Developing a Reuse Plan for an Underutilized Community Asset
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A Masters Project submitted to the Faculty of The Department of City and Regional Planning at the University of North Carolina at Chapel Hill as a Master of City and Regional Planning degree requirement.

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Preface

This report provides a step-by-step methodology to complete a reuse plan for an underutilized property. It is based on an actual project to renovate and reuse the historic Clay County courthouse in Hayesville, North Carolina. I became involved in the courthouse project when Smithson Mills, the lead consultant on the project, hired me as a research assistant. I was interested in working on the project to gain experience in the real estate consulting field. Specifically, it presented an opportunity to learn the process of determining the best use for a real estate asset owned by a local government.

The historic Clay County Courthouse sits in the middle of the Hayesville, North Carolina downtown square (Exhibit 1). It was constructed in 1889 and remained in use for well over half a century. In 2007, the Clay County Government Center was built on the outskirts of town, eliminating the need to hold court-related services in the downtown. To date, the courthouse is listed on the National Register of Historic Places but remains vacant and dilapidated. Investments have been made to restore the façade, stabilize the foundation, and replace the steeple due to weather damage. The ground floor of the building is divided into several rooms while the upper level is open and lined with floor-to-ceiling windows (Exhibit 2, Exhibit 3). A floor plan of the existing building can be found in Appendix B. Clay County, a rural county, presented challenges due to its small population.

In 2000, population of Clay County was 8,775. By 2007, the population had grown by 16.7% to 10,238, reflecting the influx of retirees to the area. The town of Hayesville reported a population of 344 in 2007, representing 3% of the county’s population. Despite the small population, there are several nearby urban areas from which Clay County draws tourists for its natural resources, arts base, and small town charm. There are several cities within a two-hour drive to the courthouse including Atlanta (131 miles), Knoxville (130 miles), and Asheville (100 miles), adding to the potential consumer base for the courthouse. Further details on the demographics and area facts can found in the Clay County Courthouse Reuse Plan (Appendix A). In addition to the small population of Clay County, the County government intends to retain ownership after the renovation. This information had to be accounted for in determining the feasibility of each use option.

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The idea of reusing the historic county courthouse began with a community vision and, subsequently, a grant to the county from the North Carolina Rural Center. Using the grant money, Clay County government officials hired an architect and a consultant to complete the redevelopment and reuse plans for their historic courthouse. The architect, Ellen Harris, is focusing on the renovation efforts. Meanwhile, the consultants, Smithson Mills and I, determined the best use for the courthouse.

The final reuse report can be found in APPENDIX A (to be added upon completion). My specific contributions include the secondary research of identifying comparable properties, co-facilitation of the community focus groups, interviewing community organizations and agencies, and developing a funding strategy. Smithson Mills and Ellen Harris completed the remainder of the report.

**ACKNOWLEDGEMENTS**

I would like to acknowledge those who have contributed to my work on this project. Smithson Mills’ guidance, generosity, and consulting expertise have made this project an enjoyable learning experience. I am gracious for his invitation to participate on the reuse plan, as well as his financial support. In addition, Emil Malazia has served as my master’s project advisor and mentor. His advice, recommendations, and time have made this document a useful reference tool. I am certain that I will be stronger professionally having had his lessons and knowledge during my time at the University of North Carolina’s Department of City and Regional Planning.
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I. INTRODUCTION

The purpose of this report is to provide a standard methodology to complete a reuse plan for an underutilized community property. The methodology is reflective of the process used to formulate a reuse plan for the historic Clay County Courthouse in Hayesville, North Carolina (APPENDIX A, to be added).

Developing a reuse plan may vary widely depending on the type of project (public or private), objectives (jobs, preservation, etc.), geographic location, area demographics, and resources available to complete the reuse study. As a point of reference, the methodology used in this document refers to a reuse plan for a publicly owned courthouse in a rural community.

Despite the underlying factors unique to each project, there are many procedures that will remain constant in the formulation of a reuse plan. Since minimal information is available on this subject, this report may serve to help others as they work to revitalize and preserve irreplaceable community assets.

II. METHODOLOGY

The methodology provides a sequential guide for repeating the procedure to develop a reuse plan. The process starts broad, researching facts about the area and project, and gradually narrows to recommend a specific use. Throughout the methodology, examples and references will be used from my experience of formulating a reuse plan for the Clay County Courthouse. It is a dynamic process where new information is continuously added. Ultimately, a recommendation on the most probable use, or uses, can be derived.

A. Step One: Perform a Background Investigation

The obviously first step in the formulation of a reuse plan is to identify a property. Next, investigate the background information pertaining to the area and subject property. This allows the recommender to become acquainted with the project.

Begin by determining the basic demographics in the area. For example, population, distance to nearby metropolitan areas, median household income, and economic base data are all questions to address. Information on these statistics can be obtained from a variety of sources including the United States Census, city-data.com, and other statistical reporting sites. Next, determine if there are any trends in the area by looking at the current and historic data observations. If trends exist, attempt to determine the reason for this. Identifying trends and their cause may help to highlight consumer groups or obstacles to redevelopment. For example, the Clay County data indicated that the population was growing. This was a result of retirees moving to the area due to the low cost of living. Retirees often have a greater disposable income than average resident. Therefore, this information should be investigated further to determine if the recommended uses should target the retirees.
Next, narrow the background investigation to the subject property. Determine who owns the property, how long they have owned it, and if they intend to retain ownership. Determine other key facts such as if the owner intends to manage the property or sell the property once the renovation is complete. This is also an appropriate stage to determine if there are any controversial uses that should be eliminated from the list of possible uses.

**B. Step Two: Determine the Objectives**

Determining the client’s objectives for the property is an essential stage in the plan formulation. It ensures that the recommendation is aligned with the client’s expectations. In fact, the objectives should be used to guide the development of the reuse plan. Meet with the client to determine their objectives and their vision for the property. If it is a community asset, there is second step of determining the community objectives.

The objectives phase is a brainstorming process and, therefore, no uses should be eliminated. First, question the client about the objectives. If there does not appear to be an objective for the property, attempt to devise one in order to guide the project’s focus. Objectives may be very broad or quite specific. For example, they may include providing a community gathering place, making a profit, creating jobs in the arts, or historic preservation.

Next, determine the capabilities of the client. This includes financial, management, and other capabilities reflective of the objectives. If the client intends to manage the property, assess the current skill-set and whether or not further information will need to be provided.

**C. Step Three: Determine Community Objectives**

If relevant, determine the community objectives. This is a necessary step when the property is going to be used by the community or has substantial history, for example. There are several methods for determining the community’s desires for a property. For the courthouse project, the main technique employed was to host a community meeting. In addition, an article was run in the local paper to solicit comments from those individuals unable to attend the meeting. Comment boxes were also placed in the county offices and downtown stores to reach additional members of the public.

i. **Facilitate community meetings**

The purpose of a community meeting is to assess redevelopment use options with the public. These meetings will provide greater insight into the community’s vision for the property, previously discussed ideas, and where controversies exist. Depending on the project, the community objectives may bear greater weight than the client’s objectives. Begin this process by scheduling a meeting.

First, determine a location for the meeting by working with the owners. This location should be a well-known location that is conveniently located. Community colleges, public conferences rooms, or city offices are often used for such events. Next, schedule the meeting well in advance of the meeting date.
The time of the meeting is critical. Many members of the public will have conflicting work obligations during the workday. Lunchtime and/or evening meetings work best to accommodate these schedules. You may choose to hold at least two community meetings, one during the day and one in the evening to reach a broad audience. Next, provide ample notice of the event. Draft an advertisement that states the date, time, and purpose of the meeting. Run this advertisement in the local paper, post it on the community website and bulletin boards, and in frequented businesses. Personal invitations to key attendees should also be extended. A general list of invitees includes the property owner, community leaders, public officials, interested community groups, and potential property managers.

Once the meeting has been scheduled, formulate an outline. Generally, a public meeting begins with an introduction, including who you are and a project overview. The introduction is followed by a presentation on information collected to date, a discussion period, and concluding remarks. In addition, make sure there is a system in place to record all ideas and information. In the case of the Clay County courthouse community meetings, the meeting began with introductions and a presentation of renovated courthouses throughout the United States. (However, if this method is used, it should be clarified that these are examples, and not expected results.) Smithson and I alternated recording information, depending on who was facilitating. Once the introductory presentation is complete, solicit comments from the attendees.

There are many methods for soliciting feedback and ideas for the use of the property. The chosen format should be appropriate for the size of the group and time constraints. Larger groups can be broken up into small groups where everyone writes down an idea or brainstorms together, or a facilitator can request ideas, individually, from the entire group. In the case of the Clay County courthouse meeting, a group of approximately 30 people presented ideas, one at a time. Smithson and I facilitated the meeting to ensure an equitable amount of speaking time from individuals, in addition to properly managing the time. During the meeting, be prepared to hedge controversial issues, such as renovation costs or undesired uses.

Lastly, ensure adequate time to reiterate discussed ideas and extend your appreciation for the community’s participation. Further, make sure to include contact information in case someone would like to contact you after the meeting.

In terms of the final report, present an overview of the meeting. A list of discussed uses can be included in the appendix.

D. Step Four: Conduct Secondary Research

After meeting with the client and the community to determine the desired property uses and objectives, a final or semi-final list of use options should be evident. At this point, it is appropriate to begin the secondary research. This involves identifying comparable properties and interviewing their property managers. The purpose of the secondary research is to gain information on costs, revenues, management, and general operations that will be used for the recommendation.
i. Identify comparable properties

Identifying comparable properties can be quite time consuming. It is highly likely that you will identify many more similar, non-comparable properties than effective comparables. However, once you find a few comparables, it becomes easier to locate similar properties. This process is best done via web research and word of mouth. It is unlikely that comparables will be restricted to a certain geographic location, so investigate properties and management structures throughout the country. However, it may be easiest to begin the research with the subject’s state or property type. For example, the search for comparable properties in the courthouse project began with redeveloped courthouses in North Carolina.

The number of properties you are able to identify will vary based on the amount of resources and comparable projects available. However, the more properties that are identified, the better the probability of ascertaining quality information. Further, fewer than five comparables may damage the credibility of a recommendation.

ii. Interview comparable property managers and owners

Once a property has been identified, it is necessary to interview the property manager to obtain information for a recommendation. First, develop an interview protocol to address relevant questions and ascertain consistent results. The questions will vary based on the project, but may include information on budgeting, profits, management structure, and funding sources. Basically, use the interviews to obtain any information that you are unsure of regarding the project’s use. The interview protocol used for the Clay County project is located in Appendix C.

E. Step Five: Complete a Community Assessment

A community assessment involves interviewing community members and organizations in order to determine how much involvement they can provide. Traditionally, this process is used to scout potential managers and tenants for the property. However, involvement may be in form of management, capital campaigns, grant writing, or programming, for example. These interviews are like a personalized community meeting, so be willing to take additional use ideas and information.

i. Compile a list of community organizations and business groups

Compile a list of community organizations from the Internet and word of mouth. The client, property owner, and public officials in the community often serve as a good reference for this step.

ii. Interview community organization leaders

Interview any organization or individual that could be involved in the final project. Further, prepare a survey (preferably with postage) to distribute to those organizations and individuals that are unable to meet in person. Develop questions that will determine what assistance the person or organization can provide. If the interviewee is interested in management role, try to determine if that person or organization is capable of the task. For example, high leadership turnover, organization tension, or a nascent business stage could indicate red flags as a potential managing entity or tenant.
In the case of the Clay County courthouse project, some of these interviews were done during the community meeting phase. This is appropriate if follow-up meetings are planned after a use has been further defined. Many organizations are understandably weary to commit to something that is not fully evolved. In fact, an organization involved in the courthouse project was uninterested in a management role during the initial interview. Ultimately, this organization expressed interest in serving as the lead managing entity once a use was further defined.

