

**NOTICE OF A SPECIAL MEETING OF THE
CITY COUNCIL OF THE CITY OF ASHEBORO**

Tuesday, August 20, 2013

5:00 P.M.

Notice is hereby given of a special meeting of the City Council of the City of Asheboro that is to be held on Tuesday, the 20th day of August, 2013, at 5:00 p.m. This meeting will be held as a joint meeting with the Randolph County Board of Commissioners in the first floor Meeting Room at the Randolph County Office Building, 725 McDowell Road, Asheboro, North Carolina 27205.

This special joint meeting has been called for the purpose of conducting a joint public hearing on the proposed appropriation and expenditure of county and city funds, in accordance with Section 158-7.1 of the North Carolina General Statutes, for an economic development project with Kayser-Roth Corporation. After the public hearing, the respective governing boards will consider resolutions authorizing the county and city to enter into an economic development incentives contract with the company.

This notice is issued on the 15th day of August, 2013, in accordance with the laws and ordinances of the State of North Carolina.

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

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**SPECIAL MEETING
ASHEBORO CITY COUNCIL
RANDOLPH COUNTY BOARD OF COMMISSIONERS
RANDOLPH COUNTY OFFICE BUILDING
725 McDOWELL ROAD, ASHEBORO, NORTH CAROLINA
TUESDAY, AUGUST 20, 2013
5:00 p.m.**

This being the time and place for a joint special meeting of the Asheboro City Council and the Randolph County Board of Commissioners, a meeting was held with the following elected officials and staff members present:

- David H. Smith) – Mayor Presiding

- Talmadge S. Baker)
- Clark R. Bell)
- Edward J. Burks)
- Linda H. Carter) – Council Members Present
- Michael W. Hunter)
- Walker B. Moffitt)
- Charles A. Swiers)

- John N. Ogburn, III, City Manager
- Holly H. Doerr, CMC, NCCMC, City Clerk/Paralegal
- Michael L. Leonard, P.E., City Engineer
- Deborah P. Reaves, Finance Director
- Jeffrey C. Sugg, City Attorney

In addition to the above-referenced city officials and staff members, the following members of the Randolph County Board of Commissioners were present: Darrell Frye, Stan Haywood, Chairman Harold Holmes, Phil Kemp, and Arnold Lanier. The following county staff members were also present: Richard Wells, County Manager; Cheryl Ivey, Clerk to the Board; Will Massie, Finance Officer; Ben Morgan, County Attorney; Amanda Varner, Deputy Clerk to the Board; and Aimee Scotton, Associate County Attorney.

Subsequent to Randolph County Board of Commissioners Chairman Harold Holmes calling the special joint meeting to order for the County, Mayor Smith called the meeting to order for the City Council and

opened the public hearing on behalf of the Asheboro City Council in order to give the public an opportunity to learn about and comment on the economic incentives package proposed for Kayser-Roth. Similarly, Chairman Holmes opened a public hearing on behalf of the County.

Ms. Bonnie Renfro, President of the Randolph County Economic Development Corporation (RCEDC), reported that Kayser-Roth is considering the Asheboro facility located at 515 West Balfour Avenue in Asheboro as the location for further expansion for its manufacturing capacity.

Kayser-Roth has operated in Asheboro since 1911 and is owned by The Golden Lady Group, an Italian family owned company. They have four manufacturing plants in the United States, including Asheboro, with its corporate headquarters located in Greensboro and additional offices located in New York City. The company produces socks, ladies hosiery, and tights with well known brands, including but not limited to, Hue, No Nonsense, Calvin Klein, Burlington, Jockey, George, and Simply Vera.

During her presentation, Ms. Renfro noted that the expansion project would involve the construction of a 60,000 square foot addition to the current Asheboro manufacturing facility as well as the addition of new machinery and equipment. An expansion project would have an expected completion date in 2014. Current estimates anticipate a capital investment in the expansion totaling approximately \$10 million. Of this investment, approximately \$3.7 million would be for real property, and \$6.3 million would be for personal property (equipment). With this expansion, Kayser-Roth plans to add an additional 50 jobs with an average annual wage of \$21,985 or \$10.57 per hour including a full range of benefits, including but not limited to, health insurance, 401K, and paid vacation. The project would generate more than \$1.1 million in new income annually from direct wages.

Ms. Renfro recommended that the City of Asheboro and the County of Randolph provide \$75,000 each to assist Kayser-Roth with the expansion. This economic development assistance package is to be disbursed in accordance with performance requirements prescribed by a proposed economic development incentives contract. In order to implement this project, Ms. Renfro recommended that the City of Asheboro and the County of Randolph adopt a resolution authorizing the City and County to enter into an economic incentives contract with Kayser-Roth for its expansion of the Asheboro manufacturing facility.

Mr. Kevin Toomey, President of Kayser-Roth, and Ms. Audrey Marsh, Business Manager of Employment Staffing, Inc., presented comments in support of the economic development incentives package. No one offered any comments in opposition to the proposed economic development project.

There being no further comments, Mayor Smith closed the public hearing on behalf of the City Council, and Chairman Holmes closed the public hearing on behalf of the County.

Upon motion by Mr. Bell and seconded by Mr. Moffitt, Council voted unanimously to adopt the following resolution.

37 RES 8-13

RESOLUTION AUTHORIZING THE CITY OF ASHEBORO TO ENTER INTO AN ECONOMIC DEVELOPMENT INCENTIVES CONTRACT

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 joint public hearing with the Board of Commissioners of Randolph County 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 Kayser-Roth Corporation (the "Company") approving an economic development incentives package whereby the County and the City each contribute up to seventy-five thousand and no hundredths dollars (\$75,000.00) for a total payment of up to one hundred fifty thousand and no hundredths dollars (\$150,000.00) 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 that contains the essential terms and conditions specified in 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 real and personal property associated with the project in an amount equal to or in excess of ten million and no hundredths dollars (\$10,000,000.00) and created a minimum of fifty (50) 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, this 20th day of August, 2013, as follows:

Section 1. The City is authorized to expend up to seventy-five thousand and no hundredths dollars (\$75,000.00) of City funds for the Kayser-Roth 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 fifty thousand and no hundredths dollars (\$150,000.00).
- 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 July 1, 2014, and the final installment payment shall not be made later than December 31, 2017. 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 a written certification that the actual value of new investment by the Company in real property in connection with this project equals or exceeds three million seven hundred thousand and no hundredths dollars (\$3,700,000.00), said certification to include a certificate of occupancy issued by the City of Asheboro for the 60,000-square-foot expansion of the Company's existing facility. Additionally, the Company must provide Employment Security Reports to the County and the City evidencing the creation of ten (10) new full-time jobs. Upon receipt of said certifications, the County and the City shall remit a total payment of fifty thousand and no hundredths dollars (\$50,000.00), 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 new investment by the Company in personal property, machinery, and equipment in connection with this project equals or exceeds six million three hundred thousand and no hundredths dollars (\$6,300,000.00). This written certification 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 twenty (20) new full-time jobs. Along with and in addition to the said reports and certifications, 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 said certifications, the County and the City shall remit a total payment of fifty thousand and no hundredths dollars (\$50,000.00), fifty-percent (50%) to be paid by the County and fifty-percent (50%) to be paid by the City; and
 - iii. The Company must provide Employment Security Reports to the County and the City evidencing the creation of an additional twenty (20) 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 Paragraphs (i) and (ii) above. Upon receipt of said certifications, the County and the City shall remit a total payment of fifty

