The Cleveland County Board of Commissioners met on this date, at the hour of 10:30 a.m. in the Commission Chambers of the Cleveland County Administrative Offices.

**PRESENT:**
- Kevin Gordon, Chairman
- Deb Hardin, Vice-Chair
- Johnny Hutchins, Commissioner
- Ronnie Whetstine, Commissioner
- Doug Bridges, Commissioner
- Tim Moore, County Attorney
- Brian Epley, County Manager
- Phyllis Nowlen, Clerk to the Board
- Kerri Melton, Assistant County Manager
- Martha Thompson, Deputy County Attorney
- Lucas Jackson, Finance Director
- Betsy Harnage, Register of Deeds

**CALL TO ORDER**

Chairman Bridges called the meeting to order and invited anyone from the audience to lead the Pledge of Allegiance and provide the invocation.

Betsy Harnage, Register of Deeds, provided the invocation and led the audience in the Pledge of Allegiance.

**SELECTION OF COMMISSION CHAIR**

County Manager Brian Epley opened the floor to accept nominations for Commission Chair.

**NOMINATIONS:** Commissioner Hardin made a motion to nominate Kevin Gordon for Chair

*(Commissioner Bridges seconded the motion)*. Hearing no further objections, nomination for Chair was closed.

Kevin Gordon was elected Chair by unanimous vote.

**SELECTION OF COMMISSION VICE-CHAIR**

Chairwoman Gordon opened the floor to accept nominations for Commission Vice-Chair.

**NOMINATIONS:** Commissioner Bridges made a motion to nominate Deb Hardin for Vice-Chair

*(Commissioner Hutchins seconded the motion)*. Hearing no further objections, nomination for Vice-Chair was closed. Deb Hardin was elected Vice-Chairman by unanimous vote.

**AGENDA ADOPTION**

**ACTION:** Commissioner Hardin made the motion, seconded by Commissioner Bridges and unanimously adopted by the Board to, approve the agenda as presented.

**REGULAR AGENDA**

**SHELL BUILDING 4 MEMORANDUM OF UNDERSTANDING AND PROPERTY TRANSACTION**

Chairman Gordon recognized County Manager Brian Epley to present Shell Building 4 Memorandum of Understanding and property transaction. The industrial shell building program continues to be a success with the partnership between Cleveland County and the City of Shelby. The county continues to see high interest from site location consultants and companies looking to either expand or relocate their business to Cleveland County.
Having a site ready shell building continues to be the number one access to job and tax base creation. Upon approval from the Board of County Commissioners and the City of Shelby Council, staff began working on the Shell Building 4 project.

The proposed side is located on Randolph Road which connects 226 and Washburn Switch Road in Shelby. In 2014/2015, the City of Shelby and the county bought 64 acres on Randolph Road. The current proposal is for the City of Shelby to facilitate the construction management side, which includes the bid process, and the county will facilitate the financing. Staff is proposing the to use the same methodology that was used for Shell Building 3. The City of Shelby will need to deed the property into the county’s name.

The proposed 64-acre site has been subdivided into a 31-acre and 33-acre parcels. The 31-acre portion is what is being considered to be transitioned back to the county name and would be the location for Shell Building 4. This area is already properly zone for industrial use and will be well suited for a shell building. The proposal is for a 108,500 square foot building.

Bid openings, managed by the City of Shelby, occurred on Wednesday, December 15, 2021 with seven competitive bids received. The pre-qualification process was followed as it was in other shell building projects. All the bids were very close, but the lowest construction bid was received from Hickory Construction for $8.58 MM. The $8.58MM bid does include all the utilities, site grading, planning and construction costs. The proposed Memorandum of Understanding outlines the 50/50 cost share for all costs and parties, the City of Shelby running the project manager portion, the county managing the financing of the project and if there is derivative at the conclusion of the project at time of sale, it will be split evenly if there is a surplus. The following information and PowerPoint were presented to Commissioners.
Chairman Gordon opened the floor to the Board for questions and discussion. Commissioner Hutchins commented positively on the continued success of the shell building projects.

**ACTION:** Commissioner Hutchins made a motion, seconded by Commissioner Whetstine, and unanimously adopted by the Board to, **approve accepting the 31 acres from the City of Shelby and the Shell Building 4 Memorandum of Understanding.**
MEMORANDUM OF UNDERSTANDING ("MOU") CONCERNING ECONOMIC DEVELOPMENT OF RANDOLPH ROAD SHELL BUILDING #4 BETWEEN

CLEVELAND COUNTY, NORTH CAROLINA ("COUNTY") AND THE CITY OF SHELBRY, NORTH CAROLINA ("CITY")

I. PURPOSE

The purpose of this MOU is to outline the Parties' responsibilities concerning economic development of the herein described Project.

