NOTES

TO: Honorable Mayor and City Council Members

FROM: Barbara Lipscomb, City Manager BL

DATE: January 2, 2013

SUBJECT: Materials for Your Information

Please find attached the following material for your information:

1. A memo from Carl Rees, Economic Development Manager, regarding requested information on economic development policies

2. A memo from Carl Rees, Economic Development Manager, providing an update on the branding campaign

3. A memo from Bernita Demery, Financial Services Director, regarding the cash/investment report as of November 30, 2012

4. A copy of the Greenville Recreation and Parks Department monthly report for December 2012

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Attachments

cc: Dave Holec, City Attorney
Carol Barwick, City Clerk

GREENVILLE, NC

ECONOMIC DEVELOPMENT

MEMO

To: Mayor and City Council-members

From: Carl Rees, Economic Development Manager

Date: January 2, 2012

SUBJECT: Requested Economic Development Policies

During the December 13, 2012 City Council meeting, Council-members requested additional information regarding economic incentive policies utilized by local governments in North Carolina. Based on research completed by staff in the City's Office of Economic Development, it is clear that many jurisdictions though out the state have adopted economic development policies and programs.

Included in this information packet is an article authored by Dr. Jonathan Morgan of the North Carolina Institute of Government which serves as an excellent overview regarding the history of economic development incentives in our state. Of particular note in the article are the recommendations for safeguards found in the last two pages. City Council members should be assured that the policies and programs being developed by City staff will include such safeguards where possible.

Following the article by Dr. Morgan is a summary of economic development incentive programs and policies for a variety of local governments in the Charlotte, NC metro region. The report was compiled by the Centralina Council of Governments which serves the greater Charlotte area. City Council members will note that many of the economic development incentives programs being proposed for Greenville are quite similar to those in use in that part of the state.

Finally, staff has included economic development policy and program information for three other North Carolina jurisdictions which may be competitors with the City of Greenville for business investment. These include Asheville, Durham and Hickory. Each of these jurisdictions has adopted incentive policies and programs similar to those under consideration by the City of Greenville.

Please do not hesitate to contact the Office of Economic Development with additional questions or comments regarding this information.

Cc: Barbara Lipscomb – City Manager

Using Economic Development Incentives: For Better or for Worse

Jonathan Q. Morgan

State and local incentives to stimulate economic development have increased in North Carolina, as they have across the United States. State and local governments continue to deal with the realities of economic transition created by globalization and technological advances. The quest for private investment and jobs in an increasingly competitive global economy is raising the stakes of economic development. The jurisdictions that aggressively use incentives to succeed in the "job wars" can potentially win big—but at what cost and toward what end?

Some recent large deals in North Carolina illustrate how the immediate thrill of victory in the incentives game must be tempered by questions about the actual net benefit to the state and its communities. For example, assuming that Winston-Salem and Forsyth County had to promise about $280 million in state and local incentives to attract a Dell computer-assembly plant, was doing so worth it? What about the $262 million offered to land a Google data center/ server farm in Lenoir and Caldwell County? A new state grant program to encourage Bridgestone/ Firestone and Goodyear to expand and upgrade facilities at locations in eastern North Carolina could cost as much as $60 million. State incentives alone totaled $3.7 billion from fiscal years 2005–6 through 2007–8. Some observers have a nagging sense that the state and its local governments might be paying large corporations too much for jobs and investment while overlooking the needs of existing industries and small businesses.[1]

The proliferation of business incentives for economic development is con-

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troversial, in part because public officials often fail to assess adequately the net return on the public investment in incentive deals. Other concerns about the growing use of incentives center on whether they work and what the rationale is for using them.[2] The strongest argument offered by proponents for the continued and expanded use of incentives is that incentives actually influence business location decisions. Although some evidence supports this claim, skeptics cite numerous studies that show incentives having little to no positive direct effect on investment decisions.[3]

Losing some big manufacturing plants to other states in the mid-1990s prompted North Carolina to become more assertive in offering direct financial and tax incentives.

This article provides public officials with a roadmap for navigating the debate on economic development incentives. The intent is not to take a position for or against incentives, but to discuss the enduring arguments from both sides and the latest research findings on incentives so that readers can make informed decisions. Many jurisdictions probably will offer business incentives into the foreseeable future. The article may help them be more strategic and judicious in using incentives to bring about desired economic development outcomes.

The Evolution of Incentives in North Carolina

The State of North Carolina had no comprehensive incentive policy until the General Assembly passed the William S. Lee Quality Jobs and Business Expansion Act (Lee Act) in 1996. Before that, the state had relied mostly on other sources of relative advantage, such as its low labor costs, well-developed transportation infrastructure, and responsive community college system. A limited tax credit for job creation and the Industrial Recruitment Competitiveness Fund (now the One North Carolina Fund) had been estabished in 1993, but economic developers and policy makers did not deem them sufficient.[4] A spate of losses of industrial projects, including Mercedes-Benz to Alabama and BMW to South Carolina, prompted state officials to take a more assertive stance with economic development incentives.

The Lee Act created an expanded set of tax credits targeted at new and growing industries, with the aim of strengthening North Carolina's competitive position. An important feature of the Lee Act is that it provides the greatest aid to the state's most disadvantaged areas. The amount of tax credits available to companies in a particular county is based on the county's level of economic distress. Counties are grouped into tiers on the basis of an index of economic performance indicators. Higher amounts of incentive dollars are available in Tier 1 (poorer) counties.

The Lee Act signaled that North Carolina was "open for business" and serious about securing its share of industrial projects. The act also sparked strategic thinking and ongoing debate

Milestones in Policy on Economic Development Incentives in North Carolina

State Incentives

Year	Event
1993	Industrial Recruitment Competitiveness Fund created by N.C. General Assembly (now One North Carolina Fund)
1996	William S. Lee Quality Jobs and Business Expansion Act (Lee Act) enacted by N.C. General Assembly
2002	Job Development Investment Grant (JDIG) program created by N.C. General Assembly
2006	Article 3J tax credits enacted by N.C. General Assembly to replace Lee Act
2007	Job Maintenance and Capital Development Fund created by N.C. General Assembly

Local Incentives

Year	Event
1925	Local Development Act enacted by N.C. General Assembly
1996	*Maready v. City of Winston-Salem* decided by N.C. Supreme Court

that have resulted in the creation of additional incentives, like the Job Development Investment Grant in 2002 (discussed later).

In the first few years after enactment of the Lee Act, the governor's office and the North Carolina Department of Commerce announced the decisions of several major companies to locate operations in the state. In 1998, FedEx decided to build a regional sorting hub at the Piedmont Triad International Airport, and steel producer Nucor agreed to construct a new plant in Hertford County. The state offered reductions in sales taxes and enhanced tax credits for capital investment to help close these deals. In 1999, North Carolina scored wins by using incentives to land a QVC distribution center in Edgecombe County, a DuPont plant in Bladen County, and TIAA–CREF in Mecklenburg County.

These and subsequent projects raise an important and largely unresolved question: To what extent can the state's success in locating these facilities be attributed to the Lee Act tax credits and other incentives? That a string of significant recruitment and expansion projects occurred in the post–Lee Act period is not in doubt. At issue is whether the projects would have happened without the incentives. Most economic developers and many public officials will say, "Absolutely not." I come back to this question later in the article.

A shift in the state's economic development policy recognizes that job retention may be as important as job creation, especially in areas of high poverty.

Over the years, the General Assembly amended the Lee Act several times to address apparent deficiencies. In 2006 the General Assembly replaced it with a new program (see the later section headed Types of Incentives).

The most recent shift in state policy on economic development incentives is evident in the General Assembly's creation of the Job Maintenance and Capital Development Fund.[5] This program emerged out of an extra session in 2007 when lawmakers worked out a deal with the governor's office to aid major employers in some of the state's Tier 1 counties. Lawmakers designed the program primarily to benefit two tire manufacturers with locations in eastern North Carolina. The program authorizes up to $60 million for Goodyear to upgrade a plant in Fayetteville and for Bridgestone/Firestone to modernize a facility in Wilson. Businesses located in the most economically distressed areas of the state that invest at least $200 million in property and capital improvements and maintain at least 2,000 workers are eligible to receive annual grant payments of up to $4 million over ten years under the program.

This new incentive program represents somewhat of a policy shift because it does not require a company to create jobs in order to receive a grant. Job creation has been central to the state's economic development policy for obvious reasons. However, the Job Maintenance and Capital Development Fund recognizes that job creation is not the only goal of economic development. Retaining jobs can be particularly important in poorer areas, and large amounts of capital investment can have significant economic and fiscal impacts.

Still, the idea of awarding grants to companies that only maintain existing employment levels, or even reduce them (for example, from 2,500 to 2,200), makes some uneasy.[6] This shift in state policy underscores the irony of the tension between business investments in labor and capital: as companies modernize and automate, they often can produce more with fewer workers.

The statutory authority for local economic development incentives exists in the Local Development Act of 1925.[7] The statute authorizes cities and counties to provide a number of incentives in support of business recruitment, retention, and expansion (specific incentives are discussed later). Further, it grants broad authority for local governments to undertake a wide range of economic development activities—authority so broad that starting with what the act prohibits is easier than specifying what it allows. At least three incentives provided by local governments that often are permitted in other states are not allowed in North Carolina: property tax abatements, loan guarantees to a private company, and promises not to annex a certain parcel of property.[8] Except for the incentives that state law forbids, counties and cities routinely use the various tools discussed in the next section.

A significant milestone for local government incentives in North Carolina occurred in 1996 with the state supreme court ruling in *Maready v. City of Winston-Salem*.[9] This decision reversed a lower court ruling that had declared the business incentives used by Winston-Salem and Forsyth County to be unconstitutional because they did not serve a public purpose. At issue were twenty-four incentive deals offered by the city and the county between 1990 and 1995 that totaled more than $13 million.[10] By affirming that local incentives serve a public purpose, the state supreme court cleared the way for cities and counties to continue offering incentives to lure, keep, and expand industry.

In the wake of the 1996 *Maready* decision, local governments moved quickly to ramp up their incentive programs. Later that year, Cabarrus County was one of the first to adopt an aggressive incentive policy that would essentially grant new or expanding industries a rebate of up to 85 percent of property taxes paid over five years.[11] This idea of paying companies back a portion of their property taxes mimics tax abatement to some extent. However, it can be distinguished from prohibited tax abatement when such payments are contingent on the company creating a certain number of jobs or investing a minimum amount in real property and equipment. Indeed, such arrangements can help a local government avoid paying out more in incentives than it receives in tax revenue from the company. This type of incentive is thought to be more legally defensible when it is in the form of a cash grant that is not an explicit refund of property taxes paid by a company (see the later section headed Legality).[12] The courts have not yet weighed in on the constitutionality of this practice.

(For a summary of state and local milestones in policy on economic development incentives, see the sidebar on page 18.)

Types of Incentives

State governments offer both tax and nontax incentives to companies. North Carolina's state-level tax incentives consist primarily of corporate income and franchise tax credits and sales tax exemptions and refunds.[13] The Article 3J Program, which replaced the Lee Act effective January 1, 2007, provides state tax credits to eligible businesses that create jobs, invest in business property (machinery and equipment), or invest in real property (buildings and land).[14] The credit for investing in real property is available only to companies that invest at least $10 million and create at least 200 jobs in Tier 1 counties. Article 3J tax credits are nondiscretionary, meaning that any taxpayer that meets the eligibility criteria is entitled to claim the credits.

By contrast, certain nontax incentives are discretionary grant programs in which funds are awarded on a case-by-case basis. Examples are the Job Development Investment Grant (JDIG) pro-

Table 1. **Incentive Tools Used by Local Governments in North Carolina**

	Percent Reporting (*n* = 217)
Zoning and permit assistance	59.0
Infrastructure improvements	56.2
Cash-grant incentives	42.4
One-stop permitting	30.0
State development zone	24.0
Land or building acquisition	23.0
Site preparation	19.4
Subsidized land or buildings	17.5
Subsidized worker training	16.1
Low-interest loans	11.1
Relocation assistance	9.2
Employee screening	9.2
Regulatory flexibility	7.8
Incentives for retail projects	7.4

Source: Jonathan Q. Morgan, "2006 Survey of Local Government Economic Development Activities" (Chapel Hill, NC: School of Government, University of North Carolina at Chapel Hill).

Table 2. **Incentives for Dell and Google**

	Dell (in millions)	Google (in millions)
State Incentives		
Computer-manufacturing tax credit*	$200.0	NA
Tax credits (Lee Act and Art. 3J)	21.4	$ 2.6
Job Development Investment Grant (JDIG)	8.8	4.8
Job training	8.3	NA
Infrastructure	3.0	0.7
Sales tax refund	1.0	NA
Sales tax exemption	NA	89.0
Total state package	**$242.5**	**$97.1**
Local Incentives (City and County)		
Cash grants†	17.2‡	165.0
Site preparation and improvements	13.0	NA
Land	7.0	NA
Total local package	**$ 37.2**	**$165.0**
Total State and Local Incentives	**$279.7**	**$262.1**

Source: The figures are my compilations from various news reports and data from the North Carolina Department of Commerce. NA = not applicable.

* Paid out over 15 years.

† Includes $3.3 million from the Golden LEAF Foundation.

‡ Paid out over 30 years.

gram and the One North Carolina Fund. Companies must apply to receive JDIG grants. A five-member Economic Investment Committee makes funding decisions and awards grants on the basis of a percentage of the state income tax withholdings generated from eligible positions. The One North Carolina Fund receives a nonrecurring appropriation from the General Assembly to enable the governor to close deals that are strategically important.[15] Other state-level nontax incentives in North Carolina most often come in the form of low-interest loans through industrial revenue bonds, job training, and infrastructure assistance.

Many local governments outside North Carolina frequently use property tax abatements as a discretionary tax incentive to promote economic development.[16] As mentioned earlier, property tax abatement by local governments is not legal in North Carolina.[17] So local governments provide discretionary cash grants to businesses instead. A recent analysis of cash-grant incentive packages approved by counties during 2004–6 found that most were supporting new facility locations rather than existing business expansions.[18] Cash grants are typically paid out over a number of years, though some amount often is provided up front. They are usually "performance based," which means that they are tied to the number of jobs and the level of capital investment that the business creates. A company may be required to forfeit some or all of a grant if it fails to meet certain performance thresholds in a given year. Some cities and counties base the amount of the grant on a percentage of property taxes paid by the company.

According to a recent survey of North Carolina local governments that I conducted, only zoning and infrastructure improvements are used more widely than cash-grant incentives (see Table 1). Other common local incentives include one-stop permitting, state development zones, low-interest loans, subsidized worker training, and relocation assistance. (For definitions of tools used by local governments that are not self-explanatory, see the sidebar on page 21.) A relatively new economic development tool available to local governments in North Carolina, tax increment financing, has not been widely used to date.[19]

Two Cases in Point: Recruitment of Dell and Google

Although not typical of the scale and the scope of routine incentive offers, two recent projects to recruit major businesses illustrate how public officials in North Carolina combine various state and local incentives to create a winning package. Dell and Google are two household names connected to the knowledge-based economy. Any state or community would want to land projects of theirs. North Carolina public officials and economic developers aggressively pursued these projects to bring jobs and investment to areas of the state that badly needed them and to mitigate the loss of textile and furniture industries. (For estimates of the state and local incentive packages offered to lure the new facilities of these two major corporations, see Table 2.)

The largest part of the state package for Dell is a tax credit tied to the number of computers produced at the new North Carolina facility. The General Assembly enacted this special tax credit in 2004 during an extra legislative session to ensure that Dell would locate somewhere in the Piedmont Triad region of the state.[20] Once Dell chose North Carolina, local governments in the Triad region—Davidson County, the City of Greensboro and Guilford County, and the City of Winston-Salem and Forsyth County—proposed separate local packages to lure the facility to their respective jurisdictions.[21] Winston-Salem/ Forsyth had been rumored to be the favorite and offered the largest package, which consisted of cash grants, land costs, and funds for surveying, grading, paving, road construction, public utilities, and other site improvements. It is not entirely clear how influential the local incentives were, but Dell decided on the Winston-Salem site in Forsyth County. The state and local incentives for Dell largely depend on the company meeting certain performance targets with respect to employment (1,500 jobs) and capital investment ($100 million). Most of the incentive dollars will be paid out annually over time. Dell did not receive a check up front for $279.7 million.

By contrast, Google's state incentives are mostly in the form of a full exemption from the sales taxes that it would pay to purchase electricity and certain equipment for up to thirty years. The sales tax exemption on electricity is important for Google because a server farm uses an enormous amount of electricity to keep its many computers running around the clock. The exemption also matters because the company apparently would not have had to pay this tax in many other states that were under consideration. The local incentives offered by the City of Lenoir and Caldwell County are thirty-year cash grants based on 100 percent of business property taxes and on 80 percent of real property taxes paid by Google. These incentive grants are estimated to total as much as $165 million over thirty years, which prompts some to think that Lenoir and Caldwell County "gave away the farm," so to speak, to get a server farm.[22]

The amount of public dollars put on the table for Dell and Google is significant. However, the cost of each incentive package must be considered in relation to the economic and fiscal benefits that the companies will generate (see Table 3). To receive the full amount of incentives, Dell must employ at least 1,500 workers at the facility in Winston-Salem. The jobs are expected to pay an average annual salary of $28,000. Critics point out that this is lower than the average annual salary of all workers in Forsyth County. Proponents contend that the project will have a strong multiplier effect on the state and the region because of its ability to attract supplier firms to locate nearby. The North Carolina Department of Commerce estimates that Dell's initial direct capital investment of $100 million and ongoing operations will contribute more than $24 billion to the gross state product and net the state $743 million in revenue over twenty years. Dell's ripple effect within the region is projected to generate an additional 6,000 indirect jobs at suppliers, service companies, retailers, hotels, restaurants, and so forth.

Google expects to employ 210 workers directly in Lenoir with an average annual salary of $48,300—significantly higher than the average annual salary of workers in Caldwell County. Yet there is concern that the company will not hire local residents and will bring in workers from elsewhere because much of the local workforce lacks the education and the skills required for the jobs at the Google facility. Although Google will employ far fewer workers than Dell, its level of capital investment—$600 million—is much higher. The state

Selected Business Incentive Tools Defined

Clawbacks: penalty provisions in incentive contracts that require companies to pay back some or all of the incentive monies they received if they fail to meet performance expectations within a certain period.

Employee screening: assistance to new or expanding companies in hiring workers—preemployment services, job fairs, connections to employment agencies, and the like.

Infrastructure assistance: help in providing, paying for, or offsetting the costs of improvements to utilities such as water and sewer systems, roads, power lines, and telecommunications on behalf of a company.

One-stop permitting: co-locating, streamlining, and fast-tracking of government inspection, licensing, and permitting services to make it easier for businesses to apply for and obtain various permits.

Regulatory flexibility: taking of steps to clarify and streamline rules, and otherwise ease the burden of government regulations on businesses.

Relocation assistance: provision of help to new or expanding companies in relocating executives by paying relocation costs, assisting with spousal employment, aiding in sociocultural acclimation, providing housing and child care referrals, and the like.

Site preparation: provision of funds to cover the costs of specialized infrastructure, engineering or survey work, clearing, grading, demolition, paving, environmental assessments, and so forth, for a company to locate at a particular site.

State development zone: a designated area of high poverty within a North Carolina municipality where higher state tax credits are available to companies that invest and create jobs.

Tax increment financing: a mechanism by which local governments issue bonds, without a voter referendum, to make public improvements that are necessary to spur private investment in a designated area. This tool relies on the incremental tax revenues that result from increases in assessed property values. The bonds are considered to be self-financing because, if successful, the public improvements they finance will stimulate new private investment and generate tax revenues that will be used to pay off the bond debt.

commerce department estimates that Google will contribute about $1 billion to the state's economy and net the state $37 million in revenue over twelve years. At the local level, Google will purchase a substantial amount of electricity from Duke Energy, help increase revenues from the utility franchise tax, and become Lenoir's second-largest water customer.[23] The company might end up as the city's third-largest taxpayer, even after accounting for the incentive grants it will receive.[24]

Table 3. **Estimated Economic and Fiscal Impacts of Dell and Google on North Carolina**

	Dell	Google
Jobs (direct)	1,500	210
Average salary	$28,000	$48,300
Capital investment (in millions)	$100	$600
Jobs (indirect)	6,000	372
Contribution to gross state product (in billions)	$24.50	$1.06
State revenue (net) (in millions)	$743	$37

Source: Data compiled from newspaper articles and conversations with staff of the North Carolina Department of Commerce, Division of Policy, Research, and Strategic Planning.

Issues in the Incentives Debate

The Dell and Google projects raise important questions about the role of incentives in economic development. These and other recent incentive offers, including the new grant program aimed at Bridgestone/Firestone and Goodyear, underscore why the debate over incentives rages on. At least five points of contention fuel the debate: the extent to which economic development incentives are (1) legal, (2) fair, (3) efficient, and (4) effective, and the extent to which both the process for awarding incentives and the recipients are (5) accountable. To use incentives more wisely in fueling growth and prosperity, state and local officials must understand them in terms of these issues.

Legality

In the *Maready* decision, mentioned earlier, the North Carolina Supreme Court made it clear that local business incentives serve a public purpose and therefore do not violate the state constitution. According to the ruling, incentives meet the public-purpose test because they help create jobs and expand the tax base. Citizens benefit through increased economic opportunity and better public services. However, certain legal questions remain unresolved and continue to be pressed in the judicial system.

The North Carolina Institute for Constitutional Law, a group generally opposed to incentives, filed lawsuits challenging the constitutionality of the Dell, Google, and Bridgestone/Firestone–Goodyear deals. The lawsuit challenging the Dell incentives claimed that they primarily benefited the company, failed to serve a public purpose, and violated the Commerce Clause of the U.S. Constitution. The North Carolina Court of Appeals upheld the constitutionality of the Dell incentives, and the North Carolina Supreme Court refused to hear the case.[25] The lawsuit against the Google deal, based on similar constitutional grounds, was dismissed by a superior court judge in November 2008.[26] An appeal is possible. The lawsuit filed over Bridgestone/Firestone–Goodyear and the Job Maintenance and Capital Development Fund might reveal if the courts will view incentives that are not tied to job creation as sufficiently serving a public purpose.[27] Also, as mentioned earlier, whether the courts will deem cash grants as being, in effect, the same as tax abatement is not entirely clear.

U.S. federal courts also have considered challenges to the legality of economic development incentives. A lawsuit filed in a federal district court claimed that two particular incentives in Ohio—a local property tax exemption and an investment tax credit—violated the Commerce Clause of the U.S. Constitution. DaimlerChrysler received these incentives to expand a Jeep plant in the state.[28] The district court ruled that both incentives were constitutional. On appeal, the Sixth Circuit Court of Appeals upheld the local property tax exemption but declared Ohio's investment tax credit in violation of the Commerce Clause.[29]

The Sixth Circuit Court ruling got the attention of economic developers and policy makers and created uncertainty about similar tax credits offered in other states. The case, *DaimlerChrysler Corporation v. Cuno,* eventually made its way to the U.S. Supreme Court, which dismissed it on the basis that the plaintiffs lacked standing in the federal courts.[30] By not ruling on the constitutionality of the tax credit in question, the Supreme Court has left open the possibility of future lawsuits.

Fairness

The concern about the fairness of incentives has to do with who reaps the benefits and who bears the costs of economic development policies. With incentives, some businesses clearly benefit, but others may lose. When government provides tax concessions, grants, and other assistance to certain businesses and not others, its doing so has the appearance, if not the effect, of treating comparable taxpayers unequally.[31] The perception that incentives mostly go to new companies locating in a community can breed resentment among existing firms, particularly if they are direct competitors with the companies receiving aid. Moreover, the requirements of most incentive programs that a certain minimum number of jobs be created and a certain minimum investment be made typically make small businesses ineligible to participate.

The counterargument is that it is sensible to discriminate among taxpayers and provide special treatment to those who create large numbers of jobs and make significant investments in a community, because doing so benefits the greater good. For example, some evidence suggests that when economic development policies stimulate local growth, they also improve the distribution of income by enhancing job opportunities for minorities and people with lower education levels.[32]

If economic development incentives do indeed serve a larger public purpose, then their benefits should extend beyond private companies and industries to other taxpayers. Such an effect is more likely to occur if the companies receiving incentives hire local residents and invest in distressed areas with high unemployment.[33] The Google project in Caldwell County will certainly increase economic activity in a part of the state with above-average unemployment, but whether local residents will get many of the new jobs remains to be seen.

Google will tap into the excess water and electric power capacity created by the loss of major textile and furniture industries. This outcome will yield important public benefits. In the case of both Dell and Google, if the incentives convinced the companies to build facilities in places where they otherwise would not have done so, taxpayers will gain economic opportunities and resources that might justify the millions of dollars of incentives promised.

On the other hand, if the incentives were not the determining factor, they might be an inequitable transfer of business costs from selected corporations to other taxpayers. Is it fair for taxpayers in one jurisdiction to subsidize a business for creating jobs that go to the residents of other jurisdictions? This question hovers over the Dell project, given that the taxpayers in Winston-Salem and Forsyth County are on the hook for the local incentives, whereas the plant surely employs people from various other cities and counties. Ultimately the fairness of incentives is in the eye of the beholder and is a separate (though not unrelated) issue from whether they are effective, efficient, or worth the cost.

Sharing project costs and revenues within a region and encouraging companies to hire locals and invest in distressed areas enhance the fairness of incentives.

Efficiency

In one sense, interjurisdictional tax competition, including incentives, is thought to be an efficient way to allocate public resources as firms seek the best locations to achieve the optimal balance of taxes and government services.[34] State and local governments offer incentives to make their jurisdictions more attractive to firms. Some argue that the efficiency effects of tax incentives are negated because incentive competition is a zero-sum game: one jurisdiction gains at the loss of another. From a national perspective, such beggar-thy-neighbor behavior produces no net economic gains because capital merely relocates from place to place. Others refute the zero-sum-game argument and suggest, "State and local economic development competition may increase productivity, redistribute jobs towards the high unemployment areas that need jobs the most, and increase national employment by using previously unemployed labor."[35]

Table 4. **The Most Important Site-Selection Factors for Large Manufacturing Firms**

Ranking	Factor	Percent
1	Highway accessibility	96.9
2	Labor costs	92.3
3	Energy availability and costs	89.0
4	Availability of skilled labor	88.7
5	Occupancy or construction costs	88.2
6	Available land	85.4
7	Corporate tax rate	83.8
8	State and local incentives	83.4
9	Environmental regulations	83.2
10	Tax exemptions	82.8
10 (tie)	Proximity to major markets	82.8
11	Advanced ICT [information/communication technology] services	82.2
12	Low union profile	80.6
13	Availability of buildings	79.3

Source: Data from Geraldine Gambale (ed.), *The 22nd Annual Corporate Survey and the 4th Annual Consultants Survey* (Westbury, NY: Area Development Magazine, 2008), www.areadevelopment.com/annualReports/dec07/pdf/corporateSurvey.pdf.

In practice, any incentive may be zero-sum, positive-sum (benefits exceed costs), or negative-sum (costs exceed benefits), depending on how it is applied.[36] The important point is that any incentive amount offered that is above the absolute minimum required to attract a business is inefficient from a public-sector perspective.[37]

When jurisdictions use incentives to compete with one another for jobs and investment, they can face a situation known in negotiation and decision-making theory as the "prisoner's dilemma." In this view, incentive competition becomes a counterproductive "race to the bottom" that could jeopardize the long-term fiscal capacity of states and localities. As a former mayor of Indianapolis, Stephen Goldsmith, notes, "You can't say no, but you can't afford to say yes" when companies request incentives.[38] Moreover, the intense competition among jurisdictions can ratchet up the scale of incentive packages to the point of overpayment, and result in excessive costs per job created. Additional inefficiencies arise from the high opportunity costs of incentives and potential revenue shortfalls that might cause state and local governments to provide fewer critical public services such as education and infrastructure.[39]

The argument that incentives are inefficient because they erode the tax base and undermine the provision of essential public services ignores a key assumption about how incentives should work. Incentives are supposed to help create new tax revenues. The revenues cannot be diverted from other uses if they never materialize in the first place. In a letter to the editor, former North Carolina Secretary of Commerce James T. Fain III correctly noted that Google's incentives represented a claim on tax revenues that would not be realized unless the company decided to locate in the state:

> *Incentives offered by the state are dependent on future tax receipts paid by the company. They are primarily reductions of future tax revenues that we do not now receive, nor would we ever receive if Google does not locate here. Google will receive future incentive benefits only if it creates the jobs and makes the investments that generate this tax revenue for their incentives.*[40]

Incentives should result in jobs and tax revenues that would not otherwise exist. But proving that incentives influence business decisions is difficult.

This logic holds up as long as it can be demonstrated that Google would not have located in North Carolina if it had not been offered the incentives. If that cannot be demonstrated, then the state is merely subsidizing a business decision that would have happened without any incentive, and it is forgoing tax revenues that it would have otherwise received. Those forgone revenues are then not available for spending on education, infrastructure, and other public services or to facilitate lower tax rates overall.

The incentive package may have made the difference with Google, but it is difficult to know for sure. That Google announced plans for a similar facility in neighboring South Carolina within weeks of its North Carolina announcement casts some doubt on how stiff the competition was and how decisive the incentives might have been.[41]

Effectiveness

In the debate about whether incentives work, legal justifications and theoretical arguments must pass muster with the facts from empirical research. Unfortunately, the research findings on effectiveness are not conclusive and provide ammunition for both sides of the debate.[42] However, they offer some insights when considered in the proper context.

Part of the inconsistency arises from differences in measures and methods across studies. There also is the difficulty of isolating the effects of incentives on economic outcomes, which requires controlling for many other variables. A more fundamental problem is knowing precisely what it means for a particular economic development incentive to be effective or not. The real question is, Effective at what?

A proper assessment of the effectiveness of incentives must take into account how specific tools are supposed to work and what they can realistically be expected to achieve. It also is important to distinguish between the microlevel effects on firms and the macrolevel effects on states, regions, and communities. At the firm level, incentives aim to lower the cost of doing business in a way that boosts profitability.[43] This is a

fairly immediate and direct effect on which there is little disagreement.

The next concern, then, is the extent to which incentives influence site selection. At the heart of this question is whether incentives actually function as incentives or inducements or whether they are mere subsidies to business. An "incentive" incites or spurs action, and an "inducement" stimulates or moves by persuasion.[44] By contrast, a "subsidy" is simply a grant or a gift of money.

If tax and other financial incentives are to be considered as economic stimulus tools rather than "corporate welfare," they should directly sway decisions about business investment and job creation. On this matter, there is again a lack of certainty and clarity in the research findings. A study of state incentives in Ohio identified different effects on the actual employment growth of firms compared with the employment levels initially promised by the firms.[45] The researchers found that incentives had a negligible effect on actual employment growth in firms, but were positively correlated with announced job growth. These findings suggest that incentives will cause firms to overstate the number of new jobs they will create.

A recent analysis of North Carolina's Lee Act tax credits suggests that "tax incentives go to firms without significantly influencing their decisions on investment and employment."[46] A possible explanation for this is that taxes and incentives account for only a small portion of business operating costs and therefore do not matter all that much. In surveys, companies tend to emphasize the importance of incentives, and they have a vested interest in doing so. But according to *Area Development*'s most recent corporate survey, incentives are only one of several factors that businesses consider in site selection (for a list of the fourteen most important ones, see Table 4). In that survey, incentives ranked 8 out of a possible 25 factors.

Despite the ambiguity about whether incentives result in the creation of jobs and investment by firms (microlevel) that would not otherwise occur, most studies conducted through the 1980s found that taxes and incentives have little to no effect on macrolevel economic growth.[47] This is counterintuitive because lower business tax burdens are thought to be more conducive to growth. Later research indicates that taxes might matter more than initially thought and particularly that higher taxes can hinder economic growth.[48] If that is true, then by easing the tax burden on firms, incentives could make a place more competitive for business investment and thereby spur economic growth.

Assuming that incentives are effective at promoting state and local economic growth, to what extent do they work for the people and the places most in need? This question is related to the fairness-equity concern discussed earlier, but also has implications for the overall effectiveness of incentives, especially those that target economically distressed areas. Some studies demonstrate that poor people and places can experience the greatest gains from economic development incentives.[49] In North Carolina, the Lee Act tax credits attempt to steer jobs and investment to poorer communities by offering larger credits to businesses that locate in counties with higher unemployment rates and lower income levels. There is evidence that this aspect of the incentive program is "particularly effective in encouraging firms to invest more and hire more workers in economically distressed areas."[50] In some other states, traditional incentives appear to stimulate growth only in prosperous areas, with the result that growth begets growth.[51]

In sum, the research to date suggests that economic development incentives do not always induce firms to create substantial jobs and investment that would not occur without the incentives. This appears to be the case despite the fact that companies say incentives are important factors in site selection. The case for using incentives to promote growth at a macrolevel and in lagging areas is more compelling.

Ultimately, the empirical research findings must be interpreted in light of the economic and political realities of the new economy. Facing intense global competition, manufacturing plants continue to close and move offshore, and people continue to lose jobs. When this happens, local governments lose revenues and are sometimes left with underused public infrastructure. The political pressure grows to do something or at least to appear to be taking action to improve economic conditions. In this context, economic development incentives might prove effective in ways that are difficult to capture in numbers.

If nothing else, incentives probably improve the competitive positions of states and localities and help them close deals. To appreciate this relationship requires an understanding of the site-selection process that businesses—often assisted by hired consultants—use in deciding where to locate or whether to expand.[52] Incentives do not typically matter until a firm has narrowed the list of possible locations to a few that meet all its other requirements for a site or a building—infrastructure, workforce, and the like. At that point, the incentives can tip the scale in favor of one location over another. From a competitiveness perspective, a jurisdiction has to decide whether to play to win or sit it out. Given how the game is played, incentives can help states and localities win, at least in the short run. Winning some of the time is better than always losing. In this way, incentives become a necessary evil in attracting and retaining businesses and securing the jobs and investment they create.[53] Against the odds, public officials might be willing to tolerate the inefficiency of incentives if they provide an edge no matter how slight:

> *For every 10 plants offered such an incentive, the incentive would be decisive for about 3 of them. The incentives given to the other 7 plants would have no effects on business location or employment growth. The only effect would be an extra cost to state and local governments of these unneeded 7 incentives. Unless economic developers can somehow determine which of the 10 plants "needs" the incentive to tip its location decision, this loss on 7 of the 10 plants is a necessary cost to tip the location decision of the other 3 plants.*[54]

To return to a question I posed at the outset, Are the incentives worth it? A good cost-benefit analysis will provide a quantitative answer to this question for a given project. Ideally the public benefits of incentive deals should exceed their costs. However, a major business location or expansion project can benefit communities in quantitative and qualitative ways. It can serve as a beacon of hope that prosperity will return to communities hard hit by job loss. It can restore self-respect to displaced manufacturing workers who need employment to support their families. For these people, the debate over the effectiveness of economic development incentives is an academic exercise. Referring to the Google project, Lenoir Mayor David Barlow said, "Psychologically, the impact of this for our community would be greater than the reality."[55] Projects like Dell and Google also have symbolic value to the extent that they put communities on the map for future economic development opportunities.

Accountability

One of the most common criticisms of incentives is that they are frequently provided without the recipients being sufficiently accountable to taxpayers and the broader public interest. Corporate mergers, changing economic conditions, and intense global competition can lead companies to change their investment plans drastically over time. This can create the possibility that companies will fail to deliver on their promises to create a certain number of jobs and make a certain amount of capital investment.

For example, in 1999 the state offered $35 million in incentives to Wisconsin Tissue to build a $180 million tissue mill and paper-recycling plant in Halifax County with 150 employees. But a few months after the deal was announced, the company was bought by Georgia-Pacific and scrapped plans for the facility, so it received no incentives.[56]

In the same year, Corning opened a $600 million production facility for fiber-optic cable in the Cabarrus County town of Midland after being offered state and local incentives. The facility expanded to employ as many as 800 workers at one point and had 550 when it shut down in 2002 in the face of a steep downturn in the telecommunications industry. In 2007, Corning decided to gradually restore a limited amount of production at the Cabarrus facility in response to improved market demand.[57]

In an interesting twist of fate, Dell is reportedly seeking to sell all its plants, including the one in Winston-Salem, in response to shifting corporate strategy. How this might affect its incentive deal or operations in North Carolina is unclear.[58] Also, in December 2008, Google notified state officials that the slowing economy would inhibit its ability to add jobs and investment in Lenoir according to the timeline for the JDIG funds it was offered. Therefore, it would forgo receiving the funds.[59]

Even when companies fulfill employment and investment expectations, the estimates of the ripple effect on a community are mere forecasts based on imperfect economic models. For example, a recent report suggests that the model used by the state commerce department to assess incentive packages tends to overstate the economic benefits that firms will provide and leads to over-bidding.[60] Using more conservative assumptions, the authors show the Dell project having a much smaller effect on the state's economy and a negative fiscal impact on state revenues. This demonstrates that economic and fiscal impact analysis is imprecise and must be used with care and interpreted with caution.

Safeguards like *performance-based contracts with clawback provisions* can help governments avoid paying too much for too little.

Another accountability concern is the secretive nature of early incentive negotiations. Companies require that their investment plans be kept confidential to protect trade secrets and avoid tipping their hand to competitors. State law allows for confidentiality, withholding of public records, and protection of trade secrets on economic development projects under certain conditions.[61] As a result, state and local officials often commit public dollars before the details of a deal are widely known. Companies also demand confidentiality because they do not want information on pending plant closures elsewhere to leak out and they want to avoid excessive real estate speculation that might drive up the costs of land acquisition.[62] Public officials face the dilemma of balancing the company's need for confidentiality and anonymity against the public's right to know.

Public officials are at a disadvantage in incentive negotiations because companies have access to much more information than public officials do on what other jurisdictions are offering and which alternative locations are viable. Only the companies know for sure the amount of incentives that will tip the decision in favor of one place over another. Google is alleged to have exploited this information imbalance in the negotiations with state and local officials over its incentive package.[63]

Several mechanisms exist that might help jurisdictions win with incentives but avoid the "winner's curse" of paying too much for too little in return.[64] These include some safeguards already adopted in North Carolina according to a survey that I conducted recently—such as using clawback provisions, tying incentives to company performance, requiring performance contracts, and conducting cost-benefit analyses (see Table 5)—plus others that I didn't include in my survey because they are more commonly used at the state level—targeting distressed areas and establishing standards for wages and job quality.

Better Use of Incentives

Despite the ongoing controversy over economic development incentives, no end is in sight to the escalating competition among jurisdictions that has been likened to an arms race. It is foolhardy to think that state and local governments will unilaterally disarm and stop using incentives in the near future. National legislation calling for a

Table 5. **Accountability Mechanisms Used by North Carolina Local Governments**

	Percent Reporting
Clawback provisions	60.7
Cost-benefit analysis	59.5
Performance agreement always required	51.2
Formal policy for eligibility	51.1
Provision for hiring local residents	18.3

Source: Jonathan Q. Morgan, "2006 Survey of Local Government Economic Development Activities" (Chapel Hill, NC: School of Government, University of North Carolina at Chapel Hill).

ceasefire in the economic war among the states has been introduced periodically in the U.S. Congress, but it is unlikely to be enacted anytime soon. Where does this leave public officials in North Carolina?

As others have aptly noted, incentives are not inherently good or evil, right or wrong, wise or foolish. They are tools that public officials can use more prudently—or less so—depending on the application. Economic development incentives should be consistent with the letter and the spirit of the law to avoid potential legal challenges. Beyond legality, public officials should clearly understand the tradeoffs among fairness, efficiency, effectiveness, and accountability in using incentives to promote job creation and private investment. Current practice in North Carolina incorporates many good reforms in the use of incentives. Additional ones are possible:[65]

- More enforceable contracts
- Greater transparency and disclosure
- More rigorous cost-benefit analysis
- Better state-local and regional collaboration
- Improved opportunities and support for hiring local residents and the unemployed
- A greater focus on small businesses, existing industry, and job training

Taken together, these enhancements in incentive policy will help jurisdictions strengthen their negotiating position with companies, maximize public benefits, and protect the public investment in incentive deals.

Notes

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2. A legislative study committee of the North Carolina General Assembly (the Joint Select Committee on Economic Development Incentives) is considering these and other questions about incentives. UNC at Chapel Hill's Center for Competitive Economies is doing extensive research to inform the committee's work.

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5. S.L. 2007-552.

6. See Elaine Mejia, *Risky Business: NC Poised to Take a Giant Step in the Wrong Direction in Economic Development Policy*, BTC Brief (North Carolina Budget and Tax Center) (Raleigh, NC: North Carolina Justice Center, August 2007), www.ncjustice.org/assets/library/1014_btcbriefcorpsub13aug2007.pdf.

7. N.C. Gen. Stat § 158-7.1(b) [hereinafter G.S.].

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9. Maready v. City of Winston-Salem, 342 N.C. 708, 467 S.E. 2d 615 (1996).

