

• City will guarantee phase-one Market loan

By TONYA V. SMITH
Chronicle Staff Writer

Aldermen interrogated development director J. Allen Joines for nearly an hour Monday night before agreeing to allow the city to act as guarantor for a \$350,000 loan to finance the first phase of construction in the New Walkertown Market shopping center slated for location in East Winston.

Herman L. Turner, the project's developer and agent for its owners, presented an incremental development approach to the aldermen's finance committee last week. The phase method of developing the project would motivate anchor tenants — two grocery stores that the corporation is courting — to commit to locating in the center.

If the city would guarantee a loan from Southern National Bank, Mr. Turner said, he would be able to begin construction on an ABC store to be built on the site. The initiation of construction would show potential tenants that the shopping center project is underway and would produce much needed capital for a regional and national marketing plan, Mr. Turner said.

Led by chair Virginia K. Newell, committee members agreed to forward Mr. Turner's proposal to the full board. However, what didn't come out in that meeting on Nov. 13 is that Mr. Turner owns the out parcel of land on which the proposed ABC store is to be located. He purchased the three-quarter acre parcel for \$18,000 from New Walkertown Associates, the ownership corporation for the center.

Board members were concerned that Mr. Turner would be the sole profit-maker in phase one of the development, however, Mr. Turner said in an interview Tuesday that he had every right to purchase the land and collect a profit from the deal he cut with the ABC store.

"The out parcel, identified as out parcel number two of New Walkertown Market, was owned by the East Winston Community Development Corporation," Mr. Turner explained. "As part of my development agreement with them, we agreed that I would purchase that out parcel from them as part of my overall compensation."

"However, in an effort to get the project underway, I agreed to sell it back to the corporation, New Walkertown Market Associates. The East Winston Community Development Corporation will benefit from the out parcel through New Walkertown Associates just as they will from any other part of the project."

The city did own the 9.3 acres of land off New Walkertown Road between Dellabrook Road and Gerald Street but sold it to the East Winston Development Corporation. The CDC gave the land to New Walkertown Associates in exchange for 20 percent of the company's stock.

After the CEO of Turner Development Services bought the out parcel, he was granted a \$430,000 loan commitment from Mechanics and Farmers Bank and signed the ABC store to locate on the site, Mr. Turner said. In order for the new ABC store to begin operating, Mr. Turner would have to obtain an occupancy permit from the city. Before such a permit could be authorized Mr. Turner would have to make certain site improvements — such as constructing a deceleration lane and drive into the center. Those expenses would have escalated the cost of building the ABC store to \$510,000, which would have stretched his budget, he said.

In addition, Mr. Turner said,

the corporation hoped that the construction of the ABC store would be simultaneous with the grating and other preliminary site work for the shopping center project. But Mr. Turner could not finalize financing for New Walkertown Market because anchor tenants had not committed to locate there.

"In order to get a lender to expand the lending capacity for the loan, everyone I talked to — they wanted a very substantial loan guarantor," Mr. Turner explained, adding that at that point he decided it would be in the best interests of the project to forgo making a profit, sell the out parcel back to the ownership cor-



Herman Turner

poration and ask the city to act as loan guarantor.

"You have to sacrifice today for further gains later on down the road," he said. "My commitment is to make this thing happen, and if I have to deny or defray profits or make sacrifices later on, I'll do that. I intend to make this happen and I'll do what's necessary to make it happen."

Mr. Turner arrived late at the aldermen's meeting, thus missing out on a lot of the discussion about him and his reputation as a developer. Alderman Frank Frye, deemed "Dr. No" by one of his colleagues because of his votes on issues Monday, was the sole dissenter. He said Mr. Turner had been receiving preferential treatment since the project came before the board more than a year ago, and Mr. Frye questioned the developer's track record.

"On the whole project I've seen us give preferential developer status to this man," Mr. Frye said during his last meeting as an alderman.

Another outgoing alderman, Patrick Hairston, was also particularly vocal.

"Ladies and gentlemen, we've sat here for 40 minutes and heard Mr. Joines say that the risk is not that big," Mr. Hairston said, referring to the city's role as guarantor of the \$350,000 loan. "I don't see us sitting here and talking about it any more. We're either going to do it or not."

Alderman Larry W. Womble agreed and added that the city's goals toward promoting economic development in East Winston have not changed. He read from the board book staff-prepared information explaining how the city's risk would be minimized, "number one, an approved lease by the ABC Board containing the purchase option...number two, the Board of Aldermen has previously approved the North Carolina Municipal Leasing Corporation's providing funds for said purchase. Number three, the developer is utilizing an experienced local contractor and number four, the contractor will furnish a 100 percent performance bond."

The board authorized the staff to inform Southern National Bank

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Photo by Mike Cunningham

'Finger-Lickin' Good!'

Pittwah Sherriff licks his finger as he enjoys a special Thanksgiving luncheon at the Stouffer Winston Plaza Hotel Wednesday. He was one of 120 kindergarten children and 10 teachers from Mineral Springs Elementary School who were invited to the luncheon. The hotel recently adopted Mineral Springs Elementary as part of the "Adopt a School" program.

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