

BRUNSWICK

Development corporation expenses questioned

Staff bonuses raise eyebrows among board

By Adam Wagner
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BRUNSWICK COUNTY — Since 2009, the Brunswick County Economic Development Corporation has spent about \$82,000 on staff bonuses, director fees, gifts and its annual December meetings, according to records obtained by the StarNews.

A financial review of the corporation conducted by Ann Hardy, Brunswick County's manager, questioned the expenses, noting that they appear "excessive." The corporation was associated with the now-defunct Brunswick County Economic Development Commission, with the groups having the same staff, board members and mission of attracting businesses to Brunswick County. The primary difference between the two groups was that the

commission used public funds to attract business to Brunswick where the corporation would use private money.

The bonuses were one of a number of questions raised by county commissioners during their budget process, which led to the review and, ultimately, to the boards of both the commission and corporation resigning. A proposed transfer of \$50,000 from the commission to the corporation also raised eyebrows among county

commissioners, as well as a car lease that some deemed pricey.

When reached Wednesday, Jim Bradshaw, the former executive director of the commission and now a special adviser for economic development, said he couldn't comment on decisions made by the board, such as awarding bonuses. He did note that the corporation's money — including that which was used for about \$10,000 in bonuses each year between 2009 and 2014 — was raised

by land sales, not public funds.

Don Hughes, the chairman of the Brunswick Economic Development Commission's board of directors when many of the decisions were made, did not return a call for comment Wednesday.

Pat Sykes, a county commissioner, said the county was not aware of the bonuses and would have questioned them if it had known about them. Still,

SEE EXPENSES, A5

EXPENSES

From Page A2

the county might not have had the power to stop the practice, even if it wanted to.

"With us giving them the money, they could do whatever they wanted with it anyway," Sykes said.

The bonuses topped out at \$14,745 in the 2010 fiscal year.

In a statement released Wednesday on his website, Frank Williams, a county commissioner, said the county "needed tighter financial controls" of economic development. By moving its duties into an economic development department, the commissioners seem to have accomplished that. Before Tuesday's decision, the county gave funds to the economic development commission, but had no control

over staff or the organization's direction.

The fate of the corporation remains up in the air, but Hardy said Tuesday that it will likely become redundant with the new economic development department.

Also raising concerns was a transfer of \$50,000 from the public commission to the private corporation that was discussed at the commission's board of directors' April 9 meeting.

In audio from the meeting, Dianne McRaney, the commission board's former secretary and treasurer, can be heard saying, "I'm just looking to replenish the corporation a little bit so we've got some funds to do some things if we need to." McRaney also describes the fund as a "slush fund."

That transfer never occurred, but still worried some commissioners.

"It stood out as being strange that we would be discussing moving money from the commission to the corporation for things that were being described that the commission money had been paying for all along," said Randy Thompson, a county commissioner.

If the funds were used to buy and market lands to attract industry, the transfer would likely be appropriate, Ernest Pearson, a Raleigh attorney, wrote in a May 5 letter to Bradshaw.

"In fact, it seems very prudent for this to be handled by (the corporation)," Pearson wrote. "Having a County agency out of this process insulates the County and public funds from any liability which might arise from business parks owned and managed by (the corporation)."

The board's questions

about the commission and corporations' financial activity began during the annual budget process, Sykes said, when she noticed a vehicle lease she believed was high. The commission paid \$7,684.42 for the lease of a vehicle between July 1, 2014, and April 13, 2015. In fiscal year 2014, the last full period for which records are available, the commission spent \$8,723.52 on a vehicle lease.

"I just thought you can buy a vehicle cheaper and keep it for 10 years than to lease it," Sykes said, adding that commissioners became more concerned when they began to take a harder look at how the commission and corporation were spending their money.

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