

MINUTES OF CLOSED SESSION
Law and Finance Committee Meeting
City of Sanford – December 9, 2009

Upon a motion duly made, seconded, and carried in the December 9, 2009, open session of the of the Law and Finance Committee meeting, the Council went into closed session in accordance with N.C.G.S. 143-318.11(a) (1) and (4) to discuss matters relating to the location or expansion of industries or other businesses in the area served by the public body and to prevent the disclosure of information that is privileged or confidential

Mayor Cornelia P. Olive	Council Member Linwood S. Mann, Sr.
Mayor Pro Tem Mike Stone	Council Member Walter H. McNeil, Jr.
Council Member Charles Taylor	City Manager Hal Hegwer
Council Member L. I. (Poly) Cohen	City Attorney Susan C. Patterson
Council Member Sam Gaskins	City Clerk Bonnie White
Council Member James G. Williams	
Lee County Economic Development Director Bob Heuts	

Item #1

Lee County Economic Development Director Bob Heuts explained that he has not taken this request before the EDC Executive Board or the EDC Committee. Parkdale has operated in Lee County up until about a year and a half ago in three buildings. They sold two of the buildings and kept one of them. They moved the antiquated machinery from the two buildings and left the equipment in the one building. There are three options: one - they can turn the switch on and operate now and hire sixty people; two – they can take out the old equipment and replace it with \$2.5 million of equipment of new equipment; or three - leave Sanford and go to Georgia or Alabama. They have purchased the Hanesbrand building and have discussed the possibility of putting in \$50 to \$70 million of equipment in that building and add 120 jobs in the future.

Mr. Heuts said that they are asking about the possibility of receiving incentives for \$2.5 million of new equipment, which would be 50 percent over a five-year period. The total for the City would be \$25,000. We do not pay the incentives until the equipment is on the tax books and Parkdale has paid their taxes. He stated that it is a small project and not a lot of money; however, it would create sixty new jobs. Mr. Heuts added that he is working with the Department of Commerce to seek grant and tax credit monies.

Mayor Pro Tem Mike Stone said he had heard they have moved the equipment from the Hanesbrand building to the Parkdale building and that is not new equipment. Mr. Heuts explained that the equipment could leave the Hanesbrand building and go somewhere else out of state. Council has the flexibility to do whatever it wants. Mr. Heuts stated that he would like to see what we can do to help them and have a better chance when they look at the larger project of expanding. Mayor Olive added that some of the equipment will be used because the equipment is only two years old in the Hanesbrand building.

Council Member McNeil stated that we are getting 50 percent of something plus sixty jobs; we are getting nothing now. Mayor Pro Tem Stone said that Parkdale is taking machinery out of the Hanesbrand building and putting it in the Parkdale building and getting tax credits. Mr. Heuts replied

that they cannot get tax credits for being in that building because there are no UPZ tax credits because it is not located in the zone.

Council Member Williams said they could take the machinery out and take it to Alabama and the City gets nothing. Mr. McNeil said it was a month ago that we were crying over Hanesbrand leaving and taking the jobs away and now we are complaining about Parkdale asking for incentives.

Council Member L. I. (Poly) Cohen added that Mayor Olive and Mr. Heuts went and talked with Parkdale to try and keep the company here. Mr. Andy Warlick said Sanford is the ideal place because of the proximity to the state. He likes the idea of being in Sanford except for the utility rates. Mayor Olive said that Duke Power is raising its rates and that will make it more competitive for us because Progress Energy is happy with its rates. Mr. Cohen added that utility costs are about 25 percent of operational costs.

Mr. Heuts was seeking a consensus from Council whether to advertise a public hearing for incentives in January. He has to talk to his board and to Lee County. Mr. Heuts explained that if the equipment has already been moved to the building, he will not start the process. If they start the operation here now and hire sixty people, maybe in three to five years, the whole operation will move here.

It was the consensus of Council to hold a public hearing if the EDC board concurs with the request and equipment has not been moved into the building. Mr. Heuts reiterated that we do not pay them anything unless we know that value has been placed on the tax books and their taxes have been paid. Mr. Stone asked Mr. Heuts to let Council know if the public hearing is going to be held.

Mr. Heuts also added that the EDC Board is recommending to change the policy and throw out the criteria so that the EDC board can work with businesses to look at the value they would bring to this community.

Respectfully submitted,

Cornelia P. Olive, Mayor

Bonnie D. White, City Clerk

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