

ORANGE COUNTY BOARD OF COMMISSIONERS

AGENDA

BOCC Special Meeting
July 23, 2019
Meeting – 7:00 p.m.
Richard Whitted Meeting Facility
300 West Tryon Street
Hillsborough, NC

- | | | |
|---------------|----|---|
| (7:00 – 7:05) | | Call to Order |
| (7:05 – 7:45) | 1. | Public Hearing and Decision Regarding an Economic Development Recruitment Incentive for ABB, Inc. |
| (7:45) | 2. | Adjourn |

Orange County Board of Commissioners' regular meetings and work sessions are available via live streaming video at orangecountync.gov/967/Meeting-Videos and Orange County Gov-TV on channels 1301 or 97.6 (Spectrum Cable).

**ORANGE COUNTY
BOARD OF COMMISSIONERS**

ACTION AGENDA ITEM ABSTRACT

Meeting Date: July 23, 2019

**Action Agenda
Item No. 1**

SUBJECT: Public Hearing and Decision Regarding an Economic Development Recruitment Incentive for ABB, Inc.

DEPARTMENT: Economic Development
Department, Manager's Office,
Attorney's Office

ATTACHMENT(S):

- A. Performance Agreement between Orange County & ABB, Inc.
- B. Powerpoint Brief Summary
- C. ABB, Inc. Detailed Project Overview
- D. Public Hearing Notice
- E. Orange County News Release

INFORMATION CONTACT:

Steve Brantley, Economic Development
Director, (919) 245-2326
Travis Myren, Deputy County Manager,
(919) 245-2308

PURPOSE: To:

- 1) Conduct a public hearing on the issuance of a performance-based economic development incentive by the County to a private company; and
- 2) Consider approval of a proposed five-year performance-based incentive agreement, with claw-back provisions, for the recruitment of ABB, Inc.'s manufacturing facility expansion in Orange County.

BACKGROUND: Local and state government in North Carolina have the goal to promote economic development by encouraging the location of new businesses and the expansion of existing businesses. This activity serves to diversify the local tax base, increase employment opportunities and introduce desired job skills and related benefits to a community for the benefit of its residents. The Local Government Act, North Carolina General Statute (NCGS) 158-7.1 outlines the requirements of public hearings, and NCGS 158-7.1(a) specifically addresses the requirement that economic development appropriations *"must be determined by the governing body of the city or county to increase the population, taxable property, agriculture industries, employment, industrial output, or business prospects of the city or county"*. This public hearing has been scheduled in compliance.

Project Description:

ABB, Inc., with an existing 400,000 square foot manufacturing facility located in western Orange County, plans to invest \$39.9 million to update the existing manufacturing facility and expand the Company's total facility size by an additional 200,000 square feet. ABB also plans to add 403 new jobs over the next 5 years of operation at this facility. These jobs will include production, maintenance, office, and management staff and have an average salary of \$70,789 per year.

The ABB, Inc. plant in Orange County ranks as the County's largest private employer, with nearly 600 current associates, who hold the highest average salaried manufacturing jobs in the County. The original plant was acquired in June 2018 from General Electric's Industrial Solutions division.

Under ABB's new management, in mid-2019, the Company hired the Deloitte U.S. site selection consulting firm to assist in the evaluation of ABB expanding operations either at the Company's competing Senatobia, Mississippi location or at the Orange County, NC plant. This competitive site search, code named "Project Clear Blue Sky", evaluated consolidating operations into one U.S. hub for the manufacturing, engineering, & related electrical products of ABB's "Distribution Services" line. As part of the location evaluation, ABB considered financial inducement proposals from the State of North Carolina, Orange County and the City of Mebane.

The proposed incentive will be performance-based with respect to the County's annual verification of ABB's targeted increases in (1) employment, wages & benefits, and, (2) new taxable real & personal property value over the next five years, as the Company expands its Mebane presence. Incentives would only be paid following confirmation of the Company's required annual growth measures.

Basis to Calculate the Value of Orange County Performance-Based Incentives:

- (1) INVESTMENT – ABB will increase property valuation by at least \$24,300,000 in real property and at least \$15,600,000 in personal property, to total \$39,900,000 over 5 years as detailed in the table below. If these real and personal property valuation targets are not achieved, the proposed annual incentive payment will be reduced proportionally.

Investment	2019	2020	2021	Total
Real Property	\$5,000,000	\$16,600,000	\$2,700,000	\$24,300,000
Personal Property	\$200,000	\$10,200,000	\$5,200,000	\$15,600,000
Total	\$5,200,000	\$26,800,000	\$7,900,000	\$39,900,000

- (2) EMPLOYMENT - ABB will add net new employment consistent with the job growth chart below. If annual job targets are not achieved, the annual incentive payment will be reduced by \$500 per full time equivalent employee not hired. By year #5, the Company will create 403 new positions with an average salary of \$70,789 per year.

	Employment Projections				
	1 st Year 2020	2 nd Year 2021	3 rd Year 2022	4 th Year 2023	5 th Year 2024
New Full Time Jobs	104	274	8	8	9

The proposed inducement payment will be in the form of a performance-based grant paid over a five (5) year period at an amount equal to 75% of ABB's projected net increase in real & personal property tax valuation. This specific formula represents the County's current incentive policy that has been offered in the past to other industrial and commercial prospects. It ensures that annual tax revenues from this project's additional investment, net of annual incentive payments, remain positive in all years of the incentive agreement.

A company representative has been invited to attend tonight's meeting and will be available for comment and questions.

Orange County Revenue Projections (5 Years)						
	<u>1st Year</u> 2020	<u>2nd Year</u> 2021	<u>3rd Year</u> 2022	<u>4th Year</u> 2023	<u>5th Year</u> 2024	<u>TOTAL</u>
New Property Tax Revenues	\$45,131	\$277,554	\$337,110	\$324,489	\$312,679	\$1,296,963
Incentive Payments	-\$33,848	-\$208,166	-\$252,832	-\$243,367	-\$234,509	-\$972,722
Annual Net Revenues	\$11,283	\$69,289	\$84,277	\$81,122	\$78,170	\$324,241

Orange County Revenue Projections (10 Years)	
New Property Tax Revenues	\$2,706,336
Incentive Payments	-\$972,722
Annual Net Revenues	\$1,733,614

Additional Partners' Participation:

The State of North Carolina's "Economic Investment Committee" approved the following State incentives for ABB, Inc. at the North Carolina Department of Commerce's July 10th meeting. Immediately following this event, a public announcement was held at the State Capitol Building in Raleigh, which was led by North Carolina Governor Roy Cooper, and attended by representatives from ABB, Inc., Orange County and the City of Mebane. The public announcement addressed ABB's decision to expand the Company's existing facility located in Orange County, instead of the competing location in Mississippi, subject to approval of local government incentives.

State of North Carolina – Incentives	
Sales Tax Exemption on Machinery & Equipment	\$1,053,000
Jobs Development Investment Grant	\$4,369,500
Rural Division Building Reuse Grant *(forgivable loan)	\$500,000
N.C. Community College System's Customized Training	\$644,800

***Note Regarding the State of N.C.'s "Rural Division Building Reuse Grant":**

Orange County will have a managerial role as the "grant administrator" for the State of North Carolina's "Rural Division Building Reuse Grant" offer to ABB, Inc. This program is intended to support the renovation or expansion of vacant buildings, or buildings occupied by a company operating in North Carolina for at least 12 months. The program, which must be administered by a local government entity, requires the local government to hold a Deed of Trust on the building. This can create a potential financial obligation on the local government in the event the Company does not perform as expected. As ABB incurs actual costs associated with the facility improvements it plans to make to the existing building, and creates new employment, the \$500,000 State grant will be passed through the County to the Company. The grant is in the form of a forgivable loan that is satisfied once ABB fulfills all investment and employment

requirements. To eliminate any financial risk for the County, the pass-through funds will not be requested from the State until the Company meets all investment and employment criteria and satisfies any other program requirements.

City of Mebane

ABB's existing facility is currently located within the City of Mebane's Extraterritorial Jurisdiction (ETJ). The Company has agreed to annexation and the City of Mebane will consider the following additional incentives at the August 5, 2019 City Council meeting and public hearing.

City of Mebane Incentives	
Performance Based Incentive	\$997,500
Waiver of Development Fees	\$150,000

FINANCIAL IMPACT: The attached Performance Agreement between Orange County and ABB, Inc. outlines a total financial impact of up to \$972,722 payable in five (5) annual installments. Actual annual payments will be based on the Company's investments that create new property tax value of at least \$24,300,000 in Real Property, and at least \$15,600,000 in new Personal Property, totaling a combined \$39,900,000 in new taxable value. Annual incentive payments by the County will be paid from net new property tax revenues generated by ABB, Inc. and from available Article 46 funds.

