

REQUEST FOR BOARD ACTION
HENDERSON COUNTY
BOARD OF COMMISSIONERS

MEETING DATE: **October 16, 2019**

SUBJECT: **Notification of termination of agreement**

PRESENTER: **Charles Russell Burrell**

ATTACHMENT(S): **Continental agreement of 2013**
 Letter from Continental deputy general counsel
 Proposed letter

SUMMARY OF REQUEST:

Over the years, Continental Automotive Systems, Inc., and Continental Teves, Inc., have entered several economic incentives agreements with the County. By January 1, 2019, all had expired (with all investment required by the company made, all employment created, all taxes paid, and all incentives paid by the County) except for one.

On June 10, 2013, the County entered an economic development agreement with Continental Automotive Systems, Inc. (the "2013 agreement"). The 2013 agreement called for expansion of the company's Fletcher, North Carolina, plant in multiple phases in a cumulative amount of between \$25 million and \$55 million, and for incentives paid to the company for a period of seven (7) years from each phase, based on the taxes received from each phase of the expansion (up to a maximum cumulative incentive amount of \$1,115,025.88). Under the 2013 agreement, payments on the various phases could extend through 2023.

On September 26, 2019, the County received a notice under the "Worker Adjustment and Retraining Notification Act" ("WARN notice") from the company. The WARN notice stated that "[o]n September 26, 2019, the Company announced the permanent closing of the Henderson plant. . . . It is anticipated that the plant closure will occur on or around December 2022." This notice was later modified somewhat, but the effect is the same.

Under the 2013 agreement:

If the Company shall make a determination to cease operation of the Facility prior to the end of the Term, this Agreement shall be deemed terminated, and Henderson County shall have no further obligations hereunder

Based on the WARN notice as modified, it appears the company has made “a determination to cease operation” of the Fletcher plant. A proposed letter to that effect, terminating the 2013 agreement, is attached.

County staff will present further information on this matter.

BOARD ACTION REQUESTED:

Authorization of termination letter.

If the Board is so inclined, the following motion is suggested:

I move to authorize the County Attorney to send the proposed letter.

Continental Trucks BAC 001616
#4
00142993

STATE OF NORTH CAROLINA

COUNTY OF HENDERSON

AGREEMENT

This Agreement is made effective June 10, 2013 and made and entered, by and between the County of Henderson ("the County"), and Continental Automotive Systems, Inc. ("the Company").

WITNESSETH:

WHEREAS, the County is a body politic and corporate of the State of North Carolina having the capacity to contract under N.C. Gen. Stat. §153A-11; and,

WHEREAS, the Company is a Delaware corporation authorized to do business in North Carolina, also having the capacity to contract; and,

WHEREAS, the Company currently operates a plant in Henderson County; and,

WHEREAS, the Company has been considering expanding operations in the County, which if it occurs is estimated by the Company to result in a capital investment of between Thirty Million Dollars (\$30,000,000.00) and Fifty-Five Million Dollars (\$55,000,000.00), creating between twenty (20) and forty (40) new jobs, each paying in excess of the average weekly wage for jobs in Henderson County; and,

WHEREAS, the Company has stated that they are competing with one or more sister plants of the Company for the location of the equipment to be located in their plant in Henderson County; and

WHEREAS, the Company requested assistance from the County in the form of Economic Incentives to offset the start-up costs associated with expansion of their facility, and to assist them in their competition with their sister plants to bring the expansion to the Henderson County plant; and

WHEREAS, in reliance upon the Company's representations to the County concerning the net capital investment to be made and new employment positions to be created, the County set a public hearing for June 3, 2013, and in further reliance upon the Company's representations to the County, duly advertised in the Hendersonville Tribune, a newspaper having daily general circulation in Henderson County, on May 30, 2013, their intent to consider granting Economic Incentives to the Company consisting of assistance with a portion of the expenses associated with the construction and equipping of the expansion of its current facility ("Expansion") in a total amount (as calculated below) not to exceed (subject to Section 4(d) below, One Million One Hundred Fifteen Thousand Twenty-Five Dollars and Fifty-Eight Cents (\$1,115,025.58) , to be reimbursed to the Company over a period of seven (7) years from each portion of investment; and

