

Item Title: Public Hearing and Consideration of Business Development Grant Agreement for Pendo.io, Inc.

Specific Action Requested:

That the Board of Commissioners holds a public hearing and approves a Business Development Grant Agreement with Pendo.io, Inc., subject to the terms and conditions acceptable to the County Attorney.

Item Summary:

Purpose: Pursuant to State law, counties are authorized to expend funds for purposes of locating industrial and commercial facilities in the County. The Board of Commissioners must hold a public hearing before approving a business development grant agreement.

Background: On December 3, 2018, Pendo.io, Inc. announced it will locate its headquarters in Wake County and create 590 new jobs with an average salary of \$86,824 by the end of 2023 and an estimated \$34.5 million in new investment. Pendo has set out to provide the most complete platform for digital product teams, a set of roles including product management and UX that are gaining importance within modern technology organizations but traditionally underserved by software. Targeting a high value challenge for an underserved role has propelled Pendo from idea to one of the fastest growing startups in the country in just four years. Today, Pendo's product cloud powers 600+ product organizations with companies like Realtor.com, Marketo, Zendesk and Atlassian. In June 2018, Pendo announced the product cloud alliance, the industry's first coalition of vendors providing purpose-built tools for digital product teams. By working together, Pendo hopes to elevate the profile and performance of product management disciplines.

Partners in this agreement include:

- NC Department of Commerce JDIG program
- Wake County Economic Development
- City of Raleigh
- North Carolina Community College System
- Capital Area Workforce Development Board

Board Goal: This action implements Objective ES1: Support Wake County Economic Development's efforts to bring targeted jobs and businesses to Wake County.

Fiscal Impact: The County agrees to an economic development grant of 35% of new tax growth over 5 years totaling an estimated \$395,780. The first annual reimbursement is expected to be requested in FY 2022. Funding has been incorporated in the development of the FY 2020-26 County Capital CIP.

Additional Information:

On September 17, 2018, 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.

Pendo.io, Inc. qualifies for a grant consistent with the state match provision of the Wake County Business Development Grant Policy. In order to receive grant payment from the County, in each Grant Year, Pendo.io, Inc. must meet performance criteria as outlined in the County's agreement. These performance criteria include:

1. Completed New investment (> \$5 million)
2. New job creation (at least 25 new jobs with average wages of 100% of Wake County's average wage)
3. Payment in full of Wake County property taxes for all previous and current years in which taxes are owed
4. Qualification for JDIG payment

Based on the draft contract, Pendo.io, Inc. would receive their first grant payment upon submittal of appropriate documentation to the Wake County Revenue Collector. The first payments would likely be for tax year 2022 when the new investment exceeds \$34.5 million 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 Revenue Director. The draft contract with Pendo.io., Inc. is developed similar to prior Business Development Grant Agreements that provide a grant for projects requiring a state match.

TAX YEAR	TOTAL NEW ASSESSED VALUE <i>(Estimate)</i>	WAKE COUNTY TAX <i>0.006544 (May change)</i>	INCENTIVE PERCENTAGE	GRANT AMOUNT <i>(Estimate)</i>
1	\$ 34,560,000	\$ 226,160	35%	\$ 79,156
2	\$ 34,560,000	\$ 226,160	35%	\$ 79,156
3	\$ 34,560,000	\$ 226,160	35%	\$ 79,156
4	\$ 34,560,000	\$ 226,160	35%	\$ 79,156
5	\$ 34,560,000	\$ 226,160	35%	\$ 79,156
Total		\$ 1,130,800		\$ 395,780

Pendo.io., Inc. was awarded a \$8.8 million grant from the State of North Carolina and an incentive from the municipality in which the company locates.

Attachments:

1. Presentation
2. Wake County/Pendo.io Inc. Business Development Grant Agreement
3. Wake County Business Dev. Grant Policy (Amended October 1, 2018)