

Memorandum



Date: March 1, 2011

Agenda Item No. 9(A)(5)

To: Honorable Chairman Joe A. Martinez
and Members, Board of County Commissioners

From: George M. Burgess
County Manager

A handwritten signature in black ink, appearing to read "George M. Burgess", is written over the printed name and title.

Subject: Resolution Approving Qualified Target Industry Tax Refund
for Confidential Project #11-00094

Recommendation

The Beacon Council, on behalf of a firm that requests confidentiality, has submitted an application for economic development incentives from the State of Florida and Miami-Dade County that require approval from the Board of County Commissioners (BCC). It is recommended that the BCC approve the attached resolution authorizing Confidential Project 11-00094 to be recognized by the State as a Qualified Target Industry (QTI) business and entitled to the financial benefits afforded under the QTI tax refund program.

The attached documents relating to the application of a tax refund under the Florida QTI business incentive program pursuant to Florida Statutes Section 288.106 have been prepared by The Beacon Council and reviewed by the County's Office of Economic Development and International Trade.

The anticipated dates for job creation and disbursement of incentive awards are set forth in the Resolution but are subject to change at the direction of the County Mayor or the County Mayor's designee.

Scope

The business operations of this project will create 45 new jobs that will primarily impact Commission District 12, but also will have a positive countywide impact through indirect employment and multiplier effect.

This business is seeking to establish its development/manufacturing capacity and its national headquarters in a 5,000 square foot facility within Miami-Dade County. The business is currently located in Eastern Pennsylvania. The business is considering San Antonio, TX and eastern Pennsylvania as potential locations for this expansion.

Fiscal Impact / Funding Source

Confidential Project #11-00094 has applied for a total of \$270,000 in QTI funds, of which 80 percent (\$216,000) would be provided by the State of Florida. If the accompanying resolution is approved by the BCC, the County is committed to provide an award of no greater than \$54,000 (or \$1,200 per new job) in matching funds from countywide general fund revenues over a seven-year period beginning in FY 2011-2012.

Track Record/Monitor

This is a new business in Miami-Dade County seeking to lease space and renovate/build out a facility for its manufacturing operations and national headquarters.

Honorable Chairman Joe A. Martinez
and Members, Board of County Commissioners
Page 2

QTI funds awarded for job creation are provided on a matching basis upon the State of Florida invoicing the County for jobs created and verified by the State. The State effectively monitors the creation of the QTI jobs and provides such information to the County. The County's matching funds are distributed only if the applicant complies with the commitment to create the number of new jobs indicated in the accompanying QTI application (*Attachment to the General Project Overview*) and all other conditions of this incentive program. QTI incentive payments are contingent upon the company meeting its target of additional jobs. In the event the company is unable to attain the employment targets specified in the application, it may be entitled to receive a prorated amount of incentive payments for the additional employment positions it was able to achieve.

Economic Impact Overview

Confidential Project #11-00094 is a new Pharmaceutical Manufacturing company in Miami-Dade County (NAICS Code # 325400, provides formulation, development, and small scale manufacturing). The business is seeking to employ 45 workers at its Miami-Dade County facilities, paying an average annual salary of \$69,555. Employee benefits associated with each new job created will be \$15,000, according to documents submitted by The Beacon Council. If approved, the business plans to include an investment of \$9.675 million, of which \$3,525,000 is allocated to construction/renovation, \$4,200,000 to manufacturing equipment, \$1,450,000 to research and development equipment, and \$500,000 to other equipment.

The Beacon Council projects that the \$9.675 million in direct investment by the company and the local economic impact from operations will generate nearly \$194,701 in general fund revenues to Miami-Dade County over the seven years the company is eligible for QTI cash incentives.

Attachments



J.A. Ojeda, Jr., Executive Director
Office of Economic Development and International Trade