II. DEFINITIONS

A. "City" means the City of Shelby, North Carolina.

B. "County" means Cleveland County, North Carolina.

C. "MOU" means this Memorandum of Understanding.

D. "Project" means the Parties' joint undertaking to construct and develop, and sale of, a shell building on the Property for the purpose of economic development.

E. "Property" means the property on which the Project is to be undertaken, specifically the property labeled as "Tract 5" on the survey attached hereto as "Exhibit A". While that survey shows the property as being owned by the City of Shelby, the City shall convey the Property to the County. The Property is also known as the "Randolph Road Property" and/or "Shell Building #4".

III. RESPONSIBILITIES OF COUNTY

A. Sharing of Costs. The County will share in the costs of planning, design, construction, marketing, sale and transfer at fifty (50) percent as described in Section V. below.

B. Financing. Subject to the approval of the Board of Commissioners, the County will provide financing for the Project through installment contract as described in N.C.G.S. § 160A-20(g).

IV. RESPONSIBILITIES OF CITY

A. Sharing of Costs. The City will share in the cost of planning, design, construction, marketing, sale and transfer at fifty (50) percent, as discussed in Section V. below.

B. Project Management. The City will provide Project Management for the Project and upon successful completion (sale) of the Project the City will receive $60,000 for management fees.

C. Utility Selection. The City of Shelby will be the utility service provider for water and sewer, gas, electric and natural gas at the Property. The City will pay its customary rates for the aforementioned services.

V. PROCESS FOR SHARING OF COSTS

A. The City will receive invoices from Project vendors and, upon approval pay such invoices to such vendors.

B. After paying a Project invoice to a vendor, the City will send the invoice, City approval, and evidence of payment to the County as a request for reimbursement.

C. Upon receipt of such a Project reimbursement request from the City, the County will pay to the City the entire amount of the invoice.

D. Upon completion of the Project, the City will be responsible for fifty (50) percent of the total Project costs.

E. If any debt service payments come due on the County's installment financing prior to the sale of the Property, the City shall reimburse the County for fifty percent (50%) of such debt service payments.

VI. MISCELLANEOUS

A. Amendments. This MOU may be amended by written consent of both parties, and all amendments shall be attached to this MOU.

B. Termination. This MOU may be terminated by either party on sixty (60) days' written notice to the other party.

C. Consideration. No consideration is exchanged pursuant to this MOU, and this MOU shall not be considered a contract giving rise to binding obligations between the Parties.

VII. EFFECTIVE DATE shall be the 3rd day of January 2022.

[SIGNATURE PAGE TO FOLLOW]
County Manager Brian Epley remained at the podium to present Shell Building 4 Financing. The county will formally begin the financing process for Shell Building 4. This agenda item requires two actions: 1. the preliminary findings resolution and 2. the disciplinary bond resolution. The first action is approving the preliminary findings resolution, declares this project will be for the sole purpose of economic development. That specific purpose is the only public purpose clause that will approve the county’s Local Government Commission (LGC) application. The completed application must be submitted by January 3, 2022 to be on the February 1, 2022 LGC debt agenda. Staff has already met with the LGC regarding the Shell Building 4 project and financing. The Commission approved of the Memorandum of Understanding terms. The county’s finance Request for Proposal (RFP) should be back in the
following days. The second action is approval of the disciplinary bond resolution which establishes public purpose, outlines the county’s application to the LGC and financing. A public hearing will need to be scheduled for Tuesday, January 18, 2022. During the January meeting, the public hearing will be held, presentation of the received RFP’s will be presented to the Board of Commissioners, a request will be made for approval of the financing terms and lending institution. The following information and PowerPoint were presented to Commissioners.

ACTION: Commissioner Bridges made a motion, seconded by Commissioner Hardin, and unanimously adopted by the Board to, **approve the Preliminary Findings Resolution, Public Purpose Resolution and schedule the public hearing as requested.**
Resolution

RESOLUTION 22-2021
RESOLUTION MAKING CERTAIN FINDINGS AND APPOINTMENTS AND REQUESTING APPROVAL OF THE LOCAL GOVERNMENT COMMISSION FOR AN ECONOMIC DEVELOPMENT PROJECT

WHEREAS, the County of Cleveland (the "County") has determined to finance a portion of the cost of acquiring, constructing, improving and equipping a shell building to be located on land acquired from the City of Shelby on Randolph Road in Shelby, North Carolina (the "Project") for the purpose of an economic development project pursuant to Section 15A-7.1 of the North Carolina General Statutes; and

WHEREAS, the County is considering undertaking an installment financing pursuant to G.S. §160A-279, as amended, for the purpose of providing funds in an amount not to exceed $5,500,000, with other available funds, for the acquisition, construction, improvement and equipping and other accomplishment of the Project;

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners as follows:

1. The Board of Commissioners hereby finds and determines in connection with the proposed installment financing contract for the purpose of economic development that (a) such proposed installment financing is necessary or expedient to the County, (b) such proposed installment financing, under current circumstances, is preferable to a general obligation bond issue of the County for the same purpose, (c) the sums estimated to fall due under such proposed installment financing are adequate and not excessive for their proposed purpose, (d) the County's debt management procedures and policies are good and its debt will continue to be managed in strict compliance with the law, (e) no increase in taxes will be necessary due to the proposed installment financing and (f) the County is not in default regarding any of its debt service obligations.

