

FORSYTH COUNTY
BOARD OF COMMISSIONERS

REVISED
ITEM

MEETING DATE: MARCH 23, 2015 AGENDA ITEM NUMBER: 3-AB&C

- SUBJECT:**
- A. PUBLIC HEARING TO CONSIDER THE EXPENDITURE OF COUNTY GENERAL FUNDS FOR AN ECONOMIC DEVELOPMENT PROJECT TO AID AND ENCOURAGE KERATIN COSMETIC SCIENCES, LLC (KCS) TO LOCATE A HAIR CARE PRODUCT LAB AND MANUFACTURING OPERATION TO WHITAKER PARK IN FORSYTH COUNTY AND AUTHORIZING EXECUTION OF AN ECONOMIC DEVELOPMENT INCENTIVES AGREEMENT WITH KCS AND WPDA, INC. (WHITAKER PARK DEVELOPMENT AUTHORITY) TO FUND IMPROVEMENTS TO SPACE TO BE LEASED BY KCS**

 - B. RESOLUTION REVISING THE FORSYTH COUNTY ECONOMIC DEVELOPMENT PROGRAM BUSINESS ASSISTANCE GUIDELINES**

 - C. RESOLUTION AUTHORIZING THE EXPENDITURE OF COUNTY GENERAL FUNDS FOR AN ECONOMIC DEVELOPMENT PROJECT TO AID AND ENCOURAGE KERATIN COSMETIC SCIENCES, LLC (KCS) TO LOCATE A HAIR CARE PRODUCT LAB AND MANUFACTURING OPERATION TO WHITAKER PARK IN FORSYTH COUNTY AND AUTHORIZING EXECUTION OF AN ECONOMIC DEVELOPMENT INCENTIVES AGREEMENT WITH KCS AND WPDA, INC. (WHITAKER PARK DEVELOPMENT AUTHORITY) TO FUND IMPROVEMENTS TO SPACE TO BE LEASED BY KCS**

COUNTY MANAGER'S RECOMMENDATION OR COMMENTS:

SUMMARY OF INFORMATION:

ATTACHMENTS: YES NO

SIGNATURE: _____ DATE: _____
COUNTY MANAGER

NOTICE OF PUBLIC HEARING

Notice is hereby given by Forsyth County that, pursuant to the provisions of N.C.G.S. 158-7.1, the Forsyth County Board of Commissioners will hold a public hearing during its Board meeting on Monday, March 23, 2015, at 6:00 p.m. in the Commissioners' Meeting Room on the Fifth Floor of the Forsyth County Government Center located at 201 N. Chestnut Street, Winston-Salem, N.C. on a proposal to appropriate and expend County funds for an economic development project to aid and encourage Keratin Cosmetic Sciences, LLC to locate a hair care product lab and manufacturing operation at Whitaker Park Building, 630-2 on Shorefair Drive, Winston-Salem, N.C. in Forsyth County. The Forsyth County Board of Commissioners intends to consider entering into an economic development incentives contract with WPDA, Inc. (Whitaker Park Development Authority) to fund improvements to space to be leased by Keratin Cosmetic Sciences, LLC in a proposed amount not to exceed \$200,000 from available revenues in the County General Fund over a five-year period. This proposed economic development incentives contract is based upon and contingent upon a capital investment in equipment by Keratin Cosmetic Sciences, LLC at the Whitaker Park Building location of at least \$824,560 and its creation of 56 net new full-time or full-time equivalent jobs with an average wage of \$40,161 per year, plus full benefits, over a five-year period. Keratin Cosmetic Sciences, LLC will lease lab and manufacturing space from WPDA, Inc. and the economic development funds will be used to reimburse WPDA, Inc. for improvements to the lease space, which have not been reimbursed by other sources. The lab space must be renovated and opened within twelve (12) months of Board approval and must continue to be used as below market rate lab space for at least ten (10) years. The County economic development funds will be combined with City economic development funds to match Golden Leaf Grant Funds. In the opinion of the Forsyth County Board of Commissioners, the WPDA, Inc. and Keratin Cosmetic Sciences, LLC project will stimulate the local economy, promote business, create new jobs, increase the property tax base and revenues therefrom, and increase business prospects of the County.

