

MINUTES

STATE OF NORTH CAROLINA
COUNTY OF HENDERSON

BOARD OF COMMISSIONERS
NOVEMBER 7, 1996

The Henderson County Board of Commissioners met for a special called meeting at 7:00 p.m. in the Commissioners' Conference Room of the Henderson County Office Building.

Those present were: Chairman Renee Kumor, Vice-Chair Vollie G. Good, Commissioner Bob Eklund, Commissioner Don Ward, County Manager David E. Nicholson, Assistant County Manager/Staff Attorney Angela M. Skerrett, County Attorney Don H. Elkins, and Clerk to the Board Elizabeth W. Corn.

Also present were: Finance Director J. Carey McLelland, Planning Director Matt Matteson.

Absent was: Commissioner J. Michael Edney.

CALL TO ORDER/WELCOME

Chairman Kumor called the meeting to order and welcomed all in attendance. Mrs. Kumor explained that the purpose of this meeting is a Public Hearing to consider granting economic development incentives to ITT Automotive, Inc.

OVERVIEW OF ECONOMIC INCENTIVES

Angela Skerrett reviewed the proposed incentives:

- The purchase of 40.55 acres at a cost of \$800,000.
- The construction of a sewer line with a 10% contingency is estimated to cost approx. \$440,000.
- The construction of a water line with estimated construction cost at \$40,000.
- A reimbursement for the site preparation and grading costs of \$800,000 to be paid over five years in five equal annual installments.

In return for the economic incentives, ITT would propose to make a \$65 million capital investment that would generate \$334,750 tax dollars per year. At our current tax rate that would result in a pay back of about 6.35 years to the county on its investment.

PRESENTATION BY ITT

Steve Dickerson, Director of Operations for ITT, plant manager for the Asheville facility and coordinator of the manufacturing operations for North America, showed a sample of the antilock brake systems that are currently being produced in the Asheville

facility. This is currently being replaced by a newer and lighter version which is half the size, half the weight and sells for about half the price. In the Morganton facility, they produce a system that provides the power brakes on cars. In Europe, ITT has been big in foundation brakes. They are the world's largest producer of foundation brakes. High volume foundation brake manufacturing is what they plan to do at the new facility for North America.

Mr. Dickerson then showed a drawing of the proposed building.

PUBLIC HEARING

Commissioner Good made the motion for the Board to go into Public Hearing. All voted in favor and the motion carried.

Public Input:

1. Greg Munson - Mr. Munson is a resident of Horse Shoe. He cautioned the Board in their use of economic incentives and urged them to find another site in the county for ITT. He spoke of Henderson County's low unemployment. He spoke in favor of county wide zoning.

2. Marilyn Munson - Mrs. Munson didn't wish to speak.

3. William Enloe - Mr. Enloe spoke in opposition of the proposed incentives. He did not think that the tax payers should have to foot the bill for ITT for six years.

4. Richard A. Harcke - Mr. Harcke owns Branford Wire and stated that he has been trying to get sewer service for his business for five years.

5. Marc Worth - Mr. Worth spoke in support of the project.

6. Derek Stiles - Mr. Stiles spoke in favor of the project.

7. Doug Salvoids - Mr. Salvoids owns Advanced Technical Welding in Etowah. He has never been offered county incentives. He spoke in opposition of the proposed incentives.

8. William Lapsley - Mr. Lapsley is the current Chairman of the Committee of 100 which is a division of the Greater Hendersonville Chamber of Commerce. The Committee of 100's role is to be the economic development agent for Henderson County. The number one

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goal given to the Committee of 100 was high paying jobs. Mr. Lapsley encouraged approval of the package.

9. Albert Gooch - Mr. Gooch seconded Mr. Lapsley's comments and felt that ITT would be a good investment in the future of Henderson County and Western North Carolina. Mr. Gooch is President of the Greater Hendersonville Chamber of Commerce.

10. Ray Denney - Mr. Denney, N.C. Dept. Of Commerce, Director of the Western Regional Office, spoke in favor of the proposal. He urged the Commissioners to consider this investment in the future of Henderson County.

11. Ray Cantrell - Mr. Cantrell spoke in favor of the incentives as an investment, not a giveaway.

12. Carolyn Carland - Ms. Carland and her husband have farmed the site for a number of years. She welcomes ITT and hopes that agriculture and industry can work together.