The Company will create at least Four Hundred Three (403) full-time jobs with an average annual salary of \$70,789 per year at the Mebane facility. Other economic benefit multipliers to the County include enhanced job skills for those employees through advanced technical training to be provided by the Orange County campus of Durham Technical Community College. Construction employment for the new 200,000 square foot facility, and renovations to the existing 400,000 square foot facility, will also create many additional skilled trade jobs.

SOCIAL JUSTICE IMPACT: The following Orange County Social Justice Goal is applicable to this item:

- **GOAL: ENSURE ECONOMIC SELF-SUFFICIENCY**
The creation and preservation of infrastructure, policies, programs and funding necessary for residents to provide shelter, food, clothing and medical care for themselves and their dependents.

RECOMMENDATION(S): The Manager recommends that the Board:

- (1) Conduct the Public Hearing and receive public comments;
- (2) Close the Public Hearing; and
- (3) Approve the five-year performance-based economic development incentive agreement between Orange County and the Company, ABB, Inc., subject to final review by the County Attorney, and authorize the Chair to sign the agreement on behalf of the County.

**STATE OF NORTH CAROLINA
ORANGE COUNTY**

**PERFORMANCE AGREEMENT BETWEEN ORANGE COUNTY, NORTH CAROLINA,
AND ABB, INCORPORATED**

This Performance Agreement (“Agreement”) made and entered into this the ___ day of _____, 2019 by and between Orange County, a body politic existing under the laws of the State of North Carolina (“County”) and ABB, Inc., a multinational corporation, with facilities to be located in Mebane, Orange County, North Carolina (“Company”), for the purpose of incentivizing Company’s investment in Orange County.

Company is a multinational corporation situated and headquartered in Zurich, Switzerland, with North American headquarters in Cary, NC. Company’s Facility shall expand their existing electrical components manufacturing. Company represents it is duly authorized to conduct business in North Carolina. It is understood that the levels of performance required by this Agreement are to be met by Company as a whole at its Facility in Orange County. Accordingly, the term “Company” as used in this Agreement refers to the entire group at such Facility.

W I T N E S S E T H

THAT WHEREAS, the County has offered to the Company an inducement package as hereinafter set forth; and

WHEREAS, the State of North Carolina and the City of Mebane, North Carolina have offered separate inducement packages to the Company; and

WHEREAS, Pursuant to G.S. Section 153A-449, 158-7.1, and 158-7.2, as construed by the North Carolina Supreme Court in its opinion in *Maready v. The City of Winston-Salem, et al*, 342 N.C. 708 (1996), and other judicial authority, the County may enter into an agreement with the Company in connection therewith; and

WHEREAS, the County finds that awarding the Company a grant based on its Total Taxable Investment will increase the taxable property base for the County and help create new jobs in the County at the agreed average annual salary, all of which will result in an added and valued benefit to the taxpayers of the County; and

WHEREAS, but for the offer of an inducement package the Company would not be locating its manufacturing facility within Orange County.

NOW, THEREFORE, the parties hereto in consideration of these mutual covenants and agreements passing from each to the other do hereby agree as follows:

1. **DEFINITIONS.** As used in this Agreement the terms below will have the following meanings:
 - A. “Affiliate.” A company that the Company controls, controls the Company, or is under common control with the Company.

- B. "Baseline Employment." Number of employees, _____, employed by Company as of the date of execution of this Agreement.
- C. "Baseline Valuation." Current assessed valuation of the Subject Property as assessed by the Orange County Tax Administrator prior to the investment contemplated in this Agreement. Upon revaluation by the County the Baseline Valuation shall be adjusted as determined by the Orange County Tax Administrator.
- D. "Commencement Date." The date in which the Company begins actual production operations at the Subject Property, after having obtained applicable governmental approvals, certificates of zoning compliance, and certificates of occupancy. Unless delayed by causes beyond the control of the Company, the Commencement Date is anticipated to be no later than December 31, 2020.
- E. "Company." ABB, Inc. and includes its affiliates, successors, and assigns.
- F. "Eligible Property." Includes (a) the Subject Property (as defined in Exhibit D, Legal Description of Real Property), other real property in the County, and all improvements the Company or an Affiliate of the Company constructs or installs, or causes to be constructed or installed, at the Subject Property or such other real property, including all buildings, building systems, and building improvements, and (b) all personal property (as defined in Exhibit C, Personal Property) the Company or an Affiliate of the Company purchases or leases and installs, at or relocates to, the Facility or such other real property. Does not include property valued for the Baseline Valuation.
- G. "Grant." An economic incentive grant to the County pursuant to Section 2 of this Agreement.
- H. "Inducement Grant." An economic development grant provided to Company for the purpose of securing the Company's location of its manufacturing facility in Orange County, North Carolina.
- I. "Minimum Taxable Investment." The aggregate Qualifying Expenditures made by the Company that Company anticipates will be made annually as reflected in Exhibit B and verified by the Orange County Tax Assessor and which will be used for calculating the annual Inducement Grant payment.
- J. "Orange County Facility" or "Facility." The Company constructed and/or owned primary and secondary structures, utilities, and operations and service areas situated on the Subject Property in Mebane, Orange County, North Carolina in and on which Company conducts its business and/or operations.
- K. "Person." Any individual, partnership, trust, estate, association, limited liability company, corporation, custodian, nominee, governmental instrumentality or agency, body politic or any other entity in its own or any representative capacity.
- L. "Personal Property." All personal property the Company or an Affiliate owns or leases located at the Facility, including all (a) machinery and equipment, (b) furniture, furnishings, and fixtures, (c) property that is capitalized for federal or state income tax

purposes, (d) all additions to any of the foregoing, and all replacements of any of the foregoing in excess of \$100,000.

- M. "Qualifying Expenditure." All expenditures the Company, an Affiliate, or lessor to the Company or an Affiliate makes for Eligible Property which is subject to Tax in the County, and is not subject to an exemption or exclusion from Tax, that the Company uses.
- N. "State." The State of North Carolina.
- O. "Subject Property." The property on which Company constructs and/or operates the Orange County Facility.
- P. "Tax" or "Taxes." *Ad valorem* property tax levied on real and personal property located in the County pursuant to Article 25, Chapter 105 of the North Carolina General Statutes or any successor statute relating to *ad valorem* property tax the County levies on property.
- Q. "Term" or "Full Term." The duration of this Agreement meaning August, 2019 through and including January 31, 2025.
- R. "Total Taxable Investment." The taxable value of all Qualifying Expenditures made by Company in and to its Orange County Facility as of January 31, 2025.

2. INDUSTRIAL INVESTMENT AND EMPLOYMENT AGREEMENT

A. INVESTMENT

1. The Company anticipates it shall, during the term of this Agreement, directly invest a Minimum Taxable Investment annually in accordance with the investment plan attached as Exhibit B in addition to 2019 assessments in real and taxable business personal property as described in Exhibit C and Exhibit D. If the Company does not make the Total Taxable Investment by on or before January 31, 2025 (and as may be extended below), the amount of the Inducement Grants will be adjusted as provided in Subsection 2A3.
2. The Company shall achieve the Total Taxable Investment by January 31, 2025.
3. If total increase of taxable investment falls below the Minimum Taxable Investment levels, due to failure to meet the investment goals set forth in Exhibit B or removal of equipment, as assessed by the Orange County Tax Assessor, the amount of the following annual Inducement Grant installment payment will be reduced by a pro-rata percentage of the shortfall. The Baseline Valuation shall be excluded from calculations to determine whether the investment goals have been met.

B. EMPLOYMENT

1. On or before December 31, 2024, at least 403 persons will be employed in full-time positions at the Facility ("Jobs Minimum"). The number of full-time positions shall be evidenced by one or more Quarterly Tax and Wage Reports (Form NCUI 101) filed with the N.C. Employment Security Commission.

2. During the Term and at the expiration of this Agreement, the Company, and its Affiliates, shall employ, at the Facility in Orange County, new full time equivalent employees in accordance with Exhibit A. Employees counted toward the total numbers reflected in Exhibit A shall include only new employees of the Company employed and located at Company's Facility in Orange County, North Carolina provided such employees are employed in Orange County on a full time basis and are eligible to participate in Company sponsored health insurance programs. For purposes of this section "full time equivalent employees" shall be defined as actively employed individuals and shall not include vacant positions for which the Company is actively or otherwise recruiting and shall not include positions counted toward the Baseline Employment. It is understood that vacancies occur and that when such occur the Company will immediately, or as soon as is reasonably possible thereafter, fill said vacancies. The average wage of the 403 new full time equivalent employees shall be, as of the last day of this Agreement, at the annual rate of Seventy Thousand Seven Hundred Eighty-Nine dollars (\$70,789.00).