In the report, list each group and their perceived capabilities. Exhibit 4 provides an example of how this information can be presented.

**Exhibit 4: Community Assessment Report**

**Name of Organization**
Provide the organizations legal structure and mission statement.

This area can be used to include a paragraph or more to describe the organization’s accomplishments. Notable grants and awards should also be included.

Indicate current management positions and staff levels (including paid and unpaid).

Provide an assessment of the organization’s willingness or capability to contribute to the project.

Contact:  
Full Address  
Telephone  
Contact, Title  
Email  
Website

**F. Step Six: Assess the Viability of Various Operations**

This step of the reuse plan process is strongly connected to the objectives phase. At this point, the proposed use or uses should be investigated for feasibility. For example, if economic or job growth is an objective, determine how much each use will contribute to these objectives. There are many software programs, such as Implan, to assess the economic impacts. If maximizing profit is the objective, formulate a suggestive capital budget.

If it is determined that the client’s objective is infeasible, make he or she aware of this once there is fact to support it. Determine if the client has a preference for a direction after this point.

**G. Step Seven: Identify a Funding Strategy**

The *funding strategy* is a document to assist the client in meeting the financial obligations of the reuse plan. The funding needs are a function of the client’s capabilities, property management
structure, and available resources. The answer to these inputs should arise during the course of the project. After the need has been determined, it may be necessary to purchase a subscription to a grants database in order to fully investigate the funding opportunities.

The funding strategy can include grants and loans for the project, and is often divided into local, state, and federal funding sources. This is also an appropriate section to discuss the use of tax credits such as federal and state historic rehabilitation tax credits, new market tax credits, or low income housing tax credits.

In the case of the Clay County courthouse project, the county government’s ownership of the building eliminated the opportunity to use tax credits. Typically, historic rehabilitation tax credits are used to offset investor income tax liabilities in a historic redevelopment project. This benefit substantially reduces the costs of construction. Instead, the courthouse funding strategy focused on a broad range of areas associated with the project including management, capital improvements, and grants related to arts. Exhibit 5 shows an example of how the funding source can be presented in the report.

Exhibit 5: Funding Source Example

**Name of Funding Source**

Use this space to include a paragraph describing the source’s background and capabilities. This may include founding date, grant money dispersed in previous year, and targeted areas it supports. Further, the amount of money and grants available for the current cycle can be presented.

**Contact:**

- Funding Source Name
- Contact Name, Title
- Full Address
- Telephone
- Fax
- Email
- Website

**H. Step Eight: Make A Recommendation**

*Recommend* the most feasible use options for the property. The recommendation should take into account all of the research and information collected throughout the reuse plan process. This includes demographics, objectives, community assessment results, and general capabilities. Include as much information as possible about a proposed use. This may include profit potential, job creation, and management outlook. In certain situations, the recommendation may be counter to initial objectives, if they were infeasible or unrealistic. In this case, as with any recommendation given, it will be necessary to support the recommendation with statistics and facts. It may also be necessary to include more than one option and the associated outcomes of each. This method provides the best options to the owners but leaves the ultimate decision to he or she. Ultimately, given the dynamic nature of the project, the recommendation is more of an art than a science, incorporating facts, objectives, resources, and value judgments.
I. Step Nine: Interface with the Architect

The architect will need to know the final proposed use before he or she can adequately produce a redevelopment plan. If the building is historic in nature, it is advisable to use the existing layout of the building. This methodology will reduce costs and preserve the structural characteristics of the building. For example, the second floor of the Clay County courthouse provided an open area that was conducive to event space. Meanwhile, the first floor offered a subdivided layout, favorable to a variety of activities including retail or office space.

J. Step Ten: Present Your Results

The final step in the plan formulation is to compile the results and present them to the client. In order to manage the written portion, create an outline to build upon as you move through the process. The report is created as the recommender moves through the aforementioned steps. Finally, present your final results to the client and the public, if relevant.

III. SKILLS DEVELOPMENT

Throughout the course of this project, I developed and strengthened several skills. Above all, this project afforded an opportunity to manage a large project. Further, I learned the process of producing a reuse plan. It became evident that each project, and therefore, recommendation, is very dynamic, requiring constant processing of information in order to provide the best options.

Community Meeting Facilitation

Facilitating a meeting is a valuable professional skill. I have previous experience facilitating community meetings, but not in the context of presenting my own report. This was an enjoyable experience and a vital component of the reuse plan. Further, it allowed me to apply many of the techniques learned in Dispute Resolution, such as hedging controversial issues and promoting equitable participation.

Further, facilitating the meeting afforded an opportunity to work with the media. The media can promote ideas or stir controversy, depending on how they report a story. For that reason, caution should be exercised when providing a statement. In fact, Smithson Mills often referred the media to the client when they solicited a statement.

Community Assessment

The ability to build relationships with people in the community where you work is priceless. The community assessment afforded relationship-building skills in addition to learning how to ask the right questions. It is important to ascertain pertinent information while not appearing to be intrusive, especially as an outsider. One technique learned in this process was to informally mingle in the community. For example, we walked into downtown shops and struck up casual conversations with patrons and storeowners to obtain their opinions. This technique built trust and credibility for our project.

Secondary Research
This project allowed me to strengthen my secondary research skills. Secondary research involves collecting data that is already available. Prior to graduate school, I worked for an appraiser, which involved identifying comparable properties in a local context. I was able to use that knowledge, in addition to other relevant factors, to select appropriate comparable properties. Further, interviewing property managers proved to be a vital source of information. Perhaps most vital, was their advice on how work structures have worked or failed in their operations. The ability to Interface with the public, property managers, and business owners is standard protocol within the planning profession.

\textit{Funding Strategy}

The ability to locate funding is crucial in the work of consulting or non-profit management. I navigated a grants database and explored a variety of public funding options from state and federal sources. Being knowledgeable about the funding opportunities from various sources is critical to the reuse plan and transferable to other areas of management.

\textit{Real Estate Consulting}

Each consulting project is unique. There is no standard methodology for recommending the best use a property. It is a function of the area, demographics, resources, and competing uses. This project had challenges that were hard to overcome, including a small population and public ownership. Being able to address these challenges was a worthwhile experience to be used for similar projects in the future.

\textbf{IV. Conclusion}

The aforementioned methodology provides a guide to reproduce a reuse plan. A myriad of skills are utilized and strengthened throughout the plan formulation process. These include facilitating community meetings, identifying comparable properties, interviewing, and project management. These skills in combination with many inputs lead to an appropriate recommendation. Ultimately, the recommendation is unique to each project due to the circumstances and dynamic information surrounding each use.
Appendix

A. Historic Clay County Courthouse Reuse Plan - Final Report
RE-USE PLAN
HISTORIC CLAY COUNTY COURTHOUSE

HAYESVILLE, NORTH CAROLINA

BY
SMITHSON MILLS

MAY 2009

Funded by:
The North Carolina Rural Economic Development Center
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Executive Summary

In 2008 Clay County secured funding from the NC Rural Economic Development Center to develop preservation and reuse plans for the historic Clay County Courthouse in Hayesville, NC. Harris Architects PLLC of Brevard was contracted to develop an architectural preservation plan, and Smithson Mills, Inc was contracted to develop a facility reuse and management plan.

Built between 1887 and 1889, the courthouse was the center of Clay County government until 2007, when a new court facility was built on the outskirts of Hayesville. It remains the most visible symbol of Clay County and is the most prominent architectural feature of Hayesville, the county seat. The courthouse is almost unique in North Carolina in that it sits on a true town square encompassing a city block in the geographical center of the town.

Researchers reviewed comparable projects where retired courthouses in small towns were put to other uses, including museums, community meeting space, libraries, arts councils, and chambers of commerce. From a management standpoint, most buildings were managed by a non-profit entity, while the county retained ownership. Some key findings from this research were the need for these projects to create viable revenue streams such as short-term rental space, a need to have publicity and marketing campaigns, proper budgeting, a network of supporting members, and political support from local and state leaders.

Researchers conducted a community assessment of Clay County to identify organizations that can play supportive roles for the historic courthouse. For a small rural county with limited resources, the County enjoys a relatively strong community of organizations dedicated to improving the economic, cultural, and social wellbeing of the County as a whole and Hayesville in particular. These organizations have a number of overlapping members, and several of the organizations have a history of collaboration and mutual support. A collaborative spirit among organizations will be a positive factor in the successful preservation and reuse of the courthouse.

The researchers held meetings in the community and solicited input from citizens on reuse options for the courthouse. While suggestions for reuse of the building varied substantially, one common thread for the vast majority of respondents was a desire to see the courthouse put to use as a destination for community activities. Organizers are encouraged to primarily focus on the courthouse as a multi-use center of community activities and a celebration of the active life of Clay County today. A well-run series of programs geared towards citizens of the county will draw full-time and part-time residents to the downtown while also bringing in a number of tourists and visitors who are already in the region. Programs targeting tourists may be appropriate during peak seasons such as October.

Project organizers are encouraged to maximize the types of activities available, while maintaining a certain degree of cohesion in programming. For example, one or two rooms may be dedicated as art display rooms for time-limited programs, while another room may be dedicated to retail sales of reproductions or similar genres of art that are on display at a given time.

The courthouse activities should be program-driven, with rotating uses for most first-floor space. To keep a spirit of activity, excitement and newness, project managers are encouraged to have in place a planned marketing program using free local media including newspapers and local TV news, a high
quality website, participation in regional and state marketing and promotional programs, and some paid advertising.

During the capital rehabilitation period, the County is recommended to continue as the lead fiscal agent for this project. To facilitate capital campaign fundraising, the County is encouraged to enlist support from an experienced grant writer to develop proposals for state, federal and private foundations. At the same time, the County may wish to partner with local nonprofits to secure funds that may not be directly available to government entities.

As a treasured public asset, researchers recommend that ownership of the building be retained by the county. Still, a lead entity must be identified for post-rehabilitation management of the courthouse. Options discussed include direct local government management, creating a new nonprofit agency, leasing the courthouse to a nonprofit organization, and creating an LLC that is a subsidiary of an existing nonprofit.

After reviewing the existing nonprofits in the Hayesville Area, the Clay County Community Revitalization Association (CCCRA) appears to have the necessary mission, legal status, and organizational capacity to be the lead agency for management of the courthouse. The researchers recommend that CCCRA be asked to establish a subsidiary LLC (Clay County Historic Courthouse, LLC) to lease the historic courthouse and its grounds from the County at a nominal annual fee of one dollar. This new LLC would have as its sole mission the operations and management of the historic courthouse for the cultural, social, and economic well-being of Clay County and its citizens.

Successful management of the Historic Clay County Courthouse involves a combination of continued community commitment to seeing the project succeed, entrepreneurial creativity to generate revenue streams, and innovative programming that keeps activities fresh and of interest to the residents of the county and visitors to the region. Probably the most crucial decision made will be selecting an executive director with the skill set necessary to achieve all of these tasks.

Annual operating budgets should be developed based on realistic estimates of overall funding potential. Pre-opening expenses, not including capital preservation costs, are estimated at just over $26,000. Annual operating expenses with full programming are estimated at approximately $71,000 per year. Revenues from programs, retail sales, and ongoing community support are estimated at $76,000 per year.

