

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

Thursday, November 30, 2006

11:00 O'clock A.M.

All officers of the city and all other persons whomsoever are hereby notified that the City Council of the City of Asheboro will hold a special meeting on Thursday, the 30th day of November, 2006, at 11:00 o'clock a.m. This special meeting will be held as a joint meeting with the Randolph County Board of Commissioners in the Commissioners' Meeting Room of the Randolph County Office Building, 725 McDowell Road, Asheboro, North Carolina.

This special meeting of the City Council will be conducted as a joint special meeting with the Randolph County Board of Commissioners for the purpose of conducting a joint public hearing on the proposed appropriation and expenditure of city and county funds for an economic development project involving a corporation to be named during the joint public hearing. Once this public hearing is closed, the City Council will consider (i) whether to enter into an economic development incentives contract with the corporation and the County of Randolph and (ii) whether to adopt a resolution in support of the corporation's application for certain transportation improvement funding from the North Carolina Department of Transportation.

This notice is issued by order of Mayor David H. Jarrell, on the 21st day of November, 2006, pursuant to the laws of the State of North Carolina and the City of Asheboro relative to the time and place of holding meetings, both regular and special, of the Asheboro City Council.

s/ Holly J. Hartman
Holly J. Hartman
City Clerk
City of Asheboro, North Carolina

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**SPECIAL JOINT MEETING
ASHEBORO CITY COUNCIL
RANDOLPH COUNTY BOARD OF COMMISSIONERS
THURSDAY, NOVEMBER 30, 2006 11:00 a.m.
RANDOLPH COUNTY OFFICE BUILDING
725 McDOWELL ROAD, ASHEBORO, NORTH CAROLINA**

This being the time and place for a Joint Special Meeting of the Mayor and the City Council and the Randolph County Board of Commissioners, a meeting was held with the following city officials present:

- David H. Jarrell) – Mayor Presiding

- Talmadge Baker)
- Linda Carter)
- Keith Crisco)
- Nancy Hunter) – Council Members Present
- Walker Moffitt)
- Archie Priest)
- David Smith)

John N. Ogburn, III, City Manager
Holly J. Hartman, City Clerk/Senior Legal Assistant
Jeffrey C. Sugg, City Attorney

In addition to the members of the Randolph County Board of Commissioners, certain county staff members were present during this meeting. A listing of the county officials in attendance is available from the clerk to the Randolph County Board of Commissioners.

Subsequent to Randolph County Board of Commissioners Chairman Harold Holmes calling the special joint meeting to order, Mayor Jarrell opened the public hearing on behalf of the Asheboro City Council in order to give the public an opportunity to learn about and comment on the incentive package proposed for Malt-O-Meal Company. Similarly, Chairman Holmes opened a public hearing on behalf of the County.

Ms. Bonnie Renfro, President of the Randolph County Economic Development Corporation, reported that Malt-O-Meal Company, a Minnesota corporation, is a privately held cereal company based in Minneapolis, Minnesota. The company produces more than twenty (20) ready to eat cereal products.

As a consequence of the company's decision in 2005 to attempt to open an additional cereal manufacturing plant to serve the eastern United States, Malt-O-Meal Company is considering the purchase of the existing Unilever food facility located in Asheboro. For additional space, the company would purchase an available industrial site located next to the plant. The company's plans for this project include an investment of a minimum of \$104 million in real and personal property, creating 164 new full-time jobs.

Ms. Renfro recommended that the City of Asheboro and the County of Randolph provide \$2,000,000.00 each to assist Malt-O-Meal with the site and development costs of locating a cereal manufacturing facility in Asheboro and Randolph County. A large portion of this economic development assistance package is to be disbursed in accordance with performance requirements prescribed by a proposed economic development incentives contract. The remaining portion of the assistance will be provided in the form of the city undertaking the process of applying for a Community Development Block Grant to assist with the construction of industrial rail track access to serve the proposed Malt-O-Meal facility. This assistance with the grant process includes providing, along with the County, the required local matching funds. The amount of the Community Development Block Grant to be sought is \$750,000.00 while \$124,000.00 will be sought from the North Carolina Department of Transportation for additional assistance for rail construction.

Ms. Renfro recommended that the City of Asheboro and the County of Randolph adopt a resolution authorizing the City and County to enter into an economic development incentives contract with Malt-O-Meal and a resolution of support for the location by Malt-O-Meal Company of a manufacturing facility in Asheboro, North Carolina.

Mr. Chris Nugent, President of Malt-O-Meal Company, Mr. Jack Marcus, Plant Manager of Unilever and Mr. Kim Markham, a small business owner presented comments in support of the economic development incentives package.

There being no further comments, Mayor Jarrell closed the public hearing on behalf of the City Council.

Upon motion by Mr. Crisco and seconded by Mr. Baker, council voted unanimously to adopt the following resolution.

