

AGENDA

Catawba County Board of Commissioners Meeting
Monday, December 7, 2015, 9:30 a.m.
Robert E. Hibbitts Meeting Room, 1924 Courthouse
30 North College Avenue, Newton, NC

THIS MEETING FOLLOWS THE ANNUAL BREAKFAST AT 8:00 A.M. WITH THE COOPERATIVE EXTENSION SERVICE AT THE AGRICULTURAL RESOURCES CENTER IN NEWTON

1. Call to Order.
2. Pledge of Allegiance to the Flag.
3. Invocation.
4. [Approval of the minutes from the Regular Meeting of November 16, 2015.](#)
5. Organizational Meeting of the Board of Commissioners:
 - a. Election of Chair and Vice-Chair
 - b. Organizational Appointments:
 1. County Attorney
 2. Counsel to the Board
 3. Finance and Personnel Subcommittee
 4. Policy and Public Works Subcommittee
 5. WPCOG Policy Board Delegate
 6. WPCOG Policy Board Alternate
 7. Hospital Board of Trustees
 8. Public Health Board
 9. Social Services Board
6. Recognition of Special Guests.
7. Public Comments.
8. Public Hearings:
 - a. [Public Hearing on Economic Development Agreement with GKN Sinter Metals. Presented by Julie Pruett, Director of Business Recruitment, Catawba County Economic Development Corporation.](#)
 - b. [Public Hearing on Economic Development Agreement with Substance Incorporated. Presented by Julie Pruett, Director of Business Recruitment, Catawba County Economic Development Corporation.](#)
 - c. [Public Hearing on the Sale of Catawba County Home Health.](#)
9. [Appointments.](#)
10. Consent Agenda:
 - a. [Juvenile Crime Prevention Council Revised Funding Plan for FY2016.](#)
 - b. [Juvenile Crime Prevention Council Priorities for FY2017.](#)
 - c. [Appropriation of Sheriff's Office Federal Seized Funds.](#)
 - d. [Donation of Surplus Vehicle to Claremont Rescue Squad.](#)
 - e. [Sale of Landfill Equipment by Electronic Public Auction.](#)

f. Revisions to Fiscal Year 2015/16 Social Services Outcomes.

11. Departmental Reports:
Finance.

2014/15 Audit/Financial Report. Presented by Interim Finance Director Jeanne Jarrett and Paula Hodges, Partner, Martin, Starnes & Associates, CPAs, P.A.

12. Other Items of Business.

13. Attorneys' Report.

14. Manager's Report.

15. Adjournment.

PERSONS WITH DISABILITIES: Individuals needing assistance should contact the County Clerk at 828-465-8990 within a reasonable time prior to the meeting. . Access to the 1924 Courthouse for individuals with disabilities is at the south side ("A" Street). The elevator is located at the north end of the building. Participation in public meetings is without regard to race, creed, religion, national origin, sex, age, color, or disability.

INFOTALK/INTERNET: The Catawba County Telephone Information System will allow you to use your touch tone telephone to obtain current information on Catawba County 24 hours a day. Information is updated on a regular basis. Dial 465-8468 and INFOTALK will direct your questions with easy to understand instructions. Reach Catawba County on the Internet at <http://www.catawbacountync.gov>.



**PREVIEW OF COUNTY COMMISSION AGENDA
DECEMBER 7, 2015, 9:30 A.M.
ROBERT E. HIBBITTS MEETING ROOM
1924 COURTHOUSE, NEWTON, N.C.**



The Catawba County Board of Commissioners will hold three public hearings on 1) proposals for the purchase of Catawba County Home Health; 2) a proposed economic development agreement with GKN Sinter Metals, which will invest \$1.8 million and create 55 new jobs through an expansion of its Conover facility, and 3) a proposed economic development agreement with Substance Incorporated, when the Board meets at 9:30 a.m. on Monday, December 7, 2015, at the 1924 Courthouse at 30 North College Avenue in Newton. The Board will also receive a report on the County's Fiscal Year 2014-15 Comprehensive Annual Financial Report and an independent audit of the County's financial records for Fiscal Year 2014-15 which are expected to show the County continued to deliver services in a prudent fiscal manner.

The Board will consider a revised funding plan for the Juvenile Crime Prevention Council for Fiscal Year 2015-2016 and a set of funding priorities for the Council for Fiscal Year 2016-2017. The Board will consider a recommended set of budget outcome revisions for Catawba County Social Services for Fiscal Year 2015-2016. The Board will consider appropriating \$50,000 in federally-seized funds from past drug seizures to serve as special funds in support of new drug investigations. The Board will consider declaring a 2008 Ford Crown Victoria as surplus and donating it to the Claremont Rescue Squad. And the Board will consider declaring a 2005 Terex 390E waste compactor used at the Blackburn Resource Recovery Facility as surplus, and authorize its sale by electronic public auction.

NOTE: THE BOARD WILL HOLD ITS ANNUAL BREAKFAST MEETING WITH STAFF OF THE COOPERATIVE EXTENSION SERVICE-CATAWBA CENTER AT 8 A.M. ON MONDAY, DECEMBER 7, 2015, AT THE AGRICULTURAL RESOURCE CENTER OFF HIGHWAY 321 BUSINESS IN SOUTH NEWTON.

ORGANIZATIONAL MEETING

The Board will hold its annual organizational meeting to select a Chairperson and Vice-Chairperson for the next year, appoint a County Attorney and Counsel to the Board, and appoint commissioners to serve on Board subcommittees, the Public Health and Social Services Board, Catawba Valley Medical Center Board of Trustees and other community boards.

PUBLIC HEARINGS

A. The Board will hold a public hearing to receive citizen comments and consider approval of 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 proposed 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 would be paid to GKN Sinter Metals annually for 5 years after submitting proof of performance. This amount would be subject to the County's usual contractual commitments and would total a maximum of \$197,122 (prior to depreciation).

Based on the current tax rate, payments would 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).

B. The Board will hold a public hearing to receive citizen comments and consider approval 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. Details on the proposed expansion will be announced during the meeting.

C. The Board will 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.

CONSENT AGENDA

A. The Board will consider approval of 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 proposed 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 3rd 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. The Board’s Finance and Personnel Subcommittee recommends approval of this budget amendment.

B. The Board will consider approval of 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 recommended 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. The Board’s Finance and Personnel Subcommittee recommends approval of these priorities.

C. The Board will consider the appropriation of \$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 Board's Finance and Personnel Subcommittee recommends the appropriation of these funds.

D. The Board will consider approval of 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 Board's Finance and Personnel Subcommittee recommends the donation of this vehicle.

E. The Board will consider declaring a 2005 Terex 390E waste compactor as surplus and authorizing 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 Board's Finance and Personnel Subcommittee recommends declaring this waste compactor as surplus and authorizing its sale by electronic public auction.

F. The Board will consider approval of 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 is 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.

Proposed 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 is 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.

Proposed 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 is 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.

Proposed 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.

It is requested that this outcome be 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 is 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.

Proposed 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.

The Board's Policy and Public Work Subcommittee recommends approval of these outcomes.

DEPARTMENTAL REPORTS

FINANCE

The Board will receive 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, is expected to report that the County continued to deliver services in a prudent fiscal manner.

CONTACT: DAVE HARDIN, PUBLIC INFORMATION OFFICER 465-8464

MEMO

To: Catawba County Board of Commissioners
From: Julie Pruett – Catawba County EDC
Date: December 7, 2015
Subject: GKN Sinter Metals Economic Development Agreement and Resolution

Request

The Board of Commissioners approve the Economic Development Agreement between the County and GKN Sinter Metals, LLC, the related resolution attached, and authorize the Chair to execute these along with any other needed documents.

Project Background and Company Overview

GKN Sinter Metals, LLC intends to expand, up-fit and/or equip their existing manufacturing facility at 407 Thornburg Drive SE in Conover. It plans to invest a minimum of \$19,811,000 and 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 (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 part of the GKN Powder Metallurgy division of GKN PLC. GKN PLC is a global engineering group with four operating divisions: GKN Aerospace, GKN Driveline, GKN Powder Metallurgy and GKN Land Systems. GKN employs globally more than 55,000 people in GKN companies and joint ventures and operates in more than 30 countries. 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 NC. Together, the GKN family of companies employs more than 2,500 people in North Carolina, 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.

Economic Development Incentive Grant Overview and Clawbacks

The proposed 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 \$19,811,000, the retention of 83 existing jobs and the creation of 55 new jobs at their existing facility. An incentive equal to 50% of new tax receipts would be paid to GKN Sinter Metals annually for 5 years after submitting proof of performance. This amount

would be subject to our usual contractual commitments and would total a maximum of \$197,122 (prior to depreciation). Based on the current tax rate, payments would equal a maximum of \$27,551 Year 1, \$37,594 Year 2, \$41,230 Year 3, \$42,530 Year 4 and \$48,217 Year 5.

Like all incentives provided by the County, these incentives will be based on an economic development agreement which requires GKN Sinter Metals to meet minimum thresholds of investment (\$19,811,000) and job creation (55) by 2020 which 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.

Other Project Costs and Expenditures

The City of Conover is applying for a CDBG application to fund road and utility improvements adjacent to the northern boundary of the project site. The Western Piedmont Council of Governments manages the project 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 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.

1. 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.
2. 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/acre, with the City and County sharing these costs on a 50/50 basis. Estimated acreage using a preliminary survey total .6367 acre. Using this estimate, the estimated County expense for this ROW reimbursement would be \$13,370.87, 50% of the possible cost (on a 50/50 basis with the City of Conover).

Recommendation

The Board of Commissioners approve the Economic Development Agreement between the County and GKN Sinter Metals, LLC, the related resolution attached, the expenditure of other projects costs and expenditures listed herein, and authorize the Chair to execute these along with any other needed documents as required for the project.

Resolution No. 2015-

Resolution Authorizing Economic Development Incentives for GKN Sinter Metals LLC

WHEREAS, GKN Sinter Metals, LLC (herein referred to as “the Company”) requested incentives to cause a minimum investment of \$19,811,000 including the expansion and equipping of a facility at 407 Thornburg Drive SE in Conover by December 31, 2020, the retention of 83 existing jobs and the creation and maintenance of a minimum of 55 new jobs by December 31, 2020 which must be maintained for a minimum of three years following the payment of the final incentive, with a requirement to not hire anyone without a minimum of a high school diploma for anyone 25 years of age or below, and that all jobs will meet 100% of the county average wage as determined annually 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 approve a performance based grant, based on the minimum investment of \$19,811,000, the maintenance of those Improvements, the retention of 83 existing jobs and creation and maintenance of 55 new jobs, with a maximum payment of \$27,551 Year 1, \$37,594 Year 2, \$41,230 Year 3, \$42,530 Year 4, and \$48,217 Year 5, (total maximum incentive of \$197,122). This grant will be used to reimburse the Companies’ 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 Company and the County under these terms and conditions and authorizes the Chair to execute these documents.

This the _____ day of _____, 2015.

C. Randall Isenhower, Chair
Catawba County Board of Commissioners

Prepared by:
Debra Bechtel
County of Catawba Attorney
PO Box 389, Newton, NC 28658

Mick Nylander
GKN North America Services, Inc.
2200 N. Opdyke Road, Auburn Hills, MI 48326

**STATE OF NORTH CAROLINA COUNTY 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 in the 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.

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

- 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

Attest:
(SEAL)

By: _____ **(Seal)**
C.Randall Isenhower, Chair
Catawba County Board of Commissioners

Clerk

GKN SINTER METALS LLC

By: _____ **(Seal)**
Alan Taylor
Vice President – Aluminum Technology

**STATE OF NORTH CAROLINA
COUNTY OF CATAWBA**

I, _____ a Notary Public of said county and state, certify that Barbara E. Morris personally came before me this day and acknowledged that she is County Clerk to the Catawba County Board of Commissioners, a body politic corporate in nature, and that by authority duly given and as the act of the body politic the foregoing instrument was signed in its name by its Chair, sealed with its body politic seal, and attested by herself as County Clerk.

Witness my hand and seal this _____ day of _____, 2015.

[Seal]

Notary Public

My commission expires: _____

**STATE OF NORTH CAROLINA
COUNTY OF CATAWBA**

I, _____ a Notary Public of said County and State, do certify that Alan Taylor, Vice President – Aluminum Technologies personally appeared before me this day and acknowledged on behalf of _____ the voluntary due execution of the foregoing document, all for the purposes therein expressed.

Witness my hand and seal this _____ day of _____, 2015.

[Seal]

Notary Public

My commission expires: _____

This document has been pre-audited in the manner required by the Local Government Budget and Fiscal Control Act.

_____ County Finance Director

Approved as to form on behalf of County of Catawba only:

_____ Debra Bechtel, County Attorney

EXHIBIT A
Joint Economic Development Agreement
Between County of Catawba and GKN Sinter Metals

CERTIFICATE

TO: Catawba County

This Certificate is delivered pursuant to paragraph 1.1 and paragraph 9 of the Joint Economic Development Agreement (the "Agreement"), dated _____, 2015, between Catawba County ("County") and GKN Sinter Metals LLC ("GKN Sinter Metals"). Any capitalized term not otherwise defined herein shall have the meaning assigned to such term in the Agreement.

I, _____, do hereby certify, for and on behalf of GKN Sinter Metals, that:

- (a) GKN Sinter Metals owns the real property necessary for the up-fit of the Facility and the Improvements; and
- (b) GKN Sinter Metals will create, maintain and make available a minimum of 55 net new jobs (in addition to the existing 83 jobs as of November 1, 2015) prior to December 31, 2020 and 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 GKN Sinter Metals the economic development incentive provided for herein; and
- (c) GKN Sinter Metals agrees to comply with the Calendar of Responsibilities listed below.

Calendar of Responsibilities:

- By January 5: GKN Sinter Metals make payment to County according to Tax Listing filed by January 31st of the previous year unless extension is requested and approved for April 15th. Any extension request must be filed by January 31st.
- By March 5: GKN Sinter Metals must provide Exhibit B and, supporting documents and proof of payment and/or compliance as required within Agreement.
- By April 15: GKN Sinter Metals must provide Real/Personal Property Tax listings to County Tax Office.
- By April 22: County Tax Office to provide Tax Listing on Specified Accounts.*

*Note: This is not a company responsibility.

Dated at Catawba County, North Carolina, this _____ day of _____, 201__.

GKN Sinter Metals LLC

BY: _____

TITLE: _____

EXHIBIT B
Joint Economic Development Agreement
Between County of Catawba and GKN Sinter Metals

CERTIFICATE

TO: Catawba County

This Certificate is delivered pursuant to Section 7 and Section 9 of the Joint Economic Development Agreement ("the "Agreement") dated _____, 2015, between Catawba County ("County") and GKN Sinter Metals LLC ("GKN Sinter Metals"). Any capitalized term not otherwise defined herein shall have the meaning assigned to such term in the Agreement.

GKN Sinter Metals does hereby certify that:

- (a) The following improvements were made during the 20__ Calendar Year: _____;
- (b) The following jobs were created during the 20__ Calendar Year: _____ (please attach the most recent quarterly Form NCUI 101);
- (c) The average wage of all of those employed at the _____ Conover facility during the 20__ Calendar Year is as follows: (Wage Forms Total Payroll divided by number of employees) _____;
- (d) Total cumulative personal property valuation installed at the _____ facility during the 20__ Calendar Year _____; and
- (e) Proof of taxes paid is attached to this certificate.

Dated at Catawba County, North Carolina, this ____ day of _____, 20__.

GKN Sinter Metals LLC

BY: Alan Taylor
TITLE: Vice President – Aluminum Technologies

Attachments (required):

Current Year Catawba County personal and real property Tax Listing information as reported to Catawba County Tax Office, Most recent quarterly Form NCUI 101, Proof of taxes paid in full.

Calendar of Responsibilities:

- By January 5: GKN Sinter Metals makes payment to County according to Tax Listing filed by January 31st of the previous year unless extension is requested and approved for April 15th. Any extension request must be filed by January 31st.
- By March 5: GKN Sinter Metals must provide Exhibit B and Exhibit C, supporting documents and proof of payment and/or compliance as required within Agreement.
- By April 15: GKN Sinter Metals must provide Real/Personal Property Tax listings to County Tax Office.
- By April 22: County Tax Office to provide Tax Listing on Specified Accounts.*

*Note: This is not a company responsibility.

MEMO

To: Catawba County Board of Commissioners
From: Julie Pruett – Catawba County EDC
Date: December 7, 2015
Subject: Substance Incorporated Economic Development Agreement and Resolution

Request

The Board of Commissioners approve the Economic Development Agreement between the County and Substance Incorporated, the related resolution attached, and authorize the Chair to execute these along with any other needed documents.

Project Background and Company Overview

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.

Substance Incorporated was established in Carlsbad, CA and has established itself as a market leader in motocross graphic technology for digital and screen printers. In 2013 it relocated the 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 this expansion and relocation.

Economic Development Incentive Grant Overview and Clawbacks

The proposed 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 at the new facility. An incentive equal to 40% of new tax receipts would be paid to Substance Incorporated annually for 5 years after submitting proof of performance. This amount would be subject to usual contractual commitments and would total a maximum of \$39,435 (prior to depreciation). Based on the current tax rate, payments would equal a maximum of \$7,887 per year.

Like most incentives provided by the County, these incentives will be based on an economic development agreement which requires Substance Incorporated to meet minimum thresholds of investment (\$3,429,000) and job creation (9) by 2020 which 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.

Recommendation

The Board of Commissioners approve the Economic Development Agreement between the County and Substance Incorporated, the related resolution attached, and authorize the Chair to execute these along with any other needed documents.

Resolution No. 2015-

Resolution Authorizing Economic Development Incentives for Substance Incorporated

WHEREAS, Substance Incorporated (herein referred to as “the Company”) requested incentives to cause a minimum investment of \$3,429,000 including the construction and equipping of a facility at 3000 Frazier Drive in Claremont by December 31, 2020, and the creation and maintenance of a minimum of 9 new jobs by December 31, 2020 which must be maintained for a minimum of three years following the payment of the final incentive, with a requirement to not hire anyone without a minimum of a high school diploma for anyone 25 years of age or below, and that all jobs will meet 100% of the county average wage as determined annually 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 a performance based grant, based on the minimum investment and maintenance of \$3,429,000, and creation and maintenance of 9 new jobs, with a maximum payment of \$7,887 per year for 5 years, (total maximum incentive of \$39,435). This grant will be used to reimburse the Company’s 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 Company and the County under these terms and conditions and authorizes the Chair to execute these documents.

This the _____ day of _____, 2015.

C. Randall Isenhower, Chair
Catawba County Board of Commissioners

Prepared by:
Debra Bechtel, Attorney
Catawba County
PO Box 389, Newton, NC 28658

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

1. On or before December 31, 2015 SUBSTANCE shall:
 - 1.1 Deliver to County a certificate confirming that SUBSTANCE has acquired, or has caused to be acquired, the real Property and installation ofon 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.

2. 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.
3. 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.
 4. 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

5. 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.
6. 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.
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. 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
Total	\$ 39,435

- 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.
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 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.
10. 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.
11. 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.
12. 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.
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:

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.

14. 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.
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 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.

20. 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

Attest:
(SEAL)

By: _____ **(Seal)**
C. Randall Isenhower, Chair
Catawba County Board of Commissioners

Clerk

Substance Incorporated

By: _____ **(Seal)**
Matthew D. Cohn
President/CEO

**STATE OF NORTH CAROLINA
COUNTY OF CATAWBA**

I, _____ a Notary Public of said county and state, certify that Barbara E. Morris personally came before me this day and acknowledged that she is County Clerk of the Catawba County Board of Commissioners, a body politic corporate in nature, and that by authority duly given and as the act of the body politic the foregoing instrument was signed in its name by its Chair, sealed with its body politic seal, and attested by herself as County Clerk.

Witness my hand and seal this _____ day of _____, 2015.

[Seal]

Notary Public

My commission expires: _____

**STATE OF NORTH CAROLINA
COUNTY OF CATAWBA**

I, _____ a Notary Public of said County and State, do certify that Matthew D. Cohn, President/CEO of Substance Incorporated personally appeared before me this day and acknowledged on behalf of Substance Incorporated the voluntary due execution of the foregoing document, all for the purposes therein expressed.

Witness my hand and seal this _____ day of _____, 2015.

[Seal]

Notary Public

My commission expires: _____

This document has been pre-audited in the manner required by the Local Government Budget and Fiscal Control Act.

_____ Finance Director

Approved as to form on behalf of Catawba County only:

_____ Debra Bechtel, County Attorney

EXHIBIT A
Joint Economic Development Agreement
Between Catawba County and Substance Incorporated

CERTIFICATE

TO: Catawba County

This Certificate is delivered pursuant to Paragraph 1.1 and Paragraph 9 of the Joint Economic Development Agreement (the "Agreement"), dated _____, 2015, between Catawba County ("County") and Substance Incorporated ("SUBSTANCE"). Any capitalized term not otherwise defined herein shall have the meaning assigned to such term in the Agreement.

I, _____, do hereby certify, for and on behalf of SUBSTANCE that:

- (a) SUBSTANCE has, or has caused to be, acquired the real property necessary for the construction of the Facility and the Improvements; and
- (b) SUBSTANCE will create, maintain and make available a minimum of 9 new net jobs prior to December 31, 2020 and 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; and
- (c) SUBSTANCE agrees to comply with the Calendar of Responsibilities listed below.

Calendar of Responsibilities:

- By January 5: SUBSTANCE makes payment to County according to Tax Listing filed by January 31st of the previous year unless an extension is requested and approved for April 15th. Any extension request must be filed by January 31st.
- By March 5: SUBSTANCE must provide Exhibit A and Exhibit B and, supporting documents and proof of payment and/or compliance as required within Agreement.
- By April 15: SUBSTANCE must provide Real/Personal Property Tax listings to Catawba County Tax Office.
- By April 22: Catawba County Tax Office to provide Tax Listing on Specified Accounts.*

*Note: This is not a company responsibility.

Dated at Catawba County, North Carolina, this ____ day of _____, 201__.

Substance Incorporated

BY: _____

TITLE: _____

EXHIBIT B
Joint Economic Development Agreement
Between Catawba County and Substance Incorporated

CERTIFICATE

TO: Catawba County

This Certificate is delivered pursuant to Paragraph 7 and Paragraph 9 of the Joint Economic Development Agreement (“the “Agreement”) dated _____, 2015, between Catawba County (“County”) and Substance Incorporated (“SUBSTANCE”). Any capitalized term not otherwise defined herein shall have the meaning assigned to such term in the Agreement.

