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## WNC REGIONAL LIVESTOCK CENTER, LLC

WNC Communities • 594 Brevard Road • Asheville, NC 28806 • 828 252 4783

Date: December 30, 2009  
Re: Year-End 2009 Stakeholders Report  
To: Stakeholders for WNCRLC  
From: L. T. Ward

This report is to provide an update of the progress of the WNC Regional Livestock Market being developed for area livestock producers and located in Haywood County, North Carolina, to the numerous stakeholders including project participants, area leaders, donors and supporters.

**Executive Summary:** This \$3.0 million project has been planned in three phases to match funding availability. Phase I and II are budgeted at \$2.1 million and will provide for a functional market, although, somewhat less than optimal operational capacity and efficiency. It provides for an opening of the market in May 2010.

Through cooperative efforts of donors, funding of \$2.1 million has been secured to match the Phase I and II budgets. With the leadership grants of \$875,000 from North Carolina Tobacco Trust Fund Commission; \$500,000 from Golden LEAF Foundation; \$400,000 from The North Carolina Rural Center; \$200,000 from Appalachian Regional Commission; \$50,000 from North Carolina Agriculture Development & Farmland Preservation Trust Fund and \$75,000 from county governments, local businesses and individual producers, implementation of the construction plans can begin upon receipt of a permit from NCDENR which is expected mid to late January 2010.

Phase III will complete the construction of features delayed in Phase I and II and bring the facility to full capacity and efficiency. As most folks will recall, the project was scaled back due to funding limitations with certain parts of construction delayed until funding could be obtained under new grant cycles. The remaining budget of \$900,000 has been requested in grant applications to North Carolina Tobacco Trust Fund Commission (\$800,000) and from North Carolina Agriculture Development & Farmland Preservation Trust Fund (\$100,000). Both are under consideration and, if decided favorably, funds would be available in May 2010, which is timed nicely with the completion of the construction of Phases I and II.

**Project Definition:** Build a livestock marketing sales arena to re-open the western North Carolina livestock market that closed in 2004 leaving some 3,000 producers without a market to annually sell their 40,000 head of livestock, which reduces profits by increasing costs related to transporting to out-of-area markets

**Concept:** With market operators unable to invest capital for construction of a facility, WNC Communities, a 501(c)(3), has assumed the role of building a facility, funded by grants, to be leased to an operator for a fee. The for-profit operator will operate under a profit sharing agreement by reducing costs and by sharing the gain with family farmers and producers.

**Financial Impact Goal:** The underlying goal of the project has been to “put more money in the pockets of the producers”. All indications are this goal is not only reasonable but achievable. It is expected family farmers and producers will enjoy ~\$45.00 more profit per head for a 600 pound feeder stock unit sold in the new market. These profits will come from lower costs in freight, less weight shrinkage, lower transaction costs and in

following the marketing program to sell a higher quality product achieved through the aid of education with NC State's Beef Quality Assurance (BQA) program, herd selection and best practices in production practices.

**Quality Assurance Program:** There is no delay in implementing a program to have higher quality product available for the fall peak selling period. Producers will be challenged to begin their improvement program early 2010 with scheduled education and training opportunities. The key component of this livestock development program is to increase the quality of the herd to gain higher market prices and therefore higher profits. To ensure the program achieves these goals, a team of farmers representing producers from across the area, the principle operators, and the area NCSU Cooperative Extension livestock agents have formed a Quality Assurance Team to guide the program and to ensure higher market prices. This team of well-respected leaders, from among their peers, will help with implementation of the program throughout WNC, with a quality product timed to enter the market at the peak selling period in the fall of 2010.

**Project Progress Narrative:** Although the aggressive timeline for completion of the project has been extended, significant progress has been made setting the stage for completion in late spring 2010.

- The site has been secured under a long-term, low-cost lease.
- The building design has been completed, the bid process completed and an on budget construction agreement has been made with H & M Constructors.
- The Operator Lease agreement has been executed with Southeast Livestock Exchange, Waynesville, NC.
- The site development plan has been completed and is under review by NCDENR with a re-use permit expected by midJanuary.
- The site development bid process is in progress with review sessions underway with bidders who made the short list. It is expected a contract will be executed on budget by mid January to allow construction to begin with receipt of the NCDENR permit.

The above steps will allow completion of Phase I and II and will provide for opening the market on a less than full capacity and less than optimal efficiency as certain features of the project will not be completed until the funding is available for Phase III.

- **Site:** Control of the site owned by International Paper and located at I-40, Exit 33 in Haywood County has been achieved under long-term, low-cost lease. An option holds this status until IP obtains an NCDENR re-use permit and WNC Communities reimburses IP for our portion of the pursuit of the permit.
- **Permit:** The re-use permit is in progress at NCDENR and expected to be issued by mid January 2010. Simultaneously, IP is addressing site management and monitoring regulations with NCDENR, including a Gas Monitoring Plan which incorporates new regulations for landfills to ensure public safety at the site as this site is also being used by the Town of Canton for a youth athletic field.

Both initiatives are included in the single site permit and are on track for simultaneous completion in mid January.

- **Building:** The building design has been completed. It consists of ~44,500 square feet of covered area and contains an 8,000 square foot heated sales arena, office and meeting room area and 36,500 square foot open space "barn" equipped with holding pens for the sale.

Under a bid process H & M Constructors, Asheville, NC was selected as the contractor. The bid for the building is within the budget, not to exceed \$1,000,000 which incorporates Phase I and II of the plan. Once Phase I and II are completed the market will be functional, although, at a less than full capacity and efficiency. Phase III is planned to follow as funds become available and will bring the facility to full capacity and efficiency.

• **Operator Lease:** An operator lease has been executed with Southeast Livestock Exchange, Waynesville, NC. Principles of SELE, a four member LLC, are John Queen, whose expertise is livestock video sales; Marcus Harwood and Joey Martin, whose expertise is in livestock sales through auction arenas, and Evans Hooks, whose expertise is in development and management of livestock alliance, where producers work in a collaborative way to improve the quality of the herd and market collectively to ensure top price in the market. The terms of the lease provide for lease revenue for WNCRLC at full market value. This is graduated to reflect the “start-up curve” and includes a provision for six month reviews to ensure success of the program. Additionally, SELE will pay a fee to WNCRLC for each head of livestock sold to fund future building maintenance, ongoing educational and marketing promotions to benefit producers. The lease will be effective with the issuance of a Certificate of Occupancy of the facility.

### **Significant Upcoming Schedule:**

- Receipt of re-use permit - mid January 2010
- Site Development complete - mid March 2010
- Construction complete – mid April 2010
- Equipment installation complete – late April or early May
- Completion of Phase I and II – early May 2010
- Opening of the market – late May 2010
- Receive funding for Phase III – May 2010
- Begin Phase III – July 2010
- Complete Phase III – September 2010

This project is a work in progress. The information reported is obviously subject to the dynamics of the process. Should you have questions, please contact L. T. Ward at [ltward@charterinternet.com](mailto:ltward@charterinternet.com) or (828) 318-5656.

On behalf of the family farmers and livestock producers in western North Carolina, we would like to express our appreciation to all of the stakeholders for your leadership, encouragement and support of this invaluable regional economic development project. WNC Communities is privileged to serve as the facilitator of this project.