



City of Greensboro

Melvin Municipal
Office Building
300 W. Washington Street
Greensboro, NC 27401

Agenda Report

File Number: 2022-1196

Agenda Item# I. 3.

Agenda Date: 12/20/2022. **Department:** Economic Development

Meeting Type: Council Meeting **Category:** General Business Agenda

Title: 2022 - 1196 Resolution to Extend the Economic Development Incentive Contract for HAECO

Council Priority: Place an 'x' in the box.

- ☒ Create an Environment to Promote Economic Development Opportunities and Job Creation
- ☐ Maintain Infrastructure and Provide Sustainable Growth Opportunities
- ☐ Promote Public Safety & Reduce Crime
- ☐ Exceptional Customer Service and a Diverse City Government Workforce
- ☐ Ensure Fiscal Stewardship, Transparency, & Accountability

Council District: N/A

Public Hearing: No

Advertising Date/By:

Contact 1 and Phone: Marshall Yandle, Ext 2434

Contact 2 and Phone: Chris Wilson, Ext 2002

PURPOSE:

The City of Greensboro has been requested to consider extending the economic development incentive contract with HAECO Americas for two years to end on December 31, 2025.

BACKGROUND:

HAECO Airframe Services, LLC, formerly known as Triad International Maintenance Corporation ("HAECO"), is one of the world's largest aircraft maintenance, repair, and overhaul MRO providers, as well as interiors services. The company is located at the Piedmont Triad Airport at 623 Radar Road. HAECO's customer base includes a broad array of global airlines and aircraft leasing companies.

The City of Greensboro awarded an investment and jobs-based incentive of up to \$400,000.00 to HAECO on April 2, 2013, to assist with the approximately \$32 million in site preparation costs and construction of a new 134,070 sq. ft. hanger. The company committed to creating up to 400 new full-time jobs by December 31, 2023 and the retention of 1,030 full-time jobs. The

investment and jobs-based incentive provided for \$400,000.00 to be paid over five years and is contingent upon achieving defined employment levels, salary and capital investment commitments. To date, HAECO has invested \$68,412,882 related to the new hangar, retained the required 1,030 full-time equivalent employees, and hired additional employees towards the required additional 400 new jobs to be created.

HAECO has informed the City of Greensboro of the sale of a maintenance division to another company, VSE. VSE acquired the HAECO division's approximately 230 employees, and is sub-leasing two hangars where the maintenance & repair work is performed. HAECO intends to rehire as many of those employees as possible, as the contracts VSE is performing will end in mid-2025. Two of the five payments are remaining for a total yet reimbursed of \$160,000. HAECO is requesting an extension of their incentive compliance period to allow for additional hiring of new employees.

BUDGET IMPACT:

None.

ACCOUNT NUMBER:

N/A

RECOMMENDATION / ACTION REQUESTED:

It is recommended that City Council approve the request for an economic development incentive contract extension to the new job creation deadline of December 31, 2025.