to the project.

5. Section 5 of the Agreement shall be deleted in its entirety.

6. Section 6 of the Agreement shall be substituted as follows:

**Section 6. Average Wage of Full-Time Equivalent Jobs.**

The average wage of Full-Time Equivalent Jobs was a factor relied upon by the County with respect to entering into this Agreement. Therefore, from and after the date for the satisfaction of

such condition as set forth herein, the average wage of Full-Time Equivalent Jobs in the County shall be considered a condition associated with Northrop Grumman submitting a claim for, or receiving, County Economic Development Grant payment(s). Northrop Grumman will provide wages at an average of at least \$44,943 in the aggregate for no less than fifty percent (50%) of the workforce employed by Northrop Grumman at the Facility in any given County Fiscal Year.

7. Section 10 of the Agreement shall be substituted as follows:

**Section 10. Conditions of Compliance; Consequence for Failure to Comply.**

a) In order to remain eligible for County Economic Development Grant payments, Northrop Grumman must abide by and comply with the provisions set forth in the Agreement as amended by this Amendment, any incorporated attachments/exhibits, any amendments hereto, and any applicable provisions of County Ordinance 2014-30.

b) Should the Board determine that Northrop Grumman has failed to comply with Section 6 above, then the Board shall promptly notify Northrop Grumman of such non-compliance no later than thirty (30) days after the Board or its designee makes such a determination of non-compliance. Upon the date of such notification, Northrop Grumman shall be granted thirty (30) days in which to submit to the County a written report that sufficiently documents Northrop Grumman's compliance with the conditions set forth, or that sufficiently details all corrective action to be taken by Northrop Grumman in order to come into compliance with the conditions set forth in Section 6 above.

c) In the event that Northrop Grumman fails to sufficiently establish its compliance with the conditions set forth above within thirty (30) days after notification of non-compliance, or fails to provide a plan to cure approved by the Board within such time, then the County may terminate this Agreement without further notice to Northrop Grumman, and the Parties shall be released from any further obligations as provided herein.

8. Section 17 of the Agreement shall be substituted as follows:

**Section 17. Economic Development Grant Payment(s) for Each Eligible Fiscal Year**

a) As provided elsewhere in this Agreement, and subject to Northrop Grumman's compliance with St. Johns County Ordinance 2014-30 and the terms and conditions of the Agreement as amended by this Amendment, the amount of the County Economic Development Grant payment(s) for each eligible County Fiscal Year is estimated to be an average of approximately \$431,200. The revised County Economic Development Grant calculation completed by the Public Agency is attached to this Amendment as Exhibit B and is incorporated herein by reference.

b) In any given eligible County Fiscal Year, the amount of a County Economic Development Grant payment paid to Northrop Grumman may be adjusted to reflect an increase in property values.

c) Notwithstanding any other provision contained in this Agreement or St. Johns County Ordinance 2014-30, the maximum economic development incentive available to

Northrop Grumman under this Agreement shall not exceed \$1,891,047, unless otherwise approved by the Board. This amount is inclusive of the incentive payment made to Northrop Grumman in the amount of \$220,642 for performance measures met during County Fiscal Year 2017. As of the date of this Amendment, the remaining amount of economic development incentives available to Northrop Grumman under this Agreement is \$1,670,405, subject to the provisions of Section 17(a) above.

9. Section 18 of the Agreement shall be amended to reflect the updated primary contact for Northrop Grumman, with copy parties remaining as set forth in the Agreement:

Eric Scholten, Vice President, Controller  
Aerospace Systems  
Northrop Grumman Systems Corporation  
One Space Park Drive  
Redondo Beach, CA 90278

10. If any part or application of this Amendment is declared unconstitutional, or otherwise invalid, for any reason by a court of competent jurisdiction, such part shall be severable and the remainder of the Agreement shall remain in full force and effect.

11. With the exception of the amendments and revisions noted in this Amendment which shall modify the provisions of the Agreement, the Agreement remains in full force and effect.

IN WITNESS WHEREOF, the parties have set their hand and seals as of the \_\_\_\_\_ day of \_\_\_\_\_, 2018.

**ST. JOHNS COUNTY, FLORIDA**

By: \_\_\_\_\_  
County Administrator

**Legal Review by:**

By: \_\_\_\_\_  
County Attorney

**ATTEST: HUNTER S. CONRAD, CLERK**

By: \_\_\_\_\_

**NORTHROP GRUMMAN SYSTEMS  
CORPORATION**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**WITNESS AS TO:**

By: \_\_\_\_\_  
Print: \_\_\_\_\_

**EXHIBIT B**

**ESTIMATE OF ECONOMIC DEVELOPMENT  
GRANT CALCULATION  
NORTHROP GRUMMAN (*Project Green*)**

Calculations based on County Ordinance 2014-30 and millage rates as of October 1, 2012.

**Category:** Existing Industry

**POINTS AWARDED**

Target Industry: Manufacturing	2
Facility Size: 361,000 sq. ft.	2
Wages: 125% above County wage (as of 2013)	<u>2</u>

**Total Points** **6**

Under revised project parameters, the applicant scored 6 points under the Existing Industry Category. The project is eligible for an Economic Development Grant equal to 100% of fees paid (Impact, Water and Sewer) and four (4) year's Ad Valorem tax (general county portion) on capital improvements and tangible personal property.

	Initial Estimated Value	Recalculated Value
Total Value of Capital Improvements	80,000,000	80,000,000
Multiplied by County Millage rate	0.53900%	0.53900%
Annual Ad Valorem Tax (general county portion)	431,200	431,200
Multiplied by # Eligible Years	<u>4</u>	<u>4</u>
<b>Ad Valorem Tax (general county portion) Estimate =</b>	<b>1,724,800</b>	<b>1,724,800</b>
Total Estimated Value of New Tangible Assets	0	0
Multiplied by County Millage rate		
Annual new tangible business personal property tax (general county portion)	0	0
Multiplied by # Eligible Years		
<b>Total tangible business personal property tax (general county portion)</b>	<b>0</b>	<b>0</b>
<b>Impact Fees Paid</b>	<b>-622,710</b>	<b>41,460</b>
<b>Water/Sewer Connection Fees Paid</b>	<b>166,500</b>	<b>124,787</b>
<b>Local Job Creation Grant (equivalent to QTI support)</b>	<b>480,000</b>	<b>0</b>
<b>TOTAL ESTIMATED INCENTIVE</b>	<b>2,994,010</b>	<b>1,891,047</b>
Minus First Grant Payment FY17		<u>220,642</u>
<b>RECALCULATED INCENTIVE VALUE</b>		<b>1,670,405</b>

Annual installments will not exceed the annual general county portion of ad valorem taxes paid each year.

