# COMMITTEE AGENDA TOPICS

**I. Subject: Grameen Bank**
Action: Approve recommendation to City Council to fund Grameen Bank's request for City contribution to Micro Enterprise Loan Pool.

**II. Subject: Changes to Business Advisory Committee (BAC) Structure & Charge**
Action: Make a recommendation to City Council to approve BAC recommendation on changes to its structure and charge.

**III. Subject: CRVA October Barometer Report – Information Only**

# COMMITTEE INFORMATION

Present: James Mitchell, Patrick Cannon, Andy Dulin, Jason Burgess and Patsy Kinsey
Time: 3:30pm

# ATTACHMENTS

1. PowerPoint Presentation: Grameen America Request
2. Attachment: Proposed Revisions to Business Advisory Committee
3. Attachment: CRVA October Barometer Report

# DISCUSSION HIGHLIGHTS

**I. Subject: Grameen Bank**

James Mitchell, Chair:
Thank you all for coming. We have four items on the agenda; two in particular are going to require action and the third item is information only. Mr. Kimble, I will turn it over to you.

Kimble: Thank you Mr. Chairman. The last time we had Grameen Bank on the agenda, you asked City staff to go off and have more interactions with Grameen Bank. You raised some good questions; we are here today to respond to those questions and if you are so inclined and ready to make a recommendation from the Committee to the full Council.

Mitchell: I would like to make one exception if I may, I would be remiss if I did not let a young man who chaired this Committee have some words. He has been very active in this item number one, so Mr. Lassiter free to address this Committee.

Lassiter: Thank you Mr. Chair. It's a pleasure to be back here in this room. I have spent a couple of minutes in here in the past and worked with many of you so it is good to be back. This is a project that I have a lot of passion about, and I am here as a resource. I have talked to several of you offline about what we are trying to do. So during this Committee meeting, and as it rolls through Council, don't hesitate to give me a call or drop me an e-mail. I have Joe Mynatt with Wells Fargo with me today; he has been a critical part of this project. We are excited to be at this point. I look forward to having the City as a partner in bringing this tremendous opportunity to deal with poverty and increasing opportunities.

Mitchell: Thank you we are glad to have you back. Go right ahead Mr. Kimble.

Kimble: I will turn it over to Dennis Marstall.

Marstall: Thank you. It's good to be here and talk to you about Grameen. We actually talked about it at the September 20th Committee meeting so it has been a couple of intervening months to do some more research and understand some funding options for you and address some issues that were raised. I do want to highlight that Joe Mynatt and John Lassiter are leading the effort for Grameen. Joe was transferred back from New York City where he had the chance to visit the Grameen branch in Upper Manhattan, so he had a good hands-on experience on how Grameen is operating in New York. What we want to go through today is addressing some of those questions that were raised during the last presentation. We are going to go back through and refresh on Grameen so that we all understand their work with micro loans and small amounts of money for individuals who want to be micro entrepreneurs. We will talk about where Grameen has been successful and are they the partner we want to partner with. What are some of the options to support Grameen's request? Then ultimately see if you want to make a recommendation to Council. To go back through the history of Grameen that we first presented back in September; this is a not-for-profit Nobel Prize winner microfinance institution in Bangladesh. It is now gone worldwide with, I believe, 138 countries and there are eight locations in the U.S. now. As Mr. Lassiter said, it works to alleviate poverty by providing capital to micro entrepreneurs who are excluded from traditional lending. Given the small amount of the loan which is $1,500 and up, these loans really aren't loan spots where you see commercial banks lending. It does provide a need or service to that market that is underserved. It serves a target market to unemployed and underemployed with an average income of $12,000 per year with 90% of the clients being women with families. They are new to America; their first U.S. branch opened in 2008 in Queens, New York then expanded to other locations. Omaha is the most recent branch; we will have some stats on how Omaha compares to Charlotte; which is a better comparison than New York or Washington D.C. and San Francisco is a little too new. They seek to open a Charlotte office and they would have two to three initial employees in this office. What they will offer is integrated financial education; they have a unique model based on peer training. They have working groups of five; they have weekly peer group meetings to talk about how their business is performing and how it is developing. They also get technical assistance from Grameen about building a credit score and building up their savings. A key component is the savings account where they are required to have $2.00 per week put into savings to build an account balance in savings. Grameen works with Experian Credit Company to work on credit issues for

those that they lend to and develop business relationships among all the Micro Entrepreneurs. This is an underserved market in Charlotte when we talk about entrepreneurs in general most think about who may need startup capital in amounts of $30,000 to 1,000,000. These are individuals who have a home-based business that they want to launch. They have a great idea for a business they can run from home; they just need a little seed money to start it up. Grameen has identified that as the $1,500 loan range. To give you a look at the typical products, remember these are small loans that provide access to capital under certain markets. Terms are six and twelve month loans; these are fairly quick turnaround loans. They do have a straight 15% interest on a declining balance that they make payments on each week. The 2008 average loan size was $1,500, there is no fee and there is no collateral required. You can come back in six months after you have paid off the first loan and seek another loan of a higher amount. The group lending model requires that a group of five borrowers meet weekly with their Center Manager to share ideas in the peer network. In the U.S., Grameen has had a 99% repayment rate, so they have a demonstrated track record of repayment.

Mitchell: Did you say 99%?

Marstall: Yes, 99% of all their loans in the U.S. have been repaid or are current. Omaha is probably our best comparison if you look at how Omaha is doing beginning with June of 2009. For fifteen months they have already made 615 loans, micro entrepreneurs have received funding for a value of $1,100,000. Omaha was started with a $3,000,000 grant from Warren Buffett's daughter; that is how they got the initial seed money for Omaha. To give you an idea of what types of businesses got loans to start their businesses in Omaha, look at the chart on page four in the handout. Grameen funded 580 businesses from a party decoration business to 124 cosmetic & salon accessories sales. You can see that it runs the gamut from party decorations, CD sales, daycare services, again businesses that can be run out of the home or maybe need small office space are the micro entrepreneur type of businesses. The Charlotte target market is the unemployed and underemployed. If you look at where we are in Charlotte Mecklenburg County, the unemployment rate is at 9.6% currently. Target borrowers annual income should be below the poverty line which is a yearly income of $26,000 or less for a family of four; often times it is actually in the $12,000 to $15,000 range. They want to work in the target business corridors and neighborhoods around the census tracts with high poverty and unemployment. The map on the handout doesn't delineate out where the business corridors are, but it does marry up nice where the poverty census tracks are; they will be doing a lot of outreach in the corridors to find some of their clients. Looking again in the Charlotte market we highlight entrepreneurs and start-up businesses many will be home-based. Access to capital, how can people get access to capital in the Charlotte market? Many people think again medical sales and devices and IT companies so this again is an entrepreneur and start-up business. Where Grameen has set up their model they really target partnerships as we have identified before; United Way, DSS, Goodwill, even the Housing Authority they have already started making some of these connections with these different groups to help identify potential lending base or clientele base. What they want to do in Charlotte is that they are in the process of raising $2,500,000 in funding for the initial loan pool and operations expenses. They

want to accomplish this by December 2010 and a total of $5,000,000 within five years. The goal to achieve this fundraising is to appeal to banks, foundations, endowments and individuals as well as the City through a fundraising campaign through December 2010. They have also approached the County in their fundraising efforts for a request of $200,000 but also and/or in-kind space from Mecklenburg County. I want to make sure that it's clear to you that they have approached the City and County for support as they go through this loan pool process. They have had success already; Wells Fargo has committed $500,000 to the Charlotte market and to the San Francisco market and Z. Smith Reynolds has committed $450,000. Why would Charlotte be an appealing place and why would Charlotte be interested in this? There are several goals that we are working on through our Small Business Program, through our Economic Development efforts which addresses gaps in current lending practices. This program would support traditionally underserved markets, strengthen neighborhoods and business corridors as well as support the lending goals of the Economic Development Revolving Loan Fund. More importantly, Grameen supports entrepreneurship. If you look at the number of loans that they may be able to offer in their first year they could impact 533 – 872 jobs depending on how big the loan pool grows and how many loans they are able to extend. The average cost per job is $229.00 - $375.00 for technical assistance. Lastly, Grameen jobs will initially create three permanent positions for their banking center in Charlotte, growing to eight full time employees over the next five years. Specifically, their request is for $200,000 in grant funds to be used for revolving loan pool. We have initially identified criteria if the City wants to go forward with that request then at your direction we would suggest that they need to raise the initial $2,500,000 and let the City come in at the end of their loan pool raising efforts. Then the secondary request was can we find some grant funds to help defray the business license expense for the micro-entrepreneurs up to a maximum of $30,000 over the next five years. This has not been done in other Grameen markets but looking at how quickly we can get access to capital. When you are talking about $1,500 loan on average for someone in those businesses that they could pay a $50.00 license fee, which is 3% of a $1,500 loan. The thought was how can we make this loan program more enticing and direct more money to business development and not to other extraneous business expenses. Really that is secondary; the main focus is to see if the City will be a partner in the loan pool. If the City wanted to be a partner in the loan pool what are some options on how the City can participate? We really see two options, by using the Economic Development Revolving Loan Fund (EDRLF), this a HUD fund that we received through Community Development Block Grant. It has a lot of criteria stipulations, but it also has a lot of flexibility too. The criteria for that fund meets the Grameen model including that it must be used for low to moderate income individuals. It can be extended as a line of credit to Grameen and distributed as they make loans. We must ensure that money generated with EDRLF, including interest, is used solely for loans to low and moderate income individuals, so the money generated can't be diverted to other groups. All funds generated must be returned to the EDRLF and there must be a termination timeframe of five years. The current balance in the EDRLF is $2,730,000. This also compliments why we are targeting this fund because the requirements matchup with HUD but it is also similar to what we are doing with the Small Business Program, how

we beef up the Small Business Program. For instance underutilized fund for us it's been targeted for Economic Development efforts, but it has really been sitting underutilized, so here is an opportunity to use some funds and get it into the market. There was some conversation at our last E.D. Committee meeting regarding could we distribute the funds in $50,000 increments at a time based upon criteria as a line of credit that is distributed as Grameen makes requests against the line of credit. It is stipulated that it is a line of credit and must be repaid; even the interest has to be returned. So there is some connection to that fund that makes sense on how we would utilize that fund.

Mitchell: Dennis let me get clear on two aspects, if we move forward they would not get our $200,000 until they raise the $2,300,000?

Marstall: Yes, that is how we suggest that you set it up.

Mitchell: Secondly, it's not a check we are cutting to them; it's a line of credit? So as they then get applicants they can draw down on this credit?

Marstall: Exactly. The money remains in the Revolving Loan Fund then they can tap into it like a line of credit.

Kinsey: I asked this last time. I want to make sure that I understand it. This is a revolving fund here and they are going to pay this back to us?

Marstall: Yes.

Kinsey: Or is it not required, I am just not clear on this.

Marstall: I need to go back and look at the notes from the last meeting. There was a debate on whether it was a grant versus a line of credit, so as this fund would be set-up, it would be a line of credit. Part of the stipulation is how that funding money can be spent. There are some other extraneous things that they would allow. The initial amount would be returned to the Economic Development Revolving Loan Fund; it would stay in there and be drawn against as a line of credit.

Kinsey: Is that going to work? Is that going to help?

Mynatt: We have talked to the New York folks and of course we would prefer not to have to pay the funds back, but it's more important to have the loan pool to begin with and be able refund the cash at the end of the period.

Marstall: We have outlined for you the preference of the Grameen request would be to have a grant not a line of credit. There is a way for you in the next option to do that through the Economic Development Business Corridor Fund. That is City funds that you solely have digression over to target the business corridor where a lot of the loan recipients would be generated from. But you can use the grant as you wish so you could cut them a $200,000 check to make a commitment to the loan pool and end your commitment. There are multiple options; one is a grant one is a line of credit.

Kinsey: If we went that route would we need to bend the rules a little, because I don't believe everybody would be living necessarily at one of the corridors.

Marstall: Yes, you are right some of those Census poverty tracks are scattered throughout the City and not always in the corridors. There are some stipulations that you can adjust to identify ways that these funds are used for this program on the corridor. You have flexibility on what parameters you want to put on these funds. Know that the Grameen request is a straight grant; they would like to use the interest on other things off of that. So we are giving you two options to meet the initial request is for $200,000 added to the pool.

Mitchell: I would like to recognize Mr. Lassiter.

