

June 25, 2015

A Special Meeting of the City Council of the City of Hickory was held in the Council Chamber of the Municipal Building on Thursday, June 25, 2015 at 8:30 a.m., with the following members present:

Brad Lail	Rudy Wright	
Bruce Meisner	Aldermen	David P. Zagaroli
Danny Seaver		

A quorum was present.

Also present were: City Manager Mick Berry, Assistant City Manager Rodney Miller, Assistant City Manager Andrea Surratt, Deputy City Attorney Arnita Dula, Deputy City Clerk Sarah Prencipe and City Clerk Debbie D. Miller

I. Mayor Wright called the meeting to order. All Council members were present except for Alderwoman Patton and Alderman Guess.

II. Discussion of Economic Development Incentives

City Manager Mick Berry advised Council that the item on the agenda was to consider an Economic Development Agreement for Blue Bloodhound, LP. He asked Mr. Scott Millar to the podium.

Mr. Scott Millar commented that this project had been discussed for several months. He mentioned the press release from the Governor's office on Tuesday regarding the commitment by the company Blue Bloodhound LP, which is a company that is developing software and IT programming specific to the transportation industry. The company had developed a program that works for the transportation industry. They are taking this program nationally. They searched out a number of sites. The final competitor's sites were Roanoke Virginia; Salisbury in Rowan County, who operates their own telecommunications system; Hickory, and other areas around Charlotte. The company is a division of the Green Group out of Davidson, North Carolina, who have operated successfully for about 25 years and garner a number of accolades as being a phenomenal employer out of that area. They feel confident that the company is able and willing to do some great things here. They have committed to create 191 jobs over the next three years by December 31, 2017. The State documents, which is not a part of this, will create 254 jobs over the next five years in the location of the Moretz Mills facility. They will occupy the remaining space that has not been up fit at the facility. They will spend approximately \$400,000 in investment for software and IT equipment in that facility. They will be increasing those expenditures overtime. It is recognized by the State as making a substantial contribution to the economy of Catawba County and the City of Hickory. However, that investment didn't allow for a traditional incentive. They have developed a program that will benefit the company by creating those jobs and in particular creating 21 additional very high wage jobs, actually \$75,000 per year plus. The incentive that has been developed will be focusing on the creation of those jobs, and the creation of those high salary jobs. They worked with them and developed a proposal that would end at \$800 dollars per new job created that is paid on a one-time basis. It matches the County's incentive that will be proposed to the County later today. The amount in combination with the County's incentive will be matching the State participation in the project, which is required by the State. He asked for questions specific to the project or the improvements at Moretz Mill.

Alderman Lail confirmed that the payment of the grant is based upon the jobs that are actually occurring, it is not a prepayment in anticipation of jobs. If they end up with 180 jobs that is the amount that they will be compensated for. If they end up with 250, we still only pay for 191 jobs.

Mr. Millar confirmed that was correct. There is a maximum and there is a minimum. If they don't create more than 90 percent of the jobs then they will fall into default and will have to pay the incentive back.

Alderman Lail commented that this is a great project. He commended Mr. Millar for a job well done.

Mr. Millar commented that he had heard nothing but positive comments. He had talked with Catawba Transportation, Transportation Insight and others. While there is some concern about the overall ability for labor they are certainly supportive of the project and think that it is a good thing for the City of Hickory. He commented that it is just like in Charlotte. Labor is not easy to get in Charlotte despite the fact that they are growing like crazy. We are trying to keep that snowball rolling and help Hickory grow. People will come to Hickory and that will help us grow more.

Alderman Zagaroli asked if they would be getting people from the Hickory/Conover area.

Mr. Millar advised that the added incentive that had been discussed, the \$75,000 plus incentive, would be specific to the company hiring those jobs from within the City of Hickory. If the company proves that up to 21 of those high wage jobs come from the City of Hickory itself then the City's incentive of the additional \$800 would come into play.

Mayor Wright advised that historically these meetings have been done in public hearings and normally no one speaks either for or against. He commented that In the interest of never moving backward on our openness, he wanted to have an open meeting. Mayor Wright asked if there was anyone present who wanted to speak regarding the proposal. No one appeared.

Mr. Berry advised Council that there were two documents for Council's consideration. The Resolution which stated the City's desire to enter into the agreement and an authorizing the Mayor to execute relative documents. The second document was the actual agreement.

Alderman Lail moved, seconded by Alderman Seaver approval of the Resolution Authorizing Entering into the Agreement. The motion carried unanimously.

Mayor Wright announced that the motion was made by Alderman Lail seconded by Alderman Seaver and the motion carried unanimously. Mayor Wright advised of Council members present, being Alderman Lail, Alderman Meisner, Alderman Seaver, and Alderman Zagaroli.

Alderman Seaver moved, seconded by Alderman Meisner approval of the Agreement. The motion carried unanimously.

Mayor Wright announced that the motion was made by Alderman Seaver seconded by Alderman Meisner and the motion carried unanimously.

Mr. Berry advised Council that Staff had planned on doing a second reading on the Agreement at their July 14th meeting. That was reasoning in scheduling that special meeting.

Mayor Wright commented that the Governor had already announced it and he didn't feel that City Council would turn their back on 191 jobs. He advised that if it would help Mr. Moretz then he suggested Council do a second reading to get it approved.

Alderman Lail moved, seconded by Alderman Zagaroli approval on second reading of the Resolution and Agreement. The motion carried unanimously.

Mayor Wright announced that the motion was made by Alderman Lail seconded by Alderman Zagaroli and the motion carried unanimously.

Resolution No. 2015-19

Resolution Authorizing Economic Development Incentives for Blue Bloodhound, LP

WHEREAS, Blue Bloodhound, LP, (herein referred to as "the Company") requested incentives to cause a minimum investment of \$400,000 including the up-fit and equipping of a facility at 74 8th Street, SE in Hickory by December 31, 2017, which must be maintained for a minimum of three years after the final incentive payment, and the creation and maintenance of a minimum of 191 new jobs by December 31, 2017, with a requirement to not hire anyone without a minimum of a high school diploma for anyone 25 years of age or below, and that the average wage of these jobs will meet or exceed 100% of the Average Weekly Wage established for Catawba County by the North Carolina Department of Commerce's Wage Standards.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Hickory, North Carolina, as follows:

The City Council approves a performance based grant based on the minimum investment and maintenance of \$400,000 and 191 new jobs providing a one-time payment of \$800 for each of the jobs created commencing with the jobs created beginning June 25, 2015. City will provide an additional one-time payment of \$800 for up to 21 high-wage positions created at the Hickory facility that can be documented to meet or exceed the following criteria:

- Yearly earnings (all cash payments, bonus payments, and commissions, not to include non-cash benefits) in excess of \$75,000 per year, and
- Proof of residency within the City of Hickory.

In no event will the cumulative payments by City exceed One Hundred Sixty Nine Thousand, Six Hundred Dollars (\$169,600). This grant will be used to reimburse the Companies' expenditures as eligible under North Carolina General Statute 158-7.1. The City Council also directs the City to execute a contract and any necessary resolutions or addenda between the Company and the City under these terms and conditions and authorizes the Mayor to execute these documents.

III. Adjournment

There being no further business, the meeting adjourned at 8:50 a.m.

Mayor

City Clerk