

# TEDC 2023 CEDA APPLICATION

All Applications Must Be Received by August 25, 2023

The 2023 CEDA nominations will be judged in each of the five categories that have made the most significant contribution to economic development in their community and the State of Texas.

## AWARD CATEGORIES

The CEDA will be given to one community from each of the following five population categories: (as currently marketed). Mark the population category for which you are applying.

- Population less than 10,000 \_\_\_\_\_
- Population 10,001 to 20,000 \_\_\_\_\_
- Population 20,001 to 50,000 ✓\_\_\_\_\_
- Population 50,001 to 100,000 \_\_\_\_\_
- Population 100,001 to 250,000 \_\_\_\_\_
- Population 250,001 and above \_\_\_\_\_

## NOMINATION:

Name of Community: Sherman, Texas

TEDC Member Name: Kent Sharp (individual member, not organization)

Telephone #: 903.868.2566

Email Address: kents@sedco.org

Community Population (as currently marketed): 43,000

Application Submitted By: Kent Sharp, SEDCO President

Email Address: kents@sedco.org

Media Contacts: [optional]

Organization: Herald Democrat Contact Name: Michael Hutchins

Email Address: mhutchins@heralddemocrat.com

Organization: KXII Contact Name: \_\_\_\_\_

Email Address: news12@kxii.com

## **GlobalWafers Selects Sherman for New \$5B Silicon Wafer Plant, Bringing 1,500 New Jobs to North Texas**

In February 2022, GlobiTech initiated a meeting with the Sherman Economic Development Corporation (SEDCO) team. GlobalWafers, the parent company of GlobiTech, anticipated the need to create a new product line of silicon carbide epitaxial deposition, and the Sherman facility was being considered for the expansion project that would bring a capital investment of \$30,800,000 and an additional 22 new jobs. During these initial meetings with GlobiTech representatives, it was discovered by SEDCO staff that GlobalWafers was separately moving to construct a brand new, state-of-the-art, 300-mm silicon wafer production facility in South Korea. GlobalWafers had tried to acquire a German silicon wafer facility, but the German government never approved the deal, and the deadline had expired.

SEDCO staff continued to press company representatives of both GlobiTech and GlobalWafers to consider allowing Sherman to propose an incentive offer for this new wafer facility. Company officials were very cold to the idea at first as production of silicon wafers had moved out of the United States two decades earlier due to the cost of locating in the U.S. With the global chip shortage and supply chain issues, the executives of GlobalWafers made the decision to allow Sherman and the State of Texas to present an initial incentive proposal. Soon after, it was revealed that the State of Ohio, at the urging of Intel and their new factory being constructed in the state, had aggressively put an incentive proposal on the table as well. The stakes were high for this advanced, 3.2 million square foot facility that could employ 1,500 people and have a potential total capital investment of \$5,000,000,000. GlobalWafers' investment would come in four phases over the next seven to 10 years. Production from the first new facility would begin as early as 2025. The new silicon factory would become the largest facility of its kind in the U.S. and among the largest in the world. Due to the magnitude of this project, the competition between Sherman, South Korea, and Ohio was intense as all three locations continued to increase incentive levels.

On June 27, 2022, GlobalWafers announced that Sherman, Texas was selected as the location for their 300-mm, best-in-class, semiconductor wafer fabrication plant, and on December 1, 2022, the historic groundbreaking ceremony took place. The North Texas site will be a big step in closing the supply chain gap and complete the “sand to chips” production cycle.

### **INNOVATIVENESS**

The leadership team in Sherman and Grayson County understood the daunting task of curating such an extensive incentive proposal for GlobalWafers in a compressed timeframe and with such robust competition. In just four months, numerous meetings were held, and communications exchanged to plan and execute a successful deal. Taxing entities including the Sherman Independent School District (SISD), City of Sherman, Grayson County, and Grayson College, along with the Sherman Economic Development Corporation (SEDCO), immediately developed a calendar of deadlines, each of which would have to be met by the timeline given by GlobalWafers. SEDCO was innovative in that we took the lead in acting as a “clearing house” for most of the communication among the entities. In this way, we were able to prevent many incidents of miscommunication or mistranslation among each of the entities and/or the company. SEDCO maintained a centralized database of frequently asked questions (FAQs) as well as a master calendar of all dates each taxing entity needed to make to comply with the statutes related to ad valorem tax abatement.

## **TRANSFERABILITY**

The leadership team working together towards the common goal of improving the lives of the citizens should be first and foremost when pursuing any project. Having the economic development organization be the point of contact for companies considering expanding or relocating is highly effective for all entities involved. The company has a go-to contact to get information and questions answered in a timely manner.