PROJECT 11-00094 SUMMARY SHEET

APPLICANT:	Confidential Project #11-00094
HEADQUARTERS LOCATION:	Miami-Dade County (proposed)
PROPOSED LOCATION IN MIAMI-DADE COUNTY:	District 12
OTHER LOCATIONS UNDER CONSIDERATION:	Eastern Pennsylvania and San Antonio, TX
DATE OF QTI/TJIF APPLICATIONS:	December 21, 2010
OVERALL BUSINESS ACTIVITY/MISSION:	To lease and renovate a 5,000 square feet development and formulation laboratory and manufacturing facility.
PROPOSED LOCAL BUSINESS ACTIVITY:	Manufacturing and Development
PROPOSED CAPITAL INVESTMENT:	\$9,675,000
TARGETED QTI/TJIF INDUSTRIES:	Pharmaceuticals/National Headquarters
PROPOSED LOCATION IN DESIGNATED PRIORITY AREA:	No
NEW BUSINESS OR EXPANDING BUSINESS:	New
TOTAL NUMBER OF DIRECT JOBS TO BE CREATED/RETAINED:	45 / 0
EFFORT IN HIRING RESIDENTS IN LOCAL AREA:	unknown
ESTIMATED ANNUALIZED AVERAGE WAGES FOR NEW JOBS:	\$69,555
ANNUAL EMPLOYEE BENEFIT PACKAGE:	\$15,000 (not a condition of incentive award)
NUMBER OF INDIRECT JOBS TO BE CREATED:	34
NUMBER OF YEARS TO CREATE NEW JOBS:	4
MAXIMUM TAX REFUND PER JOB DIRECT JOBS CREATED:	\$6,000
MAXIMUM INCENTIVE AWARD APPLIED FOR:	\$270,000
PROJECTED INCREMENTAL COUNTY TAX REVENUE:	\$194,701
COUNTY'S MAXIMUM 20% QTI AND 100% TJIF AWARDS:	\$54,000
STATE'S MAXIMUM 80% QTI AWARD CONTRIBUTION:	\$216,000
TYPE OF FUNDS REQUESTED IN APPLICATION:	Countywide General Fund Revenues
COMMENTS: This summary sheet prepared by OEDIT from information and data provided by the Beacon Council.	



MEMORANDUM
(Revised)

TO: Honorable Chairman Joe A. Martinez
and Members, Board of County Commissioners

DATE: March 1, 2011

FROM: R. A. Cuevas, Jr.
County Attorney

SUBJECT: Agenda Item No. 9(A)(5)

Please note any items checked.

- "3-Day Rule" for committees applicable if raised
- 6 weeks required between first reading and public hearing
- 4 weeks notification to municipal officials required prior to public hearing
- Decreases revenues or increases expenditures without balancing budget
- Budget required
- Statement of fiscal impact required
- Ordinance creating a new board requires detailed County Manager's report for public hearing
- No committee review
- Applicable legislation requires more than a majority vote (i.e., 2/3's ____, 3/5's ____, unanimous ____) to approve
- Current information regarding funding source, index code and available balance, and available capacity (if debt is contemplated) required

Approved _____ Mayor
Veto _____
Override _____

Agenda Item No. 9(A)(5)
3-1-11

RESOLUTION NO. _____

RESOLUTION APPROVING CONFIDENTIAL PROJECT NO. 11-00094 AS A QUALIFIED TARGET INDUSTRY BUSINESS PURSUANT TO FLORIDA STATUTE 288.106; CONFIRMING THAT THE COMMITMENTS OF LOCAL FINANCIAL SUPPORT NECESSARY FOR CONFIDENTIAL PROJECT NO. 11-00094 EXIST; AND PROVIDING AN APPROPRIATION OF UP TO \$ 54,000 FROM GENERAL REVENUE FUNDS AS LOCAL PARTICIPATION IN THE STATE OF FLORIDA QUALIFIED TARGET INDUSTRY TAX REFUND PROGRAM FOR FISCAL YEARS 2011 THROUGH 2017, INCLUSIVE, OR OVER A TIME PERIOD AS DETERMINED BY THE STATE OF FLORIDA IN ITS APPROVAL OF CONFIDENTIAL PROJECT NO. 11-00094 APPLICATION WITH THE PROVISION THAT ANY TAX ABATEMENT GRANTED TO CONFIDENTIAL PROJECT NO. 11-00094 UNDER FLORIDA STATUTE 196.1995 REDUCES ANY QUALIFIED TARGET INDUSTRY TAX REFUND TO CONFIDENTIAL PROJECT NO.11-00094 BY THE AMOUNT OF ANY SUCH TAX ABATEMENT GRANTED, IN COMPLIANCE WITH FLORIDA STATUTE 288.106(6)(d); AUTHORIZING THE COUNTY MAYOR OR COUNTY MAYOR'S DESIGNEE TO MAKE NON-SUBSTANTIVE MODIFICATIONS AND EXECUTE ALL CONTRACTS, AGREEMENTS, AND AMENDMENTS; AND PROVIDING FOR AN EFFECTIVE DATE

WHEREAS, this Board desires to accomplish the purposes outlined in the accompanying memorandum, Economic Impact Overview, and application, copies of which are incorporated herein by reference; and

WHEREAS, this Project commits to bringing an additional 45 jobs to Miami-Dade County by December 31, 2014 with an average salary of \$69,555,

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF MIAMI-DADE COUNTY, FLORIDA, that this Board hereby finds that attracting, retaining and providing favorable conditions for the growth of target industries provides quality employment opportunities for residents of the County and enhances the County's economic foundations and recommends that Confidential Project No. 11-00094 be approved as a qualified target industry business pursuant to Florida Statute 288.106, which created the Qualified Target Industry Tax Refund Program.