60 RES 11-06

RESOLUTION AUTHORIZING THE CITY OF ASHEBORO TO ENTER INTO AN ECONOMIC DEVELOPMENT INCENTIVES CONTRACT

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 City Council of the City of Asheboro has held a public hearing to consider whether to participate in an economic development project that will result in the City of Asheboro (the "City"), the County of Randolph (the "County"), and Malt-O-Meal Company (the "Company") entering into an economic development incentives package whereby the County and the City each contribute up to two million and no/100 dollars (\$2,000,000.00) for a total payment of up to four million and no/100 dollars (\$4,000,000.00) to or for the benefit of the Company to offset the site and development costs of locating a food manufacturing plant 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 participation in a Community Development Block Grant in accordance with Section 3 of this resolution; and

WHEREAS, upon the completion by the Company of this expansion project, the Company will have generated new value/investment in real and personal property associated with the project in an amount equal to or in excess of one hundred four million dollars (\$104,000,000.00) and created a minimum of one hundred sixty-four (164) new full-time jobs in the City and County; and

WHEREAS, this economic development project will stimulate and stabilize the local economy, promote business in the City and County, and result in the creation of a significant number of jobs in the City and County; and

WHEREAS, the City's General Fund and the sources of revenue available to the City are sufficient to fund this economic development project.

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

Section 1. The City is authorized to expend up to two million and no/100 dollars (\$2,000,000.00) of City funds for the Malt-O-Meal 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 City, the County, and the Company must contain the following essential terms and conditions:

- a. Subject to the contingency provision found in Section 3 of this resolution, the total payment made to the Company under this contract shall not exceed three million seven hundred fifty thousand and no/100 dollars (\$3,750,000.00).
- b. Fifty-percent of the contract amount will be paid by the City, and the other fifty-percent of the contract amount will be paid by the County.
- c. The contract amount shall be paid in six (6) installments in escalating 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 July 1, 2007, and the obligation of the City to make any of the 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 City and the County written certification that the Company has invested a sum equal to or in excess of four million dollars (\$4,000,000.00) in the real property located at 2525 Bank Street in Asheboro, North Carolina (Randolph County Parcel Identification Number 7753779951) and in the adjoining parcel identified by Randolph County Parcel Identification Number 7753881407. Upon receipt of said certification, the City and the County shall remit a total payment of one hundred eighty-seven thousand five hundred and no/100 dollars (\$187,500.00), fifty-percent to be paid by the City and fifty-percent to be paid by the County.
 - ii. The Company must properly obtain from the City a Certificate of Occupancy or letter/certificate of compliance, as appropriate, certifying that the proposed food manufacturing facility may be occupied or used for Factory-Industrial Occupancy in accordance with the provisions of zoning, building, and other applicable ordinances and laws of the City of Asheboro and the State of North Carolina. Furthermore, the Company must deliver to the City and the County written certification that the actual new value/investment in real property of the project equals or exceeds the sum of ten million dollars (\$10,000,000.00) and the actual new value/investment in machinery and equipment equals or exceeds the sum of thirty million dollars (\$30,000,000.00). Upon receipt of the required certifications, the City and the County shall remit a total payment of three hundred seventy-five thousand and no/100 dollars (\$375,000.00), fifty-percent to be paid by the City and fifty-percent to be paid by the County; and
 - iii. The Company must deliver to the City and the County written certification that the cumulative new value/investment in real property of the project equals or exceeds the sum of twenty-five million dollars (\$25,000,000.00) and the cumulative new value/investment in machinery and equipment equals or exceeds the sum of sixty million dollars (\$60,000,000.00). Furthermore, the Company must provide to the City and the County Employment Security Reports evidencing the creation of fifty-six (56) new full-time jobs. Upon receipt of the required certifications, the City and the County shall remit a total payment of five hundred sixty-two thousand five hundred and no/100 dollars (\$562,500.00), fifty-percent to be paid by the City and fifty-percent to be paid by the County; and
 - iv. The Company must deliver to the City and the County written certification that the cumulative new value/investment in machinery and equipment equals or exceeds the sum of seventy-five million dollars (\$75,000,000.00). Furthermore, the Company must provide to the City and the County Employment Security Reports evidencing the creation of an additional fifty-six (56) new full-time jobs. Upon receipt of the required certifications, the City and the County shall remit a total

payment of seven hundred fifty thousand and no/100 dollars (\$750,000.00), fifty-percent to be paid by the City and fifty-percent to be paid by the County; and