SUBSTANCE does hereby certify that:

- (a) The following improvements were made during the 20__ Calendar Year: _____;
_____;
- (b) The following jobs were created during the 20__ Calendar Year: _____ (please attach the most recent quarterly Form NCUI 101);
- (c) The average wage of all of those employed at the _____ Claremont facility during the 20__ Calendar Year is as follows: (Wage Forms Total Payroll divided by number of employees) _____;
- (d) Total cumulative personal property valuation installed at the _____ facility during the 20__ Calendar Year _____; and
- (e) Proof of taxes paid is attached to this certificate.

Dated at Catawba County, North Carolina, this _____ day of _____, 20__.

Substance Incorporated

BY: _____

TITLE: _____

Attachments (required):

Current Year Catawba County personal and real property Tax Listing information as reported to Catawba County Tax Office, Most recent quarterly Form NCUI 101, Proof of taxes paid in full and documentation as required by (f).

Calendar of Responsibilities:

- By January 5: SUBSTANCE makes payment to County according to Tax Listing filed by January 31st of the previous year unless extension is requested and approved for April 15th. Any extension request must be filed by January 31st.
- By March 5: SUBSTANCE must provide Exhibit B proof of payment of taxes and supporting documentation as required the Agreement and this Exhibit B.

By April 15: SUBSTANCE must provide Real/Personal Property Tax listings to Catawba County Tax Office.

By April 22: County Tax Office to provide Tax Listing on Specified Accounts.*

*Note: This is not a Company responsibility.

MEMORANDUM

TO: Catawba County Board of Commissioners
FROM: Doug Urland, Catawba County Health Director
DATE: December 7, 2015
SUBJECT: Public Hearing on Proposals to Purchase Catawba County Home Health

Request

Pursuant to North Carolina General Statute 131E-13, the Board of Commissioners is requested to conduct a public hearing on Proposals to Purchase Catawba County Home Health.

Background

Before selling a home health agency an entity must comply with NCGS 131E-13. The initial step was adopting a resolution declaring intent to sell which the Board of Commissioners did at its October 5, 2015 meeting. The next step was to conduct a public hearing on the resolution, which the Board did on November 2, 2015. No one spoke at the public hearing.

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 through the Clerk's Office starting November 25, 2015.

Today's public hearing is to hear comments on the Proposals to Purchase.

Recommendation

Staff recommends the Board of Commissioners conduct the required public hearing.

APPOINTMENTS

KITTY BARNES (Upcoming) Town of Catawba Planning Board

12/01/15 Clyde Robinson Eligible for a 5th term

3-year terms

Commissioner Barnes recommends the reappointment of Clyde Robinson for a fifth term on the Town of Catawba Planning Board. This term will expire December 1, 2018.

BARBARA BEATTY (Upcoming) Catawba County Planning Board

12/31/15 Steve Von Drehle Eligible for a 6th term

4-year terms

Vice-Chair Beatty recommends the reappointment of Steve Von Drehle for a sixth term on the Catawba County Planning Board. This term will expire December 31, 2019.

BARBARA BEATTY (Upcoming) VFD Trustees, Fireman's Relief Fund

12/31/15 Bruce Godfrey (St. Stephens) Eligible for a 3rd term

Norris Huss (Cokesville) Eligible for a 6th term

Mickey Laney (Bandys) Eligible for a 4th term

Jerry Loy Sigmon (Oxford) Eligible for a 10th term

Chuck Ward (Mt. View) Eligible for a 6th term

Mike Weaver (Propst) Eligible for a 5th term

Eddie White (Sherrills Ford) Eligible for a 10th term

2-year terms

Vice-Chair Beatty recommends 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 Loy 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.

DAN HUNSUCKER (Upcoming) Dangerous Dog Appellate Board

11/04/15 Dr. Sharon Monday Eligible for a 2nd term

3-year terms

Commissioner Hunsucker recommends the reappointment of Dr. Sharon Monday for a second term on the Dangerous Dog Appellate Board. This term will expire November 4, 2018.

Memorandum

TO Catawba County Board of Commissioners

FROM Finance and Personnel Subcommittee

RE Juvenile Crime Prevention Council Revised Funding Plan for FY 2016

DATE December 7, 2015

Request: To approve a revised FY 2016 Funding Plan for the Catawba County Juvenile Crime Prevention Council. This amendment allocates additional funds, and is recommended by the Catawba Juvenile Crime Prevention Council (JCPC).

Background: The Juvenile Crime Prevention Council (JCPC) is an organization established by the State of North Carolina, Department of Public Safety – Division of Juvenile Justice. Membership is determined mostly by the Statute establishing the JCPC; representatives are those involved with youth. The JCPC 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, distributed to the county, and then to programs.

Every year there is a process the JCPC must follow that begins with prioritizing risks and needs, with the final step being approval of a funding plan. The risks and needs priorities review is conducted in the fall/early winter, and the approval of the funding plan occurs in the spring. Basically, all the steps are:

- identification of risk and need factors, based on court data
- development of a list of priorities to address the risk factors
- review of and approval of the priorities

Once priorities are developed, JCPC takes the following steps:

- advertising for programs to submit proposals to address risk factors
- reviewing proposals
- recommending a funding plan to the JCPC, which is subject to the State of North Carolina budget.

In the spring once proposals are received, JCPC has the following requirements:

- development of an annual plan; commonly called the “County Plan”.
- submission of the items to the Board of Commissioners

The Board of Commissioners approved the JCPC Annual Plan, including the original Funding Plan, this summer.

Project Challenge: 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 provision was \$3,420.

Current Request: That appropriation was in the budget every year, until this year. In October, JCPC was advised that the funds would be available for JCPC to appropriate.

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 enough time for legal advertising, JCPC decided to allow current programs to request additional funds for current services.

Two programs requested additional funding for the following amounts:

Conflict Resolution Center \$864

Parenting Education (under Family Guidance Center) \$500

Conflict Resolution Center will use the funds 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. Meals before/during classes enable the family to eat together, and helps with evening class attendance and time.

The balance of \$2,056 is proposed to be allocated to the Administrative budget. That budget has decreased over the years from \$15,500 to the current \$13,000.

The additional \$2,056 will be used for:

- a laptop and printer - the Catawba JCPC does not have a laptop for administrative purposes and the printer purchased in 2009 frequently jams;
- Outreach program materials (brochures);
- additional costs for the annual bidders conference; this year we are requiring program managers and fiscal officers to attend, which will increase attendance and cost of supplies, copies, and food;
- increased postage related to mailing the RFP.

Via an email vote, the JCPC has approved the Finance Committee recommendation to fund the requests outlined in this memorandum. Voting via email is allowed by our bylaws in unusual circumstances.

The plan does not require any Catawba County funding, and as stated previously, is subject to State budget.

Attached is the recommended, revised Funding Plan for FY 2016.

Recommendation: The Finance and Personnel Subcommittee recommends the Board of Commissioners approve the revised Funding Plan.

Catawba County REVISED

NC DPS - Division of Juvenile Justice County Funding Allocation

Available Funds: \$ \$332,366 Local Match: \$ \$47,571 Rate: 30%

A Program Agreement Form for each program listed below is included as an attachment to the Community Prevention and Intervention Plan.

#	Program Provider	DJJDP Funding	LOCAL FUNDING			OTHER	OTHER	Total	% Non-DJJDP Program Revenues
			County Cash	Other Local Cash	Local In-Kind	State/Federal	Funds		
1	JCPC Administration	\$15,056						\$15,056	0%
2	Conflict Resolution Center	\$49,292			\$14,788			\$64,080	23%
3	Family Net	\$149,418	\$50,990			\$34,000		\$234,408	36%
4	Parenting Education-Family Guidance Center	\$35,500			\$10,650			\$46,150	23%
5	Project Challenge	\$60,000	\$267	\$17,733				\$78,000	23%
6	Alexander Youth Network	\$15,600	\$13,572					\$29,172	47%
7	Phoenix Group Homes-Caring for Children	\$7,500		\$2,000	\$2,400	\$29,498		\$41,398	82%
8								\$0	#DIV/0!
9								\$0	#DIV/0!
10								\$0	#DIV/0!
11								\$0	#DIV/0!
12								\$0	#DIV/0!
13								\$0	#DIV/0!
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15								\$0	#DIV/0!
16								\$0	#DIV/0!
17								\$0	#DIV/0!
18								\$0	#DIV/0!
TOTALS:		\$332,366	\$64,829	\$19,733	\$27,838	\$63,498	\$0	\$508,264	35%

The above plan was derived through a planning process by the Catawba County
 Juvenile Crime Prevention Council and represents the County's Plan for use of these funds in FY 2015 - 2016 .

 Chairperson, Juvenile Crime Prevention Council (Date)

 Chairperson, Board of County Commissioners (Date)

Memorandum

TO Catawba County Board of Commissioners

FROM Finance & Personnel Subcommittee

RE Juvenile Crime Prevention Council Funding Priorities for FY 2016/17 and Risks and Needs Assessment

DATE December 7, 2015

Request: To approve the Risk and Needs Assessment Summary, including funding priorities, for the Catawba County Juvenile Crime Prevention Council. This is for FY 2016/17.

This is recommended by the Catawba Juvenile Crime Prevention Council (JCPC) after review of court data, with input from court services, juvenile court counselors and funded programs.

Background: The Juvenile Crime Prevention Council (JCPC) is an organization established by the State of North Carolina. It is under the Department of Public Safety (DPS). Membership is outlined by the Statute establishing the JCPC with a specific list of community representatives involved with youth. The JCPC is appointed by and advisory to the Board of Commissioners, and exists to identify risks of youth in the community, review court data and identify needed programs to provide intervention and prevention. Funding is provided by the State, is distributed to each county, and then to programs. State policy requires court service needs to be priority in funding.

Annual Process: There is a process the JCPC must follow that begins with the Outreach Committee review of four years of court data with input from juvenile court counselors, programs, schools, and represented agencies. This information is specific to each county, and compares county data to state-average data. Court data for the county is to be used for prioritizing risks and needs.

Once priorities are developed, the following steps are followed:

- advertise for programs to submit proposals to provide services to address risk factors and priorities for funding
- review proposals
- develop a recommendation for funding and service to address risks
- develop an annual plan including funding plan
- develop a recommendation of the annual plan, including funding plan, to the Commissioners, and
- submit the plan to the Board of Commissioners for their approval.

Risk and Needs Assessment Summary: The Risks and Needs Assessment Summary is the basis of the County Plan for the following fiscal year.

The risks and needs summary includes:

- elevated risk and needs factors, based on court data
- a list of priorities to address the risk factors
- review of existing community resources, including any gaps and barriers to service, and resources that will work with court-involved youth, and
- lists funding priorities by service type.

Elevated Risks and Needs: From the court data reviewed, the JCPC determines elevated risks and needs of youth.

Risk elevated observations identified from the data are:

Number of undisciplined or Delinquent Referrals at Intake – elevated observations: 13% of assessed youth have 2 or 3 prior referrals (2 year increase trend & higher than state rate). 20% of assessed youth have one prior referral (2 year increase trend & higher than state rate). 37% have one or more prior referrals (increase from previous year's rate).

Known Use – Alcohol, Illegal Drugs** (prior 12 months) – elevated observations: **24% of assessed youth have known substance use (2 year increase trend). 12% have known use and need assessment (increase from previous year's rate).

School Behavior Problems (prior twelve months) – elevated observations: 87% of assessed youth have school behavior problems (2 year increase trend & higher than state rate the past 2 years). 44% of assessed youth have serious school behavior problems (increase from the previous year's rate).

Relationships with Peers – elevated observations: 18% of assessed youth regularly associate with others involved in delinquent activity. 44% of assessed youth lack prosocial peers or sometimes associate w/delinquent others (2 years decrease trend but higher than state rate the past 3 years).

Parental Supervision – elevated observations: 90% of assessed youth have parents willing and able to supervise (3 year increase trend & lower than the state rate the past four years). 19% have parents willing but unable to supervise (decrease from previous year's rate and higher than the state rate).

**reflects self-reported data

Needs elevated observations identified from the data are:

Peer Relationships - elevated observations: 35% of assessed youth have positive peers (increase from the prior year but lower than the state rate). 27% of assessed youth are rejected by positive peers (3 year increase trend and higher than the state rate for the past 4 years); sometimes associate with delinquent peers (2 year decrease trend and lower than state rate). 8% report regular association with delinquent peers (decrease from prior year and & lower than the state rate for past 3 years).

School Behavior/Adjustment – Elevated observation: 75% of assessed youth have school behavior problems. 61% of assessed youth have moderate to serious school behavior problems (increase from previous year's rate).

Substance Abuse within the past 12 months – elevated observation: **25% of assessed youth have substance use and/or abuse issues (3 year increase trend). 17% need further assessment (2 year increase trend).

Sexual Behaviors during Past 12 months – elevated observation: 82% of assessed youth have no apparent sexual behavioral problems (increase from the previous year's rate but lower than the state rate for the past 4 years). 8% of assessed youth have dangerous sexual practices (decrease from previous year's rate but higher than the state rate the past 4 years).

Mental Health Needs – elevated observations: 21% of assessed youth need more mental health assessment (higher than state rate the past 4 years). 39% have mental health needs addressed (lower than state rate the previous year but higher than the state rate the past four years).

Basic Physical Needs/Independent Living – elevated observations: 94% of assessed youth are living with parent and needs met (increase from previous year's rate & higher than state rate). (NOTE: The need is considered elevated because of elevated observations in conflict in the home, family supervision skills, family substance abuse, and family criminality as listed below)

Family issues are included with needs, and are gathered during intake by juvenile court counselors. Family issues noted are:

Conflict in the Home within Past 12 months – elevated observation: 17% have conflict in the home (decrease from previous year's rate & lower than the state rate the past 4 years).

Family Supervision Skills – elevated observation: 56% of assessed youth have parents with marginal to inadequate family supervision skills (decrease from previous year's rate but higher than the state rate the past 3 years).

Family Substance Abuse within the Past 3 Years by Household Member - elevated observations: **13% of assessed youth have family members with alcohol/drug abuse issues (decrease from previous year's rate but higher than state rate past 4 years).

Family Criminality – elevated observation: 63% of assessed youth have family members with no criminal history (increase from previous year's rate & higher than state rate the first time in 4 years).

Part V of the Summary includes the proposed priority for funding for FY 2017. It is important to note that this list of priorities is based on current court data; that does not mean each item will be funded. The cost of each program type is based on many factors,

including the number of clients served, the prescribed treatment, and the nature of the work; this means services ranked lower may receive more funding than higher ranked priorities.

Based on the information given, the JCPC approved the following services in ranked order be approved as the funding priorities for FY 2016/17:

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. Experiential
16. Teen court
17. Vocational

The above list includes four new priorities and eliminates two previously ranked priorities. The following provides a brief description of the funding priorities along with the data supporting their need, basis of rank, and how the list compares to FY 2015/16 priorities.

1. Psychological Services/Comprehensive Assessments. This service maintained its first place ranking. Judges frequently order an assessment for youth disposed in court. Court counselors frequently request it for youth on divestiture plans. The assessment helps determine which services are needed to help the youth, and sometimes indicate multiple services are needed.
2. Counseling: This service maintained its second place ranking. Data indicates that majority of youth (21%) need more mental health assessment. Court counselors advise that counseling serves as a basis for other services; for example, substance abuse and sex offender treatment. Our data indicates the need is growing. The number of youth admitted to the service has grown from serving 150 in FY 14 to 180 in FY 15.

3. Restitution/Community Service: This service increased its ranking from #4 due to a state policy that requires dispositional alternatives to be given higher priority and an increased number of youth served. The program agreement for the past two years agreed to serve 50; in FY 14 they served 81, and in FY 15 they served 75.
4. Substance Abuse: This service decreased its ranking from #3 due to a decrease in the number of youth served. Data indicates that 25% of assessed youth have substance abuse and/or use issues, which is a 3 year increase trend. Our numbers served indicate fewer referrals than anticipated. In FY 13, Family Net estimated serving 40 new clients, and served 36. In FY 14, they estimated serving 25 new clients, and served 20. Data from youth seen at intake by court counselors is self-reported, and it indicates 12% have known use. 24% have self-reported use; it is expected this number is low.
5. Mentoring: Maintained its ranking of #5 on the list. It is ranked so high because mentoring is regarded as the most successful intervention for at-risk youth but is a program we do not currently fund. Positive role models affect many of the risks and needs.
6. Family Skill Building: This service increased in ranking from #11. Data indicates that 17% of youth have conflict in the home, and 56% have parents with marginal to inadequate supervision skills. Family influence is reflected in several risk factors – family substance abuse, criminal history, and parents having the ability to supervise the youth. Parents need skill building, and means of successfully communicating and interacting with their children.
7. Group Home/Residential Services: This service increased its ranking from #13 for FY 16. Court counselors stressed the need for the service, which is sometimes on an emergency basis, reporting that sometimes youth need to be out of their home, and receive intensive supervision and structure. We funded group homes until June 30, 2012; after that date Corner House did not submit a proposal. We did not fund group homes again until July 1, 2015.
8. Interpersonal Skill Building: This service increased its ranking from #12 in FY 16. Relationships with positive peers continues to be a need. Data shows that 18% of assessed youth regularly associate with others involved in shows 35% of assessed youth are rejected by positive peers.
9. Mediation: This service decreased in rank from #6 because referrals have decreased the last two years. FY 13 data shows they served 96 youth. In FY 14, they served 68; and in FY 15 24. The majority of referrals to this program are made by the school systems. School behavior data indicates 87% of assessed youth have school behavior problems.
10. Sexual Offender: This service decreased in rank from #7. Data indicates that these numbers are improving. 82% have no apparent dangerous sexual behavioral; 8% have dangerous practices.

11. Temporary Shelter: This priority was previously listed as #8-crisis beds/emergency shelter. Temporary shelter is listed because needs data shows conflict in the home is a problem for some youth, and family supervision skills. Numbers for both have improved, but are still higher than the state rate. Additionally, cuts in state mental health funding has impacted the ability to find temporary shelter.
12. Specialized Foster Care: This service was not previously listed. Court counselors stated this is a need and state mental health funds provide only limited access to this service.
13. Tutoring: This service improved from #14 in FY 16. Data indicates that 88% of assessed youth are performing at grade level. Tutoring is needed to help the other 12%, and tutoring is seen as a form of mentoring.
14. Structured Day: This service decreased from #10 in FY 16. These programs offer structured program to youth, and the service can be a full day or after school. Most youth referred to this service are court-referred. It ranked lower because there is limited access to this service through the schools.
15. Experiential: This service was not previously ranked. Experiential skill building services provides services to youth using activities to develop skills, and the activities may be highly related to the acquisition of a skill.
16. Teen court: This service was not ranked in FY 16. This is a restorative service, which provides a diversion from juvenile court a where trained adult and youth volunteer act as officials of the court to hear complaints and make recommendations for appropriate sanctions, including service/restitution. It provides an alternative to court.
17. Vocational: This service was not ranked for FY 16. It provides training to youth in a specific vocation, which may provide youth with academic problems an alternative that better prepares them for the future.

Ranked in FY 16/Not Ranked for FY 17:

Home Based Services was ranked #9 on the FY 16 list but not included in FY 17. This type of service is covered by the Alternatives to Commitment grant, which the State awarded to the 25th Judicial District and is administered by Burke County. Day Treatment services was ranked #15 in FY 16 but is no longer listed as a Juvenile Justice Service Type.

The Risk and Needs Assessment Summary is attached and submitted for consideration by the Board of Commissioners. It includes the recommended list of funding priorities.

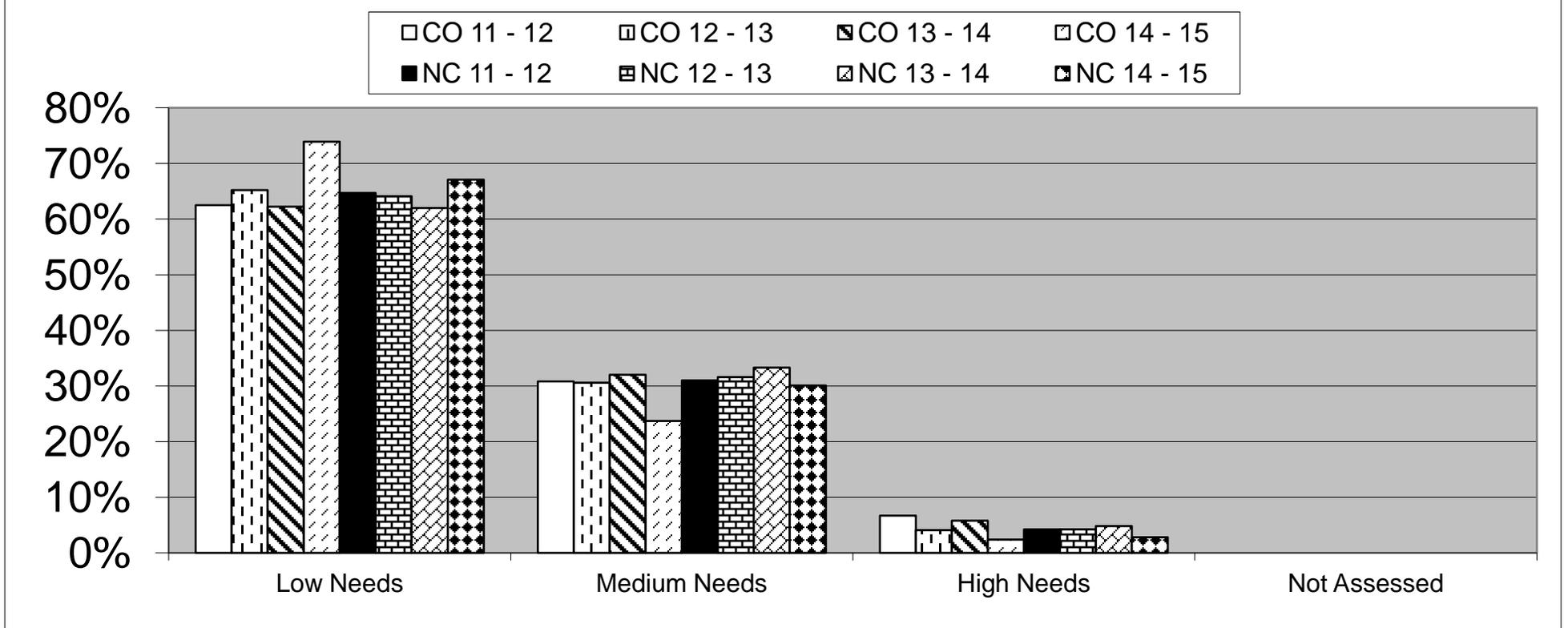
Recommendation: The Finance and Personnel Subcommittee recommends the Board of Commissioners approve the Risks and Needs Assessment Summary, which includes the list of funding priorities for FY 2017.

