

# Vought / Triumph Aerostructures

**Location: 1401 Nolan Ryan Expressway**

**Property Owner: Triumph Aerostructures LLC**

**1401 Nolan Ryan Expressway**

**Arlington TX 76011**

**About the Project**

A division of Triumph Aerostructures, Vought Integrated, will relocate their engineering operations, including aerospace product development, division management and shared services to the facility at 1401 Nolan Ryan Expressway, occupied by Siemens Dematic until July of 2013. Triumph will relocate approximately 500 full time employees and related contractors to this facility, with an average salary of \$100,000.

**Goals of the Project**

Corporate relocation; job creation and property tax base enhancement

**Current Status**

This agreement is performing according to standards, and rebates are processed on an annual basis

**Benefit to City**

500 jobs created; Approximately \$3.4 million in net revenues over a 10 year period per economic impact analysis

<b>Year Approved by Council</b>	2014
<b>Base Year</b>	n/a
<b>Beginning Year</b>	FY15
<b>Ending Year</b>	FY24
<b>Duration</b>	10 years
<b>Base Year Value</b>	n/a
<b>Property Tax Account Number(s)</b>	n/a
<b>Total Rebate Allowed</b>	minimum \$900,000 to maximum \$1,200,000
<b>Total Estimated Investment by Company</b>	\$ 1,000,000

**Criteria Evaluated** Move existing business to the Premises and operate the aerospace product development, division management, and shared services business on the Premises not later than April 1, 2014

Completion of the project must result in 350 or more jobs on the Premises

**Incentives Allowed** Annual grant payment based on adequate proof of maintaining the following number of jobs on the Premises as a result of the project:

- 500 or more employees = \$120,000
- 450-499 employees = \$110,000
- 400-449 employees = \$100,000
- 350-399 employees = \$ 90,000

Year	Jobs Reported	Rebate Amount
FY15	541	\$ 120,000
FY16	514	\$ 120,000
FY17		
FY18		
FY19		
FY20		
FY21		
FY22		
FY23		
FY24		
		\$ 240,000

**Resolution No. 14-009**

**A resolution authorizing the execution of a Chapter 380 Program Agreement for Economic Development Incentives by and between Triumph Aerostructures, LLC and the City of Arlington, Texas relative to the aerospace product development, division management and shared services to be located and operated at 1401 Nolan Ryan Expressway in Arlington, Texas**

WHEREAS, CITY has found that providing a program consisting of a grant of funds to Triumph Aerostructures, LLC (hereinafter referred to as "OWNER") in exchange for OWNER'S completion of the project proposed by OWNER will promote local economic development and stimulate business and commercial activity and create jobs within the City of Arlington (hereafter referred to as "PROGRAM"); and

WHEREAS, CITY has determined that the PROGRAM will directly establish a public purpose and that all transactions involving the use of public funds and resources in the establishment and administration of the PROGRAM contain controls likely to ensure that the public purpose is accomplished; and

WHEREAS, Chapter 380 of the Local Government Code provides statutory authority for establishing and administering the PROGRAM provided herein; and,

WHEREAS, the Arlington City Council has elected to participate in economic development incentives in accordance with V.T.C.A. Local Government Code, Chapter 380, and has adopted policy statements, guidelines, criteria and procedures for evaluating and considering applications and agreements for such incentives; NOW THEREFORE

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ARLINGTON, TEXAS:

I.

That all of the recitals contained in the preamble of this resolution are found to be true and are adopted as findings of fact by this governing body and as part of its official record.

II.

That the City Manager or his designee is authorized to execute a Chapter 380 Program Agreement for Economic Development Incentives with OWNER to provide certain economic incentives associated with the aerospace product development, division

management and shared services to be located and operated at 1401 Nolan Ryan Expressway in Arlington, Texas.

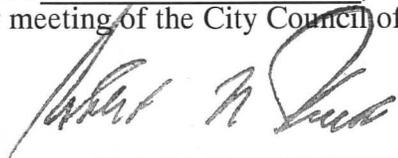
III.

In authorizing the execution of and in executing the referenced agreement, the City of Arlington, Texas, through its City Council and City officials, hereby exercises a governmental function in accordance with but not limited to Section 101.0215 of the Texas Civil Practices and Remedies Code.

IV.

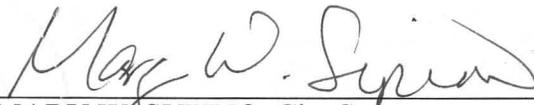
A substantial copy of the Chapter 380 Program Agreement for Economic Development Incentives is attached hereto as Exhibit "A" and incorporated herein for all intents and purposes.

PRESENTED AND PASSED on this the 21st day of January, 2014, by a vote of 9 ayes and 0 nays at a regular meeting of the City Council of the City of Arlington, Texas.



ROBERT N. CLUCK, Mayor

ATTEST:



MARY W. SUPINO, City Secretary

APPROVED AS TO FORM:  
JAY DOEGEY, City Attorney

BY 



- C. "Premises" is defined as the Real Property (including the building as modified for the Project) located at 1401 Nolan Ryan Expressway, Arlington Texas.
- D. "Project" is defined as: OWNER'S aerospace product development, division management and shared services to be located and operated at 1401 Nolan Ryan Expressway ("Premises") no later than April 1, 2014.

