

RESOLUTION 2008-25
Town of Zebulon
Economic Development Incentive Policy

Policy Objective

The objective of this policy is to support the development of an economic environment that attracts or encourages new investment, creates new jobs, and results in a healthy and diverse tax base within the Town of Zebulon. This policy provides guidelines for entering into a business investment grant agreement within the principles of operating a conservative and sound government.

Eligible Projects

An industrial company may be eligible for a business investment grant if they meet both the New Investment Threshold and the New Jobs Threshold as described below. No commercial development is eligible for a business investment grant.

New Investment Threshold

New investment is defined as improvements to real estate, machinery, equipment and other business property located within the corporate limits of Zebulon or properties that qualify for annexation under North Carolina General Statutes. The value of the land is not included in the calculation of new investment.

New or existing industrial companies may be eligible for a business investment grant for new investments which exceed \$11,000,000 for calendar year 2007. For calendar year 2008 and each year thereafter, the minimum investment threshold that will be eligible for a business investment grant will increase by the Construction Cost Index as of January 1 of each year as reported by the Engineering News Report.

New investment must exceed the minimum threshold in assessed value as determined by the Wake County Revenue Department. A project will not be considered if it results in a net reduction of the assessed value of all facilities in the County owned by the facility.

New Jobs Threshold

New or existing industrial companies are eligible for a business investment grant when the investment threshold is met and at least 50 jobs are created. Jobs are defined as a net increase in the company's number of full-time personnel employed at a facility located within the Town of Zebulon corporate limits.

A full-time employee is defined as a person who is employed by the company for at least 35 hours per week and whose wages are subject to withholding. The average wage for the new jobs must pay at least the average wage for Wake County by occupation as provided by the Employment Security Commission of North Carolina.

The company must also agree to provide health insurance in at least the minimum amount required for tax credits under the Williams S. Lee Act, as it exists on the date of the

approval of this policy. Under these provisions, a company must provide health insurance for full-time positions and pay a minimum of 50 percent of the premiums.

Policy Guidelines

1. All business investment grants will be considered for industries meeting the new investment and new job thresholds. The Board of Commissioners is not obligated to provide an incentive package to any company.
2. All projects will be considered on a case-by-case basis. The Town will consider a number of factors in addition to the items previously mentioned when determining consideration and approval of a business incentive grant, including, but not limited to:
 - Types and quality of new jobs created
 - Potential for additional expansion as a result of the project
 - Reputation of the company
 - The presence of competition for the project
 - Water and sewer capacity needs of the company
 - Impact of project on quality of life for Zebulon citizens
 - Good history of entity paying property taxes (if for an project expansion)
 - Potential partnership with County or State in developing business incentive grant

Any information relevant to the project may be requested by the Town from the corporation to evaluate the merits of a request, including financial balance sheets and pro forma statements.

3. The amount of the grant to be paid or incentive to be provided by the Town shall not exceed 1.00 percent of the assessed value of the new investment, and shall be paid over a period of up to five years. In no event shall the grant amount of any single year exceed the amount of ad valorem taxes paid by the company on the new investment in that calendar year.
4. The actual amount of the grant payments or incentives provided may be different from the estimated total project costs discussed by the Town and the corporation. Agreements will be written based on estimates provided by the company. However, actual assessed value will differ from investment costs since investment costs include site work and other corporation-borne costs not used in determining assessed value. Also estimated costs do not factor in the effects of depreciation on assessed value.
5. The Board of Commissioners shall make a decision to approve the proposed investment agreement only following a public hearing regarding the proposed project. Procedures for notifying the public of the public hearing and conducting the public hearing must conform with NC General Statutes.

6. Expenditure of public funds under this policy is not authorized without a legally binding agreement approved by the Board of Commissioners and signed by all parties. Such an agreement will require:
 - that the assessed value of the new investment be confirmed by the Wake County Revenue Department and that all property taxes are paid prior to providing a grant payment;
 - that the required number of jobs for each calendar year that the grant is in effect be confirmed by the North Carolina Employment Security Commission prior to providing a grant payment; and
 - provisions for a payback schedule of some or all public funds authorized for this project upon default of the terms of the policy by the corporation.
7. All grant agreements may be subject to other performance criteria that will be outlined in the business investment contract between the company and the Town. In the event that a company fails to meet any of the provisions of the contract, the Town may adjust the amount of the grant to the company or withdraw the grant entirely.
8. These policy guidelines are not retroactive to any project which has been announced prior to the adoption of these policy guidelines. These guidelines are in effect until such time as amended by the Board of Commissioners. In addition, the provisions of this policy conform to §158-7.1 of the NC General Statutes. At any time, revisions to the laws of North Carolina may change to make any or all sections of this policy unenforceable.

Adopted this the 5th day of November 2007

Robert S. Matheny—Mayor

SEAL

Lisa M. Markland, CMC—Town Clerk