13. Gary Livingston - Mr. Livingston is the current Chief at Mills River Fire Dept. He is not sure what impact this new plant will have on them but stated they would do their best to provide fire protection and rescue operations to ITT and support them.

14. Glenn Davis - Mr. Davis had a few questions which staff answered for him.

Commissioner Eklund made the motion for the Board to go out of Public Hearing. All voted in favor and the motion carried.

BOARD DISCUSSION

The Commissioners asked questions of staff. It was the consensus of the Board to proceed.

PRESENTATION OF DRAFT ITT CONTRACT

Ms. Skerrett reviewed the agreement with the Board. The Board must determine that a grant of economic development incentives to ITT will promote business and result in the creation of a substantial number of jobs in the county paying at or above the median average wage in the county for all insured industries as determined by the employment security commission.

- The county will purchase the industrial site, 38.28 acres and convey the industrial site to ITT Automotive on or before December 1, 1996.
- The county will purchase a 2.3 acre lot, the roadway lot, and dedicate it to the State of North Carolina for the construction of a roadway.
- The county will provide public sewer to the perimeter of the industrial site.
- The county will provide public water to the industrial site.
- The remaining utilities (gas, fiber optic telephone, and electricity) are not the responsibility of the county.
- ITT Automotive is to be responsible for doing all of the site grading and preparation; however, the county will reimburse ITT Automotive an amount up to \$800,000 to be paid over five years in five equal annual installments.
- The County will cooperate with ITT Automotive and the current property owner in applying restrictive covenants to this industrial site and to the surrounding acreage.
- The County will secure permission from the property owner for ITT Automotive to have a temporary construction access to the site while the other access is being constructed by the State.
- ITT Automotive will hold the County harmless for their use of the access.
- ITT Automotive will construct an automotive parts manufacturing facility consisting of about 200,000 square feet on the industrial site. They have to make a capital investment that is taxable of at least \$65 million.
- ITT must complete their capital investment within three years of the date of the agreement or else the property will automatically revert back to the county at no cost to the county.
- ITT would have to pay the entire remaining balance of any mortgages or liens that they may attach to the property.
- By the end of the three year period, ITT must create a minimum of 200 new salary and hourly wage jobs in this manufacturing facility. Of these 200 a substantial number (101) shall be paid at or above the median average wage for all insured industries in the county. In addition the overall average wage has to exceed that for all the jobs.
- They have to continue to monitor their wages against the average in the county.

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- ITT Automotive has to retain those jobs for ten years in the county.
- ITT will hold Henderson County harmless for any and all occurrences associated with the construction and operation of the facility.
- ITT will perform their own site testing and they have on their own determined that that site is appropriate for an industrial site and they will not in any way hold the county responsible for making that determination.
- ITT will use good faith, best efforts, and sound management practices in the operation of the facility. If they decide, before the same three year period, to go out of business they must pay back the county 100% of the money the county has spent to grant the incentives.
- Within ten days of the completion of the grading, ITT must certify to the county the costs so the county will know how much they must reimburse.
- Within ten calendar days of the end of the three year term, ITT must certify to the county that the capital investment has been made.
- Within ten consecutive calendar days of the three year term ITT must certify to the county in writing that 200 jobs are in fact existing and are not vacant.
- For the remaining ten years ITT must provide that certification annually.
- Henderson County will have access to ITT's books relating to the fulfillment of this agreement, during the term of this agreement.
- ITT can decide at any time during the term to provide to Henderson County all the costs associated with providing the economic incentives and get out of the obligation. Henderson County would be refunded 100% of the costs.
- Henderson County cannot pledge the faith and credit of the county.
- ITT must be entirely responsible for and bear the risk of loss associated with the capital investment and with the creation and retention of the jobs. If a court ever declares this null and void, ITT would pay the county 100% back over a period of five years.
- This agreement cannot be assigned.
- ITT Automotive will comply with all the laws in carrying out their obligations under this agreement.
- Notice provision.
- If any part of this agreement is deemed unenforceable, the remainder will be enforceable.
- The agreement will bind all successors at interest to this

agreement and it has been prepared equally by both parties and will not be construed more stringently against one party or the other.

- This is a fully integrated document. The entire agreement will be governed by the laws of the State of North Carolina.
- More than one original can be executed.
- All obligations that are continuing obligations will remain enforceable.
- This agreement will be recorded in the office of the Henderson County Register of Deeds.
- There are no third party beneficiaries to the agreement.

