COMMITTEE AGENDA TOPICS

I. Subject: Public/Private Ballantyne Area Infrastructure Project
Action: Receive latest information and make recommendation to City Council for consideration at the September 26th Council meeting.

II. Subject: Discuss Meeting Dates for September 22, October 13 and November 10

COMMITTEE INFORMATION

Present: James Mitchell, Patrick Cannon, Jason Burgess, Andy Dulin and Patsy Kinsey
Time: 12:00pm – 1:10pm

ATTACHMENTS

1. Ballantyne Area Infrastructure Presentation

DISCUSSION HIGHLIGHTS

I. Subject: Public/Private Ballantyne Area Infrastructure Project

Chairman Mitchell: We have one very important item on the agenda today then two small items. Mr. Kimble I will turn this over this over to you. Before that I would like to recognize Council Member Cooksey. At the end of this presentation, feel free to make some comments if you would like to since this is your district. Mr. Kimble, if you would get us started.

Kimble: Thank you Chairman Mitchell. We are pleased to be before you again. We think we have an even better and more refined product to share with you today. Thank you for putting this special meeting together; many of the folks that are involved with this have already introduced themselves. There is a large number of department staff, the private sector, and Mecklenburg County that has also been involved in this project. We have refined it even more and remember last time that we were here and said the leading candidate for how we would do this; the model was the Wachovia Arts and Cultural Center. That is not the leading candidate anymore, we have refined it even more and we found a way to do this a little bit different. It doesn't cause the City to actually issue the debt we found a different way and I will walk you through that today. We also had yesterday the County's Economic Development Committee and John Allen is here representing the County's Economic Development Office. They considered this item and they recommended four to zero to proceed to the County Commission. I don't know if they calendared it for a specific County Commission date, but the good news is that they confirmed and

recommended it to the full County Commission yesterday. I think it is Harold Cogdell, Karen Bentley, George Dunlap and Neil Cooksey are the four members of the County E.D. Committee. We will walk you through where we are today. We have provided copies of the presentation to you and draft copies of the Infrastructure Reimbursement Agreement and the Interlocal Agreement; these are still going to change. We are not finished with them yet but we wanted to at least give you where we stood today because it's good for you and the Committee to see what has to go into these sections of the Infrastructure Reimbursement Agreement and an Interlocal agreement. We still are going to be refining these, adding paragraphs on how we will have dispute resolutions should a dispute occur. This is pretty much the basis and the kinds of things that will be added to the agreement. Because of time, we did not have the time to work all of those details out but by the time this goes out next week with the Request for Council Action if you as a Committee take action today. We will have all of that in place before Council action. It is tentatively scheduled for September 26, 2011. If we can't get all of that done then we may have to delay going to Council until October. We think we are in a good position with the Committee and with the County E.D. Committee as of yesterday. You will be the ultimate determiners of that, and at the conclusion of today's meeting as to whether or not you are ready pass the issue. We have also beefed up in the PowerPoint, which you will notice in the Infrastructure Reimbursement Agreement the reasons why we will want to do this. That was a specific request that came from the Committee, primarily Mr. Mitchell as Chairman to make sure that we are saying why we are even considering this. What are the benefits to the City and the County and our community when we do it this way in this kind of partnership? If you will look at the Infrastructure Reimbursement Agreement, you will see a lot of "where as" clauses and that really leads to the reasons we want to go over this with you today. This was originally referred to the E.D. Committee on June 6, 2011; you met a couple of times a couple of weeks ago as well. It is a request for a public/private partnership to create jobs by building much needed roads and improving intersections and improving infrastructure. Remember that the roads will be built in conjunction with a new bridge. Community House Road following a path over I-485; the actual bridge work is done by the State of North Carolina (NCDOT) as part of the widening of I-485. They are the ones who will build that. They will be reimbursed of the cost of the bridge by The Bissell Companies. Ultimately, the City, through the TIF financing will be reimbursing Bissell for the cost of that bridge. I think Ms. Kinsey had a great question. Ultimately, the City and the County are paying for that bridge but it has to happen in a way with the design build process that the State builds that portion; Bissell builds the rest of the road and then Bissell gets reimbursed from the City and the County. There is a loan and we will tell you the attributes of that loan and how we repay with the TIF money. The roads will be constructed and opened if everything goes well by the end of 2014, meaning the end of the calendar year. It could be opened as early as the first quarter of 2015.

Mitchell: This is a classic case, because six or seven years ago, we were talking about adding another lane to I-485. An additional lane?

Kimble: That is correct. That is part of the State's portion of the project in this vicinity. Why partner to do this project? It will add from a minimum of $136,000,000 to a maximum of $400,000,000 to the tax base in the next 15 years by the construction activity and the

amount of new development that could go into the Ballantyne area. It depends on the economy, it depends on how fast they want to bring on line and how they cash flow. It could be on the low side; $136,000,000 has already identified as investments that will occur. Then it could go upwards from there all the way to $400,000,000 over the next 15 years. On the low side of that investment, they add as little as 4,000 jobs so that would more than likely be the minimum. But if you have a stronger pace of development with the economy in the climate you could have as many as 12,000 new jobs that would locate in this targeted zone in the next 15 years. Those are two big reasons why putting this new infrastructure in as fast as you can in a public/private partnership leads to creation of a new tax base and leads to the creation of additional jobs in this area of town. It will also decrease leakage of jobs to South Carolina because there is a high competitiveness on relocation and companies that would come into this area because Ballantyne sits right on the South Carolina line. Where we have usually been a friendly competition sometimes it becomes fierce competition with South Carolina about retaining or increasing the number of jobs on the North Carolina side of the line predominately in Ballantyne. This investment and creating these new opportunities with new facilities and new roads in the area will decrease the leakage of jobs to South Carolina. We can't quantify that but we know that it will have an impact upon that leakage. It's also a way to build the improvements in a leveraging way; it's a four-way partnership with the City, County, State NCDOT and the Bissell Company all partnering to get this done and what it does finally is builds these improvements earlier and cheaper than they otherwise could be built. If we were just doing it ourselves and waiting for the bond capacity of our own revenue sources in order to build these much needed improvements. Those are some of the reasons more of those reasons are imbedded in the Infrastructure Reimbursement Agreement in the "where as" clauses and it just talks about the value of Ballantyne to our region; where it was 15 years ago and where it could be 15 years from now. So it more formally addresses the reasons and we felt it was important to put that into the actual agreement. The public is just not going to see the policy link; they are going to see the agreement as well. Remember the area that we are talking about is the Ballantyne area (Slide 4). It almost looks like a stealth bomber in its shape; it's triangular shaped with I-485 being at the top of that map and south being to the bottom. It's just a large area that would be included in the road improvement and the intersection improvements, that is why it speaks directly to Community House Road and the bridge over I-485 and then other intersection improvements that would be included in the $11,000,000 amount that we are talking about with the company.

