May 28, 2020

A Special Joint Meeting of the City Council of the City of Hickory, Catawba County Board of Commissioners and Trivium Corporate Center, Inc. Board of Directors was held at the Hickory Metro Convention Center, Located at 1960 13th Avenue Drive SE, Hickory, North Carolina, on Thursday, May 28, 2020 at 5:30 p.m., with the following members present:

Hank Guess
Tony Wood
Charlotte C. Williams
Danny Seaver
David L. Williams
Aldermen
David P. Zagaroli
Jill Patton

A quorum was present.

Also present were: City Manager Warren Wood, Assistant City Manager Rick Beasley, Assistant City Manager Rodney Miller, City Attorney John Crone, Deputy City Attorney Arnita Dula, Communications and Marketing Manager Dana Kaminske, Communications Specialist Sarah Killian, Executive Assistant City Manager Yaidee Fox, Governmental Affairs Analyst Sarah Prencipe, Executive Assistant Deisy Zavalaza Vazquez, Intern Thomas McBrayer and City Clerk Debbie Miller.

Catawba County Commissioners present were: Chair Randy Isenhower, Vice Chair Barbara Beatty, Kitty Barnes, Sherry Butler, and Dan Hunsucker.

Trivium Corporate Center, Inc. Board of Directors present were: President Warren Wood, Chair Randy Isenhower, Barbara Beatty, Mick Berry, Hank Guess, David Zagaroli, Scott Millar, Attorney Jodi Stew and Clerk to Trivium Corporate Center, Inc. Board of Directors Deisy Zavalaza Vazquez

I. Welcome

Mayor Guess welcomed everyone to the meeting.

II. Convene City of Hickory Council, Confirm Quorum - Mayor Hank Guess

Mayor Guess called the meeting to order. All Councilmembers were present. A quorum was present.

III. Convene Catawba County Board of Commissioners, Confirm Quorum - Chairman C. Randy Isenhower

Catawba County Board of Commissioners Chair Randy Isenhower called the meeting to order. All Commissioners were present. A quorum was present.

IV. Convene Trivium Corporate Center Inc. Board of Directors - Board Chair C. Randy Isenhower

Trivium Corporate Center Inc. Board Chair Randy Isenhower called the meeting to order. All of the board members were present. A quorum was present.

V. Trivium Corporate Center Overview and Vision – Scott Millar, President, Catawba County EDC

Mr. Scott Millar, President of the Catawba County Economic Development Corporation (EDC) presented a PowerPoint presentation. He advised this meeting was to discuss the opportunities for Trivium Corporate Center. The City of Hickory and Catawba County had been joint partners and investors in the development of and the vision of this park. The vision of this park being a class “A” opportunity area for low impact, high value and high manufacturing opportunities within all of western North Carolina. He thought they had been very satisfied so far with the development of the park. They had modeled it after Treyburn Business Park in Durham County. That was used as a rural park. At the time, they thought that Startown Road was going to be a two-lane highway for a given period of time. North Carolina Department of Transportation has committed to expand that highway. He advised it had been a great partnership. The partnership had yielded so far three great announcements. The park was announced in May 2018. Corning announced a facility in the park in September of 2018. Then along came a German pharmaceutical company (ITM) that agreed to commit to the park on the Robinwood Road side. That site was already graded and they are waiting on the building plans for that facility to be started. It was likely to be under construction early in the first quarter of 2021. Approximately three or four months ago, they announced Cataler, which was a Japanese auto parts manufacturer that was coming into the park. He commented they are now representing three different continents in this park with those three first announcements that had been made in the park.

