1. Agenda Outline

   Documents:

   2020 01 15 BOC SPECIAL MEETING AGENDA OUTLINE.PDF

2. Agenda Full Version

   Documents:

   2020 01 15 BOC SPECIAL MEETING AGENDA FULL VERSION.PDF

In accordance with ADA regulations, persons in need of an accommodation to participate in the meeting should notify the County Manager's office at 828-764-9350 at least forty-eight (48) hours prior to the meeting.

Burke County
Board of Commissioners
Special Meeting
Comm. Meeting Room
Wednesday, January 15, 2020
3:00 PM

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1. Call to Order

2. Approval of the Agenda

3. Items for Discussion / Decision

1. The Nest - a Public / Private Partnership for a Wedding & Conference Venue at Fonta Flora County Park - Presented by Scott Carpenter, Deputy Co. Mgr./Planning Director

4. Adjourn

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Burke County, North Carolina

Agenda Abstract

Meeting Date: January 15, 2020

Items for Discussion / Decision

Subject Title: The Nest - a Public / Private Partnership for a Wedding & Conference Venue at Fonta Flora County Park

Presented By: Scott Carpenter

Summary of Information: Over the past three years Community Development has sought a partner to work with the County in the development of a wedding and conference venue at Fonta Flora County Park. The venue will be located on a ridge overlooking Lake James and will have views of the South Mountains, Black Mountains, Shortoff and Grandfather Mountains. The venue is anticipated to cost approx. $4.5 million and will help fulfill one of the top goals in the development of tourism for Burke County. The venue will be utilized for weddings, conferences, retreats, music and art festivals and can host family gatherings. The venue will serve as a unique and iconic destination to draw guests to Burke County and to assist in building the "Fonta Flora Brand" for the Lake James area. Please see attached documents for additional information.

Budgetary Effect: TBD

County Manager's Recommendation: Approve a conceptual agreement via of a Letter of Intent (LOI) for "The Nest" and instruct County Attorney to draft a formal lease and partnership agreement with private partner's attorney for consideration by both parties.

Suggested Motion: Approve a conceptual agreement for a public / private partnership via a Letter of Intent (LOI) for "The Nest" and have County and private partner's attorneys draft a lease and formal partnership agreement for consideration by both parties.

The Nest

A Public - Private Partnership Proposal

Fonta Flora County Park Wedding / Conference / Retreat Venue

Community Development has been engaged in seeking a private partner/investor to assist the County in fulfilling a long time need for a wedding/conference/retreat venue at Lake James. For several years, the location of such a property was anticipated to take place at Long Arm, which was an in-holding surrounded by Lake James State Park. Because the location was remote, difficult to access, and the terrain was steep and very challenging, no buyers or investors ever came forward with a proposal to buy the property and build a wedding/conference/retreat venue.

The property was eventually sold to NC State Parks and is now part of the Paddy's Creek Section of Lake James State Park. It is located directly across the lake from the proposed County Park's proposed wedding / retreat/ resort venue. Opportunities and locations for such a venue are extremely limited at Lake James.

After several years of searching for a potential partner to enter into a public/private partnership agreement, said partner has emerged. George Milner and Isaac Hoff are developing a proposal that will continue expanding and creating a Fonta Flora regional tourism destination. After exploring possibilities with several potential partners and being unable to establish a mutually beneficial relationship/partnership, we believe the County now has the opportunity to enter into an agreement, with a partner, that has the enthusiasm, financial backing and passion to make a world class destination venue at Lake James.

The proposal and business venture that we are working to create via a public/private partnership involves the construction of a 250-300-person destination multi-use facility. The proposed facility will be two stories tall and made from natural materials such as rock, wood and glass in order to blend in with its surroundings. It will be built at the end of a ridge with incredible views of Lake James, Shortoff Mountain, Black Mountains, South Mountains and Lake James State Park**. It is estimated that the venue will require a total investment of $4.5 million dollars to construct**. This includes architecture/engineering/design, water, septic, parking, road, grading and building construction.

All the following items are negotiable, but time is of the essence, because the partner has indicated that they cannot just sit on $4 million +/- indefinitely, without reinvesting it into another project. The partner recently sold another investment, freeing up capital for this proposed project. They would like to know that there is at least some agreement on the below items, except for the driveway and parking area, which are subject to further negotiation. An MOU will be necessary for the project to move forward and will include engineering, design and architectural plans/studies. Construction is anticipated to begin Spring 2020.

