

Item Title: Public Hearing and Consideration of Business Development Grant Agreement for Microsoft Corporation

Specific Action Requested:

That the Board of Commissioners holds a public hearing and approves a Business Development Grant Agreement with Microsoft Corporation, 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.

Background: On December 17, 2019, Microsoft Corporation. announced it will establish a facility in Wake County for software engineering and development and create 500 new jobs with an average salary of \$125,000 by the end of 2027 and an estimated \$50 million in new investment.

The Microsoft Corporation is a worldwide leader in software, services, devices and solutions. The Company employs approximately 141,000 people worldwide (approximately 84,000 in the United States) and has operations in 122 countries. The Company ranked #7 on Fortune's Best Global Companies to Work For and has large-scale employee programs promoting diversity, charity, well-being, and many other areas beneficial to overall employee happiness. Microsoft has a wide array of philanthropic initiatives centered around the betterment of both the communities in which they operate, and around the globe. Last year, the Company donated over \$1.4 B in software and services, helping nonprofit organizations access essential technology and skills.

Partners in this incentive agreement:

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

Board Goal: This action supports 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 50% of new tax growth over 8 years totaling an estimated \$1,441,400. The first annual reimbursement is expected to be requested in FY 2023.

Funds would be generated from property tax base growth, and the incentive would be budgeted and paid back to Microsoft through the Economic Development element within the County Capital Fund.

Additional Information:

On August 19, 2019, 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.

Microsoft Corporation qualifies for a grant consistent with Tier 1 (Super Jobs) of the Wake County Business Development Grant Policy. In order to receive grant payment from the County, in each Grant Year, Microsoft Corporation must meet performance criteria as outlined in the County's agreement. These performance criteria include:

1. Completed New investment (> \$50 million)
2. New job creation (at least 250 new jobs with average wages of 200% 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, Microsoft Corporation 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 \$50 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 Microsoft Corporation is developed similar to prior Business Development Grant Agreements that provide a grant for projects in Tier 1 (Super Jobs).

<u>Tax Year</u>	TOTAL NEW ASSESSED VALUE <i>(Estimate)</i>	WAKE COUNTY TAX <i>0.007207 (May change)</i>	INCENTIVE PERCENTAGE	GRANT AMOUNT <i>(Estimate)</i>
-				
1	\$ 50,000,000	\$ 360,350	50%	\$ 180,175
2	\$ 50,000,000	\$ 360,350	50%	\$ 180,175
3	\$ 50,000,000	\$ 360,350	50%	\$ 180,175
4	\$ 50,000,000	\$ 360,350	50%	\$ 180,175
5	\$ 50,000,000	\$ 360,350	50%	\$ 180,175
6	\$ 50,000,000	\$ 360,350	50%	\$ 180,175
7	\$ 50,000,000	\$ 360,350	50%	\$ 180,175
8	\$ 50,000,000	\$ 360,350	50%	\$ 180,175
Total		\$ 2,882,800		\$ 1,441,400

Microsoft Corporation was awarded a grant from the State of North Carolina and an incentive from the municipality in which the company locates.

Attachments:

1. Presentation
2. Wake County/Microsoft Corporation Business Development Grant Agreement
3. Wake County Business Development Grant Policy (Amended September 3, 2019)