Mr. Millar discussed the opportunities that had been identified for spec buildings. As the County and municipalities around the County participated in the development of several different speculative buildings, all had been relatively small in size, 50,000 – 60,000 square feet. Those three spec buildings were participated in by the City of Hickory, Claremont in two instances and Catawba County in those three joint ventures. All these yielded six different projects. The concept behind the spec building will help investor groups and development partners to come into the community. What happened in most instances was they came to Catawba County, they liked the facility or they liked the area, but they ended up investing next door or down the road and built a different facility. That was how they got six different entities into Catawba County from those three different building processes. He noted that the pandemic was going to change the way that economic development occurs. He thought that people would be much more interested in the sites that were already cleaned up ready sites. They were not going to be able to travel as much, or do as much analysis in advance of the opportunities, so ready sites and ready buildings were
going to make for the best and easiest sales in the coming months and years. He thought that was going to increase their opportunities. They had been selling the need for speculative buildings throughout Catawba County for a while with success and he felt like what they were moving towards is that they would further diversify in a sector where they have a niche, a size category that we have not had the opportunity yet to make. He advised they also see that there are going to be opportunities within the critical industry sector. He referred to the shortages during the pandemic of toilet paper and now pork and other meat products. Everyone had seen a lot of the supply chain issues that had occurred and that had been exposed as a result of the pandemic. He also thought there was a lot that was going to happen with onshoring and reshoring at the Federal and the local level. He thought that was going to drive some opportunities within the ready marketplace. Also, what they cannot forget about, was the investments that had been made and assets that really sell hard in Catawba County. He referred to it as the triple punch, or the 1, 2, 3 punch. He referred to a story that he had previously shared where a company came to town and they took them to the Manufacturing Solutions Center. The Manufacturing Solutions Center was here to be able to help them build a better product. They took them to the Workforce Solutions Center next and helped them understand how we were going to build a better workforce that would sell to that user. Then they took them to Trivium Corporate Center where sites are ready to go. That 1, 2, 3 punch does not occur in every community across North Carolina, or the Country. We have it here and that is what is going to help them sell the products that he was discussing.

VI. Project Stonemont Introduction and Overview – Scott Millar, President Catawba County EDC

Mr. Millar discussed Lot 10 in Trivium Corporate Center. He referred to the PowerPoint presentation and pointed out the site. He advised it was 192,000 square feet expandable to 356,000 square feet. The site contained approximately 30.4 acres. The development partners that they had developed this relationship with, were responsible for building the building and financing the building. He was talking about a mechanism to help them sit on this facility while it sits vacant and to help them market the facility while the facility was underway. He referred to the PowerPoint and displayed a closer shot of the site he was discussing. He pointed out the area of the site, which would be Phase 1, which was roughly that first 200,000 square feet. It was designed to be expandable to 356,000 square feet. This site was located almost directly across from the Corning site. Across Trivium Parkway to the right and to the side, it would be across the Parkway. Cataler would be directly across from Corning, but this was to the right of that. This site would be very visible as you come down Trivium Parkway on the left hand side. Also, as a part of the Cataler project they had committed to finishing the construction of Trivium Parkway over to Lutetium Circle which would be a through connector over to Robinwood Road. The park was being developed because of grants and the Cataler project over there. He showed a close up of Phase 1 of the speculative building that was being proposed. He advised this site itself would be a class “A” facility, 32 foot ceiling heights and he thought it would be very interesting to the development opportunities that they are seeing now. He showed a photo of the representation of that building. It was not something that was difficult for Catawba County. It would be able to be used for the advanced manufacturing sector that they always saw in the vision of the Trivium Corporate Center. It was a great opportunity here.

Mr. Millar discussed the development partners. Stonemont Financial Group (SFG) was the financial partner out of Atlanta representing a national real estate understanding and expertise. They were actually the owner of the Corning building and leased that building to Corning. They understood the market place because they were partners in the Corning relationship and they developed a relationship with other partners that were participating in the project and saw the opportunities that they had been developing in Trivium Corporate Center. They decided that they saw other opportunities here and agreed to partner with the County and the City of Hickory and the other developers to make this an opportunity. They have over $2 billion dollars in development assets elsewhere. Their leadership team has 100 plus years of experience. These guys are not new; they had done some phenomenal developments around the United States. For example: Zurich North American Headquarters in Schaumberg, Illinois, 735,000 square feet, a phenomenal facility there. They were partnered up with the Georgia International Trade Center in Savannah, a class “A” facility there, almost 1,200 acres of development. They had 83,000 square feet of an industrial build-to-suit for some national and internationally recognized aviation suppliers. These guys were not new to the opportunities.

