



# MINUTES

April 21, 2022

## SPECIAL CALL MEETING OF THE CITY COUNCIL CITY OPERATIONS CENTER | 305 WILLIAMS ST. | 10:00 a.m.

Present: Mayor Barbara G. Volk and Council Members: Mayor Pro Tem Lyndsey Simpson, Dr. Jennifer Hensley, Debbie O'Neal-Roundtree, and Jerry A. Smith Jr., J.D.

Staff Present: City Manager John F. Connet, Assistant City Manager Brian Pahle, City Attorney Angela Beeker, City Clerk Angela Reece, Communications Manager Allison Justus, Community Development Director, Lew Holloway, and others

Others Present: Brittany Brady, President, and CEO at Henderson County Partnership for Economic Development, Victoria Todd, Director of Marketing, Henderson County Partnership for Economic Development, Emily Martin, Director of Business Development, Henderson County Partnership for Economic Development, Will Buie, WGLA Engineering, Nathan Kennedy, Truist Bank, Steve Gwaltney, First Citizens Bank, Beau Waddell, Reaben Oil Company, Chip Gould, Cason Companies, Brynn Francis, IMOCO, and Mark Russell, Southern Alarm and Security

### 1. CALL TO ORDER

Mayor Barbara G. Volk called the meeting to order at 10:00 a.m. and welcomed those in attendance. A quorum was established with all members in attendance.

### 2. PRESENTATIONS

#### **A. N.C. Gen. Stat. §158-7.1- Public Hearing to Consider the Approval of the Proposed Economic Development Incentives for the Benefit of a Company, known as Project Independence – John Connet, City Manager, Angela S. Beeker, City Attorney**

City Manager John Connet addressed City Council and the public regarding available information and said when negotiating economic development with private companies and entities and said it is highly competitive and confidentiality is critical due to the company's suppliers, employees, and competitors. Manager Connet stated we cannot name the company during the negotiating process as the City is in direct competition with other potential sites in the United States. Manager Connet stated if the City is successful in recruiting the company to come to Hendersonville, then there would be an announcement with additional information at the appropriate time. Manager Connet advised everyone this project would bring much needed jobs to the area.

President, and CEO at Henderson County Partnership for Economic Development Brittany Brady addressed City Council regarding the project stating the Project Independence company is a manufacturing company located inside and outside the United States and is requesting an offer of incentives as they are contemplating the acquisition of real property in the City of Hendersonville for the construction of a plant site in the City of Hendersonville. Ms. Brady explained the Company also proposes to purchase real property from the City for the Capital Project by private sale at fair market value, \$1,355,000.00 and said the real property consists of a +/- 21.34 acre parcel and a +/- 0.2 acre parcel, collectively the "Project Site," both parcels being a portion of that real property having a tax REID of 1010646, and both parcels being a portion of that real property shown on that plat recorded on Plat Slide 7333 of the Henderson County Registry. She stated the project would also require water line improvements and possibly relocation. Ms. Brady stated the company would construct a facility and invest \$80 million in real property and \$105 million in business personal property from 2023 to 2027 and said that 117 new jobs would be created between 2025 and 2027 with an average salary exceeding \$52,437 annually. Ms. Brady stated if Council approves the incentives offer and sale of property then the company will then determine which site they wish to locate to and make an announcement at the end of the quarter. Ms. Brady stated the maximum total amount of monetary incentives to be considered by Council for the Project Independence company is \$5,505,000.00 with the first-year estimate of \$26,000.

City Manager John Connet presented additional information on the project to Council discussing the proposed annual incentive payments structure over the next eleven years as follows:

- \$5,505,500 Paid in Annual Incentives Payments (11 Annual Payments, Est.)
- 7 Annual Incentives Payments for Each of the Five Years of Investments Equal to Max of 100% Taxes Paid Assuming Requirements Met Each Year (90% Threshold Required)
- Will Be Paid From General Fund Revenue
- Economic Incentives Agreement will be entered to obligate the company to these terms.

