COMMITTEE AGENDA TOPICS

I. Subject: **Charlotte Knights Stadium Update**
Action: Review a draft development agreement for the City's participation in the Charlotte Knights baseball stadium, and if ready, make a recommendation to City Council for consideration at a future Council Meeting.

II. Subject: **Small Business Month Update**
Action: Receive an update on local activities planned for Small Business Month in May. No action required.

III. Subject: **CRVA Barometer April Report–(Information Only)**

COMMITTEE INFORMATION

Present: James Mitchell, Patrick Cannon, Warren Cooksey, David Howard and LaWana Mayfield

Time: 9:00a.m. - 10:52a.m.

ATTACHMENTS

1. Charlotte Knights Stadium Project Presentation
2. CCCP Impact of Minor League Baseball
3. ED/AAA Baseball Stadium and Recreation Draft Grant Agreement
4. Financial Comparison of a With Baseball versus a Without Baseball Model
5. Charlotte Knights Stadium Update - April 4, 2012 Q&A
6. Mayor/Council Small Business Recognitions & Small Business Month Events Calendar
7. CRVA April Barometer Report

DISCUSSION HIGHLIGHTS

I. Subject: Charlotte Knights Stadium Update

Chairman James Mitchell:

We have two items on the agenda one is the Charlotte Knights Stadium and the other is the Small Business Month update. We have worked extremely hard getting all the information that we can about this proposal. As of this past Monday, we had a very good meeting with the Minor League President. To the City staff, we have really pushed you and pushed you to make sure that we can get the best deal for the taxpayers. Having the international president here, I think, is very helpful because there are some questions that

the Committee would like to ask. And for all of you who have been stakeholders with this process we appreciate your input and feedback. With that Ron, I will turn it over to you. Will you introduce our special guest?

Kimble: Thank you Mr. Chairman and members of the Committee and other Council members present. Randy Mobley is the President of the International League of Minor League Baseball. He was in the area today meeting with the Knights and stopped in so if you would like to hear from him for a minute or two and then he is here if you should have any questions beyond his opening remarks and the presentation today.

Mitchell: Committee what is your pleasure?

Howard: I would like to hear from him.

Mitchell: Is everybody o.k. with that?

Mobley: Thank you very much ladies and gentlemen for the opportunity to visit with you this morning. As mentioned, I was in yesterday for the ball game, Mother Nature was not all that cooperative, but it allowed us to accomplish what we needed to do. I did want to make myself available to the Committee for any questions that you might have. I am hopeful that with my brief remarks, if nothing else, I will be able to provide some comfort in that I can bring a bigger prospective to this. I have had the good fortune to be involved in minor league baseball now for about 33 years and in my current capacity as President of the League for the past 22. During that time period, I have seen nine of our 14 ballparks built, an additional one go through a significant renovation and yet another one currently about to go under significant renovation. I have been involved in facility construction from a ballpark prospective on many different occasions. The situation that you are contemplating here with an uptown ballpark; the International League has had tremendous success in a number of our cities. I would suggest to you that if we were to go to Louisville, Kentucky or Indianapolis or Toledo, or Columbus, Ohio or any of those who have recently built uptown ballparks, we would not find any of the ballpark personnel or partners with city county government who would express any regrets on their decision to proceed with that. We have been very fortunate in that regard. If any of you have had the opportunity, our office in Central Ohio, therefore I have the opportunity to visit the Columbus ballpark more often than any other. The similarities between that situation in their ballpark which opened three years ago and this one that you are considering here are remarkable. They have what they have developed as an arena district just as you have an area with your NFL stadium as well as your arena. The proximity of the ballpark to these other facilities is very similar. The one point that I wanted to make in that regard, is that the other proprietors in the area; it's a very similar type of situation in that you have football throughout the football season, basketball during the winter months, baseball in uptown Charlotte completes the calendar. In Columbus, Ohio, it is the same thing they have the NHL team. There the other pro sports that folks in our area refer to as Ohio State during the fall months. During the summer months, the baseball facility completed the calendar for the proprietors in the area. It was never as visible as it was during the NHL lockout and many of those establishments credited the fact that baseball was going to be there in the area and was able to keep them going during those challenging times. So if you have not been there and would ever have the opportunity, I would encourage you to take in a ball game in Columbus, Ohio and you would be very surprised probably by the number of similarities. The other thing that I wanted to mention, again I will conclude with this, we talked about in our business of AAA baseball being in the business of creating

memories. We do that on a nightly basis. I know as it comes time to make some critical decisions here you have studied and evaluated the economics of this, but I would also invite you to be part of the memory making business as you go forward. As you contemplate this public private partnership, I would also point out the fact that what Mr. Beaver has pledged to do here quite honestly is that one complete end of the spectrum from what we have seen in other places from the partnerships that have been developed. So it's significant and that is not at all to understate the decision that you all have to make in spending the public's money as well. It is not as if we are in the 1990's when we saw six new ballparks built or even the first decade of this century when we saw five new ones built. It's a little bit tougher now no question about that and I respect that difficult decision that you all have to make. I will hope to see you on opening day in 2014 in an uptown ballpark in Charlotte. Thank you very much. I will be happy to answer any questions.

Mitchell: Randy, thank you so much for being here.

Cooksey: Many of these ball fields have some sort of residential development occurring near them whether it be a hotel, or apartments, or condos we anticipate that will happen here if all goes through. The question that has arisen is about noise; when you are not simply talking about baseball games, but concerts are held in an open air type of stadium. What can you tell us about the experience that these other downtown and urban parks that have residences near them with regard to how the stadium and the residences interact when there is something noisy going on in the stadium?

Mobley: In these situations where these uptown ballparks are, there are many other activities going on in addition to the ballpark; certainly there is noise. In some cases, there are fireworks other cases there is not. Each individual community is making its own decisions relative to that, but at the same time, many of these are also in areas where we have uptown festivals going on as well. So from a noise perspective, it's not breaking new grounds in most of these cases. So I guess my response is that it's up to each community to make that decision, but we have not had squabbles of any significance in any of those cases. Everyone seems to be able to define what is appropriate for their community.

Cannon: I too would like to thank you for being here today. You mentioned nine out of the 12 stadiums that you have seen erected. What can you tell us relative to the amount in terms of the attendance generated and the amount of development that has been sparked around those stadiums?

Mobley: The attendance increase, if I had to pull numbers out of the air, we are seeing in our best situation teams that are generating up and above 600,000 in attendance. That may have come from 400,000 so we are seeing a couple hundred thousand increases in many of those cases. Now that is assuming that they have been at a reasonable level to start with. One of the things that I would say that you have to be careful of when looking at this situation and talking attendance is with the challenge that the residences of this greater community face in getting to and from the current ballpark. On week nights, I think that is an exceptional challenge that we haven't faced when we compare a Columbus team moving from their former ballpark to their new ballpark or a Toledo team moving from their former ballpark to their new ballpark. I think that you can expect a greater increase here than what we have seen in some of those other cases. It has not failed that in each and every one of those cases the key is from a baseball prospective to lay the foundation in those early years when you are the new kid in town in your new toy box or your new

sand box. You have to make sure that you lay the proper foundation so that you can sustain that over a period of time and not simply a flash in the pan. Our clubs in Leigh High Valley have had very good success with that they led the nation in attendance last year after coming into a new ballpark five years ago. Our Louisville ball club is approaching 15 years and has maintained attendance right at about 600,000 people. So we have had a good track record with these people that go into these downtown ballparks begin able to sustain that because that is an area that you have to focus on right from the start.

Cannon: You mentioned a couple hundred thousand and a bump at a reasonable level prior to that. What is a reasonable level?

Mobley: Well, I talk about Columbus, Louisville, Indianapolis and Toledo as examples; those clubs are drawing 300,000 to 350,000 to start with. In this club case here, it has not been at that level that is why I say that I believe that is a result of the additional challenge by the current location. That is why I say that you can expect a greater increase than what we have seen in either of those cases.

Cannon: That is why I posed that question; I understand what the current attendance level happens to be and what has been suggested in terms of the projected.

Mobley: A 200,000 increase here would not get it done and your point is well taken. That is why I say that it will be greater here.

Cannon: The second part of my question has to do with the generation of economic development opportunities in the way of commercial, residential or retail.

Mobley: In each of these cases, we have continued to see that. I will share with you an exchange I had with our Toledo ball club on opening day. Opening day in Toledo has become quite a community event with all of the different locations that have popped up around the ballpark. The exchange was actually a response to me that the General Manager offered just talking about how things have developed there. What a bright spot that has become for the community with the development of the different establishments and so forth. In cities like Indianapolis and Columbus, again that now have new districts that continue to develop, there is no question that the relationship between the ball club and these newly established locations has done nothing but enhance the area.

Cannon: Can you recall a time when there was nothing or very little development in the area and the stadium actually generated additional development? Where might that have taken place?

Mobley: I think Toledo would be our best example of that. Toledo a smaller city certainly than Charlotte and most of our other cities, the ball club was located right uptown near their small convention center. There were also a lot of old empty warehouses in the area as well and in there they have not only seen these various establishments from the bars and restaurants, but also some loft housing that has developed in that particular area. So if I were looking to point to one particular location, it would be Toledo.

Cannon: When was that built?

Mobley: That ballpark was built; they are now in about their tenth year.

Cannon: So that was when the pastures were a little bit greener?

Mobley: Yes, that's true no question.

Howard: I think it's important for us to talk about this stadium not just from the standpoint of the tickets, I think it would behoove us to make sure that we do this a little differently than we have done in the past and not make it all about the attendance numbers and think that is

the only thing that will make this a successful venture. We hear a lot about the Hall of Fame and we talk a lot about attendance but we never talk about the NASCAR relationships that are strong now. I just want to make sure that before we get too far into this conversation that when it comes to the quality of life that the property tax and sales tax that can be generated. I want to make sure that we are talking about those things. What else are we missing?

Mobley: Well you have done a very good job of outlining some of those other points, and if I had to put it under one category from the heart side of it, it's creating those memories that I talked about. You are not talking about the grandfather that is bringing his granddaughter or grandson to the ballpark or the father. You are providing additional family opportunity that is at an affordable price and in a safe atmosphere; that is a big part of what we in AAA baseball are providing those family opportunities. I think that is a big part of it in addition to those things that you have mentioned.