WHEREAS, the County has the authority under N.C. Gen. Stat. §158-7.1(a) to assist industries in the expenses associated with the start-up of expanded operations where the assistance will stimulate the local economy, will promote business, and benefit the public by generating additional tax revenue for the County; and

Whereas, the County has determined after a duly advertised public hearing held on June 3, 2013, that the investment as stated above by the Company would benefit the public in Henderson County; and

Whereas, the County has determined that a capital investment of not less than Twenty-Five Million Dollars (\$25,000,000.00) will benefit the county by generating an additional Twenty-Five Million Dollars (\$25,000,000.00) in taxable capital property, real or personal; and

NOW, THEREFORE, in consideration of the mutual covenants and promises and obligations contained herein below, the parties agree as follows:

1. Capital Investment Requirement.

a. Subject to the provisions below, "Capital Investment Requirement" defined by the Company shall be \$25,000,000 by December 31, 2015 with timing as estimated below:

- i. Year One Capital Investment (Calendar Year 2013): Eight Million Dollars (\$8,000,000.00) in new, taxable personal property. The Company may invest a greater amount in its discretion.
- ii. Year Two Capital Investment (Calendar Year 2014): Seventeen Million Dollars (\$17,000,000.00) in new, taxable personal property. The Company may invest a greater amount in its discretion.
- iii. Year Three Capital Investment (Calendar Year 2015): Five Million Dollars (\$5,000,000.00) in new taxable personal property. The Company may invest a greater amount in its discretion.

b. Capital Investment Term: Subject to the provisions below with respect to a partial investment in any given year:

- i. Year One Capital Investment: All investment for Year One Incentives must be in place as of December 31, 2013 and reported to the Henderson County Assessor by January 31, 2014.
- ii. Year Two Capital Investment: All investment for Year Two Incentives must be in place as of December 31, 2014 and reported to the Henderson County Assessor by January 31, 2015.
- iii. Year Three Capital Investment: All investment for Year Three Incentives must be in place as of December 31, 2015 and reported to the Henderson County Assessor by January 31, 2016.

Economic Incentives each year shall be provided based on the capital investment actually made in each year in accordance with Section 4(a) below. Subject to the Investment Cap (defined in Section 4(a)), references made to Year One, Two and Three

Capital Investments shall be deemed a reference to the actual capital investment made in the applicable year rather than the amounts estimated above.

In the event the Company does not meet the Capital Investment Requirement of \$25,000,000 at its Henderson County facility by December 31, 2015, then the Economic Incentives will be forfeit and any Economic Incentives tendered by the County pursuant to this agreement shall be repaid to the County within 60 days of the County written notice of the accurate amount of Economic Incentives to be repaid.

c. **Capital Investment Certification:** Not later than thirty (30) days after the completion of each year's Capital Investment requirement, the Company shall certify in writing by one authorized to execute contracts on behalf of Company to the County that the each year's Capital Investment has been completed (or alternatively, the amount of capital investment made), hereinafter "**Capital Investment Certification**". The Company shall include with such Capital Investment Certification evidence that the total Capital Investment required by the terms of this Agreement has been completed and paid for by the Company. The Company may provide any of the following as sufficient evidence of such Capital Investment: invoices, purchase orders, canceled checks, and other documents which will reasonably prove that the amount of capital investment for each of the respective years.

2. **Ad Valorem Property Taxes.**

During such time as Company is eligible for Economic Incentives, the Company shall list the Capital Investment each year as required by the Henderson County Assessor's Office, and the Capital Investment shall be depreciated pursuant to the Henderson County Assessor's Office guidelines in existence at the time of listing. The Company shall pay to the County directly (or possibly indirectly under certain lease terms if the Capital Investment constitutes leased property) the *ad valorem* property tax on the applicable portion of the Capital Investment by January of the year after it is listed, as set forth in the County's annual real and personal property tax bill. The amount of *ad valorem* real and personal property taxes paid to the County for a particular *ad valorem* property tax year related each year's Capital Investment shall constitute such year's "**Capital Investment Taxes**". Upon payment of Capital Investment Taxes, Company shall be eligible for the Economic Incentives as set forth in Paragraph 4, below.