**PAYOUT SCHEDULE:**

<b>Total Maximum Possible Incentive:</b>	<b>1,670,405</b>
<b>Payout will consist of estimated annual installments of:</b>	<b>431,200</b>

\* The annual payment is based on the general county portion of the ad valorem taxes paid each year which could fluctuate with increasing property values. The total payout will not exceed the total incentive value approved.

as of 09.06.18

**NORTHROP GRUMMAN**

Northrop Grumman Corporation  
Aerospace Systems

One Space Park  
Redondo Beach, CA 90278

September 7, 2018

Office of the County Administrator  
St. Johns County Board of County Commissioners  
500 San Sebastian View, St. Augustine, FL 32084 Career Source Florida  
Attention: Melissa S. Glasgow, Director of Economic Development

RE: Northrop Grumman Systems Corporation ("Northrop Grumman") obligations under the Economic Development Grant Agreement by and between St. Johns County, Florida (the "County") and Northrop Grumman effective as of April 16, 2013 (the "Agreement").

Dear Ms. Glasgow:

Northrop Grumman is in receipt of your letter dated August 29, 2018. As Vice President, Controller of the Aerospace Systems division of Northrop Grumman, I want to thank you and your team on behalf of Northrop Grumman for your continued partnership and recognition of our collective accomplishments. Northrop Grumman is committed maintaining Northrop Grumman's presence in St. Augustine with the hopes of bringing new programs to the facility in the future. Northrop Grumman appreciates your willingness to participate in on-going discussions in an effort to continue our mutually beneficial relationship.

As you know, the Agreement granted Northrop Grumman incentives, as a condition to satisfying certain requirements by December 31, 2017, as follows: (i) complete construction of a 330,000 square foot project; (ii) make a capital investment of \$102M; and (iii) hire a minimum of 100 net new full time employees, at an average wage of at least \$44,943. Northrop Grumman completed construction of the facility, substantially exceeded its capital investment (with an actual capital expenditure in excess of \$122M), and substantially exceeded the average wage requirement (by maintaining an average salary of approximately \$79,000).

Northrop Grumman created 66 net new full time jobs as of December 31, 2017 with a total employee headcount of 1031 (including employees on leave of absence). In addition, Northrop Grumman supports over 336 non-Northrop Grumman employees at the site (including government employees, contract labor, etc.). However, despite tremendous efforts, Northrop Grumman faced certain unanticipated business events that impacted Northrop Grumman's ability to meet the new full-time job requirement at the St. Augustine facility.

As discussed during the August 8<sup>th</sup> meeting, Northrop Grumman achieved and significantly exceeded two of the three performance requirements related to construction of the facility and wages paid to new employees under the Agreement. In recognition of that significant contribution, Northrop Grumman requests that the Agreement be amended to eliminate the jobs creation requirement and correlated jobs grant. As such, the incentives would be recalculated and reduced accordingly. In addition, as a good faith measure, Northrop Grumman agrees to forego its 2018 payment with adjusted payments of the remaining incentives for those elements for which Northrop Grumman has satisfied or exceeded its obligations expected to resume in 2019.

Northrop Grumman remains committed to the County's revitalization and its workforce. As such, in the event Northrop Grumman is able to bring the required jobs to the County prior to the expiration of the term of the Agreement, Northrop Grumman may seek to modify the Agreement further to allow the County and Northrop Grumman to recapture the benefit of the jobs requirement and corresponding grant.

Thank you again for your time and attention to this matter. Northrop Grumman looks forward to continuing to work with you.

Please feel free to contact me with any questions.

Sincerely,



Eric Scholten, Vice President, Controller  
Aerospace Systems  
Northrop Grumman Systems Corporation  
Once Space Park Drive  
Redondo Beach, CA 90278

cc: Office of County Attorney  
500 San Sebastian View  
St. Augustine, Florida 32084



## St. Johns County Board of County Commissioners

Office of the County Administrator | Economic Development

August 29, 2018

Eric Scholten, Vice President, Controller  
Aerospace Systems  
Northrop Grumman Systems Corporation  
Once Space Park Drive  
Redondo Beach, CA 90278

Dear Mr. Scholten,

As Director of Economic Development for St. Johns County, I want to express the county's genuine appreciation for Northrop Grumman's long-term investment and partnership with the community in St. Johns County. Our Board of County Commissioners has made a unified commitment to economic development through their support of a business-friendly climate and the results are apparent with major employers like Northrop Grumman continuing to expand and invest in our county.

In April 2013, St. Johns County celebrated the decision by Northrop Grumman to locate a new Aircraft Integration Center of Excellence within our community. To support this significant project, the County Commission approved an economic development grant agreement with Northrop Grumman to construct a 330,000 square foot state-of-the-art manufacturing facility and hire 400 new employees at an annual wage greater than \$45,000; thus exceeding our annual wage for that timeframe.

In 2015, Northrop Grumman successfully completed the construction of a 361,000 square-foot climate-controlled building, representing a larger facility than initially proposed. Since that time, the company has graciously shared its Center of Excellence with the community by hosting a number of tours and events to showcase the hard work and craftsmanship of its local workforce. Having a facility of this magnitude is a real advantage to both the company and the community, and allows Northrop Grumman to be more competitive in vying for defense contracts to bring more long-term business to our community.

Through numerous conversations with Northrop Grumman executive staff since the new facility opened in 2015, I've learned that the operational space has provided even greater production efficiencies than anticipated. While that is certainly a positive outcome for the company in terms of cost management, staff revealed that those efficiencies have had an unintended effect of slowing anticipated workforce growth.

Before the project commenced, Northrop Grumman staff indicated that the company believed the investment would facilitate significant new job creation and those projections were incorporated into the agreement. With the increased efficiencies now realized, the company reported 66 net-new jobs created, which falls shy of the employment threshold contained in the agreement.

