

January 20, 2021

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 Wednesday, January 20, 2021 at 4:00 p.m., with the following members present:

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

A quorum was present.

Also present were: City Manager Warren Wood, Assistant City Manager Rick Beasley, Deputy City Manager Rodney Miller, City Attorney John Crone, Deputy City Attorney Anita Dula, Communications Specialist Sarah Killian, Executive Assistant City Manager Yaidee Fox, Governmental Affairs Analyst Sarah Prencipe, Executive Assistant Deisy Zavala Vazquez, Public Works Director Steve Miller and Public Utilities Director Shawn Pennell and City Clerk Debbie Miller.

Catawba County Commissioners present were: Chair Randy Isenhower, Kitty Barnes, Sherry Butler, and Austin Allran

Trivium Corporate Center, Inc. Board of Directors present were: President Warren Wood, Chair Randy Isenhower, Mick Berry, Hank Guess, Scott Millar, Attorney Jodi Stewart and Clerk to Trivium Corporate Center, Inc. Board of Directors Deisy Zavala Vazquez

I. Welcome

Mayor Guess welcomed everyone to the meeting. He introduced himself and advised he was the Mayor of the City of Hickory. He advised this was a joint meeting and public hearing for the Catawba County Board of Commissioners, City of Hickory City Council, and Trivium Corporate Center Board of Directors. He especially thanked Mandy Pitts Hildebrand and the staff at the Metro Convention Center for the use of the facility and for being so cordial in setting things up, of course, they have help from other staff. He thanked everyone for being present.

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

Mayor Guess called the meeting to order. All Councilmembers were present except for Alderman Zagaroli. 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 except for Barbara Beatty. 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 except for Barbara Beatty and David Zagaroli. A quorum was present.

A. Elect Trivium Corporate Center 2021 Officers – President Warren Wood

Trivium Corporate Center Inc. Board Chair Randy Isenhower advised the first order of business, through the Trivium Corporate Center's bylaws was the election of a new slate of officers for Trivium Corporate Center.

President of the Trivium Corporate Center Inc., Warren Wood advised the proposed officers for the Trivium Corporate Center for 2021 were Chair Hank Guess; Vice Chair Randy Isenhower; President Mick Berry; Secretary Scott Millar, Treasurer Rodney Miller, and Clerk Deisy Vazquez.

Mr. Randy Isenhower moved, seconded by Mr. Hank Guess approval of the proposed officers. The motion carried unanimously.

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) commented it was always a pleasure to come before them to talk about economic development opportunities. He mentioned this one had been superseded slightly by the fact that the Governor of North Carolina approved the North Carolina pieces of the recruitment package for a company called American Fuji Seal. He advised they would conduct a public hearing referenced to the incentives specifically and the considerations that were involved in the development of the program.

Mr. Millar reminded everyone of the Trivium Corporate Center purpose, the developments that were planned behind the opportunity that had been quite successful today. He advised the development of Trivium Corporate Center started in about 2012 with the discussion with many landowners. It was seven primary tracts of land along Startown Road with the concept of a 270-acre development for a class "A" business park that would have berms and landscaping, and other amenities that would differentiate this park from others in Western North Carolina. Clearly, the 50/50 partnership between the City of Hickory and Catawba County had done well. In July of 2018, there was an

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announcement officially of the beginning of the Trivium Corporate Center Park. At that time, it was named Park 1764. The concept there was to create jobs and facilities like none other in Western North Carolina. They had been very successful. In September of 2018, Corning was announced in the facilities. About a year later ITM was announced, which was a German pharmaceutical company that was located on a parcel next to Robinwood Road. Since then, they had announced a Japanese company, Cataler. The middle of this year they announced the partnership with an Atlanta based development firm to build a 200,000 square foot speculative building that was expandable to 350,000 square feet for opportunities that we have never had here before because of the size of the ceiling heights and the quality of the spec building partnership that they had entered into. In December American Fuji Seal was announced. He asked Ms. Julie Pruett, with the Catawba County Economic Development Corporation (EDC) to the podium. Ms. Pruett represented the EDC in the recruitment process for this company. She would explain what American Fuji Seal was.

VI. American Fuji Seal Introduction and Overview Catawba County EDC

Ms. Julie Pruett, Director of Business Recruitment, Catawba County Economic Development Corporation (EDC) discussed American Fuji Seal and their proposed project in Trivium Corporate Center. She advised American Fuji Seal was a Japanese global manufacturer of labels, pouches and packaging machinery. She referred to a bottle of water, the label around a bottle of water was an example of the type of product that they manufacture. She referred to a pouch she was holding which contained facial cleanser in it, that was another example of the type of product that they make. She mentioned if anyone had had microwaveable soup, pasta, or macaroni and cheese, the label on that container was another example of what they make. They make a myriad of different products. They also do that for a lot of different industries, the beverage industry, dairy industry, the home and personal care product industry as well as the pharmaceutical industry. She advised it was a really great company. They started working with them in early summer and they came in and looked at several different sites in Catawba County. In addition to Trivium they also looked at the Corporate Center, the empty data campus, and they looked at several locations in North Carolina, South Carolina, Texas, and Ohio. It was a very competitive project. They were very excited that they liked a site in the Trivium Corporate Center. Their proposed project was to construct a 250,000 square foot building on a site in Trivium Corporate Center. They plan to invest a minimum of \$52 million dollars in building and equipping the facility. They plan to create 101 new jobs, paying an average salary of just shy of \$49,000. In comparison to Catawba County's average wage, just shy of \$44,000, it was well above the average wage in Catawba County. She mentioned it was a great project and they were wonderful people to work with. Very thorough. It was touch and go a few times. They were very excited to bring the project to the boards for their consideration.