3. **Employment Requirement.**

a. **Employment Requirement Defined:** By not later than December 31, 2016, the Company shall employ not fewer than twenty (20) new employees in excess of the total number employed by the Company within the County as of the effective date of this agreement ("the **Beginning Employment Number**"). The **Beginning Employment Number** shall be deemed to include the number of employees still to be added under the Company's 2009 incentive agreement with the County.

b. **Employment Certification:** Not later than December 31, 2016, the Company shall provide to the County in writing, executed by one authorized to execute contracts on behalf of the Company, a certification of the following (collectively, "**Employment Certification**"):

- i. That the Company employs at least twenty (20) new employees in newly created jobs paying at least the average manufacturing wage for Henderson County (as reported by the Employment Security Commission) plus benefits as stated in the Incentives Guidelines, which would not exist in the absence of the Company's expenditure of the Capital Investment; and
- ii. That the total number of employees that the Company employs within the County is not less than the sum of (i) the Beginning Employment Number; and (ii) the number of new employees employed as a result of this Agreement. As a part of the Employment Certification, the Company shall provide the County with the form attached as Exhibit A, completed and executed by the Company.

The Company is currently required to report to the North Carolina Department of Commerce the number of Eligible Positions created pursuant to the Community Economic Development Agreement Grant No. 2009-09. Following receipt of that report, the North Carolina Department of Commerce will provide Company certification of the number of Eligible and Retained Positions. ("JDIG Job Certification"). Following its receipt of the JDIG Job Certification for the applicable year, the Company shall provide the County a copy of the certification as further evidence of the job creation.

4. Economic Incentives.

a. Economic Incentives Calculated: "Economic Incentives" shall be defined as the amounts to be provided pursuant to the following:

- i. Year One Capital Investment: The County will pay to the Company eighty percent (80%) of the actual Capital Investment Taxes paid by the Company on the Year One Capital Investment each year for a period of seven (7) years.
- ii. Year Two Capital Investment: The County will pay to the Company eighty percent (80%) of the actual Capital Investment Taxes paid by the Company on the Year Two Capital Investment each year for a period of seven (7) years.
- iii. Year Three Capital Investment: The County will pay to the Company eighty percent (80%) of the actual Capital Investment Taxes paid by the Company on the Year Three Capital Investment each year for a period of seven (7) years.

Notwithstanding the above, in no event shall the Company receive credit for a cumulative Capital Investments exceeding \$55,000,000, and to the extent that the Company makes a capital investment of more than \$55,000,000 between the June 10, 2013 and subject to the September Deadline, December 31, 2015, such additional investment shall not be considered for purposes of calculating the Capital Investment Taxes ("Investment Cap").

b. Incentives Requirements: Prior to payment of each annual incentive payment, the County shall have received from the Company the Capital Investment

Certification, each annual Employment Certification, and payment of all *ad valorem* property taxes due, including the taxes due on the Capital Investment.

c. Incentives Payment Schedule:

- i. Year One Capital Investment: the first annual payment will be December 31, 2014, and annually thereafter for a total of seven (7) years. The County shall not pay any interest to the Company on any portion of the Economic Incentives paid to the Company by the County pursuant to the terms of this Agreement.
- ii. Year Two Capital Investment: the first annual payment will be December 31, 2015, and annually thereafter for a total of seven (7) years. The County shall not pay any interest to the Company on any portion of the Economic Incentives paid to the Company by the County pursuant to the terms of this Agreement.
- iii. Year Three Capital Investment: the first annual payment will be December 31, 2016, and annually thereafter for a total of seven (7) years. The County shall not pay any interest to the Company on any portion of the Economic Incentives paid to the Company by the County pursuant to the terms of this Agreement.

