

August 20, 2013
Joint Special Meeting with Asheboro City Council

The Randolph County Board of Commissioners met jointly with the Asheboro City Council in special session at 5:00 p.m. in the Randolph County Office Building Meeting Room, 725 McDowell Rd., Asheboro, NC. Commissioners Harold Holmes, Darrell Frye, Stan Haywood, Phil Kemp and Arnold Lanier were present, as well as, County Manager Richard Wells; Finance Officer Will Massie; County Attorney Ben Morgan; Associate County Attorney Aimee Scotton; Cheryl Ivey, Clerk to the Board and Amanda Varner, Deputy Clerk to the Board. In attendance from the City of Asheboro were Mayor David Smith; Council members Clark Bell, Eddie Burks, Linda Carter, Mike Hunter, Talmadge Baker, and Walker Moffitt; Holly Doer, Clerk to the Council; and City Attorney Jeff Sugg. Economic Development Corporation representatives present were Bonnie Renfro, EDC President; and Kevin Franklin, EDC Existing Industries Coordinator.

At 5:00 p.m., Chairman Holmes called the meeting to order for the County.

Mayor David Smith called the meeting to order on behalf of the City and opened the public hearing for the City.

Chairman Holmes opened the public hearing on behalf of the County.

Bonnie Renfro, EDC President, presented information about a company that is considering an expansion and new job creation in Asheboro and Randolph County. Kayser-Roth, Corporation is one of Asheboro's long-time existing industries, and is a manufacturing and distribution facility currently located at 515 W. Balfour Avenue in Asheboro. It is a private U.S. company owned by The Golden Lady Group, an Italian family-owned company, whose U.S. headquarters is located in Greensboro. Kayser-Roth has operated in Asheboro since 1911 under various names and ownership. They produce socks, ladies' hosiery, and tights with well known brands such as Hue, No Nonsense, Calvin Klein, Burlington, Jockey, George, and Simply Vera. The Asheboro plant currently employs 258 full-time workers with annual payroll over \$6.6 million. They produce 38.4 million pairs of socks per year, primarily athletic socks. Kayser-Roth has a corporate commitment to "Made in the USA" product, and they are well known as an industry leader and innovator. Over the last ten years, they have reinvested millions of dollars in their Asheboro facility to create a state of the art knitting operation with advanced technology and a clean and modern facility. The company is pursuing an opportunity that will increase demand for their product and they are considering an expansion to increase production capacity by 47% to meet that demand. The project expansion is planned for Asheboro as well as their Burlington, NC operations. The expansion project would involve the construction of a 60,000-square foot expansion to the plant as well as the addition of new machinery and equipment that would total approximately \$10 million in new investment. The project would create 50 new jobs with average annual wages of \$21,985 or \$10.57 per hour and the company offers a full range of benefits including health care insurance, 401(k) and paid vacation. The project would generate more than \$1.1 million in new income annually from direct wages associated with this project. Kayser-Roth operates in a highly competitive marketplace, and while committed to produce in the U.S., they are seeking a variety of competitive advantages in order to move forward with this expansion project; that includes consideration of economic incentives for this project.

Ms. Renfro said that the company is asking for consideration of economic assistance totaling \$150,000, 50% of that from the City of Asheboro and 50% from Randolph County. The incentive would be a performance-based grant paid over three years as various performance measures are met and documented.

Ms. Renfro asked for approval of a resolution authorizing the offer of economic incentives to Kayser-Roth, the preparation of all necessary documents to enter into an economic development contract, and authorizing the Mayor and Chairman to sign those documents.

Commissioner Stan Haywood asked about the employee benefits package.

