

Regular Session, January 18, 2011, 7:00 p.m.
Catawba County Board of Commissioners

Appointments

Community Service Block Grant Advisory Board	2	01/18/11
Agricultural Advisory Board	2	01/18/11
Community Child Protection/Fatality Team	2	01/18/11

Catawba County Schools

Webb Murray classroom addition/St. Stephens kitchen/cafeteria renovations	3	01/18/11
---	---	----------

Economic Development Corporation

Poppelmann Incentives	4	01/18/11
-----------------------	---	----------

Hickory City Schools

Budget transfer	3	01/18/11
-----------------	---	----------

Legislative Agendas

2011 State and Federal Legislative Agendas	14	01/18/11
--	----	----------

Public Health

Community Child Protection/Child Fatality Team Annual Report	14	01/18/11
--	----	----------

Resolution

Poppelmann Incentives	4	01/18/11
-----------------------	---	----------

Social Services

Educational Services Budget Outcome	2	01/18/11
Community Child Protection/Child Fatality Team Report	13	01/18/11

Tax

Refund Request	3	01/18/11
----------------	---	----------

Utilities and Engineering

Household Hazardous Waste and electronics One-Day Collection Event	14	01/18/11
--	----	----------

The Catawba County Board of Commissioners met in regular session on Tuesday, January 18, 2011 at 7:00 p.m. in the Robert E. Hibbits Meeting Room of the 1924 Courthouse, 30 North College Avenue, Newton, North Carolina.

Present were Chair Katherine W. Barnes, Vice-Chair Lynn M. Lail and Commissioners Dan A. Hunsucker, Barbara G. Beatty and Randy Isenhower.

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

1. Chair Katherine W. Barnes called the meeting to order at 7:00 p.m.
2. Commissioner Barbara G. Beatty led the Pledge of Allegiance to the Flag.
3. Chair Barnes offered the invocation.
4. Vice-Chair Lynn M. Lail made a motion to approve the minutes of the Regular Meeting and Closed Session of December 20, 2010. The motion carried unanimously.

5. Recognition of Special Guests: Chair Barnes welcomed all present to the first meeting of 2011 and specifically acknowledged Conover Councilmen Don Beal and Kyle Hayman, Hickory City Schools Board Chair Joab Cotton and Boy Scout Logan Hedrick who attends Oxford Elementary School and is working toward a Merit Badge.
6. Public Comments for Items Not on the Agenda: None.
7. Appointments:
Vice-Chair Lail recommended the appointment of Johnny Scott and Laura McPherson for first terms on the Community Service Block Grant Advisory Board and the reappointment of Chris Johnson, Linda Lutz and Rhonda Stikeleather for second terms on this Board. These terms will expire on June 30, 2013. Commissioner Dan Hunsucker recommended the reappointment of Ken Arrowood, Dave McCart and Jeff Elmore to second terms on the Agricultural Advisory Board. These terms will expire on January 20, 2014. Commissioner Beatty recommended the appointment of Captain Thurman Whisnant from the Hickory Police Department and Katie Turk from Social Services to the Community Child Protection/Fatality Team. These appointments are based on positions held in the community and therefore have no set term. These recommendations came in the form of a motion and unanimously carried.
8. Consent Agenda:
County Manager J. Thomas Lundy presented the following two items on the consent agenda:
 - a. A request for the Board to revise Social Services' Fiscal Year 2010-11 Educational Services budget outcome to read as follows: *To promote educational well-being by ensuring school stability and educational continuity for school-age children in foster care in 2010-2011, the percentage of children receiving foster care services during the school year who experience fewer than two school placements since date of care will be at least 75%.* The revision changes the percentage of children from at least 80% to at least 75%.

The Educational Services program was implemented in 2009 as part of a Child Wellbeing Project funded by The Duke Endowment. Through this project, Social Services staff has continued to have strong working relationships with the three public school districts and successfully track educational continuity and achievement for all children in foster care. The program also allows staff to comply with federal legislation that requires states to address the educational stability of children in foster care. Many states, including North Carolina, have yet to allocate resources to assure transportation to base schools for children in foster care. This has resulted in the school districts and Social Services working together to arrange transportation, often across districts, so children may remain in their home school when they enter foster care.

Nationally, children in care have an average of three to four placement moves, which often result in school moves. Three to four school moves can result in a one-year loss of educational growth, according to the National Working Group on Foster Care Education. This Educational Services initiative focuses on educational stability and continuity to eliminate or reduce the negative impact on educational achievement for children in foster care. At the time the original goal of "percentage of children receiving foster care services during the school year who experience fewer than two school placements since date of care will be at least 80%" was adopted, the county's school districts had a greater ability to make special transportation arrangements for students. Social Services has increased the percentage of school-aged children having fewer than two school placements from 74% in 2008-2009 to 81% in 2009-2010 after an Educational Advocate position became full-time. At that time, staff felt a goal of 80% of children having fewer than two school moves was attainable. However, in the first quarter of 2010-2011, 79% of school age children in foster care had fewer than two school placements and the figures indicate a drop to 78%. Unfortunately, because the standard is so high, there is little chance of improving on the current statistic, particularly since the likelihood of a foster care placement or school change occurring increases as the school year progresses and as more children enter care. Changing the outcome to "at least 75%" still keeps the standard higher

than the national average and prevents the negative impact that results from a child having more than one school move.

b. A request for the Board to approve a tax refund request in the amount of \$4,630.05. Records have been checked and the refund verified; therefore, the Tax Collector is asking for approval of the refund requests. Under North Carolina General Statute 105-381, a taxpayer who has paid taxes may request a refund in writing for an amount paid through error.

Chair Barnes asked if any Commissioner desired to have an item broken out of the consent agenda for individual consideration. None was requested. Commissioner Hunsucker made a motion to approve the consent agenda. The motion carried unanimously.

9. Departmental Reports:

A. Finance:

1. Hickory City Schools Superintendent Dr. Lillie Cox presented a request to transfer \$140,000 remaining from a roof replacement project at the Hickory Career and Arts Magnet High School (HCAM) to an asbestos abatement and design project at the same school. Projected costs for asbestos abatement total \$85,000 and include air monitoring through the abatement process, with \$5,000 for the monitoring to come from the local maintenance budget. Design costs for the renovations are \$61,200. \$60,000 of the amount proposed for transfer from the roofing budget and \$1,200 in per capita funds or local maintenance funds will be utilized to fund these costs so the design phase of the renovations may proceed. Chair Barnes asked when the asbestos removal was to be completed and Dr. Cox indicated that the removal would be done during the spring break and if not completed during that break, the remainder would be completed over the summer break. Vice-Chair Lail made a motion to approve the requested budget transfer. The motion carried unanimously.

2. Catawba County Schools Interim Superintendent Glenn Barger presented a request to proceed with a classroom addition project at Webb Murray Elementary and renovations to the kitchen/cafeteria at St. Stephens High School. In fiscal year 2007-08, the Board set aside two cents of the property tax rate for financing of school construction projects over a four-year period. Projects funded over the first three years of that cycle included a new Snow Creek Elementary School, additions to Bunker Hill, Bandys, Fred T. Foard, Hickory and Newton-Conover High Schools, and improvements and additions at Catawba Valley Community College.

In late 2009 and early 2010, the County applied for an allocation of Qualified School Construction Bonds (QSCBs), available through the American Recovery and Reinvestment Act of 2009. The County received a total allocation of \$21,508,553 to be used towards a new Newton-Conover Middle School (\$16,508,553) and additions to the existing Arndt Middle School (\$5,200,000). Staff was able to issue 2009 and 2010 QSCBs at a 0% rate for fifteen years, and finance the balance of the Newton-Conover Middle School project with traditional financing at a rate of 3.185% over fifteen years. By issuing the QSCBs at 0%, the County realized approximately \$7.5 million in interest savings over the financing term.

In late 2010, Catawba County was notified by the State that additional QSCB dollars were available, so an application was submitted to request those funds. The County was awarded an additional \$6.3 million to be used for a classroom expansion project at Webb Murray Elementary School, which was planned for the next four-year construction cycle beginning in FY 2010-11. Catawba County agreed to advance funds from the next four-year cycle and move forward with bidding the project, in order to take advantage of the QSCB funding and a favorable construction climate.

Bids were received in December 2010 for a total project cost of \$5,776,800 for an addition of eighteen classrooms, a new entrance to the school, expansion of the media center and renovation of existing classrooms. This is \$523,200 less than the QSCB allocation of \$6.3 million, which was the expected budget for the project. Catawba County Schools requested that this balance of QSCB funds, along with funds remaining from completed Catawba County Schools' projects including Snow Creek Elementary, be used to expand the kitchen/cafeteria at St. Stephens High School. The

original kitchen/cafeteria has not been expanded since the early 1960s when the original building was built. The project is estimated to cost between \$1.2 million and \$1.6 million and will be bid in the spring of 2011, at which time Catawba County Schools will request final approval for the project from the County.

In fiscal year 2009-10, Catawba County was allocated \$3,093,376 in lottery funds for its three school systems (\$2,178,494 to Catawba County Schools, \$847,172 to Hickory Public Schools, \$530,623 to Newton-Conover City Schools). This amount was much higher than expected due to a change in the distribution formula by the State to allocate funds to school systems on an Average Daily Membership basis instead of based on county tax rates. Since inception of the lottery funding, the County has dedicated those funds annually in an amount equivalent to one-cent on the property tax rate, or \$1.5 million, towards repayment of school debt over the four-year construction cycle. This additional lottery funding will be used to complete the County's funding of the project after bids are received. Commissioner Isenhower asked how much money was remaining from the Snow Creek project and County Finance Director Rodney Miller responded that amount was \$300,000. Chair Barnes asked the current population at St. Stephens High School, which Mr. Barger said was 1300 students. Commissioner Hunsucker made motion to approve proceeding with a classroom addition project at Webb Murray Elementary and renovations to the kitchen/cafeteria at St. Stephens High School. The motion carried unanimously.

B. Economic Development Corporation

Nathan Huret, Existing Industry Coordinator, Economic Development Corporation, presented a request for Board approval of economic incentives and entering into a Joint Economic Development Agreement with Poppelmann Plastics for the expansion of Poppelmann's Claremont facility. Poppelmann Plastics is one of the leading plastic processing corporations in Europe. Started in 1949 as a small, family-owned, beverage cap manufacturer in Lohne, Germany, the company has grown to employ more than 1300 people worldwide. It remains family-owned, but has diversified its plastic products manufacturing into horticultural, transportation, medical, food industries and more.

