

**NOTICE OF A SPECIAL MEETING OF THE  
CITY COUNCIL OF THE CITY OF ASHEBORO**

**Monday, September 8, 2014**

**5:00 P.M.**

\*\*\*\*\*

Notice is hereby given of a special meeting of the City Council of the City of Asheboro that is to be held on Monday, the 8<sup>th</sup> day of September, 2014, at 5:00 p.m. This meeting will be held as a joint meeting with the Randolph County Board of Commissioners in the 1909 Randolph County Historic Courthouse Meeting Room, 145-C Worth Street, Asheboro, North Carolina 27203.

This special joint meeting has been called for the purpose of conducting a joint public hearing on the proposed appropriation and expenditure of county and city funds, in accordance with Section 158-7.1 of the North Carolina General Statutes, for economic development projects with AEC Narrow Fabrics and Kennametal Inc. After the public hearing, the respective governing boards will consider resolutions authorizing the county and city to enter into economic development incentives contracts with the respective companies.

This notice is issued on the 3<sup>rd</sup> day of September, 2014, in accordance with the laws and ordinances of the State of North Carolina and the City of Asheboro.

/s/ David H. Smith  
\_\_\_\_\_  
David H. Smith, Mayor  
City of Asheboro, North Carolina

# # # # # # # # # # # # # # #

**SPECIAL MEETING  
ASHEBORO CITY COUNCIL  
RANDOLPH COUNTY BOARD OF COMMISSIONERS  
1909 RANDOLPH COUNTY HISTORIC COURTHOUSE MEETING ROOM  
145-C WORTH STREET, ASHEBORO, NORTH CAROLINA  
MONDAY, SEPTEMBER 8, 2014  
5:00 p.m.**

---

This being the time and place for a joint meeting of the Asheboro City Council and the Randolph County Board of Commissioners, a meeting was held with the following elected officials and staff members from the City of Asheboro present:

- David H. Smith ) – Mayor Presiding
  
- Talmadge S. Baker )
- Clark R. Bell )
- Edward J. Burks )
- Linda H. Carter ) – Council Members Present
- Walker B. Moffitt )
- Charles A. Swiers )

Michael W. Hunter ) – Council Member Absent

- John N. Ogburn, III, City Manager
- Holly H. Doerr, CMC, NCCMC, City Clerk/Paralegal
- Deborah P. Reaves, Finance Director
- Jeffrey C. Sugg, City Attorney

In addition to the above-referenced city officials and staff members, the following members of the Randolph County Board of Commissioners were present: Darrell Frye, Stan Haywood, Chairman Harold Holmes, Phil Kemp, and Arnold Lanier. The following county staff members were also present: Richard Wells, County Manager; Amanda Varner, Clerk to the Board; Will Massie, Finance Officer; and Aimee Scotton, Associate County Attorney.

Subsequent to Randolph County Board of Commissioners' Chairman Harold Holmes calling the special joint meeting to order for the County, Mayor Smith called the meeting to order for the City Council and

opened the public hearing on behalf of the Asheboro City Council in order to consider the economic incentives packages proposed for AEC Narrow Fabrics and Kennametal, Inc. Similarly, Chairman Holmes joined in opening the public hearing on behalf of the county.

Mr. Kevin Franklin, Existing Business and Industry Coordinator for Randolph County Economic Development Corporation (RCEDC), reported that Asheboro Elastics Corporation, which does business as AEC Narrow Fabrics, is considering its Asheboro facility for an expansion that would add production capacity and capabilities allowing the company to enter and expand into new narrow fabric markets. And, if the Asheboro facility is selected, additional equipment would be purchased and installed in order to facilitate the production growth.

Asheboro Elastics Corporation (AEC) has earned a global reputation as a complete source for high-quality narrow fabrics matched with outstanding service and was founded in 1986 by Mr. Keith Crisco and three Asheboro business partners. Over time, the company has grown significantly, and today it employs approximately 700 in operations located in Asheboro, Honduras, and El Salvador. Its production facilities manufacture narrow fabrics for use in apparel, bedding, home furnishings, medical, and automotive industries.

