

Regular Session, December 7, 2015, 9:30 a.m.  
Catawba County Board of Commissioners

**Appointments**

Town of Catawba Planning Board	680	12/07/15
Catawba County Planning Board	680	12/07/15
Volunteer Fire Department Fireman's Relief Fund Board of Trustees	680	12/07/15
Dangerous Dog Appellate Board	680	12/07/15

**Board of Commissioners**

Organizational Appointments	664	12/07/15
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**Closed Session**

Economic Development/Personnel	685	12/07/15
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**Economic Development Corporation**

GKN Sinter Metals	665	12/07/15
Substance Incorp.	673	12/07/15

**Emergency Services**

Donation of Vehicle to Claremont Rescue Squad	681	12/07/15
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**Finance**

Independent Audit and Comprehensive Annual Financial Report for FY14/15	685	12/07/15
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**JCPC**

Revised Funding Plan for FY2016	680	12/07/15
Risk and Needs Priorities	681	12/07/15

**Public Health**

Sale of Home Health	679	12/07/15
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**Public Hearings**

GKN Sinter Metals	665	12/07/15
Substance Incorp.	673	12/07/15
Sale of Home Health	679	12/07/15

**Resolutions**

Donation of Vehicle to Claremont Rescue Squad	681	12/07/15
Sale of Surplus Property by electronic public auction	682	12/07/15

**Sheriff's Office**

Seized Funds	681	12/07/15
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**Social Services**

Modification of Outcomes	683	12/07/15
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**Utilities and Engineering**

Sale of Surplus Property by electronic public auction	682	12/07/15
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The Catawba County Board of Commissioners met in regular session on Monday, December 7, 2015, 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 Chair Randy Isenhower, Vice-Chair Barbara G. Beatty and Commissioners Katherine W. Barnes, Sherry E. Butler and Dan A. Hunsucker.

Also present were County Manager J. Thomas Lundy, Assistant County Managers Dewey Harris and Mary Furtado, County Attorney Debra Bechtel, Assistant County Attorney Jodi Stewart and County Clerk Barbara Morris.

1. Chair Randy Isenhower called the meeting to order at 9:30 a.m., noting a quorum was present.
2. Vice-Chair Barbara Beatty led the Pledge of Allegiance to the Flag.
3. Chair Isenhower offered the invocation.
4. Commissioner Hunsucker made a motion to approve the minutes from the Board's Regular Meeting of November 16, 2015. The motion carried unanimously.
5. Organizational Meeting of the Board of Commissioners:  
Election of Chair and Vice-Chair – Chair Isenhower turned the meeting over to County Manager J. Thomas Lundy to take nominations for Chair. Commissioner Hunsucker nominated Randy Isenhower as Chair. Commissioner Katherine W. Barnes moved to close the nominations. Board members voted on the nomination and the vote was unanimous. Chair Isenhower then opened the floor for nominations for Vice-Chair. Commissioner Sherry E. Butler nominated Barbara Beatty as Vice-Chair. Commissioner Butler moved to close the nominations. Board members voted on the nomination and the vote was unanimous. Chair Isenhower made the following organizational appointments:  
County Attorney – Debra Bechtel  
Counsel to the Board – David Hood  
Finance and Personnel Subcommittee – Commissioners Beatty and Hunsucker  
Policy and Public Works Subcommittee – Commissioners Barnes and Butler  
WPCOG Policy Board Delegate – Commissioner Barnes  
WPCOG Policy Board Alternate – Commissioner Beatty  
Hospital Board of Trustees – Vice-Chair Beatty  
Public Health Board – Commissioner Hunsucker  
Social Services Board – Commissioner Butler

Chair Isenhower noted that the assignments to Board and Commissions to which Commissioners appoint would remain the same.

6. Recognition of Special Guests: Chair Isenhower welcomed everyone present and thanked them for their interest in the business of the County.
7. Public Comments. None
8. Public Hearings:
  - A. Julie Pruett, Director of Business Recruitment for the Economic Development Corporation came forward and requested the Board hold a public hearing to receive citizen comments and approve an Economic Development Agreement between the County and GKN Sinter Metals, LLC, which intends to expand, up-fit and/or equip its existing manufacturing facility at 407 Thornburg Drive SE in Conover. It plans to invest a minimum of \$19,811,000, create 55 new jobs and retain 83 existing jobs over 5 years. The average wage of all new jobs created will meet or exceed 100% of the county average wage as determined annually by the North Carolina Department of Commerce. The current average wage is \$36,770 annually.

GKN also considered other states and countries for this production expansion. Its portfolio of business continues to expand company-wide including the Powder Metallurgy division. GKN Sinter Metals currently employs 83 people in Conover, manufacturing sintered cam-shaft caps and transmission ends for OEM manufacturers such as GM, Ford and Fiat Chrysler. GKN Sinter Metals is the world's leading supplier of powder metal precision automotive and industrial components. The GKN Driveline division also operates multiple manufacturing facilities in North Carolina, employing more than 2,500 people, GKN's largest workforce in any US state. In addition to the facility in Conover, GKN Driveline in Maiden employs 830 people manufacturing and assembling axles and transmission units for GM, Ford and

Chrysler Fiat. GKN is currently the largest manufacturing tax payer in Catawba County. In May, GKN PLC was honored as the "North Carolina British Company of the Year" by the British American Business Council for its contribution to the state and communities in which it operates.

The incentive grant is based on a contract with obligations requiring satisfactory performance by the Company and adhering to all North Carolina general statutes. The contract requires a minimum investment of \$19,811,000, the retention of 83 existing jobs and the creation of 55 new jobs by 2020 at GKN's existing facility, which must be maintained for a minimum of three years following the payment of the final incentive. An incentive equal to 50% of new tax receipts will be paid to GKN Sinter Metals annually for 5 years after submitting proof of performance. This amount will be subject to the County's usual contractual commitments and will total a maximum of \$197,122 (prior to depreciation). Based on the current tax rate, payments will equal a maximum of \$27,551 in year 1, \$37,594 year 2, \$41,230 year 3, \$42,530 year 4 and \$48,217 year 5. Clawbacks are included in the agreement requiring repayment should the investment and job creation amounts not be met or sustained.

The City of Conover is applying for a Community Development Block Grant (CDBG) to fund road and utility improvements adjacent to the northern boundary of the project site. The Western Piedmont Council of Governments manages the administration for these projects, with an estimated total cost for this administration of \$15,000. The City of Conover, Catawba County, and the Company have agreed to share 1/3 of these costs equally. In addition to the CDBG administration, the Catawba County Economic Development Corporation (EDC) has entered into a 12 month Option to Purchase agreement for the adjacent property. This contains the right-of-way needed for the development of the CDBG-funded road, water, and wastewater and associated temporary construction easements. Should the Option to Purchase agreement be exercised by the EDC or its assigns during the term of the agreement, there are no costs and no related City/County expenditures. Should the EDC or its Assigns not exercise the Option to Purchase Agreement during the term of the agreement, the City and County agree to reimburse the current landowners for the actual right-of-way (as determined by final survey) for the development of the road, water, and wastewater related to this project at the amount of \$42,000 per acre, with the City and County sharing these costs on a 50/50 basis. Estimated acreage using a preliminary survey total 0.6367 acre. Using this estimate, the estimated County expense for this right-of-way reimbursement would be \$13,370.87, 50% of the possible cost (on a 50/50 basis with the City of Conover).

