

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

**Specific Action Requested:**  
**That the Board of Commissioners:**

- 1. Holds a public hearing and approves a Business Development Grant Agreement with Bandwidth, Inc., subject to the terms and conditions acceptable to the County Attorney.**
- 2. Instructs staff to continue receiving public comments until July 7, 2020 at 5:00pm, and to place this agreement on the agenda of the Board's next regular meeting.**

**Item Summary:**

**Purpose:** Pursuant to State law, counties are authorized to expend funds for purposes of locating industrial and commercial facilities in the County. On April 7, 2020, Bandwidth, Inc. announced it will construct a new facility in Wake County for software engineering and development and create 1,165 new jobs with an average salary of \$96,832 and an estimated \$106,426,500 million in new investment.

**Background:** Bandwidth, Inc. connects businesses and consumers with a communications platform as a service ("CPaaS"). Its networking technology is utilized by major names such as Google, Microsoft, Cisco and Zoom. The fast-growing company reported \$232.6 million in revenue for 2019, up 14% from 2018. Bandwidth has been based in Raleigh since its founding 20 years ago, and its workforce currently totals more than 750.

**Partners:**

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

**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 \$2,554,236. Funds would be generated from property tax base growth, and the incentive would be budgeted and paid back to Bandwidth, Inc. through the Economic Development element within the County Capital Fund.

### **Additional Information:**

On September 16, 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.

Bandwidth, Inc. qualifies for a grant consistent with a Tier 2 Grant of the Wake County Business Development Grant Policy. In order to receive grant payment from the County, in each Grant Year, Bandwidth, Inc. must meet performance criteria as outlined in the County's agreement. These performance criteria include:

1. Completed New investment (> \$106,426,500 million)
2. New job creation (at least 1,165 new jobs with average wages of 120% 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, Bandwidth, Inc. would receive their first grant payment upon submittal of appropriate documentation to the Wake County Tax Administrator. The first payments would likely be for tax year 2025 when the new investment exceeds \$106,426,500 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 Tax Administrator. The draft contract with Bandwidth, Inc. is developed similar to prior Business Development Grant Agreements that provide a grant for projects in Tier 2.

<b><u>Tax Year</u></b>	<b>TOTAL NEW ASSESSED VALUE (Estimate)</b>	<b>WAKE COUNTY TAX 0.006000 (May change)</b>	<b>INCENTIVE PERCENTAGE</b>	<b>GRANT AMOUNT (Estimate)</b>
-				
1	\$106,426,500	\$638,559	50%	\$319,280
2	\$106,426,500	\$638,559	50%	\$319,280
3	\$106,426,500	\$638,559	50%	\$319,280
4	\$106,426,500	\$638,559	50%	\$319,280
5	\$106,426,500	\$638,559	50%	\$319,280
6	\$106,426,500	\$638,559	50%	\$319,280
7	\$106,426,500	\$638,559	50%	\$319,280
8	\$106,426,500	\$638,559	50%	\$319,280
<b>Total</b>		<b>\$5,108,472</b>		<b>\$2,554,236</b>

Bandwidth, Inc. was awarded a \$32,279,250 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/Bandwidth, Inc. Business Development Grant Agreement
3. Wake County Business Development Grant Policy (Amended September 3, 2019)