

October 14, 2014
Joint Special Meeting with Archdale City Council

The Randolph County Board of Commissioners met jointly with the Archdale City Council in special session at 6:30 p.m. in the Randolph County Historic Courthouse, 145 Worth St., 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; Associate County Attorney Aimee Scotton; Amanda Varner, Clerk to the Board and Dana Crisco, Deputy Clerk to the Board. In attendance from the City of Archdale were Mayor Bert Lance-Stone; Council members Larry Warlick, Roger Blackwell, Lewis Dorsett, Eddie Causey, City Manager Zeb Hanner; Susan Swaim, Clerk to the Council and Bonnie Renfro, EDC President.

At 6:30 p.m., Chairman Holmes called the meeting to order for the County and welcomed those in attendance.

Mayor Bert Lance-Stone 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.

Incentives Request for Thomas Built Buses

Bonnie Renfro, EDC President, stated that Thomas Built Buses is a signature employer for the Piedmont Triad region. The company was founded in High Point and has continuously operated since 1916. It is the leading school bus manufacturer in North America with a 35 percent share of the school bus market. It is a subsidiary of Freightliner LLC, now known as Daimler Trucks North America LLC. Thomas Built Buses is one of the Piedmont Triad's largest manufacturing employers with 1,300 full time employees; 140 of the company's jobs are located in Archdale and 323 Randolph County residents are employed at the company's existing facilities in both Randolph and neighboring Guilford County.

Ms. Renfro said that in 2002, the Archdale City Council and Randolph County Board of Commissioners held a public hearing and approved economic incentives for a major expansion that created a new manufacturing facility that is located part in Archdale and Randolph County. They met and exceeded their commitment for construction, investment and job creation for the previous project and have continued in operation to produce a state of the art school bus in our community and region. She stated that the reason for this joint public hearing is to again consider economic incentives that would result in the expansion of that same facility and the creation of hundreds of new jobs to produce an iconic American product, the school buses that safely transport our most valuable asset, the schoolchildren of America and the world.

According to Ms. Renfro, the expansion will generate 236 new positions, bringing Thomas Built Buses' total employment to more than 1,500 workers and adding more than \$8.5 million annually in new payroll dollars. Average wages will be \$37,244 plus benefits. Although wage rates will vary by position, all of the new jobs offer wages that exceed Randolph County's average annual wage of \$32,636.

The timing of the new job creation is also anticipated within two years, consistent with the new investment. Thomas Built Buses is proposing to invest \$11.8 million in real and personal property to increase production capacity. A portion of that investment, \$4,030,000, will be

located in Archdale and Randolph County with the balance in High Point and Guilford County. The investment would be made at the C-2 facility, located partly in northwestern Randolph County on a tract bordered by Fairfield Road, Surrett Drive, Callahan Drive and Eden Terrace. Approximately 50% of the facility is located in the City of Archdale / Randolph County and 50% in the City of High Point / Guilford County. The investment would occur over two years and is scheduled for completion by the end of 2015.

Ms. Renfro proposed that the City of Archdale provide a total of \$20,284 and the County of Randolph provide a total of \$45,814. The funding will be paid in no less than five annual installments in approximately equal amounts contingent on the company's satisfaction of the specific performance requirements for investment and job creation and would be formalized in an economic incentives agreement. Some of the specific performance requirements are as follows:

- The Company must deliver to the County and the City written certification that the actual value of new investment in real and personal property of the project equals or exceeds the sum of \$4,030,000, such investment occurring by the end of 2016.
- The Company must deliver to the City and the County reports evidencing the creation of a minimum of 236 new permanent jobs at an average annual wage that meets or exceeds \$37,244.
- The company would agree to remain in operation in Archdale for a period of five years immediately following the date of the final installment of the incentive payment. If the company does not remain in full operation, a portion of the incentive money must be returned to the City and County.

Ms. Renfro stated that Archdale and Randolph County's proposed financial investment is just part of a statewide package that may also include participation by the City of High Point, and Guilford County. This is a competitive project and the company has considered other company facilities for this project, including a facility in South Carolina.

Ms. Renfro said that one has to look at the total benefit to the citizens of Randolph County and Archdale for each economic development project. Based on the current city and county tax rate, and the company's planned investment of more than \$4,000,000, the City and County can expect new tax revenues in excess of this incentive over the next five years.

Thomas Built Buses would meet the third important goal of economic development, the diversification of our economic base. Motor vehicle manufacturing is a key target sector for Randolph County. This is an environmentally clean project and a very fine existing industry. In 2011, Thomas Built Buses became the first, and remains the only, school bus manufacturer to achieve Zero-Waste-to-Landfill operations, demonstrating its industry leadership as a driving force in facility waste management and environmental commitment.

The Randolph County EDC sees this request as an investment, rather than an expense. The support of wealth creation activities through the location and expansion of manufacturing companies supports a strong local economy, a growing tax base that keeps tax rates low for all and quality job opportunities for local citizens.

Cindy Albert, State Relations Manager, Daimler Washington, DC, spoke in favor of the request. Daimler is the maker of Mercedes-Benz passenger cars, Freightliner and Western Star trucks, Thomas Built school buses, Sprinter vans and the smart car. Over the past 35 years, Daimler Truck North America, a wholly-owned subsidiary of Daimler North America Corporation, has built and maintained a significant presence in North Carolina. Daimler Trucks North America's presence in North Carolina has grown to include four major facilities. Its Thomas Built Bus plant, under consideration for expansion, has been located in Randolph County and High Point since 1916. Ms. Albert said when one considers the suppliers Thomas Built Buses uses, as well as its expansive dealership network and service providers, located in North Carolina, that economic impact increases exponentially. She said Daimler is proud to call North Carolina home to some of its largest manufacturing facilities with more than 25% of its total U.S. workforce located in North Carolina. This is more than any other state. In conclusion, she stated that Daimler is committed to maintaining their presence here and these incentives will ensure that all production related to the expansion is kept at this Thomas Built plant.