Chair Isenhower opened the public hearing; no one came forward to speak and Chair Isenhower closed the public hearing. County Attorney Debra Bechtel explained that public hearings were now required by the County for economic development incentives due to a recent change in the North Carolina General Statutes. Commissioner Barnes made a motion approve the applicable agreement. The motion carried unanimously. The following agreement applies:

**Prepared by:**

Debra Bechtel  
**County of Catawba Attorney**  
PO Box 389, Newton, NC 28658  
48326

Mick Nylander  
**GKN North America Services, Inc.**  
2200 N. Opdyke Road, Auburn Hills, MI

STATE OF NORTH CAROLINACOUNTY OF CATAWBA AND GKN SINTER METALS  
ECONOMIC DEVELOPMENT AGREEMENT

**COUNTY OF CATAWBA**

This **JOINT ECONOMIC DEVELOPMENT AGREEMENT** (this "Agreement") is made and entered into this \_\_\_day of \_\_\_, 2015, by and between **Catawba County** (the "County"), a North Carolina body politic, having a mailing address of **Post Office Box 389, Newton, NC, 28658**, and **GKN Sinter Metals, LLC** ("GKN Sinter Metals" or "Company"), a Delaware limited liability company qualified to do business inthe State of North Carolina, having a physical and office address of 2200 N. Opdyke Road, Auburn Hills, MI 48326.

**WITNESSETH:**

**WHEREAS, North Carolina General Statute (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 GKN Sinter Metals is engaged in manufacturing cam caps and other automobile parts and supplies within the meaning of NCGS 158-7.1; and**

**WHEREAS, GKN Sinter Metals intends to construct, up-fit and/or equip existing manufacturing facilities (“Improvements”) at 407 Thornburg Drive SE, Conover, NC, (Parcel ID # 374115649978) and adjacent property at 313 Thornburg Dr SE, Conover, NC (Parcel ID # 374111752606) (the “Property” or “Properties”), at a cost of not less than Nineteen Million Eight Hundred Eleven Thousand Dollars (\$19,811,000) and intends to create a minimum of Fifty-five (55) new jobs and retain Eighty-three (83) permanent jobs currently at the facility, with the improvements to be made between November 1, 2015 and December 31, 2020 and new jobs to be created between November 1, 2015 and December 31, 2020 (the “Improvement Period”); and**

**WHEREAS, GKN Sinter Metals expects to be a community-oriented company and intends 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 to consider participation in the Catawba EDC’s corporate Committee of 100 501(c)(3) non-profit sponsorship; and**

**WHEREAS, GKN Sinter Metals is 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:**

**SECTION I – GKN Sinter Metals**

1. On or before December 31, 2015 GKN Sinter Metals shall:

1.1 Deliver to County a certificate confirming that GKN Sinter Metals owns or has the right to acquire the Property and that the up-fit, and/or installation of the Improvements will result in the creation, maintenance and availability of a minimum of 55 additional jobs with the intention to create 55 new jobs prior to December 31, 2020, and that the overall average weekly wage will equal or exceed the average weekly wage required under the North Carolina Department of Commerce’s contractual requirements for each year that County pays GKN Sinter Metals the economic development incentive provided for herein. GKN Sinter Metals affirms understanding of, and agrees 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”. It is understood and agreed the 55 new jobs referred to above means additional new jobs over and above the 83 existing jobs at GKN Sinter Metals’ Property in Conover on November 1, 2015.

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

1.3 Provide an Opinion of Counsel for GKN Sinter Metals, in form and substance reasonably satisfactory to County, stating that this Agreement is binding upon and enforceable against GKN Sinter Metals, 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, GKN Sinter Metals represents and warrants that, as of the execution date hereof:

2.1 GKN Sinter Metals is a Delaware limited liability company qualified to do business in 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 GKN Sinter Metals 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;

2.3 The undersigned representative of GKN Sinter Metals has the right, authority and duty to execute this Agreement in the name and on behalf of GKN Sinter Metals;

2.4 This Agreement (i) is the valid and binding instrument and agreement of GKN Sinter Metals, enforceable against GKN Sinter Metals in accordance with its terms; (ii) does not violate any order of any court or other agency of government binding on GKN Sinter Metals, the charter documents or operating agreement of GKN Sinter Metals or any provision of any indenture, agreement or other instrument to which GKN Sinter Metals 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 GKN Sinter Metals is a party;

2.5 There is no suit, claim, action or litigation pending, or to the knowledge of GKN Sinter Metals threatened, relating to the Improvements, the use of the Improvements for their intended purpose, or any other matter contained herein;

2.6 There is no impediment to the use of the Property for the purposes contemplated by this Agreement.

2.7 GKN Sinter Metals is not engaged in a business that would be exempt from property taxes.

3. In order to induce GKN Sinter Metals to enter into this Agreement and to appropriate and expend monies for payment of economic development incentives, County represents and warrants that, to the best of County's knowledge that, as of the execution date hereof:

3.1 County is a North Carolina body politic corporate in nature and existing under North Carolina law;

3.2 County has the power and authority to carry on its business as now being conducted and has the power and authority to execute and perform this Agreement;

3.3 The undersigned authorized representative of County has the right, authority and duty to execute this Agreement in the name and on behalf of County;

3.4 This Agreement (i) is the valid and binding instrument and agreement of County, enforceable against County in accordance with its terms; (ii) does not violate any order of any court or other agency of government binding on County, the charter documents of County or any provision of any indenture, agreement or other instrument to which County 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 County is a party; and

3.5 There is no suit, claim, action or litigation pending, or to the knowledge of County threatened, relating to the Improvements, the use of the Improvements for their intended purpose, or any other matter contained herein.

4. GKN Sinter Metals shall make investments to the Properties and Improvements during the Improvement Period. Cumulative expenditures will meet or exceed Nineteen Million Eight Hundred Eleven Thousand Dollars (\$19,811,000) by December 31, 2020, all of which will qualify and result in additional value for ad valorem tax purposes as determined by the Catawba County Tax Office, and

GKN Sinter Metals further agrees to maintain in place, in good condition (ordinary wear and tear excepted), said Improvements for three years after the final incentive payment.

