

NOTICE OF SPECIAL MEETING
CITY COUNCIL OF THE CITY OF ASHEBORO

Tuesday, August 12, 2008

5:00 P.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 Tuesday, the 12th day of August, 2008 at 5:00 p.m. in the Council Chamber of the City of Asheboro Municipal Building located at 146 N. Church Street in Asheboro. The first item of business will be consideration of the appointment and organization of a local ABC board for the City of Asheboro. Once consideration of this item is concluded, the special meeting will be recessed and then reconvened in the Commissioners' Meeting Room of the Randolph County Office Building, which is located at 725 McDowell Road in Asheboro, in order to conduct a special joint meeting at 6:30 p.m. with the Randolph County Board of Commissioners.

This special joint meeting has been called for the purpose of conducting a joint public hearing on the question of entering into an economic development incentives contract with a local company ("Company") to be named at the joint public hearing. Under the proposed arrangement, a total of three-hundred seventy thousand dollars (\$370,000), fifty percent to be paid by the County and fifty percent to be paid by the City, will be paid to or for the benefit of the Company over a three (3) year period, said payments to be subject to the Company's achieving certain performance requirements. After the public hearing, the respective governing boards will consider appropriating and expending funds for this project.

This notice is issued on this 8th day of August, 2008.

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

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SPECIAL MEETING
ASHEBORO CITY COUNCIL
COUNCIL CHAMBER, MUNICIPAL BUILDING
TUESDAY, AUGUST 12, 2008
5:00 p.m.

This being the time and place for a special meeting of the Asheboro City Council, a meeting was held in the Council Chamber of the Asheboro Municipal Building with the following members and officials present:

- David H. Jarrell) – Mayor Presiding
- Talmadge S. Baker)
- Edward J. Burks)
- Linda H. Carter)
- J. Keith Crisco) – Council Members Present
- Walker B. Moffitt)
- Archie B. Priest, Sr.)
- David H. Smith)

- John N. Ogburn, III, City Manager
- Holly H. Doerr, City Clerk/Senior Legal Assistant
- Deborah P. Juberg, Finance Director
- R. Reynolds Neely, Jr., Planning Director
- Jeffrey C. Sugg, City Attorney

1. Call to order.

Mayor Jarrell called the meeting to order for the transaction of business and business was transacted as follows.

2. Report of Local ABC Board Candidate Review Committee.

As Chairperson of the Council's Local ABC Board Candidate Review Committee, Mr. Smith presented the following nominees for Council's consideration for appointment to the City of Asheboro local ABC board:

Russell G. Walker, Jr.	One Year Term and Chairperson
J. Brooke Schmidly	Two Year Term
Stephen R. Knight	Three Year Term

After discussion and upon motion by Mr. Smith and seconded by Mr. Baker, Council, by a vote of 4 to 3, accepted the recommendation of the committee and appointed the above-listed individuals to the City of Asheboro local ABC Board for the terms and offices indicated above. Council Members Baker, Crisco, Moffitt, and Smith voted in favor of the motion. Council Members Burks, Carter, and Priest voted no.

Upon motion by Mr. Crisco and seconded by Mr. Baker, Council voted unanimously that no monetary compensation would be provided for the local ABC board at this time. Discussion of compensation would take place at a later date when revenues generated by the board could be reviewed.

Mayor Jarrell recessed the meeting at 5:18 p.m. to be reconvened at 6:30 p.m. for a special joint meeting with the Randolph County Board of Commissioners in the Commissioners meeting room.

Mayor Jarrell reconvened the meeting at 6:30 p.m. in the Commissioners' Meeting Room located at 725 McDowell Road, Asheboro, North Carolina. In addition to Mayor Jarrell and all of the City Council Members, the following city staff members were present: John N. Ogburn, III, City Manager; Holly H. Doerr, City Clerk/Senior Legal Assistant; Deborah P. Juberg, Finance Director; 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 Kennametal, Inc. 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 Kennametal, Inc., a publicly traded company headquartered in Latrobe, Pennsylvania, is a leading global supplier of tooling, engineered components, and advanced materials.

Kennametal, Inc. has a production facility in Asheboro that produces carbide cutting bits and drills, and it employs approximately 175 people with annual payroll in excess of \$6 million. This Asheboro operation is under consideration for an expansion that would add a new product line of high tech carbide cutting tools. The company's plans for this project include an investment of \$20,000,000 in personal property and the creation of 70 new jobs.

Ms. Renfro recommended that the City of Asheboro and the County of Randolph provide a total of \$370,000.00 to assist Kennametal, Inc. with costs associated with the expansion project. This economic development assistance package would be disbursed in accordance with performance requirements prescribed by an economic development incentives contract that would have to be executed by the company with the city and county.

Mr. Lynn Lancaster and Mr. James Nance expressed general concerns in regards to the proposed economic development incentives package.

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

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

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 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 one hundred eighty-five thousand and no/100 dollars (\$185,000.00) for a total payment of up to three hundred seventy thousand and no/100 dollars (\$370,000.00) 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 associated with the project in an amount equal to or in excess of twenty million and no/100 dollars (\$20,000,000.00) and created a minimum of seventy (70) 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 as follows:

Section 1. The City is authorized to expend up to one hundred eighty-five thousand and no/100 dollars (\$185,000.00) 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:

- a. The total payment made to the "Company" under this contract shall not exceed three hundred seventy thousand and no/100 dollars (\$370,000.00).
- b. Fifty-percent of the contract amount will be paid by the County, and the other fifty-percent 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 July 1, 2009, and the final installment payment shall not be made later than December 31, 2012. 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 City and the County written certification that the actual value of new investment by the Company in personal property in connection with this project equals or exceeds fifteen million and no/100 dollars (\$15,000,000.00). 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 seventy (70) new full-time jobs having an average weekly wage that meets or exceeds six hundred seventy-eight and 13/100 dollars (\$678.13). Upon receipt of said certifications, the County and the City shall remit a total payment of one hundred twenty-two thousand and no/100 (\$122,000.00), fifty-percent to be paid by the County and fifty-percent to be paid by the City; and
 - (ii) The Company must deliver to the City and the County 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 seventeen

