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WEEK IN REVIEW:

Mon (Feb 2)	Tues (Feb 3)	Wed (Feb 4)	Thurs (Feb 5)	Fri (Feb 6)
			12:00 PM Economic Development & Global Competitiveness Committee, Room CH-14	

CALENDAR DETAILS:

Thursday, February 5

12:00 PM Economic Development & Global Competitiveness Committee, Room CH-14
AGENDA: Immigration integration task force update; City protocol society

February and March calendars are attached.



Feb-March 2015.pdf

INFORMATION:

February 1 – CMPD/NC Local Barbershop Association Partnership

Staff Resource: Rob Tufano, CMPD, 704-336-7313, rtufano@cmpd.org

Chief Rodney D. Monroe and CMPD staff held a press conference on January 28, 2015, to discuss a new partnership that CMPD formed with the North Carolina Local Barbershop Association.

The North Carolina Local Barbershop Association is comprised of 75 local African-American barbershops that unified to enrich and strengthen communities through consistent education, networking and community peer partnership opportunities.

The CMPD and the association have coordinated a town hall meeting with the African-American community scheduled for February 1, 2015, at the Greenville Recreation Center. This event was coordinated to open an honest dialogue on matters involving police and race relations in the African-American community.

It will be an opportunity to educate young members of the African-American community on what their rights are and the appropriate manner with which to conduct themselves when coming in contact with police. There will be a panel discussion involving young men from the African-American community and police officers to exchange ideas, opinions, and give honest feedback on ways to strengthen community relations.

These are important and timely topics in light of several recent police involved incidents with young African-Americans across the country.

There will also be recruiters in attendance with the CMPD, Mecklenburg County Sheriff's Office, the Charlotte Fire Department and area barber schools.

The February 1 event is the inaugural town hall in a series of future events with the Barbershop Association and African-American community in the coming months.

February 7 – TreesCharlotte Spring Events Kick Off

Staff Resource: Erin Oliverio, E&PM, 704-432-2925, eoliverio@charlottenc.gov

TreesCharlotte will conduct nine community tree planting events this spring, with the first event Saturday, February 7 at EE Waddell High School.

In total, the spring events should plant more than 4,700 new trees. Details for each event are as follows:

- **Saturday, Feb. 7:** Stewardship Event at EE Waddell High School, 7030 Nations Ford Rd.
 - o 9:00 am- 11:00 am (previous planting site – volunteers mulch and stake trees)
 - o 30 trees will be planted.

- **Sunday, Feb. 8:** TreeDay at Hebrew Cemetery, 1801 Statesville Ave. Volunteers from the Jewish Community.
 - o 1:30 pm-3:30 pm
 - o 35 trees will be planted.

- **Saturday, Feb. 21:** TreeDay at JW Grier Academy, 8330 Grier Rd. Sponsored by District Rotary; volunteers from various Rotary chapters.
 - o 9:00 am-11:30 am
 - o 511 trees will be planted.

- **Saturday, Feb. 28:** TreeDay at Buckleigh Neighborhood, off Reedy Creek Rd. Volunteers from the community.
 - o 9:00 am-noon
 - o 200 trees will be planted.

- **Saturday, March 7:** Combined Event -- TreeDay at Highland Mill Montessori and TreeStores for NoDa and Villa Heights Neighborhood. Sponsored by Women’s Impact Fund; volunteers from school.
 - o 9:00 am-11:30 am
 - o 38 trees will be planted at school and 200 trees will be given to residents.

- **Friday, March 13:** TreeDay at Community House Middle School, 9500 Community House Rd. Sponsored by Carolinas Healthcare; volunteers from Carolinas HealthCare System and community.
 - o Noon-4:30 pm
 - o 700 trees will be planted.

- **Friday, March 20 (NC Arbor Day):** In partnership with the Charlotte Tree Advisory Commission, TreesCharlotte will be holding events at 10 CMS elementary school campuses across the City. Details to follow, including locations and times. Individual trees will be planted at each school with the students, and seedlings will be made available for students.

- **Saturday, March 21:** TreeDay Madison Park @ Wallace Farms Neighborhood and Sinclair Place Neighborhood, off Eastfield Rd.
 - o Madison Park Drive; 9:00 am-11:30 am
 - o 200 trees will be planted and given to residents.

- **Saturday, March 28:** TreeDay at Phillip O’Berry High School, 1430 Alleghany St. Sponsored by Women’s Impact Fund; volunteers from school and community.
 - o 9:00 am-11:30 am
 - o 130 trees will be planted.

- **Saturday, April 18:** TreeDay at Brightwalk Community and Anita Stroud Park, Woodward Ave, off Statesville Road; volunteers from the community. Partnership with the McColl Center for the Arts.
 - o 9:00 am-11:30 am
 - o 200 trees will be planted.

At TreeDay events, volunteers, neighbors and staff from the City and TreesCharlotte help residents plant trees on their property. At TreeStore events, residents stop by and pick up trees to take home and plant. Council members are invited to attend any TreesCharlotte event and have a speaking role at the TreeDays. If Council members plan to attend any event, please contact Erin Oliverio.

TreesCharlotte is the civic/private collaborative that supports and leverages Council’s goal of “50% Tree Canopy by 2050.” Using Council’s tree planting budget and the work of dedicated volunteers, TreesCharlotte is raising private dollars to plant trees, educate and energize the community.

For each TreesCharlotte event the City pays for incidentals, including mulch. The City partners with TreesCharlotte to manage logistics for the community NeighborWoods events. City staff provides expertise in neighborhood outreach, tree selection and creation of planting plans. TreesCharlotte raises the capital to purchase trees and to provide volunteer meals, tools and t-shirts.

Community Cabinet to Address Digital Inclusion

Staff Resource: Ann Wall, City Manager’s Office, 704-336-3187, awall@charlottenc.gov

Google Fiber’s announcement of gigabit internet service coming to Charlotte has created an opportunity for the City and its partners in education, social services, housing, public libraries, the faith community, and the arts community to address digital literacy and digital inclusion throughout all of Charlotte’s neighborhoods. The City of Charlotte has convened these and other community partners since 2010 in a Community Cabinet. The Cabinet meets monthly to share information about each agency’s short and long term goals. This has enabled participants to better coordinate their activities and enlist other community partners to advance their work.

Since the Cabinet provides a forum for initiatives that reach across agency lines, which digital inclusion is, staff have notified the City's partners that it will use the Community Cabinet as a forum for advancing this work. A core group will be meeting as soon as possible to further define the path forward in drafting and implementing a comprehensive strategy to address digital inclusion in Charlotte, including composition and staffing of the Cabinet for this issue.

Internal Audit Report – Solid Waste Services Review

Staff Resource: Greg McDowell, Management & Financial Services, 704-336-8085, gmcowell@charlottenc.gov

This report relates to the Solid Waste Services' city-wide collection services. Since transitioning to its current operational model in 2010, Internal Audit has conducted annual reviews of financial results for the operation which includes collection of refuse, yard waste and bulky items.

The full report is attached below:



SWS City-Wide
Services Audit Rpt FY

ATTACHMENTS:

November 24 Governance and Accountability Committee Summary



GovAcct Meeting
Summary Packet 112.

December 17 Economic Development & Global Competitiveness Committee Summary



EDSummary12-17-1
4.pdf

February

<i>Sun</i>	<i>Mon</i>	<i>Tue</i>	<i>Wed</i>	<i>Thu</i>	<i>Fri</i>	<i>Sat</i>
1	2	3	4	5 12:00pm ED & Global Competitiveness Committee Mtg, Room CH-14	6	7
8 2:00pm CM Fallon's Town Hall Mtg., The Palmer Bldg., 2601 E. 7th St.	9 2:00pm Budget Committee Meeting, Room 280 3:30pm Transportation & Planning Committee Mtg., Room 280 5:00pm Council Business Meeting, Room 267	10	11 12:00pm Housing & Neighborhood Dev. Committee Mtg., Room 280 2:00pm Environment Committee Mtg., Room 280	12	13	14
15	16 3:30pm Community Safety Committee Mtg., Room 280 5:00pm Zoning Meeting, Room CH-14	17 18 <div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 0 auto;">Optional Council Trip to Raleigh</div>		19 12:00pm ED & Global Competitiveness Committee Mtg., Room CH-14	20	21
22	23 12:00pm Governance & Accountability Committee Mtg., Room 280 5:00pm Citizens' Forum/Council Business Meeting, Room 267	24	25 12:00pm Housing & Neighborhood Dev. Committee Mtg., Room 280 2:00pm Budget Workshop, Room 267 5:30pm MTC Meeting, Room 267	26 9:00am Council Member David Howard Presents "The Future of Government Opportunities," Rm. 267 1:00pm Transportation & Planning Committee Mtg., Room 280	27	28

2015

March

<i>Sun</i>	<i>Mon</i>	<i>Tue</i>	<i>Wed</i>	<i>Thu</i>	<i>Fri</i>	<i>Sat</i>
1	3:00pm Intergovernmental Relations Committee Mtg., Room 280 5:00pm Council Workshop/Citizens' Forum, Room 267	3	4	12:00pm ED & Global Competitiveness Committee Mtg., Room CH-14 2:00pm Budget Committee Meeting, Room 280	6	NLC Congressional City Conference Washington, DC
8	9	10	11 2:00pm Environment Committee Mtg., Room 280	12	13	14
NLC Congressional City Conference Washington, DC						
15	3:30pm Community Safety Committee Mtg., Room 280 5:00pm Zoning Meeting, Room CH-14	17 2:00pm Budget Workshop, Room 267	18 NCLM Town Hall Day Raleigh, NC	19 12:00pm ED & Global Competitiveness Committee Mtg., Room CH-14 2:00pm Budget Committee Mtg., Room 280	20	21
22	12:00pm Governance & Accountability Committee Mtg., Room 280 5:00pm Citizens' Forum/Council Business Meeting, Room 267	24	25 12:00pm Housing & Neighborhood Dev. Committee Mtg., Room 280 5:30pm MTC Meeting, Room 267	26 12:00pm Transportation & Planning Committee Mtg., Room 280	27	28
29	30	31				

2015

**CITY OF CHARLOTTE
OFFICE OF INTERNAL AUDIT**

MEMORANDUM

To: Ann Wall, Assistant City Manager
Victoria Johnson, SWS Director

January 29, 2015

From: Gregory L. McDowell
City Auditor

Re: Solid Waste Services City-Wide Review for the Year-Ended June 30, 2014

Purpose and Scope

The Office of Internal Audit has completed an audit of Solid Waste Services' (SWS') city-wide reported revenues and expenses for the year-ended June 30, 2014. The purpose of the audit was to examine the reported financial results achieved by the city-wide service team, which reorganized its operations and began solid waste collection services for refuse, yard waste and bulky items on July 1, 2010. The present audit addresses the year-end for the fourth year of City SWS operations under the reorganization.

We conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS). Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

This report is intended for the use of the City Manager's Office, City Council, Solid Waste Services and the PCAC (Privatization/Competition Advisory Committee).

Summary Findings

SWS has accurately compiled its costs of operations for city-wide services. For the year-ended June 30, 2014, operational expenses were under the approximate budget of \$21.2 million by \$11,181.

During the year, approximately 212,141 households were served, and a total of 230,748 tons of solid waste was removed. The adjusted cost of service per household year-to-date was \$8.33 as compared to the projected service cost of \$8.35. The cost per ton removed was \$92.93 for the year.

Our audit tests and analytical review procedures applied to the financial reports provided by SWS administrative staff indicate a high level of accuracy and completeness in reporting costs for the city-wide services. During this reporting period, several non-material corrections were

necessary following audit inquiries. Attachment A to this report displays the results of financial operations for the year-ended June 30, 2014.

Background

The SWS residential model transitioned from a managed competition and optimization in FY10 to city-wide service in FY11. Prior to FY11, the North, South and East Districts of the City were serviced by SWS staff and the West District was contracted out. Beginning July 2010, refuse, yard waste and bulky collection services are being performed by SWS city-wide while recycling is being performed by an outside contractor. Effective July 1, 2010, the Solid Waste Services team entered into a new, reorganized business structure. The reorganization provides that the team perform the specified solid waste collection services city-wide and earn revenues at the monthly billing rate for each house address. Costs of operation are compared to such revenues, and any savings are retained by the City for service enhancements or other productivity improvements.

