

The Town of Spring Lake

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TO: Mayor, Board of Aldermen
FROM: Michael Uskiewicz, Town Manager
DATE: February 24, 2010
CC: Carl Manning, Thanena Wilson, William Brooks, Jonn Thomas, D L Rogers,
Anita Green

RE: February 12, 2010 Economic Development Meeting Synopsis

On Friday, February 12, 2010, I had the pleasure of meeting with Carl Manning from Kingdom Community Development Corporation, Thanena Wilson and Anita Green from Cumberland County Community Development Corp., Jonn Thomas from the Spring Lake Chamber of Commerce, D L Rogers who is the Spring Lake Economic Development Chairperson, William Brooks from BB&T as well as Mayor Clark. Although we discussed several topics revolving around Spring Lake's plans to move forward with economic development and moving forward, the main focus of the meeting was geared towards learning more about how Fayetteville revitalized their downtown area (their specific plan), how Spring Lake could model such a plan, how each of the players at the table could contribute moving forward, what would be involved and the next steps in the process.

BB&T was critical in the plan utilized by Fayetteville. Mr. Brooks brought to the table the actual plan (contract) drafted by the City of Fayetteville (COF) and explained how it worked. In summary, the Town partnered with a number of banks to create a pool of money from which loans could be drawn. The banks were able to leverage their investment and offer excellent rates. The COF used grants to establish their portion of the pooled money. BB&T did the underwriting. In the joint effort, the Town marketed the program, the applicants applied through the COF, the COF screened the applicants (based on the pre-determined and set criteria) and stopped any applicant not meeting the criteria, the COF forwarded the packages to BB&T, BB&T did the underwriting. It is a low risk program. Credit of the applicants is checked. Up to 90% of the loan can be financed. The COF has never done more than five (5) loans in one year. There has only been two (2) in bankruptcy; both of which have come out and are still performing. The businesses did not fail and they are still paying and neither the Town or the banks have taken a loss.

Cumberland County Community Development Group can assist in the process should the Town opt to go down this path. They operate very similar to what was laid out by BB&T when explaining what the COF did. They have similar criteria and offer very competitive terms on their loans. Based on past discussions, they would come to the table through grants and work with the Town in acquiring funds where requirements are met.

The next steps in the process is to decide how to model the plan. In the case of the COF, the split was 60/40 with the banks taking on 60% and the Town taking on 40% of the loan from each applicant. However, this is not set in stone. When Spring Lake decides to create their own version of such a plan, we can structure it how we choose. In the case of the COF, there were 8 banks originally (2 are no longer participating for different reasons) Spring Lake may acquire a different number of banks. Decisions are made by a quorum of the banks and the Town. All of the requirements would be drawn up

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in the plan. Currently, BB&T (William Brooks) and representatives from Cumberland County Community Development Corp. (CDBG) are reviewing the COF agreement and making modifications based on the known criteria needed for CDBG as well the Town. This proposed draft will be brought back to the group as a starting point moving forward.

In addition to the above, there are several other items that will need to be addressed and ironed out before this particular project can move forward. This is just a starting point. There are many details that need to be addressed, determined and explored as this is looked at moving forward.

The group is extremely excited about the opportunity that lies before us as we proactively and aggressively pursue different avenues for revitalizing Spring Lake. Although our focus was mainly downtown, there is room to expand and take this approach into other areas of our Town.

As the group makes progress and dives deeper into the options that this presents, the details will be presented to the Board. As always, all information will be presented to you in memo format. As of late, this synopsis, along with all other meeting synopsis, will be archived on the economic development section of the Town's website for easy access by all.