REGULAR MEETING – February 5, 2026

The Lincolnton City Council met in Regular Session on Thursday, February 5, 2026 at 6:30 p.m. in the Council Chambers of City Hall located at 114 West Sycamore Street, Lincolnton, N.C. 28092. The following members were present and accounted for:

DEMENY JOHNSON TIPTON JETTON

Mayor Hatley called the meeting to order and requested a motion to approve the regular agenda. **Councilmember Jill Tipton made the motion, which was approved unanimously with members voting 4-0 in favor of the motion**.

Mayor Hatley then requested a motion to approve the consent agenda items as follows:

- January 8, 2026 – Regular Meeting Minutes
- Approval of Request for Releases – 11/16/25 – 12/15/25
- Resolution for Advertisement of Tax Liens for 2025
- Request for Approval of Recommendation from Chief Brian Greene
- Resolution designating the Dates and Amending the Time of the monthly meeting for 2026

Councilmember Kevin Demeny made the motion, which was approved unanimously with members voting 4-0 in favor of the motion.

Apple Drop Event Highlights

Mr. Trent Mason presented highlights from the 2025 Apple Drop event. He explained that the event had grown from less than 500 attendees in 2018 to approximately 4,000 attendees this year. He credited the increase to an effective social media campaign that saw engagement grow by more than 800% year-over-year.

The event covered three blocks of Main Street and included features such as a gaming truck, snow machines, face painters, professional balloon artists, and multiple food vendors. The South Fork fire truck was used to drop the apple this year, which was described as a significant improvement over previous years.

Mr. Mason emphasized the economic benefit of the event, noting that it brought approximately one-third of Lincolnton's total population downtown. He also shared that the event had led to a new business opportunity, with Sunset Slush planning to open a brick-and-mortar location in Lincolnton after experiencing success as a vendor.

The event raised $1,296.80 for Hesed House, which Mr. Mason presented to representatives from the organization during the meeting. He acknowledged the contributions of numerous city departments, staff, and volunteers who made the event possible.

Presentation on the Rail Trail Connector Project

Ms. Jane Love, Trail Development Manager for Carolina Thread Trail, presented information on the potential rail trail connector project. She explained that the organization helps coordinate regional trail connectivity across 88 municipalities with approximately 450 miles of existing trails.

Ms. Love discussed the gap between the Marcia Cloninger Rail Trail and South Fork Rail Trail, noting that the connection would create a continuous 4.9-mile trail through Lincolnton. She shared data from trail usage counters showing substantial daily traffic on both existing trail segments.

Ms. Love presented economic impact data from a study conducted by NC State University, indicating that trails can generate significant benefits:

- Employment: 16-58 jobs supported per trail
- Labor income: $770,000 per trail mile annually
- Economic output: $2.1 million per trail mile annually
- Tax revenue: $262,000 per trail mile annually
- Healthcare savings: $310,000 per user per trail mile

Ms. Love noted that completing the 1.15-mile gap within city limits would require negotiations with Norfolk Southern Railroad, which owns most of the corridor. She emphasized that the Carolina Thread Trail could potentially help with grant funding for the acquisition.

Both Councilmember Kevin Demeny and City Manager Ritchie Haynes acknowledged the challenge of acquiring railroad property but recognized the significant economic and recreational benefits of completing the connection, particularly for downtown businesses.

IT-01-2026 Approval of Data Center Contract - 36 Months

Chris Jones, Technology & Innovation Director, presented options for the city's data center contract. He explained that due to Broadcom's acquisition of VMware, continuing with their current platform would cost $58,000 annually just for licensing.

Mr. Jones recommended a 36-month contract for $55,000 annually that would provide both primary data storage at City Hall and a disaster recovery site at a separate location. This would enable the city to maintain operations if the primary site were compromised due to fire, severe weather, or other disasters.

He noted that ordering needed to happen quickly due to AI companies buying up available RAM and driving up prices, with potential increases of 75% if they waited until July.

Councilmember Kevin Demeny asked several clarifying questions about the backup system's necessity and cost. Mr. Jones and City Manager Ritchie Haynes explained that the system would protect against both physical disasters and potential cybersecurity threats while actually costing less than their current system.