Mr. Millar discussed DELCO partners, local developers. He advised they had seen their opportunities in the community. One North Center was an awesome opportunity in downtown Hickory that they developing right now. They had seen other development opportunities in the area, as well as the Charleston area. They were well invested and their heart was in this marketplace. They understand that local perspective for development. They were a wonderful partner to bring into this mix. Then there is the local government partners.

VII. Project Stonemont Incentive Proposal – Scott Millar, President Catawba County EDC

Mr. Scott Millar discussed the proposed terms of the agreement. He reiterated the site size was 30.4 acres. The proposed agreement which they had worked out with them was the sales price of this land would be $34,051 per acre, multiply that and the ending sales price would be $1,055,685.22, that would be paid to the City and the County, as 50/50 partners, for the real estate. It was that this building would be going on. Part of the incentive was they were holding the property until they have an end user and the site was under contract. Whether it was a sale deal or a lease deal, whenever that happens, or 36 months, whichever occurs first, they would pay the County and the City for that land. That was part of the incentive. The minimum budget for the construction of the building, which they had committed to, was $10.5 million dollars. They had partnered up to make sure that those expenditures exceed $10.5 million dollars. It could certainly
Mr. Millar discussed other conditions. He advised there was a right of first refusal associated with this. They want this to be a long-term agreement with the development team. They see opportunities for other sites to be developed within Trivium or the next building, or the next building. Hopefully they could build out this park in several different instances with these partners. It was not a guarantee. For example if someone comes to town like BMW and they have their own developer in hand, it is not a requirement that they use the development team that they were putting in place, but what they were trying to do was have an established development relationship where they could say yes we have people, we have an engineering team, we have insight on this site, we have a development team and people that are familiar with this site that they could use if they would like to for their project. They see that as a winning scenario for the development of this park. They would have the right if someone else comes into Trivium and wants to build a speculative building, they have the right because of their commitment at this time to match that offer within a short period of time, and build that spec building that someone might want to do in the park. They felt like it was only fair to give them this opportunity since they were the first one to commit to the park. Likewise, the City and the County agree that other speculative opportunities would not be built within the City of Hickory that exceed 80,000 square feet or within the County that exceed 80,000 square feet for a period of time after that. They do not want to build something that would compete directly with the opportunities that they were developing here. They were providing that in essence to keep competition from building. They do not want to fund two or three different 200,000 or 300,000 square foot spec building to compete with each other. They want to have those capabilities and they want to have them ready, but they do not want to expend funds on the rehab. That was the reason behind the rights of first refusal that were included in the contract. He discussed other conditions, which included paved access to the site by the end of 2020. Water to the site boundary by August 30, 2020. Kevin Greer had agreed that they could make those terms and they felt comfortable with that.

Mr. Millar discussed the incentives again. The fair market value of the land was used towards the determination of consideration of this site. That fair market determination was based at $45,000 per acre. That determines the cost of the acquisition of the land and the cost of the improvements, which had been made and try to make sure that, was a fair market assumption of value on that site itself. When you calculate the difference between that $34,051 per acre that was going to be paid, versus the $45,000 consideration fair market value that they determined on the site, the differential, the time that they are not getting paid that money back was a significant part of the incentive that was being granted to the developer for the improvement of the site. Roughly $10,000 to $11,000 per acre that was roughly $310,000 in differential between what they were being paid for the site and the fair market value that had been determined for that site. There was the interest cost, which were not substantial on that amount during the period of time that they are not getting paid. You have the value of the permits and you also have the value of the grants that are being paid back for the taxes that were being waived. He used as an example the amount was $400,000, then that would be split 50/50 by the City and the County.

Mr. Millar discussed the contractual conditions. He advised 30.416 acres that Trivium Corporate Center was using the money that Catawba County and the City of Hickory had given them as the owner of the site. They would have to transfer that site for this sale at the cost he had discussed. The contract had, as a requirement, that should the companies not do what was being required, then there was a clawback condition in the event those are not reached. They had also calculated that the incentive that was being taken into consideration would be paid back to the local governments. By statute that was 10 years for that to be repaid. They felt like that was going to be repaid, worst-case scenario, just by property taxes within a period of four to five years. They felt comfortable that it was within the guidelines of the statute that were allowed specifically for this opportunity.