C. DEVELOPMENT GRANT PARTICIPATION: Where applicable, the Company agrees to partner, through the commitment to create new jobs, with Orange County and other applicable agencies to apply for development grants that will improve and/or add water, sewer, road or other necessary infrastructure in order to facilitate the successful completion of this project. The Company agrees to meet with program representatives, and to participate in the grant request process as necessary to secure the required funding.

D. GUARANTEED MINIMUM LEVEL OF PERFORMANCE: The Company agrees that its minimum level of performance pursuant to this Agreement shall be as set out in this Section 2. Furthermore, Company agrees that failure to meet the minimum level of new employment as reflected in Section 2B shall entitle the County to make reductions in inducement installments paid to the Company in an amount of Five Hundred dollars (\$500.00) per employee not hired as reflected in Exhibit A. Company further agrees that failure to meet the minimum level of direct investment as reflected in Section 2A shall entitle County to make pro rata reductions in inducement installments paid to the Company as set out in Section 3. It is agreed and understood by the parties hereto that the failure of the Company to meet the level of performance with respect to minimum level of investment or minimum level of new employment as specified herein shall not be considered a breach of this Agreement.

E. STATUTORY COMPLIANCE: The Company understands that the County's participation is contingent upon authority found in North Carolina General Statute 158-7.1 and other relevant North Carolina General Statutes and that should such statutory authority be withdrawn by the North Carolina General Assembly County may terminate this Agreement without penalty to County and without further compliance with this Agreement.

3. INDUCEMENT PACKAGE

A. COUNTY INDUCEMENT GRANT: Subject to the limitations set out herein the County, upon execution of this Agreement, shall provide to the Company an Inducement Grant to offset Facility development, expansion, and acquisition costs in an amount estimated at Nine Hundred Seventy-Two Thousand Seven Hundred Twenty-Two Dollars (\$972,722.00) payable in five installments. The estimated annual amount of each year's grant payment is shown in Exhibit B.

The first installment shall occur on January 31, 2020 upon receipt of proof, as described in Section 5 of this Agreement, that the minimum employment and investment numbers referenced in Section 2 of this Agreement have been met and proof that all outstanding local property taxes on the real and business personal property owned by the Company and located within Orange County, for which a bill for such taxes has been issued to the Company, have been paid. Subsequent annual installments will occur during the month of January for the term of this Agreement with the final installment occurring in January 2024. No installment shall be required to be paid until such time as County receives proof of the payment of all outstanding property taxes and verification of employment and investment levels has been submitted to the County. Subject to Section 3C the final Inducement Grant amount shall be determined based on the Company's Total Taxable Investment at the time of the final inducement installment and according to the formula in 3B.

B. TOTAL COUNTY COMMITMENT: The maximum amount of the Inducement Grant payment is based on the Total Taxable Investment by Company in an amount of Thirty-Nine Million Nine Hundred Thousand Dollars (\$39,900,000.00). The Inducement Grant payments shall be calculated based on the Company's Minimum Taxable Investment for the time period preceding the current Inducement Grant payment. County shall adjust the Inducement Grant payment amount according to the following formula: Amount of investment divided by 100 multiplied by the current ad valorem tax rate (currently \$0.8679 per \$100 of valuation) multiplied by 0.75 (percentage of inducement) multiplied by 5 (number of years). Utilizing this formula, and an estimate of depreciation as outlined in Exhibit B, a taxable investment currently estimated at Thirty-Nine Million Nine Hundred Thousand Dollars (\$39,900,000.00) would result in an Inducement Grant in the amount of Nine Hundred Seventy-Two Thousand Seven Hundred Twenty-Two Dollars (\$972,722.00) payable in 5 installments. Subject to 3C below, in the event the amount of taxable investment increases or decreases, the amount of inducement shall increase or decrease based on the formula specified herein, however the total amount of inducement shall not exceed Nine Hundred Seventy-Two Thousand Seven Hundred Twenty-Two Dollars (\$972,722.00). Further, this example assumes a static Total Taxable Investment of Thirty-Nine Million Nine Hundred Thousand Dollars (\$39,900,000.00) throughout the 5 year term. The formula specified herein shall be applied to the taxable investment annually during the term to determine the actual amount of the 5 inducement installments.

C. MAXIMUM COUNTY COMMITMENT: The Inducement Grant **SHALL NOT EXCEED** Nine Hundred Seventy-Two Thousand Seven Hundred Twenty-Two Dollars (\$972,722.00). This is the maximum allowable inducement amount based on an estimated Total Taxable Investment by the Company of Thirty-Nine Million Nine Hundred Thousand Dollars (\$39,900,000.00). This maximum amount may be reduced based on lower than anticipated investment by the Company.

4. EXPANSION OPPORTUNITY

Participation in this Agreement shall not exclude the Company from consideration for additional inducements from the County either during or upon completion of this Agreement. Future projects shall be considered on a case-by-case basis and induced at the discretion of the County based on new taxable investment and job creation in excess of the minimum levels outlined in Section 2 above. Any such agreement shall require a separate "Performance Agreement" which shall conform to all relevant North Carolina Statutes and/or Orange County Ordinances, Policies or Resolutions, shall be in writing, and shall be mutually agreed upon by the Parties.

5. PROOF AND CERTIFICATION

The officials of the parties to this Agreement shall furnish the necessary reports and certificates to verify that each party's respective goals are met. Acceptable forms of proof for taxable investment shall be the records of the County Tax Administrator. Acceptable forms of proof of payment of taxes shall be in the form of cancelled checks, and receipts of payment from the County Tax Administrator. Acceptable forms of proof for employment numbers shall be in the form of a notarized statement from a North Carolina licensed Certified Public Accountant and shall be verified by the North Carolina Employment Security Commission.

Until that date which is one (1) year following the date of the final Incentive Grant payment, the Company shall allow representatives of the County to enter the Facility during normal business hours upon forty-eight (48) hours prior notice for the purpose of confirming that the claimed investment and employment goals have been met. Company will not be held liable for injuries to representatives of the County while at the Facility.

6. REMEDY

A. INDUCEMENT PACKAGE: If the County does not meet and maintain the terms set forth in the inducement package, the Company has the option to the rights set forth in Section 11A of this Agreement upon thirty (30) days written notice to the County.

B. DELAY OF INDUCEMENT PACKAGE INITIATION: If the Company believes that it will not meet employment and investment goals that are to be met pursuant to this Agreement by June 30, 2020, the onset of this Agreement may be delayed up to one (1) year, at the option of the Company. Written notification of the exercise of this option to delay onset must be received by the County no later than June 30, 2020. In that event this Agreement shall initiate no later than June 30, 2021 and shall expire no later than January 31, 2025. In the event the employment and investment goals are not met due to causes beyond the control of the Company, the period in which such employment and investment goals are to be met may, upon written notice to, and agreement by the County, be tolled by the period of such delay, up to one (1) year, caused by such causes beyond the control of the Company (for purposes of this Section 6B causes beyond the control of the Company are limited to delay in completion of public works construction such as access road, utilities, water, and sewer lines). Notwithstanding anything else herein the Commencement Date shall not be beyond June 30, 2022. If Company cannot meet this this Agreement shall terminate automatically without fault or further obligation to County. Company shall remain free to negotiate a new incentive agreement with County based on new terms and timelines.

C. INVESTMENT AND EMPLOYMENT PACKAGE: If the Company does not meet and maintain either the investment or employment goals within the annual timetable set forth in this Agreement, and does not opt to delay the onset of this Agreement as described above, then the county will reduce the annual installment payment as set forth in Section 2D of this Agreement until such time as the Company once again meets both the investment and employment goals. Reduction shall be computed based on the percentage of the goal not met. In order to qualify for the full reimbursement, including recovery of any prior reductions, both investment and employment must meet or exceed the minimum standards outlined above prior to the natural termination of this Agreement.

7. SEVERABILITY

If any term or provision of this Agreement is held to be illegal, invalid, or unenforceable, the legality, validity, or enforceability of the remaining terms, or provisions of this Agreement shall not be affected thereby; and in lieu of such illegal, invalid or unenforceable term or provision, there shall be added by mutually agreed upon written amendment to this Agreement, a legal, valid, or enforceable term or provision, as similar as possible to the term or provision declared illegal, invalid, or unenforceable.