During previous audits of SWS managed competition and optimization contracts, auditors found that the Solid Waste Services Administrative Division has implemented a sound internal control system to ensure that SWS complied with the terms of the reorganization. The control system includes the following fundamental elements that the auditors determined function well to ensure that costs of the operation are fully reported:

- A separate general ledger cost center has been set up on the City's financial management system which is managed independently by the City's Finance Department. It is therefore subject to review and control by the Finance Department. Further, it allows for isolating the expenses incurred by SWS and avoids commingling such expenses with those of other Solid Waste Services operations. This also facilitates the auditors' review of city-wide service expenses, and of the other cost centers administered by Solid Waste Services to identify any city-wide costs that may have been misclassified.
- Administrative staffs who report to the SWS Department Director reconcile the cost reports to the general ledger balances on an annual basis. Any discrepancies are investigated, and corrections are made as appropriate. Auditors review this reconciliation during the audit to ensure this control continues to be effective.
- A field monitoring system has been implemented by Solid Waste Services. The monitors report directly to the SWS Department Director and her administrative staff, and thereby are independent of SWS field supervisors.

Detailed Results of Audit

Revenues and Units Billed – Approximately 212,141 household addresses per month were billed as being serviced by the City. Auditors obtained the complete database of service addresses and performed a computerized count to verify the database to the SWS revenue billing. Additions since the previous quarter were reviewed, as well as a sample from the overall database to verify existence. Exceptions noted during our testing were forwarded to SWS for re-checking and

correction as appropriate. Based upon our testing for FY14 and during prior audits, Internal Audit concluded that the database is being maintained at a high level of accuracy. Included in the \$21.2 million of revenue reported is \$80,808 in revenue from SWS crews servicing the Inland recycling contract and \$167,329 from assisting High Point, North Carolina with storm debris clean-up.

Personal Services Expenses – Personal services costs for the year-ended June 30, 2014, were \$9,738,022, or 101% of the budgeted costs of \$9,699,239. Higher overtime salaries and temporary agency costs contributed to the personal service costs exceeding the budget. The personal service costs include \$669,422 in temporary agency costs and overtime expenses of \$1,210,107.

Equipment Expenses – Total equipment costs for the year-ended June 30, 2014, were \$11,240,068, which is \$197,549 or 2% higher than budgeted costs.

Conclusion

Based on our audit, the operating results reported for the year-ended June 30, 2014, as shown in the attached spreadsheet fairly present the actual performance results in accordance with the terms of the reorganization. The Solid Waste Services administrative staff was very helpful during this audit and we appreciate their efforts and assistance.

cc: Randy Harrington, Chief Financial Officer
Phil Reiger, Assistant CDOT Department Director
Maria Dennis, PCAC Liaison
PCAC Monitoring Sub-Committee Members

Attachment

**Solid Waste Services - City-Wide Service - Results of Operations
For the Year Ended June 30, 2014**

Attachment A

Description	Benchmark Budget	Year Ended 6/30/14 Audit Results	% of Budget for Year
Salaries-Regular	\$4,977,044	\$5,228,532	105%
Salaries-Temp.	\$333,053	\$171,685	52%
Salaries-Overtime	\$1,089,596	\$1,210,107	111%
Longevity	\$251	\$0	0%
Social Security	\$446,957	\$465,980	104%
Insurance	\$791,083	\$640,756	81%
		\$3,661/yr/worker	
Retirement	\$436,792	\$465,946	107%
401 (k)	\$174,573	\$182,057	104%
Workers Comp.	\$934,078	\$703,539	75%
Temporary Agency	\$515,812	\$669,422	130%
		\$13.03/\$100 reg.	
Total Personal Serv.	\$9,699,239	\$9,738,022	100%
		---175 workers---	
M&R - Vehicles	\$4,571,302	\$4,563,049	100%
M&R - Radios	\$109,525	\$87,835	80%
		\$506/ truck/ yr	
Fuels, Lubricants	\$2,885,475	\$2,869,407	99%
		903k gal / (52wk) \$3.15	
Fixed Capital	\$2,935,308	\$3,204,562	109%
Vehicle Liability:	\$540,909	\$515,215	95%
		Yr. Prem \$3.501	
Total Equipment	\$11,042,519	\$11,240,068	102%
	# Trucks (Avg Make)	152 (2009)	
Telephone	\$90,723	\$86,768	96%
Printing & Postage	\$2,113	\$2,398	113%
Miscellaneous Service Fees	\$51,268	\$49,255	96%
Parking	\$1	\$30	2950%
Uniforms	\$158,224	\$192,897	122%
Other Special Supplies	\$54,618	\$64,743	119%
Total Other Operating	\$356,947	\$396,089	111%
Administrative Services	\$5,984	\$6,736	113%
City Overhead	\$69,736	\$62,756	90%
Total Overhead	\$75,720	\$69,492	92%
Total Costs	\$21,174,425	\$21,443,671	101%
Service Units	2,536,692	2,545,695	100%
<i>Tons Removed</i>		230,748	
Cost per Unit	\$8.35	\$8.33	100%
<i>Cost per Ton</i>		\$92.93	
Inland Recycling Contract	\$0	\$80,808	<i>none budgeted</i>
High Point	\$0	\$167,329	<i>none budgeted</i>
Gross Revenues	\$21,174,425	\$21,206,715	100%
Savings (Deficit)	-	\$11,181	
		0%	% Revenues



Charlotte City Council

Governance & Accountability Committee

Meeting Summary for November 24, 2014

COMMITTEE AGENDA TOPICS

- I. **Subject:** City Manager and City Attorney Evaluation Process
- II. **Subject:** Ethics Review
- III. **Subject:** Annual Audit Update
- III. **Subject:** Next Meeting
Monday, January 26, 2015 at noon in Conference Room 280

COMMITTEE INFORMATION

Present: Council Members David Howard, LaWana Mayfield, John Autry, Patsy Kinsey, Greg Phipps
Other (Speakers): Eddie Burke /Cherry Bekaert, Randy Harrington and Robert Campbell
Time: 12:00 p.m. to 1:05 p.m.

ATTACHMENTS

- 1. Agenda Package

Governance & Accountability Committee

Meeting Summary for November 24, 2014

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DISCUSSION HIGHLIGHTS

Committee Chair Councilman David Howard called the meeting to order and asked those in attendance to introduce themselves.

Howard: We are going to do some reconfiguring on the agenda if you don't mind. We need to postpone the conversation on Ethics Review until the next meeting. We are going to start with the Annual Update.

Annual Audit Update

Staff Resources: Eddie Burke of Cherry Bekaert, Robert Campbell, Teresa Smith

Harrington: The purpose of today is to give you an update on some of the key findings and the process that we used to go through this external audit and then the staff response in terms of some of the initial findings. We don't have the comprehensive annual financial report completed yet. It's in the final stages. We will actually have that ready when we present to the full Council in January. So right now I am going to turn this over to Eddie Burke with Cherry Bekaert, our external auditor, who will be giving an update on their work and their findings.

Burke: First I want to thank you for allowing me to be here today. We are at a point where we wanted to report back to you on the overview of where we are at. Today we are going to try to cover four basic areas. First are the results of our audit. We will cover this on a very high level. Second, was the Audit Areas of focus. These are the areas where we spent a lot of our time. Third, we did a review and evaluation of the Internal Control, not just on the financial side but also on the grant side of it. Finally, from the Required Communications perspective there are certain things in the standards that if they occur we are required to report to the governing body I have a list of things in that particular area and I have a couple of items that I want to bring to your attention. We have completed our audit procedures of the financial statements of the City for the year ended June 30, 2014. Our audit was conducted in accordance with auditing standards generally accepted in the USA and the standards applicable to the financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. This audit of the financial statements does not relieve management or those charged with governance of their responsibilities. We are responsible for forming and expressing an opinion about whether the financial statements that have been prepared by management with the oversight of those charged with governance are presented fairly, in all material respects, in conformity with generally accepted accounting principles. The objective of our audit was to obtain reasonable – not absolute – assurance about whether the financial statements are free from material misstatements. The scope of the work performed was substantially the same as that described to you in our engagement letter. We have issued an unmodified opinion of the Financial Statements. In accordance with Government Auditing Standards, we have also issued our report on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. We have issued an unmodified opinion over the Internal Control over Financial

Governance & Accountability Committee

Meeting Summary for November 24, 2014

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Reporting. In accordance with OMB Circular A-133, Audits of States, Local Governments, and Non-Profits, and the State Single Audit Implementation Act we have also issued our report on our consideration of the City's compliance with requirements of laws, regulations, contracts and federal and state grants that could have a direct and material effect on the determination of the financial statement amounts. All records and information requested by Cherry Bekaert were freely available for our inspection. Management and other personnel provided full cooperation. We have issued an unmodified opinion on the Internal Control over Compliance. As far as areas of focus, Cash and Investments is a very large part of your books. From a revenue and receivables perspective we have reviewed revenue and receivables and confirmed directly with revenue sources the amounts received in the current year.

Howard: How far down in your books do you go for people that owe us?

Harrington: We typically look at the big numbers quite honestly.

Howard: Ok

Harrington: Other areas of focus are Capital Assets, Accounts Payable and Expenses, Accrued Expenses and Payroll and then Debt. Debt is a large number and primarily we confirm the year end balances. We perform a roll forward of debt balances from prior year to current year, confirmed balances with the N.C Local Government Commission (LGC) and test covenants for compliance.

Howard: Do you do the Airport too?

Harrington: Yes the Airport was a part of it.

Howard: So the issue with the IRS was a pretty big issue, how did that fall through the cracks?

Campbell: I just think that was a misunderstanding at the airport about what the rules were. They just didn't realize that those rules were very specific.

Burke: I will tell you that was a hot button raised by the IRS about six or seven years ago and they were looking for very specific things across the country. That was a very targeted area that the IRS was looking at.

Howard. Alright thanks. Keep going.

Burke: We are looking at Internal Controls from a government's perspective all the way down to how you are paying people. There are three basic buckets. First is Material Weakness, second is Significant Deficiency and third is Deficiency in Internal Control. We had one material weakness and one significant deficiency. We identified an expense that should have been reported and accrued in June 30, 2014 in Public Transit fund. I think Management is going to respond as to what happens moving forward.

Phipps: What about prior period issues?

Burke: There was an actual audit performed and they have procedures that they are going to start testing moving forward. There will be a section in a report where we followed up on prior year findings and we will be addressing that it was cleared.

Governance & Accountability Committee

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Howard: How do you track it next year so we will know from year to year how things were resolved?

Burke: We will look to see what management does from a controlled environment and we will be expanding their tests in the CIP area especially the departments that were affected. Have I addressed your questions?

Phipps: Yes. Thank you.

Burke: There were certain matters that required to be reported to those charged with Governance. There were no uncorrected misstatements detected as a result of our audit procedures. Also there were no disagreements with management on financial accounting and/or reporting matters and auditing procedures that, if not satisfactorily resolved, would cause a modification of our auditor's report. There were no other issues arising from the audit that we consider significant and relevant to those charged with governance.

Howard: Are there any questions you may want to ask of what we've heard so far? (No response) Alright.

Campbell: Ok so as mentioned earlier the material weakness was some projects in construction in progress that should have been expensed in prior periods. We had some projects in construction in progress that should have been capitalized as storm water systems in prior periods and then in the governmental funds we had some that should have been expensed in prior periods.

Howard: So were they all Storm Water related?

Campbell: The first two were Storm Water and the third was in the General Community Improvement Program. Finding #2, significant deficiency, was accrual adjustments or in other words there were some invoices in 2014 that were charged in 2015. What happened is because of the new system implementation MUNIS Enterprise Resource Planning (ERP) system, certain procedures should have been adjusted during the ERP system implementation period in order to reflect the accrual of payments to the correct fiscal year. As a correction, the FY14 CAFR has been updated to correct for the audit findings so it will be accurately presented. The new MUNIS ERP system includes features that will help with the identification of payments that should be accrued at year end. Finance will also work with departments to ensure that payments related to the reporting fiscal year are accounted for in the correct accounting period.

Howard: OK any other questions about this? (No response) Great job. Thanks.

Harrington: Our next steps are for the first full Council in January, we will come back with a full presentation.

Campbell: I am going to pass out the timeline for kind of where are in the process. (Attached)

Howard: Prior to the full presentation to Council can you brief me and Randy (Harrington) as to what we need to say and know about all these findings so that we are clear as to where we are going with this.

Harrington: Sure

Phipps: In respect to the material weaknesses, can we get a history of material weaknesses. I'm curious if we had multiple material weaknesses in a period.

Governance & Accountability Committee

Meeting Summary for November 24, 2014

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Howard: How far do you want to go back?

Campbell: This is the first material weakness we ever had.

Howard: I think I would be interested in some history from all of these categories. Can we go back maybe five years?

Campbell: OK.

Howard: OK then let's move on.

