

MINUTES
LINCOLN COUNTY BOARD OF COMMISSIONERS
MONDAY, NOVEMBER 19, 2012

The Lincoln County Board of County Commissioners met November 19, 2012 at the Citizens Center, Commissioners' Room, 115 West Main Street, Lincolnton, North Carolina, at 6:30 P.M.

Commissioners Present:

Alex E. Patton, Chairman
George Arena, Vice Chair
James A. Klein
Carl E. Robinson, Jr.
Carrol Mitchem

Others Present:

George A. Wood, County Manager
Martha W. Lide, Assistant County Manager
Wesley L. Deaton, County Attorney
Amy S. Atkins, Clerk to the Board

Call to Order: Chairman Patton called the November 19, 2012 meeting of the Lincoln County Board of Commissioners to order and gave the Invocation.

Adoption of Agenda: Chairman Patton presented the agenda for the Board's approval.

AGENDA
Lincoln County Board of Commissioners Meeting
Monday, November 19, 2012
6:30 PM

James W. Warren Citizens Center
115 West Main Street
Lincolnton, North Carolina

Call to Order

Invocation – Chairman Patton

Pledge of Allegiance

1. Adoption of Agenda
2. Consent Agenda

- Ordinance #2012-27: An Ordinance Amending the FY 2013 Budget for the County of Lincoln, North Carolina
- Ordinance #2012-28: An Ordinance Amending the FY 2013 Budget for the County of Lincoln, North Carolina
- Surplus Property

- Approval of Minutes - October 15, 2012
- Sponsored Group Status
 - YMCA Prayer Breakfast
- Waived Fees
 - The Nutcracker
- Request from Sheriff Carpenter - Surplus Vehicles

3. Foster Parent Recognition - Chairman Patton
4. Planning Board Recommendations- Randy Hawkins

CZ #2012-3 RC Property Group, LLC, applicant (Parcel ID# 77107)
CUP #320 David McCachern, applicant (Parcel ID# 29845)
PCUR #158 Szalem, LLC, applicant (Parcel ID# 02633)
PCUR #159 Damon Lusk, applicant (Parcel ID# 32374 and 33798)
WSCUP #14 Damon Lusk, applicant (Parcel ID# 32374 and 33798)

5. Public Hearing - Industrial Development Incentive Grant for Existing Industry and motion to adopt Resolution #2012-55 Resolution to Adopt Economic Incentive Grant Agreement- Kara Brown
6. Public Hearing - Industrial Development Incentive Grant for Existing Industry and motion to adopt Resolution #2012-56: Resolution to Adopt Economic Incentive Grant Agreement- Kara Brown
7. Public Hearing - Industrial Development Incentive Grant for Existing Industry and motion to adopt Resolution #2012-57: Resolution to Adopt Economic Incentive Grant Agreement- Kara Brown
8. Public Comments (15 minutes allowed per Rules of Procedure - 3 minutes per person)
9. Hwy 16/73 Waterline Project - Motion to Approve Change Orders 3, 4, 5, and 6 - Don Chamblee
10. Audit Report - Martin, Starnes and Associates
11. Finance Officer's Report (detailed report) - Deanna Rios
12. County Manager's Report
 - Property Tax Collection Report
13. County Commissioners' Report
14. County Attorney's Report
15. Vacancies/Appointments
16. Calendar
17. Other Business
 - Register of Deeds Report

Adjourn

UPON MOTION by Commissioner Robinson, the Board voted unanimously to adopt the agenda as presented.

Consent Agenda: UPON MOTION by Commissioner Klein, the Board voted unanimously to approve the Consent Agenda.

- Ordinance #2012-27: An Ordinance Amending the FY 2013 Budget for the County of Lincoln, North Carolina
- Ordinance #2012-28: An Ordinance Amending the FY 2013 Budget for the County of Lincoln, North Carolina
- Surplus Property
- Approval of Minutes - October 15, 2012
- Sponsored Group Status
 - YMCA Prayer Breakfast
- Waived Fees
 - The Nutcracker
- Request from Sheriff Carpenter - Surplus Vehicles

**ORDINANCE #2012-27: AN ORDINANCE AMENDING THE FY 2013 BUDGET
FOR THE COUNTY OF LINCOLN, NORTH CAROLINA**

THAT WHEREAS, the Lincoln County Board of Commissioners adopted the FY 2013 Budget by approving Ordinance #2012-11 on June 28, 2012; and

WHEREAS, the Finance Director and County Manager are recommending further amendments as shown on the attachments herein; and

WHEREAS, the Lincoln County Board of Commissioners wishes to approve these proposed budget amendments;

NOW THEREFORE BE IT ORDAINED AND ESTABLISHED by the Board of Commissioners of Lincoln County, North Carolina, that the FY 2013 Budget previously adopted is hereby amended as follows:

Section 1. That the Capital Project Ordinance Amendment attached hereto, and incorporated herein by reference as Exhibit A to Ordinance #2012-27, is hereby approved and adopted as an amendment to the FY 2013 Budget.

Section 2. That this amendment to the budget shall become effective immediately upon its adoption by the Board of Commissioners.

Passed and adopted this 19th day of November, 2012.

BY: _____

Alex E. Patton, Chairman
Lincoln County Board of Commissioners

ATTEST:

Amy S. Atkins
Clerk to the Board

EXHIBIT A to Ordinance #2012-27

Capital Project Ordinance Amendment numbered 6.

**ORDINANCE #2012-28: AN ORDINANCE AMENDING THE FY 2013 BUDGET
FOR THE COUNTY OF LINCOLN, NORTH CAROLINA**

THAT WHEREAS, the Lincoln County Board of Commissioners adopted the FY 2013 Budget by approving Ordinance #2012-11 on June 28, 2012; and

WHEREAS, the Finance Director and County Manager are recommending further amendments as shown on the attachments herein; and

WHEREAS, the Lincoln County Board of Commissioners wishes to approve these proposed budget amendments;

NOW THEREFORE BE IT ORDAINED AND ESTABLISHED by the Board of Commissioners of Lincoln County, North Carolina, that the FY 2013 Budget previously adopted is hereby amended as follows:

Section 1. That the Capital Project Ordinance Amendment attached hereto, and incorporated herein by reference as Exhibit A to Ordinance #2012-28, is hereby approved and adopted as an amendment to the FY 2013 Budget.

Section 2. That this amendment to the budget shall become effective immediately upon its adoption by the Board of Commissioners.

Passed and adopted this 19th day of November, 2012.

BY: _____
Alex E. Patton, Chairman
Lincoln County Board of Commissioners

ATTEST:

Amy S. Atkins
Clerk to the Board

EXHIBIT A to Ordinance #2012-2

Capital Project Ordinance Amendment numbered 4.

Foster Parent Recognition: The Board recognized and honored foster parents. Sandy Kennedy, with DSS, recognized current foster parents and raised the need for additional foster homes in Lincoln County. Foster parents in attendance spoke concerning what foster parenting means to them.

Recommendations from Planning Board:

Randy Hawkins presented the following recommendations:

CZ #2012-3 RC Property Group, LLC, applicant (Parcel ID# 77107) A request to rezone a 0.95-

acre parcel from R-SF (Residential Single-Family) to CZ B-N (Conditional Zoning Neighborhood Business) to permit an existing house to be used as an office. The property is located at 6608 Campground Road, on the east side of Campground Road about 650 feet north of N.C. 16 Business, in Catawba Springs Township.

The Planning Board voted 8-0 to recommend approval.

UPON MOTION by Commissioner Arena, the Board voted unanimously to approve the Statement of Consistency and Reasonableness.

UPON MOTION by Commissioner Klein, the Board voted unanimously to approve CA #2012-3 RC Property Group, LLC, applicant as recommended by the Planning Board.

CUP #320 David McCachern, applicant (Parcel ID# 29845) A request for a conditional use permit to place two accessory structures in the road yard of a residential lot that's adjacent to Lake Norman. The 0.64-acre parcel is located at 7218 Sigmon Peninsula Lane, at the end of Sigmon Peninsula Lane about 400 feet west of Channelview Drive, in Catawba Springs Township.

The Planning Board voted 8-0 to recommend approval with the condition that the larger building be constructed of identical or similar materials as the principal structure.