Manager Connet presented a map of the proposed property purchase and made it clear that ballfield and recreation facilities are not part of this transaction but said they will be part of the negotiations with Henderson County School System. Manager Connet stated the ballfield is currently being used by the Hendersonville High School baseball team and said he expects that to continue into the future. Manager Connet stated if the project is successful the City would be responsible for relocating and improving a water line on the property which also coincides with the Water and Sewer Master Plan. Manager Connet stated the estimated cost for relocation and improvement would be approximately \$1.39 million and said grant funding may be available to offset a portion of the cost with the balance being paid from the General Fund and Enterprise Fund. Manager Connet outlined criteria Council must find as follows:

- The “Capital Investment” and “Job Creation” are economic development purposes that would benefit the public by generating additional taxable property and providing well-paid jobs for the City’s citizens, paying a probable hourly wage in excess of \$25.00 per hour thus stimulating the local economy. The proposed wages are in excess of the median average wage in the City.
- The relocation and improvement of the City waterlines running through and along a portion of the Project Site is necessary for the development of the project and is therefore an economic development purpose providing a public benefit.
- The fair market value of Tracts A and B, collectively, with the proposed restrictive on uses is \$1,355,000.

There were no questions.

The City Clerk confirmed this public hearing has been advertised in accordance with North Carolina General statutes. The public hearing was opened at 10:10 a.m.

Mayor Barbara G. Volk announced the comments accepted for this public hearing should only be in relation to this public hearing.

Nathan Kennedy of Truist Bank and resident of Arbutus Lane addressed City Council in support of this project stating if approved, this project would benefit the County for many years to come by adding 117 jobs to the community.

Steve Gwaltney of First Citizens Bank and resident at Toxaway Drive, addressed City Council in support of this project and stressed the benefit of the additional taxable investment coming to the County.

Lynne Williams of Chadwick Ave addressed City Council stating economic development is important to the area asking questions of Council regarding floodplain and tree removal. Ms. Williams expressed concern for the sale of the property and preservation of trees and public space.

City Manager John Connet clarified the property is not in the flood plain and said there is no site plan at this time and clarified 25 acres will remain as a park. City Attorney clarified the City would need to apply to have the parcel removed from the National Register of Historic Places and said the acreage was not a contributing factor but said the ballfield will be preserved and will maintain its national historic designation. Attorney Beeker advised Council the legal noticing requirements were met for this public hearing.

Chip Gould of Cason Companies and resident at Maple Hill Drive addressed City Council in support of this project and commended Council for their efforts to support projects like this to allow residents to remain in the area and create opportunities for our youth to return home and be able to have a job. Mr. Gould stated the project is also an opportunity for the City to gain revenue with not a lot of service requirements.

Beau Waddell of Reaben Oil and resident at Berry Creek Drive, Flat Rock addressed City Council in support of this project stating he appreciates the proposal the company is making stating it will benefit the other businesses in the City keep their taxes low.

Hunter Jones of Hebron Rd. addressed City Council via Zoom electronic software stating he hates to see park land go but said he was in support of the project. Mr. Jones asked if other incentives could be offered for wellness surrounding the site such as trail connectivity to the greenway.

Ken Fitch of Patton St. addressed City Council by Zoom electronic software expressing concerns of the impact to Berkeley Park, Oklawaha Greenway and encouraged awareness of the community value of the project within the city.

There were no further comments.

The public hearing was closed at 10:32 a.m.

***City Council Member Dr. Jennifer Hensley moved that City Council approve the Resolution by the City of Hendersonville City Council to Approve Economic Development Incentives for Project Wheel. A unanimous vote of Council followed. Motion carried.***

#### **Resolution #R-22-51**

#### **RESOLUTION BY THE CITY OF HENDERSONVILLE CITY COUNCIL TO APPROVE ECONOMIC DEVELOPMENT INCENTIVES FOR PROJECT INDEPENDENCE**

**WHEREAS**, the City is a municipal corporation having the capacity to contract under N.C. Gen. Stat. §160A-11; and

**WHEREAS**, Project Independence, hereinafter the “Company,” is a corporation authorized to do business in North Carolina, having the capacity to contract; and

