

Minutes
Catawba County Board of Commissioners
Special, Joint Session, Wednesday, May 26, 2004, 4:00 p.m.

Economic Development Corporation, Catawba County

No. 2004-16, Joint Resolution approving Hickory's Expansion and Improvement of Hickory Metro Convention Center and Amendment to Lease to Hickory-Conover Tourism Development Authority (incorporation of offices for the Catawba County Economic Development Corporation) 567 05/26/04

Hickory, City of

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Hickory-Conover Tourism Development Authority

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Hickory Metro Convention Center

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Resolutions

No. 2004-16, Joint Resolution approving Hickory's Expansion and Improvement of Hickory Metro Convention Center and Amendment to Lease to Hickory-Conover Tourism Development Authority 567 05/26/04

The Catawba County Board of Commissioners met in special, joint session with the City Council of the City of Hickory and Hickory/Conover Tourism Development Authority (TDA) on Wednesday, May 26, 2004, at 4:00 p.m., at the Hickory Metro Convention Center located at 1960 - 13th Avenue Drive, S.E., North Carolina, to consideration a proposed Convention Center expansion project.

Present were Chair Katherine W. Barnes, Vice-Chairman Dan A. Hunsucker, Commissioners Glenn E. Barger, Barbara G. Beatty, and Lynn M. Lail.

Absent: N/A

A quorum was present.

Also present were County Manager/Deputy Clerk J. Thomas Lundy, Assistant County Manager Mick W. Berry, Assistant County Manager Joellen J. Daley, County Attorney Robert Oren Eades, and Staff Attorney Debra Bechtel.

Present from City of Hickory were: Mayor Rudy Wright, Aldermen Z. Ann Hoyle, Danny W. Seaver, and C. John Watts, III.

Aldermen Brad Lail, Bruce Meisner and Alderwoman Sally Fox were absent. A quorum was present from the City of Hickory.

Also present were: Interim City Manager Thomas N. Carr, III, City Attorney John W. Crone, III and City Clerk Patricia W. Williams.

Present from the Hickory/Conover Tourism Development Authority (TDA) were Chairman Phil Yount, Rick Beasley, and Mike Ruddy.

Also present were Steven Rosenblatt, Attorney Terry Taylor, and Architect Robert Smith.

- Chair Barnes called the meeting to order at 4:10 p.m. and said the purpose of the special, joint meeting was to consider a proposed expansion of the Hickory Metro Convention Center.

Mr. Robert Smith described plans for expansion of the Hickory Metro Convention Center. Hickory-Conover Tourism Development Authority attorney Terry Taylor explained the amendment to the lease of the Hickory Metro Convention Center to the Hickory-Conover Tourism Development Authority to allow expansion of the Center and incorporation of offices for the Catawba County Economic Development Corporation.

The Hickory-Conover Tourism Development Authority approved the Amendment to the Lease Agreement.

The City of Hickory approved the Amendment to the Lease Agreement unanimously on first reading.

After discussion, Commissioner Beatty made a motion to approve an amendment to the lease of the Hickory Metro Convention Center to the Hickory-Conover Tourism Development Authority to allow expansion of the Center and incorporation of offices for the Catawba County Economic Development Corporation subject to development of a construction contract and financing terms acceptable to the City. The motion carried unanimously.

**Resolution No. 2004-16
Joint Resolution**

Resolution Approving Hickory's Expansion and Improvement of Hickory Metro Convention Center and Amendment to Lease to Hickory-Conover Tourism Development Authority

Whereas, there has been described to the Board of Commissioners of the County of Catawba, North Carolina (the "County"), City Council of the City of Hickory, North Carolina (the "City"), a plan for the City and County to jointly finance the expansion and improvement of Hickory Metro Convention Center. Under the plan, Hickory will expand and improve the Convention Center and will amend the Lease to the Convention Center to the Hickory-Conover Tourism Development Authority ("TDA"). While any loan is outstanding, TDA will pay lease payments to Hickory to pay the loan payments as well as payments to the County for their portion of the expansion costs. All parties expect that the money for TDA's lease payments will come from proceeds of the Hickory-Conover room occupancy tax that Hickory and Conover made available to TDA.

BE IT RESOLVED by the City Council of the City of Hickory, the Board of Commissioners of the County of Catawba and the Board of the Hickory-Conover Tourism Development Authority, as follows:

- The parties jointly recognize that the proposed plan of financing for Hickory's expansion and improvement of the Hickory Metro Convention Center contemplates the use of proceeds of the Hickory-Conover room occupancy tax to make payments on the financing that Hickory and Catawba County will contract for the project. It is proposed that the occupancy tax proceeds to be used for such financing payments will be paid to Catawba County and Hickory by TDA in the form of payments by such occupancy tax revenues to make such lease payments and corresponding payments on the County's financing.
- All City, County and Authority officers and employees are authorized and directed to take all such further action as they may consider necessary or desirable toward the consummation of the transaction contemplated by this resolution and the Lease Amendment attached hereto. All other resolutions (or parts thereof) in conflict with this resolution are hereby repealed, to the extent of the conflict. This Resolution shall take effect immediately.