Kimble: The NASCAR Hall of Fame each month posts what is called an economic dashboard; it speaks to all of the other developments, taxes and conventions. All of the other impacts including attendance as well. It's ironic that most of what is talked about and printed is the attendance and not much gets printed about the monthly information that is put out there in terms of the economic impact that the NASCAR Hall of Fame has. I think those kinds of things are what we need to continue to push and communicate as you go through this data.

Cannon: I hear that, I get that and I understand it but my wife and I had a little retail shop. We did not go into the business not projecting the amount of attendance that would come to the area to generate business, no company does. No one builds residential units without having some idea about what the market will generate. The last thing we want to see in my opinion is a shell of a building and nothing more than a shell of a building because there is no market to go into it. We have to be concerned about the level of attendance largely because that is where the funds are that support the market. So when there are bars and restaurants and other establishments built in and around the area because potentially of this arena or this stadium, you want to have some general idea that it can be supported but granted relative to our business. I think Councilman Howard is right, I think attendance should not be the sole thing, but I think it has to be a part of your calculation.

Kimble: And it is with the NASCAR Hall of Fame. I hope I did not say that attendance was not important. It is one of a multitude of factors that are important and they all carry extreme weight in terms of economic return.

Cannon: I did not think that you did say that. I just wanted to be sure that we understood investment; it does account for something.

Mobley: The final point I will make is that I know you all realize that we are talking about 72 dates; we are talking about a sustained period in time.

Mitchell: Randy, one last question?

Fallon: Are these other stadiums making money and paying back their investment?

Mobley: Yes, each one of them.

Fallon: How long did it take for them to begin making money?

Mobley: On an annual basis, they are able to meet their debt as well as be in the black so right from the get goes, now that doesn't mean that they don't still have significant debt that

they are still paying off. But they are operating based on their individual operation; they are operating at a profit.

Fallon: But that is because they started with a base of attendance with a small amount of traveling time to these stadiums.

Mobley: Well that certainly helps if any one of them had transferred into their new facility doing what they had been doing in their old facility none of them would have been operating at a profit, so each one of them had to step up their game.

Fallon: Did you say that some of them lost attendance coming from where they once were? From what I can see, we are going to be losing a lot of attendance coming from Rock Hill and Fort Mill; those people will not come up here.

Mobley: And I can't dispute that there might be some of those folks and yes there will be some folks that won't come because they have to pay $5.00 to park rather than $4.00 to park, but there will still be a whole lot of people who from the north side of town, from Center City for any reason opted not to go to the current ballpark that will be there. So to answer your question the answer is yes, in every one of these cases, they have lost a few folks. And you expect to do that but the increase on the other side of it is so significant that it is just part of doing business.

Mitchell: Randy, thank you for your time. We appreciate it. Mr. Kimble, I turn the presentation over to you.

Kimble: Thank you Mr. Chairman. I appreciate the opportunity to come back and we are going to share with you somewhat of a tweak to the model evolved since the last time. It comes as a result of conversations with many of you including Mayor Pro Tem Cannon who asked that we look more deeply at a model and we have done that. We have discussed it with you to let you know that we might be sharing something different today. Before we start, we also have in front of you the research that was done by Center City Partners. Just know it speaks to some of the questions you had for Mr. Mobley. Some other ballparks and what happened in terms of the economic development and the kinds of growth around the stadium in urban environments. That is just information for you to have; it is additional pieces of information but it speaks to what happens when a ballpark of this type goes into a particular area. Secondly, you have the draft agreement in front of you and rather than going through the draft agreement line by line, we do have the presentation on the screen. You have a copy of the presentation in front of you, and I think if we walk through the presentation, it will pick up all of the information that is in the agreement. But then at the end if we want to spend a little time looking at the agreement itself and making sure that you see that it aligns with what is being presented to you in the PowerPoint format that would be a good thing to do to make sure that we are all on the same page. And then if you are ready to make a recommendation as a Committee and that is your choice as to whether you're ready and if so what vote you would cast to move this toward City Council for consideration. That is the process for today and you have information in front of you. So if we can start, I will get right into what might have changed since the last time we were here on April 4th to where we are today. On April 4th, it was two sources of revenue funding the $9,000,000 that we brought back to you. Each one of them would be contributing $4,500,000 (NPV) Net Present Value. The first one was a ten year flow of tourism funds at $611,000 per year. That would be a guaranteed cash flow to the Knights so long as they build the stadium and play baseball in that stadium each year. It is a reimbursement payment. If they do that and they play that year, they

get a payment. If they play the next year, they get another payment. If they play the next year, they get another payment. If they don't play, the payments cease and that is the situation that I am going to share with you that is still the case today from all the different models. Then in addition last time you talked about a $4,500,000 Tax Increment Grant district where when development would occur in a tight zone around the stadium, there would be property taxes that would be paid to the City and the County. Even the ballpark itself pays property tax even the lease that they have pays property tax because it's a private stadium and the lease also has a market value associated with it; 90% of all those property taxes paid to the City and the County for the development in that tight zone and in the TIF guideline accordance with Council policy you would be returning 90% of those taxes paid to us back to the Knights for a period of ten years. They would hold the risk that if the development didn't occur at a rate to throw off that amount of money, then they would after ten years not get any more money. Or if they got the $4,500,000 NPV before ten years, it would stop there; are two caps in there, ten years and $4,500,000 NPV. That is where you were last time the second amount of revenue was risk to the Knights if the development did not happen, then they would not get payment because we would not collect the property taxes. Your TIF policy is a very wise one. All of your TIF policies have been based on paid property taxes first after the development happens then only return that to your partner on a reimbursement basis. That was the same that was structured on April 4th in these two categories. There was some desire to explore models that said what would happen if we just limited the amount of property tax return to the Knights from the block upon which they are going to build the baseball stadium and they are proposing to build a hotel beyond the left field wall; they have leased that block from the County. What would happen if we just allocated a return of property taxes only on that much smaller footprint? I think that was a good place to go and a good place to explore because what that is doing now is comparing what happens if you put a baseball stadium on this block with a hotel versus what happens if you adjust the footprint and open space park connected to Romare Park to make it larger. In the case of a park, there is going to be development around the park. We don't think it will be at the pace and rate and volume that it will be with a baseball stadium. You would still have significant development but the park itself would be tax exempt; it would not pay property taxes in that scenario. In this scenario when you are building a baseball stadium and hotel and you are only committing 90% of the taxes off of that parcel, you are still getting 10% of the property taxes on that parcel and in this new model if you combine the TIF to just that block then all the other development that occurs on the parcel that you were thinking about in that tight zone are free and clear. Property taxes to the City and County are not encumbered to the Knights and not encumbered to anybody else. They are available for whatever General Fund purposes the City Council chooses to use them for both the City and the County. This new model allocates the property taxes off of just that block of development, but we had to do it for 20 years in order to create a little bit of cash back to the Knights and that would be a $2,500,000 NPV reimbursement for property taxes paid by the Knights and the hotel on that property returned to them over 20 years. And then if $2,500,000 comes from the Tax Increment Grant then to get to the $9,000,000, you would likely think that you would have to find $6,500,000. Well if the Knights are in control of the block that they are building the stadium and they are going to participate in building a hotel on the site then that is pretty certain flow back to the

Knights. Compared to the other model where we were all having to estimate and project what the development would be around and how much of that would happen and how much property tax would go back to the Knights. Well on this case, the $2,500,000 is more certain to happen because we have ball parked that; no pun intended, at $50,000,000 of investment of assessed value calculation on this stadium and the hotel next door. We have done comparisons of hotels to determine how much this assessed value would be when put on the tax rolls. We feel quite confident that the number that we picked is the right number and $2,500,000 is likely for sure to flow to the Knights from the Tax Increment Grant. So because the certainty has picked up from the Knights and there is not an estimate and they would be responsible for any shortfall in that estimate, we felt like we should not be contributing another $6,500,000 of tourism that we should pull that back to a $6,000,000 tourism amount. So now the proposal would be an $8,500,000 participation share with the Knights in addition to the County's $8,000,000 to build the ballpark and make it successful and $6,000,000 from tourism over 20 years spread the payments out. A $2,500,000 Tax Increment Grant only on the same land that would be a park if it were not a baseball stadium and on the hotel that will be built there and any mixed-use that would be at the base of that hotel. If any development on that block and that would be $8,500,000 over 20 years and that also lines up with the County; the County's Economic Development Grant paid in equal annual installments over 20 years. Spreading it out over 20 years also encourages the Knights to keep playing baseball and instead of that commitment only being a payment each year for ten years now you get a smaller payment and you get it annually but you get it for 20 years. Anytime that you would not meet your obligation payments would cease for 20 years running. I think it protects the taxpayer and it protects the tourism partners for a longer period of time in order to have the Knights commit that they are going to be around. We all believe that they are going to be around long after 20 years in this ballpark, but at least the agreement speaks to that commitment.

Mitchell: This is a new model so I want to make sure that if the Committee at this point has questions that they feel free to ask them. Staff, thank you for hearing the feedback from the Committee and the concerns that we had.

Kimble: Now that you see the top line, we want to walk you back through this, what the Knights ask for on March 15th, what our analysis on April 4th was and the proposal of $9,000,000 as I described before and now this is the April 15th the Knights have to come clean for another $500,000. Yours goes down to $8,500,000 and now at the bottom in the green on your handout is the $6,000,000 from the tourism funding over 20 years. Also a $2,500,000 from an Economic Development Tax Increment Grant over 20 years for the stadium block only. Where before the $4,500,000 was over 10 years from the tourism fund and the $4,500,000 was an Economic Development Tax Increment Grant over 10 years from the stadium block plus the other blocks that we identified in the TIF zone. I think that this is an improvement even over where we were on April 4th and I think we are getting refined as we go and you have helped us get there. You have pressed us hard; it was our responsibility to respond back to you and this how we would frame the proposal that we have at this particular point in time. Now when you do that I wanted to refine and tweak the financing plan.

Mayfield: Ron, I just wanted to thank you and Mayor Pro Tem for the questions he asked for you to go back and look at how to redistribute this. I think the biggest concern, especially for

myself as a district representative is being able to go back to the community and explain the Tax Increment Financing and how this is going to be a benefit to the community as a whole. So with these numbers that you are presenting so far today and how we are going to split this up and the fact that you were able to reduce that $9,000,000 to $8,500,000, I just wanted to commend the staff on where this is leading. As far as the balance and if we decide to move forward that this is something that is actually going to be beneficial not only to the City, but to the citizens that are going to be able to utilize this.