The necessary commitment of local financial support for Confidential Project No. 11-00094, as required under Florida Statute 288.106, exists in an amount not to exceed \$54,000 from General Revenue Funds; and that this local financial support will be available in the following increments:

Fiscal Year 2011 - 2012	\$7,714.29
Fiscal Year 2012 - 2013	\$7,714.29
Fiscal Year 2013 - 2014	\$7,714.29
Fiscal Year 2014 - 2015	\$7,714.29
Fiscal Year 2015 - 2016	\$7,714.28
Fiscal Year 2016 - 2017	\$7,714.28
Fiscal Year 2017 - 2018	\$7,714.28
TOTAL	\$54,000

Or payable over a time period and at annual amounts as determined by the State of Florida in its approval of Confidential Project No. 11-00094 application, as long as the \$54,000 is not exceeded with the provision that any tax abatement granted to Confidential Project No. 11-00094, under Florida Statute 196.1995, reduces any QTI tax refund by the amount of any such abatement granted, in compliance with Florida Statute 288.106(6)(d); the County's funds will be paid to the Florida Economic Development Trust Fund with the stipulation that these funds are intended to represent the "local financial support" required by Florida Statute 288.106 for

Confidential Project No. 11-00094 in compliance with the QTI Program, including the requirement that at least ten (10) jobs be created.

The necessary commitment of local financial support shall be contingent on Confidential Project No. 11-00094 maintaining the jobs during the life of the incentive and ensuring that its hiring practices are consistent with and reflect the diversity of the Miami-Dade County community.

BE IT FURTHER RESOLVED, that the necessary commitment of local financial support for the Qualified Target Industry Business for the Qualified Target Industry Tax Refund Program exists in the amount of \$54,000, which represents the Qualified Target Industry base award of \$36,000 and represents the High Impact Sector Bonus award of \$18,000 for a total of \$54,000, and that this amount will be available consistent with the guidelines set forth by the Office of Tourism, Trade, and Economic Development and will be paid to the Florida Economic Development Trust Fund with the stipulation that these funds are intended to represent the “local participation” required by Florida Statutes 288.106.

The foregoing resolution was offered by Commissioner _____, who moved its adoption. The motion was seconded by Commissioner _____ and upon being put to a vote, the vote was as follows:

	Joe A. Martinez, Chairman
	Audrey M. Edmonson, Vice Chairwoman
Bruno A. Barreiro	Lynda Bell
Jose "Pepe" Diaz	Carlos A. Gimenez
Sally A. Heyman	Barbara J. Jordan
Jean Monestime	Dennis C. Moss
Natacha Seijas	Rebeca Sosa
Sen. Javier D. Souto	

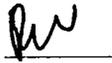
The Chairperson thereupon declared the resolution duly passed and adopted this 1st day of March, 2011. This resolution shall become effective (10) days after the date of its adoption unless vetoed by the Mayor, and if voted, it shall become effective only upon an override by this Board.

MIAMI-DADE COUNTY, FLORIDA
BY ITS BOARD OF
COUNTY COMMISSIONERS

HARVEY RUVIN, CLERK

By: _____
Deputy Clerk

Approved by County Attorney as
to form and legal sufficiency.



Rachel M. Wilhelm

Florida Qualified Target Industry Tax Refund (QTI)

Confidential Project #: 11-00094

**Prepared by the Beacon Council
December 2010**

Executive Summary for Project 11-00094

Background

Confidential Project #11-00094 is a pharmaceutical company whose focus is to formulate and develop generic and branded Transdermal Pharmaceutical Delivery Systems ("TDDS") Products. The company has successfully marketed two generic TDDS Products and is currently engaged in a profitable commercialization agreement. The company is also currently developing and marketing four TDDS Products.

The company currently operates in a leased facility located in Eastern Pennsylvania and is looking to construct a state-of-the-art development and formulation laboratory, as well as a manufacturing facility. The facility will operate under FDA regulations and provide formulation, development and small scale manufacturing.

Confidential Project #11-00094 is deciding among three locations to locate its headquarters, R&D and manufacturing facilities. The locations are Eastern Pennsylvania, San Antonio, TX and Miami. Incentives will be used to offset infrastructure build-out, equipment purchases, assist with operating expenses as well as other needs based on the new location.

The project will create 45 direct new jobs with an average annualized salary of \$69,555 in Miami-Dade County over a 4-year period and make a new capital investment of \$9.675 million. The average salary of \$69,555 represents over 150% of the State average wage. New employees will be sourced from the local community.

The application of Confidential Project #11-00094 for a QTI recognizes the creation of new, high-paying jobs and a substantial capital investment being committed by the project over the 7-year payout period. The enclosed QTI application package requests a maximum of \$54,000 to be paid by the County over a period of seven years and provides a positive cost-benefit ratio to the County of 1:3.61.