Forsyth County Board of Commissioners
Carla Holt, Clerk to the Board

**RESOLUTION REVISING THE FORSYTH COUNTY ECONOMIC
DEVELOPMENT PROGRAM BUSINESS ASSISTANCE GUIDELINES**

WHEREAS, pursuant to the authority provided in N.C.G.S. 158-7.1 and other applicable laws, the Forsyth County Board of Commissioners (Board) has appropriated funds for the purposes of aiding and encouraging the location of manufacturing enterprises, making industrial surveys and locating industrial and commercial plants in or near Forsyth County, and encouraging the building of railroads or other purposes which, in the discretion of the Board, will increase the population, taxable property, agricultural industries and business prospects of the County and stimulate the local economy, promote business, and the create new jobs in the County; and

WHEREAS, in 2005 and 2013 the Forsyth County Board of Commissioners updated its economic development guidelines to provide direction and guidance in the use of funds appropriated for economic development purposes, which guidelines need to be further updated consistent with the applicable law to better reflect the current economic conditions and business environment and to more effectively allocate these limited funds for economic development business assistance; and

WHEREAS, without creating any entitlement to incentives or assistance, the Forsyth County Board of Commissioners desires to revise the Forsyth County Economic Development Program Business Assistance Guidelines to include additional criteria for consideration by County staff in reviewing and evaluating and the Board in considering requests by businesses for County economic development incentives or assistance;

NOW, THEREFORE, BE IT RESOLVED that the Forsyth County Board of Commissioners hereby adopts the attached Forsyth County Economic Development Program Business Assistance Guidelines, as revised, which are incorporated herein by reference, for use in reviewing, evaluating and considering requests by businesses for County funds for economic development incentives or assistance.

BE IT FURTHER RESOLVED by the Forsyth County Board of Commissioners that the Forsyth County Economic Development Program Business Assistance Guidelines, as revised and adopted herein, do not establish any entitlement to receive incentives or assistance by any company or organization desiring to locate or expand within Forsyth County, and that the provision of any economic development financial or other assistance is strictly in the discretion of the Board.

Adopted this the 23rd day of March 2015.

PROPOSED REVISION TO THE
FORSYTH COUNTY ECONOMIC DEVELOPMENT PROGRAM
BUSINESS ASSISTANCE GUIDELINES

Section B of the Forsyth County Economic Development Program Business Assistance Guidelines is hereby amended by adding a section to be numbered B.4., which said section shall read as follows:

B.4. The County may consider providing incentives to a business regardless of whether the business meets the minimum eligibility criteria for incentives with respect to new capital investment, job creation, or wages and benefits, if the requested economic development incentive funds will serve as matching funds and be leveraged by economic development funds already identified by the State, other local governments, private foundations (such as Golden Leaf), or other entities which have been committed to the proposed project in Forsyth County.

**FORSYTH COUNTY
ECONOMIC DEVELOPMENT PROGRAM
BUSINESS ASSISTANCE GUIDELINES**

This document provides guidelines for distribution of funds appropriated pursuant to the provisions of N.C.G.S. 158-7.1 for the Forsyth County Economic Development Program for the purposes of aiding and encouraging the location of manufacturing enterprises, locating industrial and commercial plants in the County, and other purposes which will ultimately increase the Forsyth County tax base and create new, full time jobs. These purposes will be accomplished by two methods. One way will be by providing economic development financial assistance to selected businesses in order to attract target industry groups to the County. The second way will be by making economic development investments for the development of industrial, business or research & technology parks. All activities hereunder will be carried out consistent with the provisions of N.C.G.S. 158-7.1. When considering requests for assistance, the Board of Commissioners may, as the Board deems appropriate, waive or modify the eligibility requirements and/or formulas for assistance set forth herein. These guidelines set out by the Board do not establish an entitlement to receive incentives by any company that plans to locate or expand within Forsyth County. The provision of any economic development financial or other assistance is strictly at the discretion of the Board of Commissioners.