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14. For an explanation of the Article 3J tax credit, see the North Carolina Department of Commerce website, www.nccommerce.com/en/BusinessServices/LocateYourBusiness/WhyNC/Incentives/3J.htm.

15. Units of local government must provide a match to the One North Carolina Fund grant.

16. Steven G. Koven and Thomas S. Lyons, *Economic Development: What Local Governments Do,* ICMA Special Data Issue 2 (Washington, DC: ICMA Press, 2006).

17. Article V, Section 2(2), of the North Carolina Constitution states, "Only the General Assembly shall have the power to classify property for taxation, which power shall be exercised only on a State-wide basis and shall not be delegated."

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19. Joseph Blocher and Jonathan Q. Morgan, "Questions about Tax Increment Financing in North Carolina," *Community and Economic Development Bulletin* no. 5 (Chapel Hill, NC: School of Government, University of North Carolina at Chapel Hill, 2008).

20. S.L. 2004-204.

21. See Matt Harrington, "Regional Plan Won't Happen for Dell Deal," *Business Journal Serving the Greater Triad Area,* November 29, 2004, www.bizjournals.com/triad/stories/2004/11/29/story6.html; Matt Harrington, "With Dell Confirmed for the Triad, Economic Developers Must Now Compete with Each Other," *Business Journal Serving the Greater Triad Area,* November 9, 2004, http://triad.bizjournals.com/triad/stories/2004/11/08/daily12.html.

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24. Ibid.

25. Blinson et al. v. State of North Carolina, No. 05 CVS 8378 (Wake County Super. Ct. filed June 23, 2005); *rev. denied*, 186 N.C. App. 328, 651 S.E.2d 268 (2007); *appeal dismissed*, 362 N.C. 355, 661 S.E.2d 240 (2008). For a history of the case, see www.ncicl.org/litigation/2.

26. Munger et al. v. State of North Carolina, No. 07 CVS 11756 (Wake County Super. Ct. filed August 16, 2007). For a history of the case, see www.ncicl.org/litigation/6. See also Chris Coletta, "Wake County Judge Throws Out Google Incentives Suit," *Triangle Business Journal*, November 14, 2008, www.triangle.bizjournals.com/triangle/stories/2008/11/10/daily46.html.

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29. Cuno v. DaimlerChrysler, No. 01-3960 (6th Cir., Sept. 2, 2004).

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Business Programs and Tax Incentives
Offered by Counties and Cities in the Greater Charlotte Region

Centralina Economic Development Commission
October 2008

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The Centralina Economic Development Commission is a 501c3 organization that serves the greater Charlotte region (North Carolina) and supports the key activities in the Centralina Regional Comprehensive Economic Development Strategy. The Strategy outlines an approach to regional growth and prosperity that builds on the region's strengths, emphasizes key regional industry clusters, and prioritizes economic development projects. The Commission is supported by the Board of County Commissioners in nine North Carolina counties (Anson, Cabarrus, Gaston, Iredell, Lincoln, Mecklenburg, Rowan, Stanly, and Union) and by the cities: Gastonia, Mooresville, Concord and Charlotte. Please check our website for further details: www.4noboundaries.org.

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Updated November 2008

Centralina Economic Development Commission

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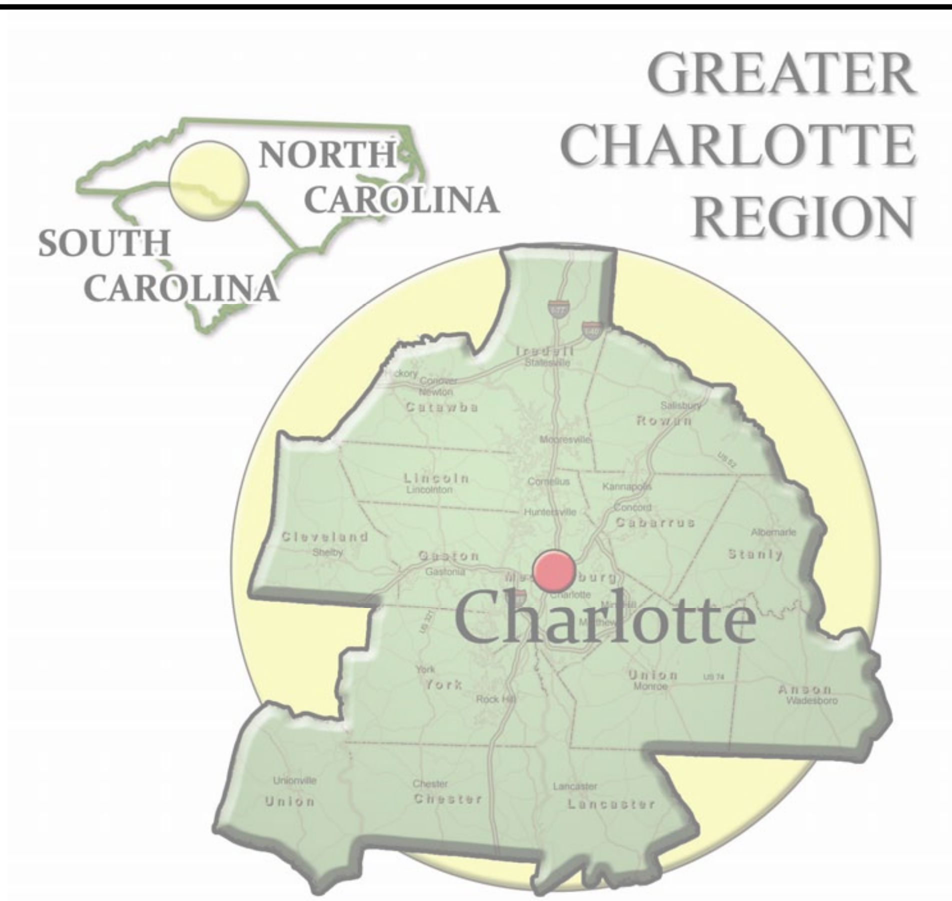
This inventory outlines the business programs and tax incentives for eleven counties in the Greater Charlotte Region, along with a brief summary of programs and incentives offered by North Carolina and the federal government.

The information provides a look into what counties in the Greater Charlotte Region offer growing businesses and those looking to relocate to the area. The programs and incentives are geared toward strong economic development and providing businesses with support to grow and prosper.

The information provided reflects the most recent information available on the date of publication. For more information, please contact each individual entity. Contact information can be found in the Appendix.



Economic Development Incentive Grant

Grading Scale

Points	Criteria
20	Jobs Created/Saved (5,10,20,40+)
20	Wage Level (above avg. by 10%, 15%, 20%)
20	Capital Invested (2M, 5M, 10M, 50M)
10	Invest in a diversified industry or innovative technology
10	Leverages future growth potential or expansion
10	Spin-Off Potential
10	Purchased or Leased from a Community Based Organization
10	Invest Heavily in training low-skill workers to upgrade skills
110	Possible Points

<40pts	=	50% grant
=40pts	=	55% grant
=45pts	=	60% grant
=50pts	=	65% grant
=55pts	=	70% grant
=60pts	=	75% grant

<u>20 percent rule</u>- The County reserves the right to deny an incentive for expansion if the value of the expansion is below 20% of the current assessed value. The County may offer the incentive to projects below that percentage at the County's discretion.

<u>Match Rule</u>- The County reserves the right to match offers from competing counties or states that may or may not fall under the parameters of this grant program.

The grading scale will be applied as the "score" percentage of the current assessed value of the facility and/or equipment. By using this percentage "multiplier", the County will be able to calculate grant amounts to be offered as incentives for industry locations in Anson County.

Current as of May 2008

Economic Development Grant Program

Eligible Uses - Eligible uses include, but are not limited to corporate headquarters, manufacturing, assembly, fabrication, processing operations, research and development, motorsports facilities, warehouse/distribution, or office buildings.

Economic Development Grant for Owners and Lessees

- minimum capital investment of $1.5 million
- grant equivalent to 85% of real and personal property tax paid
- grant award period of three (3) consecutive years
- beginning date for grant calculations is the date of useful occupancy and/or production startup
- grant amounts calculated based upon the increase in assessed real and personal property value generated by the project, as determined by the County Tax Assessor
- owner provides required documentation
- in no event should the lease term be less than the length of the grant if the recipient is leasing the building

Economy

Cabarrus County's economy has been historically based in traditional manufacturing business. Now Cabarrus County attracts business from around the world. What was once an industrial center is now a diverse economy supporting business from many sectors.

Current as of February 2008

Taxes and Incentives

The City of Concord offers its businesses a number of incentive opportunities, comprised of both tax incentives and services, to attract business and investment to the community. Committed to retaining its "business friendly" reputation, the City of Concord stands ready to help businesses expand, and become globally competitive

ECONOMIC DEVELOPMENT GRANT PROGRAM

I. PURPOSE

A. The economic welfare of the City is directly linked to the vitality, diversity and success of its businesses and industries. The purpose of the ECONOMIC DEVELOPMENT GRANT PROGRAM is to stimulate development of new industries and expansion of existing businesses. It is intended that the City will experience a positive economic benefit associated with each project.

B. Increasing and diversifying the local property tax base are the primary intentions of the ECONOMIC DEVELOPMENT GRANT PROGRAM, however, other factors may be considered in authorizing a grant to any specific project. These may include but are not limited to:

- The type of business for diversification of the City's economic base;
- The size and scope of the project based upon investment in site development, facilities, buildings and other business infrastructure inclusive of technology;
- The diversity, quality and quantity of jobs created by a project and the availability of labor;
- The relationship between workforce development and total project investment;
- The potential for future expansion of investment and employment;
- Site specific issues impacting upon public infrastructure;
- High quality design and construction;
- Actions that if pursued, stimulate development in areas of the City deemed beneficial;
- The ratio of investment in real versus personal property assets; and
- The environmental impact of the project.

C. Economic conditions, legal issues or other factors may cause the City Council to modify, amend, suspend, or even terminate the ECONOMIC DEVELOPMENT GRANT PROGRAM subject to the continuance of contracted grants previously awarded and in effect at that time.

II. PROJECT CATEGORIES AND ELIGIBILITY

A. Eligible and Ineligible Uses - Eligible uses include, but are not limited to manufacturing, assembly, fabrication, processing operations, research & development, motorsports facilities (including design and fabrication shops for race teams, paved and unpaved oval racetracks, road race courses, straight tracks for drag racing, and support facilities for spectators, race teams, sponsors and vendors), warehouse/distribution, or office/flex buildings. Mixed-use projects are eligible provided that the real and personal property value of retail and residential components, or any other ineligible components, are not included in grant calculations. Ineligible uses include, but are not limited to agricultural uses, private clubs, retail facilities, residential facilities, or telecommunications towers.

B. Grant Categories – The following Economic Development Grant categories have been established:

1. Economic Development Grant
    a. minimum capital investment of $1.5 million
    b. grant equivalent to 85% of real and personal property tax paid
    c. grant award period of three (3) consecutive years
    d. beginning date for grant calculations is the date of useful occupancy and/or production startup
    e. grant amounts calculated based upon the increase in assessed real and personal property value generated by the project, as determined by the County Tax Assessor
    f. grantees may be owners, or lessees, provided that lessees shall have a minimum lease term of five years

2. Level 1 Infrastructure Grant
    a. one-time only
    b. reimbursement for actual infrastructure cost
    c. maximum grant amount of $2,500
    d. minimum capital investment of $300,000 for project outside Center City and Downtown
    e. project eligible for Center City or Downtown ED Grant maybe eligible for a Level 1 Infrastructure Grant and may combine the two
    f. projects outside the Center City and Downtown may not combine a Level 1 Infrastructure Grant with an Economic Development Grant
    g. infrastructure grant terms may also be negotiated on a case-by-case basis
    h. eligible infrastructure improvements include, but are not limited to curb & gutter, streets, sidewalks, water lines, sanitary sewer lines, storm water control and drainage facilities, fire hydrants, electric lines (includes transformers, switch gear and related Facilities), and traffic signalization.

3. Level 2 Infrastructure Grant
    a. one-time only
    b. actual cost of infrastructure
    c. maximum grant amount negotiated on a case-by-case basis with consideration given to whether the infrastructure will serve other properties and what cost recovery may be associated with them
    d. grantee shall donate easements, or rights-of-way required on its property
    e. minimum capital investment of $1.5 million
    f. Level 2 Infrastructure Grant may not be combined with an Economic Development Grant
    g. cost recovery must be demonstrated through ad valorem taxes generated by the project that are to be paid to the City over a period not to exceed seven years from the date of approval
    h. infrastructure grant terms may be negotiated on a case-by-case basis
    i. eligible infrastructure improvements include, but are not limited to curb & gutter, streets, sidewalks, water lines, sanitary sewer lines, storm water control and drainage

facilities, fire hydrants, electric lines (includes transformers, switch gear and related facilities), and traffic signalization

4. Speculative Building Certification
    a. certification applies only to new speculative buildings to be constructed to attract an eligible economic development use, or uses, and is not a prerequisite for obtaining an Economic Development Grant
    b. certification may be approved for a single shell building, or for multiple shell buildings
    c. certification is a determination by City Council that a proposed structure, or structures and the associated site improvements would be eligible for an Economic Development Grant, provided that all other Economic Development Grant requirements of this policy are met, but is not a guarantee a grant will be approved
    d. for single building certification, a minimum estimated capital investment of $1.5 million in a shell building and associated site improvements is required, not including estimated up fit costs for occupancy
    e. for multiple building certification, a minimum estimated capital investment of $1 million in each shell building and associated site improvements is required, not including estimated up fit costs for occupancy
    f. proposed buildings to be considered for certification shall be of a size and/or type determined by City Council to be needed in Concord
    g. certification shall be in the form of an agreement between the City of Concord and the owner of a speculative building, which may include an option to assign the certification if a lessee decides to purchase the building during the grant period, provided that City Council approves the assignment to the new owner following a public hearing
    h. certification shall be for a one-year period and may be renewed for subsequent one-year periods by City Council.

5. Speculative Building Economic Development Grant
    a. minimum capital investment of $1.5 million
    b. minimum floor area of 100,000 square feet
    c. minimum ceiling height of twenty-six (26) feet
    d. storefront glass entryways
    e. exterior of masonry, or concrete tilt-up wall construction, including glass and metal accents, subject to individual case-by-case review
    f. pre-engineered wall systems excluded, except as single pre-planned wall for future expansion
    g. building elevations/renderings required
    h. grant equivalent to 85% of real and personal property tax paid
    i. grant award period of three (3) consecutive years
    j. beginning date for grant calculations is the issuance date of the Completion of Shell certificate from Cabarrus County Building Inspections for the shell building
    k. grant amounts calculated based upon the increase in assessed real and personal property value generated by the project, as determined by the County Tax Assessor buildings and other business infrastructure inclusive of technology;

CENTER CITY ECONOMIC DEVELOPMENT GRANT PROGRAM

I. PURPOSE

A. The economic welfare of the City is directly linked to the vitality, diversity and success of its businesses and industries. The purpose of the CENTER CITY ECONOMIC DEVELOPMENT GRANT PROGRAM is to stimulate development of new businesses and expansion of existing businesses. It is intended that the City will experience a positive economic benefit associated with each project.

B. Increasing and diversifying the local property tax base are the primary intentions of the CENTER CITY ECONOMIC DEVELOPMENT GRANT PROGRAM, however, other factors may be considered in authorizing a grant to any specific project. These may include but are not limited to:

- The type of business for diversification of the City's economic base;
- The size and scope of the project based upon investment in site development, facilities,
- The relationship between workforce development and total project investment;
- The potential for future expansion of investment and employment;
- Site specific issues impacting upon public infrastructure;
- Actions that if pursued, stimulate development in areas of the City deemed beneficial;
- The ratio of investment in real versus personal property assets; and
- The environmental impact of the project.

C. Economic conditions, legal issues or other factors may cause the City Council to modify, amend, suspend, or even terminate the CENTER CITY ECONOMIC DEVELOPMENT GRANT PROGRAM subject to the continuance of contracted grants previously awarded and in effect at that time.

D. The Center City of Concord is integral to the City's sustainability and economic growth. Its successful development and redevelopment is dependent upon the strength and vitality of the neighborhoods and surrounding areas that comprise the Center City. Concord's Center City is bounded by I-85, Branchview Drive, Warren C. Coleman Boulevard and Concord Parkway (See Center City Map). Properties that are zoned industrial, or which front either side of Cabarrus Avenue, Church Street, McGill Avenue, Corban Avenue, Union Street, Old Charlotte Road, Wilshire Avenue and Manor Avenue within the Center City are eligible for Center City incentives. This area encompasses several older, established residential neighborhoods and five major transportation corridors.

II. PROJECT CATEGORIES AND ELIGIBILITY

A. Eligible and Ineligible Uses - Consideration will be given to the type of development undertaken. Eligible uses include, but are not limited to, corporate headquarters, manufacturing, assembly, fabrication, processing operations, research & development, motorsports facilities, warehouse/distribution, office buildings and retail facilities. Mixed-use projects are eligible and may include residential components. Residential dwellings are eligible only as part of a mixed-use project. The residential component must include a minimum of two (2) contiguous units. Certain land, or property uses are ineligible for grant consideration. The following uses as defined in the Unified Development Ordinance and the City Code are specifically excluded:

- Agricultural uses
- Any 501C non-profit owned building;
- Auto body repair/painting shops;
- Automotive wrecker services;
- Body piercing establishments;
- Car washes;
- Cemeteries;
- Check cashing services;
- Churches;
- Convenience stores;
- Drug stores**;
- Flea markets;
- Fortuneteller (divination and palmistry)
- Gas stations;
- Mini-warehouses;
- Mobile home sales;
- Motor vehicle sales or rentals;
- Multi-family housing, except when included in a mixed-use development;
- Pawn shops;
- Pool or billiard hall/parlors;
- Private clubs;
- Public owned facilities;
- Restaurants with drive-thru services**;
- Salvage yards;
- Sanitary landfills;
- Sexually-oriented businesses;
- Single-family homes;
- Surface parking lots/outdoor storage facilities;
- Tattoo parlors;
- Telecommunications towers; and
- Other uses as defined by the City Council.

**Note – Drug stores and restaurants with a drive-thru may be considered as part of a larger mixed-use project.

B. Grant Categories - In the Center City, new or renovated commercial, industrial and mixed-use developments on industrially zoned land, or along designated corridors* are eligible for a Center City Economic Development Grant based upon the increase in assessed real and personal property value generated by the project, as determined by the Cabarrus County Tax Assessor. Other provisions allow a one-time infrastructure grant.

* Eligible corridors within the Center City are:
Cabarrus Avenue
Church Street
Corban Avenue
Manor Avenue
McGill Avenue
Old Charlotte Road
Union Street
Wilshire Avenue

1. Center City Economic Development Grant
   a. minimum capital investment of $200,000
   b. grant equivalent to 85% of real and personal property tax paid
   c. grant award period of three (3) consecutive years
   d. beginning date for grant calculations is the date of useful occupancy and/or production startup
   e. grant amounts calculated based upon the increase in assessed real and personal property value generated by the project, as determined by the County Tax Assessor
   f. grantees may be owners, or lessees, provided that lessees shall have a minimum lease term of five years

2. Level 1 Infrastructure Grant
   a. one-time only
   b. reimbursement for actual infrastructure cost
   c. maximum grant amount of $2,500
   d. minimum capital investment of $200,000 for project inside Center City
   e. project eligible for Center City ED Grant would be eligible for a Level 1 Infrastructure Grant and may combine the two
   f. projects outside the Center City and Downtown may not combine a Level 1 Infrastructure Grant with an ED Grant
   g. infrastructure grant terms may also be negotiated on a case-by-case basis
   h. eligible infrastructure improvements include, but are not limited to curb & gutter, streets, sidewalks, water lines, sanitary sewer lines, storm drainage facilities, fire hydrants, electric lines (includes transformers, switch gear and related facilities), and traffic signalization.

3. Level 2 Infrastructure Grant
   a. one-time only
   b. actual cost of infrastructure
   c. maximum grant amount negotiated on a case-by-case basis with consideration given to whether the infrastructure will serve other properties and what cost recovery may be associated with them
   d. grantee shall donate easements, or rights-of-way required on its property
   e. minimum capital investment of $1.5 million
   f. Level 2 Infrastructure Grant may not be combined with a Center City Economic Development Grant

g. cost recovery must be demonstrated through ad valorem taxes generated by the project that at are to be paid to the City over a period not to exceed seven years from the date of approval

h. infrastructure grant terms may be negotiated on a case-by-case basis

I. eligible infrastructure improvements include, but are not limited to curb & gutter, streets, sidewalks, water lines, sanitary sewer lines, storm drainage facilities, fire hydrants, electric lines (includes transformers, switch gear and related facilities), and traffic signalization.

III. PROGRAM PROVISIONS

A. These criteria serve as guidelines in project evaluations. They may be expanded upon or added to for a specific project and incorporated in the terms of the formalized grant award agreement. All Economic Development Grants are awarded solely at the discretion of City Council.

B. Each project will be considered on an individual basis using these guidelines and other directives established by the City of Concord. These guidelines are subject to change.

C. Projects considered under these guidelines shall be viewed independently of any project previously considered, awarded or rejected by the City.

D. All incentives are offered by the City Council following notice and a public hearing. City Council will determine the length of time each incentive will be offered.

E. Estimated real and personal property tax base created by a project, business spin-offs, as well as other factors will be used in determining whether a project merits consideration.

F. Projects receiving grants shall meet high quality building design standards and incorporate exit strategies so that buildings can accommodate multiple uses without significant structural changes in order to sustain their value to the community when the initial use of the facilities changes.

G. The beginning date of the grant award period shall be flexible in order to accommodate construction and production start-up time, but shall be completed no later than seven years after the date of the City Council vote to approve the grant. An extension to these limits may be granted, based upon specific project related issues, but is not guaranteed or required. Grant agreements shall terminate seven years after the date of the City Council vote to approve the grant, or upon issuance of the final grant payment by the City, whichever occurs first. After such termination, grant agreements will be null and void, and the parties to the Agreement will have no other obligations from one to the other thereafter, except as specifically noted in the Agreement.

H. Prior to approval of a grant request, calculations of the estimated project grant award shall be based upon estimates of anticipated new property tax revenues the City could expect to receive from a specific project, excluding revenues generated by a Municipal Service District or special assessment. Following approval of a grant request and completion of the respective project as evidenced by the issuance of a Certificate of Occupancy by the Cabarrus County Building Inspections office and useful occupancy of the new facilities, the amount of the annual grant award shall be based upon the increase in value determined by the Cabarrus County Tax Assessor's office. Unreported, or underreported assets discovered after the payment of taxes shall not be eligible for inclusion in the annual grant award for the respective year.

I. The annual grant award due to the grantee shall be requested by the grantee following payment of ad valorem taxes on the approved finished project and will be paid by the City, on or before April 15 each year during the grant period, subject to the project's date of useful occupancy following issuance of a Certificate of Occupancy by the Cabarrus County Building Inspections office. In no case shall an annual grant payment be issued unless the new or expanded business is in operation. Failure on the part of the Grantee to request an annual grant payment from the City prior to the end of the calendar year shall result in the forfeiture of the respective annual grant payment.

J. During the grant award period, the grantee shall remain current with all real and personal property taxes assessed, along with other fees, taxes, utility bills or other assessments levied by the grantors to remain eligible for the grant. The grantee shall be in compliance with all City codes and ordinances. The grantee shall not be in bankruptcy. Failure to meet these requirements will result in termination of the grant award.

K. Grants are not transferable and may not be otherwise conveyed to another party without the specific consent of the grantors.

L. Grantees are required to maintain and provide evidence that the average wages paid meet or exceed the existing average wage rate for positions of similar employment within the local workforce during the grant period.

M. The grantee shall provide detailed reports to the City during the grant period to ensure compliance with the terms, conditions and other specific requirements of the grant award agreement. Such information shall remain confidential. Failure of the grantee to provide required documentation shall cause termination of grant.

N. The grantee shall provide documentation in support of the fact that the City's ECONOMIC DEVELOPMENT GRANT PROGRAM is an important factor in its decision to locate or expand facilities in the City of Concord.

DOWNTOWN MUNICIPAL SERVICE DISTRICT ECONOMIC DEVELOPMENT GRANT PROGRAM

I. PURPOSE

A. The economic welfare of the City is directly linked to the vitality, diversity and success of its businesses and industries. The purpose of the DOWNTOWN MUNICIPAL SERVICE DISTRICT ECONOMIC DEVELOPMENT GRANT PROGRAM is to stimulate development of new businesses and expansion of existing businesses. It is intended that the City will experience a positive economic benefit associated with each project.

B. Increasing and diversifying the local property tax base are the primary intentions of the DOWNTOWN MUNICIPAL SERVICE DISTRICT ECONOMIC DEVELOPMENT GRANT PROGRAM, however, other factors may be considered in authorizing a grant to any specific project. These may include but are not limited to:

- The type of business for diversification of the City's economic base;
- The size and scope of the project based upon investment in site development, facilities, buildings and other business infrastructure inclusive of technology;
- The diversity, quality and quantity of jobs created by a project and the availability of labor;
- The relationship between workforce development and total project investment;
- The potential for future expansion of investment and employment;
- Site specific issues impacting upon public infrastructure;
- Actions that if pursued, stimulate development in areas of the City deemed beneficial;
- The ratio of investment in real versus personal property assets; and
- The environmental impact of the project.

C. Economic conditions, legal issues or other factors may cause the City Council to modify, amend, suspend or even terminate the DOWNTOWN MUNICIPAL SERVICE DISTRICT ECONOMIC DEVELOPMENT GRANT PROGRAM subject to the continuance of contracted grants previously awarded and in effect at that time.

D. The Downtown Municipal Service District is the most significant mixed-use area within the Center City of Concord (See Downtown MSD Map). Characterized by three key cross streets, Union Street, Church Street and Cabarrus Avenue, the Downtown Municipal Service District is the hub for neighborhoods, commercial centers and government offices for the City and County. While the downtown is an integral part of the City's sustainability and economic growth, its future is dependent upon the strength, vitality and growth of businesses and residences within the district.

II. PROJECT CATEGORIES AND ELIGIBILITY

A. Eligible and Ineligible Uses - Consideration will be given to the type of development undertaken. Eligible uses include, but are not limited to office buildings, retail facilities and residential dwellings. Mixed-use projects are eligible. Residential projects are eligible, subject to zoning restrictions, and must include a minimum of two (2) contiguous units. Certain land, or property uses are ineligible for grant consideration. The following uses as defined in the Unified Development Ordinance and the City Code are specifically excluded:

- any 501C non-profit owned building;
- auto body repair/painting shops;
- automotive wrecker services;
- bail bonding, or bonds person's services;
- body piercing establishment;
- car washes;
- cemeteries;
- check cashing services;
- churches;
- drug stores with drive-thru services**;
- flea markets;
- fortune teller (divination and palmistry);

- mini-warehouses;
- mobile home sales;
- motor vehicle sales or rentals;
- multi-family housing, except when included in a mixed-use development;
- pawn shops;
- pool or billiard hall/parlors;
- private clubs;
- public owned facilities;
- restaurants with drive-thru services**;
- sexually-oriented businesses;
- single-family homes;
- surface parking lots/outdoor storage facilities;
- tattoo parlors;
- telecommunications towers; and
- other uses as defined by the City Council.

**Note – Drug stores and restaurants with a drive-thru may be considered as part of a larger mixed-use project.

B. Grant Categories - In the Downtown Municipal Service District, new or renovated commercial and mixed-use developments are eligible for a Downtown Municipal Service District Economic Development Grant based upon the increase in assessed real property value generated by the project, as determined by the Cabarrus County Tax Assessor. Other provisions allow a one-time infrastructure grant.

1. Downtown MSD Economic Development Grant
   a. minimum capital investment of $100,000
   b. grant equivalent to 85% of real and personal property tax paid
   c. grant award period of three (3) consecutive years
   d. beginning date for grant calculations is the date of useful occupancy and/or production startup
   e. grant amounts calculated based upon the increase in assessed real and personal property value generated by the project, as determined by the County Tax Assessor
   f. grantees may be owners, or lessees, provided that lessees shall have a minimum lease term of five years

2. Level 1 Infrastructure Grant
   a. one-time only
   b. reimbursement for actual infrastructure cost
   c. maximum grant amount of $2,500
   d. minimum capital investment of $100,000 for project in Downtown MSD
   e. project eligible for Downtown ED Grant would be eligible for a Level 1 Infrastructure Grant and may combine the two
   f. projects outside the Center City and Downtown may not combine a Level 1 Infrastructure Grant with an ED Grant
   g. infrastructure grant terms may also be negotiated on a case-by-case basis

streets, sidewalks, water lines, sanitary sewer lines, storm drainage facilities, fire hydrants, electric lines (includes transformers, switch gear and related facilities), and traffic signalization.

3. Level 2 Infrastructure Grant
   a. one-time only
   b. actual cost of infrastructure
   c. maximum grant amount negotiated on a case-by-case basis with consideration given to whether the infrastructure will serve other properties and what cost recovery may be associated with them
   d. grantee shall donate easements, or rights-of-way required on its property
   e. minimum capital investment of $1.5 million
   f. Level 2 Infrastructure Grant may not be combined with a Center City Economic Development Grant
   g. cost recovery must be demonstrated through ad valorem taxes generated by the project that are to be paid to the City over a period not to exceed seven years from the date of approval
   h. infrastructure grant terms may be negotiated on a case-by-case basis
   i. eligible infrastructure improvements include, but are not limited to curb & gutter, streets, sidewalks, water lines, sanitary sewer lines, storm drainage facilities, fire hydrants, electric lines (includes transformers, switch gear and related facilities), and traffic signalization.

III. PROGRAM PROVISIONS

A. These criteria serve as guidelines in project evaluations. They may be expanded upon or added to for a specific project and incorporated in the terms of the formalized grant award agreement. All Economic Development Grants are awarded solely at the discretion of City Council.

B. Each project will be considered on an individual basis using these guidelines and other directives established by the City of Concord. These guidelines are subject to change.

C. Projects considered under these guidelines shall be viewed independently of any project previously considered, awarded or rejected by the City.

D. All incentives are offered by the City Council following notice and a public hearing. City Council will determine the length of time each incentive will be offered.

E. Estimated real and personal property tax base created by a project, business spin-offs, as well as other factors will be used in determining whether a project merits consideration.

F. Projects receiving grants shall meet high quality building design standards and incorporate exit strategies so that buildings can accommodate multiple uses without significant structural changes in order to sustain their value to the community when the initial use of the facilities changes.

G. The beginning date of the grant award period shall be flexible in order to accommodate construction and production start-up time, but shall be completed no later than seven years after the date of the City Council vote to approve the grant. An extension to these limits may be granted, based upon specific project related issues, but is not guaranteed or required. Grant agreements shall terminate seven years after the date of the City Council vote to approve the grant, or upon issuance of the final grant payment by the City, whichever occurs first. After such termination, grant agreements will be null and void, and the parties to the Agreement will have no other obligations from one to the other thereafter, except as specifically noted in the Agreement.

H. Prior to approval of a grant request, calculations of the estimated project grant award shall be based upon estimates of anticipated new property tax revenues the City could expect to receive from a specific project, excluding revenues generated by a Municipal Service District or special assessment. Following approval of a grant request and completion of the respective project as evidenced by the issuance of a Certificate of Occupancy by the Cabarrus County Building Inspections office and useful occupancy of the new facilities, the amount of the annual grant award shall be based upon the increase in value determined by the Cabarrus County Tax Assessor's office. Unreported, or underreported assets discovered after the payment of taxes shall not be eligible for inclusion in the annual grant award for the respective year.

I. The annual grant award due to the grantee shall be requested by the grantee following payment of ad valorem taxes on the approved finished project and will be paid by the City, on or before April 15 each year during the grant period, subject to the project's date of useful occupancy following issuance of a Certificate of Occupancy by the Cabarrus County Building Inspections office. In no case shall an annual grant payment be issued unless the new, or expanded business is in operation. Failure on the part of the Grantee to request an annual grant payment from the City prior to the end of the calendar year shall result in the forfeiture of the respective annual grant payment.

J. During the grant award period, the grantee shall remain current with all real and personal property taxes assessed, along with other fees, taxes, utility bills or other assessments levied by the grantors to remain eligible for the grant. The grantee shall be in compliance with all City codes and ordinances. The grantee shall not be in bankruptcy. Failure to meet these requirements will result in termination of the grant award.

K. Grants are not transferable and may not be otherwise conveyed to another party without the specific consent of the grantors.

L. Grantees are required to maintain and provide evidence that the average wages paid meet or exceed the existing average wage rate for positions of similar employment within the local workforce during the grant period.

M. The grantee shall provide detailed reports to the City during the grant period to ensure compliance with the terms, conditions and other specific requirements of the grant award agreement. Such information shall remain confidential. Failure of the grantee to provide required documentation shall cause termination of grant.

N. The grantee shall provide documentation in support of the fact that the City's ECONOMIC DEVELOPMENT GRANT PROGRAM is an important factor in its decision to locate or expand facilities in the City of Concord.

CENTER CITY FACADE LOAN PROGRAM POLICY

The Center City Façade Loan Program is a function of the City of Concord's Business and Neighborhood Services Department and is financed by Community Development Block Grant Funds (CDBG Funds) through the Department of Housing and Urban Development (HUD). The program is designed to assist property owners in upgrading the exteriors of existing buildings to enhance the appearance and/or to correct building or zoning code deficiencies. Applications are considered on a first come, first serve basis and assistance is based on available funding.

TERMS:
The following are terms of the Façade Loan Program:

- Two percent (2%) interest for periods of five or ten years.
- The debt to loan ratio must not exceed ninety-five percent (95%) and;
- The applicant's credit must be acceptable.
- All loans will be secured by a deed of trust and promissory note.
- All taxes and utilities must be current and the business must have a valid privilege license.
- All participants in the loan program must create at least one job for a low to moderate income individual, as defined by HUD, within six months of completion. Failure to comply with this requirement will result in the loan balance being payable and due within thirty days after being notified by certified mail.

SERVICE AREA:
The service area is determined by the boundaries of the Center City of the City of Concord (See Attached Map).

ASSISTANCE LEVEL:
Assistance may range from a minimum loan of $2,500 to a maximum amount of $15,000.

FUNDING PROCESS:

- Submission of Application
- Approval from representative of the Business and Neighborhood Services Department
- Funds are disbursed in the form of reimbursements for work completed. The Community Development Division can assist beneficiaries with obtaining bids and overseeing the work of approved proposed projects. It is also acceptable for the property owner to receive bids and oversee the construction.

STANDARDS:
The City of Concord expects high quality work that meets all local codes and State Building Codes as set forth in the North Carolina Building Code. Colors and styles of the renovations must be compatible with the existing area and reflective of the building design.

INCOME QUALIFICATION:
Not Applicable.

NON – DISCRIMINATION:
No person shall be discriminated against on the basis of race, color, religion, creed, gender, national origin, age, disability, marital status, veteran status, or any other legally protected status.

<u>Taxes: Local</u>

Ad Valorem Tax - The City of Concord has one of the lowest tax rates of any city its size in North Carolina. Local property taxes on real and personal property are paid annually through the Cabarrus County Tax Administration Office.

FY 08-09 City of Concord rate: $.42/$100 valuation

FY 08-09 Cabarrus County rate: $.63/$100 valuation

Updated 8/ 2008

Local Incentives may be granted by each municipality and then by Catawba County on a case-by-case basis. The only local municipality with a written incentive policy is the City of Hickory.
The Hickory Metropolitan Area is undergoing a period of economic transition. The following guidelines are adopted to promote diversified economic development, encourage growth in the property tax base, improve recruitment of business and industry, enhance job creation, and to continue Hickory's ability to function as the

hub of the metropolitan area. All economic development assistance is offered at the discretion of the City of Hickory. These guidelines are intended for application to economic development agreements made while the unemployment rate in the Hickory Metropolitan Area is above 5 percent.

1) **General**
   a) The companies that seek economic development assistance must first submit a letter requesting such assistance and a completed economic development grant application. The letter must demonstrate that without City assistance, the company would not make the investment in Hickory.
   b) Projects must not have started construction prior to consideration of the application.
   c) Economic development projects must comply with the North Carolina General Statutes 158-7.1 and other appropriate general statutes.
   d) Companies entering into economic development agreements with the City must implement training and educational support programs for their employees comparable to the City of Hickory's tuition reimbursement program. The purpose of this requirement is to limit economic development assistance to businesses that are willing to improve the overall education and skill level of their workforce, which will also have long term benefits the community at large.
   e) The company must enter into a binding joint economic development agreement with the City.
   f) The recipient must demonstrate compliance with all program criteria prior to receiving assistance. Grants will be disbursed after payment of the annual property tax levy.
   g) Leased properties will qualify if the companies have a lease that exceeds the length of the incentive period.
   h) Economic development assistance is limited to new businesses and businesses undertaking expansions. This assistance is not intended to create an incentive for existing businesses to shift locations within the community. An exception may be provided to this provision for business retention activities as described in paragraph 8.
   i) There is no right or entitlement to economic development assistance. All such assistance is made at the discretion of the Hickory City Council

2) **Industrial projects**. The City may provide economic development grants for industrial projects that meet the following criteria.
   a) Net minimum increase capital investment of $1,000,000 or more measured by an increase in property tax assessment;
   b) The project must create employment that pays wages at or above the median industrial wage for Catawba County as listed annually by North Carolina Department of Commerce Finance Center;

c) Economic development grant for industries may be made annually for up to ten (10) consecutive years to projects that meet these criteria. The size of the annual grant may be up to 100% of the net increased property tax revenue generated by the project.
d) Industrial projects include corporate headquarters and research and development facilities that qualify under the requirements of the William S. Lee Act.

3) **Non-industrial Projects**. The City may provide economic development grants to non-industrial projects that meet the following criteria.
   a) The projects must create new employment.
   b) The projects must increase the assessed value of real property by no less than $1,000,000.
   c) Non-industrial economic development grants may be up to 100% of the net gain in property tax revenue generated by the project for a period not to exceed ten (10) consecutive years for projects creating new employment that pays wages at or above the median industrial wage for Catawba County as listed annually by the North Carolina Department of Commerce Finance Center.
   d) Non-industrial economic development grants may be 100% of the net gain in property tax revenue generated by the project for a period not to exceed three (3) consecutive years for projects creating new employment that does not pay wages at or above median industrial wage for Catawba County as listed annually by the North Carolina Department of Commerce Finance Center.
   e) Non-industrial projects include professional offices, health care services, back office operations bus exclude residential projects. The following uses are not eligible for non-industrial economic development grants: cemeteries, golf courses, public utility uses, resource recovery facilities, adult uses, private clubs, agricultural uses, abattoirs, mining, landfills, retail uses, personal services and telecommunications towers. Mixed-use projects are eligible, but any residential element must have its portion of the investment subtracted from the calculations of the tax value. The residential portion of the project may be eligible for other grants for the creation of opportunities for home ownership.

4) **Economic development projects located within the commercial development revitalization area designated by City Council**;
   a) The City may provide economic development grants for industrial and non-industrial projects that meet the following criteria:
      i. The projects must create new employment.
      ii. The projects must increase the assessed value of the real property by no less than $500,000.
      iii. The project must be located in a designated commercial development revitalization area. Designated areas shall be adopted by City Council and may be amended by City Council only.
      iv. Commercial economic development grants may be for up to 100% of the net gain in property tax revenue generated by the project for a period not to exceed five (5) consecutive years that is the result of the new investment. Projects must not have started construction prior to consideration of the application;
   b) Grants will be disbursed after payment of the annual property tax levy.

5) **Off-site improvements to infrastructure**. As an alternative to providing direct economic development grants, the city may participate in making off-site improvements such as roads, rights of way, sidewalks, water and sewer lines, fire hydrants, underground utilities, street landscaping, and the like when such improvements are required to bring about desirable economic development. Criteria for such participation are:
   a) Off-site improvements to infrastructure will be subject to an economic development agreement. The agreement may consider increased property taxes toward payment of the cost of the extension or improvement in the same ration as for economic development grants. That portion of the property tax may be directed to the appropriate general or enterprise fund.
   b) If the improvements benefit only one property, the combination of the increased property tax and company participation shall account for the cost of the extension or improvement.
   c) If the improvement benefits multiple properties, a pro-rata share of the cost of the improvement shall be assigned to requesting property.

6) **City Property as an economic development incentive**. The City may accept increases in prospective property taxes for up to ten (10) years as consideration for the sale of its business park properties. Such property sales will be subject to an economic development agreement that includes a guarantee of payment by the applicant if there is a shortfall between the projected property taxes and the actual property taxes paid during the agreement period. The use of City Property as an economic development incentive is an alternative to and not an addition to other economic development incentives.

7) **Assistance to entrepreneurs**. The City may provide incentives to entrepreneurs by making grants of up to $100 for documented costs of tuition and material for participation in small business development training consultation offered by the Catawba Valley, Western Piedmont or Caldwell County Small Business Centers, the Small Business and Technology Development Center, Lenoir Rhyne College or the Hickory Metro Higher Education Center. All grants are reimbursable following successful completion and certification of the training and opening of the new business. Adult businesses and private clubs are not eligible for this assistance. The new or expanded business must create new employment in the City of Hickory. Only costs for successfully completed training or business consulting assistance incurred within the calendar year prior to the opening or expansion of the business and directly related to the new or expanded business are eligible.

