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CLERK OF THE BOARD
OF COUNTY COMMISSIONERS
MIAMI-DADE COUNTY, FLORIDA

MEMORANDUM

Agenda Item No. 14(A)(1)

TO: Honorable Chairwoman Rebeca Sosa
and Members, Board of County Commissioners

DATE: January 22, 2014

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

SUBJECT: Resolution approving Confidential Project Hammerhead as a Qualified Target Industry business pursuant to Florida Statute 288.106; confirming that the commitments of local financial support necessary for Confidential Project Hammerhead exist; and providing for an appropriation of up to $30,600.00 from general revenue funds

Resolution No. R-80-14

The accompanying resolution was prepared by the Regulatory and Economic Resources Department and placed on the agenda at the request of Prime Sponsor Commissioner Xavier L. Suarez.

R. A. Cuevas, Jr.
County Attorney

RAC/smm

Memorandum

MIAMI-DADE COUNTY

Date: January 22, 2014

To: Honorable Chairwoman Rebeca Sosa
and Members, Board of County Commissioners

From: Carlos A. Gimenez
Mayor

Subject: Resolution Approving Qualified Target Industry Tax Refund for Confidential Project Hammerhead

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Recommendation

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

Scope

The business operations of this project will create 60 new full-time equivalent jobs, as defined in Florida Statute Section 288.106, over a three-year period. This project is considering leasing and building out approximately 23,000 square feet of an existing building to establish its national headquarters and house its production and development teams. The company is still seeking a suitable location.

Fiscal Impact / Funding Source

Confidential Project Hammerhead has applied for a total of $153,000.00 in Qualified Target Industry tax refunds over a six-year period, of which 80 percent ($122,400.00) would be provided by the State and 20 percent ($30,600.00) will be the local match provided by Miami-Dade County. If the accompanying resolution is approved by the Board, the County is committed to providing an award of no greater than $30,600.00 (or $510.00 per new job) in matching funds from countywide general fund revenues over a six-year period beginning in FY 2015-2016. An analysis from the Beacon Council suggests a positive fiscal cost-benefit ratio to the County of 1:1.22. The projected countywide tax revenues over the six-year period of the incentives would exceed the County's local match by $6,607.00. Generating sufficient countywide general fund revenue to cover the County's local match for the award, however, is not a condition of the Qualified Target Industry Tax Refund Program. The County's 20 percent local match is required when the State determines that Confidential Project Hammerhead has created 60 new jobs and met the average salary threshold required in the State's tax refund agreement according to the schedule set forth in the *Project Overview* and the attached resolution. The disbursement schedule and the anticipated dates for job creation are subject to change at the discretion of the Florida Department of Economic Opportunity.

Track Record/Monitor

Qualified Target Industry funds awarded for job creation are provided on a matching basis upon the State invoicing the County for its 20 percent of the financial commitment for jobs created and verified by the State. The incentive amount is determined by the new jobs created and their annual salary. The State is responsible for verifying compliance with the terms of the award. 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 Qualified Target Industry application (see Attachment to the General Project Overview) and all other conditions of the incentive program. Qualified Target Industry incentive payments are contingent upon the company meeting its target jobs. County staff requires access to the company's real estate and tangible personal property filings during the incentive period to monitor the fiscal impact to the general fund from the Qualified Target Industry tax refund program.

The application from the confidential project states that the company's senior management team and board members are currently involved in civil lawsuits filed by shareholders from previous companies. In 2012, a purported securities class action case was filed in federal court in California, and some of the company's current and former directors, officers, and executives, including the new Miami-Dade company's CEO and Director. Additional purported securities class actions containing similar allegations were consolidated in the case mentioned above. In 2013, the lead plaintiff and another named plaintiff filed a consolidated complaint. The consolidated complaint alleges that the defendants violated the federal securities laws by issuing false or misleading statements regarding the company's business and financial projections. The plaintiffs seek to represent a class of persons who purchased or otherwise acquired the company's securities between end of 2011 and mid-2012. The defendants filed motions to dismiss this lawsuit in 2013, and briefing on the motions was completed in 2013. The court has not yet ruled on these motions. Related litigation is also pending in state and federal courts in California, including a purported securities class action case that is pending in Superior Court and derivative lawsuits, purportedly brought on behalf of the company, against some of its current and former directors and executive officers that are pending in state and federal court. Proceedings in each of these actions have been stayed pending a ruling in the federal securities class action. A related lawsuit is also pending in federal court in Delaware. In 2013, the defendants filed a motion to dismiss this lawsuit. Briefing on this motion was completed in 2013. The court has not yet scheduled a hearing or issued a ruling on the motion. The company has stated in its filings with the United States Securities and Exchange Commission ("SEC") that it believes it has meritorious defenses in the securities class actions and will vigorously defend the actions. The Company has also stated that it believes that the plaintiffs in the derivative actions lack standing to pursue litigation on behalf of the company.