UPON MOTION by Commissioner Robinson, the Board voted unanimously to approve CUP #320 – David McCachern, applicant, with the Findings of Fact, as recommended by the Planning Board with the condition listed.

PCUR #158 Szalem, LLC, applicant (Parcel ID# 02633) A request for a parallel conditional use rezoning of a 0.61-acre lot from B-N (Neighborhood Business) to CU B-G (Conditional Use General Business) to permit vehicle and boat service and sales. The property is located at 3840 N. NC 16 Hwy., on the north side of N.C. 16 Business about 700 feet west of Campground Road, in Catawba Springs Township.

The Planning Board voted 8-0 to recommend approval with the following conditions:

- 1) Vehicles or boats for sale shall be displayed only inside the front building or behind the rear building line of the front building.
- 2) All vehicles and boats awaiting repair shall be stored behind the rear building line of the front building.

UPON MOTION by Commissioner Klein, the Board voted unanimously to approve the Statement of Consistency and Reasonableness.

UPON MOTION by Commissioner Arena, the Board voted unanimously to approve the rezoning request.

UPON MOTION by Commissioner Arena, the Board voted unanimously to approve the Conditional Use Permit based on the Findings of Fact presented by the Planning Board.

PCUR #159 Damon Lusk, applicant (Parcel ID# 32374 and 33798) A request for a parallel conditional use rezoning of 2.4 acres from CU I-G (Conditional Use General Industrial) and B-G (General Business) to CU I-G to permit building material sales. The property is located on the north side of N.C. 16 Business between its intersections with Denver Industrial Park Road in Catawba Springs Township.

The Planning Board voted 8-0 to recommend approval.

UPON MOTION by Commissioner Klein, the Board voted unanimously to approve the Statement of Consistency and Reasonableness.

UPON MOTION by Commissioner Robinson, the Board voted unanimously to approve the rezoning request.

UPON MOTION by Commissioner Robinson, the Board voted unanimously to approve the Conditional Use Permit based on the Findings of Fact presented by the Planning Board.

WSCUP #14 Damon Lusk, applicant (Parcel ID# 32374 and 33798) A request for a conditional use permit to allow the use of the high-density option in the WS-IV Protected Area of the Catawba/Lake Norman Watershed. The applicant is proposing to develop 2.4 acres with a 20,500-square-foot office/warehouse, a 10,000-square-foot warehouse, driveways and parking areas. The high-density option would allow the development to have a built-upon surface area covering up to 70 percent of the site, with the use of engineered stormwater controls. The property is located on the north side of N.C. 16 Business between its intersections with Denver Industrial Park Road in Catawba Springs Township.

The Planning Board voted 8-0 to recommend approval.

UPON MOTION by Commissioner Arena, the Board voted unanimously to approve the Conditional Use Permit based on the Findings of Fact presented by the Planning Board.

Public Hearing – Industrial Development Incentive Grant for Existing Industry and motion to adopt Resolution #2012-55: Resolution to Adopt Economic Incentive Grant Agreement: Kara Brown, with Lincoln Economic Development, presented the following:

Chairman Patton opened the public hearing. Being no speakers, Chairman Patton closed the hearing.

UPON MOTION by Commissioner Robinson, the Board voted unanimously to adopt Resolution #2012-55: Resolution to Adopt Economic Incentive Grant Agreement.

**RESOLUTION TO ADOPT ECONOMIC INCENTIVE
GRANT AGREEMENT WITH LUCKY COUNTRY**

WHEREAS, the Lincoln County Board of Commissioners verily believes that it is in the best interests of the citizens of Lincoln County to encourage and support economic development within Lincoln County through the recruitment of new industries to the County and the expansion of existing industries in the County; and

WHEREAS, Lucky Country has developed plans for a manufacturing equipment expansion in Lincoln County; and

WHEREAS, the Board of Commissioners wishes to encourage such development by means of offering incentives to aid in such efforts;

NOW, THEREFORE, BE IT AND IT IS HEREBY RESOLVED AS FOLLOWS:

1. The Lincoln County Board of Commissioners hereby approves the Lincoln County Incentive Grant Agreement (attached hereto as Exhibit A and incorporated herein by reference) among Lincoln County and Lucky Country.
2. The Chairman of the Board of Commissioners and the Clerk to the Board are hereby authorized to sign all necessary documents on behalf of Lincoln County in order to effectuate this transaction.
3. This resolution shall become effective upon adoption.

This 19th day of November, 2012.

Alex Patton, Chairman
Lincoln County Board of Commissioners

ATTEST:

Amy S. Atkins, Clerk to the Board

LINCOLN COUNTY INCENTIVE GRANT AGREEMENT

NORTH CAROLINA

LINCOLN COUNTY

THIS AGREEMENT is made and entered into as of the 19th day of November 2012, by and between LINCOLN COUNTY, a body corporate and politic (hereinafter referred to as "the County"), and Lucky Country, Inc. a Nevada corporation (hereinafter referred to as "Lucky Country").

WITNESSETH:

WHEREAS, Lucky Country has developed plans for the construction of an up-grade of an existing facility and installation of manufacturing equipment in Lincoln County, North Carolina; and

WHEREAS, the Board of Commissioners of Lincoln County verily believes that the location of new industries and the expansion of existing industries is vital to the economic health of Lincoln County and to the welfare of its citizens; and

WHEREAS, the Board of Commissioners wishes to encourage such development by means of offering incentives to recruit new industries and to aid in expansion of existing industries; and

WHEREAS, such incentives are predicated on the notion of expanding Lincoln County's tax base and providing additional jobs for Lincoln County's citizens that pay wages higher than the current prevailing average hourly wage in the particular industry; and

WHEREAS, the Board of Commissioners has determined that it is appropriate and in the best interests of Lincoln County and its citizens to offer incentives in the form of both cash grants and assistance with making public services available; and

WHEREAS, the Board of Commissioners believes that it is appropriate and reasonable to expect Lucky Country to bind itself to the County to produce certain results in conjunction with the project described herein as conditions of the incentives being offered by the County;

NOW, THEREFORE, for and in consideration of the mutual promises and covenants herein set forth, the parties hereby agree as follows:

1. On or before March 1, 2013, Lucky Country shall begin an up-grade of an existing manufacturing facility and installation of equipment and machinery in Lincoln County, North Carolina.
2. Within two years of the effective date of this agreement (said effective date being referred in item 1.), Lucky Country shall make an investment upon such site in building, machinery and equipment of \$3,000,000, of which \$2,250,000 will qualify for incentives under the Lincoln County Industrial Incentive Grant Policy.
3. Within two years of the effective date of this agreement, Lucky Country shall provide at such site at least 2 new jobs paying average weekly wages of \$440.00.
4. In consideration of the performance of the aforesaid obligations by Lucky Country, the County will provide cash grants to Lucky Country of \$8,745.75 per year for a five-year period. Lincoln County will pay such grants beginning in the tax year after the project's completion. Grants will be paid to Lucky Country within 30 days after Lucky Country has made its tax payment for the then-current year and has notified Lincoln Economic Development Association of the payment. This amount represents a Level 1 grant under the Lincoln County Industrial Development Incentive Grant Policy for New and Existing

Industries.

5. Lucky Country shall on a no less than annual basis provide evidence satisfactory to the County of how many jobs (as provided in Paragraph 3 herein) it has maintained.

6. In the event that the value of the investment actually made by Lucky Country pursuant to this agreement is greater or less than the aforementioned contract amount, the incentive grants to be provided hereunder will be adjusted upward or downward on a pro-rata basis.

7. Lucky Country specifically agrees that in the event that all or any portion of this agreement or any incentive grant or payment to be made hereunder is declared to be unconstitutional, illegal, or otherwise enjoined by a court of competent jurisdiction, Lucky Country shall indemnify and hold harmless Lincoln County and its Board of Commissioners, individually and collectively, from any loss or liability and shall reimburse Lincoln County by the amount of any such grant or payment.

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

Lucky Country, Inc.