Motion to approve the Nutanix production and disaster recovery contract as presented was made by Councilmember Kevin Demeny, with members voting 4-0 in favor of the motion.

IT-02-2026 AI Usage and Governance Policy

Chris Jones, Technology & Innovation Director presented an AI usage and governance policy for the city. He explained that the policy would require city staff to use Google's Gemini AI tool, which is included with the city's Google licensing, rather than free AI tools like ChatGPT.

Mr. Jones noted that Gemini keeps the city's data within the organization, while free AI tools could harvest and train on sensitive information. He emphasized that the policy aims to protect city data while still allowing staff to benefit from AI tools.

Motion to approve the AI usage and governance policy was made by Councilmember Mark Johnson. Members voted 4-0 in favor of the motion.

BA-02-26
Approval of Amendment to the Annual Budget Ordinance for the Fiscal Year Ending June 30, 2026

Finance Director Pamela McBryde presented a budget amendment to add $909,405 to the city's budget, divided across several funds:

- General Fund: $765,599, including:
- $750,000 from local sales tax revenue
- Police Department revenue from fingerprinting and reports
- A $5,000 grant for the Fire Department for simulation software
- Insurance settlements for accidents
- Water and Sewer Fund: $197,627, primarily from an insurance settlement for lightning damage at the wastewater treatment plant (approximately $160,000)
- Electric Operations: Funds from interest income and insurance settlements for a damaged electric pole

Motion to approve the budget amendment was made by Councilmember Jill Tipton. Motion passed with members voting 4-0 in favor of the motion.

Approval of Recommendation for City Park Improvements

Public Services Director Nathan Eurey presented a recommendation on bids received for city park improvements. He explained that five bids were received, with the lowest bidder (DDI of Hickory) withdrawing their bid due to a calculation error.

Mr. Eurey recommended accepting the next lowest bid from JD Goodrum Company for $4,093,996.

City Manager Ritchie Haynes clarified that this was under the original budget of $4.5 million established three years ago. He noted that the project would be funded from the city's fund balance without requiring debt. The contract does not include playground equipment, which will be purchased separately to ensure quality and consistency with other city parks.

The improvements will include two multi-purpose fields, pickleball courts, basketball courts, a pump track for mountain biking, several shelters, and a larger shelter that could serve as an amphitheater. The project represents the first full-service park for the north side of town.

Construction is expected to begin as soon as possible with completion targeted for spring 2027, though timeline will depend on weather conditions.

Motion to approve the recommendation as presented was made by Councilmember Roby Jetton. Members voted 4-0 in favor of the motion.

City Manager Haynes requested to add a discussion regarding the city's response to recent winter weather events to the next meeting agenda to recognize the efforts of city crews.

Consideration of an Ordinance to Approve the Amended and Restated Power Purchase Sales Agreement Between the City of Lincolnton and North Carolina Municipal Power Agency No. 1

Mayor Hatley explained that this item relates to the city's electricity provider for the original city footprint.

Councilmember Kevin Demeny motion to approve the amended and restated project power sales agreement. Members voted 4-0 in favor of the motion.

Consideration of an Ordinance to Approve the Amended and Restated Supplemental Power Sales Agreement Between the City of Lincolnton and North Carolina Municipal Power Agency No. 1

Motion by Councilmember Roby Jetton to approve the amended and restated Supplemental Power Sales Agreement. Motion passed unanimously with members voting 4-0 in favor of the motion.

City Clerk Daphne Ingram then explained that both agreements would be executed via a single ordinance, which required separate approval. The required ordinance is as follows:

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LINCOLNTON, NORTH CAROLINA, DETERMINING THAT IT IS IN THE BEST INTERESTS OF THE CITY OF LINCOLNTON TO APPROVE AND AUTHORIZE THE EXECUTION AND DELIVERY OF, AMONG OTHER DOCUMENTS, AN AMENDED AND RESTATED PROJECT POWER SALES AGREEMENT WITH NORTH CAROLINA MUNICIPAL POWER AGENCY NUMBER 1 AND AN AMENDED AND RESTATED SUPPLEMENTAL POWER SALES AGREEMENT \VITH NORTH CAROLINA MUNICIPAL POWER AGENCY NUMBER 1