8. COMPLIANCE WITH THE LOCAL GOVERNMENT BUDGET AND FISCAL CONTROL ACT OF NORTH CAROLINA GENERAL STATUTES

All appropriations and expenditures pursuant to this Agreement shall be subject to the provisions of the Local Government Budget and Fiscal Control Act of the North Carolina General Statutes for cities and counties and shall be listed in the annual report submitted to the Local Government Commission by the County.

9. GOVERNING LAWS, DISPUTE RESOLUTION, & FORUM

This Agreement shall be governed and construed by the Laws of the State of North Carolina. Any action brought to enforce or contest any term or provision of this Agreement shall be brought in the North Carolina General Court of Justice sitting in Orange County, North Carolina. The Parties hereto stipulate to the jurisdiction of said court. It is agreed by the parties that no other court shall have jurisdiction or venue with respect to any claims, complaints, suits, or actions. Binding arbitration may not be initiated by either party, however, the parties may agree to nonbinding mediation of any dispute prior to the bringing of a claim, complaint, suit or action.

10. INDEMNIFICATION

The Company hereby agrees to indemnify, protect and save the County and its officers, directors, and employees harmless from all liability, obligations, losses, claims, damages, actions, suits, proceedings, costs and expenses, including reasonable attorneys' fees, arising out of, connected with, or resulting directly or indirectly from the business, construction, maintenance, or operations of the Company or the Facility or the transactions contemplated by or relating to this Agreement, including without limitation, the possession, condition, construction or use thereof, insofar as such matters relate to events subject to the control of the Company and not the County. The indemnification arising under this Article shall survive the Agreement's termination.

11. TERMINATION

A. COMPANY: Upon Company's meeting its Employment and Investment obligations as set out in Section 2 above and upon Company's certification to such and certification of the payment of all real and personal property taxes, as set out in Section 5 above, then upon the occurrence of any of the following events, the Company shall have the option of terminating this Agreement: Failure of the County, to provide the initial inducement installment as provided in Section 3 of this Agreement; or, under the same circumstances, failure of the County to make future inducement installments, as provided for in Section 3 of this

Agreement. Should the Company exercise its option to terminate this Agreement, pursuant to this Section for failure by the County, the Company shall be entitled to retain all funds paid to or for the benefit of the Company pursuant to this Agreement. On the other hand, should the Company terminate this Agreement for any reason other than the default by the County to provide for any inducement installment to the Company, the Company shall repay to the County all funds paid to or for the benefit of the Company pursuant to this Agreement. Thereafter, the County shall have no further obligation to make inducement installments annually or otherwise. Any such termination of this Agreement by the Company shall be in writing and shall meet notice requirements as set out herein.

B. COUNTY: The County shall have the option of terminating this Agreement upon any Abandonment of Operations by the Company, without penalty or further obligation to the County, which option shall be executed by giving written notice to the Company. Abandonment of Operations shall be defined as a period in excess of eight (8) weeks during which the Company's level of Full Time Equivalent Employees or Direct Investment goes below thirty percent (30%) of the guaranteed minimum levels of performance commitments for either Full Time Equivalent Employees or Direct Investment as reflected in Section 2 above. Notwithstanding the foregoing, if the aforesaid decline in the number of full time equivalent employees or the Company's failure to make the required direct investments is attributable to an overall national economic decline (as such may be recognized by the United States Bureau of Labor Statistics), this shall not be deemed an abandonment of operations entitling the County to terminate this Agreement, and the Company shall not be deemed in default. In such event, the Company's and the County's obligations shall be suspended for one year and resume thereafter. If after one year the aforesaid decline continues the County may declare an Abandonment of Operations and proceed as set forth herein.

C. NATURAL: In any event, the above terms notwithstanding, this Agreement shall terminate upon the 31st day of January of the year in which the final financial inducement installment is made.

12. LIMITATION OF COUNTY'S OBLIGATION

NO PROVISION OF THIS AGREEMENT SHALL BE CONSTRUED OR INTERPRETED AS CREATING A PLEDGE OF THE FAITH AND CREDIT OF THE COUNTY WITHIN THE MEANING OF ANY CONSTITUTIONAL DEBT LIMITATION. NO PROVISION OF THIS AGREEMENT SHALL BE CONSTRUED OR INTERPRETED AS DELEGATING GOVERNMENTAL POWERS NOR AS A DONATION OR A LENDING OF THE CREDIT OF THE COUNTY WITHIN THE MEANING OF THE STATE CONSTITUTION.

THIS AGREEMENT SHALL NOT DIRECTLY OR INDIRECTLY OR CONTINGENTLY OBLIGATE THE COUNTY TO MAKE ANY PAYMENTS BEYOND THOSE APPROPRIATED IN THE COUNTY'S SOLE DISCRETION FOR ANY FISCAL YEAR IN WHICH THIS AGREEMENT SHALL BE IN EFFECT.

NO PROVISION OF THIS AGREEMENT SHALL BE CONSTRUED TO PLEDGE OR TO CREATE A LIEN ON ANY CLASS OR SOURCE OF THE COUNTY'S MONEYS, NOR SHALL ANY PROVISION OF THE AGREEMENT RESTRICT TO ANY EXTENT PROHIBITED BY LAW, ANY ACTION OR RIGHT OF ACTION

ON THE PART OF ANY FUTURE COUNTY GOVERNING BODY.

TO THE EXTENT OF ANY CONFLICT BETWEEN THIS ARTICLE AND ANY OTHER PROVISION OF THIS AGREEMENT, THIS ARTICLE SHALL TAKE PRIORITY.

13. LIABILITY OF PUBLIC OFFICERS

No officer, agent or employee of the County or the Company shall be subject to any personal liability or accountability by reason of the execution of this Agreement or any other documents related to the transactions contemplated hereby. Such officers, agents, or employees shall be deemed to execute such documents in their official capacities only, and not in their individual capacities. This Section shall not relieve any such officer, agent or employee from the performance of any official duty provided by law.

14. MISCELLANEOUS

A. ENTIRE AGREEMENT: This Agreement, including all exhibits attached, constitutes the entire contract between the parties, and this Agreement shall not be amended except in writing signed by the Parties.

B. BINDING EFFECT: Subject to the specific provisions of this Agreement, this Agreement shall be binding upon and inure to the benefit of and be enforceable by the Parties and their respective successors and assigns.

C. TIME: Time is of the essence in this Agreement and each and all of its provisions.

D. CONSTRUCTION: Nothing in this Agreement shall be construed to the effect that the County has any right to influence the Company's business decisions or to receive business information from the Company (except as expressly provided in Section 2B and Section 5 hereof).

E. SIGNATURES: This Agreement together with any amendments or modifications may be executed electronically. All electronic signatures affixed hereto evidence the intent of the Parties to comply with Article 11A and Article 40 of North Carolina General Statute Chapter 66.

F. AUTHORITY: The parties and each person executing this Agreement on behalf thereof represent and warrant that they have the full right and authority to enter into this Agreement, which is binding, and to sign on behalf of the party indicated, and are acting on behalf of themselves, the constituent members and the successors and assigns of each of them. The parties shall reasonably assist one another and cooperate in the defense (should any defense ever be necessary) of this Agreement and/or the incentives granted hereunder, so as to support and in no way undercut the same.

G. FORCE MAJEURE: Subject to the provisions of Section 6 neither party shall be liable towards the other party for non-compliance with its contractual obligations hereunder, if and to the extent such non-compliance is directly attributable to events of force majeure. Events of force majeure are events or causes which are not under a party's reasonable control and render the execution of a party's obligations impossible. Each party shall forthwith inform the other

parties of the occurrence of a force majeure event preventing such party from complying with its contractual obligations. Force Majeure does not include failure of the Company to secure permitting necessary for the project to proceed.

15. COMPLIANCE WITH LAW

A. NON-DISCRIMINATION: Company shall at all times remain in compliance with all applicable local, state, and federal laws, rules, and regulations including but not limited to all state and federal anti-discrimination laws, policies, rules, and regulations and the Orange County Non-Discrimination Policy. Company shall not discriminate against any person based on age, race, ethnicity, color, national origin, religion, creed, sex, gender, gender identity, gender expression, marital status, familial status, source of income, disability, political affiliation, veteran status, and disabled veteran status. Any violation of this requirement is a breach of this Agreement and County may immediately terminate this Agreement without further obligation on the part of the County. This section is not intended to limit and does not limit the definition of breach to discrimination.

B. E-VERIFY, ISRAEL BOYCOTT, AND IRAN DIVESTMENT: By executing this Agreement Company affirms that Company, and any North Carolina Affiliates of Company, is and shall remain in compliance with Article 2 of Chapter 64 of the North Carolina General Statutes. By executing this Agreement Company certifies that Company, and any North Carolina Affiliates of Company, have not been identified, and have not utilized the services of any agent or subcontractor, on the list created by the North Carolina State Treasurer pursuant to Articles 6E and 6G of Chapter 147 of the North Carolina General Statutes.

