

RESOLUTION NUMBER _____

CITY COUNCIL OF THE CITY OF ASHEBORO, NORTH CAROLINA

**RESOLUTION AUTHORIZING AN ECONOMIC DEVELOPMENT
INCENTIVES CONTRACT WITH THE COUNTY OF RANDOLPH AND
ASHEBORO ELASTICS CORP.**

WHEREAS, Section 158-7.1 of the North Carolina General Statutes authorizes a city to undertake an economic development project by extending assistance to a company in order to cause the company to locate or expand its operations within the city; and

WHEREAS, the Asheboro City Council has held a public hearing to consider whether to participate in an economic development project that will result in the County of Randolph (the “County”), the City of Asheboro (the “City”), and Asheboro Elastics Corp. (the “Company”) approving an economic development incentives package whereby the County and the City each contribute up to fifteen thousand and no hundredths dollars (\$15,000.00) for a total payment of up to thirty thousand and no hundredths dollars (\$30,000.00) to the Company to offset the costs of the Company’s expansion in the City of Asheboro, Randolph County, North Carolina, said incentives to be granted pursuant to an economic development incentives contract entered into pursuant to Section 2 of this Resolution; and

WHEREAS, upon the completion by the Company of this expansion project, the Company will have generated new value/investment in personal property and equipment associated with the project in an amount equal to or in excess of one million five hundred thousand and no hundredths dollars (\$1,500,000.00) and created a minimum of sixty (60) new jobs in the County and City; and

WHEREAS, this economic development project will stimulate and stabilize the local economy, promote business in the County and City, and result in the creation of a significant number of jobs in the County and City; and

WHEREAS, the City has in its General Fund available revenues sufficient to fund this economic development project;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Asheboro, North Carolina as follows:

Section 1. The City is authorized to expend up to fifteen thousand and no hundredths dollars (\$15,000.00) of City funds for the Asheboro Elastics economic development project.

Section 2. In addition to the standard terms found in contracts that the City routinely executes in the ordinary course of business, the economic development incentives contract

entered into by and between the County, the City, and the Company must contain the following essential terms and conditions:

- a. The total payment made to the “Company” under this contract shall not exceed thirty thousand and no hundredths dollars (\$30,000.00).
- b. Fifty-percent (50%) of the contract amount will be paid by the County, and the other fifty-percent (50%) of the contract amount will be paid by the City.
- c. The contract amount will be paid in three (3) installments in amounts as detailed below at a frequency not to exceed one installment per fiscal year (July 1-June 30). The initial installment payment shall be made no sooner than January 1, 2015, and the final installment payment shall not be made later than December 31, 2018. The obligation of the City to make any installment payments specified herein shall be conditioned upon the satisfactory completion by the Company of certain performance requirements, including but not limited to, the following:
 - i. The Company must deliver to the County and the City written certification that the actual value of new investment by the Company in personal property in connection with this project equals or exceeds seven hundred fifty thousand and no hundredths dollars (\$750,000.00). The written certification of the actual value of the new investment shall further certify that said new investment is located within the corporate limits of the City of Asheboro. Additionally, the Company must provide Employment Security Reports to the County and the City evidencing the creation of thirty (30) new full-time jobs. Upon receipt of said certifications, the County and the City shall remit a total payment of ten thousand and no hundredths dollars (\$10,000.00), fifty-percent (50%) to be paid by the County and fifty-percent (50%) to be paid by the City; and
 - ii. The Company must deliver to the County and the City written certification that the actual cumulative value of the new investment by the Company in personal property in connection with this project equals or exceeds one million five hundred thousand and no hundredths dollars (\$1,500,000.00). This written certification of the actual cumulative value of the new investment shall further certify that said new investment is located within the corporate limits of the City of Asheboro. Additionally, the Company must provide Employment Security Reports to the County and the City evidencing the creation of an additional thirty (30) new full-time jobs. Additionally, the Company must deliver to the County and the City written certification that the Company has not reduced its level of operations in the County and the City since the date of payment by the County and the City of the immediately preceding installment payment. By way of illustration and without limitation, the Company shall be deemed to have reduced its level of operations in the County and the City if the Company fails to maintain the entirety of the newly created jobs

referenced in Paragraph (i) above. Upon receipt of the required certifications, the County and the City shall remit a total payment of ten thousand and no hundredths dollars (\$10,000.00), fifty-percent (50%) to be paid by the County and fifty-percent (50%) to be paid by the City; and