Kimble: Thank you for that comment. I will say that this adjustment or tweak or newer proposal has occurred in the last 48 hours. It has created quite a whirlwind of conversation that we needed to have with the Knights. I will commend the Knights for coming to the table quickly and I believe that they are in consensus and understanding of this proposal. It also required, I think you would want us to do this, we went back to the tourism partners and to our other partners in this to be sure that if we came forward with $6,000,000 in tourism money layered with a $2,500,000 Tax Increment Grant, that it would be received and accepted and embraced. I think that I can sit here today and say that the read on that is that and just because we are bringing it to you, we have also made sure that you knew what we were doing. We have tested this over the last 36 to 48 hours and it has been quite a whirlwind but I think it makes sense and it's an improvement to the financial model and that is why we are bringing it forward today. We had involved many of our staff members in the Attorney, Finance and Neighborhood & Business Services; this has cascaded to many different folks in the last day. I want to make sure that we continue to have consensus with any document that talks about the financials, it also needs to speak to what some of the business terms are and some of the negotiation points were. The Knights must play baseball uptown to earn payments on a reimbursement basis; otherwise payments will cease. The Knights are responsible for all operating losses and for construction costs overruns. If litigation prevents completion of the baseball stadium, the Knights must pay the City's legal costs. The County's agreement is unaltered; this is in addition to the agreement with the County and the Knights and that agreement is part of an addendum to our agreement. So nothing is lost and nobody can say that there was not a complete transparency to the transactions involving the County and the City and the Knights. The Knights get to use the Right-of-Way if they get out into the street to construct the baseball stadium and the hotel during construction at no cost. That is standard when the City is partner in an economic development public/private partnership. MWSBE (Minority Women Small Business Enterprise) we spent a lot of time in the last 2-1/2 weeks on this; Nancy Rosado and Brad Richardson have been in a lot of meetings with the Knights and their team of people that are going to build this stadium. This is where they landed in terms of the MWSBE plan.

Richardson: I will first remind you of the letters MWSBE; we have an SBO Program so you are used to seeing contracts with SBE goals only. Because this is a partnership and there are public dollars from the County coming in, we partnered with the County on a joint MWSBE plan. We are the SBE and they have the MWBE program. So that is the explanation for the long acronym at the top of your copy. This is consistent with our Ballantyne infrastructure grant agreement we worked with on a similar type of arrangement whereby we set an SBE goal, an MBE goal and a WBE goal. The aggregate of that goal is a very strong goal we believe at 16% of the total construction costs. The reason that they don't add up to 21% and 16% is the goal is an expectation that there is overlap in firms that are both SBEs,

MBEs and WBEs. That is why the numbers don't add up to 16%. We have met with the contactor and the Knights owners and representatives and are all in agreement that this is a very aggressive but attainable goal given the opportunities that present themselves in the stadium construction.

Mitchell: I think we all are very passionate about SBE participation in this project and we appreciate staff finding ways for SBEs to participate. Is there anyone here from Rogers Builders? I see R.J. Leeper here so Mr. Leeper thank you very much. We look forward to a successful partnership.

Cannon: What do these percentages represent in whole numbers?

Richardson: So if the total contract amount is $64,000,000. I am going to look at Nancy Rosado to respond to that question. Nancy, can you come up and answer that question so I can get it correct?

Rosado: This agreement is actually for the sub-contracting portion of the construction budget and when you deduct the amount that will be done by the primes; the total subcontracting amount is approximately $36,000,000. The 16% aggregate MWSBE goal of 16% represents $5.76 million of that $36 million.

Cannon: Any idea what Rogers and Leeper construction piece looks like?

Rosado: My understanding is that the construction budget is approximately $41,000,000, and out of that amount, approximately $36,000,000 will be awarded to subcontractors.

Cannon: How does this compare to the Arena, the sports complex with Time Warner Cable? How do these expenses stack up?

Rosado: This agreement is in line with those projects.

Cannon: I recall when we were going through that process we had, I believe, Linda Lockman-Brooks as a consultant at that time. One of the things we had her go back and look at because the number came back at about 20% and we were like wow that is a pretty high number. Then I asked to go back and factor in steel and concrete which was not factored in. Then when we factored that number in. Of course, it came down tremendously; almost to single digits. I am trying to get a handle on that; it's probably that much more. But this is a little bit different because you have Rogers which is a WBE firm and you have RJ Leeper which is MBE firm so that puts that piece to bed. But I would still be interested in some point in utilization of who else will be out there even firms that are SBE, MWBE and WBE. It doesn't matter to me how that structure is set up; I would have the same expectation if it were a minority firm.

Kimble: We will track each one of these and give the aggregate and I think we can track who. Is that correct?

Rosado: This agreement does not allow for any payments made to the construction managers to be counted towards the established MWSBE goals. In addition, project goals will be tracked separately and in the aggregate. By tracking it this way, we will be able to know what subcontractors are counting towards each of the MBE, WBE, and SBE goals individually and in the aggregate.

Cannon: O.k. Thank you so much.

Fallon: Can we just go back one place? I have a question. If litigation is obtained, would it be paid by the Knights? Ron, you have done a fabulous job in getting this together and trying to tailor is it so it is all in there and I understand that. What happens if you get this stadium half built and they run out of money? What happens then?

Kimble: I will look to Anna Schleunes who has worked on that agreement to address that question.

Schleunes: The intention would be if the stadium doesn't get built or is partially built but never used for baseball, then any legal fees that we would have incurred as a result that would have prolonged, disrupted or prevented it from happening would be covered by the Knights.

Fallon: If they are able to cover it, what do we do if we have only a half of a stadium? Are they going to come back to us and say we need the money to finish it?

Schleunes: Under the agreement as it's written, they couldn't do that. They don't get a single payment until the stadium is built and they have played a season of baseball. Another thing is if they are in default and the County terminates either of the agreements for any reason, then our agreement terminates as well and the obligation to pay ends.

Fallon: And we end up with an empty stadium half built?

Schleunes: Is that possible? Yes that is possible; that is not a legal issue, but yes that is a possibility.

Fallon: That is something we have to consider because this is all built on a house of cards.

Schleunes: Our money is last in, so if that happens while it is an issue, it doesn't impact the payment terms as they are currently proposed.

Kimble: And the improvements that have been completed, whatever stage they're in, would revert to the County under the land lease.

Schleunes: Yes, they would revert to the County under the land lease agreement.

Fallon: Then we are stuck looking at a half built stadium that the County owns?

Kimble: Then we need to make decisions about what we do if the Knights default and there is no longer a team.

Fallon: That is what I am getting at.

Kimble: Then we could recruit another team.

Mitchell: I hate to put Mr. Leeper on the spot. Mr. Leeper, could you tell us your experience how many stadiums that are half built?

Fallon: What things has he started that ended up not built?

Mitchell: Mr. Leeper, we would like to know from a construction standpoint from your experience with the Arena, the likely hood of something half built.

Leeper: Well you know the Arena was a different situation; it was all your money. So if it had been half built, it would have been because you ran out of money. I think in this case, I mean again I am not on the financial side of any of it, but I suspect that everybody is going to know if the money is available before you start the construction. We certainly would want to know that as the contractor. It is not in our interest to get involved in a project where we are not going to get paid or half completed. I think all the partners will know the financial resources that are available to complete the project before you start it.

Mitchell: Thank you sir.

Cooksey: I appreciate where Council Member Fallon is coming from because from her desk she gets to see a building that was left half done for quite a number of years uptown. There are a lot of ways to critique this deal, but honestly, I think that risk is present whether we are in it or not. The fact that City payments don't start until the thing is completed doesn't change whether or not the thing gets built.

Kimble: The financing is the key and that milestone is to be completed by June 30th so the financing plan will be known and in place.

Howard: Mr. Cooksey that was my point. It's not even our issue until it's completed.

Kinsey: It sounds to me like it's a going thing whether or not we participate. They have the contractors and there is a sign out. Frankly, I don't see any need for the City and my constituents agree too. I can't sell them on creating a memory. I am sorry the people in

Windsor Park are not coming down here and they don't care. There are a lot of other people that feel that way. I am just baffled why we are spending so much time. We have contracts and they have contractors and Council has not even voted. I am just a little bit baffled.

Kimble: I will attempt to answer if the Knights would like to chime in, that would be there choice. They know their money that they are spending now could be at risk because you have not voted and don't know what they would do. I sense that they would not go through with the deal here if City money is not there as the last money in, but that is a question that you would have to ask the Knights. The money that they are spending now is at their own risk, not at your risk.

Cannon: I want to get a follow up to Ron's suggestion. I would like to have a response from the Knights about that question that Ms. Kinsey presented.

Rajkowski: The response is yes the process has begun; we are at risk until June 30th. If we don't perform with the financing, if we can't put the financing model together, the ownership group is at risk and we will risk it and the project will not proceed. The portion of the request in what we have worked out here for the last several months but certainly over the last several days is the part that makes the model work. To put the package together so that we can build this ballpark that's affordable that can have outside events that is able to make its debt service payment and be able to sell the citizens of community a $7.00 and $8.00 ticket. If the gap isn't closed, you have to look at other sources. We have exhausted that portion that we believe is important to close the gap. To put it together and get public participation and a partnership that we think will work and get it built and hopefully that is the answer.

Mitchell: Thank you Dan.

Cannon: Any of us that are looking at business across the board understand that when you are trying to put together a financial model any one missing piece of the puzzle doesn't complete the puzzle. So the puzzle sits incomplete so $1,500,000 or $2,500,000 or $500,000 can make all the difference, but you have to keep it in context. You might not think it but sometimes $2,000,000 can stop a deal because no one else from the lending institutions or investors may be coming to the table because that is all they are going to resolve. You can remember trying to buy your first home the bank is going to give you only so much on that loan to back you and if you couldn't come up with $50.00 you were out. This no different in the way of a business deal and that is why I would think that the Knights are in front of us making this request.

Pickering: I have gotten conflicting reports. Have our citizens voted on what they want to do with this piece of property at this site? What have they told us?

Kimble: I think that was an issue with others in the community who think one thing and the County Commissioners who have defended it for another reason. It can be used in the opinion of the County who was the one who purchased the land that it can be used for a ballpark.

Mitchell: I think the citizens of the Third Ward Neighborhood Association actually passed a resolution and contacted all Council Members supporting the use for baseball.