NEEDS ASSESSMENT COMPARISON DATA

CATAWBA COUNTY

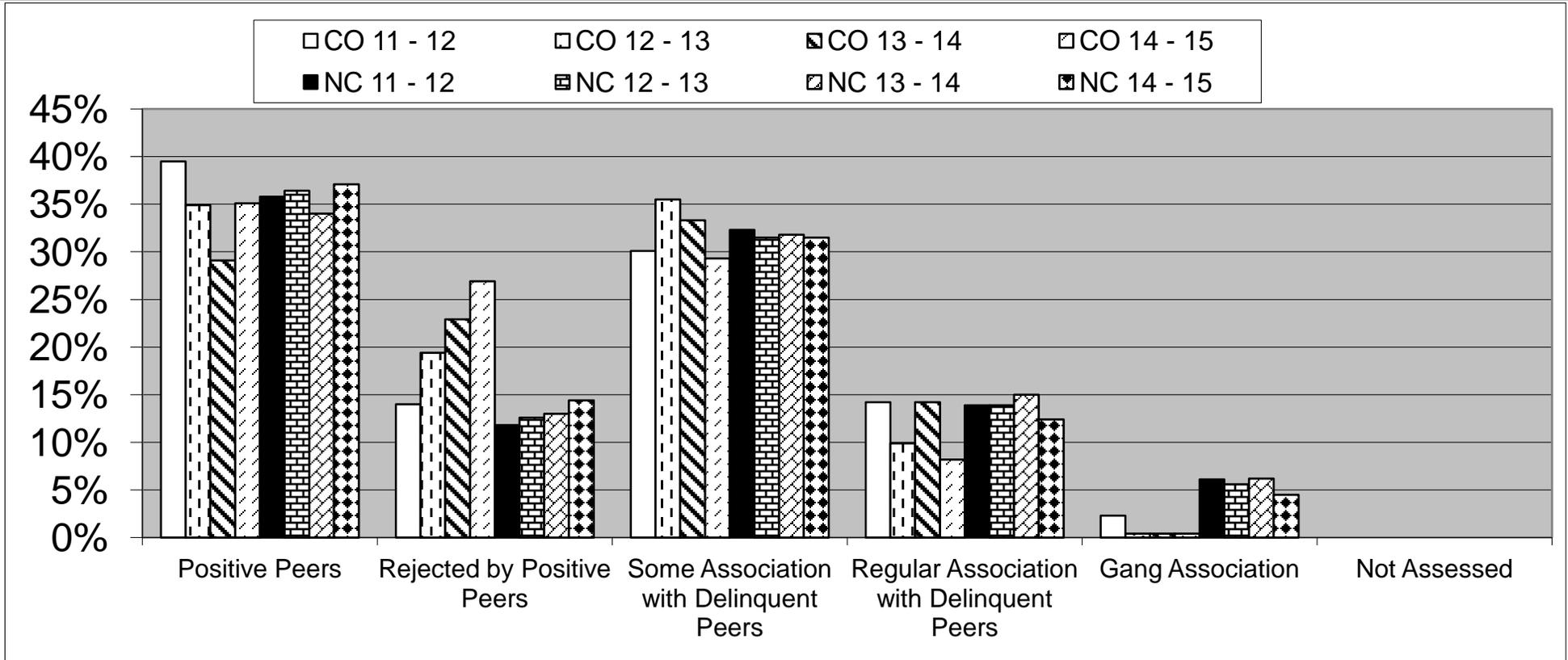
	CO 11 - 12	CO 12 - 13	CO 13 - 14	CO 14 - 15	NC 11 - 12	NC 12 - 13	NC 13 - 14	NC 14 - 15
Total Youth	522	558	450	464	21,897	20,497	18,189	18,053

Overall Needs Levels of Disposed Youth	CO 11 - 12	CO 12 - 13	CO 13 - 14	CO 14 - 15	NC 11 - 12	NC 12 - 13	NC 13 - 14	NC 14 - 15
Low Needs	63%	65%	62%	74%	65%	64%	62%	67%
Medium Needs	31%	31%	32%	24%	31%	32%	33%	30%
High Needs	7%	4%	6%	2%	4%	4%	5%	3%
Not Assessed								



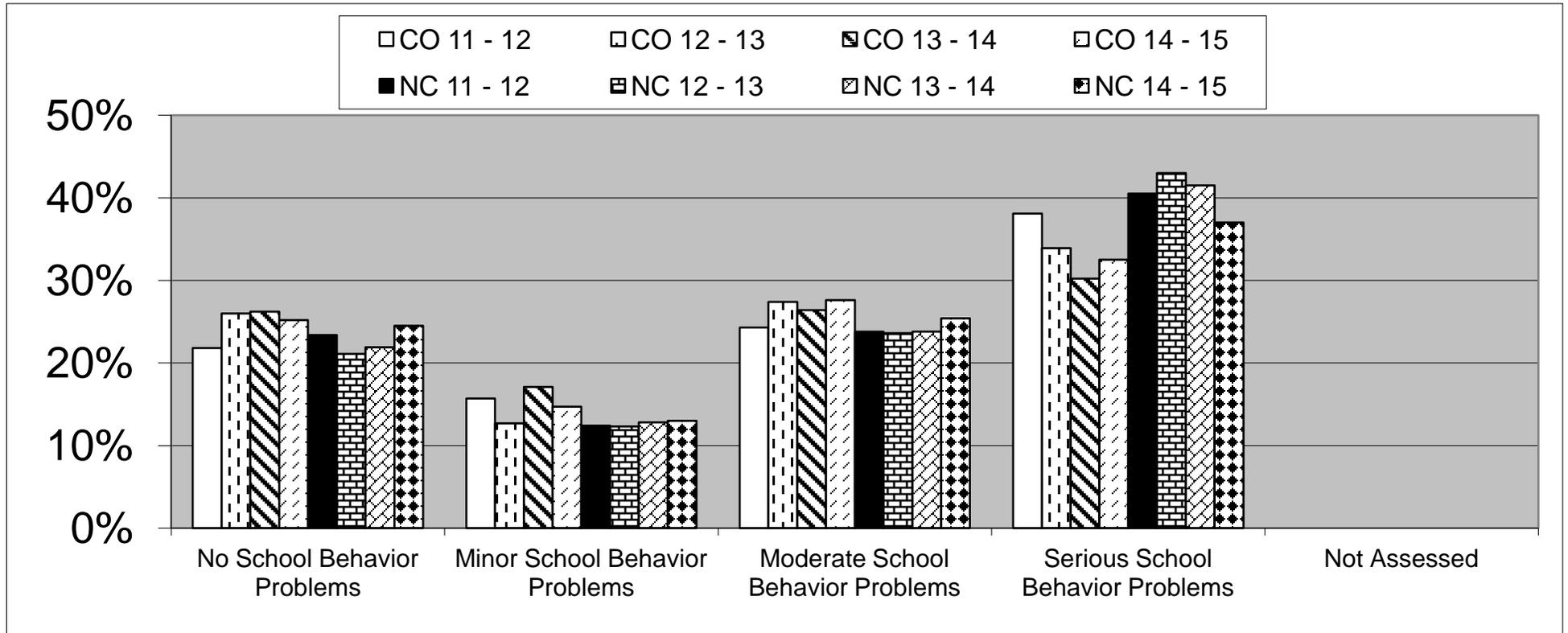
Observations: 74% of assessed youth have low level intervention needs (increased from previous year's rate & higher than the state rate).

Y1 - Peer Relationships	CO 11 - 12	CO 12 - 13	CO 13 - 14	CO 14 - 15	NC 11 - 12	NC 12 - 13	NC 13 - 14	NC 14 - 15
Positive Peers	40%	35%	29%	35%	36%	36%	34%	37%
Rejected by Positive Peers	14%	19%	23%	27%	12%	13%	13%	14%
Some Association with Delinquent Peers	30%	36%	33%	29%	32%	32%	32%	32%
Regular Association with Delinquent Peers	14%	10%	14%	8%	14%	14%	15%	12%
Gang Association	2%	0%	0%	0%	6%	6%	6%	5%
Not Assessed								



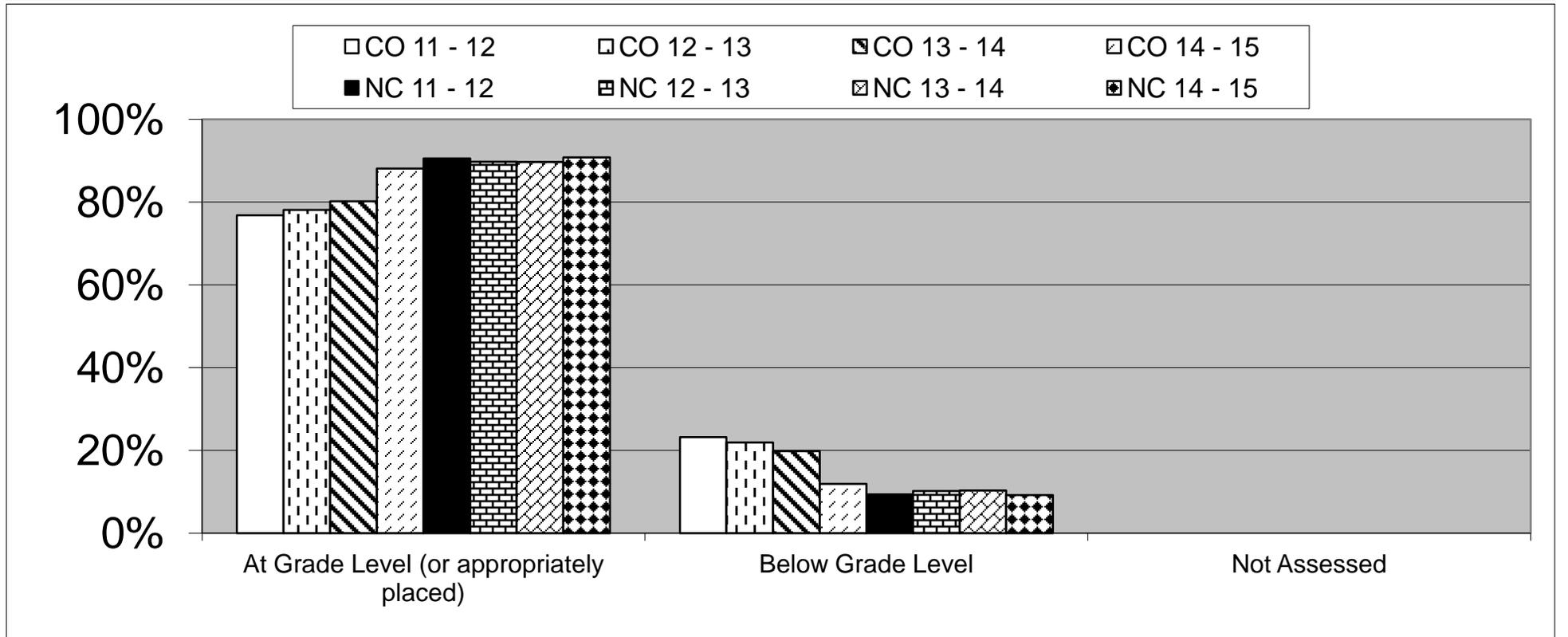
Y1 Elevated Observations: 27% of assessed youth are rejected by positive peers (3yrs increase trend & and higher than the state rate the past 2yrs). 35% of assessed youth have positive peers (increase sometimes to regularly associate w/delinquent peers (3yrs increase trend). 23% reported being rejected by positive peers (2yrs increase trend & higher than the state rate for the past 4yrs).

Y2 - School Behavior	CO 11 - 12	CO 12 - 13	CO 13 - 14	CO 14 - 15	NC 11 - 12	NC 12 - 13	NC 13 - 14	NC 14 - 15
No School Behavior Problems	22%	26%	26%	25%	23%	21%	22%	25%
Minor School Behavior Problems	16%	13%	17%	15%	12%	12%	13%	13%
Moderate School Behavior Problems	24%	27%	26%	28%	24%	24%	24%	25%
Serious School Behavior Problems	38%	34%	30%	33%	41%	43%	42%	37%
Not Assessed								



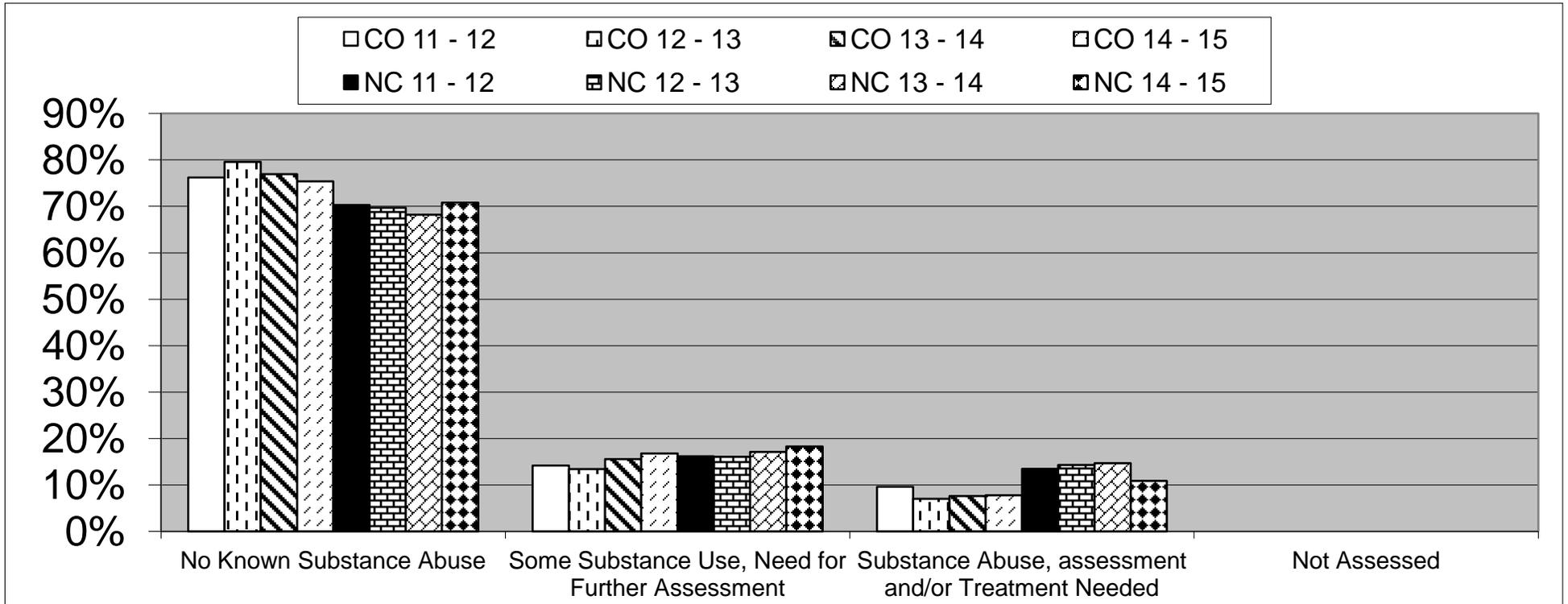
Y2 Elevated Observations: 75% of assessed youth have school behavior problems. 61% of assessed youth have moderate to serious school behavior problems (increase from previous year's rate).

Y3 - Academic Functioning	CO 11 - 12	CO 12 - 13	CO 13 - 14	CO 14 - 15	NC 11 - 12	NC 12 - 13	NC 13 - 14	NC 14 - 15
At Grade Level (or appropriately placed)	77%	78%	80%	88%	91%	90%	90%	91%
Below Grade Level	23%	22%	20%	12%	9%	10%	10%	9%
Not Assessed								



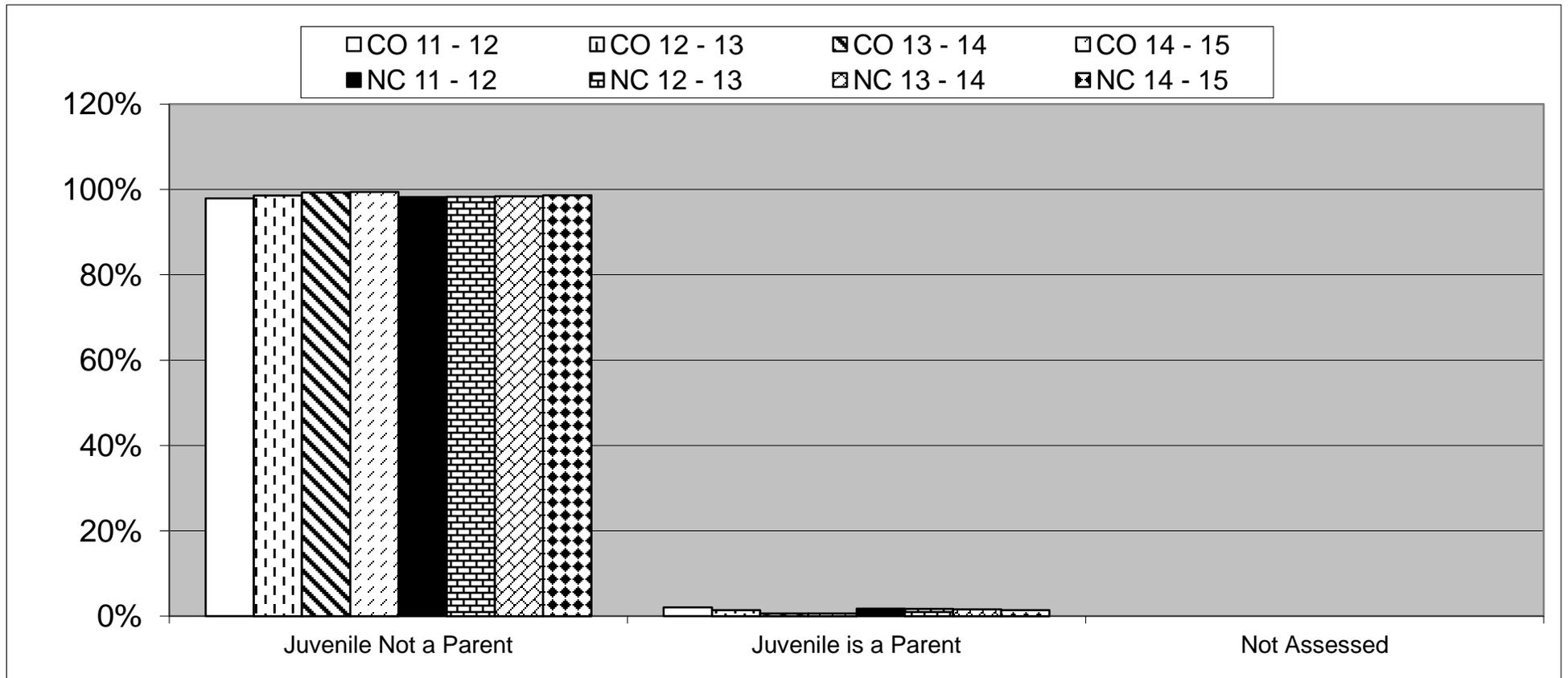
Y3 Elevated Observations: 82% of assessed youth are functioning at Grade Level or placement level (3yrs increase trend but lower than the state rate the past 4yrs). 12% of assessed youth are functioning below grade level (higher than the state rate the past 4yrs).

Y4 - Substance Abuse Within the Past 12 Months	CO 11 - 12	CO 12 - 13	CO 13 - 14	CO 14 - 15	NC 11 - 12	NC 12 - 13	NC 13 - 14	NC 14 - 15
No Known Substance Abuse	76%	80%	77%	75%	70%	70%	68%	71%
Some Substance Use, Need for Further Assessment	14%	13%	16%	17%	16%	16%	17%	18%
Substance Abuse, assessment and/or Treatment Needed	10%	7%	8%	8%	14%	14%	15%	11%
Not Assessed								



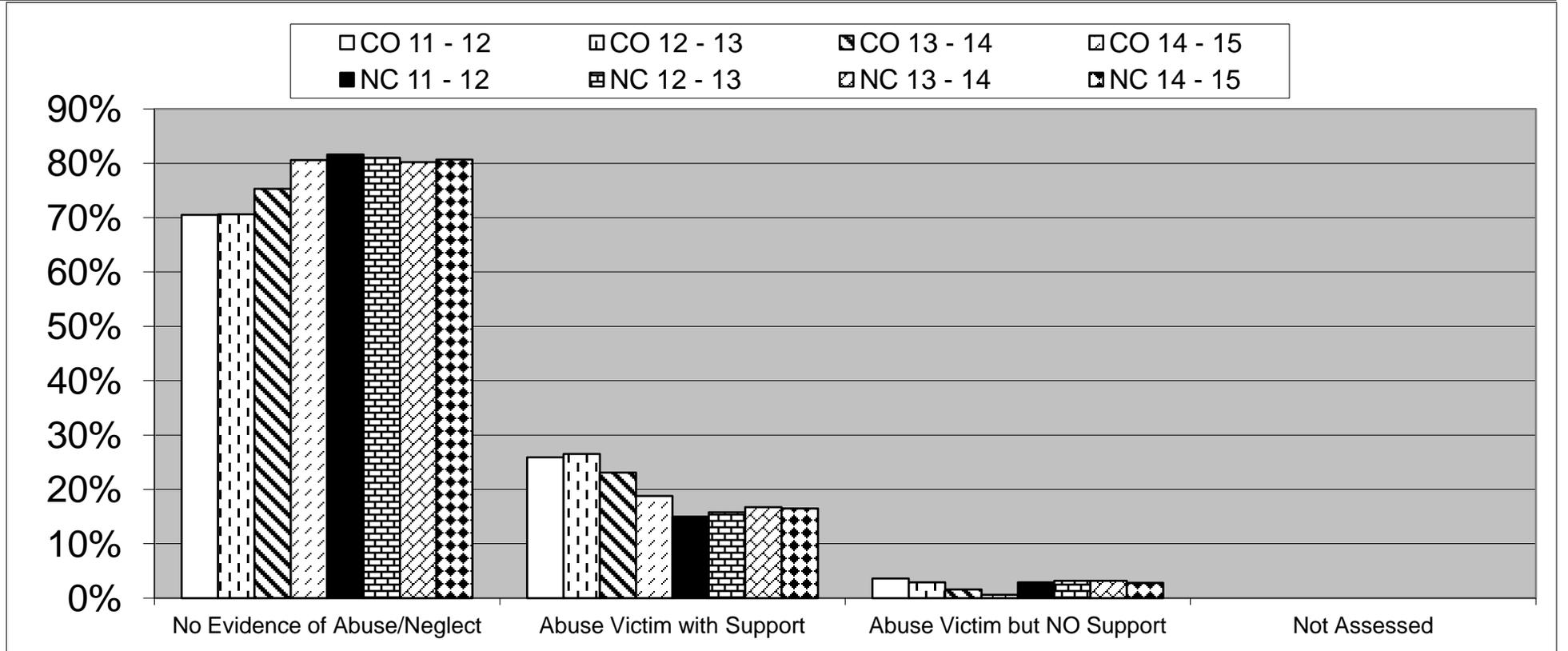
Y4 Elevated Observations: **25% of assessed youth have substance use and/or abuse issues (3yrs increase trend). 17% need further assessment (2yrs increase trend).

