



Mayor

M. Andy Moore

Mayor Pro-Tem

Travis Scott

Council Members

Marlon Lee

David Stevens

David Barbour

Emery Ashley

John A. Dunn

Stephen Rabil

Town Attorney

Robert Spence, Jr.

Town Manager

Michael L. Scott

Finance Director

Greg Siler

Town Clerk

Shannan Parrish

Town Council Agenda Packet

Meeting Date: Tuesday, January 2, 2018

Meeting Time: 10:00 a.m.

Meeting Place: Johnston County Board of Commissioners'
Meeting Room, Johnston County Courthouse,
207 E. Johnston Street
Smithfield, NC 27577.



PUBLIC HEARING AND SPECIAL MEETING

January 2, 2018

**To be held at
the Johnston County Board of Commissioners' Meeting Room,
Johnston County Courthouse,
207 E. Johnston Street, Smithfield, NC 27577.**

Call to Order

Approval of Agenda

Public Hearing :

- 1. Economic Development Incentive NCGS 158-7.1 (a):** Penn Compression Molding is requesting an economic development incentive grant to assist with the expansion of its production facility in the Town of Smithfield.

Adjourn



Request for City Council Action

Public Hearing **Economic Development Grant**
Date: 01/02/2018

Subject: Economic Development Incentive Grant
Department: 4410: Non-Departmental (Economic Development)
Presented by: Chris Johnson (Johnston County Economic Development)

Presentation: January 2nd at 10:00 in the Johnston County Board Chambers in the Johnston County Court House

Issue Statement

Staff is proposing that Council considers offering a grant for improvements/increased tax base to be issued to a current Smithfield business as the result of their proposed plant expansion. This is a competitive site location process between Smithfield and another city/state. Johnston County is considering the same.

Financial Impact

Under the proposed scenario, if the business were to improve as they have stated, the Town would grant the business a 50% return of their taxable revenue improvements for a three year period. Thus, the Town would realize additional tax revenue and experience no loss. The grant would not be given until the company has paid their annual ad valorem tax on the new investment, thus there is an automatic protection to the Town and County as well.

Action Needed

Council approval to award the proposed grant.

Recommendation

Staff recommends awarding the proposed grant as outlined.

Approved: City Manager City Attorney

Attachments:

1. Staff Report
2. Letter of Request
3. Resolution and Project Summary



Staff Report

**Public
Hearing** **Economic
Development
Grant**

A company intends to expand production facilities and hire a substantial number of new, permanent full-time employees to work there. The company has proposed the expansion in Smithfield in exchange for certain economic incentives in the form of annual cash grants paid from general Town funds over the next three years. The Town of Smithfield believes this project will help stimulate the local economy, result in new taxable capital investments in real and personal property, and the creation by the company of a substantial number of new, permanent jobs in the Town. The Town Council will solicit public comment on the proposed incentives at the public hearing. It is the preliminary intention of the Town Council to approve the grant of these incentives to the company in exchange for the company's commitments to (1) operate the expanded facilities, (2) create a substantial number of new, permanent full-time jobs and (3) invest in taxable real and business personal property additions that will return property tax revenues substantially in excess of the Town's investment. The cash grants are contingent upon, among other things, the company's entry into a local economic development agreement with the Town containing the obligations and agreements of the company and the Town.



COMPRESSION 309 Components Drive Smithfield, NC 27577
MOULDING, INC. (919) 934-5144 FAX (866) 389-1697 www.PennCompression.com

December 11, 2017

Dear Mayor Moore :

Penn Compression Moulding Inc. has been considering expansion at multiple locations including our locations in Smithfield, NC and Irwin, PA. We have been in discussion with Johnston County to make the expansion in Smithfield more attractive. We are requesting that the Town of Smithfield offer similar or same grant possibilities as Johnston County.

Respectfully,

A handwritten signature in black ink that reads "Daniel Leslie". The signature is written in a cursive, flowing style.

Daniel Leslie
President & CEO

RESOLUTION # 614 (01-2018)
TOWN OF SMITHFIELD TOWN COUNCIL
AUTHORIZING INCENTIVES FOR ECONOMIC DEVELOPMENT

WHEREAS, Penn Compression Moulding, Inc. (the Company) has planned to expand its industrial and commercial operations (Facility) in the Town of Smithfield in exchange for the grant by the Town of certain economic incentives set forth below and in the Project Summary attached to this resolution (the Incentives);

WHEREAS, North Carolina General Statute 158-7.1(a) authorizes the Town to make appropriations to aid and encourage the location of manufacturing enterprises, industrial and commercial plants within the Town of Smithfield and other purposes which will increase the population, taxable property and business prospects of the Town; and

WHEREAS, the Town Council has determined that granting the Incentives in exchange for the commitment of the Company to expand and operate the Facility in the Town of Smithfield would be beneficial to the Town's efforts to increase economic opportunities for its residents, its population, *ad valorem* tax revenues, sales tax revenues, and business prospects in general, including the creation of a substantial number of jobs; and

WHEREAS, the Town Council has, pursuant to the notice and hearing requirements of North Carolina General Statute 158-7.1, held a public hearing to consider whether to grant the Incentives in exchange for the commitment of the Company to locate and operate the Facility in the Town of Smithfield on terms not materially inconsistent with the Project Summary attached to this resolution (the Summary);

NOW THEREFORE, I, M. Andy Moore, Mayor of the Town of Smithfield along with the Members of the Smithfield Town Council:

Authorize the Mayor and, alternatively, the City Manager, to enter into an economic development agreement on behalf of the Town of Smithfield for the Town to grant Incentives on terms not materially inconsistent with the Summary in exchange for the commitment by the Company to (1) invest \$2.5 Million Dollars (\$2,500,000) in real and personal property for the construction and outfitting of the Facility, (2) employ approximately 30 new full-time workers to operate the Facility, and (3) operate the Facility and employ that number of full-time workers to do so for a term not less than three (3) years.

Adopted this the ____th day of January, 2018.

M. Andy Moore, Mayor

Shannan L. Parrish, Town Clerk

PROJECT SUMMARY

COMPANY – TOWN OF SMITHFIELD January 2018

- Schedule: Grant Year 1 – 2020
Grant Year 2 – 2021
Grant Year 3 - 2022

- The Project
 - The Project consists of a new manufacturing facility of approximately 30,000 square feet for molding of thermoset composites compounds, with full support including finishing, subassembly, and tooling. The Project will be developed on the company's existing property located 309 Component Drive in the Town of Smithfield, Johnston County, North Carolina with a total investment of \$2.5 million. The company expects the project to require the creation of 30 net new jobs.

- Investment by Company
 - Net New Capital Investment for the Project of \$2.5 million
 - 30 net new full-time employees hired for the Project with an entry level salary of \$25,000 with benefits
 - Retention of those facility improvements, business property and net new jobs counts through Grant Year 3

- Other Incentives for Completion and Operation of Investment by Company
 - Payment and performance of incentives by The Town of Smithfield are conditional on Company not being in default of any obligation to Town, including the taxes and contracts
 - Company to begin its receipt of monetary incentives in Grant Year 1.
 - Incentives for investment in business property improvements are cash payments for 3 years equivalent to \$2.85 per \$1,000 in assessed value of business property on January 1 of the year immediately preceding Grant Year 1
 - Incentives for investment in real property improvements are cash payments for 3 years equivalent to \$2.85 per \$1,000 in assessed value of improvements on January 1 of the year immediately preceding Grant Year 1

- Incentives for investment in business property and real property will be adjusted for then-current economic trends in the Town of Smithfield, correlated dollar for dollar to changes in the Town's *ad valorem* tax rate.