2. The County Manager, the Finance Director and the County Attorney of the County are each hereby designated as a representative of the County to file an application for approval of such installment financing with the Local Government Commission of North Carolina and are authorized to take such other actions as may be advisable in connection with such proposed acquisition and the development of such installment financing, and all actions hereinafter taken by any of such officers or any other officer of the County relating to such matters on behalf of the County are hereby approved, ratified and confirmed.

By:

Phyllis Myles, Clerk To The Board
Cleveland County Board of Commissioners

ATTEST:

Kevin Gordon, Chairman
Cleveland County Board of Commissioners

3. The Board hereby requests the Local Government Commission of North Carolina to approve such proposed installment financing under Article 8 of Chapter 15A of the General Statutes of North Carolina. The Board appoints: Robinson Building & Housing P.A. as special counsel for the negotiation and-throughout & Company LLC as financial advisor for this transaction.

4. This Resolution shall become effective immediately upon its adoption.

Adopted this 20th day of December, 2021.

Resolution

RESOLUTION 22-2021
RESOLUTION CALLING A PUBLIC HEARING ON WHETHER THE BOARD OF COMMISSIONERS FOR THE COUNTY OF CLEVELAND, NORTH CAROLINA SHOULD APPROVE A PROPOSED INSTALLMENT FINANCING AND WHETHER SAID COUNTY SHOULD USE CERTAIN PROPERTY FOR ECONOMIC DEVELOPMENT PURPOSES

WHEREAS, the County of Cleveland (the "County") has determined to finance a portion of the cost of acquiring, constructing, improving and equipping a shell building to be located on land acquired from the City of Shelby on Randolph Road in Shelby, North Carolina (the "Project") for the purpose of an economic development project pursuant to Section 15A-7.1 of the North Carolina General Statutes; and

WHEREAS, the County is considering undertaking an installment financing pursuant to Section 160A-279 of the North Carolina General Statutes, as amended, for the purpose of providing funds in an amount not to exceed $5,500,000, with other available funds, for the construction and other accomplishment of this economic development Project, and the County is authorized to do so only after a public hearing on such proposed agreement; and

WHEREAS, in connection with the proposed installment financing, the County has acquired from the City of Shelby, North Carolina an interest in the real and personal property through Section 160A-274 of the North Carolina General Statutes to be included in the Project, including specifically the site of the Project and the improvements thereon for economic development purposes and pursuant to Section 15A-7.1(c) of the North Carolina General Statutes, the County is authorized to use this property for economic purposes only after a public hearing; and

WHEREAS, it is necessary to call a public hearing on such proposed installment financing agreement and designation of acquired property.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners as follows:

1. A public hearing shall be held at 6:00 P.M., or as soon thereafter as the matter can be, on January 18, 2022 in the Commission Chamber of the Cleveland County Administration Building, 311 East Marion Street, Shelby, North Carolina, for the purpose of considering whether the Board of Commissioners for the County (the "Board") should approve (a) such proposed installment financing and certain related documents pursuant to Section 160A-20 of the North Carolina General Statutes, as amended, for the purpose of providing funds in an amount not to exceed $5,500,000, with any other available funds, for the acquisition, construction and other accomplishment of the Project for the purpose of an economic development project pursuant to Section 15A-7.1 of the North Carolina General Statutes, as amended. The County would secure the repayment by it of proceeds advanced pursuant to such proposed agreement by granting a security interest in all or a portion of the Project and certain related property.

2. The Clerk to the Board shall cause notice of such public hearing to be published in the Shelby Star once at least 10 days before January 18, 2022.

3. This resolution shall take effect immediately upon its passage.

Adopted this 20th day of December, 2021.

By:

Phyllis Myles, Clerk To The Board
Cleveland County Board of Commissioners

ATTEST:

Phyllis Myles, Clerk To The Board
Cleveland County Board of Commissioners
ADJOURN

There being no further business to come before the Board at this time, Commissioner Bridges made a motion, seconded by Commissioner Hardin and unanimously adopted by the Board, to adjourn. The next meeting of the Commission is scheduled for Tuesday, January 18, 2022 at 6:00 p.m. in the Commissioners Chambers.

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Kevin Gordon, Chairman
Cleveland County Board of Commissioners

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Phyllis Nowlen, Clerk to the Board
Cleveland County Board of Commissioners