By: _____
Billy Henry

LINCOLN COUNTY

By: _____
Alex E. Patton, Chairman
Board of Commissioners

ATTEST:

Amy S. Atkins
Clerk to the Board of Commissioners

STATE
COUNTY

This the _____ day of _____, 20____, _____ personally came before me _____ and acknowledged that he/she is _____ of _____, a _____ corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument its name on its behalf as its act and deed.

Witness my hand and official stamp or seal, this _____ day of _____, 201__.

My Commission Expires: _____

Notary Public

NORTH CAROLINA
LINCOLN COUNTY

This the _____ day of _____, 20_____, personally came before me Delores Alfaro, Assistant Clerk to the board of Lincoln County, North Carolina, who being by me duly sworn says that she knows the common seal of the County of Lincoln, North Carolina and is acquainted with Alex E. Patton, who is the Chairman of the Board of Commissioners of Lincoln County, North Carolina, and that she, the said Delores Alfaro, is the Assistant Clerk to the board of Lincoln County, North Carolina, and saw the Chairman of the Board of Commissioners of Lincoln County, North Carolina, sign the foregoing instrument and affix said seal to said instrument and that she, the said Delores Alfaro, signed her name in attestation of said instrument in the presence of said Chairman of the Board of Commissioners of Lincoln County, North Carolina.

My Commission Expires: _____

Notary Public

Public Hearing – Industrial Development Incentive Grant for Existing Industry and motion to adopt Resolution #2012-56: Resolution to Adopt Economic Incentive Grant Agreement: Kara Brown, with Lincoln Economic Development, presented the following:

Chairman Patton opened the public hearing. Being no speakers, Chairman Patton closed the hearing.

UPON MOTION by Commissioner Arena, the Board voted unanimously to adopt Resolution #2012-56: Resolution to Adopt Economic Incentive Grant Agreement.

**RESOLUTION TO ADOPT ECONOMIC INCENTIVE
GRANT AGREEMENT WITH HOF TEXTILES**

WHEREAS, the Lincoln County Board of Commissioners verily believes that it is in the best interests of the citizens of Lincoln County to encourage and support economic development within Lincoln County through the recruitment of new industries to the County and the expansion of existing industries in the County; and

WHEREAS, Hof Textiles, Inc., have developed plans for expansion of their manufacturing facility in Lincoln County; and

WHEREAS, the Board of Commissioners wishes to encourage such development by means of offering incentives to aid in such efforts;

NOW, THEREFORE, BE IT AND IT IS HEREBY RESOLVED AS FOLLOWS:

1. The Lincoln County Board of Commissioners hereby approves the Lincoln County Incentive Grant Agreement (attached hereto as Exhibit A and incorporated herein by reference) among Lincoln County, Hof Textiles, Inc.

2. The Chairman of the Board of Commissioners and the Clerk to the Board are hereby authorized to sign all necessary documents on behalf of Lincoln County in order to effectuate this transaction.

3. This resolution shall become effective upon adoption.

This 19th day of November, 2012.

Alex Patton, Chairman
Lincoln County Board of Commissioners

ATTEST:

Amy Atkins, Clerk to the Board

LINCOLN COUNTY INCENTIVE GRANT AGREEMENT

NORTH CAROLINA

LINCOLN COUNTY

THIS AGREEMENT is made and entered into as of the 19th day of November 2012 by and between LINCOLN COUNTY, a body corporate and politic (hereinafter referred to as "the County"), and Hof Textiles, Inc. a Delaware corporation (hereinafter referred to as "Hof").

WITNESSETH:

WHEREAS, Hof has developed plans for the installation of manufacturing equipment in Lincoln County, North Carolina; and

WHEREAS, the Board of Commissioners of Lincoln County verily believes that the location of new industries and the expansion of existing industries is vital to the economic health of Lincoln County and to the welfare of its citizens; and

WHEREAS, the Board of Commissioners wishes to encourage such development by means of offering incentives to recruit new industries and to aid in expansion of existing industries; and

WHEREAS, such incentives are predicated on the notion of expanding Lincoln County's tax base and providing additional jobs for Lincoln County's citizens that pay wages higher than the current prevailing average hourly wage in the particular industry; and

WHEREAS, the Board of Commissioners has determined that it is appropriate and in the best interests of

Lincoln County and its citizens to offer incentives in the form of both cash grants and assistance with making public services available; and

WHEREAS, the Board of Commissioners believes that it is appropriate and reasonable to expect Hof to bind itself to the County to produce certain results in conjunction with the project described herein as conditions of the incentives being offered by the County;

NOW, THEREFORE, for and in consideration of the mutual promises and covenants herein set forth, the parties hereby agree as follows:

1. On or before February, 2013, Hof shall begin installation of equipment and machinery in Lincoln County, North Carolina.
2. Within two years of the effective date of this agreement (said effective date being referred in item 1.), Hof shall make an investment upon such site in machinery and equipment of \$7,200,000, of which \$5,040,000 will qualify for incentives under the Lincoln County Industrial Incentive Grant Policy.
3. Within two years of the effective date of this agreement, Hof shall provide at such site at least 5 new jobs paying average weekly wages of \$625.00.
4. In consideration of the performance of the aforesaid obligations by Hof, the County will provide cash grants to Hof of \$22,604.00 per year for a five-year period. Lincoln County will pay such grants beginning in the tax year after the project's completion. Grants will be paid to Hof within 30 days after Hof has made its tax payment for the then-current year and has notified Lincoln Economic Development Association of the payment. This amount represents a Level 2 grant under the Lincoln County Industrial Development Incentive Grant Policy for New and Existing Industries.
5. Hof shall on a no less than annual basis provide evidence satisfactory to the County of how many jobs (as provided in Paragraph 3 herein) it has maintained.
6. In the event that the value of the investment actually made by Hof pursuant to this agreement is greater or less than the aforementioned contract amount, the incentive grants to be provided hereunder will be adjusted upward or downward on a pro-rata basis.
7. Hof specifically agrees that in the event that all or any portion of this agreement or any incentive grant or payment to be made hereunder is declared to be unconstitutional, illegal, or otherwise enjoined by a court of competent jurisdiction, Hof shall indemnify and hold harmless Lincoln County and its Board of Commissioners, individually and collectively, from any loss or liability and shall reimburse Lincoln County by the amount of any such grant or payment.

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

Hof Textiles, Inc

By: _____
Lothar Hackler

LINCOLN COUNTY

By: _____
Alex E. Patton, Chairman
Board of Commissioners

ATTEST:

Amy S. Atkins
Clerk to the Board of Commissioners

STATE
COUNTY

This the ____ day of _____, 20____, _____ personally came before me
_____ and acknowledged that he/she is _____ of _____, a _____
corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument
its name on its behalf as its act and deed.

Witness my hand and official stamp or seal, this _____ day of _____, 201__.

My Commission Expires: _____

Notary Public

NORTH CAROLINA
LINCOLN COUNTY

This the ____ day of _____, 20____, personally came before me Delores Alfaro, Assistant
Clerk to the board of Lincoln County, North Carolina, who being by me duly sworn says that she knows
the common seal of the County of Lincoln, North Carolina and is acquainted with Alex E. Patton, who is
the Chairman of the Board of Commissioners of Lincoln County, North Carolina, and that she, the said
Delores Alfaro, is the Assistant Clerk to the board of Lincoln County, North Carolina, and saw the
Chairman of the Board of Commissioners of Lincoln County, North Carolina, sign the foregoing
instrument and affix said seal to said instrument and that she, the said Delores Alfaro, signed her name in
attestation of said instrument in the presence of said Chairman of the Board of Commissioners of Lincoln
County, North Carolina.

My Commission Expires: _____

Notary Public

Public Hearing – Industrial Development Incentive Grant for Existing Industry and
motion to adopt Resolution #2012-57: Resolution to Adopt Economic Incentive Grant
Agreement: Kara Brown, with Lincoln Economic Development, presented the following:

Chairman Patton opened the public hearing. Being no speakers, Chairman Patton closed the hearing.

UPON MOTION by Commissioner Robinson, the Board voted unanimously to adopt Resolution #2012-57: Resolution to Adopt Economic Incentive Grant Agreement.

