



Agenda Date: 11/12/2019

Agenda #: 1. File #: 15-11965 Type: Public Hearing Item

Public Hearing for Teguar Corporation Business Investment Grant

Action:

- A. Conduct a public hearing regarding approval of a Business Investment Grant to Teguar Corporation, and**
- B. Approve the city's share of a Business Investment Grant to Teguar Corporation for a total estimated amount of \$46,602 over five-years.**

Staff Resource(s):

Tracy Dodson, Economic Development
Lori Lencheski, Economic Development

Explanation

- On October 9, 2019, Teguar Corporation announced its selection of Charlotte for a capital investment of \$5,500,000 to expand its operations and establish a permanent U.S. headquarters.
- This action is requesting City Council to approve a Business Investment Grant estimated to be up to \$46,602 over five-years. Mecklenburg County's share is estimated to be \$82,587, bringing the combined city and county grant estimated total to be \$129,189.
 - On September 17, 2019, the Mecklenburg County Board of Commissioners, in Closed Session, indicated its intent to approve a Business Investment Grant to Teguar Corporation.
 - On September 23, 2019, City Council, in Closed Session, indicated its intent to approve a Business Investment Grant to Teguar Corporation.
 - The State of North Carolina, with the support of the Economic Development Partnership of North Carolina, is providing funds through the North Carolina Community College System to develop a customized training.
- In addition to the \$5,500,000 capital investment, Teguar Corporation has committed to:
 - 26 jobs to be hired locally over five-years (\$52,684 average wage), and
 - 29 current employees in Charlotte to be retained for the term of the grant.
- Additional benefits include:
 - Workforce development partnerships and relationship with company can be utilized to connect talent to available positions.
 - The project's alignment with:
 - City Values and Winning Cities Characteristics,
 - Letter to the Community (Good Paying Jobs),
 - Equitable Economic Development, and Economic Opportunity,
 - Diversity of jobs on proposed project,
 - Job retention through corporate expansion, and
 - Growth industry with significant job and contracting opportunities.

Background

- Teguar is a leading provider of embedded box PCs, waterproof computers, rugged tablets, and medical computers specially designed to provide reliable performance in the most demanding environments and applications.

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- Teguar currently employs 29 people in the City of Charlotte with another office in Switzerland and a subsidiary office in Taipei, Taiwan. Average salary at the Charlotte location is \$50,000.
- Employment in the US is conservatively expected to climb by 26 team members by the year 2024 with expected revenue growth of 15 percent year over year.

Business Investment Grant

- Request meets the City Council approved criteria for a five-year term, 50 percent local business expansion grant.
- The general terms and conditions of this grant include:
 - The company will be asked to coordinate job fairs and recruitment events for both temporary and permanent jobs with the city and county. Community organizations and residents will receive ample notice of these employment activities in addition to training opportunities with city job training and placement partnerships.
 - Actual grant payments are based on the value of the investment as appraised by the Mecklenburg County Tax Office.
 - Property taxes due from Teguar Corporation must be paid before a grant payment is made.
 - If Teguar Corporation removes the investment from Charlotte during the grant term, the company shall pay back 100 percent of the investment grant paid to date.
 - If Teguar Corporation moves the investment from Charlotte within five-years of the end of the Business Investment Program (BIP) grant term, a portion of the grant must be repaid as follows:
 - Within one year of the end of the BIP Term - 90 percent of grant payments
 - Within two years of the end of the BIP Term - 75 percent of grant payments
 - Within three years of the end of the BIP Term - 60 percent of grant payments
 - Within four years of the end of the BIP Term - 45 percent of grant payments
 - Within five years of the end of the BIP Term - 30 percent of grant payments

Fiscal Note

Funding: Business Investment Grant