



Legislation Details (With Text)

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Title: Resolution Authorizing an Economic Development Incentive Grant to Tyco Electronics Corporation, not to exceed \$430,302.00 for New Capital Investment in Machinery and Equipment and New Jobs

Sponsors:

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Attachments: 1. ID 15-1002 resolution

Date	Ver.	Action By	Action	Result
1/19/2016	1	City Council	adopt	Pass
12/8/2015	1	City Council	postponed	

Resolution Authorizing an Economic Development Incentive Grant to Tyco Electronics Corporation, not to exceed \$430,302.00 for New Capital Investment in Machinery and Equipment and New Jobs

Department: Executive
Council District: 5

Public Hearing: 1/19/2016
Advertising Date/By: 11/25/2015

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PURPOSE:

The City of Greensboro has been requested to consider an economic development incentive grant of up to \$430,302.00 to TE Connectivity Ltd., through its subsidiary Tyco Electronics Corporation (“the company”) for the expansion and localization of manufacturing operations, grow their strategic workforce apprenticeship program, and create a digital factory which would connect equipment to the internet/cloud, in Greensboro. The grant is for the purposes of making capital investment in new machinery and equipment purchases.

BACKGROUND:

TE Connectivity, located at 719 Pegg Road in Greensboro, is evaluating location options to expand and localize manufacturing operations, grow their strategic workforce apprenticeship program, and create a digital factory which would connect equipment to the internet/cloud. The growth would take place here or at an international division of the company. International locations being considered include Mexico, Brazil, South Korea, China and India.

The company is a global supplier of electronic connectivity solutions to a wide range of industries including

Transportation, Consumer, Industrial and Network Systems. The Greensboro facilities supply components to all of the major Automotive OEM's including exports of over 35% of production. The company has 950 full time employees and 90 contract/temporary employees.

The company is expecting to invest at least \$40,000,000.00 and create 193 new jobs with an average wage of at least \$49,352.00 per year with benefits, by December 31, 2020. The expansion will include: 1) localization of the manufacturing of imported components currently being manufactured elsewhere in the company's global entities in Europe and Asia; 2) digital factory to connect their equipment to the internet/cloud, allowing sophisticated data analysis to run complex products and maintain high levels of quality performance; 3) strategic apprenticeship program.

BUDGET IMPACT:

A total of up to \$430,302.00 to be paid to the company over a five (5) year period after the capital investment of \$40,000,000.00 is completed and the new jobs have been created. 193 jobs are expected to be created by December 31, 2020. The incentive grant is expected to be paid in FY19/20, FY 20/21, FY 21/22 and FY 22/23, FY 23/24. The company will be eligible to begin receiving annual payments after it has invested at least \$30,000,000.00 of the total required investment.

RECOMMENDATION / ACTION REQUESTED:

In accordance with the City's economic development guidelines and N.C.G.S. § 158-7.1, it is recommended that City Council approve the request for an economic development grant and authorize city staff to execute a performance agreement between the City of Greensboro and the company in an amount not to exceed \$430,302.00 to be paid over a five year period, based on an investment of \$40,000,000.00 in machinery and equipment.