

The Smithfield Town Council met in special session on Tuesday, January 2, 2017 at 10:00 am. in the Johnston County Board of Commissioners' Meeting Room, Johnston County Courthouse located at 207 E. Johnston Street, Smithfield, NC 27577, Mayor M. Andy Moore presided.

Councilmen Present:

Emery Ashley, Mayor Pro-Tem
Marlon Lee, District 1
David Stevens, District 2
Travis Scott, District 3
Dr. David Barbour, District 4
John A. Dunn, At-Large
Stephen Rabil, At-Large

Administrative Staff Present

Michael Scott, Town Manager
Tim Kerigan, Economic Development Liaison
Shannan Parrish, Town Clerk
Stephen Wensman, Planning Director

This meeting was held in concurrence with the Johnston County Board of Commissioners

Mayor Moore called the meeting to order at 10:10 am.

Approval of Agenda:

Councilman Ashley made a motion, seconded by Councilman Rabil, to approve the agenda as submitted. Unanimously approved.

Public Hearing:

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

Councilman Lee made a motion, seconded by Mayor Pro-Tem Scott, to open the Public Hearing. Unanimously approved.

Johnston County Economic Development Director Chris Johnson addressed the Johnston County Board of Commissioners and the Smithfield Town Council on economic development incentives for the expansion of Penn Compression Moulding. Mr. Johnson explained the project consisted 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.

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. 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 thirty new, permanent full-time jobs and (3) invest \$2.5 million in net 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.

Town of Smithfield Economic Development Liaison Tim Kerigan expressed his appreciation to Johnston County for the partnership opportunity.

Mr. Kerigan explained that the 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 and 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.

Mr. Daniel Leslie, owner of Pen Compression Moulding, stated this was the biggest investment of the company. He expressed his appreciation to Johnston County and to the Town of Smithfield for their support on this expansion.

Mayor Moore asked if there were any comments from those in attendance that would like to speak on the matter. There were none.

Councilman Dunn made a motion, seconded by Councilman Rabil, to close the Public Hearing. Unanimously approved.

Councilman Ashley made a motion, seconded by Councilman Rabil, to approve Resolution # 614 (01-2018) authorizing incentives for economic development. Unanimously approved.

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 Town 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 2nd day of January, 2018.

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.

Adjourn:

Councilman Dunn made a motion, seconded by Councilman Ashley, to adjourn the Special Meeting. Unanimously approved.

The meeting adjourned at approximately 10:17 am.

ATTEST:

Shannan L. Parrish, Town Clerk




M. Andy Moore, Mayor