

Regular Session, August 1, 2011, 9:30 a.m.
Catawba County Board of Commissioners

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Awards

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Catawba County Historical Association

Grant for security of Bunker Hill Covered Bridge	269	08/01/11
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Cooperative Extension

Presentation of book <u>Ordinary Women, Extraordinary Service</u>	269	08/01/11
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Economic Development Corporation

Economic Development Incentives for Lee Industries and The Lucky 7 Development Grp.	273	08/01/11
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Hickory Public Schools

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Resolution

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Western Piedmont Regional Transit Authority

Revision to Rural Operating Assistance Program (ROAP) Agreement	270	08/01/11
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The Catawba County Board of Commissioners met in regular session on Monday, August 1, 2011 at 9:30 a.m. in the Robert E. Hibbitts Meeting Room of the 1924 Courthouse, 30 North College Avenue, Newton, North Carolina.

Present were Commissioners Dan A. Hunsucker, Barbara G. Beatty and Randy Isenhower.

Chair Katherine W. Barnes and Vice-Chair Lynn M. Lail were absent.

Also present were County Manager J. Thomas Lundy, Assistant County Manager Lee Worsley, Assistant County Manager Dewey Harris, County Attorney Debra Bechtel, Deputy County Attorney Anne Marie Pease and County Clerk Barbara Morris.

1. Commissioner Barbara G. Beatty called the meeting to order at 9:30 a.m. Commissioner Beatty noted that both Chair Katherine W. Barnes and Vice-Chair Lynn M. Lail were absent.
2. Commissioner Dan A. Hunsucker led the Pledge of Allegiance to the Flag.
3. Commissioner Randy Isenhower offered the invocation.
4. Commissioner Hunsucker made a motion to approve the minutes from the Regular Meeting of July 11, 2011. The motion carried unanimously.

5. Recognition of Special Guests: Commissioner Beatty welcomed all present. Human Resources Director Cynthia Eades introduced Brook Whitfield, a high school intern with the County school system who was shadowing Ms. Eades.
6. Public Comments for Items Not on the Agenda: None.
7. Presentations:
 - a. Extension Agent Glennie Daniels The Board presented Board members with a copy of the book, Ordinary Women, Extraordinary Service from the N.C. Cooperative Extension-Catawba Center. Ms. Daniels explained the book celebrates the 100 year history of Family and Consumer Sciences and the Extension and Community Association volunteers working in each North Carolina county and the Qualla Boundary of the Cherokee Nation. Ms. Daniels introduced a group of Extension volunteers in the audience and thanked them for their time and efforts.
 - b. The Board presented a Certificate of Achievement for Excellence in Financial Reporting and Popular Annual Financial Reporting Award from the Government Finance Officers Association (GFOA) to Finance Director Rodney Miller, Assistant Finance Director Jeanne Jarrett and Internal Auditor Kenneth Maynor. The Certificate of Achievement for Excellence in Financial Reporting is the highest form of recognition in the area of governmental accounting and financial reporting, and has been awarded to the County for 29 consecutive years. The award is presented to governmental units that the GFOA says "prepare and publish an easily readable, understandable comprehensive annual financial report covering all funds and financial transactions during the fiscal year." The Board also presented the Popular Annual Financial Reporting Award to the Finance Department. This award is presented to local governments that "produce high quality popular annual financial reports specifically designed to be readily accessible and easily understandable to the general public and other interested parties without a background in public finance." This is the County's third straight year as recipient of this award. Finance Director Miller praised both Ms. Jarrett and Mr. Maynor for their work and introduced UNC Chapel Hill Intern Mark Comer who would be working with the Finance Department during the summer months.
 - c. Catawba County Historical Association Director Melinda Herzog and President of the Historical Association Board of Trustees Shuford Abernethy presented a report on a grant received by the museum that will be used to enhance security at the Bunker Hill Covered Bridge. The 2010 National Historic Covered Bridge Preservation Program Award totals \$179,424 and is directed by the Federal Highway Authority and is funded through the North Carolina Department of Transportation. Designated as a National Civil Engineering Landmark in 2001, the Bunker Hill Covered Bridge is the only remaining example in wood of the Improved Lattice Truss design patented in 1839 by Herman Haupt and one of only two original remaining covered bridges in North Carolina. Museum Director Melinda Herzog requested that the Board support the receipt of this award which will require the County to receive the funds and distribute them to the Catawba County Historical Museum (pass through funds) and also requested County assistance in putting grant-funded contracted services out to bid. County Manager J. Thomas Lundy said he saw no problem with staff assisting with the bid process and receiving and distributing the grant funds (acting as the pass-through agency).
8. Appointments:

Commissioner Hunsucker recommended the reappointment of Dr. David Kulesia for a first term, Dr. William Geideman and Brenda Watson for second terms and Susan Witherspoon for a third term on the Public Health Board. These terms will expire on June 30, 2014. Commissioner Beatty presented Vice-Chair Lynn Lail's recommendation to reappoint Ray Von Caldwell for an eleventh term and Al King for a third term on the Catawba County Planning Board. These terms will expire on December 21, 2014. County Manager J. Thomas Lundy recommended the reappointment of Mark Logan to a second term as Tax Assessor. This term will expire on June 30, 2013.