Pickering: Some folks have told me that our citizens have voted and it was originally intended to be a park. I know there is a lot of history so I am just trying to get clear on it.

Kimble: Mr. Reese, who is sitting in the audience, has contended that. He has gone to court; there have been multiple losses in that regard and the County has been successful in its defense

of being able to do so. I think they have proven that through the language and through the documents that were there at the time. So that is the answer that I would give; it's been defended in court and it's been upheld in the County's position.

Kinsey: There was also a bond on the ballot several years ago and I can remember that it said park, so they are trying to determine that ballpark can qualify for that. So that is the simple answer right there; it's none of this court stuff. It's just a simple County Commission terms on a ballpark. There was controversy back then; I remember when they decided that. The County Commissioners said they thought it could be that way. It's the same way when we put something on the ballot; it has to say what we are going to do and stay within those bounds. They determined that is where the bounds are now at the County.

Cooksey: I have a couple of questions for Mr. Rajkowski if he can come back up. One of the things that we have noticed on Council is that for the past two years some of our construction estimates have actually been going down. We had a project fairly recently where we had estimated $26,000,000, but then a low bid came in at $20,000,000. This project on the other hand has seen cost increases since the original plan which is why as I see it you are coming before us. Can you talk to the Committee a bit about what has driven the cost increases for your project?

Rajkowski: Well I think there are several answers, one is in pricing this back in 2006 and we have done it three or four times; we have seen a dip in construction. It is beginning to climb back up in certain principals as we understand it and I am not an expert in construction but we have some folks that are. Our team is working now very aggressively to give us updates as to how those construction costs are going. We are seeing some light increases in some areas, but as we define and get this ballpark built, we are going to have a certain baseball park and then we will have alternative things that we want to continue to look at and see if we can add back to the project.

Cooksey: Related to your sources of revenue, I know you have multiple ones on here. The one that we often come back to is ticket prices. Looking at the map and excluding all the complicated NPV calculations $8,500,000 over 20 years is less than $1 per person of estimated attendance if we go with the 600,000 number. Are you aiming to keep your ticket price to stay with the current rates at the Fort Mill stadium or have you already, as in some of your estimates, increased them as much as you can to drive the revenue as high you can get? If so, you can't push those any further to gain the additional funding that you are asking the City for.

Rajkowski; I guess the simplest answer would be, and we have discussed this before, the philosophy of minor league baseball and particularly our organization is for affordable family entertainment. If we get away from the concept of having a $5.00 - $7.00 general admission ticket, I think we get away from what our business is all about. Now I will tell you that there will be certain ranges as we have put in some in our documents, somewhere between $16.00 and $18.00, I think for those types of seats. There are other elements in the stadium such as club seats and suites that will be higher end but those are corporate. The average citizen should be able to come to our ballpark and be family-affordable. This is the concept that we have and that is why the model is so important. That is why we are here today to discuss how do we keep that and not get away from the core values of our business.

Cooksey: I don't expect an answer but given the fact that these sorts of things are fluxing and you never really know until you go to bid. Again, I don't need a response just something for us to think about. Given that we are looking at a fairly low amount per year on the City's contribution that doesn't begin until after the team starts playing, I am wondering unless it is in here already some provision in the agreement to say that if payments are not necessary, they don't get made. I presume that they are fitting into your financial piece to cover some particular slice of the cost. Our part does not begin until you start playing if you have the place built and you start playing. You may not need that $522,000 per year for the hotel motel tax. Maybe there is a way that we could add a component to the deal that says well if your revenues are greater than you thought they would be, the City part does not have to come into play. Again, just speculation at this point, I wasn't expecting an answer, just food for thought. I appreciate your answers to our questions. They do help and particularly to Mayor Pro Tem's point about the financing package also helped to see where that goes.

Mitchell: Thank you Dan.

Kimble: We wanted to make sure that we included what does this accomplish and what is the return to the City of Charlotte.

Cannon: I know we talked about pre-participation. What about post-participation?

Rosado: Can you please clarify what you mean by post-participation?

Cannon: Well there is grounds, there is janitorial, there is food and beverage and a host of different things. That may not be down the track that we would go, I don't know. I just got that question about that and what happens in that area.

Rosado: This agreement and these goals do not pertain to anything post-construction; the MWSBE goals here are totally for construction on that $36,000,000 that is estimated for the construction costs. Any participation post-construction would be a separate conversation with the Knights.

Cannon: Is that atypical and like that all over the City?

Kimble: I think one of the answers would be if we want to get that deeply into it then we need to be part of the risk sharing on operating losses. If you start to get into operations then you need to be in all the way.

Cannon: O.k., moving right along.

Kimble: Returns to the City we talked about that last time; it is just here. As this document travels, it needs to say why the City is involved in this. It is an entertainment facility for the general public and families at an affordable price. It is a venue that convention goers and leisure tourists will help pay for. In fact, they are helping to pay for $6,000,000 out of the $8,500,000 NPV City contribution. It will host many community events and special sporting events that are beneficial to Charlotte. Remember the 72 home games are usually folks within a tight geography that come there; they are not guests that come for days upon days, but when you host these other festivals and tournaments, people come for two to five days and you get additional economic return and impact beyond baseball when you have a facility that can be used for attracting convention goers and tourists that stay for an extended amount of time. That is where hotels and restaurants really feel an even greater impact because of the extra events and dates that are booked into the stadium beyond the 72 home games. This is in our opinion, this is staff's opinion, and it's for the Council to judge a fair and equitable public/private partnership for all parties. We spent a lot of time looking at other AAA minor league baseball partnerships across the

country. Quite candidly, this is on the lower side of public investment to help make a AAA franchise get into a new stadium, one that is in the urban center. We have analyzed these and each deal is separate from the other. You really have to look behind it, but in our opinion, staff's opinion, this is a fair deal for the City Council and the Mecklenburg County Board of Commissioners. On a scale of ranking this compared to other AAA minor league fields across the country, there is risk protection for the taxpayers and for the partners but those are public dollars and City Council controls how they are spent. This is a deal that protects the taxpayers because you only pay if the Knights perform. There is $38,000,000 in direct annual economic impact; $66,000,000 in indirect and direct and induced from the report that Mr. Connaughton issued. It has 490 direct jobs annually and 749 jobs when you count direct and indirect and most all of those jobs will be North Carolina jobs paying income tax and contributing to the job growth in North Carolina and some to South Carolina. We are a region. South Carolina jobs count too for our region, but most of these will be people who live in North Carolina that will have the jobs. In addition, I didn't put down here now that we have restructured this partnership and none of the property taxes off of the ancillary development in the tight zone, now $362,000,000 in investment over the next ten years was contemplated with this baseball stadium. Now all of that economic return on property tax by the City and County is yours unrestricted. The way that we have restructured this partnership; you get to use those for CIP that is under consideration, you get to use it for police, fire, streets, garbage collection. You get to use it for General Fund purposes unrestricted and unencumbered by a baseball partnership. I think that is important to recognize.

Cannon: Ron, one of the things that we talk about is the return to the City. We have had this discussion for some time about the return on the investment that we are trying to instill within our youth. I don't think it would be a bad idea to incorporate and use the Mayor's Youth Employment Program in this piece as a true bullet point. Also, this is a way to incorporate some of these mentoring organizations that are around to get them tied into this have the Knights commit to engaging with us on this side at least. Our area supports the Mayor's Youth Employment Program and the Mentoring Alliance; some way tie that back in. In as much as we are trying to pave a way potentially for this to occur, I think our youth need to be engaged in some sort of way.

Kimble: We addressed that in prior meetings, but I think it would be great to add that here and I will discuss it with the Knights and we will make sure that we are addressing youth employment opportunities. They do some of that now in South Carolina; they have education day just coming or recently past and they will continue to have more and more of those days. I think they would be very open to that.

Cannon: If nothing else but exposure. I remember Crocket Park. When I was a little dude, I had an opportunity to go out there and be on that field. By the way, this past week a little boy put pressure on me and told me he wanted to be a ball boy. I say that in context in hopes that is something that will be considered.

Howard: I would like to make a motion that we forward this to the Council for consideration.

Mayfield: I second that.

Mitchell: Motion made and seconded.

Howard: I have a question.

Mitchell: I have officially put the motion on the floor.

Howard: One of the things that I had asked Ron at the last meeting was a question about days that the stadium could be used for special events. I think that the CRVA has a special agreement with the Knights for special events. Can you explain that?

Kimble: There is an agreement between the Knights and CRVA of 12 dates per year that the CRVA could book events into the Knights baseball stadium. We have also added a section that mirrors mostly what the County had in their agreement, in this agreement on page 3 section 3-C. The knights agree to cooperate with and coordinate special stadium events programing with the City, the Charlotte Regional Visitors Authority, Charlotte Center City Partners, and the Mecklenburg County Parks and Recreation Department.

Howard: Can I make a couple statements on why I am supporting this?

Mitchell: Yes, go ahead.

Howard: I think that I understand some of our colleague's reservations because there is some confusion with the public about all the various conversations that we are having right now with potential budget coming up along with baseball. I think I want to say that I am taking the responsibility of explaining why all these things that are different fall on us and not just on the staff to do it. I personally want to take that on and try to explain how this is different from anything that Curt is talking about; what the liability is to the public and what is not. I don't think the fact that it is confusing to the public should be a reason for us not to support this is what I am getting at. One thing that I promised myself when I got elected was not going to make that decision on important stuff; especially stuff that would be kind of trade to different areas of the community and this is what it is to me. When you take this along with the investment that the County is going to make with the park, it started building momentum in the areas. I am a native Charlottean. As far back as I can remember, I would ride bus #10 down Mint Street where there were parking lots for a really long time. When you think about the fact that you can take this momentum and build on what the County is doing and eventually what the State is going to do with Gateway Station, it starts to make a difference for the whole area downtown. Eventually that means that a strong downtown means good things for this whole region, not just for the downtown residents. Public/private is a way that we have done things; this is not a situation where we have taken on risk by ourselves but with a number of people and that is where Charlotte will start to grow. We talk a lot about making Charlotte the best it can be and building on its quality of life and making a place where we can live, work and play. So either we mean that or we don't. I think we have made it a great business environment where people live that are working hard and we need to make sure that people have outlets too. We have done that with arts, we have done that with Discovery Place and a lot of other places. So for the small amount of investment that I think it will take to participate in this and help activate a whole area where there is nothing but parking lots, that's why I am supporting this.

Mitchell: Are there any other comments from the Committee?