Mitchell: Ron, Community House Road is that two lanes each side?

Kimble: Yes.

Dulin: I see the Community House Road project as very public; I had breakfast there one day last week. The infrastructure project inside the park, are those public or private roads?

Kimble: Public roads.

Dulin: What kind of improvements are we talking about because those intersections tend to be working pretty well?

Kimble; I will give you the highlights. There will be right turn lanes improvements; there could be widening improvements. There are ways in which to create improvements that allow the

traffic to move cleaner faster and safer mixed in with the pedestrians that are in this area. Danny and Debra are working on this as part of the re-zoning if you have a question about any particular intersection or anything else concerning this area.

Pleasant: The Community House project is a bridge and road connection across I-485; the rest of it is more or less intersection improvements.

Dulin: This is architectural; way back when the Bissell Company bridged Johnson Road they had the decorative theme. This being a more public way over I-485, will they be putting decorative things on there like that?

Kimble: My suspicion is that they will have a more basic bridge span because of cost considerations.

Curran: We have not gotten that far, but if it were to have decorative theme, it would be across the entire bridge. I would point out the common circle was one of the improvements and is one of the top five accident intersections in the City and that will be improved during the work.

Kimble: To put the dollars in prospective, we are talking $11,000,000; it's a little over $8,000,000 is the Community House Road and bridge. The bridge is about $6,000,000 and the rest of Community House Road costs are just north of $2,000,000 in estimates so the rest of it would be just under $3,000,000 in terms of the intersection improvements. Community House Road and bridge is the major connector and the major reason why this is so important; the rest is too but this is the big one right there.

Dulin: Community House Road and the bridge is major deal. Why are we not talking about just that project then get Danny to put the other project on our list like the rest of the City does in having to wait?

Kimble: Number one we can do this in a four way partnership and we can do this as a design build concept with one contractor all at one time and get price discounts instead of going through costs of design which is cheaper and faster and easier. It's a good question, but I think we can really package it this way and really create the road improvement quickly and more cheaply. Here is the new basic concept that tweaks from what you saw a few weeks ago. Bissell Company is still responsible, including the partnership with NCDOT for a guaranteed price of $11,000,000. When we use our reimbursement legislation that the City of Charlotte received back, in I think 2001, we have to prove that the value that they can build that we could not do it cheaper than that. So we have gone through fairly rigorous exercise of doing estimates of the costing of all of this and we have documentation that says it would cost us more than $11,000,000 if we were to do this on a regular instruction basis with the City of Charlotte in charge of construction.

Mitchell: Ron, what is that price tag if we were to do it ourselves?

Kimble: The approximation is $11,443,000 was the number that we have documented that we have priced out on a detailed cost comparative basis. We feel comfortable that the amount of dollars that we have agreed to in this agreement is a fixed guaranteed price of $11,000,000 and that would be less than we could build this project for. Remember, it's a four-way partnership. It's the State, Bissell, City and County all having a role and responsibility in building this which is new and different than somebody just going out and having the City of Charlotte build it. This is a step up commitment by Mecklenburg County to participate in the cost of this which is a very worthy and meritorious effort on their

behalf. After the improvements are built then the Bissell Companies have a loan with the City of Charlotte and we will repay that loan through the 45% Synthetic Tax Increment Grant. This is the Synthetic TIF program at 45% of property taxes generated, future incremental property taxes generated by the boundary area that we saw on an earlier map. So you develop a baseline here of property values; that baseline will be January 1, 2012 if the City and the County do indeed go forward with this agreement and ink it before the end of the calendar year. That July 1, 2012 is the base year; that is where you set the base valuation in future years. We have the incremental value of property in that geographic zone against that base year then re-calculate the property taxes against that particular valuation increase. Bissell Companies then pays those taxes on that new higher value to the City and the County. The way it's going to work is that the County pays 45% of the taxes that have been paid to them to the City of Charlotte because the loan is going to be between Bissell Companies and the City of Charlotte. We deal in whole with the Bissell Companies; that is the way that the flow works. We can put a flow diagram up here but we thought it would be easier to describe it in words. So there will be an inter-local agreement between the City and the County on the County paying the City. Then there is a loan agreement and a construction agreement and a loan between the City of Charlotte and the Bissell Companies where we will be paying those 45% taxes back to Bissell Companies to repay them for their loan.

Mitchell: And that is for fifteen years?