The following table is included and intended as an alternative but identical explanation of the Incentives Payment Schedule:

Table 4	
YEAR	AMOUNT OF INCENTIVES (FORMULA)
2015 (for Phase I Capital Investment)	80% of the 2014 Capital Investment Taxes on Capital Investment in Phase I (Subject to Investment Cap)
2016 (for Phase I and Phase II Capital Investment)	80% of the 2015 Capital Investment Taxes on Capital Investment in Phase I and Phase II (Subject to Investment Cap)
2017 (for Phase I, II and III Capital Investments)	80% of the 2016 Capital Investment Taxes on Capital Investment in Phase I, II and III (Subject to Investment Cap)
2018	80% of the 2017 Capital Investment Taxes on Capital Investment in Phase I, II and III (Subject to Investment Cap)
2019	80% of the 2018 Capital Investment Taxes on Capital Investment in Phase I, II and III (Subject to Investment Cap)
2020	80% of the 2019 Capital Investment Taxes on Capital Investment in Phase I, II and III (Subject to Investment Cap)
2021	80% of the 2020 Capital Investment Taxes on Capital Investment in Phase I, II and III (Subject to Investment Cap)
2022 (for Phase II and III only)	80% of the 2021 Capital Investment Taxes on Capital Investment in Phase II and Phase III (Subject to Investment Cap)
2023 (for Phase III only)	80% of the 2022 Capital Investment Taxes on Capital Investment in Phase III (Subject to Investment Cap)

(d) Notwithstanding the recitals regarding the dollar value cap of \$1,115,025.58, such dollar value cap is subject to any increase in the currently applicable millage or any change in the manner of properly calculating the actual property tax liability on the Capital Investment from the manner used to derive said dollar value cap.

5. Other Provisions.

a. The Company shall indemnify and hold harmless the County for any and all third party claims (whether in tort, contract or otherwise), demands, expenses (including, without limitation, attorneys' fees) and liabilities for losses, damage, injury ("Third Party Claims") resulting from, or arising out of (i) the issuance of the Economic Incentives in accordance with this Agreement, (ii) the costs, planning, design, acquisition, site preparation, transportation, construction, renovation, equipping, installation, maintenance repair, replacement or completion of the Expansion, (iii) any defects (whether latent or patent) a part of Project Expansion, (iv) the maintenance, repair, replacement, restoration, rebuilding, demolition, upkeep, use, occupancy, ownership, leasing, subletting or operation of the Expansion, (v) any act of negligence of the Company or of any of its agents, contractors, servants, employees or licensees with respect to Expansion or Company's Henderson facility, and (vi) any activity at the Company's Henderson facility related to the Expansion. However, that the foregoing indemnifications shall not extend to any Third Party Claims arising from the negligence or willful misconduct of the County or its employees, agents, contractors or representatives. The terms of this paragraph shall survive any termination of this Agreement, or any determination or event rendering this Agreement null and void. The terms of this paragraph shall survive any termination of this Agreement, or any determination or event rendering this Agreement null and void.

b. The Term of this Agreement shall run from the Effective Date through midnight, December 31, 2021.

c. Delay in Provision of Documentation. Failure to timely provide documentation for the Capital Investment Certification or each year's Employment Certification when due will result in the delay of such particular year's incentives payment. However, once the County notifies the Company that such documentation is past due, the Company shall have sixty (60) days in which to provide the same to the County. Should it fail to provide such documentation within the sixty (60) day time period, such particular year's incentive payment is forfeit, and will not be due the company. Further, in such event, should the Company seek any subsequent year's incentive payment, it shall provide not only any such documentation due for such subsequent year, but also the documentation for any year(s) not previously provided (it being understood that the provision of documentation for any year(s) not previously provided shall not revive the County's obligation to make payment of the incentive payment(s) which would have been paid for such year(s) had such documentation been provided.

d. If the Company shall make a determination to cease operation of the Facility prior to the end of the Term, this Agreement shall be deemed terminated, and Henderson County shall have no further obligations hereunder, including but not limited to the obligation to pay any further installments on the Economic Incentives after the date of such cessation of operation

e. The Company agrees that any duly authorized representative of the County shall have access to and the right to reasonably inspect, copy, audit, and examine such books, records, and other documents relating to the fulfillment of this Agreement during the Term provided that the Company has first been provided reasonable notice and provided that such duly authorized representative has executed a reasonably acceptable confidentiality agreement with the Company.

