

First Things First

A QUIET, BUT MASSIVE UNDERTAKING

FEW PEOPLE will ever understand, much less appreciate, the stunning amount of work that went into Lee County's proposal to attract a Bristol-Myers Squibb manufacturing facility.

For nine months, many local officials were on call "24/7" — working phones deep into the night, answering endless volleys of e-mailed questions and cranking out detailed reports on everything from soil samples to economic incentive packages. Even for those on the periphery — scores of people who occasionally provided a small piece of the puzzle without even knowing what, exactly, that puzzle was — life was frenetic.

If the plant had landed here, it could have had a significant impact on Lee County. Consider \$1.2 billion in investment, 1 million square feet of industrial space and an infusion of 550 jobs averaging about \$60,000 each. Not to mention the ripple effect of the development to the tune of \$3.4 billion. That's why there was such urgency in Sanford, Raleigh and across the Tar Heel State.

This special issue of "Economic Indicators" tries to explain a bit about what took place in the last year. It won't answer every question, but provides a quick look at this quiet, but massive undertaking.

Inside this issue

2 Team efforts like the BMS proposal, says state Secretary of Commerce Jim Fain, will be the key to our future economic success.

100 Economic Indicators

Oh, So Close!

But biologics plant lands in Devens, Mass.

THE LARGEST PROJECT in North Carolina to date, and probably one of the largest projects that will ever be attempted in this state.

That was the eye-opening assessment of one player in the Bristol-Myers Squibb drama, as final touches were being placed on Lee County and North Carolina's proposal to host a new biologics manufacturing facility.

When the final curtain fell, the town of Devens, Mass., celebrated and locals started searching for answers to the big question: Why not Lee County?

Nobody Knows

It's tempting to demand one easy answer, but the high-stakes economic development game isn't that simple. Final decisions are made by corporate board members, each with their own interests and preferences, weighing relative merits gleaned from reams of information on several sites. In this case, Lee County was competing with Devens and one location each in New York and Rhode Island.

Most believe that infrastructure at an abandoned U.S. Army base in Devens may have tipped the balance, because the company would not have to start from scratch. Labor availability, with Boston nearby, may also have been a factor.

Lee County and state officials did their due diligence, conducting tests, analysis and planning in advance — and, as a result, gave assurances that permits



Lee County Industrial Park, the location proposed for Bristol-Myers Squibb.

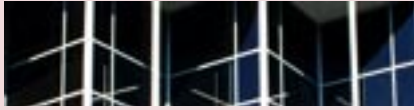
would be no problem and placed on the "fast track" for approval. So, nobody can be sure if the construction question or any of hundreds of other issues made the difference.

Behind the Scenes

Merely making the "final four" was a credit to local officials, who faced some enormous obstacles.

Production at the new plant would have used more than 1 million gallons of water a day and the same amount of sewer capacity. Then there were countless other scenarios to consider. What if a

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JIM FAIN

Team efforts like 'BMS' key for future success

THE RECRUITMENT OF the Bristol-Myers Squibb (BMS) biomanufacturing facility illustrates well the collaborative effort necessary to attract such a high profile project. The size and the strategic importance of the facility to the client's business made it an exceptionally competitive project; BMS's options included off-shore jurisdictions with low business costs and powerful financial incentives, as well as a number of on-shore possibilities. Putting together a proposal to attract BMS, therefore, required the best efforts of many partners.

In addition to the N.C. Department of Commerce and Lee County, team members included the North Carolina Community College System and Central Carolina Community College, N.C. Biotechnology Center, UNC System, Employment Security Commission, Research Triangle Regional Partnership and, of course, the Golden Leaf Foundation. The state departments of Transportation, Revenue, and Environment and Natural Resources had exceedingly important roles to play as did the U.S. Army Corps of Engineers. Private-sector life sciences companies were cooperative in sharing their impressions of North Carolina as a place to do business and utilities and professional services firms were critical.

While our team was not successful — in my opinion, for some fairly esoteric reasons — the skill, determination and team work of these organizations and many individuals made a profound impression on BMS and the company's consultants. I am confident that the collaboration exhibited by all was a key factor in our "final four" success and will serve us well in economic development over time.

Jim Fain is the North Carolina Secretary of Commerce.

► *cover story continued from page one*

fire elsewhere at the Lee County Industrial Park diverted a large amount of water? Could there be enough water delivered to guarantee continued production at the biologics plant?

Sanford Public Works rose to the challenge, providing study after study to ensure an adequate water and sewer system, both in capacity and delivery of services.

While changes were not needed right away, says economic development director Bob Heuts, intense planning done for this project should make it much easier to recruit other companies with similar needs.

And that was just the beginning. The local team (see members below) had to define the 100- and 500-year flood plains, consider environmental issues on the site, analyze water and soil samples. And that was just to evaluate the building site.

Top Secret

To make things even more complicated, everything had to be conducted quietly, almost under a cloak of secrecy. All of the key governmental agencies were involved from the beginning, but deals like this one can be doomed if word leaks out too early.

