Minutes of the 2 October 2015
Special Meeting of the Yancey County Board of Commissioners
Held at 10:00 o'clock a.m. in the Commissioners Meeting Room
Yancey County Courthouse, Burnsville, North Carolina

Present at the 2 October 2015 meeting of the Yancey County Board of Commissioners were Vice-Chairman Jill Austin, Commissioner Byrl Ballew, Commissioner Randy Ollis (by phone), Commissioner Jeff Whitson, County Manager Nathan Bennett, Clerk to the Board Jason Robinson, County Attorney Donny Laws and Economic Development Director Wanda Proffitt. Chairman Johnny Riddle was unable to attend.

Call to Order and Approval of Agenda

Vice-chairman Austin called the meeting to order and asked the Board to approve the agenda. Commissioner Whitson made a motion to approve the agenda and it was seconded by Commissioner Ballew. The motion to approve was unanimous. (Attachment A)

Economic Development Discussion

In order to discuss economic development Vice-chairman Austin asked for a motion to go into closed session pursuant to NCGS 143.318.11(a)(4), for discussion of matters relating to the location or expansion of industries or other businesses. The motion was made by Commissioner Whitson and was seconded by Commissioner Ballew. The vote to go into closed session was unanimous.

Upon coming out of closed session, Commissioner Ollis made a motion for the approval of county staff to make application to the North Carolina state incentive grant programs for use of the Burnsville Business Park and for staff to work with the Yancey County Economic Development Commission and Winterstar Corporation on terms. The motion was seconded by Vice-chairman Austin and the vote to approve was unanimous. Commissioner Whitson also made a motion for approval of the Yancey County Incentive Package contingent upon approval by the county attorney with modifications consistent with statute. The motion was seconded by Commissioner Ballew and the vote to approve was unanimous.

Adjournment

Having no further business Commissioner Ollis made a motion to adjourn and it was seconded by Commissioner Ballew. The vote to adjourn was unanimous.

Approved and authenticated on this the 9th day of November 2015.

Attest:

J. Jason Robinson
Clerk to the Board

(county seal)

Jill Austin, Vice-chairman

Byrl Ballew, Commissioner

Randy Ollis, Commissioner

Jeff Whitson, Commissioner

Attachment A

AGENDA
YANCEY COUNTY COMMISSIONERS
SPECIAL MEETING
October 2, 2015
10:00 am

I. Call to Order – Vice-Chairman Austin

II. Approval of Agenda

III. Closed Session Pursuant to NCGS 143-318.11 (a) (4) for Discussion of matters relating to the location or expansion of industries or other businesses

IV. Adjourn

Yancey County Local Business Investment Grant Program

Purpose

The Yancey County board of Commissioners has supported economic development for many years with an emphasis on tax base development, employer diversification, and job creation. The Commission has recognized the need to provide programs and financial support to strengthen and diversify the County's economy. Tax base development is a key concern for the County's fiscal health. It is essential not only to attract new investment but also to encourage existing business to expand and reinvest in their Yancey County operations. The Yancey County Local Business Investment Grant Program is intended to provide an inducement for new business to locate in Yancey County and encourage existing business to expand.

Grant Program Description

The program provides grants to companies investing in Yancey County. The grant will be established by an application with Yancey County. The company must pay their taxes in full each year based on the actual tax value of the property or investment. If the company meets all of the criteria in the application, a portion of the property tax will be returned as a grant. The amount of the grant is based on a sliding scale.

- Investment Grants will be based on the increase in tax value of all real property, machinery and improvements above the base year prior to investment. No grant will be given to a company that would reduce their tax payment to an amount lower than the previous tax year.

- The project must create full time jobs that pay wages at or above the median industrial wage for Yancey County as listed annually by the North Carolina Department of Commerce Finance Center, and provide health insurance and other benefits at a level commensurate with Yancey County Industry. Job creation requirements will be outlined in any agreement with the company and will be a condition required for qualification for

a grant under this program and will be audited on an annual basis. The project must also diversify the tax base and create an increase in the net appreciable value of the tax base of Yancey County.