These recommendations came in the form of a motion, which carried unanimously.

9. Consent Agenda:

County Manager J. Thomas Lundy presented the following three items on the consent agenda. Mr. Lundy explained the consent agenda concept to those in the audience at the request of Commissioner Beatty.

a. A request from Hickory Public Schools to dedicate \$50,000 in available lottery funds to pay the annual debt payment for Qualified Zone Academy Bonds (QZABs), which will free existing funds now dedicated to debt for per capita expenses. These funds are 0% interest bonds that must be used to renovate school buildings, purchase equipment, develop criteria or train teachers. Hickory Public Schools received 2007 QZABs in the amount of \$700,000 through the State of North Carolina. These funds assisted with renovations to the former American Legion building needed for athletics programs and physical education classes. The term of the loan is fourteen years (starting in Fiscal Year 2008/09, ending in Fiscal Year 2021/22), which the system agreed to repay by dedicating \$50,000 annually from its per capita allocation. Each school system receives per capita funds from the County each year to fund small capital projects costing less than \$12,500.

Hickory Public Schools has \$150,000 in available lottery funds and has requested to use \$50,000 in the current year to make the annual QZAB payment, instead of using per capita funds. Lottery funds may be used for new or existing debt obligations. Using the lottery funds to make the payment this year will free per capita funds for projects such as sidewalk improvements, interior improvements, minor mechanical improvements and other capital projects. The following appropriations apply:

Supplemental Appropriation:

110-910100-630501	School Building Capital - Lottery	\$50,000
110-910050-695420	From Schools Capital Projects	(\$50,000)
420-750050-995110-30050-9-02	To General Fund	(\$50,000)
420-750100-865200-32150-5-01	Hickory Capital – Per Capita	\$50,000

b. A request for the Board to approve the revision of the Rural Operating Assistance Program (ROAP) agreement between Catawba County and the Western Piedmont Regional Transit Authority to allow the Authority to become the direct recipient of ROAP funds. Burke, Caldwell and Alexander Counties will be requested to similarly revise their ROAP agreements. ROAP is a state funded public transportation grant program administered by the North Carolina Department of Transportation. It includes the following programs: (1) Elderly and Disabled Transportation Assistance Program (EDTAP); (2) Employment Transportation Assistance Program (EMPL); (3) Rural General Public (RGP) Program, and (4) Supplemental ROAP. Catawba County's revision includes the condition that, upon receipt of the allocation, the Authority would retain RGP and EDTAP funds while dispersing EMPL funding directly to Catawba County Social Services.

ROAP funds are allocated to each county annually by a formula. As a general rule, each county is eligible to receive an allocation from each program but counties that do not provide transportation services to the general public are not provided a RGP allocation. ROAP funds are to be used for the operating cost of trips or other transportation services, but not for administrative or capital costs. Historically, Boards of County Commissioners were the only eligible applicants for ROAP funds and it was their responsibility to sub-allocate and distribute funds to the community transit system and/or local agencies and organizations as allowed by the program guidelines. During FY 2012 there will be a reduction of about 20% in ROAP funds allocated to the region, totaling \$756,877, as compared to \$948,440 allocated in FY 2011. The reductions for FY 2012 by program are as follows: EDTAP - 16.5%, RGP -26.7% and EMPL -7%. The FY 2012 application stipulates that county governments and regional public transportation authorities created under Article 25 or Article 26 of Chapter 160A of North Carolina General Statutes are the only eligible applicants for ROAP funds. Other changes in the guidelines include: a requirement to survey 10 agencies or organizations about transportation needs and services that have been added to the public involvement process; a public hearing notice published in Spanish or another language other than English is required if census data shows that the county has a Limited English Proficiency population of 1,000 people or greater; and this will be the last year that other services, including fuel assistance, vehicle repairs and car insurance are eligible expenses under the Employment Transportation Funds. Only trip-based services are eligible expenses in FY 2013.

