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**Date:** 1/31/2013 5:00:05 PM  
**Subject:** Fwd: Lancaster County Council Chairman Larry McCullough - Request for VXI Call Center Information

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(Ms. Valdren please confirm receipt. I was also contacted by phone by Ms. Rebecca Schimsa who asked that you possibly forward this on to her. I will leave that decision to you as I'm not sure who should, or should not, be receiving this information. Know that I'm sending this at the request of my Council Chair and will respect any final decision made. This was written pretty quickly so please excuse any typos or grammatical errors).

Mr. Larry McCullough, Chairman of Lancaster County Council, has asked that I provide an overview of Project Boomerrang which is the VXI call center <http://www.vxi.com/> project looking to locate 500 jobs within 5 years or less to an existing facility in Lancaster County (the former Springs Customer Service Center). Average wages are 10.50-\$11.00 per hour which are competitive wages in the region for a true call center.

The company has been in negotiations for several weeks and this is where we are at the moment:

1. The company needs a commitment from the County and State on incentives. The County has committed to a Fee-In-Lieu Agreement and a 50% rebate of taxes on the new investment AND the current taxes on the building. We are also working with them on our own training programs to be done locally and in conjunction with readySC.
2. The SC DOC is unwilling to provide Job Development Credit (payroll tax rebate) incentives at this time due to two main reasons: 1) The DOC is stating the company needs to pay the average wage in the County which is \$13.25 per hour; and 2) The DOC has stated that the company is leasing the facility and they have a policy of not wanting to provide JDCs on a lease.
3. The response to that is this: 1) The company has stated they will pay \$10.50-\$11.00 to start for their entry level workers which is a competitive wage in the call center market for this region. There are numerous examples of the SC DOC lowering the threshold on the County average wage rate to get large numbers of workers back to work. Lancaster County has 11.5% unemployment and much higher unemployment where this project is locating (near the City of Lancaster where unemployment is closer to probably 20%). During this administration, the SC DOC not only allowed JDCs but also committed to \$300,000 in grant dollars for average wages of \$9.50 per hour when a call center was considering both us and Orangeburg County. Again, there is discretion here and know that the \$10.50-\$11.00 per hour starting wage is consistent for call centers. Comments have been made that Red Ventures pays much higher but I got off the phone today with Mark Brodsky of RV and he stated emphatically, and which I knew already and tried to tell Mr. Young, that they are NOT a call center - so comparing their wages to a call center is comparing apples to oranges. There are many instances where the SC DOC and the Coordinating Council has approved JDCs for companies paying below the county average wage rate.

The argument about not wanting to allow leases for JDCs is often cited but we are being told by the company they will sign a long term lease (10-15 years). They want to buy the building but can't because this is a sub-lease from Springs Global which inherited this lease from the Springs family when they sold the company in 2007. There is 22 years left on this current lease with a real estate investment trust and a large buyout so for this building (which is a former customer service center ready to go for a user) is only available as a lease. I would point out as well that they will take about half the building but could grow as this company started with 300 employees in Canton, OH and now have over 1,000 employees. State law allows lease payments to qualify for JDCs. Comment has also been made that they may not have enough upfit to the building to qualify for JDCs. They will have upfit, but also in-house training costs which also qualify for JDCs under the law. They have enough qualifying expenditures to meet the JDC threshold.

I believe I speak for the County leadership when I state that our goal and objective is to bring this call center here and see creation of 230 jobs in year 1 and a ramp-up to 500 within 36 months or sooner. This could also grow to more

than 1,000 as in Canton IF we are successful in our training efforts. To get them needed incentives it will require a commitment to provide incentives to the first wave of jobs in Year 1 and then a second JDC application for Jobs being created by Year 3. Two JDC applications for this many jobs has been approved in the past.

What we ask is reconsideration of this decision not to commit to incentives at this point and instead send it on to the Coordinating Council where it could very easily be denied if staff doesn't support it. This is the first time I've seen this done in my nearly 13 years of working in ED in South Carolina. The company not knowing what the incentives will be is going to force them to eliminate us from consideration and move this project elsewhere. We do not have until Feb. 7. The company has been clear for over a week or longer they need to see the commitment from the state and the county.

The company President would like to speak to Governor Haley, but both he and the consultant (Jackson Avery) are concerned about the treatment they have received. Note that the SC DOC and I visited California on a recruiting trip 2 years ago and visited VXI. Now, nearly two years later, it seems they are ready to commit to come to Lancaster County but incentives are an important part of their business plan to locate here. They are taking a risk by locating in a town of nearly 10,000 with a 500-job call center - normally they locate in much larger communities (Ocala, FL; Canton, OH)- but both the state and the county have done a great job marketing our community as a call center location. Until 2007, we at one time had more than 700 people working in the Springs Customer Service Center doing similar work. I know we can be successful with a large call center but we need help to land this project.

The County leadership and I just disagree with the decision(s) being made. This company cannot make business decisions without knowing if the state is committed to providing incentives or not. In my 13 years in ED here, i've never seen a project just be sent straight to the Coordinating Council without a commitment from the SC DOC staff. Not getting a commitment is in itself an answer to the company - that it won't be supported. I'm not sure if there are things going on we are not privy too, but I do know the company and the consultant is very frustrated. Comment was made today that they (the consultant and company) are acting "crazy". That isn't accurate. They are acting very frustrated because they have to make a decision to locate here or in Ohio and they are running out of time. We owe them some kind of answer in my opinion.

The bottom line is we are a rural county, with 11.5% unemployment, another 15% or so of our residents are underemployed, we are a moratorium county, and Tier IV. Most of important of all we have people hurting who need these jobs which will pay \$10.50-\$11.00 per hour for the rank and file workers with benefits. The company is committed to stay here long term. At this point I see no valid reason not to support the incentives needed to get this company here and get these people trained and into these jobs - and the company needs to be in a facility by this Spring.

I would ask that you contact me and/or my Council Chairman Larry McCullough. I would be happy to have a conference call or one-on-one conversation with anyone concerning this matter. I respect the SC DOC and the Administration and we will respect the final decision made, but I think it wise to review this matter and see what can be done to put 500 people back to work in Lancaster County with a quality company. A few people are upset, others frustrated, but in the end some calm time to reconsider and determine what approach can be made to make this deal happen is the proper course of action.

I hope this information was helpful and I'm not certain if I provided too much, or not enough information. Again, I'm available at anytime day or night to discuss or meet in person. Thanks for what you and Governor Haley do for our state and I'm certain we can work this matter out and hopefully get these jobs to SC.

Thanks.

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