Kimble: Yes. If the property tax increase is faster, it may not take 15 years to pay off the loan. We are not obligated to pay anymore than what it takes to pay off the loan. If it takes longer than 15 years, then Bissell stands that risk that we don't pay it back and with development that did not occur as fast. The whole goal is to make this partnership work because the City and the County are getting 55% of all the taxes free and clear, so you want development to occur as fast as possible. Repay the loan and reap the proceeds and get to 100% of earning of those property taxes for the City and the County as fast as you can. We would hope that the development goes fast, the full loan gets repaid with the interest rate that we have assigned to it and then the City and the County reaps 100% of the property taxes thereafter. I think it is designed with a win-win approach that we want the loan repaid because that means that the development went quickly and a lot of taxes and a lot of new jobs came to the City and the County as a result. That is the basic concept. Here are some additional provisions; Bissell Companies are responsible for any construction costs greater than $11,000,000, so if it costs more than that, we are not going to pay anymore than $11,000,000; $11,000,000 is the guaranteed price that we have agreed to. Bissell Companies is responsible for writing off any unpaid loan amount at the end of the 15th year. If the development did not occur fast enough, taxes did not flow back fast enough? The loan is not paid then they would write off the amount of the loan. Any Business Investment Grants paid to corporations in the designated area are deducted for calculation purposes. They are going to be luring new companies to their area. There may be, according to your policy, Business Investment Grants that they ask the City and the County to pay to those companies that would wind up in many of these new developments. Because they are being counted against the very same increments of taxes, you will have to deduct these Business Investment Grants from the calculations of

what 45% yields back on repayment of the loan. They have agreed to an adjustment in Business Investment Grants that are paid because they are drawing off of the same property taxes. If we are able to reach agreement by the end of this year, and we have agreed that any increases in valuation and tax base on the ground will start January 1, 2012, that really is property taxes that are paid between July 1, 2012 and 2013 for that tax base year. The first year of increment will be the July 1, 2013 to June 30, 2014 fiscal year so there will be one year where there will be incremental property taxes that have been paid by the Bissell Companies to the City and the County. We have agreed to reserve that prior to the time that the road improvements would be accepted by the City and use that one year in the 2013 & 2014 to supplement the first year payment under the 15 year TIF. This is advantageous to us to make that payment reduce the interest on the remaining principal balance and get the loan paid off faster so that we can reap 100% of the profits back as quickly as possible. That one little nuance; it's a 15 year TIF with a one year advance amount of collections that we can use as a reserve in the first year. So we really have a higher first year payment in the 15 year TIF and take down more of the principal balance early with everybody paying less interest over time and thereby getting to a loan payoff sooner. You need to know these nuances because they will be in the agreement and we want to try and tell you everything we know about that agreement so you are fully aware and can articulate this and that knowing what the provisions and parameters are. We also are working, there was a meeting this morning with City and County folks and the Bissell Companies, to get to an individual goal on MBE - Minority Business Enterprise, WBE- Women's Business Enterprise and SBE – Small Business Enterprise and then have a consolidated MWSBE so that you would have individual goals and you would have a consolidated goal. We are not there yet but if the conversation this morning was 4% MWBE, 4% SBE and 6% MBE, with a consolidated, combined 10%; we are still working on that. We are trying to figure out if that is where we are going to land and we need to do that fairly quickly because we need to get this packaged up and ready for Council on September 26th. There has been good interaction; the State would also have their own MWDBE on both the widening of I-485 and the Community House Road Bridge over I-485. That one has yet to be struck but it would be under normal guidelines that the State of North Carolina uses for their construction projects. I want to make sure that you understand that there are a lot of different numbers and a lot of different benchmarks than we are contemplating and overall and all inclusive MWSBE goal for the City, County and the Bissell Companies.

Mitchell: Ron, repeat those goals, MWBE is 4%?

Kimble: MWBE was 6%, WBE was 4% and SBE was 4%; those are tentative. I would not want you to lock in on them; that was the conversation this morning. We are hitting this as hard and as fast as we can; we will be testing that in the coming days.

Cannon: I would like to get an understanding about how these goals are made.

Burgess: The cost of $11,000,000 is that guaranteed cost or a maximum cost of $11,000,000?

Kimble: We always toyed and moved back and forth as to whether there are caps or guarantees. We believe that if it's a painstaking effort to document all of these costs and then to wrestle with them; they are agreeing to build at a lower cost than what we could build them and there needs to be some incentive for them to do that. So what we have

normally done is come in with guaranteed prices, a number and that is the number that we pay. We don't get into the back and forth about "up to". We are confident that if we build these it would be $11,444,000 or more and we are confident that coming in at $11,000,000 is a very good deal and a very good number for the City and the County. Especially in a four-way partnership with NCDOT where NCDOT is probably also talking about a guaranteed number of $6,000,000 of reimbursement by Bissell Companies to them. It is a fixed guaranteed number in the way that we have structured the agreement. We have wrestled with this over the last ten years as to whether it's "up to" or "fixed and guaranteed". That is a good question.

Kinsey: Is there any way to know at the end of this project if that was what it cost? I don't have a problem I was just curious if there was some way that would find out the final costs.

Curran: It's going to get rather tough because one of the benefits of having it structured this way is that we are in the hole; we have already started moving trees out of the center and we are just absorbing that cost going in. The irrigation boxes and underground utilities as well; it's easier for us just to start doing things.

Kimble: In all honesty with them knowing that we have kept a business estimate, they would say up to $11,443,000 so you maintain more if you use an "up to" number than if you use a "fixed guaranteed" number.

Dulin: It's to their advantage to build it as cheaply as they can. They are able to borrow up to the $11,000,000 and our agreement is $11,000,000 so that means anything over that they are on the hook for.

Kimble: Yesterday the County's ED Committee voted. If all goes well we could consider on September 26th. We need to set a date.

Mitchell: October 4th for the County. Andy, do you mind if we hear from the district representative or do you want to do your questions?

Dulin: I would rather defer and do our business first; he is just going to make a victory speech. This is a "what if' question. Ron, we need to be protected for future sale of the Bissell Companies to their purchaser and in the event of a failure of the Bissell Companies. Where are we on those two points?

Kimble: They make a loan to us and we will cover any agreement against conditions or default positions. Our obligation to pay down the loan is based upon the development that occurs and the payment of property taxes by the entity that would be in place in the Ballantyne area if that were the case. We are protected in that we never pay unless the property taxes are paid first to us, so our protection is pretty strong.