- Purchases of existing Yancey County facilities or equipment will not qualify for the program.

- All grant monies will be taken directly from the company's tax payment. The company must be current with all other payments required by Yancey County.

- The Yancey County Board of County Commissioners may modify or eliminate the program, subject to meeting all existing grant obligations in effect at the time.

- No company may transfer grant agreements or contracts without explicit approval by the Yancey County Board of County Commissioners.

- Companies in the following North American Industry Classification System (NAICS) 1997 and 2000 Revisions are eligible for the grants:

    - Manufacturing – 31-33 (NAICS 97)
    - Warehousing – 493 (NAICS 97)
    - Data Processing – 51821 (NAICS 2000)
    - Retail – 44-45 (NAICS 2000)

- Leased properties may qualify if the applicant will enter into a binding lease that meets or exceeds the length of the period for which grant payments will be made under the agreement.

- Projects must neither have started construction nor been publicly announced prior to consideration of the application.

- Grants under this program must comply with NC Gen. Stat. 158-7.1 and 158-7.2 and other applicable general statutes.

- The company must enter into a binding economic development and incentives agreement with the County.

- There is no right or entitlement to economic development assistance under this program. All such assistance is made at the discretion of the Yancey County Board of County Commissioners.

- All statements herein are guidelines and are not intended to limit the discretion of the Yancey County Board of County Commissioners under NC Gen. Stat. 158-7.1 and 158-7.2 and other applicable laws.

- The Yancey County Manager's Office shall establish procedures for the implementation of this grant program at the direction of the Yancey County Board of County Commissioners. Grant applications shall be reviewed and verified by the Yancey County Manager or his designee. Any interpretation of the application and/or approved grant of the program to a specific project shall be subject to a yearly review by the Yancey County Manager or his designee for eligibility in accord with this policy statement and shall be final.

County Incentive Grant Programs, Classifications

Industrial Grant #1:

All investment in real property, new machinery and equipment over $1,000,000.00 will be eligible for consideration for a grant as shown below.

- Year 1 – 90% property tax grant
- Year 2 – 80% property tax grant
- Year 3 – 70% property tax grant
- Year 4 – 60% property tax grant
- Year 5 – 50% property tax grant

Industrial Grant #2:

All investment in real property, new machinery and equipment over $15,000,000.00 will be eligible for consideration for a grant as shown below.

- Year 1 – 90% property tax grant
- Year 2 – 80% property tax grant
- Year 3 – 70% property tax grant
- Year 4 – 60% property tax grant
- Year 5 – 50% property tax grant
- Year 6 – 40% property tax grant
- Year 7 – 30% property tax grant

- Year 8 – 20% property tax grant
- Year 9 – 10% property tax grant

Industrial Grant #3:

All investment in real property, new machinery and equipment over $30,000,000.00 will be eligible for consideration for a grant as shown below.

- Year 1 – 90% property tax grant
- Year 2 – 85% property tax grant
- Year 3 – 80% property tax grant
- Year 4 – 75% property tax grant
- Year 5 – 70% property tax grant
- Year 6 – 65% property tax grant
- Year 7 – 60% property tax grant
- Year 8 – 55% property tax grant
- Year 9 – 50% property tax grant
- Year 10 – 45% property tax grant

Industrial Grant #4:

All investment in real property, new machinery and equipment over $50,000,000.00 will be eligible for consideration for a grant as shown below.

- Year 1 – 85% property tax grant
- Year 2 – 85% property tax grant
- Year 3 – 85% property tax grant
- Year 4 – 85% property tax grant
- Year 5 – 85% property tax grant
- Year 6 – 70% property tax grant
- Year 7 – 70% property tax grant
- Year 8 – 70% property tax grant
- Year 9 – 70% property tax grant
- Year 10 – 70% property tax grant

Retail Grant:

All retail investments with an aggregate investment of $40,000,000.00 will be eligible for consideration for a grant as shown below.

