

**MINUTES OF CLOSED SESSION
CITY COUNCIL – CITY OF SANFORD
May 11, 2005**

Upon a motion duly made, seconded, and carried in the May 11, 2005, open session of the Law and Finance Committee meeting, the Council went into closed session in accordance with N.C.G.S. 143-318.11(a)(4) to discuss matters relating to location or expansion of industries or other business in the area served by the public body.

The following people were present in the closed session:

Mayor Winston C. Hester	Council Member Philip Dusenbury
Council Member Clawson Ellis	Mayor Pro Tem Joseph Martin
Council Member Cornelia Olive	Council Member Linwood Mann Sr.
Council Member James G. Williams	Council Member Walter McNeil, Jr
City Manager Leonard Barefoot	City Attorney Susan C. Patterson
City Clerk Bonnie D. White	
Lee County Economic Development Director Bob Heuts	

Mayor Hester called the meeting to order.

Lee County Economic Development Director Bob Heuts advised Council that City Attorney Susan Patterson and he have had several discussions with Attorney Ernie Pearson of Sanford-Holshouser Law Firm regarding the City's economic incentive policies, and Council will probably see changes forthcoming.

Mr. Heuts explained that there are two existing businesses proposing expansions and are requesting grants from the City and County. Magneti Marelli is requesting an economic development incentive grant from the City and County. Over the last four to five years, the company has experienced a lot of adjustments in the automotive industry, and they are getting into other things. They propose \$2 million in investments in new equipment for a plastic molding facility which would be a new venture; the building would not be expanded. Mr. Heuts did not know if it meant any new jobs; he is hoping it will keep the jobs here in Lee County and not move the industry to another state. The total amount of the grant would be \$47,601 which would be paid over a period of five years, unless the grant is forward funded. The City's portion would be \$21,672, and the County's portion \$25,929. The grant is calculated based on the tax value on the books at January 31, 2006. If Magneti Marelli does not pay the taxes in that amount, they do not get that amount in their grant. The policy is designed for Magneti to pay in taxes double the amount of grant we give them. There will have to be a public hearing on the incentive grant.

Challenge Printing located in Broadway is also requesting a grant. They employ around 25 people. They print pharmaceutical labels for medicines and sheets on directions about the medicines. This project is looking at possibly moving to Holly Springs. The plant manager lives in Cary and would like to get home quicker. They want to be more convenient for customers to find them. They are looking at moving to the Industrial Park, or to SouthPark,

where Van Groce will consider constructing a building for them. There will be 25 people working and \$2 million in assets (new building and new equipment). The improvements will be a 30,000 sq. ft. building and \$1.5 million in equipment over what they have today. If they locate in SouthPark, they will be taxed by the City when they are in their new facility. Mr. Heuts added that the reason he is interested in seeing the City participate is that the company's other option is Western Harnett Industrial Park. Our incentive policy is at the low end for what communities are doing for new businesses. The owners of Challenge Printing have not decided on a location yet. Mr. Heuts would like to let them know the City and County will do something for them. The total amount of the grant would be \$64,913 which would be paid over a period of five years, unless the grant is forward funded. The City's portion would be \$29,554, and the County's portion \$35,359. A public hearing will be held for this project also.

Upon motion of Council Member Walter McNeil, Jr., seconded by Council Member Phil Dusenbury, the Council came out of closed session and returned to open session.

Respectfully submitted,

Winston C. Hester, Mayor

Bonnie D. White, City Clerk