**RESOLUTION TO ADOPT ECONOMIC INCENTIVE
GRANT AGREEMENT WITH
RSI HOME PRODUCTS MANUFACTURING, INC.**

WHEREAS, the Lincoln County Board of Commissioners verily believes that it is in the best interests of the citizens of Lincoln County to encourage and support economic development within Lincoln County through the recruitment of new industries to the County and the expansion of existing industries in the County; and

WHEREAS, RSI Home Products Manufacturing, Inc. has developed plans for a new manufacturing facility in Lincoln County; and

WHEREAS, the Board of Commissioners wishes to encourage such development by means of offering incentives to aid in such efforts;

NOW, THEREFORE, BE IT AND IT IS HEREBY RESOLVED AS FOLLOWS:

1. The Lincoln County Board of Commissioners hereby approves the Lincoln County Incentive Grant Agreement (attached hereto as Exhibit A and incorporated herein by reference) among Lincoln County and RSI Home Products Manufacturing, Inc.

2. The Chairman of the Board of Commissioners and the Clerk to the Board are hereby authorized to sign all necessary documents on behalf of Lincoln County in order to effectuate this transaction.

3. This resolution shall become effective upon adoption.

This 19th day of November, 2012.

Alex Patton, Chairman
Lincoln County Board of Commissioners

ATTEST:

Amy S. Atkins, Clerk to the Board

LINCOLN COUNTY INCENTIVE GRANT AGREEMENT

NORTH CAROLINA

LINCOLN COUNTY

THIS AGREEMENT is made and entered into as of the 19th day of November, 2012, by and between LINCOLN COUNTY, a body corporate and politic (hereinafter referred to as "the County"), and RSI Home Products Manufacturing, Inc., a Delaware corporation (hereinafter referred to as "RSI").

WITNESSETH:

WHEREAS, RSI is the long-term tenant of a manufacturing facility located at 838 Lincoln County Parkway, Lincoln County, North Carolina, which is owned by The Keith Corporation, a North Carolina Limited Liability Company; and

WHEREAS, RSI has developed plans for the construction of a manufacturing upgrade of its existing facility and installation of manufacturing equipment in said facility; and

WHEREAS, The Keith Corporation shall, at the instruction of and through the funding of RSI construct the new facility on such property to be occupied by RSI under the above referenced long-term lease agreement; and

WHEREAS, the Board of Commissioners of Lincoln County verily believes that the location of new industries and the expansion of existing industries is vital to the economic health of Lincoln County and to the welfare of its citizens; and

WHEREAS, the Board of Commissioners wishes to encourage such development by means of offering incentives to recruit new industries and to aid in expansion of existing industries; and

WHEREAS, such incentives are predicated on the notion of expanding Lincoln County's tax base and providing additional jobs for Lincoln County's citizens that pay wages higher than the current prevailing average hourly wage in the particular industry; and

WHEREAS, the Board of Commissioners has determined that it is appropriate and in the best interests of Lincoln County and its citizens to offer incentives in the form of both cash grants and assistance with making public services available; and

WHEREAS, the Board of Commissioners believes that it is appropriate and reasonable to expect RSI to bind itself to the County to produce certain results in conjunction with the project described herein as conditions of the incentives being offered by the County;

NOW, THEREFORE, for and in consideration of the mutual promises and covenants herein set forth, the parties hereby agree as follows:

1. On or before March 1, 2013, RSI shall begin an up-grade of an existing manufacturing facility and installation of equipment and machinery in Lincoln County, North Carolina. (said date at which construction is begun being referred to as the "effective date")
2. Within two years of the effective date of this agreement, RSI, shall make an investment upon

such site in facility, machinery and equipment of \$8,050,000, of which \$7,885,000 will qualify for incentives under the Lincoln County Industrial Incentive Grant Policy.

3. Within two years of the effective date of this agreement, RSI shall provide at such site at least 25 new jobs paying average weekly wages of \$460.00.

4. In consideration of the performance of the aforesaid obligations by RSI, the County will provide cash grants to RSI of \$35,364.23 per year for a five-year period. Lincoln County will pay such grants beginning in the tax year after the project's completion. Grants will be paid to RSI within 30 days after RSI has made its tax payment for the then-current year and has notified Lincoln Economic Development Association of the payment. This amount represents a Level 2 grant under the Lincoln County Industrial Development Incentive Grant Policy for New and Existing Industries.

5. RSI shall on a no less than annual basis provide evidence satisfactory to the County of how many jobs (as provided in Paragraph 3 herein) it has maintained.

6. In the event that the value of the investment actually made by RSI pursuant to this agreement is greater or less than the aforementioned contract amount, the incentive grants to be provided hereunder will be adjusted upward or downward on a pro-rata basis.

7. RSI specifically agrees that in the event that all or any portion of this agreement or any incentive grant or payment to be made hereunder is declared to be unconstitutional, illegal, or otherwise enjoined by a court of competent jurisdiction, RSI shall indemnify and hold harmless Lincoln County and its Board of Commissioners, individually and collectively, from any loss or liability and shall reimburse Lincoln County by the amount of any such grant or payment.

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

RSI Home Products Manufacturing, Inc

By: _____
Alex Calabrese

LINCOLN COUNTY

By: _____
Alex E. Patton, Chairman
Board of Commissioners

ATTEST:

Amy S. Atkins
Clerk to the Board of Commissioners

STATE
COUNTY

This the ____ day of _____, 20____, _____ personally came before me
_____ and acknowledged that he/she is the authorized member of XXXX, a corporation,
and that by authority duly given and as the act of the corporation, the foregoing instrument in its name on
its behalf as its act and deed.

Witness my hand and official stamp or seal, this _____ day of _____, 201__.

My Commission Expires:_____

Notary Public

NORTH CAROLINA
LINCOLN COUNTY

This the ____ day of _____, 20____, personally came before me Delores Alfaro, Assistant
Clerk to the board of Lincoln County, North Carolina, who being by me duly sworn says that she knows
the common seal of the County of Lincoln, North Carolina and is acquainted with Alex E. Patton, who is
the Chairman of the Board of Commissioners of Lincoln County, North Carolina, and that she, the said
Delores Alfaro, is the Assistant Clerk to the board of Lincoln County, North Carolina, and saw the
Chairman of the Board of Commissioners of Lincoln County, North Carolina, sign the foregoing
instrument and affix said seal to said instrument and that she, the said Delores Alfaro, signed her name in
attestation of said instrument in the presence of said Chairman of the Board of Commissioners of Lincoln
County, North Carolina.

My Commission Expires:_____

Notary Public

Chairman Patton opened the public hearing. Being no speakers, Chairman Patton closed the
hearing.

UPON MOTION by Commissioner Robinson, the Board voted unanimously to adopt
Resolution #2012-59: Resolution to Adopt Economic Incentive Grant Agreement.

Public Comments: Chairman Patton opened public comments.

Jena Healy asked the Board to consider making Lincoln County Animal Services shelter a no-kill
facility.

Robert Avery stated that the Board is spending \$150,000 for a grant for the Airport. He said he
does not think this is feasible.

Being no additional speakers, Chairman Patton closed public comments.

Highway 16/73 Waterline Project – Motion to Approve Change Orders 3, 4, 5, and 6:

Don Chamblee presented the following:

Lincoln County entered into a contract for waterline improvements along NC Hwy 73 between the new and old NC Hwy 16, in October 2007. The original contractor was terminated in July 2010. The County entered into a settlement agreement with Dellinger, Inc. in September 2011, to complete the project. Lincoln County recently acquired the revised NC DOT Encroachment Permit for the connection at NC Hwy 73 and new NC Hwy 16.

The improvements were to relocate the existing waterline from under the State Highway to the shoulder of the road and to increase the size of the waterline from a 12 inch waterline to a 24 inch waterline for increased capacity. The summary below provides the needed changes to complete the project.

Commission authorization for the County Manager to execute change orders 3, 4, 5 and 6.

Summary:

Lincoln County Public Works is requesting approval of four (4) change orders to the original contract which would complete Phase I of the project.

Change Order #3 is to connect the new 24 inch waterline at the west end to the existing 12 inch waterline at the intersection of NC Hwy 73 and the new NC Hwy 16. The amount of this change order is a net change of \$211,334.30. This additional work is required to provide water during the completion of the original contract and provide permanent connection at the western end of the project.