- Year 1 – 90% property tax grant
- Year 2 – 80% property tax grant
- Year 3 – 70% property tax grant
- Year 4 – 60% property tax grant
- Year 5 – 50% property tax grant

The Yancey County Local Business Investment Grant Program is intended to diversify the tax base, improve employment opportunities for Yancey County citizens, and create an increase in the net depreciable taxable value of the tax base in Yancey County. The Yancey County Manager's Office shall establish procedures for the implementation of this grant program at the direction of the Yancey County Board of County Commissioners. Grant applications shall be reviewed and verified by the Yancey County Manager or his designee. Any interpretation of the application and/or approved grant of the program to a specific project shall be subject to a yearly review by the Yancey County Manager or his designee for eligibility in accord with this policy statement and shall be final.

Yancey County Local Business Investment Grant Program
Policy and Guidelines

1) Grant Guidelines:

- Yancey County offers five incentive grant programs these are (1) Industrial Grant 1 which requires a minimum of $1 million in net additional value, (2) Industrial Grant 2 which requires a minimum of $15 million in net additional value, (3) Industrial Grant 3 which requires a minimum of $30 million in net additional value, (4) Industrial Grant 4 which requires a minimum of $50 million in net additional value, and (5) Retail Grant which requires a minimum of $40 million in net additional value to qualify for the grant. The intent of this incentive program is to ensure that Yancey County will see an increase in the property tax base greater than that of the minimum grant requirements. Net additional value is any new assets (plus all existing assets, if any) less depreciation on all personal property assets. (The beginning Base Value is calculated on all existing assets, not only on new taxable grant investments.) The base year used in grant calculations for existing Yancey County industries will be the previous tax year value prior to application. Vehicles will not be considered in the application of the incentive grant program.

- Only "net new taxable" purchases and assets transferred into Yancey County from other locations outside Yancey County will apply for grant consideration. Purchase of any pre-existing Yancey County facility or equipment will not qualify.

- Real and personal property will be based on current Yancey County appraised tax value at the time of application, and not on a company's investment costs.

- All assets related to the industrial or retail operation will be considered for grant approval; including both owned and leased real estate and business equipment. Incentive grant check will be distributed to the property owner/lessor who was responsible for the related tax payments. Each corporate entity/name shall qualify on its own asset merit.

No dissimilar names will be consolidated into an aggregate grant application, unless noted at time of application.

- Forms Y-2 and Y-3, available from the Yancey County Manager's Office, must be filed annually for all consecutive years of the grant period, whether or not changes have occurred. Additional qualifying projects during this initial grant period will require a new set of grant applications.

- All assets used in consideration for the grant may be subject to an annual audit by the Yancey County Tax Administrator's Office, at the direction of the Yancey County Manager, to ensure accuracy and compliance with the terms of the grant. The burden of proof is upon the taxpayer to prove these related assets qualify annually. Cooperation of the taxpayer to provide detailed asset lists; leasing arrangements with named parties; all related business and corporate names; all physical address information; etc., is essential in the grant approval process. The company must also agree to the value of all existing assets prior to receiving payment from Yancey County. Any appeal of value must be resolved totally before grant payments can be made.

- Future funding of the program will be considered through the annual budget process; and may be modified, suspended, or terminated due to current budgetary constraints, legal issues, or other issues deemed important by the Yancey County Board of County Commissioners. Any incentives already in effect at that time would not be affected.

- Leased properties may qualify if the applicant will enter into a binding lease that meets or exceeds the length of the period for which grant payments will be made under the agreement.

- No company may transfer grant agreements of contracts without explicit approval by the Yancey County Board of County Commissioners.

2) Definitions:

Purpose of Incentive Grant – to provide a program, which will offer inducements for new businesses to locate in Yancey County and encourage existing retail and manufacturing businesses to expand their operations in Yancey County.

Qualifying Value – The Yancey County taxable assessed value of all existing assets (real and personal) as compared to the prior year's taxable assessed value.