5. In addition to the 83 existing jobs on November 1, 2015, GKN Sinter Metals shall create a minimum of 55 additional jobs over and above the number of jobs existing at the Property in Conover by December 31, 2020 and maintain or make available these jobs in place for three years after the final incentive payment. A job is defined as employment that provides 1600 hours or more of work in any 12 month period.

**SECTION II – COUNTY**

6. On or before December 31, 2015 County shall deliver to GKN Sinter Metals an Opinion of Counsel for County, in form and substance reasonably satisfactory to GKN Sinter Metals, 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 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.

7. Payment of economic development incentives for Real and Personal Investments and for Job Creation in accordance with this Agreement shall be made as follows:

a. County will provide annual payments equal to 50% of the ad valorem taxes associated with the additional value (exclusive of rolling stock) as paid to County for a five year period, commencing with the taxes payable for the tax values on January 1, 2016, and January 1 of the succeeding four years for investments made pursuant to paragraph 4 above with maximum payments as reflected in paragraph 7.b. and in the chart below.

b. In no event will the cumulative payments by County exceed One Hundred Ninety-seven Thousand One Hundred Twenty-two Dollars (\$197,122) for the five years.

<b>Grant Year</b>	<b>Maximum Payment By County by Year</b>
1	\$27,551
2	\$37,594
3	\$41,230
4	\$42,530
5	\$48,217
<b>Total</b>	<b>\$197,122</b>

c. Said amounts shall be payable annually, beginning in 2017 (Grant Year 1) and payable through 2021.

d. Upon payment of ad valorem taxes by Company to County for each of 2017 through 2021 and certification by Company 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 Company has created and maintained jobs as agreed herein, County will, within sixty (60) days, pay to Company an economic development incentive payment, the amount of which is equal to an amount calculated by multiplying by .50 times the total ad valorem tax revenue received by County attributable to the value of the Improvements made by Company pursuant to this Agreement in excess of the amount attributable to improvements already in place and taxed on the site as of January 1, 2015. This same process will be followed by County and Company in each of the immediately following four (4) years.

e. Company 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 7 and proof of payment of all applicable taxes. If requested, Company shall provide County, at County's expense, independent certification as to such expenditures and number of existing jobs.

**SECTION III - OTHER**

8. Force Majeure. Notwithstanding the provisions of Paragraph 9, in the event GKN Sinter Metals is unable to meet the requirements of this agreement 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 GKN Sinter Metals; 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 GKN Sinter Metals 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. In accord with the foregoing, should the GKN Sinter Metals be unable to meet the requirements as described above as a result of a force majeure, the obligation of the County to pay as provided in Section II above, shall be suspended until such time as the GKN Sinter Metals is relieved from the effect of an event of force majeure and resumes completion of the Improvements.

9. 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 GKN Sinter Metals, 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 83 permanent jobs at the facility as of November 1, 2015 and, in addition, a minimum of 90% (50) of the number (55) of newly created jobs as set forth herein) and such breach shall continue for a period of sixty (60) or more days following receipt of written notice from County;

b. If GKN Sinter Metals shall fail to qualify and/or maintain the requirements for eligibility and participation in agreements for State of North Carolina incentives applied for and awarded;

c. If GKN Sinter Metals fails 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 GKN Sinter Metals, this shall be deemed a breach of the Agreement and notwithstanding paragraph 10 below, the sole remedy will be that County will not owe GKN Sinter Metals any incentive that may have otherwise been due had those filings properly been made when due.

d. If any material representation, warranty or other statement of fact contained in this Agreement or in any final writing, certificate, report or statement furnished by GKN Sinter Metals to County in connection with the transaction described in this Agreement, shall, to GKN Sinter Metals' knowledge, to be false or misleading in any material respect at the time given;

e. If GKN Sinter Metals shall be unable to pay its debts generally as they become due; files a petition to take advantage of any insolvency statute; makes an assignment for the benefit of creditors; commences 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; files 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;

f. If County, except in the event of force majeure, fails to pay GKN Sinter Metals when such payment is due or is otherwise unable to pay its debts generally as they become due; files a petition to take advantage of any insolvency statute; makes an assignment for the benefit of creditors; commences a proceeding for the appointment of an emergency manager, receiver, trustee, liquidator or conservator or any similar entity; files 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 North Carolina;

g. If a Court of competent jurisdiction shall enter an order, judgment, or decree appointing a custodian, receiver, trustee, liquidator, or conservator of GKN Sinter Metals or of the whole or any substantial part of their properties, or approves a petition filed against GKN Sinter Metals 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 GKN Sinter Metals or of the whole or any substantial part of their properties;

h. If a Court of competent jurisdiction shall enter an order, judgment, or decree appointing an emergency manager, custodian, receiver, trustee, liquidator, or conservator or any similar entity for County, or approves a petition filed against County 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 County; or

i. If GKN Sinter Metals shall allow its taxable assets, employment or 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.

10. County Remedy: If GKN Sinter Metals fails to cure an Event of Default for which it receives written notice from County, the obligation of County as set out herein shall terminate, and GKN Sinter Metals shall immediately refund to County all economic development incentive payments paid to GKN Sinter Metals prior to the date of the Event of Default plus interest at the rate of prime plus one percent (1%). The date the prime interest rate shall be determined shall be the date the GKN Sinter Metals receives the notice of the Event of Default and prime will be the prime rate as published in the *Wall Street Journal (WSJ)*. GKN Sinter Metals shall, as it relates to an Event of Default, have sixty (60) days after receipt of the notice required above, or such longer period a) to which GKN Sinter Metals may be entitled under applicable federal, state or local laws; or b) to which the parties agree in writing to cure the Event of Default.

11. GKN Sinter Metals Remedy: If County fails to cure an Event of Default for which it receives written notice from GKN Sinter Metals, the obligations of GKN Sinter Metals as set out herein shall terminate and County shall not be entitled to any payment from GKN Sinter Metals for any alleged Event of Default caused by GKN Sinter Metals. County shall, as it relates to an Event of Default, have sixty (60) days after receipt of the notice required above, or such longer period: a) to which County may be entitled under applicable federal, state or local laws; or b) to which the parties agree in writing. In addition, County shall pay GKN Sinter an amount equal to the benefit that GKN Sinter would have received under this Agreement had the County not failed to cure the Event of Default, plus all fees and costs incurred by GKN Sinter Metals that are necessary to enforce the terms of this Agreement.

12. GKN Sinter Metals 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 rules to which either GKN Sinter Metals 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, GKN Sinter Metals 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 GKN Sinter Metals, challenging the legality of this Agreement, then County and GKN Sinter Metals shall exercise their best efforts to defend against any and all such lawsuits, at their own cost and expense. In any event, if GKN Sinter Metals is required to repay funds to County pursuant to this paragraph 12, the benefit of this Agreement to GKN Sinter Metals will have been lost and all further obligations of GKN Sinter Metals hereunder shall terminate.

