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Kannapolis bond plan hits another delay

The market's instability means sale to benefit North Carolina Research Campus won't begin for a month or perhaps longer.

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The economic turmoil hitting the nation also is being felt at the North Carolina Research Campus in Kannapolis, where plans to issue \$95 million in self-financing bonds are on hold again, this time for a month and maybe longer.

The bonds are meant to pay for road, water and sewer and other public improvement projects around the \$1.5 billion campus, being developed by billionaire Dole Food owner David Murdock.

The city will begin to promote the bonds this week, Kannapolis City Manager Mike Legg said Monday. But because of instability in the bond market, Legg said, he doesn't think they'll be issued until late October.

"It's been a real hard lesson about how the national economic woes have impacted us locally," he said. "I thought all along this would be an easy sell, but nothing is an easy sell right now."

The bond issue already had been delayed for several months while the city waited for financial data from Murdock's development company, Castle and Cooke.

Several other government agencies in North Carolina have delayed issuing bonds recently, according to the state Treasurer's Office, including Wake County and the N.C. Higher Education Assistance Authority.

Last week, Cabarrus County delayed a \$57 million bond issue for its new jail because of market conditions, Deputy County Manager Pam Dubois said. The county is monitoring the market daily, she said, and hopes to sell the bonds by week's end.

In Kannapolis, the total bond package is worth \$168.4million. A second bond issue for the remaining amount is expected to be sold about 18 months after the first.

The state lets governments issue "self-financing" bonds without voter approval to pay for projects within a specific district. New tax revenue created by the district goes toward paying the bond debt.

Kannapolis has fronted about \$3 million for some projects covered under the bonds, Legg said, and Castle and Cooke has spent about \$10 million. But Kannapolis cannot afford to do any

more work until it sells the bonds.

The next project involves improving downtown water lines for fire protection.



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