

YADKIN COUNTY



COPY

NORTH CAROLINA

AGREEMENT FOR
ECONOMIC DEVELOPMENT ASSISTANCE

THIS AGREEMENT, made and entered into this 16th day of February, 2016, is by and among the COUNTY OF YADKIN, a North Carolina body politic ("COUNTY"); the TOWN OF EAST BEND, a North Carolina body politic ("TOWN"); the YADKIN COUNTY ECONOMIC DEVELOPMENT PARTNERSHIP, INC., a North Carolina non-profit corporation ("YCEDP"); and NORTH CAROLINA TOBACCO INTERNATIONAL, LLC, a State of North Carolina Limited Liability Corporation ("NCTI").

RECITALS:

A. NCTI has indicated an interest in the up fit of a prior manufacturing facility (the "FACILITY") located on 340 East NC 67 Highway in the Town of East Bend, North Carolina, in Yadkin County, North Carolina.

B. NCTI will make certain infrastructure improvements to serve the needs of the Facility, and install manufacturing machinery and equipment at the Facility.

C. The COUNTY and TOWN in 1990 adopted a policy of providing assistance for economic development of the type required at the Property, including assistance for infrastructure improvements, site development and other capital expenditures.

D. The COUNTY and TOWN has agreed to provide certain sums for infrastructure improvement activities as an inducement to NCTI to complete the renovations and installation of new equipment needed to begin manufacturing at the FACILITY.

E. YCEDP as the administrator for the Yadkin County Economic Development Council has agreed to administer certain of the economic incentives provided to NCTI.

NOW, THEREFORE, in consideration of the recitals and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties agree as follows:

1. Job Creation and Installation of Manufacturing Equipment. NCTI agrees within a reasonable time after execution of this agreement, to complete upgrades, renovations, and installation of machinery and equipment in the Facility, and following the completion of these upgrades, renovations, and installation of machinery and equipment, to create and maintain at least forty eight (48) new positions for employment within one year of the date of this agreement, and to create and maintain

additional fourteen (14) new positions within two years of the date of this agreement. These positions will offer average compensation of at least 100% of 2015 Yadkin County Wage Standards (as established by the North Carolina Economic Development Partnership) of \$ 578 per week. These new employment positions will be verified by North Carolina Unemployment Insurance Form 101 (NCUI101) provided to YCEDP on a quarterly basis by NCTI's payroll service provider. These upgrades, renovations, and installation of machinery and equipment shall be valued for property tax purposes in excess of five million two hundred thousand dollars (\$5,200,000.00) when these upgrades, renovations, and installation of machinery and equipment are completed. This is in addition to current Yadkin County tax base of \$2,414,690.00 for the existing facility. Manufacturing operations will be underway by date of this agreement.

2. Site Improvements. The COUNTY represents and warrants to NCTI that the sum of eighty thousand (\$80,000.00) has been appropriated, committed, and earmarked for improvements at the Property. The TOWN represents and warrants to NCTI that the sum of sixty thousand (\$60,000.00) has been appropriated, committed, and earmarked for improvements at the Property. These improvements may include but are not limited to necessary modifications to the electrical service in the facility, installation of machinery and equipment, fire protection equipment, grading, water and wastewater facilities, storm water sewer systems, employee parking lots, fencing, and roadways to be located on the Property. In order to facilitate the timely construction of the Facility, NCTI, rather than YCEDP, the COUNTY, or the TOWN shall undertake the foregoing described improvement activities on behalf of YCEDP, the COUNTY, and the TOWN. These site improvement funds, totaling one hundred forty thousand dollars (\$140,000.00) shall be available for reimbursement to NCTI upon request made by invoice to YCEDP for review, approval recommendation, and payment as agreed below. It is understood that eighty percent (80%) of the new property tax generated and paid to the COUNTY or TOWN for the tax year 2016, with a maximum payment of forty five thousand dollars (\$45,000.00) shall be reimbursed to NCTI on or before February 1, 2017; eighty percent (80%) of the new property tax generated and paid to the COUNTY or TOWN for the tax year 2017, with a maximum payment of forty five thousand dollars (\$45,000.00) shall be reimbursed on or before February 1, 2018; and eighty percent (80%) of the new property tax generated and paid to the COUNTY or TOWN for the tax year 2018, with a maximum payment of fifty thousand (\$50,000.00) shall be payable to NCTI on or before February 1, 2019; provided that additions to tax base and employment remain within Yadkin County until February 1, 2019. NCTI shall only use such funds for reimbursement of funds spent by NCTI for improvement and related expenditures described above.