With careful planning and execution, the historic Clay County Courthouse can be brought back to life as an important and well-loved center of social, cultural, and economic activity in the County. A well-run program of activities will draw hundreds of local residents and visitors to the downtown area, helping to generate income for downtown merchants and service providers. Area artists will generate revenue from retail sales at the courthouse, and will also be able to generate income from educational programs. The venue will serve to improve the quality of life for Clay County residents, contribute to economic activity, and keep entertainment dollars in the County.
Section 1: Secondary Research

Introduction
Secondary research was conducted to identify successful models of historic property preservation and reuse. This research investigated a variety of historic buildings but focused on courthouses. The target comparable, an adaptively re-used historic courthouse in a small town, was found in several examples.

Methods
Information about comparable properties was gathered through Internet and verbal sources. A telephone interview was conducted once a property was identified. The purpose of the interview was to acquire information regarding the past and present uses of the building, renovation and operating costs, and ownership and management scenarios. Additional comparables were investigated to a lesser degree to determine appropriate rental pricing.

Results

Cabarrus County Courthouse
Noel Scott
65 Union Street South
Concord, North Carolina 29025
(704)-920-2787
info@oldcourthousetheatre.org

The Cabarrus County Courthouse was built in 1876 and underwent three stages of renovations. The county sanctioned renovations in 1982 for the second floor and again in 2003 for the first floor. The county hoped to create additional space for its growing county offices. After 2003, however, just one office was in the building, and, despite being a prominent community building, it remained closed to the public. The Cabarrus Arts Council then approached the county manager to become a tenant. After the county determined that most government offices were too big for the space, they invited the Arts Council to manage the space while the county retained ownership. In return for use of the building, the Arts Council completed the building's third renovation in 2005. Updates included a theatre on the second floor and a bathroom and changing room in the attic. The Arts Council remains in the building housing a theatre, gallery, and performance space.

The first two renovations were paid for with grant money but the total amount was unknown by the interviewee. The Arts Council's renovations totaled $350,000, much of which was grant money. The grant money was streamed through the county due to their 501(c)3 non-profit status. A large portion of the grant money came from the Cannon Foundation. Additional money was raised through donors.
As a management structure, the county covers rent, custodial duties, utilities, and other maintenance expenses associated with the building. The Arts Council does not pay to use the building. This is a cooperative partnership between the county and the non-profit since the Arts Council brings people downtown to enjoy the gallery and theatre.

The Cabarrus Arts Council has a $650,000 annual operating budget. It is a complex operation, including a gallery, theatre, and performance classes, leading to a high operating cost. The non-profit raises money through its gallery and fundraising. The gallery brings in $20,000 through the sale of paintings and concessions. Admission to the gallery is free, and it brought in over 7,000 visitors last year. The theatre will also provide a source of revenue, but it had recently opened at the time of the interview. However, this revenue still leaves a $620,000 shortfall. This money is raised primarily through grants in addition to fundraisers.

**Robert Mills Courthouse**
Elizabeth Cox, Director of Chamber Affairs
607 South Broad Street
Camden, South Carolina 29020
800-968-4037
ecox@camden-sc.org

The Robert Mills Courthouse was constructed in 1827 and underwent its latest renovation in 1989. This courthouse offers a large space for rentals and a sporting life museum to celebrate the area's rich past in hunting. The renovations took five years to complete, totaling $1.5 million. Funding for the renovations came from private donations and a state grant obtained with the help of a state senator.

The county retains ownership of the building and leases it to the Kershaw County Chamber of Commerce.

The exact operating budget was not disclosed in the interview. However, operation expenses are met in part by the building's rental space. This space can accommodate up to 150 people and is rented for $800 per event. Initially, the revenue stream from rental was so strong that it completely covered the operating expenses. However, rentals began to decline over time, leaving a financial gap between the courthouse revenue and expenses. In order to fill the financial shortfall, the county provides money and a $50,000 bridge loan was obtained.

The Chamber manager stressed the importance of publicizing a venue to increase rental revenues. The Kershaw County Chamber of Commerce has a goal of making their courthouse building a wedding destination. At the forefront of this mission is a regional advertising campaign. The
Chamber forged a natural partnership with the Tourism Bureau to accomplish their objections and increase their capabilities. They focus their advertising efforts to areas within a few hours drive.

**Union County Courthouse**

Sam Ensley, Union County Historical Society President

P.O. Box 35
Blairsville, Georgia 30514

(706)-745-5493

history1@windstream.net

The Union County Courthouse was built in 1898, after the original courthouse burned. In 1972, the building was donated to the Union County Historical Society, a non-profit organization. The building underwent renovations one room at a time. The lower level was rededicated in 1985, while the upper level, including the judges' chambers, reopened in 1997, taking approximately one year to complete. Today, the building serves as the Union County Historical Society office, county museum, and rental space for events.

2007 revenues totaled $264,000. Revenue is earned through a variety of mechanisms including public funds. The Historical Society receives a $24,000 annual appropriation from the county via a 1% special-purpose local-option sales tax (SPLOST). Much of this was made available through strong relationships with politicians at the state level. The county also helps the historical society by guaranteeing loans such as the current loan guarantee to renovate the building's elevator. Additionally, the summer concerts bring in around $5,000 for 25 concerts. Much of this money comes from sponsorship of the three stages. A corporation or bank is typically the sponsor. Other events, such as Christmas programs and the Mountain Heritage Festival also provide a source of revenue to the courthouse. The museum charges admission and has local artisan crafts for sale. There is also membership fee to belong to the Historical Society.

**Roane County Courthouse**

Darlene Trent

P.O. Box 738

Kingston, Tennessee 37763

(865)-376-9211

The Roan County Courthouse was constructed in 1855 and renovated in 2007. Today the building serves as the Roane County Library, Transportation Museum, and county archives. The building was deeded to the Roane County Heritage Commission, a non-profit 501(c) 3, in 1974. The Heritage Commission has owned and managed the property since this time.
The total capital costs of renovations were around $320,000, according to the interviewee. This was funded through state and local grants. The Tennessee Department of Transportation's Federal Enhancement Grant Program awarded the grants. The first grant, received in 2002, totaled $240,000. It was matched with approximately $100,000 in local funds. The second grant, awarded in 2004, amounted to nearly $280,000. Since a majority of the renovation money was granted by the Department of Transportation, the transportation museum was inevitable. There is also a large room to accommodate exhibits, school groups, lectures, and an annual gala. This space was once rented out to the public, but the Heritage Commission began losing money due to high property taxes and insurance requirements. Today, they building expenses are completely covered by the Heritage Commission operations.

A majority of this non-profit's revenues come from an annual gala. This event hosts 120 guests and brings in profits of $25,000 to $30,000. Additional revenue is earned through memberships and donations. Memberships range from $25 to $500 annually.

**Wilkes County Courthouse**

Jennifer Furr, Director
100 East Main Street
Wilkesboro, NC 28697
336-667-3171

The Wilkes County Courthouse was renovated between 2003 and 2005 to create a museum and community space for weddings, lectures, and meetings. The county retains ownership of the building while Old Wilkes, Inc., a non-profit 501(c) 3, manages the building under a 99-year, $1/year lease. The organization requires $200,000 a year, which comes from grants, memberships, admissions, contributions, and rental revenue. To rent out the courthouse space for half the day costs approximately $150.
Table 1: Additional North Carolina Courthouses

<table>
<thead>
<tr>
<th>County</th>
<th>Current Use</th>
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<tbody>
<tr>
<td>Beaufort</td>
<td>Library</td>
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<tr>
<td>Brunswick</td>
<td>City Hall</td>
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<tr>
<td>Burke</td>
<td>Museum</td>
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<tr>
<td>Caswell</td>
<td>Offices</td>
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<tr>
<td>Catawba</td>
<td>Museum</td>
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<td>Cumberland</td>
<td>Offices</td>
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<tr>
<td>Gates</td>
<td>Library and Museum</td>
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<td>Iredell</td>
<td>Offices</td>
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<tr>
<td>Jackson</td>
<td>Theatre</td>
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<tr>
<td>Moore</td>
<td>Offices</td>
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<tr>
<td>Union</td>
<td>Offices and Heritage Room</td>
</tr>
</tbody>
</table>

Discussion/Conclusion

The secondary research is used to gauge the market for successful models and gain ideas of the most probable uses. It is important to note that the aforementioned capital costs and operating expenses are not necessary an indication of the historic Clay County Courthouse figures. The comparables investigated may have different operating structures, objectives, or size differentiation with that of the Clay County Courthouse. However, the secondary research provides several funding and operating strategies that the Clay County Courthouse can benefit from.

From a management standpoint, most buildings were managed by a non-profit while the county retained ownership. There were several items that stood out from the interviews which are highlighted below.

Create a revenue stream. One example is short-term rental space for special events such as weddings and family reunions. However, while this is often the largest revenue source for operations, it should not be assumed that it will remain a steady source of income. This lesson was illuminated in the Robert Mills Courthouse comparable. When the space is new, it will be highly desirable. Over time, the demand for the space may decrease, leading to decreased profits from this source. However, there are some ways to guard against this such as publicizing your venue and hosting an annual event.

Publicize your Venue. Depending on the purpose of the space, it is sufficient to identify a market and to advertise to people within an approximate two-hour drive of your site. For Hayesville, this would include the metropolitan areas of Asheville, Atlanta, and Chattanooga.

Create a Keystone Event. For the Roane County Courthouse, this was their annual gala. For the Clay County Courthouse, it could be any number of options that the community would want to pursue or expand. This recommendation does not suggest only hosting this event, but rather that managers should work to perfect a current community event or craft an original event.
Incorporate a contingency. There are infinite reasons to include a larger than necessary contingency in the budget. Revenues may fall short of projected revenues or the building may require an unexpected repair. The contingency is especially important during the construction process given the historic nature of the building.

Develop a membership. Several courthouse projects reviewed have an annual dues-paying membership. These tax-deductible contributions can provide a small but reliable revenue stream for core operating expenses.

Establish political support. Several examples stressed the importance of state-level political support for their efforts, especially useful for generating large capital preservation funds to rehabilitate old courthouses for modern-day use.

Interview Sources:

Images Sources:
Figure 1: Old Cabarrus Courthouse. Concord, North Carolina. www.igougo.com/journal-j40526-Concord-Concord_NC_A_Beautiful_City_Awaits_You.html
Figure 2: Robert Mills Courthouse. Camden, South Carolina. www.igougo.com/journal-j40526-Concord-Concord_NC_A_Beautiful_City_Awaits_You.html
Figure 3: Union County Courthouse. Blairsville, Georgia. http://www.ucda.net/images/courthouse4.jpg
Figure 4: Roane County Courthouse. Kingston, Tennessee. http://farm3.static.flickr.com/2071/1800599649_32cea11d82_o.jpg
Figure 5: Wilkes County Courthouse. Wilkesboro, North Carolina. http://farm1.static.flickr.com/43/87136190_63959f6331.jpg?v=0
Section 2: Community Assessment

This section provides a brief demographic overview of Clay County, and identifies and discusses organizations in the County that can play supportive roles in efforts to preserve and reuse the historic Clay County Courthouse. These organizations can support the project through assisting in capital campaigns, financial and in-kind assistance, grant writing, project administration, and programming for activities in and around the courthouse.

Demographic and General Information

Clay County was formed in 1861 from the southeastern part of Cherokee County. It is a rural county located within the Southern Appalachian Mountains in the extreme southwestern part of North Carolina. Clay is one of the smallest counties in the state in terms of both geography and population. The County had an estimated population of 10,008 in 2006. The population of the County has grown at a faster rate in recent years than the state average, with an increase of 22.6% from 1990 to 2000 and another 14% from 2000 to 2006. Population increases can be largely attributed to an influx of retirees from other parts of the country. The percent of the population aged 65 and over in 2000 was 22.7%, almost double the state average of 12%. Only 40.1% of the county population was born in North Carolina, compared to a state average of 63%. Per capita income in the County was $18,221 in 2000, which is below the state average of $20,307. Median household income in 2000 was $31,397, which was 80.1% of the state average median of $39,184.

