

Item Title: Public Hearing and Consideration of a Business Development Grant Agreement for Fujifilm Diosynth Biotechnologies North Carolina, Inc.

Specific Action Requested:

That the Board of Commissioners holds a public hearing and approves a Business Development Grant Agreement with Fujifilm Diosynth Biotechnologies North Carolina, Inc. subject to the terms and conditions acceptable to the County Attorney.

Item Summary:

Purpose: State law authorizes counties to make appropriations for economic development purposes determined by the governing body to increase population, tax base, employment, and overall business prospects for the County. Wake County's Business Development Grant policy governs County appropriations for economic development incentives paid to companies expanding or locating in Wake County, including specific requirements for investment and job creation. Per statute, the governing board must hold a public hearing prior to

Background: On April 11, 2024, FUJIFILM Diosynth Biotechnologies (FDB) announced their plans to invest an additional \$1.2 billion and create 680 new jobs to expand their biopharmaceutical manufacturing facility in Holly Springs. This expansion, along with the planned \$2 billion investment already underway at the site, will make the facility the largest end-to-end biopharmaceutical manufacturing facility in North America. This brings FDB's total planned investment in their Holly Springs site to \$3.2 billion, with planned creation of more than 1,400 new jobs.

FDB is a contract development and manufacturing organization (CDMO) company. As a CDMO, their focus is to combine technical leadership in cell culture, microbial fermentation, and gene therapies with world class Current Good Manufacturing Practices (CGMPs) facilities to advance tomorrow's medicines. For over 30 years their focus has been on supporting customers with the development and manufacture of recombinant proteins, viral vaccines, and gene therapies.

Strategic Plan: This action supports Inclusive Prosperity Goal 1: By 2029, 5% more residents asked will indicate low barriers to employment, such as access to broadband, childcare, and transportation; and Inclusive Prosperity Goal 2: By 2029, four out of five residents asked will say they have employment opportunities that are available and right for their needs.

Fiscal Impact: The County agrees to a Business Development Grant of 80% of new tax revenue generated for the first five years of the grant period, and 20% of new tax revenue generated during the final five years of the grant period. The estimated total ten-year payout is \$30.8 million. The company is also eligible for an Upward Mobility Bonus of an additional 5% of new tax revenue each year it qualifies for the standard grant over the grant period. This is currently estimated at \$3.08 million over the ten-year grant period.

The total grant, including the Upward Mobility Bonus, is estimated to be \$33.9 million over the ten-year grant period. Appropriations sufficient to meet the County's obligations under the terms of the agreement will be incorporated in the annual budget ordinance.

Additional Information:

On February 5, 2024, the Wake County Board of Commissioners met in closed session and authorized the County Manager to negotiate a business development grant agreement for the project.

In order to receive payment from the County, FDB must meet performance criteria outlined in the proposed agreement including:

1. Complete new investment (minimum of \$1,080,000,000 by December 31, 2028)
2. New job creation:
 - a. 234 cumulative new employees by 2028
 - b. 343 cumulative new employees by 2029
 - c. 486 cumulative new employees by 2030
 - d. 612 cumulative new employees by 2031
3. New jobs must pay an average annual wage of \$98,931 or higher.
4. Payment in full of Wake County Property taxes for all previous and current years in which taxes are owed.
5. Qualification for payment from the State of NC under the JDIG program.
6. Documented policies and practices to qualify and receive the 5% Upward Mobility Bonus.

Upward Mobility Bonus

The Company has also agreed to participate in the County's Upward Mobility Bonus program to receive an additional grant of 5% of new tax revenue generated by the project throughout the term of the grant. To qualify each year, the company will submit documentation to the County demonstrating that it does the following:

- Prohibits discrimination in employment practices consistent with the County's Nondiscrimination Ordinance.
- Offers health insurance at a level generally considered affordable.
- Provides paid leave that accommodates vacation, sick, bereavement, and parental leave; and

Offers at least two of the following:

- Program(s) that offset costs to employees associated with childcare.
- Program(s) that offset costs to employees associated with transportation.
- Program(s) that offset costs to employees associated with tuition or related educational expenses that increase employee skills and opportunities for advancement.
- Second chance hiring practices, including removal of prior conviction checkoffs.

Estimated Payments

Based on the proposed agreement, FDB is expected to receive their first grant payment upon submittal of appropriate documentation to the County. The first payments are expected to be in calendar year 2030 for Tax Year 2029 when the new investment first exceeds \$1,080,000,000 and all other terms of the agreement are met.

The following chart is for illustration purposes only. The actual business development grant annual amount will be based on new annual assessed valuations as determined by the Wake County Tax Administrator.

Business Development Grant & Upward Mobility Bonus *Estimate*						
Year	Total New Assessed Value	Wake County Tax	Incentive %	Business Development Grant Estimate	Upward Mobility Bonus	Total Estimate
1	\$ 1,200,000,000	\$ 6,162,000	80%	\$ 4,929,600	\$ 308,100	\$ 5,237,700
2	\$ 1,200,000,000	\$ 6,162,000	80%	\$ 4,929,600	\$ 308,100	\$ 5,237,700
3	\$ 1,200,000,000	\$ 6,162,000	80%	\$ 4,929,600	\$ 308,100	\$ 5,237,700
4	\$ 1,200,000,000	\$ 6,162,000	80%	\$ 4,929,600	\$ 308,100	\$ 5,237,700
5	\$ 1,200,000,000	\$ 6,162,000	80%	\$ 4,929,600	\$ 308,100	\$ 5,237,700
6	\$ 1,200,000,000	\$ 6,162,000	20%	\$ 1,232,400	\$ 308,100	\$ 1,540,500
7	\$ 1,200,000,000	\$ 6,162,000	20%	\$ 1,232,400	\$ 308,100	\$ 1,540,500
8	\$ 1,200,000,000	\$ 6,162,000	20%	\$ 1,232,400	\$ 308,100	\$ 1,540,500
9	\$ 1,200,000,000	\$ 6,162,000	20%	\$ 1,232,400	\$ 308,100	\$ 1,540,500
10	\$ 1,200,000,000	\$ 6,162,000	20%	\$ 1,232,400	\$ 308,100	\$ 1,540,500
Total				\$ 30,810,000	\$ 3,081,000	\$ 33,891,000

State and Municipal Participation

The State of North Carolina's Economic Investment Committee approved a Job Development and Investment Grant (JDIG) for the project on April 11, 2024. The Holly Springs Town Council approved an incentive for FDB on June 18, 2024. The County's agreement is contingent upon participation from the State and the Town of Holly Springs.

Attachments:

1. Presentation
2. Business Development Grant Agreement
3. Wake County Business Development Grant Policy (Amended December 4, 2023)