**WHEREAS**, the Company has been considering constructing an industrial facility in Henderson County, which if it occurs is estimated by the Company to result in a taxable capital investment to be made by or on behalf of the Company of at least one hundred eighty-five million dollars (\$185,000,000.00) in improvements to real property and in personal property, to be made over a period of five (5) years, and the creation of not fewer than one hundred seventeen (117) new jobs, paying an average wage in excess of the current average weekly wage for jobs in Henderson County; and

**WHEREAS**, Company has identified a project site consisting of +/- 21.34 acres, the +/- 21.34 acres hereinafter referred to as “Project Site,” being a portion of that real property, owned by the City, having a REID of 1010646, the entire property having been acquired by the City by that deed recorded in Deed Book 1363 at Page 221 of the Henderson County Registry, the entire property owned by the City as described in Deed Book 1363 at Page 221 hereinafter referred to as the “City Property,” the boundary of the Project Site being shown as Tract A on that Survey attached hereto as Exhibit 1, and incorporated by reference; and

**WHEREAS**, the Company needs an additional 0.2 acre parcel, also being a portion of the City Property, for purposes of combining it into the Project Site to provide for site development road construction within the Project Site, said 0.2 acre parcel being identified as Tract B on Exhibit 1 attached hereto and incorporated herein by reference (Tract B will hereinafter be referred to as “Tract B”); and

**WHEREAS**, the Company proposes to purchase the Project Site and Tract B from the City at fair market value, and will construct or cause to be constructed and equip the facilities necessary for operations in Henderson County and the City of Hendersonville; and

**WHEREAS**, the City has received two appraisals for the Project Site which places the fair market value of the Project Site as being between \$1,293,647.00 and \$1,355,000.00, and the City, through its City Council, has therefore determined that \$1,355,000.00 is the fair market value for both the Project Site and Tract B combined; and

**WHEREAS**, the Company has stated that the City is competing with one or more other sites for the location of the capital investment within the United States; and

**WHEREAS**, the Company requested assistance from the City in the form of economic development incentives to offset a portion of the costs associated with construction and equipping of the facilities necessary

for operations in Henderson County and the City, and for assistance in relocating City-owned water lines currently running through a portion of the proposed Project Site; and

**WHEREAS**, in reliance upon the Company's representations to the City concerning the net taxable capital investment to be made and jobs to be created, the City set and held a public hearing on April 21, 2022 at 10:00 am, said public hearing having been duly advertised in the Hendersonville Times News, a newspaper having daily general circulation in Henderson County, to hear public comment regarding the City's intent to consider selling the Project Site and Tract B to the Company by private sale at fair market value and the City's intent to consider granting economic development incentives to the Company in a total amount not to exceed five million five hundred five thousand five hundred dollars (\$5,505,500.00), and to consider the City's relocation of City-owned waterlines; and

**WHEREAS**, the City has the authority under N.C. Gen. Stat. §158-7.1(a) and (b) to make appropriations, including grants to a company to offset a portion of the expenses associated with the construction of manufacturing facilities, and to provide for the relocation of and improvements waterlines made necessary by the proposed economic development project in order to stimulate the local economy, promote business, create new jobs, and benefit the public by generating additional tax revenue for the City; and

**WHEREAS**, the City has the authority under N.C. Gen. Stat. §158-7.1(d) to sell, by private sale, interests in real property for economic development purposes.

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Hendersonville, North Carolina that:

