

CONFIDENTIAL
DRAFT
MINUTES OF THE CITY COUNCIL
OF THE
CITY OF GREENSBORO, NC

CLOSED SESSION

19 JULY 2005

Pursuant to a motion made at the regular meeting held on 19 July 2005, the Greensboro City Council adjourned to Closed Session at 9:14 p.m. in the City Council Conference Room located in the Melvin Municipal Office Building for the purpose of discussing a legal claim, economic incentives and property acquisition. Present were: Mayor Keith A. Holliday, presiding; Council members T. Dianne Bellamy Small, Claudette Burroughs-White, Sandra G. Carmany, Florence F. Gatten, Yvonne J. Johnson, Robert V. Perkins, Thomas C. Phillips and Donald R. Vaughan. Absent: None. Also in attendance were J. Edward Kitchen, City Manager; Mitchell Johnson, Deputy City Manager, Ben Brown, Assistant City Manager for Economic Development; Robert "Bob" Morgan, Assistant City Manager, Linda A. Miles, City Attorney, and Susan E. Crotts, Deputy City Clerk.

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John Shoffner, Economic Development Program Manager, and Helen Cauthen, representative of the Greensboro Economic Development Partnership entered the meeting at 9:23 p.m.

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Assistant City Manager for Economic Development Benjamin "Ben" Brown presented an Economic Incentive request for the expansion of Epes Logistics Services, Inc. He stated that under the terms of the proposed agreement the company would add 95+ new employees in Greensboro by the end of 2009; 84 current employees would be retained; the average salary for new jobs would be \$49,227 per year (plus full benefits valued at approximately 25% of salary or \$16,409); and the company would invest \$3.75 to \$4.75 million in building a new headquarter facility on Bentley Road.

Assistant Manager Brown stated the expected return on the City's investment included the County Tax Assessor's projection of incremental ad valorem City of Greensboro tax revenue of \$102,107 to \$127,645 over five years, additional City of Greensboro incremental sales tax revenue of \$4 to \$5 thousand during the construction phase plus \$25 to \$31 thousand over the first five years of the expanded operations, and incentive grant projected to be recaptured through additional sales and ad valorem tax revenue in 3-4 years.

After advising that Epes Transport's was considering expansion at alternative locations in Kernersville, NC and Knoxville, TN, Assistant Manager Brown stated that the company's commitment to this area would be stabilized through the projected purchase of \$60.2 million of tractors and trailers over the next five years; \$18.3 million in local fuel purchases, \$22.8 million (locally) on maintenance parts and \$10.8 million on labor for the fleet. He noted that Greensboro would receive sales tax of \$125,062 over 5 years on the maintenance parts and a portion

of fuel and tax on tractors & trailers

To demonstrate that the request met three of the three criteria established by Council for economic development incentives, Assistant City Manager Brown provided details with regard to expansion of existing business in excess of \$3 million; average wage to exceed Guilford County average by greater than 10%, and retention of existing jobs, plus creation of more than 20 net new jobs within 36 months. He noted that this industry falls under two of the policy's targeted clusters: headquarters and transportation logistics.

Assistant Manager Brown provided details of an economic impact analysis which was based on adding 95 jobs by 2009, \$4.2 to \$5.2 million capital investment, encouraged the hire and use of local contractors and vendors, projected a 5 year impact on the Guilford County / Greensboro Economy of \$52.3 to \$65.7 million and support of 125 to 171 total new jobs and the Greensboro unemployment rate of 5% (6,275 citizens), which was higher than Guilford County's rate of 4.9% (11,820 citizens). He noted the company's foundation in 1931, location to Greensboro in 1990, commitment to workforce diversity, and financial support of numerous charitable organizations in the Greensboro community.

During Council discussion of the request, Councilmember Vaughan stated that based on a recent economic incentive request experience, he would not approve economic incentives requests without the opportunity to speak to executive representatives of companies considered for incentive grants.

Mayor Holliday noted that this request met the criteria of Council's original economic incentives policy and that the business would support Fed Ex.

Councilmember Phillips questioned the significance of the grant's impact on the company's decision to locate in Greensboro and shared his opinion that the recommendation should be based solely on how much will be generated in property tax.

After additional discussion, Councilmember Perkins moved that the request be considered at a public hearing. The motion was seconded by Councilmember Burroughs-White and defeated on the following roll call vote: Ayes: Bellamy-Small, Burroughs-White, Holliday and Perkins. Noes: Carmany, Gatten, Phillips and Vaughan.

The Mayor shared his opinion, that if Council did not approve of this request, they would need to discuss their policy.

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Ms. Cauthen and Mr. Shoffner left the meeting at 9:44 p.m.

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