VII. American Fuji Seal Incentive Proposal – Scott Millar, President, Catawba County EDC

Mr. Scott Millar, President of the Catawba County Economic Development Corporation (EDC) advised they had utilized a matrix to score the attributes of different projects. He explained it was a scientific based program that helps them to understand and compare a project to profit. Whether it was an existing industry expansion or a new project. They developed this matrix and there were different attributes that got different levels of points. If it was a targeted industry, for example, it would get a certain number of points as a result of being within that targeted industry. If it was a very high value, if they thought that the income as a result of that project and as a result of the huge investments was there, certainly it would get more points than one that would not. The matrix had been used for approximately ten or more years to evaluate and compare projects across the opportunities that they had developed. Almost every municipality in the County uses this matrix as well as the County itself. Using the standard scoring matrix that they had developed, and this same standard structure, this project as a result of the commitment that Ms. Pruett discussed, this project scored a very high level five with roughly 86 points. If you gave it some special attributes because of targeting the project would score very low in level six. Level six was a sliding scale grant that had seven years-worth of incentives. A level five grant had five years-worth of incentives on a sliding scale. Using those calculations and the investment and the job numbers that were provided, the incentive package that they calculated for the project to be within the normal perimeters of what they had approved for other projects as well, a level five would be \$2.27 million dollars-worth of incentives that would be awarded to the company. A level six would be \$2.64 million dollars-worth of incentives. He advised that was the target amount of the incentives that they would feel comfortable with. The standard for this project.

Mr. Millar referred to a PowerPoint presentation and referenced the area on the slide where the logo for American Fuji Seal was located. He advised they combined two lots in order to facilitate the size of this project. He pointed out one of the two lots and the area where Lutetium Circle had been planned to connect over to Robinwood Road through the middle of this site. He referred to the other lot and noted it was also part of the site. In order to develop this site and provide it for the company they had to get rid of Lutetium Circle connection over to Robinwood Road. That, by itself, as well as the water connection that would have been along that road, saved them \$1.4 million dollars-worth of infrastructure costs that would have been a part of the development of this park had they not combined this site. That was an attribute in itself because of getting rid of that cost that was expected in development of the park. He referred to the PowerPoint and advised the lower section of that site would now be a standalone parcel of approximately 16 acres. It would be situated about 30 feet below where American Fuji Seal would be on Robinwood Road. This would be another lot that would be available for sale. Calculating this at the target number of \$2.5 million dollars-worth of incentives, in order to recruit the company, they calculated free land and grading stipend for the company in that total value that fit within the perimeters that he discussed. The total value of the proposed incentives was \$2.551 million dollars, which was inline with those guidelines and would be considered normal for the recruitment package that he was presenting. He referred to the PowerPoint and pointed out the location of Robinwood Road, and where Lutetium Circle and

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Trivium Parkway were located on the Corning side of the park. He advised the property they were proposing to be granted to the company was roughly 25.4 acres. He noted the area that was of lesser value because it was substantially lower than the road that would be there, and the company needs an area for a sediment and pollution control system. Water would run off of this site into that area and that would be their responsibility for management of the stormwater that would be coming off of the site into that facility.

Mr. Millar explained the determination of the value of this incentive for the consideration for the business center. The land at approximately 25 acres, the value of \$45,000 per acre and there was 20.8 acres on the development portion of this parcel. Making the grant of that land worth \$936,000. The other area, which was not developable except for the stormwater system, approximately 4.6 acres, at \$25,000 an acre, adding \$115,000 worth of value to the land grant that they would be giving to the company. That calculated the investment for the land itself at just a little over a million dollars, \$1,051,000. On top of that they were proposing a grading stipend. The estimated costs for grading the site was well over \$2 million dollars. Putting a million and a half into reimbursement to them for the development of that, as long as it stays within the incentive perimeters, they proposed a million and half dollars spent evenly between Catawba County and the City of Hickory, \$750,000 for each party. They had established a timetable that the reimbursement would be due when the foundation was started on the facility so they would not be paying upfront for that site development. Totaling that, you get the total package of \$2,551,000. He reminded everyone that was the incentive. Some of the other incentives were based on future grants received. In this instance, the community, City, County, whatever tax receipts were derived as a result of the development of this, 100 percent of those would accrue to the governing bodies present. No future grants as a result of this project. They also calculated using the depreciating numbers associated with this project that the payback for this would be between five and six years. That was just from property tax receipts. They were allowed to calculate all the tax receipts that would accrue as a result of the project and they were allowed ten years to calculate those according to statutory guidelines. They felt like it was a very conservative payback setup. Mr. Millar advised it was a performance-based incentive, it was contractually based. The contracts contained claw back provisions that say if the company does not do this and does not act as they have committed to, they have the ability to claw back the entire incentive package should that happen. He asked for approval of the Resolution(s) and Agreement(s) by each of the boards as a means to facilitate final signing of the agreements. He asked for any questions.

