

Closed Session II (Project Liberty) — October 7, 2013

At 7:40 p.m., the Board, already in closed session on another matter, began closed session on a different matter to discuss matters related to the location or expansion of business in the area served by this body 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; Ben Morgan, County Attorney; 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.

In a quick update regarding the proposed Greensboro Liberty mega site, Ms. Renfro told the Board these types of projects are highly competitive, requiring that communities and states have a site that is ready to go and who are willing to offer financial incentives that will offset both upfront and operational costs for a company. She said that in preparation for this type of opportunity, the State has asked that we identify all local government support for a mega site project based on some conservative assumptions about the economic impact of a potential project.

Ms. Renfro provided a handout to Board members, which contains the following conservative project assumptions for their consideration, saying that a decision would be needed soon on the County’s desired participation, if any, in this project:

Phase 1

Jobs	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Total Jobs	-	100	500	1,400	-	2,000
Assemblers (Avg. wage \$30K)	-		300	1,200	-	1,500
Management/Engineering (Avg. wage \$80K)	-	100	200	200	-	500

Total Average Wage \$42,500

Investment	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Total Investment	\$160 M	\$550M	\$400 M	-	-	\$1,110,000,000.00
Real Property	\$160 M	\$50 M				\$210,000,000.00
Personal Property		\$500 M	\$400 M			\$900,000,000.00

Phase 2

Jobs	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Total Jobs	450	450	350	350	-	1,600
Assemblers (Avg. wage \$30K)	400	400	300	300	-	1,400
Management/Engineering (Avg. wage \$80K)	50	50	50	50	-	200

Total Average Wage \$36,250

Investment	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Total Investment	\$400 M	\$400M	-	-	-	\$800,000,000.00
Real Property						
Personal Property	\$400 M	\$400 M				\$800,000,000.00

Note #1: These assumptions are intended to be conservative estimates of job creation, average wages and capital investment based on past automotive projects and discussions with knowledgeable site selection experts.

Note #2: In Phase 1, job creation does not begin until the second year due to the two-year construction time table of the facility.

Note #3: It is anticipated that Phase 2 will begin in about four to five years after the initial announcement and there may be some overlap with Phase 1.

Local Government Incentive Proposal: Randolph County & City of Greensboro

Incentive Type	Structure	Value	Application	Funding Source
Upfront Cash Grants	\$10 M/ea gov't (Randolph/G'boro)	\$20 M	Used for site acquisition or preparation	Revenue bond funded by percentage of landfill revenue
Property Tax Grants	% of tax revenues/term	\$64-68 M / 67-80% / 15-20 yrs	Reduction in operation costs	New property tax revenues generated by project
Infrastructure	Water & sewer extension	\$20 M	Utility access	Seek all available federal and state grants where applicable
Fee waivers	Waive building permit & inspection fees	Up to \$630,000	Reduce upfront construction costs	Forego fee revenues
Green Energy	Methane gas capture from landfill	TBD	Renewable energy source	Variety of federal and state tax credit programs

1. Assumes an inter-local agreement with Randolph County and Greensboro for cost and revenue sharing for site and project.
2. Water cost and source to be negotiated with Greensboro
3. Develop supplier and vendor recruitment incentive plan

Summary of Possible Cash Incentives

Investment	Phase 1	Phase 2	
Real	\$210 M	-	\$210 M
Equipment	\$900 M	\$800 M	\$1.7 B
Jobs	2,000	1,600	3,600

Scenario 1: 15 years to recoup initial cash grant:

15 / 10 Years			
	Phase 1	Phase 2	Totals
	15 Years	10 Years	
	80%	75%	
Gross Property Taxes	\$55,083,000	\$29,646,000	\$84,729,000
Local Retained	\$11,016,600	\$9,241,500	\$20,258,100
Incentive	\$44,066,400	\$20,404,500	\$64,470,900
Land Value			\$20,000,000

Waived Inspection Fees			\$630,000
Total Local Incentives			\$85,100,900

Scenario 2: 10 years to recoup initial cash grant:

20 / 15 Years			
	Phase 1	Phase 2	Totals
	20 Years	15 Years	
	67%	67%	
Gross Property Taxes	\$68,350,500	\$35,746,000	\$104,096,500
Local Retained	\$22,555,665	\$13,430,980	\$35,986,645
Incentive	\$45,794,835	\$22,315,020	\$68,109,855
Land Value			\$20,000,000
Waived Inspection Fees			\$630,000
Total Local Incentives			\$88,739,855

At 8:14 pm, on motion of Frye, seconded by Haywood, the Board voted unanimously to end closed session and to return to regular session.

J. Harold Holmes, Chairman

Darrell L. Frye

Phil Kemp

Stan Haywood

Arnold Lanier

Cheryl A. Ivey, Clerk to the Board