

**MINUTES OF CLOSED SESSION
CITY COUNCIL – CITY OF SANFORD
June 19, 2007**

Upon a motion duly made, seconded, and carried in the June 19, 2007, open session of the City Council's meeting, the Council went into closed session in accordance with N.C.G.S. 143-318.11(a)(4) to discuss matters relating to the location or expansion of industries or other businesses in the area served by the public body.

The following people were present in the closed session:

Present:

Mayor Cornelia P. Olive	Council Member Joseph Martin
Mayor Pro Tem Walter H. McNeil, Jr.	Council Member Stephen Brewer
Council Member Dan Harrington	City Attorney Susan C. Patterson
Council Member James G. Williams	Council Member Linwood S. Mann Sr.
City Clerk Bonnie D. White	Council Member Mike Stone
City Manager Hal Hegwer	
Lee County Economic Development Director Bob Heuts	
Lee County Economic Development Corporation Chairman John Daniels	

Mayor Olive called the closed session meeting to order.

Lee County Economic Development Director Bob Heuts informed Council that he has spoken with George Perkins of Frontier Spinning, LLC, located on U. S. Highway 421 West, and they are planning an expansion that will cost approximately \$20 million (\$4 million in real estate and \$16 million in machinery) for yarn spinning capacity consisting of a building to be constructed containing 70,000 sq. ft. The expansion would add an additional 40 employees. The plant currently has 600,000 square feet and employs 350 plus employees.

Three locations are being considered for the expansion; Sanford is one location, along with Elmore City, Alabama, and Rockingham County, located above Greensboro. They have plants in both locations.

They have hired site consultants known as Development Advisors. Mr. Heuts stated that the State of Alabama is very aggressive with incentives. Rockingham County has Duke Power, and they have lower rates than Progress Energy. They are a Tier 1 County in the Development Zone. They can get \$12,500 tax credits for every job created, and it is state money.

Mr. Heuts explained that the \$12,500 advantage versus \$5,000 tax credits in Lee County as Lee County is a Tier 2 County. Rockingham County is offering 80 percent rebate in grant funds over a five-year period on their property taxes. They would pay 100 percent of their property taxes and get 80 percent back in taxes over the five-year period.

The Economic Development Corporation has met and discussed this issue. They are recommending that the City of Sanford and Lee County offer Frontier Spinning LLC, 70 percent incentives in grant funds over a five-year period; historically we offered 50 percent. Several

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years ago, the incentives policy was changed and they go on a case by case basis because they need the flexibility to work with companies. The company has to meet the average or exceed the average manufacturing wage of \$15 per hour and they meet the requirements.

Mayor Pro Tem McNeil asked how it will impact the neighbors, because they were upset when the company previously located there. Mr. Heuts stated the building would be built to the end of one of the existing buildings.

Chairman John Daniels of the Lee County Economic Development Corporation explained that they already have a pad for another building. He stated that Mr. Perkins talked with him, and there is a sense of urgency because Mr. Perkins has signed a contract to deliver the goods. Mr. Daniels advised that it is well worth considering. They met with the County yesterday and they have agreed to hold a public hearing on July 9.

City Manager Hal Hegwer advised that he has met and talked with Public Works Director Larry Thomas and there could be a possibility of applying for some grant monies through the Rural Center that pays for \$10,000 per job created. He also stated there maybe the possibility of them using reuse water.

Mr. Heuts advised that the City's portion would be approximately \$238,854 over a five-year period. He wants Lee County to be considered a very aggressive community. Mr. Heuts and Mr. Daniels requested to hold a public hearing on July 3.

Mayor Olive asked for the consensus of council if it was okay to schedule a public hearing on the grant funds on July 3. Council was in agreement.

Council Member Linwood Mann made the motion to go out of closed session and back into regular session. Seconded by Council Member Joseph Martin, the motion carried unanimously.

Respectfully submitted,

Cornelia P. Olive, Mayor

Bonnie D. White, City Clerk