Guidelines for Economic Development Financial Assistance

A. Industrial, Business, Research and Technology Parks:

1. County economic development assistance may be provided for infrastructure costs including but not limited to site preparation., street and transportation facilities, extension of public utilities and other related improvements.
2. The County prefers to assist with the development of industrial, business, research, and technology parks being developed by local not-for-profit economic development organizations or governmental entities and other not-for-profit entities.
3. The amount of assistance will be determined on a project by project basis depending upon the availability of County funds.
4. County assistance, if any, for individual businesses locating in such a park will be reduced proportionately based on the County's per acre assistance for development of the park.

B. Businesses:

1. Minimum Eligibility Criteria

a. New Capital Investment

- i. New Business Location: \$ 3,000,000
- ii. Existing Business Expansion: \$ 1,500,000

b. Job Creation

- i. New Business Location - 25 new, full-time jobs within 36 months
- ii. Existing Business Expansion - 20 new, full-time jobs within 36 months.
- iii. The job creation requirement may be offset by greater capital investment.

c. Wages and Benefits

- i. Average Starting Wage - at least \$10.00 per hour and
- ii. Benefits including at least health insurance.

d. Consideration may be provided for firms which agree to employ a specified number of Work First participants or individuals re-entering the workforce on probation or parole.

2. County assistance will be based on the amount of new capital investment being made by the business. County assistance will not exceed the net new taxes paid by the business up to a limit of not more than five years.

3. The County may consider a longer payment period for businesses making capital investments of at least \$15,000,000 or creating at least 200 new jobs or which are in one of the County's targeted industry sectors and paying wages equal to or greater than the average for their sector.

4. The County may consider providing incentives to a business regardless of whether the business meets the minimum eligibility criteria for incentives with respect to New Capital Investment, Job Creation, or Wages and Benefits, if the requested economic development incentive funds will serve as matching funds and be leveraged by economic development funds already identified by the State, other local governments, private foundations (such as Golden Leaf), or other entities which have been committed to the proposed project in Forsyth County.

- C. Payment of County Assistance:
1. County assistance will be paid in annual installments beginning in the fiscal year in which the new capital investment becomes subject to the County property tax.
 2. Payment in any year will not exceed the County property tax levied and collected on the capital investment of the Company during the year of payment.
 3. County assistance will be provided only after capital investments and job creation requirements have been achieved by the business and satisfactorily documented to the County. Any business which is delinquent in its property tax obligation will not be eligible for County assistance.
 4. Failure to achieve investment and job targets established for the project will result in reduction of county payments and may require repayment of some or all County funds paid.
- D. Alternative criteria if minimum investment criteria is not achieved:
1. Location or expansion of corporate or divisional headquarters or a target industry business, and
 2. Minimum 100 new jobs, or
 3. 50 new jobs with average starting wage equal to or greater than the Forsyth County average wage (approximately \$15.20/hour).
 4. Maximum assistance: \$1,000 per job, not to exceed a total of \$300,000 per project.
 5. Paid in four annual installments beginning after the first year of operation or such other period as determined appropriate by Board of County Commissioners.
 6. Failure to meet job creation requirements within the specified period will result in reduction of County payment and/or repayment of some or all of the funds paid by the County.
- E. Business Retention: The County may consider providing assistance to businesses which are considering relocation out of Forsyth County beyond a reasonable commuting distance. At a minimum, the following conditions must be met:
1. Must be a target industry business, and
 2. Represent the potential loss of at least 100 jobs
 3. Pay must equal or exceed Forsyth County average wage and provide at least health benefits
 4. Competition must be verified
 5. Business must commit to stay in the County for at least five additional years, and

6. Must maintain or increase current employment for five years.
7. Assistance not to exceed \$1,000 per retained job with maximum assistance not to exceed \$300,000.
8. Assistance will be paid in four annual installments, or such other period as determined appropriate by Board of County Commissioners.
9. Failure to maintain the preexisting job levels in any year may result in no payment and/or the re-payment of previous county payments.