Both the incentives and the process of developing the incentives can easily be duplicated in most Texas communities. Cities, counties, independent school districts, and community colleges all operate under the same state laws regarding the tax abatement process specific to their own entity. Economic development organizations partnering with their cities and using sales tax to help offset infrastructure costs incurred for an industrial project is common across the state as well.

## **COMMUNITY COMMITMENT AND LEVERAGE**

The City of Sherman and Grayson County used traditional Chapter 312 property tax abatement as well as Chapter 380 property tax rebate agreements to achieve a property tax abatement of 85% for years one through 10 and 80% for years 11 through 30. In addition, Grayson College participated in a 50%, 10-year ad valorem tax reduction.

To surpass the competition, SEDCO provided a 142-acre, shovel ready, industrial site valued at \$14,400,000 and a \$20,000,000 cash incentive phased in over 10 years.

Under extreme time constraints, the SISD applied the Texas Chapter 313 school property tax abatement to gain the largest single incentive element of the overall proposal. This agreement had to be approved by the Texas Comptroller. SISD Board of Trustees approved 90% for phase one and 85% for phases two through four.

SEDCO agreed to provide a \$1,000,000 investment each year from 2023 to 2026 to the City of Sherman to help offset the cost of debt service of \$100,000,000 the city will incur for infrastructure. These projects include building water and wastewater infrastructure from Lake Texoma to the water treatment plant and continuing into the industrial park, as well as new elevated water storage tanks for added pressure to the new fabrication facilities. In addition, SEDCO will be the sole entity servicing debt on \$10 million of bonds issued by the City of Sherman for additional roads, water, and sewer infrastructure in the Progress Park industrial area.

The State of Texas takes the initiative to invest in its future by offering competitive incentives to companies who are creating jobs and driving innovation in Texas. The Texas Enterprise Fund (TEF) awards “deal-closing” grants to companies considering a new project for which one Texas site is competing with other out-of-state sites. GlobalWafers could receive a cash grant up to \$15,000,000 based on the average wage of new employees, expected hiring timeline, number of jobs, and the company’s total proposed capital investment. The Texas Enterprise Zone Program (EZP) is a state sales and use tax refund program designed to encourage private investment and job creation in economically distressed areas of the state. GlobalWafers will be eligible to apply for refunds of the state sales and use tax based on the level of

capital investment and 500 new jobs. The company qualifies for the triple jumbo project up to \$3,750,000.

It is anticipated that GlobalWafers will apply for and will most likely receive some of the allocation from the recently passed federal Creating Helpful Incentives to Produce Semiconductors (CHIPS) Act, a \$52,000,000,000 incentive pool Congress passed to entice semiconductor research and development and manufacturing back to the United States.

### **MEASURED OBJECTIVES**

According to Austin-based Impact DataSource, the GlobalWafers project will have a total direct economic impact of \$193,086,005 over 30 years. The total indirect economic impact will be \$54,774,638, and the total induced impact will be \$36,516,425 over the same period.

At full production, the GlobalWafers Sherman project has an anticipated employment impact of 1,500 direct, 391 indirect, and 260 induced jobs. Direct wages are estimated to be \$120,901,232, indirect wages of \$94,101,459, and induced wages of \$62,707,439.

### **SECONDARY BENEFITS**

The announcement of GlobalWafers will naturally increase the demand for new schools, housing developments, retail, and commercial enterprises. Due to high-tech industry growth, SISD passed a \$540 million school bond in 2023 with a ZERO-tax rate increase. The bond includes two new elementary schools, a new Early Childhood Center, a multipurpose stadium, and much more.

In August 2023, the City of Sherman reported 11,386 single-family and 16,529 multi-family unit permits that were either in the planning phase, completing the engineering review, or were under construction. Prior to the announcement of GlobalWafers, Sherman was tracking a total of 8,150 single-family and 10,700 multi-family unit permits in the development process.

To show the sheer impact that these large-scale semiconductor projects have on a community, in November 2021, Sherman had added only 280 single-family and 21 multi-family permits on the year-to-date. Those figures represent the development activity in Sherman prior to the announcement of both the Texas Instruments and GlobalWafers projects.

SEDCO is seeing an influx of semiconductor supplier companies wanting to secure a location in Sherman, Texas. With this announcement, Sherman is now being recognized as a prime location for business not only in Texas and the United States but worldwide as well.

### **CONCLUSION**

Winning two multi-billion-dollar projects within a 12-month period has secured Sherman as a high-tech hub and will not only shape the future of our community but also the entire North Texas region. This growth will seed our economic landscape with many future opportunities including great paying jobs, increased local economic output, and a higher standard of living for current and future generations.