Taking the employment information into consideration, my evaluation shows that the company has satisfied two of the three performance requirements for the agreement related to the construction of the facility and the wages paid to the new employees hired by the project deadline of December 31, 2017.

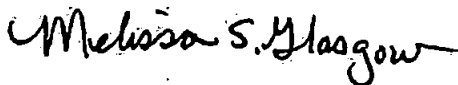
Through conversations with Northrop Grumman staff, it is my understanding that the company wishes to request an amendment to the economic development grant agreement to recalculate the grant amount based on the facility constructed and impact/utility fees actually paid for the new building. The recalculation incorporating these items revises the estimated incentive value to \$1,670,405. This represents a decrease from the original amount approved of \$2,994,000, and reflects the slowing workforce growth previously referenced. During the agreement timeframe, if there is an opportunity for Northrop Grumman to increase job growth, I would support another amendment to the agreement to accommodate the increased employment.

To move forward, the company needs to provide a written request to amend the economic development agreement and provide a plan for anticipated employee production levels through the duration of the agreement ending in 2025. Ultimately, the County Commission determines whether to approve an amendment to the agreement. Once I receive the written request, I will begin drafting the amendment with our legal staff and schedule the item for an upcoming commission meeting agenda.

Northrop Grumman is a valued major employer in our community. Once again, we appreciate our long-standing partnership and your company's continued investment in our community. I also personally appreciate your company's support of our economic development efforts by allowing the county to feature the expansion in several national publications to promote economic development opportunities.

Please let me know if you have any questions or if there is any other assistance I may provide.

Sincerely,



Melissa S. Glasgow  
Director of Economic Development  
St. Johns County

CC: Rick Kendust, Northrop Grumman Manager of State and Local Affairs  
Tala Gardner, Northrop Grumman Corporate Counsel  
Michael Wanchick, St. Johns County Administrator  
Patrick McCormack, St. Johns County Attorney

**SEYFARTH**  
ATTORNEYS **SHAW** LLP

975 F Street, N.W.  
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www.seyfarth.com

Writer's direct phone  
(202) 828-3521

Writer's e-mail  
cdommers@seyfarth.com

May 3, 2013

**VIA FEDERAL EXPRESS**

Melissa S. Glasgow  
Director of Economic Development  
St. Johns County Board of County Commissioners  
500 San Sebastian View  
St. Augustine, FL 32084

Re: Project Green Grant Agreement

Dear Melissa:

Enclosed herewith please find one fully executed Grant Agreement for Project Green for your records. We have retained the other fully executed agreement for Northrop Grumman's records.

We are excited to commence the further implementation of Project Green shortly and look forward to the expansion within St. Augustine, Florida.

If there is anything further needed, please do not hesitate to contact me or Terri Zinkiewicz, the contract administrator. It has been a pleasure working with you and Regina Ross.

Very truly yours,

SEYFARTH SHAW LLP

*Christa Dommers Kem*  
Christa L. Dommers

CLD:cld

Enclosure

cc: Thomas Boyle, Esq. (w/enclosure)  
Brandt Pyles (w/enclosure)  
Eric Scholten (w/enclosure)

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**ECONOMIC DEVELOPMENT  
GRANT AGREEMENT**

*Res 2013-84*

**THIS ECONOMIC DEVELOPMENT GRANT AGREEMENT** ("Agreement") dated this \_\_\_\_\_ day of \_\_\_\_\_, 2013, by and between **St. Johns County, Florida** (the "County"), a political subdivision of the State of Florida, located at 500 San Sebastian View, St. Augustine, Florida, 32084 and **Northrop Grumman Systems Corporation**, a Delaware corporation ("NORTHROP GRUMMAN"), whose primary place of business is located at 2980 Fairview Park Drive, Falls Church, Virginia 22042.

**RECITALS**

**WHEREAS**, Section 125.045, Florida Statutes, declares that a public purpose is served when a County makes economic development grants to private enterprises for the expansion of businesses existing in the County, or the attraction of new businesses to the County; and

**WHEREAS**, Section 125.045, Florida Statutes, authorizes Counties to spend public funds for economic development activities, including the making of economic development grants; and

**WHEREAS**, Section 125.045, Florida Statutes, expressly notes that such section of the Florida Statutes, "must be liberally construed in order to effectively carry out the purposes of this section" of the Florida Statutes; and

**WHEREAS**, consistent with Section 125.045, Florida Statutes, St. Johns County, pursuant to County Ordinance 2006-99, *as amended*, adopted and implemented a St. Johns County Business Incentive Program, for the purpose of providing economic development grants for private enterprises (including new industry) which meets the criteria established under County Ordinance 2006-99, *as amended*, and NORTHROP GRUMMAN received a favorable recommendation for award of an Economic Development Grant by the Board of County Commissioners; and

**WHEREAS**, NORTHROP GRUMMAN anticipates creating 400 new jobs at an average wage greater than 125% of the St. Johns County average wage (which is currently \$35,954) in addition to the 959 NORTHROP GRUMMAN full time jobs existing on March 1, 2013 and the other third party supporting positions present at the existing facility in St. Johns County; and

**WHEREAS**, NORTHROP GRUMMAN seeks to construct one building in two phases totaling approximately 330,000 square feet of production/office space on NORTHROP GRUMMAN owned property adjacent to the Northeast Florida Regional Airport in St. Augustine, Florida to serve as its Aircraft Integration Center of Excellence; and

**WHEREAS**, in accordance with County Ordinance 2006-99, *as amended*, NORTHROP GRUMMAN submitted to the County an application for the award of an Economic Development Grant, seeking incentives to reimburse one hundred percent (100%) of impact fees, water and sewer connection fees paid and four (4) years of the general County portion of ad valorem taxes paid on capital improvements associated with the Project; and

**WHEREAS**, NORTHROP GRUMMAN also requested a local job creation grant (the "Local Job Creation Grant") of \$1,200 per new Full-time Equivalent Job created, which is equivalent to providing a 20% match for the State's Qualified Target Industry program that it would be eligible for and the County supports for qualifying projects (for which the Project would otherwise qualify); and

**WHEREAS**, in accordance with County Ordinance 2006-99, *as amended*, the St. Johns County Economic Development Agency ("Public Agency") reviewed the application and issued a report evaluating the proposed enterprise.