This is a performance-based incentive. No funds will be provided to the Company until they meet all program and job creation requirements. The incentive that is provided is not a cash grant; it is an after-the-fact, performance-based refund.

General Funds derived from the incremental tax revenue will be used to fund the county contribution. CDBG Funds will not be used.

The Basic Assumptions

- The latest Miami-Dade County millage tax rates (2009) were used.
- This latest millage rate was used for the entire 7-year period analysis.

Conclusions

Based on the projected investment of \$9,675,000 in new real property, the project's 7-year property tax revenue from this expenditure will be: \$194,701 and Miami-Dade County's net revenue benefit is: \$140,701.

INCENTIVE PROPOSAL SUMMARY:
CONFIDENTIAL PROJECT 11-00094

Project Summary:	
Project Name	#11-00094
New Jobs	45
Average Salary	\$69,555
New Capital Investment	\$9,675,000
New Square Footage	5000
QTI Breakdown:	
Miami-Dade County Incremental Tax Revenue	\$194,701
QTI Miami-Dade County Match (20%)	\$54,000
Net Revenue Benefit to Miami-Dade	\$140,701
Total Cost-Benefit Ratio	1:3.61

INCENTIVE PROPOSAL CHECKLIST

Confidential Project #11-00094

1. Enterprise Zone:	No
2. Number of New Jobs Projected:	45
3. Average Salary per Job:	\$69,555
4. New Capital Investment:	\$9,675,000
5. New Square Footage:	0
6. Per Job Incentive:	\$6,000

QUALIFIED TARGET INDUSTRY TAX REFUND (QTI) BASED UPON THE CREATION OF

45 New Jobs Over 4 Years

TOTAL QTI TAX REFUND

1. State of Florida Portion (80%)	\$216,000
2. Miami-Dade County Match (20%)	\$54,000
Total QTI Tax Refund Proposal	\$270,000

RETURN ON INCENTIVE INVESTMENT (ROII)

1. Miami-Dade County Incremental Tax Revenue*	\$194,701
2. Total Miami-Dade County (20%) QTI Match	\$54,000
3. Miami-Dade County Net Revenue Benefit	\$140,701
Total ROII Gain/Loss/Breakeven	3.61

* See Economic Impact Model

SUMMARY OF ECONOMIC IMPACT

Confidential Project #11-00094

Totals represent what Miami-Dade County would potentially gain over a projected six year period if the business expands in Miami- Dade County.

Employment

Direct Employment	45
Indirect Employment	34
Total Employment Gain	79

Income from Wages

Direct Employment	\$19,523,643
Indirect Employment	\$7,321,366
Total Income Gain	\$26,845,009

Revenue to Miami-Dade County

Total Property Taxes	\$194,701
Total Local Sales Taxes	\$0
Total Tax Revenue Gain	\$194,701
Total Miami-Dade County (20%) QTI Match	\$54,000
Miami-Dade County Net Revenue Benefit	\$140,701

14

THE BEACON COUNCIL ECONOMIC IMPACT MODEL

Confidential Project #11-00094

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	TOTAL
--	--------	--------	--------	--------	--------	--------	--------	-------

EMPLOYMENT

Total Direct Jobs	11	24	37	45	45	46	45	
Indirect Employment	8	18	28	34	34	34	34	
<u>TOTAL EMPLOYMENT</u>	19	42	65	79	79	79	79	

INCOME (\$1,000)

<u>WAGES & SALARY</u>								
Total Direct Wages	\$765.1	\$1,719.4	\$2,730.3	\$3,420.2	\$3,522.8	\$3,628.5	\$3,737.4	\$19,523.6
Total Indirect Wages	\$286.9	\$644.8	\$1,023.8	\$1,282.6	\$1,321.1	\$1,360.7	\$1,401.5	\$7,321.4
<u>TOTAL WAGES & SALARIES</u>	\$1,052.0	\$2,364.2	\$3,754.1	\$4,702.8	\$4,843.9	\$4,989.2	\$5,138.9	\$26,845.0
<u>TOTAL INCOME</u>	\$1,052.0	\$2,364.2	\$3,754.1	\$4,702.8	\$4,843.9	\$4,989.2	\$5,138.9	\$26,845.0

INCREMENTAL PROPERTY TAXES (\$1,000)

Building & Equipment Taxes

<u>TOTAL PROPERTY TAXES</u>	\$29.8	\$151.5	\$133.3	\$119.1	\$108.0	\$99.4	\$92.8	\$733.9
<u>MIAMI-DADE PROPERTY TAXES</u>	\$7.9	\$40.2	\$35.4	\$31.6	\$28.7	\$26.4	\$24.6	\$194.7

SALES TAXES (\$1,000)