Y5 - Juvenile Parental Status	CO 11 - 12	CO 12 - 13	CO 13 - 14	CO 14 - 15	NC 11 - 12	NC 12 - 13	NC 13 - 14	NC 14 - 15
Juvenile Not a Parent	98%	99%	99%	99%	98%	98%	98%	99%
Juvenile is a Parent	2%	1%	1%	1%	2%	2%	2%	1%
Not Assessed								



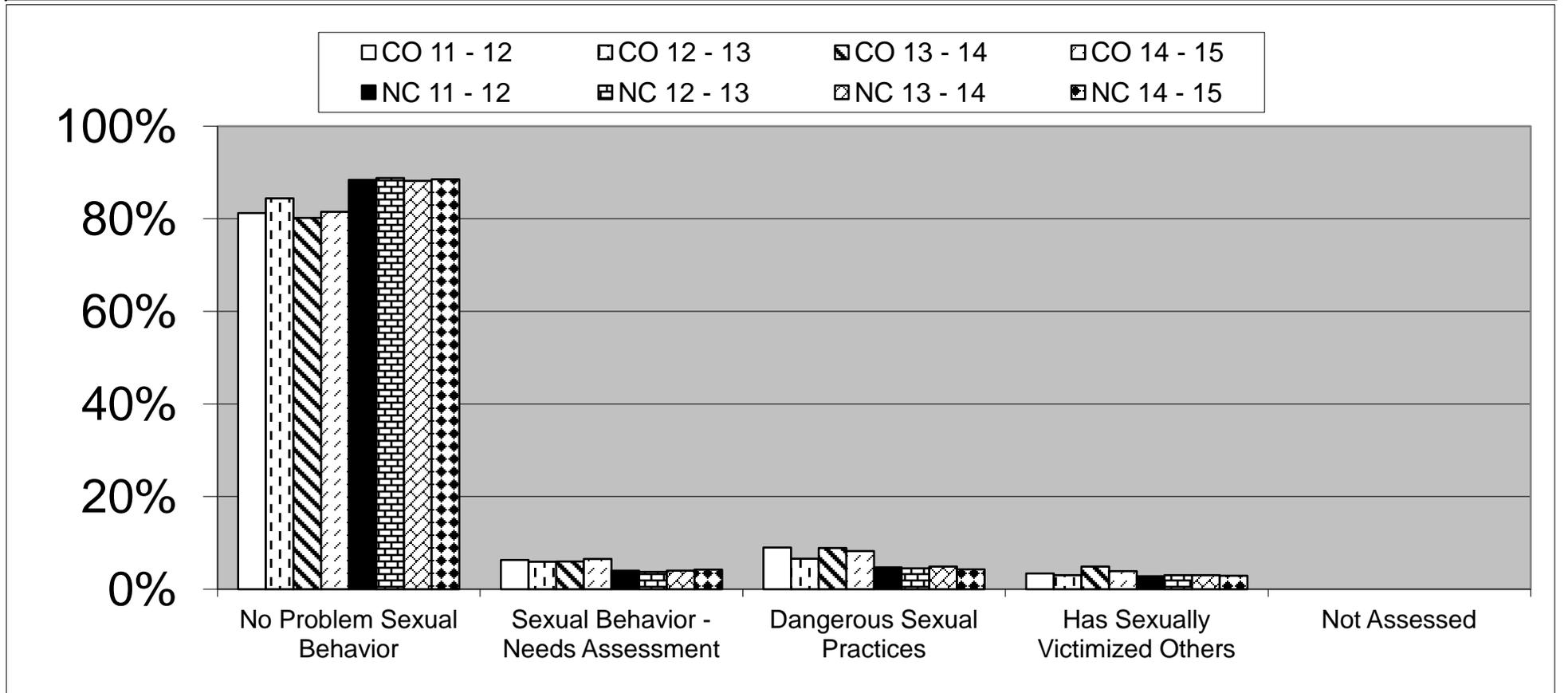
Y5 Observations: 99% of assessed youth are not in Parental Status.

Y6 - Abuse Neglect History	CO 11 - 12	CO 12 - 13	CO 13 - 14	CO 14 - 15	NC 11 - 12	NC 12 - 13	NC 13 - 14	NC 14 - 15
No Evidence of Abuse/Neglect	71%	71%	75%	81%	82%	81%	80%	81%
Abuse Victim with Support	26%	27%	23%	19%	15%	16%	17%	17%
Abuse Victim but NO Support	4%	3%	2%	1%	3%	3%	3%	3%
Not Assessed								



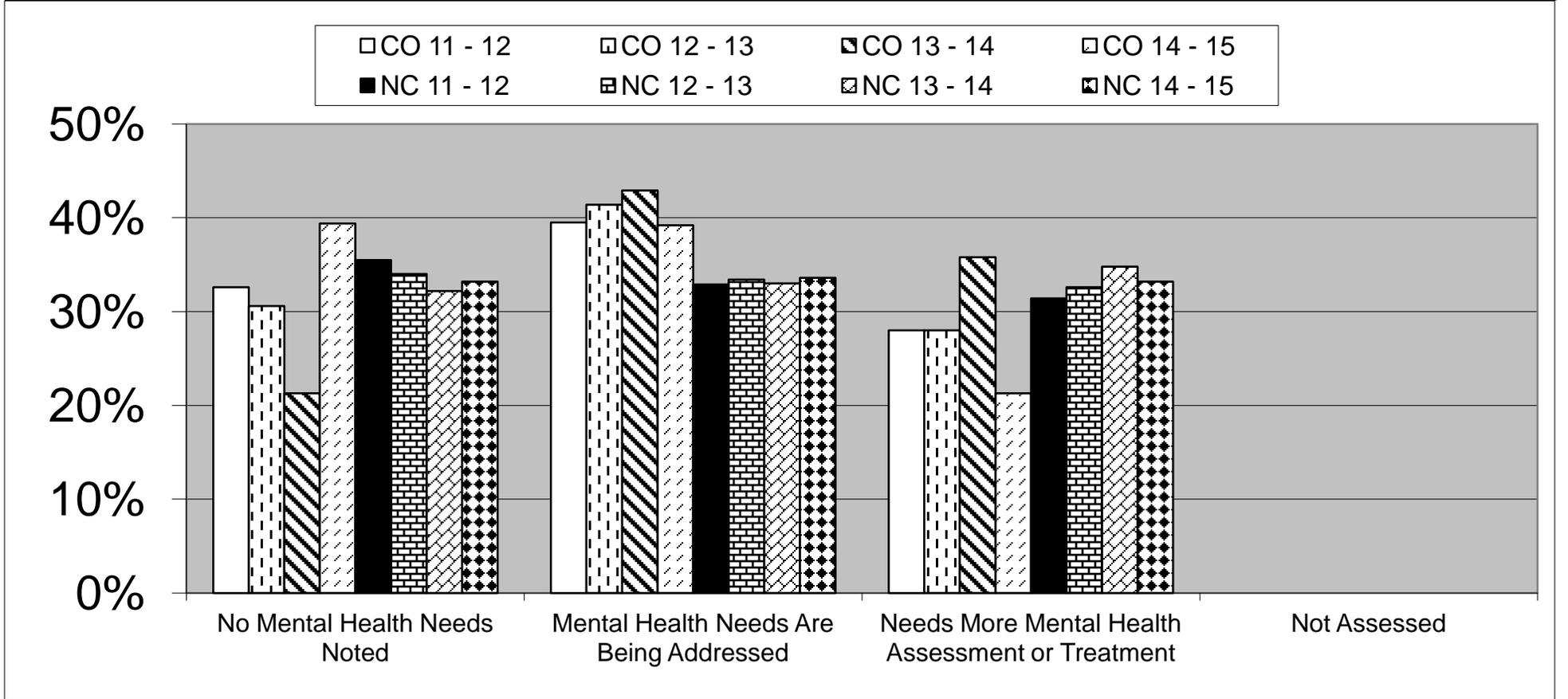
Y6 Observations: 81% of youth assessed have no history/evidence of abuse or neglect (2yrs increase trend).

Y7 - Sexual Behaviors	CO 11 - 12	CO 12 - 13	CO 13 - 14	CO 14 - 15	NC 11 - 12	NC 12 - 13	NC 13 - 14	NC 14 - 15
No Problem Sexual Behavior	81%	84%	80%	82%	88%	89%	88%	89%
Sexual Behavior - Needs Assessment	6%	6%	6%	7%	4%	4%	4%	4%
Dangerous Sexual Practices	9%	7%	9%	8%	5%	5%	5%	4%
Has Sexually Victimized Others	3%	3%	5%	4%	3%	3%	3%	3%
Not Assessed								



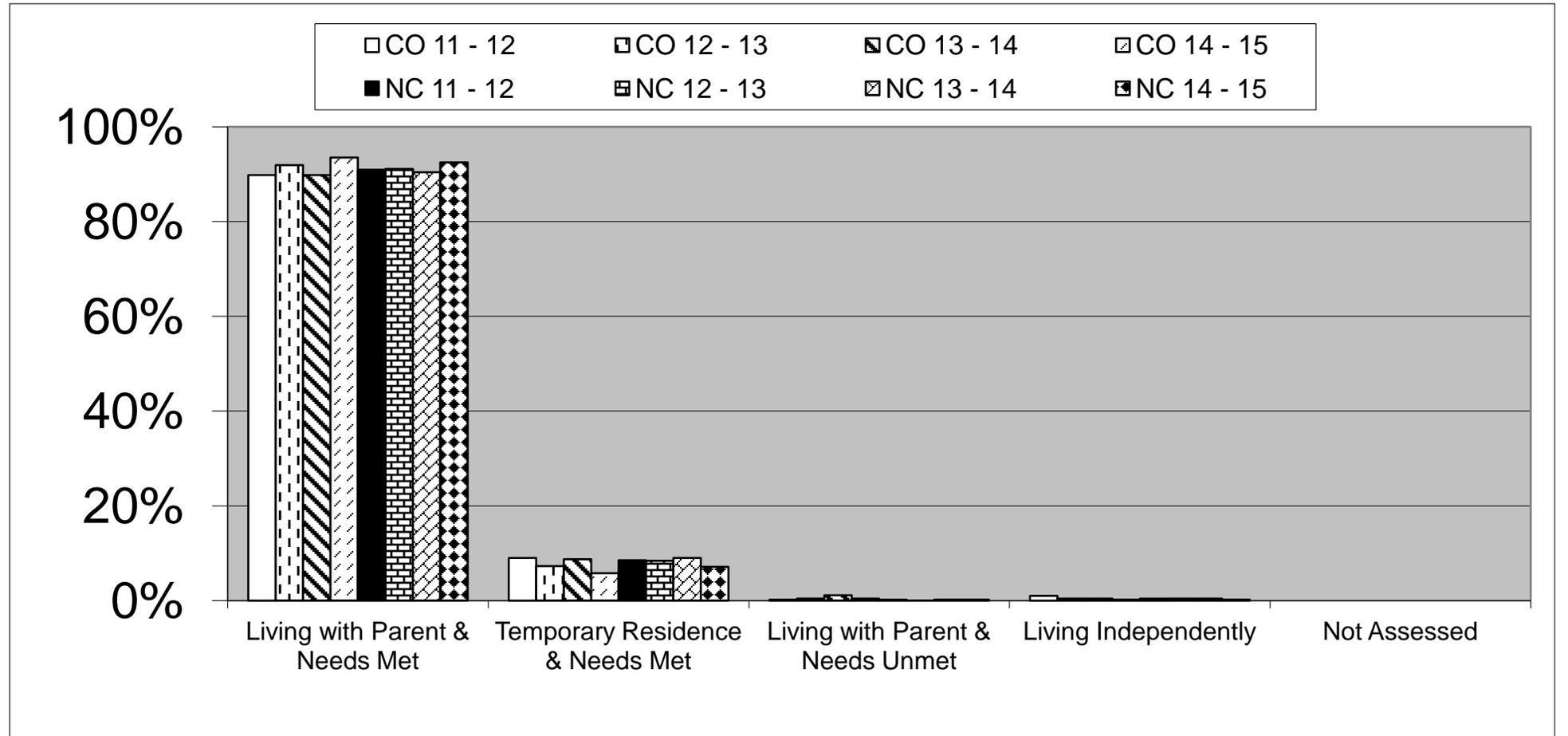
Y7 Elevated Observations: 82% of assessed youth have no apparent sexual behavioral problems (increase from the previous year's rate but lower than the state rate for the past 4yrs). 8% of assessed youth have dangerous sexual practices (decrease from previous year's rate but higher than the state rate the past 4yrs).

Y8 - Mental Health Needs	CO 11 - 12	CO 12 - 13	CO 13 - 14	CO 14 - 15	NC 11 - 12	NC 12 - 13	NC 13 - 14	NC 14 - 15
No Mental Health Needs Noted	33%	31%	21%	39%	36%	34%	32%	33%
Mental Health Needs Are Being Addressed	40%	41%	43%	39%	33%	33%	33%	34%
Needs More Mental Health Assessment or Treatment	28%	28%	36%	21%	31%	33%	35%	33%
Not Assessed								



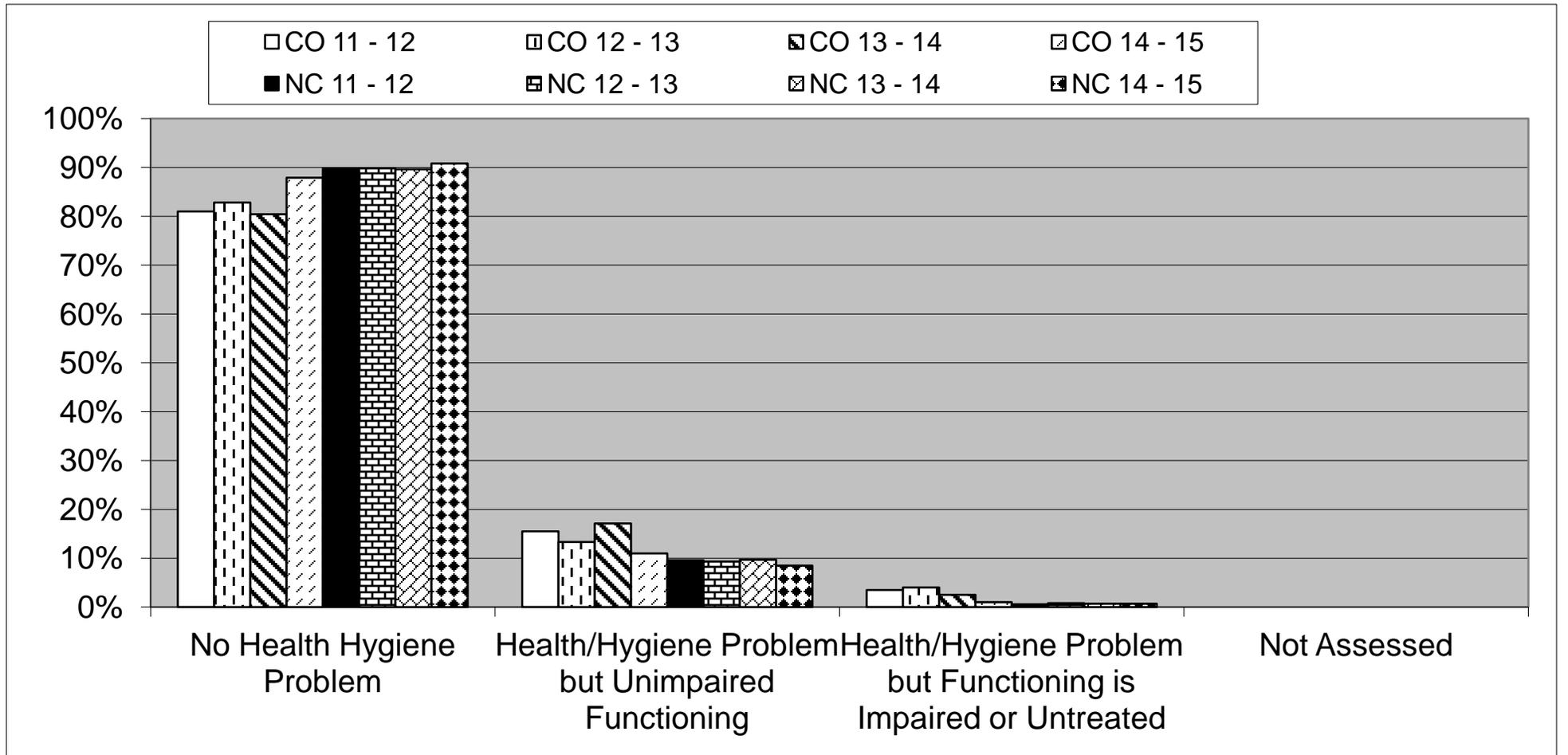
Y8 Elevated Observations: 39% of assessed youth need more mental health assessment (higher than state rate the past 4yrs). 43% of assessed youth have mental health needs addressed (3yrs increase trend & higher than the state rate the past 4yrs).

Y9 - Basic Needs/Living	CO 11 - 12	CO 12 - 13	CO 13 - 14	CO 14 - 15	NC 11 - 12	NC 12 - 13	NC 13 - 14	NC 14 - 15
Living with Parent & Needs Met	90%	92%	90%	94%	91%	91%	90%	93%
Temporary Residence & Needs Met	9%	7%	9%	6%	9%	8%	9%	7%
Living with Parent & Needs Unmet	0%	0%	1%	0%	0%	0%	0%	0%
Living Independently	1%	0%	0%	0%	0%	0%	0%	0%
Not Assessed								



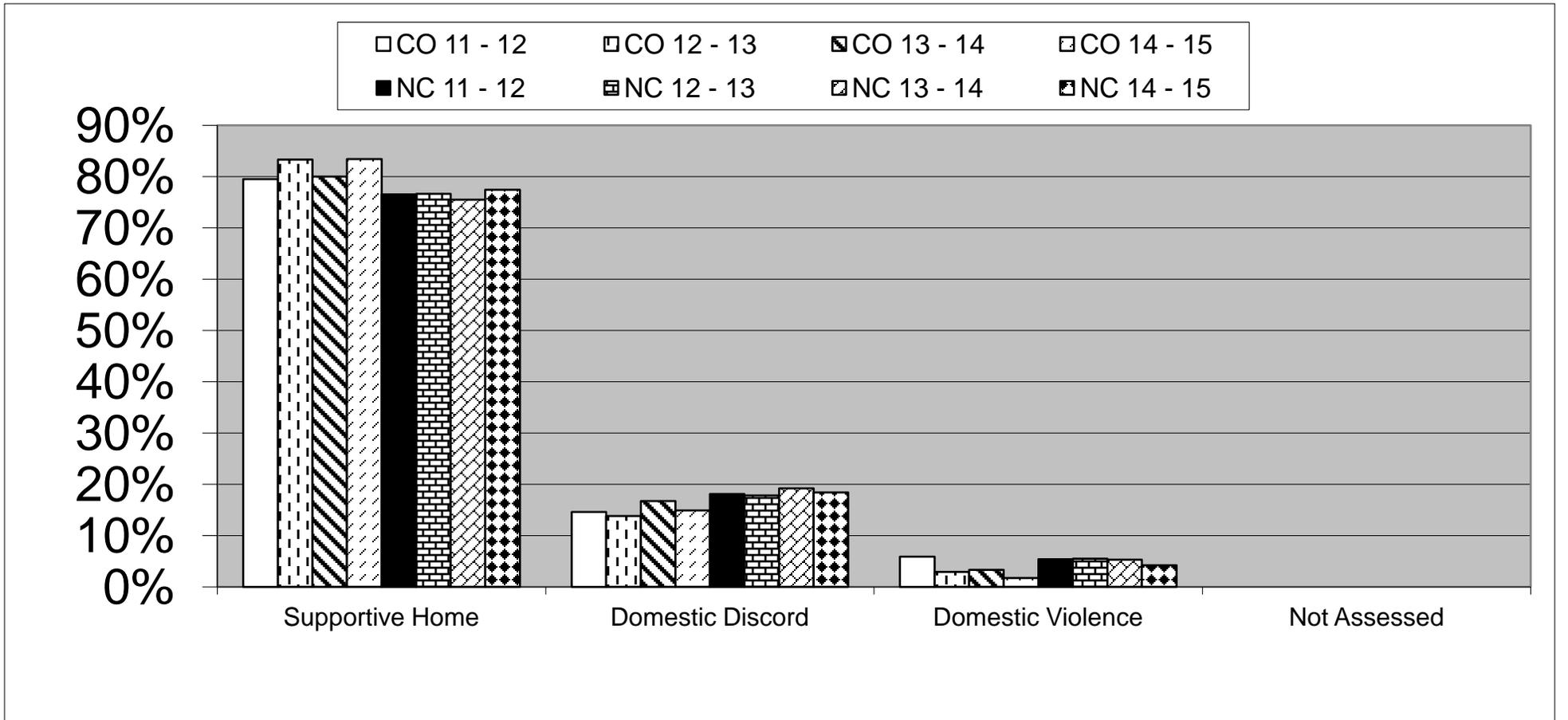
Y9 Elevated Observations: 94% of Assessed youth are living with parent and needs met (increase from previous year's rate & higher than state rate).