**II.  
IMPROVEMENT CONDITIONS AND REQUIREMENTS**

In order to receive and keep the incentives and benefits described in this Agreement, the following must occur:

- A. OWNER will complete the Project by moving to the Premises and operating on the Premises its aerospace product development, division management and shared services not later than April 1, 2014.
- B. OWNER'S completion of the Project must result in 350 or more Jobs on the Premises.
- C. The Premises and the Project must conform to the applicable building codes, zoning ordinances and all other ordinances and regulations.
- D. OWNER must diligently and faithfully pursue the completion of the Project. OWNER covenants and agrees to use all reasonable efforts to cause the Project to be constructed in a good and workmanlike manner and in accordance with all applicable state and local laws and regulations.

**III.  
GRANTS**

- A. During the term of this Agreement OWNER shall be eligible to receive payment of an annual Grant based upon adequate proof of maintaining the following number of Jobs on the Premises as a result of the Project:

Min. FTE Count	500	450	400	350
Annual Incentive	\$120,000	\$110,000	\$100,000	\$90,000

<b>Agreement Year</b>	<b>Coverage Period</b>	<b>Certification Due</b>	<b>Payment No Later Than</b>	<b>CITY Fiscal Year</b>
1	March 1, 2014 to February 28, 2015	April 15, 2015	June 1, 2015	FY15
2	March 1, 2015 to February 28, 2016	April 15, 2016	June 1, 2016	FY16
3	March 1, 2016 to February 28, 2017	April 15, 2017	June 1, 2017	FY17
4	March 1, 2017 to February 28, 2018	April 15, 2018	June 1, 2018	FY18
5	March 1, 2018 to February 28, 2019	April 15, 2019	June 1, 2019	FY19
6	March 1, 2019 to February 28, 2020	April 15, 2020	June 1, 2020	FY20
7	March 1, 2020 to February 28, 2021	April 15, 2021	June 1, 2021	FY21
8	March 1, 2021 to February 28, 2022	April 15, 2022	June 1, 2022	FY22
9	March 1, 2022 to February 28, 2023	April 15, 2023	June 1, 2023	FY23
10	March 1, 2023 to February 28, 2024	April 15, 2024	June 1, 2024	FY24

- B. Certification of Jobs required in order for OWNER to be eligible to receive payment of a Grant shall be prepared by OWNER at the close of each Agreement Year. Certification shall be accompanied by an employment report generated by OWNER documenting the number of Jobs. Due to the cyclical nature of the OWNER's business, the OWNER may choose to average the number of Jobs over the Agreement Year by adding the number of Jobs reported each month and dividing by twelve to arrive at the average Job count. If the OWNER chooses to provide an average Job count, the Certification shall be accompanied by monthly employment reports generated by OWNER, documenting the monthly number of Jobs.

C. Grant payments will be paid by CITY to OWNER on or before June 1 of each year in accordance with the procedures established in this Agreement beginning with the first payment on or before June 1, 2015 and ending with the last payment on or before June 1, 2024.

D. In order to receive payment of an annual Grant as provided herein, no later than April 15 of the year for which payment is requested OWNER shall submit to the City of Arlington Chief Financial Officer OWNER'S certification providing proof of Jobs adequate to justify OWNER'S receipt of the annual Grant.

The Certification document shall include

1. a statement of the number of Jobs maintained by OWNER during the year to which the report pertains. Certification of these Jobs shall be prepared at the close of each calendar year and positions may be averaged out over the calendar year in order to recognize OWNER'S cyclical business; and
2. any other information, reports or submittals required by this Agreement.

E. Under no circumstances shall CITY be obligated to provide an annual Grant unless OWNER submits annual certification and provides CITY proof of Jobs as provided herein.

#### IV. ASSIGNMENTS

It is intended by the parties hereto that this Agreement may be assigned by OWNER to a successor owner only with prior written approval of the City Council, which approval will not be unreasonably withheld or delayed.

#### V. INDEMNIFICATION

**A. It is understood and agreed between the parties that OWNER, in performing its respective obligations hereunder, is acting independently and CITY assumes no responsibility or liability arising from this Agreement; OWNER agrees to defend, indemnify and hold CITY harmless from any claims, damages, verdicts or judgments arising out of actions or omissions by OWNER or caused by OWNER in default of this Agreement, but not otherwise; however, OWNER will not indemnify or hold CITY harmless from any liabilities or responsibilities arising out of the CITY'S default of this Agreement or CITY'S gross negligence or intentional misconduct.**

- B. It is further understood and agreed among the parties that CITY, in performing its obligations hereunder, is acting independently and OWNER will not assume any responsibility or liability allegedly arising from this Agreement and raised by third parties. However, OWNER does assume responsibility and liability arising out of its default of this Agreement. OWNER also accepts responsibility for OWNER'S gross negligence and intentional misconduct in connection with this Agreement.**