City Manager and City Attorney Evaluation Process

Staff Resources: Ron Carlee, Bob Hagemann and Cheryl Brown

Howard: Carol, will you be taking the lead on this?

Jennings: We have been through portions of this and actually the full Council has already met with the City Manager about his evaluation criteria. We have asked for a little bit more back from Bob so that is provided in the materials and then we took the actions of the process and attempted to simplify the process and those are the last two pages. (Attached)

Howard: So, on the Managers' process I definitely recommend that the Council recommend we start at noon and not at 2. I feel rushed.

Jennings: Tonight we have the calendar for the year so when we get to the point of adopting that you may want to adopt that then.

Howard: Ok let me get the support of the committee on that.

Mayfield: I am fine with 12 o'clock.

Howard; Ok so are we voting to recommend?

Jennings: Our plan is that the committee recommend that these two items, the evaluation dimensions and process will go to full Council on December 8th.

Howard: So a motion to forward the criteria for the Manager and the Attorney as well as calendars for the evaluations.

Mayfield: With amendments

Howard: With amendments. I got a motion?

Autry: Second

Howard: I got a second. All in favor by saying "Aye"

Governance & Accountability Committee

Meeting Summary for November 24, 2014

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All: "Aye"

Howard: Opposed by the same sign

(No response)

Ethics Review

Staff Resource: Bob Hagemann

Howard: We will postpone this until the next meeting. We need to take some feedback into consideration.

Next Meeting:

Jennings: Mr. Chairman would you also like to consider canceling the December 22nd meeting?

Howard: No problem we can meet in January. OK. That's it. Thank you.

Meeting adjourned at 1:25 p.m. ~jcs

Governance & Accountability Committee
Monday, November 24, 2014 – 12:00 noon
Room 280

Committee Members: David Howard, Chair
LaWana Mayfield, Vice Chair
John Autry
Patsy Kinsey
Greg Phipps

Staff Resource: Carol Jennings, Chief of Staff

AGENDA

- I. **City Manager and City Attorney Evaluation Process**
Staff Resources: Ron Carlee, Bob Hagemann, Cheryl Brown
Action: Review and recommend the City Attorney's Evaluation Criteria
Action: Review and recommend the FY2015 City Manager and City Attorney evaluation schedules to the Mayor/Council.

Attachments
- II. **Ethics Review**
Staff Resources: Bob Hagemann
- III. **Annual Audit Update**
Resources: Eddie Burke of Cherry Bekaert, Robert Campbell, Teresa Smith
- IV. **Next Meeting**
Consideration of cancelling next Committee meeting scheduled on Monday, December 22, 2014, at 12:00 noon in Room 280.

Distribution:

Mayor and City Council
Council Team
Greg McDowell
Sheila Simpson

City Manager's Executive Team
Bob Hagemann
Cheryl Brown
Robert Campbell

Corporate Communications
Stephanie Kelly

Proposed FY2015 City Attorney Evaluation Criteria

- 1. Advise the Mayor and City Council** – Provide high quality legal advice and services. When, as is often the case, the law is uncertain, advise as such and identify and develop options and solutions that will assist rather than frustrate the Council in achieving its objectives. Understand that legal risk is but one of many factors for the Council to consider in making its policy decisions.
 - Provide written legal opinions and memoranda that are thoroughly researched, well-reasoned, clear, and concise
 - Answer questions and provide procedural advice at official meetings in a manner that facilitates the work of the Mayor and Council
 - Respond to requests for advice or assistance from the Mayor and Councilmembers in a timely, understandable, unbiased, and non-partisan manner
 - Be accessible to and meet with elected officials as needed
 - Treat the Mayor and each Councilmember in a fair and equitable manner

- 2. Represent the City's Interests** – Professionally and aggressively defend legal challenges to Council decisions and actions of the City and its employees. If the City has legally wronged a citizen, seek a resolution that is both fair to the citizen and protective of the taxpayer.
 - Oversee the handling, trial, and settlement of lawsuits
 - Treat the court, members of the bar, and citizens with courtesy and respect
 - Clearly and courteously explain the City's legal position to citizens and the media

- 3. Assist the City Manager and Staff** – Advise the City Manager and his staff.
 - Provide timely day-to-day legal advice and services
 - Work with the administration as a member of the team while maintaining an appropriate level of independence

- 4. Manage the City Attorney's Office** – Develop an effective and efficient organization.
 - Recruit and retain a competent and diverse staff
 - Provide an appropriate level of managerial oversight and direction
 - Address personnel issues in a direct and timely manner
 - Responsibly manage the department's budget

- 5. Professional Development** – Continue to learn and grow.
 - Stay abreast of changes and developments in state and federal law
 - Attend relevant Continuing Legal Education programs
 - Engage with the bar and professional organizations

- 6. Manage special projects and/or anticipated high-priority issues.**
 - Airport
 - Ethics policy

Timeline for Completing the City Attorney's FY15 Evaluation

Evaluation Date: Monday, August 24 meeting, 2:00 p.m., CH 14

Leading up to the evaluation date:

- *Tue, May 26 The City Attorney provides the Governance & Accountability Committee with , with recommendations on the dimensions on which he will be evaluated in the coming year, including the work plan. He also provides a recommendation on a multi-rater evaluation, which may include subordinates, peers, or people external to the City with whom the City Attorney may work closely.
- Fri, July 24 The City Attorney submits to the Mayor/Council via the Mayor/Council packets self-assessment of his performance based on the dimensions previously set and provides other information he considers important in assessing his performance, including the results of multi-rates evaluation.
- Mon, July 27 HR sends website link for Mayor/Council to individually complete an online survey of the City Attorney on the agreed dimensions. Stated deadline of Sunday, August 9, extend to Wednesday, August 12, if needed.
- Fri, Aug 14 Results of online survey go to the Mayor/Council and City Attorney in confidential envelopes within the Mayor/Council packets. He also provides recommendations fo the dimensions on which he will be evaluated in the coming year, including the work plan.
- **Mon, Aug 17 One week prior to the evaluation, the Governance & Accountability Committee reviews all of the evaluation material received by and about the Attorney and proposes specific areas to be reviewed with him during the evaluation meeting.

MON, AUGUST 24 EVALUATION MEETING

- a. The Mayor/Council reviews compensation information with the Human Resources Director and then meets alone to consider the recommended areas of discussion from the Governance and Accountability Committee and may add other items for discussion if agreed to by six members of the Council.
- b. The City Attorney joins the Mayor/Council at an appropriate time and provides a self-assessment, addressing the items identified by the Governance & Accountability Committee and any additional items identified by the Council. The Mayor/Council then provides its feedback to the City Attorney as well as holds a general discussion around the City Attorney's future work plan.
- c. Mayor/Council meets alone to discuss the interaction of the City Attorney, their overall evaluation of performance, and, as appropriate, changes to compensation or employment agreement.
- d. Mayor/Council take a public vote on any change to compensation at the evening meeting.

*Assumes 2015 Governance & Accountability Committee meeting schedule will remain the 4th Monday of each month

**A change to the Governance & Accountability Committee meeting schedule will be needed for this meeting (3rd Monday of the month)

Timeline for Completing the City Manager's FY15 Evaluation

Evaluation Date: Monday, July 27 meeting, 2:00 p.m. , CH14 (NOTE does meeting need to start at noon to provide adequate time?)

Leading up to the evaluation date:

- *Tue, May 26 The City Manager provides the Governance & Accountability Committee with recommendations on the dimensions on which he will be evaluated in the coming year, including the work plan. He also provides the Committee with a recommendation on a multi-rater evaluation, which may include subordinates, peers, or people external to the City with whom the City Manager may work closely.
- Fri, June 26 The City Manager submits to the Mayor/Council via the Mayor/Council packets a self-assessment of his performance based on the dimensions previously set and provides other information he considers important in assessing his performance, including the results of multi-rater evaluation
- Mon, June 29 HR sends website link for Mayor/Council to individually complete an online survey of the City Manager on the agreed dimensions. Stated deadline of Sunday, July 12, extend to Wednesday, July 15, if needed.
- Fri, July 17 Results of online survey go to the Mayor/Council and City Manager in confidential envelopes within the Mayor/Council packets. He also provides recommendations on the dimensions on which he will be evaluated in the coming year, including the work plan.
- **Mon, July 20 One week prior to the evaluation, the Governance & Accountability Committee reviews all of the evaluation material received by and about the Manager and proposes specific areas to be reviewed with him during the evaluation meeting.

MON, JULY 27

EVALUATION MEETING

- The Mayor/Council meets alone to consider the recommended areas of discussion from the Governance and Accountability Committee and may add other items for discussion if agreed to by six members of the Council.
- a. The City Manager joins the Mayor/Council at an appropriate time and provides a self-assessment, addressing the items identified by the Governance & Accountability Committee and any additional items identified by the Council. The Mayor/Council then provides its feedback to the City Manager, as well as holds a general discussion around the City Manager's future work plan.
 - b. Mayor/Council meets alone to discuss the interaction of the City Manager, their overall evaluation of performance, and, as appropriate, changes to his employment agreement.

*Assumes 2015 Governance & Accountability Committee meeting schedule will remain the 4th Monday of each month

**A change to the Governance & Accountability Committee meeting schedule will be needed for this meeting (3rd Monday of the month)

Governance and Accountability Committee Annual External Audit Timeline Update

The Governance and Accountability Committee (Committee) is serving as an Audit Committee for the City. The Committee was provided a timeline for the annual external audit at the May 27, 2014 meeting. The following table provides an update on the timeline for the annual audit process.

Timeframe	Task Description	Who?	Task Completed
April 2014	Annual meeting with the Independent Auditors to plan and determine the scope of the audit	Committee, Independent Auditors, Finance	Complete
June	Chair of Governance and Accountability Committee signs the independent audit contract as required by the Local Government Commission	Committee Chair	Complete
June – July	Independent Auditors perform preliminary work; Committee may identify particular areas, if any, where the Committee/Council would like the independent auditor to focus	Independent Auditors, Committee (as needed)	Complete
July – December	Finance/Financial Reporting staff prepares the CAFR	Finance/Financial Reporting	Complete
August – October	Independent Auditors complete audit work; if needed, Independent Auditors may discuss concerns identified during the audit with the Committee	Independent Auditors, Committee (as needed)	Complete
November	Independent Auditors present results of annual audit to the Committee	Committee, Independent Auditors, Finance	In Progress
January 2015	Report to the Council on the annual financial statements and Independent Auditor's report. Independent Auditors present their report to the Council.	Committee, Independent Auditors, Finance	

Governance and Accountability Committee

Annual External Audit – Audit Findings and City Response

The following are the two findings from the external audit of the City's fiscal year 2014 Comprehensive Annual Financial Report (CAFR), and the proposed corrective actions:

Finding #1

Material Weakness – Prior period adjustments and current year adjustments in construction in progress in Governmental Activities, Storm water fund and the Water/Sewer fund.

- In the storm water fund, the City had a \$31.9 million project in construction in progress that did not extend the useful life of the infrastructure in place and should have been expensed in prior periods.
- Also, in the storm water fund, the City had an \$8.5 million project in construction in progress that should have been capitalized as storm water systems in prior periods.
- In governmental activities, the City had an \$18.4 million project in construction in progress that did not extend the useful life of the facility in place and should have been expensed in prior periods.

Cause

As part of the annual CAFR preparation process, Finance requests departments to review open projects in order to determine whether a capital asset has been completed and is in use, whether the project is ongoing and should remain as construction in progress, or whether the project will not result in an asset and should be expensed in the current period. It appears that some departments may not have a clear understanding of the request made by Finance and therefore, capital assets are not being classified correctly in the appropriate accounting periods.

Correction

The FY14 CAFR has been updated to correct for the audit findings so it will be accurately presented.

Finance will work with the departments to educate staff on when the capital asset criteria have been met, when construction in progress is appropriate, and when projects should be expensed. Finance will review and discuss departmental responses in order to ensure that projects are correctly classified. Finance, Storm Water and Utilities are already discussing ways that the departments can work together to ensure that projects are accounted for correctly in future years.

Finding #2

Significant Deficiency – Accrual adjustments as of June 30, 2014 in the Public Transit fund.

The City did not properly accrue for project/grant related payable activity in the public transit fund which caused expenses to be under-stated in that fund. The net effect on fund net position was an overstatement of \$3.5 million.

Cause

As part of the annual CAFR preparation process, Finance has an annual process to review outgoing payments subsequent to the fiscal year end to ensure that all accounts payable are accounted for in the correct accounting period. In conjunction with the transition to the new Munis Enterprise Resource Planning (ERP) system, certain procedures should have been adjusted during the ERP system implementation period in order to reflect the accrual of payments to the correct fiscal year.