Lassiter: To that point, we can commit to keeping the branch office in the corridor. That can stay in the corridor the entire time and ultimately additional branches will be put in other corridors. The value of the direct grant is that money continues to work so you put in and it repeats itself if interest will load in then we take it out and then we will have to replace it with new money. So if the idea is to get acceleration on the job generation and number of loans; keeping those dollars in long term invested in the program will create roughly 820 jobs in the first five years. The second five years, it will create a number that is a function of that because it will have the additional interest to support a thousand or whatever the math equation is. It will grow incrementally so that your one time investment over the course of a decade create a couple thousand jobs as opposed if you take it out and lose that operating capital and have to replace it with income steam off of the existing loan.

Marstall: I want to make sure that when we first came to you in September there was also talk about triggers that you wanted to establish to release those grant funds. You have the opportunity to establish on either route you choose.

Cannon: In the way of talking about the number of jobs it will create, have we determined what the market will bear if we set up the opportunities for these individuals? How do we gauge what will work in the market place and what works here?

Marstall: I think we have outlined and made comparison to the Charlotte market and that is Omaha; this is a tangible identification of what Omaha has been able to fund and some of the requests that have come into them. We think those services such as daycare, CD sales and other businesses are not recession proof. But definitely, given the low startup needed, we always see interest in those types of businesses over the course of time. Home based businesses, small startup expense; $1,500 is the initial loan amount.

Mynatt: On your handout, the Census track for 2009 is from the Urban Affairs Department; these Census tracks of Mecklenburg County under poverty level. The darker areas are higher concentrations of poverty. There are about 14,500 households in Mecklenburg County below the poverty level. We don't have the data from the 2010 what we do know is that that number increased about 10% nationally. We have other data; there are about 40,000 people who are under housed in Mecklenburg County so all the statistics point to plenty of potential here for Grameen. This shows us where the concentrations are.

Burgess: We see since June 2009 – September 2010, there have been 615 micro loans to families in Omaha. I guess at the end of the day the important thing is that we are bringing people out of poverty. So do we have any idea about what kind of success we have had not just in giving the loan and getting repaid, but getting people out of poverty?

Mynatt: That is one of the challenges with Grameen and the micro loan concept is that its newness there is an incremental income of if you can help someone raise their income level 10% or 15% you have made progress. It doesn't necessarily equate to raising them out of poverty, it is a slow and steady rise. This is really the data that Grameen uses, they know and we know that they need better measures how people are lifted out of poverty. One thing we have learned since the last time we were here is that 97% of Grameen borrowers renew for their second loan. So that is an indication that

97% renewed for a second time. That's an indication of the strength and power that people feel that they are gaining when they are in the program.

Marstall: The three branches, New York and Omaha, to date have had 4,000 borrowers. They have had $50,000 invested in savings accounts which is mandatory, which is a 75% increase from last year, so you are seeing that trajectory but it doesn't address the full poverty line.

Burgess: For me the thing that was most intriguing was the weekly meetings. The other question that I had was who collects the business license?

Marstall: The City/County Tax Office.

Burgess: I guess what I am asking is can't we just forgive the license fee for the people that come through Grameen?

Kimble: I think that would be a legal step, you would have to give a grant for that to be paid back.

Kinsey: The $30,000 would serve an "X" number of people? You would have the money to help defray that cost if you wanted to do that?

Marstall: The number came from the City portion of the $200,000. The City portion that you would see; i.e. 133 loans over five years and pay for that number of business licenses the total would be about $33,000.

Kinsey: So really it's $230,000 grant? And that is it?

Marstall: Yes.

Kinsey: $26,000 for a family of four is under the poverty level?

Mynatt: On this map, the poverty level for 2009 was, I believe, $22,000. The difference between $26,000 and $22,000, I don't know. This map uses $26,000.

Kinsey: O.K.

Marstall: So looking at how we want to go forward, we are talking about two options; the E.D. Revolving Loan Fund or the Business Corridor Fund. The staff recommendations are to use one of these two options. Utilize $200,000 in EDRLF funds for Grameen to create a revolving loan fund with a line of credit and allow interest to fund grants for business license fees and technical assistance to provide the credit counseling or other things. We can do all that within the HUD parameters and guidelines and through the EDRLF fund. The second option is to utilize $200,000 in ED Business Corridor Funds for Grameen to provide grant capital into the micro-loan program.

Dulin: How much do we have in the ED Business Corridor fund?

Marstall: $14,490,000 in the Business Corridor Fund.

Dulin: This is one of those issues that I was against at first, but willing to learn. With study and a couple of meetings and phone calls it has elevated my understanding and my ability to support it. I would rather pay for the thing, we have the money and get started and that seems to me to be the better. Does the Chair and the Committee think that number two option is the more efficient way for us to fund this?

Kimble: It is less complicated because of the HUD requirement for Grameen and us to follow the money if it is a EDRLF loan.

Dulin: Less complicated is better for everybody. May I make a motion, Mr. Chair?

Mitchell: You may, we have a question but go ahead and make your motion.

Dulin: I would like to make a motion that the Economic Development Committee move forward to Council a recommendation to City Council to fund the Grameen Bank request of $200,000 contribution. I would like to utilize that by our option on page

seven of the presentation handout. Utilize $200,000 in ED Business Corridor funds for Grameen to provide a grant capital into the micro-loan program. In my estimation and comment, we are all talking about jobs, jobs, jobs and this seems to help small business people that don't have other resources to help them create jobs.

Kinsey: I want to add something to that motion.

Mitchell: You want to do a second before that amendment to that motion?

Kinsey: Yes, I second that motion.

Mitchell: We have a second to that motion.

Kinsey: I would like to add the $30,000 to that motion. I would like to add the $30,000 to the $200,000. Make it a flat $230,000 one-time payment. I would like Grameen to locate in the business corridor.

Dulin: If you will add that last part to the amendment, I will accept it.

Kinsey: Alright, it's added.

Dulin: Alright, I will take our guest's word today that they will put this in the corridor and somewhere visible and I will accept that amendment.

Burgess: I just want to be clear that the $30,000 is to defray the business license fee?

Kinsey: Yes, exactly.

Cannon: Why $30,000?

Marstall: The number of loans that the City's contribution of $200,000 will generate is 133 loans per year over five years; times the $50.00 business license fee comes out to $33,000.

Woodcock: 600 total loans at a license fee of $50.00 each is $30,000.

Cannon: That is a projection or assumption?

Kimble: You want to say "up to" $30,000?

Mitchell: Let me get a little control here, everyone's talking at one time. Everybody turn to page 6. Pro-Tem to your point, in the handout item number two in parentheses, up to $30,000. If everybody is o.k., we will use the language that the staff has provided.

Dulin: Good catch.

Cannon: You have a raise of 2.5 if you exceed that number. What that means is that you are working inside of the taxpayer number, which means that our number could be lower, than the taxpayer revenue being 230 or 200. I got the feeling that if we go with the motion that is on the table that will be what it will be and the taxpayers will not be able to see any additional monies coming back in if we do realize that we are over and above 2.5. I would like to find a way to see if you end up getting more than what you need; I would like to give something back to the taxpayer. We're watching every nickel and I would just like to put that out there.

Dulin: It's my understanding that our $200,000 will be folded into that $2,500,000. If you get there and you don't need our help, why are we bringing it up? It's part of that $2.5 that they need. I would gladly say "up to $30,000". Is that the wording Mr. Chair?

Mitchell: Yes, we will get the wording from staff. John can you respond to that?

Lassiter: In order to open the branch, and we are targeting the second quarter of 2011, we have to raise $2,500,000. Over half of that is in the loan pool and the balance is in the operating fund to run the branch. We will continue to raise money through the following year and a half to two years until we get a total of $5,000,000 and the balance of that will be on the loan side so the loans can turn. We very much appreciate the direction this is going and the $200,000 needs to be hard into the

grant. As I understood the suggestion from Councilmember Kinsey that it was "up to the $30,000" potential saving on privilege license taxes and business taxes so that these folks don't bear an additional cost to start their businesses. Ultimately, I would anticipate as the business becomes more successful it is mature enough to carry its costs of doing business. But on the entry point for new startups when people are trying to put $2.00 away in savings that $50.00 can make a difference in materials they need for making that week's profit. If that is the way the Committee is going, we are totally o.k. with methodology knowing we will be continuing to raise money until we reach the $5,000,000. What I anticipate is that we will look for a second branch because there are opportunities for all people in the City to have access to this kind of initial startup capital.

Cannon: I hope all embrace this concept and idea of trying to do something for startup businesses. For one thing, we create more of a tax base and create jobs no matter how big or small the business is. Little things add up and mean something. I am going to be supportive of this, but I will tell you I hope that when these startup businesses do get started that they won't just be out there in the wind somewhere. Hopefully, as soon as we help get them up, we don't see them crashing down in another year or two. We understand and realize that the first crucial years for a startup business are going to be the first three years and may be beyond that. Right now looking at the economy people's dollars are scarce and they are not spending like they used to. We saw greener pastures but now the pastures are a little bit brown. I would hate to set anybody up for what could ultimately be a failure. I know that is not in the vein of what we are supporting; that is not in our spirit. It's not our spirit to create something that is not going to be very good for this community, but I have to say, double underline, we have to make sure some kind of way that these businesses do not fall by the way side and end up like some of those businesses along some of those same corridors. I have seen it happen to many times to spend money on something like that then regret the decision we made in good spirit, with the right idea and the right heart and still get in trouble. I just wanted to say that for the record but I am with it because I am going to be hopeful and faithful that this is going to work out exactly like it has been played out.

Dulin: These loans because of the lending nature of this institution will not be loaning City monies to illegal aliens, correct?

Marstall: That is correct, that is the Grameen underwriting standard that has been presented. They, Grameen, will fund American businesses.

Dulin: O.K. I just wanted that made clear to me.

Mitchell: I do want a little conversation regarding the Business Corridor Fund. I like the funding because we get our money back in five years. If you do the Business Corridor Funds what I would like staff and Grameen to do is make sure that it is imperative that the branch is located in a corridor. The criteria for locating it there is that the location is in the target market local. North Tryon, West Trade Street, Freedom Drive, Beatties Foard Road & Eastland Mall/Central Avenue are our revitalization corridors. We can share information with the Grameen team to make sure it is located in one of these corridors.

Kinsey: You are right but we have to remember that a lot of these businesses are home-based businesses, so they may not be located right on the corridor but at least somewhere in the vicinity.

Mitchell: You are right Pasty we can't name the specific corridor for location but in the corridor area.

Marstall: When we defined the Business Corridor Revitalization geography which touches on the corridors; I think if we use that language that will satisfy the Committee requirements.

Mitchell: Grameen thank you so much for coming to our city. You could have gone somewhere else, but we think Charlotte needs this. With that all those in favor of Andy's motion and Nancy's amendment say aye.

*Motion:* *Recommend to Council that we utilize $200,000 in Economic Development Business Corridor funds for Grameen Bank to provide grant capital into the micro-loan program. Also recommend to Council to provide additional funds up to $30,000 to defray the cost of business license expense for the micro-entrepreneurs. The Committee also requests that the Grameen Bank branch be located in or close proximity to one of the business corridors as described in the Business Corridor Revitalization geography.*
*Motion by Dulin, seconded by Kinsey with amendment. Vote is unanimous.*

Mitchell: When will this appear on our Council Agenda?

Kimble: Can we get this ready for our November 22nd meeting or not?

Marstall: I believe that we can.

Dulin: Mr. Chairman does this apply as a win for me?

Mitchell: Yes it does.

Dulin: Alright I got something through.

Mitchell: One thing I would add as a special note. Make sure that this good news is communicated to our next topic, our Business Advisory Committee and they can help get the word out about this program.

Lassiter: We are aggressively in our fundraising phase. We are meeting with people, foundations and our target is to have our funding in place by the end of the year or early in 2011. We would like to open the branch by the second quarter of 2011 and I think we are on track to do that. We have made a direct request to the County. I spoke with County Manager Harry Jones last Thursday. He is very interested in being a partner, but he said it will be January before they can take action. They will go through their Health and Human Services Committee of which Dan Murray is the current chair. They possibly have some real estate and may have something that will help us to defray some of our overhead costs for a store front. We will keep you advised of that process but it was a very favorable conversation.

Mitchell: Staff, thank you for your work.

Mitchell: Mr. Kimble, are you ready for the next item?