Available Income	\$1,052.0	\$2,364.2	\$3,754.1	\$4,702.8	\$4,843.9	\$4,989.2	\$5,138.9	\$26,845.0
Less Federal Income Tax	\$841.6	\$1,891.3	\$3,003.3	\$3,762.2	\$3,875.1	\$3,991.3	\$4,111.1	\$21,476.0
Less Hous. Ins. Prop Tax	\$631.2	\$1,418.5	\$2,262.5	\$2,821.7	\$2,906.3	\$2,993.5	\$3,083.3	\$16,107.0
Less Savings, Life Insur.	\$568.1	\$1,276.7	\$2,027.2	\$2,539.5	\$2,615.7	\$2,694.2	\$2,775.0	\$14,496.3
Less Food/Drugs/Other Non-Tax	\$426.1	\$957.5	\$1,520.4	\$1,904.6	\$1,961.8	\$2,020.6	\$2,081.2	\$10,872.2
Avail. Income For Sales Tax	\$426.1	\$957.5	\$1,520.4	\$1,904.6	\$1,961.8	\$2,020.6	\$2,081.2	\$10,872.2
State Sales Tax Realized	\$25.6	\$57.4	\$91.2	\$114.3	\$117.7	\$121.2	\$124.9	\$652.3
Local Sales Tax Realized	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
<u>TOTAL SALES TAXES (\$1,000)</u>	\$25.6	\$57.4	\$91.2	\$114.3	\$117.7	\$121.2	\$124.9	\$652.3

**TOTAL MIAMI-DADE
PROPERTY &
SALES TAXES (\$1,000)**

	\$7.9	\$40.2	\$35.4	\$31.6	\$28.7	\$26.4	\$24.6	\$194.7
--	-------	--------	--------	--------	--------	--------	--------	---------

**TOTAL
PROPERTY &
SALES TAXES (\$1,000)**

	\$65.4	\$208.9	\$224.5	\$233.4	\$225.7	\$220.6	\$217.6	\$1,386.2
--	--------	---------	---------	---------	---------	---------	---------	-----------

15

THE BEACON COUNCIL ECONOMIC IMPACT MODEL - ASSUMPTIONS

Confidential Project #11-00094

Employment Assumptions

New Direct Permanent Jobs

Year 1	11
Year 2	24
Year 3	37
Year 4	45
Year 5	45
Year 6	45
Year 7	45

Incremental Multiplier 0.75

* For every 100 direct jobs, 75 indirect jobs will be created. Total multiplier effect is 1.75

Annual Income Assumptions

Yearly Salary, Direct Permanent Job	\$69,555
Indirect Job Salary	\$34,778

Capital Investment

	Total Cap. Inv.
Y1 Value	\$1,457,059
Y2 Value	\$7,403,696
Y3 Value	\$6,516,906
Y4 Value	\$5,822,060
Y5 Value	\$5,279,822
Y6 Value	\$4,858,946
Y7 Value	\$4,534,617

Inflation 103%

Property/Real Estate Taxes

Mill Rate, Less Dade's Revenue	0.01503
Miami-Dade's Revenue Mill Rate	0.00543
Miami-Dade's Total Mill Rate	0.02046

Assessment Value of Real Property (81.6%) 0.816

Sales Tax Rates

Calculation: Income Available For Sales Tax

Income Devoted to:

Federal Income Tax Liability, 20%	0.80
Housing, Insurance, Real Estate Taxes, 25%	0.75
Savings, Life Insurance, 10%	0.90
Food, Drugs, Other Non-Tax Items, 25 %	0.75

Sales Tax Rates

Florida Sales Tax	6.00%
Miami-Dade County Sales Tax	0.00%
Total Sales Tax	6.00%

	Realty Prop.	Equip.
Y1	\$387,600	\$1,069,459
Y2	\$2,882,214	\$4,521,482
Y3	\$2,925,447	\$3,591,458
Y4	\$2,969,329	\$2,852,731
Y5	\$3,013,869	\$2,265,953
Y6	\$3,059,077	\$1,799,869
Y7	\$3,104,963	\$1,429,654

Investment	\$475,000	\$1,650,000
Depreciated	\$3,050,000	\$1,346,400
		\$4,500,000
		\$3,672,000
Equipment Depreciation		0.20569

16

GENERAL PROJECT OVERVIEW

Name of Business

Confidential Project # 11-00094
Project Title or Code Name (1-5 word description)

FOR EFI USE ONLY

Date Received

Date Revised

Date Completed

EFI Project Number

Contact Enterprise Florida to discuss your project and application **before** submitting a formal proposal. The completed and signed application must be filed with:



The Atrium Building, Suite 201 • 325 John Knox Road
Tallahassee, Florida 32303
850/298-6620 • Fax: 850/298-6659
<http://www.eflorida.com/>

GENERAL PROJECT OVERVIEW

To add text outside of the gray fields or click the statutory reference link, de-select the "Protect Form" (lock) button on the Forms toolbar.