13. 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:

County of Catawba: County of Catawba  
Attn: J. Thomas Lundy, County Manager  
PO Box 389  
Newton, NC, 28658

Copy to: County Attorney  
Attn: Debra Bechtel, County Attorney  
PO Box 389  
Newton, NC, 28658

GKN Sinter Metals: GKN Sinter Metals LLC  
Attn: Alan Taylor  
2200 N. Opdyke Road  
Auburn Hills, Michigan 48326

Copy to: GKN North America Services, Inc.  
Attn: Mick Nylander, Esq., Divisional General Counsel  
2200 N. Opdyke Road,  
Auburn Hills, MI 48326

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

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

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

16. 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.

17. 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.

18. 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.

19. The term of this Agreement shall commence on the date of execution and expire upon payment by County of all payments due to GKN Sinter Metals and GKN Sinter Metals fulfilling all of its requirements including real and personal property investments and the creation and maintenance of jobs, unless earlier terminated as provided herein.

20. Both GKN Sinter Metals 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 GKN Sinter Metals 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.

**County of Catawba,**  
A North Carolina Body Politic

B. Julie Pruett then requested the Board hold a public hearing to receive citizen comments and approve of an Economic Development Agreement between the County and Substance Incorporated. Substance Incorporated was established in Carlsbad, California and has established itself as a market leader in motocross graphic technology for digital and screen printers. In 2013, it relocated its headquarters to Mooresville, NC and launched ICON, high-end media products for digital and screen printers for commercial printing. It supplies printing film to sign shops, screen printers, decal manufacturers and race teams. Substance has considered several counties for an expansion and relocation.

Substance Incorporated plans to purchase property, construct and equip a new 54,400 sf manufacturing facility in the Claremont International Business Park at 3000 Frazier Drive in Claremont. Building construction will be concrete pre-cast panels with an expansion wall that will allow for expansion up to 200,000 sf. It plans to invest a minimum of \$3,429,000 and create 9 new jobs over 5 years. The average wage including all new jobs created will meet or exceed 100% of the county average wage as determined annually by the North Carolina Department of Commerce (current average wage is \$36,770 annually). The production is highly automated and therefore does not require large numbers of employees. The incentive grant is based on a contract with obligations requiring satisfactory performance by the Company and adhering to all NC general statutes. The contract requires a minimum investment of \$3,429,000, and the creation of 9 new jobs by 2020 at the new facility. These jobs must be maintained for a minimum of three years following the payment of the final incentive. Clawbacks are included in the agreement requiring repayment should the investment and job creation amounts not be met or sustained. An incentive equal to 40% of new tax receipts will be paid to Substance Incorporated annually for 5 years after submitting proof of performance. This amount will be subject to usual contractual commitments and will total a maximum of \$39,435 (prior to depreciation). Based on the current tax rate, payments will equal a maximum of \$7,887 per year.

Chair Isenhower opened the public hearing; no one came forward to speak and Chair Isenhower closed the public hearing. Commissioner Hunsucker made a motion to approve the agreement. The motion carried unanimously. The following agreement applies:

STATE OF NORTH CAROLINA CATAWBA COUNTY AND SUBSTANCE INCORPORATED ECONOMIC DEVELOPMENT AGREEMENT

**COUNTY OF CATAWBA**

This **JOINT ECONOMIC DEVELOPMENT AGREEMENT** (this "Agreement") is made and entered into this \_\_\_ day of \_\_\_, 2015, by and between **Catawba County** (the "County"), a North Carolina body politic, having a mailing address of **Post Office Box 389, Newton, NC, 28658**, and **Substance Incorporated** ("SUBSTANCE" or "Company"), a North Carolina corporation qualified to do business in the State of North Carolina, having a mailing address of 128 Talbert Road, Suite D, Mooresville, NC 28117.

**WITNESSETH:**

WHEREAS, **North Carolina General Statute (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 SUBSTANCE is engaged in manufacturing plastic printing film and sheets within the meaning of NCGS 158-7.1; and**

**WHEREAS**, SUBSTANCE intends to construct and equip a manufacturing facility ("Improvements") at 3000 Frazier Drive, Claremont, NC, Parcel ID # 375108999754 (the "Property"), at a cost of not less than Three Million Four Hundred Twenty-nine Thousand Dollars (**\$3,429,000**) and intends to create a minimum of nine (9) new jobs in Catawba County at the facility, with the improvements to be made and new jobs to be created between November 1, 2015 and December 31, 2020 (the "Improvement Period"); and

**WHEREAS**, SUBSTANCE expects to be a community-oriented company and intends 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 to consider participation in the Catawba EDC's corporate Committee of 100 501(c)(3) non-profit sponsorship; and

**WHEREAS**, SUBSTANCE is 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:

**SECTION I – SUBSTANCE INCORPORATED**

8. On or before December 31, 2015 SUBSTANCE shall:

1.2 Deliver to County a certificate confirming that SUBSTANCE has acquired, or has caused to be acquired, the real Property on which it will construct the Improvements that will result in the creation, maintenance and future availability of a minimum of 9 new jobs in Catawba County prior to December 31, 2020, and that the overall average weekly wage will equal or exceed the 100% Average Weekly Wage established for Catawba County by the North Carolina Department of Commerce's Wage Standards for each year that County pays SUBSTANCE the economic development incentive provided for herein. SUBSTANCE affirms understanding of, and agrees 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".

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

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

9. In order to induce County to enter into this Agreement and to appropriate and expend monies for payment of economic development incentives, SUBSTANCE represents and warrants that, as of the execution date hereof:

2.1 SUBSTANCE is a North Carolina corporation qualified to do business in 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 SUBSTANCE 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;

2.3 The undersigned representative of SUBSTANCE has the right, authority and duty to execute this Agreement in the name and on behalf of SUBSTANCE;

2.4 This Agreement (i) is the valid and binding instrument and agreement of SUBSTANCE enforceable against SUBSTANCE in accordance with its terms; (ii) does not violate any order of any court or other agency of government binding on SUBSTANCE's charter documents or operating agreement of SUBSTANCE or any provision of any indenture, agreement or other instrument to which SUBSTANCE 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 SUBSTANCE is a party;

2.5 There is no suit, claim, action or litigation pending, or to the knowledge of SUBSTANCE threatened, relating to the Improvements, the use of the Improvements for their intended purpose, or any other matter contained herein;

2.6 There is no impediment to the use of the Property for the purposes contemplated by this Agreement.

2.7 SUBSTANCE is not engaged in a business that would be exempt from property taxes.

10. SUBSTANCE shall make or cause to be made investments to the Property and Improvements during the Improvement Period. Cumulative expenditures will meet or exceed Three Million Four Hundred Twenty-nine Thousand Dollars (**\$3,429,000**) by December 31, 2020, all of which will qualify and result in additional value for ad valorem tax purposes as determined by the Catawba County Tax Office, and SUBSTANCE further agrees to maintain in place, in good condition (ordinary wear and tear excepted), said Improvements for three years after the final incentive payment.

