

**Item Title:** Consideration of Business Development Grant Agreement for FUJIFILM Diosynth Biotechnologies U.S.A., Inc.

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

- 1. Receives all public hearing comments submitted up to April 20, 2021 at 5:00pm.**
- 2. Approves a Business Development Grant Agreement with FUJIFILM Diosynth Biotechnologies U.S.A., 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.

**Background:** On March 18, 2021, FUJIFILM Diosynth Biotechnologies U.S.A., Inc., announced it will construct a new large-scale biopharmaceutical manufacturing facility in Wake County for and create 700 new jobs with an average salary of \$99,000 and an estimated \$1.5 billion in new investment. FUJIFILM Diosynth Biotechnologies U.S.A., Inc., is a contract development and manufacturing (CDMO) company. Their focus is to combine technical leadership in cell culture, microbial fermentation and gene therapies with world class current good manufacturing practices (cGMP) manufacturing facilities to advance tomorrow's medicines. As a CDMO, their focus is to combine technical leadership in cell culture, microbial fermentation and gene therapies with world class cGMP manufacturing 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

Partners in this agreement:

- Town of Holly Springs
- Wake County Economic Development, Raleigh Chamber
- NC Dept. of Commerce
- NC Dept. of Environmental Quality
- Economic Development Partnership of NC
- NC Dept. of Transportation
- Golden LEAF Foundation \*pending
- North Carolina Community College System
- Wake Tech
- NC State University

- North Carolina Biotechnology Center
- Capital Area Workforce Development
- Duke Energy
- UNC Chapel Hill
- Duke University
- North Carolina Central University
- North Carolina Japan Center

**Board Goal:** This action supports Economic Strength Goal 3: Support economic development efforts to bring diverse jobs, talent, businesses, and visitors to Wake County.

**Fiscal Impact:** The County agrees to an economic development grant of 50% of new tax growth over 10 years totaling an estimated \$45,000,000 based on a \$1,500,000,000 appraised value of investment.

The company is also eligible for an Upward Mobility Bonus which includes an additional 5% over the term of the incentive if the company qualifies. Wake County would consider an additional \$4,500,000 to be paid over the life of the grant.

The total agreed-upon incentive, based on the \$1,500,000,000 appraised improvements and the qualification for the Upward Mobility Bonus is \$49,500,000 over 10 years.

### **Additional Information:**

On December 7, 2020, 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.

FUJIFILM Diosynth Biotechnologies U.S.A., 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, FUJIFILM Diosynth Biotechnologies U.S.A., Inc., must meet performance criteria as outlined in the County's agreement. These performance criteria include:

1. Completed New investment (> \$1,500,000,000)
2. New job creation (at least 700 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, FUJIFILM Diosynth Biotechnologies U.S.A., 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 2027 when the new investment exceeds \$1,500,000,000 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.

The contract with FUJIFILM Diosynth Biotechnologies U.S.A., Inc. is structured in an innovative manner to assist the company with early year production costs and revenue streaming. The County has agreed to increase the grant percentage to 80% in the first five years, while reducing the percentage to 20% in the last five years.

#### Wake County Tier 2 Business Investment Grant

<b><u>Tax Year</u></b>	<b>TOTAL NEW ASSESSED VALUE</b> <i>(Estimate)</i>	<b>WAKE COUNTY TAX</b> <i>0.0060 (May change)</i>	<b>INCENTIVE PERCENTAGE</b>	<b>GRANT AMOUNT</b> <i>(Estimate)</i>
-				
1	\$ 1,500,000,000	\$ 9,000,000	80%	\$ 7,200,000
2	\$ 1,500,000,000	\$ 9,000,000	80%	\$ 7,200,000
3	\$ 1,500,000,000	\$ 9,000,000	80%	\$ 7,200,000
4	\$ 1,500,000,000	\$ 9,000,000	80%	\$ 7,200,000
5	\$ 1,500,000,000	\$ 9,000,000	80%	\$ 7,200,000
6	\$ 1,500,000,000	\$ 9,000,000	20%	\$ 1,800,000
7	\$ 1,500,000,000	\$ 9,000,000	20%	\$ 1,800,000
8	\$ 1,500,000,000	\$ 9,000,000	20%	\$ 1,800,000
9	\$ 1,500,000,000	\$ 9,000,000	20%	\$ 1,800,000
10	\$ 1,500,000,000	\$ 9,000,000	20%	\$ 1,800,000
Total		\$ 90,000,000		\$ 45,000,000

#### Wake County Upward Mobility Bonus

<b><u>Tax Year</u></b>	<b>TOTAL NEW ASSESSED VALUE</b> <i>(Estimate)</i>	<b>WAKE COUNTY TAX</b> <i>0.0060 (May change)</i>	<b>INCENTIVE PERCENTAGE</b>	<b>GRANT AMOUNT</b> <i>(Estimate)</i>
-				
1	\$ 1,500,000,000	\$ 9,000,000	5%	\$ 450,000
2	\$ 1,500,000,000	\$ 9,000,000	5%	\$ 450,000
3	\$ 1,500,000,000	\$ 9,000,000	5%	\$ 450,000
4	\$ 1,500,000,000	\$ 9,000,000	5%	\$ 450,000
5	\$ 1,500,000,000	\$ 9,000,000	5%	\$ 450,000
6	\$ 1,500,000,000	\$ 9,000,000	5%	\$ 450,000
7	\$ 1,500,000,000	\$ 9,000,000	5%	\$ 450,000
8	\$ 1,500,000,000	\$ 9,000,000	5%	\$ 450,000
9	\$ 1,500,000,000	\$ 9,000,000	5%	\$ 450,000
10	\$ 1,500,000,000	\$ 9,000,000	5%	\$ 450,000
Total		\$ 90,000,000		\$ 4,500,000

FUJIFILM Diosynth Biotechnologies U.S.A., Inc. was awarded a \$19,724,250 million grant from the State of North Carolina and an incentives package from the Town of Holly Springs.

**Attachments:**

1. Presentation
2. Wake County / FUJIFILM Diosynth Biotechnologies U.S.A., Inc. Business Development Grant Agreement
3. Wake County Business Development Grant Policy (Amended September 3, 2019)