AEC's Asheboro facility on Yzex Street currently employs 158 fulltime workers. With this expansion, the company plans to retain the existing 158 jobs and create 60 new jobs with an average wage of \$23,933 per year within a 3 (three) year period. Additionally, the expansion would include an investment of \$1,500,000 in personal property.

Mr. Franklin recommended that the City of Asheboro and the County of Randolph provide \$15,000, for a combined total of \$30,000.00 payable in three (3) annual installments, to assist AEC with the expansion. This economic development assistance package is to be disbursed in accordance with performance requirements prescribed by a proposed economic development incentives contract. In order to implement this project, Mr. Franklin recommended that the City of Asheboro and the County of Randolph adopt resolutions authorizing the City and County to enter into an economic incentives contract with Asheboro Elastics Corporation.

Mr. Rodney Smith, Director of Manufacturing and Operations for Asheboro Elastics Corporation, and Mr. Owen George presented comments in support of the economic development incentives package. No one offered any comments in opposition to this proposed economic development project.

When it became apparent that no other speakers wanted to be heard during the public hearing, Chairman Holmes inquired of the Board of Commissioners as to what action the Board Members would like to take. The Board of Commissioners then adopted a resolution that followed Mr. Franklin's recommendation.

Subsequently, Upon motion by Mr. Bell and seconded by Ms. Carter, Council voted unanimously to adopt the following resolution.

**RESOLUTION NUMBER 31 RES 9-14**

**CITY COUNCIL OF THE CITY OF ASHEBORO, NORTH CAROLINA**

**RESOLUTION AUTHORIZING AN ECONOMIC DEVELOPMENT INCENTIVES CONTRACT WITH THE COUNTY OF RANDOLPH AND ASHEBORO ELASTICS CORP.**

**WHEREAS**, Section 158-7.1 of the North Carolina General Statutes authorizes a city 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 city; and

**WHEREAS**, the Asheboro City Council 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 Asheboro (the "City"), and Asheboro Elastics Corp. (the "Company") approving an economic development incentives package whereby the County and the City each contribute up to fifteen thousand and no hundredths dollars (\$15,000.00) for a total payment of up to thirty thousand and no hundredths dollars (\$30,000.00) to the Company to offset the costs of the Company's expansion in the City of Asheboro, 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 one million five hundred thousand and no hundredths dollars (\$1,500,000.00) and created a minimum of sixty (60) 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 City has in its General Fund available revenues sufficient to fund this economic development project;

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Asheboro, North Carolina as follows:

**Section 1.** The City is authorized to expend up to fifteen thousand and no hundredths dollars (\$15,000.00) of City funds for the Asheboro Elastics economic development project.

**Section 2.** In addition to the standard terms found in contracts that the City 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 thirty thousand and no hundredths dollars (\$30,000.00).
- b. Fifty-percent (50%) of the contract amount will be paid by the County, and the other fifty-percent (50%) of the contract amount will be paid by the City.
- c. The contract amount will be paid in three (3) 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, 2018. The obligation of the City to make any installment payments specified herein shall be conditioned upon the satisfactory completion by the Company of certain performance requirements, including but 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 in connection with this project equals or exceeds seven hundred fifty thousand and no hundredths dollars (\$750,000.00). 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 Asheboro. Additionally, the Company must provide Employment Security Reports to the County and the City evidencing the creation of thirty (30) new full-time jobs. Upon receipt of said certifications, the County and the City shall remit a total payment of ten thousand and no hundredths dollars (\$10,000.00), fifty-percent (50%) to be paid by the County and fifty-percent (50%) to be paid by the City; 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 in connection with this project equals or exceeds one million five hundred thousand and no hundredths dollars (\$1,500,000.00). 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 Asheboro. Additionally, the Company must provide Employment Security Reports to the County and the City evidencing the creation of an additional thirty (30) new full-time jobs. Additionally, 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 immediately preceding installment payment. By way of illustration and without limitation, the Company shall be deemed to have reduced its level of operations in the County and the City if the Company fails to maintain the entirety of the newly created jobs referenced in Paragraph (i) above. Upon receipt of the required certifications, the County and the City shall remit a total payment of ten thousand and no hundredths dollars (\$10,000.00), fifty-percent (50%) to be paid by the County and fifty-percent (50%) to be paid by the City; 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 the required certification, the County and the City shall remit a total payment of ten thousand and no hundredths dollars (\$10,000.00), fifty-percent (50%) to be paid by the County and fifty-percent (50%) to be paid by the City.
- 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, maintaining the newly created jobs referenced above, for a period of three (3) 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 three (3) 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 Mayor of the City of Asheboro is hereby authorized to execute on behalf of the City of Asheboro a contract drafted in accordance with Section 2 of this Resolution and any other documents necessary for the implementation of this economic development project.

