

Legislation Text

File #: 15-6388, Version: 1

NN, Inc. Business Investment Grant

Action:

- A. Conduct a public hearing regarding approval of a Business Investment Grant to NN, Inc. and**
- B. Approve the City's share of a Business Investment Grant to NN, Inc. for a total estimated amount of \$106,571 over five years.**

Staff Resource(s):

Patrick Mumford, Economic Development
Kevin Dick, Economic Development

Explanation

- On September 12, 2017, NN, Inc. (NN) announced its selection of Charlotte for a capital investment of \$10.5 million to relocate and establish a corporate headquarters in Charlotte.
- Staff is requesting City Council approve a Business Investment Grant estimated up to \$106,571 over five years. Mecklenburg County's share is estimated at \$181,595.
 - On July 24, 2017, the City Council, in Closed Session, indicated its intent to approve a Business Investment Grant to NN.
 - On August 2, 2017, the Mecklenburg County Board of Commissioners, in Closed Session, indicated its intent to approve a Business Investment Grant to NN and will hold a public hearing on October 3, 2017.
 - The total City/County combined grant is estimated to be \$288,166 over five years.
 - The State of North Carolina also approved a Job Development Investment Grant in the amount of \$3,688,000 and up to \$360,000 in community college training funds.
- In addition to the \$10.5 million capital investment, NN committed to:
 - 200 jobs, with 175 to be hired locally, over five years (\$130,000 average wage)
- Additional benefits also 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
- Growth industry with significant job and contracting opportunities

Background

- Headquartered in Johnson City, Tennessee, NN was founded in 1980 and is publicly traded on NASDAQ. The company is a leading manufacturer of high precision metal and plastic components for medical, aerospace, automotive and industrial end markets. The company operates 40 manufacturing plants in North America and globally.
 - The company plans to consolidate corporate operations into a new headquarters by relocating leadership and organizing three business segments into one centralized location.
 - NN is proposing to lease 50,000 square feet of office space at the new Waverly multi-use development located south of I-485 at the intersection of Providence Road and Ardrey Kell Road. The location is outside of the City's Business Investment Zone and the County's Opportunity Area.

Business Investment Grant

- Request meets the City Council approved criteria for a five-year, 50 percent headquarters 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 NN must be paid before a grant payment is made.
 - If NN removes the investment from Charlotte during the grant term, it shall pay back 100 percent of the investment grant paid to date.
 - If NN 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