Cannon: While I think that there has been a lot of headway made, and I certainly appreciate the time that Deputy City Manager Ron Kimble has made and all of those associated with City staff and those working with him, those persons from the private sector making every effort to talk to Members of Council for a better understanding across the board. To those persons that have been here, no matter where you fall pro or con against, we appreciate your involvement. But as we move forward through the recommendation that is on the table that has been made a motion by Mr. Howard and seconded by Ms. Mayfield, I still

want to make sure that we are being as transparent as possible through this. For me, that means that in as much as the bank is the bank, we have to continue to operate as a bank. We all have shareholders; we sit on this board of directors and they hold us accountable for trying to make very important decisions on their behalf. It is with that said that if I vote in Committee today to move forward, I vote for it in favor conditionally. Conditionally from the aspect of having to read through this draft that I just got and haven't read thoroughly; I like to hang on to every word. I am checking the periods out, all the commas, all the punctuation and I have not had the time to do that. It's going to be important before I sign off on anything like this that I know exactly what I am agreeing to. Some things can be in fine print that you would miss and I want to make sure that I am not missing anything so I want to give myself that cushion between now and decision time to make any other suggestions that need to be made along the way. Not that I question you Mr. Deputy Manager, I am just saying that I want to make sure that it is a fair type as it should be and that is number one. On transparency in talking about the bank, I still believe we need to know who is at the table. I would like to know who is out there on these naming rights and any other folks that might be vested in this potential opportunity. I think the public has the right to know that. I think we should be transparent about that, otherwise it looks like we are trying to hide something and I am not in the business of trying do that and don't want to be accused of it. The last piece allows accountability; we need to find a way that any monies that we include in this opportunity that folks understand how it is going to be utilized. I know that can be touchy to some but I truly believe that any government should always make sure that its taxpayers know how its money is being spent. For instance, we propose a tax increase of any sort people have come to me and said you know what I might be o.k. with that just as long as I know where my money is going and it is not just being taken away from me. I want to continue to have that discussion about how we get there to make sure that taxpayer dollars are being used in a way that citizens would expect them to be used through this process as we go forward. It is not unprecedented in terms of what the City has done in the past. You can go back as far as the Bank of America Stadium in 1989. I again will be supportive of this but conditionally having the right to change or maintain my position if I see this is not going in the direction that it should. I want to thank you again for everyone working to get us to where we are, specially the Committee. Thank you Mr. Chairman for working really hard; thank you for your leadership.

Cooksey: I agree with Mayor Pro Tem that more transparency would be welcome. We are looking around the room making Charlotte a very transparent, open and visible partner in this effort. There are other partners that the Knights are reaching out to and I would wish and realize that there are some particular business conflicts in the way that this works, but I would just like to say too that would be very helpful for the community at large as well as Council in particular for those entities that are willing to be partners of the Knights in this to be as public about their partnership as we are being asked to be. I think that would be very helpful. Another element that concerns me is that we all try to have a general philosophy about how we approach this job. Mine consistently has been since I got elected that though I am elected from a district, I am elected from a district to provide geographic diversity on Council. My responsibility is still to vote on the best policy for the City as a whole and not simply one part of it. What makes this particular issue a tremendous test of that policy is that we are talking about relocating an entertainment

asset to be further away from the constituency that elected me to this Council. So that even if all the argument were in favor of this stadium being uptown are good for Charlotte for those of us for whom it is a five to ten minute back drive into the stadium to enjoy baseball, the folks in District seven will have more difficulty getting to the stadium and thus may be less likely to attend. So that turns part of the question about do we have enough evidence as a Council to vote on this, a choice between the Knights and Fort Mill or the Knights uptown. Or is it a choice between the Knights uptown and the Knights existence? I think it would be very helpful in addition to having the business partners come forward if the Knights could lay out as strong a case as possible to show folks that the choice here, if indeed it is this choice, is between the Knights uptown and or the Knights in Charlotte. Because if the choice is the Knights uptown or the Knights in Fort Mill, for south Charlotte that is an easy vote, keep them in Fort Mill where we can get to them easier. But that is not necessarily the best interest in Charlotte. I try speaking to the best interest of Charlotte as a whole but this is a very specific case where I can delineate a difference and that is what makes it difficult. In light of that, I am going to vote no on the motion to go forward acknowledging Mayor Pro Tem noting that he is voting yes to moving forward with provision that he might vote no on it when it comes to final Council. I am going to vote now with a provision that there are things that could persuade me to vote yes, I just have not seen them yet. Thank you.

Mitchell: There has been a motion on the floor, all those in favor say aye. All those opposed?

VOTE: Howard made the motion and Mayfield seconded to make a recommendation to City Council for consideration at a future Council meeting for the City's participation in the Charlotte Knights baseball stadium. The vote was 4 to 1 with Cooksey against.

Mitchell: Motion made to move forward. Claire, you have a comment?

Fallon: I have no objections to a baseball stadium; my objection is asking the people for whatever small amount it has to go private. The City is asking for a tax increase for infrastructure, this is such a poor time to bring this up. I can't walk down the street or go to a meeting without people approaching me. I will tell you from Third Ward that I must have 150 e-mails from people saying no. I am not going to exchange this for a tax increase that we must have for infrastructure. I do not get to vote here, this is your Committee, but I do get to vote on the Council.

Cannon: She is talking about tax increase for infrastructure. Would you comment on that please Mr. Deputy?

Kimble: I think Ms. Fallon is referring to the Manager's proposal that he is intending to put into his budget recommendation. It is for transformational investment in our community in line with the Council's vision that you saw in February. You are going to spend some time evaluating that over the next 45 days and this Council's decision ultimately as to what progress you make.

Cannon: The point is that I want to make sure that there is a clear distinction and it did not sound like there was a clear distinction. It sounded like that comment was looped into this particular subject matter and it really is a subject matter of another issue.

Kimble: As Mr. Howard said, "How can we explain this better to the citizens?" The explanation is if you invest in baseball, it will create more property tax dollars that can be used for General Fund purposes; that is what will happen.

Howard: I never liked just throwing stuff out and not having a balance; you have 150 as you say against and we have a whole bunch for it. I have gotten just more for it than against.

Mitchell: Staff, thank you.

Kimble: We have another item on the agenda.

II. Subject: Small Business Month Update

Mitchell: Brad, you have an update for us?

Richardson: I did want to introduce our newest team member, Natasha Warren. We have had a vacancy in our office for about four months we recast that vacancy into what is called a Small Business Services Manager. In future updates on Small Business Month and small business activities outside of the SBO policy, I wanted you to know that Natasha Warren has joined us.

Mitchell: Welcome Natasha.

Richardson: Natasha's responsibilities are she's running the other side of our small business office which relates to the resource partners and the City's web portal and providing good small business customer service. She and Nancy are colleagues in our office with Nancy running the Small Business Opportunity Program and Natasha running Small Business Strategy broadly. She came to us from an internal position with Engineering and Landscape Management where she has been for two years in their Business Services Division. I know we are running out of time today, but I wanted you to see the latest updates. Small Business Month kicks off in just a couple of weeks on May 2nd. This is the same calendar that you have seen before; it is getting a little bit more firm. The blocks in orange are confirmed events. I will point out just two for you that is the kick off on May 2nd. It's a morning meeting here in the Government Center lobby where we will proclaim Small Business Month and recognize some small businesses in town and give you a chance to participate and interact with the community. We will conclude the month on May 24th with the Crowns of Enterprise Awards where we will reward and recognize those companies who have done excellent in utilizing MW and SBEs and including diversity in their work practice. Nancy's team in our office is running that program. I will take questions, but before I do that, I will point to the back page of your handout. You recall we asked you to help us with the kick-off of Small Business Month by recognizing a small business on that morning. I will share with you the list of small businesses that you have nominated or worked with us to find in your district or in a particular sector. These are the businesses we have for you.

Mayfield: Brad, I am looking at this list and I thought I had two? This is a pretty expansive district.

Richardson: In all fairness to the Committee, the comment that Ms. Mayfield made was in future years would be nice to have more than one so that I could recognize more than one when the district is vast. We have committed next year to have more. This one is very important; it is in the energy sector on Westinghouse Boulevard.

Mayfield: I just need to make sure that the community knows that I fought to have more than one.

Richardson: We have reached out to all of these companies and notified them that they will be recognized by their Council Member. The Mayor has been asked to recognize the winner of tonight's Charlotte Venture Challenge that is happening at the NASCAR Hall of Fame.

We are looking forward to this day; it will be a chance to recognize what we mean in our community by small business. It is not a myopic vision of a small retailer it is a very broad vision of employers; you can see the diversity of businesses we have on this list.

Howard: I just wanted to thank the staff for all their work.

Mitchell: Brad, let me go to the schedule. We have so many conflicts; I would like to get as many Committee Members there as possible. Is the Mayor on schedule?

Richardson: We do have the Mayor confirmed for the 8:30 proclamation.

Mitchell: Mr. Howard has a conflict, Mr. Cooksey is o.k. Ms. Mayfield, will you be able to attend?

Mayfield: Yes, I have it on my calendar.

Mitchell: Brad?

Richardson: I am concluded.

III. Subject: Next Meeting Date

Mitchell: The next meeting is scheduled for May 3rd.

Richardson: We tentatively had a hold on Mr. Franklin Lee's calendar to come back and do a deeper dive on the Disparity Study recommendations. We would need to know now if there is a conflict on that date.

Mitchell: That is too important; I know work has me out of town.

Cooksey: I really hope May 17th really does become the High Growth Entrepreneurial day; that could be the event highlighting the month.

Richardson: We envision the Disparity Study also traveling through at least two Committees but there is flexibility; either one of those topics can go in either of those dates.

Mitchell: Thanks everybody, we are adjourned.

Adjourned: 10:52a.m.

Economic Development Council Committee
April 19, 2012 at 9:00am
Room CH-14

Committee Members: James Mitchell, Chair
Patrick Cannon, Vice Chair
Warren Cooksey
David Howard
LaWana Mayfield

Staff Resource: Ron Kimble, Deputy City Manager

AGENDA

I. CHARLOTTE KNIGHTS STADIUM UPDATE – 90 minutes
Staff: Ron Kimble, Brad Richardson, Anna Schleunes & Greg Gaskins
Action: Review a draft development agreement for the City's participation in the Charlotte Knights baseball stadium, and if ready, make a recommendation to City Council for consideration at a future Council Meeting. **Attachments**

II. SMALL BUSINESS MONTH UPDATE – 15 minutes
Staff: Brad Richardson, Neighborhood & Business Services
Action: Receive an update on local activities planned for Small Business Month in May. No action required.

