Economic Development Incentive Program

Public Hearing
BorgWarner Turbo Systems, LLC
March 2, 2021
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
BorgWarner partners with customers around the world to bring the right technology to market at the right value.
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

<table>
<thead>
<tr>
<th>Calendar Year</th>
<th>Confirmation Date</th>
<th>Capital Investment (Annual)</th>
<th>Capital Investment (Cumulative)</th>
<th>Jobs (Annual)</th>
<th>Jobs (Cumulative)</th>
<th>Proposed Incentive</th>
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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

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Appendix