When the Authority becomes the direct recipient of these funds, it will be the accountable entity for the grant which includes grant compliance, management and reporting. Currently, each county (as the grant recipient) is the accountable entity for these areas. In addition, the grants will be combined into one application so only one public hearing will be required. Public notices will need to be placed in each of the counties. However, Catawba County Social Services wishes to retain the EMPL (employment) funding to support Work First efforts to keep people off welfare and employed. WPRTA will be responsible for dispersing these funds to Social Services upon receipt. The following agreement applies:

**Western Piedmont Regional Transit Authority
Catawba County
Rural Operating Assistance Program
Funds Administration Agreement**

Overview and Background

Each year, the North Carolina Department of Transportation – Public Transportation Division (NCDOT-PTD) makes available to all counties in North Carolina, Rural Operating Assistance Program (ROAP) grant funding. Within the ROAP program, there are three separate funds – Elderly and Disabled Transportation Assistance Program (EDTAP), Rural General Public (RGP) and Employment Assistance Program (EMP) as well as additional supplemental funding available with each of these three funds. While the counties are the direct recipients of ROAP funds, NCDOT-PTD allows the funds to be transferred between and/or among member counties of a regional transportation system.

In 2008, through the execution of an interlocal agreement, the counties of Alexander, Burke, Caldwell, and Catawba and the cities of Hickory, Newton and Conover (also called member agencies) established Western Piedmont Regional Transit Authority (WPRTA) to provide a range of transportation services to area citizens. Within the interlocal agreement, the member agencies agreed to pass all current and subsequent specialized or public transportation funding, (such as the ROAP funding) received by the member agencies to the Authority for its use in providing transportation services.

The 2012 grant application guidelines allow regional public transportation authorities created pursuant to Article 25 or Article 26 of Chapter 160A of the General Statutes (upon written agreement with municipalities or counties served) to be direct recipients of ROAP funds.

Requirement

NCDOT-PTD requires a written agreement that addresses the proper use and accountability of ROAP funds in any situation where the county is disbursing the ROAP funds to a non-county department or entity. Because the Authority is the direct recipients of all ROAP funds, and Alexander, Burke, Caldwell and Catawba counties are indirect sub-recipients, a written agreement of process and accountability is needed. To follow is an outline of ROAP responsibilities, processes, and procedures as agreed upon by _____ County and WPRTA.

County Responsibilities, Processes and Procedures

_____ County agrees to the following:

1. To allow WPRTA to complete and submit all ROAP grant applications for the full allocation amounts on behalf of the county.
2. To allow WPRTA to be the direct recipient of the ROAP funds for the County.
3. To review ROAP reporting information supplied by WPRTA.
4. To allow WPRTA to complete the annual report and other required reports.
5. To allow the WPRTA Finance Officer to sign the annual reports.
6. To receive and review ROAP reports as presented by WPRTA.
7. To place all ROAP funds received from WPRTA in an interest bearing account and to further agree that all interest earned on the funds will be used within the ROAP programs.
8. To be responsible for maintaining all documentation required for state reporting or auditing in regards to any ROAP funds dispersed to the county.
9. To allow the transfer of county unused ROAP funds to other member counties of the Authority to enable the Authority to offer a full complement of services in the region.

WPRTA Responsibilities, Processes and Procedures

WPRTA agrees to the following:

1. To hold required public hearings in regards to the grant application on a timely basis.
2. To place advance notice of the public hearings in the County.
3. To prepare and submit the ROAP application for _____ County on a timely basis, applying for the maximum allocation for each category in each county.
4. To be responsible for maintaining all documentation required for state reporting or auditing in regards to any ROAP funds retained by WPRTA.
5. To require applications to be completed by EDTAP clients to ensure that the clients meet eligibility requirements (60 years or age or older or disabled).
6. To verify (using GIS software) that RGP funded trips requested by passengers will either begin or end in a non-urbanized area as required in the ROAP guidelines.
7. To ask RGP passengers if there is "human service funding or other similar funding" available for the trip they are requesting, before funding the trip with RGP monies. This is to help eliminate trip shedding by human service agencies as advised by ROAP standards.
8. To place trips provided using any ROAP funds into WPRTA's trip scheduling software so that trip verification and tracking can take place.
9. To "book" trips to the appropriate fund source – either EDTAP, EMP, RGP or supplemental programs for the three funds at the time the trip is scheduled.
10. To use a fully allocated cost model to determine the shared per mile or per hour cost of each ROAP trip.
11. To charge a fare to the passenger for each trip taken, with the fare rate structure being pre-approved by the board of WPRTA.
12. To reconcile and account for all fares according to the funding source used.
13. To use all fares generated by RGP funded trips for local match of the funds, or to provide additional RGP trips.
14. To use all fares generated by EMPLOYMENT (EMP) or EDTAP funded trips to provide additional respective EMP or EDTAP trips.
15. To create at the end of each month, an internal report using the computer trip scheduling/tracking software that will provide a detail of each ROAP trip taken within each county, including the passenger's name, address and the individual cost of the trip.
16. To make available for review and monitoring by county staff all ROAP trip and general information at any time upon request.
17. To keep all ROAP trip reports or other ROAP information for a minimum of five years to meet state program monitoring and auditing guidelines.
18. To be responsible for maintaining all documentation required for state reporting or auditing in regards to the ROAP funds retained by WPRTA.
19. To request from any county department information regarding expenditures and use of any ROAP funds retained by the county as necessary for completion of required reports.
20. To prepare the annual required ROAP reports and submit copies of such reports to the county finance officer for review and record keeping.
21. To enact transfers of ROAP funds between counties when appropriate, so as to ensure that optimum service levels are being provided in all counties.
22. To remedy any loss of ROAP funds within a county resulting from a county to county transfer by making available alternative equal funds for replacement if demand of service warrants such action.
23. To refund any unexpended funds to the state as required.
24. To ensure that all ROAP funds passed to WPRTA are accounted for and presented in WPRTA's A-133 audit.
25. To comply with any other state program implementation requirements and accountability guidelines not specifically listed in this agreement.

