



ECONOMIC DEVELOPMENT INVESTMENT POLICY of SCOTLAND COUNTY, NORTH CAROLINA

The current competitive environment among states which regularly compete with North Carolina and among counties and cities which regularly compete with Scotland County in economic development projects dictates that, in order for the County to remain competitive in recruiting new business and industry and in retaining and securing expansions of existing businesses and industries, the County must adopt an Economic Development Investment Policy ("EDIP") which is both conservative and fiducially sound.

Scotland County has adopted the following Economic Development Investment Policy for purposes of recruitment of industry and increasing economic growth. The objectives of the policy are to expand the tax base, to provide quality jobs for County residents, to promote economic development in and around the County, and to secure the economic well-being of all County residents. The diversification that comes with the addition of new industries to our area is needed to provide a broader economic base. However, the importance of sustaining and assisting with the growth of existing industries is also well-documented.

POLICY PRINCIPLES

These EDIP guidelines are based upon, and any EDIP arrangement with any new or existing entity must be in compliance with, fiducially sound public policy principles, which at a minimum include:

- A. Any EDIP investment must provide the County a high return on investment taking into account tax revenues of the economic development project, prospective sales tax revenues to be generated in the area, as well as any other prospective tax revenues or income coming to the County over a ten year period from the date of the start-up of the project. N.C. Gen. Stat. §158-7.1(d2).
- B. Any EDIP investment must be preceded by an agreement with the entity involved binding it to minimum levels of capital investment and quality job creation and providing for penalties and/or reductions in amounts of forward funded investments in the event that the minimum required levels are not met. N.C. Gen. Stat. §158-7.1(d2)(2).
- C. Investments of County funds by way of EDIP investments shall be in development which leaves value in the event of a curtailment or closure of the operations of the specific entity with which the agreement is reached (e.g. site acquisition, site preparation, internal infrastructure, job training, etc.).
- D. The bedrock of the County economy consists of agribusiness and the businesses and

industries already located in the County. Consequently, the terms and application of the EDIP policy are to result in existing businesses/industries receiving consideration for investments that are on terms as favorable as those available to an entity considering locating its first facility in the County. Specifically, EDIP investments may be provided when, in the opinion of the County Commissioners, they are necessary in order to retain jobs already existing within the County.

E. Provision of any EDIP investments for a new or expanding business or industry must be a competitive necessity in order to successfully locate the new or expanded business or industrial facility.

EDIP PROGRAM BASE CRITERIA

Each project shall be considered on a project-by-project basis using individual guidelines and policy principles established by the Board of County Commissioners for each project. These guidelines shall be subject to periodic review and may be modified, amended or terminated due to changed economic conditions or competitive considerations. In the event of any modification, amendment or termination of the guidelines, EDIP investments to which the County previously committed will not be affected.

In determining whether to make an EDIP investment to a project, and if so, the amount thereof, the Board of County Commissioners shall consider, among other relevant factors, the following matters:

A. The total capital investment to be made in the project including site acquisition, site improvement, building cost and equipment.

B. The number, type and quality of jobs to be created or retained.

C. Hourly wage levels for jobs to be created or retained by the project.

D. The potential for future expansion and/or increased employment.

E. Other site specific issues through which the recruitment of a particular industry would have some particular ancillary benefit for the County such as opening up areas for further development.

F. Other factors deemed relevant by the Board of County Commissioners in its discretion.

PAYMENT QUALIFICATIONS

For purposes of any incentive grant, the new capital investment shall be assessed by the Scotland County Tax Department on January 1 following the first full year of completion. For the most part, financial incentive grants will be paid in agreed upon equal annual installments. The first of the annual installments will be paid 30 days after the tax payment for the then-current year has been received by Scotland County and the City of Laurinburg (if located within the City) and after the entity notifies the County of and establishes its compliance with all of the terms and conditions of such incentive grant.

Notwithstanding the foregoing, any annual grant installment may be delayed or withheld if the grant recipient is delinquent in the payment to Scotland County or the City of Laurinburg of any taxes, utility bills, or other fees owed the County or the City.

EXCLUSIONARY FACTORS

Even though a project might meet all of the above minimum project qualifications, it will not be considered by the Board of County Commissioners City Council for an EDIP investment if any of the following factors apply:

- A. The expansion project would, for any reason, result in a net reduction of the ad valorem tax valuation of all facilities in the County owned by the entity, or its parent, subsidiary or affiliated entities.
- B. The entity, or a parent, subsidiary or affiliated entity, is not current in all ad valorem tax payments due the County and/or the City.
- C. No prior commitment to an EDIP investment shall be binding if the entity originally receiving the investment assigns it to another entity unless the Board of County Commissioners has consented to such assignment in writing.
- D. The financial condition of the entity receiving the investment is such that the ability of the entity to meet its obligations is in doubt.

PROCEDURE FOR INVESTMENT CONSIDERATION

The following procedure shall be utilized in considering a project for an EDIP investment:

- A. The entity shall negotiate the terms of such investment with the President of the Laurinburg/Scotland County Area Chamber of Commerce, the County Manager, and any other official designated by the City Manager or Board of County Commissioners. Such discussions are negotiations only, inasmuch as the Board of County Commissioners has the sole discretion and authority to finally agree upon the terms of any such investment.
- B. The entity shall submit financial records, under procedures to protect confidentiality, to a designee of the County for a review of the financial ability of the entity to meet the performance requirements specified.
- C. At a time agreeable to the entity, given its confidentiality concerns, a public notice and public hearing regarding the proposed investment shall be given/held in accordance with the requirements of N.C. Gen. Stat. §158-7.1.
- D. The Board of County Commissioners shall make a decision as to whether to approve the terms of the proposed investment agreement only following the aforesaid public notice and hearing.
- E. If the proposed investment agreement is approved by the Board of Commissioners, an EDIP investment agreement shall be executed which contractually binds the City to make the investment and the entity to meet the capital investment, job creation and wage level requirements to which they mutually agreed.

F. The entity shall provide annual verification of its compliance with the minimum requirements to which it has agreed such verification process to be as mutually agreed between the County and the entity.

By adopting these guidelines, the Board of County Commissioners is not obligated to make any such investments. All EDIP investments shall be considered on a project-by-project basis. In considering whether to provide EDIP investments for a project and, if so, the extent thereof, the Board of Commissioners shall take into account grants made by other local, regional or economic development entities. These guidelines shall not be retroactive to any project which has been announced prior to the adoption of these guidelines, except for projects that have been announced and have reached an agreement in principal with the Board of County Commissioners or the President of the Laurinburg/Scotland County Chamber of Commerce and the County Manager as to EDIP investments for that particular project.

Approved March 13, 2006

J.D. Willis
Chairman

ATTEST

Ann W. Kurtzman
Clerk