Change Order #4 is to complete the tie-in connections at Wal-Mart, Lowes and Midtown Sundries to the new 24 inch waterline and to abandon the existing 12 inch waterline which is under NC Hwy 73. This is required to provide continued water service at the three locations listed above. The amount of this change order is \$39,019.96.

Change Order #5 is to provide an additional 12 inch connection at parcel number 34534 at the northeast corner of Business 16 and NC Hwy 73. The amount of this change order is \$11,021.20. The change order is required to fulfill an agreement with an easement acquisition with the property owner.

Change Order #6 contains two components. One component is to provide additional restrained joint pipe and a new air release valve, which increases reliability and reduces potential waterline failures. The second component is to resolve changes due to growth in the area and NC DOT road improvements which have occurred since the original contract was awarded. The amount of this change order is \$88,192.50.

With the approval of the above mentioned change orders Lincoln County intends to issue a Notice to Proceed within the week. The remaining duration of this contract is 100 days. Change Order #3 will authorize an additional 20 days for a new contract term of 120 days.

UPON MOTION by Commissioner Klein, the Board voted unanimously to approve Change Orders 3, 4, 5, and 6.

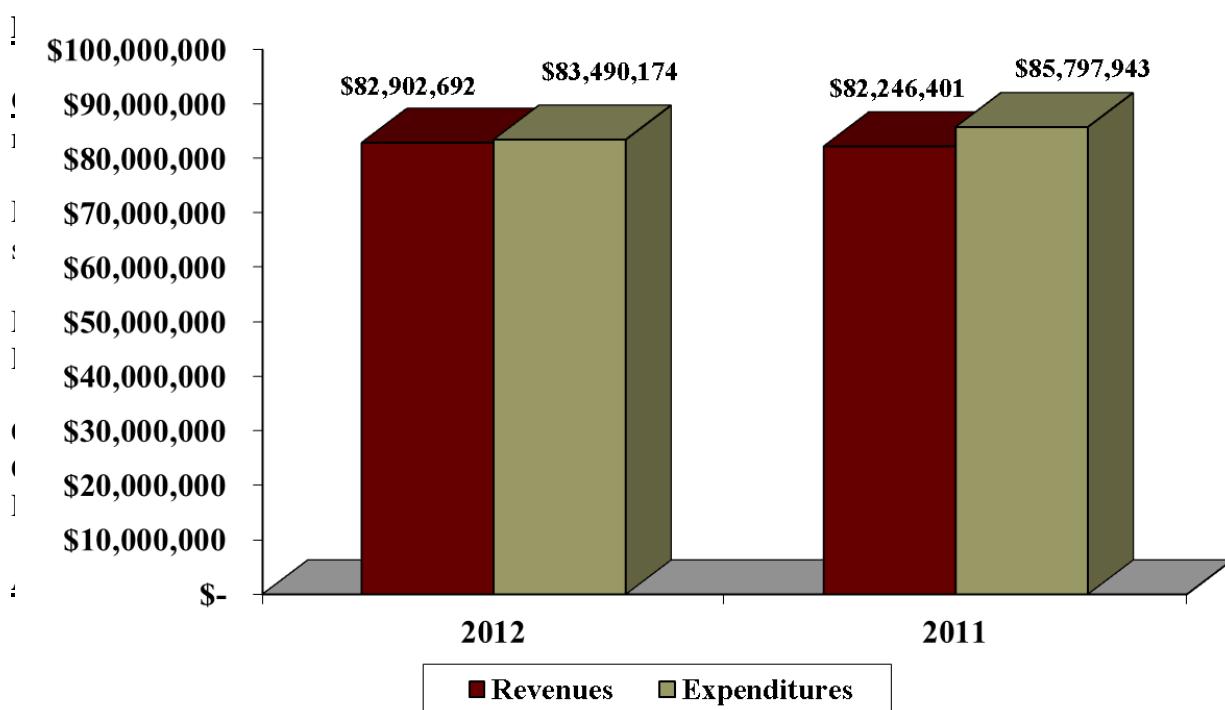
Audit Report – Martin, Starnes and Associates – Chris Costner:

Chris Costner presented the Audit Report for Lincoln County.

Audit Highlights

- Unqualified opinion
- Cooperative staff

General Fund Summary



Fund Balance

- Serves as a measure of the County's financial resources available.
 - Assets – Liabilities = Fund Balance

5 Classifications:

- **Non spendable** - not in cash form
- **Restricted** - external restrictions (laws, grantors)
- **Committed** - internal constraints at the highest (Board) level-do not expire, require Board action to undo

- **Assigned** - internal constraints, lower level than committed
- **Unassigned** - no external or internal constraints

Available fund balance as defined by the Local Government Commission (LGC) is calculated as follows:

Total Fund Balance

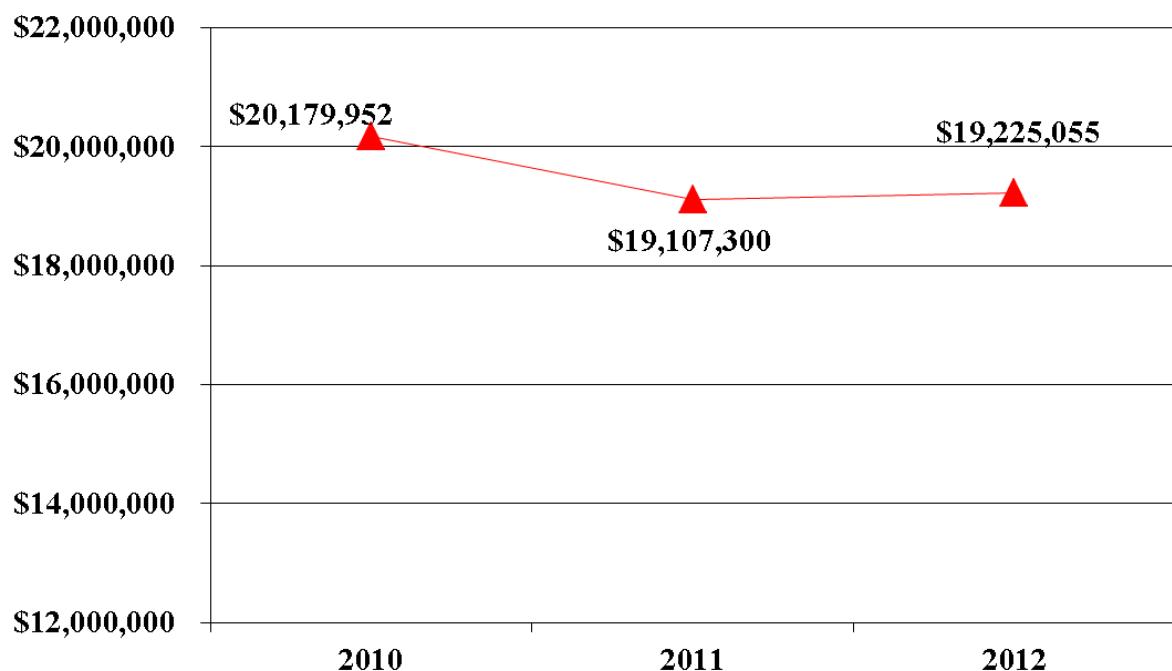
Less: Non spendable (not in cash form, not available)

Less: Stabilization by State Statute (by state law, not available)