## **VI. DEFAULT AND RECAPTURE**

- A. During the entire ten year term of this Agreement, if in any year the number of Jobs (calculated as provided herein) falls below 350 but remains above 200 (hereinafter referred to as "Job Shortfall"), OWNER shall not receive a Grant payment for any year or years in which a Job Shortfall occurs as indicated on OWNER'S certification of Jobs; however, such Job Shortfall shall not result in a default of this Agreement and in subsequent years OWNER shall have the opportunity to meet Job requirements in order to receive a Grant payment in each year Job requirements are met (provided no other default has occurred).
- B. During the first five years of this Agreement if Jobs fall below 200 OWNER shall be considered in default and CITY may terminate this Agreement and recapture all Grants paid by CITY to OWNER from the beginning of the Agreement.
- C. During years six through ten if the number of Jobs falls below 200 OWNER shall be in default and if the default is not cured the Agreement may be terminated by CITY; however, no recapture of Grants paid to OWNER shall occur.
- D. Notice of Default - In the event that CITY makes a reasonable determination that OWNER has defaulted in performance of this Agreement, then CITY shall give OWNER written notice of such default. During years six through ten if the number of Jobs falls below 200 this Agreement may be terminated by CITY.
- E. Notice of default shall be in writing and shall be delivered by personal delivery or certified mail to OWNER at the addresses provided in Article VII of this Agreement.

## **VII. NOTICE**

Notices required to be given to any party to this Agreement shall be delivered by regular U. S. Mail or certified mail, return receipt requested, postage prepaid, addressed to the party at its address as set forth below, and shall be deemed delivered as of the date deposited in the United States Mail:

OWNER: Triumph Aerostructures, LLC  
1401 Nolan Ryan Expressway, Suite 300  
Arlington, Texas 76011  
Attn: Wendy Hargus, Vice President-Finance

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Triumph Aerostructures, LLC  
1401 Nolan Ryan Expressway, Suite 300  
Arlington, Texas 76011  
Attn: Randy Benoot, Manager, Real Estate

Triumph Aerostructures, LLC  
1401 Nolan Ryan Expressway, Suite 300  
Arlington, Texas 76011  
Attn: Frederick V. Geisler, Vice President and General Counsel

CITY: City of Arlington  
P.O. Box 90231  
Arlington, Texas 76004-3231  
Attention: City Manager

Any party may change the address and add additional parties to whom notice will be sent by giving the other parties written notice in the manner provided in this Section.

#### **VIII. TERM**

This Agreement shall become effective when executed by OWNER and CITY and shall terminate after the last grant payment under Section III is made, unless sooner terminated in accordance with this Agreement.

#### **IX. AUTHORITY**

This Agreement is part of a Chapter 380 Economic Development Program authorized by Resolution No. 14-009 of the Arlington City Council, and shall constitute a valid and binding agreement between CITY and OWNER upon execution.

**TRIUMPH AEROSTRUCTURES, LLC**

BY Wendy G. Hargus  
Name: Wendy G. Hargus  
Title: VP, Finance  
Date: 1/27/14

WITNESS:

Paul J. Simon

**CITY OF ARLINGTON, TEXAS**

BY Donald E. Jakeway  
DONALD E. JAKEWAY  
Deputy City Manager  
Date: 2-4-14

ATTEST:

Mary W. Supino  
for - MARY W. SUPINO, City Secretary

APPROVED AS TO FORM:  
JAY DOEGEY, City Attorney

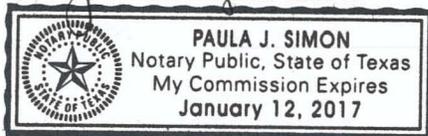
BY Jay Doegey

THE STATE OF TEXAS §  
§  
COUNTY OF Tarrant §

**TRIUMPH AEROSTRUCTURES, LLC**  
**Acknowledgment**

BEFORE ME, the undersigned authority, a Notary Public in and for the State of Texas, on this day personally appeared Wendy G. Hargus, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he or she executed same for and as the act and deed of **TRIUMPH AEROSTRUCTURES, LLC**, and as the VP, Finance thereof, and for the purposes and consideration therein expressed, and in the capacity therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE on this the 27 day of January, 2014.



Paula J. Simon

Notary Public in and for  
The State of Texas

Paula J. Simon

Notary's Printed Name

Jan 12, 2017  
My Commission Expires

THE STATE OF TEXAS §  
§  
COUNTY OF TARRANT §

**CITY OF ARLINGTON, TEXAS**  
**Acknowledgment**

BEFORE ME, the undersigned authority, a Notary Public in and for the State of Texas, on this day personally appeared **DONALD E. JAKEWAY**, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed same for and as the act and deed of the **CITY OF ARLINGTON, TEXAS**, a municipal corporation of Tarrant County, Texas, and as the **Deputy City Manager** thereof, and for the purposes and consideration therein expressed, and in the capacity therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE on this the 4<sup>th</sup> day of February, 2014.

Ann C. Riney

Notary Public in and for  
The State of Texas

Ann C. Riney

Notary's Printed Name

2/11/14  
My Commission Expires