3. Default. In the event that it appears that NCTI may have defaulted materially in the performance of its obligations described in paragraph 1, YCEDP shall issue a written notice to NCTI within thirty (30) days of the apparent specific material default. NCTI will have thirty (30) days from receipt of said notice to remediate the specific material default or to deny or explain why any material default has occurred. In the event that NCTI shall materially default in the performance of its obligations

described in paragraph 1, NCTI shall not receive any payment for any year during which NCTI shall not be in material compliance with its obligations of paragraph 1.

4. Force Majeure. If the performance of this Agreement or of any obligations hereunder is prevented, restricted or interfered with by reason of a cause beyond the control of NCTI, such as: disasters, fire, earthquakes, civil commotion, inability to obtain raw materials, unavailable labor or restrictions under regulations of statutes, regulations, ordinances or laws of any federal, state, or local government, then NCTI shall give notice to YCEDP. Upon prompt notice, NCTI shall be excused from performance, but only for the duration of such inability, provided that NCTI shall use its best effort to avoid or remove such causes of nonperformance and shall continue performance with the utmost dispatch whenever such causes are removed.

5. Representatives and Warranties.

(a) YADKIN COUNTY represents and warrants to NCTI that they are a political subdivision, duly organized and validly existing, under laws of the State of North Carolina. YADKIN COUNTY has the corporate power, authority, and legal right to execute, deliver, and perform their respective obligations under this agreement. The execution, delivery, and performance of this Agreement has been duly authorized by all necessary actions as required by law.

(b) EAST BEND represents and warrants to NCTI that they are a political subdivision, duly organized and validly existing, under laws of the State of North Carolina. EAST BEND has the corporate power, authority, and legal right to execute, deliver, and perform their respective obligations under this agreement. The execution, delivery, and performance of this Agreement has been duly authorized by all necessary actions as required by law.

(c) YCEDP represents and warrants to NCTI that YCEDP is a non-profit corporation duly organized, validly existing and in good standing under the laws of the State of North Carolina. YCEDP has corporate power, authority and legal right to execute, deliver and perform its obligations under this Agreement. This Agreement has been, and any other agreements, documents, and instruments required to be delivered by YCEDP in accordance herewith will be, duly executed and delivered by duly authorized officers of YCEDP. This Agreement constitutes, and any other documents when executed and delivered will constitute legal, valid, and binding obligations of YCEDP, enforceable in accordance with their respective terms.

6. Further Assurances. Each of the parties shall cooperate with the other parties and execute and deliver such other instruments and documents and take such other actions as may reasonably be requested from time to time by any other party as necessary to carry out, evidence, and confirm the intended purposes of this Agreement.

7. Entire Agreement. This Agreement contains the entire agreement and understanding of the parties with respect to the subject matter hereof, and supersedes all prior negotiations, agreements and understandings, whether oral or written. This

Agreement may only be amended by an instrument in writing, signed by the party or parties to be charged.

8. Limitations of Liability. The respective obligations of YADKIN COUNTY and YCEDP are made independently and, except as otherwise provided; none of the foregoing named parties shall have any liability to NCTI based upon the breach of any agreement made by any other party to NCTI.

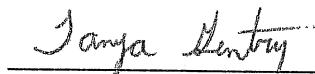
9. Jurisdiction and Counterparts. The parties submit to the exclusive jurisdiction of the Courts of the State of North Carolina sitting in Yadkin County, North Carolina. The proper jurisdiction and venue for any issues arising out of this agreement is the Yadkin County Superior Court sitting in Yadkin County, North Carolina.

IN WITNESS WHEREOF, the parties have executed this Agreement as to the day and year first above written.

COUNTY OF YADKIN



Kevin Austin
Chairman, Board of Commissioners

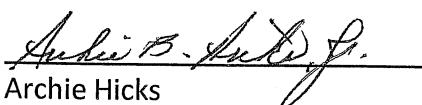
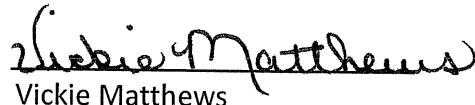


Tanya Gentry
Clerk to the Board

Date: 2/16/16

(AFFIX SEAL)

TOWN OF EAST BEND


Archie Hicks
Mayor of East Bend
Vickie Matthews
Clerk to the Board

Date: 3/14/2016

(AFFIX SEAL)

YADKIN COUNTY ECONOMIC DEVELOPMENT PARTNERSHIP


George L. Anderson, Jr.
Chairman


Kirk Matthews
Secretary

Date: 3-16-2016

(AFFIX SEAL)

NORTH CAROLINA TOBACCO INTERNATIONAL, LLC.


Kenneth W. Hauser
CEO


Robert Edward Dodson
Member

Date: 2/18/16

(AFFIX SEAL)

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