Training for the facility will be done locally at Blue Ridge Community College.

Ms. Skerrett presented this as a draft document. ITT has retained local council but would like for their in house council to review this document. They may propose some form changes. Ms. Skerrett requested the Board to authorize her to finalize the negotiation and the form of this agreement and to authorize the Chairman to execute the final agreement provided that the intent of the agreement is not changed.

Ms. Skerrett offered a second option - the Board of Commissioners not to take final action on the agreement at this time but to set another special called meeting next week to take final action on the final draft agreement.

Commissioner Eklund made the motion to authorize Ms. Skerrett and Chairman Kumor to finalize and execute the agreement.

Commissioner Ward made the motion to table Mr. Eklund's motion until we have a full Board for a vote, until Wednesday, November 13 (the next scheduled Commissioner's meeting).

A vote was taken on Commissioner Ward's motion to table and the motion failed three to one with Commissioner Ward voting aye.

A vote was taken on Commissioner Eklund's motion and the motion carried three to one with Commissioner Ward voting nay.

PRESENTATION OF OFFER TO PURCHASE

Don Elkins presented the offer to purchase to the Board but asked that action wait until following closed session. It mirrors the agreement with ITT Automotive.

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PRESENTATION OF ENGINEERING AGREEMENT FOR SEWER

Angela Skerrett reviewed the proposed agreement for engineering services with William G. Lapsley & Associates. Staff recommended that the Board enter into an agreement with William G. Lapsley & Associates. She stated this is a standard agreement. The proposed fee is not to exceed \$32,000, billed hourly, which is 8% of the proposed construction costs. Mr. Lapsley has been working on the project and to date has provided those services free of charge. The award must be done by Resolution. Ms. Skerrett reviewed the Resolution. She had omitted the NCGS reference and asked that she be authorized to insert the appropriate statutory reference.

Commissioner Eklund made the motion to adopt the proposed Resolution with the appropriate statutory reference. All voted in favor and the motion carried.

PRESENTATION OF RESOLUTION AUTHORIZING FINANCING OF SEWER

Carey McLelland presented a resolution for approval which authorizes the use of installment purchase contract financing for the construction of sewer lines to serve ITT Automotive, Inc. Which will be constructing a new manufacturing facility in Henderson County. Also included in the resolution were instructions for staff to request financing proposals for this project and the Edneyville Library Project. An installment contract financing schedule was reviewed.

Commissioner Good made the motion to approve the RESOLUTION OF THE BOARD OF COMMISSIONERS OF HENDERSON COUNTY, NORTH CAROLINA, AUTHORIZING THE USE OF INSTALLMENT PURCHASE CONTRACT FINANCING FOR THE CONSTRUCTION OF SEWER LINES TO SERVE ITT AUTOMOTIVE, INC. AND INSTRUCTING STAFF TO REQUEST FINANCING PROPOSALS. All voted in favor and the motion carried.

PRESENTATION OF BUDGET AMENDMENT

Mr. McLelland also presented a budget amendment which transfers funds from the General Fund and the Capital Projects Fund for the purchase of real property for the Board's approval. This amendment also appropriates funds in the Economic Development Fund remaining from the previous fiscal year.

Commissioner Ward made the motion to adopt the budget amendment as presented. All voted in favor and the motion carried.

CLOSED SESSION

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Commissioner Good made the motion for the Board to go into Closed Session as allowed under NCGS 143-318 (a)(3) for the following reason:

1. To consult with an attorney employed or retained by the public body in order to preserve the attorney-client privilege and to give instructions to the attorney with respect to a claim.

All voted in favor and the motion carried.

ACTION FOLLOWING CLOSED SESSION

Chairman Kumor stated that the Board accepts the Court decision on the boundary dispute. Commissioner Eklund so moved. All voted in favor and the motion carried.

Don Elkins presented three copies of the original offer to purchase and reviewed each provision with the Board in private session. He presented it to the Board for either approval or disapproval.

Commissioner Good made the motion to accept this offer to purchase in order that it be presented to the current owners of the property for acceptance. All voted in favor and the motion carried.

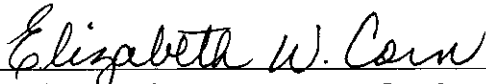
There was much discussion regarding an industrial incentives package in writing.