11. SUBSTANCE shall create a minimum of 9 new jobs in Catawba County at the Property in Claremont by December 31, 2020 and maintain or make available these jobs in place until at least three years after the final incentive payment. A job is defined as employment that provides 1600 hours or more of work in any 12 month period.

## **SECTION II – COUNTY**

12. On or before December 31, 2015 County shall deliver to SUBSTANCE an Opinion of Counsel for County, in form and substance reasonably satisfactory to SUBSTANCE 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 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.

13. In order to induce SUBSTANCE to enter into this Agreement and to appropriate and expend monies for payment of economic development incentives, County represents and warrants that, to the best of County's knowledge that, as of the execution date hereof:

- a. County is a North Carolina body politic corporate in nature and existing under North Carolina law;
- b. County has the power and authority to carry on its business as now being conducted and has the power and authority to execute and perform this Agreement;
- c. The undersigned authorized representative of County has the right, authority and duty to execute this Agreement in the name and on behalf of County;
- d. This Agreement (i) is the valid and binding instrument and agreement of County enforceable against County in accordance with its terms; (ii) does not violate any order of any court or other agency of government binding on County's charter documents or any provision of any indenture, agreement or other instrument to which County 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 County is a party; and

e. County has no suit, claim, action or litigation pending, or to the knowledge of County threatened, relating to the Property or the Improvements, the use of the Property or the Improvements for their intended purpose, or any other matter claimed herein.

14. Payment of Economic Development Incentives for Real and Personal Investments and for Job Creation in accordance with this Agreement shall be made as follows:

a. In accordance with the provisions of subparts c. and d. of the Section, County will provide annual payments equal to 40% of the ad valorem taxes associated with the additional value (exclusive of rolling stock) as paid to County by or on behalf of SUBSTANCE as the result of the Real and Personal Property Improvements (exclusive of rolling stock) made by SUBSTANCE, for a five year period, commencing with the taxes payable for the tax values on January 1, 2017, and January 1 of the succeeding four years for investments made pursuant to paragraph 4 above with maximum payments as reflected in the chart below.

b. In no event will the cumulative payments by County exceed Thirty-nine Thousand Four Hundred Thirty-five Dollars (\$39,435).

Grant Year	Maximum Payment By County by Year
1	\$ 7,887
2	\$ 7,887
3	\$ 7,887
4	\$ 7,887
5	\$ 7,887
<b>Total</b>	<b>\$ 39,435</b>

c. Said amounts shall be payable annually, beginning in 2018 (Grant Year 1) payable through 2022.

d. Upon payment of real and personal property ad valorem taxes by or on behalf of Company to County for each of 2018 through 2022 and certification by Company in the form or substantially in the form of the Certificate attached hereto as Exhibit B, of Improvements made, proof of payment of taxes, verifying that Company has created and maintained jobs as agreed herein, County will, within sixty (60) days of Company's proof of payment of taxes due as provided in subsection d. below, pay to Company an Economic Development Incentive payment the amount of which is calculated by multiplying by .40 times the total ad valorem tax revenue received by County attributable to the value of the Improvements made by Company pursuant to this Agreement in excess of the assessed tax value on the site as of January 1, 2015. This same process will be followed by County and Company in each of the immediately following four (4) years.

e. Company 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 certifications required by this Section 7 and proof of payment of all applicable taxes. If requested, Company shall provide County, at County's expense, independent certification as to such expenditures and number of existing jobs.

**SECTION III - OTHER**

8. Force Majeure. Notwithstanding the provisions of Paragraph 9, in the event SUBSTANCE is unable to meet the requirements of this agreement 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 SUBSTANCE; 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 SUBSTANCE 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. In accord with the foregoing, should the SUBSTANCE be unable to meet the requirements as described above as a result of a force majeure, the obligation of the County to pay as provided in Section II above, shall be suspended until such time as the SUBSTANCE is relieved from the effect of an event of force majeure and resumes completion of the improvements.

21. 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 SUBSTANCE 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 the creation of a minimum of 9 jobs as set forth herein) and such breach shall continue for a period of sixty (60) or more days following receipt of written notice from County;

b. If SUBSTANCE fails 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 SUBSTANCE this shall be deemed a breach of the Agreement and notwithstanding paragraph 10 below, the sole remedy for this failure will be that County will not owe SUBSTANCE any incentive that may have otherwise been due had those filings properly been made when due.

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

d. If SUBSTANCE shall be unable to pay its debts generally as they become due; files a petition to take advantage of any insolvency statute; makes an assignment for the benefit of creditors; commences 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; files 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 County, except in the event of force majeure, fails to pay SUBSTANCE when such payment is due or is otherwise unable to pay its debts generally as they become due; files a petition to take advantage of any insolvency statute; makes an assignment for the benefit of creditors; commences a proceeding for the appointment of an emergency manager, receiver, trustee, liquidator or conservator or any similar entity; files 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 North Carolina;

f. If a Court of competent jurisdiction shall enter an order, judgment, or decree appointing a custodian, receiver, trustee, liquidator, or conservator of SUBSTANCE or of the whole or any substantial part of their properties, or approves a petition filed against SUBSTANCE 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 SUBSTANCE or of the whole or any substantial part of their properties;

g. If a Court of competent jurisdiction shall enter an order, judgment, or decree appointing an emergency manager, custodian, receiver, trustee, liquidator, or conservator or any similar entity for

County, or approves a petition filed against County 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 County; or

h. If SUBSTANCE 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.

22. County Remedy: If SUBSTANCE fails to cure an Event of Default for which it receives written notice from County, the obligation of County as set out herein shall terminate, and SUBSTANCE shall immediately refund to County all economic development incentive payments paid to SUBSTANCE prior to the date of the Event of Default plus interest at the rate of prime plus one percent (1%). The date the prime interest rate shall be determined shall be the date the SUBSTANCE receives the notice of the Event of Default and prime will be the prime rate as published in the *Wall Street Journal (WSJ)*. SUBSTANCE shall, as it relates to an Event of Default, have fivety (60) days after receipt of the notice required above, or such longer period to which the parties agree in writing to cure the Event of Default.

23. SUBSTANCE Remedy: If County fails to cure an Event of Default for which it receives written notice from SUBSTANCE the obligations of SUBSTANCE as set out herein shall terminate. County shall, as it relates to an Event of Default, have fivety (60) days after receipt of the notice required above, or such longer period to which the parties agree in writing to cure the Event of Default.

24. SUBSTANCE 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 rules to which either SUBSTANCE 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, SUBSTANCE 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 SUBSTANCE challenging the legality of this Agreement, then County and SUBSTANCE shall exercise their best efforts to defend against any and all such lawsuits, at their own cost and expense. In any event, if SUBSTANCE is required to repay funds to County pursuant to this paragraph 12, the benefit of this Agreement to SUBSTANCE will have been lost and all further obligations of SUBSTANCE hereunder shall terminate.