8) **Assistance with required infrastructure**. The City may budget to provide matching grants of up to $5000 for the documented costs of additions or enlargements to public utilities within public rights of way associated with the opening of a new business or expansion of an existing business. Such assistance is limited to the addition of fire hydrants. To be eligible the new or expanded business must make application to City prior to construction, must create new employment, and must increase the City's tax base by $200,000 or more. The grant shall be made after the improvements have been completed and paid for by the applicant.

9) **Business Retention Incentives**. The City may provide incentives to retain business and industry under certain conditions. The intent of these incentives is to provide a tool for the City to retain significant tax base and employment in the event of a critical and potentially catastrophic business or industrial closing. Grants cannot be used to subsidize or artificially sustain businesses and industries when job losses or closings appear inevitable. Grants or loan funds under this program are indeed to benefit the City, employee and citizen by increasing worker education, worker and company productivity and long-term industry competitiveness on a global basis. These incentives may not be used to protect companies form local business competition.
   a) Retention incentives may be used for the following purposes:
      i. Employee training
      ii. Improving public infrastructure
      iii. Modernization of plant or equipment
   b) Funding may be provided in the form of a loan or annual grants
   c) Conditions of approval include commitment to maintain or increase levels of employment and tax base throughout the incentive period
   d) Failure to comply with incentive conditions will result in the return of all incentive funds to the City of Hickory
   e) The recipient must agree to participate in public information programs about al modernization and employee training efforts in order to share information concerning successes in making local industries more competitive in the global economy.

Current as of February 2008

ECONOMIC DEVELOPMENT ASSISTANCE GUIDELINES

The Hickory Metropolitan Area is undergoing a period of economic transition. The following guidelines are adopted to promote diversified economic development, encourage growth in the property tax base, improve recruitment of business and industry, enhance job creation, and to continue Hickory's ability to function as the hub of the metropolitan area. All economic development assistance is offered at the discretion of the City of Hickory. These guidelines are intended for application to economic development agreements made while the unemployment rate in the Hickory Metropolitan Area is above 5 percent.

General:

a) The companies that seek economic development assistance must first submit a letter requesting such assistance and a completed economic development grant application. The letter must demonstrate that without City assistance, the company would not make the investment in Hickory.
b) Projects must not have started construction prior to consideration of the application.
c) Economic development projects must comply with the North Carolina General Statutes 158-7.1 and other appropriate general statutes.
d) Companies entering into economic development agreements with the City must implement training and educational support programs for their employees comparable to the City of Hickory's tuition reimbursement program. The purpose of this requirement is to limit economic development assistance to businesses that are willing to improve the overall education and skill level of their workforce, which will also have long-term benefits the community at large.
e) The company must enter into a binding joint economic development agreement with the City.
f) The recipient must demonstrate compliance with all program criteria prior to receiving assistance. Grants will be disbursed after payment of the annual property tax levy.
g) Leased properties will qualify if the companies have a lease that exceeds the length of the incentive period.
h) Economic development assistance is limited to new businesses and businesses undertaking expansions. This assistance is not intended to create an incentive for existing businesses to shift locations within the community. An exception may be provided to this provision for business retention activities.
i) There is no right or entitlement to economic development assistance. All such assistance is made at the discretion of the Hickory City Council.

Industrial projects: The City may provide economic development grants for industrial projects that meet the following criteria:

a) Net minimum increase capital investment of $1,000,000 or more measured by an increase in the property tax assessment;
b) The project must create employment that pays wages at or above the median industrial wage for Catawba County as listed annually by the North Carolina Department of Commerce Finance Center;
c) Economic development grants for industries may be made annually for up to ten (10) consecutive years to projects that meet these criteria. The size of the annual grant may be up to 100% percent of the net increased property tax revenue generated by the project.
d) Industrial projects include corporate headquarters and research and development facilities that qualify under the requirements of the William S. Lee Act.

Non-industrial Project: The City may provide economic development grants to non-industrial projects that meet the following criteria:

a) The projects must create new employment.

b) The projects must increase the assessed value of real property by no less than $1,000,000.

c) Non-industrial economic development grants may be up to 100% of the net gain in property tax revenue generated by the project for a period not to exceed ten (10) consecutive years for projects creating new employment that pays wages at or above the median industrial wage for Catawba County as listed annually by the North Carolina Department of Commerce Finance Center.

d) Non-industrial economic development grants may be 100% of the net gain in property tax revenue generated by the project for a period not to exceed three (3) consecutive years for projects creating new employment that does not pay wages at or above the median industrial wage for Catawba County as listed annually by the North Carolina Department of Commerce Finance Center.

e) Non-industrial projects include professional offices, health care services, back office operations, but exclude residential projects. The following uses are not eligible for non-industrial economic development grants: cemeteries, golf courses, public utility uses, resource recovery facilities, adult uses, private clubs, agricultural uses, abattoirs, mining, landfills, retail uses, personal services and telecommunications towers. Mixed-use projects are eligible, but any residential element must have its portion of the investment subtracted from the calculations of tax value. The residential portion of the project may be eligible for other grants for the creation of opportunities for home ownership.

4) **Economic Development Projects:** Projects located within the commercial development revitalization area designated by City Council;

a) The City may provide economic development grants for industrial and non-industrial projects that meet the following criteria:

i. The projects must create new employment.

ii. The projects must increase the assessed value of real property by no less than $500,000.

iii. The project must be located in a designated commercial development revitalization area. Designated areas shall be adopted by City Council and may be amended by City Council only. Exhibit "A" is the map that delineates the commercial revitalization area.

iv. Commercial economic development grants may be for up to 100% of the net gain in property tax revenue generated by the project for a period not to exceed five (5) consecutive years that is the result of the new investment. Projects must not have started construction prior to consideration of the application;

b) Grants will be disbursed after payment of the annual property tax levy

Off-site improvements to infrastructure: As an alternative to providing direct economic development grants, the City may participate in making off-site improvements such as roads, rights of way, sidewalks, water and sewer lines, fire hydrants, underground utilities, street landscaping, and the like when such improvements are required to bring about desirable economic development.

Criteria for such participation are:

a) Off-site improvements to infrastructure will be subject to an economic development agreement. The agreement may consider increased property taxes toward payment of the cost of the extension or improvement in the same ratio as for economic development grants. That portion of the property tax may be directed to the appropriate general or enterprise fund.

b) If the improvements benefit only one property, the combination of the increased property tax and company participation shall account for the cost of the extension or improvement.
c) If the improvement benefits multiple properties a pro-rata share of the cost of the improvement shall be assigned to requesting property.

City Property: as an economic development incentive. The City may accept increases in prospective property taxes for up to ten (10) years as consideration for the sale of its business park properties. Such property sales will be subject to an economic development agreement that includes a guarantee of payment by the applicant if there is a shortfall between the projected property taxes and the actual property taxes paid during the agreement period. The use of City Property as an economic development incentive is an alternative to and not an addition to other economic development incentives.

Assistance to entrepreneurs: The City may provide incentives to entrepreneurs by making grants of up to $1000 for documented costs of tuition and materials for participation in small business development training or consultation offered by the Catawba Valley, Western Piedmont or Caldwell County Small Business Centers, the Small Business and Technology Development Center, Lenoir Rhyne College or the Hickory Metro Higher Education Center. All grants are reimbursable following successful completion and certification of the training and opening of the new business. Adult businesses and private clubs are not eligible for this assistance. The new or expanded business must create new employment in the City of Hickory. Only costs for successfully completed training or business consulting assistance incurred within the calendar year prior to the opening or expansion of the business and directly related to the new or expanded business are eligible.

a) Retention incentives may be used for the following purposes:
   i) Employee training
   ii) Improving public infrastructure
   iii) Modernization of plant or equipment
b) Funding may be provided in the form of a loan or annual grants
c) Conditions of approval include commitment to maintain or increase levels of employment and tax base throughout the incentive period
d) Failure to comply with incentive conditions will result in the return of all incentive funds to the City of Hickory
e) The recipient must agree to participate in public information programs about all modernization and employee training efforts in order to share information concerning successes in making local industries more competitive in the global economy.

Current as of May 2008

Economic Incentives

Economic incentives, including tax credit programs, are available to industries that choose to locate or expand in Cleveland County. Cleveland is considered a Tier Two county by the State of North Carolina and that means that certain tax incentives under the William S. Lee Quality Jobs and Business Expansion Program are available. Eligible firms include manufacturing and processing operations, warehousing and distribution plants, and data processing firms that pay at least 110 percent of the average county wage. More information is available through the Chamber's economic development division.

Tax credit and incentives available include:

- The Jobs Tax Credit program is available to both new and existing industries. For each full-time job created by a manufacturing firm, beyond a threshold of five, the company will receive a $3,000 tax credit. The credit, paid in equal installments, is taken over a four-year period.
- The Research and Development Tax Credit allows companies that qualify for the Federal Research and Experimentation Tax Credit to receive a state tax credit. The credit is equal to five percent of the state's apportioned share of the taxpayer's expenditures for qualifying research and development activities.
- A credit of 50 percent or $500 can be taken for each employee trained under the job creation or investment tax credit (for eligible businesses).
- All types of companies are eligible for the Business Property Tax Credit. The credit is equal to four and one-half percent of tangible personal business property capitalized under the tax code. That is up to a minimum single year credit of $4,500 and is taken in five equal installments, beginning in the taxable year the property is placed into service.

Current as of February 2008

The following investment grant program is available in Gaston County, Gastonia, Bessemer City, Belmont, Cherryville, Dallas and Stanley.

Purpose
The Gaston County Board of Commission has supported economic development for more than twenty years with an emphasis on tax base development, employer diversification and job creation. The Commission has recognized the need to provide programs and financial support to strengthen and diversify the County's economy. Tax base development is a key concern for the County's fiscal health. It is essential not only to attract new investment but also to encourage existing business to expand and reinvest in their Gaston County operations. The Gaston County Investment Grant Program (GCIGP) is intended to provide an inducement for new business to locate in Gaston County and encourage existing business to expand.

Grant Program Description
The program provides grants to companies investing in Gaston County. The grant will be established by an application with Gaston County. The company must pay their taxes in full each year based on the actual tax value of the property or investment. If the company meets all of the criteria in the application, a portion of the property tax will be returned as a grant. The amount of the grant is based on a sliding scale.

Investment Grants will be based on the increase in tax value of all real property, machinery and improvements above the base year prior to investment. No grant will be given to a company that would reduce their tax payment to an amount lower than the previous tax year.

Purchases of any existing Gaston County facility or equipment will not qualify for the program.

All grant monies will be taken directly from the company's tax payment. The company must be current with all other payments required by Gaston County.

The Gaston County Board of Commissioners may modify or eliminate the program subject to meeting all existing grant obligations in effect at the time.

No company may transfer grant agreements of contracts without explicit approval by the Gaston County Board of Commissioners.

Industrial Grant 1
All investment in real property, new machinery and equipment over $1,000,000.00 would be eligible for a grant as shown below.

Year 1	90% property tax grant
Year 2	80% property tax grant
Year 3	70% property tax grant
Year 4	60% property tax grant
Year 5	50% property tax grant

Industrial Grant 2
All investment in real property, new machinery and equipment over $15,000,000.00 would be eligible for a grant as shown below.

Year 1	90% property tax grant
Year 2	80% property tax grant
Year 3	70% property tax grant
Year 4	60% property tax grant
Year 5	50% property tax grant
Year 6	40% property tax grant
Year 7	30% property tax grant
Year 8	20% property tax grant
Year 9	10% property tax grant

Industrial Grant 3
All investments in real property, new machinery and equipment over $30,000,000.00 would be eligible for a grant as shown below.

Year 1	90% property tax grant
Year 2	85% property tax grant
Year 3	80% property tax grant
Year 4	75% property tax grant
Year 5	70% property tax grant
Year 6	65% property tax grant
Year 7	60% property tax grant
Year 8	55% property tax grant
Year 9	50% property tax grant
Year 10	45% property tax grant

Industrial Grant 4

All investments in real property, new machinery and equipment over $50,000,000.00 would be eligible for a grant as shown below.

Year 1	85% property tax grant
Year 2	85% property tax grant
Year 3	85% property tax grant
Year 4	85% property tax grant
Year 5	85% property tax grant
Year 6	70% property tax grant
Year 7	70% property tax grant
Year 8	70% property tax grant
Year 9	70% property tax grant
Year 10	70% property tax grant

Retail Grant: Only available in Gaston County, Bessemer City, Cherryville and Stanley.

All retail investments with an aggregate investment of $40,000,000.00 would qualify for a grant as shown below.

Year 1	90% property tax grant
Year 2	80% property tax grant
Year 3	70% property tax grant
Year 4	60% property tax grant
Year 5	50% property tax grant

The Local Investment Grant Program is intended to diversify the tax base, improve employment opportunities for Gaston County citizens, and create an increase in the net depreciable taxable value of the tax base of Gaston County. The Gaston County Tax Department and the Gaston County Economic Development Commission shall establish procedures for the implementation of the Program. Grant applications shall be reviewed and verified by the Tax Department and the EDC. Any interpretation of the application and/or approved Grant of the program to a specific project shall be subject to a yearly review by the EDC and Tax Department for eligibility in accordance with this policy statement and shall be final.

Amended 1/31/2007.

Electric Utility

The City of Gastonia Electric Department looks forward to any new business in Gastonia. We understand that it takes time and money to establish a company or industry. Therefore, we believe that is important to help new businesses as much as possible to find their niche in the community. Two ways we provide aid are through our Economic Development Rider and our Economic Redevelopment Rider.

The City offers an Economic Development (ED) Rider that provides savings to any new company or industry locating in Gastonia whose demand exceeds 1MW. This rider also applies to any additional load greater than 1MW that is added after initial construction. The summary of this rider is that a discount will be offered over the first four years of operation as indicated below:

PERIOD	DISCOUNT
Months 1-12	20%
Months 13-24	15%
Months 25-36	10%
Months 37-48	5%
After Month 49	0%

The Economic Redevelopment Rider is available to new commercial or industrial customers at an existing facility that is/was served by the City of Gastonia and has been vacant for at least six months. The demand of the new load must equal or exceed 1MW. This discount of 50% will be offered over the first year of operation.

Water and Sewer

Whenever offsite water and sewer line extensions are made at the developer's expense, the city will refund to the developer of the property served by such extension a specified amount per foot for six-inch or larger water lines, with an additional payment for each fire hydrant, and a specified amount per foot for eight-inch or larger sanitary sewer lines. The maximum reimbursement amounts will be included in the contract. Reimbursements are to be made by the city to the developer from budgeted funds in annual payments in August of each calendar year based on certificates of compliance issued by April 1 of the preceding fiscal year and the percentage of development completed in accordance with site plans/subdivision plans approved by the city.

Center City Residential Development

From its origin, the downtown area has been an economic indicator of Gastonia's financial strength and social unity. As employment numbers rise, new retail and service will find markets in the Center City. Disposable income and residential presence within walking distance of the downtown is paramount to its revitalization and success. Therefore, this grant program specifically encourages housing infill and rehabilitation within the area of historic housing development. Efforts to bring back and stabilize housing in the Center City have been encouraged through the local and national historic district designations, the Highland Neighborhood plan, the Firestone neighborhood plan, and the Center City Plan.

Grant Program Description

Each project is reviewed by the *Urban Design Review Committee*, which is appointed by City Council. The committee's goal is to ensure that projects receiving grants through this program meet high quality building design standards and incorporate exit strategies so that buildings will be built to accommodate multiple uses to sustain their value to the community should the initial use change.

Grant Option I offers grants for commercial properties in the Municipal Service District (MSD) or residential. properties within the Historic Housing Development Area (HHDA). Calculations of the project grant award shall be based upon new net increase in property tax revenues that the City will receive from the specific project. A minimum increase in total site appraisal at or above the levels below triggers the grant availability.

	Year 1	**Year 2**	**Year 3**	**Year 4**
Level 1 Grant Category - $100,000	**90%**	**50%**	**25%**	**10%**
Level 2 Grant Category - $500,000	**90%**	**75%**	**35%**	**15%**
Level 3 Grant Category - $1,000,000	**90%**	**80%**	**50%**	**40%**

Grant Option II offers grants for the conversion to or new construction of residential properties within the Municipal Service District (MSD) and the Urban Redevelopment Area (UDA). This grant option is subject to all design standards, qualifications, review, and requirements of the Gastonia Incentives Grant Program and the eligibility standards and terms listed as follows:

Eligibility

Residential construction or renovation within the **MSD and UDA** for one or more dwelling units will be allowed on the second floor or along Main Ave. between York Street and Broad Street including the properties within the adjoining blocks. All other locations within the **MSD and UDA** will be required to have a minimum of four (4) or more dwelling units. The minimum increase per dwelling unit appraisal shall be $25,000. (Based upon the increase in project real estate property assessments to be confirmed by the county tax assessor)

Terms

Grant amounts shall be based upon an adopted grant calculation formula, but in any case shall not exceed 20% of the increase in total site appraisal with an aggregate total of all payments not to exceed $500,000. Grant funds shall be distributed over a 15-year period.

Community Development

The City currently has approximately $1 million in unused **Section 108 Loan** authority available for economic development and community development projects. The program is a valuable economic development tool to be used on projects where there is a strong likelihood of repayment from the project. Another potential funding source that can be used with the Section 108 program is the **New Markets Tax Credits (NMTC)**. NMTC is a means to bring additional equity into an economic development project in distressed census tracts. A renovation on a downtown project with total costs of $2 million, using $1 million in Section 108 debt, could attract $550,000 in equity from Historic Rehab Tax Credits and $400,000 in New Markets Tax Credits. This leverage of almost 50% of the project from equity can make a marginally feasible project be successful.

Current as of April 14, 2008

Industrial Development Incentive Program (IDIP) - Iredell County
The County of Iredell, in cooperation with Harmony, Love Valley, Mooresville, Davidson, Statesville or Troutman, may provide various financial incentives for companies seeking to locate or expand a business into Iredell County. This incentive program is designed to stimulate development by offsetting up-front costs associated with an industry location or expansion.

The scope of the incentive package will be based on the following criteria: Capital investment of at least $3 million; creation of quality jobs with pay higher than the county's average wages; and environmental cleanliness. County funds may be used in a manner consistent with GS 158-7.1

The parameters defining the level of the contribution will be as follows:
1) An amount equal to .372% of the capital investment may be used for incentive payments for a period of five years;
2) If a company's investment exceeds $30 million in additional taxable base, the Board of Commissioners may authorize the extension of the years of eligibility to six years; and
3) A further component of that calculation will be based on the quality of the jobs created. The schedule below allocates percentage of participation for each level:

	Wage Rate	Eligibility Rate
Level I	120% of county average wage	100% eligible reimbursement
Level II	110% of county average wage	90% eligible reimbursement

The following procedure will be used by industry in requesting industrial development incentive awards:

- Must receive a favorable recommendation from the Greater Statesville Development Corporation or the Mooresville-South Iredell Chamber of Commerce;
- Must be willing to appear before the public at a hearing for the purpose of receiving input on the proposed incentive;
- Must receive favorable vote from the Board of Commissioners following public hearing;
- Must be willing to enter into a formal agreement with the County to stipulate the commitment of the industry to the county; and
- Must be willing to reimburse the County if at any time a court of last appeal determines that incentive payments are in violation of the constitution or the law.

Industrial Development Incentive Grant Policy – Mooresville
G.S. 158-7.1(a) provides that each city in North Carolina is authorized to make appropriations for the purposes of aiding and encouraging the location of manufacturing enterprises, making industrial surveys and locating industrial and commercial plants in or near such city; encouraging the building of railroads or other purposes which, in the discretion of the governing body of the city, will increase the population, taxable property, agricultural industries and business prospects of any city. These appropriations may be funded by the levy of property taxes pursuant to G.S. 160 A-109(b) (17a) and by the allocation of other revenues whose use is not otherwise restricted by law.

The Commissioners of the Town of Mooresville believe that granting Industrial Development Incentive (IDI) grants will encourage the location and expansion of manufacturing and commercial plants in or near the Town of Mooresville, and will increase the population, taxable property, industrial and business prospects for the Town. The Town of Mooresville therefore adopted the IDI Grant Policy.

In determining whether an IDI grant will be made and, if so, the amount thereof, the following criteria, and such other criteria as the Town may deem appropriate in each individual case, will be used in the making the determination:

- The type of facility.
- The effect on the environment.
- The size of the project based upon investment in site development, plant facilities and infrastructures.
- The number of and type of jobs created.
- The relationship between job development and total investment.
- Potential for future expansion and increased employment.
- Site specific issues that impact upon local infrastructure responsibilities.

Site-specific initiatives that may be pursued to stimulate other development I areas the Town may deem of significant benefit to the community.

The grants may be made in kind or in cash:

1) If the grant is made in cash, it may be made in a lump sum or in annual installments, depending on the Town's budgetary condition.
2) If the grant is made in annual installments, the industry shall meet the following requirements:
    a) The industry must be in continuous operation for a period of at least one calendar year prior to the Town's making the annual installment.
    b) The industry must employ a certain number of employees who are paid wages equivalent to or above the average wages paid in Iredell County as reported by the Employment Security Commission.

All ad valorem taxes and other public obligations must be current.

Other Matters

1) Annual installment payments of grant may not be transferred or otherwise conveyed to another party without the specific consent of the Town.
2) The terms of IDI grant will be embodied in a formal agreement between the industry and the Town.
3) If the industry is not located within the Town limits of Mooresville, this agreement may provide that the property location shall be annexed into the Town.

This industrial development Incentive Grant policy replaces any previously enacted policy guidelines.

Current as of January 20, 2004

Industrial Development Incentive Policy

It is the policy of the City of Statesville to promote a strong business presence within its corporate limits. In the spirit of this policy, the city council may find it necessary to stimulate development of business by offering incentive grants to offset development costs associated with a business location or expansion. Such grants may be used to offset the cost of such expenses as environmental testing, clearing, grading, storm water mitigation, water/wastewater/power line extensions, power substation design and construction, and road construction.

The city will entertain requests for incentives on a case by case basis and will weigh their merit according to the following:

Incentives may be granted for location and expansion of a specific business or industry where increase in employment, tax base and or utility usage are immediate and measurable. Request for incentives within the Statesville Industrial Park shall be governed by the policy adopted for that park.

The threshold increase in tax base shall be $5 million except when the Iredell County employment rate rises above 3.9% or an existing industry expands and creates at least five jobs, then threshold increase in tax base shall be $1.5 million.

Creation of jobs that pay the county's average wage or higher as determined by either the Article 3J Credits or the SIC Code for a particular job determined through the Employment Security Commission.

The applying party must be the business or industry locating or expanding in the city or willing to petition for annexation into the corporate limits of Statesville.

The business must be willing to guarantee, through contract, the tax base, job creation and average wages and pledge to reimburse the city for a portion of the incentive when these thresholds are not achieved.

The city shall not make incentive grants for development of land.

The parameters for defining the kind of contribution based solely on tax base growth of less than $20 million shall be:

WAGE RATE*		ELIGIBILITY RATE
Level I	120% of county average wages ($18.16)	80% of eligible reimbursement
Level II	110% of county average wages ($16.64)	70% of eligible reimbursement
Level III	100% of county average wages ($15.13)	60% of eligible reimbursement
Level IV	Less than 100 % of county average wages	0% of eligible reimbursement

* The wage rate shall be determined by either the Article 3J rating sheet or the prevailing wages established by the SIC Codes provided by the Iredell County Employment Security Commission during the year in which the grant is requested.

Procedures:
In concert with Chapter 158 of the NC General Statutes the city adopts the following procedures for requesting incentives to locate or expand business in Statesville:

1. The applicant shall apply directly to the Greater Statesville Development Corporation and receive its approval before being considered by the city council.
2. The Director of GSDC will bring the request to the city council with a recommendation of the type and level of incentive.
3. The city council will set a public hearing on the issue according to Chapter 158 of the NC General Statutes.
4. The city council will hold the hearing and act on the request.
5. The city attorney shall prepare a contract between the city and client for such incentives.
6. The city shall obtain a petition of annexation if necessary before any payments are processed.
7. The client will send request for payment to the city and it will process the request and reimburse the client as specified in the contract.
8. The client shall consent to an audit of its employment records during and one year after the period covered by the incentive contract to insure that it meets both the wage and employment goals set forth in the contract.
9. In order to receive a distribution of an incentive grant the client must be current on all taxes, fees and payments.
10. Incentive grants will be made on an annual basis except for those, which will be used to extend public water/wastewater/electric lines or storm water and street systems. These may be paid on presentation of receipts and physical inspection of the infrastructure in place.
11. Industrial or office operations to be considered for financial assistance must conform to Article 3J guidelines. Retail operations are not eligible for assistance under this program. The eligible projects include the following: aircraft maintenance and repair; air courier services hub; company HQ; customer service call centers; electronic shopping and mail order houses; information technology and services; manufacturing; motorsports facility; motorsports racing teams; warehousing.
12. Projects eligible for this program must state in writing that without City assistance, the company would not make the investment in Statesville.
13. Companies using this program should not have begun construction on a new facility or expansion of current facility prior to entering into this agreement.
14. Should a grant recipient cease operations or reduce employment numbers by 50% or more of the total job numbers at the start of the grant period, during the 5-year period of the grant, any remaining payments will be forfeited and the grant program will end immediately.

Current as of May 7, 2008

Industrial Development Incentive Policy
It is the policy of the Town of Troutman to promote a strong business presence within its corporate limits. In the spirit of this policy the Troutman Board of Alderman may find it industry. Such grants may be used to offset the cost of such development of business by offering incentive grants to offset development costs associated with a new business location or expansion of an existing expenses as environmental testing, industrial site work, clearing, grading, testing of site, storm water mitigation, water/wastewater/power line extensions, power substation design and construction, road construction, building up fit, and new machinery and equipment.

The town will entertain requests for incentives on a case-by-case basis and will weigh their merit according to the following:

Incentives may be granted for new location and for expansion of a specific business or industry where increase in employment, tax base and utility usage are immediate and measurable.

The threshold increase in new taxable investment shall be: $1,500,000.

Creation of at least 12 new full time jobs that pay the State Wage Standard as defined by the 3J Tax Credits or higher and pay at least 50% of health care coverage.

The applying party must be the business or industry locating or expanding in the Town of Troutman.

The business must be willing to guarantee, through contract, the tax base, job creation and average wages and pledge to reimburse the Town of Troutman for a portion of the incentive when these thresholds are not achieved.

The town shall not make incentive grants for businesses not described in the State Tax Credit job classifications.

NEW INVESTMENT ELIGIBILITY RATE
Level I $1,500,000-4,999,999 70% of eligible reimbursement
Level II $5,000,000-14,999,999 80% of eligible reimbursement
Level III $15,000,000-up 90% of eligible reimbursement

Procedures:
In concert with Chapter 158 of the NC General Statutes the Town adopts the following procedures for requesting incentives to locate or expand business in the Town of Troutman:
1. The applicant shall apply directly to the Greater Statesville Development Corporation and receive its approval before being considered by the board of aldermen.
2. The Director of the Greater Statesville Development Corporation will bring the request to the board of aldermen with a recommendation of the level of incentive.
3. The board of aldermen will set a public hearing on the issue according to Chapter 158 of the NC General Statutes.
4. The board of aldermen will hold the hearing and act on the request.

5. The town attorney shall prepare a contract between the town and applicant for such incentives. The contract must identify the start date and completion date of the proposed project.
6. The applicant will send request for payment to the town and it will process the request and reimburse the applicant as specified in the contract.
7. The applicant shall consent to an audit of its employment records during and one year after the period covered by the incentive contract to insure that it meets both the wage and employment goals set forth in the contract.
8. In order to receive a distribution of an incentive grant the applicant must be current on all taxes, fees and payments.
9. Incentive grants will be made on an annual basis for five years, paid in five equal installments, after company property taxes are paid.
10. Project must have operations that qualify under the State 3J Tax Credit guidelines: any company that engages in manufacturing, assembling, fabrication, processing, warehousing, distribution, data processing, software development, central administrative office, telecommunications, research and development facilities, biotechnology, information technology, corporate headquarters, or any other business or industry as allowed by NCGS §158-7.1.
11. Retail operations are not eligible under this program.

This grant program is at the discretion of the Town Board of Aldermen.

The applicant must enter into a binding economic development contract with the Town of Troutman and is, therefore, subject to any reporting or repayment (clawback provision) requirements contained therein.

The Town Board of Aldermen will hold the necessary public hearings as required under statute and approve the signing of the contract between the town and the applicant.

Current as of May 7, 2008

LINCOLN COUNTY
INDUSTRIAL DEVELOPMENT INCENTIVE GRANT PROGRAM
FOR NEW AND EXISTING INDUSTRIES

I. OVERVIEW

Lincoln County has adopted the following Industrial Development Incentive Grant Program for purposes of recruitment of industry and increasing economic growth. The objectives of the grant program are to expand the tax base, to provide quality jobs for Lincoln County's residents, to promote economic development, and to secure the economic well-being of all citizens. The importance of sustaining and assisting with the growth of existing industries is well-documented. The diversification that comes with the addition of new industries to a county is needed to provide a broader economic base. The following paragraphs formalize the Incentive Grant Program.

II. PROGRAM PARAMETERS

The Industrial Development Incentive Grant involves a contractual agreement between Lincoln County and new or existing industries for a financial incentive grant based upon the actual value of qualifying new capital investment (as determined below) made by such new or expanding industries within the corporate boundaries of Lincoln County. Incentive grants made under this program will be identified by the particular project for which they are made and will be secured by a contract between the grant recipient and Lincoln County. Such contract must identify the start date and completion date of the proposed project, which project shall not exceed two years in duration. The time period for a contract shall not be required to coincide with the County’s fiscal year. Should conditions change such that the amount of the qualifying new capital investment is greater or less than the contracted amount, the financial incentive grants to be made hereunder will be adjusted accordingly on a pro-rata basis. Changes or additions to a project after a contract’s completion date will require a separate contract.

The maximum amount of the financial incentive grant will be determined in accordance with the provisions set out in Section IV and will be specified in the contract. In the event that a recipient actually makes a smaller investment than contracted for hereunder, the grant to be paid will be reduced accordingly.

For purposes of the incentive grant, the new capital investment will be assessed by the Lincoln County Tax Department on January 1, following the first full year of completion. The financial incentive grant will be paid in five equal annual installments. The first of the annual installments will be paid 30 days after their tax payment for the then-current year has been received by Lincoln County; and after the company notifies Lincoln Economic Development Association their taxes have been paid, provided, however, that any annual grant installment may be delayed or withheld if the grant recipient is delinquent in the payment to Lincoln County of any taxes, utility bills, or other fees owed the Court.

The value of the qualifying new capital investment will be determined by the appraisers of the Lincoln County Tax Department on the basis of enhancements to Lincoln County's tax base. The Tax Department appraisers will consider only new investment in land, buildings, machinery, equipment, and personal property, subject to the following guidelines:

a) For new construction or expansion of existing construction, the amount that qualifies for consideration in calculating incentive grants will reflect only the amount by which the new construction or expansion enhances the value of the property beyond its value prior to the project, except in regard to Shell Buildings outlined in section (d).

b) The value of new investment in machinery, equipment, or other personal property eligible for consideration in calculating incentive grants will be limited to 70 percent of the amount of new investment in such property.

c) For expansions of existing industries, the value of any machinery or equipment being phased out, replaced, or retrofitted as part of the project will be deducted from the value of replacement equipment in determining the amount that qualifies for consideration in calculating incentive grants.

d) For Shell Buildings, the value of the property will qualify for consideration in calculating grants for the first buyer or tenant leasing for more than one year. Shell Buildings must be registered and approved by the Lincoln Economic Development Association to qualify for incentives.

e) If a grant recipient shall close, terminate, or reduce its operation by fifty percent (50%) or more during the five-year period of the grant, all further grant payments will cease, and the Industrial Development Incentive Grant for the recipient will be null and void.

Each project will be considered in accordance with the aforesaid guidelines. The Lincoln County Board of Commissioners will review these guidelines annually and make any necessary or appropriate changes. The grant program may be changed or rescinded at any time but with the understanding that contracts outstanding at the time of such termination or change will be honored in accordance with the terms of such contracts.

III. *PROJECT QUALIFICATIONS*

To be considered eligible for an Industrial Development Incentive Grant, a project must meet certain basic criteria. These criteria are to be used as guidelines in project evaluations. Additional criteria may be applied to specific projects based upon the terms of the contract between the grant recipient and Lincoln County.

Factors to be considered shall include but not be limited to the following:

- the size of the project based upon investment in site development, plant facilities, and infrastructure;
- the number and type of jobs created and the anticipated hourly wages to be paid;
- potential for future expansion and increased employment;
- site specific initiatives that may be pursued to stimulate other development in areas that Lincoln

- County may deem of significant benefit to the community.

IV. APPLICATION OF THE GRANT PROGRAM

1. Level I Grant -- for qualifying new capital investment by new or expanding industries in an amount from $1,000,000 to $4,999,999.

   The annual grant to be paid will be computed by multiplying the dollar amount of the investment (as determined by the appraisers of the Lincoln County Tax Department) by a factor of 0.003965.

2. Level II Grant -- for qualifying new capital investment by new or expanding industries in an amount from $5,000,000 to $19,999,999.

   The annual grant to be paid will be computed by multiplying the dollar amount of the investment (as determined by the appraisers of the Lincoln County Tax Department) by a factor of 0.004575.

3. Level III Grant -- for qualifying new capital investment by new or expanding industries in an amount of $20,000,000 or more.

   The annual grant to be paid will be computed by multiplying the dollar amount of the investment (as determined by the appraisers of the Lincoln County Tax Department) by a factor of 0.005185.

V. PUBLIC HEARING

Upon receipt of a grant application, and prior to approval of such application, the Lincoln County Board of Commissioners shall hold a public hearing after due advertisement in accordance with the provisions of N. C. G. S. 158-7.1.

Approved and adopted at the regular monthly meeting of the Lincoln County Board of Commissioners on the 1st day of February, 1999, amended by the Board on August 5, 2002, and most recently amended by the Board on June 7, 2004.

____
Thomas R. Anderson Chairman
Lincoln County Board of Commissioners

ATTEST:

____
Amy S. Atkins, Clerk to the Board

GRANT EXAMPLES
LINCOLN COUNTY

Grants are for a five-year period beginning the first full year of operation. The amount is calculated by multiplying the qualifying investment by the factor for the appropriate investment level and then multiplying by five (for the five years).

For example, $2 million of qualified investment would be calculated as follows:

$2,000,000 x 0.003965 (Level I factor) = $7,930 per year or **$39,650** ($7,930 x 5) over five years.

This could also be calculated using the tax rate, which is 61 cents per $100 of assessed value, as follows:

$2,000,000 divided by 100 = $20,000 x 0.61 (tax rate) = $12,200 (taxes owed) x 65% (reduction in taxes in Level I) = $7,930 per year or **$39,650** ($7,930 x 5) over five years.

For example, $10 million of qualified investment would be calculated as follows:

$10,000,000 x 0.004575 (Level II factor) = $45,750 per year or **$228,750** over five years.
This could also be calculated using the tax rate, which is 61 cents per $100 of assessed value, as follows:

$10,000,000 divided by $100 = $100,000 x 0.61 (tax rate) = $61,000 (taxes owed) x 75% (reduction in taxes in Level II) = $45,750 per year or **$228,750** over five years.

For example, $40 million of qualified investment would be calculated as follows:

$40,000,000 x 0.005185 (Level III factor) = $207,400 per year or **$1,037,000** over five years.

This could also be calculated using the tax rate, which is 61 cents per $100 of assessed value, as follows:

$40,000,000 divided by $100 = $400,000 x 0.61 (tax rate) = $244,000 (taxes owed) x 85% (reduction in taxes in Level III) = $207,400 per year or **$1,037,000** over five years.

Amended June 7, 2004

Local Development Incentive Grants

Incentive Grant Program for Storefront Rehabilitation

What is the Incentive Grant Program for Storefront Rehabilitation?

An incentive to taxpayers who improve the appearance of their property by retaining and preserving the historic character of the property

Provides 50% of the total cost of approved projects up to $40 per linear foot of *front* façade. Side facades are eligible on corner buildings and buildings where the side façade is clearly visible from a public right-of-way as the result of a missing building or change in building setback. (If a building has more than one eligible facade, each façade is considered separately. See Example) Rear facades are ineligible to receive grant funds.

Encourages further private reinvestment in existing infrastructure and promotes appropriate and attractive design projects that preserve the architectural character found only in older buildings.

Who may apply for the grant?

Building owners or tenants with building owner's consent.

What buildings are eligible?

- Any building greater than 50 years old located in Lincolnton with priority given to improvements that will make the greatest impact on the surrounding built environment
- Buildings used in a trade or business or held for the production of income from either residential or nonresidential purposes

What storefront rehabilitation expenditures qualify?

Eligible expenditures include: exterior painting of previously painted surfaces and/or paint removal, appropriate exterior cleaning, masonry repair and repainting, repair of architectural details or materials, repair of windows or window framing, removal of siding and exterior false facades, removal of inappropriate/out of date signs, rehabilitation or compatible reconstruction of storefront, new canvas awnings, replacement of transom glass.

Ineligible expenditures include: general maintenance, painting of previously unpainted surfaces, interior rehabilitation, electrical work, roof and chimney repairs, installation of aluminum, vinyl, stone, stucco brick veneer or other inappropriate building materials, signage, sandblasting, improvements made prior to grant approval. Rehabilitations must meet the Secretary of the Interior's "Standards for Rehabilitation" program standards that are attached. (An illustrated manual is also available to provide a better understanding of the requirements).

Who makes the decision to approve or reject a request?

A volunteer committee made up of property and business owners and other interested professionals.

What is the process for applying for a grant?

- Meet with the City of Lincolnton Business and Community Development Director 2.) Complete application including required support materials. 3.) A public meeting is held the first Wednesday of each month where the Design Work Group members consider application 4.) Applicant is notified by mail of acceptance, acceptance with conditions or rejection of application. 4.) Any changes to approved work during construction must be approved by the Business and Community Development office in writing 5.) Upon completion, applicant sends copies of paid statements to Business and Community Development office 6.) Business and Community Development office inspects completed work and disburses grant funds provided work was completed in accordance with the application.

What other conditions apply?

- Grants are based on the entire scope of the project. All work must be eligible and approved expenditures or the total grant award is void.
- All applications must be approved prior to commencement of work
- Each building façade is considered separately to meet the 50% matching rule
- Grant applicants are respectfully asked to follow the intent of the programs guidelines and not complete ineligible work preceding a grant request or following a grant disbursement.
- Assurances made by city staff or committee members regarding applications should not be construed as binding. All applications are reviewed and approved on their merit by the entire committee.
- Grant Approval or changes to the scope of work in an approved project will be conveyed in writing.

Program Standards

The Secretary of the Interior's Standards for Rehabilitation

The Secretary of the Interior's Standards for Rehabilitation are ten basic principles created to help preserve the distinctive character of a historic building and its site, while allowing for reasonable change to meet new needs. All façade changes must meet these standards. An illustrated guide is available for use from the City of Lincolnton Business and Community Development Department to help property owners meet the standards.

- A property shall be used for its historic purpose or be placed in a new use that requires minimal change to the defining characteristics of the building and its site and environment.
- The historic character of a property shall be retained and preserved. The removal of historic materials or alteration of features and spaces that characterize a property shall be avoided.
- Each property shall be recognized as a physical record of its time, place, and use. Changes that create a false sense of historical development, such as adding conjectural features or architectural elements from other buildings, shall not be undertaken.
- Most properties change over time; those changes that have acquired historic significance in their own right shall be retained and preserved.
- Distinctive features, finishes, and construction techniques or examples of craftsmanship that characterize a historic property shall be preserved.
- Deteriorated historic features shall be repaired rather than replaced. Where the severity of deterioration requires replacement of a distinctive feature, the new feature shall match the old in design, color, texture, and other visual qualities and, where possible, materials. Replacement of missing features shall be substantiated by documentary, physical, or pictorial evidence.
- Chemical or physical treatments, such as sandblasting, that cause damage to historic materials shall not be used. The surface cleaning of structures, if appropriate, shall be undertaken using the gentlest means possible.
- Significant archeological resources affected by a project shall be protected and preserved. If such resources must be disturbed, mitigation measures shall be undertaken.
- New additions, exterior alterations, or related new construction shall not destroy historic materials that characterize the property. The new work shall be differentiated from the old and shall be compatible with the massing, size, scale, and architectural features to protect the historic integrity of the property and its environment.
- New additions and adjacent or related new construction shall be undertaken in such a manner that if removed in the future, the essential form and integrity of the historic property and its environment would be unimpaired.

Lincolnton Architectural Services Grant Program

What is the Architectural Services Grant Program?

