

Closed Session I (Project Big Box) — October 7, 2013

At 7:18 p.m., the Board, the Board convened closed session on a matter relating to the location or expansion of business in the area, pursuant to NCGS 143-318.11(a)(4). Commissioners Holmes, Frye, Kemp, Lanier and Haywood were present. Also present were County Manager Richard Wells; Will Massie, Assistant County Manager/Finance Officer; Attorney Barron Thompson (standing in for County Attorney Ben Morgan); Aimee Scotton, Associate County Attorney; Cheryl Ivey, Clerk to the Board; Amanda Varner, Deputy Clerk to the Board and Bonnie Renfro, Randolph County EDC President.

Bonnie Renfro updated the Board on the United Furniture Industries project, in which the company plans to develop a 1,000,000 sq. ft. facility for manufacturing and distribution of upholstered seating with a projected investment of \$35 million. The company operates at the Old Glenola Road site in Archdale and leases at the Trinity American Complex. The project will consolidate from a leased distribution center in Forsyth County and provide expansion room. It will be a Class A, high cube and cross-dock facility. The company is seeking a 100-acre rail-served site with good highway access, and will require industrial utilities.

Ms. Renfro reminded the Commissioners that a Davidson County site is also under consideration, along with sites in Midwestern USA. In Randolph County, the company is now focusing only on the Tom Hill Road site.

Investment: \$35 Million

Jobs: 213 new
194 retained at new facility
364 at Glenola Road site retained

Average wage: \$10-\$18/hr., skill dependent, piece work
Benefits include health insurance: 80% employer-paid

Timetable: Decision: October 2013
Operational: July 2015

The company currently employs 977 in North Carolina, as follows:

Glenola	364
Lexington	372
Trinity American Complex (TAC)	194
Union Cross	47

The company is focused on a grant that reimburses them for land cost. They have been offered a \$2 million incentive in Davidson County that reimburses them for land (free site) over a period of 10 years. In Randolph County, the Hill property site is 127.71 acres at an estimated cost of \$2.85 million. Total Randolph County acreage contemplated at 220 acres at an estimated \$23,000/acre for a total of \$5 million.

Ms. Renfro said that it does not seem feasible for Randolph County and Archdale to borrow the funds to acquire the land and provide it to the client for the following reasons: (1) the project return on investment does not justify the land cost; 2) upfront incentive sets new precedent contrary to past performance-based method; and 3) site location does not open new areas for development.

Ms. Renfro offered the following incentives packages for the Board’s consideration:

Investment	Time	Total Taxes Owed During Contract		Calculated Incentive		Payment	Total Incentive
		Archdale	Randolph County	60%/Arch	60%/Rand		
\$35 M	6 years	\$609,000	\$1,281,000	\$365,400	\$768,600	\$60,900/ \$128,100	\$1,134,000
\$35 M	7 years	\$710,500	\$1,494,500	\$426,300	\$896,700	\$60,900/ \$128,100	\$1,323,000
\$35 M	8 years	\$812,000	\$1,708,000	\$487,200	\$1,024,800	\$60,900/ \$128,100	\$1,512,000

Ms. Renfro recommended the seven-year plan: \$1.323 million paid over seven years at equal installments of \$189,000/year, proportionate to the new tax revenues for each government. Performance requires investment of \$35 million in taxable real property and the creation of 200 new jobs within three years and retention of 550 jobs in our county for the life of the grant.

Following discussion, the Board directed Ms. Renfro to communicate with the City of Archdale and the company the Board’s willingness to offer the seven-year performance-based incentives plan to the company.

At 7:40 pm, closed session ended on this topic.

J. Harold Holmes, Chairman

Darrell L. Frye

Phil Kemp

Stan Haywood

Arnold Lanier

Cheryl A. Ivey, Clerk to the Board