It is important to note that for technology companies, shareholder security lawsuits are not uncommon. In recent years, Facebook, Google, Amazon, Apple, Microsoft, Netflix, Groupon and others are involved or have been involved in class action securities lawsuits. In the case of Project Hammerhead, the lawsuit was filed against the previous company's board of directors as well as the company's top executives, of which Hammerhead's CEO and Director were a part.

Background

Confidential Project Hammerhead is a digital gaming company that has established its headquarters office in Miami-Dade County and is looking for a location for their studios in which to house their production and development teams. The company is also considering Silicon Valley, Los Angeles, Dallas, Detroit and Vancouver for their potential location.

Confidential Project Hammerhead would be an expanding digital free-to-play gaming company seeking a facility to combine their software programming services, custom computer and their corporate managing office (NAICS Codes #55114 and #541511)) in Miami-Dade County. It would employ 60 new workers paying an average annual salary of $52,000.00, which represents over 115% of the State average wage. Employee benefits associated with each new job created will be $30,000.00, according to the documents submitted by The Beacon Council. The value of employer provided benefits, however, are not a requirement of the tax refund agreement with the State, or County's local match.

The company states in its application that if the incentive is approved it will make a capital investment of $2,350,000.00 of which $650,000.00 is allocated to the build out of leased space (construction renovations), and $1,700,000.00 of tangible personal property, including but not limited to computer equipment and office furniture.

The Beacon Council projects that the $2,350,000.00 in direct investment by Confidential Project Hammerhead will generate approximately $6,607.00 in countywide net revenue benefit to Miami-Dade County over the six years the company is eligible for Qualified Target Industry tax refund incentives. Generating additional countywide general fund revenue, however, is not a condition of the Qualified Target Industry program. Project details are summarized in the attached chart.

Jack Osterholt, Deputy Mayor

CONFIDENTIAL PROJECT HAMMERHEAD SUMMARY SHEET	
APPLICANT:	Confidential Project Hammerhead
HEADQUARTERS LOCATION:	Miami-Dade County
PROPOSED LOCATION IN MIAMI-DADE COUNTY:	TBD
OTHER LOCATIONS UNDER CONSIDERATION:	Silicon Valley, Los Angeles and Dallas
DATE OF QTI/TJIF APPLICATIONS:	October 23, 2013
OVERALL BUSINESS ACTIVITY/MISSION:	The company's mission is to create the world's best free-to-play games for smartphones, tables, consoles, and PCs.
PROPOSED LOCAL BUSINESS ACTIVITY:	Lease/renovate a facility to house their corporate office and development teams
PROPOSED CAPITAL INVESTMENT:	$2,350,000.00 (Not a condition of the award)
TARGETED QUALIFIED INDUSTRY:	Corporate managing office and applications of software programming services, custom computer
LOCATION IN DESIGNATED PRIORITY AREA?	No
NEW BUSINESS OR EXPANDING BUSINESS:	Expanding Business Unit
TOTAL NUMBER OF DIRECT JOBS TO BE CREATED/RETAINED:	60 by 12/31/2016
EFFORT IN HIRING RESIDENTS IN LOCAL AREA:	unknown
ANNUALIZED AVERAGE WAGES FOR NEW JOBS:	$52,000.00
ANNUAL EMPLOYEE BENEFIT PACKAGE:	$30,000.00 (Not a condition of incentive award)
NUMBER OF INDIRECT JOBS TO BE CREATED:	30
NUMBER OF YEARS TO CREATE NEW JOBS:	3
MAXIMUM TAX REFUND PER DIRECT JOBS:	$2,550.00
MAXIMUM INCENTIVE AWARD APPLIED FOR:	$153,000.00
PROJECTED INCREMENTAL COUNTY TAX REVENUE:	$37,207.00 (Not a condition of the award)
COUNTY'S MAXIMUM 20% QUALIFIED TARGET INDUSTRY AWARD:	$30,600.00
STATE'S MAXIMUM 80% QUALIFIED TARGET INDUSTRY AWARD CONTRIBUTION:	$122,400.00
TYPE OF FUNDS REQUESTED IN APPLICATION:	Countywide General Fund Revenues
COMMENTS: summary sheet prepared by RER from information and data provided by the Beacon Council.	