This agreement is entered into this the _____ day of July 2011 by:
_____ County Manager

c. A request for the Board to approve a tax refund request in the amount of \$664.24. (Nation City Commercial). Records have been checked and the refund verified; therefore, the Tax Collector is

asking for approval of the refund request. Under North Carolina General Statute 105-381, a taxpayer who has paid taxes may request a refund in writing for an amount paid through error.

Commissioner Beatty asked if any Commissioner wished an item be broken out of the consent agenda. None were requested. Commissioner Isenhower made a motion to approve the consent agenda. The motion carried unanimously.

10. Departmental Reports:

A. Juvenile Crime Prevention Council (JCPC).

Debbie Bradley, JCPC Staff, presented a request by the Catawba Juvenile Crime Prevention Council (JCPC) to use grant funds to contract with Exodus Homes-Young Men of Integrity to provide gang intervention and prevention programming. This is the second phase of the North Carolina Department of Juvenile Justice and Delinquency Prevention's Community Based Youth Gang Violence Prevention program. This is a follow-up to the Gang Assessment grant received by the 25th Judicial District, which was completed and presented in October 2010. A grant of \$50,000 has been awarded to the program. While the application was for \$75,000, the program has advised it can provide services with the funds awarded. During the fall of 2009, the State of North Carolina requested that the counties in the 25th Judicial District (Burke, Caldwell and Catawba) partner for a youth gang assessment. Originally the three counties were advised they were eligible for up to \$250,000 for assessment and prevention and intervention education. They applied for, and received, \$54,500 to conduct the assessment with the understanding that, once the assessment was complete, they could apply for additional funding for prevention and intervention education. The contract for the assessment was awarded to the Western Piedmont Council of Governments. The assessment was completed last summer, with a draft submitted and reviewed, and results presented to the JCPC on September 28, 2010. Based on the results, a request for proposals was distributed. Funding priorities advertised were (1) mentoring; (2) positive peer relations and self esteem; (3) programs after school, on weekends and during vacation to provide opportunities for youth to learn skills, sports, arts, volunteers, and other activities; (4) parenting programs, and (5) paid services (mental health, juvenile justices, schools) to address issues including substance abuse and/or sexual abuse for youth involved in gang or gang-related activities. An grant application from the Young Men of Integrity was completed. Another grant proposal was received by the JCPC, but was incomplete and did not address all areas of need.

The Young Men of Integrity program's proposal addresses the areas noted above. Much discussion has been held, by the JCPC and with the Young Men of Integrity, concerning the use of former gang members as mentors. No person who has had a sexual offender conviction can work with this program. Former gang members who work with the youth cannot work one-on-one; they can only work with them in group settings. Strict guidelines from the State also have been discussed and agreed upon. The program is directed to work with other programs for sexual abuse and substance abuse services. It will use some of the \$50,000 and JCPC funded programs to meet this need. The Young Men of Integrity has decided to expand the program by Labor Day 2011 to include females. It already has a request to help a young lady. The funding period for this grant is from August 2011 through June 30, 2012. Commissioner Isenhower made a motion to approve the contract with Exodus Homes-Young Men of Integrity to provide gang intervention and prevention programming and the utilization of grant funds for this purpose. The motion carried unanimously. The following appropriations apply:

Supplemental Appropriation:

110-190050-630617	JCPC – Gang Intervention Grant	\$50,000
110-190050-868217	JCPC – Gang Intervention Grant	\$50,000

B. Economic Development Corporation

Nathan Huret of the Economic Development Corporation presented a request for the Board to adopt a resolution authorizing economic development incentives for Lee Industries, Inc. and The Lucky 7 Development Group and to appropriate funds for payment of the cash grant. Lee Industries currently operates three production facilities in Newton employing 479 people and has been manufacturing upholstered furniture since 1969. The company has grown tremendously over those 40 plus years offering one-of-a-kind pieces to customers who want to pick their own frame, size,

finish, fabric, skirt, nail head, or even earth-friendly materials. Every piece used by Lee Industries is handcrafted in the United States, with 99.999% of its materials from the United States (much of this from suppliers within a 25 mile radius).