Y10 - Health/Hygiene	CO 11 - 12	CO 12 - 13	CO 13 - 14	CO 14 - 15	NC 11 - 12	NC 12 - 13	NC 13 - 14	NC 14 - 15
No Health Hygiene Problem	81%	83%	80%	88%	90%	90%	90%	91%
Health/Hygiene Problem but Unimpaired Functioning	16%	13%	17%	11%	10%	9%	10%	9%
Health/Hygiene Problem but Functioning is Impaired or Untreated	4%	4%	3%	1%	1%	1%	1%	1%
Not Assessed								



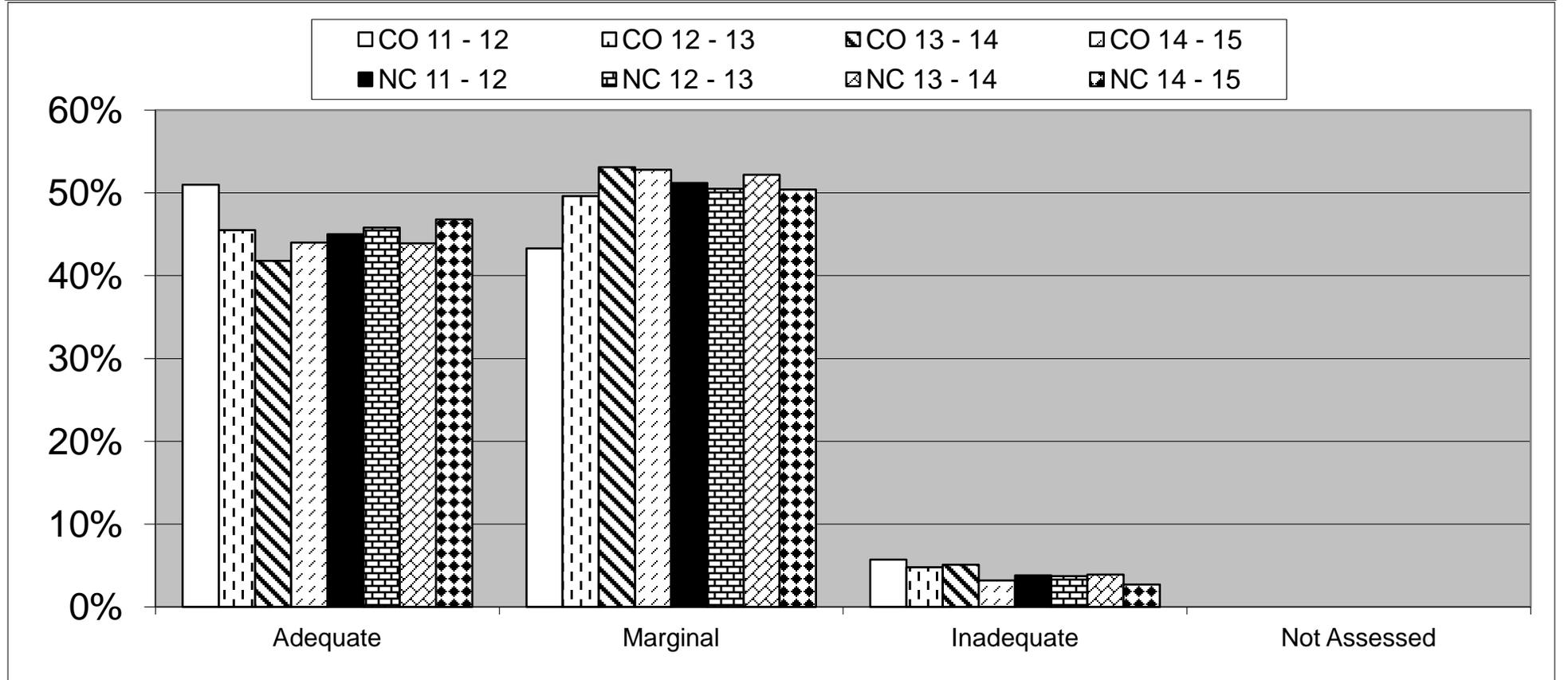
Y10 Elevated Observations: 88% of assessed youth have no health/hygiene problems (increase from previous year's rate but lower than the state rate the past 4yrs). 11% of assessed youth have Health/Hygiene problems but unimpaired functioning (decreased from previous year's rate but higher than the state rate).

F1 - Conflict in the Home Within Past 12 Months	CO 11 - 12	CO 12 - 13	CO 13 - 14	CO 14 - 15	NC 11 - 12	NC 12 - 13	NC 13 - 14	NC 14 - 15
Supportive Home	80%	83%	80%	83%	77%	77%	76%	77%
Domestic Discord	15%	14%	17%	15%	18%	18%	19%	18%
Domestic Violence	6%	3%	3%	2%	5%	6%	5%	4%
Not Assessed								



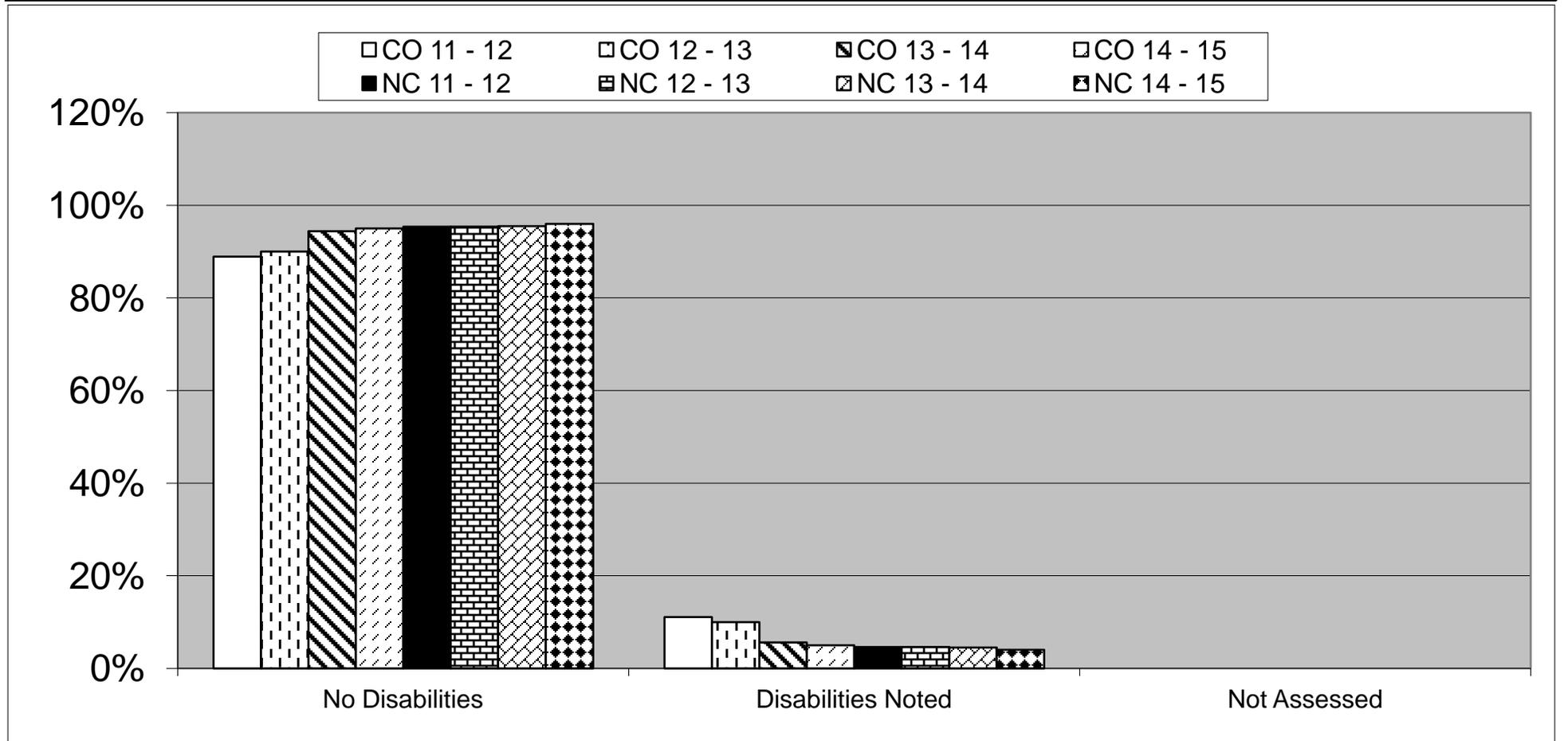
F1 Observations: 17% of assessed youth have conflict in the home (decrease from previous year's rate & lower than state rate the past 4yrs).

F2 - Family Supervision Skills	CO 11 - 12	CO 12 - 13	CO 13 - 14	CO 14 - 15	NC 11 - 12	NC 12 - 13	NC 13 - 14	NC 14 - 15
Adequate	51%	46%	42%	44%	45%	46%	44%	47%
Marginal	43%	50%	53%	53%	51%	51%	52%	50%
Inadequate	6%	5%	5%	3%	4%	4%	4%	3%
Not Assessed								



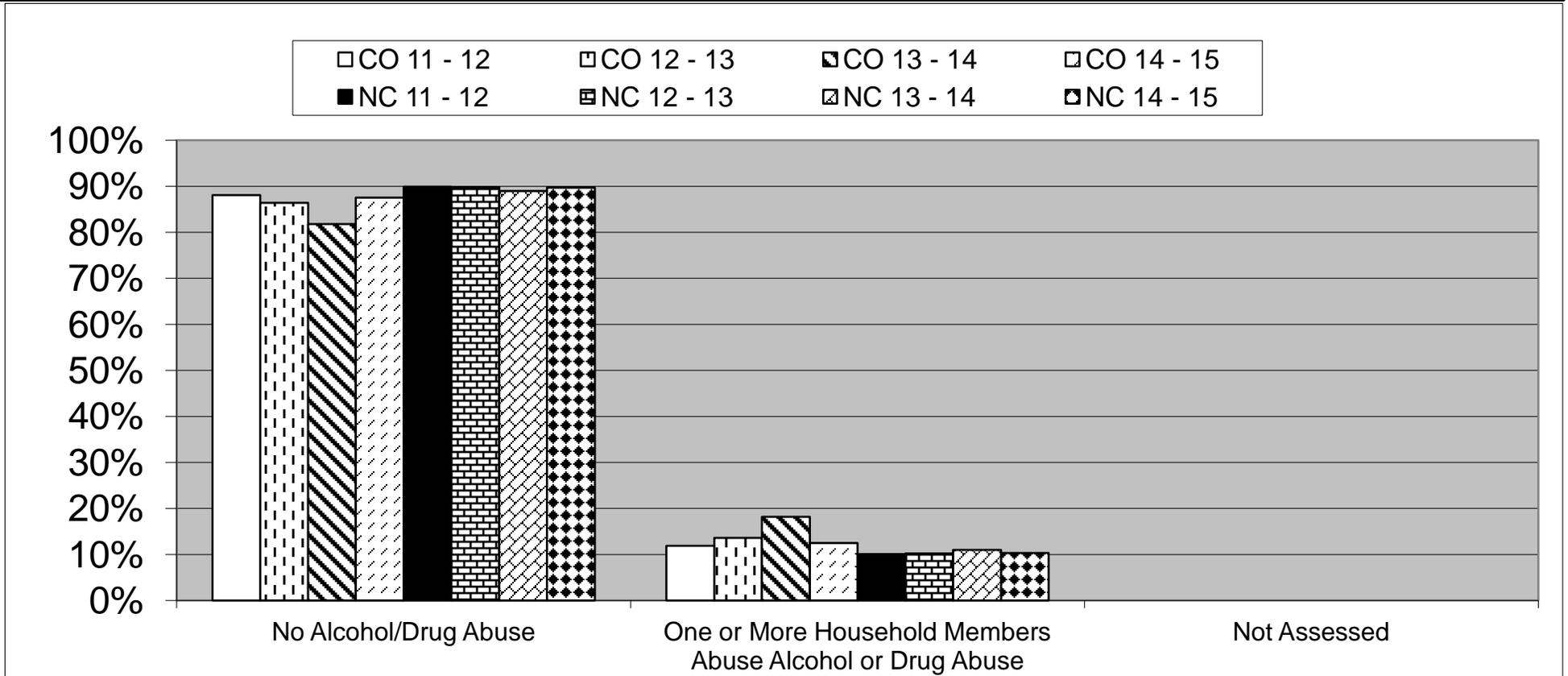
F2 Elevated Observations: 56% of assess youth have parents w/marginal to inadequate supervision skills (decrease from previous year's rate but higher than the state rate the past 3yrs).

F3 - Disability of Parent/Guardian	CO 11 - 12	CO 12 - 13	CO 13 - 14	CO 14 - 15	NC 11 - 12	NC 12 - 13	NC 13 - 14	NC 14 - 15
No Disabilities	89%	90%	94%	95%	95%	95%	96%	96%
Disabilities Noted	11%	10%	6%	5%	5%	5%	5%	4%
Not Assessed								



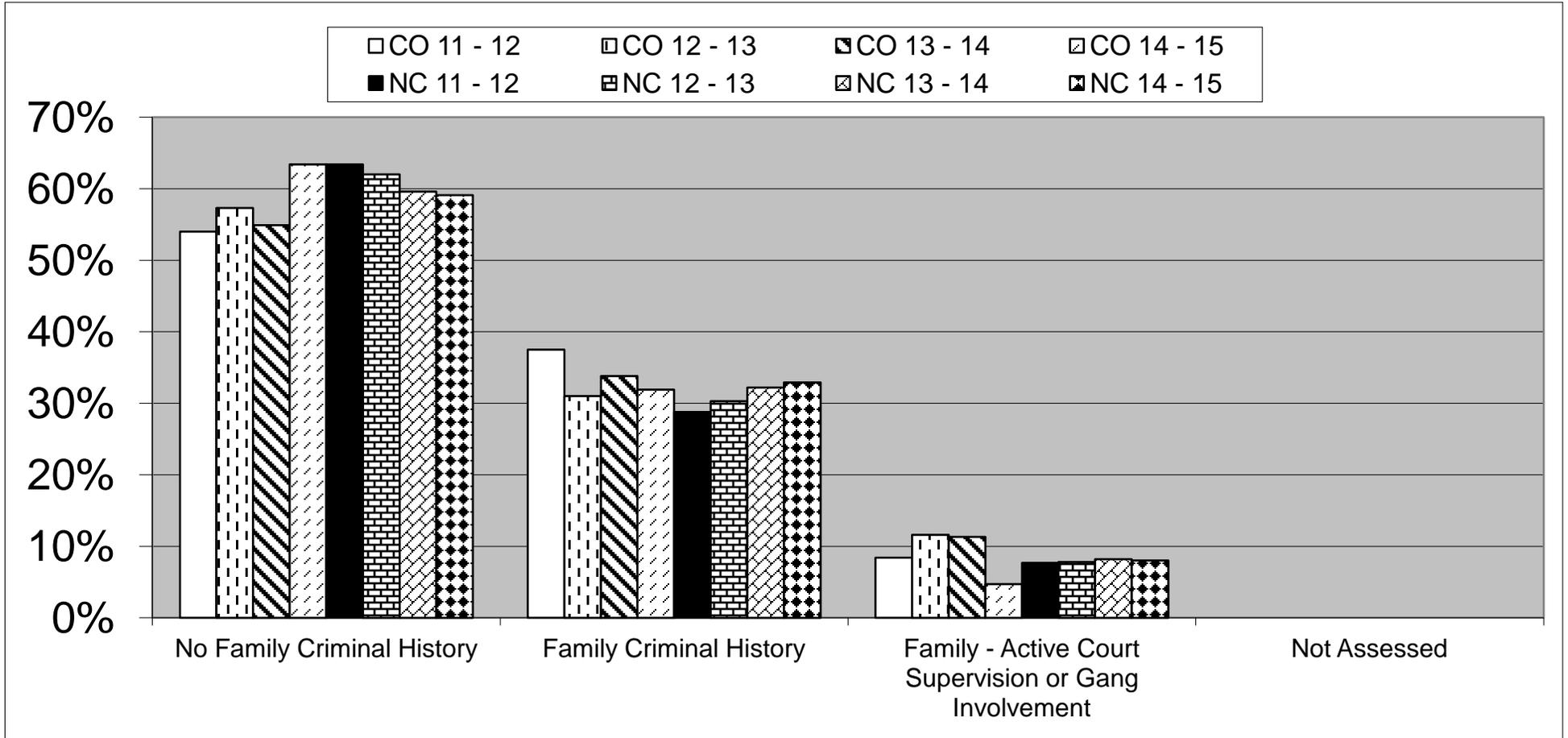
F3 Observations: 5% of assessed youth have parent/Guardian with disabilities noted (decrease from previous year's rate but higher than the state rate the past 4yrs).

F4 - Substance Abuse Within the Past 3yrs By Household Member	CO 11 - 12	CO 12 - 13	CO 13 - 14	CO 14 - 15	NC 11 - 12	NC 12 - 13	NC 13 - 14	NC 14 - 15
No Alcohol/Drug Abuse	88%	86%	82%	88%	90%	90%	89%	90%
One or More Household Members Abuse Alcohol or Drug Abuse	12%	14%	18%	13%	10%	10%	11%	10%
Not Assessed								



F4 Elevated Observations: ***13% of assessed youth have family members with alcohol/drug abuse issues (decrease from previous year's rate but higher than state rate the past 4yrs).*

F5 - Family Criminality	CO 11 - 12	CO 12 - 13	CO 13 - 14	CO 14 - 15	NC 11 - 12	NC 12 - 13	NC 13 - 14	NC 14 - 15
No Family Criminal History	54%	57%	55%	63%	63%	62%	60%	59%
Family Criminal History	38%	31%	34%	32%	29%	30%	32%	33%
Family - Active Court Supervision or Gang Involvement	8%	12%	11%	5%	8%	8%	8%	8%
Not Assessed								



F5 Elevated Observations: 63% of assessed youth have family members with no criminal history (increase from previous year's rate & higher than state rate the first time in 4yrs).

Instructions: Choose the protective factor(s) from the list that most directly correlate to identified offender needs; then indicate the program service that would most likely be able to synthesize the identified protective factor.

Domain	Summary	Selected Protective Factors (Desired Outcomes) - Choose one to four for each domain	Programs which are expected to address the priority concerns and provide the indicated protective factors.
Peer	R8 Elevated Observations: 18% of assessed youth regularly associates with others involved in delinquent activity. 44% of assessed lacks prosocial peers or sometimes associate w/del others (2yrs decrease trend but higher than state rate the past 3yrs).		
	Y1 Elevated Observations: 27% of assessed youth are rejected by positive peers (3yrs increase trend & and higher than the state rate the past 2yrs). 35% of assessed youth have positive peers (increase sometimes to regularly associate w/delinquent peers (3yrs increase trend). 23% reported being rejected by positive peers (2yrs increase trend & higher than the state rate for the past 4yrs).		
School	R7 Observations: 87% of assessed youth have school behavior problems (2yrs increase trend & higher than state rate the past 2yrs). 44% of assessed youth have serious school behavior problems (increase from the previous year's rate).		
	Y2 Elevated Observations: 75% of assessed youth have school behavior problems. 61% of assessed youth have moderate to serious school behavior problems (increase from previous year's rate).		
	Y3 Elevated Observations: 82% of assessed youth are functioning at Grade Level or placement level (3yrs increase trend but lower than the state rate the past 4yrs). 12% of assessed youth are functioning below grade level (higher than the state rate the past 4yrs).		

Domain	Summary	Selected Protective Factors (Desired Outcomes) - Choose one to four for each domain	Programs which are expected to address the priority concerns and provide the
Individual	R1 Elevated Observations: 83% of assessed youth are age 12 or over for first delinquent offense (increase from previous year's rate). 17% of assessed youth are under age 12 for first Delinquent Offense (decrease from previous year's rate & higher than state rate the past 4yrs).		
	R2 Elevated Observations: 13% of assessed youth have 2 or 3 prior referrals (2yrs increase trend & higher than the state rate). 20% of assessed youth have one prior referral (2yrs increase trend & higher than state rate). 37% of assessed youth have one or more prior referrals (increase from previous year's rate).		
	R3 Elevated Observations: 15% of assessed youth have prior misdemeanor adjudications (2yrs increase trend & higher than the state rate). 79% of assessed youth have no prior adjudications (increase from previous year's rate but lower than the state rate).		
Individual	R4 Elevated Observations: 13% of assessed youth have prior assaults without a weapon (higher than the state rate). 1% of assessed youth have prior assault w/weapon (increase from previous year's rate).		
	R5 Elevated Observations: 8% of assessed youth are runaways from home or placement (increase from previous year's rate but lower than the state rate the past 3yrs).		
Individual	R6 Elevated Observations: **24% of assessed youth have known substance use (2yrs increase trend). 12% have known use and need assessment (increase from previous year's rate).		
	Y4 Elevated Observations: **25% of assessed youth have substance use and/or abuse issues (3yrs increase trend). 17% need further assessment (2yrs increase trend).		
Individual	Y5 Observations: 99% of assessed youth are not in Parental Status.		
	Y6 Observations: 81% of youth assessed have no history/evidence of abuse or neglect (2yrs increase trend).		
Individual	Y7 Elevated Observations: 82% of assessed youth have no apparent sexual behavioral problems (increase from the previous year's rate but lower than the state rate for the past 4yrs). 8% of assessed youth have dangerous sexual practices (decrease from previous year's rate but higher than the state rate the past 4yrs).		
	Y8 Elevated Observations: 39% of assessed youth need more mental health assessment (higher than state rate the past 4yrs). 43% of assessed youth have mental health needs addressed (3yrs increase trend & higher than the state rate the past 4yrs).		
	Y9 Elevated Observations: 94% of Assessed youth are living with parent and needs met (increase from previous year's rate & higher than state rate).		
	Y10 Elevated Observations: 88% of assessed youth have no health/hygiene problems (increase from previous year's rate but lower than the state rate the past 4yrs). 11% of assessed youth have Health/Hygiene problems but unimpaired functioning (decreased from previous year's rate but higher than the state rate).		

Domain	Summary	Selected Protective Factors (Desired Outcomes) - Choose one to four for each domain	Programs which are expected to address the priority concerns and provide the
Family	R9 Elevated Observations: 90% of assessed youth have parents willing & able to supervise (3yrs increase trend & higher than the state rate the first time in 4yrs).		
	F1 Observations: 17% of assessed youth have conflict in the home (decrease from previous year's rate & lower than state rate the past 4yrs).		
	F2 Elevated Observations: 56% of assess youth have parents w/marginal to inadequate supervision skills (decrease from previous year's rate but higher than the state rate the past 3yrs).		
	F3 Observations: 5% of assessed youth have parent/Guardian with disabilities noted (decrease from previous year's rate but higher than the state rate the past 4yrs).		
	F4 Elevated Observations: **13% of assessed youth have family members with alcohol/drug abuse issues (decrease from previous year's rate but higher than state rate the past 4yrs).		
	F5 Elevated Observations: 63% of assessed youth have family members with no criminal history (increase from previous year's rate & higher than state rate the first time in 4yrs).		