III. CRVA Barometer April Report – (Information Only – Attachment)

IV. NEXT MEETING DATE: May 3, 2012 at Noon, Room 280

Future Topics & Tentative Schedule:
- High Growth Entrepreneur Policy (May 17)
- Disparity Study (May 3 & 17)
- Youth Employment (June 7 or 21)

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

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Economic Development Committee

April 19, 2012

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CITY OF CHARLOTTE

Stadium Project

	City 4/4/12	City 4/19/12
Tourism	• 10 years - $611,406/year • 6% discount factor • Yields $4.5M NPV • Guaranteed Cash Flow	• 20 years - $522,000/year • 6% discount factor • Yields $6.0M NPV • Guaranteed Cash Flow
Tax Increment Grant	• 10 years capped at $4.5M NPV • 6% discount factor • 90% of City property taxes paid, reimbursed on stadium block and adjacent development • Risk born by Knights	• 20 years capped at $2.5M NPV • 6% discount factor • 90% of City property taxes paid, reimbursed only on stadium block controlled by Knights • Reduced risk to Knights
Total City Contribution (Net Present Value)	$9M	$8.5M

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CHARLOTTE.

CITY OF CHARLOTTE

Charlotte Knights Stadium Analysis (3/15 vs. 4/4 vs. 4/19)

	Knights Proposal 3/15/12	City Analysis 4/4/12	City Analysis 4/19/12
Knights Investment (Equity, Financing, Naming Rights, Suite Sales)	$35M	$37M	$37.5M
County Investment	$8M	$8M	$8M
City Investment	$11M	$9M*	$8.5M**
Total Stadium Cost	$54M (65/35)	$54M (69/31)	$54M (70/30)
County Land Contribution	Silent	$20M	$20M
Total Stadium and Land Cost	Silent	$74M (50/50)	$74M (51/49)

* $4.5M from Tourism Funding over 10 years
$4.5M from Economic Development Grant over 10 years (Stadium Block plus Adjacent Development)

**$6.0M from Tourism Funding over 20 years
$2.5M from Economic Development Grant over 20 years (Stadium Block Only)

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Financing Plan

	Owner's Capital	Borrowed Capital By Knights*	Total
Direct Capital:			
Capital Provided by Ownership	$7.5M		$7.5M
Capital Provided from Advance Naming Rights, Advance Sponsorships, Advance Suite Sales, Advance Concession Related	$5.5M		$5.5M
Capital Derived from Cash Flow:			
Private: Revenue Stream From Future Naming Rights and Future Suite Sales *(Risk born by Knights)*		$24.5M	$24.5M
County: Revenue Stream From County over 20 Years (ED Grant) *(Contractual Cash Flow)*		$8.0M	$8.0M
City: Revenue Stream From City over 20 Years (Tourism) *(Contractual Cash Flow)*		$6.0M	$6.0M
City: Revenue Stream From City over 20 Years (ED Grant) *(Risk born by Knights)*		$2.5M	$2.5M
TOTALS:	$13.0M	$41.0M***	$54.0M**

* Numbers in this column are net present value computations
** Stadium cost overruns are the responsibility of the Knights, as are any operating losses
*** Knights intend to borrow construction funds based on anticipated cash flows

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CITY OF CHARLOTTE

Additional Agreement Terms

- Knights must play baseball uptown to earn payments on reimbursement basis; otherwise, payments cease
- Knights responsible for all operating losses
- Knights responsible for construction cost overruns
- If litigation prevents completion of the baseball stadium, Knights must pay City's legal costs
- County's agreement is unaltered
- Knights use right-of-way during construction at no cost (standard when City partners)

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CITY OF CHARLOTTE

MWSBE Plan

Project Goals for Target Work:

SBE Goal – 5%
MBE Goal – 11%
WBE Goal – 5%
Aggregate MWSBE Goal – 16%

Target Work includes professional services, hauling, excavation, construction and construction-related work, among others.

Contractor agrees to meet Project Goals or demonstrate good faith efforts throughout Project.

Contractor also agrees to notify City of MWSBE contracting opportunities, involve City in goal setting and report all contracting activity to City each quarter

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CITY OF CHARLOTTE

What This Returns to City

- An entertainment facility available for the general public and families at a very affordable price
- A venue that convention goers and leisure tourists will help pay for
- A facility that will host many community events and special sporting events that are beneficial to Charlotte
- A fair and equitable public/private partnership for all parties
- Risk protection for the taxpayers
- $38M in direct annual economic impact, $66M in total annual economic impact
- 490 direct jobs annually, 749 in total jobs annually (most all NC instead of SC)

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Financial Comparison of a With Baseball versus a Without Baseball Model

With Baseball

Year	Development Value	District Value	Property Tax	NPV City
2015	88,491,840	54,972,500	24,023	23,099
2016	161,819,859	100,525,000	43,929	63,714
2017	193,934,321	120,475,000	52,648	110,518
2018	224,443,059	139,427,500	60,930	162,601
2019	254,951,797	158,380,000	69,212	219,488
2020	319,180,719	198,280,000	86,648	287,968
2021	362,000,000	224,880,000	98,273	362,647
2022	362,000,000	224,880,000	98,273	434,453
2023	362,000,000	224,880,000	98,273	503,498
2024	362,000,000	224,880,000	212,726	647,208
2025	362,000,000	224,880,000	982,726	1,285,568
2026	362,000,000	224,880,000	982,726	1,899,376
2027	362,000,000	224,880,000	982,726	2,489,575
2028	362,000,000	224,880,000	982,726	3,057,075
2029	362,000,000	224,880,000	982,726	3,602,747
2030	362,000,000	224,880,000	982,726	4,127,432
2031	362,000,000	224,880,000	982,726	4,631,937
2032	362,000,000	224,880,000	982,726	5,117,038
2033	362,000,000	224,880,000	982,726	5,583,482
2034	362,000,000	224,880,000	982,726	6,031,985
2035	362,000,000	224,880,000	982,726	6,463,238
2036	362,000,000	224,880,000	982,726	6,877,904
2037	362,000,000	224,880,000	982,726	7,276,622
2038	362,000,000	224,880,000	982,726	7,660,004
2039	362,000,000	224,880,000	982,726	8,028,641
2040	362,000,000	224,880,000	982,726	8,383,100

Without Baseball

Year	Development Value	District Value	Property Tax	NPV City
2015	-	-	-	-
2016	14,850,000	9,875,250.00	43,155	39,899
2017	49,500,000	32,917,500.00	143,849	167,781
2018	76,500,000	50,872,500.00	222,313	357,815
2019	103,500,000	68,827,500.00	300,776	605,031
2020	129,150,000	85,884,750.00	375,316	901,649
2021	154,800,000	102,942,000.00	449,857	1,243,503
2022	154,800,000	102,942,000.00	449,857	1,572,208
2023	154,800,000	102,942,000.00	449,857	1,888,272
2024	202,050,000	134,363,250.00	587,167	2,284,941
2025	231,300,000	153,814,500.00	672,169	2,721,569
2026	231,300,000	153,814,500.00	672,169	3,141,404
2027	238,050,000	158,303,250.00	691,785	3,556,873
2028	244,800,000	162,792,000.00	711,401	3,967,689
2029	244,800,000	162,792,000.00	711,401	4,362,705
2030	244,800,000	162,792,000.00	711,401	4,742,528
2031	244,800,000	162,792,000.00	711,401	5,107,742
2032	244,800,000	162,792,000.00	711,401	5,458,909
2033	244,800,000	162,792,000.00	711,401	5,796,571
2034	244,800,000	162,792,000.00	711,401	6,121,245
2035	244,800,000	162,792,000.00	711,401	6,433,431
2036	244,800,000	162,792,000.00	711,401	6,733,611
2037	244,800,000	162,792,000.00	711,401	7,022,245
2038	244,800,000	162,792,000.00	711,401	7,299,778
2039	244,800,000	162,792,000.00	711,401	7,566,636
2040	244,800,000	162,792,000.00	711,401	7,823,231

Property Tax	Full	NPV
Baseball	16,568,543	8,383,100
Without BB	14,306,484	7,823,231
City Net:	**2,262,059**	**559,869**

Assumptions for With Baseball:
- Same development and district values as presented to Committee
- Use current tax rate of 43.7 cents
- Assumes STIG payments as outlined to Committee
- NPV calculated at City cost of funds of 4%

Assumptions for Without Baseball:
- No stadium or hotel
- Development is delayed between 1-6 years
- Development value is 10% less
- District value is calculated on same basis as "With Baseball" scenario
- Use current tax rate of 43.7 cents
- NPV calculated at City cost of funds of 4%

Impact of Minor League Baseball
April 12, 2012

Charlotte CENTER CITY Partners

Durham Bulls AAA(1995) - Durham, NC

- $325M in private development immediately adjacent to the Park
- 960,000 square feet of office space - American Tobacco and Diamond View
- 100 residential units
- Five time host of the ACC Baseball Tournament and home of Duke Blue Devils

Source: Bill Kalkhof, President – Downtown Durham / The Herald Sun "Developer Plans Diamond View III Construction

Bricktown Ballpark AAA (1998) - Oklahoma City

- Private and nonprofit interests have a combined $3.1 billion since the development of the ball park. During that same period, the public contributed $350M
- 500 residential units constructed, an additional 365 currently planned
- 45 restaurants, bars and nightclubs
- 11 retailers
- 325 hotel rooms with an additional 425 proposed

Source: Bricktown Strategic Plan, February 2012, Robert Charles Lesser & Co.