"One of the things that made our bid so attractive," says Heuts, "is the relationship that developed between the company and consultants, state officials and local officials. We developed a sense of trust and respect.

THE TEAM AT A GLANCE

DOZENS OF attorneys, companies and individuals contributed to the proposal, but several were on center stage:

N.C. Department of Commerce.

Secretary Jim Fain, Don Hobart, Paul Jordan, Vivian Powell and Phil Sheridan.

Local Utilities. Alltel, Progress Energy and PSNC Energy.

Central Carolina Community College.

Ray Epley, Janet Gresham, Susan Seymour and Cathy Swindell.

Lee County Government. Bob Bridwell, the Lee County Commissioners and the county departments of Planning, Inspections, Fire and Strategic Services.

Other Agencies and Groups. The Golden LEAF Foundation, Lee County Economic Development Corp., and Sanford City Council.

"Part of that was keeping constant communication, answering all of their questions with a very short response time. But it also was respecting their need for confidentiality. It's the same with all projects of this type and it can be a hard thing to accomplish.

"But I've seen proposals fall apart when people started to talk. Some level of secrecy is absolutely essential for success."

A Strong Proposal

Everyone from local officials to state commerce secretary Jim Fain is certain that Lee County and North Carolina made a strong proposal — with a superb site in the attractive life-science environment of Research Triangle region. Otherwise, it never would have emerged in the BMS "final four" from a nationwide search.

Heuts sees projects all the time, but this one was a particularly good fit for the community. And, he believes, Lee County was ready to handle the large endeavor.

"Bristol-Myers Squibb understands how strong this area is," he says. "They didn't just take a cursory glance; they had done their research and they saw all that we have here. Wyeth. CCCC. A dynamic Research Triangle region. The strong local workforce.

"Even though we weren't successful, this was a wonderful opportunity and it sends one very clear message: If we can do this, we can handle anything."

Economic Indicators

Economic Indicators is a quarterly newsletter of the Lee County Committee of 100, an organization of business men and women committing their time, energy and resources to enhance the economic well-being of Lee County and its citizens.

For information about membership, contact the Lee County Committee of 100 Inc., P.O. Box 4846, Sanford, N.C., 27331-4846. 919-774-8439 (phone). 919-775-5410 (fax). info@lcedc.com (e-mail). News and letters for *Economic Indicators* may be sent to the editor at news@lcedc.com.

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Lessons: You're Never Too Prepared

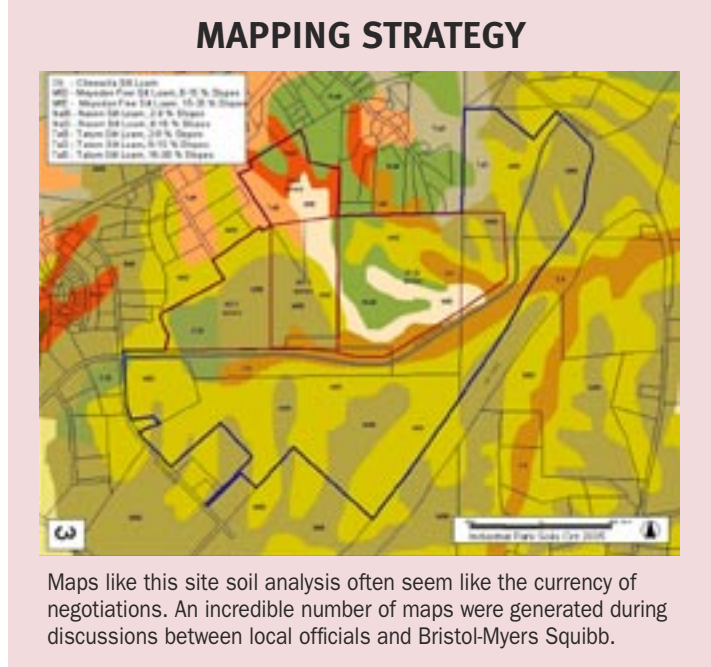
Reflecting on months of constant communication and detailed planning, economic developer Bob Heuts runs through a list of lessons learned working on the Bristol-Myers Squibb project.

But he keeps returning to one central theme: It doesn't matter how prepared you may be, companies always want more information and assurances that every conceivable detail has been nailed down. Tightly.

"We were asked to step up to the plate and this community did just that," he says. "And that meant we needed to be as flexible as possible every step of the way and make sure every possible angle was examined."

Though being prepared was his central theme, Heuts notes several other lessons from the nine-month process:

- ▶ Commitments made to the company are final, and everyone must follow through precisely as promised.
- ▶ Community leaders must act together and guarantee the confidentiality such negotiations require. Details cannot leak out during the process, Heuts says, because no terms are written in stone until the final offer is made and a decision is pending.
- ▶ Focusing on reducing risk for the company is paramount, including risk in permitting, accessibility, communications, skilled labor, and the capacity and delivery of utilities.
- ▶ Flexibility is critically important in large projects, particularly in how sites are configured and how the development is financed. "There are many ways to get where we need to go," Heuts says. "Sometimes, the best road is a less-traveled one."