Clay County is designated as a Tier 1 county by the North Carolina Department of Commerce. It is one of the 40 most economically distressed counties in the state and is eligible for a number of preferential investment and development programs from state agencies.

The County is divided into seven townships: Brasstown, Hayesville, Hiwassee, Shooting Creek, Sweetwater, Tusquittee and Warne. Chatuge Lake, which straddles the North Carolina-Georgia border, has 130 miles of shoreline and is a popular location for retirement homes and second homes. Chatuge Lake is located south and east of the county seat of Hayesville. Clay County is extremely mountainous, with much of the land located within the Nantahala National Forest. The County has a total area of 221 square miles.

Hayesville is the county seat and the location of county government. It was incorporated in 1913, but served as the county seat from the earliest days of the county's inception. Hayesville had a population of 297 people according to the 2000 Census. It is situated in the southern central part of the county, along the major transit road of US Highway 64.

Hayesville is almost equal in distance from the larger population centers of Atlanta GA, Chattanooga TN, Knoxville TN, and Asheville NC. A popular slogan found on t-shirts and other items sold in Hayesville is "Hayesville - About 2 Hours From Anywhere."

Architecturally, Hayesville is dominated by the historic Clay County Courthouse, which sits on a square in the middle of town. The predominant green space of the town is the grounds of the courthouse. The courthouse was the heart of county government, housing county court functions until
September 2007. At that time the clerk of court, county tax office, and register of deeds offices moved from the downtown to a new courthouse built on the town's bypass.

Community Organizations

Clay County is home to a small but active number of community organizations that contribute to the social, cultural, and economic well-being of the county. The following description of community organizations is not complete but serves to identify those organizations most likely to play a significant role in support for the courthouse.

County Government

Clay County's government is led by a three person elected board of commissioners. As of March 2009, those commissioners are:

Herbert (Hub) Cheeks, Chairman
P.O. Box 118
Hayesville, NC 28904
(828) 389-0089

Stephen (Doc) Sellers
P.O. Box 118
Hayesville, NC 28904

Harry Jarrett
P.O. Box 118
Hayesville, NC 28904

The county's chief executive is the county manager:

County Manager
Paul Leek
P. O. Box 118
33 Main Street
Hayesville, NC 28904
Phone: 828-389-0089
E-mail: manager@clayconc.com
Website: www.clayconc.com

In addition to ultimate management and oversight by the County Commissioners, several units of county government may provide significant support for reuse of the historic courthouse. These include Public Works, Cooperative Extension, Social Services, Recreation, and the office of the County Manager.

The Public Works Department will play an active role during the preservation phase of the project and will work closely with architects, engineers, and contractors as they restore the courthouse while
meeting modern fire, occupancy, and other codes. The solid waste department within Public Works should be able to assist with trash disposal for public events held at the courthouse.

Contact Information:  
Public Works Department  
33 Main Street  
P.O. Box 118  
Hayesville, NC 28904  
Phone: 828-389-0274  
Fax: 828-389-9875

Building Inspector:  
Brian Trout  
E-mail: btrout@clayco.org

Clay County Solid Waste Department  
1160 Hinton Center Road  
Hayesville, NC 28904  
Phone: 828-389-9133

Roger Smith, Director  
Larry Hogsed, Assistant Director

The Clay County Center of the North Carolina Cooperative Extension Service has expressed an interest in supporting the courthouse, particularly in supporting beautification activities on the courthouse square through the Master Gardener's program. These activities may include planting of shrubbery, preservation of trees, repair and maintenance of walkways, and other efforts that will enhance the attractiveness of the grounds surrounding the building.

Contact Information:  
NC Cooperative Extension Service  
55 Riverside Circle  
Hayesville, NC 28904  
Phone: 828-389-6305  
Fax: 828-389-8872

Silas Brown, Agent  
E-mail: silas_brown@ncsu.edu

The County's Department of Social Services may have an interest in program activities at the courthouse, including public health clinics such as flu shots and wellness screenings.

Contact Information:  
Clay County Department of Social Services  
PO Box 147  
55 Riverside Circle, Hayesville, NC 28904  
Phone: 828-389-6301  
Fax: 828-389-6427
The County Recreation Department supports a senior center in Hayesville. Courthouse program managers may work collaboratively to develop activities and special events specifically for seniors in the community. Additionally, seniors in the community may provide some insight into the courthouse's 20th Century history that may help develop informational programming on the courthouse for visitors.

Contact Information: Clay County Senior Center
196 Ritter Road
Hayesville, NC 28904
Phone: 828-389-9271
Fax: 828-389-1774

Kathy Tant, Director

Clay County Communities Revitalization Association (CCCRA)
CCCRA is a legally established 501(c)(3) nonprofit organization whose mission is as follows:

To serve as a catalyst to bring forth a cooperative, creative spirit within Clay County that enables us to reclaim and preserve our unique mountain heritage and natural resources, create new jobs and provide opportunities, and to encourage economic growth and prosperity - today and tomorrow. To take care of our past and to shape a great future - together.

Since its incorporation in 1998 with support from HandMade in America (www.handmadeinamerica.org), CCCRA has successfully written, received, and managed several grants totaling over $500,000. These include raising more than $150,000 for exterior renovation of the courthouse, and for beautification of the courthouse square. In addition CCCRA has collaborated with other community organizations, including the Clay County Historical and Arts Council on development of an 1800s "pioneer village," close to the courthouse square, and with the Southern Appalachian Biking Association in developing hiking and biking trails through Jack Rabbit Mountain. CCCRA organizes annual community events including a Chili Cook-Off, the Lies and Pies Jamboree, and the Car-B-Que. Other successful activities led by CCCRA include beautification efforts for downtown Hayesville, installation of informational signs for tourists and visitors, and installing murals of popular county scenes.

CCCRA maintains an active board of directors and a ten-member advisory board. It does not have paid staff.

CCCRA is expected to play an important role in supporting the courthouse during its preservation and after it is opened to the public. This is discussed in detail in Section 4 of this report.
Clay County Historical and Arts Council

The Historical and Arts Council is the leading community organization dedicated to the arts and historical preservation of Clay County. The Council owns and operates the Clay County Historical Arts Museum, located in the old county jail in Hayesville. The museum features exhibit panels that detail the nineteenth century Cherokee landscape of Clay County, relate the role of Fort Hembree, and discuss the impact of the removal and Trail of Tears on the Cherokee people of Clay County. Artifact displays present materials recovered from excavations at the Spikebuck Village site, the old town seat of Quannassee. Other items exhibited in the museum, such as antique farm implements, a moonshine still, and an early telephone system represent the Anglo-American experience in Clay County.

The Clay County Historical Arts Council can play an important role in programming activities for the courthouse, including assistance with art exhibits, historical presentations, and special community events both inside the courthouse and on the courthouse square.

Contact Information: Clay County Historical Arts Council
P.O. Box 5
Hayesville, NC 28904.
Phone: (828) 389-6814
Sara Smith, President

Historic Hayesville Merchants Association

The Merchants Association is an unincorporated association of approximately 28 merchants located near downtown Hayesville. Almost all of the shops located on blocks around the courthouse square are members. Members include local attractions, retail stores, restaurants, service providers, and commercial property. The Association is an all-volunteer organization and does not have paid staff. Individual members have expressed a strong willingness to serve as volunteers at the courthouse for various programs and activities.

The Merchants Association has a vested interest in seeing that the historic courthouse serves as a magnet for bringing more people to the downtown area. Special events and ongoing programs will have a measurable economic impact on many shopkeepers' businesses. As such, the membership of this organization can serve as a core base of volunteer supporters for courthouse activities. This is discussed in more detail in Section 4 of this report.
Individual member contact information can be found at http://www.historichayesville.com.

**Clay County Chamber of Commerce**
The Chamber of Commerce is the leading business advocacy organization of the county. Its mission is:

"to sustain and further develop a thriving economy and to enhance our community's quality of life. To achieve this, the Chamber divides its work among special events, business after hours, and community involvement while keeping an eye toward economic expansion and a better quality of life in Clay County, NC."

The Chamber has an active membership of several hundred businesses and organizations located throughout the county. Its headquarters are located a few blocks from the downtown area of Hayesville. The headquarters also serves as a visitor center for tourists and newcomers to the region.

Many Chamber members will play important roles both during the capital preservation phase and the post-opening programming phase of the courthouse. Chamber members include construction trades businesses that will benefit from preservation work, and also includes restaurants, caterers, and event coordinators that will derive business from special events such as weddings and banquets held in the second floor former courtroom of the courthouse. Additionally, Chamber staff may be able to collaborate with programming directors to establish a small visitors' center in the first floor of the courthouse.

**Contact Information:**
Clay County Chamber of Commerce
388 Business Highway 64
Hayesville NC 28904
Phone: 828-389-3704
Email: info@ncmtnchamber.com
Website: http://www.claycounty-nc-chamber.com/

Josh Ashe, President

**Licklog Players**
Licklog Players is a nonprofit volunteer theatrical troupe located in Hayesville. Established in 1978, Licklog Players is comprised of adults and children of all ages, background and interests who are committed to theatre arts. The organization contributes to the betterment of the community by bringing people together through the enjoyment of creative, entertaining live theatre.

Each season, the organization produces a full slate of musicals, comedies, and dramas. Peacock Pride, a summer student program, ensures that young people are exposed to the wonders of theatre in week-long workshops.

The Peacock Playhouse, home of Licklog Players, is a 250-seat, fully equipped, state-of-the-art complex located on the outskirts of downtown Hayesville.

Licklog Players is only one of several organizations that may be able to support programs held within the courthouse. Several community recommendations for reuse of the building included the idea of
holding courtroom dramas in the second floor former courtroom. While the Players have an outstanding permanent venue at the Peacock Playhouse, special plays and theatrical performances may be held at the courthouse.

Contact Information:   Licklog Players
            P.O. Box 1126
            301 Church St.
            Phone: 828-389-8632
            Fax: 828-389-1642
            Email: licklog@verizon.net
            Website: www.licklogplayers.org

**John C. Campbell Folk School**
The Folk School is a nationally known center for learning and preserving traditional arts and crafts. It was established in 1925 in Brasstown, on the line between Cherokee and Clay Counties. The Folk School offers adults more than 830 weeklong and weekend classes year-round in traditional and contemporary craft, art, music, dance, cooking, gardening, nature studies, photography and writing. Brasstown is home to many craft and performing artists who teach and perform at the Folk School.

In addition to hosting resident classes, the Folk School also hosts free Friday night concerts featuring old time, folk, bluegrass, gospel, and Celtic music from local, regional, and national performers. The School also hosts contra and square dances most Saturday nights.

The Director of the Folk School expressed strong support for preserving and reusing the historic Clay County Courthouse. However, he did note that the Folk School has adopted a policy of holding all program activities on their spacious campus and at this time would not be in a position to offer any formal satellite programming at the courthouse. Nevertheless, the community of artists based in Brasstown should offer a wealth of artistic knowledge for program activities in the courthouse and may be engaged for specific programs on an individual basis.