Slugger Field AAA (2000) - Louisville, KY

- $350 million in private investment
- 600 new residential units built (with 450 currently under construction)
- 210,000 square feet of new or renovated retail space
- 100,000 office square feet - $13M
- 140 Room Hotel - $13.5M

Source: Patti Clare, Interim Chief of Economic and International Development

Fluor Field AA (2006) - Greenville, SC

- 48 new businesses generating over $12.5 million in sales though December of 2009
- 67 building permits issued for commercial and residential projects
- 230 housing units built since 2007

Source: Mary Douglas Hirsch, Downtown Development Manager

Huntington Field AAA (2007) - Columbus, Ohio

- Huntington Field anchors the final phase of development in the Arena District
- Hilton Hotel - 500 rooms - to be completed 2012
- $250 million project launched in 2008
    - 450 units of housing
    - 300,000 square feet of office space in two buildings
    - 120,000 square feet of retail space

Source: Linda Logan, Columbus Sports Commission

AutoZone Park AAA (2000) – Memphis, TN

- $36 million, 385-unit, high density urban apartment community incorporated in five buildings along a relocated street
- $30 million Toyota Center, 200,000-square-foot building redeveloped into 220,000 SF of class A office space
- Tax increment district have exceeded projections by 200%

Source: Urban Land Institute

Fifth Third Field A (2000) – Dayton, OH

- Relison Company building - $22 million new headquarters across the street from the ballpark, bringing 500 jobs downtown
- $230 million riverfront development project involving residential, retail and entertainment by Mandalay Group.
- Addition of approximately 400 residential units

Source: Sandy Gudorf, President of Downtown Dayton Partnership

ECONOMIC DEVELOPMENT, AAA BASEBALL STADIUM AND RECREATION GRANT AGREEMENT

THIS ECONOMIC DEVELOPMENT GRANT AGREEMENT (this "**Agreement**"), entered into as of this ___ day of _____, 2012, by and between Knights Baseball, LLC, Inc., a North Carolina limited liability company (the "**Knights**"), and the CITY OF CHARLOTTE, a North Carolina municipal corporation (the "**City**").

RECITALS:

WHEREAS, Mecklenburg County (the "**County**") and the Knights entered into that certain Development and Economic Grant Agreement dated November 20, 2007, as amended through May 14, 2012 (the "**County Development Agreement**") and that certain Lease Agreement for the Stadium Site dated March 18, 2008, as amended through May 14, 2012 (the "**County Lease Agreement**") through which the County supports the development of a Triple-A ("**AAA**") minor league baseball stadium and related improvements in Uptown Charlotte; and

WHEREAS, the area in which the AAA baseball stadium will be located is currently underdeveloped and provides a minimal contribution to the tax base; and

WHEREAS, the City recognizes the importance of increasing opportunities for economic development, commercial development, job creation and expansion of the tax base for the public benefit; and

WHEREAS, the Stadium, the Stadium Site and the Commercial Development contemplated by the County Development Agreement and the County Lease Agreement will facilitate such economic development, commercial development, job creation, and expansion of the tax base through the addition of an estimated $362,000,000.00 to the tax base over the next 10 years; and

WHEREAS, the Stadium and the Stadium Site will also provide and promote recreation and entertainment for the citizens of and visitors to the City; and

WHEREAS, the City has the authority to make economic development grants that will increase its taxable property and business prospects and to support recreation facilities such as coliseums and stadiums (G.S. 158-7.1(a), G.S. 160A-353, G.S. 160A-489 and S.L. 2001-402); and

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

1. **County Development Agreement and County Lease Agreement**. The County Development Agreement and the County Lease Agreement are incorporated herein by reference.

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2. **Definitions**. To the extent capitalized terms are not otherwise herein defined, they shall have the meaning ascribed to them in the County Lease Agreement.

"**Baseline Tax**" refers to the total real and personal ad valorem taxes assessed by the City against the Increment District for the Baseline Tax Year; provided, however, that no portion of the property taxes levied by the City on the Increment District pursuant to N.C. Gen. Stat. §160A-542 for a service district overlaying the Increment District or any portion thereof shall be included for purposes of determining the Baseline Tax.

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

"**Business Day**" means a day of the year that is not a Saturday, Sunday, legal holiday or day on which national banks located in Charlotte, North Carolina are required or authorized to be closed.

"**Fiscal Year**" means the fiscal year of the City which extends from July 1 to June 30th of the immediately following calendar year. For example, fiscal year 2013 extends from July 1, 2012 to June 30, 2013.

"**Increment District**" means the area and properties that comprise the Stadium Site.

"**Occupancy Tax Funded Installment Payment**" shall mean the twenty (20) equal annual installment payments of $522,569.00 made by the City to the Knights. Such installment payments shall not exceed $6,000,000.00 net present value. For purposes of this Agreement, net present value assumes a six percent (6%) annual discount rate.

"**Stadium**" means a stadium to be constructed and operated by the Knights on the Stadium Site, as more fully described in the County Development Agreement and providing a minimum of 10,000 seats and dimensions and facilities suitable and in compliance with Minor League Baseball Requirements for the conduct of, and attendance by patrons at Professional Baseball Games.

"**Stadium Project**" means and includes the Stadium, the Commercial Development and all other buildings, structures, facilities parking lots, utilities and other improvements owned by and built or placed on the Stadium Site by or on behalf of the Knights from time to time during the term of the County Lease Agreement for use by the Knights or any of their tenants.

"**Stadium Site**" means that certain parcel of land, rights of way and easements located on the site generally bounded by South Graham, South Mint, West Martin Luther King Jr. Blvd., and West Fourth Streets in Uptown Charlotte, North Carolina as more fully described in the County Lease Agreement.

"**State**" means the State of North Carolina.

"Substantial Completion or Substantially Complete" mean and refer to the condition occurring when the Knights Baseball Stadium and all other improvements constructed on the

Stadium Site (but not including the Commercial Development) have been completed, a temporary or permanent certificate of occupancy has been issued and a substantial completion certificate in the Form of AIA G-704, or comparable form, Signed by the Architect for the Stadium has been delivered to the County.

"**Tax Increment Increase Amount**" shall mean for each applicable Fiscal Year after the Baseline Tax Year, the amount by which (a) the total real and personal ad valorem taxes levied by the City on the Increment District for such Fiscal Year, and that have been paid prior to May 1, exceeds (b) the Baseline Tax; provided, however, that no portion of the property taxes levied by the City on the Increment District pursuant to N.C. Gen. Stat. §160A-542 for a service district overlaying the Increment District or any portion thereof shall be included for purposes of determining the Tax Increment Increase Amount.

"**Tax Increment Maximum Grant Amount**" the cumulative tax increment grant payments made to the Knights shall not exceed the net present value of $ $2,500,000.00 as of June 1 of the calendar year in which tax increment grant payments begin. For purposes of this Agreement net present value assumes a fixed discount rate of six percent (6%) annually.

"**Tax Increment Grant Payment**" shall mean the annual tax increment grant payment due and payable pursuant to Section 4(b) hereof.

3. **Knights Obligations**.

a. As more fully set forth in the County Development Agreement and the County Lease Agreement, the Knights shall, at their sole cost and expense, develop, construct, maintain and operate the Stadium and such other improvements that constitute the Stadium Project. The Knights shall have the sole responsibility for managing and operating the Stadium and the Stadium Project. The City shall have no obligation whatsoever to maintain any part or portion of the Stadium or the Stadium Project and shall have no responsibility to fund any construction cost overruns, operating losses, make capital expenditures or provide other financial assistance or assurances to the Knights in connection with the ownership and operation of the Stadium or Stadium Project, except as provided in this Agreement. Notwithstanding the foregoing, the City shall continue to maintain any infrastructure and improvements that are customarily the responsibility of a municipality to maintain.

b. The Knights shall use the Stadium and the Stadium Site primarily and continuously for the operation of a professional baseball stadium and the conduct of Professional Baseball Games during the term of and subject to the County Lease Agreement.

c. The Knights agree to cooperate with and to coordinate special Stadium event programming with the City, the Charlotte Regional Visitors Authority, Charlotte Center City Partners and the Mecklenburg County Parks and Recreation Department.

4. **City Obligations**.

a. Occupancy Tax Funded Installment Payment. The City agrees to make twenty (20) equal annual Occupancy Tax Funded Installment Payments with a cumulative total of $ $6,000,000.00 net present value beginning on or around June 1 of the calendar year that

immediately follows the date of Substantial Completion of the Stadium and the playing of a regular season of baseball for the Knights therein. The funding source for such installment payments is the occupancy tax authorized by S.L. 2001-402. In the event that this Agreement is terminated at any time prior to the payment of the final Occupancy Tax Funded Installment Payment, the City's obligation to make Occupancy Tax Funded Installment Payments shall cease upon such termination.

b. Tax Increment Grant Payment.

(i) The Knights may begin requesting Tax Increment Grant Payments by notifying the City of such request by no later than April 1 of either the first, second, or third calendar year, as selected by the Knights, that follows the calendar year during which Substantial Completion of the Stadium and the playing of a regular season of baseball for the Knights therein occurs. The City shall commence making such payments in accordance with the provisions of this Agreement for such year and for each of the nineteen (19) calendar years that immediately follow the year when the Tax Increment Grant Payment request is made.

(ii) By June 1 of each calendar year after receiving the Tax Increment Grant Payment request pursuant to subsection (b)(i) above, the City shall make a Tax Increment Grant Payment to the Knights in an amount equal to 90% of the Tax Increment Increase Amount for that Fiscal Year. The parties acknowledge that only one request will be made by the Knights to commence the Tax Increment Grant Payments in the first year and that no further request is needed for the payments in the nineteen (19) subsequent years.

(iii) Notwithstanding subsection (b)(ii) above, in the Fiscal Year in which the City's Tax Increment Grant Payment would, along with the total amount of all previous Tax Increment Grant Payments paid pursuant to subsection (b)(i), exceed the Tax Increment Maximum Grant Amount, the City shall pay the Knights only that amount necessary to make the cumulative Tax Increment Grant Payments then paid to the Knights equal to the Tax Increment Maximum Grant Amount.

(iv) The City's obligation to make Tax Increment Grant Payments shall cease upon the earlier of: (x) the Fiscal Year in which total Tax Increment Grant Payments equal the Tax Increment Maximum Grant Amount; (y) the end of the nineteenth Fiscal Year following the first Fiscal Year in which the City made a Tax Increment Grant Payment pursuant to the terms of subsection (b) hereof; or (z) the Fiscal Year in which this Agreement is terminated.

5. **SBE Plan**. The Knights shall adhere to the provisions of the SBE Participation Plan attached hereto as **Exhibit A**.

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

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7. **Term**. This Agreement shall commence upon execution hereof by all parties hereto and shall continue, unless sooner terminated as herein provided, until the City has made its last payment pursuant to Section 4. The City shall have the right to terminate this Agreement if grounds for termination exist under the County Development Agreement or the County Lease Agreement or if such agreements are terminated. Notwithstanding the foregoing, the Knights may terminate this Agreement at any time upon written notice to the City if in their discretion they decide not to move forward with the Stadium Project.