VIII. Questions by Elected Bodies/Trivium Board

County Commissioner Sherry Butler asked for clarification on the waiving of the fees. She commented the way that it read was waive soil and erosion control permitting. They were going to have to get the permits they were just not charging the fee. She wanted to clarify that. If you read it the way that it was printed, it gave the impression they did not have to get permitting.

Mr. Scott Millar advised that was correct.
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Trivium Corporate Center Inc. Board Chair Randy Isenhower asked if there were any questions from the Trivium Board. There was none.

Mayor Guess asked if there were any questions or discussion from City Council. There was none.

IX. Joint Public Hearing

A. Hickory City Council - Mayor Hank Guess
B. Catawba County Board of Commissioners – Chair Randy Isenhower
C. Trivium Corporate Center Board of Directors - Board Chair Randy Isenhower

Mayor Guess declared the Public Hearing for Hickory City Council open and asked if there was anyone present who wanted to speak regarding the spec building presented by Mr. Millar.

Catawba County Board of Commissioners Chair and Trivium Corporate Center Inc. Board Chair Randy Isenhower declared the Public Hearing open for the Catawba County Board of Commissioners and the Trivium Corporate Center Board of Directors. He asked if anyone wished to speak for or against the proposal or had any comments.

No one appeared to be heard.

Catawba County Board of Commissioners Chair and Trivium Corporate Center Inc. Board Chair Randy Isenhower closed the Public Hearing for the Catawba County Board of Commissioners and for the Trivium Corporate Center Board of Directors.

Mayor Guess closed the Public Hearing for the City of Hickory City Council.

X. Consideration and Action Steps

A. Hickory City Council
B. Catawba County Board of Commissioners
C. Trivium Corporate Center Board of Directors

Mayor Guess asked City Council members if they had any comments or discussion. There was none.

City Attorney John Crone suggested City Council consider a motion to approve the economic development agreement as presented by Mr. Millar between the City of Hickory, Catawba County and SFG and any related Resolutions pertaining thereto and to authorize the Mayor of the City of Hickory to execute any and all documents including but not limited to, the economic development agreement necessary to complete the substance of the Resolution and the underlying transaction.

Alderman Seaver moved, seconded by Alderwoman Patton approval of the economic development agreement as presented by Mr. Millar between the City of Hickory, Catawba County and SFG and any related Resolutions pertaining thereto and to authorize the Mayor of the City of Hickory to execute any and all documents including but not limited to, the economic development agreement necessary to complete the substance of the Resolution and the underlying transaction. The motion carried unanimously.

Resolution No. 20-16
Resolution Authorizing Economic Development Incentives for SFG Trivium Lot 10, LLC

WHEREAS, North Carolina General Statute 158-7.1 authorizes a county or city to undertake an economic development project by extending assistance to a company; and

WHEREAS, SFG Trivium Lot 10, LLC (“the Company”) has agreed to build a 192,500 square foot Class A speculative manufacturing shell facility at a minimum cost of $10,500,000 that will encourage economic development within the City of Hickory ("City") and Catawba County; and

WHEREAS, City may expend funds and convey property related to economic development purposes as it determines to be in the public interest following an advertised public hearing; and

WHEREAS, City agrees the expenditures and conveyance of the property as described below will stimulate the local economy, promote business, and result in the creation of jobs in the City and County.

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

1) The City Council approves the transfer of approximately 30.416 acres owned by Trivium Corporate Center, Inc., a non-profit corporation jointly developed and funded by Catawba County and the City of Hickory, to the Company, for $34,051 per acre, conditioned on a minimum investment of $10,500,000 and the private development of a 195,500 square foot speculative Class A manufacturing shell building. The conveyance of the described property to Company for the purposes of developing a speculative building will stimulate
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the local economy, promote business, and result in the creation of a substantial number of jobs in the City and County.

2) Trivium Corporate Center shall, under the terms of a contractual agreement, be paid at the time of a sale or lease of the facility to an end user or thirty-six months after the issuance of a Temporary Certificate of Occupancy, whichever comes first.

3) The fair market value of the property, subject to the covenants and conditions associated with Trivium Corporate Center, is $45,000. This determination is based upon an appraisal of the property and the cost of improvements to the property.