Dulin: What is the length of the span over I-485? That is an interesting fun fact that would be nice to know as we talk about this project with people.

Curran: I have no idea.

Dulin: That is not a narrow gap; there is at least 300 feet through there.

Mitchell: The district representative, please give us your comments.

Cooksey: Thank you Mr. Chairman. I hope I don't do the rah-rah speech; it gets in the way of what I hope will be a recommendation to Council. One particular about the bridge that I would like to note is that this bridge does appear on the 2035 Transportation Plan and in the 2016/2025 Horizon with an estimated cost of $16,000,000 plus. The ability to get this project done in a way that protects the City and all of the risk is on the private sector and

the benefit is to us on something that we had planned already is tremendous. Councilmember Dulin pointed out the other road improvements in that area and I would like to also note that part of John Delaney is also part of the CATS Rail 43. That comes through Ballantyne and picks folks up and takes them to the light rail station, so it is not only a public road, but it is used by more than just cars it is also used by our CATS system. Finally, thank you for all the time and effort and creativity of staff and the willingness of the Bissell Company to explore that creativity. I followed each meeting. I thank you greatly and I would like to end with a suggestion that we name the bike lanes for Andy Dulin.

Kimble: I have one more comment about the financing this is a loan from the Bissell Companies to the City. We have tested this with the Local Government Commission, which must approve all financing in the State of North Carolina. It's got a favorable review at this point in time but the loan will actually be issued and made at the conclusion of the construction of the improvements at the end of 2014, which is the envisioned date. There is a requirement that when that loan is made that the City Council conduct a public hearing and also the financing must be approved at that time and the Local Government Commission at that time must approve that form of financing. There is a clause in the Infrastructure Reimbursement Agreement that says this is our intention but it says that "if the Local Government Commission approval is not gained at that future date that the parties will work together to come back with a financing that meets the conceptual framework and conditions contained herein." So I just want to point that out to you that there is a responsibility on a future City Council to conduct the public hearing at a future Local Government Commission meeting to approve this financing at that point in time. If for some reason that it didn't work and we did not get the approval, we would probably go back to the Kiser structure that we talked about at the last meeting with the cost financing by the City, for example, as one of those alternative methodologies. But everything that we have done and everything that we have tested has worked out very well at this point in time but I did want to make sure that you knew the whole story so that is no surprise.

Dulin: What is in there to protect the Bissell Companies from the City's failure?

Kimble: Failure of the City Government? The beauty is that our AAA bond rating as the leaders of the elected City Council that we have.

Cannon: I would recommend that we move this infrastructure request forward to the full City Council for consideration at their September 26th meeting.

Mitchell: We have a second all those in favor say aye. Opposed? Let the record show that the vote was 5 to 0 and the district representative was also in favor.

VOTE: Cannon made the motion and Kinsey seconded to recommend to City Council that they consider the Public/Private Ballantyne Area Infrastructure Project at their meeting on September 26, 2011. Vote was unanimous.

Mitchell: Staff, Debra and Danny thank you so much for the hard work; this was very creative. We hope this will be a model that we can us going forward.

II Subject: Meeting Dates

Mitchell: The second item is one that I would like all of the Committee Members to take out your calendars; we need to do some shuffling. I think September 22nd will not be a problem, but October 13th is the Chamber Fall Retreat. November 10th, I am causing that problem again because that is the NLC. Brad, do you want to go through a couple of adjustments?

Richardson: Thank you. We come with suggestions for rescheduling those three and can test those with you. The first one is we would like to request moving the September 22nd date one week back to September 29th, that will help us in accomplishing getting Mobile Food Vendors in before October. We have confirmed with Council Member Carter that she is available that afternoon. Our recommendation would be September 29th for your next meeting at 3:30pm; Nancy is available after 2:30pm.

Mitchell: Committee Members?

Kinsey: I can do that.

Burgess: That is far enough out that I can make it work.

Dulin: I am fine for September 29th.

Cannon: Yes.

Mitchell: Our objective at that meeting is for review, I think the time had lapsed. Our policy was to review it after one year. Is that correct Debra?

Campbell: Yes.

Mitchell: So we are two years overdue and this is just for a review.

Dulin: I have told all of the "mobile" associations that wanted to talk to me that I am not their guy.

Mitchell: Andy, you are right it can be a 30-minute meeting.

Cannon: I had posed the question relative to getting some information back on the public safety issues equated with some of the rational of why some members of the body chose to go in the direction that they went. I have yet to receive that information back from the Charlotte-Mecklenburg Police Department. I would like to have it because if there were issues that were related, I need to know what they were. I need to know what the department is suggesting, so if we can get that back as soon as possible. I got an e-mail last week from a mobile food vendor and her concern was the hours of operation. Some totally different in a way from what these other people are driving at, but looking at the hours of operation between morning and evenings of operation. I think we need to have a little discussion about that just to give you a quick synopsis. Basically, the concern is that they are not able to operate until the latter part of the morning. If there is a construction job that might be going on typically breakfast cannot be served if the workers are out there at 6:30am and 7:00am. They are prepared to work so when 9:00am rolls around, they are already on the job. There is no opportunity for revenues to be generated or a business to operate in evening hours; they don't have enough time to operate during that time. Those are the issues.

Mitchell: Debra, do we think it will be issue getting information from the Public Safety Report and getting that to us for the meeting?

Campbell: Mayor Pro Tem, I think you made reference to I need information from CMPD that helped them move in the direction that the Text Amendment went in. So my question is do you want the information that we presented or what CMPD presented to the Committee at that time, or do you want new updated information or both forms?

Cannon: From a historical prospective, I would like to get presented during that time which can help me to formulate my decision in terms of where we go in going forward, so that would be helpful.

Campbell: Thank you.