MEMORANDUM
(Revised)

TO: Honorable Chairwoman Rebeca Sosa
and Members, Board of County Commissioners

DATE: January 22, 2014

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

SUBJECT: Agenda Item No. 14(A)(1)

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 Mayor'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. 14(A)(1)
1-22-14

RESOLUTION NO. R-80-14

RESOLUTION APPROVING CONFIDENTIAL PROJECT HAMMERHEAD AS A QUALIFIED TARGET INDUSTRY BUSINESS PURSUANT TO FLORIDA STATUTE 288.106; CONFIRMING THAT THE COMMITMENTS OF LOCAL FINANCIAL SUPPORT NECESSARY FOR CONFIDENTIAL PROJECT HAMMERHEAD EXIST; AND PROVIDING FOR AN APPROPRIATION OF UP TO $30,600.00 FROM GENERAL REVENUE FUNDS AS LOCAL PARTICIPATION IN THE STATE OF FLORIDA QUALIFIED TARGET INDUSTRY TAX REFUND PROGRAM FOR FISCAL YEARS 2015 THROUGH 2021 INCLUSIVE, OR OVER A TIME PERIOD AS DETERMINED BY THE STATE OF FLORIDA IN ITS APPROVAL OF CONFIDENTIAL PROJECT HAMMERHEAD; AND PROVIDING FOR AN EFFECTIVE DATE

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

WHEREAS, The Beacon Council has submitted an application for economic development incentives from the State of Florida and Miami-Dade County on behalf of Confidential Project Hammerhead to be recognized by the State as a Qualified Target Industry business and entitled to the financial benefits afforded under the Qualified Target Industry Tax Refund Program; and

WHEREAS, Confidential Project Hammerhead commits to create 60 full-time equivalent jobs, as defined in Florida Statute Section 288.106, in Miami-Dade County by December 31, 2016 with an average salary of $52,000.00, which is at least 115 percent of the state average wage; and

WHEREAS, the tax refunds provided under the Florida Qualified Target Industry Tax Refund Program to Confidential Project Hammerhead may be prorated by the State of Florida

pursuant to the terms of the General Project Overview in the event that Confidential Project Hammerhead creates fewer than 60 full-time equivalent jobs ;and

WHEREAS, the County wishes to monitor the economic and fiscal impacts of the Qualified Target Industry Tax Refund Program in Miami-Dade County,

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF MIAMI-DADE COUNTY, FLORIDA, that this Board approves Confidential Project Hammerhead 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 Hammerhead as required under the Florida Statute 288.106, exists in an amount not to exceed $30,600.00 from Miami-Dade County's general funds and this local financial support will be available in the following increments:

Fiscal Year 2015-2016	$5,100.00
Fiscal Year 2016-2017	$5,100.00
Fiscal Year 2017-2018	$5,100.00
Fiscal Year 2018-2019	$5,100.00
Fiscal Year 2019-2020	$5,100.00
Fiscal Year 2020-2021	$5,100.00
Total	**$30,600.00**

or payable over a time period and at annual amounts as determined by the State of Florida in its approval of the Confidential Project Hammerhead application, as long as the $30,600.00 is not exceeded with the provision that any tax abatement grant to Confidential Project Hammerhead 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); and 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 Hammerhead, in compliance with the QTI Program.

The necessary commitment of local financial support shall be contingent upon Confidential Project Hammerhead maintaining the jobs during the life of the incentive, ensuring that its hiring practices aspire to be consistent with and reflect the diversity of the Miami-Dade County community, and provides the County with access to tax information and documents necessary to monitor economic and fiscal impacts of the designation of Confidential Project Hammerhead as a Qualified Target Industry business.

The anticipated dates for the job creation and disbursement of the incentive awards are subject to change at the discretion of the Florida Department of Economic Opportunity. However, the County's 20 percent local match will not exceed $30,600.00.

