

FORSYTH COUNTY

BOARD OF COMMISSIONERS

MEETING DATE: AUGUST 8, 2016 AGENDA ITEM NUMBER: 2-A&B

- SUBJECT:**
- A. PUBLIC HEARING TO CONSIDER AMENDMENTS TO AN ECONOMIC DEVELOPMENT PROJECT AND AGREEMENT TO AID AND ENCOURAGE CATERPILLAR INC. TO MAINTAIN AND EXPAND ITS MANUFACTURING OPERATION IN FORSYTH COUNTY AND AUTHORIZING EXECUTION OF AN AMENDED ECONOMIC DEVELOPMENT AGREEMENT**

 - B. RESOLUTION AUTHORIZING AMENDMENTS TO AN ECONOMIC DEVELOPMENT PROJECT AND AGREEMENT TO AID AND ENCOURAGE CATERPILLAR INC. TO MAINTAIN AND EXPAND ITS MANUFACTURING OPERATION IN FORSYTH COUNTY AND AUTHORIZING EXECUTION OF AN AMENDED ECONOMIC DEVELOPMENT AGREEMENT**

COUNTY MANAGER'S RECOMMENDATION OR COMMENTS:

SUMMARY OF INFORMATION:

ATTACHMENTS: YES NO

SIGNATURE: _____ **DATE:** _____
COUNTY MANAGER

**RESOLUTION AUTHORIZING AMENDMENTS TO AN ECONOMIC
DEVELOPMENT PROJECT AND AGREEMENT TO AID AND ENCOURAGE
CATERPILLAR INC. TO MAINTAIN AND EXPAND ITS MANUFACTURING
OPERATION IN FORSYTH COUNTY AND AUTHORIZING EXECUTION OF AN
AMENDED ECONOMIC DEVELOPMENT AGREEMENT**

WHEREAS, North Carolina General Statute 158-7.1 authorizes counties to make appropriations for economic development purposes to increase the population, taxable property, agricultural industries, employment, industrial output, or business prospects of the county; and

WHEREAS, Forsyth County and the City of Winston-Salem entered into an Economic Development Agreement with Caterpillar Inc. dated July 1, 2011 to provide City Funds in amounts specified in the original agreement as well as County funds in an amount not to exceed \$10,151,310 from available revenue in the General Fund, including annual economic development incentive payments up to a total of \$6,401,310 over a ten-year period, and upfront economic development incentives by the County up to the amount of \$3,750,000 to be spent toward the purchase of a 99.63 acre tract of land for the manufacturing facility or other project related expenses, which upfront amount will be recouped by the County through property tax revenue within four years; and

WHEREAS, Caterpillar Inc. has substantially complied with its obligations under the original agreement to make a capital investment of at least \$426,000,000 within a five-year period, including manufacturing equipment capital investments of \$296,900,000 and building capital investments of \$129,100,000, and to create 392 full time or full time equivalent jobs with an average annual wage of \$36,000 per year, plus benefits within a five (5) year period; and

WHEREAS, due to changes in the market, Caterpillar Inc. now requests amendments to the economic development agreement between Forsyth County, the City of Winston-Salem, and Caterpillar Inc. to add and include the operation of Progress Rail, a railway and transit system product manufacturer, which is a subsidiary of Caterpillar, Inc. to the current Forsyth County manufacturing facility and add Progress Rail as a party to the economic development agreement, and to redefine "Cessation of Operations" in the Agreement to mean a minimum of 100 full time or full time equivalent jobs being maintained at the facility rather than the original minimum of 196 jobs; and as further consideration for the other requested amendments, to extend the Annual Incentive Grant period and the 100% Incentive Reimbursement Refund provisions by five (5) additional years; and

WHEREAS, Forsyth County is considering entering into an amended economic development incentives agreement with the City of Winston-Salem, Caterpillar Inc., and Progress Rail, which incorporates the amendments to the economic development agreement proposed herein; 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 the proposed amended economic development incentives agreement with the City of Winston-Salem, Caterpillar Inc. and Progress Rail as outlined herein; and

WHEREAS, the proposed amended agreement with the City of Winston-Salem, Caterpillar Inc. and Progress Rail will stimulate the local economy, promote business, create and retain 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, finds that the proposed amendments to the economic development incentives agreement as outlined herein with the City of Winston-Salem, Caterpillar Inc., and Progress Rail will stimulate the local economy, promote business, create and retain 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 amended economic development incentives project and agreement to add and include the operation of Progress Rail, a railway and transit system product manufacturer, which is a subsidiary of Caterpillar, to the current Forsyth County manufacturing facility and add Progress Rail as a party to the economic development agreement, and to redefine "Cessation of Operations" in the Agreement to mean a minimum of 100 full time or full time equivalent jobs being maintained at the facility rather than the original minimum of 196 jobs; and as further consideration for the other requested amendments, to extend the Annual Incentive Grant period and the 100% Incentive Reimbursement Refund provisions by five (5) additional years, as will be more specifically set forth in an amended agreement between Forsyth County, the City of Winston-Salem, Caterpillar Inc. and Progress Rail.

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 amended economic development incentives project and agreement with the City of Winston-Salem, Caterpillar Inc., and Progress Rail 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 8th day of August 2016.