Cannon: You know what why don't we make it both.

Campbell: O.K.

Richardson: This is important because this will be your first review and detailed result of the recommendations of the MGT Disparity Study. That will be presented to you on September 26th. We will request a referral to this Committee. October 13th doesn't work; we have confirmed that the MGT folks could be available on October 11th which seems to be a clear date on the Council calendar. We recommend that date to you at 3:30pm.

Mitchell: Committee Members, October 11th at 3:30pm?

Kinsey: It looks good right now.

Burgess: Yes, that is fine.

Cannon: Yes.

Dulin: Yes.

Richardson: November 10th is one that we envision as the long awaited joint meeting with the County E.D. Committee. John Allen and I have conferred and need to confirm this on their side. We will be meeting with Harold Cogdell as a result of your conversation today. We recommend the following Thursday, November 17th at 3:30pm.

Kinsey: I have a meeting on that date but I should be out by 3:00pm.

Mitchell: Brad, it does look like that date will work.

Richardson: We will confirm with the County on that date as well.

Mitchell: Anything else from staff or Committee?

Adjourned: 5:00p.m.

Economic Development Council Committee
Wednesday, September 14, 2011 at Noon
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

AGENDA

I. PUBLIC/PRIVATE BALLANTYNE AREA INFRASTRUCTURE PROJECT – 40 minutes
Staff: Ron Kimble, City Manager's Office
Action: Receive latest Information and make recommendation to City Council for consideration at the September 26th Council Meeting. **Attachments**

II. DISCUSS MEETING DATES for SEPTEMBER 22, OCTOBER 13 and NOVEMBER 10 – 5 minutes

III. NEXT MEETING DATE: Thursday, September 22, 2011 at 3:30pm, Room 280

Future Topics & Tentative Schedule:

- Catawba River District ?
- Business Corridor Revitalization Strategy Update (September 22)
- Entrepreneur Strategy/Policy (September 22)
- Business Investment Program Update (October 13)
- Disparity Study (October 13 & 27)
- Mobile Food Vendors (October 27)
- Joint meeting with County ED Committee (November 10)
    - Business Investment Program Revisions
    - Amateur Sports

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

CHARLOTTE
OFFICE OF THE CITY MANAGER

Ballantyne Area Infrastructure

Economic Development Committee Overview

September 14, 2011

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Ballantyne Area Infrastructure

- Item was referred to ED Committee on June 6, 2011
- Is a request for a public/private partnership to create jobs by building much needed roads
- Roads would be built in conjunction with NCDOT widening of I-485 in this vicinity
- Roads would be constructed and open by the end of 2014

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CITY OF CHARLOTTE

Ballantyne Area Infrastructure

- Why Partner To Do This?
  - Will add from $136M to $400M to the tax base over the next 15 years
  - Will add from 4,000 to 12,000 new jobs over the next 15 years
  - Will decrease leakage of jobs to South Carolina
  - Will build much needed road improvements in a four-way partnership (City, County, State, Bissell)
  - Will build these improvements earlier and cheaper than otherwise possible

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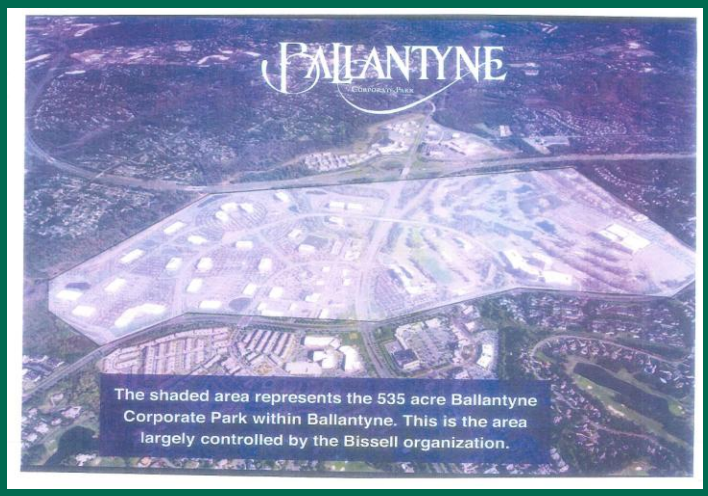

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Ballantyne Area Infrastructure

- Basic Concept
  - Bissell Companies builds the improvements (including partnership with NCDOT on Community House Road overpass) for a guaranteed price of $11M
  - Bissell Companies then makes private placement loan to the City of Charlotte for the value of improvements (interest rate at City's borrowing rate)
  - City agrees to pay Bissell 45% of its incremental property taxes from the designated area until loan is repaid or 15 years, whichever is sooner
  - Likewise, County agrees to pay to City 45% of its incremental property taxes from the designated area until loan is repaid or 15 years, whichever is sooner, and City remits County portion to Bissell

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Ballantyne Area Infrastructure

- Additional Provisions
  - Bissell Companies responsible for any construction costs greater than $11M
  - Bissell Companies responsible for writing off any unpaid loan amount at end of 15th year
  - Any business investment grants paid to corporations in the designated area are deducted for calculation purposes
  - City and County accumulate reserve in 2014 at 45% incremental property taxes per year, and use it to supplement first year payment in 2015
  - MBE goal established at ____%, WBE goal established at ___%, and SBE goal established at ____% for non-State portion of road project (State will set its own MWDBE goal for the overpass)

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CITY OF CHARLOTTE

Ballantyne Area Infrastructure

- Next Steps
  - County ED Committee meets on September 13 to review and consider this proposal
  - City ED Committee consideration today
  - City Council consideration on September 26
  - County Commission consideration on _____

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CHARLOTTE.

DRAFT

STATE OF NORTH CAROLINA

COUNTY OF MECKLENBURG

INFRASTRUCTURE REIMBURSEMENT AGREEMENT

THIS INFRASTRUCTURE REIMBURSEMENT AGREEMENT (this "Agreement"), entered into as of this ___ day of _____, 2011, by and between _____ ("Developer"), and the CITY OF CHARLOTTE, a North Carolina municipal corporation ("City").

