

April 13, 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 Tuesday, April 13, 2021 at 4:00 p.m., with the following members present:

Tony Wood	Hank Guess	David L. Williams
Charlotte C. Williams	Aldermen	David P. Zagaroli
Danny Seaver		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, Communications and Marketing Manager Dana Kaminske, Executive Assistant City Manager Yaidee Fox, Executive Assistant Deisy Zavala Vazquez, Public Works Director Steve Miller, 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, and Barbara Beatty and County Clerk Karina Zamora

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

I. Welcome

Catawba County Economic Development President Scott Millar welcomed everyone to the Hickory Metro Convention Center for the consideration of an economic development agreement with a new company. He reminded everyone that this does not happen as often with most municipalities in most counties as they might feel like it does. It was an unusual circumstance and he welcomed them to it. He recognized Mayor Hank Guess, the chief elected official of the City of Hickory.

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

Mayor Guess called the meeting to order. All Councilmembers were present with the arrival of Alderman Williams at 4:05 p.m. 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 Hank Guess

Trivium Corporate Center Inc. Board Chair Hank Guess 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) asked Ms. Julie Pruett, Director of Business Recruitment, Catawba County Economic Development Corporation (EDC) to the podium to discuss an overview of the company.

Ms. Julie Pruett, Director of Business Recruitment, Catawba County Economic Development Corporation (EDC) discussed Gusmer Enterprises, Inc. discussed Gusmer Enterprises, Inc., and their proposed project at Trivium Corporate Center. Gusmer Enterprises was a 97-year-old company, family owned, and headquartered in New Jersey, with current production facilities in Wisconsin and California. Gusmer makes fermentation media and liquid filtering devices for many different industries, for example: food, beverage, pharmaceutical and biotechnology. They make the filtering sheet. They actually put these sheets in large, huge filtering devices that filters vaccines, such as the COVID vaccine. They had huge growth in pharma and biotech industry prior to COVID and that was really what was driving their National search for an expansion location in early 2020. They also partnered with Millipore Sigma which was one of the largest leading bio processing suppliers in the world. This was driving their business which led them to look for a National search of a location to expand. In March 2020, the lockdown occurred. In early April 2020, they did their first virtual visit with this company. They met in the community, the met in the workforce, their supply chain, operational costs over many months and of course real estate. They initially were looking just for existing buildings. They came in to look at the Stonemont building. When they visited Trivium Corporate Center they realized that even though COVID had accelerated their timeline the site in Trivium would meet their timeline. She referred to a PowerPoint presentation and displayed Lot 6 in Trivium. She noted that it was graded and had a road and infrastructure to the site. They were looking to invest \$38.2 million dollars to constructing a 135,000 square foot facility on this 16-acre lot at Trivium. She advised this was a highly automated process. They would have computerized production equipment and robotics. That \$38 million dollars was going to go into construction and the equipment of that building. They also plan to create 73 new jobs with an average salary of \$44,000 dollars which was just above Catawba County's average wage, but that did not include the benefits that they generously provide to their employees. She turned the presentation over to Mr. Scott Millar, President of Catawba County Economic Development Corporation (EDC) to discuss the incentives.

VI. Gusmer Enterprises, Inc. Overview of Incentive Proposal – Scott Millar, President, Catawba County EDC

Mr. Scott Millar, President of Catawba County Economic Development Corporation (EDC) discussed Trivium Corporate Center. As of April 1, 2021, it was the seventh-year anniversary of entering into agreements with the landowners that made up this parcel. Those elected officials at that time could think back about the project activity that they did not have for the first four-years in the park before they convinced the teardown of the houses and the silos and the improvements that they announced happening in July of 2018. The EDC's responsibility was to recruit diversified industries into Catawba County's economy. In that period of time, they had five different industries that had announced locating in addition to the speculative investment that Stonemont group had built. They had nine total sites at that time and now they only have three that are remaining to be sold. That was pretty good activity over a less than 36-month period of time. That led to his statement about the success of this park and the successful endeavor that they entered into and that they hoped to enter into when they entered into those agreements in 2014.

Mr. Millar discussed the matrix process that calculates the proposal or incentives that they would give to either a new company that would be locating in the park or the County, or an existing industry that could be locating somewhere in the City or the County. They used this scoring system to make sure that everything was fair for every potential project that they have. You do what they get, you will get what they got. That was pretty much the mindset behind the use of this scientific approach towards the incentives that they use. Using this standard incentive matrix, the scoring on this proposed project previously described was what determined the value of the incentive of the grant that would be proposed. It was proposed as a level four grant that would be received by the County. In normal circumstances, where they did not have the real estate as an incentive, they would grant that as future grants based on taxes received that would be coming back. Over time, those grants would accrue to the company and the grants would have a value of approximately \$1,200,000 dollars as they would calculate it normally. Using the land as an incentive that gave them the ability to negotiate off of the land price in lieu of the grant back opportunity. Using that same standard, the marketing value of the acreage in this park, that was graded, they had been marketing that at \$95,000 dollars per acre. What they did to determine the incentive value for that was, in order to value that \$1,200,000 dollars that they thought was appropriate and fair for this specific project, they worked with the company to determine that they would pay to Trivium, therefore, the City and the County, \$20,000 dollars an acre in lieu of that \$95,000 dollars asking price for the land. They are paying \$20,000 dollars an acre and receiving an incentive value of \$75,000 dollars per acre multiplying by the 16-acres roughly that the site was for this project. Therefore, the incentive value, when you do it using the land as the incentive, or you use the grants back as the incentive, was roughly equal and therefore fair no matter which methodology that you use.