**Subject: Changes to the Business Advisory Committee (BAC) Structure & Charge**

Kimble: Many months ago there were some recommendations or suggestions on how the Business Advisory Committee structuring charge would be addressed . We don't have

a PowerPoint, but we do have an attachment to your agenda that will allow Brad Richardson to walk you through these recommendations. If you are so inclined and ready to make a recommendation that will be fine. If you need more information, we can come back at another time.

Mitchell: For my editorial, I think staff did an excellent job on providing feedback about trying to have someone from the other minority group be a part of it. I see you have one SBE from the key entities and you expanded and got the right mix. The Mayor still has two appointments and Council still has six. Committee how do you all feel based on the proposed makeup of the new Business Advisory Committee?

Kinsey: The recommendations by the Charlotte Chamber, are they recommending to us to appoint?

Mitchell: Yes.

Kinsey: O.k. That is what I thought.

Dulin: Is this Committee too big? You get that many people together you can't make any decisions.

Richardson: The Committee, in our opinion, is not too big at nineteen. We have operated for a decade with fifteen members; we think nineteen is manageable. We did talk about that and that is why you will see we were very deliberate as we added four. We deleted a couple. I can talk more about that if you have questions. We did not go full bore and add every single Chamber of Commerce in the community that have more of a social regional bent. We were very deliberate; we think nineteen is very manageable but your point is very good and at some point it becomes too many. We as staff and the Business Advisory Committee are happy with nineteen.

Dulin: Thank you. Is this Committee headed by Stoney Sellars?

Richardson: Yes.

Dulin: The Mayor and I had a meeting today and we really talked about committees and boards and absenteeism. This is a big deal and I would really like to hold this committee accountable to their commitment and if somebody is not showing up for meetings, I want them out of there without prejudice to who they might be and what their makeup might be. This is something we will be talking about over the next couple of months in Council. I really want to hold people accountable.

Richardson: I want to respond quickly to that. Committee members must be at 75% of the meetings or they are kicked off of the committee by the City Clerk's Office. This Committee is amazing in that they do and historically have been very engaged. We have very few absents, so it's a special Committee in that regard.

Burgess: The additions are representing certain groups. I am curious if the Hispanic Contractors Association and the Latin American Chamber are representing the same group? What are the thoughts about that?

Richardson: We certainly think that they are different and the reason that we have added the Hispanic Contractors Association and the Metrolina Minority Contractors because the Small Business Strategy and the Mayor's Task Force-SBO Program asked to give us a small business focus, give it an SBO Policy Advisory role so we felt compelled to add SBE's in the construction industry to this Committee. We think those two are fantastic in a sense that they represent the growing minorities.

Burgess: Thank you.

Mitchell: Committee is there a motion on the floor that we could entertain to move this forward?
Cannon: I so move.
Mitchell: So moved by Mayor Pro-Tem. Is there a second?
Burgess: Second.
Mitchell: All those in favor say aye. Opposed?

*Motion: Recommend to City Council to approve BAC recommendation on changes to its structure and charge. Vote is unanimous*

Mitchell: Schedule wise when will this Committee meet?
Richardson: We have no urgency in that we won't have time to get these folks on board for a meeting next Friday. We would like to have them start after the first part of the year if that is o.k. We would like to get the agenda on December 13th get them invited, get the right person appointed and have them seated the first part of the year. We will have to do a lot of work between now and then with the Clerk's Office on various technical things.
Mitchell: One question from a logistical on the SBE for minority and Hispanics, are those organizations going to make a recommendation to us or is it the expectation that Council will nominate someone from those categories?
Richardson: No, I think our method of operation from each of these groups will recommend using their own.
Mitchell: I like that keeping politics out of it; let them recommend someone that is committed and will show up.

**Subject: CRVA Barometer Report – Information Only**

Kimble: It's the new policy guidelines that you are the over site Committee for receiving reports and monitoring activities. The Barometer Report from the Charlotte Regional Visitors Authority (CRVA) is something that will be given to you on a regular basis. I might also add that on the November 22nd dinner will be the NASCAR Hall of Fame update and at your meeting on the 22nd will be Garret Close the Chair of the CRVA, Tim Newman, Winston Kelly and Paul Brooks from NASCAR. Your entire dinner presentation on the 22nd is geared on giving you an update on the NASCAR Hall of Fame.
Mitchell: This is for information only, but if you see anything that you would like follow up on you can request that. Ron, NASCAR is on our Dinner Briefing for November 22?
Kimble: Correct.
Mitchell: O.K.
Dulin: Everybody knows that the NASCAR numbers are not looking good. You are not really wrong. The estimates weren't where we thought they were and certainly are not where we wish they were. I have read these and talked with the folks over there. What I am not going to do is panic and what I am going to do is ask all of us to stay strong and work the plan. Other than that, I look forward to the 22nd. Right now, it's painful for all of us but we have a good plan. We have Deputy City Manager Kimble

crafting something from others that has got us covered. We just got to keep hammering at it and we will be o.k.

Cannon: I think that is right but we need to make sure that a level of restructuring has taken place and that we can be confident in that restructuring so that we don't have to keep hammering too long. I agree, but at some point, people within the CRVA have probably already made some changes accordingly. We need to make sure that we are comfortable in that restructuring so we can get to the number that we would like.

Kimble: Since the CRVA is a chartered sub-organization of the City of Charlotte, you deserve and are owed a briefing on what they are doing to stabilize and to improve the attendance. It is what you should expect as Council Members.

Kinsey: There are no page numbers so I will have to show you. At the top of the page titled "Visit Charlotte Pace vs. Demand Comparison – Lost Business (As of 9/1/10)". Lost business, what does that mean?

Kimble: There are conventions that look for good places to be. They have tentative booking because they are looking to see where they can get the best places. Then if they chose them, they become definite booking but even then some definite bookings end up not happening because the convention cancels. Then you have lost opportunity between tentative and booked and then some lost opportunities after booked.

Dulin: Don't let these graphs fool you. These areas are low; we are not out that far.

Kinsey: I understand that.

Dulin: I am looking at 2012, should we land the Democratic National Convention that red is going to spike on us, so I am not too worried about these falling off. We have a team out there trying to turn red into blue on these graphs.

Mitchell: If we could, let's think about the ACC championships coming on the 4th. My point was have they projected that game in these numbers?

Kimble: These are convention bookings and not leisure and special events.

Kinsey: That will make a difference.

**Subject: Next Meeting: Tuesday, November 23, 2010 at 3:00pm, Room CH-14**

Mitchell: The last item is the next meeting. Will you all be here or on your turkey holiday? Doctor, will you be here?

Burgess: I will be here.

Kimble: At some point, we need to bring ReVenture to you, but we are not going to bring it to you until the announcement of which company has been selected. There is a chance that company announcement could be before your November 23rd meeting. If it is, I think we need to bring you a status report.

Burgess: This DVD suggestion is a great idea; they have all these suggestions out in Amsterdam. Andy and I were planning on going. Hopefully they will bring some video from that to show us what is going on.

Kimble: They are working on that. It was something that we wanted all the answers from at the Council meeting and they are working on a follow up to that.

Dulin: Jason the packet that we got yesterday; I have been carrying that around with me all day long and have not had an opportunity to open it. I think they answered some of the questions. The big thing there is that I have a hard time visualizing a building big

enough that a garbage truck can drive in and stay under negative pressure, keeping the smell inside. I have gone since our last meeting to the Statesville Avenue site to see the three-sided garbage collection area. It was very slow; the back side was covered in garbage so it must be an underutilized site. Of course, that will change if this thing goes. I was not aware of the neighbors; I assume that there was a neighborhood meeting just recently over there.

Mitchell: Yes, they have had three meetings.

Kinsey: That is my concern. I want to make sure that the neighbors understand what is going in at that site.

Mitchell: I will tell you that they communicated to Mike and I; we share that location. So they had three meetings, the first meeting there was a lot of questions. I did not get feedback from meetings two and three. To your point, once we have more of a final project and to Dr. Burgess' point, the DVD I think that is something that the citizens need to see. We all need to be educated on this.

Burgess: We could cut a link from YouTube to the City's website.

Kimble: There are, and I am not exaggerating, at least 100 issues that have to be resolved on this project from start to finish in terms of the numbers of negotiated items and issues that are still outstanding. It's a very complicated and very far reaching in its consequences if this is able to happen.

Mitchell: But if we pull it off.

Kimble: Yes even with its far reaching and good consequences, if it is able to get to where you are comfortable with it, the County is comfortable, the State of North Carolina is comfortable, the environmental community gets more comfortable with it, this is going to be a fairly lengthy process.

Mitchell: I was just in D.C. on Tuesday and up on the Hill talking to the Energy Department. We have staff in Washington D.C. saying "oh you are from Charlotte, we have been following ReVenture".

Kimble: Region IV is in Atlanta, they are following it and then their parent is Washington D.C., they are following it.

Mitchell: You know what their comment was, can you get Duke Energy to give them a power purchase agreement. I did not answer that.

Kimble: It's going to look like inflation was where Duke gets three times the credit, not three times the price. Three times the credit because they have an allocation that they have to meet in the next three years.

Mitchell: The last question to Ms. Kinsey.

Kinsey: I'm remembering, Patrick you may remember too, the County was planning to build a generator. It was a waste of energy. They had the land, they even had the architect. The County was on track in the mid 90's and this was on board.

Mitchell: Committee and staff thank you. We are adjourned.

Adjourned: 4:45p.m.

**Economic Development Council Committee**
Thursday, November 11, 2010 at 3:30pm
Charlotte-Mecklenburg Government Center
Room 280

Committee Members: James Mitchell, Chair
Patrick Cannon, Vice Chair
Jason Burgess
Andy Dulin
Patsy Kinsey

Staff Resource: Ron Kimble, Deputy City Manager

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## AGENDA

**I. GRAMEEN BANK– 30 minutes**
*Staff: Dennis Marstall, Economic Development Program Manager*
Action: Approve recommendation to City Council to fund Grameen Bank's request for City contribution to Micro Enterprise Loan Pool.

**II. Changes to Business Advisory Committee (BAC) Structure & Charge – 30 minutes**
*Staff: Brad Richardson, Business Retention & Expansion Manager*
Action: Make a recommendation to City Council to approve BAC recommendation on changes to its structure and charge. **Attachment**

**III. CRVA Barometer Report – Information Only**

**IV. NEXT MEETING: Tuesday, November 23, 2010 at 3:00pm, Room CH-14**

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Distribution: Mayor/City Council Curt Walton, City Manager Leadership Team Executive Team

## Proposed Revisions to Business Advisory Committee

## Committee Charge

| Current | Proposed |
|---|---|
| Provide recommendations and advice to Council on ways the City can help business in Charlotte; | Provide recommendations and advice to Council on ways the City can help business in Charlotte, *with a particular emphasis on small businesses*. |
| Provide a forum for businesses to raise issues; discuss and have input into City policy responses to these issues; | Provide a forum for businesses to raise issues, discuss and have input into City policy responses to these issues. |
| Provide input and advice to business retention planning efforts and implementation of the Business Retention Plan; | Provide input and recommendations on the *City's Economic Development Strategic Plan*, *with a particular emphasis on the development of the small business web portal; business recruitment, retention and expansion efforts; public/private partnership projects, and business customer service.* |
| Keep City Council and Key Business Executives abreast of changes in business and business climate; and how that might affect business-government relations and needs of public service. | Keep City Council and Key Business Executives abreast of conditions in the business community, and how these conditions might affect business-government relations and needs for public services. |
| | *Provide input and recommendations on the implementation of the City's Small Business Opportunity Program* |

# Proposed Revisions to Business Advisory Committee

## Committee Structure

*Current make-up of Committee:*
15 members (6 by Council; 2 by Mayor; 5 by Charlotte Chamber; 1 by Manufacturer's Council; 1 by Arrowood Association)

*Proposed make-up of Committee:*
19 members (6 by Council, 2 by Mayor; 5 by Charlotte Chamber, 1 SBE by Metrolina Minority Contractors Assn; 1 SBE by Hispanic Contractors Assn; 1 by National Association of Women Business Owners; 1 by Black Chamber of Commerce, 1 by Latin American Chamber; 1 by Carolinas Asian-American Chamber.)