Contact:   John C. Campbell Folk School
            One Folk School Road
            Brasstown, NC 28902
            Phone: 828-837-2775
            Website: www.folkschool.org

            Jan Davidson, Director

**Community Assessment Findings**

For a small rural county with limited resources, Clay County enjoys a relatively strong community of organizations dedicated to improving the economic, cultural, and social wellbeing of the county as a whole and Hayesville in particular. The organizations discussed above have a large number of overlapping members, and several of the organizations have a history of collaboration and mutual support. The researchers anticipate that this collaborative spirit will be a positive factor in the
successful preservation and reuse of the historic Clay County Courthouse. Project managers are encouraged to take an inclusive approach to programming that will allow each organization and its members to develop a sense of ownership and vested interest in seeing that the historic Clay County Courthouse is a successful center for the community for years to come.

While all of the organizations or their members will have roles to play, a long-term effort to manage the historic courthouse and its anticipated wide range of programs will require a single coordinating entity that draws on all the resources available from the greater community. A discussion of possible organizational structures is discussed on Section 4 of this report.
Section 3: Use Options and Recommendations

In November 2008, at least 27 individuals living in Clay County attended a meeting with project researchers to discuss courthouse preservation and reuse plans. These individuals consisted of elected officials, merchants, staff from local and federal government, members of community organizations, and retirees. Attendees were given written surveys asking them to identify programs and activities they would like to see in the courthouse after it reopens for use. In addition, these surveys were distributed through community organizations and local government in an effort to solicit as many opinions and viewpoints from the citizenry as possible. A suggestion box for courthouse uses was also offered at the county finance office.

In addition to verbal input from participants at the meeting, researchers received written suggestions and survey responses from 19 individuals. Most had multiple recommendations for activities within the courthouse. Researchers also interviewed community leaders including county and town elected officials and heads of community organizations to gauge levels of commitment and participation in efforts to establish a reuse plan for the courthouse.

More than 100 uses were recommended by citizens. In very broad terms, these recommendations fit into the following categories and are discussed below: Arts (including crafts arts and performing arts), Economic Development, Community Events, History, Business and Community Offices, Education, and Retail. Many recommendations overlap these categories, such as a suggestion to have a local retail arts consignment shop on the first floor.

The Arts

Almost half of the respondents listed arts-related activities for the courthouse. These include the following recommendations:

- Local artists' consignment shop;
- Visiting artist rotating gallery space;
- Holiday artist markets;
- Saturday art walks;
- Annual writer's conference;
- Working studios for resident artists;
- Youth art exhibits;
- Annual poetry and arts contests;
- Intergenerational art activities;
- Arts incubator;
- Arts-based welcome center;
- Permanent local and traditional artists retail space;
- Satellite office for the Folk School;
- Various suggestions for an arts-based community center.

Western North Carolina has become a destination for visitors seeking authentic traditional crafts. At the same time the region attracts new residents who are steeped in various arts and crafts traditions. The nearby John C. Campbell Folk School has become a veritable incubator for traditional arts and
crafts, with a vibrant community of highly skilled artists living in the immediate area. Retirees who have resettled to the region are often attracted to arts activities as hobbies or even as a source of part-time income.

Programming at the courthouse that focuses on traditional mountain arts can attract visitors to downtown Hayesville and generate economic opportunity for area artists. For example, a three-month display of historical pottery could be coupled with sale of new pottery pieces made by local artisans. Other time-limited displays and sales can include paintings, sculpture, practical crafts like baskets and quilts, musical instruments, and other arts and crafts reflective of mountain heritage and culture.

Displays and sales on the first floor of the building can also be coupled with hands-on activities and performances on the second floor multi-use events center. Using the example of pottery, a half day workshop on basic pottery could be held on a Saturday on the second floor, while historical displays and sales could be held on the first floor.

Discussion: Most of the suggestions for arts-based activities can be incorporated into an annual events plan for the historic courthouse. Conferences, contests, and arts educational events can all contribute to revenue for area artists and the project itself, as well as making the courthouse a destination for arts lovers in the community. Well-developed advertising and marketing of such events may attract some tourists to the downtown area. A few suggestions, however, appear to be infeasible given the limited space available in the courthouse or the lack of "buy-in" from certain organizations. These would include establishing permanent art studios and establishing a satellite office for the Folk School.

**Economic Development**

Most recommendations for economic development also centered on an art-based theme. Respondents recommended using existing community arts centers in nearby counties as models for programming at the courthouse. These include the arts center in downtown Andrews, Stecoah Valley Center, and renovation efforts in Siler City NC and Chattanooga TN. One respondent suggested using the courthouse as a small business center associated with Tri-County Community College. Another suggested focusing on use of the grounds as a downtown farmers market (which is an ongoing activity).

Discussion: Learning best practices from community centers with a strong focus on the arts is an excellent way to avoid the mistakes others have made and identify programs that may succeed. Some opportunity may exist for region-wide co-marketing for special events among area centers. For example, a month-long mountain music series could advertise performances in Hayesville, Stecoah, Andrews, and Blairsville, with tickets for all events sold by participating centers.

An increased focus on outdoor markets, including the existing farmers market and new sales events such as holiday markets, can increase income for area farmers and artists and attract more visitors to the downtown area to eat and shop with local merchants.
A permanent small business center in the courthouse does not seem feasible. However, project organizers can work with the SBC at Tri-County CC to provide business planning outreach to artisans, farmers, and other entities participating in courthouse-sponsored events.

Events

There appears to be broad general consensus that the courthouse, particularly the old courtroom on the second floor, should be used to host a variety of events, both open to the community and for individual group or organizational use. Celebrations and performing arts were heavily favored. These include the following:

- Weddings, banquets, and parties;
- Theater production (including courtroom dramas);
- Musical performances;
- Storytelling festivals;
- Fundraisers and events for area nonprofits;
- Sunday gospel singing;
- Films;
- Family reunions;
- Youth programs;
- Miscellaneous community events and activities.

Discussion: Public and private events in the old courtroom should be a high priority for project developers. Private events like banquets and weddings will generate needed revenue for the project, bring large numbers of people to the downtown, and generate economic opportunity for area businesses including caterers, photographers, and musicians. Public events, such as a monthly youth movie night, a monthly seniors' bingo night, Sunday gospel singing, and storytelling events can be modestly-priced ticketed events to generate program revenue.

Perhaps most importantly, ongoing public entertainment events will help foster a greater sense of community for the downtown area and will help establish Hayesville as a destination for locals and visitors looking for recreation and fun. Downtown restaurants and shops will benefit from increased pedestrian traffic before and after events, and some merchants will be able to customize goods and services to meet new demand from these recreational visitors to the area.

Historical and Museum Use

Few respondents recommended using the courthouse as a dedicated museum. Several others recommended using a portion of the building to house historical exhibits of the county featuring historical artifacts. One person recommended establishing a cyclorama showing various stages of the county's history.

Discussion: Celebrations of Clay County and Appalachian history are entirely appropriate for first floor programs. Displays and activities focused on historical themes should be dynamic and of a defined duration. For example, a six-month historical display of settler homestead life could be
coupled with arts exhibits featuring homemade textiles that show both modern and historic examples. Sales of hand crafted clothing could be featured at the same time.

One person recommended use of the courtroom for historical re-enactments of famous court cases, which could be of an historical nature as well as supporting the performing arts. Project organizers may be able to enlist the Licklog Players for courtroom dramas.

This research does not recommend using the courthouse as a permanent museum, nor of dedicating scarce first floor space to a permanent historical displays. The only caveat to this may be incorporating a brief visual history of the courthouse from its earliest days to the present.

**Business and Community Offices**

Several recommendations were given to use the courthouse for offices of either local government or area nonprofits. These include suggestions to relocate the Chamber of Commerce to the building, putting county offices back in the building, and providing offices for the Historic Downtown Merchants Association, CCCRA, and the Historical and Arts Council.

A few respondents specifically said they did not want to see the building used for office space.

Many respondents expressed support for establishing a visitors' welcome center at the courthouse. Such a center could be established with DOT visitor center funds, and draw on inputs from the various community organizations including the Chamber of Commerce, Historical and Arts Council, Downtown Merchants, and CCCRA.

Discussion: Researchers do not recommend using the historic courthouse for permanent office space beyond space necessary for management of the site and its programs. The building's restoration as recommended in the report by Harris Architects does not lend itself to modern office use. Additionally, the few number of permanent office employees would have limited economic impact on the downtown area, and the opportunity costs of losing a valued center of community life that attracts large numbers of people to the downtown would be too great.

**Education**

Some respondents recommended making rooms available for classroom space for evening and weekend classes, providing internships for local students, and working with the Folk School for off-campus programming. Educational activities, especially in the arts and crafts arena, would be appropriate for daytime use of the courtroom or a 1st floor room. Classes on pottery, weaving, or old timey music could be held in conjunction with historical displays and sales on the first floor.

Discussion: The Folk School has not expressed interest in off-campus educational programs. However, many artists living in the area might be interested in classes targeting local retirees around Lake Chatuge that are more accessible, shorter, and more affordable than those held at the Folk School. Further research needs to be done on collaborating with Tri-County Community College for educational opportunities that may increase employability or otherwise better prepare students for careers.
**Retail Space**

Several respondents suggested renting the first floor rooms for retail shops with a local arts or heritage theme. However, few specifics were given and researchers did not identify individuals who would like to establish their own retail businesses in the building.

Discussion: Retail sales can become a modest but steady source of income for the courthouse management. As discussed above, targeted retail sales held in conjunction with historical displays and special events can generate income for area artists and revenue for the facility. At least one room on the first floor should be dedicated to retail sales. For the purpose of generating operating revenue, the facility should consider selling drinks and small snacks such as popcorn at community events like a bingo or movie night. A drink machine located on the first floor may be a steady source of project income.

Some in the community may be tempted to allocate the first floor as commercial rental space for a shop or other retail business. This approach may secure some steady cash flow to the County to help defray operating costs of the facility. However, permanent rented space will preclude that space from community access for programs. Researchers do not recommend this as a preferred use option, but concede that it could be a "plan B" for use of a portion of the first floor if revenue streams are insufficient for ongoing operating expenses.

**Other Program Activities**

Programming for the facility should be flexible enough to respond to demands as they arise. Some programs that seem worthy of contemplation would center on serving specific populations in the community, especially children, the elderly, and families. For example, a summer day camp for children ages 3 to 6 may be in demand from parents looking for activities for their children when school is out. A weekly "mother's morning out" daycare service may be in demand.

Project coordinators may want to discuss targeted programs with small businesses in the area with relevant expertise. A business, church, or individual with significant childcare experience may be able to conduct a day camp and share revenues with the courthouse.

Some consideration should be given to having information and guidance available for visitors to the region. A visitor's information kiosk can be sited near the main entrance to the building with information on local attractions and activities. The Chamber of Commerce may be able to provide assistance in establishing this service.

The courthouse should strive to serve as a useful meeting and fundraising venue for other community organizations including CCCRA, the Arts and Historical Society and the Chamber of Commerce. Programs developed in partnership with other organizations will foster a greater sense of community participation and a shared interest in the courthouse's success as a community center.

**Conclusions and Recommended Programming**
While suggestions for reuse of the building varied substantially, one common thread for the vast majority of respondents was a desire to see the courthouse put to active use as a destination for community activities. Only in very few cases did respondents express a desire to use the courthouse as a museum or otherwise primarily to be preserved as an historical artifact. This input, in addition to interviews and conversations with community leaders, has led researchers to recommend that courthouse reuse be focused on activities and events that broadly support the active life of the community in Clay County generally and Hayesville in particular.

A few key findings bear discussion:

Most community members expressed support for a variety of uses for the courthouse. Due to the limited space available on the first floor, and a desire for the second floor to be able to host a number of different public and private events, project developers are encouraged to maximize the types of activities available, while maintaining a certain degree of cohesion in programming. For example, one or two rooms may be dedicated as display rooms for time-limited programs, while another room may be dedicated to retail sales with a rotating emphasis on reproductions or similar genres of art that are on display at a given time.