In 2007, Poppelmann Plastics opened a manufacturing and warehousing facility in Claremont; its first and only manufacturing venture in the United States. In its first phase, the facility has been manufacturing horticultural pots. Subsequent buildings and phases will manufacture automobile parts, and pharmaceutical and food containers.

As a result of Poppelmann's use of outside warehousing facilities and the foreign exchange rate, Phase II in its development plan was being considered in 2008. The company was considering a second 53,000 square foot building with an anticipated cost of between \$5 and \$8 million upon occupancy, upfit, and equipment. No new employees were expected with this expansion, but the company must maintain all existing jobs through 2016 and the average wage of these jobs must pay at or above the County average wage. This is the second of nine facilities planned on the site layout of the 27.4 acre master plan. Poppelmann's expenditures for the first facility totaled more than \$18 million, exceeding its contractual obligations to the County by nearly \$10 million.

At its August 18, 2008 meeting, the Board unanimously approved a Most Favored Business Incentive, based on 67% of the increased tax on the Phase II facility/equipment for five years, with a maximum total grant of \$28,676 per year or \$143,380 total. The ad valorem tax receipts on \$8 million equal \$214,000 over five years, so this investment will net an immediate positive payback to the County of approximately \$70,620 over five years. The Board's approval contained stipulations that the Company agreed that all employee hires under age 25 have a minimum of a high school diploma, and any future projects awarded Most Favored Business Incentives would require jobs exceeding the County average wage. The County drafted an agreement and sent it to the Company for their consideration in 2008. Following preliminary discussions, the Company was silent for 18 months due to several management changes. When Poppelmann's management was firmly cemented in 2010, discussions on the agreement were renewed and a final agreement negotiated. In response to a question raised by Commissioner Beatty, Mr. Huret indicated the rail was now ready for use but was waiting for a three part agreement to be executed before it would be utilized by Poppelmann. Chair Barnes clarified that the new building was a warehouse and that no new jobs

were being created but the existing jobs would be maintained for five years under the agreement. Commissioner Hunsucker made a motion to adopt the following resolution and approve the execution of the joint economic agreement. The motion carried unanimously.

Resolution No. 2011-

Resolution Authorizing Economic Development Incentives for Pöppelmann Properties USA LLC and Pöppelmann Plastics USA, Inc.

WHEREAS, Pöppelmann Properties USA LLC and Pöppelmann Plastics USA, Inc. (herein collectively referred to as “the Companies”) requested incentives to cause investments equal to or exceeding \$5,000,000 in the Companies’ Claremont facility by December 31, 2011, and the maintenance and availability of the Companies’ existing 36 jobs, 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 the average wage of these 36 jobs is and will be at or above the average wage in Catawba County as determined by the North Carolina Department of Commerce.

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

The Board of Commissioners approves an economic grant equal to 67% of new tax revenues received over a five-year period, up to a maximum of \$143,380. This would maintain an existing 36 jobs and create an investment of a minimum of \$5,000,000 which will qualify for ad valorem tax purposes. This grant will be a maximum of \$28,676 a year for five years to 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 Companies and the County under these terms and conditions and authorizes the Chair to execute these documents.

This the 18th day of January, 2011

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

D. STATE OF NORTH CAROLINA COUNTY OF CATAWBA JOINT ECONOMIC DEVELOPMENT AGREEMENT

This **JOINT ECONOMIC DEVELOPMENT AGREEMENT** (this “Agreement”) is made and entered into this ___day of_____, 2011, by and between **Catawba County**, (the “County”) a North Carolina Body Politic Corporate in Nature, party of the First part, having a mailing address of **P.O. Box 389, Newton, North Carolina 28658**, and **Pöppelmann Properties USA LLC** (“Pöppelmann Properties”), a Limited Liability Company organized and existing under the laws of the State of North Carolina, and **Pöppelmann Plastics USA LLC** (“Pöppelmann Plastics”), a Limited Liability Company organized and existing under the laws of the State of North Carolina, parties of the Second Part and Third Part, respectively and having a mailing address of **P.O. Box 459, Claremont, North Carolina 28610** (Pöppelmann Properties and/or Pöppelmann Plastics are sometimes herein referred to as “the Companies”). All material transactions regarding this Agreement shall be deemed to have occurred in Catawba County, North Carolina.

WITNESSETH:

WHEREAS, the County is desirous of fostering joint economic development within its boundaries; and

WHEREAS, NCGS 158-7.1(a) authorizes the 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

WHEREAS, The County, as Party of the First Part, and the Companies, as Parties of the Second and Third Parts, have agreed to enter into the following Joint Economic Development Agreement in order to set forth the terms and conditions upon which the County will make certain appropriations as incentives under NCGS 158-7.1 for assisting the Companies in the development of a warehousing facility; and

WHEREAS, The Companies are engaged in the manufacture and trade of plastic products within the meaning of NCGS 158-7.1; and

WHEREAS, the Companies qualify under the Catawba County FORESIGHT Guidelines as a "Most Favored Business", and

WHEREAS, the Companies intend to or caused to be constructed a new warehousing facility comprising at least 53,000 square feet within the improvement period as defined herein (the "Facility") within the limits of the County at 2180 Heart Drive, Claremont, NC 28610, Parcel ID # 375115730693 (the "Property"), for the purpose of expanding existing improvements to include a warehousing and distribution facility for the purpose of warehousing raw materials and plastic products; and distributing products among the wholesale and retail market, and

WHEREAS, in order to engage in such enterprise, the Companies intend to construct and to occupy a building or buildings on the Property for use as the Facility, to acquire and/or relocate equipment, and install the same in the Facility; and to undertake such other work as may be appropriate to accomplish the improvements described herein (collectively, the "Improvements"); and

WHEREAS, the Companies anticipate or state that the total cost of the Improvements, including the construction cost of the Facility and inclusive of any equipment or fixtures, during the improvement period, as defined below, will equal or exceed **Five Million (\$5,000,000) Dollars**, and

WHEREAS, the Improvements are expected to increase or already increased the tax base of the County by a related amount and the Companies are expected to maintain 36 or more jobs; and

WHEREAS, the County typically does not provide incentives to projects that do not directly create jobs and expects the Companies to create jobs in future phases and will require such job creation for future participation in any incentive, and

WHEREAS, in an effort to encourage and maintain the highest educational attainment, the Companies have been and will continue to take into consideration the results of job-related skill assessment mechanisms and appropriate training and career readiness certificates for the consideration of any new employees in North Carolina, other than employees who are being transferred from affiliates of the Companies; and, for future projects, will agree to require a minimum of a high school diploma or GED for any applicant 25 years of age or below; and

WHEREAS, as an inducement to the Companies, and to assist the Companies in connection with the Improvements, the County is willing to appropriate and expend County funds to provide certain economic development incentives for the creation of investment, as provided in this Agreement, all such appropriations and expenditures to be made pursuant to the terms and conditions of this Agreement and NCGS 158-7.1(a); and

WHEREAS, the County has approved the appropriation and expenditure as hereinafter set forth for the specific purpose of making economic development grants based on the value of the property improvement and the Improvements to be made; and

WHEREAS, pursuant to NCGS 158-7.1 the Catawba County Board of Commissioners approved such appropriations at an open meeting duly noticed; and

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

WHEREAS, in consideration of these economic development incentives, the Companies agree to comply with the covenants and conditions binding upon them as set forth in this Agreement; and

WHEREAS, the parties are desirous of reducing their agreement to written form;

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

This Agreement shall apply only with respect to Improvements undertaken by the Companies between August 1, 2008 and December 31, 2011 (the "Improvement Period") unless, after appropriate notice and public hearing as required by law, if any, the parties shall agree in writing to extend the same. In no event shall the amounts established herein be increased due to any extension of time for fulfillment of the terms and conditions of this Agreement.

1. This Agreement is executed subject to the fulfillment, on or before February 21, 2011, of each of the following conditions precedent, except to the extent that the Companies may, in their absolute discretion, waive one or more thereof in whole or in part (except Section 1.1):

1.1 The County shall deliver to the Companies an Opinion of Counsel for the County, in form and substance reasonably satisfactory to the Companies, that this Agreement has been duly authorized, executed and delivered by the County;

1.2 The County shall deliver to the Companies, in form and substance reasonably satisfactory to the Companies, evidence in the form of a Resolution or Resolutions of the County duly adopted, or, alternatively, official minutes evidencing the adoption of one or more Resolutions authorizing the economic development incentives set forth in this Agreement; and

1.3 The County shall deliver to the Companies an Opinion of Counsel for the County, in form and substance reasonably satisfactory to the Companies, stating that this Agreement complies with the terms and requirements of NCGS 158-7.1(a) and is binding upon and enforceable against the County in accordance with its terms.

2. This Agreement is executed subject to the fulfillment, on or before, February 21, 2011, of each of the following conditions precedent, except to the extent that the County may, in its absolute discretion, waive one or more thereof in whole or in part (except Section 2.1):

2.1 The Companies shall deliver to the County a certificate confirming that they (or one of them) has acquired, or will cause to be acquired for this project, the real property required for the construction of the Improvements (or, alternatively that no real property is required) and that the construction, acquisition and/or installation of the Improvements will result in the maintenance of 36 existing jobs in Catawba County, and that the average wage of these 36 jobs is and will be at or above the average wage in Catawba County as determined by the North Carolina Department of Commerce for a period of not less than five (5) years after December 31, 2011. Such certificate shall be in the form or substantially in the form of the certificate attached to this Agreement as Exhibit "A".

2.2 A Manager's Certificate and an Incumbency Certificate of the Companies, in form and substance reasonably satisfactory to the County, certifying that (i) this Agreement has been duly authorized, executed and delivered by the Companies and (ii) this Agreement is binding upon and enforceable against the Companies in accordance with its terms.

2.3 An Opinion of Counsel for the Companies, in form and substance reasonably satisfactory to County, that this Agreement has been duly authorized, executed and delivered by Companies; and is binding upon and enforceable against the Companies in accordance with its terms.

The Companies agree to use their best efforts to cause such conditions to be satisfied on or before February 21, 2011.

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

3.1 Pöppelmann Properties USA LLC is a Limited Liability Company duly organized and existing under the laws of the State of North Carolina and is lawfully authorized to do business within the State of North Carolina; and;

3.2 Pöppelmann Plastics USA LLC is a Limited Liability Company duly organized and existing under the laws of North Carolina and is lawfully authorized to do business within the State of North Carolina.