- An incentive to encourage good design projects which capitalize on the rehabilitation of existing properties and/or the introduction of sympathetic new building design.
- Provides 50% of the design cost of up to $2,500.
- Encourages further private reinvestment in existing infrastructure and promotes appropriate and attractive design projects that preserve the architectural character found only in older buildings.

Who may apply for the grant?

- Building owners or tenants with building owner's consent.

What projects are eligible?

- Property eligible for listing on the National Register of Historic Places or in an NR District in which design drawings will facilitate the reuse of the building and/or property with priority given to adaptive reuse of white elephant buildings, infill new construction and conversion of upper story space into residential dwelling unit(s).
- Buildings used in a trade or business or held for the production of income from either residential or nonresidential purposes

What architectural services expenditures qualify?

Eligible expenditures include: Measured drawings, Schematic design, Rendered sketches of interior and/or exterior, Floor plans drawn to scale, Preliminary scope of work and cost estimates, Construction documents

Ineligible expenditures include: Construction Costs

Designs must reflect compliance with the Secretary of the Interior's "Standards for Rehabilitation". Program standards are attached. (An illustrated manual is also available to provide a better understanding of the requirements)

Who makes the decision to approve or reject a request?

A volunteer committee made up of property and business owners and other interested professionals.

What is the process for applying for a grant?

- Meet with the City of Lincolnton Business and Community Development Director 2.) Complete application. 3.) A public meeting is held the first Thursday of each month where the Design Work Group members consider application 4.) Architect and potential grant recipient meet with Design Work Group at its regular meeting to discuss scope of work and pre-design for input/questions 5.) Applicant is notified by mail of acceptance, acceptance with conditions or rejection of application. 6.) Any changes to approved work must be approved by the Business and Community Development office in writing 5.) Upon completion of architectural services, applicant sends copies of paid statements to Business and Community Development office

Incentive Grant Program for Substantial Building Rehabilitation

What is the Incentive Grant Program for Substantial Building Rehabilitation?

- An incentive to taxpayers who contribute to the rehabilitation of older commercial buildings.
- Provides $10.00 per $100 (10%) of assessed value which assures that the rehabilitation incentive operates within the context of the building's local real estate market.
- Encourages further private reinvestment in existing infrastructure and gives historic commercial buildings a place in the contemporary real estate market, thus guaranteeing their continued use and economic vitality.

Who may apply for the grant?

Owners of commercial buildings greater than 50 years old.

What buildings are eligible?

- Commercial buildings greater than 50 years old
- Commercial buildings used in a trade or business or held for the production of income from either rental residential or nonresidential purposes.

What rehabilitations qualify?

- Commercial buildings that are substantially rehabilitated--expenditures must exceed 50% of the improvements value of the building--within 24 months.
- Rehabilitations must meet the Secretary of the Interior's "Standards for Rehabilitation"

What rehabilitation expenditures qualify?

- Expenditures incurred in connection with the rehabilitation of a structure that are properly chargeable to a capital account.
- Includes: rehabilitation costs, construction interest and taxes, architectural and engineering fees, legal and professional fees, developer's fees and general administrative costs.
- Does not include: acquisition costs, enlargement costs, acquisition interest and taxes, Realtor's fees, paving and landscaping costs, sales and marketing costs, or new building construction costs.

When can a taxpayer claim the grant?

For the taxable year in which the rehabilitated commercial building is placed in service. A certificate of occupancy from the building inspector and certificate of compliance form the zoning administrator is required.

What other restrictions apply?

- Preference is given to projects that incorporate upper story residential units.
- No partial rehabilitation projects will be approved. Rehabilitation must include entire floor area.
- The Downtown Development Association and Business and Community Development Office must approve project.
- Applications must be approved prior to commencement of work

The Downtown Development Association and Business and Community Development Office will make no grant reimbursement without a certificate of occupancy from the building inspector and a certificate of compliance from the zoning administrator.

Redevelopment Venture Fund

In 2004 The Downtown Development Association of Lincolnton, Inc established its Redevelopment Venture Fund to actively participate in real estate development projects in downtown Lincolnton. It is administered within the financial structure of the Downtown Development Association of Lincolnton, Inc. whose objective is to promote historic preservation, protection and use of Lincolnton's traditional downtown area, including its commercial enterprises and residences.

The revolving fund is one of the most effective downtown development tools in North Carolina. It is called a revolving fund because endangered or underutilized properties are optioned, purchased and/or redeveloped by a development organization and resold. All or most of the original outlay is recovered and used again and again on other properties.

The basic reason to establish a fund is to take the financial burden of "showing the way" to practical and modern re-use of old buildings and development of new buildings sympathetic to the historic context of downtown. Funds ideally have the capacity to handle multiple properties at any given time; however, property re-sales especially in the early stages of redeveloping downtown may be at a loss. This deficit is considered to be the contribution of a development organization to the architectural and cultural heritage and urban vitality of the city.

The task of the Downtown Development Association of Lincolnton (DDA), interested in giving downtown new life, is to plant seeds of interest, faith, and pride in those who can support the rejuvenation and to encourage the growth of these seeds with money that will be used in several ways: on redevelopment work that will tempt outside investment and bolster local confidence; on purchases for resale to those who will agree to rehabilitate the properties; or on loans to those who undertake the actual rehabilitation.

The revolving fund is a natural tool for these purposes. Essentially, it seed money or venture capital in enterprises that are expected more or less to pay their way. Once it is in full operation the DDA begins to receive returns on the money it advances from the fund: property is sold or rented, or loans are repaid, with or without interest. These returns are put in the fund, whose revolution is the passage of money out of, into and again out of the fund.

The revolving fund represents money that DDA can draw upon without delay and administer as it sees fit. It is not necessarily self-perpetuating; indeed unless replenished from the outside; it usually revolves downward, despite interest on loans and returns from sales and rentals. Subsidization of certain projects may tend to deplete it. At times, it may be desirable to buy and redevelop properties at great expense. If the money is used effectively and in the best interests of downtown, there is no disgrace in such a loss operation. Everyone is happier of course the longer the money seems to go on forever, but in any case the community has the satisfaction of knowing that several properties have benefited directly and that the downtown is better in many intangible ways as well.

The plan involves the following:

(1) Give preferential consideration for rehabilitation and renovation for individual buildings of architectural and cultural significance. By partially restoring an area of architectural importance, other individual resources will be attracted to the area. This will enhance property values and provide additional return on the Fund's investment

(2) Purchase worthy properties for resale, in most cases, with protective covenants ensuring exterior preservation, rehabilitation and building use;

(3) Spend the revolving fund money in the most conspicuous way such as façade restoration and tempt buyers to complete the rehabilitation;

(4) Accept property gifts with provisions for life occupancies by existing tenants;

(5) Seek to have worthy properties willed or donated, with no restrictions as to their use and that these properties may be sold to persons who will agree to maintain their architectural integrity;

(6) Employ sound business practices in all cases but understand that the fund will not be under the necessity of operating at a profit;

(7) Utilize professional services of high quality, to be paid for at standard professional rates unless donated;

(8) Lend funds, secured by mortgages, to persons wishing to buy and/or restore DDA held property but for whom ordinary financing is unavailable;

The DDA's Economic Restructuring Work Group (ER) administers the Redevelopment Venture Fund. The ER Work Group makes the initial decisions on purchases and sales and makes recommendation to the full board.

Like other revolving funds, the Downtown Redevelopment Venture Fund will most likely lose money. But the purpose of the fund is to leverage private investment in downtown not to make a profit. As mentioned earlier, these losses are simply considered a contribution to the vitality and beautification of downtown Lincolnton.

The DDA's past success now provides an excellent opportunity to reach out and embrace new opportunities. Establishing the Downtown Redevelopment Revolving Fund is an important step in the ultimate effectiveness of the downtown revitalization program in Lincolnton. Success breeds success.

Current as of May 2008

For more information, please contact:

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Lynn Brinson, Business and Community Development Assistant
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Cash Grants: The City of Charlotte and County of Mecklenburg offer cash grants to qualifying companies that invest in special zones or, in the case of "large economic impact" projects, anywhere in the City of Charlotte. In general, the following categories of operations are eligible for consideration under the Business Investment Program (BIP):

- Headquarters: corporate, divisional and regional
- Financial, insurance and professional services*
- Transportation/distribution (logistics)
- Manufacturing
- Emerging technologies/industries+

*Law, accounting or other professional services firms that predominantly serve the Charlotte region are not eligible.)

+Includes opto-electronics, alternative energy, bioinformatics, film/video production, or industries that create synergies with the Charlotte Research Institute or local colleges and universities.

Grants are awarded at the discretion of the Charlotte City Council and the Mecklenburg County Commission. Formal approval by these bodies is required, but it is possible to pursue grant approvals without disclosing company identity to the public until the final stages of the process. Prior to submitting applications for approval, City of Charlotte staff will determine whether (1) other cities are competing for the project in question, and (2) the company's proposed relocation or expansion is realistic in view of its product and market. Company executives must also certify that completion of the project is contingent upon receiving local incentives. Following approval, grant recipients must execute a formal contract that contains "clawback" provisions if the company should leave Charlotte within five years of the last grant payment.

BIP grants are based on new business property taxes and real property taxes derived by the City and County from the qualifying investment project. Grants must be "revenue positive," i.e., they cannot exceed the value of property taxes generated. In certain cases, grant calculations may consider the value of leasehold interests in existing buildings if it can be reasonably demonstrated that the lease will cause additional investment to replace the leased space, or that the lease results in a higher value for the building. Grant recipients must consummate the qualifying investment and pay all property taxes before grants are paid. Grant payments are suspended if qualifying investment and job levels are not maintained through the term of the grant.

Investment within the BIP Zone
Companies that invest within the BIP Zone are eligible if they meet the following general criteria:

Invest $1.5 million or more.

Create a minimum of 20 new jobs that pay 100% of the average annual wage rate for the Charlotte-Gastonia- Concord MSA.

Manufacturing companies that create fewer than 20 jobs may be eligible if their qualifying investment is $3 million or more.

Please see the map of Charlotte's BIP Zone. Properties that lie within the following areas are eligible for grant consideration:

- The BIP core area (largest blue area on map)
- The Arrowood-Westinghouse industrial area (blue area in Southwest)
- Transit corridors (areas within ¼ mile of planned or future transit stations, which are shown as light red circles)
- Vacant retail "big boxes" anywhere within the City that are converted or adapted by qualifying companies in a manner consistent with adopted land use plans for the area in question.

In the Southwest portion of the BIP Zone (Arrowood-Westinghouse), BIP grants are available only to manufacturing or transportation/distribution operations.

The 2007 real property and business personal property tax rate in Charlotte (city and county combined) is $1.2775 per $100 valuation. BIP grant payments are made over five years based on the following percentage of property tax paid:

Year	% of Property Tax
1	85
2	80
3	75
4	70
5	65

Large Economic Impact Projects

Larger projects may be eligible for BIP grants anywhere within the City of Charlotte if they meet these general criteria:

- Invest $10 million or more

Create 300 jobs that pay an average of 125% of the average annual wage rate for the Charlotte-Gastonia-Concord MSA.

Within the above guidelines, however, there is flexibility to consider projects that entail higher investment but fewer jobs, or higher paying jobs and less investment. Those projects may still be considered for BIP grants.

In general, these factors are considered in the large economic impact grant application process:

- number and quality of jobs
- number of new jobs to be filled locally
- amount of investment
- quality of company
- net tax benefit to City and County
- primary economic impact
- competition from other cities
- location within the geographic BIP Zone

Guidelines for determining the amount of "large economic impact" grants are as follows:

Year	% of Property Tax
1	95
2	90
3	85
4	80
5	75
6	70
7	65
8	60

Huntersville, Cornelius & Davidson

The Towns of Huntersville, Cornelius and Davidson in northern Mecklenburg County have an incentive policy that permits cash grants for companies that invest in new or expanded operations within the town limits.

Grants are negotiated individually with investing companies and are based on the amount of each company's capital investment and the number of new jobs to be created. Each grant application is examined -and approved or denied- on the merits of the proposed project. No standard formula has been established for the amount of the grant. In most cases, however, companies whose projects are approved can expect to receive grants between 50% and 75% of the local property tax that will be assessed on the new investment. The grant payment period is typically five years. In addition, grants awarded by Huntersville, Cornelius and Davidson are supplemented by a grant from Mecklenburg County based on the latter's portion of new property tax collected.

The current property tax rates (per $100 valuation) for the three towns are listed in the following table:

Municipality	Local Rate Per $100 Valuation	County Rate per $100 Valuation	Combined Rate per $100 Valuation
Cornelius	$ 0.275	$0.8189	$ 1.0939
Davidson	$ 0.345	$ 0.8189	$ 1.1639
Huntersville	$ 0.29	$ 0.8189	$ 1.1089

Mint Hill

Although the Town of Mint Hill has not formally adopted an incentives policy, the Town is willing to discuss, on a case-by-case basis, investment grants similar to those offered by the City of Charlotte and the Towns of Huntersville, Cornelius and Davidson. Mint Hill grants would also be backed by Mecklenburg County, which has adopted an official policy of supporting all municipalities in the county that create investment grant programs like that of the City of Charlotte.

Mint Hill's current property tax rate is $0.275 per $100 valuation, and the applicable Mecklenburg County property tax rate for Mint Hill is $0.8189 per $100 valuation for a combined rate of $1.0939.

UTILITY GRANTS

Duke Energy

Duke Energy is one of the nation's most efficient electrical utilities and currently has an average industrial electricity cost of 4.44 cents per kilowatt-hour. Duke Energy offers two rate reduction programs for qualifying economic development projects:

Rider EC - Economic Development

Rider EC (NC) can reduce a company's power costs by as much as 25% over their first four years of operation. In the first year, a credit of 20% is applied to qualifying companies' electric bills under the applicable rate schedule. Rate declines continue in the second through the fourth year at rates of 15%, 10% and 5%, respectively.

To qualify for the Rider, the customer must sign a 10-year contract with Duke, add 1,000 kW of new demand on the Duke system, maintain a monthly average of 250 hours use of demand, accompanied by either

- 75 new full-time employees on the Duke system per 1,000 kW of load, or
- $400,000 in capital investment per 1,000 kW of new load and a net increase in full-time employees on the Duke system

Rider ER - Economic Redevelopment

This rate schedule enables qualifying companies to purchase electric power at a 50% discount over the first 12 months of operation. At the customer's discretion, the 12-month billing credit period can deferred up to 12 months from the date of initial delivery of service in order to allow for start-up periods in which power requirements are not at peak.

Rider ER is available to companies that locate in industrial buildings in Charlotte/Mecklenburg that are already served by Duke Energy and have stood vacant for at least six months. In order to qualify, investing companies must

- add a minimum of 500 kW of new demand on Duke's system and maintain a monthly average of 300 hours use of demand.
- either (1) create 35 new full-time jobs in the Duke-served location, or (2) make a minimum of $200,000 capital investment accompanied by a net gain of full-time jobs; and
- locate in buildings in which existing Duke infrastructure can serve the new project. (If required, Duke may consider minor alterations.)
- sign a 5-year contract with Duke
- For both of the above mentioned Duke programs, customers must file an application, receive approval from Duke before announcing their projects, and affirm that availability of the Rider was a factor in their decision to place the new load on the Duke System. For more information please contact Mr. Michael Trotter, Duke Energy, at 704/382-3904.

EnergyUnited

EnergyUnited provides electrical power service to certain areas of northern Mecklenburg County. The company offers free energy audits and equipment evaluations, financing packages, and site selection assistance. EnergyUnited has over $6 million to support local projects with loans and grants and also offers an "Economic Development Incentive Rate" for five years to qualifying companies.

ElectriCities

Certain areas of the Mecklenburg towns of Cornelius, Huntersville and Pineville are served by ElectriCities through the latter's Municipal Public Power System. ElectriCities offers economic development incentive rates over the first four and one-half years of a qualifying project's operations.

Natural Gas Discounts

Piedmont Natural Gas Company offers discounts under a rate plan called the "Economic Development Rider." This program offers a three-year discount beginning with a 45% reduction in year one; 25% in year two and 15% in year three. In year four, the customer would pay the normal rate as stated on the applicable rate schedule.

To qualify for this rate schedule, the customer must:

- Qualify for the purchase of gas under rate schedules 103, 104, 113, or 114.
- Consume at least 50,000 Mcf of natural gas per month
- Sign a five-year contract with Piedmont Natural Gas Co.

The customer must apply to Piedmont Natural Gas Company to receive this special rate. For more information, contact Mr. Phil Williams, Piedmont Natural Gas Company, at 704/731-4296.

JOB TRAINING SUPPORT

NEW & EXPANDING INDUSTRY PROGRAM

This North Carolina Community College program provides company-tailored **free training support, including expense reimbursement**, to support new, full-time production and service positions created in the State. Eligible companies include those that (1) are units of a central administrative office or are engaged in manufacturing, intensive technology, customer service or data processing, warehousing or distribution, and air courier service, and (2) create 12 or more new production jobs. Eligible trainees are (a) full-time employees engaged in the direct production of goods and services, and (b) their first-level supervisors.

In Charlotte and Mecklenburg County, the program is administered by Central Piedmont Community College (CPCC), the largest community college in North Carolina and one of the most highly recognized schools of its type in the United States. CPCC works closely with new and expanding companies to develop training curricula specific to their individual needs. The program makes instructors available at no expense and draws on a statewide network of skilled professionals with industry-based experience in a wide range of technologies and disciplines.

The New & Expanding Industry Program also recognizes that, in some cases, the most effective training is available from the company's own trainers who use an in-house curriculum. In this instance, the program can offset the costs of instructor wages, "train the trainer" expenses, a percentage of training materials costs, and trainer travel expenses.

Expense reimbursement under the New and Expanding Industry Program is available according to the terms of the customized training plan that qualifying companies negotiate with the North Carolina Community College System. This process, which requires that CPCC be contracted for at least some portion of the company's training needs, is governed by pre-established rates for the cost of instructors' time, travel, and training. **The per-employee value of the New and Expanding Industry Program varies from project to project but can be as high as $1,500 to $2,000.**

For further information contact:
Mr. Alan Murdock
Director, New & Expanding Industry Training
CPCC West Campus - P.O. Box 35009
Charlotte, NC 28235-5009

BUSINESS INVESTMENT PROGRAM

WHAT: The Business Investment Program (BIP) seeks to encourage the creation, retention and/or expansion of new or existing businesses and jobs in identified Investment Zones within the community. The program provides grants to companies based upon the amount of property tax generated by the business investment being made. The program aligns itself with local Smart Growth, Transit, and Communities Within A City (CWAC) Strategic Plans.

Companies from the following business growth clusters who are relocating or expanding to or within the program's geography may be eligible for participation in the program.

- Manufacturing
- Corporate Headquarters
- Transportation & Logistics
- Emerging Technologies & Industries
- Financial, Insurance & Professional Services

See Attachment I for a more detailed list of eligible business growth clusters.

WHERE: Eligible Investment Zone geography include (i) Center City, (ii) targeted Business Districts, (iii) Transit Corridors*, and (iv) the Arrowood-Westinghouse** industrial area. Locations that are consistent with adopted land use policies and plans will also be considered. Additional geographies are considered for projects that meet the program's definition of a "Large Economic Impact Project" (see Attachment II for additional information).

Grants may also be considered for projects that convert or adaptively reuse vacant retail "Big Box" sites, whether inside or outside the development zone, provided that the planned use is consistent with adopted plans for that area.

If an adopted Transit Station Area Plan exists, the development zone will include the area defined for mixed-use in the plan. If an adopted Plan does not exist, the development zones will extend ¼ mile from transit stations identified in the Major Investment Study.

** Eligible Business Growth Clusters in the Arrowood-Westinghouse industrial area are limited to Transportation/Distribution and Manufacturing.

WHO: For consideration companies:

- Must bring a minimum investment of $3 million.
- Must create a minimum of 20 new jobs.
- Must pay an average wage rate for all employees at the investment site equal to or greater than 100% of the average annual wage rate for the Charlotte-Gastonia-Rock Hill M.S.A. The average wage can be lowered by up to 20% for those companies that pledge to employ Work First participants and/or residents of the development zone itself in 25% or more of the new job positions.
- Manufacturing companies creating less than 20 new jobs, but at least 10 may be considered for the program with a minimum investment of $6 million within the Investment Zone.
- Required investment and employment standards will be set forth in a contractual agreement between the City, County and Grantee. These standards must be maintained throughout the term of the Grant in order for Grant payments to continue. Failure to maintain these levels during the Grant term will result in suspension of Grant payments until such time as the levels are once again met and maintained.
- Grant recipients that relocate outside of Charlotte during the term of the Grant – or within 3 years after receipt of the final Grant installment – will be required to repay a proportional amount of the Grant.

AMOUNTS: Grants last for three years and are based upon new property tax generated by the investment:

- Year 1: 90% of new property tax
- Year 2: 90% of new property tax
- Year 3: 90% of new property tax

HOW: The Charlotte Chamber of Commerce, together with the City, works to identify candidate companies for the Program. If the candidate meets the criteria of a "Large Economic Impact Project" (see attachment II) then the City and County governments are involved in the process. City staff evaluates the prospective project and develops the proposed Grant.

The City will consider whether there is demonstrated competition from other cities and whether the company's planned relocation or expansion is a realistic choice given the company's product and market. Criteria will include a certification by company executives that the relocation or expansion is contingent upon receiving local incentives. The Charlotte City Council and Mecklenburg County Board of County Commissioners consider approval of the proposed grant at a regularly scheduled business meeting.

Investment is broadly defined as improvements to land and/or buildings, or the purchase or lease of new equipment, or buildings constructed for the qualifying company. Where circumstances warrant, however, Grant calculations may give consideration to the value of leasehold improvements in existing buildings when it can be reasonably demonstrated that the lease will cause additional investment to replace the leased space, or that the lease results in a higher value for the building.

CONTACT: Brad Richardson, Manager – Business Retention, Economic Development Office, City of Charlotte; PH: 704-336-3857; brichardson@ci.charlotte.nc.us

BUSINESS CORRIDOR REVITALIZATION FUND

WHAT: This fund provides assistance to redevelopment projects in the City's five targeted business corridors. These funds can be used for a wide variety of purposes including:

- Purchasing land;
- Public infrastructure; and
- Addressing Brownfield issues

WHERE: Five targeted business corridors:

- Beatties Ford Road
- Rozzelles Ferry Road
- North Tryon
- Eastland Area
- Wilkinson/Freedom/Morehead area

WHO: *Developers with projects in the five target business corridors*

HOW: Developers interested in these funds should bring proposed projects to City's Economic Office. After an initial assessment, projects are brought to the City Council and are usually referred to the Economic Development and Planning Committee for further review and a recommendation. City Council will then consider the committee's recommendation.

If approved, the City and the Developer will enter into a binding development agreement.

CONTACT: Tom Flynn, 704-432-1396;tflynn@ci.charlotte.nc.us or Tom Warshauer, 704-336-4522; twarshauer@ci.charlotte.nc.us

SECURITY GRANT PROGRAM

WHAT The objective of the Security Grant Program is to reduce the opportunity for crime and create a safer environment for employees and customers. The program provides 50% reimbursement to businesses for eligible security improvements.

Maximum grant award

All buildings (unless shopping center)	$ 3,000
Shopping centers <30,000 sq/ft	$ 9,000
Shopping centers >30,000 sq/ft	$15,000

Eligible Improvements:

Based on a security analysis by a certified Charlotte-Mecklenburg Crime Prevention Police Officer, improvements may include:

Alarm Systems (up to $500)
Gates
Security Lighting
Cameras
Glass Windows
Doors
Ironwork
Fencing
Locking Devices
Other Modifications

WHO Eligible businesses include:

- Owners or tenants of buildings that are used by and for for-profit business. Use of the building must conform to all current codes and ordinances; non-conforming uses for any kind are not allowed.
- Prohibited businesses include bars, nightclubs, tattoo parlors, body piercing shops, check cashing, adult business, national/regional chains, new construction projects, non-profits, businesses operating from residential property, and any non-conforming uses. Portions of buildings occupied by ineligible businesses of any kind, including non-profit entities, are ineligible for program funds.
- Owners of vacant buildings shall be eligible if the owner's purpose is to rehabilitate the structure to attract eligible businesses. Expenses will be reimbursed only after an eligible business occupies the space and opens to the public.
- Owners and tenants are eligible to re-apply until the maximum award is reached.
- All City/County real property taxes of any kind must be paid in full.

CITY OF CHARLOTTE

WHERE Eligible geography includes business, office and industrial zoned property located in the City's Business Revitalization Program Geography.

HOW Applicant submits an initial application (Part 1) to determine eligibility. A Charlotte-Mecklenburg Police Department (CMPD) Officer will visit the site to conduct a security analysis and will make security improvement recommendations, prioritized in order of importance.

1. The CMPD recommendations, in order of importance as originally ranked by the Officer, are the improvements deemed eligible for participation in the program. The recommendations are provided to the Applicant with Part 2 of the application.

2. Applicant completes and submits Part 2 of the application identifying which CMPD recommendations they are choosing to complete, together with cost estimates for each item. Eligibility for the recommended items is based upon priority ranking as originally determined by the Officer.

3. City enters into a grant contract with Applicant for 50% of the costs for the CMPD approved items, in the priority ranking that the Officer originally assigned.

4. Applicant completes installation of the eligible improvements and provides City with paid receipts and cancelled checks for work completed, together with photos of each completed improvement.

5. City funds 50% of actual costs incurred, up to the maximum amount of the grant awarded, after completion of the work per the grant contract.

- Projects may be phased, but sites are limited to the maximum grant award.
- Work is expected to be done by professionals and to be completed within 90 days of approval.
- **No expenses will be reimbursed for work done prior to the grant being awarded and the grant contract signed.**
- Staff will be permitted to inspect the project to ensure conformance with the grant contract.

CONTACT: For more information and to download application forms, visit http://edo.charmeck.org, or contact Jennifer Duru, 704-336-5577; jduru@ci.charlotte.nc.us

CHARLOTTE

CITY OF CHARLOTTE

WHAT: The objective of the Façade Improvement Grant Program is to remove blight by assisting businesses and commercial property owners with improving building appearance and by bringing signs, parking and landscaping into conformance with current codes.
The program provides 50% reimbursement to commercial or industrial businesses or property owners for eligible renovation costs. Maximum grant awards are based upon building square footage:

• Up to 3,000 sq/ft	$10,000
• 3,001-6,000 sq/ft	$15,000
• Over 6,000 sq/ft	$20,000
• Shopping centers up to 30,000 sq/ft with 3 tenants	$45,000
• Shopping centers>30,000 sq/ft with 4 tenants	$65,000

Eligible Expenses:

- Approved architectural renovations to the building façade
- Improvements to bring grandfathered signage, parking and landscaping into conformance with current codes.
- 50% of architectural fees up to $2,500 in addition to maximum award amount
- Big Box demolition expense up to $45,000 for big boxes at least 25,000 sq/ft which have been vacant for at least two years
- Infrastructure improvements in the public right-of-way for change of use permits

WHERE: Eligible geography includes**:** business, office and industrial zoned properties located in the City's Business Revitalization Program Geography.

WHO: Eligible Businesses

- Owners or tenants of buildings that are used by and for for-profit business. Use of the building must conform to all current codes and ordinances; non-conforming uses of any kind are not allowed. Prohibited businesses include bars, nightclubs, tattoo parlors, body piercing shops, check cashing, adult businesses, national/regional chains, new construction projects, non-profits, businesses operating from residential property, and any non-conforming uses.
- Portions of buildings occupied by ineligible businesses of any kind, including non-profit entities, are ineligible for program funds.
- Owners of vacant buildings shall be eligible if the owner's purpose is to rehabilitate the structure to attract eligible businesses. Expenses will be reimbursed only after an eligible business occupies the space and opens to the public.
- Owners and tenants are eligible to re-apply until the maximum award is reached.
- All real property taxes must be paid in full

HOW: An inter-departmental team of City staff reviews and approves proposals quarterly. Staff bases eligibility decisions on the following criteria:
(1) improvement to the appearance of the site, building, and business district;
(2) creation of jobs;
(3) reduction of crime;
(4) leveraging of additional economic activities;
(5) provision of needed services; and
(6) geographic distribution of funds.

- Applicants must submit an application to the Economic Development Office. City staff reviews applications quarterly. Upon approval, the City enters into a grant contract with the applicant setting forth, among other things, the scope of work as approved by the review team.
- Applicants are responsible for obtaining all necessary governmental permits and authorizations, including building permits.
- Staff will be permitted to inspect the project to ensure conformance with the grant contract.
- The City does not reimburse for any work performed prior to application approval and contract signing.
- The City will authorize reimbursement payment after, among other things, **completion** of the project in accordance with the approved plan as set forth in the contract, together with occupancy of the building by eligible tenants.
- The City will not contract to perform any of the work, but will reimburse the applicant for approved expenses. Proof of payment is required for reimbursement.
- Approved projects should be completed within 90 days or funds may not be guaranteed.

CONTACT: Visit http://edo.charmeck.org for additional information or to download an application, or contact Gail Whitcomb, 704-336-5849; gwitcomb@ci.charlotte.nc.us

Additional program requirements or restrictions may apply

SYNTHETIC TAX INCREMENT FINANCING (TIF)

WHAT: The City uses Synthetic TIF as a public/private partnership tool to advance Economic Development and land use planning goals.

Synthetic TIF does not require the establishment of a TIF district. Payment is made to the developer based on the incremental taxes generated by just their project. The length of the TIF term cannot exce4ed 10 years.

Per City Council policy, the amount of total synthetic TIF assistance for projects is limited to 3% of annual property tax levy in any given year.

WHO: Developers who have projects in the Business Revitalization Program Geography

HOW: Synthetic TIF utilizes locally approved financing which is repaid by the incremental City/County property tax growth generated by the development.

WHY: To partner to build high priority infrastructure in priority areas, and to close project financing gaps on projects in distressed business corridors.

CONTACT: Tom Flynn, 704-432-1396; tflynn@ci.charlotte.nc.us

INDUSTRIAL REVENUE BONDS

WHAT: Industrial Revenue Bonds (IRB's) are a source of capital for medium to large size manufacturing projects ranging from $1M to $10M in size.
Eligible expenses include finance capital expenditures for fixed assets:

- land
- building and equipment
- architectural and engineering fees
- interest on construction financing
- issuance costs

Prohibited uses:

- finance rolling stock
- airplanes
- inventories
- working capital
- relocation expenses

WHO: Manufacturers with projects between $1-10M
Developers may also apply for IRB financing for build-to-suit lease and build-to suits sales of facilities for manufacturers. The manufacturer must be named in the inducement proceedings and the manufacturer must meet the requirements.

HOW: Federal tax law limits the issuance to a maximum of $20M per project with a $40M cap total for a corporate entity and its affiliates. The law also requires that total capital investment at the project location not exceed $10M in the three years before and after issuance. IRB's historically run around 65%-75% of the prime rate. These rates include the fees. Rates are negotiable between the buyer and seller of the bonds. Ultimately the rate is determined by the financial strength of the borrower

CONTACT: Brad Richardson, 704-336-3857;brichardson@ci.charlotte.nc.us

SMALL BUSINESS ENTERPRISE LOAN FUND

FACT SHEET

WHAT: The SBE Loan Fund is an innovative public/private fund established to assist small businesses with gaining access to capital for seasonal working capital support, permanent working capital, and expansion capital. The fund will be capitalized at $10 million.

WHO: Eligible businesses include:

- Existing for-profit small businesses located in the Charlotte Metropolitan Statistical Area, (excluding York County), and that meet all other eligibility requirements, may apply to be given consideration for the SBE Loan Fund program.
- Businesses must meet the eligibility requirements of a Small Business Enterprise (SBE) as defined by the City of Charlotte.
- Businesses must have been operating for a minimum of 12 consecutive months. Start-up business ventures will be subject to increased underwriting scrutiny.
- Eligible businesses must be considered just below "bankable" by traditional commercial lenders.
- Prohibited businesses include, but are not limited to, adult businesses, bars, tattoo parlors, body-piercing shops, pawnshops, check cashing businesses and car sales lots
- The following public and private entities have contributed to the SBE Loan Fund:
  - Bank of America
  - Branch Banking and Trust
  - City of Charlotte
  - Fifth Third Banks
  - First Citizens
  - Foundation For The Carolinas
  - Piedmont Natural Gas
  - RBC Centura Bank
  - Self Help
  - SouthTrust Bank
  - John S. and James L. Knight Foundation
  - Park Sterling
  - Time Warner
  - Wachovia Corpora

HOW: Although the underwriting guidelines of the SBE Loan Fund program are more flexible than traditional loan underwriting guidelines, businesses must still demonstrate, among other things, loan repayment ability, collateral availability, adequate good credit history, management history, etc.

- Businesses are strongly encouraged to contact a Technical Assistance Provider of their choice to determine eligibility for the SBE Loan Fund program. A partial list of available Technical Assistance Providers is available.
- Businesses are strongly encouraged to utilize the SBE Loan Fund Program Self Assessment Test to identify readiness for seeking financing from the SBE Loan Fund.
- Complete application packages are submitted to Self Help for review. Self Help Credit Union will determine program eligibility and make the approval decision. Depending upon the dollar amount of the loan request, loan approval will be primarily at the sole discretion of Self Help, (loans $100,000 or less).
- The normal timeline for closing an approved loan is approximately 2 months, but may take longer depending upon circumstances.

CONTACT: Administration: The Self Help Credit Union administers the SBE Loan Fund. The Self Help office is located at 926 Elizabeth Ave, Suite 302, Charlotte, NC, 28204; 704-409-5900

For more information, please call Gail Whitcomb, 704-336-5849; gwhitcomb@ci.charlotte.nc.us

BUSINESS CORRIDOR WORKER TRAINING GRANT

WHAT: This program provides grants to businesses located within the City's Business Corridor Revitalization Geography for the purposes of funding job training to improve worker skills.

Program Benefits:

- Targets the "human capital" side of economic development, leading to increased wages and worker productivity.
- Strengthens inner-city companies located in strategic business corridors, leading to greater chance of business retention and expansion.
- Encourages training in "portable skills" resulting in a more highly skilled and versatile workforce that will contribute to Charlotte's ability to attract and retain businesses.

WHERE: Businesses located in the City's adopted Business Revitalization Program Geography

WHO: This pilot program is open to all private, for profit companies conducting business in Charlotte that are:

- In a targeted business sector or a certified small business enterprise (SBE)

- Private for-profit business which generates substantial revenue
- In operation in the State of North Carolina during the entire twelve month period immediately preceding the date of application
- Current on all state and local tax obligations
- Propose training for employees at its Charlotte facility only*

*All trainees must be currently employed by the business or working for the business through a staffing agency.

HOW: This pilot will be funded with $100,000 from the City's Business Grant Program Fund, which also funds the City's Business Corridor Grant Programs. Consistent with guidelines established for the North Carolina Incumbent Worker Training Grant Program, maximum funding for each company will be $25,000 per year, with a lifetime maximum of $40,000. The program is administered by the City and the Charlotte-Mecklenburg Workforce Development Board

<u>BUSINESS EQUITY LOAN PROGRAM</u>
FACT SHEET

WHAT: A loan program aimed to:

- Stimulate small business investments in targeted areas
- Create new service and retail businesses to support targeted neighborhoods
- Provide low-wealth persons access to capital for business start-ups and expansions
- Create jobs for low-to-moderate income people living in Communities-Within-A-City (CWAC) areas

WHO: Eligible businesses include:

- Start-up and expanding for-profit service, retail, and manufacturing businesses needing additional equity to qualify for primary financing from a Bank and who meet all of the City's program guidelines are eligible.
- Prohibited businesses include adult businesses, nightclubs, bars, hotels/motels, tattoo parlors, body-piercing shops, check cashing, pawnshops, car sales lots, adult businesses, non-profits, businesses operating from residential property, and any non-conforming uses.
- Businesses, or related entities, owning the project real estate must occupy a minimum of 51% of the facilities.
- Businesses requiring ABC permits are subject to additional restrictions.

WHERE: Eligible business, office, and industrial zoned properties must be located in the City's Business Corridor Revitalization Program Geography, and those located within the (I-277) uptown loop.

- Applicants apply for a business loan directly to a Bank of their choice.

CHARLOTTE

HOW: The City's loan works in connection with a primary loan from a Bank. The Bank, having identified a gap in project financing, requests the City to participate in the project. The Bank loan is contingent upon City approval to participate in the project.

- The City loan can be up to 20% of the total loan funds, (includes Bank, City and SBA loans). Total loan funds are different from total project cost; borrowers are required to commit available personal equity funds to their project. The Bank's request for City loan funds is based on the additional equity required by the Bank to approve its loan, not to exceed 20%.
  Example: Bank loan funds (80%): $80,000
  City Equity Loan funds (20%): $20,000
  Total loan funds: $100,000
- Repayment of the City's loan is typically deferred for 1 - 3 years based upon project analysis and underwriting as conducted by the City. Upon expiration of the deferral period the Borrower is required to begin repayment of the loan.
- For each $10,000 of City loan funds, a borrower must create one new full-time equivalent job for low-to-moderate income persons living in the CWAC boundary.
- A borrower's cumulative City loan(s) cannot exceed $100,000. Manufacturing businesses have a maximum limit of $150,000.
- A borrower's personal Tangible Net Worth (TNW) cannot exceed $300,000. TNW includes all assets, [cash, savings, stock, bonds, cash value of life insurance, real estate (including equity in borrower's personal residence), autos, accounts receivable, interest in other businesses, etc., (excludes the value of the business related to the loan request, and retirement funds up to $500,000)] less all personal liabilities.
- High net worth individuals having an interest in the business, (typically co-signers and/or guarantors), may own no more than a 30% interest in the business.
- Loans involving the acquisition of real estate must demonstrate that the acquisition is required for the viability of the business or creation of jobs.
- Loan applicants will undergo credit and background checks. All personal and business federal, state, and local taxes must be paid.
- The Bank, having identified a gap in project financing, requests the City to participate in the project. The Bank loan must be contingent upon City approval to participate in the project.
- Banks use standard underwriting criteria when reviewing a loan request. A lender's decision to provide Bank loan funds is made at the sole discretion of the Bank. If the applicant meets all of the Bank's underwriting criteria (except for the required equity as determined by the Bank) the Bank requests the City to participate in the project. *If the lender is not familiar with the City's program they should be referred to the Economic Development Office for explanation.*
- A Bank's request for City participation in the project is made in the form of a loan commitment letter from the Bank, to the Applicant, that includes a contingency clause stating that "the Bank's loan is contingent upon the City approving a Business Equity Loan in the amount of $(XX,XXX) consistent with the City's program guidelines." The Bank loan is contingent upon City approval to participate in the

project. The Bank provides the City with a copy their commitment letter with the contingency clause.

- Bank loans with variable interest rates may not exceed Prime + 2.00% while the City's loan is outstanding.
- The City verifies the applicant's eligibility for the program by requesting additional information from the Bank and Applicant. Each Applicant completes and provides the City with a City program application form **after** the bank loan commitment is secured.
- The Bank or Applicant will be contacted for additional information as needed. Loan requests are typically processed within 2 weeks but may take longer depending upon the amount of the loan requested and/or the complexity of the project.

CONTACT: For more information visit http://edo.charmeck.org or contact Gail Whitcomb, Business Development Representative at 704-336-5849; gwhitcomb@ci.charlotte.nc.us

BUSINESS DISTRICT ORGANIZATION PROGRAM

WHAT: A matching funds program to support the work of business organizations serving the City's distressed business districts. The City will provide up to $10,000 in matching funds per year to qualified business district organizations for eligible operating/administrative expenses. Eligible expenses include:

- Operating or administrative expenses: (bookkeeping/accounting, professional consultant expenses, advertising costs, administrative expenses, ongoing operating expenses)
- Salaries, or other compensation, of board members are not eligible.
- Funds awarded under this program may not be used as matching funds required under the City's Neighborhood Matching Grants Program.
- Funds may not be used for political lobbying or endorsements.

WHERE: Business organizations must serve one of the City's Distressed Business Districts as defined by the Business Services Revitalization Geography map (available on our website at http://edo.charmeck.org under financial programs).

WHO: Eligible business organizations must:

- Have documented 501(c)(3) or 501(c)(6) not-for-profit designation. Municipal Service Districts (MSD's) are not eligible.
- Have a minimum of 10 business members.
- Demonstrate ongoing active business participation with 75% of the organization's board representing district businesses.
- Hold monthly public, membership or executive meetings.

HOW: Business organizations must submit a completed application which includes a work plan outlining objectives for the year. The work plan will be reviewed and approved by the City.

- The maximum award amount is $10,000 per year. Organizations can reapply each year for additional funding. There is no carry forward.
- All funds received by the City under this program must be matched by the organization in hard dollars, (cash-on-hand or signed pledges). In-kind donations and/or volunteer time do not qualify.
- Approved organizations must report accomplishments of the work plan submitted to the City at the end of each year.
- The grant will be awarded as invoices are submitted for approved operating/administrative expenses.