1. BUSINESS INFORMATION

- A. Name of Business Unit: _____
- B. Mailing Address: _____
Street Address
- _____ *City* _____ *State* _____ *Zip Code*
- C. Name of Parent Company: _____
- D. Primary Business Unit Contact: _____
Title: _____
Mailing Address: _____
Street Address
- _____ *City* _____ *State* _____ *Zip Code*
- Telephone: _____ Fax: _____
Email: _____ Website: _____
- E. Business Unit's Federal Employer Identification Number: _____
- F. Business Unit's Unemployment Compensation Number: _____
- G. Business Unit's Florida Sales Tax Registration Number: _____
- H. Is the business unit minority owned?
Yes No If yes, explain: There are four owners, three of which are minorities
- I. What is the business unit's tax year (ex: Jan 1 to Dec 31): JAN 1 – DEC 1

2. PROJECT OVERVIEW

- A. Which of the following best describes this business unit¹:
- New business unit to Florida
- Existing Florida business creating and / or retaining jobs^{2,3}
If an expansion, how many jobs are currently in the expanding business unit?
- B. How many individuals are employed at all Florida locations? 0
- C. Are any jobs being transferred from other Florida locations⁴?
Yes No If yes, how many jobs and from where? _____
Why are these jobs moving and why is it justified in light of the statutory language governing the applicable incentive program(s)? _____

¹ Must be a separate business unit or reporting unit of a business unit that is or will be registered with the State of Florida for unemployment compensation purposes.

² A QTI Tax Refund award cannot be granted for existing Florida jobs.

³ Incentives may not be used in connection with a project that involves the relocation of jobs from one Florida community to another except in certain circumstances as described in statute.

⁴ Incentives may not be used in connection with a project that involves the relocation of jobs from one Florida community to another except in certain circumstances as described in statute.

18

GENERAL PROJECT OVERVIEW

To add text outside of the gray fields or click the statutory reference link, de-select the "Protect Form" (lock) button on the Forms toolbar.

D. Give a full description of this project, including the primary business activities / functions:

The company's sole focus is to formulate and develop generic and branded Transdermal Pharmaceutical Delivery Systems ("TDDS") Products. The company has successfully marketed two generic TDDS Products and is currently engaged in a profitable commercialization agreement. The company is also currently developing and marketing four TDDS Products. The company currently operates in a leased facility in Easter Pennsylvania and is looking to construct a state-of-the art development and formulation laboratory, as well as a manufacturing facility. The facility will operate under FDA regulations and provide formulation, development and small scale manufacturing.

E. What is the project's Targeted Industry(ies)⁵: Pharmaceuticals

F. Break down the project's primary function(s) and the corresponding wages:

Business Unit Activities	NAICS Code	Project Function (total = 100%)	Annualized Wage (\$)
Corporate Headquarters	551114	8.9%	\$125,000
Research and Development	541712	31.1%	\$61,428
Pharmaceutical Manufacturing	325400	60%	\$65,555

G. What is the project's proposed location address:

Street Address

City State Zip Code

What is the project's current location address (if different):

N/A

Street Address

City State Zip Code

H. Is the project location within a current or proposed Brownfield site / area?

Yes No If yes, attach a copy of the official document designating the Brownfield area

Is the project location in an Enterprise Zone?

Yes No If yes, which zone?

Is the project location in a designated Rural area?

Yes No If yes, which Rural area?

I. Which of the following describes the applicant's operations (select all that apply):

- Multi-state business enterprise
- Multinational business enterprise
- Florida business enterprise (eligible for Brownfield Redevelopment Bonus incentive only)

J. Which of the following describes this business unit (select all that apply):

- Regional headquarters office
- National headquarters office
- International headquarters office
- This is not a dedicated headquarters office

⁵ Refer to the QTI Target Industry list.

GENERAL PROJECT OVERVIEW

To add text outside of the gray fields or click the statutory reference link, de-select the "Protect Form" (lock) button on the Forms toolbar.

- K. What is the estimated percentage of gross receipts or final sales resulting from this project that will be made outside of Florida** (if sales is not a reasonable measure, use another basis for measure and provide explanation below):
90% Explain, if necessary: _____

3. JOB AND WAGE OVERVIEW

- A. How many jobs⁶ are expected to be created as part of this project?** 45
- B. If an existing business unit, how many jobs are expected to be retained as part of this project?** (jobs in jeopardy of leaving Florida should only be included here; these jobs are not eligible for QTI) N/A
- C. What is the anticipated annualized average wage (excluding benefits) of the new to Florida jobs created as part of this project?** (Cash payments to the employees such as performance bonuses and overtime should be included. The wage reported here is only an estimate of the average wage to be paid and will not be used in the certification, agreement, and claim evaluation process.) \$69,555
- D. What is the annualized average value of benefits associated with each new job created as part of this project?** \$15,000
- E. What benefits are included in this value?** (health insurance, 401(k) contributions, vacation and sick leave, etc.)
Health Insurance, Vacation, Compensatory Time, Sick Leave