**Explanation:**

| # | Selection Criteria | Rationale | Notes |
|---|---|---|---|
| 2 | Appointed by the Mayor (including Chair). | No Change. | |
| 6 | Appointed by City Council representing the following business sectors: Manufacturing, Transportation/Logistics, Financial Services, Technology, Energy, and Healthcare. | Ensures representation from current economic development targeted sectors and enables participation by large employers. | (1) |
| 5 | Recommended by the Charlotte Chamber representing the Chamber Area Chapters and/or business alliances. | Ensures diverse geographic representation from Chamber of Commerce members. | (2) |
| 1 | Certified Small Business Enterprise (SBE) recommended by the Metrolina Minority Contractors Association (MMCA). | Satisfies the Mayor's SBO Task Force recommendation to add an advisory role over the City's SBO Program. Ensures the perspective of the minority contracting community. | |
| 1 | Certified Small Business Enterprise (SBE) recommended by the Hispanic Contractors Association (HCA). | Satisfies the Mayor's SBO Task Force recommendation to add an advisory role over the City's SBO Program. Ensures the perspective of the minority contracting community. | |

| # | Selection Criteria | Rationale | Notes |
|---|---|---|---|
| 1 | Small business owner recommended by the Charlotte chapter of the National Association of Women Business Owners (NAWBO). | Fulfills the City Council Economic Development Committee request to add a diverse small business focus. Ensures the perspective of the women-owned small businesses community. | (3) |
| 1 | Small business owner recommended by the Charlotte-Mecklenburg Black Chamber of Commerce. | Fulfills the City Council Economic Development Committee request to add a diverse small business focus. Ensures the perspective of the African-American small businesses community. | (4) |
| 1 | Small business owner recommended by the Charlotte-Mecklenburg Latin American Chamber of Commerce. | Fulfills the City Council Economic Development Committee request to add a diverse small business focus. Ensures the perspective of the Latin-American small businesses community. | (5) |
| 1 | Small business owner recommended by the Carolinas Asian-American Chamber of Commerce. | Fulfills the City Council Economic Development Committee request to add a general small business focus to the BAC. Ensures the perspective of the Asian-American small businesses community. | (6) |

**NOTES:**

**(1)** "Small Business" and "Minority Business" categories were removed. Energy, Healthcare, and Manufacturing sectors were added to better align with recognized growth sectors. Manufacturing sector appointment replaces dedicated appointment from the Chamber's Manufacturers Council.

**(2)** Southwest Chamber Chapter represents geography formerly held by the Arrowood Association.

**(3)** NAWBO Charlotte has approx 200 members and advocates for the 42,000 women-owned businesses in Charlotte-Mecklenburg.

**(4)** CMBCC has approx 60 members and is "primarily dedicated to the economic empowerment of the African-American business community interest and other minority communities as they may intersect".

**(5)** The LACC has approx 130 member companies and approx 300 individual members. The purpose of the LACC is to "preserve and promote existing Latin American businesses, encourage new Latin American businesses, and promotes networking with non-Latin American businesses and organizations".

**(6)** CAACC has approx 50 members. The purpose of the CAACC is to "foster cooperation and interaction within the Asian communities and between the community at large in Charlotte and the Carolinas for the betterment of commerce, culture and communication".

# The Charlotte BAROMETER Report

An Official Publication of the Charlotte Regional Visitors Authority

## OCTOBER 2010

**National & International Business & Convention**

### BUSINESS TRAVEL REBOUNDING

Recent surveys picked up by ***Travel Mole*** show that business travel spending, a positive indicator of the market, is up though not yet meeting levels before the recession.

---**The International Air Transport Assn**. released statistics showing passenger traffic on first- and business-class seats was up 13.8% in July from the same month last year. Statistics from the airline trade group showed the number of passengers flying in premium-class seats — typically occupied by business travelers — were still 8% below pre-recession levels.

--- According to the **Travel Leaders Group**. Nearly 61% of the travel managers and agents surveyed said travel bookings were either the same or below the rate of 2008. Almost two-thirds of the travel firm owners, managers and agents who were surveyed said business travel bookings for airline seats and hotel rooms were up as of Aug. 30 compared with a year earlier,

**Local Perspective**

### CHARLOTTE AREA LODGING – AUGUST SMITH TRAVEL RESEARCH

Charlotte area occupancy was way up compared to last year, but the real story might be in the rate growth. Average daily rate (ADR) has now grown in two consecutive months, following 18 straight months of decline. The last time the market saw two straight months of year over year ADR growth had been August and September of 2008.

August 2010 **occupancy** was 58.5% in the Charlotte market, up 15.9% from August of 2009 (50.5%). Year to date occupancy stands at 58.3% in the Charlotte market, up 11.9% from the same period last year (52.1%). By comparison, year to date occupancy is up 5% in the US (58.8%), up 6.2% in NC (54.5%) and up 6.6% in the Top 25 markets (64.9%).

August 2010 **room demand** grew 18.9% in the Charlotte market compared to August of 2009. Year to date room demand is up 15.8% in the Charlotte market compared to the same period last year. By comparison, year to date demand is up 7.4% in the US, 9% in NC and 8.8% in the Top 25 markets.

August 2010 **average daily rate (ADR)** was $76.62 in the Charlotte market, up 1% from August 2009 ($75.87). Year to date ADR is $78.36 in the Charlotte market, down 2.6% from the same period last year ($80.43). By comparison, year to date ADR is down 1% in the US ($97.70), down 1.6% in NC ($79.35) and down 0.9% in the Top 25 markets ($116.09).

August 2010 **revenue per available room (RevPAR)** was $44.81 in the Charlotte market, up 17% from August 2009 ($38.29). Year to date RevPAR is $45.70 in the Charlotte market, up 9% from the same period last year ($41.91). By comparison, year to date RevPAR is up 4% in the US ($57.47), up 4.5% in NC ($43.29) and up 5.6% in the Top 25 markets ($75.33).

## MECKLENBURG COUNTY HOSPITALITY TAX COLLECTIONS-- FY11 THROUGH JULY

Mecklenburg County **6% regular occupancy tax collections** total $3.9 million fiscal year to date, up 37% from the same period last fiscal year.

Mecklenburg County **2% NASCAR Hall of Fame tax collections** $1.3 million fiscal year to date, also up 37% from the same period last fiscal year.

Mecklenburg County **1% prepared food & beverage tax collections** $3.4 million for FY11, up 13% from the same period last fiscal year.

**National Leisure & Tourism**

## U.S. BUREAU OF ECONOMIC ANALYSIS TOURISM SATELLITE ACCOUNTS

**The U.S. Bureau of Economic Analysis** reported that real spending on travel and tourism increased at an annual rate of 3% in the second quarter of 2010, following an increase of 5% in the first quarter. Travel and tourism *prices* increased 2.7% in the second quarter after increasing 4.1% in the first quarter. Passenger *air transportation spending* increased 3.9% in the second quarter following a 4% increase in the first quarter. *Accommodations spending* decelerated, increasing 6.1% in quarter two after increasing 13.4% in quarter one. *Prices for accommodations* turned up in the second quarter, increasing 19%, after decreasing 6.4% in the first quarter. After eight consecutive quarters of declines, direct *tourism-related employment* turned up, increasing 2.2% in the second quarter. By comparison, overall U.S. employment increased 2.2% in the second quarter.

**Economy**

## U.S. BUREAU OF ECONOMIC ANALYSIS, 2ND QUARTER GDP

**The U.S. Bureau of Economic Analysis** also reported that real gross domestic product -- the output of goods and services produced by labor and property located in the United States -- increased at an annual rate of 1.7% in the second quarter of 2010, according to its "third" estimate. In the first quarter, real GDP increased 3.7%

**Media**

## SEPTEMBER 2010 VOCUS

During September **Vocus** tracked 185 news items on keywords provided by the CRVA. By category, Charlotte Attractions led the way with 31% of the mentions, followed by NASCAR Hall of Fame (25%), CRVA (20%), Charlotte Convention Center (6%) and Charlotte Events (5%). By media, thirty-eight percent of September's news items took place via Online, News & Business sites, followed by Newspapers (15%), Online, Consumer sites (11%), Television Programs (9%) and Cable/Satellite – Network – Station (8%). The majority (56%) of September's media hits occurred outside the Charlotte area.

### Sources for this Publication

- **Mecklenburg County Tax Office**
- **Smith Travel Research**
- **The Conference Board**
- **The TAP Report**
- ***Travel Mole***
- **US Bureau of Economic Analysis**
- **US Department of Labor**
- **Visit Charlotte/CRVA**
- **Vocus**

*Michael Applegate, CDME*
*Director of Research, CRVA*
*michael.applegate@crva.com*

### Inside This Report

- **Barometer Summary (p. 1&2)**
- **Hospitality Industry Statistical Report (p. 3)**
- **Definite Bookings (p. 4)**
- **Pace Report (p. 5)**
- **Charlotte Convention Center Tradeshow & Convention Booking Outlook (p. 6)**
- **Hospitality Industry Sales Activities (p. 7)**
- **Lost Business Report (p. 8)**
- **Occupancy Tax Collections (p. 9)**
- **Prepared F&B Tax Collections and The Economy (p. 10)**

# HOSPITALITY INDUSTRY STATISTICAL REPORT
## September 2010

| Charlotte Market Lodging Production | | | | | |
|---|---|---|---|---|---|
| | Charlotte Market | North Carolina | Competitive Set | United States | Top 25 |
| August 2010 Occupancy % | 58.5 | 58.0 | 62.2 | 63.9 | 67.7 |
| % Change | 15.9 | 7.7 | 6.4 | 6.4 | 7.0 |
| August 2010 ADR $ | 76.62 | 81.73 | 86.10 | 98.69 | 113.65 |
| % Change | 1.0 | -0.2 | -0.5 | 1.5 | 3.5 |
| August 2010 RevPAR $ | 44.81 | 47.36 | 54.21 | 63.08 | 76.93 |
| % Change | 17.0 | 7.5 | 5.8 | 8.1 | 10.7 |
| 2010 YTD Occupancy % | 58.3 | 54.5 | 58.6 | 58.8 | 64.9 |
| % Change | 11.9 | 6.2 | 6.0 | 5.0 | 6.6 |
| 2010 YTD ADR $ | 78.36 | 79.35 | 87.74 | 97.70 | 116.09 |
| % Change | -2.6 | -1.6 | -2.8 | -1.0 | -0.9 |
| 2010 YTD RevPAR $ | 45.70 | 43.29 | 51.79 | 57.47 | 75.33 |
| % Change | 9.0 | 4.5 | 3.0 | 4.0 | 5.6 |

Source: Smith Travel Research-Stats lag by one month

Comp Set includes: Tampa, Atlanta, Indianapolis, Baltimore, Minneapolis, St. Louis, Greensboro, Raleigh, Cincinnati, Columbus, Philadelphia, Pittsburgh and Nashville

| Charlotte Douglas International Airport Aviation Production | | | | |
|---|---|---|---|---|
| | Month of August | % Chg from August 09 | 2010 YTD | YTD % Chg from 09 |
| Passenger Enplanements | 1,707,955 | 14% | 12,507,697 | 7% |
| Passenger Deplanements | 1,732,271 | 15% | 12,556,361 | 7% |

Source: Charlotte Douglas International Airport-Stats lag by one month

| Visit Charlotte Definite Room Night Production | | | | |
|---|---|---|---|---|
| | Month of September | Change from September 2009 | FY 2011 YTD | YTD Chg (%) from FY10 |
| Total Room Night Production | 21,872 | 10,180 | 57,816 | 4,224 (8%) |
| Visitor Economic Development ($) | 12,755,872 | 5,645,342 | 68,515,482 | 28,185,940 (70%) |
| Number of Definite Bookings | 27 | 14 | 68 | 8 (13%) |
| Average Size of Definite Bookings | 810 | -89 | 850 | -43 (-5%) |
| Total Attendance | 16,324 | 9,029 | 144,104 | 74,160 (114%) |
| Convention Center GSF Booked | 2,000,000 | 1,160,000 | 5,940,000 | -340,000 (-5%) |

| Visit Charlotte Lead Room Night Production | | | | |
|---|---|---|---|---|
| | Month of September | Change from September 2009 | FY 2011 YTD | YTD Chg (%) from FY10 |
| Total Room Night Production | 61,703 | -68,187 | 322,939 | 4,609 (1%) |
| Number of Lead Bookings | 43 | -10 | 154 | 19 (14%) |
| Average Size of Lead Bookings | 1,435 | -1,016 | 2,097 | -261 (-11%) |

| Visit Charlotte Housing Bureau Production | | | |
|---|---|---|---|
| | Month of September | FY 2011 YTD | YTD% Chg from FY10 |
| Total Reservations Produced | 889 | 2,633 | 93% |
| Total Room Nights Produced | 2,598 | 8,388 | 100% |

| Visit Charlotte Leisure Tourism Production | | | |
|---|---|---|---|
| | Month of September | FY 2011 YTD | YTD % Chg from FY10 |
| Ad Inquiries (+Travelocity clicks, etc.) | 1,079 | 5,436 | -95% |
| Visitor Center Walk-In Traffic | 3,643 | 10,551 | 25% |
| Call Center Inquiries | 472 | 1,678 | -6% |
| Web Site Official Visitors Guide Requests (& views) | 1,282 | 4,548 | -51% |
| Emails/Letters/Faxes | 27 | 72 | -12% |
| Total Visitor Inquiries | **6,503** | **22,285** | **-83%** |
| Visit Charlotte Web Site Visitors (Google ) | **79,497** | **265,954** | **-12%** |
| Motor Coach Group Bookings (Passengers) | 435 | 1,039 | 4% |