As the company's current facilities cannot handle growth expected over the next 5-10 years, the company considered other buildings in the region and decided to focus on the reuse of a former furniture facility in downtown Conover. The vacant Conover Chair facility has fallen into disrepair in recent years and would require the company to buy the property and pay accompanying delinquent taxes and then drastically renovate the facility and redevelop the entire property, investing an estimated \$2.5 million in property improvements. With the additional manufacturing capacity, Lee would add 75 new employees in Conover over the next three years, with an average wage of \$41,045 or nearly \$7,000 more than Catawba County's average wage. All of the company's Newton facilities would remain in operation, employing over 400.

At a June 29, 2011, joint meeting of the Conover City Council and the Board of Commissioners, the Board unanimously approved an incentive in the form of a cash grant with a single payment of \$50,000 payable upon presentation of a copy of the recorded deed of the property by the company; payment of all taxes and approval of a contract; and the satisfaction of conditions of that contract. The ad valorem tax receipts on \$2.5 million equal \$39,750 over three years. When considering delinquent taxes in addition to this investment, the project will bring an immediate positive payback to the County of approximately \$105,750 over three years, similar to paybacks used to determine grant involvement in other county projects.

The Board's approval contained stipulations that the company require a minimum of a high school diploma or equivalent for any new hires 25 years of age or below, and that all new jobs, existing jobs and investment are maintained through December 31, 2017. As with all incentives provided by the County, these will be based on a contractual performance agreement which requires Lee Industries and The Lucky 7 Development Group to meet minimum thresholds of investment and job creation. The incentive will be paid to Lee Industries. The agreement requires repayment, plus interest, should the investment and/or job creation amounts not be met or sustained. Commissioner Isenhower made a motion to adopt the following resolution, authorize the Chair to execute the necessary documents and appropriate \$50,000 for payment of the cash grant. The motion carried unanimously. The following resolution, appropriations and agreement apply:

Resolution No. 2011-

Resolution Authorizing Economic Development Incentives for Lee Industries, Inc. and The Lucky 7 Development Group

WHEREAS, Lee Industries, Inc. and The Lucky 7 Development Group requested incentives to cause investments equal to or exceeding \$2,500,000 in their new Conover facility by December 31, 2014, and the creation, maintenance and availability of a minimum of 75 net new jobs, in addition to the existing 479 jobs, with a requirement to not hire anyone without a minimum of a high school diploma or its equivalent for anyone 25 years of age or below, and that those 75 new jobs will pay wages at or above the average wage in Catawba County as determined by the North Carolina Department of Commerce.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of Catawba County, North Carolina, as follows:

The Board of Commissioners approves an economic grant in the form of single payment to Lee Industries, Inc. of \$50,000. This would maintain an existing 479 jobs, create 75 new jobs, and create an investment of a minimum of \$2,500,000 which will qualify for ad valorem tax purposes. This grant of \$50,000 will be used to reimburse Lee Industries' expenditures as eligible under North Carolina General Statute 158-7.1. The Board of Commissioners also directs the County to execute a

contract and any necessary resolutions or addenda between the Companies and the County under these terms and conditions and authorizes the Chair to execute these documents.

This the 1st day of August, 2011.

Supplemental Appropriation:

110-190050-690100	Fund Balance Appropriated	\$50,000
110-420050-868209	EDC - Lee Industries	\$50,000

**Prepared by: Debra Bechtel, Catawba County Attorney
P.O. Box 389, Newton, North Carolina 28658**

STATE OF NORTH CAROLINA CATAWBA COUNTY and LEE INDUSTRIES / THE LUCKY 7 DEVELOPMENT GROUP
ECONOMIC DEVELOPMENT AGREEMENT
COUNTY OF CATAWBA

This **JOINT ECONOMIC DEVELOPMENT AGREEMENT** (this "Agreement") is made and entered into this ___ day of _____, 2011, by and between **Catawba County**, ("County") a North Carolina Body Politic Corporate in Nature, having a mailing address of **P.O. Box 389, Newton, North Carolina 28658**, and **Lee Industries, Inc.** ("Lee"), a Corporation organized and existing under the laws of the State of North Carolina, and **The Lucky 7 Development Group** ("Lucky 7"), a North Carolina General Partnership organized and existing under the laws of the State of North Carolina, parties of the Second Part and Third Part, respectively and having a mailing address of **402 West 25th Street, Newton, NC 28658** (Lee and/or Lucky 7 are sometimes herein referred to as "Companies").

