

[Print Article](#)[Print This Story](#)

Dell says it will pay back local incentives

By Richard Craver | Journal Reporter

Dell Inc. has said in writing that it will pay back \$26.5 million in local incentives by mid-February.

Allen Joines, the mayor of Winston-Salem, said yesterday that Dell reconfirmed a pledge that it made Oct. 7 -- shortly after announcing it was closing its desktop-assembly plant in Forsyth County in January and eliminating 905 jobs.

In a letter sent Tuesday by Kip Thompson, the vice president for facilities of Dell, the company agreed that the incentive repayments are \$15.6 million to the city, \$7.9 million to the county, nearly \$2.8 million to the Millennium Fund and \$308,622 to the Forsyth County Development Corp.

"These amounts will be the full and final obligations by Dell to each entity," Thompson said.

Each group will have to submit a formal repayment request to Dell after the plant is closed, at which time Dell will have up to 30 days to make the payment.

Because Dell is not keeping the plant open for five years, it is obligated by its contract to repay 100 percent of the payments and incentives that it has received from the local community.

Dell left some wiggle room initially when it said it planned to meet with local government officials to determine its responsibility.

That response led to some speculation that Dell might try to either negotiate to keep some of the incentives or require local government agencies to pursue the money in court.

"The letter speaks for itself," said David Frink, a spokesman for Dell. "That statement obviously includes agreements beyond those referenced in the response to Mayor Joines' letter. We expect to finalize soon."

Joines said that by Dell putting its repayment agreement in writing, "it validates the strength of our contract with Dell and shows that incentives are not inherently risky if properly structured."

Gov. Bev Perdue has expressed a similar plan for state incentives. The state has paid out a total of \$8.5 million in grants and tax incentives, and expects to get back \$1.5 million that it gave to Dell for job creation. It's not clear whether the state will recoup money for its other tax credits and incentives.

Joines said that city officials are discussing what to do with the money that's left over once the city pays off about \$6 million in loans related to Dell.

"We are considering using some of the money toward initiatives that would create jobs, such as a small-business development fund and other economic projects," Joines said.

Dave Plyler, the chairman of the Forsyth County Board of Commissioners, said that the commissioners likely would consider lowering taxes first. "How much that would be, I don't know," he said.

Other suggestions were repaying debt on school bonds, reserving it as revenue for the 2010-11 budget or making it a contribution to the county's rainy-day fund.

Plyler said that commissioners should remember that the money was spent as a business incentive when deciding what to do. "We may want to pay to bring business back," he said.

Dudley Watts, the county manager, said that most likely the board would discuss how to use the money in its February planning retreat.

Bob Leak Jr., the president of Winston-Salem Business Inc., said that the Dell letter "should make it easier for all those involved in the incentive process to move forward because of the way this one worked."

John H. Boyd, the president of The Boyd Co. Inc., a site-selection company in Princeton, N.J., said that it behooves the Triad to "put the Dell experience and all the theatrics and subplots behind it" as soon as it is feasible and reasonable.

"Many companies are using the current downturn to plan and re-engineer, including facilities realignments," Boyd said. "Most of these decisions are cost-based, and that shows well for the Triad."

rcraver@wsjournal.com

727-7376

Journal reporter Wes Young contributed to this article.