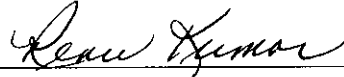
Ms. Skerrett asked to clarify one item with regard to ITT Automotive. In the proposed incentives package she presented to the Board she failed to state that those are estimations, the dollar figures.

Commissioner Good made the motion that all associated documents can be executed by the Chairman. All voted in favor and the motion carried.

There being no further business to come before the Board, the meeting was adjourned.

ATTEST:


Elizabeth W. Corn, Clerk


Renee Kumor, Chairman

HENDERSON COUNTY BOARD OF COMMISSIONERS

100 North King Street

Hendersonville, North Carolina 28792-5097

Phone 704-697-4808 • Fax: 704-697-4536

TDD: 704-697-4580

DAVID E. NICHOLSON
COUNTY MANAGERRENEE KUMOR
CHAIRMAN
VOLLIE G. GOOD
J. MICHAEL EDNEY
BOB EKLUND
DON WARD

**RESOLUTION OF THE BOARD OF COMMISSIONERS
OF HENDERSON COUNTY, NORTH CAROLINA,
AUTHORIZING THE USE OF INSTALLMENT PURCHASE CONTRACT FINANCING
FOR THE CONSTRUCTION OF SEWER LINES TO SERVE ITT AUTOMOTIVE, INC
AND INSTRUCTING STAFF TO REQUEST FINANCING PROPOSALS**

WHEREAS, the Board of Commissioners desires to provide incentives for ITT Automotive, Inc. to locate in Henderson County consisting of, but not limited to, the construction of sewer lines to serve the industry at an estimated construction budget cost of \$440,000 which consists of \$400,000 in construction costs and \$40,000 in contingencies; and

WHEREAS, the Board of Commissioners propose to finance the construction of the sewer lines to serve ITT Automotive, Inc. through an installment purchase contract financing arrangement over a term of five (5) years at a fixed rate of interest, with the payment of no issuance costs by the County, with level quarterly payments, and no penalties for prepayment in whole or in part; and

WHEREAS, N.C.G.S. 160A-20 authorizes financing "the construction or repair of fixtures or improvements on real property by contracts that create in the fixtures or improvements, or in all or some portion of the property on which the fixtures or improvements are located, or in both, a security interest to secure repayment of moneys advanced or made available for such construction or repair"; and

WHEREAS, it is the Board of Commissioner's intention to adopt this resolution for the purpose of approving the use of installment purchase contract financing for the construction of sewer lines to serve ITT Automotive, Inc.

NOW THEREFORE, BE IT RESOLVED BY THE HENDERSON COUNTY BOARD OF COMMISSIONERS AS FOLLOWS:

1. The Board of Commissioners authorizes the use of installment purchase contract financing pursuant to the authority granted by N.C.G.S 160A-20 subject to the following terms and conditions:
 - a. The term of the installment contract shall be five (5) years.
 - b. The financing shall be for a fixed rate of interest.
 - c. There shall be no issuance costs imposed upon Henderson County by the financing institution for the installment contract.

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- d. There shall be no penalties for prepayment in whole or in part.
 - e. Payments shall be level and shall be made quarterly.
 - f. The bank shall provide all attorney's opinions other than those required by the Local Government Commission to come from the County's attorney.
 - g. The bank shall provide all public financing documents.
 - h. The bank shall determine at its on expense whether financing for this project is tax exempt or not.
2. The Board of Commissioners orders staff to request financing proposals from financial institutions licensed to do business in North Carolina in accordance with the terms and conditions outlined above. Staff may combine this financing with the financing for the Edneyville Library Project, as contained in that resolution entitled, "Resolution of the Board of Commissioners of Henderson County, North Carolina, Authorizing the Use of Installment Purchase Financing for the Construction of a New Edneyville Public Library and Directing Staff to Request Proposals from Financial Institutions", adopted by the Henderson County Board of Commissioners on October 7, 1996, a copy of which is attached hereto as Exhibit A, in the financing proposal.
 3. The Board of Commissioners direct staff to bring back final draft financing documents for review and approval after a duly called public hearing..

This the 7th day of November 1996.

THE HENDERSON COUNTY BOARD OF COMMISSIONERS

BY: Renee Kumor
Renee Kumor, Chairman

Attest:

Elizabeth W. Corn
Elizabeth Corn, Clerk to the Board

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