**NOW THEREFORE**, the County and NORTHROP GRUMMAN (collectively the "Parties") hereto for, and in consideration of, the mutual covenants and conditions hereinafter set forth, do hereby agree as follows:

**Section 1. Effect of Recitals.**

The Recitals expressed above are incorporated by reference into the body of this Agreement as a substantive part hereof, and such Recitals shall be adopted as findings of fact.

**Section 2. Project Details/Parameters.**

The Project shall be restricted to the specific details and/or parameters contained in NORTHROP GRUMMAN's Application for Economic Development Grant (the "Application") a copy of which is attached hereto as Exhibit A and incorporated herein by this reference.

**Section 3. Duration.**

This Agreement shall be effective from April 16, 2013, until 11:59 p.m., Eastern Standard Time, September 30, 2025, or until the final payment of the County Economic Development Grant as set forth herein.

**Section 4. Definitions.**

The following terms shall be defined as follows:

- a) *Board* means the Board of County Commissioners of St. Johns County, Florida.
- b) *County* means St. Johns County, a political subdivision of the State of Florida.

- c) *County Administrator* means the County Administrator of St. Johns County, and/or authorized designees of the County Administrator.
- d) *County Economic Development Grant* means the \$2,994,000 available to NORTHROP GRUMMAN through reimbursement of the County portion of ad valorem taxes for a period of up to 10 years which shall offset the impact fees, water connection charges, sewer connection charges and the County portion of ad valorem taxes for a four year period paid by NORTHROP GRUMMAN and to fund the Local Job Creation Grant.
- e) *County Fiscal Year* means and shall reference the period time from October 1 of one calendar year, up to and including September 30 of the following calendar year.
- f) *County Ordinance 2006-99, as amended* means St. Johns County Ordinance 2006-99, as amended, which among other things, replaced prior ordinances relating to business incentive programs, adopted the County Business Incentive Program, as currently in effect, created a Public Economic Development Agency, and authorized expenditure of County funds for economic development grants.
- g) *Full-time Equivalent Jobs* means full-time equivalent positions, as such terms are consistent with terms used by the Florida Department of Labor and Employment Security, and the United States Department of Labor for purposes of unemployment compensation tax administration, and employment estimation, resulting directly from the Project in the County. This term shall not include temporary construction jobs involved in construction for the facility constituting the Project, or any jobs which have previously been included in any application for tax refunds under Sections 228.1045 and/or 288.106, Florida Statutes.
- h) *Program* means the St. Johns County Business Incentive Program, in accordance with County Ordinance 2006-99, as amended.
- i) *Project* means expansion of NORTHROP GRUMMAN's business in St. Johns County, Florida as more fully set forth in the Recitals hereof.

**Section 5. Total Number of New Full-Time Equivalent Jobs.**

The number of new Full-time Equivalent Jobs was a factor relied upon by the County with respect to entering into this Agreement. Therefore, from and after the date for the satisfaction of such condition as set forth herein, the number of new Full-time Equivalent Jobs in the County shall be considered a condition associated with NORTHROP GRUMMAN submitting a claim for or receiving County Economic Development Grant payment(s).

Consistent with NORTHROP GRUMMAN's application for a County Economic Development Grant, NORTHROP GRUMMAN will provide at least 400 new Full-time Equivalent Jobs in St. Johns County as a result of the Project, in addition to the 959 full-time jobs (as of March 1, 2013) existing in St. Johns County. The new Full-time Equivalent Jobs are to be created by December 31, 2017, at the latest.

**Section 6. Average Wage of Full-Time Equivalent Jobs.**

The average wage of the new Full-time Equivalent Jobs was a factor relied upon by the County with respect to entering into this Agreement. Therefore, from and after the date for the satisfaction of such condition as set forth herein, the average wage of the new Full-Time Equivalent Jobs in the County shall be considered a condition associated with NORTHROP GRUMMAN submitting a claim for, or receiving, County Economic Development Grant payment(s).

Consistent with NORTHROP GRUMMAN's application for a County Economic Development Grant, NORTHROP GRUMMAN will provide wages at an average of at least \$44,943 (equal or greater than 125% of St. Johns County's average wage) in the aggregate for the new Full-time Equivalent Jobs in St. Johns County as a result of the Project.

**Section 7. Payment of Fees and/or Taxes Prior to Claim Submission.**

Prior to any submission of claim by NORTHROP GRUMMAN to the County for a County Economic Development Grant payment, NORTHROP GRUMMAN shall pay to the County a total amount equal to the general County portion of County ad valorem taxes, applicable impact fees and applicable water and sewer connection fees. It is expressly understood by the Parties that the total amount of County ad valorem taxes (to the extent not adjusted by increased property values) shall be paid by NORTHROP GRUMMAN prior to NORTHROP GRUMMAN applying for, and/or receiving any County Economic Development Grant payment(s) in any eligible County Fiscal Year.

**Section 8. Authority of the Board to Review, Verify Records.**

(a) The Board (or when duly authorized, the Board's designee) specifically and explicitly reserves the right to review, inspect, examine and verify the applicable financial and personnel records of NORTHROP GRUMMAN relating to the new Full-time Equivalent Jobs contemplated under this Agreement as maintained at 5000 U.S. 1 North, St. Augustine, Florida, as is reasonably necessary in order to determine the degree of NORTHROP GRUMMAN's compliance with this Agreement, as well as NORTHROP GRUMMAN's compliance with the applicable provisions of County Ordinance 2006-99, *as amended*.

(b) The Board (or when duly authorized, the Board's designee) further specifically and explicitly reserves the right to review, inspect, examine and verify any and all necessary data, information, correspondence and documents, regardless of form or format, of NORTHROP GRUMMAN relating to the capital investment contemplated under this Grant Agreement as maintained at 5000 U.S. 1 North, St. Augustine, Florida, in order to determine the degree of NORTHROP GRUMMAN's compliance with this Agreement, as well as NORTHROP GRUMMAN's compliance with the applicable provisions of County Ordinance 2006-99, *as amended*.

(c) The Board (or its designee) shall maintain such financial and personnel records, data, information, correspondence and documents as confidential to the full extent permitted under Chapter 119, Florida Statutes consistent with the request of NORTHROP GRUMMAN for such purpose.

