

May 24, 2010  
Board of Commissioners Meeting

The Duplin County Board of Commissioners met in Regular Session on Monday, May 24, 2010 at 9:00 a.m. in the Commissioners Room, County Administration Building (224 Seminary Street), Kenansville, North Carolina.

Present: Chairman Cary Turner, Commissioners David Fussell, Frances Parks, Harold Raynor, and Reginald Wells

Also Present: Mr. Mike Aldridge, County Manager; Ms. Paige Marshburn, Administrative Officer, Ms. Wendy Sivori, County Attorney and Ms. Teresa Lanier, Finance Officer

Absent: Commissioner Zettie Williams

Ms. Heather Beard, Economic Development, appeared before the board to introduce the public hearing by saying that over the last year Guilford East has been making decisions regarding consolidation and expansion. The expansion will require extension of a natural gas line to their facility. They have worked very diligently to obtain funding to cover the cost of the extension. Guilford has received \$880,000 from The Rural Center, \$500,000 from The State Industrial Development Fund and \$20,000 from The Eastern Region. The purpose of this public hearing is to discuss a county economic development and the terms related to the incentive as described in the economic development agreement with Guilford. The \$115,000 incentive will be used by the company for the construction of the gas line. The expansion will create a minimum 64 new jobs at Guilford within a two year period.

Mr. Fussell: How are these amounts proposed?

Heather: Calculated and spread out over five years of taxes. The taxes will be put in the gas line now but they would not receive a portion of their taxes back.

Mr. Fussell: Out of our general fund, the county will be putting in \$90,000 and Economic Development will put in \$25,000.

Heather: The other part of this public hearing is the agreement that has been drafted. The company has made a few changes and Wendy has not had time to make this final. So when we vote today, you will be looking at a draft copy only. The other thing is that the company would like to go ahead and do everything today even though there are a couple of things pending.

Fussell: From what you just told us there is going to be \$1,400,000 given from the state and \$115,000 from the county which is a total of \$1,515,000. This is total tax monies that would be contributed toward this gas line. What is the total cost of the gas line?

Heather: The total cost of the gas line is roughly \$2.4 million and obviously the other part is what Guilford has to put into the project. Guilford's contribution will be \$885,000.

Commissioner Wells: Questioned on page 4 of the draft where it says In Witness Whereof, the parties have executed this Agreement the same having been approved by the respective governing bodies of the Town and Sheriff as of the date first-above written.

Heather: I don't know why this says this, but we can have it removed. Like I said, this is only a draft.

Fussell: You mentioned something about a \$500,000 tax cost.

Heather: That is something separate that relates to the natural gas line agreement and this will be discussed at a later date and time. It is part of the project but is separate from the incentive part which we are talking about now.

Turner: As of now, any action we take, does not bind us on this.

Fussell: Why was this a concern?

Heather: Do you mean the tax part? It is something that we will have to talk about once the board has had a chance to go through everything with the Board of Education. We knew the BOE budget and lawsuit was a high priority with you at this time.

Fussell: Regardless of what the Board of Education does, we do not have the \$500,000. So what would happen? Do we need to address this issue right now?

Heather: I would say not right this second, but my conversation with you last Friday; we would address the tax issue once everything gets resolved from that issue. It was my understanding that was the reason you did not want to talk about it at this point because you didn't know how all the issues were going to work out with the board of education. My discussion with you was that the \$500,000 does not have to be done all at one time and could be spread out over a 10 year period. It was my understanding there is no flexibility until you know what it going to happen.

Fussell: Does Guilford East know they are probably going to be responsible for the tax and not the county?

Heather: We have discussed it but not in big detail because we have not had an opportunity to discuss with the board to see if this is going to be definite or not.

Fussell: I think from Guildford's point, they need to realize, with the restraints we have that's probably a definite. I can't speak for the board, however.

Parks: I think that's the reason why we need to work under Heathers supervision and take this process in steps until we get to that point.

Heather: That's completely up to you. We talked about on Friday and it is a concern and something we need to address.

Wells: I hope we can work together. We need to continue our relationship with Guilford and what we talked about on Friday.

Turner: We are looking at 88 new positions.

Heather: That's right. Sixty four new county employees and twenty four transfer positions from other plants.

Wells: More jobs for the county sounds like a positive direction to me.

The public hearing began at 9:12 a.m.

Mr. Lee, Woodard, Guilford East, Management team in Wallace, appeared before the board to thank the board as well as Heather for all the hard work in helping secure grant funding for the gas line. It is incredibly important to our business that we have this capability. We believe the new gas line is going to be a mutual beneficial endeavor for both of us. Guilford is in a very competitive industry. The gas line strengthens our competitive position significantly and allows us to continue to grow.

Mr. Win Batten: Is the Greensboro operation closing?

Mr. Woodard: That facility is predominantly a lamination facility. The lamination portion will be what creates the new jobs and the laminator's use natural gas.

Mr. Batten: Where will the gas line come from?

Ms. Becky Cherry: It will run down the main road from a main line in the Kenansville area about 13 miles.