16. NOTICES

Any notices pursuant to and/or required by this Agreement shall be in writing and shall be delivered via United States Mail, certified, return receipt requested:

If to Orange County;

If to _____, Inc.;

County Manager
 200 S. Cameron Street
 Hillsborough, NC 27278

Any addressee may designate additional or different addresses for communications by notice given under this Section to the other Party.

AGREEMENT REVIEWED AND ACCEPTED BY:

President

Attest:

_____, Inc.

Chair
Orange County Board of Commissioners

Attest: Donna Baker
Clerk to the Board
Orange County Commissioners

This instrument has been pre-audited in the manner required by the Local Government Budget and Fiscal Control Act.

Chief Financial Officer

Approved as to form and legal sufficiency.

Office of the County Attorney

EXHIBIT C – BUSINESS PERSONAL PROPERTY

Parcel Identification Number	9834088521
Address	6801 Industrial Drive, Mebane, NC 27302
2019 Orange County Personal Property Value	\$7,192,268

EXHIBIT D – DESCRIPTION OF REAL PROPERTY

Parcel Identification Number	9834088521
Address	6801 Industrial Drive, Mebane, NC 27302
Acreage	100.75
Building Size	400,000 SF
2019 Orange County Real Property Value	\$12,889,300



20171027000213880 DEED
 Bk:RB6383 Pg:392
 10/27/2017 02:28:54 PM 1/5

FILED Mark Chilton
 Register of Deeds, Orange Co., NC
 Recording Fee: \$26.00
 NC Real Estate TX: \$.00

Prepared by: Richard J. Archie
 WHITE & ALLEN, P.A.
 Mail to: Melissa Meyrowitz
 Weil, Gotshal & Manges LLP
 767 Fifth Avenue, New York,
 NY 10153

Property was/was not Grantors primary residence

NORTH CAROLINA

SPECIAL WARRANTY DEED

Orange

Excise Tax: Exempt, pursuant to NC
 statute §105-228.29

Parcel No.: 9834087459 (Tract 1) and
 9834189598 (Tract 2)

THIS DEED, made this 27th day of June, 2017, effective as
 of August 1, 2017 ("Effective Date"), by GENERAL ELECTRIC COMPANY,
 whose address is 1 River Road, Schenectady, New York 12345,
 Grantor; to INDUSTRIAL CONNECTIONS & SOLUTIONS LLC, whose address
 is 4200 Wildwood Parkway, Atlanta, GA 30339, Grantee;

W I T N E S S E T H:

That Grantor, for a valuable consideration paid by
 Grantee, the receipt of which is hereby acknowledged, has sold, and
 by these presents, does, as of the Effective Date, grant, bargain,
 sell and convey unto Grantee, his/her/their heirs and assigns, that
 parcel of land lying and being in MEBANE/ORANGE County, North

[300090-00032/1766068/1]
 WEIL:981720416/47890.0307

Submitted electronically by "Kennon Craver, PLLC"
 in compliance with North Carolina statutes governing recordable documents
 and the terms of the submitter agreement with the Orange County Register of Deeds.



Carolina, and more particularly described on Exhibit A attached hereto and incorporated herein by reference.

This property was conveyed to Grantor by Deed recorded in the above named County Registry in Book 228, Page 731; Book 228; Page 829; Book 228, Page 1031; Book 232, Page 586; Book 232, Page 590; and Book 241, Page 1432.

TO HAVE AND TO HOLD the aforesaid parcel of land and all privileges and appurtenances thereto belonging to the Grantee in fee simple.

And the Grantor covenants with the Grantee that Grantor has done nothing to impair such title as Grantor received, and Grantor will warrant and defend the title against the lawful claims of all persons claiming by, under or through Grantor, subject to taxes and other assessments, reservations in patents and all easements, rights-of-way, encumbrances, liens, covenants, conditions, restrictions, obligations and liabilities, and such additional exceptions as may be hereinafter stated. Title to the property hereinabove described is subject to the following additional exceptions:

None.

The designation Grantor and Grantee as used herein shall include said parties, their heirs, successors and assigns, and shall include singular, plural, masculine, feminine or neuter as



required by context. Grantor makes no other representations or warranties of any kind or nature, statutory express or implied.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

{300000-00032/1766068/1}

WEIL:1961720416/47890.0307



IN WITNESS WHEREOF, Grantor has duly executed the foregoing as of the day and year first above written.

GENERAL ELECTRIC COMPANY,
a New York corporation

By: [Signature]
Name: Aun Singapore
Title: Authorized Signatory

ACKNOWLEDGMENT

STATE OF CONNECTICUT)
) SS:
COUNTY OF Fairfield)

On the 07 day of June, 2017, before me, the undersigned, personally appeared Aun Singapore, who acknowledged himself/herself to be the Authorized Signatory of General Electric Company, a corporation, and that he/she, as such Authorized Signatory, being authorized so to do, executed the foregoing instruments for the purposes therein contained by signing the name of the corporation by himself/herself as Authorized Signatory.

In witness whereof I hereunto set my hand.

[Signature]
Notary Public
Date Commission Expires:





EXHIBIT A

Lying and being more particularly described as follows:

TRACT 1:

96 pages KV

BEING all of that tract of land, containing ~~96~~ 753 acres, more or less, labeled as "Sewer Easement Plat Property of General Electric Co." and shown on that plat dated July 13, 2011 by Jeffrey P. Williams, PLS, and recorded in Plat Book 109, Page 15, Office of the Register of Deeds of Orange County, North Carolina, being most of the property conveyed to Deed Book 228, Page 731, Office of the Register of Deeds of Orange County, North Carolina.

TRACT 2:

Being all of that tract of land, containing 4 acres, more or less, adjoining the lands of Albright, William Holman and Oldham and more particularly described in the deed recorded in Book 61, Page 47, Office of the Register of Deeds of Orange County, North Carolina. See also Deed Book 236, Page 784 and Deed Book 241, Page 1432, Office of the Register of Deeds of Orange County, North Carolina.