**Section 9. Timely Filed Claims; Consequences for Failure to File Timely Claims.**

(a) In accordance with County Ordinance 2006-99, *as amended*, the first County Economic Development Grant payment shall be available to NORTHROP GRUMMAN, and may be distributed, during the eligible County Fiscal Year in which a portion of the requisite improvement is recognized on the County's ad valorem tax roll.

(b) For each County Fiscal Year in which NORTHROP GRUMMAN is eligible for a County Economic Development Grant payment by the County, NORTHROP GRUMMAN shall submit a claim to the County for such payment by prior to the end of that particular County Fiscal Year.

(c) In the event NORTHROP GRUMMAN fails to timely submit a claim to the County for a County Economic Development Grant payment during any eligible County Fiscal Year, then NORTHROP GRUMMAN shall waive its right to such payment for that particular eligible County Fiscal Year. Any such waiver during any particular County Fiscal Year shall not affect NORTHROP GRUMMAN's ability or right to seek County Economic Grant payments in any other particular County Fiscal Year.

(d) Upon written request by NORTHROP GRUMMAN, the Board, at its sole discretion, may grant special relief to NORTHROP GRUMMAN to consider and approve an untimely claim for a County Economic Development Grant payment in an eligible County Fiscal Year. Such special relief shall be granted no more than once during the term of this Agreement.

**Section 10. Conditions of Compliance; Consequence for Failure to Comply.**

(a) In order to remain eligible for County Economic Development Grant payment(s), NORTHROP GRUMMAN must abide by and comply with the provisions set forth in this Agreement, any incorporated attachments/exhibits, any amendments hereto and any applicable provisions of County Ordinance 2006-99, *as amended*.

(b) NORTHROP GRUMMAN must complete the construction of the Project by no later than 11:59 p.m., Eastern Standard Time, December 31, 2017.

(c) Should the Board determine that NORTHROP GRUMMAN has failed to comply with the conditions noted in Sections 5, 6 or 10(b) above, then the Board shall promptly notify NORTHROP GRUMMAN of such non-compliance (and in any event, no later than thirty (30) days after the Board makes such a determination of non-compliance). Upon the date of such notification, NORTHROP GRUMMAN shall be granted thirty (30) days in which to submit to the County a written report that sufficiently

documents NORTHROP GRUMMAN's compliance with the conditions set forth, or that sufficiently details all corrective action to be taken by NORTHROP GRUMMAN in order to come into compliance with the conditions set forth in Sections 5, 6 or 10(b) above.

(d) In the event that NORTHROP GRUMMAN has created at least 100 Full-time Equivalent Jobs but fails to comply solely with the condition noted in Section 5 to create 400 new Full-time Equivalent Jobs, then the total amount of the aggregate County Economic Development Grant payment as specified in Section 17(c) shall be reduced by the product of \$1,200 multiplied by the per Full-time Equivalent Job shortfall (400 Full-time Equivalent Jobs less the total amount of new Full-time Equivalent Jobs actually created by December 31, 2017) for each County Economic Development Grant payment thereafter.

(e) In the event that NORTHROP GRUMMAN fails to sufficiently establish its compliance with the conditions set forth above within thirty (30) days after notification of non-compliance, or fails to provide a plan to cure approved by the Board within such time, then the County may terminate this Agreement without further notice to NORTHROP GRUMMAN, and the Parties shall be released from any further obligations as provided herein.

**Section 11. Conditions Associated with County Economic Development Grant Payment(s).**

(a) No Economic Development Grant payment shall be made unless, and until, NORTHROP GRUMMAN submits a claim for Economic Development Grant payment, and such claim is approved by the County Administrator in the manner set for in County Ordinance 2006-99, *as amended*.

(b) As noted elsewhere in this Agreement, each claim for a County Economic Development Grant payment must be filed during the eligible County Fiscal Year.

(c) Each claim for a County Economic Development Grant payment shall include a copy of all receipts or other relevant data and/or documentation related to the achievement of each applicable performance condition specified in this Agreement not previously accepted for compliance purposes herein.

(d) The amount requested by NORTHROP GRUMMAN in each claim for a County Economic Development Grant payment shall not exceed the amount specified in this Agreement for the eligible County Fiscal Year.

(e) The first claim for a County Economic Development Grant payment by NORTHROP GRUMMAN shall include NORTHROP GRUMMAN's authorization to deliver this Agreement to the County Administrator and to disclose the contents of this Agreement to the public.

(f) Upon receipt of each claim for a County Economic Development Grant payment by NORTHROP GRUMMAN, in accordance with County Ordinance 2006-99, *as amended*, the County Administrator shall review, evaluate and determine: (1) if NORTHROP GRUMMAN has met and complied with all applicable terms and conditions of this Agreement; and (2) if the Board has appropriated adequate funds necessary to make the County Economic Development Grant payment. Upon determination that NORTHROP GRUMMAN has complied with the terms and conditions of this Agreement, and that the Board has appropriated adequate funding, the County Administrator shall approve that claim for the County Economic Development Grant payment.

(g) Upon approval by the County Administrator, a check shall be made payable to NORTHROP GRUMMAN in the amount of the approved claim for the County Economic Development Grant payment.

**Section 12. Acknowledgment of Compliance as a Condition Precedent to Payment and Consequences for Failure to Comply.**

(a) By executing this Agreement, NORTHROP GRUMMAN hereby acknowledges, understands and agrees that compliance with all applicable terms, conditions, provisions and requirements contained in this Agreement shall be a condition precedent to NORTHROP GRUMMAN receiving any County Economic Development Grant payment(s).

(b) By executing this Agreement, NORTHROP GRUMMAN further acknowledges, understands and agrees that failure by NORTHROP GRUMMAN to comply with all applicable terms, conditions, provisions and requirements contained in this Agreement shall result in NORTHROP GRUMMAN losing its eligibility to receive future County Economic Development Grant payment(s) in the County Fiscal Year of such non-compliance.