Base Year – The previous tax year prior to grant application.

Net Additional Value – New asset purchases, as well as transferred assets moved into Yancey County from foreign locations, less depreciation from all assets.

Pre-Existing Assets – Assets, either real or personal, already located in Yancey County prior to ownership by grant applicant.

Yancey County Board of County Commissioners – The body of elected officials which governs budget, policy and procedures in Yancey County.

Real Property – Any land, buildings, improvements, permanent fixtures, and rights and privileges belonging thereto.

Personal Property – All items not permanently affixed to the real property, and are typically depreciated over time (i.e. machinery and equipment, furniture and fixtures, computer equipment, leasehold improvements, and construction in process (CIP) etc.

County Application – The official forms (Y-1, Y-2, and Y-3) approved by the Yancey County Board of County Commissioners, by which the applying business requests consideration for their recent investments toward the County's Local Business Investment Grant Program.

Foreign Location – Any location existing outside the jurisdictional boundaries and limits of Yancey County.

3) Application Process:

- Completed application forms, along with a complete current fixed asset schedule, must be filed with the Yancey County Manager's Office for consideration. Companies filing applications for an extended project (one which takes more than 12 months to complete) may apply the second year. Industrial Grants # 2, 3, and 4 may be extended for three years for application purposes. Forms Y-2 and Y-3 must be filed annually by 31 January for the duration of the grant period.

- Applications will be mailed to and reviewed by the Yancey County Manager or his designee, to determine the eligibility of the project in question based on these guidelines.

- After approval from the County Manager the grant applications will be brought before the Yancey County Board of County Commissioners for their review and approval. The final authority to award an incentive grant under this program rests with the Yancey County Board of County Commissioners.

4) Payment Procedure:

- Calculation of payment will be based on the qualifying increase from the prior year's tax value (base year) and shall be computed as follows:

    - Existing companies' qualifying value will be determined by looking at all assets in the County, and not just new investments, to determine base year amounts.

The difference between the base year tax value and the grant year tax value will be the qualifying net additional value. First year payment will be based on 100% of this qualifying amount, times the county tax rate, times the formula percentage. The second year depreciation for personal property will be based on the first year % good factor as determined from the Cost Index and Trending Schedule as prepared by the North Carolina Department of Revenue. For Example: a qualifying 2015 grant would use the 2016 trending schedule, and the total qualifying personal grant value would be considered a 2015 cost and be depreciated at that % good factor of a 2015 acquisition. No annual depreciation will be applied to real estate investments. Real estate investments will be based on the current appraised value for the grant year. The duration of the grant years will be calculated likewise.

- New companies' qualifying value will be determined by the net new taxable investment made to the county. The first year payment will be based on the depreciated personal property value and 100% of the real estate tax value. The second year payout will be based on one year's deprecation for personal property as derived from the use of the North Carolina Department of Revenue Cost Index and Trending Schedules. No annual depreciation will be applied to real estate investments. The subsequent remaining years of the grant will follow the same format.

- It is specifically understood that, except for decrease in value of the company's assets by depreciation, if the value of all of a company's assets fall below the initial value of those assets at the time of application (either through sale, disposal of equipment, etc.) at any time during the term of the grant, then the grant will be terminated and the applicant will be notified.

- After all taxes have been timely paid and any and all tax value appeals resolved, the Yancey County Tax Administrator will notify the Yancey County Manager or his designee of the same, and the County Manager shall then notify the Yancey County Finance Office to remit payment of the annual grant payment to the taxpayer. Grant payments will continue to be paid on any assignment or ownership changes, provide the same are approved in advance by the Yancey County Board of County Commissioners in accordance with this policy, but only for the remainder of the existing grant.

- Any additional investment will require a new grant application should the company wish to seek to qualify the purchase of the additional equipment for a grant under this program.

- If annual taxes are not timely paid by 5 January each year during the grant period, the grant will be terminated and the applicant will be notified.