Available Fund Balance

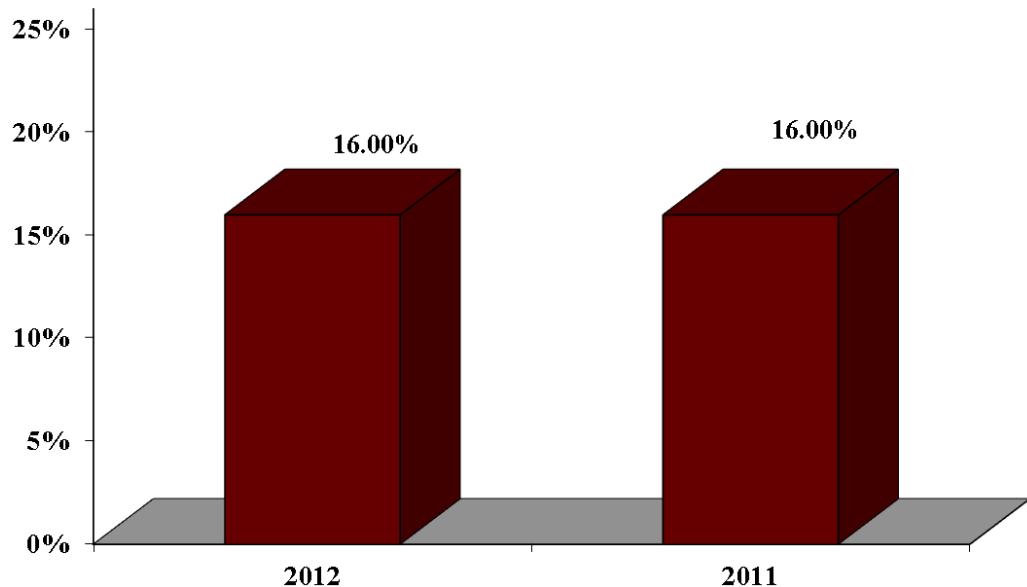
This is the calculation utilized as the basis for comparing you to other units and calculating your fund balance percentages

General Fund

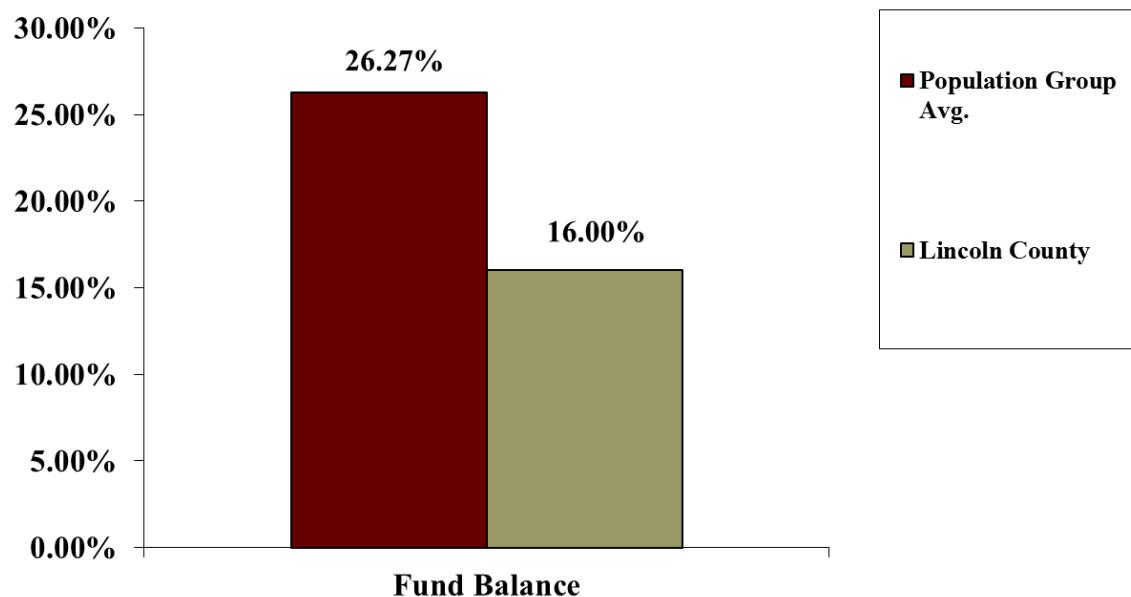


Total Fund Balance	\$19,225,055
Non-spendable	- 588,275
Stabilization by State Statute	<u>- 4,642,158</u>
Available Fund Balance	\$13,994,622
Available Fund Balance 2011	\$14,269,456
Decrease in Available FB	\$ (274,834)

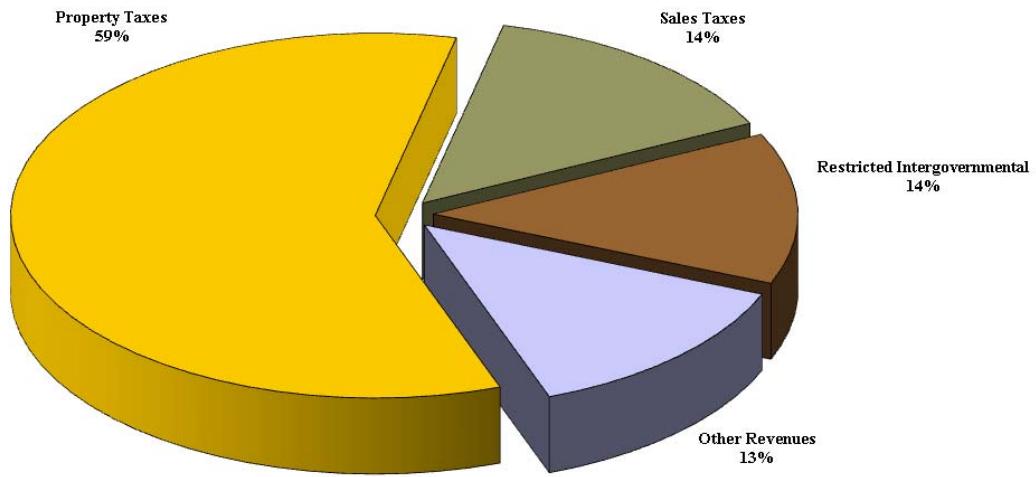
**Available Fund Balance as a Percent
of Expenditures and Transfers Out – General Fund**



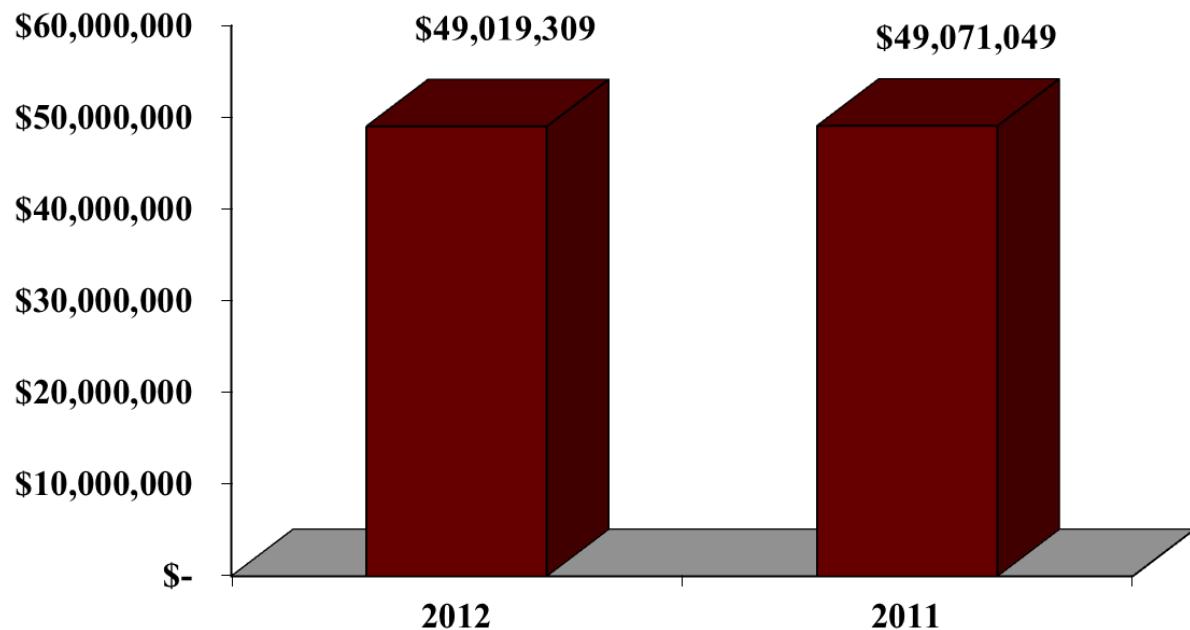
**Fund Balance Percentage for Population Group
Counties (50,000-99,999)**