Correction

The FY14 CAFR has been updated to correct for the audit findings so it will be accurately presented.

The new Munis ERP system includes features that will help with the identification of payments that should be accrued at year end. Finance will also work with departments to ensure that payments related to the reporting fiscal year are accounted for in the correct accounting period.

Audit Wrap Up & Presentation

City of Charlotte, North Carolina

November 24, 2014

Cherry Bekaert LLP

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Results of Our Audit

Audit of Financial Statements

We have completed our audit of the financial statements of the City for the year ended June 30, 2014.

Our audit was conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. This audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

We are responsible for forming and expressing an opinion about whether the financial statements that have been prepared by management with the oversight of those charged with governance are presented fairly, in all material respects, in conformity with generally accepted accounting principles.

The objective of our audit was to obtain reasonable - not absolute - assurance about whether the financial statements are free from material misstatements. The scope of the work performed was substantially the same as that described to you in our engagement letter.

We have issued an unmodified opinion on the Financial Statements.

Results of Our Audit (continued)

Internal Control Over Financial Reporting

In accordance with *Government Auditing Standards*, we have also issued our report on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance.

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses

We have issued an unmodified opinion over the Internal Control over Financial Reporting.

Results of Our Audit (continued)

Internal Control Over Compliance

In accordance with *OMB Circular A-133, Audits of States, Local Governments, and Non-Profits*, and the State Single Audit Implementation Act we have also issued our report on our consideration of the City's compliance with requirements of laws, regulations, contracts and federal and State grants that could have a direct and material effect on the **determination of the financial statement amounts**. The purpose of the report is to describe the scope of our testing over compliance and the results of that testing, and not to provide an opinion on the internal control over compliance.

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

All records and information requested by Cherry Bekaert LLP were freely available for our inspection.

Management and other personnel provided full cooperation.

We have issued an unmodified opinion on the Internal Control over Compliance.

Audit Areas of Focus

Primary Area of Focus	Procedures Performed
Cash and Investments	Cash reconciliations were inspected for accuracy and agreed to original bank statements
Receivables and Revenue	Analytically reviewed revenue and receivables and confirmed directly with revenue sources the amounts received in the current year.
Capital Assets	Obtained the fixed asset roll forward and capital outlay reconciliation and analytically reviewed depreciation expense.
Accounts Payable and Expenses	Search for unrecorded liabilities was performed to determine that all liabilities were reported at year end.
Accrued Expenses and Payroll	Analytical procedures were performed to determine that the fluctuation in payroll expense was consistent with the City's hiring activity.
Debt	Performed a roll forward of debt balances from prior year to current year, confirmed balances with the N.C. Local Government Commission (LGC) and tested covenants for compliance.

Audit Areas of Focus (cont.)

Primary Area of Focus	Procedures Performed
Single audit	Performed test of compliance with grant agreements and certain laws and regulations.
Litigation	Discussed actual and threatened litigation with management and reviewed accounting detail and noted instances of recording of legal fees and obtained representations with respect to the effect of litigation on the financial statements.
Management's Judgments and Accounting Estimates	<p>Accounting estimates are an integral part of the financial statements and are based on management's current judgments. We believe that the following items represent significant judgmental areas that impact the City's financial reporting:</p> <ul style="list-style-type: none"> • Collectability of receivables • Useful lives of assets and depreciation expense • Retirement plan liabilities • Other Post-employment benefits liability • Liabilities reported for risk management

Internal Control and Findings

Cherry Bekaert is required to communicate, in writing, to those charged with governance all material weaknesses and significant deficiencies that have been identified in the City's internal controls over financial reporting. The definitions of material weakness, significant deficiencies and control deficiencies and the findings of the audit follow:

Internal Control Category	Definition
Material Weakness	A deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis.
Significant Deficiency	A deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.
Deficiency in Internal Control	A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.

Finding	Description
Findings of the Audit	<p>#1 Material Weakness – Prior period adjustments and current year adjustments in construction in progress in Governmental Activities, Storm water fund and the Water/Sewer fund.</p> <p>#2 Significant Deficiency – Accrual adjustments as of June 30, 2014 in the Public Transit fund.</p>

Required Communications

Matters Required to be Reported to Those Charged with Governance

Requirement	Discussion Points
Auditor's judgment about the quality of the City's accounting policies, estimates and financial statement disclosure	In accordance with applicable auditing standards, a discussion was held regarding the quality of financial reporting, which included the City's significant accounting practices, estimates and financial statement disclosures.
Critical accounting policies and practices	The critical areas identified were cash and investments, receivables and revenue, capital assets, accounts payable and expenses, accrued expenses and payroll, debt, single audit, litigation, and judgments and accounting estimates.
Adoption of a change in accounting principle	There were no situations involving the adoption of or a change in accounting principles where the application of alternative generally accepted accounting principles, including alternative methods of applying an accounting principle, would have a material effect on the City's financial statements.
Material, corrected misstatements brought to the attention of management by the auditor	Accrual adjustments as of June 30, 2014 in the Public Transit fund.
Uncorrected misstatements, other than those the auditor believes to be trivial	There were no uncorrected misstatements detected as a result of our audit procedures.
Disagreements with management	There were no disagreements with management on financial accounting and/or reporting matters and auditing procedures that, if not satisfactorily resolved, would cause a modification of our auditor's report.

Required Communications (cont.)

Matters Required to be Reported to Those Charged with Governance

Requirement	Discussion Points
Consultations with other accountants	We are not aware of any consultations about accounting or auditing matters between management and other independent public accountants, nor are we aware of opinions obtained by management from other independent public accountants on the application of generally accepted accounting principles.
Major issues discussed with management prior to retention	Prior to our being retained as auditor for the current fiscal year, there were no major accounting or other issues of concern discussed with management other than issues surrounding the implementation of its new operating system.
Significant issues discussed with management	We have discussed the prior period adjustment and the adjusting journal entries that were proposed by CB.
Significant difficulties encountered during the audit	There were no significant difficulties encountered during the audit.
Representations requested from management	We have received a management representation letter be signed by management and provided to us.
Other issues arising from the audit the auditor considers significant and relevant to those charged with governance	There were no other issues arising from the audit that we consider significant and relevant to those charged with governance.
Material alternative accounting treatments discussed with management	There was no discussion with management concerning alternative accounting treatments.

Contact

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Cherry Bekaert LLP

COMMITTEE AGENDA TOPICS

- I. Subject: Amateur Sports Development at Bojangles Coliseum/Ovens Auditorium**
Action: On October 17, 2014, the Committee discussed the rezoning effort required for the potential redevelopment activities associated with the development of an amateur sports-related development at the City-owned Bojangles' Coliseum and Ovens Auditorium Complex. At today's meeting, staff will share additional updates on the rezoning process and Anthony Homer; Vice President of GoodSports Enterprises will provide a brief update on their current status and plans for moving the project forward
- II. Subject: 2015 Meeting Schedule**
- III. Next Meeting Date: Thursday, January 15, 2015, at 1:00 p.m., Room CH-14**

COMMITTEE INFORMATION

Present: Michael Barnes, Al Austin, Claire Fallon, Vi Lyles and LaWana Mayfield
Others: Mayor Clodfelter, (Jerald Good, Anthony Homer, Richard Blaylock – GoodSports Enterprises)
Time: 12:00 p.m. – 1:30 p.m.

ATTACHMENTS

1. Amateur Sports Development at Bojangles Coliseum & Ovens Auditorium Presentation
2. 2015 Meeting Schedule

DISCUSSION HIGHLIGHTS

Chairman Barnes welcomed everyone to the meeting and asked for introductions. We have one key agenda item today and two others that are housekeeping for the Committee. Mr. Manager, the first item is the Amateur Sports Development at Bojangles and I'll let you kick it off.

Kimble: Thank you Mr. Chairman and members of the Committee and those in the audience. We are very pleased to be here today. We believe that we have a good report to deliver to you today; you'll be the ultimate judge of that but for many months you know that we've been working with a private potential partner known as GoodSports. We're going to again give you a little bit of an update in the beginning, a little bit of background so that we can set the stage for today. This first came to you I believe in March; you've seen it in April, in June and then you received another update in October. We've been in a little bit of a holding pattern while the private partner that we've been working with was able to do some more work on their financing. They are here in force today from Florida to give a presentation and update for you, but before we do that, we thought it would be good for Mr. Todd

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DeLong from our Economic Development Team, who has taken over this project after the leaving of Brad Richardson. Todd has been our point person on this; he is going to update you and give you some background, walk us up to today and then after Todd speaks, we are going to call the GoodSports Team to the table. They are going to make a presentation to you today and do it in an oral forum and make sure that you hear from them as to what their status is and allow you to ask as many questions as you need to ask for us to be able to move forward on this project. Very happy that we are in front of you today with this report.

I. Amateur Sports Development at Bojangles Coliseum/Ovens Auditorium

DeLong: As Ron said it is a real pleasure to be here with you this afternoon to update you on this project. I have spent a lot of time over the last several months in dialogue with GoodSports and their representatives, not only through the discussions at hand, but with the rezoning process that we walked you through the last time we met in October.

I want to kick off this with a few minutes of discussion and rehab from our last couple of meetings. We decided to look into expanding Amateur Sports opportunities and facilities in the Charlotte area based on the direction from Council several years ago. Council had the foresight to look at the market for Amateur Sports several years ago and the increase in demand from the activities that are occurring over the country and region. What we see here is opportunity to use facilities that are in place to leverage additional private investment and development in energy and reactivation of the eastside and the Independence Boulevard area. In doing that, we are able to provide an indoor recreational facility that helps us respond to recreational needs of the community for the local residents but also helps us to attract folks coming into the community through competitiveness and we hope to expand and broaden our horizons to not only the region and the state, but hopefully put us on the map from the national perspective in attracting some of these amateur tournament events which will help put heads in beds, help expand the tax base and tourism tax that we collect here in the Charlotte area.

This is a slide that I believe was shown to you in June; it shows the structure, the summary of how we are looking at the funding for this particular project. The private funding will be coming in at about \$39.7 million with the City coming in with \$25 million and an additional \$12 million from the CRVA for the Coliseum renovation. The next slide, this shows a little more detail in how it is broken down between the City and GoodSports. Again, nothing has changed since our last discussion in June on this topic. I will highlight that a few things have been done from the City's side; we have purchased the Econo Lodge, we have demolished the Econo Lodge so we are preparing that site to be used for parking which will be useful for the extending events that are going on at Bojangles and Ovens Auditorium and we are also going through some of the necessary stages for rezoning which comes out of this pot of money as well.

On the rezoning, this is a similar map that I showed you the last time we met in October. We filed a petition for rezoning on September 22nd this year; we are requesting the rezoning of two properties, the first is this larger piece where the Coliseum is. That is currently a B-2 zoning and we are looking to rezone that as a mixed-use development district with some optimal provisions and then this other site, the smaller site is current zoned multi-family and we are looking to rezone that as B-2 which will allow us to use it as a primary use of parking. We're doing a number of things to get everything in

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order simultaneously; we are under a tight timeframe with scheduling of the rezoning process. We are doing a Right-of-Way abandonment on Maderia Avenue; that was in front of Council on December 8th and will be in front of Council again on January 12th for a vote to approve that abandonment. This is a rough rendering that you saw in June as well that coincides with the site plan that I just showed and over on here on eastside is where the Econo Lodge used to sit; that hotel piece, the structure parking, field house and then parking and an increased pedestrian activity; pedestrian way between the hotel and the Coliseum.

Barnes: If we approve the rezoning in early 2015 and GoodSports development does not occur would Ovens and Bojangles then be non-conforming uses at the site?

DeLong: Not to my recollection.

Barnes: Number two, would it be your recommendation that we not rezone it until everything is firmed up with GoodSports?

DeLong: I think as Mr. Good and Mr. Homer will talk in a few minutes, I think that won't be a problem, but I think this is going to be a conditional zoning so it will be tied to whatever we rezone it to will be tied to the project and the site and not to the particular developer or anything else. It would be tied to that so I think it would be best if we would wait if that were the case, but I don't think from what we are going to hear in a few minutes that is going to be a problem.

Fallon: So it follows the site and not the developer?

DeLong: Correct. The last thing I want to touch on before I turn it over to the folks from GoodSports is the schedule. We filed the rezoning on September 22; we will be going into the community meeting for that rezoning on January 6th at the Coliseum. We will be in front of Council in public hearing on January 20th and then we will be coming back before Council requesting action on that rezoning on February 16th.