In order to achieve the goal of multi-use functionality, the researchers do not recommend use of the courthouse for a single entity or single purpose. This would preclude the courthouse from being returned to use as county offices, or of converting the courthouse into a dedicated museum. Additionally, it is not recommended that a single entity be housed at the site, such as the Chamber of Commerce. In the Chamber's case, this organization has a new, highly visible main office with a visitor's center, and officers there did not express a desire to move.

The courthouse activities should be program-driven, with rotating uses for most first-floor space. Project managers should avoid having displays and programs on the first floor become static. Without regular variety and promotion of new activities and events, local citizens may quickly lose interest in visiting the courthouse, and tourists will only visit once if they know that nothing is changing.

To keep a spirit of activity, excitement and newness, project managers are encouraged to have in place a planned marketing program using free local media including newspapers and local TV news, a high quality website, participation in regional and state marketing and promotional programs, and (when budgets permit) advertising in tourist and cultural magazines targeting the Southeast and the Southern Appalachians. This will be discussed more in Section 4 of this report.

While attracting tourists to downtown Hayesville is a worthy goal of courthouse programs, organizers are encouraged to primarily focus on the courthouse as a multi-use center of community activities and a celebration of the active life of Clay County today. A well-run series of programs geared towards citizens of the county will draw full-time and part-time residents to the downtown while also bringing in a number of tourists and visitors who are already in the region. Programs targeting tourists may be appropriate during peak seasons such as October, but such activities should not be at the exclusion of serving local residents including youth, retirees, and families.

Office space should be kept to a minimum, with any such space used for activity programming and management of the courthouse and its various community-related activities.
Section 4: Management Options and Recommendations

Capital Campaign Management

As discussed in the Preservation Plan supplied by Harris Architects PLLC, capital rehabilitation costs are estimated at just over $1 million. The recent economic recession has severely restricted local governments from taking on new expenditures from current year revenues, or of assuming new debt for future payment obligations. To the greatest extent possible, grant funds should be pursued to cover capital rehabilitation costs. As economic conditions improve and tax revenues rebound, the County may be in a better position to assume low-interest long term loans from federal sources, or to directly allocate resources from the general fund. Potential funding sources are discussed in the funding strategy report.

Budgetary restrictions may hinder the projects' ability to secure full rehabilitation funding for some time. To avert unnecessary cost overruns, the County is highly encouraged to immediately secure the minimum funding necessary to stabilize the building and prevent further structural deterioration. The County should prioritize capital expenditures in consultation with the architect.

During the capital rehabilitation period and before reopening the courthouse for community use, the County is recommended to continue as the lead fiscal agent for this project. While a nonprofit entity may be best suited to operate the courthouse for programs and post-opening management, nonprofits in the area have neither the expertise nor the financial strength to serve as lead agencies for the $1 million rehabilitation phase.

To facilitate capital campaign fundraising, the County is encouraged to consider reaching an agreement with an experienced grant writer to develop proposals for state, federal and private foundations. At the same time, the County may wish to partner with local nonprofits, such as the Chamber of Commerce, Clay County Community Revitalization Association, and the Historical and Arts Council to secure funds that may not be directly available to government entities.

Identification of the Lead Management Entity

Clay County is fortunate to have an active base of citizens who care about their community and want to see the historic courthouse be put to good use. Several organizations, including local government, community nonprofits, churches, and private businesses can contribute to this project's long-term success.

Nevertheless, in order to succeed this project will require a dedicated legal entity that has as part of its core mission overseeing courthouse activities and day-to-day management of the facility. The researchers envision this entity taking on such duties after the courthouse has been rehabilitated and reopened for public use. Several options for identifying this entity are discussed below:

Option One: Direct local government management
The historic courthouse is owned by Clay County Government. As a treasured public asset, researchers recommend that ownership of the building be retained by the county. While other retired courthouses have been sold to local nonprofits for a nominal fee, there is no indication that such as
transfer contributes to the long-term viability of a reuse plan. Retaining ownership with the county will make the courthouse eligible for some level of public support, assure that the parent organization has a long history of existence, and prevent potential future difficulties if a nonprofit owner ceased to exist or needed to relinquish control of the courthouse facilities.

At the same time, there are good reasons why local government should not be responsible for daily management and programming of this project. County government is charged with a wide range of public service duties and seeks to address many core needs necessary in any community. No individual in county government has a job description for direct management of the courthouse, and it is unlikely that county government at present has resources to create a new position. Additionally, direct management of the courthouse by the County could serve to politicize programming activities and management decisions. A watershed change in electoral politics at the county level could result in negative impacts on a smooth management of the courthouse and its associated programs.

Option Two: Create a new nonprofit organization
In order to establish a dedicated management structure for the courthouse, it seems tempting to investigate establishing a new nonprofit entity that has as its core mission the preservation and use of the courthouse for the social, cultural and economic well-being of the citizens of Clay County. A new nonprofit would start with the courthouse as its first and only priority.

However, there are several reasons why this may be unnecessary. First, the community has several existing community organizations that have an active interest in seeing the courthouse put the best possible use, including CCCRA, the Historical and Arts Council, the Downtown Merchants Association, and the Chamber of Commerce. Secondly, any successful new nonprofit organization would need to have an active board of directors serving on a volunteer basis. With a limited population of community volunteers, any new organization would invariably need to solicit members of existing organizations to become their core base of volunteers. Establishing a new nonprofit could be redundant and stretch the capacity of individuals already engaged in community service. Finally, a new nonprofit would have no history of grants management and fiscal responsibility and may be ineligible for grants from key funders. From the date of incorporation, the organization may wait up to 18 months to receive official designation from the IRS as a 501(c)(3) nonprofit organization.

Option Three: Lease the courthouse to an existing nonprofit organization
Many courthouse reuse projects have an organizational structure where the county retains ownership of the property but leases it on a long-term basis for a nominal fee. The lessee is typically an established nonprofit in the community such as a chamber of commerce, an arts council, or a historical society. Quite often the lessee makes the courthouse the home of their business office as well as a venue for community programs. Usually the nonprofit is the primary responsible organization for setting a management budget, hiring staff, establishing programs, and raising general operating funds for the courthouse. It is not unusual for the county government to allocate resources from the county budget to assist with general operating costs on an annual basis.

The Clay County Community Revitalization Association appears to have the necessary mission, legal status, and organizational capacity to be the lead agency for management of the courthouse.
Several factors support this option. Since its inception as tax-exempt nonprofit 501(c)(3) nonprofit organization, CCCRA has successfully secured and managed grant funds in excess of $500,000 for community activities and beautification, of which $150,000 has been for exterior preservation of the courthouse. The existing record of grants management will be a positive factor for future grant writing and fundraising activities. The nonprofit has an active board of directors who are respected in the community and also serve on other community organizations in the County, and can thus facilitate broad community support and inter-agency collaboration on program development. Discussions with the CCCRA board indicate the organization would have an interest in taking on management duties for the courthouse.

Potential challenges to this approach are worth discussing. CCCRA does not have paid staff. Additionally, the organization is involved with a range of community-oriented projects, some of which have little relationship to the courthouse. Management and oversight of courthouse activities will require compensated staff, ongoing fundraising, and constant fiscal oversight of a management budget. Finally, the issue of property insurance and personal injury liability must be taken into consideration for this project which will have hundreds if not thousands of visitors using the courthouse for a wide range of activities.

**Option Four: Establish a subsidiary organization under an existing nonprofit**

In the 1980s, economic development nonprofits established a legally viable way for a nonprofit 501(c)(3) to establish Limited Liability Corporations (LLCs) that are wholly-owned subsidiaries of the parent nonprofit. In this scenario, the new LLC operates under the existing 501(c)(3) status of the parent organization and files its taxes jointly under the same Employee Identification Number (EIN).

This option blends the best aspects of the options discussed above. By establishing a new legal entity, the LLC can have as its stated core mission the preservation and use of the courthouse for the social, cultural and economic well-being of the citizens of Clay County. At the same time, the parent nonprofit could serve as the lead fiscal agent and grants applicant for support of the courthouse. The nonprofit would have the option of hiring management staff as either an employee of the nonprofit itself, or to allow the LLC to have paid staff, with fiscal oversight from the nonprofit. The parent nonprofit could transfer ownership of the LLC to another nonprofit organization, or it could apply for 501(c)(3) status from the IRS. For the parent organization, establishing a subsidiary LLC would create some separation of legal liability from the project. The LLC would hold personal injury liability insurance and the nonprofit would be protected from lawsuits related to the courthouse operations.

**Recommendations**

Of the options discussed above, Option Three and Option Four are considered most viable. Of these two, Option Four seems to provide the best legal structure to assure long term project success.

The researchers recommend that CCCRA be charged with establishing a subsidiary LLC (Clay County Historic Courthouse, LLC) to lease the historic courthouse and its grounds from the County. This new LLC would have as its sole mission the operations and management of the historic courthouse for the cultural, social, and economic well-being of Clay County and its citizens. A draft example of an operating agreement for CCCRA to establish the LLC is provided in the appendices of this report.
Management Staffing

As an ongoing project with intensive programming needs, the historic courthouse will require a minimum of one paid staff person who serves as project director. This individual should be adequately compensated on a minimum three-quarters full-time basis, but preferably should be employed full-time. The staff member should be hired by CCCRA, and human resource issues should be referred to the CCCRA board of directors. Hourly support staff for events will likely be necessary, but costs can be kept to a minimum by relying on volunteers.

Clay County is fortunate to have a large number of retirees who are involved in the community and experienced in community development activities. An energetic retiree desiring of supplemental income could be recruited for this position. The possibility also exists to attract a young college graduate seeking a career in community development, community arts, or historic preservation. To keep costs low and avoid chronic budget difficulties, researchers recommend this position be compensated at an all-inclusive rate of not more than $30,000 per year. Occasional hourly support staff is budgeted at $1,400 per year (200 hours at $7 per hour).

Project director duties will be varied, including development and implementation of an annual programming plan, a funding strategy, and coordination of volunteers and community participation. The director should be computer literate and understand basic accounting and budget management. Importantly, the director should serve as a community facilitator that engages as many organizations as possible for program development and services. For example, the Historical and Arts Council should be enlisted for temporary historical displays and arts exhibits. The public schools may be able to partner for school visits, after school educational programs, and other youth activities. Area churches may have programs for summer day camp at the courthouse for children six and under. The Chamber of Commerce may also assist with development of a visitor information kiosk or special displays promoting tourism in the County. Businesses in the community should be solicited regularly for support of special events and temporary displays and sales. An important key to success is to have as the director a dynamic individual with strong interpersonal skills who can motivate individuals and organizations for the common purpose of making the courthouse a living and viable center for community activities.

Operational Budgeting

Annual operating budgets should be developed based on realistic estimates of overall funding potential. Ideally, the project should secure its first year of funding from non-debt external sources in the form of grants, local government appropriations, and charitable contributions from individuals and businesses. Revenues generated in the first year of operations should be held in reserve to secure the following year's budget funds.