4) The value of the finished facility, suitable for advanced manufacturing purposes, shall be determined by the end use of the facility. This shell facility and the completed manufacturing facility will generate property tax revenues over the next ten years sufficient to return to the City and County the consideration provided, including the fair market value of the property.

5) The City Council approves expenditures for infrastructure, including the extension of an access road and water and sewer extensions to the project boundary, as necessary for the project.

6) The City Council authorizes the Mayor to execute a contract and any necessary documents, resolutions or addenda between the Company and the City under these terms and conditions.

Catawba County Board of Commissioners Chair Randy Isenhower asked the Catawba County Board of Commissioners if there was a motion with regard to the proposal.

Commissioner Dan Hunsucker moved approval of the economic development agreement between the County and SFG, related Resolution and to authorize the Chair to execute these documents along with any other needed documents. The motion carried unanimously.

Trivium Corporate Center Inc. Board Chair Randy Isenhower asked for a like motion from the Trivium Board of Directors.

Trivium Board Member Hank Guess moved, seconded by Trivium Board Member David Zagaroli approval of a like motion. The motion carried unanimously.

Catawba County Board of Commissioners Chair Randy Isenhower advised that the proposal passed by all of the governing authorities. He turned the meeting over to Mr. Millar.

XI. Securing America: Critical and Essential Industries – Scott Millar, President Catawba County EDC

Mr. Scott Millar thanked the governing bodies and commented now that we have a building let's build it. As we have all felt over the last few weeks there had been certain issues as he had mentioned previously regarding the supply chain, national security and there had been problems with that. He wanted everyone to think back to 2008, he referred to the PowerPoint and showed an actual slide that he had used when he discussed the new opportunity when he discussed the data centers. No one knew the difference between a data center and a call center in those times. They talked about that and helped them to understand what opportunities there may be. They developed an initiative that was targeted specifically to data centers. They came up with websites, they did special marketing specifically to those people within the data centers. They talked to national site consultants that were focused on that. They ultimately ended up successfully getting over $5 billion dollars' worth of investments that had accrued in Catawba County as a result of recruiting data centers. Bed Bath and Beyond in Claremont and Apple being the biggest ones that are here and of course there were at least 400 people making $70,000 at those facilities. Those were very successful initiatives that we got into with the data centers.

Mr. Millar referred to March 2020. The National Security Agencies came up with the determination of what was critical industries vital to America to provide opportunities and to keep things from happening. He advised there were 16 different opportunities that they developed that said these should be in the United States and these should be protective. He referred to the PowerPoint and displayed a list of those opportunities. He advised that was the pharmaceutical industry. If you realize that 75 percent of the active pharmaceutical materials that are in the drugs that you need on a given basis are being controlled by China and India, not always countries that are our best friends so to speak. He commented just as an example opportunities that we need to control or have a piece of in the United States. He referred to the list and advised there was all sorts of opportunities that he could imagine would fit perfectly within the spec building that the boards just approved, within other sites at Trivium Corporate Center, within other sites within Catawba County. He noted on this list there were several opportunities that were going to be here. The idea of developing a critical and essential recruitment initiative that would help them to stand out from the marketplace early and often with opportunities. He referred to the PowerPoint and displayed the matrix, which they use to develop the incentive packages, which they use with industries here. They award points for certain criteria. These different assets are used to develop a consistent and scientific approach to incentives. A lot of times they see communities go emotional regarding what they should do with a project. The same development matrix was used for existing industries as it was for the new industries that were brought into town. They could say to an existing industry and a new industry that this is the method that we use to determine their incentive program and they also have on the backside of this the ability to
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determine what depreciation does, what the payback was going to be net to the municipalities and the County that participate in these incentives. It was putting science behind the process. The concept that he was discussing as far as reaching out to the critical and essential industry sector and working closely with the consultants that are going to be bringing those types of opportunities. Those could be augmented by the development of a critical and essential portion. He referred to the PowerPoint and pointed out an add on to what the boards had seen in the past. He explained that this powers potential extra points to a critical and essential industry sector that the board determines is important to their manufacturing mix. He advised it was not only the development of an initiative that could help that, but also the consideration of an add on package to the incentive. It might kick-up that opportunity more level or another year to their incentive matrix in order to take advantage of these opportunities. He referred to the PowerPoint and pointed out the grants by year that he was talking about. He noted in one instance because of the critical and essential points that they would award it would move that graph one group over to the right and award another year of incentives to the recruitment package that they would typically be able to offer to that company. He was trying to give the boards the idea of this. He didn't know that the boards necessarily needed to come up with this package and vote on it today. The concept that he was talking about, he wanted to bring back to the boards to have them consider this as a new-targeted marketing initiative that would help them recruit these opportunities that they develop over the next few months. They could have it sunset at the end of next year unless the boards wished for it to continue. The idea was to go after that marketplace hard and fast and to develop. Today they have the confidence of an Atlanta based developer and a local based development team that says we want to build in your marketplace in your Trivium Corporate Center. They want to be able to say to the client that they have added on to the packaging that they are developing for this that was going to be hastening the sale of this and encourage that building during this opportunity. He asked for any questions regarding the critical and essential initiative.

