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A peek behind the jobs curtain: How Charlotte lost one company to SC

By Eric Frazier



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Tracy Ott Foster, left, president of The Lash Group, poses for photos with South Carolina Gov. Nikki Haley after making the announcement at the Fort Mill Golf Club that her company will be moving its headquarters from Charlotte to Fort Mill.

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Last winter, the Lash Group, a fast-growing Charlotte health care consulting company, had a decision to make: Do we keep our headquarters in Charlotte, or move across the border to Fort Mill?

The company's deliberations set off a bidding war between North Carolina and South Carolina, one that allows a small behind-the-curtains glimpse of the secret negotiations between companies and governments that shift thousands of jobs from state to state each year.

Though public records laws, I obtained emails and other documents about the bargaining from the North Carolina Department of Commerce. The documents concerning "Project Eye" – as officials code-named their quest to keep the company – stretch back to September 2013.

Uconda Dunn, a Charlotte-based economic developer for the Commerce Department, drew up an Oct. 24 briefing memo outlining the Lash Group project. She submitted it for consideration under the state's Job Development Investment Grant (JDIG) program, which forgives companies a portion of their withholding taxes on new employees.

"The state of S.C. as well as York County, S.C., have already overtured an aggressive state and local incentives package for (the) company's project," the memo states. "While the company continues to assess this proposal, it also looks forward to receiving similar incentives overtures from the state of N.C. and Mecklenburg County/City of Charlotte."

Dunn asked Charlotte officials for help. Brad Richardson, economic development manager for the city, sent a letter saying he'd recommend to the City Council and Mecklenburg commissioners a grant worth \$1.5 million. If the new headquarters were located in specially designated zones within the city, the project could get a grant of about \$2.6 million.

But North Carolina officials knew they were underdogs.

The Lash Group has about 1,300 workers, according to the state documents, and expects to add nearly that many more in the next four years or so.

North Carolina can offer tax breaks only on the future workers. South Carolina could offer breaks on both current and future workers, because all would be new additions south of the border.

Stewart Dickinson, head of the N.C. Commerce Department's finance center, said in an Oct. 29 email that South Carolina had "a huge advantage" because of that. He suggested that he found such "Border War" projects hard to support.

"Does that mean it's dead in the water?" Dunn emailed back.

Not at all, Dickinson replied. He suggested extending a JDIG grant "within the pricing model" typically used for calculating such offers.

The state's offer, extended via a Nov. 7 letter from Commerce Secretary Sharon Decker, was for \$8.9 million, predicated on the creation of just over 1,000 jobs by 2019 and private capital investment of \$51 million.

The letter went to John Hunter, a Charlotte lawyer with the Womble Carlyle firm who consults with companies on economic development issues.

Nearly a week later, Dunn emailed Hunter, Lash's negotiator on the project, to see where things stood. Hunter thanked her for following up but added: "I must admit, however, the client was extremely disappointed with the JDIG overture from N.C. The amount was significantly lower than we had both hoped for and projected."

When she asked how much South Carolina offered, he said more than \$45 million, to be paid out over a 15- to 18-year term. She said she'd see whether North Carolina would revisit its offer.

On Nov. 21, Mark Poole, another official in the Commerce Department's finance center, emailed Hunter and Dunn to say a new offer letter was being prepared. The new amount: \$11 million.

"Now will you stop whining to my brother?" he wrote to Hunter.

Hunter emailed them both back, explaining to Dunn that he'd seen Poole's older brother, an attorney, at a charity event in Charlotte.

"I may have broken out some serious whine and cheese on him at that event," he wrote. "Maybe it was right around the day I received the original Lash JDIG overture."

Hunter added that he would pass the new offer on to the Lash Group. "I do believe this is a much stronger overture from N.C. and will be well received by the company."

But it wasn't enough.

Bound for Fort Mill

On June 16, Lash Group President Tracy Foster emailed Decker to disclose the company's planned move seven miles south, to a 250,000-square-foot headquarters to be built in the Kingsley development in Fort Mill.

The email was sent at 1 p.m. – the same time Foster was scheduled to join South Carolina Gov. Nikki Haley for the public announcement of the move.

At that event, Foster said the move would allow the company to consolidate its operations in fewer buildings and better integrate its teams.

She also cited the nearness of the 2,100-acre Anne Springs Close Greenway, where she said her family has long enjoyed walking their dog and hiking the trails.

Asked at the time what, if anything, Charlotte officials did to try to keep her firm, Foster didn't offer details.

Asked Friday for comment on why her firm picked Fort Mill, she emailed me this response:

"Any headquarters location decision involves a number of factors and rests heavily on finding a site that will accommodate a company's business needs as well as its growth.

"We are delighted that we were able to find the ideal site for our new headquarters campus right here in the Charlotte region, and we will maintain a significant presence at our current location in Charlotte at least through 2019."

The same day the Lash Group announced its move, Haley also announced that LPL Financial was moving 1,000 employees from Charlotte to the Kingsley development as well.

Haley also showed up in Chester County to announce that Singapore-based Giti, the world's 10th-largest tire maker, would invest \$560 million there, creating 1,700 jobs.

'Aggressive' fight for jobs

North Carolina officials said they had tried to keep LPL and lure Giti, to no avail. Haley's splashy

announcements left many in Charlotte wondering whether South Carolina job recruiters were outworking their North Carolina counterparts.

Job recruitment is always a big issue, and it seems even more so these days as we struggle through an uneven economic recovery. Having cut personal and corporate [tax rates](#) in the name of attracting industry, Gov. Pat McCrory and his allies need job gains to show the plan is working.

Decker, the commerce secretary, has been lobbying state lawmakers for a multimillion-dollar “[closing fund](#)” to help seal jobs deals. She just returned from a [trip to Asia](#), where she sought to make inroads on landing a future automobile plant.

I called John Lassiter, head of the N.C. Economic Development Board, to see what he thinks the Lash saga says about the state’s competitiveness.

He said he didn’t know all the details of the Lash negotiations but suggested states are fighting hard for jobs and added that North Carolina must keep upgrading its incentives.

“We live in a very aggressive economic climate that makes it difficult to win every deal or have the most value to put into a deal,” he said. “The bottom line is North Carolina is going to remain aggressive in both retaining high-growth employers and attracting employers that see value in doing business in our state.”

Eric Frazier writes about economic and real estate development, jobs and the economy. Got a story tip? Contact him at 704-358-5145, efrazier@charlotteobserver.com or on Twitter at [@Ericfraz](#).

Read more here: <http://www.charlotteobserver.com/2014/09/26/5201749/a-peek-behind-the-jobs-curtain.html#storylink=cpy>

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