

# City of High Point

*Municipal Office Building  
211 South Hamilton Street  
High Point, NC 27261*



## Minutes

**Monday, October 29, 2012**

**9:00 AM**

**Council Chambers**

## **City Council**

*Rebecca R. Smothers, Mayor  
M. Christopher Whitley, Mayor Pro Tem  
Latimer B. Alexander, IV, James Corey,  
Foster Douglas, A.B. Henley, III,  
Britt W. Moore, Michael D. Pugh,  
Bernita Sims*

**ROLL CALL, PRAYER AND PLEDGE OF ALLEGIANCE**

Upon call of the roll, the following Council Members were present with those absent being duly noted. Mayor Smothers offered the invocation; the Pledge of Allegiance followed.

**Present** 5 - Mayor Rebecca Smothers, Council Member Latimer Alexander, Council Member Bernita Sims, Mayor Pro Tem Christopher Whitley, and Council Member James Corey

**Absent** 4 - Council Member Britt Moore, Council Member Foster Douglas, Council Member Michael Pugh, and Council Member A.B. Henley

**PRESENTATION OF ITEM****PUBLIC HEARING: ECONOMIC DEVELOPMENT INCENTIVES****120274      Consideration of Expenditures for Economic Development Purposes- OFS Brands**

Monday, October 29, 2012 at 9:00 a.m. is the date and time to receive public comments concerning the authorization of up to \$220,000 in economic development incentives for the proposed expansion for OFS Brands at 1264 Jackson Lake Road in the city.

**Attachments:**    Loren Hill's Comments 120274 OFS Brands Public Hearing  
                             Legal Ad- Public Hearing OFS Brands

The public hearing for this matter was held on Monday, October 29, 2012 at 9:00 a.m. as duly advertised.

Mayor Smothers prefaced the meeting by announcing that all Council Members have been briefed on the project and authorized this public hearing to be held. She then invited Loren Hill, President- High Point Economic Development Corporation to come forward to offer his remarks.

Mr. Hill reported that this project involves the expansion of an existing High Point company, OFS Brands, who specializes in furniture manufacturing and logistics. If the company chooses High Point as the location for its expansion, they propose to add 188 full-time jobs over the next five years with an average wage of approximately \$40,700. The company proposes to add approximately \$9.25 million to the city's tax base for an expansion at their existing building located at 1625 Jackson Lake Road. He noted the company currently has two buildings in High Point and two in Archdale with locations in High Point on Jackson Lake Road (where this expansion will take place) and on Fraley Road. OFS Brands has approximately 200 employees in Archdale and High Point with the demographic information on the workforce in the Triad as follows: 69% White; 18% African-American; 7% Hispanic; 5% Asian; 1% with 67% being males and the remaining 33% females. Should the company choose High Point for the expansion, it has agreed to hold a job fair in Central High Point,

preferably at the Morehead Recreation Center. High Point is being considered for this expansion project along with an out-of-state location. OFS Brands is asking the Council to authorize up to \$220,000 in incentives that will be paid in installments over a four to a five year period and subject to a performance agreement where the company would need to meet benchmarks in order to get each installment. The Guilford County Board of Commissioners have set a public hearing for November 15th at which time, they will be asked to authorize \$188,000 for this project.

Mr. Hill then recognized Melissa Smith from the North Carolina Department of Commerce and noted the State is also interested in participating in this project. He reported that OFS Brands hopes to make a decision at the end of November with plans to move forward in early 2013 with this expansion. At this time, Mr. Hill introduced and turned the floor over to Ryan Menke, Senior Vice President for Supply Chain and Managing Director of the Services Division.

Mr. Menke thanked the Mayor and Council for consideration of their project and proceeded to give a background and history for OFS Brands, who will be celebrating their 75th anniversary this year. He shared the following timeline with Council:

1937 residential furniture business

1983 made the decision to switch to commercial office furnishings and have been doing this ever since

1990 started their own transportation company and since this time, it has grown the company to 185 tractors, 400 trailers. This is one of the divisions being considered in this expansion.

2006 entered the NC market from a manufacturing standpoint and bought Carolina Business Furniture located in Archdale and High Point. (since that time, doubled its size).

2008 acquired Lowenstein located in north High Point. Lowenstein was on the verge of bankruptcy and they were able to negotiate a deal that saved 34 of those jobs and it has since been integrated into their manufacturing operations in High Point.