Adopted this the 26th day of May, 2004.

CITY OF HICKORY

Seal

By: _____

Mayor

Attest:

City Clerk

COUNTY OF CATAWBA

Seal

By: _____

Chair

Attest:

Clerk

HICKORY-CONOVER TOURISM

DEVELOPMENT AUTHORITY

Seal

By: _____

Chairman

Attest:

Treasurer

STATE OF NORTH CAROLINA

AMENDMENT TO LEASE

CATAWBA COUNTY

This Amendment to the Hickory Metro Convention Center lease is dated as of the 26th day of May, 2004 and is as between the City of Hickory, a municipal corporation of the State of North Carolina as Lessor (the "City") and the Hickory Conover Tourism Development Authority as Lessee (the "TDA ") and the County of Catawba, as a third party beneficiary, hereinafter (the "County").

WITNESSETH

WHEREAS, the City and TDA have previously entered into and agreed upon a plan for the acquisition and improvement for the Hickory Metro Convention Center as was more particularly set forth in that certain lease agreement dated as of December 1, 1998 and incorporated herein by reference. The City, TDA and County have now agreed upon a plan for the building of an addition to the Hickory Metro Convention Center, the building addition of the Convention Center is referred to in this lease as the "Project".

WHEREAS there will be synergies and possible recruitment opportunities leading from the co-location of the Catawba County Economic Development Corporation with the Convention and Visitors Bureau, conventions and nearby facilities to include the Higher Metro Education Center, the Catawba County Chamber of Commerce, the Western Piedmont Council of Governments and various other client services such as hotels/motels and dining, and;

WHEREAS, for Catawba County to represent itself as the center for Western North Carolina Business and Industry, as has been suggested by Foresight, Future Forward, Priority One and others, a location of the Catawba County Economic Development Corporation capable of representing those qualities is important.

WHEREAS, as part of the City's plan for financing the addition to the Convention Center, the County for the reasons stated above and others has agreed to provide financial assistance to the TDA (which will all be repaid) to assure that a portion of the financial obligation of the TDA in making its rent payments under the term of the Lease are paid.

NOW, THEREFORE, and in consideration of the mutual promises herein contained the parties hereto agree as follows:

1. Lease Term: The Initial Lease Term commenced on December 29, 1998. According to the terms of the current payment schedule the Lease is to terminate on December 29, 2019 and at such point in time the TDA has the right to purchase the property according to Section 5.2 of the original lease agreement for payment of the option price of \$10.00 (Ten and 00/100ths Dollars). The parties now desire to amend the lease payments as are set forth in Section 6.2 of the original Lease Agreement to provide for the increase in rental payments to coincide with the cost of the increased installment payment coming due under a Financing Agreement for building an addition to the Convention Center. A copy of the revised payment schedule including the portion contributed by Catawba County now to be the applicable rent schedule is attached hereto as Schedule "A" and incorporated herein by reference. The repayment schedule for the amounts to be paid to Catawba County by the TDA is set forth on Schedule B incorporated herein by reference. At the time the TDA exercises its Option to Purchase, any and all amounts yet remaining to be paid to Catawba County shall be paid in full upon closing.

The parties hereto by their signature do hereby agree to enter into that certain Sublease Agreement to the Catawba County Economic Development Corporation according to the terms of that Letter of Intent attached hereto as Schedule "B" upon the issuance of a Certificate of Occupancy for the completed space in the Project.

All the remaining terms and conditions not otherwise modified by this Agreement from the original lease agreement are hereby affirmed and incorporated herein by reference.

This the 26th day of May, 2004.

HICKORY-CONOVER TOURISM
DEVELOPMENT AUTHORITY

By: _____
Chairman

Attest:
Treasurer

CITY OF HICKORY

By: _____
Mayor

Attest:
Clerk

COUNTY OF CATAWBA

By: _____
Chairman

Attest:
Clerk

SCHEDULE A

*Revised payment Schedule is set forth as follows:

Payment Schedule to City
From TDA

Payment Schedule to City
by County

(Includes old debt and 72% of
new)

(28% of New Debt)

*Exact schedule to be completed when Financing is completed.