VIII. Questions by Elected Bodies/Trivium Board

Catawba County Board of Commissioners Chair Randy Isenhower asked the Catawba County Board of Commissioners if they had any questions. There were none.

Mayor Guess asked if there were any questions from Hickory City Council or the Trivium Board. There were none.

IX. Joint Public Hearing

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

Mayor Guess declared the Public Hearing open for Hickory City Council.

Catawba County Board of Commissioners Chair Randy Isenhower advised this was duly and properly published and he declared the Public Hearing open for the Catawba County Board of Commissioners.

Chair Hank Guess for the Trivium Corporate Center Board of Directors declared the Public Hearing open.

Mayor Guess asked if anyone wished to speak against or for the proposal.

No one appeared to be heard.

Mayor Guess closed the Public Hearing.

Catawba County Board of Commissioners Chair closed the Public Hearing for the Catawba County Board of Commissioners.

Chair Hank Guess closed the Public Hearing for the Trivium Corporate Center Board.

X. Consideration and Action Steps

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

Mayor Guess moved, seconded by Alderwoman Patton approval of the economic development agreement as presented by Mr. Millar between the City of Hickory, Catawba County and American Fuji Seal and any related Resolutions and Documents pertaining thereto and to authorize the Mayor or the City Manager of the City of Hickory to execute any and all documents including but not limited to, the economic development agreement as presented or any corrections thereto necessary to complete the substance of the Resolution and the underlying transaction. The motion carried

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unanimously. Mayor Guess advised that all Council members were present except for Alderman Zagaroli.

Resolution No. 21-06
Resolution Authorizing Economic Development Incentives for American Fuji Seal, Inc.

WHEREAS, American Fuji Seal, Inc. (herein referred to as "the Company") requested incentives to cause a minimum investment of \$52,000,000 in construction and equipping a new facility at 1801 Lutetium Circle, Newton, NC by December 31, 2025, and the creation and maintenance of a minimum of 101 jobs by December 31, 2026, 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 total average wage of the jobs will be above the Catawba County average wage of \$43,920.

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

- 1) The Hickory City Council authorizes the transfer of approximately 25 acres owned by Trivium Corporate Center Inc., a non-profit jointly developed and funded by Catawba County and the City of Hickory, to the Company, and provide a grading payment of a maximum of \$1,500,000 to the Company in order to reimburse the Company for the cost of grading the Project Site, conditioned on the company's minimum investment and maintenance of \$52,000,000 and 101 new jobs which will pay above the median average hourly wage in the County. The conveyance of the property will stimulate the local economy.
- 2) The fair market value of the property as of the date of this resolution is approximately \$45,000 per acre for the Primary Development Property and \$25,000 per acre for the Stormwater Development Property.
- 3) The facility will generate property tax revenues over the next 10 years in an amount at least sufficient to return to the City the fair market value of the property and the maximum grading payment.
- 4) The Hickory City Council directs the Mayor 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.

Catawba County Board of Commissioners Chair Randy Isenhower asked the Catawba County Board of Commissioners if there was a motion to approve the economic development agreement as presented by Mr. Millar between the City of Hickory, Catawba County and American Fuji Seal and any related Resolutions and to authorize the Chairman to execute any documents including to but not limited to, the economic development agreement necessary to complete the substance of the Resolution and the underlying transaction.

Commissioner Allran moved approval of the economic development agreement. The motion carried unanimously.

Trivium Corporate Center Inc. Board Chair Hank Guess Mayor Guess moved, seconded by Vice Chair Randy Isenhower, approval of the conveyance of property as presented by Mr. Millar and the described economic development agreements between the City of Hickory, Catawba County and American Fuji Seal and any related Resolutions pertaining thereto and to authorize the President to execute any and all documents necessary to complete the substance of the Resolution and the underlying transaction. The motion carried unanimously.

Mayor Guess commented on behalf of the City of Hickory they were certainly pleased to have American Fuji Seal in partnership with the City of Hickory and Catawba County.

Catawba County Board of Commissioners Chair Randy Isenhower commented this was another great collaboration within the County. We are very fortunate that during a pandemic this development as proven successful. We now have three plus continents, so we need Australia.

XI. There being no further business, the meeting adjourned at 4:27 p.m.

Mayor

City Clerk