

**MINUTES OF CLOSED SESSION**  
**City Council Meeting**  
**City of Sanford – February 1, 2012**

Upon a motion duly made, seconded, and carried in the February 1, 2012, open session of the of the City Council meeting, the Council went into closed session in accordance with N.C.G.S. 143-318.11 (a) (4) and (3) to discuss matters relating to the location or expansion of industries or other business in the areas served by the public body and to consult with an attorney employed or retained by the public body in order to preserve the attorney-client privilege.

Mayor Cornelia P. Olive	Council Member Walter McNeil
Mayor Pro Tem Sam Gaskins	Council Member Jimmy Haire
Council Member Charles Taylor	Council Member Rebecca Wyhof
Council Member L. I. (Poly) Cohen	City Clerk Bonnie White
City Manager Hal Hegwer	City Attorney Susan C. Patterson
Lee County Economic Development Director Bob Heuts	

**Absent:**

Council Member James G. Williams

**Item #1**

Mayor Olive called the meeting to order. Lee County Economic Development Director Bob Heuts informed Council that Cloverleaf Cold Storage/Farmers Produce has bought the former Imperial Freezer Building in Sanford. They plan to add 40,000 square feet for the processing facility and 65,000 square feet of freezer space. Farmer's Produce is a processing company with contracts with Smithfield for pork, chicken, and turkey processing. There is no killing of animals at the plant. Imperial Freezer will freeze and store the product and Farmer's Produce is the processing part. They will ship the final product out from the plant and a lot of the meat is shipped overseas. Cloverleaf has fifteen different locations throughout the United States. They own two different plants in North Carolina – one in Benson and one in Sanford. Sanford's competition is Chesapeake, Virginia, because it is located on the east coast. That site does not require any infrastructure improvements. This company is looking at Sanford because they bought the Imperial Freezer building. They will be making some road improvements. They will also relocate some rail sidings and some water and sewer lines.

Council Member Taylor asked if any of our farmers in the area work with this group. Mr. Heuts replied no. The Department of Commerce is working on this project and they met this morning. The plants in Siler City, Mocksville, and Pittsboro are dead. The chicken business has not been good because of the price of corn, gas, etc.

This company will be investing approximately \$12 million in the project - \$9.8 million in real estate and \$2.3 million in machinery for processing.

Mr. Heuts said it will create 58 new jobs over a period of two years. The average pay rate will be \$22,519 a year. This is way below the manufacturing wage in Lee County; however, Cloverleaf

pays 80% of health and dental plans, contributes 5 percent of gross wages to a pension plan and they will have paid vacations.

Mayor Olive asked what percentage would fall into a wage category of \$22,000. Mr. Heuts replied that according to Josephus Thompson, Managing Director of Employment Security Commission Office in Sanford, there is about 6 percent that have some skills and can work in a facility like this. They will have benefits such as health and dental insurance and 5 percent contributed to a retirement fund.

Council Member Taylor stated that people can draw a maximum of \$550 a week on unemployment and they work on the side doing other jobs making clear money. They do not want to work anywhere else when they can receive this type benefit. Mr. Hegwer added that with this plant, they will have healthcare.

Mr. Taylor asked what leverage we could have to tie in to incentives with local chicken farmers. Mr. Heuts replied that we have not had that as part of a contract. This company would be dealing with Smithfield and Townsend Pride. They make the deals with processing facilities.

Mr. Heuts informed Council that they had an IMPLAN Impact Study performed by Dr. Jim Klecley, from East Carolina University, to see what the impact would be if the company located here. The study revealed that the anticipated addition of 30 employees to Cloverleaf will create a total of 40 jobs in Lee County and the surrounding counties, with the majority of them being in Lee County. This addition in employment will generate \$1.14 million in labor income, \$1.48 million in value added, and \$2.11 million in output generated in the county and surrounding counties.

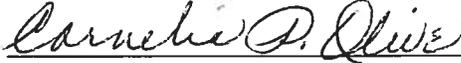
He added that in 2013, the addition of another 28 jobs (bringing the total to 58) will have a total employment impact of 77 jobs in the Lee County area. These 77 jobs will generate \$2.15 million in labor income, \$2.8 million in value added, and \$4.06 million in output. Mr. Heuts stated that the wages do not meet the 2011 3J Wage Standard for Lee County.

Mr. Heuts said that the Lee County Economic Development Executive Board recommends incentives of 50% percent over a five-year period which the City's portion would be \$148,901 and the County's portion would be \$206,807. The company has to make the investment and pay the taxes up front before a check can be written for the incentives. If they do not have all the investments on the books, they will pro-rate the figure.

Mr. Heuts explained that the City is applying for a \$290,000 grant from the North Carolina Rural Center for the site improvements that are estimated at \$600,000. The City would apply for the grant. There would be no cost to the City, just handling of the paperwork. The company will front the 5 percent local match that is required. Hopefully, a local company will be doing the site work.

[City Council Closed Session Minutes  
February 1, 2012 Item #1]

Mr. Heuts said that he needs the Council's consensus to hold a public hearing on Tuesday night for the incentives. Council was in agreement.

  
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Mayor Cornelia P. Olive

  
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City Clerk Bonnie D. White

In closed session on July 31, 2013, Council Member James Williams made the motion to approve and release these minutes. Seconded by Council Member Poly Cohen, the motion carried unanimously.

Minutes were approved and released on August 6, 2013.