

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

Specific Action Requested:

That the Board of Commissioners holds a public hearing and approves a Business Development Grant Agreement with Gilead Sciences, 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 February 9, 2021, Gilead Sciences, Inc. announced it will establish a facility in Wake County for new share-service operations that would support the company's strategic operations throughout the U.S. A majority of the operation includes computer systems design and related services (IT/Software), and accounting, tax preparation, bookkeeping, and payroll services. The company will create 275 new jobs with an average salary of \$127,958 by the end of 2023 and an estimated \$5 million in new investment. Gilead Sciences, Inc. company is a Public Fortune 150 company in the biotech industry, with over \$10 billion in annual revenue. The company has over 10,000 employees worldwide, and has a headquarters outside of North Carolina

Partners in this agreement:

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

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 35% of new tax growth over 5 years totaling an estimated \$52,500. Funds would be generated from property tax base growth, and the incentive would be budgeted and paid back to Gilead Sciences, Inc. through the Economic Development element within the County Capital Fund.

Additional Information:

On October 5, 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.

Gilead Sciences, Inc. qualifies for a grant consistent with the State Match Tier of the Wake County Business Development Grant Policy. In order to receive grant payment from the County, in each Grant Year, Gilead Sciences, 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, Gilead Sciences, 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 2023 when the new investment exceeds \$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 Tax Administrator. The draft contract with Gilead Sciences, Inc is developed similar to prior Business Development Grant Agreements that provide a grant for projects in the State Match Tier.

<u>Tax Year</u>	TOTAL NEW ASSESSED VALUE <i>(Estimate)</i>	WAKE COUNTY TAX <i>0.0060 (May change)</i>	INCENTIVE PERCENTAGE	GRANT AMOUNT <i>(Estimate)</i>
-				
1	\$ 5,000,000	\$ 30,000	35%	\$ 10,500
2	\$ 5,000,000	\$ 30,000	35%	\$ 10,500
3	\$ 5,000,000	\$ 30,000	35%	\$ 10,500
4	\$ 5,000,000	\$ 30,000	35%	\$ 10,500
5	\$ 5,000,000	\$ 30,000	35%	\$ 10,500
Total		\$ 150,000		\$ 52,500

Gilead Sciences, Inc. was awarded a \$9,997,500 million grant from the State of North Carolina.

Attachments:

1. Wake County/Gilead Sciences Inc. Business Development Grant Agreement
2. Wake County Business Development Grant Policy (Amended September 3, 2019)