CONTACT: John Short, 704-336-3862; jshort@ci.charlotte.nc.us

BROWNFIELD GRANT PROGRAM

WHAT: The Brownfield Assessment Grant Program assists property and business owners and infill developers in overcoming the barriers that contamination presents for the redevelopment of underutilized Brownfields sites in the Charlotte's distressed business districts and neighborhoods.
The Brownfield Assessment Grant Program provides 50% matching funds, up to $20,000 per site, to property owners for assessment activities at redevelopment sites suspected of contamination. Eligible expenses for the grant include:

- Reasonable Phase I and II site assessment activities.
- The design of clean up/remediation activities.
- Legal expenses related to negotiating Brownfield Agreements under the North Carolina Brownfield Property Reuse Act of 1997.
- Sites suspected of contamination only from petroleum products are not eligible.

WHERE: Commercial, industrial or residential property located in the City's Business Revitalization Program Geography are eligible for this program. Visit our website to check your location eligibility.

WHO:

- Commercial
- Industrial
- Residential

HOW: Interested parties must submit a completed application to the Economic Development Office outlining:

- Current use of site
- Evidence or knowledge of contamination

- End-use of site with appropriate site plans

WHY: Brownfield redevelopment removes blight, increases the tax base, retains and attracts quality businesses, provides services and jobs to the community, and reduces the potential of harm to the community from contamination.

CONTACT: Visit http://edo.charmeck.org for more details or contact Emily Westbrook, 704-432-2076; ewestbrook@ci.charlotte.nc.us

Current as of September 30, 2008

Incentives

The major incentives to Rowan County, North Carolina location are:

- Strategic Location
- Award-Winning Technical Training
- Progressive Workforce
- Low Operating Costs
- Cooperative Government
- Diverse Economy
- Exceptional Quality of Life
- Low Crime Rate
- Culture and Recreation
- Community Enrichment Programs.

Investment Grant Program

Rowan County and the City of Salisbury have adopted separate, but identical Investment Grant Program Policies. Through the Economic Development Commission, a new or expanding business can request a Grant. This standing policy will be a valuable tool in the recruiting of new businesses to the community and retaining expanding businesses.

The Rowan County Board of Commission and Salisbury City Council have supported economic development for more than twenty years with an emphasis on tax base development, employer diversification and job creation. The Commission and Council have recognized the need to provide programs and financial support to strengthen and diversify the County and City's economy. Tax base development is a key concern for the County and City's fiscal health. It is essential not only to attract new investment but also to encourage existing business to expand and reinvest in their Rowan County and Salisbury operations. The INVESTMENT GRANT PROGRAM is intended to provide an inducement for new business to locate in Rowan County and the City of Salisbury and encourage existing business to expand.

The program provides a five-year grant to companies investing locally. The grant will be established by a contract with Rowan County and/ or the City of Salisbury. Businesses locating within the City of Salisbury may request two Grants, one from the County and one the City. The company must pay their taxes in full each year based on the actual tax value of the property or investment. If the company meets all of the criteria in the contract, including a minimum capital outlay of $5 million, a portion of the property tax will be returned as a grant. The amount of the grant is based on a designated percentage level for five consecutive years.

Grant Categories

Based upon the estimated project real and personal property assessments to be confirmed by the county assessor. A grant award based upon a project's estimated tax revenue generation value, calculate to equate to a percentage of the value of real and personal property tax revenue anticipated to be generated by the project.

Level	Minimum total project investment	Grant Percentage
1	$5,000,000	75%
2	$50,000,000	80%
3	$100,000,000	85%

The following criteria will determine each incentive package:

- Total investment to be made by the company
- Number of jobs created
- Wages to be paid

Water/Sewer
Rowan County has established a water/sewer extension policy for qualified industries that will cover the cost of water and sewer extension to the property of a new facility.

Duke Power Company
Promotes an economic development incentive rate. Minimal criteria are required to obtain this rate based on a $500,000 capital investment per 1,000 KW load or 75 employees per 1,000 KW load. The City of Salisbury will provide up to 50% of utility line extension cost within identified growth zones.

Piedmont Natural Gas Company
Economic Development Rider available upon request.

Grants
A Community Development Block Grant limited to $1 million is the only grant available. Specific requirements must be met on hiring with administrative functions and be conducted by the firm for a two-year period.

Updated September 18, 2008

Low Cost Financing
Rowan County is represented by all major banks, which provide creative financing options for new and expanding industries.. Charlotte, located 40 miles (64 kilometers) to the South is the second largest financing center in the United States.

Incentives
The major incentives to a Rowan County, North Carolina location are:
• Strategic Location
• Award-Winning Technical Training
• Progressive Workforce
• Low Operating Costs
• Cooperative Government
• Diverse Economy
• Exceptional Quality of Life
• Low Crime Rate
• Culture and Recreation
• Community Enrichment Programs.

Incentive Policy Approved

Rowan County and the City of Salisbury have adopted separate, but identical Investment Grant Program Policies. Through the Economic Development Commission, a new or expanding business can request a Grant. This standing policy will be a valuable tool in the recruiting of new businesses to the community and retaining expanding businesses.

The Rowan County Board of Commission and Salisbury City Council have supported economic development for more than twenty years with an emphasis on tax base development, employer diversification and job creation. The Commission and Council have recognized the need to provide programs and financial support to strengthen and diversify the County and City's economy. Tax base development is a key concern for the County and City's fiscal health. It is essential not only to attract new investment but also to encourage existing business to expand and reinvest in their Rowan County and Salisbury operations. The INVESTMENT GRANT PROGRAM is intended to provide an inducement for new business to locate in Rowan County and the City of Salisbury and encourage existing business to expand.

The program provides a five-year grant to companies investing in locally. The grant will be established by a contract with Rowan County and/ or the City of Salisbury. Businesses locating within the City of Salisbury may request two Grants, one from the County and one the City. The company must pay their taxes in full each year based on the actual tax value of the property or investment. If the company meets all of the criteria in the contract, including a minimum capital outlay of $5 million, a portion of the property tax will be returned as a grant. The amount of the grant is based on a designated percentage level for five consecutive years.

The following criteria will determine each incentive package:
1. Total investment to be made by the company
2. Number of jobs to be created
3. Wages to be paid.

ROWAN COUNTY INVESTMENT GRANT PROGRAM

PURPOSE
The Rowan County Board of Commission has supported economic development for more than twenty years with an emphasis on tax base development, employer diversification and job creation. The Commission has recognized the need to provide programs and financial support to strengthen and diversify the County's economy. Tax base development is a key concern for the County's fiscal health. It is essential not only to attract new investment but also to encourage existing business to expand and reinvest in their Rowan County operations. The Rowan County INVESTMENT GRANT PROGRAM is intended to provide an inducement for new business to locate in Rowan County and encourage existing business to expand.

GRANT PROGRAM DESCRIPTION
The program provides a five-year grant to companies investing in Rowan County. The grant will be established by a contract with Rowan County. The company must pay their taxes in full each year based on the actual tax value of the property or investment. If the company meets all of the criteria in the contract, a portion of the property tax will be returned as a grant. The amount of the grant is based on a designated percentage level for five consecutive years.

- Investment Grants will be based on the increase in tax value of all real property, machinery and improvements above the base year prior to investment. No grant will be given to a company that would reduce their tax payment to an amount lower than the previous tax year.
- Asset purchases of existing companies already paying taxes in Rowan County would not qualify for the program.
- All grant monies will be taken directly from the company's tax payment. The company must be current with all other payments required by Rowan County.
- The Rowan County Board of Commissioners may modify or eliminate the program subject to meeting all existing grant obligations in effect at the time.
- No company may transfer grant agreements of contracts without explicit approval by the Rowan County Board of Commissioners.
- Any company that under-reports the assessed value of machinery/equipment will be required to pay the assessed property tax and the Investment Grant will not apply to the underreported value.

Grants shall not exceed five years in period of award and any one grant award period must be completed no later than seven years after initial award to allow for construction and production start-up time. An extension to these limits may be granted based upon specific project related issues, but is not guaranteed or required.

The formal agreement between the parties (grant recipient, county and cities/municipalities) shall attempt to specifically identify dates for purposes of establishing the appropriate time period(s) that a grant will be in effect. Dates to be established will include consideration of the date of award, a date for the beginning of construction, production start-up date and the dates for the beginning and ending of the incentive grant awards.

Each project will be dealt with on an individual basis using these guidelines and other directives authorized by the Rowan County Commission. These guidelines are subject to change and will be reviewed routinely from date of adoption, the Rowan County Commission requiring it.

Changing economic conditions, legal issues or other factors may cause the Rowan County Commission to modify, amend, suspend or terminate the INVESTMENT GRANT PROGRAM subject to contracted grants previously awarded and in effect at that time.

Although, increasing and diversifying the local property tax assessment base are the primary initiatives of this INVESTMENT GRANT PROGRAM, several other factors may be considered in authorizing a grant to any specific project. These may include but are not limited to:

- the type of industry as a further diversification of the county's business base
- the size and scope of the project based upon investment in site development, facilities, buildings and other business infrastructure inclusive of technology
- the diversity, quality and quantity of jobs created by a project and the availability of labor inclusive of job retention and retraining opportunities
- the relationship between workforce development and total project investment
- the potential for future expansion of investment and employment
- site specific issues impacting upon public infrastructure
- actions that if pursued, stimulate development in areas of the county deemed beneficial
- the ratio of investment in real versus personal property assets
- the environmental impact of the project

PROJECT QUALIFICATIONS

A primary intent of the INVESTMENT GRANT PROGRAM is to expand and diversify the county's property tax base. Minimum investment will be established

and employee wage factor criteria may be established as a requirement for consideration and award of a grant for eligible projects. These criteria are used as guidelines in project evaluations. They may be expanded upon or added to for a specific project and incorporated in the terms of the formalized grant award agreement between the participants.

- Minimum total project investment (based upon the estimated project real and personal property assessments to be confirmed by the county assessor)
  Level 1 grant category - $ 5 million

Level 2 grant category - $ 50 million
Level 3 grant category - $100 million

Level 1 grant – a grant award based upon a project's estimated tax revenue generation value, calculated to equate to approximately 75% of the value of real and personal property tax revenue value anticipated to be generated by the project. The value for real and personal property investments shall be calculated based on a period of five(5)consecutive years in determining value for grant calculation purposes. The beginning date for grant calculations is to be the date of useful occupancy and/or production startup.

Level 2 grant – a grant award based upon a project's estimated tax revenue generation value, to be calculated to equate to approximately 80% of the value of real and personal property tax revenue value anticipated to be generated by the project. The value for real and personal property investments shall be calculated based on a period of Five (5) consecutive in determining value for grant calculation purposes. The beginning date for grant calculations is to be the date of useful occupancy and/or production startup.

Level 3 grant – a grant award based upon the project's estimated tax revenue generation value, to be calculated to equate to approximately 85% of the value of real and personal property tax revenue value anticipated to be generated by the project. The value for real and personal property investments shall be calculated based on a period of five (5) consecutive in determining value for grant calculation purposes. The beginning date for grant calculations is to be the date of useful occupancy and/or production startup.

- Calculations of the project grant award shall be based upon anticipated new property tax revenues the county expects to receive from a specific project; the annual grant award due to the grantee will be paid within 30 days after current property taxes are paid in full for that year.
- During the grant award period, the grantee must remain current with all real property taxes assessed, other fees, taxes or other assessments levied by the grantors to remain eligible for the grant. Failure to do so, results in termination of the grant award. Rowan County will monitor the assessed valuation of the project during the award period to assure that the process used to determine the award of the grant remains consistent with estimates used. Excessive fluctuations in the estimated project value may be cause for review of the grant inclusive of modification to the terms of the grant subject to review and action by the County Commission. (It is not intended that grants and the property taxes of a specific grant project equate exactly for the grant period. Additions, changes in real estate valuations and other factors may impact upon the actual property tax assessment base during the grant period. Estimates are used only to establish a rational link between a project and its economic impact upon the county and its citizens).
- Grants are not transferable and may not be otherwise conveyed to another party without the specific consent of the grantors (Rowan County Commission).
- Grants for expansion of existing industries will account for reductions in value associated with machinery and equipment being phased out, replaced or retrofitted as part of a project. Factors impacting employment will be evaluated and enter into determinations of grant awards.
- Grants for new projects will only consider estimated enhancements to the property tax assessment base above those existing prior to the project as proposed.

- The county shall provide detailed reporting processes to monitor and assure compliance with the terms, conditions and other specific requirements of the grant award agreement. The grantee shall comply with the reporting requirements during the grant period. The county agrees to maintain confidentiality of information deemed to be proprietary in nature. The grantee shall provide the county access to verifiable grant related support documentation. Failure of the county to obtain required grantee documentation shall cause termination of grant.
- The grantee is required to give detailed information on assets to be considered as part of the grant application process, inclusive of anticipated depreciation schedules, leasing arrangements with named parties holding financial interest in assets covered by the grant program, all business or corporate names that may be applicable for purposes of asset ownership. Signed releases from those holding financial interests in assets may be required as documentation for grant awards.
- Rolling stock inclusive of automobiles, trucks, tractors, trailers or other licensed vehicles shall not qualify as listed assets under personal property for purposes of calculating the proposed projects investment value.
- County contributions to a specific project's infrastructure costs may be deducted from the calculated INVESTMENT GRANT PROGRAM award available for that specific project.
- The grantee shall provide documentation in support of the fact that the County's INVESTMENT GRANT PROGRAM was an important factor in its decision to locate or expand facilities in Rowan County.

EXAMPLE OF GRANT AWARD

Level 1 grant (based on a $5 million project in real property, equipment and machinery)

- Current tax rate .63/100 for the grant period real and personal property investment of $5,000,000/100=$50,000 x $.63 x 75% = $23,625 grant payment

  Five-year period total grant payments estimated at $118,125.

Level 2 grant (based on a $50 million project in real property, equipment and machinery)

- Current tax rate .63/100 for the grant period real and personal property investment of $50,000,000/100=$500,000 x $.63 x 80% = $252,000 grant payment

  Five-year period total grant payments estimated at $1,260,000.

Level 3 grant (based on a $100 million project in real property, equipment and machinery)

- Current tax rate .63/100 for the grant period real and personal property investment of $100,000,000/100=$1,000,000 x $.63 x 85% = $535,500 grant payment

  Five year period total grant payments estimated at $2,677,500

Calculations for INVESTMENT GRANT PROGRAM awards at other values and at Levels 1, 2 or 3 would be completed in a similar manner.

• Note: The ratio of real to personal property (machinery and equipment) will vary significantly among projects. Depreciation schedules will impact estimated tax assessment values depending on the type of project and applicable depreciation schedule.

PROGRAM ADOPTION, AMENDMENTS AND EFFECTIVE DATES

A pre-application meeting with the County Commission and elected officials of any local municipality impacted by a proposed project shall be held to validate project specifics and assure that current grant program criteria are applicable. Salisbury-Rowan Economic Development Commission shall provide a fiscal analysis of the project's impact upon the community inclusive of a recommendation from its Board of Director's as to whether the project proposal should be considered for the award of an incentive grant as detailed within policy guidelines.

Only specific action by the Rowan County Commission shall be deemed acceptance of terms in a formal contractual grant agreement and by award of an INVESTMENT GRANT thereto.

Applicants for the INVESTMENT GRANT PROGRAM shall use these guidelines in applying for a grant for new industrial development projects locating or existing industrial expansions occurring in Rowan County) and applicable cities/towns). These guidelines shall be an attachment to each formal grant award contract approved by the County.

Other specific attachments to the formal agreement shall include but not be limited to:

- A project site plan, brief written description of the project, its scope, number and type of employment positions, phasing and timing of the development and any other information that would be viewed as important in describing the project.
- A survey and legal description of the property along with proof of ownership.
- A copy of the current County investment grant guidelines.
- A copy of the participating municipality's investment grant guidelines (if applicable).
- The county tax card of record for the property as of January 1st of the year that the project is being considered. (Used to establish the base value of investment.)
- A copy of the most current State of North Carolina Industrial Incentive Program guidelines (if applicable).
- Other pertinent information that might apply to a specific project.

Water/Sewer

Rowan County has established a water/sewer extension policy for qualified industries that will cover the cost of water and sewer extension to the property of a new facility.

Duke Power Company
Promotes an economic development incentive rate.
Minimal criteria are required to obtain this rate based on a $500,000 capital investment per 1,000 KW load or 75 employees per 1,000 KW load.

The City of Salisbury will provide up to 50% of utility line extension cost within identified growth zones.

Piedmont Natural Gas Company
Economic Development Rider available upon request.

Grants
A Community Development Block Grant limited to $1 million is the only grant available. Specific requirements must be met on hiring with administrative functions and be conducted by the firm for a two-year period.

Low Cost Financing
Rowan County is represented by all major banks which provide creative financing options for new and expanding industries.. Charlotte, located 40 miles (64 kilometers) to the South is the second largest financing center in the United States.

Current as of April 2008

Companies looking to relocate to Stanly County enjoy a low tax rate and a strong economic aid package that includes low interest rates for renovations and equipment as well as a tax credit for every newly created job. Businesses with an eye on growth and expansion also appreciate the abundance of affordable Greenfield and industrial sites.

What attracted companies like Massachusetts-based American Fiber and Finishing Inc., was Stanly County's low tax rate and an economic aid package that included four percent loans for renovations and equipment and a tax credit for every new job created by the new company.

What also attracts many expanding businesses to Stanly County is the abundance of affordable Greenfield and industrial sites which allow companies to create campus-styled facilities that are conducive to growth.

Stanly County's local government does everything it can to ensure businesses thrive and prosper including city and county economic development benefits and electric, water and sewer rate incentives. In fact, Stanly County offers some of the lowest utility rates and land/construction costs in the region.

For more information on state incentives, visit the North Carolina Department of Revenue website.

Cooperative Local Government

Local government in Stanly County stands behind business and works collaboratively with employers to help them prosper. Low tax rates, a virtually nonexistent unionization rate, and low utility, land and construction rates, are just a few examples of the incentives businesses can realize when they do business in Stanly County.

Employers also benefit from investment, job creation and worker training tax credits. Many companies are able to realize a credit of up to 50 percent against state income or franchise taxes. Fortunately, Stanly County boasts the largest available workforce in the region. From pre-employment recruiting to start up and ongoing training, Stanly County has the incentives; workforce and quality of life that help business prosper.

Current as of February 2008

Incentive Programs

The City of Albemarle has the ability to offer incentives to industry considering relocation to the City, or for existing industries considering expansion. These incentives include economic development rates for electric, water, and sewer customers who meet the eligibility requirements. The City also offers other incentives based on the amount of investment being made in the community.

Taxes, Services and the Tax Rate History

The tax rate is set annually by the Albemarle City Council. This rate is established at a level to provide all the general fund services of the City. These general fund services include things such as police, fire, parks and recreation, planning and zoning, financial management, street and right of way maintenance and engineering services. Other services such as water and sewer, electric and the operation of the City of Albemarle Landfill are not supported by property taxes, but rather operate on the revenues generated from these services. In essence, they operate as self-supporting businesses. When considering the establishment of the appropriate tax rate to become effective each July, the City reviews all of the upcoming fiscal year's cost of providing services and ensures that a matching amount of revenues are available to cover these expenditures. The City Council and staff must make decisions concerning the feasibility of certain services and projects in order to adopt a balanced budget as required by law.

Financial

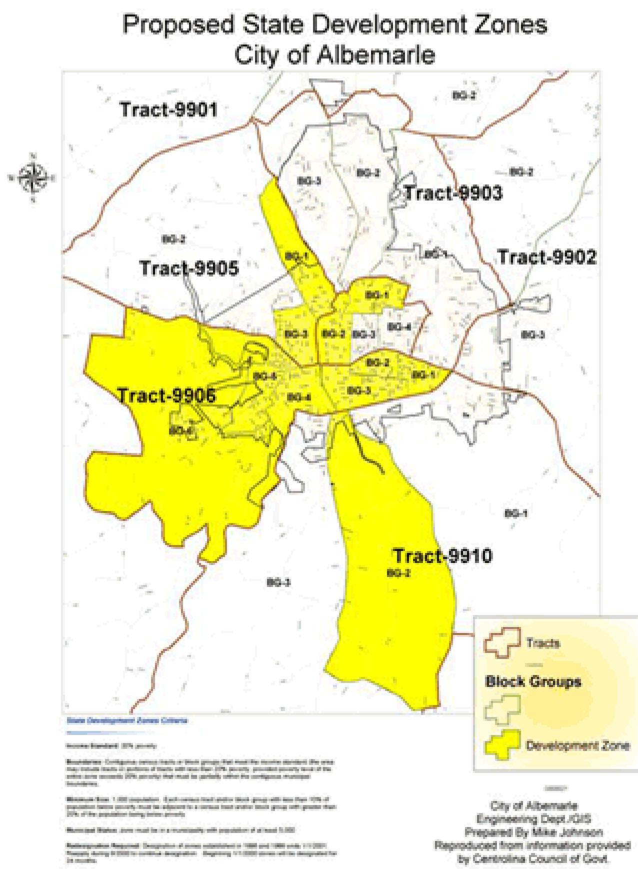
The City of Albemarle is a well-managed financial entity with an annual budget of approximately $45 million. The City carries substantial reserves in both its General Fund as well as its Proprietary Funds to ensure financial stability and to handle any emergencies that might arise such as natural disasters or economic downturns. These reserves buffer local businesses and property owners from any significant one-year increase in property taxes or utility charges.

The City carries an A3 bond rating from Moody's and an A rating from Standard and Poor's. The City's general obligation bonded indebtedness is quite low, and is substantially below the state limit. The City is responsible for 7.6% of the electric revenue bonds issued for North Carolina Municipal Power Agency One for the purchase of 75% ownership in Unit 2 of the Catawba Nuclear Station. The payments for these bonds are made out of the City's annual electric revenues.

In accordance with North Carolina law, an annual audit of the City's finances is conducted by a CPA firm. These audits are available for public inspection and reflect the City's excellent record of financial management.

State Development Zones

The North Carolina Department of Commerce has designated a State Development Zone within the City of Albemarle. Certain businesses located in the zone are eligible to receive tax credits for investment in expansion or new facilities. This page provides basic information on the State Development Zone Program. Albemarle's zone # is 061.



What is the State Development Program?

The intent of the State Development Zone Program is to stimulate investment and job creation to improve conditions in high poverty areas of our cities. The NC Department of Commerce has designated 61 State Development Zones since approval of the program in July 1998.

Eligibility Requirements

Businesses qualify if they are in one of the following categories of the Standard Industrial Classification (SIC).

Category	SIC Code
Manufacturing/Processing	2011-3999
Warehousing	4221-4226
Air Courier Service	4513
Distribution	5012-5199
Data Processing	7371-7379
Central Admin. Office	Aux. Code 1

Other Terms

- Employer provides health insurance for workers (Minimum 50% of premium)
- Employer has no pending enforcement action or determination within past five years based on significant violation of DENR programs
- Employer has no outstanding OSHA citations
- Employer must pay 100% of the average weekly wage for the county.

Tax Credits for Qualifying Businesses

- $4000.00 per qualified job created in addition to Enterprise Tier incentives
- $1000.00 per employee for worker training
- 7% for machinery and equipment with no minimum

Current as of April 2008

UNION COUNTY

Union County and its government are committed to the quality of life and long-term economic well-being of all the County's citizens. This commitment includes encouraging the location of new businesses and the expansion of existing businesses within the county. It has long been the practice of Union County to offer property tax based economic development incentives for qualifying businesses. These grants have been provided for companies that commit to create new tax value and new full-time jobs in the county.

Each incentives request is managed through the approval process by the Union County Partnership for Progress. Final approval, which is on a case by case basis, rests with the Union County Board of Commissioners.

Each grant commitment is clarified by a contract which explains in detail the terms and conditions of the incentive and is administered by the Tax and Finance Departments of the County government.

The Union County Partnership for Progress can be reached at (704) 283-3589 or www.unioncpp.com

Amendments currently being proposed please contact Union County for more information May 2008

Economic Development Grant Programs

The Monroe City Council commits itself to the long-range economic well-being of its Citizens through the proactive creation and use of its Economic Development Grant Programs. The City's interest is to maintain an on-going progressive plan to enhance and secure job opportunities, while sustaining its existing economic health and prosperity. The City Council believes strongly in maintaining a forefront position that it is ready to attain new business by soliciting and providing incentive monies that will offset the capital costs associated with an opening, expanding, or relocating a new facility.

The following Economic Development Incentive Programs address the above through the allocation of all available City resources, as the Monroe City Council deems necessary, to respond to requests from prospective businesses and developers. Development projects add new job opportunities and promote a better quality of life for our Citizens, while sustaining the integrity of the City's economy, broadening the tax base, and generating positive growth.

Economic Development Incentive Grant (Industries Only)

The Monroe Economic Development Incentive Grant Program is a set of guidelines for the administration of City resources in the inducement of industry investment via retention and recruitment. The programs created by the City Council are based in North Carolina General Statutes (NCGS §158 and §160A). The intention of the Grant program is to maintain the flexibility to change with the particular needs and issues that arise on a project-to-project basis; therefore, City Council may apply variances to the Grant program, as they deem necessary.
Nothing in this grant program is intended to be a pledge of the full faith and credit of the taxing power of the City of Monroe.

<u>Qualification for Grant Consideration</u>

1. To qualify for consideration for an Economic Development Incentive Grant, a company must complete the Economic Development Incentive Grant Application (Blue Form), including the Wage Calculation Worksheet. The application must be accompanied by a letter of request, on company letterhead, addressed to the City Manager and copied to the Business and Economic Development Department Director. A copy of the application form and draft letter can be obtained through the Economic Development Office or from the EDC's website.

2. To qualify for consideration for an Economic Development Incentive Grant, an applicant must create a minimum capital investment in new taxable buildings, building improvements, equipment, machinery, and land improvements. The thresholds are established based on the applicant's status as an "Existing Industry" or "New Industry."

    a) The minimum capital investment threshold to qualify for consideration for an Economic Development Incentive Grant shall be no less than Two-Million Dollars ($2,000,000) for industries currently in the Corporate Limits of the City of Monroe or those requesting annexation into the City of Monroe to be in effect within a twelve (12) month period from grant approval. These industries are referred to as "Existing Industries."

b) The minimum capital investment threshold to qualify for consideration for an Economic Development Incentive Grant shall be no less than Three Million Dollars ($3,000,000) for industries intending to locate within the Corporate Limits of the City of Monroe or those areas being annexed into the City of Monroe within a twelve (12) month period from grant approval. These industries are referred to as "New Industries."

3. To qualify for consideration for an Economic Development Incentive Grant, an applicant must be the principal employer of persons associated with the considered capital investment. *Developers of property, speculative builders, or other applicants that do not employ persons directly associated with the capital investment are not eligible for assistance under the Economic Development Incentive Grant.*

4. To qualify for consideration for an Economic Development Incentive Grant, an applicant must have existing or relocating operations involved in one or more of the following activities; manufacturing, processing, warehousing, distribution, data processing, office, or tourism. *Retail operations are not eligible for assistance under the Economic Development Incentive Grant Program.*

5. To qualify for consideration for an Economic Development Incentive Grant, a New Industry applicant must hire a minimum of ten (10) full-time employees (FTE) associated with the capital investment. The applicant must maintain these FTE's for the life of the grant period. *Existing industries are exempt from this provision.*

6. To qualify for consideration for an Economic Development Incentive Grant, a New Industry applicant must pay the full-time employees (FTE), under the project, a minimum of 110% of Union County's weekly average wage, as reported by the North Carolina Employment Security Commission (ESC). *Existing industries are exempt from this provision.*

Capital Investment Levels

Level I-a $ 2,000,000 – $ 4,999,999

Level I-b $ 3,000,000 – $ 4,999,999

Level II $ 5,000,000 – $14,999,999

Level III $15,000,000 – $29,999,999

Level IV $30,000,000 and greater

Capital investment levels I-a, and I-b, must be reached within the first 12 months. Capital investment levels II, III, and IV must be reached prior to end of the grant period. If the levels are not achieved, the applicant shall be in violation of the conditions of the grant program and must repay **all** grant payments in full to the City of Monroe, unless variances were agreed to by the Monroe City Council.

on of the Grant Funding

The Maximum Grant Amount is calculated by City staff prior to Monroe City Council approval and appropriation of grant monies. The amount awarded is based on the taxable capital investment over the Grant Period using a standard depreciation schedule. The amount awarded is the maximum amount of assistance that can be received by the applicant for that specific grant.
The Grant Period lasts five (5) years, beginning upon the submission of the Request for Funds Form (Green Form) and confirmation of all qualifying criteria. The Maximum Grant Amount will be paid in equal amounts. The Grant Factor is part of the calculation in determining the Grant Amount (see example below). The Grant Factor varies depending on the Capital Investment Level and as adopted annually by the Monroe City Council. The current year's Grant Factor Table *(see Appendix A)* is attached to each year's Request for Funds Form and used to determine the correct calculation.

- A **Level I-a** is reserved for qualifying Existing Industry *only* and the Grant Period lasts five (5) years.
- A **Level I-b** is reserved for qualifying New Industry *only* and the Grant Period lasts five (5) years.
- A **Level II** is for all qualifying industries and the Grant Period lasts five (5) years.
- A **Level III** is for all qualifying industries and the Grant Period lasts five (5) years.
- A **Level IV** is for all qualifying industries and the Grant Period lasts five (5) years.

(Assessed Value of Capital Investment) **x** *(Grant Factor) = (Maximum Grant Amount)*

(Maximum Grant Amount) / (Term of Grant) = (Annual Payment)

Example:

$35,000,000 x .02125 = $743,750 Maximum Grant Amount

$743,750 / 5 years = $148,750 Maximum Annual Grant Payment

Qualification for Grant Payment

1. To qualify for consideration for an Economic Development Incentive Grant, an applicant must supply an itemized list of machinery and equipment for each project considered at the time of fund request. Fund Request Forms, which do not differentiate items associated with the considered capital investment, *may* not be considered for assistance under the Economic Development Incentive Grant Program.

2. Only one (1) grant will be awarded and funded per project, including all associated building and land improvements, machinery and equipment purchased or relocated, and jobs created or relocated.

3. To receive any grant monies, a recipient company must be in good standing with the City of Monroe in regards to all taxes, fees, utilities, ordinances, etc.

4. Grant payments will *only* be made when the minimum investment of new buildings, equipment and improvements have been completed and the recipient company has agreed to the assessed value of the qualifying capital investment, unless the Monroe City Council agreed to variances.

Amendments currently being proposed please contact City of Monroe for more information; May 2008

CREDITS FOR GROWING BUSINESSES (ARTICLE 3J CREDITS)

In July, 2006, the NC General Assembly passed legislation (House Bill 2170) that created a new tax credit program, Article 3J Credits. Article 3J provides three types of tax credits to eligible taxpayers that undertake qualifying activities in North Carolina: 1) Credit for Creating Jobs, 2) Credit for Investing in Business Property, and 3) Credit for Investment in Real Property (tier 1 only). These credits may be combined to offset up to 50% of the taxpayer's state income and franchise tax liability, and unused credits may be carried forward for up to five years (15-year carry-forwards apply to the Credit for Investing in Real Property and 20-year carry-forwards exist for taxpayers that invest at least $150 million over a two-year period).

Article 3J Credits should not be confused with William S. Lee Credits. Although these tax credit programs are similar, they are not the same. Article 3J is not a revision to the Lee Act; it replaces the Lee Act. The distinction is subtle, but significant. In general terms, Lee Credits are repealed for taxable years beginning on or after January 1, 2007 and Article 3J Credits take effect for taxable years beginning on or after January 1, 2007

County Tier Designations (§143B-437.08)
The Department of Commerce annually ranks the state's 100 counties based on economic well-being and assigns a tier designation to each. The 40 most distressed counties are designated as tier 1, the next 40 are tier 2, and the 20 least distressed are tier 3. This tier system is incorporated into various state programs, including Article 3J Credits, to encourage economic activity in the less prosperous areas of the state.

Urban Progress Zones (UPZ) and Agrarian Growth Zones (AGZ)
Municipalities with a population of at least 10,000 have the ability to define qualifying areas of poverty as Urban Progress Zones. Counties that do not have a municipality with a population of at least 10,000, have the ability to define qualifying areas of poverty as Agrarian Growth Zones. Projects located within these zones receive enhanced Article 3J Credits.

Eligibility (§105-129.83)
To qualify for Article 3J Credits, the following eligibility requirements must be met:

1. The primary activity at the business establishment must be an eligible type of business, which includes: aircraft maintenance and repair; air courier services hub; company headquarters that creates at least 75 new headquarters jobs; customer service call centers; electronic shopping and mail order houses; information technology and services; manufacturing; motorsports facility; motorsports racing team; research and development; warehousing; and wholesale trade.

2. The average wage of all full-time workers employed by the taxpayer at the establishment during the taxable year must meet or exceed the applicable wage standard of the county in which the establishment is located. Note: There is no wage standard for taxpayers located in a tier one county.

3. The taxpayer must offer qualifying health insurance for all full-time positions at the establishment and pay at least fifty percent (50%) of employee premiums.

4. The taxpayer must not have received any significant environmental violations with the North Carolina Department of Environment and Natural Resources within the prior five years.

5. The taxpayer must not have received any "willful" or "failure to abate" serious OSHA violations at the establishment within the prior three years.

6. The taxpayer may not have overdue taxes.

Credit for Creating Jobs (§105-129.87)
Eligible taxpayers that meet a minimum threshold of new full-time jobs created during the taxable year may claim a credit for each new job created. The credit is taken in equal installments over four years following the year the jobs are created. The job threshold and the credit amount per job are determined by the tier designation of the county in which the jobs are created.

	County Tier Designation			UPZ/AGZ
	1	**2**	**3**	
Job Threshold	5	10	15	5
Credit Per Job	$12,500	$5,000	$750	+$1,000*

**If the job is filled by a resident of the zone or a long-term unemployed worker, add an additional $2,000.*

Credit for Investing in Business Property (§105-129.88)
Eligible taxpayers may claim a credit based on a percentage of the cost of capitalized tangible personal property that is placed in service during the taxable year, in excess of an applicable threshold. This credit is taken in equal installments over four years, beginning the year after the property is first placed in service. The credit percentage and threshold are based on the tier designation of the county where the property is placed in service.

	County Tier Designation			UPZ/AGZ
	1	**2**	**3**	
Threshold	0$	$1 million	$2 million	$0
Credit %	7%	5%	3.5%	7%

***Credit for Investment in Real Property** (§105-129.89)*
Eligible taxpayers that invest at least $10 million in real property within a three-year period and create at least 200 new jobs within two years at an establishment located in a tier 1 county are allowed a credit equal to 30% of the eligible real property investment. This credit is taken in equal installments over seven years, beginning the year after the property is used in an eligible business. To qualify for this credit, the taxpayer must obtain a written determination from the Department of Commerce.

This summary is not meant to be exhaustive. Taxpayers should review the Article 3J statutes prior to claiming credits. Taxpayers that are uncertain about their eligibility or ineligibility to claim credits after reviewing the Article 3J statutes should consult with the Department of Revenue. No application is required to claim Article 3J credits.

Research and Development Tax Credit

Credit is based on a percentage of qualified research expenses with the highest amounts for research performed by North Carolina universities.

Businesses with qualified North Carolina research expenses are allowed a credit equal to a percentage of those expenses. The allowable credits are determined by:

- **Small business (annual receipts less than $1 million):** Qualified businesses on the last day of the taxable year are allowed a credit of 3%.
- **Low-tier research:** For expenses for research performed in a Tier 1county, a business is permitted a credit of 3%.
- **Other research:** For expenses not covered above, refer to the table below for qualified research expenses during a taxable year:

Qualified Expenses	Rate
$0-$50 million	1%
$50 - $200 million	2%
More than $200 million	3%

A business with **North Carolina university research expenses** for the taxable year is allowed a credit equal to 15% of those expenses.

Renewable Energy Tax Credits

North Carolina's various renewable-energy tax credits are unified into a statute that addresses nearly all renewables. The statute provides a tax credit of 35% of the cost of renewable energy property constructed, purchased or leased by a taxpayer and placed into service in North Carolina during the taxable year.

Program Requirements:
The credit is subject to various ceilings depending on sector and the type of renewable-energy system. The following credit limits for various technologies and sectors apply: A maximum of $3,500 for residential active space heating, combined active space and domestic water-heating systems, and passive space heating; A maximum of $1,400 for residential solar water-heating systems, including solar pool-heating systems; A maximum of $10,500 for photovoltaic (solar electric), wind, or other renewable-energy systems for residential use; A maximum of $2,500,000 for all solar, wind, hydro and biomass applications on commercial and industrial facilities, including photovoltaic (PV), day lighting, solar water-heating and space-heating technologies.

Expenditures eligible for the tax credit include:

- Cost of the equipment and associated design
- Construction costs
- Installation costs less any discounts
- Rebates
- Advertising
- Installation-assistance credits
- Name-referral allowances or other similar reductions.

Maximum Amounts: The credit is taken in five equal installments beginning with the year in which the property is placed in service. If the credit is not used entirely during these five years, the remaining amount may be carried over for the next five years. The credit can be taken against franchise tax, income tax or, if the taxpayer is an insurance company, against the gross premiums tax.

For information and instructions on how to apply, visit the North Carolina's Incentives for Renewable Energy section of the Database of State Incentives for Renewals and Efficiency (DSIRE) website.

Job Development Investment Grants

The Job Development Investment Grant (JDIG) is a discretionary incentive that provides sustained annual grants to new and expanding businesses measured against a percentage of withholding taxes paid by new employees.

The program stimulates economic activity and creates new jobs by promoting the expansion of existing business and industry and by recruiting and attracting new business and industry.

Overseeing the program is the Economic Investment Committee, comprised of five members, the Secretary of Commerce, the Secretary of Revenue, the Director of the Office of State Budget and Management, and two private sector members appointed by the N.C. General Assembly.
Program Requirements: A proposed project must meet a rigorous set of criteria. The Economic Investment Committee must find:

- The project will result in a net increase in employment.
- The project will increase opportunities for employment and strengthen the state's economy.
- The project will be consistent with the economic development goals of the state and of the area in which it is located.
- The project will be competitive with another state(s) or country.
- The grant is necessary for the completion of the project in the state.

The company must meet certain state health insurance and workplace safety requirements. The proposed project's benefits must outweigh its costs, thus rendering the grant appropriate. A cost benefit analysis is done for each project, and the committee identifies and selects projects that are most beneficial, after considering a number of different evaluation factors.

Statute requires that the business maintain operations at the project location, or at another approved site, for at least 150% of the term of the grant. Also, the agreement must include a claw-back provision to recapture all or part of the grant, at the committee's discretion, if the business fails to remain at the site for the required years. The final Community Economic Development agreement must be reviewed and signed by the state Attorney General.

Maximum Amounts: The committee is authorized to award up to 25 grants in a single grant year. These grants can result in payments to a business for up to 12 years. The total amount paid out in any one of those years cannot exceed $15 million, giving the committee up to $180 million to allocate in benefits to the 25 businesses over a 12-year period.

The statute authorizes awards from 10% to 75% of withholdings for eligible positions. Similarly, the term of the grant may not exceed 12 years. Even with statutory requirements, the committee has discretion in weighing factors to award projects and fix the amounts, terms and time periods of grants.

One North Carolina Fund

The One North Carolina Fund (formerly the Governor's Industrial Recruitment Competitiveness Fund) helps **recruit and expand quality jobs in high value-added, knowledge-driven industries**. It also provides financial assistance to those businesses or industries deemed vital to a healthy economy that are making significant efforts to expand in North Carolina.

The fund currently consists of nonrecurring appropriations made by the N.C. General Assembly for companies seeking to undertake new expansion or locate new operations in the state. The fund is competitive and the location or expansion must be in competition with another location outside the state.

Program Requirements: Companies can receive money for:

- Installation or purchase of equipment.
- Structural repairs, improvements, or renovations of existing buildings to be used for expansion.
- Construction of or improvements to new or existing water, sewer, gas or electric utility distribution lines, or equipment for existing buildings.

For a company to be considered:

- The company must agree to meet an average wage test.
- Local units of government (city or county) must agree to match financial assistance to the company.

Factors in award decisions: The following factors determine allocation, with **special consideration** given to companies that locate or expand in **areas that have experienced sudden and severe economic disruptions:**

- Economic impact of project, including costs and benefits to the state.
- Strategic importance of the project to the state, region, or locality.
- Quality of jobs.
- Quality of industry and project.
- Environmental impact of project.
- Project must be competitive with another state or country.

Application Process: Applications are accepted subject to availability of funds. After the application has been completed and reviewed, the governor conveys the commitment to the company. The jobs must be created and company must meet all criteria set out in the performance agreement before disbursement is made.

Small Business Technology Funding

North Carolina helps small businesses compete on the same level as larger businesses with funding opportunities for the critical startup and development stages of a technology venture. Here, you'll find a variety of funding resources for businesses that are fueling high-tech innovation and our region's entrepreneurial spirit.

North Carolina is characterized by a robust business environment driven by several partnerships between private industry and government, working to make North Carolina a technological leader in the global marketplace. However, the risk and expense of conducting serious research and development efforts are often beyond the means of many small businesses.