25. 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: Tom Lundy, County Manager  
PO Box 389  
Newton, NC, 28658

Copy to: County Attorney  
Attn: Debra Bechtel, County Attorney  
PO Box 389  
Newton, NC, 28658

SUBSTANCE: Substance Incorporated  
Attn: Matthew D. Cohn, President/CEO  
4541 Lookout Dam Road  
Catawba, NC 28609

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

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

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

28. 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.

29. 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.

30. 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.

31. The term of this Agreement shall commence on the date of execution and expire upon payment by County of all payments due to SUBSTANCE and SUBSTANCE fulfilling all of its requirements including real and personal property investments and the creation and maintenance of jobs, unless earlier terminated as provided herein.

32. Both SUBSTANCE 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 SUBSTANCE 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

C. Chair Isenhower stated the Board would hold a public hearing to receive comments on proposals for the purchase of Catawba County Home Health. Before selling a home health agency, an entity must comply with North Carolina General Statute 1E-13. The first step is to adopt a resolution declaring intent to sell. The Board adopted this resolution at its October 5, 2015 meeting. The next step is to conduct a public hearing on that resolution, and this public hearing took place on November 2, 2015. Pursuant to statute, a public hearing to receive comments on the proposals to purchase Catawba County Home Health was scheduled for this meeting, and notice of this public hearing was published in the newspaper on Wednesday, November 25, 2015.

Approximately twenty entities were contacted about submitting proposals. Five entities submitted proposals including BAYADA Home Health Care, Inc., Kindred Healthcare, Inc., LHC Group, Inc., Palliative CareCenter & Hospice of Catawba Valley, INC./Lutheran Services for the Aging, Inc., and Well Care Home Health, Inc. Pursuant to statute these proposals were made available for public inspection through the Clerk's Office starting November 25, 2015. Chair Isenhower gave a short summary of each of the proposals and then opened the public hearing. No one came forward to speak and Chair Isenhower closed the public hearing.

After discussion by Board members, upon a motion by Commissioner Hunsucker which carried unanimously, the Board directed the County Attorney to negotiate a contract with Kindred Healthcare, Inc. based on its offer and the agreement to offer employment to all County Home Health employees contingent on clean background checks and re-hire status. Board members voiced their praise for the long heritage of Catawba County Home Health and the wonderful job it had performed. They acknowledged that there were now financial issues and difficulties in being competitive and the County was not in the business of competing with the private sector so it was now the time to move forward with the sale of Home Health as many other counties had done.

9. Appointments.

Commissioner Barnes recommended the reappointment of Clyde Robinson for a fifth term on the Town of Catawba Planning Board. This term will expire December 1, 2018. Vice-Chair Beatty recommended the reappointment of Steve Von Drehle for a sixth term on the Catawba County Planning Board. This term will expire December 31, 2019. Vice-Chair Beatty also recommended the reappointment of Bruce Godfrey for a third term, Mickey Laney for a fourth term, Mike Weaver for a fifth term, Norris Huss and Chuck Ward for sixth terms, and Jerry Logy Sigmon and Eddie White for tenth terms on the Volunteer Fire Department Fireman's Relief Fund Board of Trustees. These terms will expire December 31, 2017. Commissioner Hunsucker recommended the reappointment of Dr. Sharon Monday for a second term on the Dangerous Dog Appellate Board. This term will expire November 4, 2018. These recommendations came in the form of a motion, which carried unanimously.

10. Consent Agenda:

County Manager J. Thomas Lundy presented the following six items on the consent agenda:

a. A request for the Board to approve a revised FY 2016 Funding Plan for the Catawba County Juvenile Crime Prevention Council (JCPC), allocating additional funds and recommended by the JCPC. The JCPC is an organization established by the State of North Carolina's Department of Public Safety. Membership is determined mostly by the North Carolina Statute establishing the JCPC. Representatives are those involved with youth. The JCPC is advisory to the Board of Commissioners, and exists to identify risks of youth in the community, prevent crime among at-risk youth, review court data and identify needed programs to provide intervention and prevention. Funding is allocated by the State, then distributed to the County and then to programs.

The Board approved the JCPC Annual Plan, including an original Funding Plan, in the summer of 2015. In August 2012, the JCPC was advised that the State budget included a special funding appropriation for Project Challenge. The appropriation was for administrative overhead. The payment did not go through the County or JCPC. The Catawba County provision was \$3,420. That appropriation was in the budget every year, until this year. In October, JCPC was advised that the funds would be available for appropriation.

The JCPC must allocate the funds, and have a revised funding plan signed and sent to the State by December 31, or the funds revert to the State. Since there was not time for legal advertising, JCPC decided to allow current programs to request additional funds for current services. Two programs requested additional funding in the following amounts: Conflict Resolution Center - \$864, and Parenting Education (under Family Guidance Center) - \$500. The Conflict Resolution Center will use the funds to serve more youth in the Interpersonal Skills "LifeSKILLS" program. As of November 18, they have served twelve youth this year, which is the number they projected to serve. Parenting Education will use the funds to increase their meals line item. This should insure they can provide food for participants on a weekly basis throughout the year. Their initial budget had to decrease this line item. Meals before/during classes enable the family to eat together, and help with evening class attendance and time.

The balance of \$2,056 is to be allocated to the Administrative budget. That budget has decreased over the years from \$15,500 to the current \$13,000. There are two possibilities for these funds: (1) JCPC is considering changing the day and time of its meeting to noon, in hopes that attendance will increase. The Council has struggled to have a quorum, and have some members who have school-aged children. Taking their children to school has caused some to miss meetings. If the time changes to noon, the

funds will be used to provide meals; or (2) the other option is to have the funds to reallocate to any program(s) that may need additional funds in the spring. During monitoring and 3<sup>rd</sup> quarter accounting, there may be a program that needs funds. Program numbers are always higher in the spring, and then a need may arise.

The JCPC voted to recommend funding the requests as outlined. The plan does not require any Catawba County funding, and as stated previously, is subject to State budget.

b. A request for the Board to approve risk and needs priorities for the Catawba County Juvenile Crime Prevention Council (JCPC), as recommended by the Council after review of court data, with input from juvenile court counselors and funded programs.

The JCPC is an organization established by the State of North Carolina's Department of Public Safety. Membership is determined mostly by the North Carolina Statute establishing the JCPC. Representatives are those involved with youth. The JCPC is advisory to the Board of Commissioners, and exists to identify risks of youth in the community, prevent crime among at-risk youth, review court data and identify needed programs to provide intervention and prevention. Funding is allocated by the State, then distributed to the County and then to programs.