Kimble: Those are critical dates and we want to make sure that the pace of our conversations and discussions and negotiations with GoodSports respect those dates and we are doing that. I think we are in a good spot as far as the timeframes and sequencing and I think GoodSports is going to come up next and talk to you about what they have been doing for the last six months to put the financing together and reporting to you what they intend to deliver to you within those timeframes. We will turn it over to the GoodSports team if they are in a position to report to you and to respond to you. They would like to make a presentation first about what they have been doing and then entertain questions that you have from the Committee.

Good: As President of GoodSports, some of you know my background, probably a lot of you don't. I'm a 50-year veteran in the development area, primary hospitality including hotels, nursing homes, independent living, etc. My last major run was with Limited Service Hotels in the late 90's to 2007 when I sold the package. I had upwards of 45 Limited Service Hotels was the largest single owner in the Holiday Inn system. I sold those properties in 2006, was going to retire, you can say I didn't like retirement very well and reinvested in seven new properties, two full service new Holiday Inns, a couple extended stay products and Holiday Inn Express Suite property.

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I first became involved in youth sports about five years ago and I really didn't know too much about it then or the impact on traveling families. I had a hotel in Fort Wayne, Indiana that every weekend, I was selling out of our rooms. If any of you know anything about the hotel industry that is the reverse of what we were used to experiencing. We would sell out Monday through Thursday and on the weekends we would just about do anything to get a guest. All of a sudden I saw most weekends for my hotel was selling out so I thought I better take a look at this. I got into it and there was a Field House, called Speece Field House and they had both recreational elite teams, primarily basketball. Indiana being a basketball state and I met the folks, I saw their programming and they were bringing in teams from all over the United States. It was incredible the amount of money they were paying to bring these elite teams in for competition. I started doing my research, got my people involved and what I found was that it was a major industry, but there was no tracking so I started doing the research. I went to Indianapolis and met with some folks that had a big field house and looked at their operation. I traveled almost every field house in the country, a lot of you refer to them as gymnasiums and what I found was that it was very fractured; everything from just leisure training to, and I'm talking all sports now, basketball, volleyball, cheerleading on and on, but no consistent programs. They had a lot of professional athletics that would get involved and would decide to build a facility, use their name and sell their programs, but outside of IMG Academy of in Florida there was really no consistency in creating a youth sports program for the children, coaches, traveling families, etc. So I decided that I needed to create a brand, I needed to create a consistent brand of bricks and stones like a Wendy's, McDonald's for identification across the United States. Just having the bricks and stones; I had done that before with hotels, consistent products but what it's all about is the program. A piece of real estate is worth nothing unless you have the programs written that are workable inside, so our goal began. We started with a vision of 25 properties throughout the United States; \$500 million expenditure, 25% incentives because of the major impact. We had impact studies made and so this became a program. Now the numbers don't change, Anthony is going to speak to impact so I have invested several million dollars over the last five years, not so much on the real estate but on the programming. If you get into my staff you will find people, David Marciano. David is not here today, David was CEO of IMG Academy for 25-years; he worked as a world famous tennis coach. He helped create those programs for today; they have 1,000 kids from all over the world spending from \$75,000 to \$85,000 per child for specialized sports training in all sports. We hired him primarily about a year and a half or two years now to help us create all the programming for all of the sports. It's easy when you think of traveling recreation and you can even take it to league teams, you can take it to summer camps, you can take it to tournaments, but what is going to separate the men from the boys in this field as you look down the road is the programming for the children. It takes kids from five to 17 years of age. What parents are looking for today is they are looking for their child to have an opportunity for a scholarship in many different sports. That is what their life is kind of all about, traveling sports; they spend all kinds of money. It wasn't until two or three years ago the government started measuring the amount of money being spent by traveling families, etc. It is about \$7.5 to \$8 billion per year now and they have it down to where they measure so much for every kid.

The traveling programs with kids what it ultimately comes down to is to other factors; I'm not concerned about bringing impact of \$45 million to \$50 million per year to this location. I love the location, I think it's a premier location for what we do; I think sports fits well there but there is apprehension on anybody's part to move into a retro area to be the first. We bring the teams and the

students to the facility which starts the process so it will generate 80,000 to 100,000 room nights which we can utilize only about 20% so it starts impacting rooms in the area as well. I love the facility, I love the site; the financial market is getting a lot better than what it was even two and three years ago. It has been somewhat difficult for us to negotiate in real strong faith with our lenders without a development agreement so to speak; however, by January 20th, we are committed to having a financial letters of commitment based on sitting down with the City to work out the details. I don't like to use the term what comes first the chicken or the egg, but I'm a developer. I am used to dealing with development agreements and such that I take to my lenders and my architects and I say go ahead and built it. You are a City trying to protect your citizens from people that will come in and try to I don't know what, it's your job to protect the citizens from harmful things coming from whatever. We can sit down, we will bring the financial commitments, we have the strength, somehow we need to come together here so that between my lenders and the City and your people, we can come up with a document that assures you and it assures us that we can move forward. What I have committed to in saying that I will commit my team, my lenders and everybody so that by the 20th, you can make some firm decisions. I need it from our side as well because we are spending money as well looking at plans and everything else so it's got to be a win/win on everybody's part. I think it is so exciting, I think that when we look at our five divisions that we are projecting, this will become the center point of this particular district.

The other thing I want to tell you contrary to what you may be reading in the papers, Wichita is moving forward; we are breaking ground there in the first quarter. Our financing is committed and we are real excited about that project moving forward. Since our fall out in April of our major funding, we have been hounded by the press; we've been hounded by everyone concerned about our ability to survive. We are and will survive, been at this 50-years. I've had my ups and downs but this is the biggest opportunity that is under the table in the United States as youth sports. You are going to see this thing blossom and grow to the point; I don't know how many cities we have right now that we are working on, 18? Eighteen cities around the United States that we are working on in some form of working with them, but when it comes to the recognition of the transformation, what is happening in youth sports from academic type training to accommodation of educational and institutions, it's amazing and what you are going to see. We haven't even talked about our education component yet that will go with it. There is some paring up with some community colleges and such when you think in terms of short term certificate type education where you get the kids short term and you get hands on training. In the facility itself, we are looking at sports management training, we are looking at the physical side of sports medicine; we are looking at four or five different certificate type programs where we will be working in conjunction with one of the local universities so I see this as more of a campus. It starts here and, as it grows, we use the traveling teams, we use summer camps for the first two or three years to cover our overhead and during that time then we are working on our academy type programs which are your serious programs. It takes a kid five to seven years to become a material for scholarship. That's what really needs to happen initially the other programs; the meat to it is what follows the academy like IMG type approach. Only a set of one location; there will be 25 locations throughout the United States.

Barnes: For the purpose of keeping the transcript clear, would you guys make sure you state your name so she can record that?

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Fallon: Can you tell me a successful one you've done before or a similar one to this that is up and running now?

Good: No, I can tell you that I've built hundreds and millions of projects from hotels to nursing homes to whatever; I can tell you the architectural plans are completed, have been signed off and are approved and will be under construction in Wichita, Kansas. It's tough to be the first with any new concept.

Fallon: Thank you.

Austin: I thank all of you for coming today; the question for you, in Wichita are they contributing a level of support that you are getting from Charlotte?

Good: They are contributing more.

Austin: How much more?

Good: It is a \$9.5 million contribution on the \$23 million project and we have the documentation to prove it.

Austin: You said they are contributing \$9 million?

Good: \$9.5 million.

Homer: Anthony Homer, VP of Development with GoodSports. I think we talked about this briefly last time you asked about the progress in Wichita. On that project, they have a unique financing structure that's a little bit unique to the State of Kansas called Star Bond District which we could get into for hours. It took us three years to put that project together because of the level of involvement between city as well as state. The structure is completely different though. In that case, they deed the land over to us so it is a grant; it is not a land lease structure. From a financing standpoint, we will own the land and we will be able to mortgage against it then they also provide for the funding, they pay for the landscaping, parking lot, lighting, all of the infrastructure, the roads and then they give us \$5.5 million construction budget for the vertical construction of the field house and then they give us the land free and clear to develop a hotel. It is apples and oranges I think.

Good: Communities are coming from all different angles.

Austin: Is this particular project in Wichita similar to Charlotte? What other projects do you have?

Good: Do you want to talk about some of the other markets?

Blalock: My name is Richard Blalock, I'm Vice President of Special Projects at GoodSports. We are in negotiations with several other communities that have not been announced. We are working with staff so I don't know that we can really come out yet with any other communities.

Austin: Are you seeking similar?

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Blalock: Absolutely.

Good: Twenty-five projects in seven years.

Austin: No, I'm talking about the amount of money you are asking for.

Blalock: As Mr. Good said each community has a different avenue for the economic development component. One community we are working with is actually a private developer and they are looking to build out the field house and then we will come in and manage it based on our branding so they are actually looking to construct the vertical construction on their land; we come in and manage it so that is their end for what they want to do in that community. There is TIF dollars in some communities as Anthony said, Star Bonds in Kansas, so each community and each state has an avenue for their economic development funding. That is the process we are going through with other communities right now.

Barnes: Just a clarifying question; so the deal in Charlotte would be about \$77 million and Wichita is \$23 million. Is this is the largest project you are working on?

Homer: The total project size there was \$36 million which we are the anchor project so much like we need to revitalize and be the demand generator for Bojangles Coliseum and Ovens Auditorium project; they are using us as demand generator there. We are merely one part of it so the total includes Cabalas, a Target and Home Goods Store, a Shields Academy. They have upwards I think the gross sales volume last year was \$70 plus million so we are merely a part of that. The total project size at this point is north of \$100 million. Again our component is \$23 million.

Barnes: So in terms of all the other projects you are working on Charlotte would be the largest one?

Homer: Yes sir.

Mayfield: I have a question for staff that follows up on Ms. Fallon's question. Do we have any company that has a product on the ground active that has successfully done what we are attempting to move forward with right now?

Kimble: I would say there is none exactly like we are talking about because Charlotte does things in a public/private partnership way better and bigger than most communities around the country. What you will find in other communities is there have been publically built field houses and publically built arenas and gymnasiums that are similar to this but they are predominantly more government-owned, government-run, hospitality-owned, hospitality-run. What we are embarking upon is leveraging. We desire as you have coached us over the years to try and find ways in which the public infusion of dollars can leverage additional private investment; you've done that on multiple deals, maybe 25 different public/private partnership over the last 14 years so we are on the cutting edge in terms of trying to find the right mix from the public/private standpoint to bring these kinds of assets to our community and four year ago in your Economic Development Focus Area Plan you put into that plan a desire to go after public/private partnerships in amateur sports and do it in that fashion so we leverage private investment. The answer is no, there are not any others that we can point to that are

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exactly like this because we are doing it the Charlotte way as we go about building these kinds of assets.

Lyles: I want to follow-up because there are a couple of things that I don't have enough background. How long has this project been discussed by the Council now?

Kimble: Nine months; this particular project.

Lyles: This particular project with the emphasis on; we have the market studies for amateur sports that indicate this is a need in our community and it can be something that drives. I've been to the Convention Center for cheerleading and it is a great economic drive I'm sure for all those young ladies. I have never seen so many sequins in my life, but nonetheless, I've seen the Convention Center and I know that Matthews has got something. We went down to Rock Hill and saw what they were doing. The model is different and I'm trying to figure out; in the other models that we've seen is the government does the facility model, the model in Rock Hill was the government does the facilities but it's in a development plan. I think from my perspective, the value that we've added is that we are on Independence Boulevard, we've got two existing governmental owned facilities that are in our tourism and hospitality portfolio so when you look at GoodSports, we are not really leveraging what Wichita has, which is business and shopping and development around the area so we are in for a project that is almost 40/60 in terms of investing. What I'm struggling with is where we get the remainder of the development when you think about Independence down to Eastway/Wendover and going back on Monroe. We are building the center and we don't know if it is going to come around. Whereas Wichita has commitments that show that you can integrate a facility. I'm just wondering about the model right now and why are we the center of investment?

Kimble: We are not necessarily the center of investment; we are co-partners and yes we believe that this development with GoodSports will be a catalyst to additional development in the area and we are already starting to see feelers of developers who are buying up some of the properties on Independence Boulevard and are looking at what we are doing here. Ours is not as formal of a structure or arrangement as Anthony just described in Wichita where I would guess that you are seeing tons more of public investment in the form of star bonds, revenue bonds, sales tax bonds that are contributing more public dollars for that larger area. We just have not chosen to go to the larger geography model yet, but this could carry us towards that end, not with star bonds because they are not legal in North Carolina, but there are other tools in our economic development tool box that can carry us as more energy is breathed into the Independence corridor. The fact that you are putting up Community Investment Plan dollars in the Independence corridor is your method of infusing additional public dollars a little bit different than Kansas and Wichita is doing it, but you are doing equally powerful things to put public money in to super charge the economic development and private sector investment in the area, and it is just a different model.