f. No provision of this Agreement shall be construed or interpreted as creating a pledge of the faith and credit of the County within the meaning of any constitutional debt limitation. No provision of this Agreement shall be construed or interpreted as delegating governmental powers or as a donation or a lending of the credit of the County within the meaning of the State Constitution. This Agreement shall not directly or indirectly or contingently obligate the County to make any payments beyond those appropriated in the County's sole discretion for any fiscal year in which this Agreement shall be in effect. No provision of this Agreement shall be construed to pledge or to create a lien on any class or source of the County's moneys, nor properties, nor shall any provision of the Agreement restrict to any extent prohibited by law, any action or right of action on the part of any future County governing body. To the extent of any conflict between this Paragraph and any other paragraph of this Agreement, this Paragraph shall take priority.

g. The Company shall be entirely responsible for, and shall bear all risk of loss associated with the Expansion and with the creation of employees. Further, in the event that the assistance provided by the County hereunder, or any party thereof, is deemed by a court of competent jurisdiction to be *ultra vires* or not authorized by the laws or constitution of the State of North Carolina, the Company shall promptly refund all amounts paid hereunder by the County to the County. This Paragraph shall survive the expiration or termination of this Agreement.

h. This Agreement shall bind all successors and assigns of the Company; however, except as provided below, neither this Agreement, nor the right to payment under the terms of this Agreement, may be assigned by the Company, or otherwise used as collateral for any obligations of the Company, financial or otherwise without the expressed written consent of the Henderson County Board of Commissioners. Notwithstanding the above, so long as such assignee executes an assignment whereby the assignee agrees to be responsible for all the duties and obligations under this Agreement, the Company shall have the right to assign this Agreement to a subsidiary, parent or affiliate of Company; or (ii) to an entity which will have succeeded to all or substantially all of the assets of Company by merger or consolidation; or (iii) to any person or entity to which all or substantially all of the assets of Company will have been sold.

i. This Agreement shall be governed by the laws of the State of North Carolina.

j. The Company represents and warrants to the County that the Company will comply with all applicable local, State, and Federal laws in carrying out the obligations incurred by the Company under the terms of this Agreement.

k. Any written notice or written certification or payment required by the terms of this Agreement shall be deemed given if delivered in person, by reputable overnight courier such as Fed Ex or UPS, or mailed certified mail, return receipt requested to the persons named below:

To the County: Charles Russell Burrell, County Attorney
Office of the County Attorney
1 Historic Courthouse Square, Suite 5
Hendersonville, NC 28792

To the Company: Continental Automotive Systems, Inc.
One Quality Way
Fletcher, North Carolina 28732
Attn.: Plant Manager

With a copy to: Continental Automotive Systems, Inc.
21440 West Lake Cook Road, 7th Floor
Deer Park, IL. 60010
Attn: Legal Department

k. In the event any term, covenant or condition of this Agreement is deemed invalid or unenforceable, the remainder of this Agreement, of the application of such term, covenant or condition to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected and each term, covenant or condition of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

l. The provisions hereof shall inure to the benefit of and bind the parties hereto and their respective heirs, successor and assigns. This document shall be considered to have been prepared equally by the parties hereto and shall not be construed more strictly against either of them. The provision hereof shall be liberally construed to give effect to their apparent intent.

m. This Agreement constitutes the entire agreement of the parties hereto and may not be modified or canceled except pursuant to the terms hereof or an instrument in writing signed by the parties hereto.

n. This Agreement may be executed in one or more counterparts and shall become effective when one or more counterparts have been signed by all of the parties; each counterpart shall be deemed an original but all counterparts shall constitute a single instrument.

o. Any provision herein contained which by its nature and effect is required to be observed, kept, or performed after the execution of this Agreement shall survive said execution and remain binding upon and for the benefit of the parties until fully observed, kept, or performed. Provided however, that all provisions of this Agreement which by their terms survive any termination of this Agreement shall survive indefinitely.


p. This Agreement is intended to benefit the parties hereto only, and therefore no third party shall have any rights under this Agreement, or be deemed a third party beneficiary.

q. This Agreement shall be effective after it has been duly executed by the two parties, the effective date being the date above first written.


(REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK)

Now, therefore, the two parties have caused this Agreement to be duly approved and duly executed in triplicate, each to have the force and effect of an original as of the date and year above first written.

