



Memo

To: Board of Commissioners

From: EDC

Re: Incentives

We look forward to the opportunity to discuss this further with you on January 7. To provide additional background and context for we suggest reviewing the following information to support discussion of our programs:

As mentioned in the report, all county grants are performance-based. Just as important, these programs are self-funded; no money is diverted from any other existing funding source. Additionally, economic development projects are ineligible for state grants without local support, making county participation a critical component.

The EDC generates projects through a wide network, including existing industries, end users, allies, the N.C. Department of Commerce, the North Carolina Economic Development Partnership, national site consultants, the Carolina Core, and the Research Triangle Partnership, among others.

The EDC manages all projects. When a project reaches a later stage and incentives become part of the conversation, the EDC meets with the Board of Commissioners in closed session to discuss details and seek feedback and direction.

Every company must create full-time jobs that pay at or above the county average (as determined by the Department of Commerce) and must pay at least 50% of employee health benefits. A majority of projects considering Chatham County pay above the average wage. Currently, more than 25,000 workers commute outside the county each day for employment. A competitive local grant program can help create jobs within the county, allowing residents to work closer to home.

Additionally, the North Carolina Tier System places Chatham County at a disadvantage. We are surrounded by strong regional competitors in Tiers 1 and 2, while Chatham is classified as Tier 3, along with Wake and Durham counties. State programs are

structured to be more supportive of Tier 1 and Tier 2 counties. This is another reason Chatham must maintain a competitive local grant program to help offset this disadvantage. The Tier System has been discussed for many years and is unlikely to change in the near future.

Our incentive policy is designed to provide a higher level of support in the early years of a grant, with the amount gradually decreasing over time. This approach prioritizes early job creation and investment while ensuring long-term fiscal responsibility.

Companies provide annual reports to both the county and the state confirming job creation and investment.

Grants (not incentives) are paid by the county to the company only after all requirements have been met.

Sincerely,

A handwritten signature in black ink, appearing to read "C. Michael Smith".

C. Michael Smith
President

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