

Closed Session I (Liberty Shell Building) – May 7, 2007

At 6:30 p.m., the Board adjourned to closed session to discuss matters relating to the location or expansion of business in the area, pursuant to NCGS 143-318.11(a)(4). Commissioners Holmes, Frye, Kemp, Lanier and Haywood were present. Also present were County Manager Richard Wells; Assistant County Manager/Finance Officer Will Massie; County Attorney Alan Pugh; Aimee Scotton, Associate County Attorney; Cheryl Ivey, Clerk to the Board; David Townsend, III, Public Works Director; Bonnie Renfro from Randolph County Economic Development Corporation (EDC); Liberty Mayor John Stanley; and Andy Watts, Liberty Shell Building Owner.

Bonnie Renfro said that in 1998, the Randolph County EDC purchased a tract of land at a cost of \$140,000 for development of a speculative industrial building. The Town of Liberty and Randolph County secured a \$632,000 Economic Development Administration Grant from the US Dept. of Commerce to extend water and sewer to the site and to construct a new water tank. Liberty and the County each contributed \$316,000 as a match to the grant. Liberty made an additional investment of \$75,000 in the project due to the loss of a state grant.

In 1999, the EDC entered into an agreement with the Compass Group, whose President is Andy Watts, to construct a shell building on the property. An 80,000 sq. ft. building was constructed and leased within six months to Times Fiber Communications. A second speculative shell building was completed in mid-2001 by The Compass Group and that building is still available today. Over the past six years, the EDC has worked with Compass to market the facility and the communities have supported our efforts by offering incentives and other assistance. The EDC Board has also voted to forego payment for the land as an inducement and cost reduction for clients.

The shell building has brought industrial clients to visit the community because of its amenities and availability. Several factors have caused clients to eliminate the facility and community from consideration:

- Economic downturn that lasted from 2001-2003
- Market was flooded with empty buildings due to plant closings
- Price of facility is high compared with competitor buildings
- Community is perceived as too small or rural for some projects
- Expandability limited to 186,000 to 200,000 sq. ft.
- Operational requirements such as water/sewer or zoning

Ms. Renfro said that the facility has a poor reputation in the marketplace. The Department of Commerce rarely brings clients to the building because so many projects have failed.

Mr. Watts updated the Board on the history and condition of the shell building. He believes that there are two main reasons why the building is not being selected by prospective companies. First, he thinks the building is too well built for the marketplace. Secondly, he says that with Liberty being such a small, rural town, there are no places for employees to eat lunch. He says that if the building sold now for its \$2.1 million price, he would still be taking a \$520,000 loss. He asked the Board to continue to support the EDC's marketing of this building.

Mayor Stanley and Commissioner Kemp suggested that he reduce his asking price substantially, perhaps to \$1.7 million.

Closed session on this topic ended at 7:20 p.m.

J. Harold Holmes, Chairman

Darrell L. Frye

Phil Kemp

Stan Haywood

Arnold Lanier

Cheryl A. Ivey, Clerk to the Board