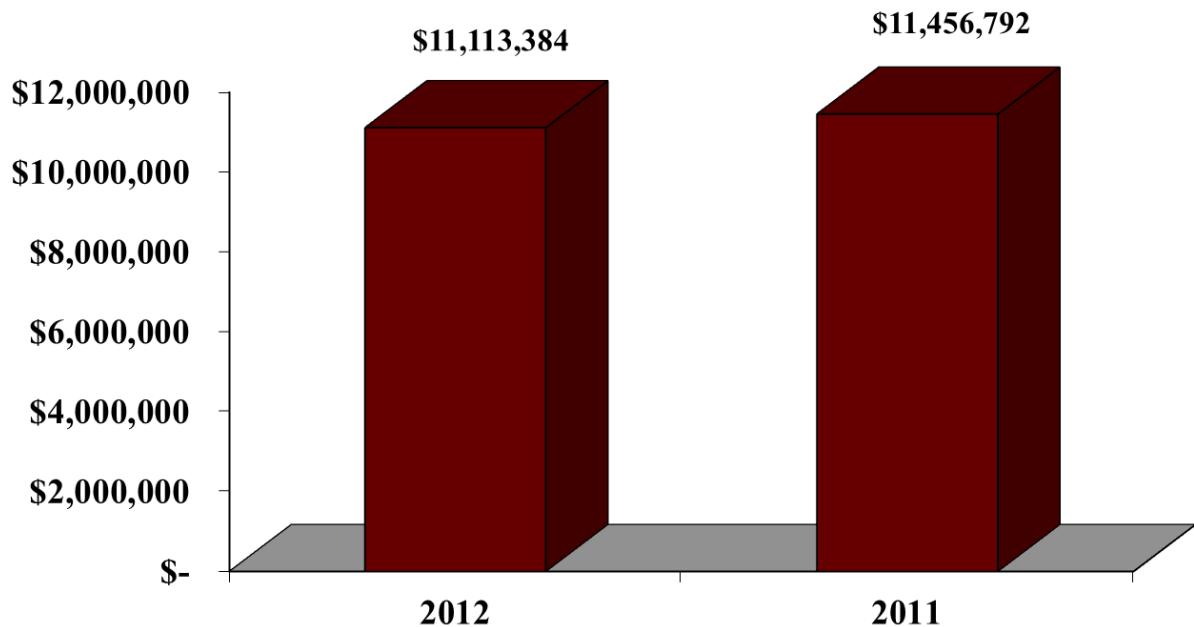
**Top 3 Revenues:
General Fund**



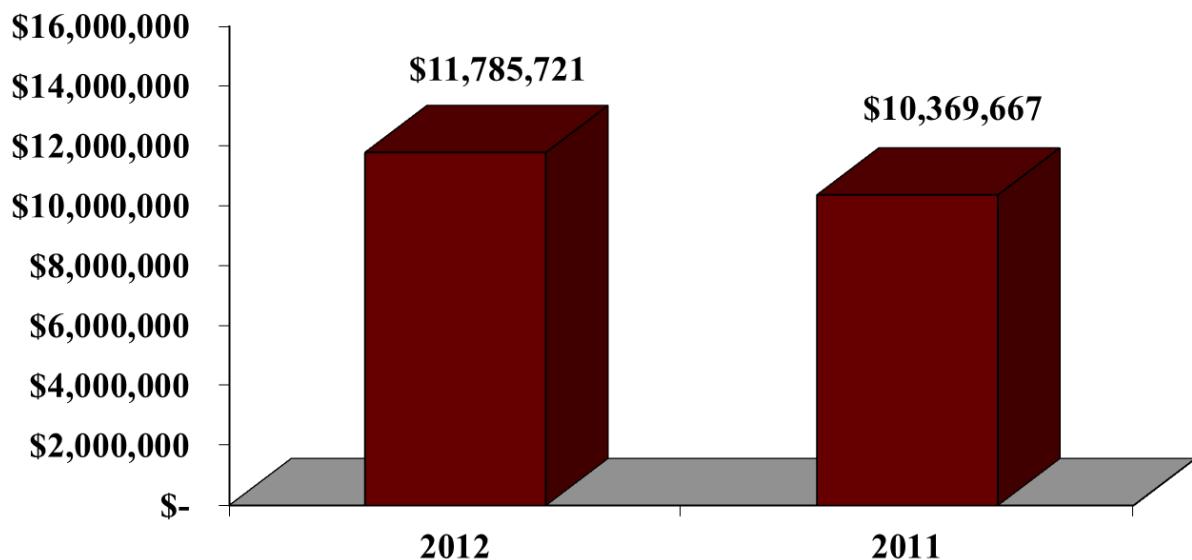
PROPERTY TAX



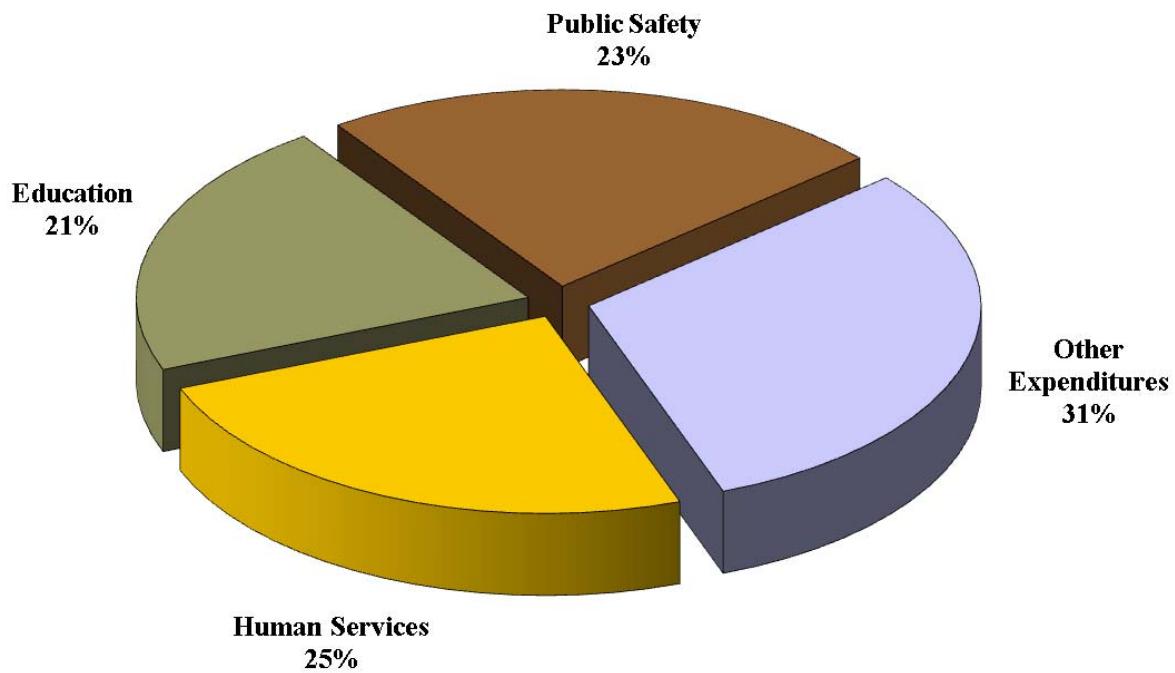
Restricted Intergovernmental



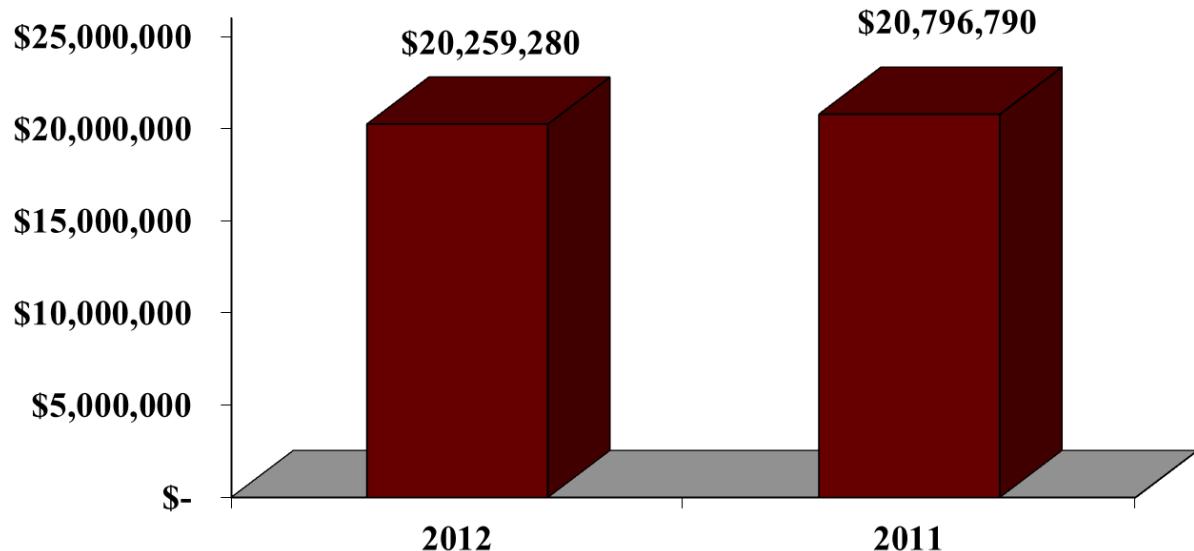
Sales Tax



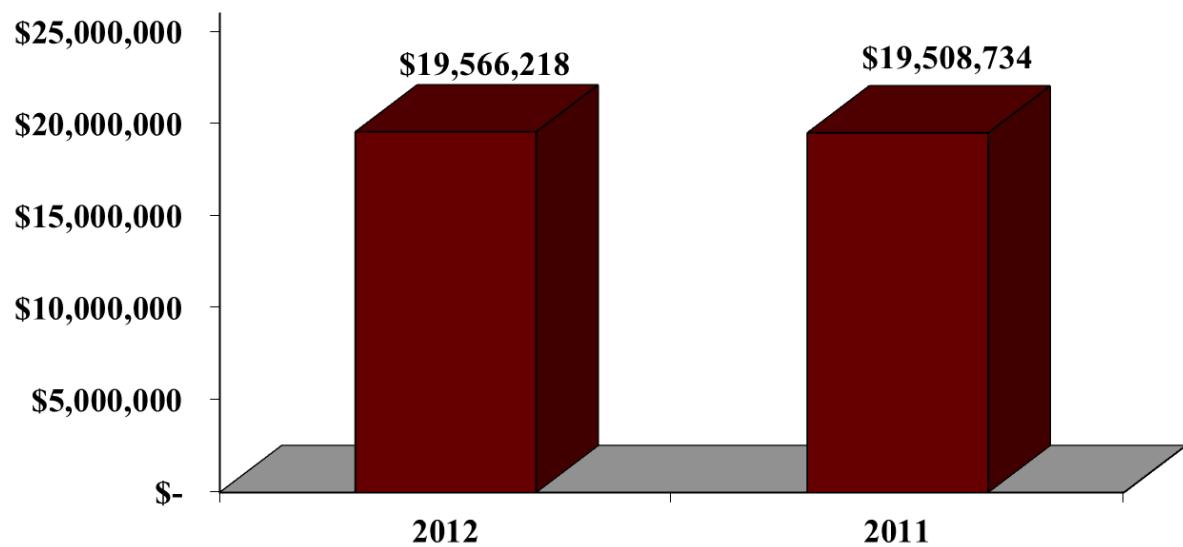
Top 3 Expenditures: General Fund



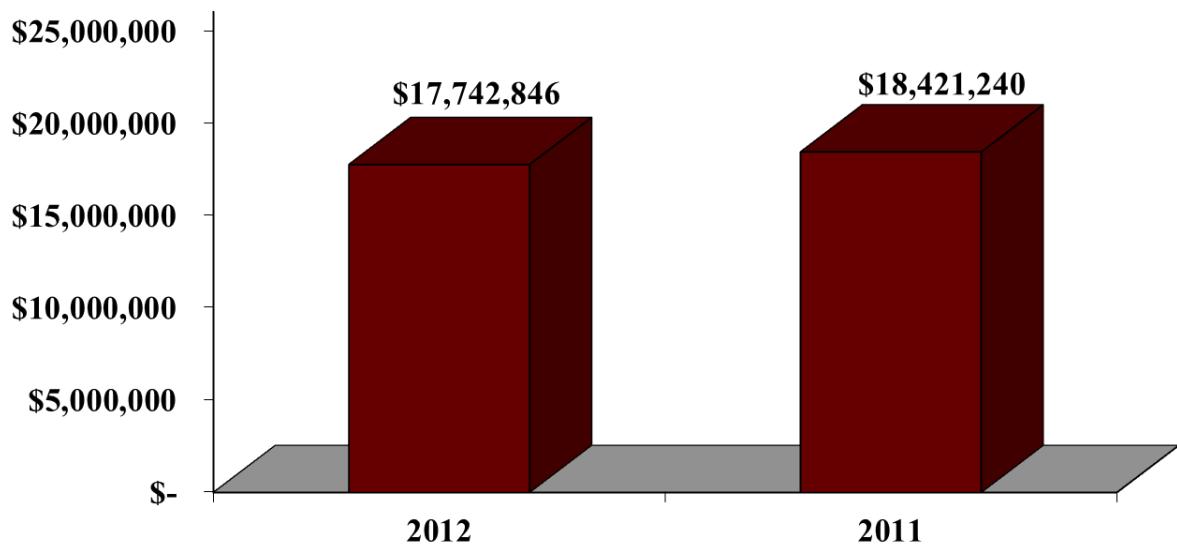
Human Services



Public Safety



Education



**Debt Position
Governmental and
Business-Type Activities**

Outstanding Debt at 6/30/2012 \$ 146,061,270

Governmental Activities:

General Obligation Bonds	\$ 96,000,000
Premium on Long-Term Debt	2,868,507
Installment Purchases	<u>21,462,915</u>
	\$ 120,331,422

Business-Type Activities:

General Obligation Bonds	\$ 2,675,000
State Bond Loan	1,250,000
Installment Purchases	<u>21,804,848</u>
	\$ 25,729,848

Debt Margin at 6/30/2012, approximately \$540 million

Enterprise Funds
Income (Loss)
Budgetary/Cash Basis

	Solid Waste	Water/Sewer	E. Lincoln Water/Sewer
Revenues	\$ 3,774,385	\$ 7,609,145	\$ 495,966
Expenditures	<u>3,255,908</u>	<u>6,681,221</u>	<u>967,434</u>
Income (Loss) Before			
Other Sources (Uses)	518,477	927,924	(471,468)
Other Financing Sources (Uses)	<u>-</u>	<u>(702,500)</u>	<u>-</u>
Total Income (Loss)	<u>\$ 518,477</u>	<u>\$ 225,424</u>	<u>\$ (471,468)</u>