Mr. Fussell: Will other companies be able to tap into it?

Heather: Some capacity for other operations. Not a tremendous amount, however.

Mr. Fussell: Asked Teresa if after adding back in the figures in the budget as talked about what our present fund balance is?

Teresa: I have some calculations to go over.

Mr. Fussell: What would this \$90,000 do to it?

Teresa: Reduce your current appropriations by that amount.

Mr. Jimmy Dixon: What immediate expenditure would be required by the board to facilitate this project?

Heather: \$90,000

Mr. Jimmy Dixon: Is that in future tax credits or actual expenditure of money now.

Heather: It will need to be paid now but will be based on the tax that the company will be paying for the new investment over the next five years.

Mr. Jimmy Dixon: Questioned the \$500,000 and sending out a supplemental tax bill to Guilford for their 08/09.

Heather: It is an income tax based on the natural gas line being constructed. The county will own the gas line for a period of years and then it will be transferred to Piedmont Natural Gas. This is an agreement that has to be signed but before it can be signed, the income tax of the portion of the line that the county owns has to be paid to Piedmont because it is by statute that Piedmont has to pay the taxes and the customer, which will be the county, has to pay Piedmont back. This total is \$500,000. This has nothing to do with board of education supplemental tax issue.

Mr. Win Batten: The grant from NC Region is \$20,000. North Carolina Eastern Region has \$1 million available for loan. You could probably get a \$90,000 loan at 3.5% interest. This might be a valuable solution for the funding needed at this point.

Commissioner Turner: Any more questions from the citizens?

With no further comments, the public hearing was called to a close at 9:25 a.m.

Heather: With that being said I need to request approval for the performance agreement after, Wendy makes modifications working with Guilford to get that finalized, and approval for the chairman to sign the document, once it is finalized. Then we will need your final approval to be finished on this project. The second item that needs approval is the \$115,000 incentive for Guilford. Economic Development is supporting \$25,000 from their budget and \$90,000 is needed from the county.

Motion was made by Commissioner Wells, seconded by Commissioner Parks.

Commissioner Fussell: Who is responsible to pay the Federal and State on this \$500,000 tax on the gas line? If the county is the owner of this line, are we responsible to come up with this \$500,000 or will it be Guilford East?

Heather: Somebody has to pay the taxes on. It was my understanding that I would be able to have discussion with the commissioners before any decision on this is made.

Commissioner Fussell: Disagreed with Heather, this was part of the package. The county cannot come up with the \$500,000. Guilford needs to know this before they make a commitment.

Heather: When I talked with you on Friday, I explained that it does not have to be a one time payment of \$500,000. This could be spread over a 10 year period. If you choose to not do this, you need to be aware of the high risk of losing not just the expansion but we could lose it all.

Commissioner Fussell: Is Guilford expecting the county to pay the \$500,000 or are the willing to pay for it?

Heather: They are not going to pay for it.

Commissioner Fussell: So if we vote now, we are talking about \$500,000 and not \$90,000.

Commissioner Turner: If this is over a 10 years, with interest it \$75,000.

Motion was made by Commissioner Fussell to table voting on this until the board of commissioners hears back from the board of education. Motion failed for lack of a second.

Commissioner Wells called for the question of the original motion and to include the associated budget amendment for \$90,000 Commissioner Parks, Turner, Raynor and Wells voted for. Commissioner Fussell voted against. Motion carries 4 to 1, thus approving BA# 224.

Heather: We are just approving the \$115,000 now and will come back later for the other.

## **BUDGET SESSION**

Mr. Aldridge appeared before the board to say that the school board appropriation is in the budget at the same rate as we have it this year's budget until we hear otherwise.

Commissioner Fussell put in a letter to the editor stating the four options to pay the \$4.8 million lawsuit. He state that the majority of people that responded back to his letter preferred that the board put out a bond issue for the vote of the people rather than do a supplemental tax.

Commissioner Turner has a problem with not receiving defined instructions from the court system on how and when to the \$4.8 million is to be paid.

Mr. Tim Smith responded there are not any options in this lawsuit. The board has been to court, and the court system has worked exactly like it was suppose to. The judgment is against the county for \$4.8 million and if the county does not respond to this lawsuit in some form, the board of education could take it back to court asking for their money again. The fact is that the county owes this money to the board of education and no further instructions from the court system are needed.

Commissioner Wells left the meeting.

Commissioner Parks questioned Mike if the budget will change if the board of education comes back with a decision that changes the budget.

Mike responded yes, it that is the wishes from the board. But you know it is going to increase the cost by about 1.2M. So then the question is where will that money come from? And answering my own question would be from the fund balance.

Commissioner Fussell said yes, it would come from the fund balance.

Motion was made by Commissioner Parks, seconded by Commissioner Raynor, carried unanimously, to adjourn until June 7, 2010 at 6:30 p.m. at the Ed Emory Auditorium Extension Service, 165 Agriculture Drive, Kenansville, North Carolina.

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Clerk