

Kannapolis council hears NCRC financing update

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By Hugh Fisher

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Plans continue to move forward on an interim financing agreement for the new Cabarrus Health Alliance facility planned for downtown Kannapolis, adjacent to the North Carolina Research Campus.

But time is of the essence as the city's planners try to craft an agreement to finance \$30 million, not on the open bond market, but in a special tax increment financing agreement with North Carolina-based BB&T.

The bank would be the sole purchaser of the bonds, and the health facility would be used as collateral for the transaction, allowing the city a better interest rate despite the poor economy.

"When we were first talking, we were looking at five, six, seven percent," Walter Goldsmith of First Southwest Company told council members. First Southwest is acting as the city's advisory agency for the TIF bond issue process.

The poor economy has made investors nervous about buying bonds that will be repaid by future construction. With construction at the Research Campus much slower than anticipated, Goldsmith said Kannapolis would have to pay an interest rate of around 10 percent on the open market.

According to Goldsmith, the interest rate agreed upon by BB&T is likely to be closer to 5.75 percent.

The city will also save money on the transaction, since only one entity will own the bonds, decreasing the amount of administrative expenses.

That aspect made Councilman Darrell Hinnant speak highly of the plan. "It seems to me that this is more attractive," Hinnant said. If the same method of selling small bond issues to a single investor was used in the future, "We might save a couple of million dollars in this process," he said.

The original TIF bond issue, as approved in 2007, would have raised \$168.4 million. The current sale would net \$30 million.

Half of that would go toward building the new facility for Cabarrus Health Alliance, as agreed to by the city in exchange for county tax revenues to support the original bond issue.

Council members did not vote on any TIF plans last night, but did voice their opinions and concerns on the idea.

A key issue: a bid to construct the new facility expires in early October, making it necessary to arrange financing soon or risk paying more to build the building as the economy begins to recover.

Afterward, the council will have to decide which of millions of dollars in improvements to fund, now that the pool of money has shrunk to about \$15 million.

In any case, City Manager Mike Legg told council members that the slow economy had been a setback for the Research Campus as a whole, and that recovery would take longer than the original estimates for building indicated.

"It's not going to be a three- or four-year build-out," Legg said. "That's going to be the reality."

Prior to the TIF discussion, council members unanimously approved a master plan for a greenway to follow Irish Buffalo Creek.

And, in a separate vote, the council unanimously approved a separate plan to connect local greenways to the Carolina Thread Trail.

When finished, the Irish Buffalo Creek greenway will be five miles long, stretching from North Cabarrus Park near Interstate 85, following the creek northward past several neighborhoods and eventually coming to a stop at Kannapolis Lake.

A spur would connect the Irish Buffalo Creek greenway to the network of downtown routes and provide a connection to downtown Kannapolis.

Kannapolis will eventually be part of a network of pedestrian and bicycle trails slated to stretch hundreds of miles in 15 North Carolina and South Carolina counties.

Cabarrus County is the fourth county to adopt the Carolina Thread Trail plan. According to Moorhead, Cabarrus residents were very supportive of the plan, with 730 attending local information sessions on the greenway proposal.

Council members asked Moorhead and Jeff Ashbaugh of Site Solutions, planner of the Irish Buffalo Creek greenway, about residents' concerns regarding the greenway plan.

Mayor Pro Tem Randy Cauthen asked whether residents living near the proposed Irish Buffalo Creek greenway had any opposition to the planned public trail.

Moorhead said some residents had expressed concerns. Asked about the potential for greenways to become crime scenes, he told the council that studies indicated the risk of a greenway being the site of a serious crime, like rape or murder, was low.

"Do they happen? Yes, they do. But you have a greater chance of being in an auto accident or being struck by lightning," Moorhead said.

Councilman Roger Haas complimented the work done by greenway planners and asked what responsibilities the city would have to undertake as part of the Carolina Thread Trail.

Moorhead said the main stipulation was that cities would connect their greenways to neighboring trails that are part of the network.

And, although the Carolina Thread Trail can help fund some projects, maintenance remains the responsibility of the city, and the city would own the land.

That's the next step for the Irish Buffalo Creek greenway, for which land acquisition will begin in the coming weeks for phase one of the project, from North Cabarrus Park to Rogers Lake Road.

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