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

3.4 The undersigned Managers of Pöppelmann Properties USA LLC have the right, authority and duty to execute this Agreement in the name and on behalf of Pöppelmann Properties USA LLC; and the undersigned Managers of Pöppelmann Plastics USA LLC have the right, authority and duty to execute this Agreement in the name and on behalf of Pöppelmann Plastics USA LLC.

3.5 This Agreement (i) is the valid and binding instrument and agreement of the Companies, enforceable against the Companies in accordance with its terms; (ii) does not violate any order of any court or other agency of government binding on the Companies, the charter documents or operating agreement of the Companies or any provision of any indenture, agreement or other instrument to which either of the Companies is a party; and (iii) does not conflict with, result in a breach of, or constitute an event of default, or an event which, with notice or lapse of time, or both, would constitute an event of default, under any indenture, agreement or other instrument to which either of the Companies is a party;

3.6 There is no suit, claim, action or litigation pending, or to the best knowledge of the Companies threatened, relating to the Improvements or the use of the Improvements for their intended purpose;

3.7 To the best of the Companies' knowledge, there is no impediment to the use of the Property for the purposes contemplated by this Agreement.

3.8 The Companies are not engaged in a business that would be exempt from property taxes.

4. Subject to satisfaction of the conditions set forth in Sections 1 and 2 above, the Companies covenant and agree with the County that in consideration of the appropriation and expenditure by the County of such economic development incentives, the Companies shall make substantial improvements to the Property during the Improvement Period. Cumulative expenditures will meet or exceed five million dollars (\$5,000,000) by December 31, 2011, and, such expenditures, up to eight million dollars (\$8,000,000), will qualify for ad valorem tax purposes as determined by the Catawba County tax office. The Companies further covenant and agree that they will maintain in place said improvements, along with the minimum number of 36 jobs, for a period of not less than five (5) years after December 31, 2011. Payment of economic development incentives will be made as provided in Section 5, below.

5. Payment of the economic development incentives in accordance with this Agreement will be made upon the completion of the Facility and Improvements, and the issuance of a valid certificate of occupancy for all structures which are a part of the Improvements and shall be made as follows. The County will provide annual payments equal to 67% of the additional ad valorem taxes paid to the County for a five year period, commencing with the taxes payable for the tax values on January 1, 2010, and continuing with the taxes payable for the tax values on January 1 of each of the succeeding four years. In no event will the cumulative payments by the County exceed one hundred forty-three thousand three hundred eighty dollars (\$143,380). For purposes of this Agreement, "CY 1" means calendar year 2011 and "CY 2" through "CY 5" means the succeeding four (4) calendar years. Upon payment of ad valorem taxes by the Companies to the County for each of CY 1 through CY 5, and certification by the Companies in the form or substantially in the form of the certificate attached hereto as Exhibit B, of improvements made to the date of such certification, the County will, within sixty (60) days following receipt of that certification, pay to Pöppelmann Properties USA LLC an economic development incentive payment, the amount of which is calculated by multiplying by .67 the increase in the ad valorem tax revenue received by the County attributable to the value of the improvements made by the Companies pursuant to this Agreement over the amount attributable to improvements already in place and taxed on the site as of the date that the Companies begin construction on the Facility. Regardless of the calculation, the maximum amount the County would pay in each of years CY 1 through CY5 will be \$28,676. This same process will be followed by the County in each of the immediately following four (4) years. No incentives will be paid by the County after the fifth year as pursuant to this Agreement, but nothing in

this Agreement precludes the County and the Companies from entering into a subsequent agreement pertaining to other economic development incentives. The Companies shall furnish to the County on or before March 5 of each year, following and corresponding to the previous July 1st when taxes are billed, the certification required by this Section 5 and proof of payment of all applicable taxes. If requested, the Companies shall provide the County, at the County's expense, independent certification as to its expenditures hereunder.

6. Notwithstanding the provisions of Paragraph 8, in the event the Companies are unable to meet the requirements of Paragraph 5 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 the Companies; then, in such event, the Improvement Period shall be extended for a period equal to the delay caused by any of the foregoing events so long as the Companies shall (a) have furnished the 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.

7. 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):

7.1 By the Companies:

- i. If the Companies, except in the event of force majeure, shall commit a material breach of a material covenant or obligation hereunder (including without limitation, the obligation to meet the investment goals or maintain the minimum number of jobs as set forth herein) and such breach shall continue for a period of sixty (60) or more days following the receipt of written notice from the County;
- ii. If the Companies fail to timely file Exhibit A, or Exhibit B on or before March 5 of each year, following and corresponding to the previous July 1st when taxes are billed, and any qualifying incentive would be due to either of the Companies, this shall be deemed a breach of the Agreement and, notwithstanding Section 8.1, below, the sole remedy will be that County will not owe either of the Companies any incentive that may have otherwise been due had that filing properly been made;
- iii. If any material representation, warranty or other statement of fact contained in this Agreement or in any writing, certificate, report or statement furnished by the Companies to the County in connection with the transaction described in this Agreement, shall be false or misleading in any material respect when given;
- iv. If the Companies shall be unable to pay their debts generally as they become due; file a petition to take advantage of any insolvency statute; make an assignment for the benefit of creditors; commence a proceeding for the appointment of a receiver, trustee, liquidator or conservator of themselves or of the whole or any substantial part of their property; file a petition or answer seeking reorganization or arrangement of similar relief under the federal bankruptcy laws or any other applicable law or statute of the United States of America or any state;
- v. If a Court of competent jurisdiction shall enter an order, judgment, or decree appointing a custodian, receiver, trustee, liquidator, or conservator of the Companies or of the whole or any substantial part of its properties, or approve a petition filed against the Companies seeking reorganization or arrangement or 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 the Companies or of the whole or any substantial part of its properties or
- vi. If the Companies shall allow its employment and payroll 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.

7.2 By the County

7.2.1 If the County, except in the event of force majeure, shall fail to fulfill the provisions of Section 5 of this Agreement;

7.2.2 If any material representation, warranty or other statement of fact contained in this Agreement shall be false or misleading in any material respect when given.

8. Remedy:

a. Default by the Companies: If an Event of Default occurs, the obligation of the County as set out herein shall terminate, and the Companies shall immediately refund to the County all economic development incentive payments paid to the Companies hereunder prior to the date of the Event of Default plus interest at the rate of prime plus one percent (1%). The date the interest rate shall be determined shall be the date the County sends to the Companies notice of the Event of Default. The remedy set forth in this paragraph shall be in lieu of any other remedy available to the County under applicable law which is based on a default by the Companies.

b. Default by the County: If the County fails to perform any of its obligations as set forth in this Agreement, according to the timetables as established in this Agreement, then either of the Companies shall have the right of action, in any recognized legal forum, to recover monetary damages to the extent of harm to the Companies proximately resulting from said breach, but not to exceed \$143,380. The remedy set forth in this paragraph shall be in lieu of any other remedy available to the Companies under applicable law which is based on a default by the County.

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

10. 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
100-A S.W. Blvd.
Newton, NC 28658
Attn: J. Thomas Lundy, County Manager

Copy to: Catawba County Attorney's Office
100-A S.W. Blvd.
Newton, NC 28658
Attn: Debra Bechtel, County Attorney

Company: Pöppelmann Properties USA LLC
P.O. Box 459
Claremont, NC 28610
Attn: Henk Goevert

Pöppelmann Plastics USA LLC
P.O. Box 459
Claremont, NC 28610
Attn: Henk Goevert

Copy to: Dixon F. Miller
Porter, Wright, Morris & Arthur LLP
41 South High St., Suite 2800
Columbus, OH 43215-6194
Fax: 614-227-2100
Attorney for the Companies

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

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

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

13. 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.

14. 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.

15. This Agreement is governed by and shall be construed in accordance with the laws of the State of North Carolina, venue in Catawba County.

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

17. Both the Companies and Catawba 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 the Companies and Catawba County. As such, the doctrine of construction against the drafter shall have no application to this Agreement.

Executed the date first set forth above.

Catawba County,
A North Carolina Body Politic
Attest:
(SEAL)

By: _____
Katherine W. Barnes, Chair
Catawba County, Board of

Clerk

Commissioners

Pöppelmann Properties USA LLC

**Attest:
(SEAL)**

By: _____
Jürgen Deters (Manager)

Secretary

By: _____
Johannes Diekmann (Manager)

Pöppelmann Plastics USA LLC

**Attest:
(SEAL)**

By: _____
Jack Shelton (President)

Secretary

By: _____
Thomas Orr (Vice President)

**STATE OF NORTH CAROLINA
COUNTY OF CATAWBA**

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

Witness my hand and seal this _____ day of _____, 2011.

[Seal]

Notary Public

My commission expires: _____

**STATE OF _____
COUNTY OF _____**

I, _____ a Notary Public of said county and state, certify that _____ personally came before me this day and acknowledged that he/she is a Manager of Pöppelmann Properties USA LLC, a Limited Liability Company organized in North Carolina, and that he/she signed the foregoing instrument on behalf of the company pursuant to authority duly given him/her by the company

Witness my hand and seal this _____ day of _____, 2011.

[Seal]

Notary Public

My commission expires: _____

I, _____ a Notary Public of said county and state, certify that _____ personally came before me this day and acknowledged that he/she is a Manager of Pöppelmann Plastics USA LLC, a Limited Liability Company organized in

North Carolina, and that he/she signed the foregoing instrument on behalf of the company pursuant to authority duly given him/her by the company

Witness my hand and seal this _____ day of _____, 2011.

[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.

Rodney N. Miller, Finance Director

Approved as to form on behalf of Catawba County only:

Debra Bechtel, County Attorney

C. Social Services:

Social Services Director John Eller and Public Health Services Manager Jennifer McCracken presented the Annual Report from the Community Child Protection/Child Fatality Team. North Carolina requires an annual reporting to the Board regarding the work of the team. This annual report is to update and keep the Board informed on activities to date. With this Board approval, the Annual Plan will now be submitted to the State.

The Catawba County Child Protection Team was established in February 1992, as the result of an executive order by Governor James Martin. The State later mandated a Child Fatality Review Team and Catawba County elected to combine the two teams, with a first joint meeting in August 1995. The combined teams have met quarterly since that time, except for specially called meetings. The Child Protection Team has the legal responsibilities for reviewing cases of child fatalities when the family is known to the Department of Social Services and identification of areas in Protective Services needing improvement in order to maximize the safety of the community's children. The Child Fatality Team's purpose is to provide a multi-agency, multi-disciplinary approach to study cases of childhood death in Catawba County in order to attempt to reduce child fatalities. The local directors of Social Services and Public Health have specific responsibilities for each team and the Board of Commissioners decides if there will be a team for each area or if they will be combined. Although they are combined in Catawba County, this report addresses the work of the Community Child Protection Team.