Lyles: I drove out there and I'm beginning to see the residential development on Monroe even between Independence and Monroe; the Lanier new housing sub-division. I wonder how much of that is related to some of the investment in the educational systems where we are actually putting in great schools, looking at Independence Boulevard and how the streetcar works going out there. I guess what I was wondering if you didn't do this model, is it appropriate to look at a model or give us an

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option for another model that divides it more on where the public feels like that \$25 million is an investment directly into government facilities?

Kimble: I'm not going to say there's not a different model. I think the models that we have chosen to go down the path with are the models that Council and we as a staff have been working on for four years, which is the public/private specific project models to build amateur sports facilities, especially in areas of the community that have been more neglected in the past and that these can be a shot in the arm to help stimulate new growth and new development in the area. We are specifically choosing the models that we have talked about for the last four years.

Lyles: I understand that and I think that a bit of problem, I look at what is going on in today's market in the world and I would love to be the government that's on the cutting edge, but you don't usually see government on the cutting edge. We usually look to the private sector to prove viability of the system and make it work. I wonder if we ought to be looking at another model.

Fallon: Ron, refine this for me; this is endemic to itself; when we went down to Rock Hill, they are in the middle of a development that is public money, but the development is private money. Give me more of a difference that I can look at.

Kimble: The Rock Hill that we visited, the Celanese site is a thousand-acre redevelopment zoned with much private investment and much public investment. It's a larger geography; it's an abandoned industrial plant and it was part of an entire redevelopment strategy for a thousand acres. We are a much, much smaller footprint in the Ovens and Bojangles area but I believe we can have a stimulating effect in the area on Independence Boulevard in conjunction with your Community Investment Plan to bring new growth and development in the Independence and Monroe corridors.

Fallon: My problem with that is until the state decides what they are really going to do with Independence why would anybody put any buildings there?

Kimble: That was why I specifically just said the Independence and Monroe corridors because the way that we are positioning this partnership with GoodSports, you are going to be able to open up this development as much to Monroe Road as you can Independence Boulevard and that is the beauty of it because you are working both sides of redevelopment in this corridor and we are calling it the Independence and Monroe corridor and this is pretty powerful to give rebirth to both of those corridors.

Fallon: When I was on the Planning Commission, the plan was to put the housing with its back to Independence and its front to another road. You are hoping that will happen and development will come that way because it is not going to come along Independence as long as the State doesn't decide what it is going to do.

Kimble: There are people buying properties now along Independence; I think there the whole corridor and you are going to see it on Independence and you are going to see it on Monroe. These gentlemen have come from another community and scoured our area and they just said they believe in this area and I think they will tell you as they've told us, they believe in both Independence and Monroe Road.

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They believe this can stimulate development in both corridors. You also have I think a \$10 million streetscape improvement project for Monroe Road.

Fallon: Right.

Homer: You asked the question earlier about the – I think what everybody in your position should be doing is answering the question is this public investment justified by the return. There was a great article in Forbes two or three weeks ago about why are there are so many ambitions for youth projects from the private sector that don't get done and the reason is because as a private developer, Mr. Good mentioned earlier, even out of all the room nights that would generate we are lucky if we absorb maybe 20% of that investment so to be the demand generator but yet only be able to capture that fraction of the impact that you are generating makes it very tough for the private side to be able to justify the level of investment which is why you see governments sponsoring the large stadiums, civic centers, convention halls that are those large format gatherings because you as the City of Charlotte or the County are then able to absorb the impact through taxes, room tax, the overall economic impact. There is nobody that can equal the absorption of economic impact that gets generated like the public sector can so that's why from our perspective the public/private partnership is so important because while we can do the demand generation and generate all that impact, the return that we get on it is minimal whereas you absorb the larger share. That is why I think you see a lot of those private developers such as Rock Hill, they love to have those kinds of facilities that the public pays for, the demand is brought in they are spending money, they are buying gas, they are exposed to the area, they are buying houses and shopping and entertaining there and so they are able to absorb the economic impact.

I was just going to give you a quick recap on where we were on the project; we responded to the RFP last November and a couple of the questions I keep hearing come up involve the scope of the project; it has changed somewhat from our original submission. Much of that was due to the site limitations, the fact that we are an urban infill development here; we had to accommodate I believe it was 1,800 parking spots.

Kimble: 1,803 to be exact.

Homer: Yes sir, so the challenge to be able to accommodate the day to day accessibility for the local community users and then to be able to ramp up very quickly and seamlessly for the weekend users and then to also coordinate between Ovens and Bojangles schedules as well as the soon to be coming Christmas Show at the facility across the street on an annual basis and be a good neighbor; that changed the scope quite a bit to what you see today. We've covered a lot of ground since June; I think the educational process that it takes; when we go to a lender there is very few of these public/private facilities out there that even exist no matter what scale or types so to be able to talk to the lenders and educate them not only about the market, the opportunity, specifically the site and then for them to do the underwriting on this kind of project where they don't have comparable properties that they can go out and benchmark against, it takes us a lot longer. I'm actually quite honestly was amazed that the amount of ground that our financial people were able to cover since June and being able to bring those people and the financial partners to bear. I will let Richard introduce himself in a minute, but we have roughly two projects going on right now in exploratory stage. Now that Wichita is basically permitted and ready to go, is going to be breaking ground,

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Charlotte is our number one project. There is no community that we are talking to today that has had the foresight to identify amateur sports as one of their targets and to lay the groundwork then to connect how they get from A to Z like you have. I believe we've come up with a very unique plan, it is very unique to Charlotte and that site, it is very concrete and attainable as of today and we are ready to execute that. I'm excited with not only on the financial side, but on the planning side and the amount of ground that we've been able to cover.

We are on track for the fall of 2015 for people to actually see dirt moving; I know that is one of the challenges with development. You are built like an iceberg; a lot of the project work in planning and design and approval process happens outside of the public's eye and then they see the last sprint or the finish line, but that is the gage with which they measure us and our performance. We are on track for the fall of 2015 start and our next steps as Mr. Kimble referenced are really at this point it is finalizing term sheets, finalizing the financing and then finalizing the approvals for permitting and that will come on the design side and really then completing this project.

Barnes: Regarding the construction beginning in the fall of 2015 and I believe the Checkers will be back at Bojangles in the fall of 2015, the parking lot will be gone but not the building so where will people park?

Kimble: The sequencing of this construction has also been mapped out and when Mr. Homer references dirt moving, the first dirt to be moved will be the installation of a new parking lot where the Econo Lodge is so that the displacement when you begin construction of the field house, the parking will already be in place for the displaced parking during the time of construction. You will have a sequencing of events in order to bring the project to conclusion.

Barnes: Is that a one for one?

Kimble: How many parking spaces can we get on the Econo Lodge property? There are 1,100 spaces now and there will be 800 and they can probably phase the construction in other ways to still save enough parking, plus we have a great partner in the Merchandise Mart Park Ministries who will also be key to us as we embark on the construction of this facility. We have mapped all of that out and we have a pretty good idea of how we can do the construction.

Barnes: The Econo Lodge is down, right?

Kimble: It is.

Fallon: Totally?

Kimble: It is in the process of being demolished and it will be ready for the installation of parking at the appropriate time, but we have to wait for the proper approvals of the deal.

Barnes: So what I heard Mr. Good say earlier is that between now and January 20th, he would like his folks to work with our folks and hammer out the remaining details of what I have been calling crossing the T's and dotting the I's. There are details obviously that the Committee has talked about over the last few months regarding the nature of the parking for example, the split on field house and wellness

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center and the City's contribution and your contribution in that regard and what we've talked about, and I want to know if any of this stuff has changed, is that the reason we are contributing to the field house and the wellness center is because it will be open to the public.

Kimble: Correct.

Barnes: And so one of the items that we've talked about is what this looks like to the public because what we've talked about is the fact that we like for people in the City to be able to use the facility if public money is going into it.

Lyles: I think the Committee Chair, Mr. Barnes, has expressed when you said you have a term sheet for us by January 20th I think his point on what does that mean with the contribution for the public and when people say public access we don't know what that really means. People have formed differing definitions but I think that same content. Can we expect to actually have a term sheet that would do this for the remaining items, have more parking, public access, with the retail office development more of a definition? In the past we've had term sheets with other deals that have actually outlined with some specificity that is pretty close we haven't signed on the dotted line, but we know what we would be signing if we did. Is that what you are going to bring back to us on the complete package by January 20th?

Homer: That is the goal and it is for its mutual benefit as Mr. Good referenced earlier; our lenders need to know that you have approved and that you are moving forward and that they are not venturing out in vain that this is something that we are stepping forward and so that there is clarification.

Barnes: So this feels like, do you want to go to the prom; well I will go if you ask me to go, but I'm not going to ask you until I know you want to go.

Homer: Those are the baby steps that we are trying to and again the lenders are looking at me.

Good: We need to have our people up here after the first of the year and we are going to be here pretty constantly for a two week period depending on their schedule and to hammer out the details of the agreement. The use of the property; we all have to come to that agreement and then my lenders have to get some feedback too as to are there any requirements that the City has that won't work on my private financing. These are details that can all be worked out and you would have a concentration of effort.

Kimble: Two key things to you and therefore to City staff are the January 20th rezoning public hearing date and the February 16th City Council scheduled action on the rezoning. What we discussed this morning is that we have firm commitments from equity partners and lenders by the January 20th public hearing date and that we are going to work towards a full development agreement by the time that you are ready to cast a vote on the rezoning and the Council Action on February 16th. We have the term sheets pretty much in order, but you've got to go from term sheet to development agreement and we need to move fast because you need all the answers and they need all the answers. Our goal is a January 20th threshold for the commitments from the equity partners and lenders and a full development agreement by February 16th.

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Barnes: The Committee meets again on January 15th?

Kimble: We can give you an update.

Barnes: What we are saying to you guys is we want to know that every "T" has been crossed and every "I" dotted so that the Committee can make a recommendation to the full Council. What we are trying to avoid and I think you guys get this, and I not pushing I just want to talk about what the Committee is trying to do. What we are trying to avoid is a situation where the full Council goes ahead with this rezoning anticipating that everything is going to work out fine and then we find out that it doesn't. That is what is concerning the Committee.

Good: It concerns us too.

Barnes: I believe it.

Kimble: Your calendar is set up perfectly for that since your calendar is the last item on your agenda today. You have a January 15th and a February 5th ED and Global Competitiveness Committee so we do want to by February 5th have the ability for this Committee to have made a recommendation on it by the time this goes to vote on the rezoning on February 16th. There are two more Economic Development and we've discussed, it's going to take us a while to get to the full development agreement. We are at term sheet phase, we are in a good spot but it is going, to work out those last few details, we've got to have some time in order to get to those.

Good: We bring the muscle in on our side and you bring the muscle in on yours.

Kimble: We are committed to two things; they have to bring the commitment on the equity partners and the lenders to the table by January 20th; we can say by January 15th if that is what you would like because you have a Committee meeting then and then by February 5th Committee meeting, we need to be at full development agreement phase so you can make a proper recommendation to the Council.

Barnes: So here is the risk from our perspective as elected officials and public servants; we go through January 15th the equity partners say we are on board, you guys keep working on hashing out all the details, you come back to the Committee on February 5th and say things look pretty good. By that point, the full Council has heard the rezoning petition so here we are further building public expectations. People in east Charlotte are expecting things to change, they want things to be different so here we are having a public hearing on the rezoning and then we get to February 5th and God forbid something doesn't quite work out but say there is some hiccups, then we go to Zoning Meeting in February and the full Council has to say okay, is this thing a go or not and you are tying the land use decision to this Committee work which is unfair to the public. I'm trying to figure out how we can marry that up. I know it is not perfect but if there is a better way Mr. Manager to make those two coincide, that would help I think this Committee and the full Council.

Kimble: You always have choices to defer to later months your public hearing on your rezoning and your rezoning. We are trying to avoid that and we are trying to say to you we are going to work as hard as we can with our private partner. There is a lot of things that need putting together because

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they have just come back with their answer that they believe that they now the equity partners and the financing. We've just heard that in this last week and you are hearing it now so we've had to wait until they are at that stage, now we need to be negotiating those last few business points that end up in the development agreement. That may take some time because they are bringing new lenders and new equity partners to the table that have to weigh in on this as well. It is a complicated set of dynamics and discussions and negotiations, but we are committed as a staff to do that which you direct us to do.

