

**MINUTES OF THE MEETING OF THE
SPECIAL MEETING OF THE
ROWAN COUNTY BOARD OF COMMISSIONERS
JULY 20, 2009 – 6:00 PM
J. NEWTON COHEN, SR. ROOM
J. NEWTON COHEN, SR. ROWAN COUNTY ADMINISTRATION BUILDING**

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Present: Carl Ford, Chairman
Jon Barber, Vice-Chairman
Raymond Coltrain, Member
Tina Hall, Member
Chad Mitchell, Member

County Manager Gary Page, County Attorney Jay Dees, Administrative Secretary Laura Moore and Finance Director Leslie Heidrick were present. Clerk to the Board, Carolyn Athey, was absent.

Chairman Ford convened the meeting at 6:00 pm.

Commissioner Barber provided the Invocation and also led the Pledge of Allegiance.

CONSIDER APPROVAL OF THE AGENDA

Commissioner Barber moved, Commissioner Coltrain seconded and the vote to approve the agenda passed unanimously.

1. PUBLIC HEARING TO CONSIDER INVESTMENT GRANT INCENTIVE FOR DAIMLER

Economic Development Director Robert Van Geons provided a power point presentation for the Relocation and Expansion Assistance Agreement for the potential expansion of Daimler's Freightliner Facility in Cleveland.

Mr. Van Geons said the total investment would be approximately \$15.9 million and would help to retain 695 current employees. Mr. Van Geons said there was a potential for growth of an additional 400 jobs depending on the economy.

Mr. Van Geons noted he had distributed an updated draft of the incentive agreement prior to the meeting, which included an addendum regarding the employment of illegal aliens.

Mr. Van Geons introduced David Trebing, General Manager of State and Local Relations and Mike McCurry, Cleveland Plant Manager who were present to discuss the project in more detail.

Mr. Trebing said the potential investment was a great opportunity and good news for the economy and a troubled industry. Mr. Trebing highlighted a handout that he had provided prior to the meeting, which detailed Daimler's substantial presence in North Carolina.

Mr. Trebing said Daimler spends approximately \$330 million annually on wages in North Carolina and the total tax burden Daimler paid to the State was approximately \$17.5 million. Mr. Trebing said the project being considered dealt with a government military contract which was previously produced in Portland, Oregon.

Mr. Trebing said North Carolina was a manufacturing state and due to the difficult economic realities, the automotive industry had been challenged; however, Daimler was optimistic the turn around point was near for its Cleveland facility.

Mr. Trebing expressed optimism and hope that the Board's support would indicate the importance of the public/private relationship in Rowan County. Mr. Trebing said Daimler looked forward to the growth and future prosperity of the Cleveland facility and the economy in Rowan County and the State.

Mr. McCurry said the military contract differed from normal operations. Mr. McCurry said there were three (3) models of heavy duty dump truck/transport truck military vehicles, none of which were currently built at the Cleveland facility.

Mr. McCurry said the Cleveland facility had felt the economy first hand but was excited at the potential opportunity to bring in a solid platform of vehicles to support the future of the facility.

Mr. Van Geons used the power point to highlight the economic impact study and to review facts about the company.

Mr. Van Geons said the project potential brought a \$15.9 million investment to Rowan County through equipment upgrades, improving security and expanding operations.

Mr. Van Geons said there were multiple facilities across the southeast where the investment would be feasible and alternative sites were under consideration. Mr. Van Geons briefly explained how the grant amount was calculated.

Mr. Van Geons said the incentive program was performance based therefore if the investment should drop than the grant would be reduced accordingly.

Chairman Ford opened the public hearing to entertain citizen input on the Investment Grant Incentive for Daimler and the following citizen came forward:

- Jim Sides said his remarks were not directed at Freightliner but at incentives in general. Mr. Sides said he felt incentives were government welfare handed to large corporations while small businesses received no help. Mr. Sides said he believed the government wanted to control the free market system to decide which businesses succeeded or failed. Mr. Sides said if an incentive was necessary, a ten (10) year period was better than a five (5) year period in order to allow the County to compensate for the ¼ -cent sales tax revenue referendum planned for the November election. Mr. Sides predicted the referendum would fail if the State were to implement a one-cent sales tax. Mr. Sides urged the Board to say no to incentives.

With no one else wishing to address the Board, Chairman Ford closed the public hearing.

Commissioner Barber commended Mr. Van Geons for continuously pursuing and presenting economic development opportunities to the Board.

Commissioner Barber commented on the handout received prior to the meeting and he reviewed some of Daimler's community involvement. Commissioner Barber stated he supported the proposed incentive.