- iii. The Company must deliver to the County and the City written certification that the Company has not reduced its level of operations in the County and the City since the date of payment by the County and the City of the installment payment referenced in Paragraph (ii) above. Upon receipt of the required certification, the County and the City shall remit a total payment of ten thousand and no hundredths dollars (\$10,000.00), fifty-percent (50%) to be paid by the County and fifty-percent (50%) to be paid by the City.
- d. The contract must provide the County and the City with a means of recouping a portion of the contract amount if the Company's facility, as expanded, does not remain in full operation, maintaining the newly created jobs referenced above, for a period of three (3) years immediately following the date on which the final installment of the contract amount is paid to the Company.
- e. If the Company does not remain in full operation during this three (3) year period, a portion of the incentive money must be returned. The amount to be returned shall decrease on a pro-rated amount for each year that the company remains in the City and County. Any amounts returned by the company in this manner shall be divided equally between the County and the City.

Section 3. The Mayor of the City of Asheboro is hereby authorized to execute on behalf of the City of Asheboro a contract drafted in accordance with Section 2 of this Resolution and any other documents necessary for the implementation of this economic development project.

This Resolution was adopted by the Asheboro City Council in open session during a special meeting held on the 8th day of September, 2014.

David H. Smith, Mayor
City of Asheboro, North Carolina

ATTEST:

Holly H. Doerr, CMC, NCCMC, City Clerk
City of Asheboro, North Carolina

RESOLUTION NUMBER _____

CITY COUNCIL OF THE CITY OF ASHEBORO, NORTH CAROLINA

**RESOLUTION AUTHORIZING AN ECONOMIC DEVELOPMENT
INCENTIVES CONTRACT WITH THE COUNTY OF RANDOLPH AND
KENNAMETAL INCORPORATED**

WHEREAS, Section 158-7.1 of the North Carolina General Statutes authorizes a city to undertake an economic development project by extending assistance to a company in order to cause the company to locate or expand its operations within the city; and

WHEREAS, the Asheboro City Council has held a public hearing to consider whether to participate in an economic development project that will result in the County of Randolph (the “County”), the City of Asheboro (the “City”), and Kennametal Incorporated (the “Company”) approving an economic development incentives package whereby the County and the City each contribute up to ninety thousand and no hundredths dollars (\$90,000.00) for a total payment of up to one hundred eighty thousand and no hundredths dollars (\$180,000.00) to the Company to offset the costs of the Company’s expansion in the City of Asheboro, Randolph County, North Carolina, said incentives to be granted pursuant to an economic development incentives contract entered into pursuant to Section 2 of this Resolution; and

WHEREAS, upon the completion by the Company of this expansion project, the Company will have generated new value/investment in personal property and equipment associated with the project in an amount equal to or in excess of twelve million and no hundredths dollars (\$12,000,000.00) and created a minimum of thirty-one (31) new jobs in the County and City; and

WHEREAS, this economic development project will stimulate and stabilize the local economy, promote business in the County and City, and result in the creation of a significant number of jobs in the County and City; and

WHEREAS, the City has in its General Fund available revenues sufficient to fund this economic development project;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Asheboro, North Carolina as follows:

Section 1. The City is authorized to expend up to ninety thousand and no hundredths dollars (\$90,000.00) of City funds for the Kennametal economic development project.

Section 2. In addition to the standard terms found in contracts that the City routinely executes in the ordinary course of business, the economic development incentives contract

entered into by and between the County, the City, and the Company must contain the following essential terms and conditions:

- a. The total payment made to the “Company” under this contract shall not exceed one hundred eighty thousand and no hundredths dollars (\$180,000.00).
- b. Fifty-percent (50%) of the contract amount will be paid by the County, and the other fifty-percent (50%) of the contract amount will be paid by the City.
- c. The contract amount will be paid in five (5) installments in amounts as detailed below at a frequency not to exceed one installment per fiscal year (July 1-June 30). The initial installment payment shall be made no sooner than January 1, 2015, and the final installment payment shall not be made later than December 31, 2020. The obligation of the City to make any installment payments specified herein shall be conditioned upon the satisfactory completion by the Company of certain performance requirements, including but not limited to, the following:
 - i. The Company must deliver to the County and the City written certification that the actual value of new investment by the Company in personal property in connection with this project equals or exceeds four million and no hundredths dollars (\$4,000,000.00). The written certification of the actual value of the new investment shall further certify that said new investment is located within the corporate limits of the City of Asheboro. Additionally, the Company must provide Employment Security Reports to the County and the City evidencing the creation of seven (7) new full-time jobs. Upon receipt of said certifications, the County and the City shall remit a total payment of thirty-six thousand and no hundredths dollars (\$36,000.00), fifty-percent (50%) to be paid by the County and fifty-percent (50%) to be paid by the City; and
 - ii. The Company must deliver to the County and the City written certification that the actual cumulative value of the new investment by the Company in personal property in connection with this project equals or exceeds six million five hundred thousand and no hundredths dollars (\$6,500,000.00). This written certification of the actual cumulative value of the new investment shall further certify that said new investment is located within the corporate limits of the City of Asheboro. Additionally, the Company must provide Employment Security Reports to the County and the City evidencing the creation of an additional six (6) new full-time jobs. Additionally, the Company must deliver to the County and the City written certification that the Company has not reduced its level of operations in the County and the City since the date of payment by the County and the City of the immediately preceding installment payment. By way of illustration and without limitation, the Company shall be deemed to have reduced its level of operations in the County and the City if the Company fails to maintain the entirety of newly created jobs