Following are some of the main lease agreement provisions being discussed:

- Use: Construct 200-300-person wedding/conference/retreat venue
- Construct "Eagles Nest Structure" to be accessible separately from main venue structure
- Additional: Partners have first option to investigate building multiple cabins, tree-houses and/or yurts on adjoining County owned land (subject to a separate agreement)
- Ground Lease Terms:
    - 30-year lease with 4 five-year options (total 50 years)
    - 25+/- acres of land needed for septic system (depends on design)
    - Lease Termination… County to purchase lease-hold improvements at appraised value or extend lease
    - County to offer 50% tax reduction incentive on infrastructure/building for 8 years
    - County to receive tax revenues from improvements (estimated $21,000 annual)
    - "Land" is not taxed since it is County owned
    - Lease transferable to 3rd party

Attachment: Nest Attachment 1 (2951 : The Nest - Wedding & Conference Venue at Lake James)

- County Responsibility:
  - Provide road access down Eagle's Nest Way between NC 126 and venue drive
  - Provide underground power between NC 126 and venue drive
  - Provide 180 parking space lot at stub out on Eagle Nest Way (approx.. $250k)
  - Build 1,500 ft. drive to venue off of Eagle Nest Way (approx.. $200k)
  - Provide site location and 25 +/- acres for venue

- County Incentives / Bonuses
  - Expect 12,000 +/- clients annually at weddings/conferences/retreats
  - Expect 70% from outside of Burke County, at $100/day expenditures > $8.4 million
  - Additionally, will have weekday events that are cost competitive to Morganton Community House to encourage local utilization
  - Plans for music and art festivals, and cooking classes during the summer to draw additional utilization.
  - Unique/iconic "destination" location to draw guests to Burke County and to assist in building the "Fonta Flora Brand" for the Lake James area.

Attachment: Nest Attachment 1 (2951 : The Nest - Wedding & Conference Venue at Lake James)

LETTER OF INTENT

BURKE COUNTY, NORTH CAROLINA
AND
ISAAC HOFF AND GEORGE MILNER: DBA, "THE NEST"
FOR THE CONSTRUCTION OF CONFERENCE/WEDDING VENUE

The objective of this Letter of Intent (LOI) is to stimulate and facilitate the development of collaborative and mutually beneficial relationship to develop and build a 10,000+/- sqft Conference/Wedding venue (henceforth referenced as "The Nest") on 25+/- acres at the Lake James County Park on SR126 which will serve to enhance and contribute to increased commercial and recreational activity of the park and the Fonta Flora Trail. Thus, Burke County and The Nest have agreed that in support of their mutual interest in fostering a business relationship:

A. Burke County and The Nest agree as follows:

1. Burke County will "Ground Lease" 25+/- acres of land designated as_____
2. The Nest shall fund, construct and operate a Conference/Wedding facility with capacity of 200-300 people.
3. Initial Lease will be for 30 years.
4. The Lease will have 4 five-year extensions under the same terms and conditions as the original lease
5. The Lease shall be transferrable to third-party
6. The lease fee will be $100.00 paid annually by The Nest to Burke County
7. "Land" property tax and any Burke County fees will be abated for the life of the lease
8. Burke County shall receive 10% of the Net Profit of The Nest. Said Net Profit shall be applied to the "Improvements" property tax and any remaining balance shall be abated for life of Lease.
9. Burke County will construct and maintain paved road to the facility, parking lot and provide electrical service to The Nest
10. Burke County will construct a viewing platform at a mutually agreeable location on the leased property
11. At lease termination Lessee will have the right and Burke County the obligation to purchase leasehold improvements at appraised value.
12. The Nest will have first option on any yurts to be constructed on adjoining land

B. The parties acknowledge and agree that the overarching goal of the arrangement is to combine the assets, expertise and mutual intent to construct and operate The Nest as a successful long-term asset to the Burke County community.

C. Any notice or other communication required or permitted under this LOI shall be effective only if it is in writing and delivered personally or sent by registered or certified mail, pre-paid postage, addressed as follows:

If to "The Nest":
c/o George Milner
1620 Linville Pointe
Morganton, NC 28655

If to Burke County:

D. The parties hereto acknowledge and agree that each party has reviewed the terms and provisions of the LOI and have had opportunity to contribute to its revision.

E. Both parties agree to work in good faith and expeditiously towards closing a final Agreement. However, nothing in this Letter of Intent will be construed as a binding obligation to Burke County, The Nest or The Nest principals until the final agreement is signed delineating various mechanics relative to this Letter of Intent which will be satisfactory to all parties.

For The Nest:

Isaac Hoff

George Milner

For Burke County:

_____

Attachment: Letter of Intent (2951 : The Nest - Wedding & Conference Venue at Lake James)