

CUMBERLAND COUNTY FINANCE COMMITTEE
OCTOBER 1, 2009, 8:30AM
MINUTES

MEMBERS PRESENT: Commissioner Kenneth Edge
Commissioner Breeden Blackwell

MEMBERS ABSENT: Commissioner Jimmy Keefe

OTHERS: James Martin, County Manager
Juanita Pilgrim, Deputy County Manager
Amy Cannon, Asst. County Manager
Harvey Raynor, Interim County Attorney
Sally Shutt, Communications Manager
Thanena Wilson, Community Development Director
Lou Huddleston, Gentry Group, Defense Industry Advisor
Bob Stafford, Gentry Group Manager
Rocky Keim, Gentry Group Manager
Carl Manning, Kingdom Community Development Corp.
Fran Gilpin, Fayetteville Observer
Marie Colgan, Clerk

Commissioner Edge called the meeting to order and asked Commissioner Blackwell to open the meeting with a prayer.

1. Approve Minutes: February 5, 2009

MOTION: Commissioner Blackwell moved to approve.

SECOND: Commissioner Edge

VOTE: UNANIMOUS

2. Presentation by Gentry Group, LLC on Freedom Center Economic Development Project

County Manager Martin stated the Deputy County Manager Juanita Pilgrim, Assistant County Manager Amy Cannon and Nena Wilson, Director of Community Development, have been working for a number of months with the individuals presenting information on the Freedom Center Economic Development Project in Spring Lake. Mrs. Pilgrim stated that new funding mechanisms are being considered for this project and Mrs. Cannon added that the State will have guidelines out by October 15th. The purpose of the meeting is to provide information on this project.

Mr. Huddleston stated that he will be presenting information and will ultimately be asking the Commissioners to approve the concept of what is being presented with the caveat that procedures will be in place when the State presents their guidelines. Mr.

Huddleston introduced the Gentry Group partners, Mr. Stafford and Mr. Keim, stating that he has been working with them since December, 2008.

Overview of the power point presentation included:

- Four-Fold Purpose
- Background
- Information on the Gentry Group
- Freedom Center Vision
- Freedom Center Project Information
- Economic Impact on Spring Lake
- Recommended Funding Source Option
- Request of Cumberland County

Mr. Huddleston advised that their primary focus is the immediate expansion of the Freedom Center making it a regional defense business hub. Phase I is almost complete which is the RLM Communications facility. Phase II and Phase III cost is \$17M (completion by January, 2012). Under Phase II and Phase III, 250 hi-tech jobs will be created making an economic impact of over \$1.5M annually. Mr. Huddleston stated that this is a shovel ready economic development project. Financing sources to be private/public/debt. A recommended funding source for the project is Recovery Zone Facility Bonds (RZFB) because it represents a source of readily available capital and Freedom Center meets the qualifying requirements for them, but they must be issued by January 1, 2010. The bonds are issued with a tax exempt status.

The Finance Committee will be asked to consider and approve a \$1.7M allocation of county RZFBs and further to consider reallocation of state-wide unallocated bonds funds up to \$27M.

Key Items of Interest

- Gentry Group is a solid private equity investment group with \$30M net worth
- Spring Lake is the applicable distressed area qualifying the county for the RZFB
- Cumberland County serves as the governmental unit in the RZFB
- Gentry requests county reallocation up to \$27M for Freedom Center
- The project repays the debt
- Debt is not held against the county
- LGC may require Gentry Group to have a bank line of credit in the amount of the bond
- County has no liability should Gentry Group become insolvent/defunct
- State to issue guidelines and procedures on October 15

Mr. Huddleston concluded the presentation stating that the next steps will be to receive the acceptance of the presentation in concept by the Board, complete assessment after receiving the RZFB process and procedures on October 15 and finally, to present this request to the Board for final approval.

Mr. Stafford and Mr. Keim were requested to provide additional background information. In response to a question from Commissioner Edge regarding what it means for the Finance Committee to approve a \$1.7M allocation of County RZFBs since it is a \$27M project, Mrs. Cannon explained that the County was initially allocated \$1.7M of the RZFB bonds, but that they must be applied for by April 16, 2010. At that time, monies that were not applied for by other counties will go into a state-wide pot which can be applied for by counties that had already requested an allocation. More definitive information and guidelines will be provided by October 15, 2009. Mrs. Pilgrim questioned what impact would there be if the full \$27M is not received. Mr. Stafford stated that banks are lending for projects that are economically feasible and make sense, and that private funding is important. Mr. Keim added that Gentry's total investment in the project would be \$32M to \$33M and they don't expect the total \$27M. Commissioner Edge stated that one of the earlier concerns was the liability to the County in case the project goes under and now understands that there is no liability.

Mr. Martin recognized Mr. Manning with Kingdom Community Development Corporation who is involved with the Gentry Group in public/private ventures. An explanation of how they are working together was given by Mr. Stafford and Mr. Manning.

3. Other Matters of Concern

Mr. Martin reminded members that some earlier discussions had taken place regarding potentially consolidating Spring Lake's E911 communication dispatching system with the County's and some progress has been made. The Spring Lake City Council will consider approving this request during their October 12th meeting. If Spring Lake approves the consolidation, a request will be brought before the full Board for their consideration, probably in October. If approval is received at that time, consolidation will likely occur before the end of the year.

MEETING ADJOURNED