The Community Child Protection/Child Fatality Team has proven to be an effective one, utilizing a systemic approach. Efforts continue to be made for the group to review additional individual Child Protective Services issues and satisfy the State's agreement with the federal government to use Child Protection Teams as a review mechanism in the Child Protective Services arena.

From its inception, the Catawba County Child Protection Team focused on systemic issues. Some selected child abuse and neglect cases were reviewed for the purposes of understanding systemic issues and recommending or causing necessary changes to be made. Over the course of the Child

Protection Team's work, areas given strong focus and consideration include: child sexual abuse protection and community protocol; training and abuse prosecution in criminal investigations; referral for protective services from physicians; foster care treatment emergency protocol for sexual victimization; interagency communications; medical examinations for children in Social Services' care; review of all child fatalities in Catawba County since the inception of the Child Fatality Team; legislation to increase the age of consent from 13 to 16 in North Carolina with a statewide marketing campaign; support of the Safe Kids Coalition and the establishment of a Child Advocacy Center; participation in the Catawba County Minimum Standards of Child Care program; support for the Sheriff Department's Trigger Locks Program and for a defensive driving course in addition to regular driver education; identification of a high correlation among infant fatalities and substance abusing caretakers and improved relationships among professional workers dealing with prenatal and postpartum patients regarding laws of confidentiality.

Commissioner Isenhower asked how information regarding programs was disseminated to the community and was told Ad Hoc committees focused on the best ways to target their particular recipients, brochures were utilized and public relations efforts were used when possible. Commissioner Hunsucker asked if records were kept on the ages of parents involved and Mr. Eller said there was no mandate by the State for this record keeping but Social Services did try to look for trends. Vice-Chair Lail made a motion to accept this report; the motion carried unanimously.

D. Utilities and Engineering:

Amanda Kain, Waste Reduction Coordinator, presented a report on the Household Hazardous Waste and Electronics One-Day Collection event held on November 6, 2010 at LP Frans Stadium in Hickory. This event was organized to provide citizens with a means to dispose of general household hazardous waste (HHW) such as oil and latex paint, aerosols, used motor oil, antifreeze, mercury and electronics, including computers/laptops, keyboards, printers, televisions, telephones, fax machines, copiers, stereo equipment, VCRs and camcorders. This is the County's nineteenth one-day collection event and the eighth combined event with the City of Hickory. Garbage Disposal Service (GDS) provides bi-annual funding for the event in the amount of \$12,500. The City of Hickory provided roll off dumpsters for cardboard and non-recyclable solid waste that is a by-product of the event.

A total of 792 vehicles passed through the collection on November 8, representing 1,276 households. A total of 98,849 pounds of waste was collected. The cost to Catawba County was \$24,336.22. The cost of the event is driven by the type and quantity of waste handled during the event. The amount of HHW collected by weight increased by 6.7% over the 2010 spring event held in Newton, and by 9.1% over the 2009 fall event held at LP Frans Stadium. These events have experienced continued growth, in the amount of HHW collected by weight per event, since fall of 2008. Through these events, a total of 1,298,559 pounds of HHW has been removed from the county's waste stream since 2000. Commissioner Beatty commented that she had attended the event and was very impressed with the efficiency and organization exhibited. This item was for information only and required no action by the Board.

10. Other Items of Business: None.

11. Attorney's Report: None.

12. Manager's Report.

Assistant Manager Lee Worsley presented the proposed 2011 State and Federal Legislative Agendas. Each year, the Board adopts a State and Federal Legislative Agenda to highlight legislative issues of local importance. The "Long Session" of the North Carolina General Assembly begins on January 26, 2011, so it is time to consider a new agenda. The proposed agendas were developed in collaboration with County department heads, the Catawba County School System, Hickory Public Schools, Newton-Conover City Schools, Catawba Valley Community College, Catawba County Chamber of Commerce, Catawba County Economic Development Commission,

Western Piedmont Council of Governments and the municipalities.

At the Board of Commissioner's November 29, 2010 Subcommittee meeting, there was a discussion about developing a common top two state legislative goals in cooperation with other entities that develop a legislative agenda. The approved agenda contains two goals that were developed collaboratively. The first is a goal to "support changes to North Carolina's economic development tiering structure and state funding of economic development projects". The second is a goal which concerns proposed legislation on collective bargaining to "oppose all attempts at the Federal and State levels, including Federal Senate Bill 3991 Public Safety Employer-Employee Cooperation Act of 2010, that circumvent North Carolina General Statute 95-98. Additionally, the North Carolina General Assembly should pass legislation to strengthen the prohibition against any participation in public sector mandatory collective bargaining in North Carolina". The following are the goals as presented:

2011 Catawba County State Legislative
Agenda

High Priority Goals

Support changes to North Carolina's economic development tiering structure and state funding of economic development projects

During the 2011 Long Session of the General Assembly, legislation should be passed to more fairly utilize a County's tier status for economic development projects. Legislation should also be passed to stop State funding of economic development projects that merely shift jobs from one part of North Carolina to another.

Minimize County to County Competition for Economic Development Projects

State money for incentives and state-funded programs should not be used to shift jobs from one part of the State to another unless the shifting of those jobs prevents the company from leaving North Carolina. The money saved from implementing this practice could assist with the State's impending budget deficit.

Revise Incentives Tiering Methodology

Legislation should be passed that deletes the 36-Month Population Growth Rate and Per Capita Adjusted Assessed Property Value factors from the Development Factor used to determine County Development Tiers (G.S.143B-437.08). These two factors do not illustrate true economic distress and do not allow the tier structure to respond quickly enough to changing economic conditions. Additionally, the use of the Economic Distress Tiering System is proliferating for non-incentive applications. Originally designed in 1996 for the award of only William S. Lee Tax credits, the tiering system is now being used broadly for such widely ranging applications as E-911 funding, Incumbent Worker Training programs, and other non-incentive programs to which it was not designed. If Tiering is continued, it should be modified to address a broader economic distress methodology or simplified to address unemployment and median household income.

Oppose all attempts at the Federal and State levels, including Federal Senate Bill 3991 Public Safety Employer-Employee Cooperation Act of 2010, that circumvent North Carolina General Statute 95-98. Additionally, the North Carolina General Assembly should pass legislation to strengthen the prohibition against any participation in public sector mandatory collective bargaining in North Carolina.

Catawba County values the work of law enforcement officers and public safety employees. Annually the County analyzes salaries and benefits of **all** employees and ensures that they are competitive with the market in North Carolina. Competitive pay and benefits for City employees is a fundamental value of Catawba County. Therefore, the County does not support collective bargaining because it would undermine the professional and nonpolitical atmosphere that currently resides in North Carolina's local governments; create inequity among employees; and drive up the cost of local government. The United States Senate is currently considering legislation that would make it possible for collective bargaining to occur at the state and local level in North Carolina. Catawba County is opposed to Senate Bill 3991 as introduced by Senator Reid on December 1, 2010. Catawba County encourages and supports the 2011 General Assembly in passing legislation which will further strengthen the rights of NC cities and counties to treat all of their employees fairly

and professionally and protect citizens from the fiscal burdens generated as a result of union influence into personnel management.

Other Legislative Goals of Importance

Support an increase to \$35,000 in the Homestead Exclusion income limit.

increase in the Homestead Exclusion income limit to \$35,000. This will provide much-needed property tax relief for the senior citizens of Catawba County.

During the 2009 Long Session, several bills related to this goal were filed. House Bill 396 and Senate Bill 500, which were sponsored by our local delegation, would authorize an increase in the income limit for the Homestead Exclusion Act to \$35,000. A similar bill introduced during the session, House Bill 423, would raise the income limit to \$30,000. None of these Bills moved beyond committee during the 2009 Long Session and the issue was not discussed during the 2010 Short Session.

Support an equitable distribution method in the School Capital Fund Formula/Lottery Proceeds as long as North Carolina chooses to conduct an educational lottery.

Of the Lottery funds dedicated to school construction, 65 percent is distributed on a per student basis and 35 percent of the funds are given to counties that have an effective tax rate that is higher than the statewide average. Since Catawba County has a lower than average tax rate, the current distribution formula penalizes Catawba County with reduced funding levels. If the 35 percent that is distributed based on the effective tax rate were distributed based on a per student allocation to each county, Catawba County could receive an additional \$1 million from Lottery proceeds yearly.

During the 2010 Short Session, the General Assembly diverted \$63 million in lottery proceeds to local school systems to supplement operational funding. At the same time, the General Assembly switched the remaining funding to a per pupil distribution formula. The result is telling in that despite a reduction in total lottery dollars statewide, Catawba County will actually receive more lottery funds this year than in previous years due to a fairer distribution formula. Last year, Catawba County budgeted and received about \$1,600,000 whereas the County is projected to receive about \$1,949,122 this year - an increase of \$349,122.

Oppose transferring the responsibility of North Carolina's secondary road infrastructure to counties – the elimination or decrease in current road infrastructure funding levels for municipalities or the transfer of any State maintained roads to municipalities.

As the State of North Carolina looks to update and increase its road infrastructure, various funding and road responsibility options have been discussed. Catawba County opposes any State options that redirect State road responsibilities to counties. Additionally, the County opposes all attempts to eliminate or decrease State transportation funds for municipalities

If the County was mandated to maintain secondary roads, the cost could reach \$5.9 million annually, based on the current State Department of Transportation budget for Catawba County road maintenance. This would require close to a 4 cent increase in the County's property tax rate.

The addition of new revenue options for North Carolina in 2007 (1/4 cent sales tax and land transfer tax) were not intended to be a gateway for additional unfunded state mandates like the responsibility of secondary road maintenance. These revenue options were meant to help fund existing county responsibilities such as: water/sewer, economic development, court facilities, and public safety infrastructure. Any attempt to force road responsibilities on counties, justified by increased revenue options, would only create larger fiscal problems for counties and increase property taxpayers' burden.

Oppose any State efforts to force additional unfunded mandates or take away local revenues to balance the State Budget and restore previous cuts when possible.