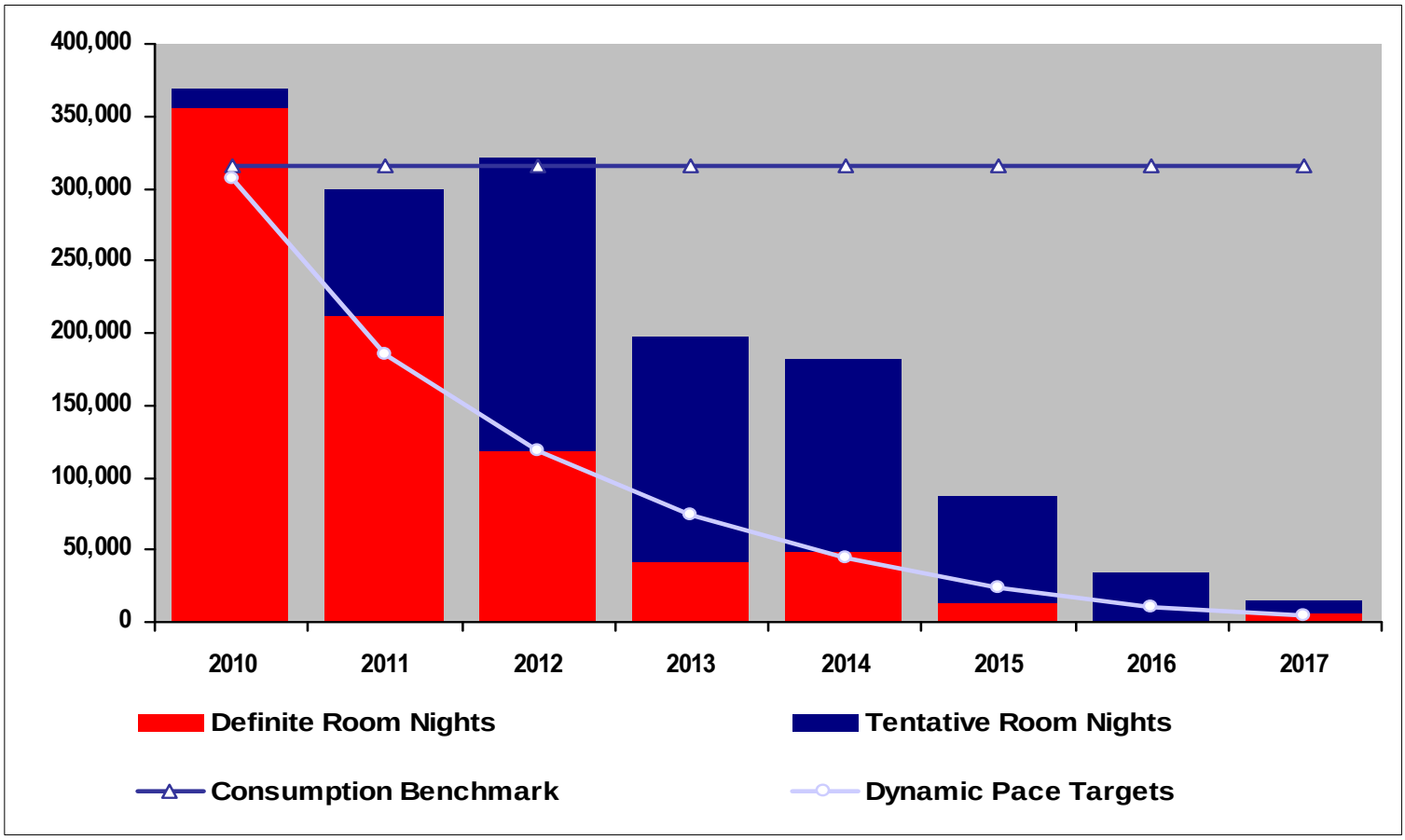
# DEFINITE BOOKINGS
# September 2010

| Charlotte Convention Center | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Group Name** | **Meeting Type** | **Event Date** | **Days** | **Exhibit Gross Sq Ft** | **Total Room Nights** | **Attend** | **Visitor Econ. Dev. ($)** |
| International Council of Shopping Centers ® | Tradeshow | Mar 11 | 1 | 200,000 | 165 | 2,000 | 628,000 |
| American Bus Association ® | Convention | Jan 13 | 6 | 1,800,000 | 10,170 | 3,500 | 6,594,000 |
| **Total** | | | | **2,000,000** | **10,335** | **5,500** | **7,222,000** |

| Conference Sales | | | | | |
|---|---|---|---|---|---|
| **Group Name** | **Event Date** | **Days** | **Total Room Nights** | **Attendance** | **Visitor Econ. Dev. ($)** |
| Fagan & Crouse | Oct 10 | 1 | 50 | 400 | 125,600 |
| Upledger Institute ® | Oct 10 | 4 | 40 | 44 | 55,264 |
| Flexco | Oct 10 | 5 | 377 | 50 | 78,500 |
| Hino Motor Sales | Oct 10 | 1 | 100 | 100 | 31,400 |
| Mobilize.org | Oct 10 | 2 | 130 | 150 | 94,200 |
| StickWithUs Lacrosse | Oct 10 | 2 | 1,224 | 2,500 | 670,000 |
| CSX Transportation ® | Oct 10 | 1 | 280 | 200 | 62,800 |
| US Airways ® | Nov 10 | 2 | 625 | 325 | 204,100 |
| CSX Transportation ® | Nov 10 | 1 | 285 | 200 | 62,800 |
| NC Association of Mortgage Professionals | Nov 10 | 2 | 125 | 600 | 376,800 |
| Lodestar, LLC | Nov 10 | 2 | 300 | 400 | 251,200 |
| Wellness for Warriors | Dec 10 | 2 | 40 | 30 | 18,840 |
| United States Probation Office ® | Dec 10 | 2 | 550 | 253 | 158,884 |
| Institute for Trade & Transportation Studies | Feb 11 | 2 | 210 | 150 | 94,200 |
| National Primitive Baptist Association ® | Feb 11 | 2 | 348 | 250 | 157,000 |
| National Alliance for Insurance Ed. & Research ® | Mar 11 | 3 | 81 | 27 | 25,434 |
| American Youth Soccer Organization | May 11 | 2 | 120 | 400 | 107,200 |
| International Society of Automation | Jun 11 | 4 | 405 | 150 | 188,400 |
| National Association of Avon Collectors | Jun 11 | 5 | 110 | 45 | 70,650 |
| American Youth Soccer Organization | Jun 11 | 3 | 1,260 | 1,500 | 603,000 |
| Aloha Tournaments ® | Jun 11 | 2 | 980 | 1,500 | 402,000 |
| UNC Institute on Aging | Oct 11 | 3 | 460 | 500 | 471,000 |
| Association of Legal Administrators ® | Nov 11 | 2 | 347 | 150 | 94,200 |
| Nuclear Energy Institute ® | Aug 12 | 5 | 2,475 | 600 | 942,000 |
| SE Affordable Housing Management Association | Aug 13 | 2 | 615 | 300 | 188,400 |
| **Total** | | | **11,537** | **10,824** | **5,533,872** |
| **GRAND TOTAL** | | | **21,872** | **16,324** | **12,755,872** |

Sports & Leisure Spending DKS&A 2007 Charlotte Update (attendance x $134 x # days)
Convention & Conference Spending 2005 DMAI ExPact Study (attendance x $314 x # days)
® Repeat Business

## Eight Year Dynamic Room Night Pace Report
## (As of 9/1/10) Trends Analysis Projections, LLC

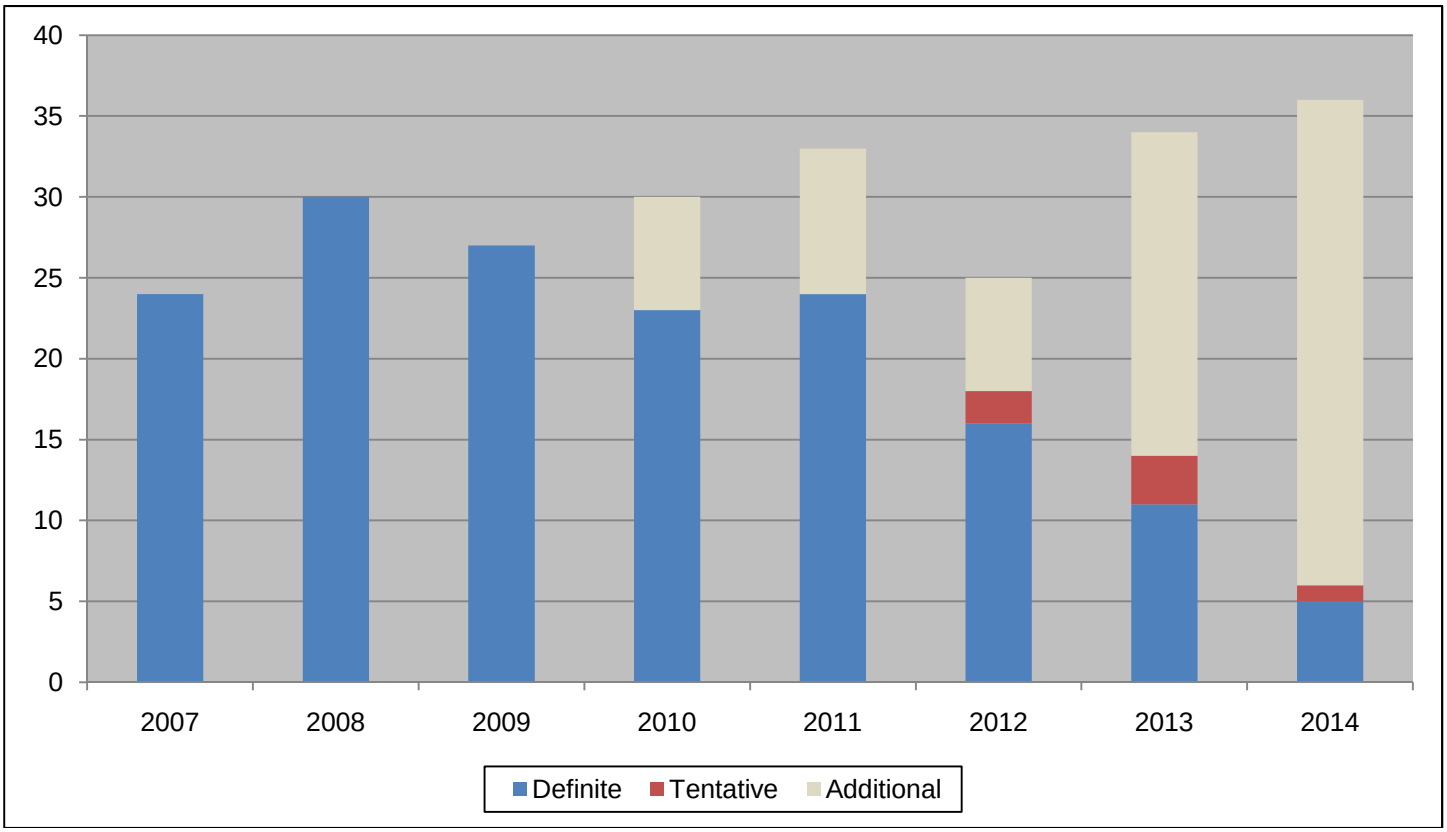



## Eight Year Dynamic Room Night Pace Report
## (As of 9/1/10) Trends Analysis Projections, LLC

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | Total |
|---|---|---|---|---|---|---|---|---|---|
| Charlotte Definite Room Nights | 355,617 | 212,428 | 117,984 | 40,780 | 48,833 | 13,483 | 0 | 5,937 | 794,962 |
| Pace Target | 307,196 | 185,425 | 118,509 | 74,563 | 43,942 | 23,471 | 9,991 | 5,157 | 768,254 |
| Pace Percentage | 116% | 115% | 99% | 55% | 111% | 57% | 0% | 115% | 103% |
| Tentative Room Nights | 12,808 | 87,074 | 202,915 | 156,561 | 133,795 | 74,110 | 34,763 | 9,596 | 711,622 |
| Consumption Benchmark | 316,012 | 316,012 | 316,012 | 316,012 | 316,012 | 316,012 | 316,012 | 316,012 | 2,528,096 |
| Peer Set Pace Percentage | 98% | 91% | 74% | 80% | 75% | 132% | 120% | 122% | 91% |

