

September 26, 2016, MB#54
Special Joint Meeting with Hickory City Council

Catawba County Board of Commissioners
Special Joint Meeting with Hickory City Council, September 26, 2016

The Catawba County Board of Commissioners met in Special Session with Hickory City Council on Monday, September 26, 2016, at 12:00 p.m., in Room 149 of the NC Center for Engineering Technologies, 1990 Main Avenue SE, Hickory, North Carolina. This meeting followed a meeting where Governor McCrory announced a NC Job Development Investment Grant (JDIG) awarded to Corning Optical Communications LLC.

Present were Chair Randy Isenhower, Vice-Chair Barbara G. Beatty and Commissioners Katherine W. Barnes, Sherry E. Butler and Dan A. Hunsucker.

Present were Hickory Council Members Mayor Rudy Wright, Danny Seaver, Hank Guess and David Zagaroli, Public Services Director Chuck Hansen and City Attorney John Crone.

Also present were County Manager Mick Berry, Assistant County Manager Dewey Harris, Economic Development President Scott Millar and County Clerk Barbara Morris.

1. Chair Randy Isenhower called the meeting to order at 12:00 p.m. for the Board of Commissioners, noting a quorum was present.
2. Mayor Wright called the meeting to order at 12:00 p.m. for the City Council, noting a quorum was present.

Economic Development Corporation President Scott Millar presented a request for the Board and Council to hold public hearings for citizen comments and consider approval of a Economic Development Agreement with Corning Optical Communications LLC. He requested the Board and Council adopt the required resolutions and authorize the Chair and Mayor to execute these along with any other needed documents.

Corning intends to improve real property and install capital equipment and trade fixtures used to assemble, manufacture, and process business-related goods and services. It plans to invest a minimum of \$30,000,000 and create 105 new jobs over 4 years. The average wage of all new jobs will be \$58,200, or 152% of the county average wage. The County average wage is \$38,238.

Corning considered multiple locations to place this project. The Company is growing and expanding due to growth in its customer base and increasing demand for its products. The equipment investment is for the expansion of product lines, not simply replacement equipment.

The proposed incentive grant from the County is based on a contract with obligations requiring satisfactory performance by the Company and adhering to all NC general statutes. The contract requires a minimum investment of \$30,000,000, and the creation of 105 new jobs at the facility. A sliding scale incentive of 75% for 2 years, 67% for 2 years, and 50% for the fifth year is proposed of new tax receipts that would be paid after Corning submits an annual proof of performance. This amount would be subject to the County's usual contractual commitments and would total a maximum of \$576,150 (prior to depreciation). Based on the current tax rate, payments would equal a maximum of \$129,375 (years 1 & 2), \$115,575 (years 3 & 4), and \$86,250 (year 5). All incentives will be paid to Corning, and Corning would be responsible for all requirements within the contractual agreements.

Like all incentives provided by the County, these incentives are based on an economic development agreement which requires Corning to meet minimum thresholds of investment (\$30,000,000) and job creation (105) by 2020, and these must be maintained for a minimum of three years following the payment of the final incentive. Clawbacks are included in the agreement requiring repayment should the investment and job creation amounts not be met or sustained.

The City of Hickory is considering an incentive of equal percentage.

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After no questions by the Board members, Chair Isenhower opened the public hearing. No one came forward to speak; Chair Isenhower closed the public hearing. Vice-Chair Barbara Beatty made a motion to approve the Economic Development Agreement as presented, adopt the required resolution and authorize the Chair to execute any needed documents. The motion carried unanimously.

Mayor Wright opened the public hearing. No one came forward to speak; Mayor Wright closed the public hearing. Councilman Guess made a motion to approve the Economic Development Agreement as presented, adopt the required resolution and authorize the Mayor to execute any needed documents; Councilman Zagaroli seconded the motion; the motion carried unanimously.

The following resolution for the County applies:

Resolution No. 2016-

Resolution Authorizing Economic Development Incentives for Corning Optical Communications LLC

WHEREAS, Corning Optical Communications LLC (herein referred to as “the Company”) requested an incentive to cause a minimum investment of \$30,000,000 for the improvement of real property and installation of capital equipment and trade fixtures at 1164 23rd St SE, Hickory, NC by December 31, 2020, and to create and maintain a minimum of 105 new jobs by December 31, 2020, which must be maintained for a minimum of three years following the payment of the final incentive. The Company agrees to the requirement to not hire anyone without a minimum of a high school diploma for anyone 25 years of age or below, and that all these jobs will exceed 152% of the county average wage at \$58,200 or more per year.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of Catawba County, North Carolina, as follows:

The Board of Commissioners approve a performance based grant, based on the minimum investment and maintenance of \$30,000,000 and 105 new jobs, with a maximum payment of \$129,375 years 1 & 2, \$115,575 years 3 & 4, and \$86,250 year 5, (total maximum incentive of \$576,150). This grant will be used to reimburse the Company's expenditures as eligible under North Carolina General Statute 158-7.1. The Board of Commissioners also directs the County to execute a contract and any necessary resolutions or addenda between the Company and the County under these terms and conditions and authorizes the Chair to execute these documents.

This the _____ day of _____, 2016.

3. Commissioner Hunsucker made a motion for the Board of Commissioners to adjourn at 12:10 p.m. The motion carried unanimously.

Randy Isenhower, Chair

Barbara E. Morris
County Clerk