Kevin Toomey, Kayser-Roth President and CEO, said that the company offers a very good and competitive benefits package that equates to about 33% of an employee's salary. He said that the company has a very low turnover rate. The company takes pride in the fact that their products are made in the U.S.A.; they go outside the United States only if it is absolutely necessary for a machine or yarn issue. He said he feels that the company is a "crown jewel" and that their facilities are among the finest in the world and invited everyone to tour the facility. Mr. Toomey said that the company is embarking upon a unique and great opportunity, admitting that at this point the project is still confidential, but that more will be revealed later. He said that some of the new jobs will require technical training and that they will seek the help of RCC to develop and offer this training. He thanked the Commissioners and City Council for their consideration of these incentives.

Audrey Marsh, Business Manager for Employment Staffing Inc., spoke in support of Kayser-Roth. She said that her company works with Kayser-Roth and that it (Kayser-Roth) is a great company with an excellent benefits package. She said that Kayser-Roth's employees "won't get rich working there," but employees are loyal as indicated by the company's low turnover rate. She encouraged approval of the incentives package, stating that \$150,000 is a small price to pay considering what the company brings to the community.

Commissioner Darrell Frye said that while the company he works for is not a competitor, it is a similar, family-owned company. He spoke in support of the company and its success.

Hearing no further comments, Mayor Smith closed the public hearing on behalf of the City.

Chairman Holmes closed the public hearing on behalf of the County.

Adoption of Resolution Approving Incentive Request

On motion of Frye, seconded by Lanier, the Board voted unanimously to approve the adoption of a resolution to enter into an economic incentives contract with Kayser-Roth Corporation and the City of Asheboro and to authorize legal staff to draft a contract and to authorize the Chairman to sign the contract, as follows:

RESOLUTION AUTHORIZING THE COUNTY OF RANDOLPH TO ENTER INTO AN ECONOMIC DEVELOPMENT INCENTIVES CONTRACT

WHEREAS, Section 158-7.1 of the North Carolina General Statutes authorizes a county 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 county; and

WHEREAS, the Board of Commissioners of Randolph County has held a joint public hearing with the Asheboro City Council 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 dollars (\$75,000.00) for a total payment of up to one hundred fifty thousand 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 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 real and personal property associated with the project in an amount equal to or in excess of ten million 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 County has in its General Fund available revenues sufficient to fund this economic development project;

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of Randolph County, this 20th day of August, 2013, as follows:

Section 1. The County is authorized to expend up to seventy-five thousand dollars (\$75,000.00) of County funds for the Kayser-Roth economic development project.

Section 2. In addition to the standard terms found in contracts that the County 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 dollars (\$150,000.00).
- b. Fifty-percent of the contract amount will be paid by the County, and the other fifty-percent 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 County 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/100 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 their 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/100 dollars (\$50,000.00), fifty-percent to be paid by the County and fifty-percent to be paid by the City; and*
 - ii. *The Company must deliver to the County and the City written certification of 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/100 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. Additionally, the Company must deliver to the County and the City written certification that the Company has not reduced its*
 - iii. *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 said certifications, the County and the City shall remit a total payment of fifty thousand and no/100 dollars (\$50,000.00), fifty-percent to be paid by the County and fifty-percent to be paid by the City; and*
 - iv. *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 newly created jobs referenced in Paragraph (i) and (ii) above. Upon receipt of said certifications, the County and the City shall remit a total payment of fifty thousand and no/100 dollars (\$50,000.00), fifty-percent to be paid by the County and fifty-percent 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 quarter 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 Chairman of the Randolph County Board of Commissioners is hereby authorized to execute on behalf of the County of Randolph a contract drafted in accordance with Section 2 of this resolution and any other documents necessary for the implementation of this economic development project.*

City of Asheboro Approval of Incentive Request

The City of Asheboro also voted unanimously to approve the incentive request.

City of Asheboro Adjournment

The Asheboro City Council adjourned.

County Adjournment

At 5:29 p.m., the Board of Commissioners adjourned.

J. Harold Holmes, Chairman

Darrell L. Frye

Phil Kemp

Arnold Lanier

Stan Haywood

Cheryl A. Ivey, Clerk to the Board