Commissioner Kitty Barnes referred to Mr. Millar’s PowerPoint bullet, which was competition for spec buildings, putting in the non-compet clause. She asked how likely were other entities to come here and build a spec building. She asked if they were seeing that in other places.

Mr. Millar responded if you go to Concord in Cabarrus County, there were multiple development entities there that were building a lot of the same thing. But you were also talking about a different model so to speak. They were doing distribution facilities, and flex facilities and that sort of thing. There were a lot of them that were 600,000, or 800,000 or a million square feet, but they were allowed to be distribution and we do not allow distribution within Trivium. There could be some competition and they hoped that the new marketplace develops competition, but as of right now, there was not. He sees some interest in other development partners that may be willing to do, not this size, but different levels. They were trying to make sure that none of them competes with each other. The ideal scenario would be the baseball packaging, one batting, one on deck and one in the hole. The concept here would be we have one built, one planned and another one ready to come out of the ground and whether or not they are different sizes, which we would build something, that competes.

Catawba County Board of Commissioners Chair Randy Isenhower asked for any questions.

Alderman Seaver commented that Charlie Dixon would be proud of them.

Mr. Millar explained that Charlie Dixon was a long time attorney here and he valued him and he was their board chairman for quite some time. Mr. Dixon’s whole idea was to encourage speculative building. He was a phenomenal mentor and a friend to Catawba County and the City of Hickory.

County Manger Mick Berry commented that Mr. Millar and City Manager Warren Wood and himself had been in this business for a longtime and they had networked all over the State and the Country. He stressed to everyone the effectiveness of these partnerships that they have in Catawba County. Chairman Isenhower talks about it regularly. They know firsthand because they interact with their peers all over the State and the Country. This just does not happen the way it happens here in Catawba County with the City of Hickory and the other municipalities. Mr. Millar’s vision and leadership had brought them here today to talk about a tangible opportunity with a spec building, a vision for new opportunities. He could have vision all day long but it was really the leadership of the elected officials and the community that brings that vision to fruition. He makes it a great place for them as professionals to work for the community to see phenomenal success. He thanked the elected officials. He commented they don’t hear that enough from their constituents probably. He thanked the elected officials for the great work they all do and this was a unique community and a unique opportunity. He appreciated all of them and their leadership.

Catawba County Board of Commissioners Chair Randy Isenhower commented when they signed those documents for Trivium five years ago they were hoping to be in this place and they were very grateful to be in this place right now.

Mr. Millar advised that Jack Altmeyer and Roger Young were present representing the development partners. He encouraged everyone to thank them for their willingness to step out like they were. He thought they were going to be great partners here and he didn’t want to neglect the fact that they spent quite a few hours with Mandy Pitts Hildebran at the Convention Center making sure that everyone was socially distanced and that the facility was able to do the meeting together. He thanked Mrs. Hildebran for the efforts that she was making, not only for the meeting, but this wasn’t the easiest time for the Convention Center either. He thanked her for her leadership too.
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XII. There being no further business, the meeting adjourned at 6:07 p.m.

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Mayor

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City Clerk