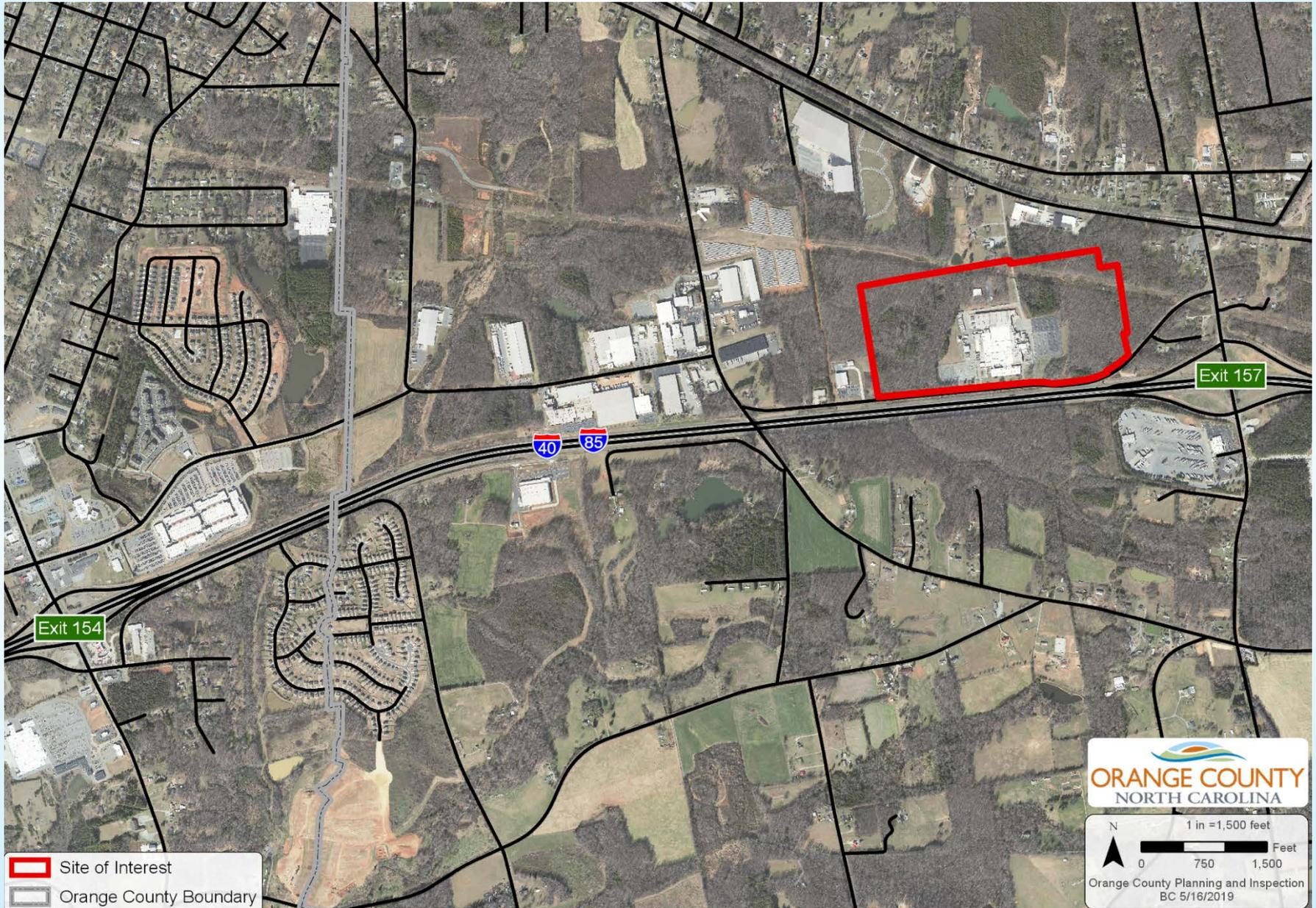


Proposal for Orange County's Financial Incentives for ABB, Inc.

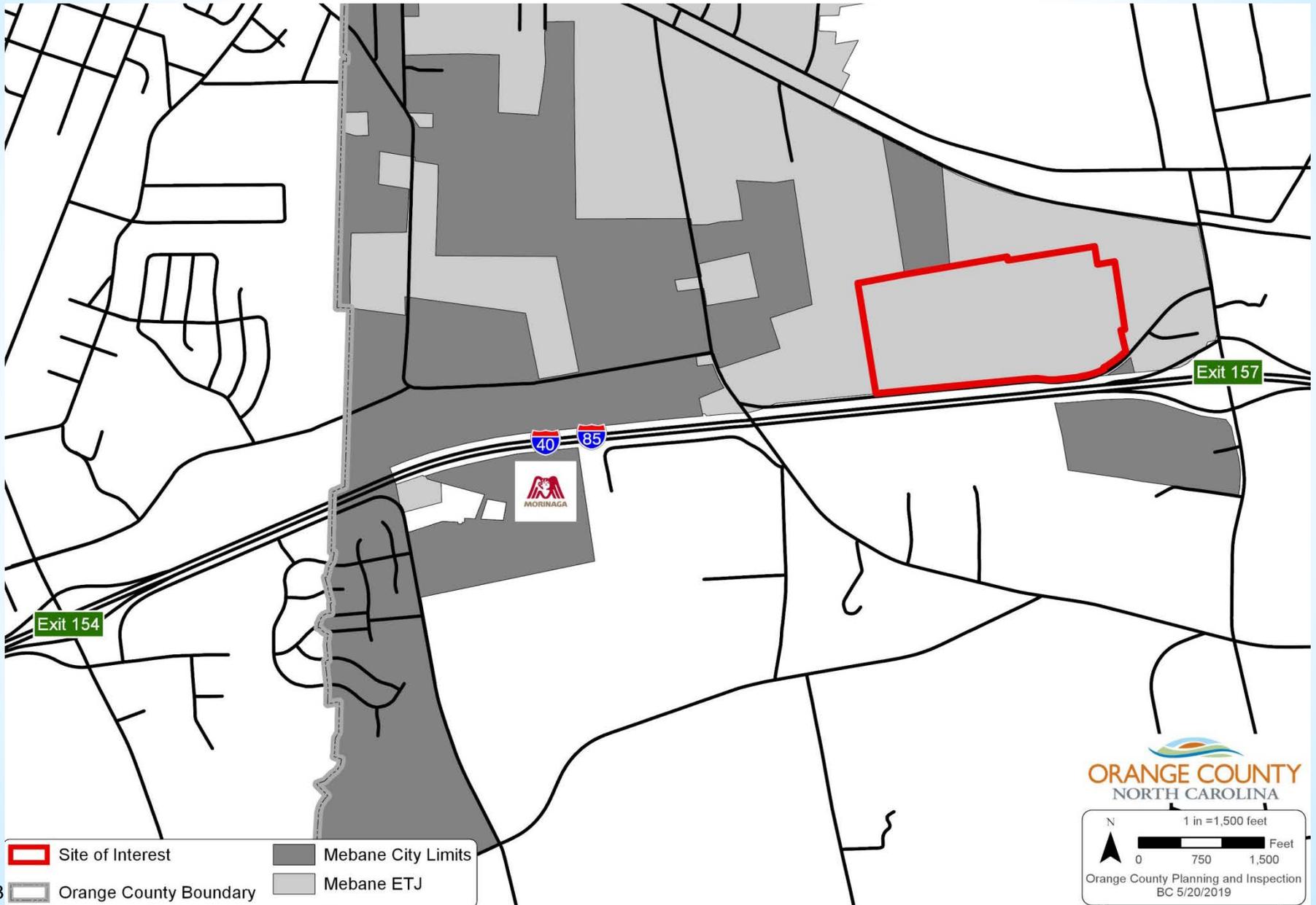
*Public Hearing by Orange County Board of
Commissioners
Whitted Building – Hillsborough, NC*

July 23, 2019

Location of ABB, Inc. in Orange County



Mebane City Limits & ETJ: ABB, Inc.



Description of ABB's "Project Clear Blue Sky"

- Consolidation into one U.S. hub of the manufacturing, engineering, & related electrical products of ABB's "Distribution Services" line.
- ABB hired consultant Deloitte U.S. to evaluate Mebane, NC versus a competing ABB site in Senatobia, MS.
- \$39.9 million in investment
 - \$24.3 MM in real property; \$15.6 MM in personal property
 - Forecast to occur in the first 3 years of operation
 - New building construction of 200,000 sq. ft. (approx. half of the investment)
 - Additional improvements to 400,000 sq. ft. existing building
 - Introduction of world-class sheet metal and copper fabrication equipment
 - Transfer of personal property (Relocation of existing machinery from another ABB plant to the Mebane plant; estimated at only 10-15% of the total M&E investment to be made)
- 378 new jobs in first 2 years, increasing to 403 jobs by 5th year
- \$70,789 average annual salary, plus benefits.
- Mebane operations would lose 110 jobs if MS site was selected.

Company History



- Multinational Swiss/Swedish company headquartered in Zurich, Switzerland
- Founded 130 years ago
- 147,000 employees globally
- Presence in over 100 countries
- 24,000 employees in the United States (2018)
 - 3,000 in North Carolina & \$45 million in annual payroll statewide
- 65 manufacturing locations in the United States (2018)
- Five market-leading entrepreneurial divisions:
 - Electrification Products
 - Power Grids (selling this division to Hitachi by 2020)
 - Industrial Automation
 - Robotics & Discrete Automation
 - Motion Control (Industrial motors & drives, traction control)

Company History

- Orange County, NC's **GE Industrial Solutions** was acquired in June 2018 to strengthen ABB's position in electrification globally, and expand access to the North America market
- ABB's U.S. operations are headquartered in Cary, N.C.; a significant financial backer of the North Carolina Theatre.
- With over 575 employees currently at ABB's site in Mebane, the firm is Orange County's #1 largest private employer, the largest manufacturing employer, and pays the highest average manufacturing salary among all industries in the County.