WHEREAS, fifteen years ago, the approximately 2,000 acre area now known as Ballantyne was used for agricultural purposes, contained less than a dozen home sites, and provided minimal contribution to the tax base; and

WHEREAS, in the past fifteen years, Ballantyne has emerged as one of the fastest growing and most successful business and residential centers in the United States creating a total tax base of $2 billion for all of Ballantyne and over $700 million for the Ballantyne Corporate Park alone; and

WHEREAS, in the past fifteen years, over 14,000 office, retail and hospitality jobs have been created in the Ballantyne development, and many thousands more in the Ballantyne sphere of influence; and

WHEREAS, today over 1,000 single family homes and thousands of multifamily residential units have been created in Ballantyne; and

WHEREAS, over 250,000 square feet of retail amenities and an additional 250,000 of medical office providers now exist in Ballantyne; and

WHEREAS, over thirty Fortune 500 companies have offices in Ballantyne and hundreds of other businesses are located there; and

WHEREAS, Ballantyne has demonstrated great resilience in recent challenging economic times by continuing to attract businesses to the Charlotte area representing over 5,000 new jobs in the past three years alone; and

WHEREAS, it is important to support and enhance the opportunity for Ballantyne to continue to attract jobs to the area and continue to expand the tax base by encouraging road infrastructure improvements that will benefit Ballantyne and its sphere of influence; and

WHEREAS, the unemployment rate in Mecklenburg County is currently above 10%, the City's location on the border of South Carolina poses a risk that jobs and revenue will move across state lines, and additional growth in the Ballantyne area requires additional transportation infrastructure, transportation improvements to make a greater density of development possible; and

WHEREAS, the anticipated growth that the Public Improvements contemplated by this agreement will add a minimum of $136 million and potentially as much as $400 million to the tax base over the next 15 years; and

WHEREAS, such growth will add as few as 4,000 and potentially as many as 12,000 new jobs over the next 15 years; and

WHEREAS, the City has the authority to construct streets and bridges (G.S. 160A-296(a)(3)), to enter into infrastructure reimbursement agreements with developers and property owners (SL 2001-329), and to finance such infrastructure (G.S. 160A-20); and

WHEREAS, the City has determined that the cost to the City in acquiring the Public Improvements from the Developer for designing and constructing the Public Improvements is less than the City estimates it would cost if the City were to publicly bid the design and construction of the Public Improvements.

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein, the parties agree as follows:

1. Definitions.

"Baseline Tax (City)" refers to the total real and personal *ad valorem* taxes assessed by the City against the Increment District for the Baseline Tax Year.

"Baseline Tax (County)" refers to the total real and personal *ad valorem* taxes assessed by the County against the Increment District for the Baseline Tax Year.

"Baseline Tax Year" refers to the City's and County's 2013 Fiscal Year (*i.e.* the period from July 1, 2012 to June 30, 2013) in connection with which the valuation of the Increment District for tax purposes will be established as of January 1, 2012.

"City's Cost of Funds" means the Standard and Poor's Money Market Directories published rate for 10 year tax exempt municipal bonds plus 100 basis points. (The assumption for a rating is the most current rating for the City's equipment COPs. (Currently Aa1, AA+))

"Increment District" shall mean the area and properties depicted and identified on Exhibit A.

"Incremental Tax Increase Amount (City)" shall mean, as to each Fiscal Year after the Baseline Tax Year, the amount by which (i) the total real and personal *ad valorem* taxes levied by the City on the Increment District for such Fiscal Year, exceed (ii) the Baseline Tax (City).

"Incremental Tax Increase Amount (County)" shall mean, as to each Fiscal Year after the Baseline Tax Year, the amount by which (i) the total real and personal *ad valorem* taxes levied by the County on the Increment District for such Fiscal Year, exceed (ii) the Baseline Tax (County).

"**Public Improvements**" shall mean those improvements described in Exhibit B attached hereto.

2. Design and Construction. The Developer shall:

a. design the Public Improvements;

b. obtain all necessary regulatory approvals for construction of the Public Improvements;

c. acquire all right-of-way and temporary construction easements necessary for the construction of the Public Improvements;

d. construct the Public Improvements in accordance with all regulatory standards and approvals, including all modifications or improvements required through normal governmental inspection processes; and

e. upon completion of the Public Improvements, dedicate or convey, or provide for the dedication or conveyance, to the City of the Public Improvements together with those portions of the right of way thereof located on the Property.

f. Developer may fulfill its obligations either directly or through contracts with the State of North Carolina Department of Transportation and/or other private parties.

3. City reimbursement. Upon Developer's satisfaction of its obligations set forth in Sec. 2, the City shall acquire the Public Improvements from the Developer in the amount of $11,000,000.00, which purchase price shall be financed with the Developer pursuant to a G.S. 160A-20 financing agreement, the terms of which will provide as follows:

a. City shall pay simple interest at a rate determined by the City's Cost of Funds as of January 1 immediately preceding the first payment on the loan.

b. The City will make annual payments on or before March 15 beginning in the calendar year that immediately follows the calendar year in which the all of the Public Improvements are completed, inspected, and accepted by the City.

c. Annual payments shall be an amount equal to (i) 45% of the Incremental Tax Increase Amount (City) collected by the immediately preceding February 1 (including any delinquent taxes collected for a prior fiscal year); plus (ii) 45% of the Incremental Tax Increase Amount (County) collected by the immediately preceding February 1 (including any delinquent taxes collected for a prior fiscal year); less (iii) any amount due and payable by the City or County during that calendar year pursuant to an economic development grant agreement that provides for a payment determined by some percentage of incremental taxes from within the Increment District.

d. Notwithstanding subsection c., the initial payment shall be calculated by applying the formula set forth in subsection c. to the then-current year and to all earlier years that are subsequent to the Baseline Tax Year. The total initial payment shall be the sum of those calculations.

e. The City's payment obligations will terminate upon the earlier of: (i) payment of all outstanding principal and interest; or (ii) the fifteenth (15th) annual payment.

f. In the year in which a payment by the City to Developer calculated pursuant to subsection c. above will retire the entire Principal and Interest obligation, the City payment shall be only such amount as is necessary to satisfy the outstanding principal and interest.