Mr. Millar discussed Lot 6, the determination of the value on that site. They go by North Carolina General Statute 158-7.1 to follow the letter of the law, the statute for granting of the incentives for this project. Acquisition costs would be \$1,520,000 dollars using the \$95,000 dollars per acre multiplied by 16. Proceeds from the sale, the company was going to send them a check for \$320,000 dollars, so the value of the incentive applied in this instance was \$1,200,000 dollars. He thought that it was helpful to walk through this process to make sure that everyone understood. He advised that it was different than the approach which they had used in the past. The City and the County would keep 100 percent of the future taxes that were paid on this project from day one. Beginning with the investment in construction, the installation of the equipment, and all of that would accrue 100 percent as appropriate to the municipality and the County. They calculated a payback. The General Statute allows up to ten-years for calculating that repayment. They thought that using methods for determining depreciation on the equipment and on the building value, they determined that the probable repayment of that would come in the fourth or fifth year of that depending on the amount that the property was valued at and the installation scheduled for the equipment that goes in. As with all of the agreements they are performance based with claw backs. If for some reason this company does not do what they have guaranteed they will do by a contract, then they have the ability in several different ways to claw back the value of that incentive. The money that they were putting out here was safe and able to be clawed back in the event something was not kosher as it were. They would have to meet the contractual minimums that were out there, which was \$38.2 million dollars' worth of investment over the five-year window, and 73 new jobs at above Catawba County's average wages that would be created during a three-year window. In this instance they were not exactly the same, which helped them with some costs and contractual problems that they had to deal with. He advised the Resolution that they were asking to be approved would direct the sale by Trivium Corporate Center of approximately 16-acres as the final survey dictates, at \$20,000 dollars per acre and allow the City and the County to finalize the contract and execute the contract as appropriate and allowing the Chief elected officers to execute those documents in their condition.

VII. Questions by Elected Bodies/Trivium Board

Alderwoman Patton asked what the company's timeframe was.

Mr. Scott Millar, President of Catawba County Economic Development Corporation (EDC) advised they had already held the pre-permitting discussion. He asked Ms. Julie Pruett what the timeframe was for this.

Ms. Julie Pruett, Director of Business Recruitment, Catawba County Economic Development Corporation (EDC) advised they wanted to be in the building by the end of November so they could start testing their equipment and production sometime in December or early January.

VIII. Joint Public Hearing

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- 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. He asked if anyone would like to speak regarding the proposal.

Catawba County Board of Commissioners Chair Randy Isenhower declared the Public Hearing open for the Catawba County Board of Commissioners. He asked for any questions or comments regarding the proposal.

Chair Hank Guess for the Trivium Corporate Center Board of Directors declared the Public Hearing open. Chair Hank Guess asked if anyone wished to speak regarding the proposal.

No one appeared to be heard.

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

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 of Directors.

IX. Consideration and Action Steps

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

Mayor Guess noted that Alderman Williams had arrived and that all Councilmembers were present. He asked for any comments or questions from Council. 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 Gusmer Enterprises, Inc., and any related Resolutions and to authorize the Mayor 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.

Catawba County Board of Commissioners Chair Randy Isenhower asked the Catawba County Board of Commissioners if there were any questions. He asked if there was a motion in regard to the proposal.

Commissioner Sherry Butler moved to approve the economic development agreement as presented by Mr. Millar between the City of Hickory, Catawba County and Gusmer Enterprises, Inc., and any related Resolutions and to authorize the Chairman to execute any and all documents including to but not limited to, the economic development agreement necessary to complete the substance of the Resolution and the underlying transaction. Catawba County Board of Commissioners Chair Randy Isenhower asked if there was any discussion. The motion carried unanimously.

Trivium Corporate Center Inc. Board Chair Hank Guess Mayor Guess advised that all members of the Trivium Corporate Center Board of Directors were present. Barbara Beatty moved, seconded by David Zagaroli, 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 Gusmer Enterprises Inc. subject to the potential plat amendments and any related Resolutions 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.

X. There being no further business, the meeting adjourned at 4:20 p.m.

Mayor

City Clerk