



MINUTES

November 18, 2020

SPECIAL CALL MEETING OF THE CITY COUNCIL

ASSEMBLY ROOM – OPERATIONS CENTER | 305 WILLIAMS ST. 5:30 p.m.

Present: Mayor Barbara G. Volk, Mayor Pro Tem Jerry Smith, Council Members: Jeff Miller, Dr. Jennifer Hensley, and Lyndsey Simpson

Staff Present: City Manager John F. Connet, City Attorney Angela Beeker, Assistant City Manager Brian Pahle, City Clerk Angela Reece, Communications Manager Allison Nock, Interim Chief of Police Bill Hollingsed

1. Call to Order

Mayor Volk called the meeting to order at 5:30 p.m. and welcomed those in attendance. A quorum was established with five members in attendance.

2. PARTF Grant Award

City Engineer, Brent Detwiler stated the City was recently awarded a \$376,000 NC Parks and Recreation Trust Fund (PARTF) Grant for design and construction of the Clear Creek Greenway. Mr. Detwiler recalled previous grant awards of \$150,000 from the NC Division of Environmental Quality (NCDEQ) and \$1.686M through the Surface Transportation Block Grant (STBG) program also being awarded for this project.

City Council Member Jeff Miller moved that City Council resolve to approve the NC Parks and Recreation Trust Fund (PARTF) Clear Creek Greenway Project Agreement as presented and to authorize the Mayor to execute said agreement. A unanimous vote of the Council followed. Motion carried.

3. Public Hearing – pursuant to North Carolina General Statute § 158-7.1:

A. To Consider Granting Economic Development Incentives to Project Wheel

B. To Consider Interlocal Agreement and Three-Party Agreement to provide Loan Funds for the Purchase and Development of an Industrial Park for Economic Development

C. To Consider Extension of Water and Sewer Infrastructure to Serve Industrial Park for Economic Development

City Attorney, Angela S. Beeker stated this public hearing consists of three parts, consideration of granting economic development incentives to Project Wheel, consideration of an Interlocal Agreement and Three-Party Agreement to provide loan funds for the purchase and development of an industrial park for economic development; and to consider extension of water and sewer infrastructure to serve the proposed industrial park for economic development.

Assistant City manager Brian Pahle demonstrated to City Council the potential benefits to the City by illustrating the impacts that Project Wheel would have on the cost of service value per acre for commercial land use in the City. Assistant Manager Pahle stated if Project Wheel comes to fruition the cost of service for the parcel will be substantially outweighed by the parcel value and concurrent revenues of the project. The project will be the largest taxable assessed parcel in the City, if completed, and it will generate an equivalent of \$56M in value. Assistant Manager Pahle stated the return to the City over the 12-year period is \$1.3M and \$3M at total build out, with incentives.

Britany Brady, President and CEO of the Partnership for Economic Development addressed City Council. Ms. Brady stated Project Wheel is a public company, focused on precision injection molded components that are subsequently assembled via high speed automated assembly lines and shipped to customers for final labeling and distribution in the healthcare industry. Ms. Brady said the company has global locations as well as locations in North Carolina. In order to accommodate growth in the market, the company is considering building a new facility to serve their existing markets. Ms. Brady stated the project is considering sites in North Carolina, South Carolina, Tennessee, and Mexico and in southern

Henderson County. She stated the Company would construct an approximate 150,000 SF building with the potential for future expansion on an approximate 18-acre site.

Ms. Brady stated the projected investment is \$17M real property and \$21M in business personal property, totaling \$38M over five-year period. Ms. Brady discussed projected employment stating the Company would create 150 jobs over 5 years with an average annual wage of \$39,867, which exceeds the County average across all sectors. Ms. Brady stated based on a 7-year straight line depreciation of business personal property the City of Hendersonville incentives over 7 years comes to \$857,500 with \$11,760.00 based on year 1 investment.

