

Trouble in-Paradise-Part III: County Financing another \$6 Mil Economic Development Shell Building Fiasco!!! Uncovered Secrets of the Cleveland County Commissioners!! Discovery, analysis and report by Robert A. Williams and others

Folks, comments to Part I and Part II of this series indicate additional perspectives, facts and figures, that show just how serious and perilous the financial situation in Cleveland County actually is. As well as providing proof that the Economic Development decisions made by the Cleveland County Board of Commissioners is and has been so very foolish.

This article will pull together sufficient pieces of the actual financial puzzle that we as Cleveland County taxpayers and citizens find ourselves in with such poor leadership from our Commissioners. We recommend that you read this article all the way through to the very end. We believe the contents and logic applied to evaluating the financial facts of what the Commissioners have done will leave you breathless. Please do NOT go to the end of this article first.

First, an Economics Lesson. In “joke” form.

There once was a merchant who ran a little country store on Dirty Ankle Road in Upper Cleveland County. The merchant would

travel to Shelby to buy his snuff supply at 10 cents per bale. Then he would return with his snuff to his store in Dirty Ankle and sell it for a nickel (5 cents) a bale. Once a customer asked the merchant, "Ain't you losing money on your snuff?" The merchant laughs and says, "I make it up in volume. I sure sale a lot of snuff."

Remember this economics lesson and how our Commissioners have adopted it.

Editor's Note 1: A comment from Part II of this series regarding the stupidity and financial irresponsibility of the Cleveland County Commissioner's phony Economic Development program.

From: Mills

April 19, 2020 at 10:35 pm

"The old Schletter building is for sale- same concept, and is vacant, and could probably be had a lot cheaper. Why would a prospective company choose this new building instead?"

The old Schletter Building. The address was 1001 Commerce Center, Shelby. Schletter, a German Company owned by the Chinese, bought into this building a few years ago to manufacture mounts for their solar panel business. The cost to manufacture was too high and the company filed for bankruptcy. The building was put up for sale and all the equipment was auctioned off in 2018.

Rumor has it that Schletter had big, big problems finding skilled workers here in Cleveland County that were skilled enough for their high-tech manufacturing processes. "Trade" publication write-ups seem to indicate the bankruptcy was likely a financial trick to get out from under any financial obligations to Cleveland County to repay the kinds of big incentives the Commissioners gave Schletter to move here in the first place. Obviously, the Germans and the Chinese don't buy snuff for a dime a bale and sell it for a nickel a bale.

Not for long anyway. About a year Schletter, with new financial arrangements moved back to North Carolina. But not to Cleveland County. They opened a sales and distribution office to Charlotte and moved their manufacturing needs to Germany and China where high tech and skilled workers were more available.

The Commissioners and others raised a large and loud hue and cry after Schletter moved on about the major need for better "workforce development" here in Cleveland County. Task Forces and committees were set up. Tim Moore brought \$millions in State money to Cleveland Community College to build an "Advanced Manufacturing Center." All in all, a major burst of hot air started coming from all directions. Only to discover that the education of a skilled workforce begins in the first grade and Cleveland County Schools as well as Cleveland Community College had failed in just about every respect to properly develop and implement a modern education system in Cleveland County. So, everybody decided to take the State money and build more classrooms and hope for the best-that secrets stay secret!!!. Anything except to "fess up" to the fact that it will take years to develop a first-class skilled manufacturing workforce education and good educational opportunities in Cleveland County. And it got this way under their watch.

Further investigation of this comment indicated that the Schletter factory building has been sold or in some way conveyed to Greenheck back in May of last year. Thinking about the various shell building and other projects and the secrecy surrounding them deserves more investigation. Too many ways to commit mayhem and mischief. Fraud too. Stay tuned for that.

Also, note that "Trade" publications put out by **Greenheck says:**

May, 2019

"Greenheck announced today that it will expand its manufacturing facilities in Shelby, North Carolina...The

expansion plans include the purchase of an existing manufacturing facility (Schletter Building) which will support increased demand for Greenheck DOAS and TAP products. **Construction of a new Architectural Products facility on the Shelby campus is expected to begin in the near future to accommodate increased sales of architectural louvers, sun controls, grilles, and screens."**

This "new Architectural Products facility that will be built on the Shelby campus" is surely the new "\$6 Million shell building th4e Commissioners are borrowing \$6 Million for. But, why is Greenheck not building this building itself. Private construction is always much cheaper than something the Cleveland County Commissioners and the City of Shelby could build??? The only answer to that is the Commissioners and Shelby have promised Greenheck major tax concessions and other incentives to make the deal. It is very, very likely the Commissioners and Shelby will even GIFT the land and building to Greenheck. Like the Commissioners mostly did for the Clearwater Paper expansion project. All at taxpayer expense.

Now, let's consider Comment Number 2.

Editor's Note 2: A comment from Part I of this series regarding the stupidity and financial irresponsibility of the Cleveland County Commissioner's phony Economic Development program.