WITNESSETH:

WHEREAS, North Carolina General Statutes (NCGS) 158-7.1(a) authorizes County to make appropriations for the purpose of aiding and encouraging the location of business enterprises and industrial and commercial plants in or near its boundaries and Companies are engaged in manufacturing upholstered furniture within the meaning of NCGS 158-7.1; and

WHEREAS, Companies intend to purchase an existing building and up-fit the building to accommodate manufacturing operations and equip the manufacturing facility ("Improvements") at 210 4th Street SW, Conover, NC 28613, Parcel ID # 374105092003, the adjacent 3.4 acres, Parcel ID # 373108989784, the 0.61 acres, Parcel ID # 373108997187 at 402 3rd Street Place SW, Conover, NC 28613, and the 0.15 acres at 210 3rd Avenue SW, Conover, NC 28613, Parcel ID #374105096366 (the "Property"), at a cost in excess of Two Million Five Hundred Thousand Dollars (**\$2,500,000**) and create a minimum of seventy five (**75**) new jobs, with the Improvements to be constructed between July 1, 2011 and December 31, 2014 (the "Improvement Period"); and

WHEREAS, in an effort to encourage and maintain the highest educational attainment, Companies will enroll and actively participate in the Education Matters program; and, for this and future projects, will agree to require a minimum of a high school diploma for anyone 25 years of age or below; and

WHEREAS, Companies expect to remain community-oriented companies and intend to participate in philanthropy, community events and programs intended to increase the health and happiness of their employees and the greater community as a whole; and

WHEREAS, Companies are encouraged, to the reasonable extent possible, to purchase local services and supplies, such as, but not limited to, locally produced products, local hotel, motel and hospitality services, local building and construction services, and other products and services;

NOW, THEREFORE, in consideration of the promises contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

County and Companies agree that this Agreement shall apply only with respect to Improvements undertaken or payments for such Improvements by Companies between July 1, 2011 and December 31, 2014 (the "Improvement Period").

SECTION I – COMPANIES

1. On or before August 30, 2011 Companies shall:

1.1 Purchase the Property located at 210 4th Street SW, Conover, NC 28613, Parcel ID # 374105092003 the adjacent 3.4 acres, Parcel ID # 373108989784, the 0.61 acres, Parcel ID # 373108997187 at 402 3rd Street Place SW, Conover, NC 28613, and the 0.15 acres at 210 3rd Avenue SW, Conover, NC 28613, Parcel ID #374105096366.

1.2 Deliver to County a certificate confirming that Companies own the Property and that the construction, and/or installation of the Improvements will result in the creation, maintenance and availability of a minimum of 75 net new jobs prior to December 31, 2014 and that those jobs will pay wages that will equal or exceed the average wage requirement in Catawba County under the North Carolina Department of Commerce. Job requirements will include a minimum of a high school diploma for anyone 25 years of age or below as outlined by Education Matters. Companies agree to comply with, the Calendar of Responsibilities as outlined in Exhibit "A". Such certificate shall be in the form or substantially in the form of the certificate attached to this Agreement as Exhibit "A".

1.3 Provide an Opinion of Counsel for Companies, in form and substance reasonably satisfactory to County, that this Agreement has been duly authorized, executed and delivered by Companies; and

1.4 Provide an Opinion of Counsel for Companies, in form and substance reasonably satisfactory to County, stating that this Agreement is binding upon and enforceable against Companies, in North Carolina, in accordance with its terms.

2. In order to induce County to enter into this Agreement and to appropriate and expend monies for payment of economic development incentives, Companies represent and warrant to County that as of the execution date hereof:

2.1 Lee is a Corporation duly organized and existing under the laws of the State of North Carolina, has a place of business within the State of North Carolina, and is in good standing and authorized to do business in the State of North Carolina;

2.2 Lucky 7 is a North Carolina General Partnership duly organized and existing under the laws of the State of North Carolina, has a place of business within the State of North Carolina, and is in good standing and authorized to do business in the State of North Carolina;

2.3 Each of Companies has the corporate power and authority to own its properties and assets and to carry on its business as now being conducted and has the corporate power and authority to execute and perform this Agreement;

2.4 The undersigned President of Lee has the right, authority and duty to execute this Agreement in the name and on behalf of Lee; and the undersigned General Partner of Lucky 7 has the right, authority and duty to execute this Agreement in the name and on behalf of Lucky 7.

- 2.5 This Agreement (i) is the valid and binding instrument and agreement of Companies, enforceable against Companies in accordance with its terms; (ii) does not violate any order of any court or other agency of government binding on Companies, the charter documents or operating agreement of Companies or any provision of any indenture, agreement or other instrument to which either of Companies is a party; and (iii) does not conflict with, result in a breach of, or constitute an event of default, or an event which, with notice or lapse of time, or both, would constitute an event of default, under any indenture, agreement or other instrument to which either of Companies is a party;
- 2.6 There is no suit, claim, action or litigation pending, or to the best knowledge of Companies threatened, relating to the Improvements, the use of the Improvements for their intended purpose, or any other matter contained herein;
- 2.7 To the best of Companies' knowledge, there is no impediment to the use of the Property for the purposes contemplated by this Agreement.
- 2.8 Companies are not engaged in a business that would be exempt from property taxes.