F. Target Industry Groups:

1. Medical Technology/Biotechnology/Medical R&D
2. Information Technology/Telecommunications/Customer Service Center
3. Plastics
4. Medical Products Fabrication
5. Electronic Assembly
6. Advanced Manufacturing
7. Distribution/Logistics
8. Design, Imaging and Film Related Technologies
9. Corporate or Division Head Quarters Operations
10. Financial Services
11. Printing and Publishing

G. Permitted Uses of Assistance Funds:

1. Any purpose to aid and encourage the location of businesses or industries in the County, to increase the County tax base, and create new, full time jobs pursuant to the provisions of N.C.G.S. 158-7.1(a).
2. Environmental testing/site mitigation
3. Site preparation/grading/paving etc.
4. Utility infrastructure installation/improvements
5. Upfitting space in office building
6. Employee training/0.1T costs
7. Offset of lease costs
8. Any other use of assistance as may be permissible under the provisions of GS 158-7.1 and applicable case law and as may be deemed prudent and advisable by the Board of Commissioners.

H. Incentives to Tax Exempt Organizations:

The County may consider providing economic development assistance for projects proposed by and to be owned and operated by organizations whose activities are generally exempt from property taxes when the following conditions exist:

1. The proposed project complies with the statutory requirements and criteria for economic development as provided in N.C.G.S. 158-7.1 and includes the construction of public infrastructure improvements, other capital investments, and/or job creation, maintenance and/or retention;
2. The proposed project meets the minimum criteria outlined in these Economic Development Program Business Assistance Guidelines for eligibility to receive assistance; and
3. The tax exempt organization agrees to offer, submit, pledge, and maintain the capital investments under the proposed project and/or other identified property owned and operated by the tax exempt organization to be fully subject to the property tax or to make payments to the County in lieu of property taxes in equal amounts and for such period of time as determined necessary by the Board of County Commissioners.

Economic development assistance to qualifying tax exempt organizations may be payable over a period not to exceed twenty years in annual amounts not to exceed 85% of the net new property taxes generated and paid to the County by the organization on its new capital investment in each prior fiscal year or equivalent amounts agreed to be paid by the organization in lieu of property taxes.

I. Other Conditions:

1. Businesses receiving County assistance will be expected to give fair consideration to employing qualified Forsyth County residents in their operations to the extent allowed by law.
2. Businesses will be expected to give fair consideration to contracting with Forsyth County businesses for construction of facilities and provision of materials and equipment related to construction of facilities to the extent allowed by law.
3. Businesses will be expected to give fair consideration to contracting with Forsyth County businesses for materials and services related to the continuing operations of the business to the extent allowed by law.
4. Evidence of such fair consideration may be provided to the County and may include, bid invitation lists, evidence that jobs have been listed with the local ESC office as well as posted on local job listing web sites and any other reasonable documentation requested by the County.
5. Businesses are expected and required to comply with all state and federal laws with respect to the hiring of employees. Failure to comply with this provision could result in termination of any incentive contract by the County.

RESOLUTION AUTHORIZING THE EXPENDITURE OF COUNTY GENERAL FUNDS FOR AN ECONOMIC DEVELOPMENT PROJECT TO AID AND ENCOURAGE KERATIN COSMETIC SCIENCES, LLC (KCS) TO LOCATE A HAIR CARE PRODUCT LAB AND MANUFACTURING OPERATION TO WHITAKER PARK IN FORSYTH COUNTY AND AUTHORIZING EXECUTION OF AN ECONOMIC DEVELOPMENT INCENTIVES AGREEMENT WITH KCS AND WPDA, INC. (WHITAKER PARK DEVELOPMENT AUTHORITY) TO FUND IMPROVEMENTS TO SPACE TO BE LEASED BY KCS

WHEREAS, North Carolina General Statute 158-7.1 authorizes counties to undertake an economic development project by extending assistance to a company in order to aid and encourage the company to locate its operations within the county; and

WHEREAS, Keratin Cosmetic Sciences, LLC (hereinafter "KCS"), is considering the location of a hair care product lab and manufacturing operation in Forsyth County, through capital investments and job creation in Forsyth County; and

WHEREAS, Forsyth County is considering entering into an economic development incentives contract with KCS and WPDA, Inc. (Whitaker Park Development Authority) to aid and encourage the location of KCS by assisting WPDA, Inc. to fund improvements to space to be leased by KCS from WPDA; and

WHEREAS, Forsyth County proposes to appropriate and expend County funds in a proposed amount not to exceed \$200,000 from available revenues in the General Fund, which economic development funds will be used to reimburse WPDA, Inc. for improvements to the lease space, which have not been reimbursed by other sources within a period not to exceed five years; and

