

Economic Development Incentive Program

Public Hearing

BorgWarner Turbo Systems, LLC

March 2, 2021



Background and Request

Background:

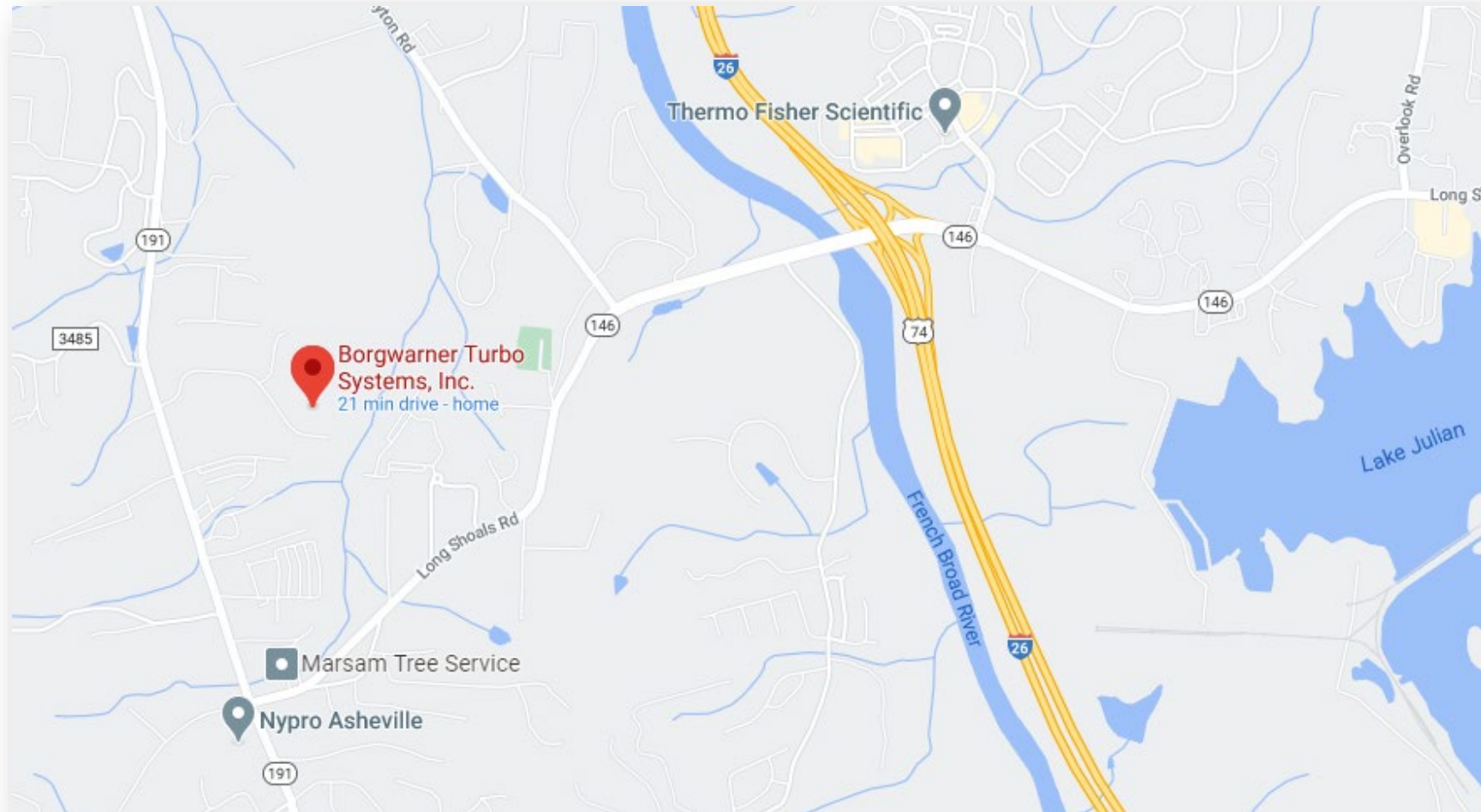
- Announced July 28th 2020, BorgWarner Turbo Systems, LLC (BW) has chosen Buncombe County for its expansion.
- Global technology leader in propulsion systems, developing **propulsion system technologies for combustion, hybrid, and electric vehicles that improve fuel economy, emissions and performance.**
- **Arden plant employs 500** and manufactures vehicle turbo and emissions systems including technology product development.