The JCPC must follow a process each year that begins with prioritizing risks and needs, with the final step being approval of a funding plan. The risks and needs priorities are determined in the fall/early winter, and the approval of the funding plan occurs in the spring. JCPC identifies risk factors, based on court data; develops a list of priorities to address the risk factors; and reviews and approves the priorities. Once priorities are developed, JCPC advertises to invite programs to submit proposals to address risk factors, reviews proposals and recommends a funding plan to the JCPC. In the spring, and once proposals are received, JCPC develops an annual plan and submits the plan to the Board of Commissioners.

Based on the review, and input and consideration of JCPC discussions over the past year, the list of priorities for funding for the next fiscal year are: 1) Psychological services/comprehensive assessments; 2) Counseling; 3) Restitution/community service; 4) Substance abuse; 5) Mentoring; 6) Family skill building; 7) Group home/Residential services; 8) Interpersonal skill building; 9) Mediation; 10) Sexual offender; 11) Temporary shelter; 12) Specialized foster care; 13) Tutoring; 14) Structured day; 15) Experimental; 16) Teen Court, and 17) Vocational.

c. A request for the Board to appropriate \$50,000 in available funds, in the Sheriff's Office Federal Seized Fund from past drug seizures, to serve as special funds in support of new drug cases. Federally Seized Funds are restricted for law enforcement uses at the direction of the Sheriff, but must be appropriated by the Board of Commissioners.

The Sheriff's Office Drug Task Force will be out of special funds (used to purchase evidence and support drug investigations) by mid December due to: (1) an increase in the amount of funds spent on drug investigations and payment for drug related information; (2) substantial increase of heroin and methamphetamine in the community which are extremely expensive to purchase as compared to cocaine, marijuana, and prescription pills; and (3) the focus on making as many "trafficking" cases as possible. Trafficking has to do with the amount of the controlled substance. Conviction on a trafficking case means a mandatory active prison sentence. Therefore, with the purchase of larger quantities of a more expensive controlled substance, the current budgeted amount of Special Funds will not allow the Drug Task Force to work at maximum potential.

The Federal Asset Sharing Program dictates the types of expenses for which these funds may be used. Costs to support law enforcement investigations such as purchasing evidence, buy money, and paying of informants are allowable expenses.

The following appropriations apply:  
SUPPLEMENTAL APPROPRIATION  
Revenue

205-210250-690100	\$50,000
Narcotics Seized Fund Balance Applied	
Appropriation:	
205-210250-849090	\$50,000

d. A request for the Board to approve the donation of a 2008 Crown Victoria, as requested by the Claremont Rescue Squad. This vehicle will be used primarily to run medical first response calls and may at times be utilized to transport Rescue Squad members to squad meetings and training classes. This vehicle will replace a vehicle the department had that was involved in an accident and will not be an expansion to their fleet. The vehicle to be donated is a 2008 Crown Victoria with 127,323 miles.

North Carolina General Statute 160A-279 authorizes the county to convey personal property to a nonprofit organization without monetary consideration as long as the property will be used for a public purpose. The process begins with the governing board adopting a resolution authorizing the conveyance of the property and a ten-day public notice. The following resolution applies:

**RESOLUTION No.**  
**DECLARATION OF SURPLUS PROPERTY AND DONATION TO THE**  
**CLAREMONT RESCUE SQUAD**

WHEREAS, Catawba County owns a 2008 Crown Victoria that is no longer needed for any governmental use;

WHEREAS, North Carolina General Statute 160A-279 authorizes a county to convey personal property by private sale to a nonprofit organization;

WHEREAS, North Carolina General Statute 160A-279 authorizes the conveyance without monetary consideration if the recipient ensures the property will be used for a public purpose;

WHEREAS, the Claremont Rescue Squad is a nonprofit organization that provides a public service;

THEREFORE, the Catawba County Board of Commissioners resolves that:

1. A 2008 Crown Victoria is declared surplus property.
2. The property will be donated to the Claremont Rescue Squad without monetary consideration.
3. The Purchasing Manager shall be authorized to conduct the transfer of property and shall publish a notice summarizing the contents of this resolution and the property shall be conveyed anytime after ten days after the notice publication.

This the 7<sup>th</sup> day of December, 2015.

e. A request for the Board to declare a 2005 Terex 390E waste compactor as surplus and authorized its sale by electronic public auction. The estimated value of the machine is \$50,000. In September, the Landfill received a new 80,000 pound waste compactor that was scheduled to replace the 2005 Terex 390E waste compactor, which is ten years old and has 13,550 operating hours.

North Carolina General Statute 160A-270 allows public agencies to conduct electronic auctions for the sale of real or personal property. When the value is expected to exceed \$30,000, an advertisement is required that describes the property to be sold and the electronic address where information to participate in the bidding process can be found. Catawba County has been using GovDeals.com electronic auction service to sell items since August 2003. Landfill equipment is a popular item listed on GovDeals by governmental entities across the United States. GovDeals will assist in advertising the sale and contacting previous bidders for similar equipment. The following resolution applies:

RESOLUTION#  
DECLARATION OF SURPLUS PERSONAL PROPERTY AND AUTHORIZING THE SALE BY  
ELECTRONIC PUBLIC AUCTION

WHEREAS, G.S. 160A-270 allows the Catawba County Board of Commissioners to sell personal property at public auction upon adoption of a resolution authorizing the approval officer to dispose of property at public auction;

WHEREAS, the following property is no longer needed for any governmental use by Catawba County:

2005 Terex 390E Waste Compactor

WHEREAS, it is the intent of the County to sell the dozer by electronic public auction at [www.govdeals.com](http://www.govdeals.com) beginning at 8:00 a.m., December 8, 2015 and ending at 7:00 p.m. December 18, 2015;

WHEREAS, the item to be sold as is, all sales final, payment to be made online;

NOW, THEREFORE BE IT RESOLVED, that the Board of Commissioners hereby declares said property as surplus and authorizes the Purchasing Manager to sell said property via electronic auction to the highest bidder.

This the 7<sup>th</sup> day of December, 2015.

f. A request for the Board to approve the modification of five Social Services' FY 2015-16 outcomes to better align with the work and objectives of services throughout the agency, and address circumstances beyond the department's control.

**Outcome 3:** To ensure compliance with state and federal mandates concerning the well being of all children in foster care, 93% (186 of 200) of foster children will have documented dental and medical screenings during FY 2015-16 (compared to 93% in FY 2013-14).

It was requested that this be split into two separate outcomes. This outcome, as it is currently worded, measures two different and discrete aspects of well-being: physical and dental health. Separating these outcomes will help Social Services to target each well-being measure more specifically, since the requirements for both to be met are different. Dental visits are required every 6 months for children 3 years and older, and physicals are required annually for all children. The measurements are different for each outcome, so it makes sense that they are separated and makes these stronger outcomes.

Revised Outcomes:

To ensure compliance with state and federal mandates concerning the well being of all children in foster care, 93% (186 of 200) of foster children will have documented dental screenings.