4. CAPITAL INVESTMENT OVERVIEW

- 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):

- B. Will this facility be:**
- Leased space with renovations or build out
 Land purchase and construction of a new building
 Purchase of existing building(s) with renovations
 Addition to existing building(s) (already owned)
 Other (please describe in 4A above)
- C. List the anticipated amount and type of major capital investment to be made by the applicant in connection with this project:** (attach separate schedule if investment will be made over more than three years)

	Year 1	Year 2	Year 3
Land	\$	\$	
Construction / Renovations	\$475,000	\$3,050,000	
Manufacturing Equipment	\$	\$4,200,000	
R&D Equipment	\$1,450,000	\$	
Other Equipment (computer equipment, office furniture, etc.)	\$200,000	\$300,000	

⁶ A "full time equivalent job" means at least 35 hours of paid work per week.

JO

GENERAL PROJECT OVERVIEW

To add text outside of the gray fields or click the statutory reference link, de-select the "Protect Form" (lock) button on the Forms toolbar.

Total Capital Investment	\$2,125,000	\$7,550,000
--------------------------	-------------	-------------

- D. What is the estimated square footage of the new or expanded facility? 5,000
- E. When is the final location decision anticipated (date)? Q1 2011
- F. What is the anticipated date construction will begin? Q1 2011
- G. What is the anticipated date operations will commence? Q3 2011

5. COMPETITIVE LANDSCAPE

- A. What role will the incentive(s) play in the business unit's decision to locate, expand, or remain in Florida?

The role of incentives is very important. The company is evaluating three sites for the operation of the business. The first site is located in Eastern Pennsylvania, where the company currently has a laboratory with equipment suitable for the development of its products. Additionally, the site houses a manufacturing facility and infrastructure to support those activities. The local economic development group has expressed interest in providing local incentives as well as the ability to utilize an investment group specific to the location. The second site is located in San Antonio, TX. This site has laboratory and manufacturing capabilities that with modification can be utilized to conduct company activities. The location also has the ability to provide local private funding to complete the project. The final potential site is Miami, FL. This site will require the company to retrofit existing facilities that have no support structure in place. The site does provide for a local talent pool consistent with the needs of the company as well as economic development capability.

- B. What other cities, states, or countries are being considered for this project?

Eastern PA: San Antonio, TX

- C. What advantages or incentives offered by these locations do you consider important in your decision?

Overall the company requires incentives in 3 areas. 1) Tax reduction for payroll which will provide more cash flow for continued expansion and operation of the business; 2) Availability of capital as the company is self-funded and the business is equipment capital intensive. Assistance in the form of local Bonds and/or grants are important for the business and allows for future growth which results in more employees; and 3) Financing to cover normal operations as a line of credit that is used throughout our industry as purchase of materials is cash intensive.

- D. Indicate any additional internal or external competitive issues impacting this project's location decision?

N/A

6. ECONOMIC IMPACT AND CORPORATE RESPONSIBILITY

- A. Provide a brief synopsis of the special impacts the project is expected to stimulate in the community, the state, and the regional economy. Include the impact on indicators such as unemployment rate, poverty rate, and per capita income.

The impact the company expects as a result of the business is the ability to reduce unemployment through the immediate employment of local talent and longer term hiring and as the company grows. In particular, the employment higher paying jobs that require advanced degrees should provide a lift in average area wages. Further, the relocation of the key executives will provide local tax benefits in the higher salaried positions as well as lift the per capita income. Finally, the company also expects to provide employment for staff from other local pharmaceutical companies that are currently downsizing. Additionally, an intangible but important result will be the solidification of the location as a center for transdermal technologies providing additional critical mass for similar companies.

21

GENERAL PROJECT OVERVIEW

To add text outside of the gray fields or click the statutory reference link, de-select the "Protect Form" (lock) button on the Forms toolbar.

- B. Provide a summary of past activities in Florida and in other states particularly as they relate to environmental or growth management impacts. For example, what kind of corporate citizen has the applicant been? Also list awards or commendations.
N/A as it is a new Company
- C. List and explain any criminal or civil fines or penalties or ongoing investigations that have been imposed upon the company, its executives, or its affiliates and any recent bankruptcy proceedings of the applicant or its parent company.
None
- D. Provide any additional information you wish to be considered as part of this incentive application or items that may provide supplementary background information on your project or company.

7. CONFIDENTIALITY

- A. You may request that your project information (including information contained in this application) be confidential per F.S. 288.075, Confidentiality of Records for a 12 month period, with an additional 12 month extension available upon request for projects still under consideration.

