

**Special Called Joint Meeting
Randleman City Board of Aldermen
Randolph County Board of Commissioners
5:00 p.m. – June 28, 2004**

The Randolph County Board of Commissioners met in joint session with the Randleman City Board of Aldermen to hold a public hearing to consider a resolution to enter into an economic incentives contract with the Rheem Air Conditioning Division of the Rheem Manufacturing Company, Inc. Commissioners Holmes, Kemp, Frye, Davis, and Mason were present. Randleman City Aldermen members present were J. C. Leonard, Melissa Blalock, Cletus Lilly, and Mayor Bruce Moore.

Commissioner Chairman Holmes called the meeting to order and welcomed those present.

Mayor Moore explained the purpose of the joint meeting and opened the public hearing on behalf of the City.

Chairman Holmes opened the public hearing on behalf of the County and called on Bonnie Renfro, Randolph County Economic Development Corporation President, for a presentation and comments.

Ms. Renfro said that after a multi state and community site search, Rheem Air Conditioning Division of the Rheem Manufacturing Company, Inc. has selected Randleman (West Randleman Business Park) as the location for the relocation and expansion of its North American replacement parts distribution center contingent upon the approval of economic assistance from the City of Randleman and the County of Randolph. Following incentives approval, the company will authorize the construction of a new 180,000 square foot distribution facility that can be expanded to 250,000 square feet. Rheem will select a developer that will purchase the site and construct a facility to Rheem's specifications and then Rheem will lease the facility from the developer. Rheem will invest \$6,100,000 in the project and hope to be operational by March 2005. Rheem plans to create 42 jobs within the first 6 months of operation and up to 10-30 additional jobs as the operation grows to include a second phase. Rheem is asking for a \$250,000 performance-based incentives package from the County (\$125,000) and the City of Randleman (\$125,000).

Commissioner Frye asked whether the contract would be affected due to the contractor leasing the building back to Rheem. County Attorney Aimee Scotton said that the contract would not be affected.

Don Harder, General Manager and Chuck Holcomb, Operations Manager for Rheem, made brief comments about their company, stating that Rheem was a very community-oriented company and its employees were very dedicated and most were long-time employees.

Chairman Holmes invited questions and comments from the public on behalf of the City and the County.

No one spoke.

Mayor Moore closed the public hearing for the City.

Chairman Holmes closed the public hearing for the County.

On motion of Leonard, seconded by Blalock, the Randleman City Board of Aldermen unanimously adopted a resolution to enter into an economic development incentives contract with the Rheem Air Conditioning Division of the Rheem Manufacturing Company, Inc.

On motion of Frye, seconded by Davis, the Board of County Commissioners unanimously adopted the following resolution to enter into an economic incentives contract with the Rheem Air Conditioning Division of the Rheem Manufacturing Company, Inc.:

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 Randleman (the "City"), and the Rheem Air Conditioning Division of the Rheem Manufacturing Company, Inc. (the "Company") entering into an economic development incentives contract whereby the County and the City each contribute one hundred twenty-five thousand dollars (\$125,000.00) for a total payment of two hundred fifty thousand dollars (\$250,000.00) to the Company to offset the site and development costs of the location of the Company's distribution facilities in the City of Randleman, Randolph County, North Carolina; 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 six million one hundred thousand dollars (\$6,100,000.00) and created a minimum of forty-two (42) 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 28th day of June, 2004, as follows:

Section 1. The County is authorized to expend up to one hundred twenty-five thousand dollars (\$125,000.00) of County funds for the Rheem Air Conditioning Division 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 two hundred fifty thousand dollars (\$250,000.00).*
- 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 four (4) installments at a frequency not to exceed one installment per fiscal year (July 1-June 30) and tied to the completion by the Company of certain performance requirements, including but not limited to, the following:*
 - i. The Company must properly obtain from the County a Certificate of Occupancy or letter/certificate of compliance, as appropriate, certifying that the approximately 180,000 square foot facility located at Randleman Business Park may be occupied or used for Factory-Industrial Occupancy in accordance with the provisions of zoning, building, and other applicable ordinances and laws of the City of Randleman, County of Randolph and the State of North Carolina.*

- ii. *The Company must deliver to the County and the City a written certification that the actual new value/investment in real and personal property of the project equals or exceeds the sum of six million one-hundred thousand dollars (\$6,100,000.00) and must deliver to the County and the City Employment Security Reports evidencing the creation of twenty-one (21) new jobs (representing one-half of the new jobs to be created by the total project); and*
- iii. *The Company must deliver to the County and the City Employment Security Reports evidencing the creation of an additional twenty-one (21) new jobs (for a minimum total of 42 new jobs created by this project); and*
- iv. *The Company must deliver to the County and to the City a written certification that it remains in full operation and that the 42 new jobs have been and are continuing to be retained.*
- 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 and retain a minimum of 90% of the new jobs created for a period of two (2) 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 two (2) year period and/or does not retain a minimum of 90% of the new jobs created by the project during this two (2) 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 equally between the County and the City.*

Section 3. *The County Manager 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.*

On motion of Leonard, seconded by Blalock, the Randleman City Board of Aldermen voted unanimously to adjourn the special meeting.

At 5:25 p.m., on motion of Davis, seconded by Mason, the Randolph County Board of Commissioners voted unanimously to adjourn the special meeting.

J. Harold Holmes, Chairman

Darrell L. Frye

Robert B. Davis

Phil Kemp

Robert O. Mason

Cheryl Ivey, Deputy Clerk to the Board