- v. The Company must deliver to the City and the County written certification that the Company has retained all one hundred twelve (112) new full-time jobs. Furthermore, the Company must deliver to the City and the County written certification that the Company has not reduced its level of operations in the City and County since the date of payment by the City and County of the immediately preceding installment payment. Upon receipt of the required certifications, the City and the County shall remit a total payment of nine hundred thirty-seven thousand five hundred and no/100 dollars (\$937,500.00), fifty-percent to be paid by the City and fifty-percent to be paid by the County; and
- vi. The Company must deliver to the City and the County Employment Security Reports evidencing the creation of an additional fifty-two (52) new full-time jobs over and above the one hundred twelve (112) full-time jobs for which Employment Security Reports were previously submitted to the City and County. Furthermore, the Company must deliver written certification to the City and the County that the Company has not reduced its level of operations in the City and County since the date of payment by the City and County of the immediately preceding installment payment. Upon receipt of the required certifications, the City and the County shall remit a total payment of nine hundred thirty-seven thousand five hundred and no/100 dollars (\$937,500.00), fifty-percent to be paid by the City and fifty-percent to be paid by the County.
- d. The contract must provide the City and the County with a means of recouping a portion of the contract amount if the Company fails to maintain its level of operations in the City and County at the same level that existed at the time of the sixth and final installment payment for a period of five (5) years immediately following the date on which the said final installment of the contract amount is paid to the Company. By way of illustration and without limitation, the Company shall be deemed to have reduced its level of operations in the City and County if at any point during the said 5-year period the Company fails to maintain the entirety of the newly created jobs referenced above.
- e. If the Company does not remain in full operation during this five (5) 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 City and the County.

Section 3. In addition to the incentives granted by the economic development incentives contract provided for in Section 2 of this resolution, the City anticipates applying for a Community Development Block Grant (the "CDBG") for the construction of rail access to the Company's above-referenced facility. In the event that said CDBG is not applied for and/or obtained, the City shall have no obligations to the Company save increasing the total amount of the respective installment payments prescribed above in Section 2.c.v. and Section 2.c.vi. from nine hundred thirty-seven thousand five hundred and no/100 dollars (\$937,500.00) to one million sixty-two thousand five hundred and no/100 dollars (\$1,062,500.00), fifty-percent of each payment to be paid by the City and fifty-percent of each payment to be paid by the County.

Section 4. The Mayor and City Clerk are hereby authorized to execute on behalf of the City of Asheboro a contract and any other documents necessary for the implementation of this economic development project so long as such documents are drafted in accordance with this resolution.

Adopted in special session by the Asheboro City Council on the 30th day of November, 2006.

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

ATTEST:

s/ Holly J. Hartman
Holly J. Hartman, City Clerk
City of Asheboro, North Carolina

Subsequent to the adoption by the City Council of this resolution, the Board of County Commissioners adopted a companion resolution of the Board authorizing the County to enter into an economic development incentives contract with Malt-O-Meal Company and the City.

The City Council then considered a resolution designed to aid the company in obtaining funding from the North Carolina Department of Transportation. Upon motion by Mr. Smith and seconded by Ms. Hunter, council voted unanimously to adopt the following resolution.

**RESOLUTION OF SUPPORT FOR THE LOCATION BY MALT-O-MEAL COMPANY OF A
MANUFACTURING FACILITY IN ASHEBORO, NORTH CAROLINA**

WHEREAS, Malt-O-Meal Company, a Minnesota corporation, (hereinafter referred to as the "Company") is considering locating a food manufacturing facility within the corporate limits of the City of Asheboro at 2525 Bank Street, Asheboro, North Carolina; and

WHEREAS, the Company proposes to invest one hundred four million and no/100 dollars (\$104,000,000.00) in this facility and to create at least one hundred sixty-four (164) new full-time jobs when the facility is fully operational; and

WHEREAS, the Company's plans appear to be consistent with local land use plans and with state and local transportation plans; and

WHEREAS, the Company's plans appear to conform with all applicable state and local ordinances and policies; and

WHEREAS, the City of Asheboro is committed to working with the North Carolina Department of Transportation (hereinafter referred to as the "NCDOT") in a leadership role to make transportation improvements that address the safety needs of the public as well as contractors and employees of the Company.

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

Section 1. The City of Asheboro supports the location of Malt-O-Meal Company in the City of Asheboro and hereby confirms that the Company's plans appear to be consistent with and conform to state and local laws, plans, and policies.

Section 2. The City of Asheboro endorses the application of Malt-O-Meal Company for financial support from the NCDOT to assist in the funding of a rail industrial access track to serve the Company.

Section 3. The City of Asheboro commits to work with the NCDOT to make needed transportation improvements necessary to protect the safety of the public as well as contractors and employees of Malt-O-Meal Company.

Adopted by the Asheboro City Council in special session on the 30th day of November, 2006.

s/ David H. Jarrell
David H. Jarrell, Mayor

ATTEST:

s/ Holly J. Hartman
Holly J. Hartman, City Clerk

There being no further business, this meeting of the Asheboro City Council was adjourned at 11:29 a.m.

Holly J. Hartman, City Clerk

David H. Jarrell, Mayor