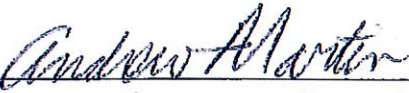
COUNTY OF HENDERSON

BY: 
CHARLES D. MESSER, Chairman
Henderson County Board of Commissioners

Attest: (County Seal)



TERESA L. WILSON
Clerk to the Board

CONTINENTAL AUTOMOTIVE SYSTEMS, INC.

BY: 
Name: Andrew Martin
Its: V.P. FINANCE

Attest: (Corporate Seal)


Secretary

BY: 
Name: Robert J. PATTON
Its: ASSISTANT SECRETARY

Attest: (Corporate Seal)


Secretary

STATE OF SOUTH CAROLINA
COUNTY OF LANCASTER

I, STEPHAN P. CANTY, Notary Public for said County and State, certify that, George R. Jurch personally came before me this day and acknowledged that he is Secretary to CONTINENTAL AUTOMOTIVE SYSTEMS, INC., a Delaware corporation authorized to do business in North Carolina, that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by Andrew Martin and Robert Han its VP FINANCE and ASS. SECRETARY, sealed with its corporate Seal, and attested by him as its Secretary.

Witness my hand and official seal, this the 27th day of AUGUST, 2013

(Official Seal)

Stephan P. Canty
Notary Public

My Commission expires MAY 19, 2019.

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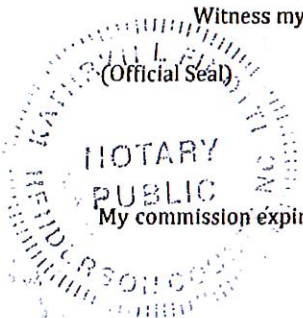
STATE OF NORTH CAROLINA
COUNTY OF HENDERSON

I, Kathryn L. Finotti, Notary Public for said County and State, certify that Teresa L. Wilson personally came before me this day and acknowledged that she is Clerk to the Board of Commissioners of Henderson County, a body politic and corporate and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its Chairman of the Board of Commissioner, sealed with its corporate seal, and attested by herself as its Clerk.

Witness my hand and official seal, this the 27th day of August, 2013

(Official Seal)

Kathryn L. Finotti
Notary Public



My commission expires March 23, 2018

EXHIBIT A

Annual Job Certification Form

Pursuant to that certain Agreement dated June 10, 2013 (“**2013 Incentive Agreement**”) currently between Continental Automotive Systems, Inc., (“**Company**”) and the Henderson County (“**County** ”), Continental committed to create additional positions at its facility located within Henderson County (“**Facility**”).

1. Pursuant to Section 3(b)(ii) of the 2013 Incentive Agreement, Company hereby certifies to the County of Henderson that as of December 31, *[insert year]*:

- (a) The number of hourly positions created at the Facility in *[insert year]* was _____
- (b) The total cumulative hourly positions created at the Facility after June 10, 2013 was _____
- (c) The number of salaried positions created at the Facility in *[insert year]* was _____
- (d) The total cumulative salaried positions created at the Facility after June 10, 2013 was _____
- (e) The total number of new Eligible Positions for *[insert year]* reported to the State of North Carolina pursuant to that certain Community Economic Development Agreement Grant No. 2009-09 (“**JDIG Report**”) was _____
- (f) The cumulative Eligible Positions reported on the JDIG Report for *[insert year]* was _____
- (g) The number of Retained Positions reported on the JDIG Report for *[insert year]* was _____

2. The Company further certifies that:

(a) The Company in *[insert year]* employed at least *[insert applicable number of required jobs]* jobs (paying at least the median wage for Henderson County (as reported by the Employment Security Commission) plus benefits as stated in the Henderson County Incentive Guidelines Version 2007.1.01) which would not exist in the absence of the Company’s expenditure in Capital Investment, and

(b) The total number of employees that the Company employed at that Facility in *[insert year]* was not less than the sum of

(1) the Beginning Employment Number (as defined in Section 3(a) of the 2013 Incentive Agreement and,

(2) 20

for a cumulative of _____ jobs at the Company’s Henderson County Facility.