SCHEDULE B

Proposed Repayment Schedule to County by TDA (see attached)

To be adjusted when financing is final

Paste

SCHEDULE C

OVERLANDLORD:	LANDLORD:	TENANT:
City of Hickory	Hickory-Conover Tourism Development Authority	Catawba County Economic Development Corporation

RE: LETTER OF INTENT RELATING TO THE SUBLEASE OF A PORTION OF THE BUILDING KNOWN AS THE HICKORY METRO CONVENTION CENTER (HEREINAFTER REFERRED TO AS THE "CONVENTION CENTER").

This Memorandum sets forth the understanding of the parties hereto of the above referenced matter. Landlord hereby offers to lease an approximately 1,500 square feet of the addition to the building known as the Convention Center (hereinafter the "Premises"). Tenant hereby offers to lease the Premises upon the terms and conditions set forth herein. The essential terms and conditions of this lease of the aforementioned Premises are as follows:

1. Description:

That certain Premises consisting of approximately 1,500 square feet to be located at 1960 13th Avenue Drive SE, Hickory NC 28602. A full and complete description of the Premises will be obtained for the definitive Lease Agreement.
2. Term:

The initial Lease Term is for fifteen (15) years. The Tenant has a right to terminate at any time upon sixty (60) days advance written notice. The Tenant has a right to renew for an additional term of fifteen (15) years.
3. Definitive Lease Agreement:

The final terms and conditions of the transactions contemplated hereby shall be set forth in a written, definitive Lease Agreement containing, among other things, construction provisions and upfit provisions describing the base construction and upfit provided by Landlord. The parties agree to proceed diligently and in good faith toward the execution of a mutually acceptable Lease Agreement (and any ancillary agreements) setting forth their respective legal obligations with respect to the transaction.
4. Costs and Expenses:

Landlord and Tenant shall each pay their own respective transaction expenses, including fees and expenses of legal counsel, and other advisors, incurred in connection with the transaction contemplated herein.
5. Termination:

This letter shall terminate and be of no further force and effect if a definitive Lease Agreement and any ancillary agreements with respect to the transactions contemplated hereby shall not have been executed and delivered by all parties.
6. Exclusive Good Faith Negotiation:

All parties will negotiate in good faith with Landlord in order to produce a mutually acceptable Lease Agreement. The Overlandlord must also consent to the terms of this Sublease and the Sublease will remain subject to the terms of the Overlease.
7. Conditions of Offer:

Consummation of the transaction contemplated hereby shall be subject to the following conditions:

- a) Execution and delivery by all appropriate parties of the definitive Lease Agreement (and consent by the City of Hickory);
- b) The Tenant paying all utilities except for heat, A/C and electric, and Tenant paying no rent for use of the space;
- c) The completion of the building addition as contemplated by all parties.

This letter explains the transaction that is contemplated by the Overlandlord, Landlord and Tenant and will constitute our preliminary agreement in principal subject to the execution of a definitive Lease Agreement.

THESE TERMS ARE HEREBY ACCEPTED AND APPROVED:

This 26th day of May, 2004.

OVERLANDLORD:
CITY OF HICKORY

By: _____
 Manager

Attest:
Clerk

LANDLORD:
HICKORY-CONOVER TOURISM
DEVELOPMENT AUTHORITY

By: _____
 Chairman

Attest:
Clerk

TENANT: CATAWBA COUNTY ECONOMIC
DEVELOPMENT CORPORATION

By: _____
 Chairman

Attest:
Clerk

TDA Executive Manager Steven Rosenblatt presented the bid tabulations after which the TDA approved the bid of Matthews Construction at a negotiated amount of \$3,300,000 and recommended it for approval.

Alderman Watts moved, seconded by Alderwoman Hoyle that the negotiated price of \$3,300,000 for expansion of the Hickory Metro Convention Center with Matthews Construction, the low bidder on the project, subject to development of a construction contract and financing terms acceptable to the City, be approved. The motion carried unanimously.

Closing comments were made by Catawba County Commissioners' Chair Katherine W. Barnes, Attorney Charles Dixon, Economic Development Corporation Executive Director Scott Millar, Conover Mayor Bruce Eckard, Greater Hickory Convention and Visitors Bureau Director Millie Barbee, TDA Chairman Phil Yount, and Mayor Wright all of whom said this was a remarkable collaboration of several groups and individuals and will be a tremendous boost to the economy.

2. Adjournment.

At 4:40 p.m., there being no further business to come before the board, Commissioner Hunsucker made a motion to adjourn. The motion carried unanimously.

The next regularly scheduled meeting is Monday, June 7, 2004, 9:30 a.m., 1924 Courthouse, Newton, NC.

Katherine W. Barnes, Chair
Catawba County Board of Commissioners

J. Thomas Lundy
County Manager/Deputy Clerk