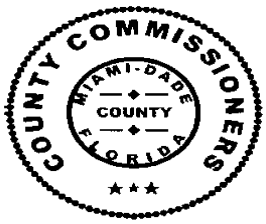
The foregoing resolution was offered by Commissioner **Dennis C. Moss**, who moved its adoption. The motion was seconded by Commissioner **Lynda Bell** and upon being put to a vote, the vote was as follows:

Rebeca Sosa, Chairwoman	**aye**		
Lynda Bell, Vice Chair	**aye**		
Bruno A. Barreiro	**aye**	Esteban L. Bovo, Jr.	**aye**
Jose "Pepe" Diaz	**absent**	Audrey M. Edmonson	**aye**
Sally A. Heyman	**absent**	Barbara J. Jordan	**aye**
Jean Monestime	**aye**	Dennis C. Moss	**aye**
Sen. Javier D. Souto	**aye**	Xavier L. Suarez	**absent**
Juan C. Zapata	**aye**		

The Chairperson thereupon declared the resolution duly passed and adopted this 22nd day of January, 2014. This resolution shall become effective ten (10) days after the date of its adoption unless vetoed by the Mayor, and if vetoed, shall become effective only upon an override by this Board.

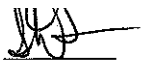
MIAMI-DADE COUNTY, FLORIDA
BY ITS BOARD OF
COUNTY COMMISSIONERS

HARVEY RUVIN, CLERK



By: Christopher Agrippa
Deputy Clerk

Approved by County Attorney as
to form and legal sufficiency.



Shannon Summerset-Williams

THE BEACON COUNCIL

Miami-Dade County's Official Economic Development Partnership

80 Southwest Eighth Street
Suite 2400
Miami, Florida 33130
T: 305.579.1300
F: 305.375.0271
www.beaconcouncil.com

November 25, 2013

RECEIVED OEDIT
NOV 25 2013
EXEC. DIR. OFFICE

Mr. Jack Osterholt
Deputy Mayor
Miami-Dade County
Stephen P. Clark Center
111 NW 1st Street, Suite 2910
Miami, FL 33128

RE: Confidential Project Hammerhead - Revised

Dear Mr Osterholt:

Enclosed you will find an application for the State of Florida's Qualified Targeted Industry Tax Refund Program (QTI). Confidential Project: Hammerhead is a digital gaming company that has established their headquarters in Miami-Dade and is currently looking to locate their studios in which to house their production and development teams.

The company is applying for the QTI program and will create 60 new jobs over a 3-year period with an average salary of $52,000 and is committed to a new capital investment of $2,350,000 in Miami-Dade County.

We are referring this application to your office for review and preparation of a resolution to the Miami-Dade Board of County Commissioners requesting a maximum of $30,600, representing Miami-Dade's 20% QTI portion, to be paid over a period of six years. Attached is the revised project briefing book as well as the economic impact analysis prepared by The Beacon Council's Research Department.

We are requesting that the item be placed on the next available agenda of the Board of County Commissioners.

We look forward to working together for the benefit of the economic development of Miami-Dade County. If you have any questions, please contact me at (305) 579-1343.

Sincerely,

Stephen Beatus
Executive Vice President
Economic Development

Enclosures

Florida Qualified Target Industry Tax Refund (QTI)

Confidential Project: Hammerhead

November 12, 2013

Prepared by the Beacon Council

Executive Summary for Confidential Project: Hammerhead

Background

Project Hammerhead is a video game company with headquarters in Miami-Dade County that is looking for a location to establish their studios for their production and development teams. The company is currently evaluating Miami-Dade County and other locations such as Silicon Valley, Los Angeles and Dallas.

The project will create 60 direct new jobs with an average annualized salary of $52,000 in Miami-Dade County over a 3-year period and make a new capital investment of $2,350,000. The average salary of $52,000 represents over 115% of the State average wage.

The application of Confidential Project: Hammerhead for a QTI recognizes the creation of new, high-paying jobs and the capital investment being committed by the project over the 6-year payout period. The enclosed QTI application package requests a maximum of $30,600 (20% of total incentive) to be paid by the County over a period of six years and provides a positive cost-benefit ratio to the County of 1:1.22.

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.

Basic Assumptions

- The latest Miami-Dade County millage tax rates (2013) were used.
- This latest millage rate was used for the entire 6-year period analysis.

Conclusions

Based on the projected investment of $2,350,000 in new real property, the project's 6-year property tax revenue from this expenditure will be: $37,207 and Miami-Dade County's net revenue benefit is: $6,607.

