

APPLICATION*
Private Companies

1. BUSINESS INFORMATION

Legal name of the Applicant: RWC Group LLC

B. Name of Ultimate Parent Company (if applicable): RWC

City Tullytown

State/Province PA

Country USA

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.

<u>Name</u>	<u>Title or Position</u> ¹	<u>Percent of Ownership if Greater than 50%</u> ²
Solomon Asset Management LLC (FL)		65%
Oz Asset Management LLC (Delaware)		
AKAS Enterprise LLC (Delaware)		
Thomas K. McCrossin		

Executive Team:

Name	Position
Thomas K McCrossin	CEO
Mikayel Tiraturyan	Senior Vice President
Evrold S Henry	CFO
Jay H Portz	Vice President Regulatory Affairs
William T Silver	Vice President Sales
David R McCallum	Vice President Operations

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.)



Applicant's Reemployment Assistance Number:

To Be Applied For

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

To Be Applied For

* 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.

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: 0

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: 21

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

Yes ☐ No ☒

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 jobs³

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)? 0

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

RWC Group was formed in 2012 in Tullytown, PA as the exclusive importer of weapons from Iz mash in Russia. In 2014, the company began an upgrade program in which a certain percentage of the imported weapons were upgraded with additional features. As a part of an overall business strategy analysis, it was determined that it would be more cost effective to assemble firearms complete in the US to avoid the dis-assembly costs. With this objective in mind, the company began a nationwide search for desirable manufacturing locations. States were evaluated based on economic incentives offered, tax structure, availability of work force, utility cost, and transportation cost. After extensive review, Florida emerged as the leading candidate for the new facility. Several cities in Florida were evaluated including Orlando, Tampa, Jacksonville, Miami, and the Ft. Lauderdale area. An existing new facility in Pompano Beach has been identified as the most desirable location. The current plan is to lease 40,000 square feet, of which approximately 4,500 square feet will be used as office space. Initially, firearms will be assembled, test fired, and shipped out of this location with the long term goal of manufacturing the high value components where it makes financial sense. Additionally, Research and Development activities will be conducted out of this facility. Initial employment will be 28 people, growing to 54 by year three. In short, by year three, RWC will be designing and

³ A QTI Tax Refund award cannot be granted for existing Florida jobs.
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manufacturing firearms and firearm components for distribution in the proposed location

D. What is the anticipated commencement date of the Project? 3/15/15

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 (\$)
Small Arms Manufacture	332994	83%	\$53754
Sporting and Supplies Merchant Wholesalers	423910	17%	\$53754
		%	\$

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

3901 NE 12 Ave

Street Address

Pompano Beach

City

FL

State

33064

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: Florida only comprises a small portion of the firearms and accessories market

3. JOB AND WAGE OVERVIEW

A. How many new-to-Florida Full-Time Equivalent Jobs are projected to be created 54 as part of this Project?

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.

- 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 \$53,754
- 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? \$16,126
- 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, 401K, paid vacation, sick leave, and personal days

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 facility, buying new equipment for R&D and Manufacturing
- 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 :	2015	2016	2017	2018	2019	Total
Land or Building Purchase	\$	\$	\$	\$	\$	\$
Construction / Renovations	\$420000	\$50000	\$50000	\$50000	\$50000	\$620000
Manufacturing Equipment	\$446000	\$80000	\$300000	\$300000	\$300000	\$1426000
R&D Equipment	\$191000	\$100000	\$100000	\$100000	\$100000	\$591000
Other Equipment (computer equipment, office furniture, etc.)	\$330000	\$30000	\$30000	\$30000	\$30000	\$450000
Total Capital Investment	\$1387000	\$170000	\$390000	\$390000	\$390000	\$3087000

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

⁵ All cash payments to the employees (other than reimbursements of business expenses) should be included.
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Calendar Year :						Total
Land or Building Purchase	\$	\$	\$	\$	\$	\$
Construction / Renovations	\$	\$	\$	\$	\$	\$
Manufacturing Equipment	\$	\$	\$	\$	\$	\$
R&D Equipment	\$	\$	\$	\$	\$	\$
Other Equipment (computer equipment, office furniture, etc.)	\$	\$	\$	\$	\$	\$
Total Capital Investment	\$	\$	\$	\$	\$	\$

- E. What is the estimated square footage of the new or expanded facility? 40,000 sq ft

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.)?
Incentives are an important consideration to the project's ultimate location
- B. What other states or countries is the Applicant considering for this Project?
Tennessee
- C. What advantages or incentives offered by these locations does the Applicant consider important in its decision?
Tennessee appears to offer additional incentives over and above the ones offered by Florida
- D. What advantages or disadvantages offered by the proposed Florida location does the Applicant consider important in its decision?
Incentives offered, Florida's income tax structure is also viewed as a plus as well as access to qualified labor pool
- E. Indicate any additional internal or external competitive issues impacting your decision regarding the Project's location?
Quality of life for potential talent recruitment, local labor force availability, port access, general transportation costs, tax rates

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?
If yes,
Yes ☐ No ☒ explain?
- B. Is (1) the Applicant, the Ultimate Parent Company or any of its Subsidiaries, or (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 (a) the subject of a pending criminal prosecution or governmental enforcement action in any

jurisdiction or (b) subject to any unsatisfied tax liens in Florida or judgment liens in any jurisdiction in the U.S.?