MEMORANDUM

TO: Catawba County Board of Commissioners
FROM: Finance and Personnel Subcommittee
DATE: December 7, 2015
RE: Appropriation of Sheriff’s Office Federal Seized Funds

REQUEST

The Finance and Personnel Subcommittee requests the Board of Commissioners approve the appropriation of \$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.

BACKGROUND

Sheriff’s Office Drug Task Force will be out of special funds (funds used to purchase evidence and support drug investigations) by mid December due to:

- See attached showing our increase of Narcotics cases initiated so far this year and the comparison of drug related cases over the last 5 years. This has also increased the amount of funds we are spending on drug investigations and payment for drug related information.
- We are also being overrun in our community with heroin and methamphetamine. Both controlled substances are extremely expensive to purchase as compared to cocaine, marijuana, and prescription pills.
- Lastly, we are focusing 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, if we are purchasing 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, paying informants are allowable expenses.

RECOMMENDATION

The Finance and Personnel Subcommittee recommends the Board of Commissioners appropriate \$50,000 of the \$54,299 fund balance in the Federal Seized Fund . This does not effect the County General fund, as these are 100% Federal funds already received from past shared Federal drug seizures. It does, however, substantially deplete the current fund balance.

SUPPLEMENTAL APPROPRIATION

Revenue

205-210250-690100 \$50,000

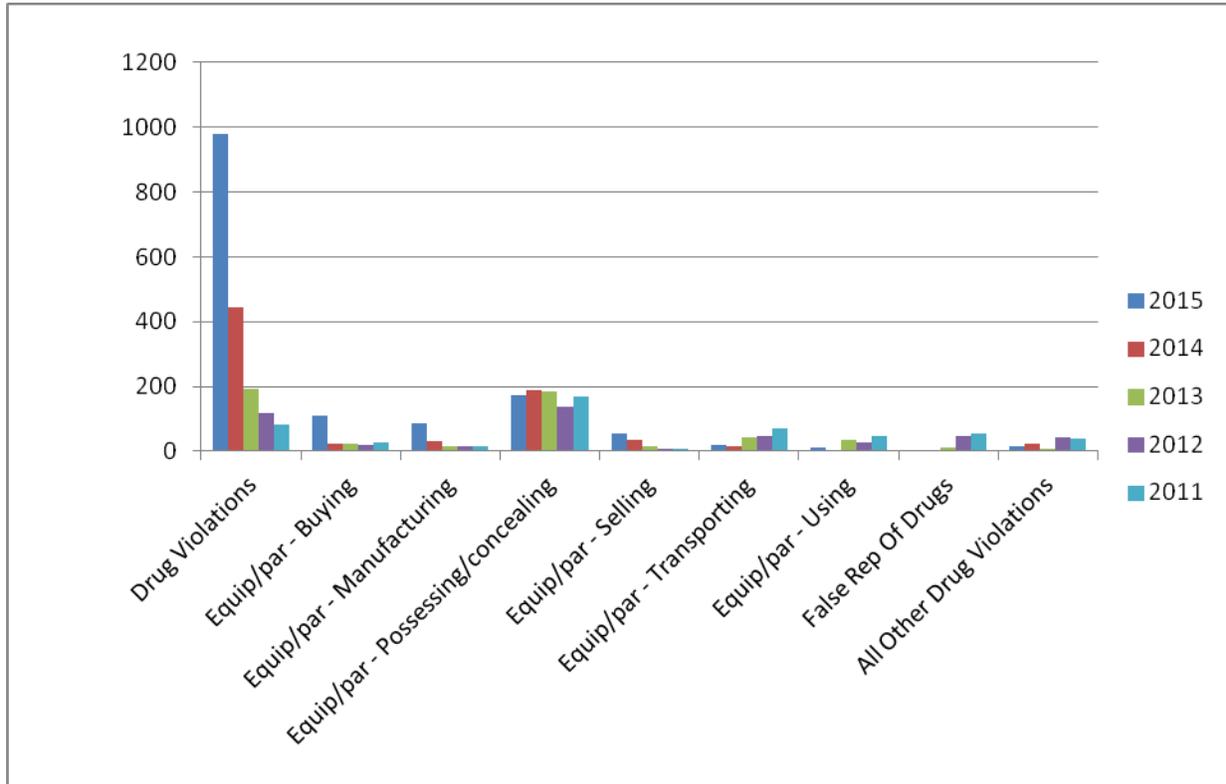
Narcotics Seized Fund Balance Applied

Appropriation:

205-210250-849090 \$50,000

Narcotics Seized Funds Misc

Catawba County Sheriff’s Office Drug Task Force has initiated 495 investigations in 2015 through October (98% increase over 250 cases in 2014). 188 of those cases are still under investigation, and are not included in the submitted cases this year. See below the comparison of narcotics cases submitted over the last 5 years (through October).



Drug Related Counts by Year (through October)					
Counts	2015	2014	2013	2012	2011
Drug Violations	978	444	193	119	83
Equipment/paraphernalia - Buying	108	23	24	20	28
Equipment/paraphernalia- Manufacturing	85	30	17	16	15
Equipment/paraphernalia- Possessing/concealing	172	189	183	137	168
Equipment/paraphernalia- Selling	53	36	14	9	8
Equipment/paraphernalia- Transporting	19	17	44	46	72
Equipment/paraphernalia- Using	11	3	33	28	47
False Rep Of Drugs	2	0	11	46	55
All Other Drug Violations	15	22	8	42	38
Total Counts per year (through October)	1443	764	527	463	514
Percent increase of 2015 compared to last 4 years	89%	174%	212%	181%	

MEMORANDUM

TO: Catawba County Board of Commissioners

FROM: Finance and Personnel Subcommittee

DATE: December 7, 2015

SUBJECT: Donation of Surplus Vehicle to Claremont Rescue Squad

Request:

The Finance and Personnel Subcommittee recommends to the Board of Commissioners approval of the appropriation of the donation of a 2008 Crown Victoria to Claremont Rescue Squad.

Background:

Claremont Rescue Squad requests a surplus 2008 Crown Victoria. This vehicle will be used primarily to run medical first response calls and may at times be utilized to transport Rescue 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.

Recommendation:

The Finance and Personnel Subcommittee recommends Board of Commissioners adopt the following resolution donating personal property to the Claremont Rescue Squad.

**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 7th day of December, 2015.

C. Randall Isenhower, Chair
Catawba County Board of Commissioners

MEMORANDUM

To: Catawba County Board of Commissioners
From: Finance and Personnel Subcommittee
Date: December 7, 2015
Re: Sale of Landfill Equipment by Electronic Public Auction

Requested

The Finance and Personnel Subcommittee recommends the Board of Commissioners declare a 2005 Terex 390E as surplus and authorize the sale by electronic public auction. The estimated value of the machine is \$50,000.

Background

In September the Landfill received and took ownership of a new 80,000 pound waste compactor that was scheduled to replace the 2005 Terex 390E waste compactor. The Terex 390E is ten years old and has 13,550 operating hours.

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.

Recommendation

The Finance and Personnel Subcommittee recommends the adoption of the following resolution by the Board of Commissioners:

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 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 7th day of December, 2015.

C. Randall Isenhower
Chairperson, Catawba County Board of Commissioners

MEMORANDUM

TO: Catawba County Board of Commissioners

FROM: Policy and Public Works Subcommittee

DATE: December 7, 2015

SUBJECT: Revisions to Fiscal Year 2015/16 Social Services Outcomes

REQUEST

The Policy and Public Work Subcommittee recommends the Board of Commissioners approve that five outcomes be modified to better align with the work and objectives of services throughout the agency, and address circumstances beyond the department's control. We have included information below stating the rationale for each change.

BACKGROUND

Social Services requests modifications to the following Outcomes for FY 2015-16:

- **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 FY2015-16 (compared to 93% in FY2013-14).
 - **Request to split this outcome into two separate outcomes.**
 - **Rationale:** The outcome as it is currently worded, measures two separate items that are discrete from one another. This outcome measures two different and discrete aspects of well-being: physical and dental health. Separating these outcomes will help us 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.
 - **Proposed 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 FY2015-16, compared

to the FY2013-14 federal benchmark of 93.9%, Catawba County's rate of 92%, Urban Counties and the North Carolina rate of 93.8%.

- **Request to change the timeframe from six to twelve months.**
- **Rationale:** Changing the timeframe to twelve months will match state and federal benchmarks. The federal measure has not changed. Moving the measurement to twelve months make this a stronger outcome for 2 reasons. 1) It doubles the time that we are tracking children for no repeat substantiations of abuse or neglect, moving from 6 to 12 months. 2) It now aligns with federal benchmarks, so we can compare our work to that of other agencies across the country with a like measure rather than a truncated measure. Actually, we are holding ourselves to a higher standard with this 12 month modification, which speaks to a high quality of work with families.
- **Proposed 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 FY2015-16, compared to the FY2013-14 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) 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.
 - **Request change the outcome to include the language "while involved" in the wording of the outcome.**
 - **Rationale:** Case Managers serve families long-term and would like to capture ongoing cases in the outcome measurement. The change makes this a stronger outcome.
 - **Proposed Revised Outcome:** To promote safety of children, 85% (102 of 120) 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 FY2015-16.
 - **Request to eliminate this outcome.**
 - **Rationale:** 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 in NCXPTR are no longer available
 - DMA (Division of Medical Assistance) does not published monthly reports
 - NCFast system does not have the reports needed to even measure this outcome (we 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.
 - **Request to revise this outcome into three outcomes.**
 - **Rationale:** This outcome is very important to Catawba County in our 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 we, as an agency, can help them address. However, due to several changes, the planning to implement this outcome with integrity could not be completed in time for FY 2015-16. We have been meeting with Partners Behavioral Health Management for the past few months regarding some work around trauma that is exciting, but this opportunity required us to rethink our original plans. Also, we are currently in the process of putting training and work processes in place to make sure we are equipped to screen parents for trauma histories and refer them to the proper mental health clinicians. We want 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 our clients when needs are identified. We want to continue to work on this outcome because it is critical to keeping families together and keeping them safe. However, we are not at a place where we can implement the necessary steps to deliver this screening tool to 75% of parents during this FY as a result. We are currently taking steps through our discussions with mental health. As things progress, we will develop a new process and integrate into other areas as social workers and staff are trained.
 - Proposed 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 FY2015-16, 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 FY2015-16 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.

RECOMMENDATION

The Policy and Public Work Subcommittee recommends the Board of Commissioners approve that five outcomes be modified to better align with the work and objectives of services throughout the agency, and address circumstances beyond the department's control.

**MARTIN STARNES & ASSOCIATES,
CPAs, P.A.**

Paula Hodges, Partner

CATAWBA COUNTY, NC

12-7-2015

Audit Results

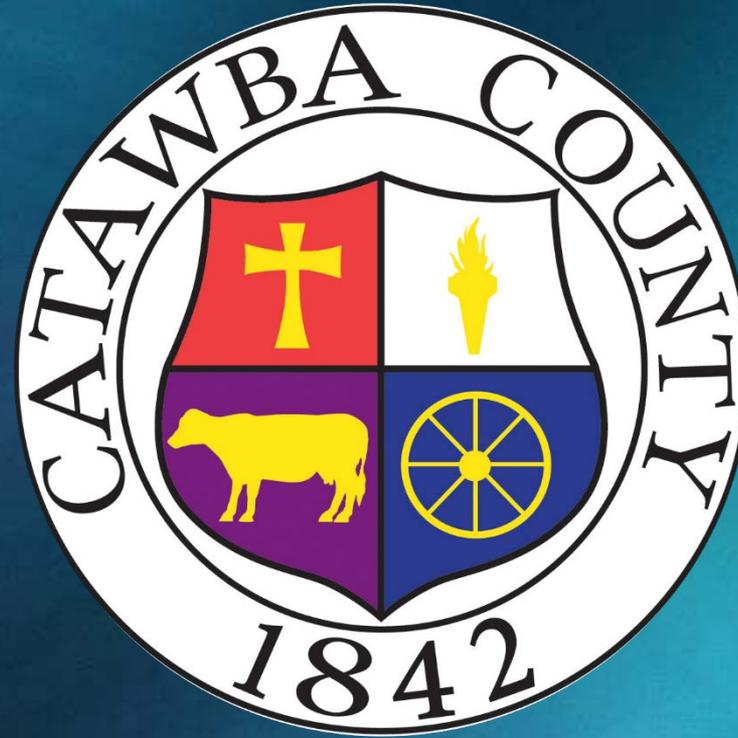
Audit Opinion

Compliance – Single Audit
(State/Federal Grants)

Management Letter

Financial Condition

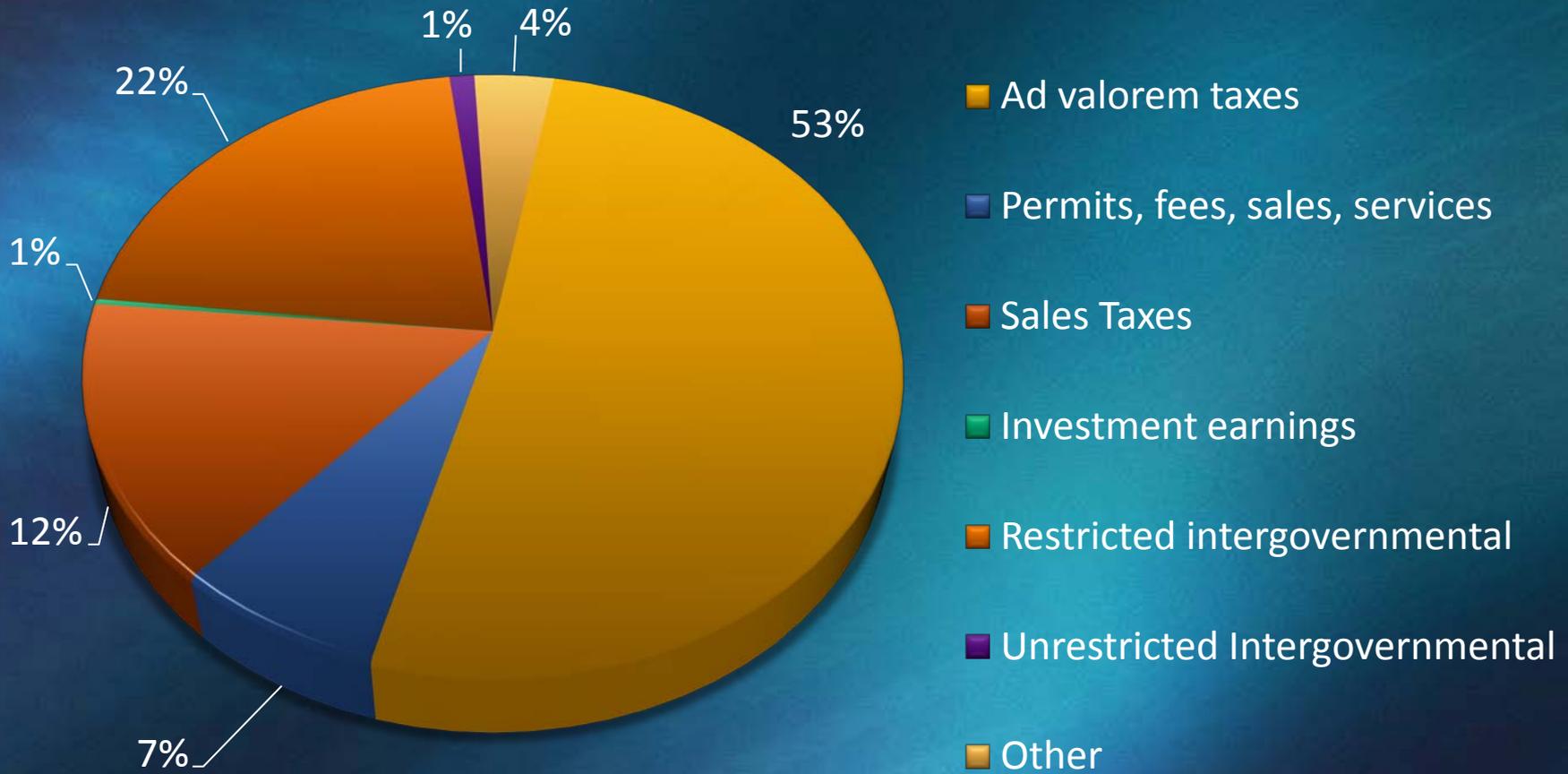
Fiscal Year 2014-15 Financial Report



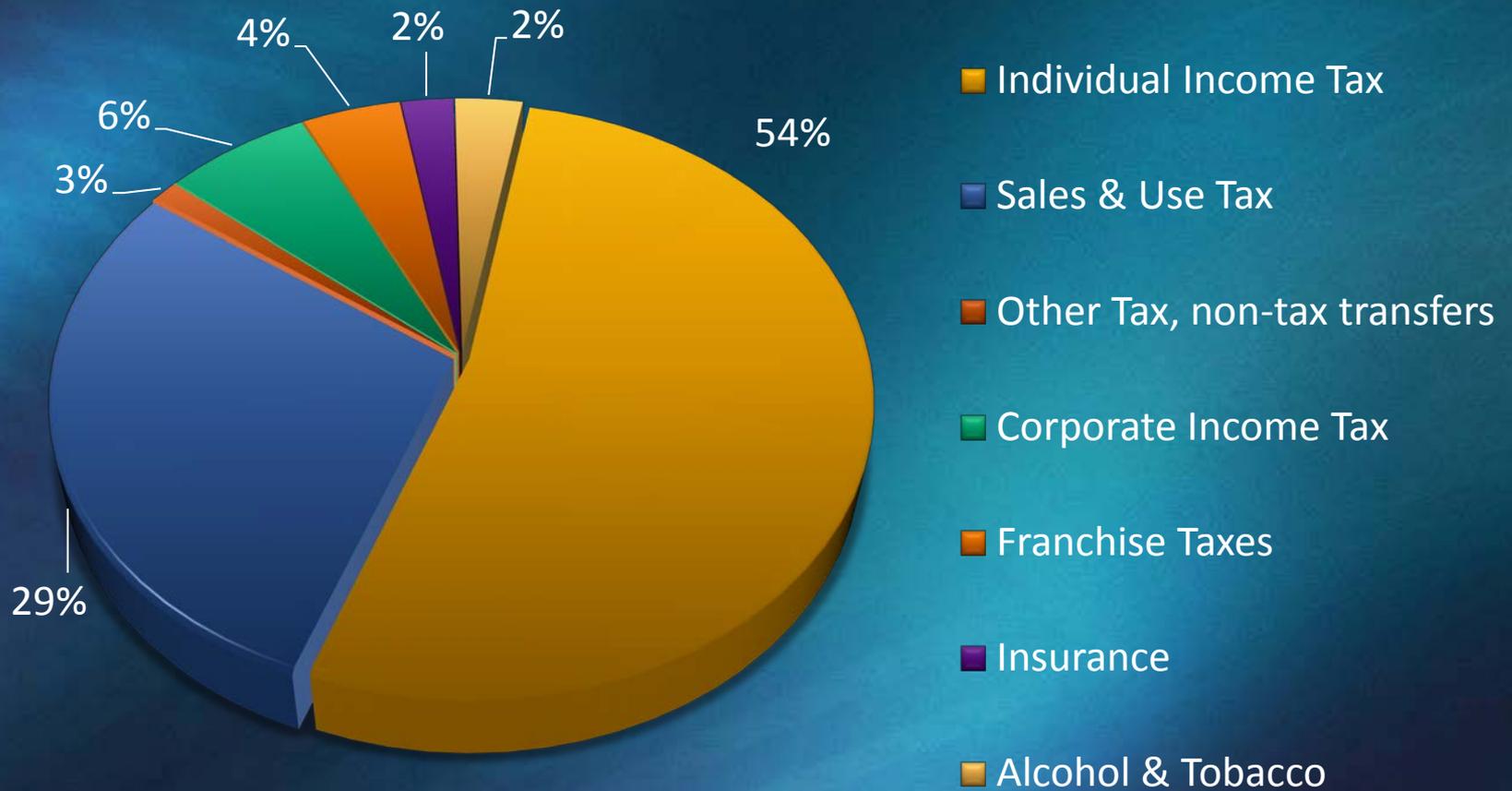
Jeanne C. Jarrett
Interim Finance Officer