referenced in Paragraph (i) above. Upon receipt of the required certifications, the County and the City shall remit a total payment of thirty-six thousand and no hundredths dollars (\$36,000.00), fifty-percent (50%) to be paid by the County and fifty-percent (50%) to be paid by the City; and

- iii. The Company must deliver to the County and the City written certification that the actual cumulative value of the new investment by the Company in personal property in connection with this project equals or exceeds nine million five hundred thousand and no hundredths dollars (\$9,500,000.00). This written certification of the actual cumulative value of the new investment shall further certify that said new investment is located within the corporate limits of the City of Asheboro. Additionally, the Company must provide Employment Security Reports to the County and the City evidencing the creation of an additional six (6) new full-time jobs. Additionally, the Company must deliver to the County and the City written certification that the Company has not reduced its level of operations in the County and the City since the date of payment by the County and the City of the installment payment referenced in Paragraph (ii) above. Upon receipt of the required certification, the County and the City shall remit a total payment of thirty-six thousand and no hundredths dollars (\$36,000.00), fifty-percent (50%) to be paid by the County and fifty-percent (50%) to be paid by the City.
- iv. The Company must deliver to the County and the City written certification that the actual cumulative value of the new investment by the Company in personal property in connection with this project equals or exceeds twelve million and no hundredths dollars (\$12,000,000.00). This written certification of the actual cumulative value of the new investment shall further certify that said new investment is located within the corporate limits of the City of Asheboro. Additionally, the Company must provide Employment Security Reports to the County and the City evidencing the creation of an additional six (6) new full-time jobs. Additionally, the Company must deliver to the County and the City written certification that the Company has not reduced its level of operations in the County and the City since the date of payment by the County and the City of the installment payment referenced in Paragraph (iii) above. Upon receipt of the required certification, the County and the City shall remit a total payment of thirty-six thousand and no hundredths dollars (\$36,000.00), fifty-percent (50%) to be paid by the County and fifty-percent (50%) to be paid by the City.
- v. The Company must provide Employment Security Reports to the County and the City evidencing the creation of an additional six (6) new full-time jobs. Additionally, the Company must deliver to the County and the City written certification that the Company has not reduced its level of

operations in the County and the City since the date of payment by the County and the City of the installment payment referenced in Paragraph (iv) above. Upon receipt of the required certification, the County and the City shall remit a total payment of thirty-six thousand and no hundredths dollars (\$36,000.00), fifty-percent (50%) to be paid by the County and fifty-percent (50%) to be paid by the City.

- d. The contract must provide the County and the City with a means of recouping a portion of the contract amount if the Company's facility, as expanded, does not remain in full operation, maintaining the newly created jobs referenced above, for a period of four (4) years immediately following the date on which the final installment of the contract amount is paid to the Company.
- e. If the Company does not remain in full operation during this four (4) year period, a portion of the incentive money must be returned. The amount to be returned shall decrease on a pro-rated amount for each year that the company remains in the City and County. Any amounts returned by the company in this manner shall be divided equally between the County and the City.

Section 3. The Mayor of the City of Asheboro is hereby authorized to execute on behalf of the City of Asheboro a contract drafted in accordance with Section 2 of this Resolution and any other documents necessary for the implementation of this economic development project.

This Resolution was adopted by the Asheboro City Council in open session during a special meeting held on the 8th day of September, 2014.

David H. Smith, Mayor
City of Asheboro, North Carolina

ATTEST:

Holly H. Doerr, CMC, NCCMC, City Clerk
City of Asheboro, North Carolina