WHEREAS, the City of Lincolnton (the **"Municipality")** and No1th Carolina Municipal Power Agency Number 1 **("Power Agency")** entered into a Project Power Sales Agreement, Catawba Nuclear Project (the **"Power Sales Agreement"),** dated as of the first day of May, 1978, pursuant to which Power Agency provides, or causes to be provided, the Municipality with power and energy from the Catawba Project; and

WHEREAS, the Board of Directors of ElectriCities of North Carolina, Inc., on January 23,
2026, adopted (i) Resolution BDR-1-26 (the **"Resolution"),** which, among other things, (i) authorizes Power Agency to execute and deliver to each Participant an Amended and Restated Project Power Sales Agreement **("Amended and Restated PPSA")** and (ii) authorizes Power Agency to execute and deliver to each Participant an Amended and Restated Supplemental Power Sales Agreement **("Amended and Restated SPSA")** and to take such actions as are necessary, advisable or convenient to obtain the consent of each Participant to, and the approval of each Participant of, the consummation of the transactions contemplated by the Amended and Restated PPSA and Amended and Restated SPSA; and

WHEREAS, Power Agency has caused GDS Associates, Inc,, Power Agency's Consulting

Engineer, to prepare an economic analysis of the projected impact of the transactions contemplated by the. Amended and Restated PPSA and.Amended .and. Restated SPSA on Pow,lr Agency's

wholesale power costs and proposed full requirements wholesale rates (the **"Economic Analysis");** and

WHEREAS, Power Agency has caused to be furnished to the Municipality each of the following: (i) the Amended and Restated PPSA, (ii) Amended and Restated SPSA, (iii) Resolution BDR-1-26, (iv) an executed Amended and Restated PPSA, dated as of January 23, 2026, (v) an executed Amended and Restated SPSA, dated as of January 23, 2026, and (vi) the Economic Analysis; and

WHEREAS, the City Council of the Municipality (the **"Governing Body")** has taken into consideration the benefits which might be achieved by (i) approving, executing and delivering the Amended and Restated PPSA and (ii) approving, executing and delivering the Amended and Restated SPSA.

NOW, THEREFORE, BE IT ORDAINED, by the City Council of the City of Lincolnton:

1. After due consideration of the contents of each of the preambles set forth above and to each of the documents refed-ed to in such preambles, the Governing Body hereby finds and determines that it is in the best interests of the Municipality to enter into the Amended and Restated PPSA and the Amended and Restated SPSA.

2. The Governing Body hereby authorizes and directs that the Amended and Restated PPSA and the Amended and Restated SPSA be executed for and on behalf of the Municipality by the Mayor and Clerk, sealed with the seal of the Municipality and delivered to the Power Agency in the form and substance of the Amended and Restated PPSA and the Amended and Restated SPSA presented at this meeting.

3. The Governing Body hereby directs the Clerk to furnish or cause to be furnished to Power Agency a certified copy of this ordinance together with the executed Amended and Restated PPSA and the executed Amended and Restated SPSA.

4. The Governing Body hereby directs the Clerk to file with the minutes of this meeting (i) Resolution BDR-1-26, (ii) the proposed Amended and Restated PPSA, (iii) the proposed Amended and Restated SPSA, and (iv) the Economic Analysis as presented and available at this meeting,

5. This Ordinance shall become effective upon its adoption,

ADOPTED this 5th day of February, 2026

Councilmember Jill Tipton made a motion to adopt an ordinance of the City Council of the City of Lincolnton, North Carolina determining that it is in the best interest of the City of Lincolnton to approve and authorize the execution and delivery of, among other documents, an amended and restated Project Power Sales Agreement with North Carolina Municipal Power Agency Number 1 and an amended and restated Supplemental Power Sales Agreement with North Carolina Municipal Power Agency Number 1. Members voted 4-0 in favor of the motion.

Mayor Ed Hatley opened the floor for questions from the New Media. City Manager Ritchie Haynes responded to several questions related to the City Park project from reporter Mike Powell.

With no further business, the meeting was adjourned upon a motion by Councilmember Roby Jetton. Members voted 4-0 in favor of the motion.

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Daphne Ingram, City Clerk Ed Hatley, Mayor