It is anticipated that there could be a deficit in the range of \$3 – \$3.5 billion when the State's 2011/2012 budget process begins. During previous State budget difficulties, the State reduced its deficit by passing on additional unfunded mandates to local governments, or they withheld local revenue. The impact of these actions is a growing burden on local taxpayers to pay for the State's

budget shortfall and a resulting crippling of local governments' ability to pay for mandated services like education and public safety.

For example, the following cuts were made to Catawba County in Fiscal Year 2009/10 and 2010/11 to balance the State Budget:

Fiscal Year 2009/10

- Suspended Average Daily Membership (ADM) Funds for school capital for two years (Approximately \$1.3 million each year)
- Eliminated \$18 per day jail misdemeanor payments (\$187,478)
- 10% of Court Facility Fees were taken by the State (\$25,000 projected based on 08-09 revenues)
- Reduced allocation to schools, resulting in a combined budget decrease of \$8,884,134 for all three school districts.
- Cut funding to Catawba Valley Community College by \$1.2 Million as a result of a 3.5% cut to the original budget and a 5% reversion (2% was returned to CVCC due to enrollment growth).
- Decreased funding to the ASU Center in Hickory (Hickory Metro Higher Education Center) by \$250,000
- Cut Beer and Wine revenues by 2/3, resulting in an estimated \$245,000 loss to Catawba County.
- Required counties to provide office space to employees of the Department of Corrections assigned to the district court, which is a potential impact of \$38,000.
- Made reductions to Public Health in the Smart Start Program, and just recently made additional cuts to this program as well as Health Check. These reductions totaled \$102,898.
- Cut JCPC allocation by 5%; a reduction of \$17,943 dispersed among various programs.
- Cut funding for several programs within the Department of Social Services and also imposed unfunded mandates that resulted in an impact of \$550,650. Besides a reduction in direct aid, affected programs include Family N.E.T, Smart Start, Catawba County Schools, JCPC for Corner House I & II and Family N.E.T, and Mental Health Service Definitions.

Fiscal Year 2010/11

- Continuation of the suspension of Average Daily Membership (ADM) Funds for school capital (Approximately \$1.3 million)
- Continuation of the elimination of the \$18 per day jail misdemeanor payments (Catawba County lost 187,478 last fiscal year as a result of this seizure of funds)
- Continuation of 10% of Court Facility Fees taken by the State
- Reduced allocation to schools, resulting in a combined budget decrease of \$5,198,258 for all three school districts.
- Continuation of a JCPC allocation by 5%; a reduction of \$17,943 dispersed among various programs.
- Various cuts to Social Services program with losses projected to be between \$70,000 and \$115,000
- State grant for Environmental Health was reduced by \$2,000.
- Cuts to Catawba Valley Community College

Oppose attempts to reduce a local government's tax base, which leads to more burden on property taxpayers.

Recent legislative sessions have seen an attack on local government's tax base, which leave a heavier burden on the general public for mandated local government services.

Catawba County was in opposition to several bills introduced during the 2009 Long Session that placed additional burden on property taxpayers. Senate Bill 610/House Bill 1541 and House Bill 889 were introduced to allow certain purchases to be exempt from sales tax such as petroleum gas use for domestic consumption and air-craft related purchases. Several other bills were introduced that would reduce property tax for certain items, increasing the burden for others and/or reducing revenue for the County.

Support an increase in the \$40 reimbursement rate for state inmates in county jails and reinstatement of the \$18 misdemeanor reimbursement.
Oppose any attempts to increase the time that County jails are required to hold misdemeanants.

During the 2009 Long Session, the General Assembly abolished the \$18 per day reimbursement from the Department of Correction for counties holding misdemeanants serving 30-90 days. This amount was established in 1997 (prior to 1997, N.C. counties received \$14.50 per day). The County lost \$187,478 in revenue last fiscal year, due to the seizure of these funds by the State. Extending the time a misdemeanor could be housed by counties from 90 to 180 days was also discussed during the FY 2009-2010 budget process. However, this idea was never introduced as a bill.

Currently, counties continue to receive the \$40 reimbursement from the State for inmates housed in county jails while waiting to be transported into the State Prison System. In FY 2009-2010 Catawba County was reimbursed \$105,040 for these State inmates. The true cost to house these inmates was \$75 per day with a total annual cost of \$196,950. The \$40 reimbursement pays for only slightly more than half the true cost of housing an inmate and should be increased to better compensate counties for housing State inmates.

Support an exemption of State sales tax on purchases made by local school systems.

Over the past few years, the General Assembly has partially restored the sales tax refund for schools. The 2.25 cent sales tax (local option) refund for schools was restored in Fiscal Year 2005-2006, but a refund for the State portion of the Sales tax has not been restored. If school systems continue to be required to pay the entire State sales tax, they may seek additional funding from counties to offset this loss of funding. It is estimated that the three school systems in Catawba County spend about \$500,000 per year on state sales taxes. These funds could be put to better use toward the education of Catawba County's children.

Support a rate increase for Medicaid and State mental health services to at least cover cost of service.

In Fiscal Year 2008-09, Family NET continued to experience major financial challenges, primarily due to mental health reform and the State's desire to reduce Medicaid expenses.

Overall, Catawba County has experienced a 32 percent average reduction in rates for 90 percent of the services in Family NET. This has accounted for over \$1,000,000 in lost revenues over the last five years.

During Fiscal Years 2007-08, 2008-09, and 2009-10 the reduction in funding has meant a drastic reduction in staffing, reductions in services to schools, a reduced ability to serve citizens timely, and the creation of waiting lists for certain enhanced services. It is inevitable that future reductions will further impact Catawba County's ability to provide consistent services across the continuum of care at Family NET.

Catawba County would like to see the State focus on providing tiered rates that adequately cover the services provided. Without this, the County's Family NET program will continue to struggle financially. In order to fully fund Family NET in its current structure, the County will need \$200,000 this year and \$235,000 next year. Furthermore, to serve all citizens as planned, the County will need in excess of \$500,000 this year and \$600,000 next year, based on the current rate structure.

The State should maintain "Electing Counties" and maintain the County's financial incentive.

When the concept of Work First Electing Counties was created by the North Carolina General Assembly in 1997, the General Assembly gave Electing Counties a monetary allocation for their assistance. The State allowed Electing Counties to keep their unspent 'assistance' dollars to provide an incentive for counties to take part in the social experiment. Electing Counties have

created and continue to create many innovative programs and policies that the State has adopted statewide. However, the State is paring down the economic incentive for counties to take the financial risk associated with Electing County status. If Electing County funds continue to be decreased, counties will have fewer funds to help create programs for individuals in need or help support current programs that are not receiving adequate funding from the State. For example, Catawba County uses its unspent Electing County funding for Child Protective Services (CPS) intake and investigation needs. Currently, Catawba County does not receive enough direct funds for CPS positions to oversee the large caseload requirements mandated by state law.

The State is pairing down the economic incentive for counties, resulting in an increased financial risk for Electing County status. For example, during Fiscal Year 2007-08, the State decreased the Electing County economic incentive for Catawba County by \$506,185, as the TANF Cash assistance allocation was reduced from \$1,599,925 to \$1,093,740.

Support an increase in the reimbursement rate for local government legal work related to in rem foreclosures.

When property taxes are not paid, the County, at times, must use the legal means at its disposal to collect. Sometimes, foreclosure on a piece of real property is the best means to collect taxes that are delinquent. This is essential in order to maintain revenue and be fair to those citizens that are paying their taxes.

One option available to local government is a mortgage-style foreclosure, which must be conducted by an attorney and is time consuming and expensive. Due to its complicated nature, the mortgage-style foreclosure is much more susceptible to being challenged. When a mortgage-style foreclosure is used by local government, all fees and attorney's fees (all hours the attorney works on the case) are allowed to be billed and collected from the proceeds of the sale following the foreclosure.

The other option available to local government is in rem foreclosure. This type of foreclosure is more cost effective and efficient than the mortgage style option. An in rem foreclosure is actually an action against the property, rather than the owner resulting in a more practical foreclosure process. This is especially true in cases where a foreclosure deal with heirs' properties. Despite its practicality, the average in rem foreclosure takes eight to nine months of staff time from start to finish. The administrative fee is limited to \$50 by State law, which does not take into consideration the amount of time spent by staff resolving a foreclosure. Given the staff time required to complete the foreclosure, the current fee does not adequately cover the cost of the process.

A fee of \$500 would be more appropriate to capture the effort required to complete an in rem foreclosure.

Support flexible local revenue options to reduce the burden on the property taxpayer.

For several years, Catawba County has worked to secure flexible local revenue options. Catawba County is supportive of the philosophy that what one local government has as a local revenue option, should be available to other local governments. Flexible revenue options would result in less burden on property taxpayers and more widely disperse the financial responsibility for mandated local services to all residents rather than just property owners. A recent example is the ¼ cent sales tax was approved overwhelmingly by Catawba County voters in November 2007. This sales tax will be paid by a broader range of Catawba County residents and avoids a 3.6 cent property tax increase to fund important projects in public safety, economic development, the court system and education.

Support maintaining local control of the North Carolina ABC System and preservation of local revenues received from the system.

A locally controlled Alcoholic Beverage Control System allows operational decisions regarding the procurement of alcoholic beverages to be done at a local level. These decisions are not based on profit, but are made with the best interest of the community at heart. The Catawba County Board of Commissioners adopted a Resolution on December 6, 2010 in support of the current method of local control of the ABC System.

During the 2009 Short Session of the General Assembly, legislation was introduced to make some changes to the State's ABC system. When first drafted, the legislation would have taken revenues

away from local ABC systems, and ultimately the County, for the benefit of the State. Fortunately, these provisions were removed from the legislation before it was adopted by the General Assembly. Revenues resulting from profits from ABC Sales provided \$1 million in revenue to Catawba County during Fiscal Year 2008/09. To equal this revenue, a \$0.66 cent increase in the property tax would be necessary.

Support local legislation similar to legislation passed last year (Cleanfields Act of 2010) to allow Catawba County to provide triple credit toward renewable energy portfolios.

Catawba County is requesting local legislation that will provide triple credit toward renewable energy portfolios of electric power or renewable energy certificates generated within the Catawba County EcoComplex similar to the credits allowed under Session Law 2010-195 (Senate Bill 886). Local legislation for Catawba County is needed to ensure that the renewable energy projects within Catawba County's EcoComplex remain viable and maintain market competitiveness with renewable energy projects being developed in the private sector.