December 7, 2015

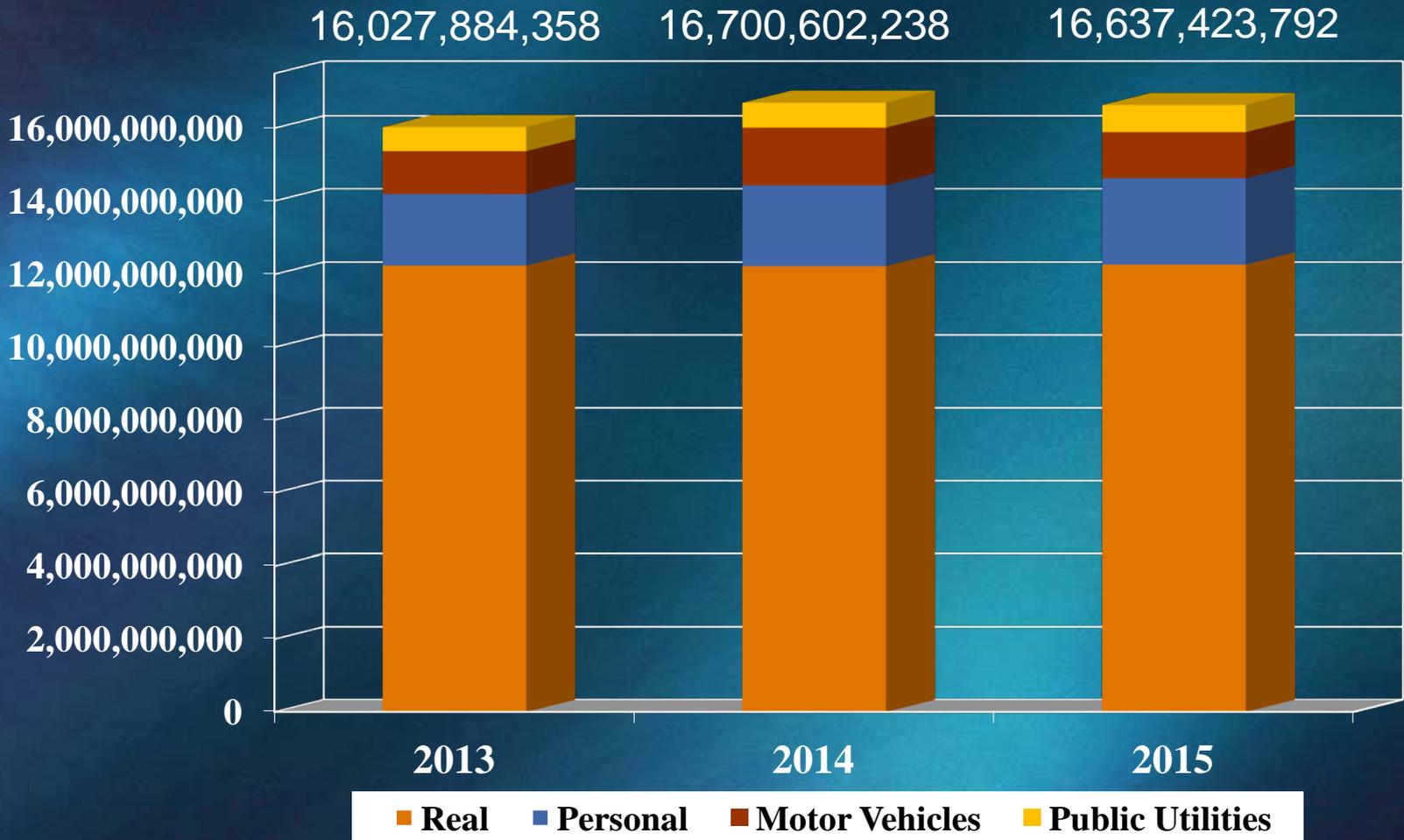
General Fund Revenues – Actual 2015



State of NC General Fund Tax Revenues- 2014

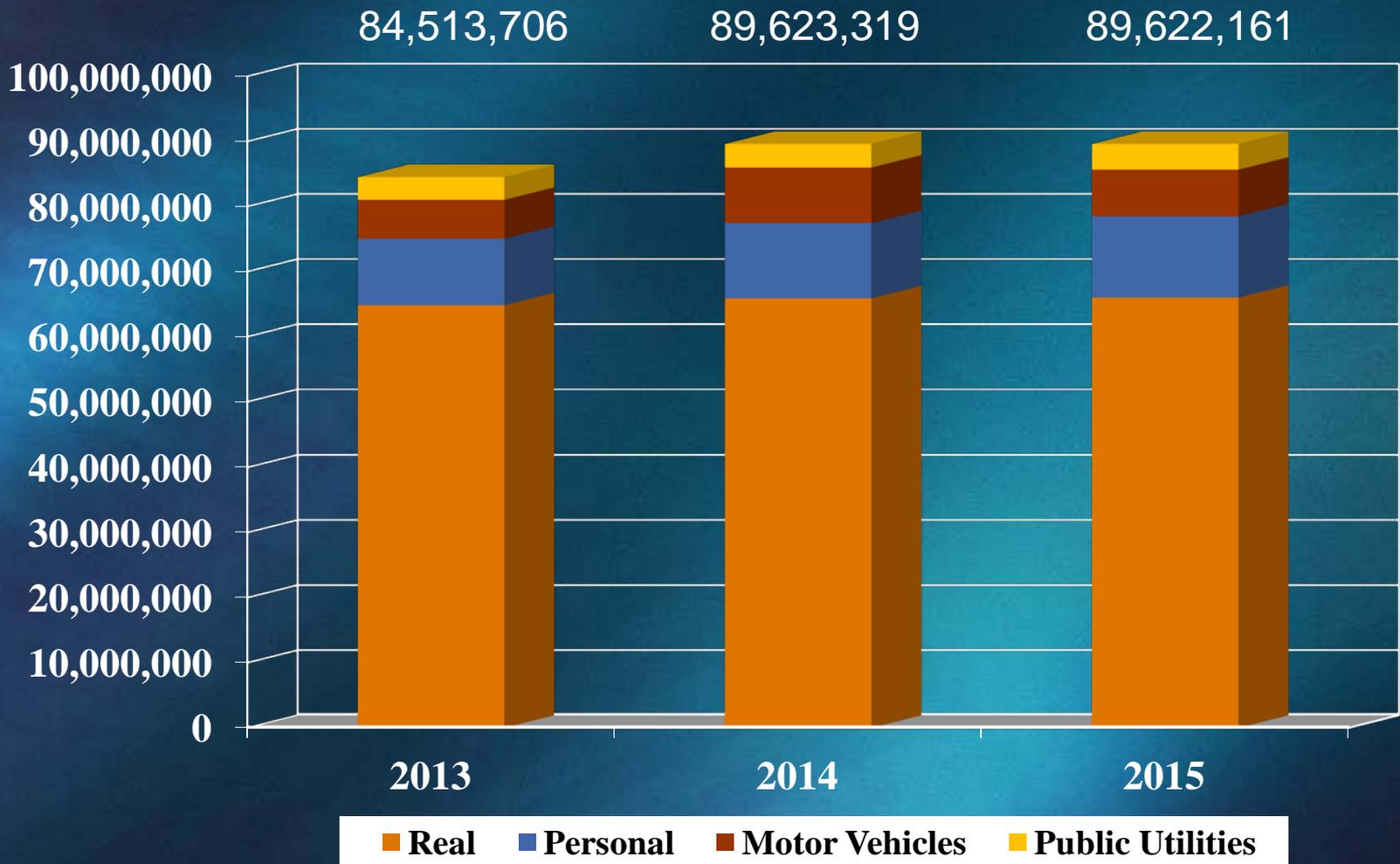


Property Tax Base



2015 Real property up \$43m, Personal up \$153m, Motor Vehicles down \$321m, Public Utilities up \$61m

Property Tax Revenues



- One time tax and tag of \$3.1 m in 2014.
- Collection rates of 95.87%/ 96.94%/ 98.0% last three years

Top Ten Taxpayers – 2015

<u>Taxpayer</u>	<u>Assessed Value</u>	<u>% of Total</u>	<u>Last Years Ranking</u>
Apple, Inc.	\$1,017,098,444	6.11%	1st
Duke Energy Corporation	600,483,790	3.61%	2nd
GKN Driveline, LLC	117,363,767	0.71%	3rd
CommScope, Inc.	100,691,349	0.61%	5th
Target Corporation	100,265,493	0.60%	4th
Draka Comteq Americas, Inc.	81,052,735	0.49%	6th
Frye Regional Medical Center	71,047,363	0.43%	7th
HSM Solutions (Hickory Springs)	57,035,228	0.34%	9th
Corning Cable Systems	53,670,136	0.32%	8th
Valley Hills Mall	<u>45,853,985</u>	<u>0.28%</u>	10th
Total	\$2,244,562,290	13.50%	

Top Ten Taxpayers - 2005

<u>Taxpayer</u>	<u>Assessed Value</u>	<u>% of Total</u>
Duke Energy Company	\$389,801,314	2.99%
CommScope, Inc	134,708,853	1.03%
Corning Cable Systems	89,099,468	0.68%
Getrag Gears	77,023,721	0.59%
Frye Regional Medical Center	60,949,639	0.47%
Draka Comteq Americas	60,372,459	0.46%
Hickory Springs Mfg. Co.	58,469,014	0.45%
Central Telephone Company	49,415,557	0.38%
Shuford Mills/Shuford Development	48,822,799	0.37%
Valley Hills Mall	<u>48,208,516</u>	<u>0.37%</u>
Total	\$1,016,871,340	7.79%

2014-15 Tax Rate NC Counties



- 5th lowest among 27 urban (>100,000 pop.) counties:
Brunswick, Craven, Henderson, Iredell
- 25th lowest out of 100 Counties in NC

Permits/Fees/Sales/Services

	<u>2013</u>	<u>2014</u>	<u>2015</u>
Register of Deeds	\$606,483	\$518,858	\$515,277
Building Permits	1,136,891	1,099,708	1,341,160
Ambulance Fees	5,577,440	5,623,670	5,610,577
Medicaid Fees	1,380,553	922,882	1,047,510
Home Health/3rd Party	2,712,273	3,195,687	2,298,634
Environmental Health	256,247	265,982	261,067
Other	<u>2,179,686</u>	<u>1,867,324</u>	<u>1,599,018</u>
Total	\$13,849,573	\$13,494,111	\$12,673,243

- Register of Deeds – recording fees (real estate, power of atty, separation) down slightly
- Building permit revenues up 22%
- Ambulance/patient fees down slightly
- Home Health fees down 28%

Sales Tax Components

Article 39 – 1 cent (1971), countywide sales

Article 40–½ cent (1983), statewide sales – distributed per capita

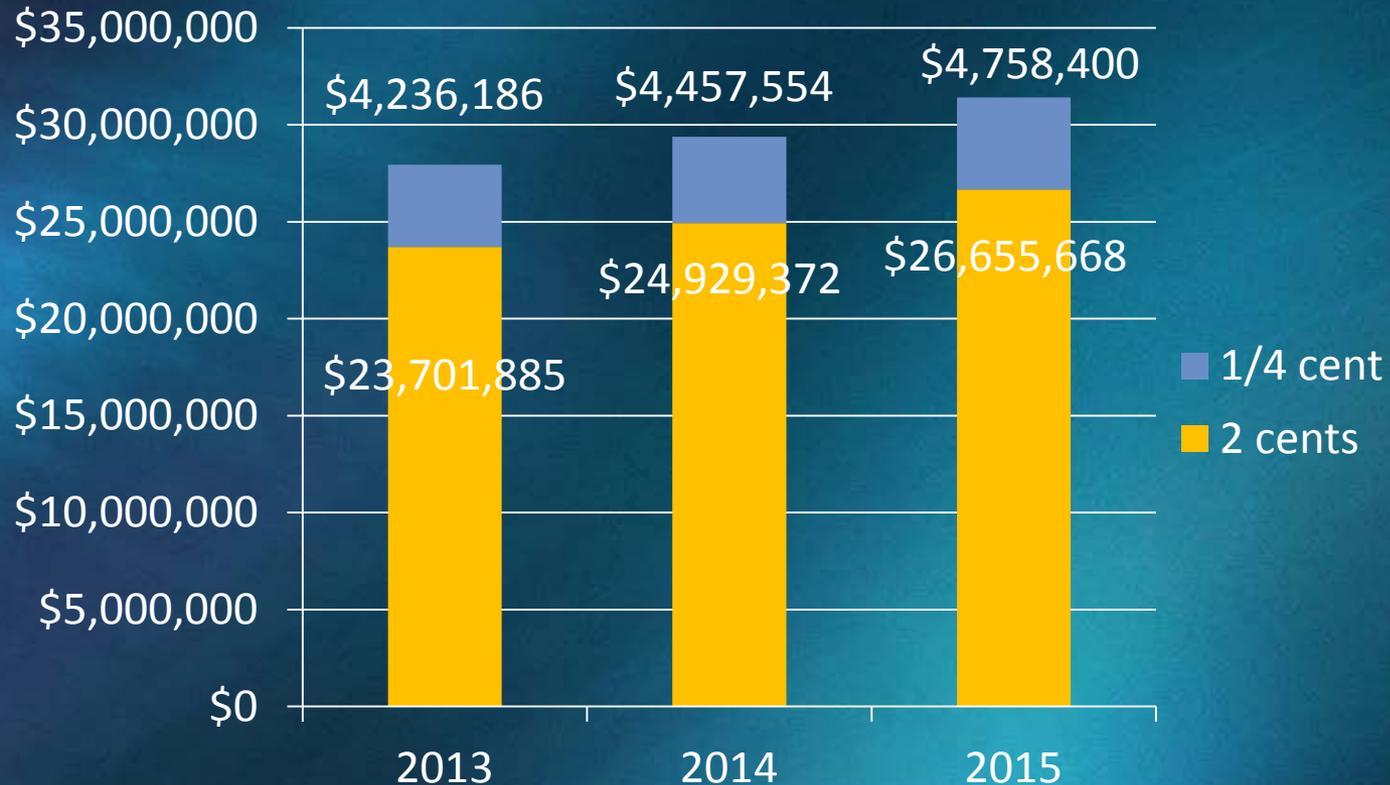
Article 42–½ cent (1986), statewide sales – distributed per capita
(changed to countywide in Oct 09)

Article 46-¼ cent (Apr, 2008) countywide sales

**Not required to distribute to municipalities*

Total of 2-1/4 cents in local sales tax revenues

Sales Tax Revenues



- Two-cent collections were up \$1.7m in '15
- ¼ cent collections pledged to fund:
Justice Center Expansion, 911 Center, Emergency Operations Center,
Water & Sewer, Economic Development & School Operating Needs

Retail Sales by County

	<u>2013-2014</u>	<u>2014-2015</u>	<u>% chg.</u>
Mecklenburg	\$16,427,509,693	\$18,298,730,968	11.39%
Wake	12,076,260,772	13,296,228,987	10.10%
Guilford	5,871,111,690	6,449,699,410	9.85%
Durham	5,501,325,031	6,097,770,417	10.84%
Forsyth	4,185,903,565	4,550,173,369	8.70%
Buncombe	3,789,896,675	4,305,329,030	13.60%
New Hanover	3,384,865,474	3,757,376,202	11.01%
Cumberland	3,509,005,624	3,693,046,187	5.24%
Cabarrus	2,594,482,141	2,844,707,240	9.64%
Pitt	1,851,120,121	2,021,702,242	9.22%
Alamance	1,848,663,953	1,999,751,134	9.88%
Iredell	1,785,375,866	1,983,235,210	11.08%
Catawba	1,809,994,214	1,959,758,086	8.27%
Onslow	1,848,663,953	1,876,170,696	1.49%
Gaston	1,633,818,989	1,795,763,072	9.91%
Union	1,460,830,264	1,610,426,785	10.24%

- Catawba County – 17th in population in NC; 13th in retail sales
- 60% of retail sales in the Unifour; 43% of population

Retail Sales by Business Sector – Catawba County

	<u>FY 2013-14</u>	% Change	<u>FY 2014-15</u>	% Change
2%/3% - mfg. homes, boats, airplanes	20,636,970	.91%	17,865,471	-13.42%
Apparel	102,241,687	5.45%	106,843,299	4.50%
Automotive	138,714,199	8.40%	164,551,641	18.63%
Food	362,561,873	19.60%	384,187,868	4.58%
Furniture	82,556,331	4.50%	88,235,970	6.88%
General Merchandise	515,598,267	28.16%	551,785,382	7.02%
Lumber/Building Material	190,473,593	9.71%	190,282,210	-.10%
Unclassified-hotels/office machines/bookstores	<u>397,211,294</u>	23.27%	<u>456,006,245</u>	14.80%
Total	\$1,809,994,214	100.00%	\$1,959,758,086	8.27%

General Fund Investment Earnings



- Avg. yield @ 6/30: .45% .90% 1.09%
- GASB 31 adjustment @6/30 – adjust to market value
- Revenue earned of \$426,372 before adjustment in 2013
- Total investment earnings of \$1.4 million countywide in 2015

Restricted Intergovernmental Revenues



- Social Services -Smart Start, Medical Transportation; Medicaid Admin, Child day care
- Public Health - WIC, School Health Nurses
- Other - Jail bed rental, State Aid-library, Lottery funds for school debt

Unrestricted Intergovernmental Revenues

	<u>2013</u>	<u>2014</u>	<u>2015</u>
Beer and Wine Taxes	339,018	369,182	401,014
ABC Board Distribution	895,000	895,000	912,575
Video Programming Fees	653,048	638,010	636,539
Totals	\$1,887,066	\$1,902,192	\$1,950,128

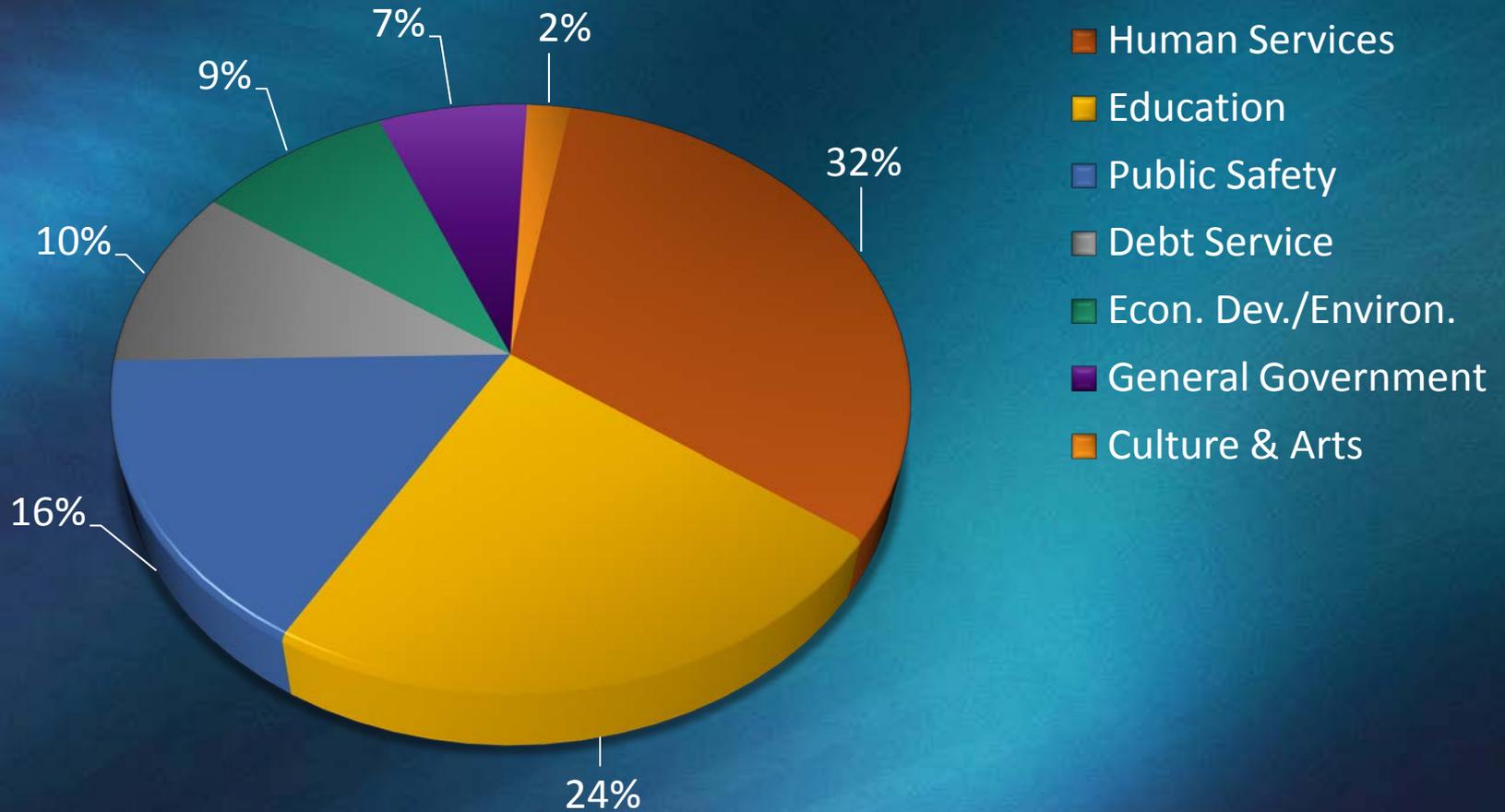
- Beer and Wine taxes up 8.6%
- State sales tax on Telecommunication, Video Programming and Satellite TV services

Other Revenues

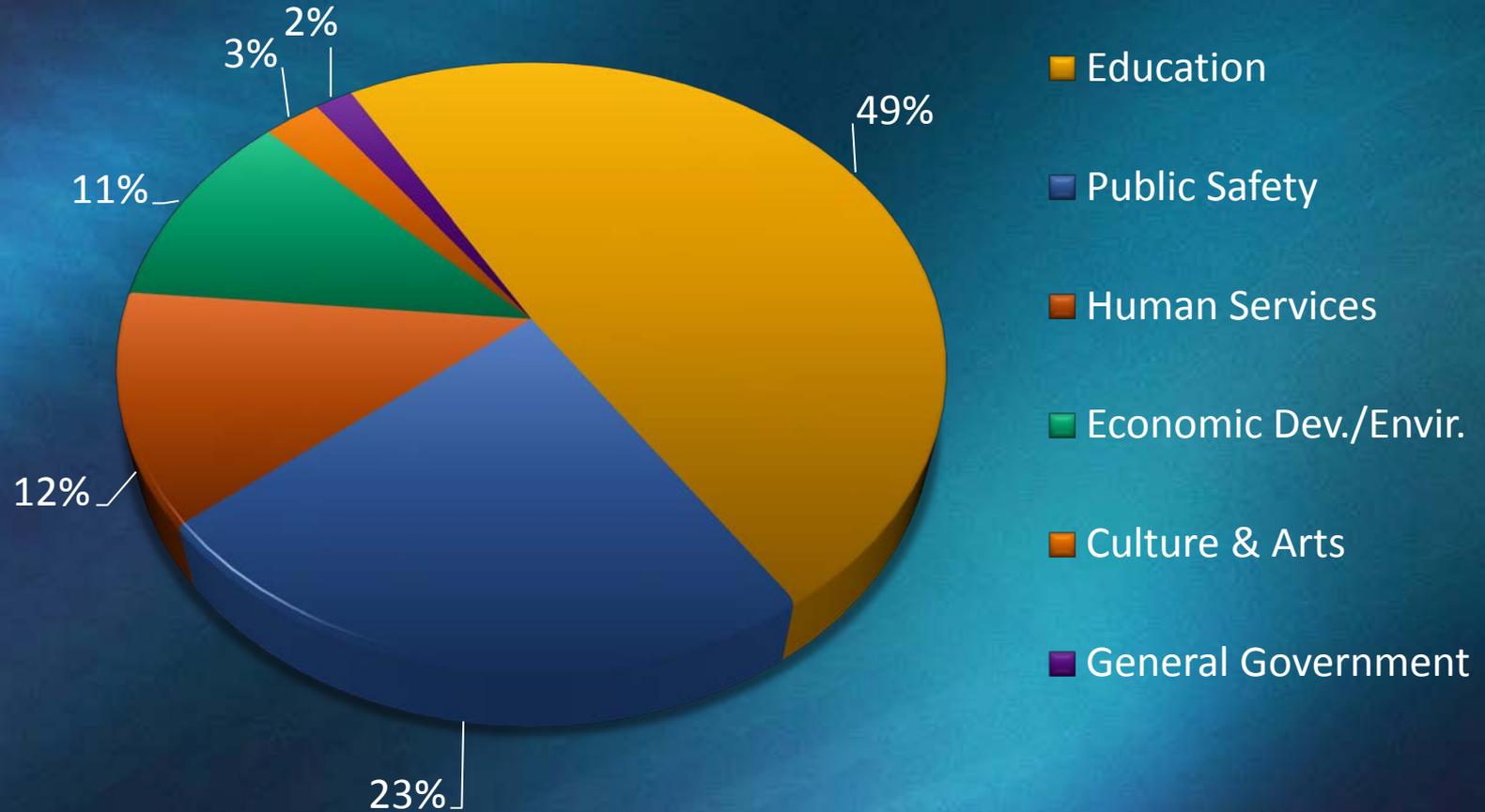
	<u>2013</u>	<u>2014</u>	<u>2015</u>
Employee Health & Dental Premiums	1,727,812	1,660,109	1,626,111
Other	1,044,692	1,230,676	4,595,235
Total	\$2,772,504	\$2,886,785	\$6,221,346