The financing described in this section requires the approval of the North Carolina Local Government Commission. In the event that the City is, after making its reasonable best efforts, unable to obtain Local Government Commission approval, the parties will cooperate in developing an alternative financing structure consistent with the terms set forth herein.

4. MWSBE Plan. The Developer shall follow the MWSBE Participation Plan attached hereto as Exhibit C.

5. Commercial Non-Discrimination Policy. The Developer understands that the City has adopted a Commercial Non-Discrimination Policy as set out in Chapter 2, Article V of the Charlotte City Code, and agrees to comply with all applicable provisions of said Policy.

6. Term. This Agreement shall commence upon execution and shall continue until the City has made its reimbursement payments pursuant to Section 3. Notwithstanding the foregoing, the City may terminate this Agreement if commencement of construction of the Public Improvements has not begun by January 1, 2013. Notwithstanding the foregoing, Developer may terminate this Agreement at any time upon written notice to the City if in its discretion it decides not to construct the Public Improvements.

7. Notices. All notices concerning this Project should be addressed as follows:

If to the City: City of Charlotte
Economic Development
Attn: Pat Mumford
600 East Trade Street
Charlotte, NC 28202

If to the Developer:

Each party may change its address for notification purposes by giving the other party written notice of the new address and the date upon which it shall become effective.

8. No Third Party Rights. This Agreement is entered into by and between the parties hereto for their exclusive benefit. The parties do not intend to create or establish by this Agreement any third-party beneficiary status or rights, and no such third-party shall be entitled to enforce any right of obligation or enjoy any benefit created or established by this Agreement.

9. Binding Effect. This Agreement shall be binding upon, inure to the benefit of and be enforceable by the parties hereto and their respective successors and assigns.

10. Assignment. Developer may sell, assign or transfer its rights under this Agreement to any person or entity that acquires all or substantially all of Developer's interest in the Project.

11. Applicable Law. This Agreement shall be enforced, interpreted and construed by and under the laws of the State of North Carolina.

12. Interpretation. Each of the parties hereto has agreed to the use of the particular language of the provisions of this Agreement and any questions of doubtful interpretation shall not be resolved by any rule or interpretation against the drafters, but rather in accordance with the fair meaning thereof, having due regard to the benefits and rights intended to be conferred upon the parties hereto and the limitations and restrictions upon such rights and benefits intended to be provided.

13. Entire Agreement. This Agreement is the entire agreement between the parties with respect to its subject matter and there are no other representations, understandings or agreements between the parties relative to such subject matter. This Agreement supersedes all prior agreements, negotiations, representations and proposals ("prior agreements), written oral, except to the extent such prior agreements are incorporated by reference into this Agreement.

14. Amendment. No amendment or modification to the Agreement shall be valid in writing and signed by both parties to this Agreement.

15. Captions. The captions and headings set forth in this Agreement are for convenience of reference only and shall not be construed as part of this Agreement.

16. Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be an original, but all of which shall together constitute one (1) and the same instrument.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

ATTEST: CITY OF CHARLOTTE

_____ By: _____

City Clerk

ATTEST:

_____ By: _____

Witness

This instrument has been pre-audited in the manner required by the "Local Government Budget and Fiscal Control Act".

_____

Finance Officer

DRAFT

INTERLOCAL AGREEMENT

This **INTERLOCAL AGREEMENT** dated as of _____, 2011 ("Agreement") between the **COUNTY OF MECKLENBURG, NORTH CAROLINA**, a political subdivision of the State of North Carolina ("County"), and the **CITY OF CHARLOTTE, NORTH CAROLINA**, a municipal corporation organized under the laws of the State of North Carolina ("City");

W I T N E S S E T H

WHEREAS, the City has contemporaneously with this Agreement entered into an Infrastructure Reimbursement Agreement with Developer, which agreement contains a sets forth recitals which are incorporated herein by this reference; and

WHEREAS, under Article 20 of Chapter 160A of the North Carolina General Statutes, as amended, cities and counties are authorized to enter into interlocal cooperation undertakings with other local governments for the joint exercise of any power, function, public enterprise, right, privilege, or immunity of local governments in North Carolina; and

WHEREAS, the City has the authority to construct streets and bridges (G.S. 160A-296(a)(3)), the City and County have the authority to enter into infrastructure reimbursement agreements with developers and property owners (SL 2001-329; G.S. 153A-451), and the City has the authority to finance such infrastructure (G.S. 160A-20); and

WHEREAS, the parties to this Agreement desire to set forth their agreement herein;

NOW THEREFORE, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

The following terms have the meanings herein as set forth herein, unless the context otherwise requires:

"*Agreement*" means this Interlocal Agreement between the City and the County, and any amendment or supplement thereto.

"*Baseline Tax (City)*" refers to the total real and personal *ad valorem* taxes assessed by the City against the Increment District for the Baseline Tax Year.

"*Baseline Tax (County)*" refers to the total real and personal *ad valorem* taxes assessed by the County against the Increment District for the Baseline Tax Year.

"*Baseline Tax Year*" refers to the City's and County's 2013 Fiscal Year (*i.e.* the period from July 1, 2012 to June 30, 2013) in connection with which the valuation of the Increment District for tax purposes will be established as of January 1, 2012.

"*City*" means the City of Charlotte, North Carolina.

"*County*" means the County of Mecklenburg, North Carolina.