INCENTIVE PROPOSAL SUMMARY

Confidential Project: Hammerhead

Project Summary:	
Project Name	Confidential Project: Hammerhead
New Jobs	60
Average Salary	$52,000
New Capital Investment	$2,350,000
New Square Footage	23,000
QTI Breakdown:	
Miami-Dade County Incremental Tax Revenue	$37,207
QTI Miami-Dade County Match (20%)	$30,600
Net Revenue Benefit to Miami-Dade	$6,607
Total Cost-Benefit Ratio	1:1.22

INCENTIVE PROPOSAL CHECKLIST

Project Hammerhead

1. Enterprise Zone:	No
2. Number of New Jobs Projected:	60
3. Average Salary per Job:	$52,000
4. New Capital Investment:	$2,350,000
5. New Square Footage:	
6. Per Job Incentive:	$2,550

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

60 New Jobs Over **3** Years

TOTAL QTI TAX REFUND

1. State of Florida Portion (80%)	$122,400
2. Miami-Dade County Match (20%)	$30,600
Total QTI Tax Refund Proposal	$153,000

RETURN ON INCENTIVE INVESTMENT (ROII)

1. Miami-Dade County Incremental Tax Revenue*	$37,207
2. Total Miami-Dade County (20%) QTI Match	$30,600
3. Miami-Dade County Net Revenue Benefit	$6,607
Total ROII Gain/Loss/Breakeven	1.22

* See Economic Impact Model

SUMMARY OF ECONOMIC IMPACT

Project Hammerhead

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	60
Indirect Employment	30
Total Employment Gain	**90**
Income from Wages	
Direct Employment	$17,030,239
Indirect Employment	$4,257,560
Total Income Gain	**$21,287,799**
Revenue to Miami-Dade County	
Total Property Taxes	**$37,207**
Total Local Sales Taxes	**$0**
Total Tax Revenue Gain	**$37,207**
Total Miami-Dade County (20%) QTI Match	**$30,600**
Miami-Dade County Net Revenue Benefit	**$6,607**

THE BEACON COUNCIL ECONOMIC IMPACT MODEL

Project Hammerhead

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	TOTAL
EMPLOYMENT							
Total Direct Jobs	20	40	60	60	60	60	
Indirect Employment	10	20	30	30	30	30	
TOTAL EMPLOYMENT	30	60	90	90	90	90	
INCOME ($1,000)							
WAGES & SALARY							
Total Direct Wages	$1,040.0	$2,142.4	$3,310.0	$3,409.3	$3,511.6	$3,616.9	$17,030.2
Total Indirect Wages	$260.0	$535.6	$827.5	$852.3	$877.9	$904.2	$4,257.6
TOTAL WAGES & SALARIES	$1,300.0	$2,678.0	$4,137.5	$4,261.6	$4,389.5	$4,521.2	$21,287.8
TOTAL INCOME	$1,300.0	$2,678.0	$4,137.5	$4,261.6	$4,389.5	$4,521.2	$21,287.8
INCREMENTAL PROPERTY TAXES ($1,000)							
Building & Equipment Taxes							
TOTAL PROPERTY TAXES	$10.0	$17.1	$28.7	$35.0	$30.2	$26.4	$147.2
MIAMI-DADE PROPERTY TAXES	$2.5	$4.3	$7.2	$8.8	$7.6	$6.7	$37.2
SALES TAXES ($1,000)							
Available Income	$1,300.0	$2,678.0	$4,137.5	$4,261.6	$4,389.5	$4,521.2	$21,287.8
Less Federal Income Tax	$1,040.0	$2,142.4	$3,310.0	$3,409.3	$3,511.6	$3,616.9	$17,030.2
Less Hous, Ins, Prop Tax	$780.0	$1,606.8	$2,482.5	$2,557.0	$2,633.7	$2,712.7	$12,772.7
Less Savings, Life Insur.	$702.0	$1,446.1	$2,234.3	$2,301.3	$2,370.3	$2,441.4	$11,495.4
Less Food, Drugs, Other Non-Tax	$526.5	$1,084.6	$1,675.7	$1,726.0	$1,777.7	$1,831.1	$8,621.6
Avail. Income For Sales Tax	$526.5	$1,084.6	$1,675.7	$1,726.0	$1,777.7	$1,831.1	$8,621.6
State Sales Tax Realized	$31.6	$65.1	$100.5	$103.6	$106.7	$109.9	$517.3
Local Sales Tax Realized	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
TOTAL SALES TAXES ($1,000)	$31.6	$65.1	$100.5	$103.6	$106.7	$109.9	$517.3
TOTAL MIAMI-DADE PROPERTY & SALES TAXES ($1,000)	$2.5	$4.3	$7.2	$8.8	$7.6	$6.7	$37.2
TOTAL PROPERTY & SALES TAXES ($1,000)	$41.6	$82.1	$129.2	$138.5	$136.8	$136.2	$664.5