Barnes: I appreciate it.

Fallon: Ron, do you have anybody else lined up to go to the prom?

Kimble: This is the one who came to the dance and we are dancing with them.

Fallon: Will we have the money by January 15th on the table ready to write a check?

Good: No.

Fallon: You won't?

Good: I don't even have the development agreement to give to my lenders; this is not practical unless I'm sitting on \$39 million in my pocket or somebody in the room wants to loan it to me. I can assure you on commitments and what have you, but nobody can walk in and say here is my \$39 million or here is my \$8 million and wonder I can show you equity but no that's not possible.

Fallon: Can you show me commitment by that time?

Good: Yes, that is what we are talking about.

Fallon: A definite commitment with people you are working with?

Good: As definite as I can get without an agreement.

Fallon: You don't understand we are sticking our necks out at this point.

Good: I thought you were talking about me.

Fallon: No the point in fact is that you are asking us to go on a kind of commitment to an area that we have to do something about.

Good: I'm not asking you to do that until we have everything in place and that is what I think we have been discussing here.

Fallon: I understand, it is just that I want to get my hands on something to me that is definite.

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Good: I wouldn't be sitting here today to play games; I've got too many other things to do. I like the project or I wouldn't be here talking to you if I didn't think it was done.

Fallon: I see a future, I do; I'm concerned about the money and how the public is going to react to it.

Barnes: We will work through that.

Austin: Ron, you alluded that there is a lot of people buying up land, I guess trying to deal with what could be coming down the line. Slide #5, there is a whole parcel of land to the left over there; we are getting ready to if everything works out, \$76 million investment. What is over there currently?

Kimble: That is the land behind Ovens and Bojangles headed towards Monroe Road and there are about five residential properties as I recall sitting on those two parcels of land, but there is another road before you get back to Monroe Road. Most of them are probably rental tenants owned by landlords, but there are about five homes there.

Austin: Any movement on that or do we know?

Kimble: Not for us.

Austin: My only concern is that we are investing all of this money and we wouldn't want anything coming over there that would not compliment all of this. We just got rid of a problem and I don't want to open up another can of worms.

Kimble: We are going to be creating better connectivity of the back side of Ovens/Bojangles with the GoodSports project for connectivity back to Monroe Road as well.

Barnes: To Mr. Austin's concern though, during one of our meetings we talked about landscaping and other things to help improve the divide between those two sites. Is that still in the works to make sure there is an attractive line of demarcation between those residential properties and our site?

Kimble: Yes, that will all be part of the rezoning to MUDD-O conversation along those lines. There are a couple of streets though, connectivity back behind here so you've got the street and you've got public Right-of-Way.

Blalock: Mr. Chair, I would like to go back to your public use question a little bit earlier. My title is Special Projects because I don't think Mr. Good really knew what title to give me because I can enter his world and also help him out and also operations and a couple other things with my background. I got a start with the Boy's and Girl's Club developing programs and then went to Mayport Naval Station as Independent Director for the Military, opened the first private development adult softball complex in the State of Florida in which we developed events and formats that everybody in the country is running now. Then went to the City of New Berry just outside of Gainesville as Parks and Recs Department Director where we worked the public/private partnership with the Ease Sports and Development Foundation to develop the world's first archery training facility that could do all aspects of archery, had 11 countries train at that facility. It is a community of about 5,000 people; ASA came

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in did a pro-am with 4,500 participants and then we got the 11th Olympic designation as an Olympic training facility.

Audience: You had 4,500 participants in a town of 5,000?

Blalock: My volunteer background, I have been a Sports Director for the Florida Sports Foundation in the State of Florida, Board of Trustee Member of the Gainesville Sports Commission and have spoken a couple times at the National Sports Conference. We've had some conversations, the public use component of this facility; we will work really tight with the CRVA to bring events in. It doesn't make a lot of sense to us to not work with them to do that because that is what they do; they have a good pool of money available to do that. The model that Jerry spoke of is and the question came out is there another animal out there like this. You will find private facilities out there that make a little bit of money, but not a lot. The missing component is, as Jerry said, is the consistent training and then the movement of events. An event owner today that wants to run an event, they would love to come to the same site year in and year out because of the logistics of running that facility. They know the staff is there they know the facility they know the hoteliers they know the restaurants, they know where to go or not to go. As a logistic component of an event, the owner would like to go to the same location year in and year out, but does anybody in this room understand who directs the traffic of the travel teams pretty much right now; it is not necessarily the coach, it is the mom because this has become a playcation event. In the early 90's when we ran events, there were five things that we were concerned about, our facility being clean and proper, our organization and scheduling being right because of the movement of people, our concessions being good, our officials being good and our bathrooms being clean and enough stalls in the women's room. Those were the five things that we hit and we knew we would get return business. Today if you won't worry about what happens outside your event, you may not get that returned business, so with the consistency of the model of GoodSports being set up kind of like a conference in the NCAA, five teams within that conference and then five conferences out there with seven age divisions that are running out of each of those complexes, now you can take your 10s and 12s because you've got siblings usually on a ten-year old team and a 12-year old team, put them in one location, 13 and 14 in one location, 14 to 16 in one location and then you move them around and now all of a sudden the event owner is dealing with the same logistics in all locations and we will capture that market and be able to move them to the different locations to keep everything going. You mentioned convention centers; we run into this a lot, well your facility is not big enough, six courts is our typical model, we are going to eight courts because of the demographics here in Charlotte.

Kimble: And we can put three more in Bojangles.

Blalock: Yes, and the thing is everybody gets excited when they go to that convention center and sees 2,500 participants in that building and the first thing I tell them is that you were there and you wanted to explore the event, when do you go. You go during the event; you don't go the weekend before and the weekend after when it is sitting dark. What we want to be able to do is capture that mid-tier market which is perfect here in Charlotte because you've got the NFL, you've got the NBA and then you've got your rec departments and you've got your individual facilities but we are going to plug right into that mid-tier market that is underserved to be able to run 40 and 50 team events every weekend because you kind of max yourself out in a convention setting by running 2,500 teams. We feed that convention set by bringing the teams in so the public use component, we are smart enough

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and got enough background to make sure that we work with the people within the community. The other component of this that makes it so different is we own the hospitality component as well as the venue component. If I have to give up a free rental for an event that the City wants to bring in, I can go over in my hotel side and raise my ADR up \$5.00 per room and I just covered my lost rent. By virtue of controlling the hospitality component and by virtue of controlling the venue, we've got so much more control of bringing events in, generating the room generation that they spoke of and that 80%. As I understood last night, within three miles is a hub of hoteliers. Well, we will sit down with our hoteliers and share our calendar and say hey, let's get our room blocks put together, let's put all the scheduling together and that's what drives your economic impact to make sure that it is capture to be able to generate the extra business, the restaurants and everything else. Because as a parent or a coach, and I've coached AAU basketball all over the country, if I can pull my van in there and park it and not have to get back in it, I am good to go.

Barnes: You are helping a lot now because we like to also envision that and you are helping us I think with some of the visioning and envisioning. Speaking practically, there will be a 150-room hotel at the site; otherwise Mr. Murray, I think most of the hotels would be west in uptown. There are still some going east.

Murray: Yes, all over the county.

Barnes: But in terms of me as parent knowing where my family might be staying it is going to be uptown would be my echo at the site.

Murray: Yes uptown.

Barnes: What we talked about earlier this year, Mr. Blalock, was the idea that to your point, Thursday through Sunday I guess the facility may be used by visitors from out of town, amateur events. We talked about this idea of local teams having access to the facility Monday, Tuesday and Wednesday. Am I speaking that correctly?

Blalock: And we will be developing our recreational competitive and elite program. We will work with the City Parks and Rec departments to try to incorporate, but now you've got to put your private hat on; we've got a bottom line that we've got to meet and if we don't meet that bottom line and we go dark we all lose. In one community that I'm working with that same question came up and what they are looking at doing is because we may be taking a lot of the indoor components of the Recreation Department and they can lower their budget because of that by looking at setting up a scholarship fund within the City budget to where the families can then apply for, and if they meet the certain criteria, then the scholarship program that some of the kids – we are going to have a scholarship program and again that is why I'm here. I'm about the development of the kids and the programming; that is what I do. I see this as being able to do that over these 25 facilities and reaching the kids so we will have a scholarship component that we can do some things with. This City has opted to cut some money out of their operations budget, but they are going to subsidize it out of that budget and set up a scholarship fund for the system to be able to participate. We've got enough on our team between Mr. Marcinko and me and that is where we balance stuff; he comes from IMG on the high level and I'm coming from direct level to the mid-level and we are bringing this component in. We are smart enough to know that we've got some friends in this room right here that

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is going to help us to be able to do things, to bring things right. That is another thing we like about Charlotte, you do have a really aggressive Sports Commission and CDB and that type stuff. You will find there is 660 plus Sports Commissions across the USA right now and probably about 20% of them are really, really aggressive and go after the market, the rest of them just like going to conventions, going to meetings and going to lunches and all that kind of stuff. You've got a very aggressive group here and we like that and that is what we want to be a part of. We look at that when we go into a community. That is how we run our business plan and model of how to do that and we want to work, and again on my side, and Mr. Good probably don't want to hear this, but he kind of made my job a little bit easier when the setup we had in the beginning because we had so many restrictions of what we could or couldn't do when we go into a community. The door is open now for us to be able to sit down and say what works for you guys, we want to be a good partner and what do we need to do to come into your community and be able to do it and we love this market.

Good: I think the families will love this market when you talk about playcations, you end up with families traveling kids and they are taking their summertime, giving that over to their children's events typically tied to sports. We are looking at a project in Tennessee where we are working with the Skate Tourism Board because we know when we are talking with those moms; we have two indoor hotel water rooms. I learned family entertainment which is totally different from hospitality. You are selling to the mom and what does the mom want to know, she wants to know what you have to offer, the combinations and what have you. When we are talking about this type of approach, they are coming for a weekend, they are going somewhere for a week so what you want to do is you want to try to keep them in your community and in this case around Charlotte. There will be strong tie-ins between your State tourism group, Charlotte group for those packages then that will start with, we want to come to your tournaments, but then what else can we do. Here is what we can do, give you a package, so that all ties.

Blalock: Mr. Chair, one last thing, we are working with two other communities that have a coliseum such as Bojangles. They have one they are just kicked by the neighbor community because they out build them so they are trying to find a restart and then another one under a revitalization program such as what you guys are looking to do at Bojangles. What attracts us to that type of component is when we look to maximize our dollars in constructing our facility we look at floor space; we want to maximize our floor space to be able to get as many teams and participants within that facility that we can get within the structure that we want to work it, so spectating areas aren't that large but we are turning them over. We can develop a schedule. If you told me that; and this is one of the communities has a water park, go-cart track, putt-putt golf and casino that we are working with; I can develop a schedule that makes sure that every participant there will rotate and get their game in, but yet be able to go to the water park or be able to go to the casino. We can do that but what we like about here is you have the Coliseum and to get that Thursday because typical as a coach, I'm looking to see how many games can I get, how quick can I play them and how many nights that I'm not going to have to stay in a hotel. To get a lid on that Thursday, you've got to be able to have ceremonies or some shooting competitions or something that makes your event unique. We can't do that in the field house, but we sure can do it in the Bojangles Coliseum. We can put that multiplier effect of 2.5 people that come with each child that comes in; now you are talking about 3,000 people. You can drop them in that Coliseum and that is your extra factor to give them that one more night in for your program. That is why we like the three projects that have these coliseums and that is what is going to

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make this more than likely the regional site for that conference that we are talking about setting up to be able to bring our major events in.

Barnes: Any more questions from the Committee? We are starting to run beyond our time. Any further thoughts, visions?

Lyles: I have one comment; you said your scholarship program. A lot of times when we will think about scholarship programs and we talk about people that don't have economic opportunities, but in Charlotte one of the things we are really trying to work on is achievement for our kids. I don't know how you do this but I would love to see some way that we incent children to make good grades and go to school on a regular basis that they get the opportunity to participate in something that is really a place. I know places have basketball, they have mid-night soccer, but to me I don't want this to be a scholarship program that isn't tied to some of our overall goals of getting kids ready to work.

Blalock: May I address that?

Barnes: Sure.