**Section 13. Requisite Notice Regarding Grant Payment(s) to NORTHROP GRUMMAN.**

Pursuant to County Ordinance 2006-99, *as amended*, the following notice is set forth, and incorporated herein:

**This Economic Development Grant Agreement is neither a general obligation of St. Johns County, nor is it backed by the full faith and credit of St. Johns County. Payment of each County Economic Development Grant payment is conditioned upon, and subject to, specific annual appropriations by the Board of County Commissioners of St. Johns County of monies sufficient to pay the County Economic Development Grant payment(s) due that County Fiscal Year.**

**Section 14. Effect of Short Fall and/or Unavailability of Funds.**

(a) The County makes no express commitment to provide County Economic Development Grant funds any given County Fiscal Year. Moreover, it is expressly noted that NORTHROP GRUMMAN cannot demand that the County provide any such funds in any given County Fiscal Year.

(b) It is specifically noted that if County Economic Development Grant funds are unavailable in one or more County Fiscal Years, NORTHROP GRUMMAN is not entitled to receive one or more County Economic Development Grants payments in a succeeding County Fiscal Year in order to make up such short-fall and/or unavailability of funds, unless the Board specifically and expressly authorizes such payment by County Resolution (which shall also be noted in an amendment to this Agreement).

**Section 15. Total Amount of County Economic Development Grant; Recalculation of Total Amount Permitted.**

Consistent with, and based upon, the methodology set forth in County Ordinance 2006-99, *as amended*, and all Exhibits attached to and incorporated herein, the total amount of the County Economic Development Grant payment(s) (which is referenced throughout this Agreement) represents the annual general County portion of ad valorem tax on capital improvements, and the annual tangible personal property tax (if applicable).

It is expressly noted that the actual amount of the County Economic Development Grant payment(s) may fluctuate in any given County Fiscal Year based upon periodic increases in property values.

The County Economic Development Grant payment(s) shall be distributed to NORTHROP GRUMMAN over a maximum period of ten (10) years.

**Section 16. Eligible County Fiscal Years.**

For purposes of this Agreement, the following represent eligible County Fiscal Years:

- |          |           |
|----------|-----------|
| (1) 2016 | (6) 2021  |
| (2) 2017 | (7) 2022  |
| (3) 2018 | (8) 2023  |
| (4) 2019 | (9) 2024  |
| (5) 2020 | (10) 2025 |

**Section 17. Economic Development Grant Payment(s) for Each Eligible Fiscal Year.**

(a) As provided elsewhere in this Agreement and subject to NORTHROP GRUMMAN's compliance with County Ordinance 2006-99, *as amended*, and the terms and conditions of this Agreement, the amount of County Economic Development Grant

payment(s) for each eligible County Fiscal Year is estimated to be an average of approximately \$431,200. The County Economic Development Grant calculation completed by the Public Agency is attached hereto as Exhibit B and incorporated herein by this reference.

(b) In any given eligible County Fiscal Year, the amount of a County Economic Development Grant payment paid to NORTHROP GRUMMAN may be adjusted to reflect an increase in property values.

(c) Notwithstanding any other provision contained in this Agreement and/or County Ordinance 2006-99, *as amended*, the maximum economic development incentive available in County Economic Development Grant payment(s) to NORTHROP GRUMMAN shall not exceed \$2,994,000, unless otherwise approved by the Board.

**Section 18. Notices.**

All official notices to the County shall be delivered either by hand (receipt of delivery required), reputable overnight courier or by certified mail, return-receipt requested with postage prepaid and shall be deemed delivered upon confirmed receipt to:

St. Johns County Economic Development Director  
500 San Sebastian View  
St. Augustine, Florida 32084

With a copy to the Office of County Attorney:

Office of County Attorney  
500 San Sebastian View  
St. Augustine, Florida 32084

All official notices to NORTHROP GRUMMAN shall be delivered either by hand (receipt of delivery required), reputable overnight courier or by certified mail, return-receipt requested with postage prepaid and shall be deemed delivered upon confirmed receipt to:

Terri Zinkiewicz  
Vice President, Controller  
Aerospace Systems  
Northrop Grumman Systems Corporation  
One Space Park Drive  
Redondo Beach, CA 90278

With a copy to:

Walter Page, Esq.  
Vice President, Associate General Counsel and Sector Counsel  
Aerospace Systems  
Northrop Grumman Systems Corporation  
One Space Park  
Redondo Beach, CA 90278

**Section 19. Timeframe for NORTHROP GRUMMAN's Approval, Acceptance and Execution of this Agreement; Consequences for Failure to Comply.**

(a) Consistent with County Ordinance 2006-99, *as amended*, NORTHROP GRUMMAN shall, within thirty (30) days of the date that this Agreement is approved by the Board, execute and deliver two (2) copies of this Agreement to the Public Agency.

(b) Consistent with County Ordinance 2006-99, *as amended*, in the event that NORTHROP GRUMMAN fails to timely execute and deliver two (2) copies of this Agreement to the Public Agency within the thirty (30) day time frame set forth above, the effect of such failure on the part of NORTHROP GRUMMAN shall result in the automatic termination of the Board's Approval of this Agreement.

(c) The automatic termination as set forth above shall be deemed a rejection of this Agreement by the Board, and shall therefore render this Agreement null, void and having no further effect. Upon the occurrence of such circumstances, neither the County nor the Board shall be required to provide NORTHROP GRUMMAN any notice, official or otherwise of such rejection of the Agreement.

**Section 20. Amendments to this Agreement.**

Both the County and NORTHROP GRUMMAN acknowledge that this Agreement constitutes the complete agreement and understanding of the parties.

Further, both the County and NORTHROP GRUMMAN acknowledge that any change, amendment, modification, revision, or extension of this Agreement (other than termination, as noted elsewhere in this Agreement) shall be in writing, and shall be executed by duly authorized representatives of both the County, and NORTHROP GRUMMAN.

**Section 21. Termination.**

This Agreement is automatically terminated should NORTHROP GRUMMAN fail to abide by or comply with any provision or requirement for which adherence to or compliance with is mandated or required under County Ordinance 2006-99, *as amended*.

This Agreement may be terminated by the County should the Board determine that NORTHROP GRUMMAN is not in compliance with or adhering to any term, condition, provision or requirement of this Agreement (and any amendment hereto) that is necessary for NORTHROP GRUMMAN to maintain its eligibility to receive County Economic Development Grant payment(s) in any County Fiscal Year for the duration of this Agreement.

**Section 22. Expedited Processing of Local Permits and Licenses.**

To the extent necessary, and in accordance with local, state and federal law, the County Administrator shall direct County staff to expedite the County's permitting/licensing process in order to facilitate progress of the Project as specifically described in the Application.