THE BEACON COUNCIL ECONOMIC IMPACT MODEL - ASSUMPTIONS

Project Hammerhead

Employment Assumptions

New Direct Permanent Jobs

Year 1	20
Year 2	40
Year 3	60
Year 4	60
Year 5	60
Year 6	60

Incremental Multiplier 0.50

* For every 100 direct jobs, 50 indirect jobs will be created. Total multiplier effect is 1.50

Annual Income Assumptions

Yearly Salary, Direct Permanent Job	$52,000
Indirect Job Salary	$26,000
Inflation	103%

Capital Investment

	Total Cap. Inv.
Y1 Value	$537,631
Y2 Value	$917,088
Y3 Value	$1,539,844
Y4 Value	$1,878,980
Y5 Value	$1,620,247
Y6 Value	$1,416,649

	Realty Prop.	Equip.
Y1	$408,000	$129,631
Y2	$414,120	$502,968
Y3	$570,332	$969,512
Y4	$578,887	$1,300,093
Y5	$587,570	$1,032,677
Y6	$596,384	$820,266

Investment	$500,000	$200,000
Depreciated		$163,200

Equipment Depreciation 0.20569

Property/Real Estate Taxes

Mill Rate, Less Dade's Revenue	0.01391
Miami-Dade's Revenue Mill Rate	0.00470
Miami-Dade's Total Mill Rate	0.01861
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%

APPLICATION*

Private Companies

1. BUSINESS INFORMATION

A. Legal name of the Applicant: Project Hammerhead (Confidential Project #14-00184)

B. Name of Ultimate Parent Company (if applicable):
City State/Province Country

C. List each Principal Executive Officer, director (or any person who performs a similar function regardless of title) of the Applicant and the Ultimate Parent Company (if applicable), and any person or entity that Controls the Applicant. Attach additional sheets if necessary.

Name	Title or Position[1]	Percent of Ownership if Greater than 50%[2]

D. Applicant's Federal Employer Identification Number:
(Please complete either the substitute W-9 Form at the end of this application or attach a completed IRS Form W-9.)

E. Applicant's Reemployment Assistance Number:

F. Applicant's Florida Sales Tax Registration Number (if applicable):

G. Total number of employees (on a Full-Time Equivalent Job Basis) who are currently employed by the Ultimate Parent Company and its Subsidiaries (including the Applicant) in Florida: 4

H. Total number of employees (on a Full-Time Equivalent Job Basis) who are currently employed by the Ultimate Parent Company and its Subsidiaries (including the Applicant) worldwide: 4

I. Is it presently anticipated that the Applicant will have corporate income tax liability in Florida?

Yes ☒ No ☐

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* For an explanation of certain capitalized terms used in this Application, please see Appendix 1.

[1] For example, chief executive officer, director, stockholders that directly or indirectly own more than 50% of the capital stock or other equity interests of the Applicant or the Ultimate Parent Company, etc.

[2] This should **only be included** if the individual directly or indirectly **owns more than 50%** of the capital stock or other equity interests of the Applicant or the Ultimate Parent Company.

J. Is the applicant a small business (i.e., is the aggregate net worth of the Applicant, the Ultimate Parent Company and its Subsidiaries (other than the Applicant) less than $5,000,000 or does the Applicant have a Small Business Administration 8(a) certification)?

Yes ☐ No ☒

2. PROJECT OVERVIEW

A. Which of the following best describes the Applicant:

☐ New business to Florida
☒ Existing Florida business creating and/or retaining jobs[3]

B. How many employees of the Applicant, the Ultimate Parent Company and its Subsidiaries (other than the Applicant) will be transferred from other Florida locations in connection with this Project (on a Full-Time Equivalent Job Basis)?

None – all new hires

C. Please describe the Project, including the specific business activity(ies) of the Project:

The company's headquarters are located in Miami. However, the company is evaluating different locations for their studios, to house their production and development teams where employees with the necessary technical skills are readily available.