To ensure compliance with state and federal mandates concerning the well being of all children in foster care, 93% (186 of 200) of foster children will have documented medical screenings.

**Outcome 5:** In order to promote the ongoing safety of children and reduce recidivism, 92% (198 of 215) of children with a substantiated report of abuse and/or neglect will not have another substantiated report within six months of the first report in FY 2015-16, compared to the FY 2013-14 federal benchmark of 93.9%, Catawba County's rate of 92%, Urban Counties and the North Carolina rate of 93.8%.

It was requested that the timeframe be changed from six to twelve months, which will match state and federal benchmarks. The federal measure has not changed. Moving the measurement to twelve months make this a stronger outcome for two reasons: 1) It doubles the time that Social Services is tracking children for no repeat substantiations of abuse or neglect, moving from 6 to 12 months. 2) It now aligns with federal benchmarks, so Social Services can compare its work to that of other agencies across the country with a like measure rather than a truncated measure. Actually, Social Services is holding itself to a higher standard with this 12 month modification, which speaks to a high quality of work with families.

Revised Outcome: In order to promote the ongoing safety of children and reduce recidivism, 92% (198 of 215) of children with a substantiated report of abuse and/or neglect will not have another substantiated report within twelve months of the first report in FY 2015-16, compared to the FY 2013-14 federal benchmark of 93.9%, Catawba County's rate of 92%, Urban Counties and the North Carolina rate of 93.8%.

**Outcome 18:** To promote safety of children, 85% (102 of 120) of families assessed and engaged in voluntary services (case management, CRP and NPP) during 2015-16 will not have a subsequent substantiation or be found in need of services within six months of completing the service.

It was requested that the outcome include the language "while involved". Case Managers serve families long-term and would like to capture ongoing cases in the outcome measurement. The change makes this a stronger outcome.

Revised Outcome: To promote safety of children, 85% (102 of 120) of families assessed and engaged in voluntary services (case management, CRP and NPP) during 2015-16 will not have a subsequent substantiation or be found in need of services while involved or up to six months after completing the service.

**Outcome 50:** Improve access to primary care, improve quality of care and utilization of services, and provide a more cost effective system of care by enrolling 92% (approximately 19,827 of 21,552) of Catawba County Medicaid recipients who are required or have the option to select primary care physician by the end of FY 2015-16.

This outcome is eliminated. Due to the conversion of Medicaid recipients/cases to the NCFAST system in September 2014, there are no other comparable measures or data/reports available to measure the Carolina Access outcome because the reports previously available are no longer available; DMA (Division of Medical Assistance) does not published monthly reports; and NCFAST system does not have the reports needed to even measure this outcome (Social Services used to have access to this information prior to NCFAST).

**Outcome 21:** To help remove barriers to reunification or other permanency outcomes for youth entering foster care during FY2015-16, 75% (68 of 90) of parents/caregivers identified as experiencing trauma, evidenced by the trauma screening tool, will receive a trauma-informed assessment within 45 days of the child entering care.

It was requested that this outcome be revised into three outcomes. This outcome is very important to Catawba County in its work to reunify parents with their children. To do this, it is essential to understand what happened to removal parents in their past that impacts their ability to safely parent their children. Screening for their trauma is one way to identify areas of need that Social Services, as an agency, can help them address. However, due to several changes, planning to implement this outcome with integrity could not be completed in time for FY 2015-16. Social Services has been meeting with Partners Behavioral Health Management for the past few months regarding some work around trauma that is exciting, but this opportunity required staff to rethink its original plans. Also, Social Services is currently in the process of putting training and work processes in place to make sure staff is equipped to screen parents for trauma histories and refer them to the proper mental health clinicians. Social Services wants to make sure that social workers are prepared to have these difficult conversations with their clients and that the referral resources are available to help clients when needs are identified. Staff wants to continue to work on this outcome because it is critical to keeping families together and keeping them safe. However, staff is not at a place where it can implement the necessary steps to deliver this screening tool to 75% of parents during this fiscal year as a result. Social Services is currently taking steps through its discussions with mental health. As things progress, Social Services will develop a new process and integrate into other areas as social workers and staff are trained.

Revised Outcomes:

To help remove barriers to reunification and effectively identify trauma histories of parents working to reunify with their children in foster care during FY 2015-16, 100% (17 of 17) of foster care social workers will be trained to identify trauma experiences and/or symptoms that may impact their ability to safely parent.

To provide more timely and clinically appropriate treatment to help children in foster care heal from trauma and improve their placement stability, 90% (45 of 50) of children ages 3-17 who have entered foster care will engage in treatment through a mental health trauma informed assessment by Family Net and referred to appropriate resources within 30 days and progress to be tracked ongoing during FY 2015-16 as compared to 50% in last FY.

Social Services will collaborate with Partners Behavioral Health Management to develop a new way to address children impacted by trauma in April 2016 for launch on July 1, 2016.

Chair Isenhower asked if any Commissioner wished to have an item broken out of the consent agenda for individual consideration or discussion. None was requested. Commissioner Butler made a motion to approve the consent agenda. The motion carried unanimously.

Vice-Chair Beatty left the meeting at 10:30 a.m.

11. Departmental Report.

Finance.

Interim Finance Director Jeanne Jarrett presented a report on the County's independent audit for Fiscal Year 2014-2015, and the County's Comprehensive Annual Financial Report for Fiscal Year 2014-2015. Paula Hodges, Partner at Martin, Starnes and Associates, reported that the County continued to deliver services in a prudent fiscal manner.

Ms. Hodges complimented the staff for their outstanding work and Ms. Jarrett thanked Internal Auditor Kenneth Maynor for his work, as well as the Budget and Manager's Office staff. The Board members complimented the Finance Staff for their work and thanked Ms. Hodges for speaking to each Board member individually regarding the audit. Commissioner Butler thanked Manager Lundy for his conservative leadership on the budget. Commissioner Barnes made a motion to accept the Reports. The motion carried unanimously.

12. Other Items of Business: None.

13. Attorney's Report: None.

14. Manager's Report:

County Manager Lundy requested the Board consider cancelling its December 21, 2015 meeting due to the lack of items on the agenda and also moving into closed session pursuant to North Carolina General Statute 143.318.11(a)(4) and (6) to discuss matters relating to the location or expansion of industries or other businesses in the area served by the public body and to consider the qualifications, competence, performance, character, fitness, conditions of appointment, or condition of initial employment of an individual public officer or employee. Commissioner Hunsucker made a motion to move into closed session for these reasons at 10:40 a.m. The motion carried unanimously.

15. Adjournment. Commissioner Butler made a motion to adjourn at 11:02 a.m. The motion carried unanimously and the meeting adjourned.

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Randy Isenhower, Chair  
Catawba County Board of Commissioners

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Barbara E. Morris  
County Clerk