Yes ☐ No ☒ If yes,
explain?

- C. In the past 5 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 (a) been named as a DEFENDANT in any civil litigation or arbitration in any jurisdiction, (b) had an application for license, or a license or its equivalent, to practice any profession or occupation denied, suspended or revoked in any jurisdiction, or (c) been subject to a bankruptcy or insolvency petition in any jurisdiction?

Yes ☐ No ☒ If yes,
explain?

Fiscal Year of Company : same as calendar year

Company Contact

Name David McCallum

Physical Address 911 William Leigh Drive Tullytown, PA 19007

Email: Dmccallum@kalashnikov-usa.com

Phone: 215-584-8684

7. CONFIDENTIALITY


In accordance with Section 288.075 of the Florida Statutes, the Applicant may request that Enterprise Florida, Inc. and the Department of Economic Opportunity maintain the confidentiality of all information regarding this project (including information contained in this application) for the lesser of a 12 month period after the date of this application (which may be extended for an additional 12 months upon request), 6 months after the issuance of the final project order approving the project or until the information is otherwise disclosed.

Please indicate whether the Applicant is requesting confidential treatment of this project in accordance with Section 288.075 of the Florida Statutes. (Does not apply to SDST sales tax exemption applicants.)

☒ Yes ☐ No

8. SIGNATURES

The undersigned person hereby affirms that he or she has been duly authorized and empowered to verify, execute and deliver this Application, that he or she has read this Application (including all attachments hereto) and he or she has knowledge of all of the facts stated herein, and that this Application, and all information submitted in connection herewith, is complete and accurate and contains no misstatements, misrepresentations, or omissions of material facts, to the best of his or her knowledge and belief.

Signature		Date
		4/01/15

Name		
David McCallum		
Title		
VP OPERATIONS		
Company RWC GROUP		

Please be sure to attach the proper Incentive attachment sheet(s)

Qualified Target Industry Tax Refund Attachment to the Application

RWC Group LLC
Name of Business

FOR EFI USE ONLY		
Date Received	Date Revised	Date Completed
EFI Project Number		

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 Application 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?

54

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	28	12/31/15
II	12	12/31/16
III	14	12/31/17
Total	54	

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).

☐ \$51,266, which is at least 115% of the average wage in Broward County.

☐ \$_____, which is at least 150% of the average wage in _____.

☐ \$_____, 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:

Pompano Beach City and Broward County

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

To Be Determined

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

3. SIGNATURES


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

4/01/15

Date

911 WILLIAM LEIGH DR TULLYTOWN PA
Address (if different)

75-584-8684
Phone Number (if different)


Signature (Authorized Company Officer) REQUIRED

4/01/15

Date

DAVID MCCALLUM VP OF OPERATIONS

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. Additional per job bonuses may be available; however, the QTI award may not exceed five times the local financial support paid by the community.
 - \$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%.
 - \$2,000 per job if the business falls within a designated high impact sector OR if the business increases exports of its goods through a seaport or airport in the state by at least 10 percent in value or tonnage in each year of receiving a QTI refund.
 - \$2,500 per job if the project locates in a designated Brownfield area (Brownfield Bonus).
 - \$1,000 per job if the local financial support is equal to the base QTI award.
- 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. Similarly, if the average wage falls below the wage committed to in 1C, 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 Florida jobs must be maintained for the duration of the QTI agreement.
 - The average wage commitment should include wages paid for only the net new to Florida jobs, as shown on the unit's UCT-6 form. The applicant will be required to establish a tracking mechanism to distinguish between existing versus new jobs and employees filling those jobs. Contact Enterprise Florida for more information.
- QTI eligible jobs are those that are physically located within the State of Florida and located at the facility listed as the proposed location address in question 2G of the General Project Overview or subsequent QTI contract with the State of Florida. If any jobs will not be physically located at the proposed location address, contact Enterprise Florida to discuss the situation. Jobs that are paid out of the proposed location address facility but are not located at that facility or in the State of Florida are not considered net new jobs for QTI purposes.
- 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.