1. The City Council finds that the capital investment and creation of new jobs described above by the Company is an economic development purpose that would benefit the public in Henderson County.
2. The City Council finds that a taxable capital investment of one hundred eighty-five million dollars (\$185,000,000.00), to be made over a period of five (5) years, is an economic development purpose that will benefit the City by generating additional taxable capital property, real and personal, and provide well-paid jobs with benefits for the City's citizens, paying a probable average hourly wage in excess of \$25.00 per hour, thus stimulating the local economy.
3. The City Council finds that the relocation and improvement of City waterlines currently running through and along a portion of the Project Site is necessary for the development of the project.
4. The City Council finds that the public interest to be derived as a result of the Project Independence construction and equipping of an industrial facility in the City of Hendersonville is the creation of jobs paying above the median average wage in the City, and a substantial increase in taxable capital property that will generate additional property tax revenues for the City.
5. The following incentives package is hereby approved by the City Council for Project Independence:
  - a. The Company will make a taxable capital investment over a five-year period (anticipated to be 2023, 2024, 2025, 2026 and 2027) consisting of at least \$80,000,000.00 in real property (not including land acquisition costs), and at least \$105,000,000.00 in business personal property and equipment, for total taxable capital investment of \$185,000,000.00.
  - b. The Company will create a minimum of 117 new jobs over a two-year period (anticipated to be 2026-2027) paying an average annual wage exceeding \$52,437.00, which is in excess of the median wage in Henderson County for full-time employment, plus health and other benefits.
  - c. For each of the five years over which the taxable capital investment is made and retained (excluding allowable depreciation on the business personal property) to at least 90%, a total of seven annual incentives payments will be made to the Company, assuming the taxable capital investment and job creation benchmarks (as applicable) are met to at least 90% of the stated benchmarks for each of the seven years. The annual payments will equal 90-100% of the ad valorem taxes paid, depending on the percentage of the benchmark attained. The maximum total of annual incentives payments that the Company may qualify for is \$5,505,500.00. An estimated schedule of the taxable capital investment to be made by Project Independence and annual incentives payments to be made by the City is as attached hereto as Exhibit 2. The annual incentives payments will be funded from the general property tax revenues of the City.
  - d. The City will sell the Project Site and Tract B, together, to the Company for the fair market value price of \$1,355,000.00. The tracts will be conveyed subject to restrictions that limit the use of both tracts to industrial, manufacturing, warehouse and/or distribution center uses, open space, and for public parks and recreational purposes, including but not limited to public educational team sports. The Mayor, City Manager, City Attorney, City Clerk, and City Finance Director are all authorized to sign all documents necessary to carry out this sale,

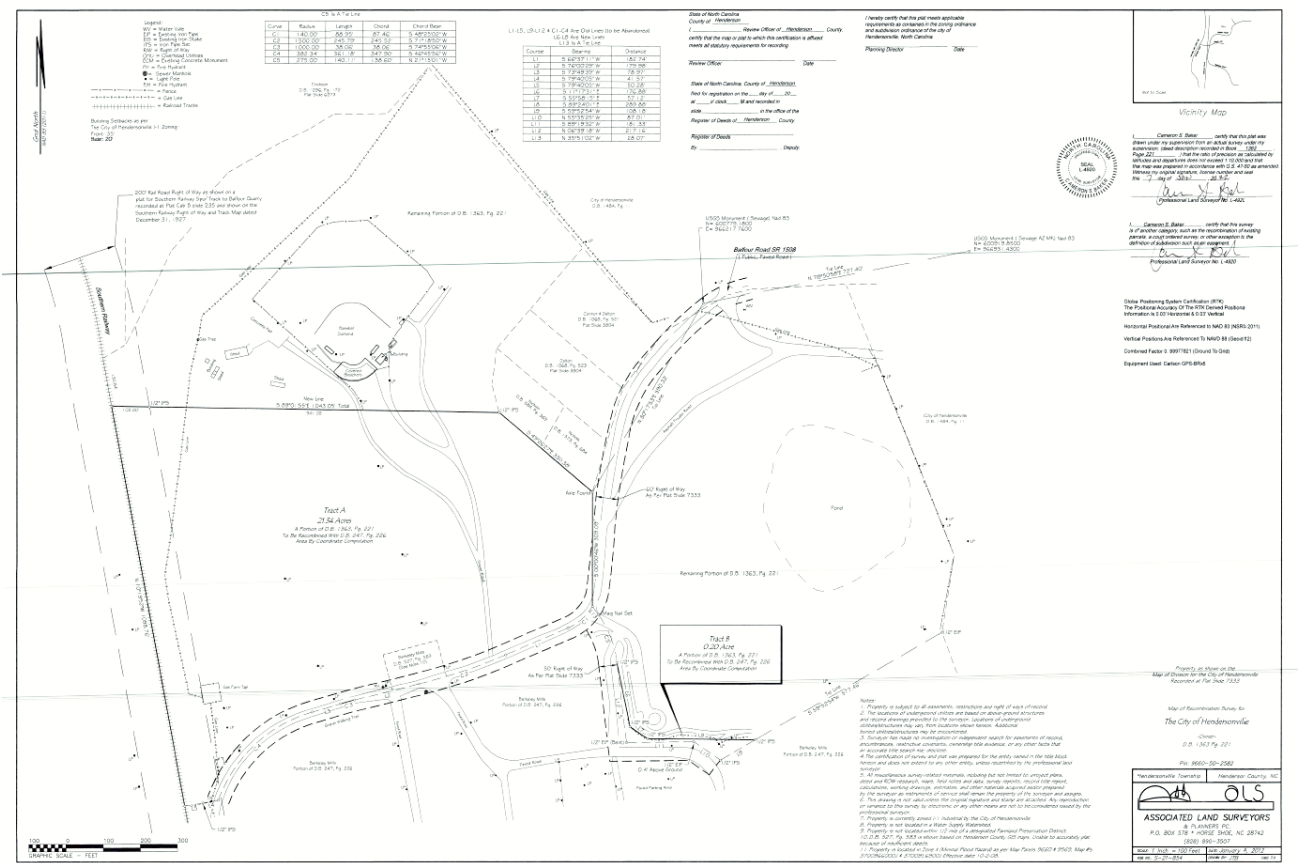
including but not limited to the deed, settlement statement, necessary easements and rights of way, options of repurchase.