**Section 23. Assignment.**

In light of the scope and rationale for this Agreement, NORTHROP GRUMMAN may not assign, transfer or sell any rights noted in this Agreement. Any attempts to assign, transfer or sell any rights noted in this Agreement by NORTHROP GRUMMAN, other than to any affiliate, subsidiary or parent company of NORTHROP GRUMMAN is strictly prohibited. Should NORTHROP GRUMMAN or any affiliate, subsidiary or parent company of NORTHROP GRUMMAN assign, transfer or sell any rights noted in this Agreement, such action or attempted action shall constitute cause for automatic termination of this Agreement with no further notice to NORTHROP GRUMMAN.

**Section 24. Access to Records.**

The access to, disclosure, non-disclosure, or exemption of records, data, documents, and/or materials, associated with this Agreement shall be subject to the applicable provisions of the Florida Public Records Law (Chapter 119, Florida Statutes), and other applicable State or Federal law. Access to such public records, may not be blocked, thwarted, and/or hindered by placing the public records in the possession of a third party, or an unaffiliated party.

**Section 25. Captions.**

The captions and headings in this Agreement are for convenience only and do not define, limit, or describe the scope or intent of any Articles or Sections of this Agreement.

**Section 26. Severability.**

If any word, phrase, sentence, part, provision, section, subsection, article exhibit or other portion of this Agreement, or any application thereof, to any person or circumstance is declared void, unconstitutional, or otherwise invalid for any reason by a court of competent jurisdiction, then such word, phrase, sentence, part, provision, section, subsection, article exhibit or other portion of this Agreement, or proscribed application

thereof, shall be severable and all applications thereof not having been declared void, unconstitutional or invalid shall remain in full force and effect.

**Section 27. Authority to Execute.**

Each Party covenants to the other Party that it has the lawful authority to enter into this Agreement and has authorized the execution of this Agreement by the Party's authorized representative.

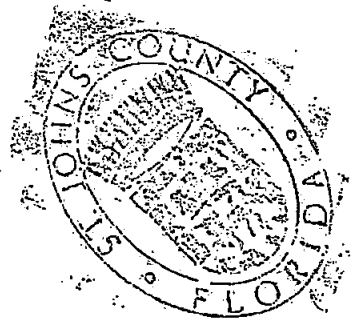
IN WITNESS WHEREOF, the Parties have set their hand and seals as of the \_\_\_\_\_ day of \_\_\_\_\_, 2013.

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

By: \_\_\_\_\_  
County Administrator

**LEGALLY SUFFICIENT**

\_\_\_\_\_  
Name: \_\_\_\_\_  
Date: 4/16/13



**ATTEST: CHERYL STRICKLAND, CLERK**

By: Cheryl Strickland

**NORTHROP GRUMMAN SYSTEMS  
CORPORATION**

By: \_\_\_\_\_  
Name: PRADU NATARAJAN  
Title: TREASURER

**WITNESS AS TO:**

By: [Signature]  
Print: Karen L. Keys

EXHIBIT A  
APPLICATION  
[to be attached]



### St. Johns County Economic Development Incentive Application

Applicant's Name:

Federal Employer Identification Number:

State Sales Tax Registration Number:

Current Company Headquarters:

Address

City  State  Zip Code

Primary Contact Person:

Primary Contact Person Title:

Address

City  State  Zip Code

Business Phone Number  Fax Number

Cell Number  E-mail

The company requires confidentiality in its requests for consideration on economic incentives.  Yes  No

If the applicant answers "Yes" with respect to requesting confidentiality in its request for consideration on economic incentives, then the following authorization is required:

**The applicant authorizes the disclosure, and covenants to hold the County, and its officials and employees and the Public Agency and its members, attorney, and staff harmless and release them from any liability that they incur, should they or any of them disclose information or records that the applicant has requested be kept confidential in the manner, and to the extent that is set forth in Section 288.075, Florida Statutes, when such disclosure is later requested or authorized by the applicant, when such information and records are no longer exempt from disclosure under the provisions of Section 288.075, Florida Statutes, when such disclosure results from an order, requirement or request, by, or from, a court of competent jurisdiction, or a Florida agency or department, or when such disclosure is required or authorized to be disclosed by this Ordinance, as amended from time to time.**

Description of the primary and secondary business activities the company is engaged in:

Aircraft Manufacturing

Type of Facility Development:  new  expansion  speculative

If speculative space, what is the intended use: N/A

Date construction is projected to begin: 2013

Date facility will be complete and operational: 2016

Estimated Square Footage of Facility Under Roof/H/C: 330,000 sf

Number of full time employees to be employed: 400

Total number of full time employees currently employed: TBD

4-digit SIC Code for all activities included in the project: 336411 NAICS

Will the applicant be applying for other local, State, or Federal grants and/or incentives? If so, please define:

Yes. The applicant will be applying for Florida state incentives for Project Green, including, but not limited to: Quick Action Closing Fund, Capital Investment Tax Credits, Quick Response Training Grants and Florida Power & Light economic development rate rider.

An explanation of the type of employment proposed and the average annual pay rate (please provide a list of positions and the wage rate for each position):

The company anticipates that Project Green will result in a total addition of 400 full-time jobs with an average annual salary of \$60,000.

Capital Investment Values:

The estimated investment total of \$102 million will be split between \$22 million expense (items associated with the facility fit-up that do not meet the definition or cost threshold to be considered capital asset) and \$80 million in capitalized real property improvements. Development will occur on company owned

Real Property

\$80 million

Facility Value

\$80 million

Infrastructure to be public

\$0

Infrastructure private

\$0

Tangible assets

\$0

Description of the proposed project explaining the desire to expand, locate or build within St. Johns County. A brief statement explaining the role that the County's Economic Development Grant will play in the decision of the applicant to locate or expand its' business in the County:

The Company anticipates that Project Green will result in a total addition of approximately 400 full-time jobs, \$102 million in investment, and 330,000 square feet being developed at the Company's operations in St. Augustine, Florida. The EDC Grant will be used to offset initial costs to the project and reduce the ongoing operating costs created as a result of the project. Also, the EDC Grant will permit us to grow revenues by providing greater value to our key customers. Lastly, the EDC Grant will assist the Company to confirm the final site location decision as the applicant has significant alternative options in Alabama, California and New York for Project Green.  
Submit a Site Plan:

Location map identifying the proposed location and property boundaries with an explanation of the possible transportation impacts.