During the 2009-2010 Short Session of the North Carolina General Assembly, Senate Bill 886, Cleanfields Act of 2010, was approved by the General Assembly. This legislation instructs the North Carolina Utilities Commission to assign triple credit to any electric power or renewable energy certificates generated from renewable energy resources at a new biomass renewable energy facility, provided those credits are purchased by an electric power supplier for the purposes of compliance with State law that was passed in 2007 that requires a portion of a power companies portfolio to be renewable energy. Senate Bill 886 was written in a way so that it only applies to one facility in North Carolina and cannot be used by Catawba County for the benefit of the EcoComplex.

Support legislation to allow for a local preference to suppliers within certain limitations that want to do businesses with local governments.

Catawba County has experienced significant unemployment over the last few years as a result of economic recessions. The unemployment rate in Catawba County reached a high of 15.6% in March 2009 and has remained above the state and national averages.

To assist Catawba County businesses and residents to maintain employment, the Catawba County Board of Commissioners supports giving a local preference to suppliers, service providers and contractors that want to conduct business with the County.

One option is to mirror Executive Order No. 50 issued by the State of North Carolina in 2010. The preference allows for a local bidder to match the price of a nonlocal lowest bidder's price if it falls within 5% or \$10,000, whichever is lowest.

Support legislation to provide for less expensive alternatives for run-off elections.

Run-off elections can prove to be an expensive and unexpected cost for counties when no candidate receives the required 50% majority to be declared the official winner. The most current second primary, due to the need for a run-off for the Democratic Senate Primary, cost Catawba County an additional \$51,000. There are voting alternatives being used for the first time that may prove to be a solution for this costly issue.

Currently, there is a provision that allows the State of North Carolina to conduct Instant Runoff Voting (IRV) if a vacancy is created in the appellate judicial officers under specific conditions. IRV combines the Primary and Election Day into one election by allowing voters to rank their candidate choices. On November 2, 2010 voters statewide selected a Court of Appeals Judge using this method. Additionally, IRV was used to select three Superior Court Judges in Buncombe, Cumberland, and Rowan counties.

The State should consider additional cost and time-saving methods allowing Counties greater flexibility in determining what voting sites should be open if a runoff is required through traditional voting.

Runoff elections are an unpredictable burden on counties and other methods should be considered to provide a more efficient and less costly voting method.

Support legislation, similar to municipalities, which will permit counties to provide high-speed internet either through direct service from the county or a public private partnership. When possible encourage private industry to partner with counties to expand service.

Catawba County was recently classified as an underserved area for broadband by the e-NC Authority for the recent ARRA Broadband grants. Catawba County has three areas of the county where citizens do not have sufficient broadband service, defined as 10% to 50% without Digital Subscriber Line (DSL) or Cable Modem service. The largest of the three areas lies in the Southwest corner of the county. DSL coverage for this area has not been provided and cable modem coverage is limited to several hundred feet off of the main roads. Citizens in this part of the county have limited options. The other two areas, one located in the Bunker Hill area and one located in the Bandys area, have similar issues.

Municipal governments in North Carolina currently are permitted to provide high speed Internet on their own or through public/private partnerships. Two recent examples of municipal governments providing this service are the City of Wilson, which is delivering 100 megabit to the home and 1 gigabit to businesses today. The City of Salisbury will soon be delivering equivalent service.

Increased availability of broadband is critical component to creating and retaining jobs. The US Bureau of Economic Analysis estimates that for every dollar invested in broadband returns another \$3 to the economy. Conversely, the failure to make necessary investments in broadband is projected to reduce productivity by one percent per year or more. A 1 percent increase in a state's broadband penetration results in .2 to .3 percent increase in employment. The effect of high speed Internet access translates into \$1,000 to \$1,500 increase in per capita income.

Broadband is also a critical component to the modern educational system. Education doesn't stop at the schoolyard gate or the library door. Digital textbooks and other mobile learning devices allow students to learn in a real-world context, inside the classroom and beyond. Because of their low cost and accessibility, these mobile devices can also help advance digital equity, particularly for children from economically disadvantaged communities. With certain areas of the county underserved and no affordable means of acquiring high speed broadband, students who live in these areas will be at a disadvantage.

Support Enrollment Growth Funding for the Community College System

During this economic downturn the State's Community College System is playing a critical role in retraining the workforce. The majority of community colleges in North Carolina have experienced extraordinary enrollment growth over the past 3 years. Continued growth is projected while formula budgets continue to be reduced. Dollars spent in the Community College System are investments in a stronger county and state and will reap dividends into the future.

Enrollment growth funding is Catawba Valley Community College's (CVCC) primary avenue for expansion and development of quality workforce programs within the College's service area. Over the past 3 years, CVCC has grown over 18% while their formula budget was being reduced due to the economic climate of the state. Enrollment growth provides critical resources in high demand areas. CVCC is reaching capacity in its ability to serve the 6,000 individuals who are utilizing the College's services to assist them in re-entering the workforce or accelerating their higher education pursuits. Without enrollment growth funding, CVCC would have to begin turning people that have just been laid off away as a result of lack of capacity.

Oppose efforts to require collective bargaining for public or private employees

The United States Congress has made several attempts to preempt North Carolina law and require collective bargaining for both public and private employees. If attempts to impose collective bargaining are successful, the results will be damaging for both local governments and economic development efforts for private industry.

In addition to efforts to force unions onto private industry, there have been several Congressional attempts to require local governments to implement collective bargaining for public employees. In December 2007, Congress attempted to amend the Farm Bill to include S 2123, the "Public Safety Employer-Employee Cooperation Act of 2007." In July 2007, the House of Representatives passed HR 980, a mandatory collective bargaining bill, by a margin of 314-97.

In January 2009, the Public Employee Cooperation Act was introduced in Congress (House Bill 410/Senate Bill 1611).

The Bill would provide collective bargaining rights for public safety officers employed by States or their political subdivision (local governments). The ability to engage in collective bargaining, as defined in this Bill, would be made available to law enforcement officers, fire fighters, and emergency medical services personnel. This Bill has once again surfaced as Senate Bill 3991 and efforts to bring the Bill to a vote are ongoing. Fortunately, a vote to bring Senate Bill 3991 to the Senate floor for a vote failed a cloture vote during the week of December 6, 2010.

In March 2009, the Employee Free Choice Act was introduced in Congress (House Bill 560/Senate Bill 1409). Commonly known as "The Card Check Bill", this legislation would do away with the current requirements that a union be certified through a federally-supervised secret ballot election. Instead, the union would be certified the moment it collected a majority of signed authorization cards. The Card Check Bill would therefore eliminate the campaign period and the legal requirements that regulate it, not to mention eliminating the ability of employees to make an informed decision in private.

The implementation of collective bargaining for public employees will take away state's rights and North Carolina's status as an "employment at will" state. Implementation of collective bargaining for public employees will create a political atmosphere in the workplace, and will seriously degrade the professional nature of hiring and service delivery. The requirements set forth in collective bargaining will add tremendous costs to the personnel functions of local government, which could ultimately lead to property tax increases as well as negatively impact a local government's ability to effectively establish and manage its budget. Implementation of collective bargaining will introduce an adversarial relationship between elected officials, local government county/city managers and other staff. Catawba County has enjoyed a positive working environment and culture where everyone works together for the good of the public.

Support pursuing grant sources in the funding of a regional wastewater sludge management system.

Catawba County and its partners, the Cities of Hickory and Conover (The Consortium) are requesting Federal funding to build a regional wastewater sludge management facility. The request is for \$5 million in State and Tribal Assistance Grant State from the Environmental Protection Agency and \$5 million in Department of Energy funding. In addition, funding from the Departments of Commerce and Agriculture can be deemed appropriate due to the economic development and agriculturally beneficial product generated by the facility.

The Consortium is mandated to handle their wastewater treatment biosolids in accordance with ever-tightening US-EPA regulations. A new, more cost-effective, state-of-the-art, biosolids drying facility that utilizes "green energy" available at the County's EcoComplex is needed to replace an existing composting facility (outdated technology) whose projected rehabilitation and expansion cost far exceeds the proposed new facility. Closure of the existing composting facility will make the

Fairgrove Business Park more attractive to new business creating jobs for the depressed Catawba County region.

The Regional Wastewater Sludge Management Facility will utilize waste heat and electricity (“green energy”) from existing landfill gas-to-energy engines and the impending Wood Byproduct Gasification and Green Energy Production Facility to dry biosolids. The resulting dried product will be used to incubate new soil amendment businesses that will benefit agriculture and the local economy.

To date, Catawba County has invested approximately \$1.2 million in conducting detailed engineering evaluations of the cost to expand and rehabilitate the existing composting facility as well as construct the new drying and green energy facility. A 30% design of the drying and green energy facility has been completed.

Support pursuing grant sources in the funding of a wood byproduct gasification and green energy facility.

Catawba County is requesting Federal funding to build a wood byproduct gasification and green energy facility. The request is for \$5 million in State and Tribal Assistance Grant State from the Environmental Protection Agency and \$5 million in Department of Energy funding. In addition, funding from the Department of Commerce can be deemed appropriate due to the economic development generated by the facility.

Currently, Catawba County is responsible for handling wood byproducts from a major lumber mill and a pallet recycler/manufacturer at its Eco-Complex and other wood byproduct producers, in addition to being responsible for disposing/marketing wastewater treatment bio-solids dried at an adjacent facility. Innovative technology will address both responsibilities in a cost-effective manner that generates more than 2.5 Megawatts (MW) of “green energy” electricity. This project will provide critical waste handling and green energy production capabilities that will attract more industry to the EcoComplex, generating new jobs for the economically depressed Catawba County region.

The Wood Byproduct Gasification and Green Energy Production Facility will showcase innovative technologies that solve wood waste and bio-solids handling problems with the additional benefit of generating significant amounts of “green energy” and the system can be straightforwardly emulated nationally. This facility, the first-of-its-kind in the U.S., using proven technology, will have broad national applicability by demonstrating cost-effective solutions to a problem faced by all municipalities. By generating large quantities of “green energy”, this facility will help to address climate change and dependency on foreign sources of energy. Operational costs of this facility will be funded by “green energy” sales, user fees charged to wood byproduct generators, and customers of the bio-solids drying facility.

Federal funding will accelerate the completion of this project, increasing the benefits for the citizens of Catawba County and surrounding areas. To date, the County has invested approximately \$575,000 to vet the project’s technology and economic viability and to implement the facility design. The facility design is 50% complete.

Support pursuing grant sources in the funding of a regional wastewater re-use system which will benefit the Catawba County EcoComplex.