2011 MGM Transportation announced it was closing its doors and they were able to hire 55 employees with this venture

Mr. Menke explained this project consists of a \$9.25 million investment over 5 years and their plan is to begin the office remodeling in 2013 as well as the site work with the addition of between 150,000 to 180,000 feet within the next three years depending on the demand for their products/services with plans to add 188 jobs over a 5-year period which would essentially double their footprint as well as employee base in the North Carolina market. Additionally, the expansion will have an indirect impact of 20+ jobs for the first two years through owner-operators that they contract with for transportation of their goods. The company also plans to bring a company from Virginia to open their first diesel service center in the High Point Market and they would be on-site

running their garage. He noted that there would be a direct impact due to redirection of fuel purchases to the local market with approximately \$200,000 a month in fuel purchases that would be moved from out-of-state to in-state with this expansion.

Mr. Menke mentioned some of the charitable and civic endeavors in the local community that OFS Brands and its employees are involved with: member of the High Point Chamber of Commerce; he sits on the Board of the American Home Furnishings Specialized Furniture Carrier Association; Gold sponsor for the Reeves race for a number of years; sponsor for the Family Services oyster roast; helped with furniture needs at the High Point Library last year, etc...

In closing, Mr. Menke pointed out OFS Brands is variable on US production with less than 5% of their finished products coming from overseas--particularly Asia and just last year they moved all of their overseas with chair frames back to the United States while shutting down Chinese, Slovenian, Vietnamese and Brazilian sources. He informed Council that OFS Brands is very committed to its employees, to the local communities and they would really appreciate Council's consideration for their proposed project in High Point.

At this time, Mayor Smothers asked if there was anyone else present that would like to speak regarding this project.

Melissa Smith with the North Carolina Department of Commerce stated she would like her presence to be noted and informed Council that the Department of Commerce is very supportive of this request and they would be working on funding through the One North Carolina Fund.

The Mayor then asked if there was anyone else in the audience who would like to speak regarding the incentive request.

Lee Drezner, who resides at 1706 Scarborough Road, approached the podium and proceeded to lodge a complaint regarding a personal issue. Mayor Smothers informed him that the purpose of this public hearing was to solicit public comment regarding the OFS Brands incentives request, but some of the Council Members could talk with him after the conclusion of the public hearing and the meeting adjourns.

Mayor Smothers opened the floor for comments from Council Members. Council Member Corey prefaced his remarks by stating that his remarks are not against OFS Brands, but towards the incentive policy in general. He pointed out that many people question the concept of incentives and view incentives as either economic bribery or economic extortion. He explained High Point plays the incentive game for two main reasons: Capital investment in the local community, and the creation of new decent paying jobs. He concluded his remarks by saying that High Point can justify the use of scarce taxpayer's dollars because the Capital investment will generate new property

taxes and many of the new jobs may be taken by High Point citizens.

The Mayor asked if there were any additional comments. There being none, Council Member Sims moved to close the public hearing. Mayor Pro Tem Whitley made a second to the motion which carried unanimously. [5-0 vote]

Following the conclusion of the public hearing, Council approved the incentive request by OFS Brands, not to exceed \$220,000 over a 5-year period with benchmarks that will be developed within a contract to be signed by both parties.

Mayor Smothers expressed appreciation to Mr. Menke for coming. Several Council Members commended him on the details contained in his excellent presentation that demonstrated the company's integrity and commitment to this community.

**A motion was made by Council Member Alexander, seconded by Mayor Pro Tem Whitley, that incentives not to exceed \$220,000 over a 5-year period be approved with benchmarks that will be developed within a contract and signed by the City of High Point and OFS Brands. The motion carried by the following 5-0 vote:**

**Aye:** 5 - Mayor Smothers, Council Member Alexander, Council Member Sims, Mayor Pro Tem Whitley, and Council Member Corey

**Absent:** 4 - Council Member Moore, Council Member Douglas, Council Member Pugh, and Council Member Henley

#### **ADJOURNMENT**

There being no further business to come before Council, the meeting adjourned at 9:26 a.m. upon motion duly made and seconded.

Respectfully Submitted,

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Rebecca R. Smothers, Mayor

Attest:

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Lisa B. Vierling, MMC  
City Clerk