Peer Set Data includes Charlotte, Baltimore, Louisville, Pittsburgh and Tampa

# Charlotte Convention Center
# Tradeshow & Convention Booking Outlook
# (As of 9/1/10)




# Charlotte Convention Center
# Tradeshow & Convention Booking Outlook
# (As of 9/1/10)

| Fiscal Year | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|---|---|---|---|---|---|---|---|
| **Definite Bookings** | 24 | 30 | 27 | 23 | 24 | 16 | 11 | 5 |
| **Tentative Bookings** | 0 | 0 | 0 | 0 | 0 | 2 | 3 | 1 |
| **Subtotal** | 24 | 30 | 27 | 23 | 24 | 18 | 14 | 6 |
| | | | | | | | | |
| **Definite Target** | 20 | 21 | 26 | 30 | 33 | 25* | 34* | 36* |
| **Variance** | 4 | 9 | 1 | -7 | -9 | -7 | -20 | -30 |

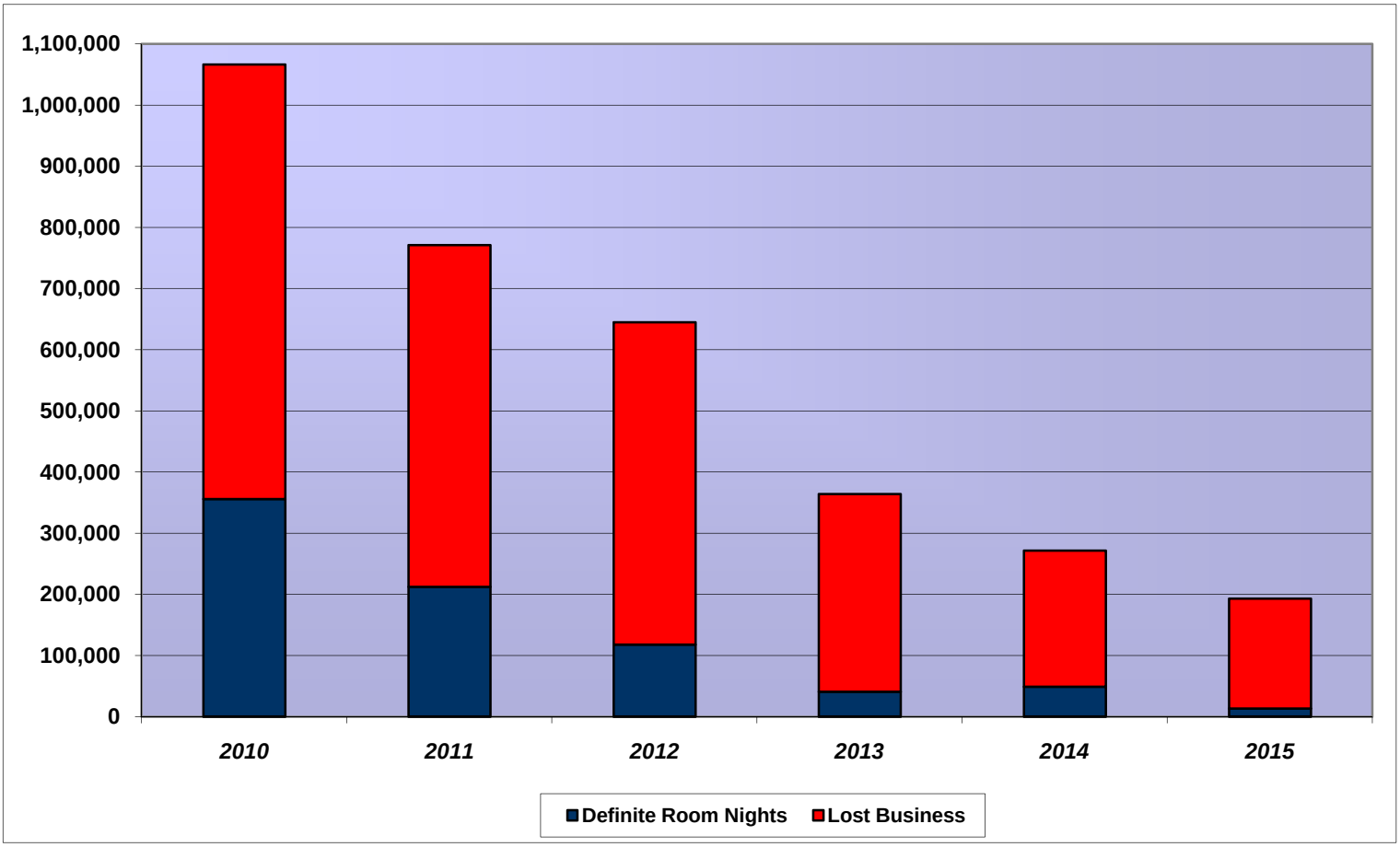
*new goal beginning FY11

# HOSPITALITY INDUSTRY SALES ACTIVITIES
## September 2010

| Site Visits | | | |
|---|---|---|---|
| **Group Name** | **Venue** | **Total Room Nights** | **Total Attendance** |
| **DEFINITES** | | | |
| TEAMS (10/10) | CCC | 3,022 | 2,000 |
| **TENTATIVES** | | | |
| People Helping People (1/11) | Hotel | 1,020 | 3,000 |
| Charlotte Scrabble Club (2/11) | Hotel | 120 | 120 |
| Wright Family Reunion (6/11) | Hotel | 20 | 70 |
| SHO Club (7/11) | Hotel | 500 | 150 |
| NC Community College System (10/14) | CCC | 1,500 | 3,000 |
| American Biological Safety Association (2/15) | CCC | 2,525 | 700 |
| ConvaTec (TBD) | TBD | TBD | TBD |
| National Intercollegiate Running Club Association (TBD) | TBD | TBD | TBD |

| Trade Shows & Events (attended by staff) | |
|---|---|
| **Event Name** | **Location** |
| Association Executives of North Carolina | Raleigh, NC |
| Canadian Tour Operators FAM | Charlotte, NC |
| EBMS | St. Louis, MO |
| Chicago Area Convention Bureau Satellite Offices | Chicago, IL |
| Meeting Professionals International Committee Meeting | Chicago, IL |
| Meeting Professionals International Carolinas Chapter | Concord, NC |
| North Carolina Amateur Sports | Concord, NC |
| Olympic Sportslink | Colorado Springs, CO |
| Southeast Tourism Society | Greenville, SC |
| State Games of America | San Diego, CA |
| Travelocity Partners Conference | Orlando, FL |
| US Aquatics | Dallas, TX |

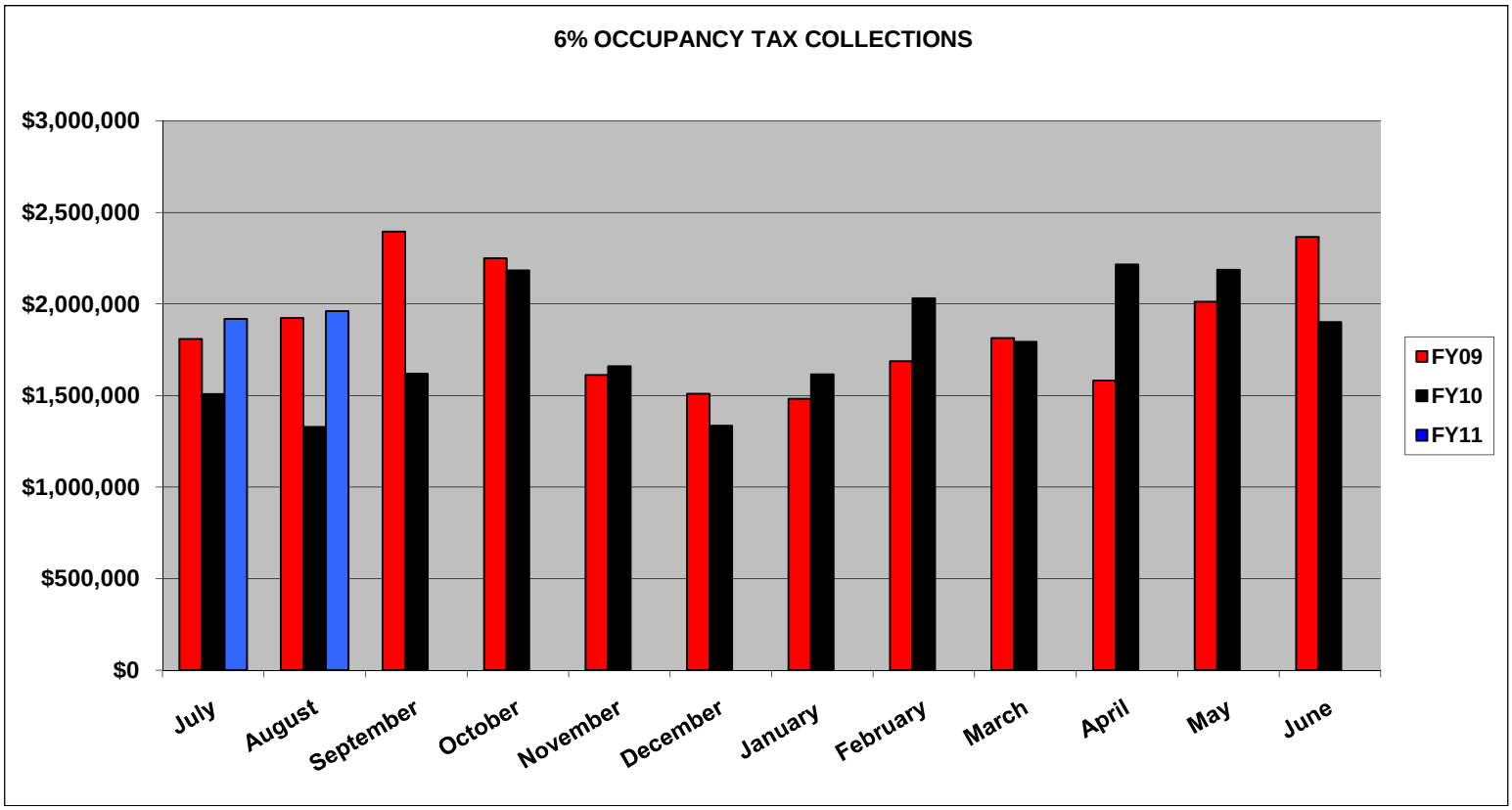
## Visit Charlotte Pace vs. Demand Comparison – Lost Business
## (As of 9/1/10)Trends Analysis Projections, LLC