City Attorney Angela S. Beeker discussed the commitments by Project Wheel stating they would be required to invest \$17M in real property, \$21M in personal property to occur over a 5-year period which is scheduled to begin in 2021. Each year's investment must be retained once made by the company. Attorney Beeker clarified the property would be annexed into the City of Hendersonville upon approval and stated the tax revenues would be utilized to fund incentive payments. Attorney Beeker discussed the City of Hendersonville contract obligations, stating incentive payments will be made at 80% of property taxes paid for a 7-year period and said there will be a total of 11 years' worth of payments to begin in 2021 ending in 2032 with a maximum payout of \$857,500. Attorney Beeker also clarified conditions precedent to payments stating that Project Wheel must meet all other requirements for each of the 11 years period to receive payment in that year including any new investment and job creation requirements, and retention of all jobs and previous investments, less depreciation. Attorney Beeker stated the City would also commit to extension of water and sewer infrastructure to the site at a total anticipated cost of \$796,000. Attorney Beeker said The Partnership for Economic Development has assisted the City in applying for a GoldenLeaf Grant which, if awarded, would cover \$556,000 for the water infrastructure and leaving \$240,000 to come from the City's Water and Sewer Fund. Attorney Beeker advised City Council members if the grant did not come to fruition then the total cost for water and sewer infrastructure would come from the City's Water and Sewer Fund.

Attorney Beeker discussed the Three-Party Agreement between the Developer, Project Wheel Company, and The City of Hendersonville stating all of the terms will be memorialized within the proposed agreement.

Will Buie, P.E. of WGLA Engineering discussed the proposed Industrial Park site stating the subject parcel is located off of Upward Rd. along Commercial Blvd. at the intersection of I-26. Mr. Buie stated the site is +/-41 acres and said Project Wheel would utilize approximately 18 acres allowing the remainder to be developed by the Economic Investment Fund of Henderson County, Inc. having a potential for two more sites within the Industrial Park. Mr. Buie stated the site would have secondary access from Crest Road and Commercial Blvd. Mr. Buie stated the entire property could yield approximately \$70M in tax value

Attorney Beeker discussed the terms of the Interlocal and Three Party Agreements stating the City of Hendersonville and Henderson County would each loan a net amount of approximately \$470,000 to the Henderson County Economic Investment Fund, Inc. to purchase the site and said both will retain a joint first lien deed on the on the balance of the property. Attorney Beeker said then the Economic Investment Fund (EIF) will market the remaining 2 parcels to industrial prospects that will benefit the City by providing additional tax base and jobs for City residents. She said the sales proceeds will be used to payoff the loan to the City and County. Attorney Beeker confirmed the EIF will impose restrictive covenants on the Park Property to ensure the industrial use, consistent with the City and County zoning and said that the City of Hendersonville will extend water and sewer to benefit the entire Park. City Manager John Connet clarified the agreement contained a comprehensive set of guidelines that will suffice for both jurisdictions.

The City Clerk confirmed the public hearing has been advertised in accordance with North Carolina General Statutes.

No written comments were received.

Mayor Barbara G. Volk opened the public hearing at 5:37 p.m.

Ken Fitch of 1046 Patton Street addressed City Council stating the project is good news and will significantly contribute to the tax base and provide local job opportunities. Mr. Fitch stated the partnership with the County is also beneficial and said he hopes it will continue.

The public hearing was closed at 6:02 p.m.

City Council Member Jerry Smith moved that City Council adopt the resolution to approve an Interlocal Agreement and a Three-Party Agreement to provide for a loan to the Henderson County Economic Investment Fund, Inc. for the purchase of land for an industrial park. A unanimous vote of the Council followed. Motion carried.

City Council Member Jeff Miller moved that City Council adopt the resolution to approve Economic Development Incentives and to authorize the City Manager to execute the agreement with the company. A unanimous vote of the Council followed. Motion carried.

