

Unsealed by Board of Commissioners 04/25/2016.

MINUTES
TRANSYLVANIA COUNTY BOARD OF COMMISSIONERS
January 12, 2015 – SEALED CLOSED SESSION

Closed Session #1-Project Stone (Incentive Package)

Pursuant to NCGS 143-318.11 (a) (4) to discuss matters relating to the location or expansion of business, closed session was entered into at 8:07 p.m. Present were Chairman Hawkins, Commissioners Chapman, Chappell, Lemel and Phillips, County Manager Jaime Laughter, Planning and Community Development Director Mark Burrows, via Skype Crystal Morphis with Transylvania Partnership for Economic Development (TPED), County Attorney Tony Dalton, IT Specialist Mike McKinney (for media support) and Clerk to the Board Trisha Hogan.

The Manager and Planning and Community Development Director Mark Burrows, along with Interim TPED Director Crystal Morphis presented an economic development project to Commissioners as a follow up to the previous closed session meeting on December 19. They asked Commissioners to discuss a formula for approaching an incentive package and to potentially schedule a public hearing for the January 26 County Commission meeting.

This project has been named Project Stone. The business owner has plans to expand his business which includes the creation of 56 new jobs and new capital investment of \$1 million. The business owner has submitted an application to the State for the One NC Fund. The State responded favorably and proposed offering up to \$2,500 per new job created. The One NC Fund requires a local government match.

The Manager reported there are some challenges with this project and the One NC Fund. The One NC Fund requires these jobs to be created within three years; however, the business owner intends to add these jobs over a longer period. She noted though that the business owner intends to make another expansion in five years by adding 73 more jobs with additional capital investment of \$5 million. The question at this point is how much the County is willing to match. Additionally, the business owner may apply for a Building Reuse Grant which requires a 5% match (approximately \$25,000). The business owner is looking to up-fit a larger facility to accommodate the expansion.

The Manager and Mr. Burrows shared some scenarios whereby the County would reimburse ad valorem taxes at varying rates. They noted if the County agreed to the \$140,000 match required with the One NC Fund it would be nearly 10 years before the County would recoup any taxes. Mr. Burrows noted, however, that all tax incentives have had some benefit to the County over the years.

Staff asked Commissioners to consider their risk tolerance and whether or not they are willing to make an upfront investment. Their choices will set precedent and impact future requests for incentive packages.

Ms. Morphis suggested Commissioners consider a higher percentage over fewer years because they would have a better idea of what the business would look like in three to five years. Also, monitoring is required by the State so this will cost the County less with a shorter time frame. She asked the Board to come to consensus on a percentage or tie the incentive package to jobs instead of capital investment. Mr. Burrows noted that the State will not pay until the jobs are created and this is the same for the County. The County could set aside 5% for the Rural Center Grant (Building Reuse) as a way of saying the County is willing to help with the building improvements at that time.

Commissioners discussed the level of incentive package they were willing to provide and each was based on job creation. There are too many unknowns to focus on capital investment at this time. Focusing on job

creation will help the business during its growth period. Commissioners thought it was very important to help this business be an industry leader and remain located here in Transylvania County. It was the consensus of Commissioners to offer \$1,500 per full time job created over a three-year period which is tied to the One NC Fund and a match of 5% (\$25,000) on the Building Reuse Grant. They agreed they need to make a statement that this County and the Commissioners value jobs. Commissioners also agreed to the additional criterion that all jobs created produce a living wage.

If the offer is accepted, Commissioners will need to hold a public hearing on the specific proposal at the next County Commission meeting. Staff intends to meet with the business owner tomorrow with regards to the outcome of this meeting and will not move forward any further if the business owner does not accept the proposal.

Chairman Hawkins moved to leave closed session, seconded by Commissioner Phillips and unanimously carried.

Mike Hawkins, Chair
Transylvania County Board of Commissioners

ATTEST:

Trisha M. Hogan, Clerk to the Board