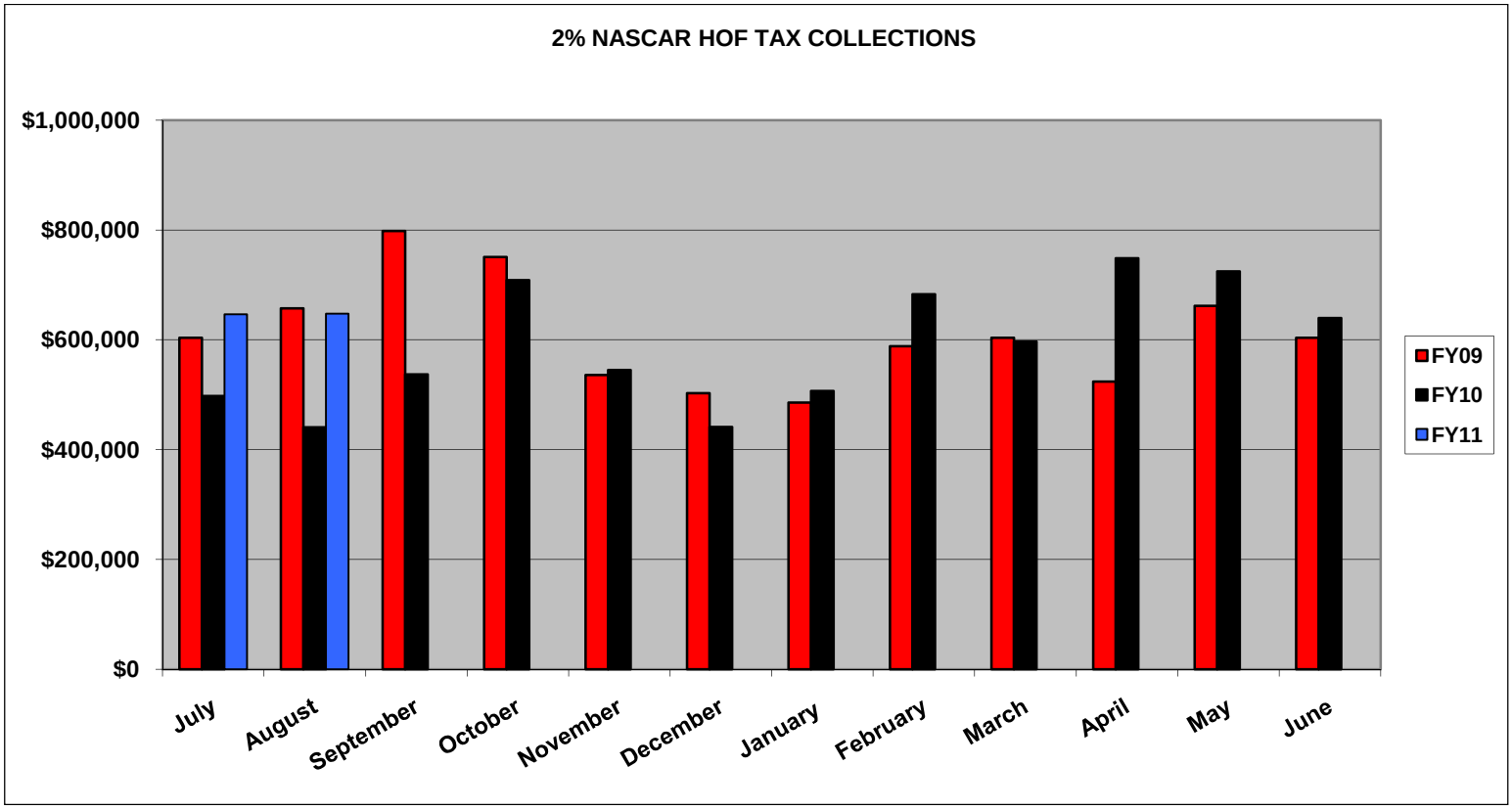


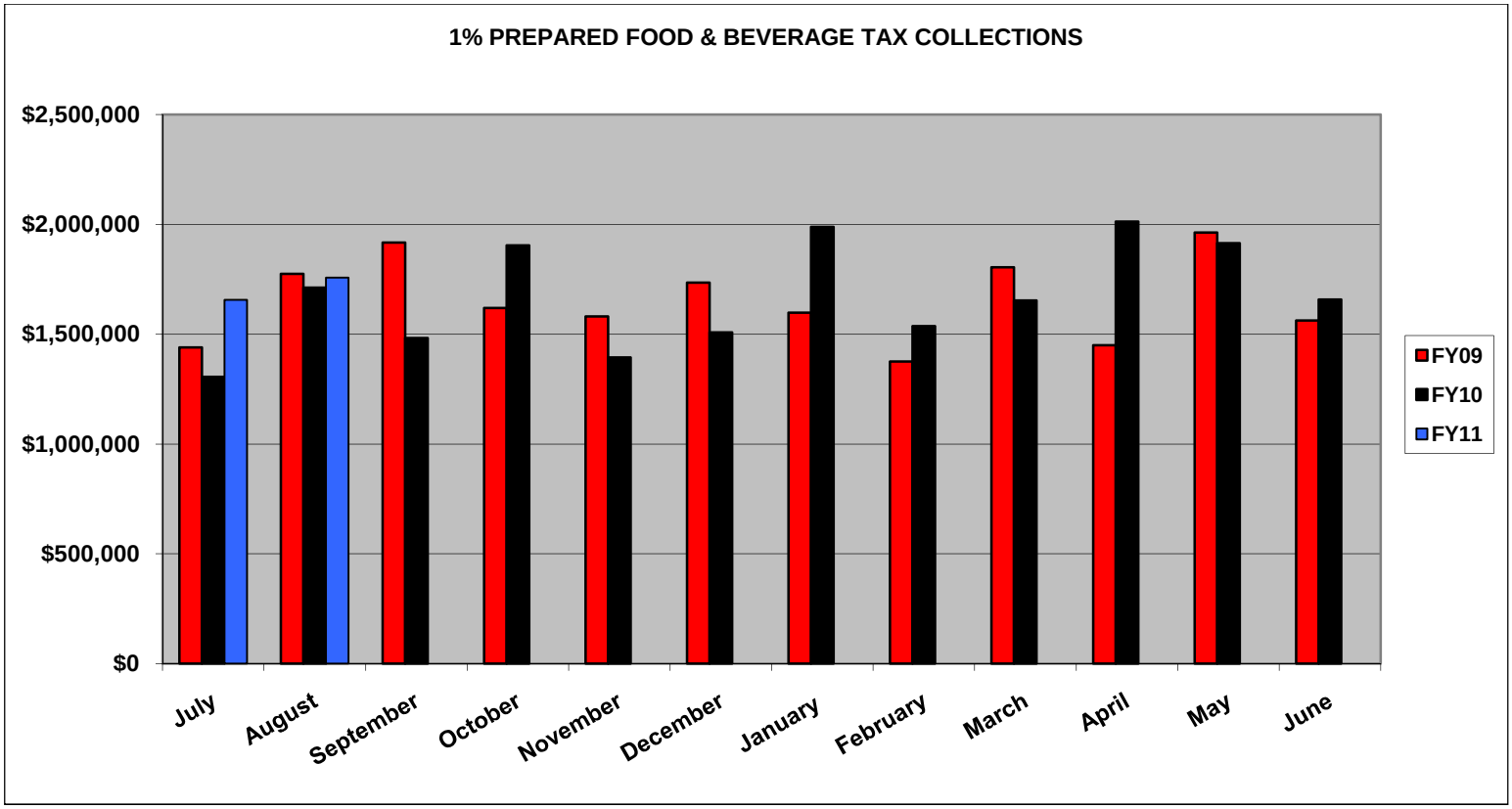

## Visit Charlotte Pace vs. Demand Comparison – Lost Business
## (As of 9/1/10)Trends Analysis Projections, LLC

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | Total |
|---|---|---|---|---|---|---|---|---|---|
| Charlotte Definite Room Nights | 355,617 | 212,428 | 117,884 | 40,780 | 48,833 | 13,483 | 0 | 5,937 | 794,962 |
| Pace Target | 307,196 | 185,425 | 118,509 | 74,563 | 43,942 | 23,471 | 9,991 | 5,157 | 768,254 |
| Pace Percentage | 116% | 115% | 99% | 55% | 111% | 57% | 0% | 115% | 103% |
| Total Demand Room Nights | 1,066,422 | 770,856 | 644,732 | 363,919 | 271,498 | 192,915 | 113,050 | 44,868 | 3,468,260 |
| Lost Room Nights | 710,805 | 558,428 | 526,848 | 323,139 | 222,665 | 179,432 | 113,050 | 38,931 | 2,673,298 |
| Conversion Percentage | 33% | 28% | 18% | 11% | 18% | 7% | 0% | 13% | 23% |
| Peer Set Conversion Percentage | 27% | 22% | 16% | 19% | 18% | 25% | 28% | 18% | 22% |

Peer Set Data includes Charlotte, Baltimore, Louisville, Pittsburgh and Tampa


6% OCCUPANCY TAX COLLECTIONS
$3,000,000
$2,500,000
$2,000,000
$1,500,000
$1,000,000
$500,000
$0
July
August
September
October
November
December
January
February
March
April
May
June
FY09
FY10
FY11


2% NASCAR HOF TAX COLLECTIONS
$1,000,000
$800,000
$600,000
$400,000
$200,000
$0
July
August
September
October
November
December
January
February
March
April
May
June
FY09
FY10
FY11




# THE ECONOMY
## August 2010

| | 2009 | 2010 | % Change |
|---|---|---|---|
| Consumer Confidence Index | 54.5 | 53.2 | -2.4% |
| Consumer Price Index (CPI) | 215.834 | 218.312 | 1.1% |
| Unemployment Rate | | | |
| - National | 9.7 | 9.6 | -1.0% |
| - State | 10.9 | 9.7 | -11.0% |
| - Local | 12.0 | 11.0 | -8.3% |

CHARLOTTE

# Grameen America Request

Economic Development Committee

November 11, 2010

# Committee Questions

- What is Grameen America?
- Where has Grameen been successful?
- Who would Grameen serve in Charlotte?
- What is the Grameen request?
- Why would the City participate?
- What are the options to support Grameen's request?
- Recommendation to City Council?

# Grameen America History

- Not-for-profit microfinance institution (Nobel Prize winner)
- Works to alleviate poverty by providing capital to micro-entrepreneurs who are excluded from traditional banking system
- Target unemployed and under-employed with average income of $12,000 per year
  - 90% of clients are woman w/families
- First US branch opened in 2008 in Queens, NY
  - Expanded to Brooklyn, Upper Manhattan, Omaha, San Francisco & Washington, DC
  - First loan max of $1,500; average loan size $2,200
- Seeking to open Charlotte office with two – three initial employees

# Grameen America Programs

- Integrated Financial Education
  - One week training program
  - Weekly peer group meetings
- Disciplined Savings
  - Minimum of $2/week
  - No fee, no minimum balance savings account at local partner bank
- Establishing Credit
  - Partnership with Experian
- Business Development
  - Peer lending group sparks new business relationships