The CEO of the company is a well-known and respected leader in the gaming industry and has a wealth of experience and knowledge in creating and growing companies in this industry.

The company's mission is to create the world's best free-to-play games for every-day devices (smartphones, tablets, consoles, and PCs). While the traditional gaming industry has been in decline the past few years, free-to-play gaming has been growing, and is one of the fastest growing segments of the entertainment industry overall. The company aims to capture this fast growing segment of the industry, with the goal of becoming the largest developer and publisher of free-to-play games for the Western market.

The company has partnered with an international investor in both an equity investment and commercial publishing arrangement. This arrangement immediately gives the company the capital and funding necessary to create a studio and hire teams to create multiple video games.

D. What is the anticipated commencement date of the Project?

Fourth quarter of 2013. Timeliness is critical; the company has committed to delivering multiple games to their investor over a fixed period of time. As such, every day counts and starting as soon as possible is key to the success of this project.

[3] A QTI Tax Refund award cannot be granted for existing Florida jobs.

E. Break down of the Project's primary business activity(ies) and the corresponding wages:

Applicant's Activities	6 Digit NAICS Code(s)	Project Function (total = 100%)	Average Annualized Wage ($)
Corporate Managing Office	551114	10%	$165,000
Applications software programming services, custom computer	541511	90%	$65,000

F. Please provide the address of the proposed permanent location of the Project:

Street Address

City State Zip Code

G. Will the Project be located in a current or proposed Brownfield Area Eligible for Bonus Refunds?
Yes ☐ No ☒
Will the Project be located in an Enterprise Zone?
Yes ☐ No ☒ If yes, which zone?
Will the Project be located in a designated Rural Area of Critical Economic Concern?
Yes ☐ No ☒ If yes, which area?
Will the Project be located in a Rural Community?
Yes ☐ No ☒ If yes, which area?
Will the Project be located in an Urban area?[4]
Yes ☐ No ☒ If yes, describe?

H. Which of the following best describes the location of the Project:

☐ Regional headquarters

If it is a regional headquarters, what region?

☒ National headquarters
☒ International headquarters
☐ Not applicable

I. Please provide an estimate of the percentage of goods or services from this Project that will be sold or delivered to customers outside of Florida:

>95% Explain, if necessary: Our games will be played across the world – in all major countries, localized in all major languages. Approximately half of our players will come from the U.S., equating to less than 5% of total players from the state of Florida.

[4] An Urban area may include a Community Redevelopment Area (CRA), Urban Job Tax Credit eligible area, Urban Enterprise Zone, Federal Empowerment Zone, and an Urban Revitalization Area.

3. JOB AND WAGE OVERVIEW

A. How many new-to-Florida Full-Time Equivalent Jobs are projected to be created as part of this Project? 60

B. If the Applicant operates in Florida, how many of the Applicant's Full-Time Equivalent Jobs in Florida that would have otherwise moved to another state are projected to be retained as part of this Project? N/A

C. What is the projected annualized average wage (excluding benefits) of the new Full-Time Equivalent Jobs Florida jobs created as part of this Project?[5] $52,000

D. What is the projected annualized average cost to the Applicant of benefits for each new-to-Florida Full-Time Equivalent created as part of this Project? $30,000

E. Please indicate the benefits that are included in the above calculation (*e.g.*, health insurance, 401(k) contributions, paid vacation and sick leave, etc.)?
Health insurance, dental insurance, orthodontia, vision insurance, paid time off, 401k, breakfast, catered lunch, sporting event tickets, gym

4. CAPITAL INVESTMENT OVERVIEW

A. Describe the capital investment in connection with the Project in real and personal property (Examples: construction of new facility; remodeling of facility; upgrading, replacing, or buying new equipment.):
Remodeling and build out of office space. Build out of network infrastructure. Purchasing of furniture and fixtures to outfit office space. Purchasing of computers and development kits. Purchasing of target devices (smartphones, tablets, laptops, desktops, consoles) and related equipment.