"*Developer" means* _____

"*Fiscal Year*" means the twelve-month period beginning on July 1 of each year and ending on the following June 30.

"*Increment District*" shall mean the area and properties depicted and identified on Exhibit A to the Infrastructure Reimbursement Agreement.

"*Incremental Tax Increase Amount (City)*" shall mean, as to each Fiscal Year after the Baseline Tax Year, the amount by which (i) the total real and personal *ad valorem* taxes levied by the City on the Increment District for such Fiscal Year, exceed (ii) the Baseline Tax (City).

"*Incremental Tax Increase Amount (County)*" shall mean, as to each Fiscal Year after the Baseline Tax Year, the amount by which (i) the total real and personal *ad valorem* taxes levied by the County on the Increment District for such Fiscal Year, exceed (ii) the Baseline Tax (County).

"*Infrastructure Reimbursement Agreement*" means the agreement between the City and Developer that requires the Developer to design and construct certain Public Improvements and the City to reimburse and finance the cost of designing and constructing the Public Improvements.

"*Interlocal Act*" means Section 160A-460 *et seq*., of the General Statutes of North Carolina, as amended.

"*Public Improvements*" shall have the same meaning as defined in the Agreement.

ARTICLE II

STATEMENT OF PURPOSE

Under the laws of the State of North Carolina, the City has the authority to build and otherwise improve streets and bridges (G.S. 160A-296(a)(3), the City and County have the authority to reimburse property owners and developers for the design and construction of municipal infrastructure including streets (SL 2001-329; G.S. 153A-451),

and the City has the power to finance such improvements with the property owner or developer who is responsible for designing and constructing the improvements (G.S. 160A-20. The City and County are entering into this Agreement under the Interlocal Act to cooperate in the design, construction, and financing of the Public Improvements contemplated in the Infrastructure Reimbursement Agreement.

ARTICLE III

REIMBURSEMENT FOR AND FINANCING OF THE INFRASTRUCTURE IMPROVEMENTS

Section 3.1. ***Reimbursement and Financing.*** The City will be responsible for acquiring the Public Improvements from the Developer and for financing the acquisition pursuant to the terms of the Infrastructure Reimbursement Agreement. Other than as provided in this Interlocal Agreement, the County will have no obligation to pay for the acquisition or financing of the Public Improvements.

Section 3.2. ***County incremental tax contribution***.

a. The County shall make annual payments to the City on or before March 1 beginning in the calendar year that immediately follows the calendar year in which the all of the Public Improvements are completed, inspected, and accepted by the City.

b. Annual payments shall be an amount equal to: (i) 45% of the Incremental Tax Increase Amount (County) collected by the immediately preceding February 1 (including any delinquent taxes collected for a prior fiscal year); <u>less</u> (ii) any amount due and payable by the County during that calendar year pursuant to an economic development grant agreement that provides for a payment determined by some percentage of incremental taxes from within the Increment District.

c. Notwithstanding subsection b., the initial payment shall be calculated by applying the formula set forth in subsection b. to the then-current year and to all earlier years that are subsequent to the Baseline Tax Year. The total initial payment shall be the sum of those calculations

d. The County's payment obligations will terminate upon the earlier of: (i) payment by the City to Developer of all outstanding principal and interest pursuant to the Infrastructure Reimbursement Agreement; or (ii) the fifteenth (15th) annual payment.

e. In the year in which a payment by the City to Developer pursuant to the Infrastructure Reimbursement Agreement will satisfy the City's repayment obligation, the County's payment to the City shall be that percentage of Incremental Tax Increase Amount (County) that together with the same

percentage of Incremental Tax Increase Amount (City) will be sufficient to satisfy the City's repayment obligation to Developer.

Section 3.3. ***Method of payment and interest.*** The County shall make all payments pursuant to this Agreement directly to the City and payments shall not be made in whole or in part as a set off to other obligations of the City to the County or the County to the City. Interest for late payments by the County shall accrue at a rate equal to the interest rate established for the City's reimbursement of Developer pursuant to the Infrastructure Reimbursement Agreement.

ARTICLE IV

DURATION

This Agreement will terminate when the City's obligations under the Infrastructure Reimbursement Agreement are satisfied or said agreement is earlier terminated.

ARTICLE V

MISCELLANEOUS

Section 5.1. ***Amendment.*** This Agreement may be amended through a supplement approved in writing by the City and the County.

Section 5.2. ***Severability.*** If any section of this Agreement is deemed to be illegal or otherwise unenforceable, it is the intent of the parties hereto that all other provisions of this Agreement shall remain in full force and effect.

Section 5.3. ***Governing Law.*** This Agreement is to be governed by and interpreted in accordance with the laws of the State of North Carolina.

Section 5.4. ***Time is of the Essence.*** Time is of the essence in this Agreement.

Section 5.5. ***Execution in Multiple Counterparts.*** This Agreement may be executed in multiple counterparts, each of which constitutes a completed document.

Section 5.6 ***Effective Date.*** This Agreement takes effect on its execution by the City and the County.

IN WITNESS WHEREOF, the Mayor of the City and the Chairman of the Board of Commissioners of the County have each executed this Interlocal Agreement to evidence the agreement of the parties hereto and the City Clerk and the Clerk to the Board of County Commissioners have affixed the seal of the City and the County, as applicable, this Interlocal Agreement.

DRAFT

CITY OF CHARLOTTE, NORTH CAROLINA

[SEAL]

By:_____
Mayor

Attest:

_____
City Clerk

COUNTY OF MECKLENBURG, NORTH CAROLINA

[SEAL]

By:_____

Chairman

Attest:

_____
Clerk to the Board of County Commissioners

Approved as to form:

_____
County Attorney

This instrument has been pre-audited in the manner
required by the Local Government Budget
and Fiscal Control Act.

BY: _____
DIRECTOR OF FINANCE
MECKLENBURG COUNTY