

**MINUTES OF THE MEETING OF THE
ROWAN COUNTY BOARD OF COMMISSIONERS**

July 14, 2015 – 9:00 AM

J. NEWTON COHEN, SR. ROOM

J. NEWTON COHEN, SR. ROWAN COUNTY ADMINISTRATION BUILDING

Present: Greg Edds, Chairman
Jim Greene, Vice-Chairman
Mike Caskey, Member
Judy Klusman, Member
Craig Pierce, Member

County Manager Aaron Church, Clerk to the Board/Assistant to the County Manager Carolyn Barger, County Attorney Jay Dees and Assistant County Manager/Finance Director Leslie Heidrick were present.

Chairman Edds convened the meeting at 9:00 a.m.

Chaplain Michael Taylor provided the Invocation.

Chairman Edds led the Pledge of Allegiance.

CONSIDER APPROVAL OF THE AGENDA

Commissioner Klusman moved, Commissioner Greene seconded and the vote to approve the agenda passed unanimously.

1. CONSIDER APPROVAL OF LEASE AGREEMENT WITH STRATEGIC MOVES

Chairman Edds said the lease before the Board had been prepared by County Attorney Jay Dees and County Manager Aaron Church in conjunction with Steve Setzer, President of Strategic Moves (SM). Chairman Edds expressed appreciation for the jet Mr. Setzer already had located in a hangar at the Rowan County Airport (Airport).

Chairman Edds opened the floor for discussion regarding the proposed lease agreement.

Commissioner Pierce expressed concerns with following language in paragraph 11(A):

In lieu of the temporary office space, at Lessee's sole discretion, Lessee may elect to not move into the office space until it is ready for occupancy, in which case Lessee will pay to Lessor \$800 per month, per aircraft stored in the hangar until such time as the office space is ready for occupancy and Lessee occupies said space. If Lessee elects to not move into the office space, Lessor is relieved of the obligation to provide temporary office space to Lessee.

Commissioner Pierce pointed out the County was investing a tremendous amount of money into the office space and hangar to attract Strategic Moves to the Airport. Commissioner Pierce questioned why the County would provide an out to SM for the space when Mr. Setzer had requested the office space.

County Attorney Jay Dees said Mr. Setzer had asked for the paragraph to be inserted. Commissioner Pierce stressed the language provided an option he felt was unfair to the taxpayers and he asked again why the County would build the office space if SM had the option to not move in.

Chairman Edds explained that if the County was unable to meet Mr. Setzer's request for a move in date of January 1, 2016, he had an option to move into temporary office space, if he chose to. Chairman Edds said the option allowed SM to move into office space once instead of twice.

Mr. Dees said he understood from the Chairman's comments that Mr. Setzer might not move into the temporary office space but rather had the option to wait and move once the permanent office space was ready.

Chairman Edds asked Mr. Setzer (in the audience) if that was the intent behind the language and Mr. Setzer responded yes.

Commissioner Pierce felt the wording should be clarified.

Mr. Dees suggested inserting the word "temporary" (once) and the word "permanent" (twice) in the applicable sentences to provide the necessary clarification.

Ms. Setzer said he was agreeable to the suggested wording by Mr. Dees.

Commissioner Pierce discussed the rental terms outlined in item #3 of the agreement. Commissioner Pierce said the County was agreeing to only increase the lease rate by 2% every five (5) years. Commissioner Pierce did not feel the 2% limitation was prudent to the taxpayers and was not the best option for the County.

Commissioner Caskey asked what Commissioner Pierce might recommend. Commissioner Pierce responded that he would yield to the Airport Director since he was familiar with the information.

Commissioner Caskey said the County profits from taxes and the planes located at the Airport and not necessarily the leases. Commissioner Caskey said getting the planes to the Airport would create a tax base now, as opposed to ten (10) years from now.

Commissioner Pierce said there should be a clause in the agreement to re-examine the rental increase based on recommendations of the Airport Director and the Airport Advisory Board (AAB).

Commissioner Caskey pointed out SM should have some protection, as well.

Commissioner Pierce stressed there should be an option to re-evaluate the lease rate every five (5) years. Commissioner Pierce gave an example of how negotiations with Food Lion had resulted in a lower lease rate for Food Lion. Commissioner Pierce pointed out all parties were protected when rates were re-evaluated.