3. Companies shall make investments to the Property and Improvements during the Improvement Period. Cumulative expenditures will meet or exceed Two Million Five Hundred Thousand Dollars (\$2,500,000) by December 31, 2014, all of which will qualify and result in additional value for ad valorem tax purposes as determined by the Catawba County Tax Office, and that they will maintain in place, in good condition (ordinary wear and tear excepted) said Improvements through December 31, 2017.

4. Companies shall create a minimum of 75 net new jobs, in addition to the 479 fulltime jobs already in place at the time of this Agreement, at the Property by December 31, 2014 and maintain or make available these 75 net new jobs in place through December 31, 2017. A job is defined as employment that provides 1600 hours or more of work in any 12 months period.

SECTION II – COUNTY

5. On or before August 30, 2011 County shall deliver to Companies an Opinion of Counsel for County, in form and substance reasonably satisfactory to Companies, that this Agreement has been duly authorized, executed and delivered by County; and stating that this Agreement complies with the terms and requirements of NCGS Section 158-7.1(a) and is binding upon and enforceable against County with its terms; and evidence in the form of a Resolution or Resolutions, or official minutes, which County duly adopted authorizing the economic development incentives set forth in this Agreement.

6. Upon Companies obtaining title to the Property and in accordance with all terms of this Agreement, payment of the economic development incentive shall be made as follows:
- a. Within 60 days of presentation of a copy of the recorded deed of the Property, and all property taxes are paid, County will provide a single payment of Fifty Thousand Dollars (\$50,000) to Lee to defray costs associated with the Improvements.
 - b. In no event will the payment by County exceed Fifty Thousand Dollars (\$50,000).
 - c. For each of CY 1 through CY 4, Companies will submit to County a certification by Companies in the form or substantially in the form of the certificate attached hereto as Exhibit B, of Improvements made and proof of payment of taxes and verification that Companies have created and maintained jobs as agreed herein. For the purposes of this Agreement, "CY 1" means calendar year 2011 and "CY 2" through "CY 4" means the succeeding three (3) calendar years.
 - d. Companies shall furnish to County on or before March 5th of each calendar year, following and corresponding to the previous July 1st when taxes are billed, the certification required by this Section 6 and proof of payment of all applicable taxes. If requested, Companies shall provide County, at County's expense, independent certification as to such expenditures and number of existing jobs.

SECTION III - OTHER

7. Force Majeure. Notwithstanding the provisions of Paragraph 8, in the event Companies are unable to meet the requirements of Paragraphs 3, 4 and 6 as a result of (i) an event of force majeure, including but not limited to fires, explosions, acts of God, acts of public enemy, insurrections, riots, terrorism, embargoes, labor disputes, including strikes, lockouts and job actions, or boycotts; (ii) the inability to obtain the governmental permits or approvals (including zoning) necessary for the acquisition of the land or undertaking and operating the Improvements after a good faith effort to obtain same has been made; (iii) shortages of materials or energy; (iv) changes in laws; or (v) other causes beyond the control of and arising without the fault or negligence of Companies; then, in such event, the Improvement Period shall be extended for a period equal to the delay caused by any of the foregoing events so long as Companies shall (a) have furnished County on a timely basis, upon the occurrence of such event, a notice thereof, and (b) take all commercially reasonable steps necessary to relieve the effect of such event and to resume completion of the Improvements.

8. It shall be an Event of Default if any one or more of the following events shall occur for any reason whatsoever (and whether such occurrence shall be voluntary or involuntary or come about or be effected by operation of law or pursuant to or in compliance with any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

a. If Companies, except in the event of force majeure, shall commit a material breach of a material obligation hereunder (including without limitation, the obligation to meet the investment goals and maintaining the minimum number (75) of net newly created jobs, in addition to the 490 fulltime jobs in place at the time this Agreement was executed, as set forth herein) and such breach shall continue for a period of sixty (60) or more days following the receipt of written notice from County;

b. If Companies fail to timely file Exhibit A, or Exhibit B on or before March 5 of each year, following and corresponding to the previous July 1st when taxes are billed, and any qualifying incentive would be due to Companies, this shall be deemed a breach of the Agreement and, notwithstanding Section 9, below, the sole remedy will be that County will not owe Companies any incentive that may have otherwise been due had that filing properly been made;

c. If any material representation, warranty or other statement of fact contained in this Agreement or in any writing, certificate, report or statement furnished by Companies to County in connection with the transaction described in this Agreement, shall be false or misleading in any material respect when given;

d. If Companies shall be unable to pay their debts generally as they become due; file a petition to take advantage of any insolvency statute; make an assignment for the benefit of creditors; commence a proceeding for the appointment of a receiver, trustee, liquidator or conservator of themselves or of the whole or any substantial part of their property; file a petition or answer seeking reorganization or arrangement of similar relief under the federal bankruptcy laws or any other applicable law or statute of the United States of America or any state;