B. Identify whether the Project be located in a/an:

- ☒ Leased space with renovations or build out
- ☐ Newly constructed building(s) on newly acquired land
- ☐ Newly constructed building(s) on previously acquired land
- ☐ Newly acquired existing building(s) with renovations
- ☐ Addition to previously acquired existing building(s)
- ☐ Other (please describe in 4A above)

C. List the projected capital investment to be made in Florida in connection with this Project (by type and year):

Calendar Year :	2013	2014	2015	2016		Total
Land or Building Purchase	$0	$0	$0	$0		$0
Construction / Renovations	$500,000	$0	$150,000	$0		$650,000
Manufacturing Equipment	$0	$0	$0	$0		$0
R&D Equipment	$0	$0	$0	$0		$0
Other Equipment (computer equipment, office furniture, etc.)	$200,000	$400,000	$570,000	$530,000		$1,700,000

[5] All cash payments to the employees (other than reimbursements of business expenses) should be included.

Total Capital Investment	$700,000	$400,000	$720,000	$530,000		$2,350,000

D. List the projected capital investment to be made **outside** of Florida in connection with this Project (by type and year):

Calendar Year :	2013	2014	2015	2016		Total
Land or Building Purchase	$0	$0	$0	$0		$0
Construction / Renovations	$0	$0	$0	$0		$0
Manufacturing Equipment	$0	$0	$0	$0		$0
R&D Equipment	$0	$0	$0	$0		$0
Other Equipment (computer equipment, office furniture, etc.)	$0	$0	$0	$0		$0
Total Capital Investment	$0	$0	$0	$0		$0

E. What is the estimated square footage of the new or expanded facility? 15,000 in 2013, expanding to 23,000 in 2015

5. COMPETITIVE LANDSCAPE

A. What role will the incentive(s) play in the Applicant's decision to locate the Project in Florida (e.g., important, critical, etc.)?

The incentives are critical in deciding where to locate the company's development studios. The idea is to have the best teams in the world creating the best free-to-play games in the world. Video games can be developed anywhere, with some of today's top games coming from as far away as Finland and Russia.

While the company's headquarters will be in Miami, the majority of the staff will be located at their development studios, where readily available talent is accessible.

B. What other states or countries is the Applicant considering for this Project?

Silicon Valley (San Francisco, Menlo Park), Los Angeles, Louisiana, Dallas, Detroit, Vancouver, B.C.

C. What advantages or incentives offered by these locations does the Applicant consider important in its decision?

Key factors in selecting the location of the company's studios include: incentives for the video game industry, experienced workforce/access to talent, technology community size, and access to capital.

Louisiana, Detroit, Dallas, and Vancouver all offer substantial ongoing incentives to video gaming companies. Silicon Valley, Los Angeles, Dallas, and Vancouver have robust technology communities with large, experienced workforces making it much easier to

find and recruit talent. Silicon Valley has a very strong venture capital community making it very easy to gain access to capital for growth and liquidity.

The company's executives have lived and worked in Vancouver, Seattle, and Silicon Valley. They have access to a large network of developers, executives, and business associates in all of these locations.

D. What advantages or disadvantages offered by the proposed Florida location does the Applicant consider important in its decision?

The company chose Miami as their corporate headquarters because it is a great place to live and raise a family; it has a low cost of living with affordable housing, warm weather year-round, and offers a high quality of life. A key advantage for the company's studios to be located in Miami is proximity to the corporate headquarters. Having the studios located alongside the corporate headquarters lessens travel and eases the management burden.

However, the limited technology industry (and workforce) in Miami not only makes it difficult to staff teams up quickly, it also makes it difficult to recruit people to join a Miami-based technology company. Video games can be created anywhere so prospective employees can, literally, choose anywhere to live and pursue their career goals. Employees are much more comfortable relocating to an area that has multiple job opportunities for them – aside from the company they are joining – both for added stability and career growth.

E. Indicate any additional internal or external competitive issues impacting your decision regarding the Project's location?

It is much easier to create, fund, and grow a company in one of the more established gaming locations (Silicon Valley, Los Angeles, Vancouver) than in Florida.

However, the company would like to partner with the city and community to help establish Miami as a technology hub for video game development and publishing, just as its founders have done in other communities.

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6. DISCLOSURE

A. In the past 10 years, has (1) the Applicant, the Ultimate Parent Company or any of its Subsidiaries, (2) any Principal Executive Officer of the Applicant or the Ultimate Parent Company or (3) any entity that any Principal Executive Officer of the Applicant or the Ultimate Parent Company Controls or Controlled been convicted of or pled guilty or nolo contendere ("no contest") in a domestic, foreign or military court to any Felony or Misdemeanor involving fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery or a conspiracy to commit any of these offenses?

Yes ☐ No ☒ If yes, explain?