■ ■ ■ ■ ■ Incentives: Dealing with controversy

Providing economic incentives can be controversial. But until the rules are changed universally, it's impossible for one community to compete for large projects without them.

For Bristol-Myers Squibb, the proposed package included:

- ▶ Free land in the Lee County Industrial Park.
- ▶ Tax breaks for the first 10 years, totalling 50 percent of what the company would have paid in taxes during that period.
- ▶ A facility to pretreat waste before it reached city plants.

While incentives are often debated, they also can help land a business that provides hundreds of jobs and billions of dollars in economic activity.

Heuts takes a pragmatic approach. "No matter what you think of incentives, you have to ask one question" he says. "Are we better off today with Bristol-Myers Squibb in Devens than in Lee County?"

■ ■ ■ ■ ■ Preparing for BMS: The 9-month timeline

Ever wonder how projects like this unfold? Actually, it can vary quite a bit, but Bristol-Myers Squibb was a fairly quick one.

- ▶ *September.* Lee County appears on a short list of potential sites in North Carolina, along with Holly Springs, Treyburn in Durham and locations in Research Triangle Park. Local leaders respond to an initial "Request for Information," noting the county's interest in the project.
- ▶ *September to December.* Showing interest in the site, company representatives meet with local officials to confirm a broad range of information.
- ▶ *December.* Visits continue by company officials, consultants, engineers and attorneys.
- ▶ *January to June.* In-depth discussions and visits take place with "constant communication."
- ▶ *June.* Bristol-Myers Squibb announces its decision to locate in Massachusetts.

Economic Indicators

unemployment

Lee County unemployment was 5.4 percent in August, up from a low of 4.3 percent in April. The labor force estimate stands at 27,003. The statewide seasonally-unadjusted rate: 4.7 percent in August, down from 5.1 percent in July, but higher than the 4.1 percent report in April. *Data listed from the last month of each quarter.*

retail or taxable sales

Taxable sales for Lee County totalled \$40.134 million in June, the most recent report, the lowest figure this year. For Sanford: \$28.128 million. *Figures reported from last month of each quarter. *Due to changes in the state reporting methods, figures through the second quarter of 2005 report gross retail sales, while later figures are for taxable sales.*

building permits

Lee County issued an estimated 64 building permits for new residential construction in July and August, with another 21 in September. *Figures show total permits issued over a two-month period from Lee County and do not include apartment or commercial construction.*

area industrial closings

Lee: Redman Homes, Sanford.

October 2006

12 Central Carolina Society for Human Resource Management. Mediation & Alternative Dispute Resolution. 11:30 a.m. Chef Paul's Café, 610 E. Main Street, Sanford. Contact Jane Haber, 919.774.8439 or info@lcedc.com.

18 Committee of 100. "Follow Me ... I'm Right Behind You."

Danny Hearn, consultant to the Sanford Area Chamber of Commerce, shares what he's learned through extensive research about our community and explains how civic leaders can take the reins in creating prosperity. noon. Chef Paul's Café, 610 E. Main Street, Sanford. Contact Jane Haber, 919.774.8439 or info@lcedc.com.



RDU International Airport. Contact Bob Heuts, 919.774.8439 or info@lcedc.com.

9 Central Carolina Society for Human Resource Management.

Controlling Workplace Absences & Employee Privacy Rights: How Much is an Employer Entitled to Know?. 11:30 a.m. to 2:30 p.m. Chef Paul's Café, 610 E. Main Street, Sanford. Contact Jane Haber, 919.774.8439 or info@lcedc.com.

10 Lee Co. Economic Development Corp. 8 a.m.. Lee County EDC

Office, 226 Carthage Street. Contact Jane Haber, 919.774.8439 or info@lcedc.com.

14 Downtown Sanford Inc. Board.

8 a.m. Lee County EDC Office, 226 Carthage Street. Contact David Montgomery, 919.775.8332 or downtown@sanfordnc.net.

16 Backstage Lee County | Fall 2006.

Annual bus tour of Lee County for real estate professionals focusing on education and the quality of life. Hosted by civic leaders. 8:30 a.m. to 1:30 p.m. Free, includes lunch. Contact Jane Haber, 919.774.8439 or info@lcedc.com.



FOCUS on Industrial Sites

With 60,000 square feet of manufacturing space and a 1,500 square foot office, the Gaylord Building offers attractive light manufacturing space on eight acres — with easy access to U.S. 421. For other available sites in Lee County, visit www.lcedc.com, click on "Buildings & Sites," and select either buildings or sites.

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1 RTRP Regional Advisory Council. RTRP, 1000 Trade Drive, Suite 124,

Economic Indicators

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