e. If a Court of competent jurisdiction shall enter an order, judgment, or decree appointing a custodian, receiver, trustee, liquidator, or conservator of Companies or of the whole or any substantial part of their properties, or approve a petition filed against Companies seeking reorganization or arrangement of similar relief under the federal bankruptcy laws or any other applicable law or statute; or if, under the provisions of any other law for the relief or aid of debtors, a court of competent jurisdiction shall assume custody or control of Companies or of the whole or any substantial part of their properties; or

f. If Companies shall allow its taxable assets, employment and average wage amounts to fall below the minimum values agreed upon in this Agreement, as each of the same pertain to the facility contemplated by this Agreement.

9. Remedy: If an Event of Default occurs, the obligation of County as set out herein shall terminate, and Companies shall immediately refund to County all economic development incentive payments paid to Companies prior to the date of the Event of Default plus interest at the rate of eight percent (8%) per annum.

10. Companies and County acknowledge that any monies appropriated and expended by County for economic development incentives, as provided in this Agreement, are for a bona fide public purpose and are expended in good faith reliance on NCGS 158-7.1. In the event a Court of competent jurisdiction, after final appeal, rules to which either Companies or County is a party, that all monies expended by County pursuant to this Agreement were not offered and accepted in good faith and in compliance with NCGS 158-7.1 and, further, that such monies must be repaid, Companies will make such repayment to County. In the event one or more lawsuits are brought against County or any County elected official, officer, agent or employee, or Companies, challenging the legality of this Agreement, then County and Companies shall exercise their best efforts to defend against any and all such lawsuits. In any event, if Companies are required to repay funds to County pursuant to this Section 9, the benefit of this Agreement to Companies will have been lost and all further obligations of Companies hereunder shall terminate.

11. All notices, certificates or other communications required or permitted to be given or served hereunder shall be deemed given or served in accordance with the provisions of this Agreement if the notice is (i) mailed in a sealed wrapper and is deposited in the United States mail, certified mail, return receipt requested, postage prepaid, or (ii) deposited with a national overnight courier service that retains receipts for its deliveries, properly addressed as follows:

Catawba County: Catawba County
 Attn: J. Thomas Lundy, County Manager
 PO Box 389

100-A S.W. Blvd.
Newton, NC 28658

Copy to: Catawba County Attorney's Office
 PO Box 389
 Attn: Debra Bechtel, County Attorney

100-A S.W. Blvd.
Newton, NC 28658

Companies: Lee Industries, Inc.
 Attn: Bill McKinney
 402 West 25th Street
 Newton, NC 28658

 The Lucky 7 Development Group
 Attn: Bill McKinney
 402 West 25th Street
 Newton, NC 28658

County or Companies may, by notice given to the other, designate any further or different addresses to which notices, certificates, requests or other communications shall be sent.

12. This Agreement shall inure to the benefit of, and is binding upon, County and Companies and their respective successors and assigns. However, neither this Agreement, nor any rights, privileges, or claims created by this Agreement may be transferred by Companies without the prior, written approval of County, which approval will not be unreasonably withheld.

13. Except as otherwise provided in this Agreement, this Agreement may not be amended, changed, modified or altered except by written agreement of the parties.

14. If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provisions of this Agreement.

15. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, and it shall not be necessary in making proof of this Agreement to produce or account for more than one such fully-executed counterpart.

16. Controlling Law and Venue. This Agreement is governed by and shall be construed in accordance with the laws of the State of North Carolina; venue of any action shall be in the general courts of justice in Catawba County, or if in Federal court in the Western District of North Carolina.

17. The term of this Agreement shall commence on the date of execution and expire upon payment by County of all payments due to Companies hereunder, unless earlier terminated as provided herein.

18. Both Companies and County acknowledge and stipulate that this Agreement is the product of mutual negotiation and bargaining and that it has been drafted by Counsel for both Companies and County. As such, the doctrine of construction against the drafter shall have no application to this Agreement.

IN WITNESS WHEREOF the parties hereto have set their hands and seals as of the day and year first above written.

Catawba County,
A North Carolina Body Politic

11. Other Items of Business: None.
12. Attorney's Report:
13. Manager's Report.
County Attorney Debra Bechtel reported that the County had received a dismissal in the case Houston v. McDevitt, et al.
14. Adjournment: Commissioner Beatty thanked Purchasing Manager Debbie Anderson's effort to bring about the recent successful Green Vendor Exhibition. Commissioner Hunsucker made a motion to adjourn the meeting at 10:05 a.m. The motion carried unanimously

Katherine W. Barnes, Chair
Catawba County Board of Commissioners

Barbara E. Morris
County Clerk