# Grameen America Loans

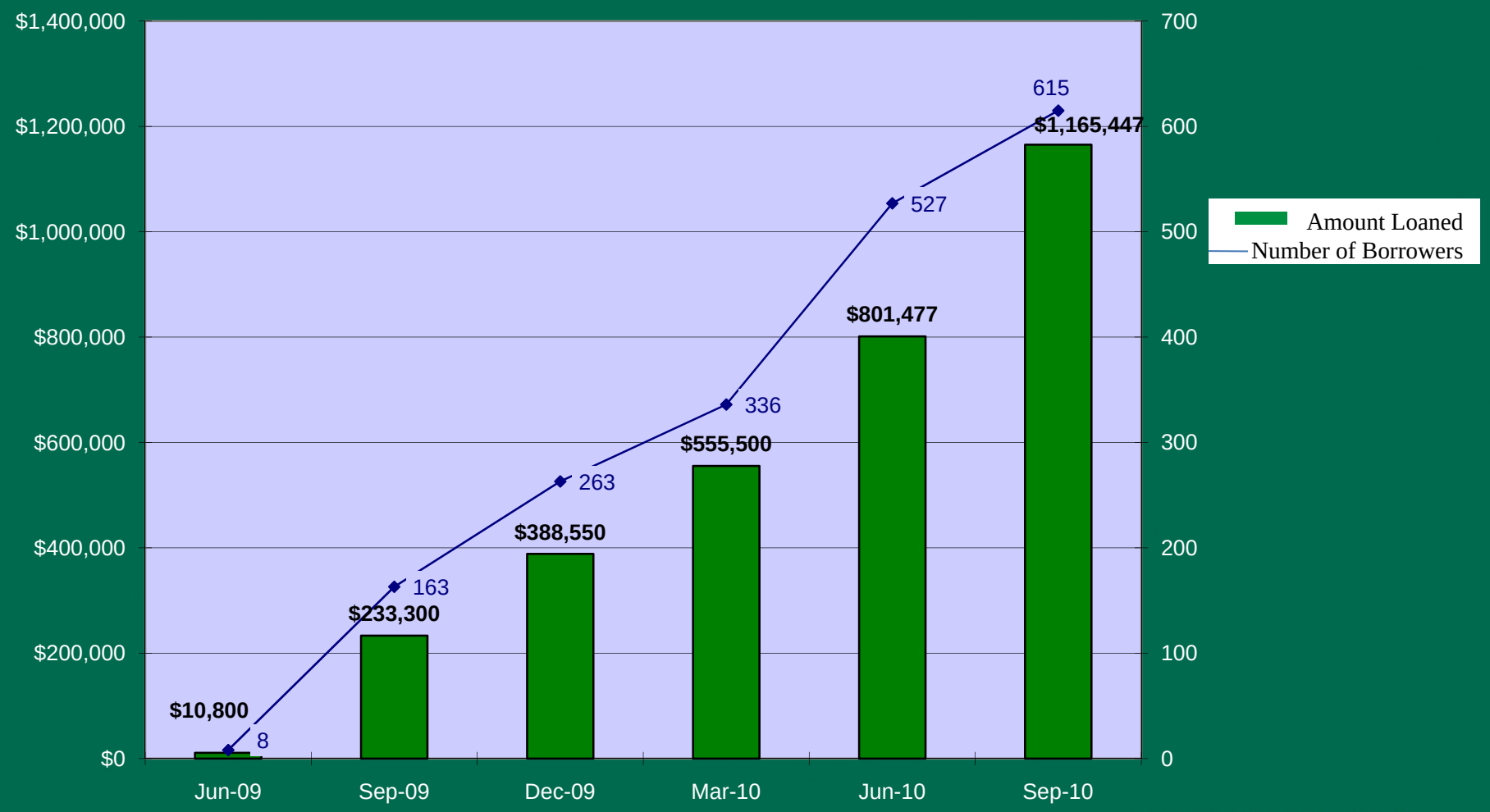
## Overview of Loan Product

Provide access to capital in underserved markets

| | |
|---|---|
| Term | 6 and 12 months |
| Cost | 15% on declining balance |
| Avg 2008 Loan Size | $1,500 |
| Fee | No fee required |
| Collateral Requirement | No collateral required |
| Group Lending Model | Group of 5 borrowers must meet weekly with their Center Manager |

CITY OF CHARLOTTE

# Grameen Omaha



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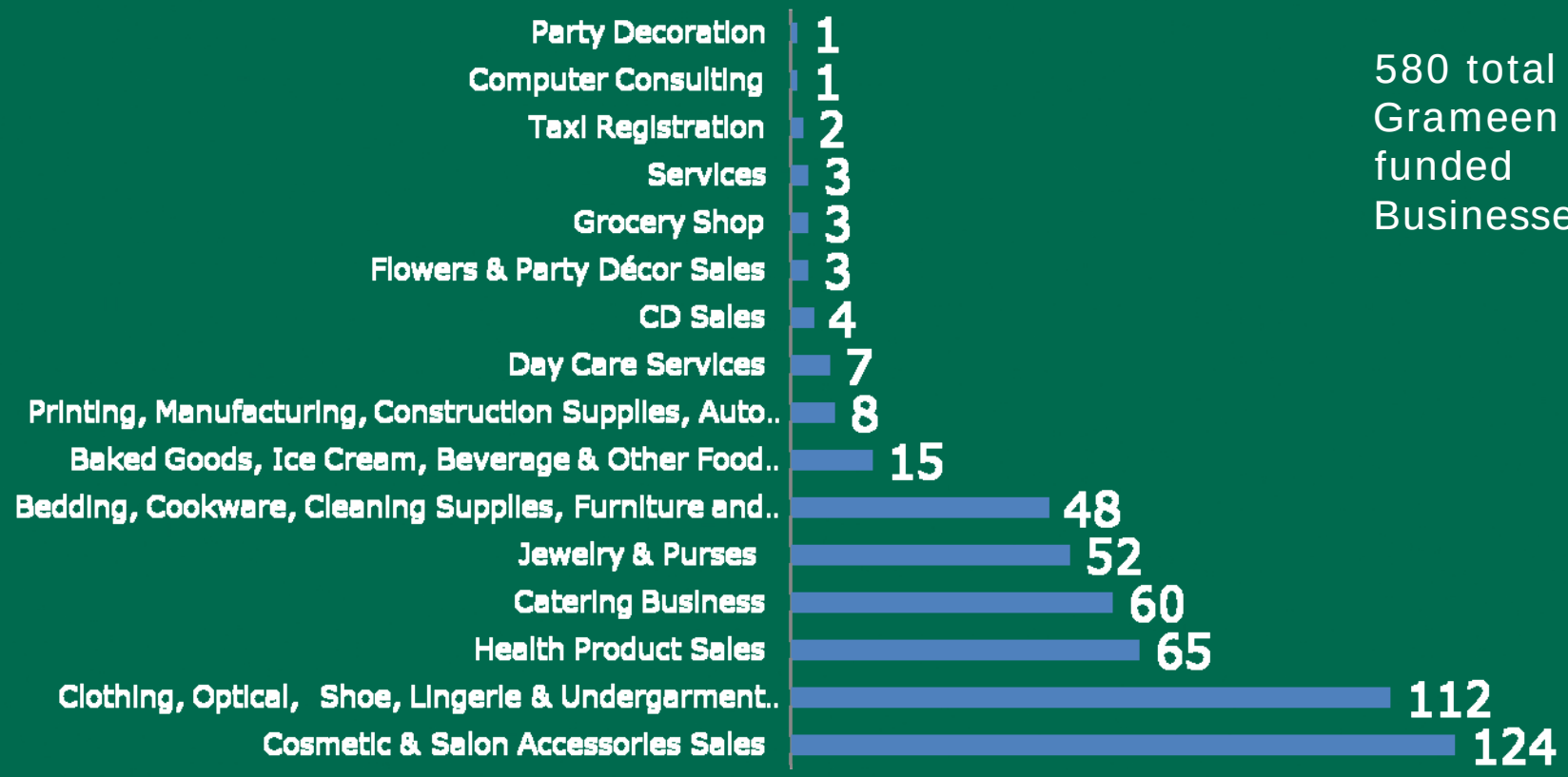
# Grameen Omaha

## Business Type
## (number of businesses)




580 total Grameen funded Businesses

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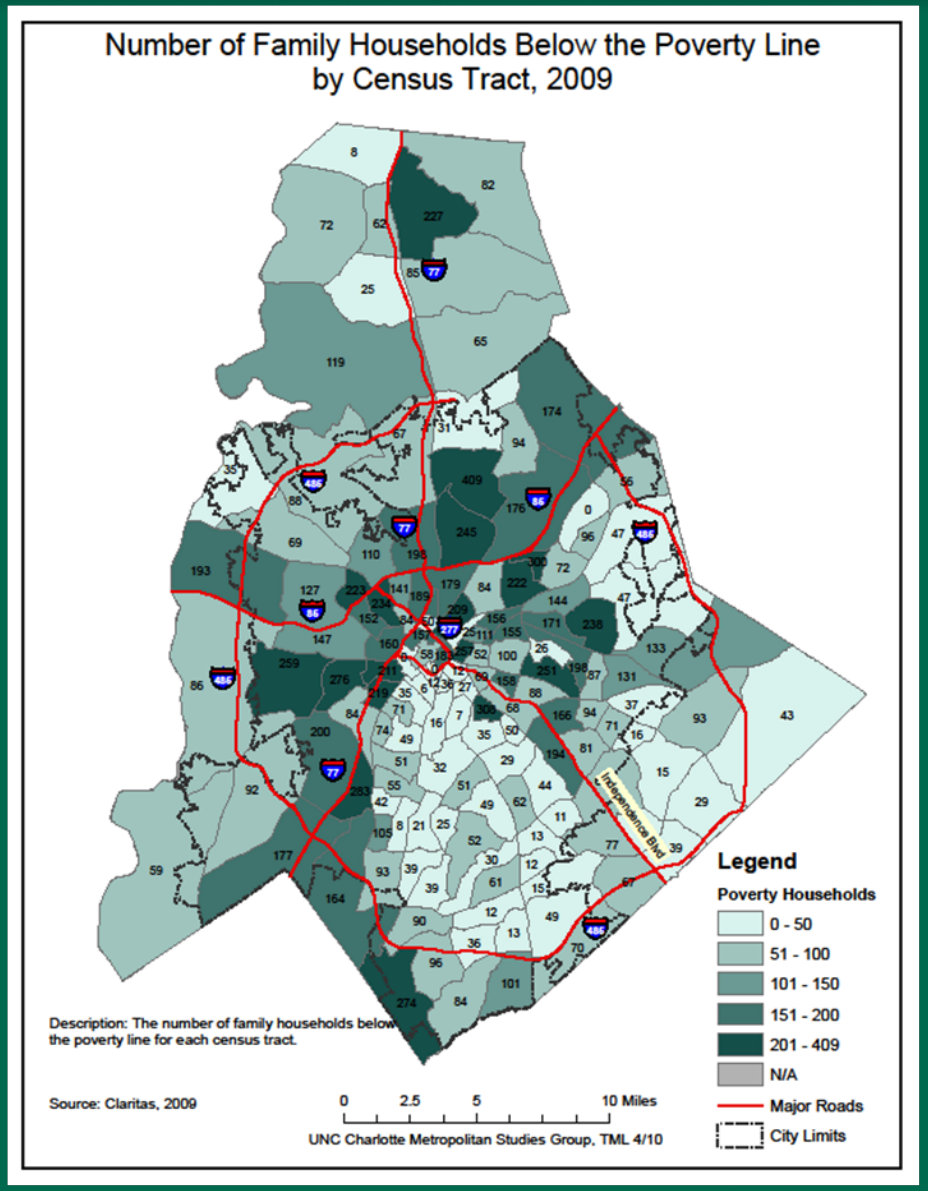
# Charlotte Target Market: Unemployed and Under-Employed




- Charlotte-Mecklenburg County Unemployment rate 9.6% (Sept. 2010)
- Target borrowers annual income should be below the poverty line
  - Yearly income of $26,000 or less for a family of four
- Target business corridors and neighborhoods around census tracts with high poverty and unemployment

# Charlotte Target Market

- Entrepreneurs and start-up businesses – many home-based
- Potential borrowers identified through:
  - United Way
  - Department of Social Services
  - Goodwill
  - Charlotte Housing Authority
  - Foundation for the Carolinas
  - Asian American Chamber of Commerce
  - Latin American Chamber of Commerce
  - Houses of Worship

# Grameen Charlotte

- Working to raise $2.5 million in funding (loan pool and operations) by December 2010 and a total of $5 million within five years
- Goals
  - Banks ($750,000)
  - Foundations/Endowments/Individuals ($1.55 million)
  - City ($200,000)
  - Fundraising campaign through December 2010
- Already Committed
  - Wells Fargo committed $500,000
  - Z. Smith Reynolds committed $450,000
- Requested Funding ($200,000) and in-kind space from Mecklenburg County

# Funding Rationale

- Program helps City meet goals of:
  - Supports City's efforts to grow small businesses
  - Addresses gaps in current lending practices
  - Supports traditionally underserved market
  - Strengthen neighborhoods and business corridors
  - Supports lending goals of the Economic Development Revolving Loan Fund

- Supports Entrepreneurship
  - Estimated impact: 533 – 872 jobs (one-year term)
  - Average $229 - $375 cost per job
  - Three permanent Grameen jobs created initially, growing to eight FTE's over five years

# Request of City

1. $200,000 in grant funds to be used for revolving loan pool
   - Criteria for $200,000
     - Raise $2.3 million for loan pool

2. Grant funds to defray Business License expense for the micro-entrepreneurs (up to $30,000)

# Potential Funding Options

- ED Revolving Loan Fund (EDRLF)
  - Must be used for low to moderate income
  - Can be extended as a line of credit to Grameen and distributed as they make loans
  - Ensure money generated with EDRLF, including interest, is used solely for loans to low to moderate income individuals
  - All funds generated must be returned to EDRLF
  - Must have termination timeframe (5 years)
  - Current Balance = $2.73M

- ED Business Corridor Fund
  - Target market within the corridor geography
  - Mostly used for grants
  - Current Balance = $14.49M

# Next Steps

Recommend partnership with Grameen America to establish micro-loan program

Policy Options (one or the other, not both):

1. Utilize $200,000 in EDRLF funds for Grameen to:
   A. Create revolving loan fund with line of credit and
   B. Allow interest to fund grants for business license fees and technical assistance

2. Utilize $200,000 in ED Business Corridor Funds for Grameen to:
   A. Provide grant capital into the micro-loan program