Certain one-time expenses will need to be incurred between the completion of the capital fundraising for courthouse rehabilitation and when the project opens for community use. Some of these expenses may include the following:
### Initiation Expenses

<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legal fees</td>
<td>Articles of incorporation, etc</td>
<td>$2,000.00</td>
</tr>
<tr>
<td>Computer and accessories</td>
<td>Program management</td>
<td>$1,200.00</td>
</tr>
<tr>
<td>Printer/Copier/Fax</td>
<td>Management &amp; communications</td>
<td>$500.00</td>
</tr>
<tr>
<td>QuickBooks</td>
<td>Accounts management</td>
<td>$300.00</td>
</tr>
<tr>
<td>Office chairs and desk</td>
<td>Manager office</td>
<td>$300.00</td>
</tr>
<tr>
<td>Cabinets</td>
<td>Filing and storage</td>
<td>$250.00</td>
</tr>
<tr>
<td>160 fold-out chairs</td>
<td>Seated performances in courtroom</td>
<td>$2,700.00</td>
</tr>
<tr>
<td>12 circular banquet tables</td>
<td>Catered banquets and dinners</td>
<td>$960.00</td>
</tr>
<tr>
<td>One 12’ wide film screen</td>
<td>Movies and presentations</td>
<td>$1,500.00</td>
</tr>
<tr>
<td>Digital Projector</td>
<td>Movies and presentations</td>
<td>$3,000.00</td>
</tr>
<tr>
<td>8 glass display cases</td>
<td>1st floor displays</td>
<td>$5,000.00</td>
</tr>
<tr>
<td>Cash register and table</td>
<td>Retail sales</td>
<td>$1,500.00</td>
</tr>
<tr>
<td>Misc furniture</td>
<td>1st floor</td>
<td>$2,000.00</td>
</tr>
<tr>
<td>Microwave</td>
<td>Commercial grade</td>
<td>$500.00</td>
</tr>
<tr>
<td>Refrigerator</td>
<td>For drinks</td>
<td>$500.00</td>
</tr>
<tr>
<td>External signage</td>
<td>Information booth on grounds</td>
<td>$3,000.00</td>
</tr>
<tr>
<td>Website initiation</td>
<td>Initial design and hosting setup</td>
<td>$1,000.00</td>
</tr>
<tr>
<td><strong>Total Estimate</strong></td>
<td><strong>Pre-opening expenses</strong></td>
<td><strong>$26,210.00</strong></td>
</tr>
</tbody>
</table>

A baseline of mandatory expenditures should be established before operations begin. A pro-forma budget estimate for core operating costs is presented as follows:

### Core Annual Operating Expenses

<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
<th>Annual Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manager</td>
<td>Sole Paid Staff, salary and benefits</td>
<td>$30,000.00</td>
</tr>
<tr>
<td>Utilities</td>
<td>Electrical &amp; Water</td>
<td>$4,000.00</td>
</tr>
<tr>
<td>Office supplies</td>
<td>Cartridge ink, paper, phone lines, internet</td>
<td>$4,000.00</td>
</tr>
<tr>
<td>Website</td>
<td>Regular monthly updates and hosting</td>
<td>$500.00</td>
</tr>
<tr>
<td>Liability Insurance</td>
<td>Blanket event coverage</td>
<td>$2,000.00</td>
</tr>
<tr>
<td>Subtotal</td>
<td></td>
<td>$40,500.00</td>
</tr>
<tr>
<td>Contingency</td>
<td>10%</td>
<td>$4,050.00</td>
</tr>
<tr>
<td><strong>Total Core Expenses</strong></td>
<td><strong>Annual core expenses</strong></td>
<td><strong>$44,550.00</strong></td>
</tr>
</tbody>
</table>

Core expense estimates do not include costs of operation in conjunction with programs and special events, or cost of goods sold. Some of these anticipated expenses are presented below:

### Event Programming Expenses

<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
<th>Annual Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promotions</td>
<td>Advertising, printing</td>
<td>$6,000.00</td>
</tr>
<tr>
<td>Cost of goods sold</td>
<td>Art, crafts, and mementos</td>
<td>$6,000.00</td>
</tr>
<tr>
<td>Postage</td>
<td>500 mailers x 4 times per year</td>
<td>$1,000.00</td>
</tr>
</tbody>
</table>
Total annual operating expenses are estimated at $71,390.

Operational Revenues

Success of this project depends upon the ability to secure annual revenues sufficient to cover operational expenses. Potential revenue streams are listed below:

<table>
<thead>
<tr>
<th>Event rental fees</th>
<th>15 events @ $500 each</th>
<th>$7,500</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail sales</td>
<td>$1200/mo x 10 mos</td>
<td>$12,000</td>
</tr>
<tr>
<td>Ticketed events</td>
<td>Music, movies, dances, bingo: 40 events x 50 attendees x $5 per ticket</td>
<td>$10,000</td>
</tr>
<tr>
<td>Events sales</td>
<td>Drinks and snacks 40 events x $2.00/head</td>
<td>$4,000</td>
</tr>
<tr>
<td>Educational events</td>
<td>Profit share with instructors</td>
<td>$3,750</td>
</tr>
<tr>
<td>Friends Memberships</td>
<td>150 @ $20/yr</td>
<td>$3,000</td>
</tr>
<tr>
<td>Corporate members</td>
<td>25 @ $250/yr</td>
<td>$6,250</td>
</tr>
<tr>
<td>Annual Gala</td>
<td>Spring fundraiser</td>
<td>$5,000</td>
</tr>
<tr>
<td>Grants for programs</td>
<td>Specific program support</td>
<td>$10,000</td>
</tr>
<tr>
<td>County Support</td>
<td>Annual appropriation</td>
<td>$15,000</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td></td>
<td><strong>$76,500</strong></td>
</tr>
</tbody>
</table>

A standard rental fee of $500 per wedding or banquet should be a reasonable fee, not inclusive of any incidental costs such as wait staff, meals, and entertainment. This revenue can be generated by leasing space directly to wedding parties, but more likely can be sold through caterers and wedding planning services within a hundred miles of Hayesville, and possibly even as far away as Atlanta.

Retail sales averaging $1,200 per month supposes a 100% markup on arts and craft items sold on the first floor of the courthouse, often in conjunction with training and educational workshops.

Ticketed events including bingo, live music, youth movies, and dances can be held almost weekly and generate substantial income. Care should be taken not to violate copyright laws. Rights for showing older movies should be affordable.

Drinks and snacks can provide a steady revenue stream with substantial mark-up over costs of goods sold.
A monthly educational series that offers a profit share with area artisans can generate up to $750 per month, based on an average registration fee of $75 per workshop with 10 students each month for 10 months. This activity has the potential to expand but should be managed on a trial basis in the first year of operation. Responsibilities for planning, registration, and promotion should be shared with participating instructors.

The project should be able to generate nearly $10,000 per year by selling memberships into a "Friends of the Historic Courthouse" club. Individual memberships of $20 per year and corporate memberships (with targeted promotional opportunities at community events) of from $250 to $500 can generate needed "overhead-free" revenue. The "Friends" membership should also be an important source of volunteer support for events and maintenance of the facility. As a subsidiary of a nonprofit, contributions to the Historic Clay County Courthouse will be tax-deductible.

With a programs-driven plan of action, the project should be able to secure small grants for specific events on a regular basis. For example, an historical display of the Trail of Tears may attract support from the Eastern Band of the Cherokee. Other historical displays would logically attract funding from federal funds for the Blue Ridge National Heritage Area, state funds through the NC Division of Cultural Resources, and the Community Foundation of Western NC.

Finally, as a treasured county resource, the project should be able to secure modest ongoing support from Clay County government.

**Management Options Conclusion**

Successful management of the Historic Clay County Courthouse involves a combination of continued local government and community commitment to seeing the project succeed, entrepreneurial creativity to generate revenue streams, constant fundraising, and innovative programming that keeps activities fresh and of interest to the residents of the county and visitors to the region. Probably the most crucial decision made will be selecting an executive director with the skill set necessary to achieve all of these tasks.

Granted, this is no small task. However, the researcher would stress the fact that there is only one Historic Clay County Courthouse. As the single most recognizable symbol of Clay County, it is deserving of special efforts and consideration for keeping it as a vibrant center of community life.
Appendix A

Clay County North Carolina Historic Courthouse Renovation Project

Community Questionnaire

Thank you for your interest in the renovation of Clay County's Historic Courthouse. Please take a few minutes of your time to let us know about yourself, your organization, and how you can help the future reuse of the courthouse as a valued community asset.

1. Your Name:___________________

2. Organization:_________________________

3. Telephone:__________________

4. Email:_______________________

5. Mailing address:__________________________________________

6. Please describe your organization's core activities and mission:

______________________________________________________________________________

7. Do you have any suggestions for how the courthouse can be best used to enhance the culture, economy, and heritage of Clay County? If so please list and briefly describe them below:

A.______________________________________

B.______________________________________

C._______________________________________

D._______________________________________
8. Does your organization have an interest in developing or managing programs at the historic Clay County Courthouse? Y____ N____

9. If yes, please describe the role your organization could play:

__________________________________________________________________________

__________________________________________________________________________

__________________________________________________________________________

10. How long has your organization been in existence? ________________

11. What type of legal entity is your organization? _____501(c)(3) nonprofit

____Local Government

____Private Business

____Other

12. Has your organization ever served as a grant recipient for training, educational or economic development projects? ____Y _____N

13. If yes please describe: ____________________________________________________

__________________________________________________________________________

14. Would you like to have a personal interview with the researchers to discuss your involvement with future reuse of the historic Clay County Courthouse? _____Y _____N

Thank you for your time and participation! Feel free to contact us if you have additional information to share.

Sincerely,

Smithson Mills, 828-273-9119

Smithson@smithsonmills.com
Appendix B

DRAFT Operating Agreement
of
HISTORIC CLAY COUNTY COURTHOUSE, LLC

(A North Carolina Limited Liability Company)

DATED: January 1, 2010

THE LLC MEMBERSHIP INTEREST REPRESENTED BY THE OPERATING AGREEMENT HAS NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER THE NORTH CAROLINA SECURITIES ACT, OR SIMILAR LAWS OR ACTS OF OTHER STATES IN RELIANCE UPON EXEMPTIONS UNDER THOSE ACTS. THE SALE OR OTHER DISPOSITION OF THE MEMBERSHIP INTEREST IS RESTRICTED.
ARTICLE I. FORMATION OF THE COMPANY
1.1. Formation
1.2. Name
1.3. Registered Office and Registered Agent
1.4. Principal Place of Business
1.5. Purposes and Powers
1.6. Term
1.7. Nature of Member’s Interest
1.8. Amendments

ARTICLE II. DEFINITIONS

ARTICLE III. MANAGEMENT OF THE COMPANY
3.1. Management
3.2. Indemnification of Manager for Management Services

ARTICLE IV. RIGHTS AND OBLIGATIONS OF MEMBER
4.1. Name and Address of Member
4.2. Limited Liability
4.3. Transfer Restriction

ARTICLE V. CAPITAL CONTRIBUTIONS AND LOANS

ARTICLE VI. ALLOCATIONS, ELECTIONS AND REPORTS

ARTICLE VII. DISTRIBUTIONS

ARTICLE VIII. DISSOLUTION AND LIQUIDATION OF THE COMPANY
8.1. Dissolution Events
8.2. Liquidation
8.3. Articles of Dissolution
8.4. Guarantee of Charitable Disposition
8.5. For-Profit Prohibition
8.6. Distribution of Assets Restriction

ARTICLE IX. MISCELLANEOUS
9.1. Records
9.2. Survival of Rights
9.3. Interpretation and Governing Law
9.4. Severability
9.5. Agreement in Counterparts
9.6. Tax Matters Manager
9.7. Creditors Not Benefited
9.8. Protection of Interest

Schedule I: Name, Address, Capital Contribution, and Membership Interest of the Sole Member
OPERATING AGREEMENT
OF
HISTORIC CLAY COUNTY COURTHOUSE, LLC

THIS OPERATING AGREEMENT of HISTORIC CLAY COUNTY COURTHOUSE, LLC (the "Company"), a limited liability company organized pursuant to the North Carolina Limited Liability Company Act, is executed effective as of the date set forth on the cover page of this Agreement. Clay County Community Revitalization Association, Inc. ("CCCRA"), a North Carolina nonprofit corporation, with a principal place of business in Clay County, North Carolina, is the sole member of the Company. For federal and state tax purposes and pursuant to Treasury Regulations Section 301.7701, CCCRA and the Company intend the Company to be disregarded as an entity separate from CCCRA. For all other purposes (including, without limitation, limited liability protection for CCCRA from Company liabilities), CCCRA and the Company intend the Company to be respected as a separate legal entity that is unique and unaffiliated with CCCRA.