From: Bill Gray

April 11, 2020 at 6:37 pm

The post in the link below was posted months before The Cleveland County shut down. The Commerce Report below states that CC is a distressed County. Can spending more money on a puck park and other things be justified at this time. There are lots of businesses and Citizens (inhabitants to You) in distress in Shelby, but City Builders and their cohorts know little about this. They all have a seat at the Big Table.

2020 A New Direction ...

<https://snakewhackerblog.wordpress.com/2020/04/11/the-hatch-admendment/>

Note that I underlined the words “and their cohorts” in the comment noted above.

Also note that “wasteful spending” by governmental agencies are very often “higher profits” to private contractors who actually do the work. And everybody mostly understands that city and county work in Cleveland County most often gets awarded to the big buddies or family of the city or county officials as well as big kickback. From “Cohorts” as Mr. Gray would call them. Just about everybody in Cleveland County has heard stories about how this works. About everybody in Cleveland County has also heard and understands that no kickbacks usually means an honest contractor will never be awarded a contract by the Commissioners and the City of Shelby. The most recently and most public examples being Mr. Willie Green’s Sports Complex as well as Mr. Greens Zoning Change request to build high end housing on some property he already owns. Several lawsuits have been filed by Mr. Green in regard to these examples of discrimination. Racial as well as being honest. The “Cohorts” in Cleveland County don’t much want to do business with blacks and especially an honest black man.

Now, let’s put a “finale” to this article. Like the Finale at the end of a fireworks display. Lots of explosions and noise that comes when the truth comes out for all citizens and taxpayers to see and understand!!! The math, arithmetic and ciphering if you want to call it that on what the Commissioners have done with their “voodoo” financing plan for this new \$6 Million Shell Building project.

The first thing that should tip you off that the Commissioners’ elevators don’t go all the way to the top is obvious to begin with. The Commissioners sent out 50 loan

proposals to National Banks, State Banks and local banks and only two replied. That means that only 4% of the 50 banks were interested. It also means that 96% of those banks didn't want to have anything to do financially with Cleveland County. And since banks are in the business of loaning money with two priorities; 1. that they will get their money back and 2. That they will make money on the deal. And 96% of 50 banks did not think they would get their money back or make money on the deal.

As noted in Part II of this series, the bank that the Commissioners decided on had these terms, payback in ten years, interest at 2.19% and an annual Debt Service fee of \$675,000 on the \$6 Million loan.

Now, let's cipher on that:

$\$6,000,000 \text{ times } .0219 \text{ equals } \$131,400$

Add \$131,400 plus \$675,000 equals \$804,400 to pay that first year.

Let' reverse figure the percentage of the payments for the \$6 million loan.

$\$804,400 \text{ divided by } \$6,000,000 \text{ equals } 13.4\%$

What kind of governmental agency or financially responsible person is going to pay 13.4% interest? Only those with a bad credit rating or credit score. So, that is what you have with the Cleveland County government. The Commissioners are broke and can only borrow money at loan shark interest rates.

Remember the Dirty Ankle merchant that was coming to Shelby to buy snuff at a dime a bale, taking the snuff to his Dirty Ankle store and selling it for a nickel a bale? His Dirty Ankle snuff customers loved it, but eventually the merchant went bankrupt and closed down. Now those snuff customers have to drive to Shelby and pay a quarter a bale. Bad business practices ultimately end up that way. Ultimately the Commissioners will not be able to cover-up their financial

stupidity and guess what? They are going to raise our taxes. They have tried to raise sales taxes twice over the past several years. They are GOING to raise property tax revenue when they re-evaluate property tax values next year.

And, what about Greenheck expanding their Shelby campus. Why are they not spending their own money to build a new shell building? The answer is easy. Why should Greenheck care if the Commissioners take the taxpayers to the Poor House? They probably already have a side deal with the Commissioners to buy the \$6 Million building for a dollar-like Clearwater paper bought \$4.6 million in property from the county for a dollar in their expansion. Neither Greenheck or Clearwater Paper are going to turn down such incentives as these "Dirty Ankle" Commissioners are about to give them.

Folks, I would say wake up and smell the roses. But it is too late for that. You chose to re-elect Johnny Hutchins and Ronnie Whetstine in the 2020 Republican Primary Election. And you are about to get what you deserve. Four more years of Commissioner giveaways. About all that you voters can do now is elect at least four more good School Board members in the 2020 General election to team up with Danny Blanton to turn Cleveland County Schools around. And one thing Danny Blanton is trying to do is enhance Vocational Education at CCS.

Stay tuned folks, I just received word that a major effort is being made to implement vocational education in Cleveland County. Be sure to read that article-which is coming next on my schedule of writings. Not all of us in Cleveland County are going to be held back by corruption and bad judgment amongst the Commissioners and the present School Board. Clear thinking and good judgement are on the way!!