



North Carolina Department of Commerce

Roy Cooper, Governor

Machelle Baker Sanders, Secretary

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 Transformative Project Funds

Statutory Requirement:

Pursuant to Session Law 2022-74, Section 11.9, provided the Economic Investment Committee awards a Job Development Investment Grant for a qualifying project in Chatham County, 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 four hundred fifty million dollars (\$450,000,000) in nonrecurring funds. The definitions of G.S. 143B-437.51 apply in this subsection, and, as used in this section, a qualifying project is a transformative project for which the agreement requires that the business manufacture electric vehicles at the project site, invest at least three billion dollars (\$3,000,000,000) in private funds, and create at least 6,000 eligible positions. These funds include (i) one hundred twenty-five million dollars (\$125,000,000) to reimburse the business for site preparation expenses at the project site, Two hundred fifty million dollars, (ii) (\$250,000,000) to be transferred to the Department of Transportation for public roadwork and associated wetlands mitigation, provided that fifty million dollars (\$50,000,000) of the amount shall not be transferred until the business has created 3,875 eligible positions, and (iii) seventy-five million dollars (75,000,000) to the City of Sanford for water and sewer infrastructure improvements.

On September 1 of each year funds appropriated in this section remain unexpended until all funds have been expended, the Department shall report on the use of such funds 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 for the funds, a description of the current status of the project, the amount that was paid in the prior fiscal year, for what purpose the amount was paid, and the total amount that has been paid under the agreement.

Executive Summary:

Economic Investment Committee has awarded a Job Development Investment Grant for a qualifying project in Chatham County to VinFast Manufacturing US, LLC on March 29, 2022, the terms of which are controlled by the Community Economic Development Agreement (CEDA). The Department has transferred two hundred million dollars (\$200,000,000) to the Department of Transportation and entered into agreements with VinFast Manufacturing US, LLC for the disbursement of appropriated funds.

Remedies and Safeguards:

The Department has entered into a Site Development Agreement with VinFast Manufacturing US, LLC for the reimbursement of eligible site preparation expenses. If the company ceases operations prior to December 31, 2032 or fails to create 3,875 eligible positions by December 31, 2026 and maintain those positions for two of the three succeeding grant years under the CEDA, the company will repay all funds received. If the company creates at least 3,875 eligible positions by December 31, 2026 but does not create 6,000 eligible positions and invest two billion by December 31, 2029 then the company will repay half of the funds received. These obligations are further secured by a first priority option to purchase the project site held by the State.

The Department has entered in a Memorandum of Understanding with the City of Sanford 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:

The Department has reimbursed \$51,743,471 to VinFast Manufacturing US, LLC for eligible site preparation expenses.

Of the \$200,000,000 transferred to the Department of Transportation approximately \$28,400,000 has been expended.

The City of Sanford has received \$45,804,927 and expended \$37,304,308.67 to date of the \$75,000,000. Design and permitting are nearing completion and the City anticipates achieving substantial completion of the project by March of 2026.

Amount Paid

Fiscal Year	Purpose	Amount
FY '21-22		\$0.00
FY '22-23	Public Roadwork (DOT)	\$15,600,000
FY '23-24	Public Roadwork (DOT)	\$12,800,000
FY '22-23	Water & Sewer (Sanford)	\$15,600,000

FY '23-24	Water & Sewer (Sanford)	\$21,304,309
FY '22-23	Site Prep (Company)	\$16,244,717
FY '23-24	Site Prep (Company)	\$35,498,754

Total Amount Paid: \$117,047,780