ARTICLE I
FORMATION OF THE COMPANY

1.1. Formation. The Company was formed on DATE INSERTED, upon the filing with the Secretary of State of the Articles of Organization of the Company.

1.2. Name. The name of the Company is as set forth on the cover page of this Agreement. CCCRA may change the name of the Company from time to time as it deems advisable, provided appropriate amendments to this Agreement and/or the Articles of Organization the Company executes any amendments in accordance with Code Section 501(c)(3).

1.3. Registered Office and Registered Agent. The Company's registered office within the State of North Carolina and its registered agent at such address shall be as CCCRA may from time to time deem necessary or advisable.

1.4. Principal Place of Business. The principal place of business of the Company within the State of North Carolina shall be at such place or places as CCCRA may from time to time deem necessary or advisable.

1.5. Purposes and Powers.

(a) The purpose of the Company shall be to engage in any lawful business for which limited liability companies may be organized under the Act, so long as that business is consistent with the charitable purposes of its sole member.

(b) The Company shall have any and all powers which are necessary or desirable to carry out the purposes and business of the Company, to the extent the same may be legally exercised by limited liability companies under the Act, provided that these powers are used exclusively for the furtherance of its sole member's purposes.
1.6. **Term.** The duration of the Company shall be unlimited, unless the Company is earlier dissolved and its affairs wound up in accordance with the provisions of this Agreement or the Act.

1.7. **Nature of Member's Interest.** The interest of the sole Member in the Company shall be personal property for all purposes. Legal title to all Company assets shall be held in the name of the Company.

1.8. **Amendments.** Any amendments to the Articles of Organization or this Operating Agreement shall be consistent with Code Section 501(c)(3).

**ARTICLE II**

**DEFINITIONS**

The following terms used in this Agreement shall have the following meanings (unless otherwise expressly provided herein):

"**Act**" means the North Carolina Limited Liability Company Act, as the same may be amended from time to time.

"**Agreement**" means this Operating Agreement, as amended from time to time.

"**Articles of Organization**" means the Articles of Organization of the Company filed with the Secretary of State, as amended or restated from time to time, so long as such amendment or restatement is consistent with Code Section 501(c)(3).

"**Code**" means the Internal Revenue Code of 1986, as amended from time to time (and any corresponding provisions of succeeding law).

"**Liquidator**" shall mean a liquidating trustee.

"**Manager**" means CCCRA. In no case may a Manager be an individual or entity other than CCCRA, another 501(c)(3) organization, or a government instrumentality.

"**Member**" means CCCRA. In no case may a Manager be other than CCCRA, another 501(c)(3) organization, or a government instrumentality.

"**Person**" means an individual, a trust, an estate, a domestic corporation, a foreign corporation, a professional corporation, a partnership, a limited partnership, a limited liability company, a foreign limited liability company, an unincorporated association, or another entity.

"**Property**" means any real or personal property acquired by the Company.

"**Secretary of State**" means the Secretary of State of North Carolina.
"Tax Matters Manager" means the person who is the "tax matters partner," as that term is defined in the Code and the Treasury Regulations.

"Treasury Regulations" means the Income Tax Regulations and Temporary Regulations promulgated under the Code, as such regulations may be amended from time to time.

ARTICLE III
MANAGEMENT OF THE COMPANY

3.1. Management by Sole Member. CCCRA, by virtue of its status as the sole Member, shall also be the Manager of the Company for all purposes. Except as otherwise expressly provided in this Agreement, the Articles of Organization or the Act, all decisions with respect to the management of the business and affairs of the Company shall be made by CCCRA.

3.2. Indemnification of Member for Management Services. The Company shall indemnify CCCRA in connection with their services as Managers of the Company to the fullest extent permitted or required by the Act.

ARTICLE IV
RIGHTS AND OBLIGATIONS OF SOLE MEMBER

4.1. Name and Address of Sole Member. The name, address, and Membership Interest of the sole Member is reflected in Schedule I attached hereto.

4.2. Limited Liability. The Member shall not be required to make any contribution to the capital of the Company except as set forth in Schedule I, nor shall the Member in its capacity as such be bound by, or personally liable for, any expense, liability, or obligation of the Company except to the extent of its interest in the Company and the obligation to return distributions made to them under certain circumstances as required by the Act. The Member shall be under no obligation to restore a deficit Capital Account upon the dissolution of the Company or the liquidation of Membership Interest.

4.3. Transfer Restriction. CCCRA shall not transfer, directly or indirectly, any membership interest in the Company to any transferee other than a 501(c)(3) organization or governmental instrumentality. Furthermore, any transfer pursuant to this Agreement shall be made only for fair market value.

ARTICLE V
CAPITAL CONTRIBUTIONS AND LOANS

The sole Member has contributed cash to the Company in the amounts set forth as the initial Capital Contribution opposite its name on Schedule I attached hereto.
ARTICLE VI
ALLOCATIONS, ELECTIONS, AND REPORTS

All allocations of profit and loss of the Company and all assets and liabilities of the Company shall, solely for state and federal tax purposes, be treated as that of CCCRA pursuant to Treasury Regulations Section 301.7701, but for no other purpose.

ARTICLE VII
DISTRIBUTIONS

Distributions of assets shall be made on such basis and at such time as determined by CCCRA, provided the Company complies with paragraphs 8.4 and 8.6 hereof.

ARTICLE VIII
DISSOLUTION AND LIQUIDATION OF THE COMPANY

8.1. Dissolution Events. The Company will be dissolved upon the happening of any of the following events:

(a) All or substantially all of the assets of the Company are sold, exchanged, or otherwise transferred (unless CCCRA has elected to continue the business of the Company);

(b) CCCRA signs a document stating its election to dissolve the Company;

(c) The entry of a final judgment, order, or decree of a court of competent jurisdiction adjudicating the Company to be bankrupt and the expiration without appeal of the period, if any, allowed by applicable law in which to appeal;

(d) The entry of a decree of judicial dissolution or the issuance of a certificate for administrative dissolution under the Act;

(e) One or more Members no longer constitute a 501(c)(3) organization or a governmental instrumentality;

or

(f) The failure of CCCRA to continue the business of the Company.

8.2. Liquidation. Upon the happening of any of the events specified in Section 8.1, CCCRA, or any Liquidator designated by CCCRA, will wind up the Company's affairs in accordance with this section of the Agreement. Assets of the Company may be liquidated or distributed in kind, in accordance with this section of the Agreement. CCCRA will continue to be entitled to Company cash flow and Company profits during the period of liquidation. The proceeds from liquidation of the Company and any Company assets that are not sold in connection with the liquidation will be applied in the following order of priority:
(a) To payment of the debts and satisfaction of the other obligations of the Company;

(b) To the establishment of any reserves deemed appropriate by the Liquidator for any liabilities or obligations of the Company, which reserves will be held for the purpose of paying liabilities or obligations, which shall be held for an appropriate time by the Liquidator;

(c) To CCCRA;

(d) The remainder and residue shall be distributed to any other 501(c)(3) organization or governmental instrumentality.

8.3. Articles of Dissolution. Upon the dissolution and commencement of the winding up of the Company, CCCRA shall cause Articles of Dissolution to be executed on behalf of the Company and filed with the Secretary of State, and CCCRA shall execute, acknowledge, and file any and all other instruments necessary or appropriate to reflect the dissolution of the Company.

8.4 Guarantee of Charitable Disposition. Those assets devoted to charitable purposes at dissolution shall continue to be devoted to charitable purposes after dissolution.

8.5 For-Profit Prohibition. The Company shall not merge with or connect into a for-profit entity.

8.6 Distribution of Assets Restriction. The Company may only distribute assets to 501(c)(3) organizations or governmental instrumentalities.

ARTICLE IX
MISCELLANEOUS

9.1. Records. The records of the Company will be maintained at the Company's principal place of business or at any other place CCCRA selects, provided the Company keeps at its principal place of business the records required by the Act to be maintained there.

9.2. Survival of Rights. Except as provided herein to the contrary, this Agreement shall be binding upon and inure to the benefit of the parties, their successors and assigns.

9.3. Interpretation and Governing Law. When the context in which words are used in this Agreement indicates that such is the intent, words in the singular number shall include the plural and vice versa. The masculine gender shall include the feminine and neuter. The Article and Section headings or titles shall not define, limit, extend, or interpret the scope of this Agreement or any particular Article or Section. This Agreement shall be governed and construed in accordance with the laws of the State of North Carolina without giving effect to the conflicts of laws provisions thereof.

9.4. Severability. If any provision, sentence, phrase or word of this Agreement or the application thereof to any person or circumstance shall be held invalid, the remainder of this
Agreement, or the application of such provision, sentence, phrase, or word to Persons or circumstances, other than those as to which it is held invalid, shall not be affected thereby.

9.5.  *Agreement in Counterparts.* This Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute one and the same instrument.

9.6.  *Tax Matters Manager.* For purposes of this Agreement, CCCRA shall be the Tax Matters Manager.

9.7.  *Creditors Not Benefited.* Nothing in this Agreement is intended to benefit any creditor of the Company. No creditor of the Company will be entitled to require the Member to solicit or accept any loan or additional capital contribution for the Company or to enforce any right which the Company may have against a Member, whether arising under this Agreement or otherwise.

9.8  *Protection of Interest.* CCCRA will expeditiously and vigorously enforce all of its rights in the LLC and will pursue all legal and equitable remedies to protect its interest in full.

    IN WITNESS WHEREOF, the undersigned, being the sole Member of the Company, has caused this Agreement to be duly adopted by the Company as of the __ day of August, 2003.

    **SOLE MEMBER:**

    Clay County Community Revitalization Association, Member

    ______________________, President
### SCHEDULE I

<table>
<thead>
<tr>
<th>Names and Addresses of Member</th>
<th>Capital Contribution</th>
<th>Membership Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clay County Community Revitalization Association Address</td>
<td>$100.00</td>
<td>100%</td>
</tr>
</tbody>
</table>

**TOTAL**
B. Clay County Courthouse Existing Floor Plans

Exhibit B.1: First Floor
Exhibit B.2: Second Floor
C. Interview Protocol

Introduction: Name, Purpose, etc.

What was the original building used for (courthouse, hospital etc)?

Date originally built?

What is its current use? (multiple uses?)

Date renovated? Square Footage?

How was the plan for its current use determined? Were there community meetings or other processes that helped determine how the renovation would be executed?

What were the capital costs of renovations? Can you share a detailed budget for capital costs?

Were grant funds used for capital costs? If so, who was/were the primary fiscal agent for funds generated for renovations?

Is the building under public or private ownership? Who is the managing entity for the building? What is the legal structure of the managing entity (501c-3, LLC, unit of local govt., etc.)?

How much is your annual operating budget? Can you share the latest management budget/operating budget showing revenues and expenditures?

How does the building currently sustain its operations?

What is the post-development management plan?

Gain an idea of how much the operation is bringing in…copy of the plan if possible

Lesson learned in post-developed operation?

How does the community at large use or appreciate the facility after renovation?

What advice do you have for our project?