Please indicate your confidentiality preference: (Does not apply to SDST sales tax exemption applicants)

Yes
 No

Be sure to attach the proper incentive attachment sheet(s)

GENERAL PROJECT OVERVIEW

To add text outside of the gray fields or click the statutory reference link, de-select the "Protect Form" (lock) button on the Forms toolbar.

8. SIGNATURES

Application Completed By:

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

Signature

Signature (Authorized Company Officer)
REQUIRED

Name

Name

Title

Title

Company

Company

Address, if different than mailing address

Address, if different than mailing address

Phone Number

Phone Number

Fax Number

Fax Number

Email Address

Email Address

Date

Date

Name of contact person, if different than above

Phone Number

Address

Email Address

Qualified Target Industry Tax Refund Attachment to the General Project Overview

To add text outside of the gray fields or click the statutory reference link, de-select the "Protect Form" (lock) button on the Forms toolbar.

Confidential Project #11-00094 Name of Business

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

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

* * *Be sure to submit the General Project Overview and Local Support Resolution¹ following passage by the City / County* * *

1. PROJECT EMPLOYMENT AND WAGE COMMITMENTS

A. What is the total number of net new full-time equivalent Florida jobs created by the project at the business unit²? 45

B. Provide the job creation schedule to which you commit: (Please limit the phases to a maximum of three consecutive years and job creation to no less than ten jobs in the first year)

Phase	Number of net new full-time equivalent Florida jobs created in the business unit	Date by which jobs will be created
I	11	12/31/2011
II	13	12/31/2012
III	13	12/31/2013
Total	37 plus 8 for year 4, bringing total to 45	

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

Check the relevant box (only one) and fill in the first field (wage commitment) and second field (county, state, or MSA used).

\$_____, which is at least 115% of the average wage in _____.

\$69,555, which is at least 150% of the average wage in Florida.

\$_____, which is at least 200% of the average wage in _____.

2. LOCAL FINANCIAL SUPPORT

A. Identify the local government(s) anticipated to provide local financial support³:

Miami-Dade County will provide the 20% match for the QTI.

B. Indicate the date(s) the QTI support resolution(s) is / are anticipated to be passed by the local government:

Expected to pass in Jan/Feb 2011.

¹ Submit the resolution adopted by the local governing body recommending the applicant be approved as a QTI Business unit and indicating the amount of local financial support that has been committed. Resolution should clearly indicate waivers requested and justification for such waivers.

² Must be a minimum of 10 new jobs and a 10 percent increase in current business unit employment (if an existing Florida business)

³ The total QTI award may not exceed five times the local financial support provided by the community. If the community has requested a local financial support waiver or the support is provided in the form of ad valorem tax abatement, the QTI award will be reduced by this amount.

Qualified Target Industry Tax Refund Attachment to the General Project Overview

To add text outside of the gray fields or click the statutory reference link, de-select the "Protect Form" (lock) button on the Forms toolbar.

3. SIGNATURES

Signature of Individual Completing this Attachment
(if different from General Project Overview)

Date

Address (if different)

Phone Number (if different)

Signature (Authorized Company Officer) REQUIRED

Date

Name and Title of Authorized Officer

4. KEY QTI PROGRAM INFORMATION

- 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. 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 1A, plus \$1,000 per job if the average annual wage is at least 150% of the area's average; or \$2,000 per job if the average annual wage is at least 200%. However, the QTI award may not exceed five times the local financial support paid by the community.
- If in any year the applicant does not achieve the job creation schedule outlined in item 1C, but achieves at least 80% of the required net new jobs, the company will receive a pro-rated refund less a 5% penalty of the scheduled award amount for that year. **If job creation falls below 80% of the required jobs, the company will not receive a refund and will be terminated from the program.**
- For an expanding Florida business unit:
 - Existing number of full-time equivalent jobs must be maintained for the duration of the QTI agreement.
 - The average wage commitment should include wages paid across the expanding business or reporting unit for all new and existing jobs, as shown on the unit's UCT-6 form. If the project involves activities not representative of the expanding business or reporting unit and are anticipated to be substantially different from the historical range and distribution of jobs and wages paid (higher or lower) in the existing unit, that issue should be disclosed and discussed with Enterprise Florida at the time of application to determine if separate record keeping must be established.
- A qualified target industry business that fraudulently claims a refund under *288.106(2), Florida Statutes*:
 - Is liable for repayment of the refund to the account, plus a mandatory penalty in the amount of 200 percent of the tax refund which shall be deposited into the General Revenue Fund.
 - Is guilty of a felony of the third degree, punishable as provided in s. 775.082, s. 775.083, or s. 775.084.
- Qualified Target Industry Tax Refund: [Section 288.106, Florida Statutes](#)

25