This Resolution was adopted by the Asheboro City Council in open session during a special meeting held on the 8<sup>th</sup> day of September, 2014.

/s/David H. Smith  
David H. Smith, Mayor  
City of Asheboro, North Carolina

ATTEST:

/s/Holly H. Doerr  
Holly H. Doerr, CMC, NCCMC, City Clerk  
City of Asheboro, North Carolina

Subsequently, Ms. Bonnie Renfro, President of the Randolph County Economic Development Corporation (RCEDC), reported that Kennametal, founded in 1938, is a leading global industrial technology company supplying tooling, engineered components, and advanced materials to customers in more than 60 countries. Its production facility located in Asheboro produces end mills, taps, and drills, while employing 127 full time workers and 16 contract workers with an annual payroll near \$6 million.

Located at 201 Yzex Street in northern Asheboro, Kennametal has a well well-established reputation for quality product, customer service, and dedicated workforce. The Asheboro facility is under consideration for an expansion that would add a new product line of very specialized, high tech carbide cutting tools. Kennametal is in the process of rebalancing its manufacturing and logistics to better serve its customers and address market conditions which includes new demand patterns within the United States. If the Asheboro facility is selected for expansion, some equipment would be transferred and additional new equipment will be purchased and installed, and the facility would be upgraded.

During her presentation, Ms. Renfro noted that current estimates anticipate an investment of approximately \$12,000,000. Of this investment, approximately, \$387,000 would be for facility upgrades. With this expansion, Kennametal plans to add an additional 31 jobs with an average wage of \$36,400 per year.

Ms. Renfro recommended that the City of Asheboro and the County of Randolph provide \$90,000 each, for a combined total of \$180,000.00 to be paid in five (5) annual installments, to assist Kennametal with the expansion. This economic development assistance package is to be disbursed in accordance with performance requirements prescribed by a proposed economic development incentives contract. In order to implement this project, Ms. Renfro recommended that the City of Asheboro and the County of Randolph adopt resolutions authorizing the City and County to enter into an economic development incentives contract with Kennametal for its expansion of the Asheboro manufacturing facility.

Mr. Walter Huckabee, Plant Manager for Kennametal, presented comments in support of the economic development incentives package. No one offered comments in opposition to the proposed package.

There being no further comments, Mayor Smith closed the public hearing on behalf of the City Council, and Chairman Holmes closed the public hearing on behalf of the County.

Upon motion by Mr. Bell and seconded by Mr. Baker, Council voted unanimously to adopt the following resolution by reference.