The One North Carolina Small Business Program
This program awards state matching funds to North Carolina businesses that have received either a Small Business Innovation Research Program (SBIR) or Small Business Technology Transfer (STTR) Program award by the corresponding U.S. government program.
The Federal SBIR/STTR Program provides funding competitions in two phases that are relevant to the North Carolina program: Phase 1 conducts feasibility research; and Phase II expands and develops Phase I results and develops commercially viable innovations.

For more information on the One North Carolina Small Business Program, visit the North Carolina Board of Science and Technology website.

For more information on SBIR/STIR applications, eligibility and the Small Business Administrations' role in the awards process, visit the U.S. Small Business Administration's website.

For more information regarding other research and development funding for small businesses, visit the Small Business and Technology Development Center website.

Job Maintenance and Capital Development Fund Grants

The Job Maintenance and Capital Development Investment Fund ("JMAC") is a discretionary incentive that provides sustained annual grants to businesses with at least 2,000 employees, which are located in Development Tier 1 counties, and which invest at least $200 million in capital improvements.

The program is intended to stimulate economic activity and provide benefits to the citizens of North Carolina by encouraging retention of significant numbers of high-paying, high-quality jobs and large-scale capital investment, enlarging the overall tax base and increasing revenues to the State and its political subdivisions.
A total of five (5) grants may be made under the program. The General Assembly has appropriated $5 million for the 2008-09 fiscal year. Annual payments to grantees would be subject to future appropriations. Grants may be made for a term of up to 10 years. Annual grant payments will be capped at an amount that may not exceed $4 million. The sum of all grants awarded under the program may not exceed $60 million.

Annual grant payments are based on amounts a grantee pays in certain taxes on, or resulting from, new project machinery and equipment and building materials, worker training expenses, and state permitting fees for expansion.

Basic eligibility requirements for JMAC grant applicants include:

- Must be located in a Development Tier 1 county.
- Must have at least 2,000 full-time workers at the time of application.
- Must commit to invest $200 million in improvements to real property and additions to tangible personal property for the project, within 6 years of the initial expenditure.
- Local government entities must provide incentives equivalent to a tax credit of 50% of the incremental additional ad valorem taxes payable by a grantee on the required investment, over a period of between 5 and 10 years.
- Must have no overdue tax debts, OSHA, or DENR violations.

Basis grant terms include:

- Eligibility for full grant payment requires retention of the lesser of the number of full-time jobs the grantee had at the time of application, or the number it had when it commenced the required investment (but not less than 2,000).

- Must pay at least 140% of the average wage paid by all insured private employers in the county where the project is located.
- Must pay at least 50% of employee health insurance premiums.
- Must invest $200 million in capital improvements for the project within 6 years of the initial expenditure, or repay entire grant.
- New employees must be U.S. citizens or have proper documentation of authorization to work in the U.S.

- Local government entities must provide the required level of incentives.
- Must not have overdue tax debts, OSHA or DENR violations.
- Must satisfy rigorous annual reporting requirements to establish grant compliance and eligibility for payments.
- Will be ineligible for grant payments, and may be subject to repayment obligations for grant payments previously received, and grant termination for certain performance failures.
- Will be required to execute agreements with the Department of Commerce governing grant terms. For a grant to be effective against the State, the agreement must also be signed by the Attorney General.

The 5-member Economic Investment Committee which approves Job Development Investment Grant awards, will recommend JMAC grant approvals and governing terms, after applying a rigorous set of criteria and evaluation factors enumerated in the governing documents for the program.

<u>To recommend a grant, the Economic Investment Committee must find that</u>:

- The conditions for eligibility have been met.
- A grant for the project is necessary to carry out the statutory public purposes.
- The project is consistent with the economic development goals of the State and of the area where it is located.
- The affected local governments have participated in retention efforts and offered incentives in a manner appropriate to the project, including providing at least fifty percent (50%) of the incremental additional local ad valorem tax payable by the grantee on required investment.
- The grant is necessary for the sustainability and maintenance of the project in this State.
- The total benefits of the project to the State outweigh its costs.
- The grant is consistent with statutory restrictions on the number and value of grants that may be awarded.

<u>Industrial Revenue Bonds</u>

What is an Industrial Revenue Bond?

Industrial Revenue Bonds (IRB) are tax exempt securities issued by the state or its political subdivision by authority of U.S. Congress. They are tax exempt because the income derived by the bondholder is not subject to federal income tax. Because of this, the cost to the company for which the bonds are issued is less than the cost of conventional financing. IRB's are used to help finance local manufacturing or industrial facilities. The state's principal interest in these bonds is to assist new and expanding companies while providing North Carolinians with good jobs at good wages.

Eligibility

IRB proceeds can be used only by companies engaged in manufacturing.

How Bonds Can Be Used

IRB proceeds may be used only for land, buildings and/or equipment. Bonds can also be issued to finance pollution control projects under a different set of criteria than those discussed here.

Employment Requirements
The company receiving the bonds must agree to pay its employees the lesser of the average manufacturing wage in the county where the plant is located or the state's average manufacturing wage plus 10%. It must also agree to a formula-based number of new employees.

How Much Financing is Available
Federal regulations limit the bond amount per project to $10 million, less any capital expenditures incurred during the period beginning three year before the date of issuance of the bonds and ending three years after the date of issuance of the bonds.

Generally, a bond issue must be at least $2.5 million to be cost-effective, but could be smaller under certain circumstances. There is a nationwide maximum for any company of $40 million.

How the Program Works:
The Mecklenburg County Industrial Facilities and Pollution Control Financing Authority (the "Bond Authority") was established by the Mecklenburg County Board of Commissioners in 1976 to process bond applications for new and expanding manufacturers in Mecklenburg County.

To preserve eligibility for IRB financing under both State and Federal law, it is important that a company enter into an inducement agreement with the Bond Authority prior to making economic commitments or signing contracts or purchase orders for the proposed capital expenditures.

Additional Information:
For more information about Industrial Revenue Bonds contact Marvin A. Bethune, Attorney to the Bond Authority at 704-377-1634

Various programs and incentives are available through the federal government. Several of these are enumerated below.

Brownfield Tax Incentive

What is the Brownfield Tax Incentive?

Owners of Brownfield properties that have received Brownfield Agreements with the North Carolina Department of Environment and Natural resources (NCDENR) are entitled to the partial City and County property tax exclusions for the first five taxable years beginning after completion of qualifying improvements. The following establishes the percentage of the appraised value of the qualified improvements that is excluded based on the taxable year, administered by NCDENR:

Year 1	90%
Year 2	75%
Year 3	50%
Year 4	30%
Year 5	10%

Eligibility:

Geography: No geographical restrictions, but site must be certified by NCDENR as contaminated by eligible substance.

Business type: No restriction.

Additional Information:

For more information on the Brownfield Tax Incentive contact Bruce Nicholson at NCDENR at 919-733-2801 ext 353.

Work Opportunity Tax Credit Program

What is the Work Opportunity Tax Credit Program?

The Work Opportunity Tax Credit (WOTC) is a federal income tax credit that encourages employers to hire certain groups of job seekers.

The WOTC is designed to help job seekers most in need of employment gain on-the-job experience and move toward economic self-sufficiency. This employer tax incentive joins other employment programs and targeted tax credit initiatives aimed at helping American workers and increasing productivity and economic growth.

The Work Opportunity Tax Credit is a part of the Enterprise Community Grants process.

Eligibility
Targeted employee groups are welfare recipients, qualified Food Stamp recipients, veterans, vocational rehabilitation referrals, ex-felons, high risk youth, summer youth program participants and Supplement Security Income recipients.

How the Program Works:
Employers must apply for and receive certification from the Employment Security Commission that their new hire is in a targeted group before they can claim the WOTC on their federal tax return. To apply for WOTC certification, employers must:

- Complete the one-page "pre-screening notice and certification request" for the Work Opportunity and Welfare-to-Work Tax Credits (IRS Form 8850) by the date the job offer is made
- Complete either the one-page "conditional certification form" (U.S. Department of Labor ETA Form 9-62), if provided to the job seeker by a participating agency, for example, the City of Charlotte or Individual Characteristics Form (ETA Form 9061), if the new hire has not been given a conditional certification
- Mail the signed IRS and ETA forms to the North Carolina Employment Security Commission WOTC Coordinator. The IRS form must be mailed within 21 days of the new hire's start date.

The tax credit for new hires employed 400 or more hours is 40% of qualified wages for the first year of employment. The credit for new hires employed 120 to 400 hours is 25%. Qualified wages are capped at $6,000 for all WOTC target groups except Summer Youth, whose wages are capped at $3,000.

Additional Information:
If you need additional information or assistance with the WOTC, contact the Enterprise Community Director at 704-336-3380.

Anson County Economic Development Corporation
www.ansonedc.org/index.php
704-694-9513

Cabarrus Economic Development Corporation
www.cabarrusedc.com/incentives.html
704-782-4000

Catawba County Economic Development Corporation
www.catawbaedc.org/Incentives.htm

Charlotte Economic Development
www.charmeck.org/Departments/Economic+Development/Home.htm
704-432-1395

Charlotte Chamber of Commerce (Mecklenburg County)
www.charlottechamber.com
704-378-1300

City of Hickory
www.hickorygov.com/planning/economicdev/
828-323-7414

Cleveland County Chamber
www.clevelandchamber.org/about/economic.asp
704-487-8521

Concord
Business & Neighborhood Services Department
www.ci.concord.nc.us/econdev/default.asp
704-920-5121

Gaston County Economic Development Commission
www.gaston.org/IncentiveSum.html
704-825-4046

Mooresville-South Iredell Economic Development
http://economicdevelopment.mooresvillenc.org
704-664-6922

Lincoln Economic Development Association
www.lincolneda.org
704-732-1511

Salisbury-Rowan Economic Development Commission
www.rowanedc.com/incentives.html
704-637-5526

Stanly County Economic Development Commission
www.stanlyedc.org
704-986-3682

Union County Partnership for Progress
www.unioncpp.com
704-283-3589

Monroe Economic Development (Union County)
www.developmonroe.com/index.cfm
704-282-5780

North Carolina Department of Commerce
www.nccommerce.com/en
919-733-4151

Centralina Council of Governments
Centralina Economic Development Commission
1300 Baxter Street, Suite 450
Charlotte, NC 28204
704-372-2416
www.4noboundaries.org
www.centralina.org
Revised Edition November 2008

CITY OF ASHEVILLE

ECONOMIC DEVELOPMENT INCENTIVES POLICY

It is the policy of the City of Asheville to provide economic development grants for companies and industries seeking to relocate and expand business. The Economic Development Incentives Policy is designed to stimulate private sector investment, economic growth and job creation in the City by offering grants consistent with this policy and availability of funds. Moreover, it establishes a consistent manner for the City's participation in the development of business activity which will have a significant and positive effect on the economic health of the community.

The size and scope of the potential grant will be based on a number of factors, including the location of the site; the amount of capital investment in the project; the number of employees and the equity and quality of jobs created. A major component of the grant policy is to create quality, head-of-household jobs that will further stimulate the economy.

This policy consists of three possible economic development initiatives.

I. Industrial Development Grant (IDG)

The IDG program is a contract between the City and a new or existing industry where the City would make a grant to the industry for a period of up to five (5) years based on the amount of new capital investment. The grant is calculated and based upon the actual value, schedule and payment of property taxes. After the industry has "paid in full" its annual City property tax and met all other criteria as outlined in the grant document, the City will pay the industry the annual installment of the grant required in the grant document.

Each project or grant will be analyzed on an individual basis using this policy for guidance. This policy shall be subject to period review by City Council. Changing economic conditions may cause the City Council to modify, amend or even terminate the grant program.

A. <u>Jurisdiction</u>

This program shall apply to private investment that takes place inside the corporate limits of the City of Asheville. A petition for voluntary annexation must accompany any grant request where the improvements are currently outside the City limits. Activities performed under this program shall be consistent with North Carolina General Statutes for Local Economic Development and all relevant standards and laws required by the State or the City of Asheville.

B. Scope

The following criteria will be utilized by City staff to determine whether a particular applicant for a grant is eligible. Additional criteria may be applied to a specific project based upon the terms of the agreement between the grantee and the City of Asheville.

1. The grantee must build a new or expand an existing business with a capital investment of $1,500,000 or more.

2. There must be evidence of at least three (3) years of operations prior to the request for the grant.

3. There must be a minimum of five (5) employees on the current payroll and a commitment to increase and/or maintain the current labor force as approved by City Council by the grant completion date.

4. The location and type of business must be consistent with the City's long-range plans and development policies.

5. There must be proof of equity participation by the business. The minimum equity amount shall be equal to ten (10) percent of the total project cost for projects including expansion of an existing business.

6. The grantee must create and/or retain quality jobs. Manufacturing and non-manufacturing companies should pay employees a minimum of the Average Weekly County Wage as determined by the North Carolina Employment Security Commission for the appropriate industry sector.

7. Grant funds may be used to acquire or reduce the cost of real property and/or improvements; create or improve public infrastructure and site improvements, such as roads,

sidewalks, water lines or sanitary sewer lines; acquire or upgrade existing machinery and/or equipment; and/or any capital investment used in the daily operations of the existing business. The City investment in public roads, sidewalks, water lines and sanitary sewer lines will be publicly owned.

8. In addition to the above criteria, the staff in making a recommendation to the City Council to approve or disapprove of a grant will consider the following information:

   - The size of the project based upon investment in the site development, plant facilities and infrastructure;
   - The total number of jobs and types of jobs created;
   - The relationship between jobs development and total investment;
   - Potential for future expansion and increased employment;
   - Site specific issues that impact upon local infrastructure responsibilities of the City;
   - Site specific initiatives that may be pursued to stimulate other development areas that the City may deem of significant benefit to the community;
   - Economic development initiatives from other local governments and/or the State;
   - The availability of funds.

C. <u>Eligibility</u>

To be eligible for IDG funding, a business must be for-profit and engaged in one or more of the following activities:

1. Manufacturing and Business.

2. Service Sector. Majority of sales must be derived from interstate commerce.

3. Research and Development. The conducting of research, development or testing for scientific, food product or industrial purposes.

4. Warehousing and Distribution. Majority of revenue must be derived from interstate commerce.

5. Administrative Management Headquarters.

6. Transportation. Majority of revenue must be derived from interstate commerce.

7. Tourism Industry. Tourism attractions are expected to draw from outside a 100-mile radius. (This does not include tourism support facilities, e.g., motels, restaurants, etc.)

D. Grant Levels

IDG funding will be made based on the following schedule:

Grant Levels	Capital Investment Bracket	Grant Amounts	Maximum Time
Level 1 Grant	$ 1,500,000 or greater	Up to 75%	5 years
Level 2 Grant	$ 5,000,000 or greater	Up to 80%	5 years
Level 3 Grant	$10,000,000 or greater	Up to 85%	5 years
Level 4 Grant	$20,000,000 or greater	Up to 90%	5 years

E. Other Considerations

In addition to the criteria outlined above, the staff, in making the recommendation to City Council, will note the following issues:

1. A grant will not be awarded to any new or expanding industry which lowers the net tax payments paid to the City to a level less than the property taxes paid in the prior year.

2. Grant payments will not be made unless the applicable industry is current in all required payments to the City, including property taxes.

3. Grant benefits may not be transferred or otherwise conveyed to another party without the specific consent and prior approval of the City of Asheville.

4. Grant documents (contract) will include, but not be limited to, the following:

   a. A commitment from the business to complete the project within a specific period of time.

   b. A description of the proposed use of the grant funds, including a description of machinery and/or equipment, and a description of the facility or operation to be developed. The description should include the building, site size and plans; number of employees (current and projected); wage levels (current and projected); a description of the goods produced and/or services to be provided; a timetable of project performance; and any other item connected with the business project as deemed necessary by the City.

   c. Other provisions in the agreement may be added by the City as deemed appropriate.

II. Business Development Grant (BDG)

A second type of grant the City may offer to stimulate business is designed to pinpoint and stimulate local small business expansions. The Business Development Grant (BDG) program is designed to provide the same type of assistance as the IDG, but the funding level is for all investment in projects between $250,000 and $1,499,999 and the length of time for the grant is up to three (3) years.

Investment	Grant Amount	Maximum Time
$250,000 - $$1,499,999	Up to 75%	3 years

III. Infrastructure Development Program (IDP)

As an additional means of attracting private investment into the City of Asheville, public infrastructure and site improvements will be made available to industry. This is not a grant program. This program will provide a means for the creation or improvement of roads, sidewalks, water lines, or sanitary sewer lines. This program is meant to continue a targeted approach to planned growth.

A. Funding Levels

The amount of IDP funding will be based on a maximum of up to ninety (90) percent of the increased City property tax revenue generated for up to five (5) years. This is a reimbursement program. Payments are made on a reimbursement basis once the project is given a Certificate of Occupancy. All criteria and other requirements of the IDG and BDG are applicable to this program.

B. Contribution Levels

Maximum contribution level is ninety (90) percent of the increased City property tax revenue generated for the City for five (5) years. This is calculated as the expected yield which will be based upon the prevailing City tax rate for the five (5) year period in which the application is made.

IV. Alternative Programs

At the discretion of City Council, and in accordance with N.C.G.S. [section] 158-7.1, other incentives outside of this policy may be provided on a case by case basis. This may serve to reduce or preclude any incentive amount normally granted through the programs listed above.

RESOLUTION ESTABLISHING AN ECONOMIC DEVELOPMENT FINANCIAL ASSISTANCE AND INCENTIVE POLICY FOR JOB CREATION, JOB RETENTION AND CAPITAL INVESTMENT

WHEREAS, the City Council finds that the use of City funds to promote capital investment and the creation and retention of jobs will increase taxable property and the business prospects of the City of Durham;

NOW, THEREFORE, BE IT RESOLVED that the City of Durham hereby adopts the following economic development Job Creation and Retention and Investment Incentive Policy:

1. Definitions.

a. The "Community Development Area" (CDA) is identified as such on the map titled "The Durham Community Development Area, Targeted CDA Corridors, the Downtown Development Tier and the Parrish Street Project Area," dated April 2010, which is kept in the Office of Economic and Workforce Development or such other location as the City Manager may direct, and hereinafter referred to as the "Development Map."

b. "Targeted CDA Corridors" are those properties with at least one building entrance on the streets identified on the Development Map as "Targeted CDA Corridors," within the Community Development Area.

c. "Downtown Development Tier" is the area identified in the Downtown Design District Map as the proposed tier that was approved by City Council on February 1, 2010 as an ordinance to amend provisions of the Unified Development Ordinance regulating Downtown zoning and which area is identified as "Downtown Development Tier" on the Development Map.

d. "Urban Growth Area" (UGA) refers to the geographic area outside the CDA but inside the area identified on the City County Planning map entitled Map 2-1 Tiers on Page 2-18 of the 2005 Durham Comprehensive Plan as amended.

e. "Targeted Industry" shall be the industry segments identified by the Labor Market Information Division of the Employment Security Commission of North Carolina as amended.

f. "Parrish Street Project Area" is the area shaded in orange on the Development Map and includes only those properties with a building entrance on Parrish Street, North Corcoran Street, Market Street, #26 Alley, Orange Street, Mangum Street, #24 Alley, and North Church Street.

g. Where this policy requires a site to be in the CDA or other area, it must be in that area on the date of approval of the incentive agreement.

h. The term "business" in this resolution includes not-for-profit activities.

i. "Targeted UGA Areas" refers to those areas of the Urban Growth Area targeted for special economic incentive initiatives and shown on the map titled "Targeted Urban Growth Areas" dated April 2010, which is kept in the Office of Economic and Workforce Development or such other location as the City Manager may direct, and hereinafter referred to as the "Targeted UGA Area Map."

2. Incentive Programs. A project can qualify for incentives under this policy in any of the following ways:

a. Small Development Projects within the CDA and Targeted UGA Areas.

(i) Capital Investment. The project directly creates, in the CDA and Targeted UGA Areas, within 2 years of the City's approval of the agreement, at least $300,000 in non-residential capital investment. The project must be developed by the business entity that owns the property or its agent; however the development agreement shall be between the City and the property owner.

(ii) Total Maximum Incentives Amounts. The incentive may be up to 4.5% of the non-residential capital investment, but not more than $1,000,000.

b. Mid-size Projects within a CDA.

(i) Capital Investment. The project directly creates, in a CDA, within 3 years of the City's approval of the agreement, at least (A) $500,000 in non-residential capital investment, or (B) any amount of non-residential capital investment less than $500,000 and at least 10 full-time jobs, or (C) $500,000 in non-residential capital investment and at least 10 full-time jobs.

(ii) Total Maximum Incentive Amounts.
If the incentive is based on part 2(a)(i)(A) above, the incentive may be up to 3% of the non-residential capital investment, but not more than $1,000,000. If the incentive is based on part 2(a)(i)(B) above, the total incentive (including job incentives) may be up to 3% of the non-residential capital investment, but not more than $1,000,000. If the incentive is based on part 2(a)(i)(C) above, the total incentive (including job incentives) may be up to 6% of the non-residential capital investment, but not more than $2,000,000.

(iii) Job Creation. To be eligible for job creation incentives, the project must directly create, within 2 years of the City's approval of the agreement, at least 25 jobs in any of the following categories:

Targeted Industries as defined under section 1 (e), hotels and the following facility types: corporate headquarters, office uses, healthcare facilities, research and development operations, manufacturing, assembly, fabrication, processing operations, warehouse or distribution operations, business incubators and the commercial component of mixed-use developments.

Job Incentive Amount. The incentive may be up to $2,500 per jobs created, but not more than $1,000,000 of the total maximum incentive amount.

(iv) Job Retention. The firm retains more than 100 jobs during the 5-year period beginning on the date of the Council's approval of the agreement.
Job Incentive Amount. The incentive may be up to $2,500 per jobs retained, but not more than $1,000,000. If an incentive agreement provides for payments for job retention and job creation under this Section 2(a), the total incentive payment shall not exceed $1,000,000.

c. Major Property Investments within a CDA. Within 10 years of the Council's approval, the project (i) directly results in capital investment of at least $45,000,000 in mixed-use development within a CDA, or (ii) directly results in capital investment of at least $10,000,000 in mixed-use development within a CDA and the project is an addition to a project that was previously incentivized either pursuant to this subsection (d) or pursuant to the Downtown Historically Significant Property subsection of previous versions of this resolution. Notwithstanding Section 3(b) (Types of Expenditures), expenditures made under this subsection (d) must be in property that is assessable for real property tax purposes, rather than equipment, personal property, or otherwise. Such expenditures may include related engineering and design fees, as well as associated development fees that are charged by the City.

Amount and Nature of Incentives. The incentive may be up to the lesser of 16% of the capital investment or $10,000,000. However, the 16% and $10,000,000 limits stated in the preceding sentence may be exceeded to the extent required to offset increases in rates for parking spaces that are leased by the City of Durham or the County of Durham. The incentives may be in any form allowed by law, including but not limited to conveyances of interests in real property, including but not limited to, transfers of real property at no charge or at less than market rate, options to purchase City-owned real property, leases of City-owned real property at no rent or rent at less than market rate, and agreements to construct and provide parking spaces in parking garages.

d. Within the Urban Growth Area but Outside a CDA.

(i) Capital investment and Job Creation. The project directly creates within the Urban Growth Area but outside of a CDA, within 3 years of the Council approval of the agreement, at least $20,000,000 in non-residential capital investment or 100 jobs, unless the job creation is within a Targeted Industry, in which case the job threshold will be reduced to 50.

(ii) Total Maximum Incentive Amounts. If the incentive is based on only the capital investment, the incentive may be up to 1.5% of that capital investment, but not more than $1,000,000.

If the incentive is based solely on the creation of jobs, the incentive may be up to 1.5% of the non-residential capital investment in the project created within 3 years of the City's approval of the agreement, but not more than $1,000,000.

If the incentive is based on the capital investment and jobs creation, the incentive may be up to 3% of the non-residential capital investment in the project created within 3 years of the City's approval of the agreement, but not more than $2,000,000.

(iii) Job Retention. The firm retains more than 100 jobs during the 5-year period beginning on the date of the Council's approval of the agreement.

Job Incentive Amount. The incentive may be up to $2,500 per jobs retained, but not more than $1,000,000. If an incentive agreement provides for payments for job retention and job creation under this Section 2(d), the total incentive payment shall not exceed $1,000,000.

e. Outside the Urban Growth Area and Outside a CDA.

(i) Capital Investment and Job Creation. The project directly creates, outside the Urban Growth Area and outside of a CDA, within 3 years of the Council approval of the agreement, at least $25,000,000 in non-residential capital investment or 150 jobs, unless the job creation is within a Targeted Industry, in which case the job threshold will be reduced to 100.

(ii) Total Maximum Incentive Amounts. If the incentive is based on only the capital investment, the incentive may be up to 1.5% of that capital investment, but not more than $1,000,000.

If the incentive is based solely on the creation of jobs, the incentive may be up to 1.5% of the non-residential capital investment in the project created within 3 years of the City's approval of the agreement, but not more than $1,000,000.

If the incentive is based on the capital investment and job creation, the incentive may be up to 3% of the non-residential capital investment in the project created within 3 years of the City's approval of the agreement, but not more than $2,000,000.

(iii) Job Retention. The firm retains more than 100 jobs during the 5-year period beginning on the date of the Council's approval of the agreement.

Job Incentive Amount. The incentive may be up to $2,500 per job retained, but not more than $1,000,000. If an incentive agreement provides for payments for job retention and job creation under this Section 2(e), the total incentive payment shall not exceed $1,000,000.

f. Neighborhood Revitalization Fund Project within the CDA (outside Downtown), Targeted Portions of the CDA and targeted portions of the UGA. Within 1 year after the City's approval of an incentive agreement, a business makes capital investments as part of a Neighborhood Revitalization Fund Project.

(i) Amount of Incentives. For non-residential capital investments by a business qualified under the Neighborhood Revitalization Fund Program, the incentive may be up to 50% of the total capital investment made for a total incentive payment not to exceed $500,000.00. Incentive payments are to be made only for expenditures of qualified capital investment after the investment has been made.

(ii) Incentive Agreement Conditions. An incentive agreement negotiated for a Neighborhood Revitalization Fund Project shall require full performance of a project pursuant to the incentive agreement and appropriate financial mechanisms or tools to ensure the city's ability to recoup public payments in the case of a non-performing project. Such tools may include the structuring of a forgivable loan or conditional grants secured by recorded promissory note and deed of trust or other financial security sufficient to recoup the City's incentive payments for non-performance. Given the unique, fact specific circumstances of each potential project, the precise structure of such a clawback provision will be determined on a case-by-case basis.

g. Building Improvement Grants (BIG) within the Downtown Development Tier, Parish Street Project Area, the CDA (outside the Downtown Development Tier) and the Targeted UGA Areas.

(i) Capital Investment. Within 1 calendar year after the contract execution date (or City Council Approval, if required), a business entity, which owns its own building, directly creates capital investment improvements on an existing building having vacant space(s) for the purpose of improving and/or upgrading the interior and exterior as necessary to make it more rentable or "retail-ready." The first floor must be included within improvements. These improvements could include window replacements, installations of walls, painting, installation of support mechanisms, HVAC, electrical systems, plumbing, stairs etc. Only building owners would be eligible for this type of incentive. To be eligible for this program, the minimum total project capital investment must be at least $225,000.00 if within the Downtown Development Tier, $187,500 if within the CDA (outside the Downtown Development Tier) and $300,000.00 if in the Targeted UGA Areas and no more than $1,000,000.00. Projects must be completed no later than 12 months after City approval.

(ii) Amounts of Incentives. The maximum total incentive will be no more than $75,000.00:

(A) In the Downtown Development Tier, the total available incentive payment shall not exceed 33% of total capital investment project costs;

(B) In the CDA (outside the Downtown Tier), the total available incentive payment shall not exceed 40% of total capital investment project costs; and

(C) In the Targeted UGA, the total available incentive payment shall not exceed 25% of total capital investment project costs.

h Retail and Professional Services Grantswithin the CDA and UGA. Within 1 calendar year after the contract execution date, a business makes or installs qualifying improvements to a building in the CDA or UGA. The project property must be a street level, retail business, restaurant or certain professional or personal services types such as childcare centers or beauty salons. Projects must be completed no later than 12 months after City approval.

(i) Qualifying Improvements. Funds granted must be spent on interior improvements which will remain on the property and be used for the business. Qualifying Improvements include but are not limited to:
Security systems, telephone systems, point of sale equipment, kitchen equipment, millwork, built-in display furnishings and shelving, HVAC, coolers, plumbing, demolition, flooring, grease traps, sprinkler systems, electrical, installation of walls, package and labeling equipment.

(ii) Non-eligible Entities. The following are expressly excluded from eligibility for an incentive agreement under this section: government entities and businesses that exclude minors from any portion of the business where adult customers are allowed.

(iii) Amount of Incentives. The incentive may be up to 50% of the cost of the Qualifying Improvements but not exceed $15,000.00.

i. Sign and Façade Grants within the CDA and the UGA. Sign and Facade Grants will be provided for the purpose of assisting business owners with aesthetically enhancing exterior buildings within targeted areas of the community.

Facade improvements must be made to the exterior of one or more sides of the building and/or property visible from a public street or municipal parking lot. At least 50% of improvements must be attributed to costs as listed under (i) Qualifying Improvements a-i below.

. Sign and Façade projects must be completed no later than 12 months after City approval.

(i) Qualifying Improvements. Sign or Façade improvements are as follows:

a. Restoration, repair, or replacement of windows, doors, exterior walls, chimneys, or other architectural elements;
b. Exterior painting;
c. Signage, awnings, marquees, and related exterior lighting and electrical fixtures;
d. Masonry repair and cleaning;
e. Non-flat roof repair for portion noticeable from the public line of site;
f. Exterior work necessary for conversion to a retail or entertainment storefront;
g. Removal of modern facades, in order to restore back to vintage quality;
h. Restoration of vintage elements;
i. Removal of deteriorated building materials, such as plywood or metal;
j. Property improvements, including landscaping, fencing, screening, and paving ; and
k. Parking lot improvements

Façade improvements must be consistent with Design Guidelines, development review, streetscapes and enhancement of the pedestrian experience.

Higher points would be given to those improvements that address and reduce slum/blight. In the case of signage, higher points would be given to those signs that are visible at night.

(ii) Non-eligible Entities. The following are expressly excluded from eligibility for an incentive agreement under this section: Improvements that are not consistent with Design Guidelines, development review, streetscapes and enhancement of the pedestrian experience.

(iii) Amounts of Incentives. The maximum incentive shall not exceed $2,500.00 for the signage portion of a grant and $5,000.00 overall. In no case shall the incentive exceed 50% of total project cost.

3. Capital Investment.

a. Types of Facilities. The capital investments with respect to which an incentive payment under this policy may be made must be within the following lists:

(i) In all Areas: corporate headquarters; office buildings; health care facilities; research and development operations; manufacturing, assembly, fabrication, or processing operations; and warehouse or distribution operations.

(ii) Inside a CDA: All of the uses listed in subsection (i) above, as well as business incubators; hotels; financial institutions; retail operations; and the commercial component of mixed-use developments.

(iii) <u>Major Project Investments within a CDA:</u> All of the uses listed in subsections (i)-(ii) above, as well as residential and parking decks.

b. <u>Types of Expenditures.</u> No payment shall be made with respect to any capital investment, except for design or engineering services, unless the expenditure for the investment is made or incurred after the City approves the incentive agreement. Incentive payments for capital investments may be made with respect to the following, without limitation: on-site and off-site public infrastructure improvements; site preparation; site clearing; grading; installing and/or expanding water and sewer utilities; installing and/or expanding drainage facilities; new construction; rehabilitating and/or demolishing existing structures; facade improvements; streetscape improvements; moving existing utility facilities; constructing sidewalks or walkways; constructing parking facilities; constructing bicycle paths; constructing urban trails; constructing transportation facilities; installing street lighting; improving public open space; and constructing public plazas. The investment may include related engineering and design fees, as well as associated development fees that are charged by the City.

c. <u>Property Taxes.</u> The capital investment must be subject to City and County property taxes from the time when installed or constructed and continuing until the final incentive payment by the City is made with respect to that investment.

4. <u>Standards for Jobs.</u> Unless otherwise specified, any reference in this policy to jobs is to new, full-time, and permanent jobs which are retained for a minimum of at least 12 months from date of creation. A job is new only if it is created after the City's approval of the incentive agreement. Any reference in this policy to job retention refers to full-time, permanent jobs retained for a period of 5 years from after the City's approval of the incentive agreement and as specifically stipulated in the subject incentive agreement. When payment of an incentive is conditioned on the creation of jobs, those jobs must be posted with the Durham JobLink Career Center, and, with regard to both jobs created or jobs retained, the jobs must pay at least the City's prevailing livable wage rate for the period of time required by the incentive agreement. The livable wage rate is set in accordance with Section 18-23 of the City Code. If jobs must be in the CDA or a Targeted CDA Corridor, the majority of the employee's time each week during the applicable time period must ordinarily be spent within the CDA or the Targeted CDA Corridor, as applicable.

5. <u>Payments.</u>

a. <u>Schedule.</u>

(i) Incentive agreements may authorize payments contingent on completion of phases of a multiple-phase project.

(ii) Payments based on capital investment shall be made only after the capital investment has been completed, except to the extent an incentive agreement under Section 2(d) (Major Property Investments within a Community Development Area) provides otherwise.

(iii) If capital investments are subject to the requirement that a certificate of compliance be issued by the Durham City-County Inspections Department, then payment based on that investment shall not be made until a certificate of compliance has been issued, unless the incentive agreement provides otherwise.

(iv) Payments based on job creation or retention shall be made only after the relevant job creation or retention levels have been met and shall be eliminated for any continuous 12-month period in which, for the majority of that 12 month period, whether continuous or not, the relevant employment levels fall below the required minimum. Payment will be based upon certified copies of the employer's unemployment insurance filings with the Employment Security Commission of North Carolina. The Office of Economic and Workforce Development, or such other office or department as may be specified by the City Manager, will verify the number of jobs using a certified copy of the employer's most recent unemployment insurance filing.

b. Proration. The agreement may provide that the City will prorate the incentive payments according to the percentage of jobs that are created or retained, if the number of jobs created or retained equals or exceeds 85 percent of those agreed to in the agreement. For new jobs, no payment will be made for any continuous 12 month period in which, for the majority of that 12 month period, whether continuous or not, the number of new jobs falls below the 85 percent or higher level set in the agreement. For retained jobs, no payment will be made for any continuous 12 month period in which, for the majority of that 12 month period, whether continuous or not, the number of retained jobs falls below either the 85 percent or higher level set in the agreement or 100.

6. Evaluation Criteria.

a. Factors. When evaluating requests made under this policy, City Staff and/or City Council shall consider at least these factors: The potential for incentives must be a bona fide inducement to an entity to make capital improvements, relocate, create and/or retain jobs; the amount of new or expansion capital investment; the number and type of jobs to be created, and the corresponding salaries expected to be paid; the type of product or service to be produced or provided; and the location of the proposed development.

b. Project Evaluation Criteria. Some or all of these evaluation criteria will be used to provide a consistent framework for evaluating proposed development projects.

(i) For all projects requesting City incentives. Criteria will be used to evaluate the project's viability, need for public assistance and benefit to the general public. The following factors will be considered:

A. Analysis has determined profitability and viability of project.
B. "But for" financial analysis demonstrates need for assistance.

C. Clearly documented financial commitments such as letters of interest from investors or banks.
D. Level of experience that developer, or development partner, has successfully developed similar projects.
E. Developer equity in project, including cash and basis in property Creates sufficient number of permanent jobs based upon the amount of City incentive.
F. Tax increment revenue, based on current rate, exceeds City incentive.
G. Increases the tax base of the property being redeveloped.

(ii) For projects proposed in the Downtown Development Tier and Parrish Street Project Area. The following additional factors will be considered for projects to be located in the Downtown Development Tier and Parrish Street Project Area:

A. Corporate headquarters and other significant office space projects.
B. Unique project for downtown – e.g. downtown hotel.
C. Retail use exceeding 1,500 square feet.

D. Regional draw due to uniqueness of use.
E. Appropriate rehabilitation of contributing building in a designated historic district or individually listed historic property.
F. Project is mixed-use.
G. Commercial space is provided on first floor.
H. Eliminates a blighted property.
I. Reuses a vacant or underutilized property.
J. Development of an environmentally impaired site.
K. Greater than 50% of first floor frontage is transparent windows.
L. Provides enclosed off street parking hidden from street view.
M. High quality and general compatible architectural design and materials.
N. Bonus Criteria.

1. Provides rental apartments.
2. Provides workforce housing.
3. Project has obtained a LEED designation indicating high level of sustainability in design and construction.
4. Approved deconstruction techniques for demolition work.
5. Creates or enhances downtown parks, plazas or greenways.
6. Adds street activity, such as outdoor eating areas or public art space.
7. Accommodations for bike racks, transit shelters and other pedestrian amenities.

(iii) For projects proposed in the CDA outside the Downtown Development Tier and Targeted CDA Corridors. The following additional factors will be considered for projects to be located in the CDA outside the Downtown Development Tier and Targeted CDA Corridors:

A. Significant office space projects greater than 3,000 square feet.
B. Renovation and reuse of existing retail and industrial buildings exceeding 3,000 square feet.
C. New or adaptive reuse housing construction of 50 or more units.
D. Extent market is already supporting similar projects in the area.
E. Appropriate rehabilitation of contributing building in a designated historic district or individually listed historic property.
F. Project is mixed-use.
G. Project promotes compact, efficient development.
H. Provides neighborhood businesses and services to underserved areas.
I. Eliminates a blighted property.
J. Reuses a vacant or underutilized property.
K. Development of an environmentally impaired site.
L. Compatible with surrounding developments or with objectives contained in an adopted neighborhood, corridor or activity center plan.
M. Adds pedestrian amenities, such as first floor retail, outdoor eating areas, connected sidewalks, street trees, on-street parking, and public art space.
N. Provides connected and shared access and parking areas.
O. Provides additional off-street parking screened from street view.
P. High quality and generally compatible architectural design and materials.

Q. Makes provisions for transit-oriented development.
R. Bonus Criteria.

1. Has a strong plan for hiring residents from the immediate area.
2. Plan includes mixed-use development with a quality housing component.

(iv) For projects proposed in the Urban Growth Area. The following additional factors will be considered for projects to be located in the Urban Growth Area:

A. In compliance with Connections 2025 Generalized Future Land Use Map.
B. Catalyst Project.
C. Documentation submitted showing site has been considered by 2 or more prospects in the past 24 months.
D. Transportation access to site for employees and trucks.
E. Environmental suitability of site for intended use.
F. Development standards.
G. Bonus Criteria

1. Site plan layout exhibits good accessibility and connectivity.
2. Site has good highway frontage to promote regional economic development.
3. Located in a designated transit route or corridor.
4. Promotion of green building techniques in site planning and development standards.

(v) In addition, a project that is requesting public funding for site improvements should attempt to incorporate into its design as many of these features as is feasible. How these criteria are addressed in a project design should be a factor in determining a project's overall merit:

A. Project is consistent with the most recent comprehensive plan and any applicable adopted small area plan.
B. Project attempts to minimize adverse impacts on roads serving nearby properties, and project design attempts to minimize traffic impact within the development.
C. Project's open space planning takes steps to conserve and protect the site's most significant and sensitive natural resource features, including steep slopes, stream buffers, Durham inventory sites, specimen trees, and the 100-year floodplain.
D. Project structures are placed on site to minimize site grading.
E. Project buildings are architecturally compatible with one another.
F. Identified historic sites are preserved.
G. Project complies with the TTA Station Guidelines applicable within any of the Compact Neighborhoods as designated in the Comprehensive Plan.
H. Project complies with the Durham Design Guidelines applicable in the Downtown Development Tier(s) as designated in the Durham Comprehensive Plan.
I. Project makes all reasonable connections to pedestrian, transit, and bicycle networks off-site.
J. Project located in a transit corridor shows dedicated "Park and Ride" lots.

K. Project's landscaping plan is sensitive to its specific site location, and complies with the Landscape Guidelines for Durham, North Carolina as maintained in the City-County Planning Department.

7. Taxes and Fees. Nothing in this policy shall bé construed to relieve any obligation to make payment of any fee or charge, including but not limited to taxes, capital facility fees, impact fees, frontage fees, inspection fees, or other development fees. No incentive payment will be made to a business when it is not incorporated, in violation of the City's privilege tax ordinance or delinquent in other debts owed to the City, including but not limited to property taxes and assessments.

