

MAR 16 1999 RB/BS

1
3
5
7
9
11
13
15
17
19
21
23
25
27
29
31
33
35
37
39
41

RESOLUTION

of the

ORANGE COUNTY BOARD OF COUNTY COMMISSIONERS

regarding

CIRENT SEMICONDUCTOR MANUFACTURING UPGRADE AND EXPANSION

Resolution No. 99-M-06

PREMISES

WHEREAS, Cirent Semiconductor, a joint venture of Lucent Technologies and Cirrus Logic, has been located in unincorporated Orange County for fourteen years. As a world-wide leader in semiconductor manufacturing, Cirent develops, engineers, and produces advanced microchips used in business and cellular telecommunications products, computer peripherals, drive controllers, and networking switching stations; and

WHEREAS, Cirent Semiconductor maintains a current work force of over 1,500 employees with an annual payroll of approximately \$70 million, and paid over \$11 million in 1998 Orange County property taxes; and

WHEREAS, Cirent's existing operations in Orange County require continual upgrades and expansions to maintain state-of-the-art manufacturing capabilities, to compete in a global market, and to remain economically viable; and

WHEREAS, to the benefit of both Cirent Semiconductor and Orange County, the County provided financial incentives to induce an expansion at Cirent from 1995 to 1998, and provided financial incentives in 1998 to induce the establishment in Orange County of a Lucent Technologies Bell Labs Advanced Development and Research Facility; and

WHEREAS, Cirent is proposing a new expansion and upgrade of its microchip manufacturing operations in unincorporated Orange County; and

43 WHEREAS, it is estimated that this expansion will create 100 new high-wage jobs with an
44 average salary of \$38,000; add approximately \$700 million in tangible property value to the Orange
45 County tax roll; generate approximately \$17.3 million in new taxes to Orange County government
46 through the year 2007, including approximately \$8.4 million to the general fund; and generate
47 approximately \$15.6 million in new taxes to Orange County Public Schools and \$.7 million to the
48 Orange County Library System through the year 2007; and

49 WHEREAS, the proposed Cirent expansion is predominantly capital intensive rather than
50 population intensive, thereby requiring very modest additional county services; and

51 WHEREAS, the high technology industry has been identified in the economic element of the
52 county's Comprehensive Plan as a target industry, and Cirent Semiconductor is exemplary of this
53 industry; and

54 WHEREAS, alternate sites for this expansion exist in Madrid, Spain and the Far East, and
55 Orange County financial incentives play a critical role in Cirent's decision to expand and upgrade
56 its facilities here rather than elsewhere.

57 NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY
58 COMMISSIONERS OF ORANGE COUNTY:

59 **Section 1.** The foregoing recitals are true and correct and are incorporated herein.

60 **Section 2.** The Board of County Commissioners of Orange County, Florida hereby
61 recommends that the State of Florida Office of Tourism, Trade, and Economic Development approve
62 Cirent Semiconductor's expansion and upgrade proposal as a "qualified applicant" under the State's
63 Qualified Target Industry (QTI) Tax Refund Program passed by the Florida legislature in 1994. The
64 Board hereby agrees to pay up to \$100,000 as the 20% "local financial support" required by the QTI
65 program. The Board directs staff to prepare a resolution for its approval setting forth the terms and
66 conditions for payment from the County.

67 **Section 3.** In addition to the local financial support referenced in Section 2, Orange
68 County expects to provide an additional economic development grant to induce Cirent's proposed
69 expansion and upgrade in an amount not to exceed \$8.2 million, in no more than eight annual
70 installments commencing in tax year 2000. Each of the eight annual installments shall be an amount
71 equal to 47.5% of the additional property taxes paid by Cirent to Orange County government for the
72 subject calendar/tax year, commencing in 2000, which are attributable to the increase to the County's
73 personal property tax rolls due to the addition of equipment and furnishings at Cirent Semiconductor
74 (commonly referred to as OR-1 and OR-2) as of January 1, 2000; January 1, 2001; January 1, 2002;
75 and January 1, 2003. In no year will incentive payments exceed the general fund tax revenue to
76 Orange County government that is generated in property taxes by this project.

77 **Section 4.** The County's obligation to pay the amounts of the economic development

87 grant specified in this resolution is and will be contingent upon all of the following: i) appropriation
89 by the Board in each applicable year of the revenues for the payment of the grant hereunder; ii) the
91 Board's approval of a contract between the County and Cirent Semiconductor setting forth the terms
and conditions governing payment of the grant, including award of financial incentives by the State
of Florida; iii) Cirent Semiconductor's hiring of 100 additional employees through calendar year
2002, and iv) Cirent not decreasing its existing work force during the course of this resolution.

93 **Section 5.** The Board of County Commissioners hereby directs the Orange County
95 Director of Economic, Trade and Tourism Development, or his designee, to enter into negotiations
97 for a contract with Cirent Semiconductor to specify the full terms and conditions of the proposed
economic development grant and, upon completion of such negotiations, to bring the proposed
contract to the Board for review and approval.

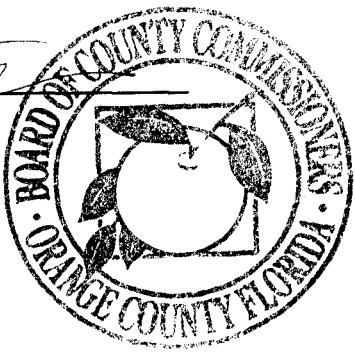
99 **ADOPTED THIS** 16 **DAY OF MARCH, 1999.**

101 **ORANGE COUNTY, FLORIDA**

103
105 BY: Mel Martinez
107 Mel Martinez
County Chairman

109 **ATTEST: Martha O Haynie, County Comptroller**
111 **As Clerk to the Board of County Commissioners**

113 BY: [Signature]
Deputy Clerk



115 lsa\ordres\cirent.wpd
117 (03/14/99)