Chris Redhouse, Vice President/Chief Financial Officer for Thomas Built Buses in High Point, spoke in favor of the request and stated that Thomas Built Buses has a proud history and positive impact in Randolph County since 1916 and is looking forward to celebrating its 100 year anniversary of manufacturing a full line of driver-friendly school, activity, commercial, and specialty buses.

He said the planned investment of \$11.8 million includes the latest technology in robotic painting and windshield handling equipment, expanded automated welding cells, automated body handling, welding equipment, and a new training center.

The hiring of 236 new positions would include skilled welders, painters, material handlers, assembly technicians and quality inspectors. Mr. Redhouse stated that 23% of the current workforce resides in Randolph County and expects a similar share of residents for the new jobs.

John Crawford, 1112 English Court, Trinity, President of the local union with Thomas Built Buses, stated he had been employed with the company for 19 years and asked for the approval of the requested incentives.

Hearing no further comments, Chairman Holmes and Mayor Stone requested motions from their respective boards.

Adoption of Resolution Approving Incentive Request for Thomas Built Buses

On motion of Frye, seconded by Haywood, the Board voted 4 to 1, with Commissioner Kemp opposing, to adopt a resolution to enter into an economic incentives contract with Thomas Built Buses and the City of Archdale 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 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 Archdale (the "City"), and Thomas Built Buses, Inc., a wholly owned subsidiary of Daimler Trucks North America (the "Company") approving an economic development incentives package whereby the County contributes forty-five thousand eight hundred fourteen dollars (\$45,814.00) and the City contributes twenty thousand two hundred eighty-four dollars (\$20,284.00) for a total payment of up to sixty-six thousand ninety-eight dollars (\$66,098.00) to the Company to offset the costs of the Company's expansion in the City of Archdale, 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 four million thirty-thousand dollars (\$4,030,000.00) in the County and City and will have created a minimum of two hundred thirty-six (236) new full-time jobs; 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 14th day of October, 2014, as follows:

Section 1. The County is authorized to expend up to forty-five thousand eight hundred fourteen dollars (\$45,814.00) of County funds for the Thomas Built Buses 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 sixty-six thousand ninety-eight dollars (\$66,098.00).
- b. Forty-five thousand eight hundred fourteen dollars (\$45,814.00) of the contract amount will be paid by the County, and the other twenty thousand two hundred eighty-four dollars (\$20,284.00) 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, 2021. 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. The said performance requirements include, but are 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 and equipment in connection with this project equals or exceeds one million two hundred seventeen thousand and no/100 dollars (\$1,217,000.00). 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 Archdale in Randolph County. Upon receipt of said certifications, the County shall remit a payment of nine thousand one hundred sixty-two and 80/100 dollars (\$9,162.80) and the City shall remit payment of four thousand fifty-six and 80/100 dollars (\$4,056.80) for a total payment of thirteen thousand two hundred nineteen and 60/100 dollars (\$13,219.60) to the Company; 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 and equipment in connection with this project equals or exceeds four million thirty thousand and no/100 dollars (\$4,030,000.00). 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 Archdale in Randolph County. Additionally, the Company must provide Employment Security Reports to the County and the City evidencing the creation of two hundred thirty-six (236) new full-time jobs. Upon receipt of said certifications, the County shall remit a payment of nine thousand one hundred sixty-two and 80/100 dollars (\$9,162.80) and the City shall remit payment of four thousand fifty-six and 80/100 dollars (\$4,056.80) for a total payment of thirteen thousand two hundred nineteen and 60/100 dollars (\$13,219.60) to the Company; 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 said certifications, the County shall remit a payment of nine thousand one hundred sixty-two and 80/100 dollars (\$9,162.80) and the City shall remit payment of four thousand fifty-six and 80/100 dollars (\$4,056.80) for a total payment of thirteen thousand two hundred nineteen and 60/100 dollars (\$13,219.60) to the Company; and*
 - iv. 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 said certifications, the County shall remit a payment of nine thousand one hundred sixty-two and 80/100 dollars (\$9,162.80) and the City shall remit payment of four thousand fifty-six and 80/100 dollars (\$4,056.80) for a total payment of thirteen thousand two hundred nineteen and 60/100 dollars (\$13,219.60) to the Company; and*
 - v. 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 said certifications, the County shall remit a payment of nine thousand one hundred sixty-two and 80/100 dollars (\$9,162.80) and the City shall remit payment of four thousand fifty-six and 80/100 dollars (\$4,056.80) for a total payment of thirteen thousand two hundred nineteen and 60/100 dollars (\$13,219.60) to the Company.*
- 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 facilities, as expanded, do not remain*

in full operation, maintaining the newly created jobs referenced above, for a period of five (5) 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 five (5) 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 proportionately between the County and the City in accordance with the proportions of the initial incentive payments.*

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 Archdale Approval of Incentive Request

The City of Archdale voted unanimously to approve the incentive request.

City of Archdale Adjournment

The Archdale City Council adjourned.

County Adjournment

At 6:56 p.m., the Board of Commissioners adjourned.

J. Harold Holmes, Chairman

Darrell L. Frye

Phil Kemp

Arnold Lanier

Stan Haywood

Amanda Varner, Clerk to the Board