Request:

- Board of Commissioners approval for:
 - Economic Development Incentives for BW; and
 - Economic Development Agreement between BW and Buncombe County.



Site Location



Scope of Project

BorgWarner will:

- **Invest in the existing Arden Plant;**
- **Retain 500 jobs and add 100 jobs** from other US locations;
- **Invest \$62.25 million** in real and business personal property; and
- **Provide an average wage of \$51.6K annually** (\$24.85 hourly).

Aligns to Buncombe 2025 Strategic Plan Goals for increasing average wages and total employment.



BorgWarner Turbo Systems, LLC



OUR VISION

A clean, energy-efficient world

OUR MISSION

Propulsion System Leader for
Combustion, Hybrid and Electric
Vehicles

OUR BELIEFS



Inclusion.
respecting individuals



Integrity.
honoring truth



Excellence.
focusing on results



Responsibility.
our commitment



Collaboration.
building trust

Strategic Global Operations

33

locations in
the Americas

31

locations in
Europe

35

locations in
Asia



BorgWarner partners with customers around the world to bring the right technology to market at the right value.

Location information as of September 14, 2020

BorgWarner Arden

■ Standalone Campus

- Operations / Support
- Sales
- Global/Local Engineering Development
- Technical Center (Turbo and Fan Drive)

■ Quality, Safety & Environmental

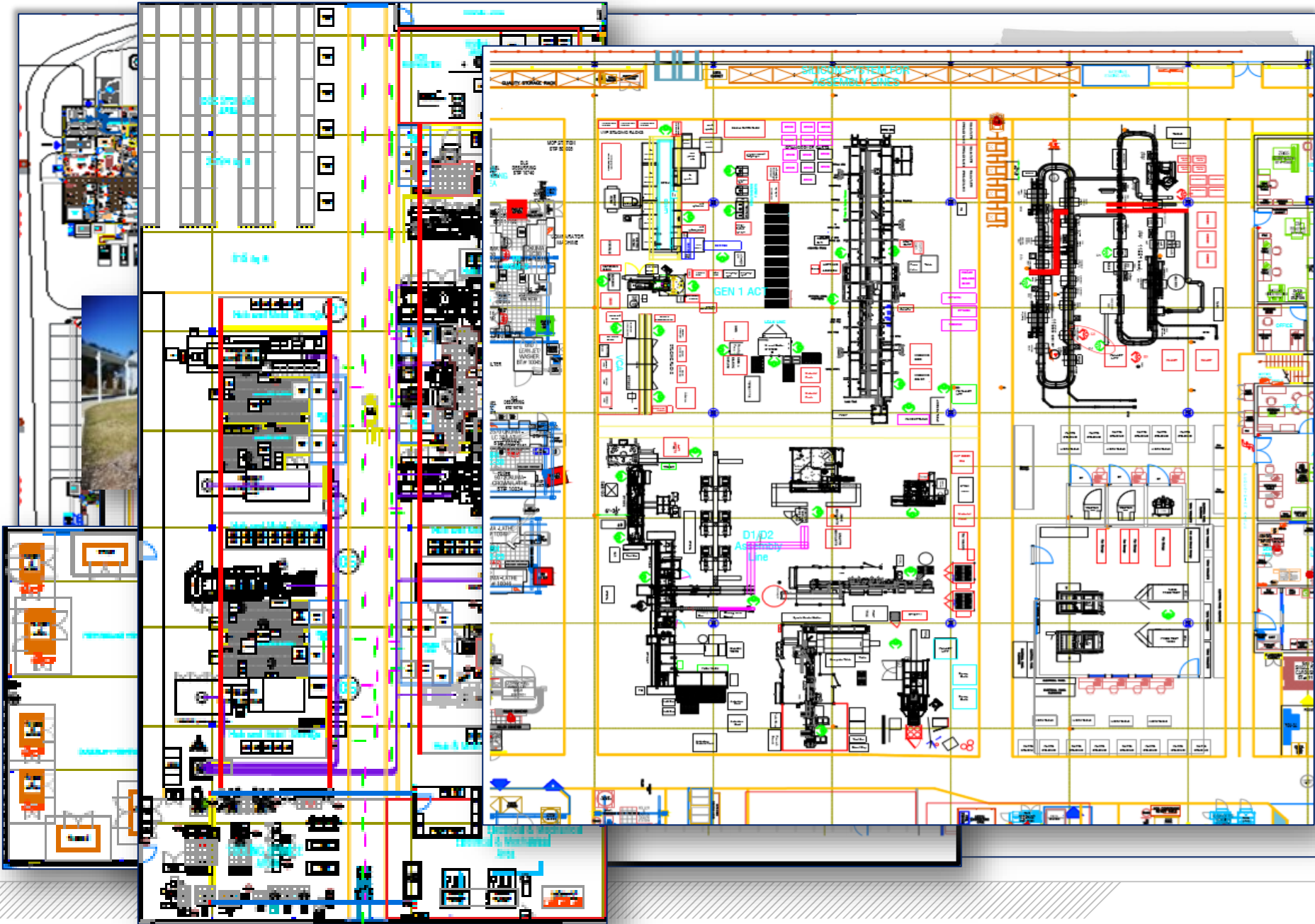
- IATF 16949, ISO 14001
- Pursuing Zero landfill
- Pursuing ISO 45001 in 2021