Outline of All Performance-Based Incentives

State of North Carolina	
Sales Tax Exemption on Machinery & Equipment	\$1,053,000
Jobs Development Investment Grant	\$4,369,500
Rural Division Building Reuse Grant (forgivable loan)	\$500,000
N.C. Community College System's Customized Training	\$644,800
Orange County	
Performance Based Incentive (as proposed)	\$972,722
City of Mebane	
Performance Based Incentive*	\$997,500
Waiver of Development Fees*	\$150,000
Total	\$8,687,522

*(Only available if the ABB site is annexed into Mebane's city limits)

Forecast of ABB's Capital Investment Schedule

New Taxable Investment (Real & Personal Property)

	2019	2020	2021	Total
Real Property	\$5,000,000	\$16,600,000	\$2,700,000	\$24,300,000
Personal Property	\$200,000	\$10,200,000	\$5,200,000	\$15,600,000
Total	\$5,200,000	\$26,800,000	\$7,900,000	\$39,900,000

Forecast of ABB's New Job Creation

Hiring Schedule for New Jobs, with Benefits

	2020	2021	2022	2023	2024	Total
Full-Time Jobs	104	274	8	8	9	403

Orange County's Performance-Based Incentive

Orange County Proposed Incentive

- *Performance-based incentive on outlined jobs (403) and capital investment (\$39,900,000)*
- *Up to \$972,722 paid out over 5 years upon verification of actual jobs and investment numbers per year*
- *Incentive value calculated at 75% of actual new property tax valuation*

Orange County's Performance-Based Incentive

State of N.C.'s Rural Division Building Reuse Incentive

- *This State program is intended to support the renovation or expansion of vacant buildings, or buildings occupied by a company operating in North Carolina for at least 12 months.*
- *Orange County would serve as the administrative entity for this State of North Carolina financial grant that is structured as a forgivable loan program, once ABB's new jobs are created.*
- *As ABB incurs actual costs associated with the facility improvements it plans to make to the existing building, and creates new employment, the \$500,000 State grant will be passed through the County to ABB.*
- *To eliminate any financial risk for the County, the pass-through funds will not be requested from the State until ABB meets all investment and employment criteria, and satisfies any other program requirements.*

Orange County's Performance-Based Incentive

Revenue Projections:

5-Year	2020	2021	2022	2023	2024	Total
Property Taxes Received	\$45,131	\$277,554	\$337,110	\$324,489	\$312,679	\$1,296,963
Incentive	-\$33,848	-\$208,166	-\$252,832	-\$243,367	-\$234,509	-\$972,722
Annual Net	\$11,283	\$69,389	\$84,277	\$81,122	\$78,170	\$324,241

10-Year Projections	
Property Taxes Received	\$2,706,336
Incentives	-\$972,722
Annual Net Revenues	\$1,733,614

Proposal for Orange County's Financial Incentives for ABB, Inc.

Questions & Discussion

Attachment C



**Orange County Board of Commissioners
Detailed Summary of Economic Development Recruitment
Project Clear Blue Sky
(ABB, Inc. plant expansion)**

July 23, 2019

Purpose:

- Expansion of the existing ABB, Inc. factory (former General Electric Industrial Energy Solutions) facility located in Orange County. (The current tax value of existing operations as of Jul 10, 2019 is \$20,081,568).
- Consideration of an inducement incentive (based on the County's standard incentives formula approved by the BOCC with similar manufacturing projects).

Incentive Proposal:

- Performance-based grant calculated at 75% of actual property tax valuation, for 5 years
- Orange County's estimated 5-year incentive total is \$972,722.00

Project Description:

- The ABB site search was assisted by the accounting consulting firm Deloitte US and the State of NC to conduct the project evaluation: Mississippi vs. North Carolina expansion.
- \$39.9 million in new capital investment (forecast to occur in the first 3 years of operation).
 - New building construction of 200,000 sq. ft. (approx. half of the investment)
 - Plus building improvements to the existing 400,000 sq. ft. factory
 - World-class sheet metal and copper fabrication equipment
 - Transfer of personal property
- 378 new jobs in first 2 years, increasing to 403 jobs by 5th year
- \$70,789.00 average annual salary, plus benefits.
- With Mebane site being selected, the current 400,000 sq. ft. footprint would be expanded by 50% and updated with world-class sheet metal and cooper fabrication equipment.
- ABB currently has 550 employees, and is the largest manufacturer, with the most advanced technology, and highest average salary, among all major industries in Orange County.

Project Competition:

- Competing site has been an existing ABB location in Senatobia, MS. Both state and local economic development agencies in Mississippi have provided meaningful incentive offers to the company to expand that facility.
- If the Mississippi facility was chosen, the Mebane facility would lose approximately 110 existing jobs based in Orange County.

Location of ABB, Inc. Site in Orange County



Participation by the City of Mebane:

- ABB, Inc. has now agreed to be annexed into the Mebane city limits, as the factory is currently located within the ETJ (Extraterritorial Jurisdiction). In the current configuration, the City of Mebane would continue to handle the project review and permitting, and would be being annexed into the city limits.
- Mebane offers the company a list of benefits that annexation offers (examples: lower water/sewer rates, expedited permitting reviews, financial recruitment incentive).

Chronological History:

- May 17, 2019 - First meeting between Deloitte US, ABB leadership, Economic Development Partnership of North Carolina, NC Community College System, Orange County, and City of Mebane to discuss “Project Clear Blue Sky”.
- May 21, 2019 - BOCC closed session discussion to consider County incentives.
- July 10, 2019 - ABB & N.C. Governor Roy Cooper publically announced the project for Orange County at the State Capitol in Raleigh.
- July 23rd - Orange County’s special meeting of the BOCC to hold the public hearing on County incentives to ABB, Inc.

Summary of Incentives - State of North Carolina, Orange County & City of Mebane

Parameters of Factory Expansion:

- 403 new jobs in 5 years
- \$70,789 avg. salary of all jobs, with full benefits
- \$39.9 million capital investment in 5 years

STATE OF NORTH CAROLINA**(1) Statutory Incentives**

- Sales Tax Exemption on machinery & equipment \$1,053,000.00

(2) Discretionary Incentives

- Jobs Development Investment Grant (JDIG) \$4,369,500.00
(Reimbursement of employee withholding taxes)
- Rural Division Building Reuse Fund \$500,000.00

(3) Workforce Development Incentive:

- N. C. Community Colleges (technical training) \$644,800.00

TOTAL (State of NC) \$6,567,300.00

LOCAL GOVERNMENT

- Orange County \$972,722.00
- City of Mebane (with annexation) \$1,147,500.00

TOTAL (State & Local) \$8,687,522.00

Other Local Governments, State of N.C. Agencies & Utilities Partnered with Orange County:

- N.C. Community Colleges System & Durham Tech/Hillsborough campus, and possibly Alamance Community College (will receive State funding to provide technical training of employees, and evaluate development of certificate/apprenticeship programs to meet company specific training needs (i.e. Advanced Electrical Product Technician Certificate)
- N.C. Department of Commerce & the Economic Development Partnership of N. C. (offering state incentives and as a liaison on workforce development & pre-screening of applicants by NC Works, NCDOT road improvements, and community college support)
- City of Mebane (project review and site plan approvals, financial incentive.)
- Duke Energy (coordination with Duke Energy’s economic development group)

Comment Regarding the State of N.C.’s “Rural Division Building Reuse Grant”

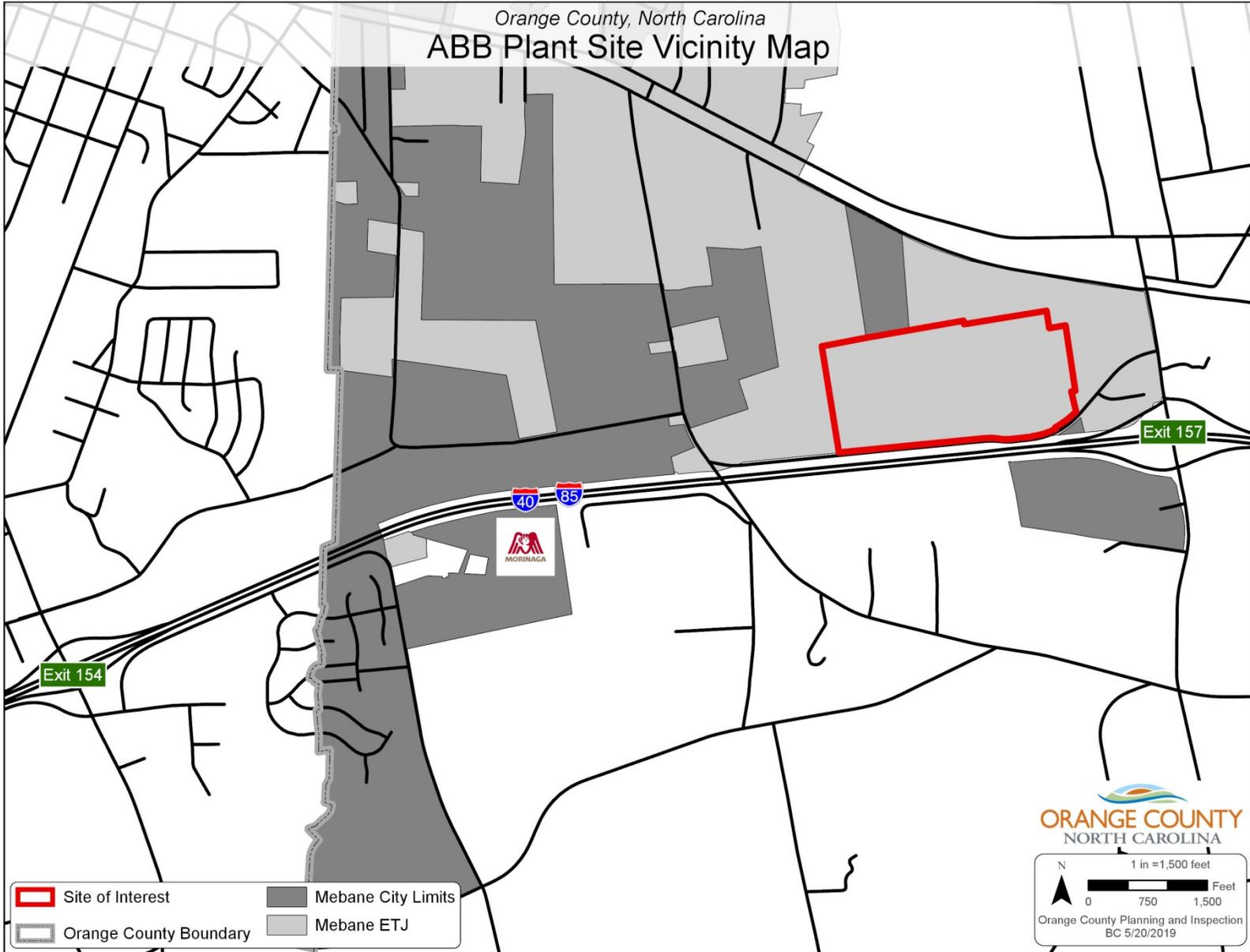
Orange County will have a managerial role as the “grant administrator” for the State of N. C.’s “Rural Division Building Reuse Grant” offer to ABB, Inc., which is a program intended to support the renovation or expansion of vacant buildings, or buildings occupied by a company operating in North Carolina for at least 12 months. This program, which must be administered by a municipal entity, typically requires the local government to hold a Deed of Trust on the building. This can create a potential financial obligation on the local government in the event the corporate entity does not perform as expected. As ABB incurs actual costs associated with the facility improvements it plans to make to the existing building, and creates new employment, the \$500,000 State grant will be passed to the Company via the County. Since the grant is actually a forgivable loan, once ABB fulfills all requirements to document its’ investment and employment, the repayment obligation ends.