- e. The City will relocate the City’s waterline currently crossing the Project Site, at the City’s expense, to be paid from general property tax revenue, water and sewer enterprise funds, and public or private grant funds (if received). The estimated maximum cost (at this time) for the waterline relocation is \$1,390,000.00.
6. The City Manager is authorized to executive an economic incentives agreement on behalf of the City of Hendersonville with the Company, with such terms and conditions as he deems appropriate in consultation with the City Attorney, provided the agreement is consistent with the terms of this Resolution. The City Manager, City Attorney, City Clerk, and City Finance Director are also authorized to take any other actions and enter into any other agreements on behalf of the City with the Company, or with any other entity, necessary to carry out the City’s responsibilities under the economic incentives agreement, except where City Council approval is required by the NC General Statutes or by a grant funding entity, regardless of any local policies or guidelines, and provided such actions are within funds budgeted by City Council through the adoption of any ordinance to adopt any of the following: general fund budget, enterprise fund budgets, grant projects, and capital projects, including but not limited to relocation of the City’s waterline as contemplated herein.

Adopted by the City Council of the City of Hendersonville, North Carolina on this 21st day of April, 2022.

/s/Barbara G. Volk, Mayor  
Attest: /s/Angela L. Reece, City Clerk  
Approved as to form: /s/Angela S. Beeker, City Attorney

