



North Carolina Department of Commerce

Roy Cooper, Governor

Machelle Baker Sanders, Secretary

MEMORANDUM

To: Chairs, Joint Legislative Economic Development and Global Engagement Oversight Committee
N.C. General Assembly – Fiscal Research Division

From: Mark N. Poole, Director, Commerce Finance Center
Mary Elizabeth Wilson, General Counsel
N.C. Department of Commerce

Date: August 29, 2024

Re: Annual Report – Economic Development High Yield Project Funds

Statutory Requirement:

Pursuant to S.L. 2022-74 Section 11.10, provided the Economic Investment Committee awards a Job Development Investment Grant for a qualifying project in Chatham County for which the agreement requires that business invest at least four billion eight hundred million dollars (\$4,800,000,000) in private funds, and create at least 1,800 eligible positions, there is appropriated from the Economic Development Project Reserve established in Section 2.2 of S.L. 2021-180 to the Department of Commerce (Department) for the 2022-2023 fiscal year the sum of one hundred twelve million five hundred thousand dollars (\$112,500,000) in nonrecurring funds. This amount includes fifty-seven million five hundred thousand dollars (\$57,500,000) to reimburse the business for site preparation costs incurred at the project site and fifty-five million dollars (\$55,000,000) to the City of Asheboro for water infrastructure improvements.

On September 1 of each year funds appropriated in that section remain unexpended until all funds have been expended, the Department shall report on the agreement entered into pursuant to subsection (b) of this section to the House of Representatives and the Senate committee or subcommittee responsible for natural and economic resources, to the Joint Legislative Economic Development and Global Engagement Oversight Committee, and to the Fiscal Research Division. The report shall include, at a minimum, an executive summary of the performance criteria, remedies, and safeguards required by the Department, a description of the current status of the project, the amount of reimbursement that was paid in the prior fiscal year, and the total amount of reimbursement that has been paid under the agreement.

Executive Summary:

The Economic Investment Committee awarded a Job Development Investment Grant to Wolfspeed, Inc. for a qualifying project in Chatham County on September 9, 2022 the terms of which are governed by the Community Economic Development Agreement (CEDA). The Department has entered into agreements with Wolfspeed, Inc. and the City of Asheboro for the disbursement of appropriated funds, though no funds have been expended to date.

Remedies and Safeguards:

The Department has entered into a Site Development Agreement with Wolfspeed, Inc. for the reimbursement of eligible site prep expenses. If the company fails to create 1,800 eligible positions or invest four billion eight hundred million dollars (\$4,800,000,000) as defined by the CEDA by December 31, 2030 the company will repay a proportionate amount of the funds received based upon the percentage of eligible positions actually created or investment made relative to the targets. The company is obligated to reimburse all funds received if they fail to commence or maintain operations at the project site prior to December 31, 2030.

The Department has entered in a Memorandum of Understanding with the City of Asheboro under which the City is required to expend the funds solely for the purposes authorized by the legislation and to document to the Department that all expenditures meet this requirement. Funds will be released in quarterly disbursements upon documentation from the City that prior funds have been expended on eligible expenditures.

Current Status:

Disbursements have been made in FY '23-24 to Wolfspeed for sitework in the full amount of the grant and to the City of Asheboro for engineering and design costs associated with the infrastructure improvements.

Amount Paid

Fiscal Year	Purpose	Amount
FY '21-22		\$0.00
FY '22-23		\$0.00
FY '23-24	Engineering and Design (Asheboro)	\$1,057,001.98
FY '23-24	Site Prep (WolfSpeed)	\$57,500,000

Total Amount Paid: \$58,557,001.98