Enterprise Funds

	Solid Waste	Water/Sewer	E. Lincoln Water/Sewer
Required Debt Service	\$ 94,692	\$ 2,002,129	\$ 966,844
Cash Flows From Operations,			
Fees and Taxes	\$ 210,944	\$ 2,756,558	\$ 490,847
Cash	\$ 5,620,476	\$ 10,547,586	\$ 41,196
Unrestricted Net Assets	\$ (997,887)	\$ 9,559,862	\$ (3,891,255)

Finance Officer's Report – Deanna Rios: Deanna Rios presented the Finance Officer's Report.

County Manager's Report: George Wood presented the County Manager's Report. He asked the Board to look at dates for the Budget Planning Retreat and the joint meeting with the Board of Education.

Dante' Patterson gave an update on the VOIP (Voice Over Internet Protocol) phone system.

Jennifer Sackett informed the Board of an award the Library has won for the Renovation of the Year for 10,000 to 26,000 square foot.

County Attorney's Report: Mr. Deaton updated the Board on a pending case.

Vacancies/Appointments: None reported.

Calendar: The Denver Christmas parade is scheduled for December 1 at 1:30 p.m.

Other Business: Chairman Patton thanked Commissioner Arena for his service to Lincoln County.

Adjourn: **UPON MOTION** by Commissioner Arena, the Board voted unanimously to adjourn.

Amy S. Atkins, Clerk
Board of Commissioners

Alex E. Patton, Chairman
Board of Commissioners