Rick J. Holcomb
Deputy General Counsel
1830 MacMillan Park Drive
Fort Mill, SC 29707
Phone: (704) 583-8723

September 26, 2019

VIA CERTIFIED MAIL and EMAIL

Steve Wyatt
County Manager
Henderson County
1 Historic Courthouse Square, Suite 2
Henderson, NC 28792
828-697-4809
E-Mail: swyatt@hendersoncountync.gov

**NOTICE PURSUANT TO THE WORKER
ADJUSTMENT AND RETRAINING NOTIFICATION ACT**

Dear Mr. Wyatt,

Continental Automotive Systems, Inc. ("Continental" or "the Company") is the owner and operator of a plant located at 1 Quality Way 28732, Fletcher, NC USA, (the "Henderson plant"). On September 26, 2019, the Company announced the permanent closing of the Henderson plant.

In order to increase its operating efficiencies and reduce costs, Continental decided to consolidate its Hydraulic Brake Systems ("HBS") operations into one manufacturing location in San Luis Potosi, Mexico. This consolidation will help keep Continental competitive given the current pressures on the market including the decrease in global vehicle production, increasing relocation of export volumes and decreasing projected sales volumes.

We send this letter as a courtesy to provide you with advanced notice of the planned closure of the Henderson Plant. It is anticipated that the plant closure will occur on or around December 2022. However, the first reductions in force are not anticipated until mid-year 2020. Once we have additional information about the ramp-down process and the plant closure, we will supplement this notice as required by the Worker Adjustment and Retraining Notification Act, 29 U.S.C. §§ 2101 et seq. ("WARN Act") with more specific information about our phased separation schedules and information about the affected employees etc.

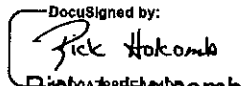
Hopefully, this notice provides you with sufficient information about the planned closure of the Henderson Plant. As required by law, Continental will keep you informed

Steve Wyatt, County Manager
September 26, 2019
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with respect to any material changes to our plans with respect to the Henderson Plant closure and the associated employment losses.

Should you have any questions or need additional information, please contact the undersigned at Continental Tire the Americas, Inc., 1830 MacMillan Park Drive, Fort Mill, SC 29707, or you may also reach me at (704) 583-8723.

Sincerely,

DocuSigned by:

Rick J. Holcomb
Deputy General Counsel

CC: The Honorable Grady Hawkins
Chairman
Henderson County Commissioners
1 Historic Courthouse Square, Suite 2
Henderson, NC 28792



Charles Russell Burrell
County Attorney

Office of the County Attorney
Henderson County, North Carolina

September 26, 2019

Continental Automotive Systems, Inc.
One Quality Way
Fletcher, North Carolina 28732

RE: June 10, 2013, agreement with Henderson County

Gentlemen:

Henderson County is in receipt Rick J. Holcomb's letter, dated today, giving notice under the Worker Adjustment and Retraining Notification Act, 29 U.S.C. §§ 2101 *et seq.*

Under the Paragraph 5.d. of the June 10, 2013, agreement between Continental Automotive Systems, Inc., and Henderson County,

If the Company shall make a determination to cease operation of the Facility prior to the end of the Term, this Agreement shall be deemed terminated, and Henderson County shall have no further obligations hereunder

The "Term" specified in that agreement is through December 31, 2021.

Based on Mr. Holcomb's letter as I understand it, the June 10, 2013, agreement is terminated.

Sincerely,

Charles Russell Burrell

1 Historic Courthouse Square, Suite 5
Hendersonville, North Carolina 28792
Telephone (828) 697-4719 — Facsimile (828) 697-4536

Cc: Continental Automotive Systems, Inc.
21440 West Lake Cook Road, 7th Floor
Deer Park, IL 60010
Attn: Legal Department

Mr. Rick J. Holcomb
Deputy General Counsel
1830 MacMillan Park Drive
Fort Mill, SC 29707

Mr. John Hunter
Womble Bond Dickinson (US) LLP
One Wells Fargo Center, Suite 3500
301 South College Street
Charlotte, NC 28202-6037

1 Historic Courthouse Square, Suite 5
Hendersonville, North Carolina 28792
Telephone (828) 697-4719 — Facsimile (828) 697-4536