Chip Gould, Chairman of EIF, addressed City Council stating this purchase is a result of the public-private partnership efforts that have been ongoing since 2016. He said due to the topography in Henderson County, we have to work harder and smarter to gain traction with industrial sites and said the EIF is excited that the County and City are working together to develop an industrial park that will create quality jobs.

4. CLOSED SESSION – pursuant to North Carolina General Statute § 143-318.11(a)(5)

At 6:09 p.m. City Council Member Lyndsey Simpson moved that City Council enter into closed session as provided in North Carolina General Statute § 143-318.11(a)(5) to establish, or to instruct the public body's staff or negotiating agents concerning the position to be taken by or on behalf of the public body in negotiating (i) the price and other material terms of a contract or proposed contract for the acquisition of real property by purchase, option, exchange, or lease; or (ii) the amount of compensation and other material terms of an employment contract or proposed employment contract. A unanimous vote of the Council followed. Motion carried.

Council Member Jeff Miller moved that City Council return to Open Session 6:50 p.m. A unanimous vote of the Council followed. Motion carried.

Being no further discussion, the meeting adjourned at 6:50 p.m. upon unanimous assent of the Council.

ATTEST:

Barbara G. Volk, Mayor

Angela L. Reece, City Clerk

Resolution #20-0594**RESOLUTION OF THE CITY OF HENDERSONVILLE CITY COUNCIL TO APPROVE ECONOMIC DEVELOPMENT INCENTIVES AND AUTHORIZE THE CITY MANAGER TO EXECUTE AGREEMENT WITH COMPANY**

WHEREAS, the City of Hendersonville has been requested to approve economic incentives for Project Wheel, a Project involving a taxable capital investment of \$38,000,000.00 consisting of \$17,000,000.00 in real property (not including any land acquisition costs), and not less than \$21,000,000.00 in business personal property (equipment), and the creation of 150 jobs paying an average annual wage of \$39,867.00, which is in excess of the average wage in Henderson County for all insured industries for full-time employment, plus provide other employment benefits, all of the foregoing to occur over a five year period; and

WHEREAS, the Project is proposed to be developed on +/- 18.62 acres of real property located in Henderson County, and is proposing to petition for annexation into the City of Hendersonville; and

WHEREAS, Project Wheel is proposing be developed by two companies – one to purchase the site and construct the industrial facility, and one to lease and equip the facility and own and operate the industry to be located there; and

WHEREAS, the public benefit to be derived from Project Wheel is an increase in the property tax base for the City of Hendersonville, a substantial number of new jobs paying above the average wage in Henderson County, and will increase the population of the City of Hendersonville; and

WHEREAS, Project Wheel has requested economic incentives consisting of economic incentives payments totaling to a maximum of \$857,500.00 to be paid over an eleven year period and the extension of water and sewer services to the Project site consisting of the extension of +/- 1040 lineal feet of 8” gravity sewer line, and +/- 3,735 feet of 8” ductile iron water line to the Property to serve the industrial facility to be occupied by Project Wheel and the balance of the Property. The estimated cost for the water and sewer extensions is \$800,000, with the expectation that \$560,000 will be funded by a grant from the Golden Leaf Foundation, and \$240,000 will be funded from the City’s Water and Sewer Capital Reserve Fund (459) which have been previously earmarked by City Council for economic development purposes; and

WHEREAS, Project Wheel has indicated that the City of Hendersonville is in competition with other locations for the location and development of the Project, and that without the approval of economic incentives Project Wheel will not be located at the proposed site in Henderson County; and

WHEREAS, the City is authorized to provide the requested economic incentives pursuant to N.C. Gen. Stat. § 158-7.1; and

WHEREAS, a draft contract with has been presented to the City Council for consideration, outlining the respective responsibilities between the Developer of the Site, and the Company to equip, own and operate the industry there, hereinafter the “Agreement”; and

WHEREAS, City Council is desirous of approving the economic incentives for Project Wheel, having held a duly advertised public hearing as required by N.C. Gen. Stat. § 158-7.1;

THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF HENDERSONVILLE, NORTH CAROLINA that:

1. The WHEREAS clauses are incorporated into this Resolution as findings of the City of Hendersonville City Council.
2. The following economic development incentives are approved:
 - a. Extension of public water and public sewer to the Site consisting of the extension of +/- 1040 lineal feet of 8” gravity sewer line, and +/- 3,735 feet of 8” ductile iron water line to the site to serve Project Wheel.
 - b. Economic incentives payments equal to eighty percent (80%) of the ad valorem taxes paid by the Developer and/or the Company for new the taxable capital investment made over a five-year period. The incentives payments would last for a period of seven years from each of the five years over which capital investment would be made by the company. The first year’s contemplated incentive, if granted, would be not more than \$11,760.00 (assuming FY 2021 tax rates), based on the new investment, the number of new employees, and the Council’s incentives guidelines. The total maximum total amount of incentives payments approved is \$857,500.00.
3. The Agreement between the Developer, the Company, and the City, outlining the respective responsibilities with respect to the economic development and incentives is approved. The City

Manager is authorized to sign the Agreement with such changes as he may deem appropriate, after consultation with the City Attorney, provided that the amount and type of taxable capital investment required, the number of jobs to be created, the minimum average annual salary to be paid to the jobs created, and the amount and type of economic incentives to be paid by the City may not be changed without approval from the City Council.

4. The approval of the economic incentives as outlined in this Resolution is conditioned on the Company meeting the taxable capital investment in real and personal property of \$38,000,000.00, consisting of \$17,000,000.00 in new taxable capital investment in real property and improvements (i.e. less site acquisition costs), and \$21,000,000.00 in personal property and equipment over a five year period, meets the job creation requirement of 150 new jobs paying an average wage of \$39,867.00 per year plus benefits, and retains the capital investment (less depreciation) and jobs over the term of the Agreement.
5. The City Manager, City Attorney, and City Staff are authorized to take such other actions as may be necessary to carry out the terms and provisions of the Agreement as signed by the City Manager.

Adopted by the City Council of the City of Hendersonville, North Carolina on this 18th day of November 2020.

/s/Barbara G. Volk, Mayor

Attest: /s/Angela L. Reece, City Clerk

Approved as to form: /s/Angela S. Becker, City Attorney

Resolution #20-0595**RESOLUTION OF THE CITY OF HENDERSONVILLE CITY COUNCIL TO APPROVE AN INTERLOCAL AGREEMENT AND A THREE PARTY AGREEMENT TO PROVIDE FOR A LOAN TO THE HENDERSON COUNTY ECONOMIC INVESTMENT FUND, INC. FOR THE PURCHASE OF LAND FOR AN INDUSTRIAL PARK**

WHEREAS, the City of Hendersonville has been requested to approve economic incentives for Project Wheel, a Project involving a taxable capital investment of \$38,000,000.00 consisting of \$17,000,000.00 in real property (not including any land acquisition costs), and not less than \$21,000,000.00 in business personal property (equipment), and the creation of 150 jobs paying an average annual wage of \$39,867.00, which is in excess of the average wage in Henderson County for all insured industries for full-time employment, plus provide other employment benefits, all of the foregoing to occur over a five year period; and

WHEREAS, the Project is proposed to be developed on +/- 18.62 acres of real property located in Henderson County; and

WHEREAS, Project Wheel is proposing be developed by two companies – one to purchase the site and construct the industrial facility, and one to lease and equip the facility and own and operate the industry to be located there; and

WHEREAS, the Economic Investment Fund (the “Fund”) is developing an industrial park located off Upward Road in Henderson County, consisting of +/- 41.46 acres (the “Park”), has an option to purchase the Park site and is proposing to petition for annexation of the Park property into the City of Hendersonville; and