8. Public Hearing. All appropriations or expenditures, and all incentive agreements, made under this policy will be considered by the City Council for approval after a public hearing, excluding (a) those appropriations or expenditures and incentive agreements made pursuant to (i) Section 2(g) (Building Improvement Grant), (ii) Section 2(h) (Retail and Professional Services Grants), and (iii) Section 2(i) (Sign and Façade Grant Projects) and (b) when the incentive agreement amount is within the contracting authority of the City Manager and/or his designee pursuant to City Council approved resolution. When a public hearing is required, the City Manager may set the hearing without the necessity of Council action. The hearing will be held before the approval of an incentive agreement requiring City Council approval that incorporates an appropriation pursuant to this policy. When published notice is required by law, the City Manager shall publish notice of the hearings once at least ten days (including weekends) before the hearing is held. The notice will be in the daily newspaper and will briefly describe the proposal to make the appropriations or expenditures, including the following information when relevant: the amount of the appropriations or expenditures being considered, the improvements or activities being funded with City funds, the number of new jobs to be created or jobs to be retained to qualify for City funds, the source of the funding (when City property is involved as a potential incentive), the public benefit to be derived, and such other information needed to reasonably describe the proposal.

9. City Not Obligated or Limited. Payments by the City shall be allowed only pursuant to an incentive agreement. This policy states the minimum requirements of the agreements, and nothing in this policy is intended to prohibit an agreement that imposes additional conditions precedent to City payments. The statements contained in this policy are guidelines and shall neither obligate the City to pay any money, nor limit the discretion given to the City Council for the promotion of economic development under G.S. § 158-7.1 and other applicable laws. Any assistance will be limited by the availability of funds, which determination of availability shall be made by the City Council at the time of the consideration of the appropriations or expenditures.

10. Local Government Budget and Fiscal Control Act. Any appropriations or expenditures made to an enterprise or project shall be subject to applicable provisions of the Local Government Budget and Fiscal Control Act. The City shall make such disclosures in such detail as the Local Government Commission may direct.

11. Enabling Legislation. All appropriations and expenditures made under this policy shall be funded by the levy of property taxes pursuant to G.S. chapter 160A, and by the allocation of other revenues whose use is not restricted by law. This resolution is adopted pursuant to G.S. § 158-7.1.

12. Authority Delegated to City Manager. Except to the extent prohibited by law and where the total city monetary incentive value does not exceed $50,000 for any single instrument, including all amendments, the City or City Manager's designee is authorized to make, approve, award, amend, and execute instruments described under the following Incentive Programs without a prior public hearing: 2(g) (Building Improvement Grants), 2(h) (Retail and Professional Services

Grants) and 2(i) (Sign and Façade Grants). The City Manager may appoint only City employees as the City Manager's designees under this section. All such appointments must be made in writing by the City Manager and must specify the type and limits of the designee's authority. The instruments containing appointments are to be maintained as required by the records retention schedule.

13. Ability to Combine Incentive Programs. The same applicant may apply for the Building Improvement Grant, Sign and Façade Grant and Retail and Professional Services Grant; however, the maximum eligible grant amount to be paid on more than one of the aforementioned grants at the same time shall be $95,000. The combined lifetime maximum total of incentives that a property address can receive on any of the aforementioned grants is $285,000. An applicant will have a lifetime funding maximum of $285,000 and if a property changes ownership that property will only be eligible to receive incentives after 10 years from the last issuance of incentive payments.

14. Discretionary Authority of City. As part of the evaluation and consideration of eligible projects for any of the economic incentive programs identified in the Policy, the City reserves complete discretion in determining what eligible projects warrant city incentive agreements. No business in which a minor must get parental or guardian consent in order to receive services and/or enter into a retail transaction shall be allowed to apply for assistance under this policy.

15. Effective Date; Repeal of Prior Resolutions. This policy may be used in conjunction with any other economic development or water and sewer extension policies, programs, resolutions, and ordinances, and nothing in this resolution is intended to affect their operation. This resolution repeals the Resolution Establishing an Economic Development Financial Assistance and Incentive Policy for Job Creation, Job Retention and Capital Investment adopted on May 17, 2010, provided that any agreements entered into pursuant to those resolutions shall not be affected by the repeal.

APPROVED BY
CITY COUNCIL

APR 4 2011

CITY CLERK

CITY OF HICKORY

ECONOMIC DEVELOPMENT ASSISTANCE GUIDELINES
(October 2011)

The Hickory Metropolitan Area is recovering from a period of significant economic transition. The following guidelines are adopted to promote diversified economic development, encourage growth in the property tax base, improve recruitment of business and industry, enhance job creation, promote adaptive reuse of vacant and underutilized buildings, and to continue Hickory's ability to function as the hub of the metropolitan area. All economic development assistance is offered at the discretion of the City of Hickory. These guidelines are intended for application to economic development agreements made while the unemployment rate in the Hickory Metropolitan Area is above 4 percent.

1) General

   a) The companies that seek economic development assistance must first submit a letter requesting such assistance and a completed economic development grant application. The letter must demonstrate that without City assistance, the company would not make the investment in Hickory.

   b) Projects must not have started construction prior to consideration of the application.

   c) Economic development projects must comply with the North Carolina General Statutes 158-7.1 and other appropriate general statutes.

   d) Companies entering into economic development agreements with the City must implement training and educational support programs for their employees comparable to the City of Hickory's tuition reimbursement program. The purpose of this requirement is to limit economic development assistance to businesses that are willing to improve the overall education and skill level of their workforce, which will also have long-term benefits the community at large.

   e) The company must enter into a binding joint economic development agreement with the City.

   f) The recipient must demonstrate compliance with all program criteria prior to receiving assistance. Grants will be disbursed after payment of the annual property tax levy.

   g) Leased properties will qualify if the companies have a lease that exceeds the length of the incentive period.

   h) Economic development assistance is limited to new businesses and businesses undertaking expansions. This assistance is not intended to create an incentive for existing businesses to shift locations within the community. An exception may be provided to this provision for business retention activities as described in paragraph 8.

   i) There is no right or entitlement to economic development assistance. All such assistance is made at the discretion of the Hickory City Council.

2) Industrial projects. The City may provide economic development grants for industrial projects that meet the following criteria:

   a) Net minimum increase capital investment of $1,500,000 or more measured by an increase in the property tax assessment;

b) The project must create a minimum of 20 jobs that pays wages at or above the median industrial wage for Catawba County as listed annually by the North Carolina Department of Commerce Finance Center;

c) Economic development grants for industries may be made annually for up to ten (10) consecutive years to projects that meet these criteria. The size of the annual grant may be up to 100% percent of the net increased property tax revenue generated by the project.

d) Industrial projects include corporate headquarters and research and development facilities that qualify under the requirements of the William S. Lee Act.

e) An additional 10% and/or an additional year of incentive grant funding will be given to projects that locate in a vacant or underutilized building listed in the vacant buildings inventory list and which have been vacant for a minimum of one year.

3) Non-industrial Projects. The City may provide economic development grants to non-industrial projects that meet the following criteria:

a) The projects must create a minimum of 20 new jobs.

b) The projects must increase the assessed value of real property by no less than $1,500,000.

c) Non-industrial economic development grants may be up to 100% of the net gain in property tax revenue generated by the project for a period not to exceed ten (10) consecutive years for projects creating new employment that pays wages at or above the median industrial wage for Catawba County as listed annually by the North Carolina Department of Commerce Finance Center.

d) Non-industrial economic development grants may be 100% of the net gain in property tax revenue generated by the project for a period not to exceed three (3) consecutive years for projects creating new employment that does not pay wages at or above the median industrial wage for Catawba County as listed annually by the North Carolina Department of Commerce Finance Center.

e) Non-industrial projects include professional offices, health care services, back office operations, but exclude residential projects. The following uses are not eligible for non-industrial economic development grants: cemeteries, golf courses, public utility uses, resource recovery facilities, adult uses, private clubs, agricultural uses, abattoirs, mining, landfills, retail uses, personal services and telecommunications towers. Mixed-use projects are eligible, but any residential element must have its portion of the investment subtracted from the calculations of tax value. The residential portion of the project may be eligible for other grants for the creation of opportunities for home ownership.

f) An additional 10% and/or an additional year of incentive grant funding will be given to projects that locate in a vacant or underutilized building listed in the vacant buildings inventory list and which have been vacant for a minimum of one year.

4) Economic development projects located within the Urban Revitalization Area designated by City Council;

   a) The City may provide economic development grants for industrial and non-industrial projects that meet the following criteria:

      i. The projects must create new employment.

      ii. The projects must increase the assessed value of real property by no less than $500,000.

      iii. The project must be located in a designated commercial development revitalization area. Designated areas shall be adopted by City Council and may be amended by City Council only. Exhibit "A" is the map that delineates the Urban Revitalization Area.

      iv. Commercial economic development grants may be for up to 100% of the net gain in property tax revenue generated by the project for a period not to exceed five (5) consecutive years that is the result of the new investment. Projects must not have started construction prior to consideration of the application;

   b) Grants will be disbursed after payment of the annual property tax levy

5) Off-site improvements to infrastructure. As an alternative to providing direct economic development grants, the City may participate in making off-site improvements such as roads, rights of way, sidewalks, water and sewer lines, fire hydrants, underground utilities, street landscaping, and the like when such improvements are required to bring about desirable economic development. Criteria for such participation are:

   a) Off-site improvements to infrastructure will be subject to an economic development agreement. The agreement may consider increased property taxes toward payment of the cost of the extension or improvement in the same ratio as for economic development grants. That portion of the property tax may be directed to the appropriate general or enterprise fund.

   b) If the improvements benefit only one property, the combination of the increased property tax and company participation shall account for the cost of the extension or improvement.

   c) If the improvement benefits multiple properties a pro-rata share of the cost of the improvement shall be assigned to requesting property.

6) City Property as an economic development incentive. The City may accept increases in prospective property taxes for up to ten (10) years as consideration for the sale of its business park properties. Such property sales will be subject to an economic development agreement that includes a guarantee of payment by the applicant if there is a shortfall between the projected property taxes and the actual property taxes paid during the agreement period. The use of City Property as an economic development incentive is an alternative to and not an addition to other economic development incentives.

7) Assistance to entrepreneurs. The City may provide incentives to entrepreneurs by making grants of up to $1000 for documented costs of tuition and materials for participation in small business development training or consultation offered by the Catawba Valley, Western Piedmont or Caldwell County Small

8) Assistance with required infrastructure. The City may budget to provide matching grants of up to $5000 for the documented costs of additions or enlargements to public utilities within public rights of way associated with the opening of a new business or expansion of an existing business. Such assistance is limited to the addition of fire hydrants. To be eligible the new or expanded business must make application to City prior to construction, must create new employment and must increase the City's tax base by $200,000 or more. The grant shall be made after the improvements have been completed and paid for by the applicant.

9) Business Retention Incentives. The City may provide incentives to retain business and industry under certain conditions. The intent of these incentives is to provide a tool for the City to retain significant tax base and employment in the event of a critical and potentially catastrophic business or industrial closing. Grants cannot be used to subsidize or artificially sustain businesses and industries when job losses or closings appear inevitable. Grants or loan funds under this program are intended to benefit the City, employee and citizen by increasing worker education, worker and company productivity and long-term industry competitiveness on a global basis. These incentives may not be used to protect companies from local business competition.

   a) Retention incentives may be used for the following purposes:
      i) Employee training
      ii) Improving public infrastructure
      iii) Modernization of plant or equipment
   b) Funding may be provided in the form of a loan or annual grants
   c) Conditions of approval include commitment to maintain or increase levels of employment and tax base throughout the incentive period
   d) Failure to comply with incentive conditions will result in the return of all incentive funds to the City of Hickory
   e) The recipient must agree to participate in public information programs about all modernization and employee training efforts in order to share information concerning successes in making local industries more competitive in the global economy.

GREENVILLE, NC

ECONOMIC
DEVELOPMENT

MEMO

To: Barbara Lipscomb, City Manager

From: Carl Rees, Economic Development Manager CR

Date: January 2, 2012

SUBJECT: Upcoming In Market Branding Visit

On behalf of project team members from the Convention and Visitor's Bureau as well as Public Information Office, I am excited to confirm that North Star Destination Strategies will be in Greenville from January 14 through 17 to learn more about our community and to visit with a wide range of stakeholders including City Council-members and City Department/Division Heads.

City Council approved a contract with North Star Destination Strategies following a competitive procurement process in which proposals were received from a total of seven (7) firms. North Star has worked with over 150 communities in 38 states, including Hickory and New Bern in North Carolina. North Star clients have won awards by publications such as *Area Development*, and have been ranked highly in *Money Magazine's Best Places to Live.*

North Star has been selected and hired to develop a comprehensive branding and marketing plan to cross-functionally market Greenville. Additional outcomes of the process include the attraction of businesses, residents, and tourists, as well as the elevation of the general perception of the community through consistent branding across city organizations. Beginning in January, North Star will use their highly successful community "BrandPrint" process in order to develop Greenville's competitive identity which is derived through an understanding of the City's history, culture, and geography. More than 15 elements of qualitative and quantitative research will be reviewed by North Star in order to paint a thorough picture of Greenville. These research elements include an assessment of economic development inquiries and visitor origin; review of demographics and psychographics of residents and visitors; compilation of community perceptions as expressed by visitors, residents and stakeholders; and a review of current communications materials used by the City. The Greenville-Pitt County Convention and Visitor's Bureau will be administrating the contract with North Star on behalf of the City with a final report due to City Council in August.

Cc: Chris Padgett – Interim Assistant City Manager
Merrill Flood, Community Development Director

FROM THE OFFICE OF THE
DIRECTOR OF FINANCIAL SERVICES
MEMORANDUM

TO: Barbara Lipscomb, City Manager
Christopher Padgett, Interim Assistant City Manager

FROM: Bernita W. Demery, CPA, MBA, Director of Financial Services

DATE: December 21, 2012

SUBJECT: Cash/Investment Report as of November 30, 2012

Attached is the City of Greenville's Cash/Investment Portfolio Report as of November 30, 2012. Investment Earnings are directly dependent on the cash balances on hand. In an uncertain economic environment, a decline in cash will yield a decline in investment earnings. As of November 30, 2012, month-to-date investment earnings are up $22,496 or 19.51%. This increase relates directly to the timing of the coupon payments.

General Fund/Powell Bill Investment Earnings Budget	Actual YTD Investment Earnings	Percent of Budget Received
$1,768,922	$638,649	36.10%

The November 2012 cash portfolio decreased by $5,365,449 or 8.53% when compared to the same period prior year. Cash fluctuations are contingent on the revenue and expense activity in any given month; however, this fluctuation is consistent with cash fluctuations recognized during this time of year. Attached is a historical presentation of the cash portfolio performance for the past five years. The investment transactions for the November 2012 are below:

Transactions	Cusip	Amount	Realized Gain/(Loss)
C2 Buy	3135G0NV1	$555,000	-$0-
C2 Buy	3135G0PQ0	$375,000	-$0-
C2 Sells	3133XGVF8	$535,000	-$471
C2 Sells	31398A4M1	$360,000	$104

Though rates are low, the City portfolio's monthly return still outpaces the Federal Reserve Treasury bill rates. The tables on the next page illustrate the portfolio's performance, market amounts, and rate of returns and include a comparison to the Federal T-Bill. The City's Optimizer investment returns are in line with the Merrill Lynch benchmarks, as illustrated on the "Group Summary Total Portfolio Holdings." The City Council approved a revised investment policy in September 2012 to ensure the diversification lined up with the timing of funds. The diversification of the portfolio and the percentages held in investment types complies with the City's updated investment policy. Staff will continue to monitor the portfolio to ensure compliance.

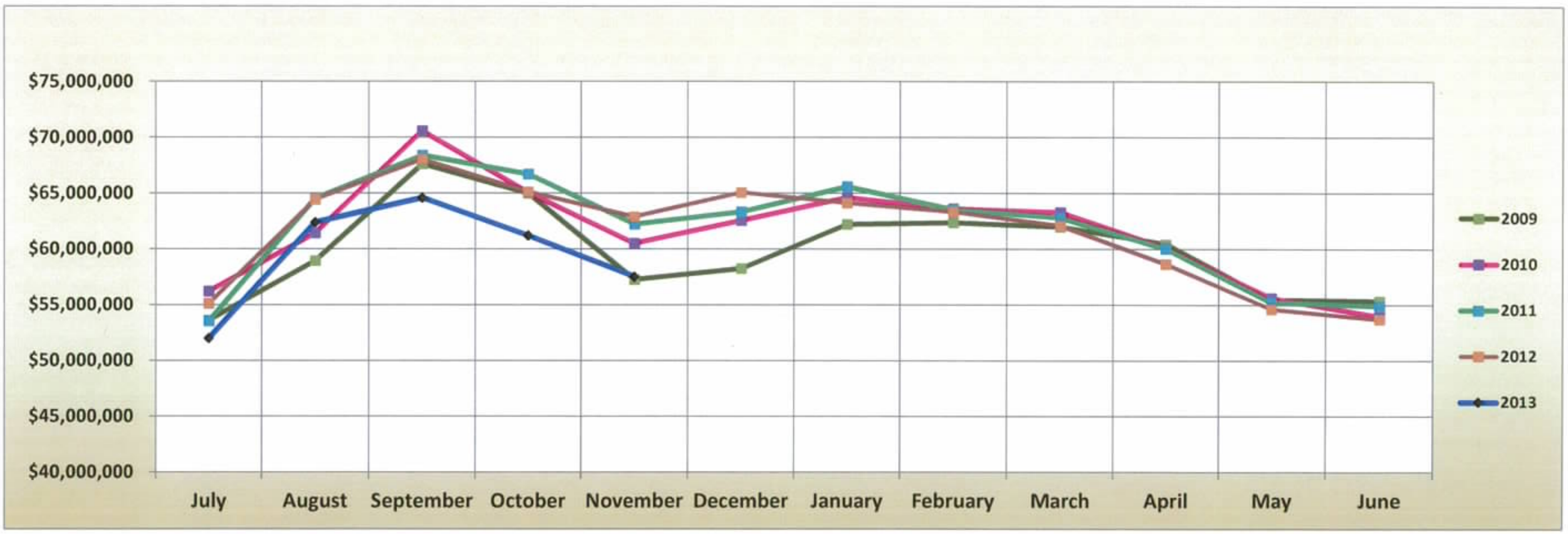
Investment Portfolio Update		
	November 30, 2012	November 30, 2011
Market Amount	$59,110,984	$64,594,275
% Return	.63%	..86%

City versus Federal T-Bill Comparison as of November 30, 2012		
	City Returns	Federal T-Bill Benchmark
91 Day Benchmark Return	.14%	.09%
1-3 Year Benchmark Return	1.09%	.36%
3-5 Year Benchmark Return	1.01%	.67%

Let me know if you have questions. .

Five Year Cash Balance History
City of Greenville
as of November 30, 2012

Fiscal Year	July	August	September	October	November	December	January	February	March	April	May	June
2009	$53,628,863	$58,949,214	$ 67,616,277	$ 64,988,647	$ 57,246,736	$ 58,244,003	$ 62,204,785	$ 62,366,643	$ 61,977,453	$ 60,441,930	$ 55,465,144	$ 55,347,973
2010	$56,212,738	$61,431,025	$ 70,587,473	$ 65,092,328	$ 60,513,261	$ 62,547,935	$ 64,614,232	$ 63,624,970	$ 63,293,900	$ 60,111,674	$ 55,627,232	$ 53,973,342
2011	$53,540,136	$64,539,516	$ 68,384,163	$ 66,695,080	$ 62,202,680	$ 63,316,974	$ 65,579,413	$ 63,527,061	$ 62,802,551	$ 60,041,948	$ 55,227,791	$ 54,917,396
2012	$55,124,027	$64,431,405	$ 68,019,719	$ 65,121,098	$ 62,886,340	$ 65,064,973	$ 64,120,461	$ 63,332,851	$ 62,094,891	$ 58,668,148	$ 54,624,154	$ 53,715,274
2013	$52,000,058	$62,392,393	$ 64,590,786	$ 61,206,265	$ 57,520,891							



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Group Summary Total Portfolio Holdings
City of Greenville
November 30, 2012

Description	Face Amount \ Shares	Cost Value	Market Value	Days To Maturity	Portfolio Percent	YTM @ Cost
CD	$1,100,000.00	$1,100,000.00	$1,100,000.00	303	1.91	0.29%
LGIP	5,631,081.58	5,631,081.58	5,631,081.58	1	9.79	0.09%
Cash (Operating)	25,024,809.52	25,024,809.52	25,024,809.52	1	43.51	0.17%
FHLMC	5,730,000.00	6,181,555.75	6,173,342.85	1276	9.96	0.91%
FHLB	1,985,000.00	2,234,931.30	2,140,168.85	616	3.45	0.76%
FNMA	12,160,000.00	12,525,604.25	12,658,538.70	856	21.14	1.43%
TREASURY NOTE	5,890,000.00	6,325,593.00	6,383,042.05	1420	10.24	1.12%
Total/Average	**$57,520,891.10**	**$59,023,575.40**	**$59,110,983.55**	**481**	**100.00**	**0.63%**

C2 Breakdown (included in total above)

Description	Face Amount \ Shares	Cost Value	Market Value	Days To Maturity	Portfolio Percent	YTM @ Cost
C2-Optimizer 1-3	**$9,830,000.00**	**$10,292,396.34**	**$10,192,514.15**	**675**	**14.09**	**0.72%**
C2-Optimizer 3-5	**8,545,000.00**	**9,149,694.96**	**9,255,946.25**	**1414**	**14.86**	**1.28%**
C2-Optimizer 3-5 Treasury	**5,890,000.00**	**6,325,593.00**	**6,383,042.05**	**1420**	**10.24**	**1.12%**
Total/Average	**$24,265,000.00**	**$25,767,684.30**	**$25,831,502.45**	**1170**	**39.19**	**1.04%**

	City 1-3 Agencies Year to Year	M/L 1-3 Agencies Year to Year	City 3-5 Agencies Year to Year	M/L 3-5 Agencies Year to Year	City Treasuries Year to Year	M/L Treasuries Year to Year
Net of Fees	0.83%	N/A	3.47%	N/A	1.93%	N/A
Gross of Fees	0.93%	0.91%	3.56%	3.68%	2.03%	2.07%

Legend

Optimizer	C2 Group
CD	Certificate of Deposit
NCCMT	NC Capital Management Trust
Cash	BB&T / Wachovia / First Carolina State Bank / First Citizens / Bank of America- Cash
FHLMC - Freddie Mac	Federal Home Loan Mortgage Corp.
FHLB	Federal Home Loan Bank
FNMA - Fannie Mae	Federal National Mortgage Association
Finistar	Gateway - Finistar
T-NOTE	Treasury Bill

Total Group Portfolio Holdings
City of Greenville
November 30, 2012

Description	Cusip	Settlement Date	Face Amount \ Shares	Cost Value	Market Value	Maturity Date	Days To Maturity	Portfolio Percent	YTM @ Cost
O Rice									
FNMA 1.625 10/26/2015 **C2**	31398A4M1	1/6/2011	$110,000.00	$106,503.10	$113,902.80	10/26/2015	1060	0.19	2.28
FNMA 1.625 10/26/2015 **C2**	31398A4M1	3/4/2011	$400,000.00	$387,360.00	$414,192.00	10/26/2015	1060	0.70	2.35
FNMA 2.375 4/11/2016 **C2**	3135G0BA0	5/5/2011	$595,000.00	$603,409.14	$633,550.05	4/11/2016	1228	1.03	2.07
FNMA .75 12/18/2013 **C2**	31398A5W8	1/6/2011	$470,000.00	$462,785.50	$472,711.90	12/18/2013	383	0.82	1.28
Total O Rice			***$1,575,000.00***	***$1,560,057.74***	***$1,634,356.75***		***1064***	***2.74***	***2.05***
O NC Cap. Mgmt. Trust									
NCCMT Var. LGIP	NCCMT192		$51,713.90	$51,713.90	$51,713.90	N/A	1	0.09	0.06
Total O NC Cap. Mgmt. Trust			***$51,713.90***	***$51,713.90***	***$51,713.90***		***1***	***0.09***	***0.06***
O Wells Fargo									
Wells Fargo Var. Cash	WACHOVIA120		$5,194,353.47	$5,194,353.47	$5,194,353.47	N/A	1	9.03	-
Wells Fargo Var. Cash	WACHOVIA635		$8,696.37	$8,696.37	$8,696.37	N/A	1	0.02	-
Total O Wells Fargo			***$5,203,049.84***	***$5,203,049.84***	***$5,203,049.84***		***1***	***9.05***	***-***
R Wells Fargo									
Wells Fargo Var. Cash	WACHOVIA934		$2,939,819.08	$2,939,819.08	$2,939,819.08	N/A	1	5.11	-
Wells Fargo Var. Cash	WACHOVIA879		$23,688.06	$23,688.06	$23,688.06	N/A	1	0.04	-
Wells Fargo Var. Cash	WACHOVIA159		$641,644.01	$641,644.01	$641,644.01	N/A	1	1.12	-
Wells Fargo Var. Cash	WACHOVIA175		$47,599.04	$47,599.04	$47,599.04	N/A	1	0.08	-
Total R Wells Fargo			***$3,652,750.19***	***$3,652,750.19***	***$3,652,750.19***		***1***	***6.35***	***-***
R NC Cap. Mgmt. Trust									
NCCMT Var. LGIP	NCCMT325		$832,011.78	$832,011.78	$832,011.78	N/A	1	1.45	0.06
NCCMT Var. LGIP	NCCMT417		$418,684.94	$418,684.94	$418,684.94	N/A	1	0.73	0.06
NCCMT Var. LGIP	NCCMT694		$321,593.64	$321,593.64	$321,593.64	N/A	1	0.56	0.06
NCCMT Var. LGIP	NCCMT702		$2,345,154.84	$2,345,154.84	$2,345,154.84	N/A	1	4.08	0.06
NCCMT Var. LGIP	NCCMT724		$97,958.42	$97,958.42	$97,958.42	N/A	1	0.17	0.06
Total R NC Cap. Mgmt. Trust			***$4,015,403.62***	***$4,015,403.62***	***$4,015,403.62***		***1***	***6.98***	***0.06***
Select Bank & Trust									
Select Bank & Trust	SelectCD		$1,000,000.00	$1,000,000.00	$1,000,000.00	9/27/2013	301	1.74	0.30
Total Select Bank & Trust			***$1,000,000.00***	***$1,000,000.00***	***$1,000,000.00***		***301***	***1.74***	***0.30***

Sterne Agee									
FNMA 2.625 11/20/14 **C2**	31398AZV7	12/6/2011	$380,000.00	$401,979.20	$397,533.20	11/20/2014	720	0.66	0.65
FNMA 1.375 11/15/16 **C2**	3135GOES8	12/6/2011	$700,000.00	$701,764.00	$722,155.00	11/15/2016	1446	1.22	1.32
FNMA 5 3/15/2016 **C2**	31359MH89	4/5/2011	$495,000.00	$556,182.00	$568,383.75	3/15/2016	1201	0.86	2.34
FNMA 1.25 2/27/14 **C2**	3135G0AP8	3/4/2011	$325,000.00	$323,179.50	$329,465.50	2/27/2014	454	0.57	1.44
FNMA 1.25 2/27/14 **C2**	3135G0AP8	4/5/2011	$390,000.00	$389,114.70	$395,358.60	2/27/2014	454	0.68	1.33
FNMA 0.375 03/16/2015 **C2**	3135G0HG1	5/3/2012	$195,000.00	$194,446.20	$195,202.80	3/16/2015	836	0.34	0.47
FNMA 0.5 9/28/2015 **C2**	3135G0NV1	11/5/2012	$555,000.00	$556,676.10	$556,770.45	9/28/2015	1032	0.96	0.40

Description	Cusip	Settlement Date	Face Amount \ Shares	Cost Value	Market Value	Maturity Date	Days To Maturity	Portfolio Percent	YTM @ Cost
FNMA 2.5 5/15/2014 C2	31398AXJ6	6/6/2011	$390,000.00	$408,501.60	$402,600.90	5/15/2014	531	0.68	0.86
FNMA 2.375 4/11/2016 C2	3135G0BA0	6/6/2011	$295,000.00	$303,378.00	$314,113.05	4/11/2016	1228	0.51	1.76
FHLB 4.00 09/06/13 C2	3133XRX88	12/6/2010	$370,000.00	$402,127.10	$380,644.90	9/6/2013	280	0.64	0.80
FHLB 5.125 8/14/13 C2	3133XGVF8	2/6/2012	$300,000.00	$322,350.00	$310,353.00	8/14/2013	257	0.52	0.22
Total R Sterne Agee			***$4,395,000.00***	***$4,559,698.40***	***$4,572,581.15***		***767***	***7.64***	***1.05***
Morgan Keegan									
FNMA 4.125 05/28/13	3136F9QE6	5/28/2008	$500,000.00	$500,000.00	$509,600.00	5/28/2013	179	0.87	4.13
FNMA 4.00 04/15/13	3136F9DU4	4/15/2008	$1,000,000.00	$1,000,000.00	$1,013,990.00	4/15/2013	136	1.74	4.00
TOTAL Morgan Keegan			***$1,500,000.00***	***$1,500,000.00***	***$1,523,590.00***		***150***	***2.61***	***4.04***
BB & T									
BB & T Cash	Cash	7/31/2009	*$318,424.86*	*$318,424.86*	*$318,424.86*	N/A	1	0.55	0.12
Total BB & T			***$318,424.86***	***$318,424.86***	***$318,424.86***		***1***	***0.55***	***0.12***
First Citizens MM									
First Citizens Money Market	Cash	9/30/2010	$13,387,247.45	$13,387,247.45	$13,387,247.45	N/A	1	23.27	0.30
Total First Citizens MM			***$13,387,247.45***	***$13,387,247.45***	***$13,387,247.45***		***1***	***23.27***	***0.30***
First Carolina State Bank									
FCSB Bank Money Market	Cash	10/20/2009	*$250,957.11*	*$250,957.11*	*$250,957.11*	N/A	1	0.44	0.30
Total First Carolina State Bank			***$250,957.11***	***$250,957.11***	***$250,957.11***		***1***	***0.44***	***0.30***
Select Bank									
Select Bank .20 10/22/2013	CD	10/22/2012	*$100,000.00*	*$100,000.00*	*$100,000.00*	10/22/2013	326	0.17	0.15
Total Select Bank			***$100,000.00***	***$100,000.00***	***$100,000.00***		***326***	***0.17***	***0.15***
3-5 Treasury									
T-Note 2 1/31/2016 C2	912828PS3	3/4/2011	$310,000.00	$306,754.69	$325,983.60	1/31/2016	1157	0.54	2.23
T-Note 2 1/31/2016 C2	912828PS3	4/5/2011	$255,000.00	$253,804.69	$268,147.80	1/31/2016	1157	0.44	2.10
T-Note 2 1/31/2016 C2	912828PS3	8/4/2011	$260,000.00	$271,212.50	$273,405.60	1/31/2016	1157	0.45	1.01
T-Note 3 9/30/2016 C2	912828LP3	11/4/2011	$400,000.00	$440,750.00	$438,872.00	9/30/2016	1400	0.70	0.87
T-Note 2.375 2/28/2015 C2	912828LU2	1/6/2012	$295,000.00	$327,081.25	$325,511.85	2/28/2015	1431	0.51	0.82
T-Note 2.375 2/28/2015 C2	912828LU2	1/6/2012	$460,000.00	$508,012.50	$507,577.80	10/31/2016	1431	0.80	0.94
T-Note 2.375 03/31/2016 C2	912828KT6	5/5/2011	$370,000.00	$378,787.50	$394,394.10	3/31/2016	1217	0.64	1.87
T-Note 1.5 7/31/2016 C2	912828QX1	9/7/2011	$385,000.00	$396,910.94	$400,157.45	7/31/2016	1339	0.67	0.85
T-Note 5.125 5/15/2016 C2	912828FF2	6/6/2011	$460,000.00	$539,242.19	$534,280.80	5/15/2016	1262	0.80	1.49
T-Note 5.125 5/15/2016 C2	912828FF2	7/7/2011	$320,000.00	$373,900.00	$371,673.60	5/16/2016	1262	0.56	1.51
T-Note 4.5 5/15/17 C2	912828GS3	6/6/2012	$365,000.00	$432,296.88	$428,615.85	5/15/2017	1627	0.63	0.70
T-Note 4.5 5/15/17 C2	912828GS3	7/6/2012	$240,000.00	$283,875.00	$281,829.60	5/15/2017	1627	0.42	0.67
T-Note 1.875 8/31/17 C2	912828NW6	9/7/2012	$415,000.00	$439,316.41	$440,157.30	8/31/2017	1735	0.72	0.07
T-Note 1.875 8/31/17 C2	912828NW6	10/4/2012	$290,000.00	$308,079.69	$307,579.80	8/31/2017	1735	0.50	0.58
T-Note 0.875 2/28/2017 C2	912828SJ0	3/5/2012	$590,000.00	$590,921.88	$599,398.70	2/28/2017	1551	1.03	0.84
T-NOTE 1.0 3/31/2017 C2	912828SM3	5/3/2012	$370,000.00	$373,584.38	$377,659.00	3/31/2017	1582	0.64	0.80
T-Note 1.25 10/31/2015 C2	912828PE4	1/6/2011	$105,000.00	$101,062.50	$107,797.20	10/31/2015	1065	0.18	2.07
Total Treasury			***$5,890,000.00***	***$6,325,593.00***	***$6,383,042.05***		***1420***	***10.24***	***1.12***

Morgan Stanley									
FNMA 1.25 2/27/14 C2	3135GOAP8	5/5/2011	$340,000.00	$341,856.40	$344,671.60	2/27/2014	454	0.59	1.05
FNMA 2.5 5/15/14 C2	31398AXJ6	8/4/2011	$420,000.00	$441,835.80	$433,570.20	5/15/2014	531	0.73	0.61
FHLMC 5.5 8/23/17 C2	3137EAAY5	9/7/2012	$465,000.00	$570,694.50	$569,369.25	8/23/2017	1727	0.81	0.816
FNMA 2.375 7/28/15 C2	31398AU34	9/7/2012	$250,000.00	$264,660.00	$263,202.50	7/28/2015	970	0.43	0.391
FNMA 1.375 11/15/16 C2	3135GOES8	1/6/2012	$595,000.00	$600,628.70	$613,831.75	11/15/2016	1446	1.03	1.17

Description	Cusip	Settlement Date	Face Amount \ Shares	Cost Value	Market Value	Maturity Date	Days To Maturity	Portfolio Percent	YTM @ Cost
FNMA 0.875 10/26/17 **C2**	3135G0PQ0	11/5/2012	$375,000.00	$376,477.50	$378,086.25	10/26/2017	1791	0.65	0.79
FHLB 5.375 5/18/2016 **C2**	3133XFJF4	9/7/2011	$685,000.00	$820,630.00	$801,045.85	5/18/2016	1265	1.19	1.04
FHLMC 1 7/30/14 **C2**	3137EACU1	9/7/2011	$425,000.00	$431,247.50	$430,176.50	7/30/2014	607	0.74	0.49
FHLMC 5.5 7/18/16 **C2**	3137EAAG4	10/6/2011	$360,000.00	$431,243.97	$424,566.00	7/18/2016	1326	0.63	1.23
FHLMC 5.5 7/18/2016 **C2**	3137EAAG4	8/4/2011	$450,000.00	$536,170.50	$530,707.50	7/18/2016	1326	0.78	1.48
FNMA 2.375 07/28/2015 **C2**	31398AU34	8/6/2012	$390,000.00	$412,230.00	$410,595.90	7/28/2015	970	0.68	0.39
FHLB 4.00 09/06/13 **C2**	3133XRX88	10/6/2010	$395,000.00	$431,881.15	$406,364.15	9/6/2013	280	0.69	0.76
FHLB 4.00 09/06/13 **C2**	3133XRX88	11/4/2010	$235,000.00	$257,943.05	$241,760.95	9/6/2013	280	0.41	0.53
Total Morgan Stanley			***$5,385,000.00***	***$5,917,499.07***	***$5,847,948.40***		***940***	***9.36***	***0.88***
Zion's									
FNMA 0.5 9/28/2015 **C2**	3135G0NV1	10/4/2012	$415,000.00	$416,562.06	$416,323.85	9/28/2015	1032	0.72	0.37
FHLMC 4.5 01/15/2014 **C2**	3134A4UM4	2/4/2011	$255,000.00	$278,131.05	$267,069.15	1/15/2014	411	0.44	1.35
Total Zion's			***$670,000.00***	***$694,693.11***	***$683,393.00***		***722***	***1.16***	***0.86***
Bank of America									
Bank of America - Cash	Cash	6/30/2011	$2,212,380.07	$2,212,380.07	$2,212,380.07	N/A	1	3.85	0.20
Total Bank of America			***$2,212,380.07***	***$2,212,380.07***	***$2,212,380.07***		***1***	***3.85***	***0.20***
NCCMT TERM									
NCCMT TERM - CASH	Cash		$1,563,964.06	$1,563,964.06	$1,563,964.06	N/A	1	2.72	0.15
Total NCCMT Term			***$1,563,964.06***	***$1,563,964.06***	***$1,563,964.06***		***1***	***2.72***	***0.15***
Synovus Securities									
FNMA .625 10/30/14 **C2**	3135G0DW0	11/4/2011	$410,000.00	$409,950.80	$412,509.20	10/30/2014	699	0.71	0.63
FNMA 5.0 4/15/15 **C2**	31359MA45	6/6/2012	$235,000.00	$265,021.25	$260,746.60	4/15/2015	896	0.38	0.49
FNMA 5.0 4/15/15 **C2**	31359MA45	7/6/2012	$420,000.00	$472,773.00	$466,015.20	4/15/2015	866	0.73	0.44
FHLMC 1.0 6/21/17 **C2**	313379DD8	7/6/2012	$815,000.00	$820,558.30	$827,599.90	6/21/2017	1664	1.42	0.86
FNMA 5.0 5/11/17 **C2**	31359M7X5	6/6/2012	$455,000.00	$543,406.50	$541,782.15	5/11/2017	1623	0.79	0.96
FHLMC .625 12/29/14 **C2**	3137EADA4	1/6/2012	$595,000.00	$594,892.90	$598,772.30	12/29/2014	759	1.03	0.63
FNMA .375 3/16/15 **C2**	3135G0HG1	4/5/2012	$365,000.00	$362,424.20	$365,379.60	3/16/2015	836	0.63	0.62
FHLMC 1.00 6/21/2017 **C2**	313379DD8	10/5/2012	$635,000.00	$644,613.90	$644,817.10	6/21/2017	1664	1.10	0.86
FHLMC 4.5 1/15/15 **C2**	3134A4UX0	3/5/2012	$225,000.00	$250,881.53	$244,811.25	1/15/2015	776	0.39	0.45
FHLMC 1 3/8/17 **C2**	3137EADC0	4/5/2012	$550,000.00	$543,580.95	$558,646.00	3/8/2017	1559	0.96	1.25
FHLMC 5 2/16/17 **C2**	3137EAAM1	3/5/2012	$640,000.00	$761,558.40	$757,971.20	2/16/2017	1539	1.11	1.05
FNMA 2.5 5/15/14 **C2**	31398AXJ6	7/7/2011	$690,000.00	$722,499.00	$712,293.90	5/15/2014	531	1.20	0.83
FHLMC 1 7/30/14 **C2**	3137EACU1	10/6/2011	$315,000.00	$317,982.25	$318,836.70	7/30/2014	607	0.55	0.66
Total Synovus			***$6,350,000.00***	***$6,710,142.98***	***$6,710,181.10***		***1078***	***11.00***	***0.74***
TOTAL / AVERAGE			***$57,520,891.10***	***$59,023,575.40***	***$59,110,983.55***		***481***	***100***	***0.63***