- Health/Dental premiums associated with different insurance plans
- Sale of St. Stephens Elementary property \$3.4 million
- Other:
 - grant funds (Susan G. Komen), lease of property (ESC, cell towers, etc.), insurance settlements, donations, miscellaneous revenues

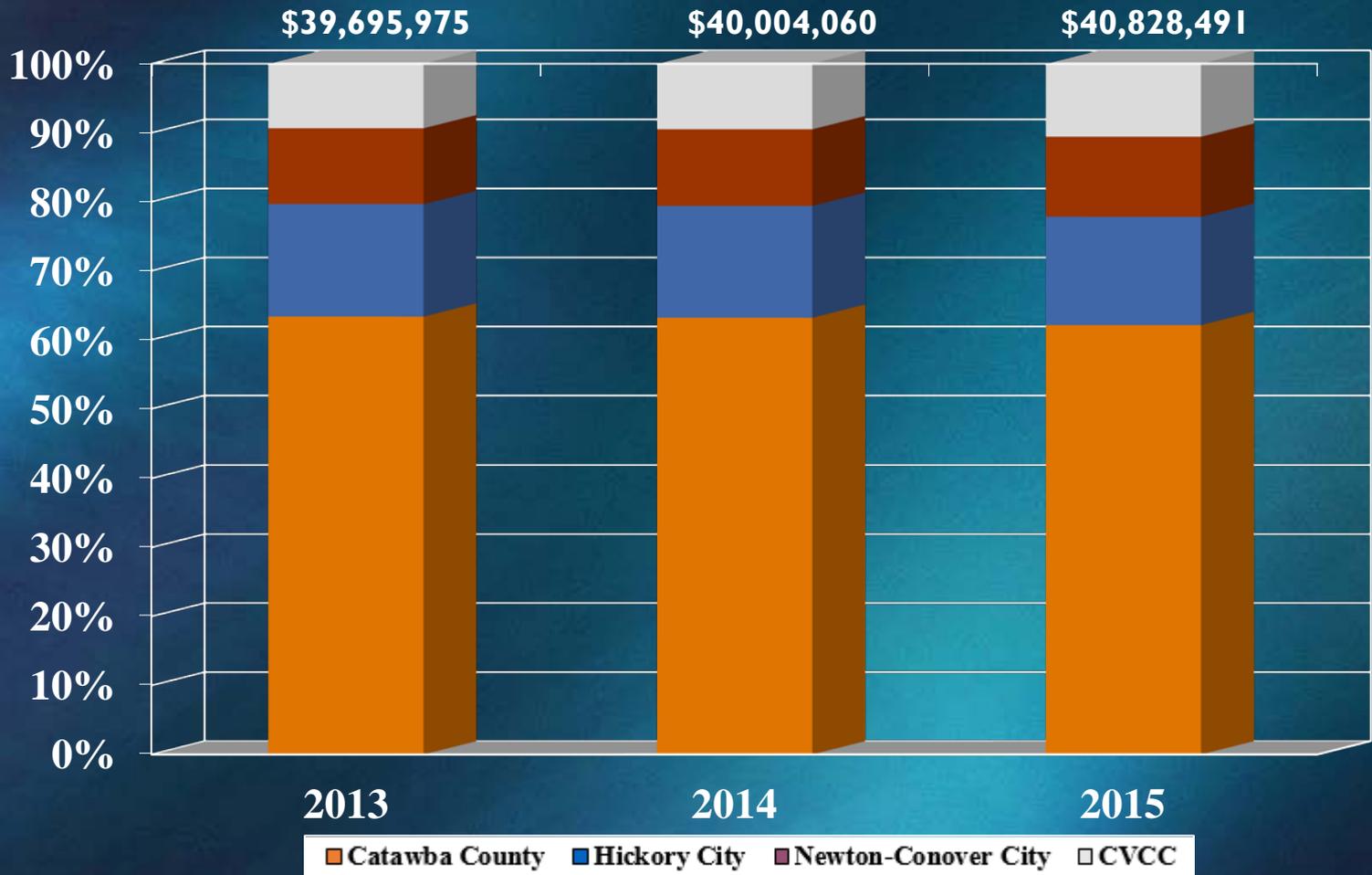
General Fund Expenditures - 2015



Where do the Local Sales and Property Tax Dollars Go?



Education



In 2015, County school contribution is \$1,475 per student; County's ranking is 15th for current expense funding

CVCC funding is \$3.8m, ranked 18th out of 58 NC community colleges

Human Services

	<u>2013</u>	<u>2014</u>	<u>2015</u>
Mental Health	757,037	642,321	570,784
Social Services	35,941,238	35,817,896	36,818,987
Public Health	<u>11,371,476</u>	<u>10,654,519</u>	<u>10,277,229</u>
Total	48,069,751	47,114,736	47,667,000

- **Mental Health** – Contract with Partners Behavioral Health Management to fund various MH services; pass through funds from ABC Board contract
- **Social Services** – \$242K increase in Family Preservation; \$256K increase in Public Asst Admin; \$790k increase in Children’s Purchase of Services
- **Public Health** – \$243K decrease in Home Health

Public Safety

	<u>2013</u>	<u>2014</u>	<u>2015</u>
Sheriff	13,997,373	14,861,276	15,049,783
Emergency Services	8,983,001	9,095,498	9,,894,875
Communication Center	<u>1,581,830</u>	<u>1,652,851</u>	<u>1,615,774</u>
Total	24,562,204	25,609,625	26,560,432

- **Sheriff's office** – 2014 added five new road patrol deputies and vehicles based on 6% increase in call volume, replaced seventeen vehicles; 2015 added two new road patrol deputies and vehicles; replaced fifteen vehicles
- **Emergency Services** – 2014 replaced three ambulances and a Hazmat truck; 2015 - added four ambulances, other emergency equipment, ambulance billing fees
- **Communication Center** – no significant changes in 2015

General Government



•Finance – 2015 ambulance billing fees in EMS; 2015 Health/Dental Insurance increased by \$169k; Prop./Liability – down (\$179k); Worker’s Comp – down (\$117K)

Economic & Physical Development



Includes IT, Planning/Parks, Utilities & Eng., Econ. Development, Coop. Extension & Facilities operations; Increase of \$439k in incentives that are offset by increased tax revenues

Culture & Arts



Includes County Libraries, Historical Museum, United Arts Council, Salt Block, Patrick Beaver, N-C Auditorium

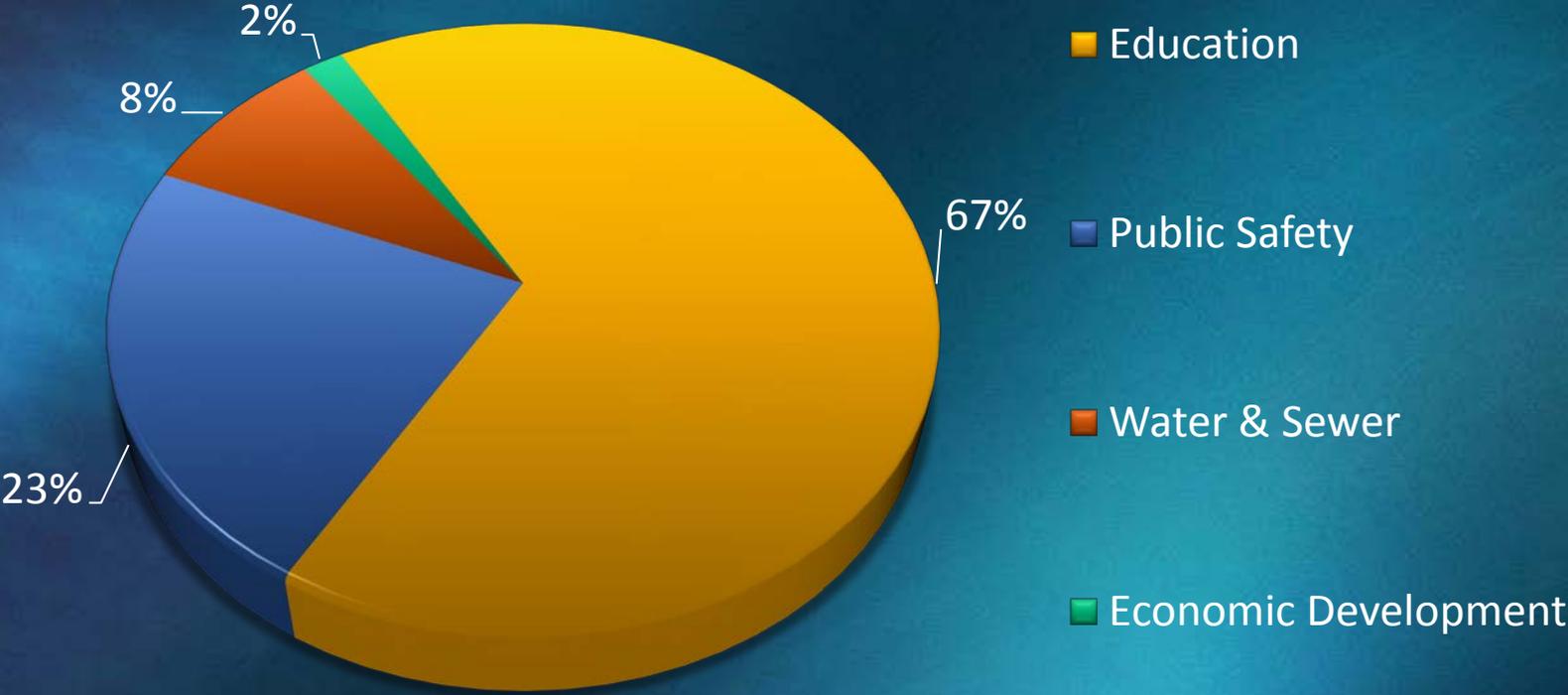
2015: operating increases in new SF library; LSTA Grant expenses of \$146k

General Fund Transfers

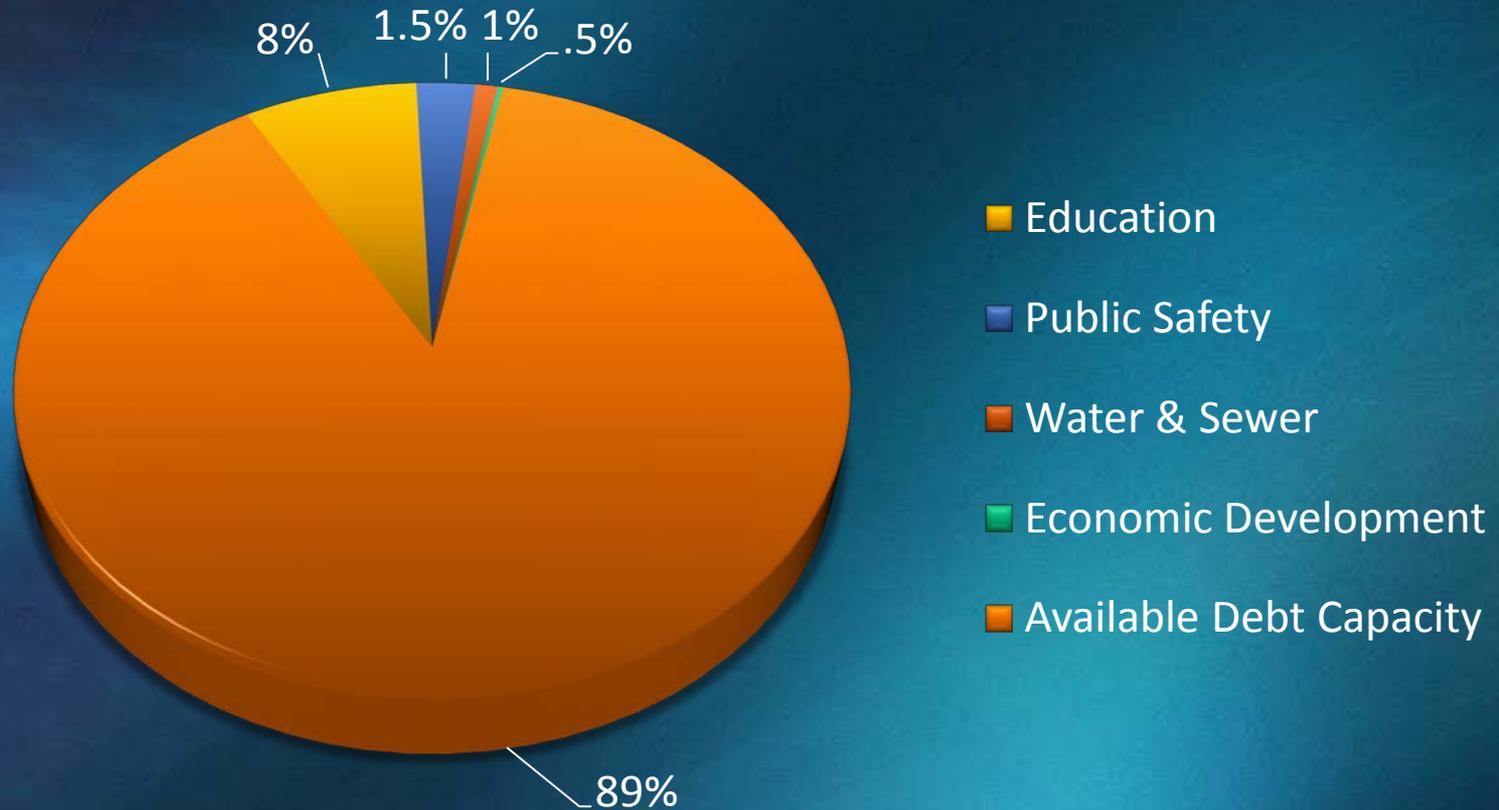
	<u>2013</u>	<u>2014</u>	<u>2015</u>
Reappraisal Fund	382,150	390,541	369,763
Emergency Telephone Fund	18,116	18,766	1,350
Citizen Alert System Fund		6,582	
General Capital Projects	1,300,500	1,727,777	1,225,000
Water & Sewer Fund	775,000	1,600,000	800,000
School Capital Fund	-	-	-
School Construction Fund	-836,823	1,043,303	3,185,358
Transfers-In	-50,000	-50,000	-542,571
Total	1,588,943	4,736,969	5,038,900

- General Capital funds planned for Jail expansion, Elections equipment, technology infrastructure & improvements, general renovations
- W&S funding includes one-half cent of property tax rate for infrastructure projects
- School Construction funding is for school/CVCC debt needed in subsequent years

Uses of Outstanding Debt - 2015



County Debt Capacity - 2015

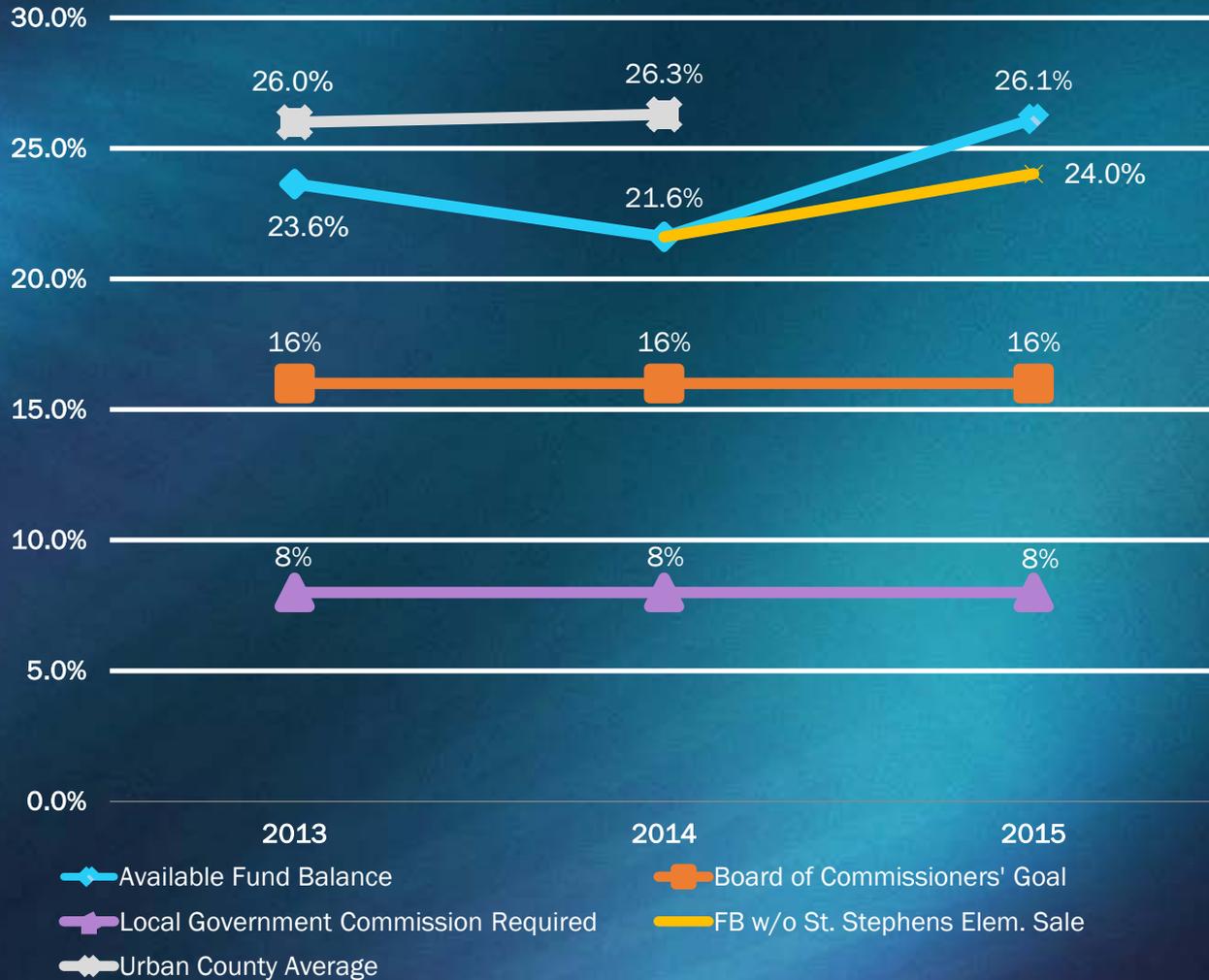


Credit rating: Moody's: Aa1/Standard & Poor's: AA

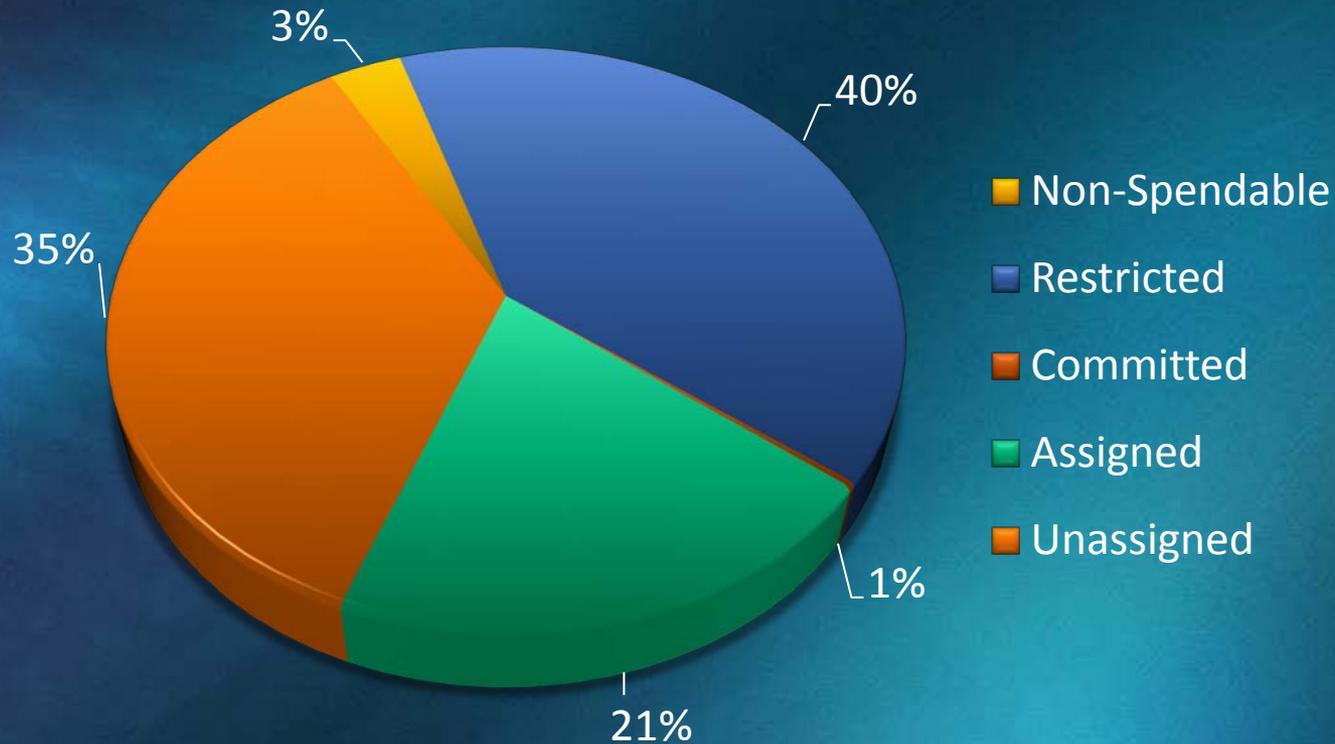
- 2015 debt per capita = \$976 (\$1,068 in 2014)
- 2014 average of 21 similar-sized counties = \$1,137

\$152.1 million in outstanding debt; \$1.17 billion available (11% of limit)

Fund Balance - % of GF Expenditures



Catawba County General Fund Balance Classifications



Non-spendable: Inventories, Prepaid taxes/bills, Notes Receivable

Restricted: State Statute, Register of Deeds-Technology, Debt Service

Committed: Tax Revaluation

Assigned: Reinventing Funds, Subsequent Year's Expenditures ('16 budget)