EXHIBIT 1 – SITE MAP SHOWING TRACTS A AND B



ANNUAL AND TOTAL REQUIRED CAPITAL INVESTMENT AND ESTIMATED INCENTIVES									
Year (Calendar Year/Tax Year)	Required Taxable Capital Investments\$	Required Total Taxable Capital Investment and Retention	Required Total Job Creation and Retention\$	Estimated Year 1 Incentives if Year 1 Requirements Are Met#	Estimated Year 2 Incentives if Year 2 Requirements Are Met#	Estimated Year 3 Incentives if Year 3 Requirements Are Met#	Estimated Year 4 Incentives if Year 4 Requirements Are Met#	Estimated Year 5 Incentives if Year 5 Requirements Are Met#	Total Estimated Incentives if All Requirements Are Met
Year 1(2023)	\$5,000,000.00 (RP) \$0.00 (PP)	\$5,000,000.00 (RP) \$0.00 (PP) \$5,000,000 (T)	0	\$26,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$26,000.00
Year 2 (2024)*	\$25,000,000.00 (RP) \$0.00 (PP)	\$30,000,000.00 (RP) \$0.00(PP) \$30,000,000.00 (T)	0	\$26,000.00	\$130,000.00	\$0.00	\$0.00	\$0.00	\$156,000.00
Year 3 (2025)	\$40,000,000.00 (RP) \$25,000,000.00 (PP) Retentions\$	\$70,000,000.00 (RP) \$25,000,000.00 (PP) \$95,000,000.00 (T)	0	\$26,000.00	\$130,000.00	\$338,000.00	\$0.00	\$0.00	\$494,000.00
Year 4 (2026)	\$10,000,000.00 (RP) \$10,000,000.00 (PP) Retention \$	\$80,000,000.00 (RP) \$32,321,428.57 (PP) \$112,321,428.57 (T)	46 created 46 (T)	\$26,000.00	\$130,000.00	\$324,071.43	\$104,000.00	\$0.00	\$584,071.43
Year 5 (2027)	\$0.00 (RP) \$70,000,000.00 (PP) Retention \$\$	\$80,000,000.00 (RP) \$98,571,428.57 (PP) \$178,571,428.57 (T)	71 created 46 retained\$ 117 (T)	\$26,000.00	\$130,000.00	\$310,142.86	\$98,428.57	\$364,000.00	\$928,571.43
Year 6 (2028)	Retention \$	\$80,000,000.00 (RP) \$87,321,428.57 (PP) \$167,321,428.57 (T)	117 retained\$ 117 (T)	\$26,000.00	\$130,000.00	\$296,214.29	\$92,857.14	\$325,000.00	\$870,071.43
Year 7 (2029)	Retention \$	\$80,000,000.00 (RP) \$76,071,428.57 (PP) \$156,071,428.57 (T)	117 retained\$ 117 (T)	\$26,000.00	\$130,000.00	\$282,285.71	\$87,285.71	\$286,000.00	\$811,571.43
Year 8 (2030)	Retention \$	\$80,000,000.00 (RP) \$64,821,428.57 (PP) \$144,821,428.57 (T)	117 retained\$ 117 (T)	\$0.00	\$130,000.00	\$268,357.14	\$81,714.29	\$247,000.00	\$727,071.43

ANNUAL AND TOTAL REQUIRED CAPITAL INVESTMENT AND ESTIMATED INCENTIVES									
Year (Calendar Year/Tax Year)	Required Taxable Capital Investments\$	Required Total Taxable Capital Investment and Retention	Required Total Job Creation and Retention\$	Estimated Year 1 Incentives if Year 1 Requirements Are Met#	Estimated Year 2 Incentives if Year 2 Requirements Are Met#	Estimated Year 3 Incentives if Year 3 Requirements Are Met#	Estimated Year 4 Incentives if Year 4 Requirements Are Met#	Estimated Year 5 Incentives if Year 5 Requirements Are Met#	Total Estimated Incentives if All Requirements Are Met
Year 9 (2031)	Retention \$	\$80,000,000.00 (RP) \$53,571,428.57 (PP) \$133,571,428.57 (T)	117 retained\$ 117 (T)	\$0.00	\$0.00	\$254,428.57	\$76,142.86	\$208,000.00	\$538,571.43
Year 10 (2032)	Retention \$	\$80,000,000.00 (RP) \$42,321,428.57 (PP) \$122,321,428.57 (T)	117 retained\$ 117 (T)	\$0.00	\$0.00	\$0.00	\$70,571.43	\$169,000.00	\$239,571.43
Year 11 (2033)	Retention \$	\$80,000,000.00 (RP) \$33,750,000.00 (PP) \$113,750,000.00 (T)	117 retained\$ 117 (T)	\$0.00	\$0.00	\$0.00	\$0.00	\$130,000.00	\$130,000.00
TOTAL				\$182,000.00	\$910,000.00	\$2,073,500.00	\$611,000.00	\$1,729,000.00	\$5,505,500.00

4. ADJOURN

There being no further discussion, the meeting was adjourned at 10:33 a.m. upon unanimous assent of the Council.

ATTEST:

Barbara G. Volk, Mayor

Angela L. Reece, City Clerk