Catawba County is requesting Federal assistance in developing and constructing a regional wastewater re-use system (also known as a wastewater recycling or wastewater reclamation system). The request is to garner support in obtaining \$3 million in State and Tribal Assistance

Grant funding from the Environmental Protection Agency, \$3 million in Department of Agriculture grant funding, and \$3 million in Department of Energy grant funding.

The system will convey re-use water from the City of Hickory's Henry Fork Wastewater Treatment Plant to Catawba County's EcoComplex for the purpose of irrigating bioenergy crops and providing makeup water for boiler systems within the complex and provide irrigation to neighboring agricultural uses. The re-use system will conserve the region's water and strengthen the County's economy by creating a sustainable infrastructure for Catawba County Government and private business while introducing alternative energy research to the County.

The reclaimed wastewater will be used to irrigate nonfood crops that will be employed in Appalachian State University's biodiesel research facility (which is using the re-used wastewater to grow crops that will produce 100,000 gallons of biodiesel a year that will be employed in the county vehicle fleet), Catawba Valley Community College and North Carolina State University's turf research project, NC A&T State University's Hmong Refugee Agricultural Partnership Program and in the County's green energy producing bio-reactor landfill and wood-fired steam renewable energy facility. In addition to using the water for research and county operations, the re-use water will be utilized to replace potable water currently used by private businesses for their operations (e.g. G&G Lumber Inc. and Pallet-One Inc.). Lastly, the use of re-use water will help improve the quality of water in the Catawba River Basin by lowering discharge levels from the City of Hickory's Henry Fork Wastewater Treatment Plant.

The County's ability to receive Federal assistance on the wastewater re-use system will affect the pace in which this project can begin to help both Catawba County and the whole region. To date, Catawba County has invested approximately \$1.2 million in conducting detailed engineering evaluations of the cost to expand and rehabilitate the existing composting facility, as well as construct the new drying and green energy facility. A Preliminary Engineering Report has been completed to hasten the final design and construction process.

Oppose new EPA Ozone Standards

On January 6, 2010 the EPA proposed new national ozone standards, reducing the current "primary" ozone standard (established in March, 2009) from 0.075 parts per million (ppm) to a level within the range of 0.060 – 0.070 ppm. In addition, EPA has also proposed establishing a separate "secondary" standard to protect the environment, particularly plants and trees. The proposed level for the "secondary" standard is within the range of 7-15 ppm-hours.

Previously, localities that exceeded the federal air quality standards (considered in non-attainment) were in danger of losing federal highway funds. Also, business/industry expansion in those communities was affected by additional federal permitting requirements that directly impact economic development and sustainability.

High air quality is important to Catawba County. In 2008, Catawba County partnered with nine other local government entities in the region to form the Unifour Air Quality Committee. By employing specific strategies for ozone reduction, the region's ozone level was reduced to 0.078 ppm and the region was able to attain the standard for the first time. Since 2008, the EPA has twice reduced the ozone standard, resulting in "nonattainment" of meeting the standard by the County and the surrounding area. Catawba County opposes any reduction in ozone standards without the provision of resources that would allow the County to engage in additional reduction strategies.

Support implementation of Streamlined Sales Tax

North Carolina joined the Streamlined Sales Tax movement in October 2005 along with 23 other states who have simplified the administration of sales taxes in their state and are currently pursuing the collection of sales tax from remote businesses and merchants. It is estimated that North Carolina

loses at least \$300 million annually in unpaid sales tax collections, with local governments losing at least \$100 million. For Catawba County, the estimated loss is at least \$1.9 million per year (for comparison, 1 cent on the property tax rate generates \$1.5 million). While some opponents of remote sales tax collection may argue that the legislation results in a tax increase, these revenues are already due and payable to the State of North Carolina and local governments. For Catawba County, this uncollected revenue could provide much needed resources to fund required services without the need for property tax increases or could be used to reduce the property tax burden on citizens.

Support federal legislation and policies that do not cut Medicaid funding to Catawba County EMS

Support permanent restoration of the ambulance fee schedule as stated in The Medicare Improvements for Patients and Providers Act (MIPPA) of 2008

The MIPPA 2008 Legislation increased the Medicare Ambulance Fee Schedule by 2% for urban providers and 3% for rural providers. These temporary increases were effective for 18 months (dates of service: July 1, 2008 - December 31, 2009) and have now been extended for an additional 12 months and is set to expire on December 31, 2011. If the increases expire, the Medicare Ambulance Fee Schedule would decrease 2% for urban providers and 3% for rural providers.

Two bills (House Bill 2443 and Senate Bill 1066) were introduced in 111th Congress that would provide a permanent increase of 6% for urban and rural ambulance services. No action was taken on the House bill after introduction and the Senate bill was referred to the Committee on Finance where it died.

Monitor implementation of the Multifactor Productivity Adjustment (MFP) to ensure that it is not harmful to Catawba County EMS

The MFP is an adjustment initiated by the Federal Healthcare Reform legislation that incentivizes increased efficiencies in the healthcare system. The theory is that over time agencies become more efficient in their operations, implement more efficient procedures and equipment, hence lowering costs and increasing profitability. The extent of the efficiencies gained in a given year will be quantified by Centers for Medicare and Medicaid Services. .

The MFP will be applied each year in the same way the Ambulance Inflation Factor (AIF) is added each year. In fact, these two factors will counter each other. Just as the AIF typically is an annual across-the-board percentage increase to the ambulance fee schedule. The MFP will be an annual percentage decrease to the ambulance fee schedule. The difference of the two factors will result in the net increase or decrease for the year. For example, if the AIF is 3% and the MFP is .5%, the AIF for the upcoming year will be 2.5%. If the AIF is set to be 1% and the MFP is 1.5%, the net AIF will be -.5% - resulting in an overall decrease of ambulance rates.

Catawba County EMS operates its fleet in the most efficient manner possible, while making sure that patient care is at the highest levels. The County's EMS rates are based on the actual costs of service and efficiency gained are automatically incorporated into the EMS System's rate schedule and those savings are passed on to the users of the system. The federal government arbitrarily reducing rates based on these assumptions will ultimately cause more of a burden for EMS service to be places on the proerpty tax payer and less on the individuals who actually utlizie the service.

For 2011, the Ambulance Inflation Factor has been calculated to by -0.1%. The result will be adecrease of apporoximately \$30,000 in revenues for Catawba County.

Maintain local funding, incentives and community-based surveillance and communication systems regarding disease spread related to a pandemic flu threat

Preparing for a pandemic (global outbreak) influenza outbreak involves everybody. The threat of pandemic influenza is real, and there needs to be a strong local preparedness system in place.

Influenza is a highly contagious respiratory virus that is responsible for annual illness in the United States and other countries. Each year, 200,000 people on average are hospitalized and 36,000 die in the United States from influenza infection or a secondary complication.

During an influenza pandemic, the level of morbidity and mortality from influenza will likely increase dramatically. During the last century, three influenza pandemics caused increased mortality, morbidity and societal burden throughout the world above the levels seen with usual yearly epidemics.

The Centers for Disease Control and Prevention (CDC) and other public health experts agree that it is not a question of **IF** a pandemic will occur, but **WHEN** it will occur. If the United States is not adequately prepared, pandemic flu could seriously affect everyone economically. Specifically, Federal assistance is needed in these areas:

- Keep Pandemic Planning and Preparedness Funding, especially to local governments, where response is going to be needed most at the beginning of a pandemic outbreak.
- Additional funding is needed to support the increased demand of exercises and planning efforts at the local level.
- Incentives are needed for local governments, businesses, schools and medical centers who aid their staff (prepared workforce) and community (e.g. personal preparedness) toward achieving a higher level of preparedness (e.g. education, family emergency plan, family preparedness kits).
- Support for community based surveillance and communications systems for tracking of disease spread, real-time communication and notification abilities with community partners (school systems, businesses, hospitals, etc).

Support and encourage quicker deployment of Next Generation 911 Initiative

The Nation's current 911 system is designed around telephone technology and cannot handle the text, data, images and video that are increasingly common in personal communications and critical to future transportation safety and mobility advances. The Next Generation 911 (NG 911) initiative will establish the foundation for public emergency communications services in a wireless mobile society.

Text, data, images, and video are increasingly common in personal communications and are critical to future transportation safety and mobility advances. However, the 911 system of the 1970s was created to transmit voice media only and was not designed to handle the challenges of multimedia communication in a wireless, mobile society.

The NG 911 initiative will leverage the progress from the Secretary of Transportation's Wireless E911 Initiative. The Next Generation 911 initiative will establish the foundation for public emergency services in this wireless environment and enable an enhanced 911 system compatible with any communications device.

The goal of the NG 911 initiative is to enable the transmission of voice, data, or video from different types of communication devices to the Public Safety Answering Points (PSAPs) and onto emergency responder networks.

It is important that this initiative be supported and accelerated to accommodate technology that has been in common use for at least five years.

Support the reauthorization of the Child Abuse Prevention and Treatment Act (CAPTA)

The Child Abuse Prevention and Treatment Act (CAPTA) is eligible for reauthorization. Since 1974, CAPTA has been a key part of the federal government's effort to help states and communities improve their practices in preventing and treating child abuse and neglect. CAPTA provides grants to states to support innovation in state child protective services and community-based preventive services, as well as research, training, data collection, and program evaluation. Congress needs to reauthorize CAPTA this year with the goal of strengthening and supporting state and community child maltreatment prevention efforts.

Support continued increases to the Child Care and Development Block Grant (CCDBG) program

North Carolina uses federal and state money to fund child care subsidies. Children supported through this program are primarily from working families or children of individuals who earn too little to support quality day care. Many children in North Carolina are on waiting lists for day care subsidies. The monies for day care subsidy should be increased so that there will be safe and affordable child care for working parents. Many of North Carolina's jobs are now in the service sector where parents are working for lower wages. Without a subsidy, many parents will not be able to afford quality care for their children and not be able to becoming gainfully employed. Without quality day care, children will be less able to enter school ready to learn.

