



MEMORANDUM

Date: February 3, 2020

To: The Honorable Chairman and Members
Pima County Board of Supervisors

From: C.H. Huckelberry
County Administrator

A handwritten signature in black ink, appearing to read "CH Huckelberry", is written over the typed name and title.

Re: **Raytheon Merger with United Technologies**

While the merger between Raytheon and United Technologies is still in process, there had been discussion regarding where the headquarters for the merged unit would be located. I am pleased that Tucson has been chosen for the combined Raytheon Missiles and Defense headquarters. This is a significant economic development benefit for the region.

The Board has been actively working to facilitate the expansion of our existing employers within the region – Raytheon is just one example. Below are a number of activities the Board has undertaken to facilitate not only the prior expansion of Raytheon, but also now the headquarters location of the combined Raytheon and United Technologies:

- a) I informed the Board of Supervisors of the need for Raytheon buffer and expansion requirements in a November 5, 2010 memorandum.
- b) In 2012, the County acquired lands south of Raytheon that were attempted to be converted to residential development by developers. This property is now known as the Aerospace Research Campus.
- c) Later in 2012, Pima County collaborated with The Tucson Airport Authority (TAA), Raytheon, the U.S. Air Force, the 162nd Wing of the Arizona Air National Guard (162d) and the City of Tucson to create a master plan that provided buffer space for Raytheon, a new Munitions Storage Area (MSA) for the Arizona Air National Guard, and space to accommodate the proposed Runway Safety Enhancement Program for (TAA) with appropriate land swaps.
- d) In 2014 and 2015, relocated Hughes Access Road to now the Aerospace Parkway, which relocated a high volume public highway one-half mile south of the existing Hughes Access Road alignment.
- e) In 2014, entered into long-term discussions with Tucson Airport Authority (TAA) regarding the acquisition of TAA lands between the Aerospace Parkway, and the existing southern boundary of Raytheon or Air Force Plant 44. This property consists of just over 297 acres and is known as the Parcel H buffer. The MSA will be approximately 85 acres and the Raytheon buffer will be approximately 212 acres.

Attachment

- c: John Voorhees, Assistant County Administrator
Dr. John Moffatt, Director, Economic Development Office
Patrick Cavanaugh, Deputy Director, Economic Development Office

News from TucsonSentinel.com: http://www.tucson sentinel.com/local/report/013120_raytheon/raytheon-picks-tucson-as-hq-combined-missiles-defense-division/

LOCAL

Raytheon picks Tucson as HQ of combined 'Missiles & Defense' division

Leaked company memo outlines plans after merger with United Technologies

Posted Jan 31, 2020, 1:36 pm

Dylan Smith TucsonSentinel.com

Raytheon will headquarter its new division combining former Missile Systems and Integrated Defense Systems in Tucson, a company leader said in an internal email Friday. The company has not made a public announcement, and is not intending to do so until the close of the pending merger with United Technologies, another defense contracting giant.

The "combined IDS-RMS business will be known as Raytheon Missiles & Defense and our headquarters will be in Tucson," said Wes Kramer, the company vice president who now heads Missile Systems and was announced late last year as the pending chief of the new corporate division.

That section was provisionally named "Integrated Defense and Missile Systems."

Raytheon has had four main business divisions: Missile Systems; Integrated Defense Systems; Space and Airborne Systems; and Intelligence, Information and Services. When the merger takes place, RMS and IDS will merge into one business and SAS and IIS will be folded into another. With the Rockwell Collins and Pratt and Whitney divisions from United Technologies, the new company will have four main business after the reorganization.

The combined IIS and SAS division will be named Raytheon Intelligence and Space, and will be headquartered in Arlington, Va., after the merger, the internal memo said.

Information about the changes, including a copy of the corporate memo, was provided to TucsonSentinel.com by several sources within Raytheon who were not authorized to speak to the press.

Those changes will take effect after the merger is approved by the federal government, which is expected early this year. The merger will result in the world's second-largest aerospace and defense company, Raytheon Technologies Corp., trailing only Boeing in size.

"At this time, we have no plans to relocate programs or business area/product line leadership, and we do not expect the announcement of a new headquarters location to result in many (if any) personnel relocations," Kramer wrote. "Our goal is to minimize any disruption to our employees, customers, suppliers or business partners."

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"In addition to the Tucson headquarters, the business remains fully committed to our current large-scale operations in Alabama, California, Massachusetts, north Texas, and Rhode Island, as well as to our operations in several other

key communities and customer centers around the world. Our landed company names, Raytheon Emirates and Raytheon Saudi Arabia, will remain unchanged," he wrote.

"Please remember, this business name and headquarters are pending the close of the merger," Kramer wrote. "We will publicly announce the new name with our brand upon merger close."

Karmer took over the Missile Systems division last March, overseeing some 13,000 employees. He succeeded Taylor Lawrence, who headed RMS for 11 years, in the post.

Raytheon's Tucson facility develops and manufactures a variety of missiles, including a new nuclear cruise missile (http://www.tucson sentinel.com/local/report/082417_raytheon/raytheon-awarded-900m-develop-new-nuclear-cruise-missile/), the Standard Missile-2 (http://www.tucson sentinel.com/nationworld/report/062017_raytheon/raytheon-restart-sm-2-missile-line-after-650m-sale/), SM-3 (http://www.tucson sentinel.com/local/report/080817_raytheon/raytheon-gets-66-million-sm-3-missile-development/) and SM-6 interceptors, and a deal with Norway's Kongsberg, with plans to assemble and test that company's Naval Strike Missile (http://www.tucson sentinel.com/local/report/060418_raytheon/raytheon-build-naval-strike-missile-tucson/) in Tucson.

With \$16 million in incentives from Pima County (http://www.tucson sentinel.com/local/report/112216_raytheon/county-supes-ok-incentives-raytheon-expansion/) for the contractor, Raytheon has been in the process of adding about 2,000 jobs here over the next half-decade. The county and Pima Association of Governments have invested about \$33 million (http://www.tucson sentinel.com/local/report/111816_raytheon/raytheon-confirms-plans-add-2000-tucson-jobs/) in the company's expansion here, purchasing land for a buffer zone and constructing a new roadway near the factory, south of Tucson International Airport.

Raytheon reported that it had about 9,600 workers in Tucson in 2017. In 2009, about 12,140 were employed by the company here. In early 2013, Raytheon reported 10,300 local workers.

In 2010, the company chose Huntsville, Ala., as the location for final assembly of the SM-3, with about 300 jobs created in a new plant on the U.S. Army's Redstone Arsenal. The company chose the location because of the large buffer zone and significant tax incentives unavailable in Arizona.

The company reported a strong fourth quarter Thursday, with net sales of \$2.3 billion in the Missiles Systems unit, and \$8.7 billion on the year for that division. The IDS unit reported \$2 billion in fourth-quarter revenues. Overall, Raytheon had revenues of \$29.2 billion in 2019.

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Raytheon