WHEREAS, the lab and manufacturing space must be renovated and opened within twelve (12) months of approval by the Forsyth County Board of Commissioners and must continue to be used as below market rate lab and manufacturing space for at least ten (10) years; and

WHEREAS, the economic development funds will be based upon and contingent upon a capital investment by KCS at Whitaker Park Building, 630-2 Shorefair Drive, Winston-Salem, N.C. of at least \$824,560 in new manufacturing equipment in the facility over a five-year period in Forsyth County to be leased, and the creation of at least 56 new full-time or full-time equivalent (FTE) jobs in the said facility in Forsyth County over a five-year period with an average wage of \$40,161 per year, plus full benefits; and

WHEREAS, use of the County economic development funds is also contingent upon the County funds being combined with City economic development funds to match Golden Leaf Grant Funds; and

WHEREAS, the Forsyth County Board of Commissioners has duly advertised and conducted a public hearing to consider whether to participate in and expend County General Funds for an economic development incentives agreement between Forsyth County, KCS, and WPDA based on KCS' proposed location of a manufacturing facility through capital investments and job creation in Forsyth County and WPDA's commitment to make improvements to the leased space as outlined herein; and

WHEREAS, the proposed location of a manufacturing facility by KCS and the lease of space by WPDA to KCS in Forsyth County will stimulate the local economy, promote business, create permanent jobs in the County, increase the property tax base and revenues therefrom, and increase business prospects of the County;

NOW, THEREFORE, BE IT RESOLVED that the Forsyth County Board of Commissioners, after duly advertised public hearing held, hereby determines that the proposed economic development incentives agreement as outlined herein, with the inclusion of City and Golden Leaf funds and capital improvements by KCS and WPDA, will stimulate the local economy, promote business, create permanent jobs in the County, increase the property tax base and revenues therefrom, and increase business prospects of the County.

BE IT FURTHER RESOLVED that the Forsyth County Board of Commissioners hereby approves and authorizes Forsyth County's participation in an economic development incentives project to aid and encourage Keratin Cosmetic Sciences, LLC to locate a lab and manufacturing operation for hair care products in Forsyth County, by assisting WPDA, Inc. to fund improvements to space to be leased by KCS from WPDA.

BE IT FURTHER RESOLVED that the Forsyth County Board of Commissioners hereby authorizes the County to appropriate and expend County funds in an amount not to exceed \$200,000 from available revenues in the General Fund over a five-year period, based upon and contingent upon capital investments by Keratin Cosmetic Sciences, LLC of at least \$824,560 in new manufacturing equipment over a five-year period to be located in a facility in Forsyth County to be leased by Keratin Cosmetic Sciences, LLC from WPDA, Inc. (Whitaker Park Development Authority), and the creation over a five-year period of at least 56 new full-time or FTE jobs in the said facility in Forsyth County with an average wage of \$40,161 per year, plus full benefits, as will be more specifically set forth in an agreement between Forsyth County, Keratin Cosmetic Sciences, LLC and WPDA, Inc.

BE IT FURTHER RESOLVED by the Forsyth County Board of Commissioners that the economic development funds will be used to reimburse WPDA, Inc. for improvements to the lease space, which have not been reimbursed by other sources.

BE IT FURTHER RESOLVED by the Forsyth County Board of Commissioners that the lab and manufacturing space must be renovated and opened within twelve (12) months of approval by the Forsyth County Board of Commissioners and must continue to be used as below market rate lab and manufacturing space for at least ten (10) years.

BE IT FURTHER RESOLVED by the Forsyth County Board of Commissioners that use of the County economic development funds is contingent upon the County funds being combined with City economic development funds to match Golden Leaf Grant Funds.

BE IT FURTHER RESOLVED by the Forsyth County Board of Commissioners that the Chairman or the County Manager and the Clerk to the Board are hereby authorized to execute, on behalf of Forsyth County, the necessary documents for Forsyth County to participate in an economic development incentives agreement with Keratin Cosmetic Sciences, LLC and WPDA, Inc. (Whitaker Park Development Authority) as further described herein, subject to a pre-audit certificate thereon by the County Chief Financial Officer, if applicable, and approval as to form and legality by the County Attorney.

Adopted this the 23rd day of March 2015.