Commissioner Coltrain asked Mr. Trebing to expand on why Daimler was moving the military facility operations out of Oregon. Mr. Trebing responded that one of the key reasons was the availability of the supplier base in one (1) area. Mr. Trebing said the move would be the most economical solution for operations and would bring services closer together.

Commissioner Coltrain inquired if the three (3) military bases in North Carolina were also a factor for the company's move and Mr. Trebing responded that the military bases were a critical factor.

Commissioner Mitchell said the model showed the grants highest tax year would be \$64,401 and under the current guidelines Rowan County would be giving back \$48,301 netting \$16,100. Commissioner Mitchell said he believed the County would be losing \$16,100 based on how "the game" was played if the incentive were not granted. Commissioner Mitchell said the County did not have the ability to create jobs in the traditional sense and that he was not willing to throw away or "roll the dice" on 1100 jobs. Commissioner Mitchell supported the incentive request.

Mr. Van Geons said beyond jobs, the opportunity would create a working relationship with existing industry, which in turn could open new doors for the other suppliers.

Commissioner Coltrain noted the benefits for the Town of Cleveland. Commissioner Coltrain said based on the information presented, he supported the request.

Commissioner Hall thanked Daimler for the huge impact the company had made over the years with a sizable number of jobs. Commissioner Hall said the bottom line was that the current 695 jobs would be affected if the military contract was not granted to the Cleveland facility.

Mr. Trebing said within the current economy, all aspects of operations were being reviewed to make them as efficient and cost effective as possible. Mr. Trebing said he was unsure what would happen to the current jobs as long as there was an economic downturn throughout the entire business. Mr. Trebing said the military contract was one aspect of work that could be put into the facility and Daimler was optimistic about business turning around.

Commissioner Hall pointed out the impact analysis study allowed researchers to develop local level input/output models which could estimate the economic impact of new firms moving into an area. Commissioner Hall inquired as to how the model applied to Freightliner since it was not a new company.

Mr. Van Geons said the impact analysis study could model existing industry, changes in employment factors, changes in local procurement numbers, as well as other factors. Mr. Van Geons said the current employment including payroll, type of wages and positions were used separate from any other component to be projected based on the industry classification. Mr. Van Geons said the construction and new employment would be considered a new project.

Commissioner Hall mentioned the grant would be reduced should employment drop; however there was no definitive amount the grant would be reduced. Mr. Van Geons explained that for every job lacked, a percentage would be taken from the grant amount. Mr. Van Geons said if the job number reached a certain low point the grant would be revoked completely.

Commissioner Hall inquired how the number of positions would be monitored and Mr. Van Geons said monthly reports could be requested. Mr. Van Geons said certification for the number of jobs, the assessed value from the tax office and information was requested.

Commissioner Mitchell said page four (4) of the contract explained the procedure and requirements for certification of jobs.

Commissioner Hall asked Mr. Van Geons if a ten (10) year grant was considered. Mr. Van Geons said he recommended a five (5) year grant. Mr. Van Geons explained that ten (10) year grants required a great deal of tracking and incorporated a lot of future investment or changes based on the current policy. Mr. Van Geons said an extended grant would impact future Boards.

Commissioner Hall asked if Daimler was optimistic that future volume would increase. Mr. Trebing responded Daimler was optimistic the current contract would continue and had reason to be optimistic for additional growth. Mr. Trebing said the Board would be informed with constant dialogue and invited the Board to visit the site and discuss the future of the plant with the Plant Manager.

Commissioner Hall said while she would like to see new jobs, the current 695 jobs were valuable to every family represented.

Chairman Ford said as a small businessman he agreed with Mr. Sides comments and he understood the plight of the small businessman. Chairman Ford said he talked to several Freightliner employees who wanted to keep their jobs or would be willing to go back to work at Freightliner. Chairman Ford recalled when he first met Mr. Van Geons he expressed appreciation for the work being done to bring new jobs to Rowan County but he had also inquired of Mr. Van Geons on how to keep current jobs. Chairman Ford said he felt retention was important.

Commissioner Barber moved to grant the investment grant incentive for Daimler according to the current policy. Commissioner Coltrain seconded.

Commissioner Mitchell said "approval of the agreement" should be added to the motion and Commissioner Barber agreed to the addition.

Upon being put to a vote the motion passed unanimously.

2. ADJOURNMENT

There being no further business to come before the Board, Commissioner Coltrain moved to adjourn at 6:55 pm. The motion was seconded by Commissioner Barber and passed unanimously.

Respectfully Submitted,

Carolyn Athey, CMC
Clerk to the Board