O = Other
R = Restricted

City of Greenville
Date To Date
Interest Report
November 30, 2012

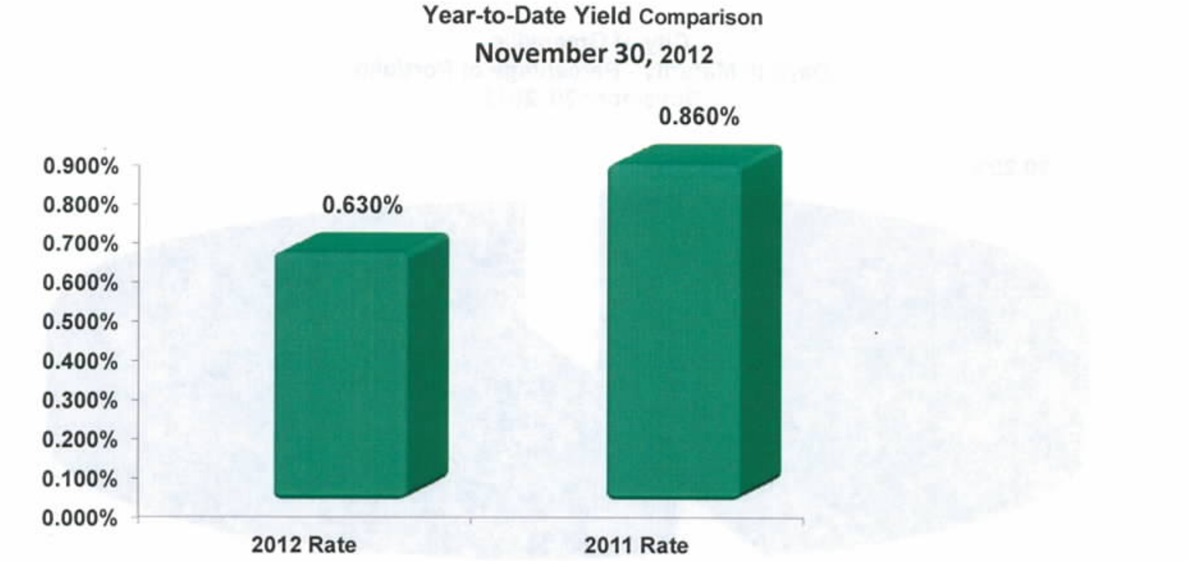
Description	CUSIP #	Ending Face Amount/Shares	Buy Accrued Interest	Sell Accrued Interest	Interest Dividends	Unrealized Gain (Loss)-MV	Realized Gain (Loss)-MV	Ending MV	Beginning MV	Beginning MV Accrued Interest	Ending Market Accrued Interest	Investment Income-MV	Interest Earned During Period-MV
O NC Cap. Mgmt. Trust													
NCCMT LGIP	NCCMT192	51,713.90	-	-	8.22	-	-	51,713.90	2,196.38	2,196.38	N/A	8.22	8.22
Total O NC Cap. Mgmt. Trust		***51,713.90***	-	-	***8.22***	-	-	***51,713.90***	***2,196.38***	***2,196.38***	***N/A***	***8.22***	***8.22***
O Wells Fargo Cash													
Wells Fargo Bank Cash	WELLSFARGO120	5,194,353.47	-	-	-	-	-	5,194,353.47	4,357,144.38	4,357,144.38	N/A	-	-
Wells Fargo Bank Cash	WELLSFARGO635	8,696.37	-	-	-	-	-	8,696.37	8,696.37	8,696.37	N/A	-	-
Total O Wachovia CASH		***5,203,049.84***	-	-	-	-	-	***5,203,049.84***	***4,365,840.75***	***4,365,840.75***	***N/A***	-	-
O Optimizer 1-3													
FHLB 5.125 8/14/2013	3133XGVF8	300,000.00	-	6,245.38	-	(1,317.00)	(470.80)	310,353.00	867,481.50	876,634.61	4,527.08	(168.45)	1,619.35
FNMA 1.25 02/27/2014	3135G0AP8	390,000.00	-	-	-	(241.80)	-	395,358.60	395,600.40	396,467.07	1,259.38	150.91	392.71
FNMA 1.25 02/27/2014	3135G0AP8	325,000.00	-	-	-	(201.50)	-	329,465.50	329,667.00	330,389.22	1,049.48	125.76	327.26
FNMA 1.25 2/27/2014	3135G0AP8	340,000.00	-	-	-	(210.80)	-	344,671.60	344,882.40	345,637.96	1,097.92	131.56	342.36
FNMA 2.5 05/15/14	31398AXJ6	390,000.00	-	-	4,875.00	(542.10)	-	402,600.90	403,143.00	407,638.83	406.25	243.32	785.42
FNMA 2.5 05/15/14	31398AXJ6	690,000.00	-	-	8,625.00	(959.10)	-	712,293.90	713,253.00	721,207.17	718.75	430.48	1,389.58
FNMA 2.5 05/15/14	31398AXJ6	420,000.00	-	-	5,250.00	(583.80)	-	433,570.20	434,154.00	438,995.67	437.50	262.03	845.83
FHLB 4.00 9/6/2013	3133XRX88	395,000.00	-	-	-	(1,331.15)	-	406,364.15	407,695.30	410,109.19	3,686.67	(58.37)	1,272.78
FHLB 4.00 9/6/2013	3133XRX88	235,000.00	-	-	-	(791.95)	-	241,760.95	242,552.90	243,989.01	2,193.33	(34.73)	757.22
FNMA .75 12/18/2013	31398A5W8	470,000.00	-	-	-	70.50	-	472,711.90	472,641.40	473,943.69	1,586.25	354.46	283.96
FNMA 0.375 3/16/2015	3135G0HG1	365,000.00	-	-	-	313.90	-	365,379.60	365,065.70	365,236.79	281.35	424.16	110.26
FNMA 0.375 3/16/2015	3135G0HG1	195,000.00	-	-	-	167.70	-	195,202.80	195,035.10	195,126.51	150.31	226.60	58.90
FHLB 4.00 9/6/2013	3133XRX88	370,000.00	-	-	-	(1,246.90)	-	380,644.90	381,891.80	384,152.91	3,453.33	(54.68)	1,192.22
FHLMC 1.0 7/30/14	3137EACU1	425,000.00	-	-	-	(4.25)	-	430,176.50	430,180.75	431,243.25	1,416.67	349.92	354.17
FHLMC 1.0 7/30/14	3137EACU1	315,000.00	-	-	-	(3.15)	-	318,836.70	318,839.85	319,627.35	1,050.00	259.35	262.50
FNMA 5.0 4/15/2015	31359MA45	235,000.00	-	-	-	(730.85)	-	260,746.60	261,477.45	261,999.67	1,468.75	215.68	946.53
FNMA 5.0 4/15/2015	31359MA45	420,000.00	-	-	-	(1,306.20)	-	466,015.20	467,321.40	468,254.73	2,625.00	385.47	1,691.67
FHLMC .625 12/29/2014	3137EADA4	595,000.00	-	-	-	113.05	-	598,772.30	598,659.25	599,919.49	1,559.81	412.62	299.57
FNMA 0.5 9/28/2015	3135G0NV1	415,000.00	-	-	-	593.45	-	416,323.85	415,730.40	415,920.61	357.36	760.60	167.15
FNMA 0.5 9/28/2015	3135G0NV1	555,000.00	292.92	-	-	94.35	-	556,770.45	-	-	477.92	279.35	185.00
FHLMC 4.5 1/15/15	3134A4UX0	225,000.00	-	-	-	(627.75)	-	244,811.25	245,439.00	248,420.25	3,796.88	187.88	815.63
FNMA .625 10/30/14	3135GODW0	410,000.00	-	-	-	184.50	-	412,509.20	412,324.70	412,324.70	213.54	398.04	213.54
FNMA 2.375 7/28/15	31398AU34	250,000.00	-	-	-	(115.00)	-	263,202.50	263,317.50	264,851.35	2,012.15	363.30	478.30
FHLMC 5.5 8/23/2017	3137EAAY5	465,000.00	-	-	-	1,925.10	-	569,369.25	567,444.15	572,274.98	6,891.04	3,985.31	2,060.21
FNMA 2.625 11/20/14	31398AZV7	380,000.00	-	-	4,987.50	(490.20)	-	397,533.20	398,023.40	402,484.44	277.08	313.34	803.54
FHLMC 4.50 1/15/2014	3134A4UM4	255,000.00	-	-	-	(874.65)	-	267,069.15	267,943.80	271,322.55	4,303.12	49.72	924.37
Total O Optimizer 1-3		***9,830,000.00***	***292.92***	***6,245.38***	***23,737.50***	***(8,115.60)***	***(470.80)***	***10,192,514.15***	***10,199,765.15***	***10,258,172.00***	***47,296.92***	***9,993.63***	***18,580.03***
O Optimizer 3-5													
FNMA 2.375 4/11/2016	3135G0BA0	595,000.00	-	-	-	874.65	-	633,550.05	632,675.40	633,460.47	1,923.42	2,013.00	1,138.35
FNMA 2.375 4/11/2016	3135G0BA0	295,000.00	-	-	-	433.65	-	314,113.05	313,679.40	314,068.64	953.63	998.04	564.39
FNMA 1.375 4/11/2016	3135GOES8	700,000.00	-	-	4,812.50	1,617.00	-	722,155.00	720,538.00	724,976.19	401.04	2,392.35	775.35
FNMA 1.375 4/11/2016	3135GOES8	595,000.00	-	-	4,090.63	1,374.45	-	613,831.75	612,457.30	616,229.77	340.89	2,033.50	659.05
FNMA 2.375 7/28/2015	31398AU34	390,000.00	-	-	-	(179.40)	-	410,595.90	410,775.30	413,168.11	3,138.96	566.75	746.15

Description	CUSIP #	Ending Face Amount/Shares	Buy Accrued Interest	Sell Accrued Interest	Interest Dividends	Unrealized Gain (Loss)-MV	Realized Gain (Loss)-MV	Ending MV	Beginning MV	Beginning MV Accrued Interest	Ending Market Accrued Interest	Investment Income-MV	Interest Earned During Period-MV
FHLB 5.375 05/18/2016	3133XFJF4	685,000.00	-	-	18,409.38	102.75	-	801,045.85	800,943.10	817,613.81	1,227.29	3,068.71	2,965.96
FNMA 1.625 10/26/2015	31398A4M1	110,000.00	-	97.05	-	67.10	62.35	113,902.80	336,332.75	336,406.10	168.82	321.97	192.52
FNMA 1.625 10/26/2015	31398A4M1	400,000.00	-	-	-	244.00	-	414,192.00	413,948.00	414,038.28	613.89	767.61	523.61
FNMA 1.625 10/26/2015	31398A4M1	-	-	65.45	-	-	42.05	-	150,056.15	150,088.88	-	74.77	32.72
FHLMC 5.5 7/18/2016	3137EAAG4	450,000.00	-	-	-	(27.00)	-	530,707.50	530,734.50	537,815.75	9,075.00	1,966.75	1,993.75
FHLMC 5.5 7/18/2016	3137EAAG4	360,000.00	-	-	-	(21.60)	-	424,566.00	424,587.60	430,252.60	7,260.00	1,573.40	1,595.00
FHLMC 1.0 3/8/2017	3137EADC0	550,000.00	-	-	-	3,091.00	-	558,646.00	555,555.00	556,364.72	1,252.78	3,534.06	443.06
FNMA 0.875 10/26/2017	3135G0PQ0	375,000.00	91.15	-	-	1,608.75	-	378,086.25	-	-	309.90	1,827.50	218.75
FHLMC 1.0 6/21/2017	313379DD8	815,000.00	-	-	-	3,374.10	-	827,599.90	824,225.80	827,168.86	3,599.58	4,030.62	656.52
FHLMC 1.0 6/21/2017	313379DD8	635,000.00	-	-	-	2,628.90	-	644,817.10	642,188.20	644,481.26	2,804.58	3,140.42	511.52
FNMA 5.0 5/11/2017	31359M7X5	455,000.00	-	-	11,375.00	1,301.30	-	541,782.15	540,480.85	551,223.91	1,200.69	3,133.93	1,832.63
FHLMC 5.0 2/16/2017	3137EAAM1	640,000.00	-	-	-	1,593.60	-	757,971.20	756,377.60	763,044.27	9,244.44	4,171.37	2,577.77
FNMA 5 3/15/2016	31359MH89	495,000.00	-	-	-	(440.55)	-	568,383.75	568,824.30	571,986.80	5,156.25	1,553.20	1,993.75
Total O Optimizer 3-5		***8,545,000.00***	***91.15***	***162.50***	***38,687.51***	***17,642.70***	***104.40***	***9,255,946.25***	***9,234,379.25***	***9,302,388.42***	***48,671.16***	***37,167.95***	***19,420.85***
O Optimizer 3-5 Treasury													
T-Note 2.375 2/28/2015	912828LU2	295,000.00	-	-	-	460.20	-	325,511.85	325,051.65	325,051.65	763.98	1,224.18	763.98
T-Note 3.125 10/31/2016	912828LU2	460,000.00	-	-	-	717.60	-	507,577.80	506,860.20	506,860.20	1,191.30	1,908.90	1,191.30
T-Note 0.875 2/28/2017	912828SJ0	590,000.00	-	-	-	2,531.10	-	599,398.70	596,867.60	597,737.52	1,297.76	2,958.94	427.84
T-Note 2 1/31/2016	912828PS3	310,000.00	-	-	-	387.50	-	325,983.60	325,596.10	327,146.10	2,055.43	892.93	505.43
T-Note 2 1/31/2016	912828PS3	255,000.00	-	-	-	318.75	-	268,147.80	267,829.05	269,104.05	1,690.76	734.51	415.76
T-Note 2 1/31/2016	912828PS3	260,000.00	-	-	-	325.00	-	273,405.60	273,080.60	274,380.60	1,723.91	748.91	423.91
T-Note 2.375 03/31/2016	912828KT6	370,000.00	-	-	-	373.70	-	394,394.10	394,020.40	394,768.79	1,472.63	1,097.94	724.24
T-Note 1.5 7/31/2016	912828QX1	385,000.00	-	-	-	993.30	-	400,157.45	399,164.15	400,607.90	1,914.54	1,464.09	470.79
T-Note 1.875 8/31/2017	912828NW6	415,000.00	-	-	-	1,684.90	-	440,157.30	438,472.40	439,783.61	1,956.06	2,329.75	644.85
T-Note 1.875 8/31/2017	912828NW6	290,000.00	-	-	-	1,177.40	-	307,579.80	306,402.40	307,318.66	1,366.89	1,628.03	450.63
T-Note 4.5 5/15/2017	912828GS3	240,000.00	-	-	5,400.00	374.40	-	281,829.60	281,455.20	286,414.98	447.51	1,262.13	887.73
T-Note 4.5 5/15/2017	912828GS3	365,000.00	-	-	8,212.50	569.40	-	428,615.85	428,046.45	435,589.45	680.59	1,919.49	1,350.09
T-Note 1.0 3/31/2017	912828SM3	370,000.00	-	-	-	1,620.60	-	377,659.00	376,038.40	376,353.51	620.05	1,925.54	304.94
T-Note 1.25 10/31/2015	912828PE4	105,000.00	-	-	-	98.70	-	107,797.20	107,698.50	107,698.50	108.77	207.47	108.77
T-Note 3 9/30/2016	912828LP3	400,000.00	-	-	-	716.00	-	438,872.00	438,156.00	439,177.98	2,010.99	1,705.01	989.01
T-Note 5.125 05/15/2016	912828FF2	460,000.00	-	-	11,787.50	(611.80)	-	534,280.80	534,892.60	545,719.16	976.86	1,326.00	1,937.80
T-Note 5.125 05/15/2016	912828FF2	320,000.00	-	-	8,200.00	(425.60)	-	371,673.60	372,099.20	379,630.72	679.56	922.44	1,348.04
Total O Optimizer Treasury		***5,890,000.00***	-	-	***33,600.00***	***11,311.15***	-	***6,383,042.05***	***6,371,730.90***	***6,413,343.38***	***20,957.59***	***24,256.26***	***12,945.11***
R Wells Fargo CASH													
Wells Fargo Bank Cash	WELLSFARGO879	23,688.06	-	-	-	-	-	23,688.06	40,167.22	40,167.22	N/A	-	-
Wells Fargo Bank Cash	WELLSFARGO934	2,939,819.08	-	-	-	-	-	2,939,819.08	3,337,141.57	3,337,141.57	N/A	-	-
Wells Fargo Bank Cash	WELLSFARGO159	641,644.01	-	-	-	-	-	641,644.01	631,483.40	631,483.40	N/A	-	-
Wells Fargo Bank Cash	WELLSFARGO175	47,599.04	-	-	-	-	-	47,599.04	47,549.04	47,549.04	N/A	-	-
Total R Wells Fargo Cash		***3,652,750.19***	-	-	-	-	-	***3,652,750.19***	***4,056,341.23***	***4,056,341.23***	***N/A***	-	-
R NC Cap. Mgmt. Trust													
NCCMT LGIP	NCCMT325	832,011.78	-	-	30.18	-	-	832,011.78	834,765.99	834,765.99	N/A	30.18	30.18
NCCMT LGIP	NCCMT417	418,684.94	-	-	16.10	-	-	418,684.94	323,694.97	323,694.97	N/A	16.10	16.10
NCCMT LGIP	NCCMT694	321,593.64	-	-	12.75	-	-	321,593.64	321,139.59	321,139.59	N/A	12.75	12.75
NCCMT LGIP	NCCMT702	2,345,154.84	-	-	93.02	-	-	2,345,154.84	2,345,061.82	2,345,061.82	N/A	93.02	93.02
NCCMT LGIP	NCCMT724	97,958.42	-	-	3.89	-	-	97,958.42	97,954.53	97,954.53	N/A	3.89	3.89
Total R NC Cap. Mgmt. Trust		***4,015,403.62***	-	-	***155.94***	-	-	***4,015,403.62***	***3,922,616.90***	***3,922,616.90***	***N/A***	***155.94***	***155.94***

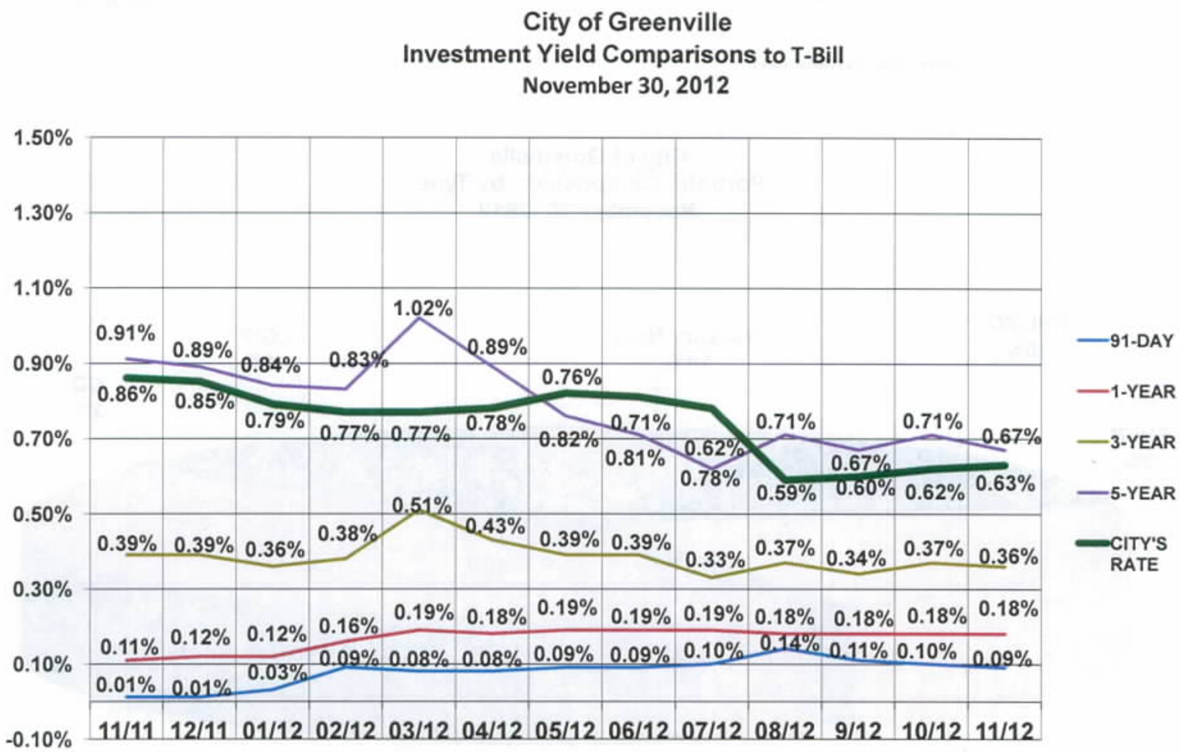
Description	CUSIP #	Ending Face Amount/Shares	Buy Accrued Interest	Sell Accrued Interest	Interest Dividends	Unrealized Gain (Loss)-MV	Realized Gain (Loss)-MV	Ending MV	Beginning MV	Beginning MV Accrued Interest	Ending Market Accrued Interest	Investment Income-MV	Interest Earned During Period-MV
R Morgan Keegan													
FNMA 4.00 4/13/2013	3136F9DU4	1,000,000.00	-	-	-	(3,420.00)	-	1,013,990.00	1,017,410.00	1,019,187.78	5,000.00	(197.78)	3,222.22
FNMA 4.125 5/28/2013	3136F9QE6	500,000.00	-	-	10,312.50	(1,620.00)	-	509,600.00	511,220.00	519,985.62	114.58	41.46	1,661.46
Total R Morgan Keegan		***1,500,000.00***	-	-	***10,312.50***	***(5,040.00)***	-	***1,523,590.00***	***1,528,630.00***	***1,539,173.40***	***5,114.58***	***(156.32)***	***4,883.68***
First Carolina State Bank													
FCSB Money Market	Cash	250,957.11	-	-	65.81	-	-	250,957.11	250,891.30	250,891.30	N/A	65.81	65.81
Total First Carolina State Bank		***250,957.11***	-	-	***65.81***	-	-	***250,957.11***	***250,891.30***	***250,891.30***	***N/A***	***65.81***	***65.81***
09 Street Improvement													
BB & T Cash	BB & T	318,424.86	-	-	32.62	-	-	318,424.86	318,392.24	318,392.24	N/A	32.62	32.62
Total BB & T		***318,424.86***	-	-	***32.62***	-	-	***318,424.86***	***318,392.24***	***318,392.24***	***N/A***	***32.62***	***32.62***
First Citizens MM													
First Citizens Money Market	Cash	13,387,247.45	-	-	2,949.96	-	-	13,387,247.45	16,684,372.49	16,684,372.49	N/A	2,949.96	2,949.96
Total First Citizens MM		***13,387,247.45***	-	-	***2,949.96***	-	-	***13,387,247.45***	***16,684,372.49***	***16,684,372.49***	***N/A***	***2,949.96***	***2,949.96***
Select Bank & Trust													
Select Bank .30 9/27/2013	CD	1,000,000.00	-	-	-	-	-	1,000,000.00	1,000,000.00	1,000,279.45	526.03	246.58	246.58
Total Select Bank & Trust		***1,000,000.00***	-	-	-	-	-	***1,000,000.00***	***1,000,000.00***	***1,000,279.45***	***526.03***	***246.58***	***246.58***
Select Bank & Trust													
Select Bank .15 10/22/2013	CD	100,000.00	-	-	-	-	-	100,000.00	100,000.00	100,004.11	16.44	12.33	12.33
Total Select Bank & Trust		***100,000.00***	-	-	-	-	-	***100,000.00***	***100,000.00***	***100,004.11***	***16.44***	***12.33***	***12.33***
Bank of America													
Bank of America Cash	Cash	2,212,380.07	-	-	362.62	-	-	2,212,380.07	2,212,017.45	2,212,017.45	N/A	362.62	362.62
Total Bank of America		***2,212,380.07***	-	-	***362.62***	-	-	***2,212,380.07***	***2,212,017.45***	***2,212,017.45***	***N/A***	***362.62***	***362.62***
NCCMT Term													
NCCMT Term - Cash	Cash	*1,563,964.06*			*368.04*			*1,563,964.06*	*2,563,596.02*	*2,563,596.02*	N/A	*368.04*	*368.04*
Total NCCMT Term		***1,563,964.06***			***368.04***			***1,563,964.06***	***2,563,596.02***	***2,563,596.02***	***N/A***	***368.04***	***368.04***
Total / Average		***57,520,891.10***	***384.07***	***6,407.88***	***110,280.72***	***15,798.25***	***(366.40)***	***59,110,983.55***	***62,810,770.06***	***62,989,625.52***	***122,582.72***	***75,463.64***	***60,031.79***

**** Unrealized Gain/Loss-MV = Investment Income-MV minus Interest Earned During Period-MV**

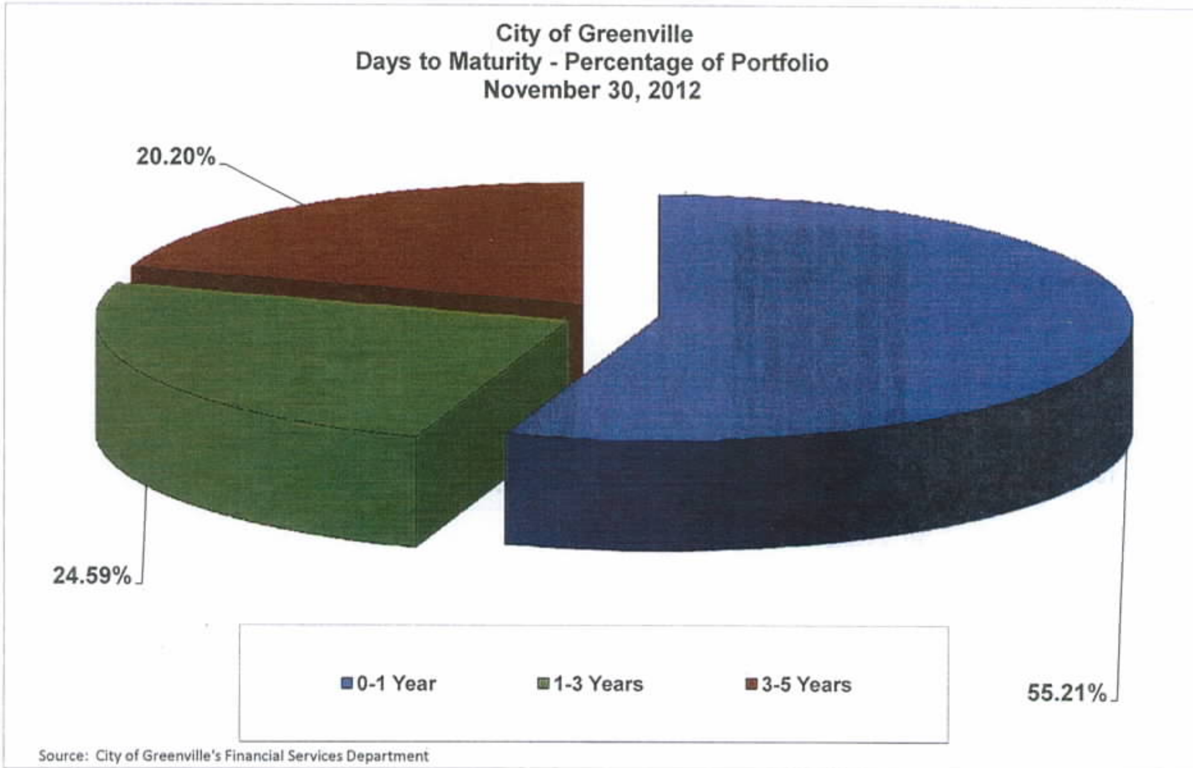
City of Greenville Investment Reports

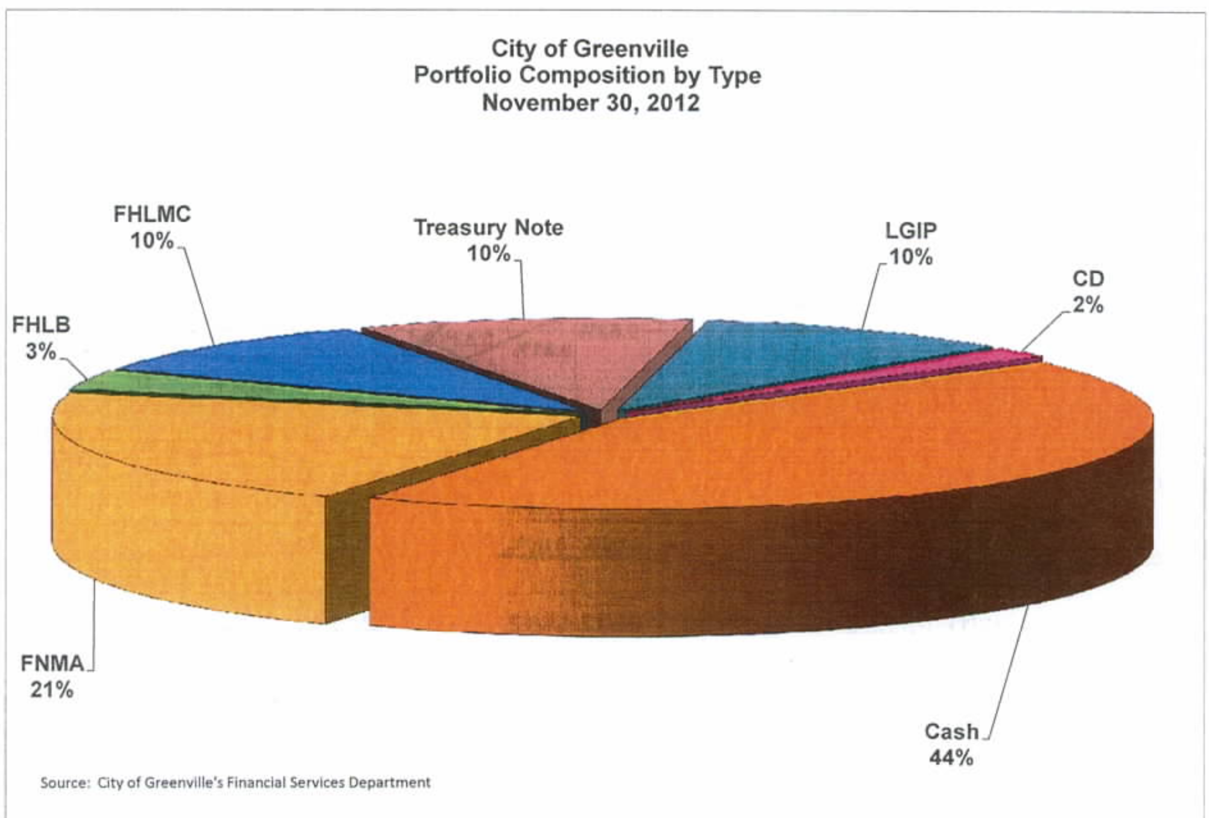


Source: City of Greenville's Financial Services Department



Source: Federal Government / Greenville's Financial Services Department


City of Greenville
Days to Maturity - Percentage of Portfolio
November 30, 2012
20.20%
24.59%
55.21%
0-1 Year
1-3 Years
3-5 Years
Source: City of Greenville's Financial Services Department


City of Greenville
Portfolio Composition by Type
November 30, 2012
FHLMC
10%
Treasury Note
10%
LGIP
10%
CD
2%
FHLB
3%
FNMA
21%
Cash
44%
Source: City of Greenville's Financial Services Department

A Bit of Clarification —

In the past the GRPD's monthly report was primarily intended to highlight the achievements of the most recently completed month, and was therefore named for that month.

However, it's been noted that doing this makes the report appear late . . . out of date . . . "old news."

While the report continues to highlight the previous month's achievements, it also notes current issues, on-going projects, and upcoming events.

Therefore, from this issue forward, the report will be labeled the current month's report. (This report would have normally been labeled "November; instead it's the December report.) The next one will be the January Report.

MONTHLY REPORT

City of Greenville
Recreation & Parks
grpd.info

DECEMBER 2012

DIRECTOR

- Kudos to staff and the community for hosting the North Carolina Recreation and Park Association 2012 conference. We also thank various City departments for their support of this economically impactful initiative.
- Efforts are underway to identify "corporate support" to add to the department's resources for 2013 *Sunday in the Park* concert series.
- Director continues his support and involvement in the community gardening efforts of Greenville Harvest. Current focus is on establishing gardens in West Greenville.
- Staff continuing to work with IT Department in identifying registration/scheduling/reservation software package to increase GRPD efficiency and customer service.
- Close to completion of proposed "park/facility rating index" to assist in prioritizing the department's capital needs, for existing parks and facilities.

In December ...

- 12/2 Youth Basketball Skills Clinic at Boyd Lee Park
- 12/4 Senior Trip on the Spirit of Norfolk, 22 enrolled
- 12/9 Youth Basketball Skills Clinic at Boyd Lee Park
- 12/10 Spring Future Stars registration begins
- 12/12 Specialized Recreation Holiday Dance and Dinner, Eppes Middle School, 6PM
- 12/12 Dance Performance for Tap and Ballet at Jaycee Park
- 12/16 Youth Basketball Skills Clinic at Boyd Lee Park
- 12/17 Dance Performance for Tap and Ballet at Jaycee Park
- 12/20 GRPD Holiday Luncheon at Bradford Creek Public Golf Course

PARKS DIVISION

PARKS SUPERINTENDENT

1. Continued work with the Energy Efficiency contract with Schneider Electric.
2. Results of ADA Audit for GRPD buildings were presented to City Council by Richard Duncan on 11/5.
3. Met with the Bradford Creek Golf Course Advisory Committee and the consultant examining course operations, Mr. J.J. Keegan, to explain objectives and planned approach to development of the Bradford Creek operational assessment.

4. Met with GUC's consultant and construction principles on the construction of a forced sewer main through Matthew Lewis Park. Impacts to the park and post-construction remediation were discussed and agreed upon.

Parks Maintenance

1. Construction projects: B.E.T. Center wall improvements, replacement of trash receptacles at shelters, winterized pool and installed pool cover, relocated bag rack at Bradford Creek Golf Course and repaired facia boards.
2. Landscape crews - fall and winter projects, including leaf removal and mulching, are scheduled and underway.
3. Ball field crews - completed inventory and storage of soccer goals.
4. Completed Sunday morning litter pick-up for ECU home games at Elm Street Park.

River Park North

- **November Activities**:
  1. 1 shelter rental (same group for 4 days), total attendance 12
  2. 5 group/private programs, total attendance 84, (birthday party, home school programming, Boy Scouts of America Merit Badge and Campfire)
  3. 5 public programs, total attendance 133 (Hunter Safety, Forts and Hideouts, Preschool Turkey Time, Family Night at Chick-Fil-A, and Geocaching)
  4. 1 campsite reservation, attendance 2.
  5. 1 group campsite reservation, attendance 66.

- **November Highlights**:
  1. Staff attended a free environmental education training and teambuilding cruise to Shackleford Banks.
  2. River Park North was the site of the Fall Camporee for the Pitt County Boy Scouts of America. 66 scouts and scout masters camped out for two nights. Merit badge and campfire programming was also provided.
  3. River Park North staff hosted an appreciation breakfast for maintenance and administrative staff. The breakfast was cooked and funded entirely by donations from RPN Staff.

Pitt County Boy Scouts of America - Fall Camporee

- **In December**:
  1. 1 group campsite, estimated attendance 15.
  2. 4 group/private programs, estimated attendance 46 (Home School programming, birthday party, and service project)
  3. 5 public programs (Night at the Nature Center, Kids Night in Nature, Decorating Trees for Wildlife, Winter Survival Camp, and Hunter Safety Course).
  4. Scheduled completion of two “drive-to” campsites and one new trail segment, both Eagle Scout Projects.

Parks Planning

1. Guy Smith Stadium Structural Repairs – LESCO Building Restorations, Inc. completed Phase I. Awaiting close-out documents and the final application for payment.
2. Drew Steele Center - Construction is 100% complete, and the City has accepted the work. PARTF representatives gave the City final acceptance and permission to close out the project.

3. Dream Park Improvements - The City received bids for the sprayground, and staff is currently evaluating them. Expect to award the contract by mid December. Permits for both picnic shelters have been received. Installation of the picnic shelters has begun and will be complete by 12/31. Executed the construction contract for the restroom and mechanical building. Contractor is currently obtaining sealed engineering drawings for his submittal to the Inspections Division.
4. Eppes Recreation Center – Hite Associates, PC selected to develop construction documents for restroom, kitchen and plumbing improvements. The design contract has been completed; awaiting signatures from Hite.

Parks Coordinator

- Work Orders: Submitted - 26, Completed - 14, Pending - 123
  1. Labor Hours - 1,436
  2. Labor Costs - $22,115

- "Bigger Expense" Items (hours and labor)
  1. Athletic Field Prep - 309 hrs. - $5,341
  2. Custodial - 638 hrs. - $9,423
  3. Mowing - 39 hrs. - $559
  4. Litter/Trash Pickup - 312 hrs. - $4,297
  5. Landscaping - 48 hrs. - $503

- Vandalism
  1. Greensprings Park - graffiti on port-a-jon
  2. Greenfield Terrace Park - graffiti on shelter restrooms

Event Support

1. Greenville Aquatics and Fitness Center (Lifeline Screening) on 11/1.
2. Five Points Plaza (BMX Event) on 11/10.
3. Town Common (Veteran's Day event) on 11/12.
4. NCRPA State Conference at Greenville Convention Center on 11/11-11/13.
5. Five Points Plaza (*"Greenville Gives"*) on 11/30.

Capital Improvement Projects

1. Dream Park - large and small shelters to be complete by 12/31.
2. Prep Field (Guy Smith) - ADA bleachers to be installed by 12/31.

Bradford Creek Public Golf Course

1. November revenues of $39,227 vs. November 2011 revenues of $43,834.
2. Had 14 weather affected days in November 2012 (Less than 1,000 in revenue), compared to only 7 in November 2011.
3. Bradford Creek hosted a maintenance seminar during the 2012 NCRPA conference; 15 participants.
4. The final VIP Fall Finale Golf Tournament was held on 11/17. 60 VIP members participated in the 18-hole championship. Peaden's Grill sponsored the event and provided a meal. The VIP series of tournaments will resume in March 2013.

RECREATION DIVISION

Recreation Superintendent

1. Santa pictures with pooches at the dog park on 11/17 generated $400+.
2. *Greenville Gives* held on 11/30 at the Five Points Plaza; several hundred attended.
3. Closed the City of Greenville City Employee United Way Drive with a thank you gathering at City Hall. Though total was $20,000 below the goal, GRPD donated $1,000 more than in 2011.

Eppes Recreation Center / Thomas Foreman Park

1. Youth flag football, ages 5-12, concluded; averaged 25-30 youth per day.
2. Youth basketball started on 11/19 for ages 5-15.

South Greenville Recreation Center

1. Youth basketball started on 11/19 for boys and girls ages 7-14. Games will begin on 1/7/2013.
2. PAL/GRPD 12U Tackle football team won the Team Charlotte Holiday Tournament on 11/24.
3. Started girls Promising Excellence, Elegance and Respect (PEER) program with 7 girls registered on 11/3.
4. PCC GED class continues at South Greenville, M-TH, 9AM - 1PM.
5. Replaced parts of the carpeted gym floor.
6. Local spray paint artist, Dhap, is periodically working on murals for the gym walls. The first two murals are complete and work has begun on the third.

Specialized Recreation

1. 12 athletes participated in roller skating in the 2012 Special Olympics Fall Games.
2. Adapted Recreation and Wellness Day was held on 11/17 at the ECU Student Recreation Center; 41 people participated.
3. The Special Olympics Basketball Skills local tournament was held on 11/30 with over 75 athletes participating.

Senior Adult Services

1. 37 seniors traveled to New York City on 11/27 - 30.
2. Hosted the Annual NC Conference for Senior Citizens Clubs at the City Hotel and Bistro on 11/7 - 9.

Boyd Lee Park/NCRPA Conference Report

1. The NCRPA Conference was held 11/11 - 13 for 300 full delegates, 63 daily delegates, 126 students and 11 retirees totaling 500 individuals who registered for the conference. Every aspect of the conference was a great success according to feedback received.
2. Rec Supervisor Don Octigan was recognized as the Young Professional of the Year for 2012 for his service to the profession and his leadership role in Greenville and with NCRPA. Former R&P Director Boyd Lee was recognized for his long career through induction into the *NCRPA Hall of Fame*.

Adult Athletics

1. The softball season concluded with the following teams winning the championship games: Hooters - City A, Organized Chaos - City B, YTL Riders - Coed, and Buffalo Wild Wings - USSSA.

YOUTH ATHLETICS

1. Future Stars regular season concluded on 11/3. Post season tournament was played 11/5 - 13. 97 games played in November.
2. Youth basketball registration ended on 11/7. 465 participants for ages 5-18.
3. Registration for Youth Basketball Skills Clinic at Boyd Lee Park ended on 11/29. Program filled with 40 participants. Clinic begins 12/2.

RIVER BIRCH TENNIS CENTER

1. Winter QuickStart (ages 5-10) & Winter After School (ages 11-18) tennis classes began on 11/5, 45 participants.
2. The 8.5 men's combo doubles team won 4 out of 5 matches in their group at the NC Combo Doubles Championship in Wilmington on 11/8 - 11.

DREW STEELE CENTER/ELM STREET CENTER/TEEN CENTER/BET BUILDING

1. 5 rentals held at the Barnes Ebron Taft building with a total of 367 participants.
2. Cross Court basketball for adults was held weekly, M-F, from 5:30 - 7:00 PM at the Drew Steele Center.

SPORTS CONNECTION

1. 1,321 batting cage rounds used; Total attendance for November: 1,509.
2. Hosted four birthday parties.
3. Youth basketball skills training held with 20 participants.
4. Three batting and five pitching lessons were conducted.
5. Registration is now open for Parent/Child Batting League.

GREENVILLE AQUATICS & FITNESS CENTER (GAFC)

MEMBERSHIP

1. 53 new members joined in November.
2. Monthly attendance: 9,558 visits.
3. A smooth rate increase transition for non-City residents has been accomplished.

WELLNESS

1. Lunch and Learn: Holiday Weight Gain on 11/28. 20 COG/GUC employees registered.

Respectfully submitted,

Gary N. Fenton, Director of Recreation and Parks

BMX presentation Monday night at the Back Yard BBQ!

Don Octigan, NCRPA 2012 Young Professional of the Year
and Dennis Vestal, 2012 NCRPA Conference Chair.

Laura Davenport, Theresa Holley, Debra Vick and Barbara Avery
covering the Registration Desk!

USTA Vendor at the Vendor Expo.

Monday night's Back Yard BBQ!