As an alternative structure to remove the County’s potential financial risk, it is recommended that the County follow an example provided by the City of Mebane which negotiated a similar Building Reuse grant contract with the State for another industry. In that case, the pass-through funds were not requested from the State, and not given to the Company, until the Company actually first meets all investment and employment criteria and satisfies the program’s requirement.

ABB Company Overview:

- Multinational Swiss/Swedish company headquartered in Zurich, Switzerland
- 147,000 employees globally
- Presence in approx. 100 countries
- 24,000 employees in the United States (2018)
- 65 manufacturing locations in the United States (2018)
- Five market-leading entrepreneurial divisions:
 - Electrification Products
 - Power Grids (divestment to Hitachi expected to be complete in 2020)
 - Industrial Automation
 - Robotics & Discrete Automation
 - Motion

- ABB acquired Orange County, NC-based GE Industrial Solutions in June 2018 to strengthen its position in electrification globally, and expand their access to the North America market
- ABB's U.S. operations are headquartered in Cary, NC
- Currently, ABB operates 11 facilities across North Carolina
 - 3,000+ employees in NC
 - Approx. \$45m in annual payroll statewide in NC
- As part pf the GE Industrial Solutions acquisition in 2018, ABB acquired the Mebane, NC facility that will undergo this expansion.



PUBLICATION INSTRUCTION: Please publish the following notice in the Special Notice Section of the Classified Advertisements as early as Wednesday, July 11, 2019 and by no later than Saturday, July 13, 2019. The County Seal should be placed above the announcement.



PUBLIC HEARING

Tuesday, July 23, 2019 – 7:00 PM

RICHARD WHITTED MEETING FACILITY
300 West Tryon Street
Hillsborough, NC 27278

NOTICE OF PUBLIC HEARING REGARDING PROPOSED ECONOMIC DEVELOPMENT INCENTIVE AGREEMENT FOR ABB, INC.

Notice is hereby given that in accordance with North Carolina General Statute 158-7.1 the Board of Commissioners of Orange County (the "Board") will hold a public hearing on Tuesday, July 23, 2019 at 7:00 PM at the Richard Whitted Meeting Facility, 300 West Tryon Street, Hillsborough, NC 27278 concerning Orange County entering into an Economic Development Incentive Agreement with ABB, Inc. to encourage the company to make a major facility expansion in Orange County.

The Board will consider the appropriation of county general funds for the purpose of entering into an Economic Development Incentive Agreement with ABB, Inc., an electrical products manufacturing company, in an amount not to exceed Nine Hundred Seventy Two Thousand Seven Hundred Twenty Two Dollars (\$972,722.00), payable in five (5) annual installments over a five year period. These funds will be used to assist the company with expenses associated with expansion of the company to Orange County, to include site development and facility construction costs. Expansion of the ABB, Inc. facility in Orange County will create public benefits for the County including the creation of 403 new full time equivalent jobs, and a capital investment in Orange County of \$39.9 million.

Anyone interested in the Economic Development Incentive Agreement or the nature of ABB, Inc. may appear and be heard at the public hearing. Anyone who wishes to make comments in writing prior to the public hearing may do so by mailing or delivering such comments to the Board of Commissioners of Orange County, c/o Clerk to the Board of Commissioners, 200 S. Cameron Street, Hillsborough, North Carolina 27278.

**Media Contact:**

Steve Brantley, Director
Orange County Economic Development Department
Phone: (919) 245-2326

FOR IMMEDIATE RELEASE

**ORANGE COUNTY & NORTH CAROLINA SUCCESSFULLY WIN MAJOR
MANUFACTURING EXPANSION OF EXISTING COMPANY, ADDING
SIGNIFICANT NEW JOBS TO COUNTY**

ORANGE COUNTY, NC (July 10, 2019) —The Orange County Board of Commissioners, County Manager’s Office and the Economic Development Department are announcing the successful expansion of the current ABB, Inc. manufacturing facility located in Mebane, NC, contingent upon local incentive approvals.

The Swiss-Swedish multinational company has selected their existing Orange County location to consolidate a significant portion of ABB’s Distribution Services portfolio of products into one U. S. hub. ABB acquired the former GE Industrial Solutions’ 400,000 sq. ft. facility in June 2018 to strengthen its position in electrification globally and expand their access to the North American market. This operation currently employs a workforce of over 500 individuals who assemble highly sophisticated electrical components. Over the next five years, the company will invest up to \$39.9 million to build a new, state-of-the-art 200,000 sq. ft. manufacturing facility, and create 403 new jobs that will provide health and retirement benefits. These new positions will offer highly competitive salaries that are expected to average \$70,789.00 a year.

“We are excited to see ABB continue to grow and invest in their operations here in Orange County,” said Board of Commissioners Chair Penny Rich. “As one of our largest manufacturing operations, we look forward to the excellent new employment opportunities this corporate expansion will bring to the residents of our community.”

The State of North Carolina, to include Governor Cooper’s office and the North Carolina Department of Commerce, were key players in securing the expansion commitment from ABB. In addition, the City of Mebane has partnered with Orange County to support the growth of the Company, which is part of the County’s overall vision to develop the

Buckhorn Economic Development District. The project recruitment also included close assistance provided by the Economic Development Partnership of North Carolina, and ABB's site selection consultant Deloitte.

Orange County recognizes the State's role in winning this expansion, specifically Governor Roy Cooper, N. C. Department of Commerce Secretary Tony Copeland, and the NC Community Colleges System, and appreciates their support of our community.

"A comprehensive set of incentive offers were used to encourage ABB, Inc. to bring the expansion to Orange County, including performance grants from the County and City of Mebane, State of N.C. incentives, and technical training assistance of ABB's new employees through the North Carolina Community Colleges System," said Orange County Manager Bonnie Hammersley. "ABB's decision to select Orange County is contingent upon the successful negotiation of these items with the State, County and City of Mebane. I am personally delighted to see this exciting new development."

The County's proposed performance-based incentives to ABB, Inc. will be discussed and voted on at a Public Hearing of the County Commissioners, scheduled for July 23, 2019.

About ABB, Inc.

ABB, Inc. is a pioneering technology leader with a comprehensive offering for digital industries. With a history of innovation spanning more than 130 years, ABB is today a leader in digital industries with four customer-focused, globally leading businesses: Electrification, Industrial Automation, Motion, and Robotics & Discrete Automation, supported by its common ABB Ability™ digital platform. ABB's market-leading Power Grids business will be divested to Hitachi in 2020. ABB operates in more than 100 countries with about 147,000 employees. ABB employs over 3000 across North Carolina, more than in any other state.

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