■ Customers

- Ford, GM, John Deere, Mack/Volvo, DTNA, Navistar, CAT, Indy Car, Others

■ Manufacturing Turbos Since 1980 and Fan Drives since 1975 in Western North Carolina!



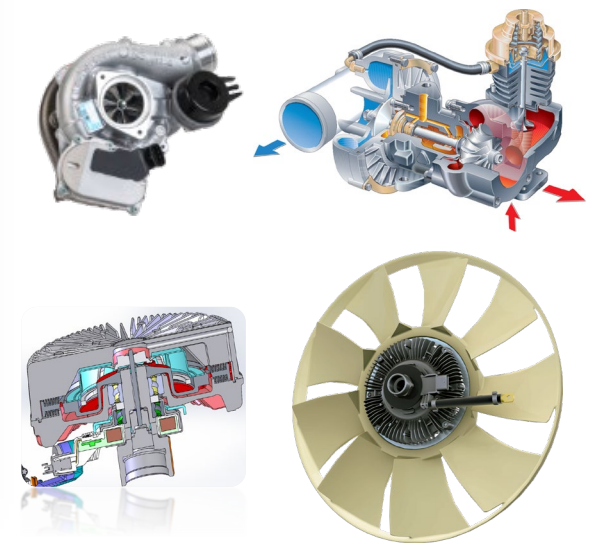


Project Scope

- Addition of the North American Thermal Technical Center
- Nine High Volume Molding Machines
- Three Fan Drive Assembly Lines
- Fifteen Machining Centers

Timing

- Planned completion is Q4 2021



Economic Development Agreement



Economic Development Incentive

- **Incentive Structure:**
 - **Total Incentives:** \$460K
 - Annual Incentive: not to exceed \$80K
 - No incentive for 600 retained jobs
 - **Term:** 9 years (6 year creation + 3 year retention)
 - **Payout Structure:** pay-for-performance (pro rata) based on actual job and investment schedule.



Investment, Job and Incentive Schedule

Calendar Year	Confirmation Date	Capital Investment (Annual)	Capital Investment (Cumulative)	Jobs (Annual)	Jobs (Cumulative)	Proposed Incentive
2020	N/A	\$4,900,000	\$4,900,000	600	600	\$0
2021	April 30, 2022	\$13,010,000	\$17,910,000	600	600	\$80,000
2022	April 30, 2023	\$11,029,000	\$28,939,000	600	600	\$80,000
2023	April 30, 2024	\$8,327,750	\$37,266,750	600	600	\$80,000
2024	April 30, 2025	\$8,327,750	\$45,594,500	600	600	\$80,000
2025	April 30, 2026	\$8,327,750	\$53,922,250	600	600	\$80,000
2026	April 30, 2027	\$8,327,750	\$62,250,000	600	600	\$60,000



Economic Development Impact

- Retention of 600 jobs and \$62.5M in investment.
- Incentives cash-flow on an annual basis
- Breakeven within 4 years depending on economic conditions.



Request for Board Action

- Board of Commissioners approval for:
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 - Economic Development Agreement between BW and Buncombe County.



Appendix