Commissioner Greene discussed the airplanes and the property taxes that would result from SM's relocation to the Airport. Commissioner Greene was not in favor of changing what had been offered to Mr. Setzer.

Mr. Church estimated the office space would be paid for in ten (10) to fourteen (14) years based on the figures in the lease. Mr. Church said the County had already executed the Relocation and Expansion Assistance Agreement to lease to SM for 20 years at \$6900/month; every five (5) years there would be a 2% increase. Mr. Church referred to Exhibit B of the Corporate Hangar Lease and said the lease was reiterating the information.

Chairman Edds said leases are signed for the protection of companies seeking to lease property, as well as for counties to provide incentives to attract companies and to provide stability. Chairman Edds described a 20 year lease as a standard lease and said it would give SM stability in knowing what their payments would be.

Commissioner Caskey asked whether the County could negotiate a different deal if SM transferred the lease or if the new company would automatically receive the same rates. Mr. Church responded the way the lease read, Rowan County must be notified of any assignment and if SM wished to sublease or assign they must obtain written consent from the County to do so.

Mr. Dees explained that right now it was assumed the assignee of the lease would assume under these terms. Mr. Dees said the County did not have the

right to get out of the lease after 20 years, as SM could extend the contract for another ten (10) years. Mr. Dees said if SM opted to assign the lease, the County could perform its due diligence (request financial records, etc.) and accept or reject the assignment. The assignee would get the same terms.

Commissioner Klusman asked for clarification that the wording of the agreement only allowed the County to increase the rent by 2% every five (5) years. Mr. Dees confirmed and said the statement would be true for thirty (30) years in the event the two (2) renewal options were exercised. At the end of thirty (30) years, the lease is terminated.

Commissioner Pierce reiterated he would be more comfortable if the lease read that if SM assigned the lease, the terms could be renegotiated.

In response to an inquiry from Commissioner Klusman, Airport Director Thad Howell confirmed SM would be the largest business located at the Airport. Mr. Howell said the rate was extremely below market value and was aggressive in order to attract SM.

Commissioner Greene discussed the long term benefits of SM being located at the Airport, which included fuel usage and the tax base that would be received from the airplanes.

Commissioner Pierce disagreed with Commissioner Greene and said the County would not make money off the fuel used by SM.

Commissioner Caskey agreed it would be good if the lease could be renegotiated at some point and also by allowing the AAB to make recommendations.

Chairman Edds said if SM decided to sell, the County wanted to ensure it had the same kind of business partner if the lease was transferred. Based on the County's authority to accept or reject a transfer, Mr. Dees responded the County could perform appropriate due diligence on the items he had previously mentioned.

Chairman Edds thanked Commissioner Pierce for his vision for the Airport. Chairman Edds felt the "floodgate" was ready to open at the Airport and said the next SM looking to relocate at the Airport would not get the same deal.

Commissioner Pierce explained to Mr. Setzer that his concerns were not an attack on him but rather he was fulfilling his responsibility to the taxpayers and performing his due diligence.

Commissioner Pierce moved to approve the signed lease (submitted in the agenda packet) based on the recommended changes in section 11(A). The motion was seconded by Commissioner Klusman and passed unanimously.

Chairman Edds welcomed Mr. Setzer and SM to the Rowan County Airport.

2. AUTHORIZE COUNTY MANAGER TO ENTER INTO CONTRACT WITH RAMSAY, BURGIN, SMITH ARCHITECTS

Chairman Edds said the request was to authorize County Manager Aaron Church to enter into a contract with Ramsay, Burgin, Smith Architects for the design, bid, construction administration and closeout of 4,200 square feet of additional office space at the Rowan County Airport.

Commissioner Klusman moved, Commissioner Greene seconded and the vote to approve the request as submitted carried unanimously.

3. ADJOURNMENT

There being no further business to come before the Board, Commissioner Klusman moved to adjourn at 9:52 a.m. The motion was seconded by Commissioner Pierce and passed unanimously (5-0).

Respectfully Submitted,

Carolyn Barger, MMC, NCCCC
Clerk to the Board/
Assistant to the County Manager