RESOLUTION NUMBER 32 RES 9-14

CITY COUNCIL OF THE CITY OF ASHEBORO, NORTH CAROLINA

**RESOLUTION AUTHORIZING AN ECONOMIC DEVELOPMENT INCENTIVES CONTRACT WITH THE COUNTY OF RANDOLPH AND KENNAMETAL INCORPORATED**

**WHEREAS**, Section 158-7.1 of the North Carolina General Statutes authorizes a city 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 city; and

**WHEREAS**, the Asheboro City Council 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 Asheboro (the "City"), and Kennametal Incorporated (the "Company") approving an economic development incentives package whereby the County and the City each contribute up to ninety thousand and no hundredths dollars (\$90,000.00) for a total payment of up to one hundred eighty thousand and no hundredths dollars (\$180,000.00) to the Company to offset the costs of the Company's expansion in the City of Asheboro, 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 twelve million and no hundredths dollars (\$12,000,000.00) and created a minimum of thirty-one (31) 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 City has in its General Fund available revenues sufficient to fund this economic development project;

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Asheboro, North Carolina as follows:

**Section 1.** The City is authorized to expend up to ninety thousand and no hundredths dollars (\$90,000.00) of City funds for the Kennametal economic development project.

**Section 2.** In addition to the standard terms found in contracts that the City 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:

- f. The total payment made to the "Company" under this contract shall not exceed one hundred eighty thousand and no hundredths dollars (\$180,000.00).
- g. Fifty-percent (50%) of the contract amount will be paid by the County, and the other fifty-percent (50%) of the contract amount will be paid by the City.
- h. 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, 2020. The obligation of the City to make any installment payments specified herein shall be conditioned upon the satisfactory completion by the Company of certain performance requirements, including but 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 in connection with this project equals or exceeds four million and no hundredths dollars (\$4,000,000.00). 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 Asheboro. Additionally, the Company must provide Employment Security Reports to the County and the City evidencing the creation of seven (7) new full-time jobs. Upon receipt of said certifications, the County and the City shall remit a total payment of thirty-six thousand and no hundredths dollars (\$36,000.00), fifty-percent (50%) to be paid by the County and fifty-percent (50%) to be paid by the City; 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 in connection with this project equals or exceeds six million five hundred thousand and no hundredths dollars (\$6,500,000.00). 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 Asheboro. Additionally, the Company must provide Employment Security Reports to the County and the City evidencing the creation of an additional six (6) new full-time jobs. Additionally, 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 immediately preceding installment payment. By way of illustration and without limitation, the Company shall be deemed to have reduced its level of operations in the County and the City if the Company fails to maintain the entirety of newly created jobs referenced in Paragraph (i) above. Upon receipt of the required certifications, the County and the City shall remit a total payment of thirty-six thousand and no hundredths dollars (\$36,000.00), fifty-percent (50%) to be paid by the County and fifty-percent (50%) to be paid by the City; and
- iii. 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 in connection with this project equals or exceeds nine million five hundred thousand and no hundredths dollars (\$9,500,000.00). 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 Asheboro. Additionally, the Company must provide Employment Security Reports to the County and the City evidencing the creation of an additional six (6) new full-time jobs. Additionally, 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 the required certification, the County and the City shall remit a total payment of thirty-six thousand and no hundredths dollars (\$36,000.00), fifty-percent (50%) to be paid by the County and fifty-percent (50%) to be paid by the City.
- iv. 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 in connection with this project equals or exceeds twelve million and no hundredths dollars (\$12,000,000.00). 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 Asheboro. Additionally, the Company must provide Employment Security Reports to the County and the City evidencing the creation of an additional six (6) new full-time jobs. Additionally, 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 the required certification, the County and the City shall remit a total payment of thirty-six thousand and no hundredths dollars (\$36,000.00), fifty-percent (50%) to be paid by the County and fifty-percent (50%) to be paid by the City.
- v. The Company must provide Employment Security Reports to the County and the City evidencing the creation of an additional six (6) new full-time jobs. Additionally, 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 the required certification, the County and the City shall remit a total payment of thirty-six thousand and no hundredths dollars (\$36,000.00), fifty-percent (50%) to be paid by the County and fifty-percent (50%) to be paid by the City.
- i. 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, maintaining the newly created jobs referenced above, for a period of four (4) years immediately following the date on which the final installment of the contract amount is paid to the Company.
- j. If the Company does not remain in full operation during this four (4) 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.