WHEREAS, the Fund has requested a loan from the City of Hendersonville and Henderson County for the purchase of the Park property, to be secured by a first lien deed of trust on the Park property; and

WHEREAS, Project Wheel is proposing to purchase +/- 18.62 acres of the Park property from the Fund for the development of Project Wheel; and

WHEREAS, the City will be requested to release the +/- 18.62 acres from the lien of the Deed of Trust for the benefit of Project Wheel, and to waive any accumulated interest thereon; and

WHEREAS, the public benefit to be derived from Project Wheel is an increase in the property tax base for the City of Hendersonville, a substantial number of new jobs paying above the average wage in Henderson County, and will increase the population of the City of Hendersonville; and

WHEREAS, the public benefit to be derived from the development of the Park is an increase in the property tax base for the City of Hendersonville, and the availability of industrial land which will likely result in the use by industries that will provide jobs to City residents jobs paying at or above the average wage for all insured industries in Henderson County, and will increase the population of the City of Hendersonville; and

WHEREAS, a draft interlocal agreement between the City of Hendersonville and Henderson County for the joint provision of a loan to the Fund for the purchase of the Park site, and to outline the responsibilities of each with respect to the loan has been presented to City Council pursuant to N.C. Gen. Stat. § Chapter 160A, Article 20, hereinafter the “Interlocal Agreement”; and

WHEREAS, a draft three-party agreement between the City of Hendersonville, Henderson County and the Fund outlining the responsibilities of each with respect to the loan for the Fund’s purchase of the Park property, hereinafter the “Three Party Agreement,” has been presented to City Council; and

WHEREAS, the terms of the Interlocal Agreement and Three Party Agreement are complementary and provide for the following:

An estimated net investment by the City of approximately \$470,000 as a loan to the FUND (as well as a like investment by the Henderson County) to be used to purchase the Park Property to be used for location of industry; The Fund would borrow approximately \$1,170,000 from each of the City of Hendersonville and Henderson County, for a total estimated loan amount of \$2,340,000, would impose restrictive covenants on the property and subdivide it as an industrial subdivision, and then sell a portion of the Property to Project Wheel, and repay the County and the City the amounts loaned to the Fund except for the approximate loan amount noted above (\$470,000 each). Both the County and the City would then jointly hold a first lien deed of trust on the remaining Property securing the remaining balance of the sums loaned to the FUND, at a fair market value rate of interest. Release of the acreage from the lien of the deed of trust would be made in exchange for payment of a release fee of \$64,500 per acre but only if the acreage is sold by the FUND to entities that would qualify for economic development incentives under The City’s Economic Assistance Guidelines. The City and the County will retain the ability to release the acreage for less than this stated per acre price, or to waive accrued interest, but only as allowed by N.C. Gen. Stat. § 158-7.1, and only after holding duly authorized public hearing, and making the findings required under N.C. Gen. Stat. § 158-7.1; and

WHEREAS, the City is authorized to undertake economic development activities pursuant to N.C. Gen. Stat. § 158-7.1; and

WHEREAS, City Council is desirous of approving the Interlocal Agreement and the Three Party Agreement, having held a duly advertised public hearing as required by N.C. Gen. Stat. § 158-7.1 and N.C. Gen. Stat. § Chapter 160A, Article 20;

THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF HENDERSONVILLE, NORTH CAROLINA that:

1. The WHEREAS clauses are incorporated into this Resolution as findings of the City of Hendersonville City Council.
2. The Interlocal Agreement and the Three Party Agreement are approved. The Mayor is authorized to sign both agreements.
3. The City Manager, City Attorney, and City Staff are authorized to take such other actions as may be necessary to carry out the terms and provisions of the Interlocal Agreement and Three Party Agreement.

Adopted by the City Council of the City of Hendersonville, North Carolina on this 18th day of November 2020.

/s/Barbara G. Volk, Mayor

Attest: /s/Angela L. Reece, City Clerk

Approved as to form: /s/Angela S. Becker, City Attorney