Support the Reauthorization of TANF

From 1996, the year when TANF replaced Aid to Families with Dependent Children (AFDC), to 2004, the share of eligible families receiving assistance from the program fell by half, from 84 percent to 42 percent. Over that same period, the real value of the basic TANF block grant has declined 28 percent due to inflation. TANF is due for reauthorization. The last reauthorization, part of the Deficit Reduction Act, forced states to focus almost exclusively on meeting a strict work participation requirement for families receiving assistance. Both regulations and sub-regulatory guidance has been used to further restrict state flexibility. In particular, these policies have made it hard for states to allow recipients to participate in education and training, or to make appropriate accommodations for individuals with disabilities, as required under the Americans with Disabilities Act. As part of TANF reauthorization, states should be given more flexibility to develop welfare-to-work programs that meet the needs of a diverse group of recipients, engage participants in skill-building activities, and shift the focus from work participation rates to outcomes and poverty reduction. The flexibility should be developed with written feedback and participation at town meetings or listening sessions, with explicit and visible invitations to states and advocates to participate, leading up to development of principles and a vision for reauthorization. Some suggestions are below:

- Since fewer than 25 percent of poor families with children and fewer than 40 percent of poor families eligible for assistance under each state's TANF program are actually receiving assistance, further caseload reduction has outlived its usefulness as a sole, fair, or accurate measure of state success. States should be encouraged instead through positive bonus awards to move forward on other indicators of success in alleviating need and encouraging individuals toward self-sufficiency.
- The work participation rate, while having some limited use in showing progress in certain respects, should be coupled with additional measures such as a measure of engagement and/or employment earnings. If the work participation rate is maintained, it should be modified to count partial participation, expand the scope of countable activities, and eliminate the separate two-parent rate, among other changes.
- TANF's results so far have clearly revealed the presence of a substantial number of struggling families who cannot qualify for disability assistance but who are unable to sustain ongoing

employment. These families should be served outside of TANF, or if not, then differentiated within the TANF program. Additional federal resources should be provided to assist these families, and broad cooperation should be established between the Social Security Administration and HHS to effectively coordinate efforts on behalf of these households.

- Congress and the Administration should consider enhancing connections among TANF and other major programs that assist poor and low-income families, such as the Earned Income Tax Credit, federal housing assistance, and child care, Workforce Investment Act, Medicaid, and the Supplemental Nutrition Assistance Program. New legislation and subsequent regulations should facilitate coordinated administration of these programs and minimize program conflicts.
- The state flexibility at the heart of TANF's success must be restored in the next reauthorization through explicit rejection of the array of federal regulations that have encumbered TANF in recent years and through modification of other federal laws that clearly cannot and rationally should not apply in their present form to TANF, such as the Improper Payments Information Act of 2002.

Support Increased Funding to Older Americans Act

The Older Americans Act (OAA) addresses services which enable aging citizens to remain at home with the provision of supportive services including home delivered meals, in-home aide, adult day care/day health and transportation. Nearly 39 million Americans, or 13 percent of the population, are over the age of 65, and this number continues to grow. As the population ages, the need to provide home-delivered meals increases and sometimes overshadows the need that younger, more mobile seniors have for congregate meals. According to the National Council on Aging (NCOA), nearly 80 percent of states report waiting lists for home-delivered means and over 50 percent report waiting lists for personal care, homemaker services and respite care. Additionally, 96 percent of state units on aging report that their budgets have been reduced. At the same time that the elderly population continues to increase, funding for OAA programs has not kept pace with inflation or increased demand. To keep pace with both the demographics and cost increases, an increase in funding is needed. It is recommended that OAA funding be increased by at least 5.17 percent, or approximately \$100 million, to keep pace with projected population growth and increased cost of service provision.

Support increases to Social Services Block Grant funding and reinstate the 10% maximum transferability of funding from TANF to SSBG

The Social Services Block Grant funds (SSBG) allow states to supplement services such as adult protective services, adult day care/day health, nutrition and in-home aide. However, the amount of SSBG funds is limited and is not sufficient to meet the needs of the growing older adult population. Additional SSBG funds will help to reduce or eliminate waiting lists for services and provide funding for much needed Adult Protective Services.

Support delinking Aid to Families with Dependent Children from the IV-E Program

When a foster child's case is eligible for federal reimbursement under the Title IV-E program, the reimbursement may be anywhere from 56 cents to 83 cents on the dollar, which is a huge federal subsidy for foster care. The same subsidy is available for adoption. As a result, in 2010 the federal government is expected to spend \$4.7 billion on foster care and another \$2.46 billion on adoption. This is more than ten times what will be spent on prevention and family preservation. The only brake on this increasing influx of foster care and adoption money involves the determination of eligibility. Before 1996, eligibility was determined based on whether the birth parents were eligible for Aid to Families with Dependent Children (AFDC). In 1996, Congress ended AFDC. However, the income requirement for AFDC remained in place to receive this assistance. Currently for a child's case to be eligible for federal reimbursement, the child's birth parents need to have income so low that they would have qualified for AFDC according to 1996 standards. In spite of the fact that the income limits have not been adjusted for inflation since 1996, about half of all foster care cases are eligible for this very generous federal reimbursement. Dealing with this "eligibility look-back" is time

consuming and cumbersome. It is an unorthodox way to put a brake on the otherwise unlimited "entitlement" to foster care funding. However, it is the only method currently used to gradually reduce the number eligible for this entitlement. This method is known as "delinking", since the link between foster care eligibility and AFDC is intended to eventually be broken. *The impact of this lack of support is felt by tens of thousands of children who have experienced abuse and neglect but do not qualify for federal assistance because of this outdated eligibility requirement.* The implication is that if a case is not eligible for federal reimbursement somehow the specific children in that case are getting less help than other children. All foster children placed in licensed foster homes receive exactly the same benefits and services regardless of the case's eligibility for federal reimbursement. Those benefits and services may not be very good, but they are equal. And all licensed foster parents receive the same reimbursement for a IV-E-eligible child as for a non-eligible child. Such equal treatment is required for the state to get its IV-E money. Just as Title IV-E provides a huge open-ended entitlement for foster care, it also includes another huge, (though not as huge) open-ended entitlement for adoption.

Support/Reinstate the use of IV-D Child Support Incentives Reinvestment

Child Support collections produce both increased family self-sufficiency and significant cost avoidance for TANF, Food stamps, and Medicaid. Child Support is the only program systematically establishing and enforcing orders for the provision of health insurance, reducing or avoiding the cost of medical assistance programs. Prior to the Deficit Reduction Act (DRA) of 2005 Child Support incentive payments (payments that are provided based on the performance of the program) were available to be reinvested in initiatives that helped maintain the Child Support program. However, upon passage of this legislation that availability was removed. The American Reinvestment and Recovery Act (ARRA) provided a short reprieve from the prior legislation and allowed us to once again utilize these funds to support further Child Support related initiatives. Unfortunately this reprieve was short lived and as of Oct 2010, we will revert back to the DRA legislation that eliminates this option. We support overturning the Deficit Reduction Act legislation and/or reinstating the ARRA legislation so counties can once again utilize these hard earned funds to support their Child Support activities. Failure to do this could cause already strapped counties to eliminate positions, reducing cost but surely increasing the use of other more costly programs by families. This shift to greater cost programs will only increase the overall cost to the State and Federal governments, helping to further exacerbate the current economic conditions for families and their communities.

Chair Barnes stated there had been much work and discussion regarding these goals and thanked Mr. Worsley for all his efforts. She noted specific to the County in this agenda was the County's effort to spread the tax base and that was the reason the Board had advocated for the quarter cent sales tax. The Board also recognizes the hardship of many of the County's elderly citizens and has advocated for an increase in the Homestead Exclusion Income Limit (\$35,000). Commissioner Isenhower stated he was not in support of any new taxes in any form and this was not the time to increase fees or taxes and was opposed to having the flexible local revenue option in the state agenda. Chair Barnes responded that she felt that Catawba County should have the options that some other counties have – and while the Board may not exercise that option, it should be available to Catawba County to utilize as it is for other counties in the state. She indicated that the NCACC was supportive of this goal. Commissioner Hunsucker said he was concerned that if they did not seek these options, when economic times improved and the Board or future Boards years from now wanted to utilize these revenue options, they would not be able to because they were not sought at this time. He would like these options available particularly if the State took more of the County's funds and increased unfunded mandates. Vice-Chair Lail said that it was important to point out in cases of these local options, that a referendum by the citizens is required before they can be enacted as was the case with the quarter cent sales tax. She said the Board was elected to do what it can for the citizens and if other counties have these options, our citizens should have them also. Chair Barnes said this was not so much for this year or even next year, but the whole idea in North Carolina is that some counties have options that others do not. Commissioner Isenhower stated he disagreed in the reasoning that if other counties had the right to take more of the citizens' money,

this county should be able to do that. He said all the arguments were good, but now was not the time to ask for more revenues. Chair Barnes stated she had an issue with how much has been taken away from counties in the past two years and the upcoming unfunded mandates are unknown. Commissioner Hunsucker said without these other options, it will have to come from property tax and the state is quick to say the property tax can be raised to \$1.50. Vice-Chair Lail made a motion to approve the State agenda. Commissioner Isenhower made a motion to amend the motion to remove the goal on the State Agenda to support flexible local revenue options to reduce the burden on the property taxpayer. Chair Barnes said there was a motion and an amendment, and they would vote on the amendment first. The amendment was to remove the flexible local revenue option. Commissioner Isenhower voted in favor, Commissioners Barnes, Lail, Hunsucker and Lail against. The motion failed. Chair Barnes stated the motion as presented was to adopt the State Legislative Agenda as presented. Commissioner Isenhower stated he supported the motion because by in large the agendas are good and do try to maintain services for citizens. The motion carried unanimously.

Chair Barnes said the Federal Agenda was a little more confusing. The collective bargaining issue has been long standing. There were goals which addressed grant funding which supported many of the County's programs. Mr. Worsley said that it was very important to have the collective bargaining issue at the top of the agenda. Chair Barnes asked Social Services Director John Eller to speak on TANF reauthorization. This program subsidizes all the county programs for families in need. It is the main funding mechanism that the Federal government gives to counties and one of the largest revenue stream to subsidize staff salaries and service the public. If reauthorization doesn't happen, this support of these families will be jeopardized and local costs would increase. The focus is not additional dollars but funding at its current level. Mr. Eller also noted that this reauthorization did affect our electing county status so it was important in that aspect also. Commissioner Hunsucker made a motion to adopt the Federal Agenda as presented. The motion carried unanimously.

Commissioner Beatty congratulated Representative Mitchell Setzer who was named a House Finance Leader.

13. Commissioner Hunsucker made a motion to adjourn. The meeting adjourned at 8:15 p.m.

Katherine W. Barnes, Chair
Catawba County Board of Commissioners

Barbara E. Morris
County Clerk