No negative transportation impacts are anticipated.



Applicant Signature and Title

3/15/13

Date

EXHIBIT B

COUNTY ECONOMIC DEVELOPMENT GRANT CALCULATION

[to be attached]

**ESTIMATE OF ECONOMIC DEVELOPMENT  
GRANT CALCULATION  
PROJECT GREEN**

EXHIBIT B

Calculations based on County Ordinance 2006-99 and millage rates effective on October 1, 2012

Category: Existing Industry

**POINTS AWARDED**

Target Industry: Manufacturing	2
Facility Size: 330,000-sq. ft.	2
Job Creation: 400 net new positions	2
Wages: 125% above County wage	2
	<hr/>
<b>Total Points</b>	<b>8</b>

The applicant scored 8 points under the Existing Industry Category. Therefore, this project is eligible for Expedited Permitting and an Economic Development Grant equal to 100% of fees paid (Impact, Water and Sewer) and four (4) year's Ad Valorem tax (general county portion) on capital improvements and tangible personal property.

Total Value of Capital Improvements	80,000,000
Multiplied by County Millage rate	0.53900%
Annual Ad Valorem Tax (general county portion)	<hr/> 431,200
Multiplied by # Eligible Years	4
<b>Ad Valorem Tax (general county portion) Estimate =</b>	<hr/> <b>1,724,800</b>

Total Estimated Value of New Tangible Assets	
Multiplied by County Millage rate	0.53900%
Annual new tangible business personal property tax (general county portion)	<hr/> -
Multiplied by # Eligible Years	4
<b>Total tangible business personal property tax (general county portion)</b>	<hr/> <b>-</b>

Total Square Footage	330,000	
Impact Fee Category: Office	30,000 (\$3017 per 1000 sq ft)	90,510
Impact Fee Category: Manufacturing	300,000 (\$1774 per 1000 sq ft)	532,200
<b>Impact Fee Estimate =</b>		<hr/> <b>622,710</b>

**Water/Sewer Total Unit Connection Fees Estimate =** 166,500

Local Job Creation Grant (equivalent to QTI support) 480,000

**TOTAL ESTIMATED INCENTIVE** 2,994,010

Payout will begin when capital improvements are recognized on the tax roll. Annual installments will not exceed the annual general county portion of the ad valorem tax paid each year and are limited to a maximum of 10 years.

**PAYOUT SCHEDULE:**

**Total Maximum Possible Incentive:** 2,994,010  
**Payout will consist of estimated annual installments of:** 431,200

\* The annual payment is based on the general county portion of the ad valorem taxes and tangible personal property taxes paid each year which could fluctuate with increasing property values. The total payout will not exceed the total incentive granted.

RESOLUTION NO. 2013 - 84

A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF ST. JOHNS COUNTY, FLORIDA, AUTHORIZING THE COUNTY ADMINISTRATOR, OR DESIGNEE, TO EXECUTE AN ECONOMIC DEVELOPMENT GRANT AGREEMENT WITH NORTHROP GRUMMAN SYSTEMS CORPORATION, ON BEHALF OF ST. JOHNS COUNTY; AND PROVIDING FOR THE EFFECT OF RECITALS; PROVIDING FOR THE CORRECTION OF ERRORS; AND PROVIDING AN EFFECTIVE DATE.

RECITALS

WHEREAS, NORTHROP GRUMMAN submitted an application to the St. Johns County Economic Development Agency (AGENCY) requesting business incentives be considered to construct approximately 330,000 square feet production/office space at the Northeast Florida Regional Airport in St. Augustine, Florida to serve as their Aircraft Integration Center of Excellence; and

WHEREAS, NORTHROP GRUMMAN anticipates creating 400 new jobs at an average wage greater than 125% of the St. Johns County average wage; and

WHEREAS, the AGENCY prepared a written report and presented the request to the Board of County Commissioners (BOARD) on April 2, 2013; and

WHEREAS, the BOARD approved the incentive request for a Local Job Creation Grant and up to 100% of Impact Fees, Water and Sewer Connections Fees paid, and four (4) years of Ad Valorem Taxes (general county portion) on capital improvements for this project with an incentive value estimated to be \$2,994,000; and

WHEREAS, the BOARD directed the County Attorney's office to prepare an Economic Development Grant Agreement for this project; and

WHEREAS, the COUNTY has reviewed the terms, provisions, conditions and requirements of the proposed Economic Development Grant Agreement (attached hereto and incorporated herein), and has determined that accepting the terms of the Economic Development Grant Agreement, and executing said Agreement will serve the interests of the COUNTY.

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

SECTION 1. Incorporation of Recitals.

The Recitals expressed above are incorporated by reference into the body of this Resolution, and such Recitals are hereby adopted as findings of fact.

**SECTION 2. Authorization to Execute.**

The County Administrator, or designee, is hereby authorized to execute the Economic Development Grant Agreement on behalf of the County for the purposes mentioned above.

**SECTION 3. Correction of Errors.**

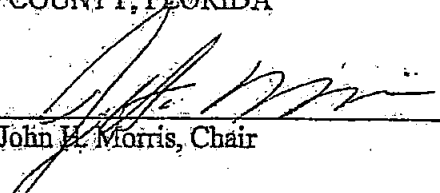
To the extent that there are typographical and/or administrative errors and/or omissions that do not change the tone, tenor, or context of this Resolution, then this Resolution may be revised without subsequent approval of the Board of County Commissioners.

**SECTION 4. Effective Date.**

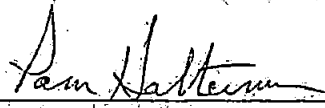
This Resolution shall be effective upon execution by the Chair of the Board of County Commissioners.

**PASSED AND ADOPTED** by the Board of Board of County Commissioners of St. Johns County, Florida this 16<sup>th</sup> day of April 2013.

BOARD OF COUNTY COMMISSIONERS OF ST.  
JOHNS COUNTY, FLORIDA

By:   
John H. Morris, Chair

ATTEST: Cheryl Strickland, Clerk

By:   
Deputy Clerk