Blalock: That is the component I'm talking about by having the extra – so we are going to hire coaches, especially on our elite and competitive area and one of the things that I'm most proud of is probably one of my Boy's Club kids that I coached years ago that went to Tennessee State and went to Europe and played ball and is probably going to be our first basketball director. That is the level; I've got a kid that is the AD at Stanford that I coached and came to the Boy's Club Program and then the President at LSU came through our program. Our academy style and our competitive programs, with having the fitness center there, athletic trainers there, we are going to be doing leadership programs, we are going to be doing nutrition. I started a middle school program in _____ County because it didn't have baseball; we adopted all the high schools grade point average, attendance, the whole nine yards and if you didn't go to school you didn't play and it was a Rec Program. If you didn't maintain a 2.0 you didn't play, so we taught those kids on the middle school level what it was going to be like when they got to high school so we will be doing all those components within our programming; homework help, the whole nine yards. We will develop a coaches club that they knew the kids not athletic enough to play, but would like to coach. We will have the coaches club that will work with five and six year olds and will train them up to be part as a coach or along those lines. That comes from my Boy's Club background.

Lyles: The final thing I want to say, and I really have to take this to staff as well as you; we want this to work. It has to be successful, it is okay if it doesn't happen because if it doesn't go well then all of us lose so when you are in this negotiation and when you are doing these term sheets, we want to deliver a successful project, it is okay to walk away if we are not able to do something that is going to deliver the objectives that we have for this project. The success of this project will define that area in some way. We have just put in \$16 million into Bojangles for the renovation; we've got development going. There's a new school that is coming on Monroe Road. We see some things happening so we want you to be a part of it and that will be great, but it if doesn't work it is okay. Believe me.

Good: We are coming at it full force for it to work. I'm a point in my life where I've retired twice. I have a big spot in my heart to help children. One of the ways we can help children is to bring in the

people like Rich who beyond the profit motive, we have other motivation and that is to help all children start learning some responsibilities and commitments and all the other things it takes. We may say we are moving them towards a scholarship opportunity, but anything those kids learn from within those programs all the way up is going to make them better citizens no matter what. We can spend a lot of hours talking about philosophy and the five years we have taken it and putting into our programming and what our goals are with regards to the children and adults that we work with. I think we have a responsibility today, particularly in youth sports to help our country with some of our problems we have with our youth and bringing them back so we're on board with you.

Mayfield: Mr. Kimble, this piece is for you with the information that you are bringing back based on comments and the detail of the youth component. To be perfectly honest as of right now, full transparency I'm not sold, but there is still room for discussion. If we are looking at the amount of tax dollars that we are considering, I think it is great the component with the youth piece, but we already have the John Canty Foundation, we have the Cam Newton Foundation and we have Park and Rec. We have a number of programs that are already doing a lot of what was said; I'm more interested in the financial piece because as of right now the numbers with how much the City is already investing with the fact that we know multiple properties are being purchased now on the back of Monroe because of the energy that is getting ready to happen on Monroe Road based on our investments and the fact that we are not able to have a conversation where we actually get to direct what is going to be developed around it. I am really going to be interested in the breakdown of these numbers and how this is going to benefit the community as a whole because in 15 years, I don't want to see what unfortunately many years ago we had done with our Coliseum Center. It was a great idea but even then it was suggested in a different location so a lot of investment was put into it for us to turn around and move it. I really want to see how these numbers are going to play out so whether I'm sitting at this table or not, when I look back, I know that we made a decision based on all possible information and all possible best and worst case scenarios if we don't move forward, but if we do move forward and there is challenges along the way. That would be really helpful for me to come to a decision because at the end I need to go back to the community and explain it them in simple terms; right now I can't do that.

Kimble: Thank you for the opportunity for us to come back to you with additional information.

Mayfield: Yes sir.

Barnes: Thank you for that Ms. Mayfield, and so just to briefly summarize, the sense I'm getting is that at the January 15th meeting the Committee would like to see as much detail as possible, that is as finalized as possible addressing some of these issues about including the broader community in the use of the facility, making sure that their numbers work from our perspective, and we understand you guys are in business so you have a perspective on this too and that is fine. Right now it is a 51% from you and 49% from us and the CRVA mix. Is that accurate?

Kimble: With the \$12 million of Bojangles backed in of the \$16 million that you put in recently. Remember that \$12 million includes the up fitting of Bojangles.

Barnes: I understand and making sure that what is now called the estimated project budget is solidified to some extent, making sure that you guys are prepared to answer the questions and

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concerns that the Committee has. Hopefully as of the 15th, we will have an idea and be able to feel comfortable. There are five of us here but there are eleven people on Council and the Mayor.

II. 2015 Meeting Schedule

Barnes: The next item is the meeting schedule of this Committee and as you see on the flip side of this sheet we've got the one meeting currently scheduled in January, two in February etc.

Kimble: It is because of your Retreat.

Barnes: Right. We will have the meeting on the 15th; staff will come back with some further detail on the deal. They have committed to as of January 20th or we have the rezoning hearing, come back with a confirmation regarding their commitment to the equity partners. Do we need to have another meeting?

Kimble: No, I think February 5th is the critical date for the Committee to be able to look at everything that we have and decide whether or not you are ready to make that recommendation in advance of the February 16th scheduled action on the rezoning.

Barnes: I understand and I think that helps.

Mayfield: January 15th is Dr. Martin Luther King's birthday and there is a an annual celebration; you know his birthday is actually on that Thursday so there is a celebration that happens every year at noon at Marshall Park so I'm going to be at that.

Kimble: Would you like to change the timing of that meeting?

Mayfield: I don't want to inconvenience the Committee; I just want to make sure it is acknowledged.

Lyles: You are chairing that aren't you?

Mayfield: Right; it is a 30-minute program.

Lyles: So I would say an hour; let's go with 1:00.

Barnes: Let me ask you this, Thursday the 15th. Let's shoot for 1:00. Will that work for everybody?

Mayfield: That works for me if it is convenient.

Lyles: That is fine.

Barnes: So we will do that meeting on the 15th at 1:00 p.m. and that will allow us to have that; it is the third Thursday in January. Any other thoughts on the calendar?

Fallon: I'm going to be away on April 19th through May 7th.

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Barnes: Is that it for the agenda?

Kimble: Your next meeting is January 15th at 1:00 p.m.

Barnes: Any other Committee business? Merry Christmas and Happy New Year!

The meeting was adjourned at 1:30 p.m.

City Council
Economic Development & Global Competitiveness Committee

Wednesday, December 17, 2014
12:00p.m.

Charlotte-Mecklenburg Government Center
Room 280

Committee Members: Michael Barnes, Chair
Vi Lyles, Vice Chair
Al Austin
Claire Fallon
LaWana Mayfield

Staff Resource: Ron Kimble, Deputy City Manager

AGENDA

- I. **AMATEUR SPORTS DEVELOPMENT at BOJANGLES COLISEUM/OVENS AUDITORIUM - 60 minutes**
Staff: Todd DeLong, Neighborhood & Business Services
Guest: Anthony Homer, Vice President of Development, GoodSports Enterprises
Action: On October 17, 2014, the Committee discussed the rezoning effort required for the potential redevelopment activities associated with the development of an amateur sports-related development at the City-owned Bojangles' Coliseum and Ovens Auditorium Complex. At today's meeting, staff will share additional updates on the rezoning process and Anthony Homer, Vice President of GoodSports Enterprises will provide a brief update on their current status and plans for moving the project forward.

- II. **2015 MEETING SCHEDULE – 5 minutes**

- III. **NEXT DATE: Thursday, January 15, 2015 at Noon, Room CH-14**

**Economic Development & Global Competitiveness
Council Committee
2015 Schedule**

1st & 3rd Thursdays at Noon

****Additional meetings will be scheduled as needed****

*Meetings will be held at the Charlotte-Mecklenburg Government Center in
Room CH-14, unless otherwise noted on the agenda*

Meeting Dates

January 15

**February 5
February 19**

**March 5
March 19**

**April 2
April 16**

**May 7
May 21**

**June 4
June 18**

*****No meetings in July and August due to summer schedule*****

**September 3
September 17**

**October 1
October 15**

**November 5
November 19**

*****No meetings in December due to pending Committee assignments*****

City Council Retreat (January 28-30, 2015)

NLC Congressional City Conference (March 7-11, 2015) – Washington, D.C.

Chamber Inter-City Visit (June 24-26, 2015) – Nashville, TN

NCLM Annual Conference (October 11-13, 2015) – Winston-Salem, N.C.

NLC Congress of Cities & Exposition (November 4-7, 2015) – Nashville, TN

City Council Retreat (January 28-30, 2015)
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Bojangles'/Ovens Area Redevelopment

Economic Development & Global
Competitiveness Committee

December 17, 2014



Project Goals



- Support the revitalization of Independence Boulevard and East Charlotte
- Provide an indoor sports and recreation facility to meet market demand
- Respond to the recreational needs of the community
- Support the regional hospitality and tourism industry
- Expand the State and local tax base



Funding Sources

	GoodSports Complex Development		Coliseum Renovation	
Source of Funds	Private Funding	CIP Funding	Hospitality Funding	Total
Current Framework	\$39.7M (51%)	\$25M (33%)	\$12M (16%)	\$76.7M

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Estimated Project Budget

	City	GoodSports	Total
Purchase & demolition - Econo Lodge	\$ 3,600,000		\$ 3,600,000
Site surveying/engineering	\$ 100,000		\$ 100,000
Hotel - 150 rooms		\$ 14,000,000	\$ 14,000,000
Fieldhouse/wellness center 8 courts	\$ 6,175,000	\$ 6,825,000	\$ 13,000,000
Retail & office development		\$ 2,500,000	\$ 2,500,000
Building pad grading/preparation		\$ 2,500,000	\$ 2,500,000
GoodSports soft costs		\$ 12,000,000	\$ 12,000,000
Sub-level parking 150 spaces		\$ 1,875,000	\$ 1,875,000
Sub-level parking 450 spaces	\$ 5,625,000		\$ 5,625,000
Existing parking lot improvements	\$ 2,500,000		\$ 2,500,000
East lot parking (Econo Lodge)	\$ 6,000,000		\$ 6,000,000
Sub-total - construction project	\$ 24,000,000	\$ 39,700,000	\$ 63,700,000
Reserve off-site transportation cost	\$ 1,000,000		\$ 1,000,000
Total	\$ 25,000,000	\$ 39,700,000	\$ 64,700,000

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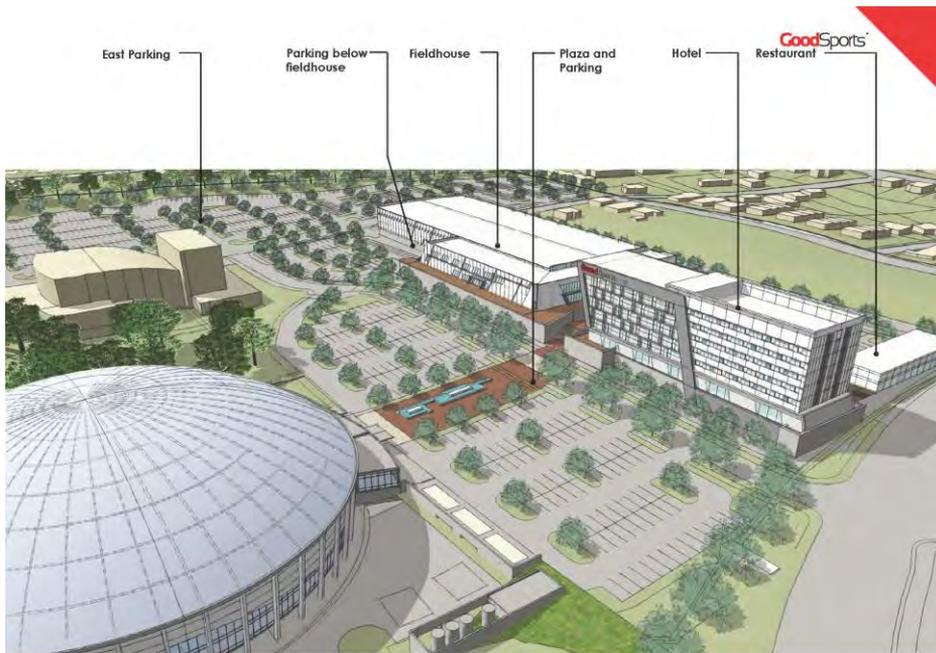




Proposed Site Plan / Rezoning



- Existing zoning of affected parcels – R-22MF & B-2
- Requesting B-2(CD) & MUDD-O





Rezoning Schedule & Next Steps

- Rezoning Filed
September 22, 2014
- Community Meeting for Rezoning
January 6, 2015
- Rezoning Public Hearing
January 20, 2015
- Council Action on Rezoning
February 16, 2015

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Bojangles'/Ovens Area Redevelopment

Economic Development & Global
Competitiveness Committee

December 17, 2014