8. **Notices**. All notices concerning this Agreement should be addressed as follows:

If to the City:	City of Charlotte Neighborhood & Business Services Director Attn: Patrick T. Mumford 600 East Trade Street Charlotte, NC 28202
If to the Knights:	Don Beaver Beaver Sports Properties, Inc. P.O. Box 601 Conover, NC 28613
Charlotte Knights Baseball Club:	Attn: General Manager 2280 Deerfield Drive Fort Mill, SC 29715
With a courtesy copy to:	Jonathan Fine Fine Strategies jfine@finestrategies.com

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

9. **Default**. In addition to any default described elsewhere in this Agreement, the Knights shall be in default under this Agreement if they are in default under the County Development Agreement or the County Lease Agreement. In the event the Knights are in default under this Agreement, the City shall have the right to exercise such rights and remedies as are expressly available to the County in the County Development Agreement and the County Lease Agreement and any other rights and remedies available at law or in equity or as otherwise set forth in this Agreement, including, without limitation, the right to immediately terminate this Agreement and cease Occupancy Tax Funded Installment Payments and Tax Increment Grant Payments. Notwithstanding the foregoing, the City shall not terminate this Agreement as a result of the Knights' default under the County Development Agreement or the County Lease Agreement unless and until the Knights have failed to remedy such default within any applicable cure periods available in the County Development Agreement or the County Lease Agreement.

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10. **Attorneys' Fees**. If as a result of any litigation in which the City is a party (i) the Knights fail to commence construction of the Stadium in accordance with the terms of the County Lease Agreement or (ii) the Knights commence construction of the Stadium, but fail to Substantially Complete the Stadium in accordance with the terms of the County Lease Agreement, the Knights shall reimburse the City for all of the City's attorneys' fees incurred in connection with defending itself during the course of such litigation. Without limiting the generality of the foregoing, attorneys' fees shall be determined at the normal hourly rates charged by the person doing the work, regardless of whether said fee bears a reasonable relationship to the relief obtained.

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

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

13. **Assignment**. The Knights may sell, assign or transfer its rights under this Agreement to any person or entity that acquires all or substantially all of the Knights' interest in the Stadium Project. The Knights shall have the right to transfer, assign, convey, pledge or encumber, in whole or in part, any or all of its rights to any benefits, proceeds or receipts to which it is entitled under this Agreement as security in connection with a loan transaction in support of Stadium construction or operation of the Knights' business.

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

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

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

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

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

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

20. **Further Assurances**. The parties hereto hereby agree to execute and deliver to the other party, from time to time, upon request, such reasonable documentation as is necessary to assure, confirm, reaffirm, correct, perfect, evidence or consummate more fully the transactions and obligations set forth herein or in any extensions or modifications hereof. The City Manager shall be authorized, and hereby is authorized, to execute any such further reasonable documentation on behalf of the City.

21. **Limitation on Damages**.

IN NO EVENT SHALL ANY PARTY BE LIABLE UNDER ANY PROVISION OF THIS AGREEMENT FOR ANY SPECIAL, INDIRECT, INCIDENTAL, CONSEQUENTIAL, EXEMPLARY, TREBLE OR PUNITIVE DAMAGES, IN CONTRACT, TORT OR OTHERWISE, WHETHER OR NOT CAUSED BY OR RESULTING FROM THE SOLE OR CONCURRENT NEGLIGENCE OF SUCH PARTY OR ANY OF ITS AFFILIATES OR RELATED PARTIES, except that the foregoing limitation of liability shall not apply to any act or failure to act of a party constituting gross negligence, willful misconduct or bad faith that results in the other party's inability to consummate the transactions contemplated in this Agreement.

[*Remainder of this Page Intentionally Left Blank*]

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

KNIGHTS BASEBALL, LLC

By: _____

Name: _____
Title: _____

ATTEST:

CITY OF CHARLOTTE

_____
City Clerk

By: _____
Name: _____
Title: _____

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

_____
Finance Officer

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EXHIBIT A

<u>SBE Participation Plan</u>

[See Attached]

CHARLOTTE

NEIGHBORHOOD & BUSINESS SERVICES

Charlotte Knights Stadium Update – April 4, 2012

Ron Kimble's Presentation

Howard: **How long is the land lease?**

Kimble: The lease is for 49 years initial term, two 25-year renewals. If there is ever a default in that 99 year lease, the improvements revert to the County. I am not sure if it goes the full 99 who would own the improvements. The County would, per Mr. Shields head nod behind me.

Cannon: **Is there something on the land that in some future time revert back to the County? I am sorry, revert to the leasee if they so desire to purchase the land?**

Kimble: One dollar per year for the first 49 years of the initial lease and two 25 year renewal options for a total of 99 years for those three periods.

Cannon: **So if there is a downside, the only downside is that it is not owned by the Knights where we could collect property taxes?**

Kimble: That is an excellent point Mr. Cannon. There is a leasehold value of the lease, a market attachment of property taxes to that leasehold value. So the Knights will pay City and County property taxes on the market value of that lease. Even though they are paying $1.00 per year for that lease. In addition, since the improvements are private improvements, the improvement will also pay City and County property tax. Another advantage in doing this in the way that we are structuring the partnership with the private sector building the stadium on leased land.

Howard: **In the instance of Sacramento, the public did participate in issuing bonds. Does that mean that they had any guarantees put in place? Did they have some type of backstop in the financing plan because they issued the bonds? It looks like there was some type of public guarantee in place.**

Kimble: You are correct and that is why we said all we did on this sheet was to capture the data from last time. You would have to look behind each deal to find out exactly how the deal works behind the scenes.

Mayfield: **So you just mentioned when Allentown built they also used some State funds?**
Kimble: They did.

Mayfield: **Assuming that we are going to get to that part, I wanted to make sure that we have an opportunity to discuss and identify State funds to help build this stadium.**
Kimble: The Knights explored that five years ago when they did the deal with the County as they reached a dead end with the State of North Carolina. But we did not want to leave that stone unturned; we approached the State of North Carolina in the last three weeks. We worked this issue hard and we got an answer back in the last couple of days that indicated that the restrictions on Job Development Investment Grants on the One North Carolina Fund prohibit the use of State funds in North Carolina for professional sports other than motor sports.

Fallon: **Does the County $8,000,000 have any strings attached of what it can be used for?**
Kimble: It has to be used in the stadium and infrastructure construction. It is a 20-year commitment by the County at a stated amount per year based upon the economic impact that the stadium brings to Mecklenburg County. Anytime I am saying anything incorrect about the County, Bobbie Shields behind me can chime in anytime he wants to.

Barnes: **What would be the intended use of the $9,000,000?**
Kimble: The stadium cost is estimated at $54,000,000. The $9,000,000 is broken into two amounts $4,500,000 from tourism and $4,500,000 from the Tax Increment Grant. Those cash flows allow the Knights to go and get $9,000,000 more in financing from lenders. They have to go and secure and the lenders have to agree to lend that much more money on the knowledge that the cash flows from the City and the County will then help the Knights retire that long-term financing over time. The Knights actually have to go and get the financing.

Barnes: **So public money would be used to secure private debt?**
Kimble: It would be cash flow that supports private debt. Yes, the lenders would count that as collateral for the Knights to be able to retire that debt. The cash flow will stop if the Knights ever fail to perform or fail to hold baseball year in and year out here. The cash flows are after the fact they are reimbursements. They are flows that have to come but there will be provisions in the agreement that say the cash flow stops if the Knights fail to perform.

Mitchell: **I do think we need to reintegrate that so that people understand the timeline. When, if this is passed, will the City's money start to contribute to the Knights?**
Kimble: I assume that the County's 20 years starts when they start playing baseball, the same as ours. We have aligned with the County and we have had many conversations with the County in the last three weeks as we have had with the

Knights. We are making sure that our project terms and our business terms align. We will actually be including a copy of the County's agreement as an attachment to ours. We will mirror many of the terms that the County has.

Barnes: **Is there any other methodology that we might employ major corporate sponsorship to help provide that collateral, that $9,000,000 that is essentially collateral?**

Kimble: We have stretched the limit on naming rights and sponsors, suite sales and the things that they can sell in order to reap revenue streams that will help them retire the debt. You are going to find that they are financing $41,500,000 of the $54,000,000 stadium project. What we have found is that across the country minor league baseball stadiums require this amount of public participation to get them over the finish line.

Barnes: **Do you remember what the value of our participation in the value of the land swap was?**

Kimble: I don't know if I can recall that off of the top of my head; Mr. Smith was key in putting that together. It was a swap with Marshall Park.

Smith: I believe it was the trading of assets and its value; it was value for value. It wasn't an investment in the exchange of properties in the ledger. I don't remember the exact numbers. I will have to get that for you.

Howard: **If for some reason it would default, I know that the County has the claw back in the improvements. Do we get a piece of any of that as a claw back?**

Kimble: We have not talked about that because the County has $28,000,000 in this deal and we have $9,000,000. We feel that we are partnered and I think this team is going to be wildly successful, so let me go on record to say that. You always have to in these development agreements talk about the things that nobody wants to talk about; what happens if there is a default. If there is a default and this team leaves, the improvements will be owned by the County and we can recruit another baseball team to replace the Knights in terms of a default.

Howard: **So they get a baseball stadium. Do we get something that would come back so that if they sell it either as a property or as with the improvements that are on it? Do we get back our part?**

Kimble: They bought the land originally; we did not share in the cost of the land. They are putting in $8,000,000 and we are putting $9,000,000; it's pretty much reverting back to the land lease and the construction improvements on there.

Howard: **I am asking if there is something shared between us and the County that if they get their value back is there a percentage or something? I am looking at Bobbie Shields if he wants to respond.**

Shields: I will respond and it's probably not what you want to hear. The way this is seen from the County's prospective is that the stadium and the land is really the City's

assets as well. If you start talking about the City getting something back, we will all reflect on the investment that the County is making with the City in park land, such as First Ward, the investment in Sugar Creek, and what will be built in Second Ward. It is very curious for the City when the County is giving both park investments to ask for something else toward this investment.

Mayfield: **Just so that I have a clearer understanding of this conversation. If they were to default, our payments would stop? Our payments don't start until after completion and a game is generated? So if there was something that happened in the next five years, there is a possibility that we are not even paying anything into it?**

Kimble: We would have paid the annual amount up to the time of default. If the default happens, then we don't pay any more payments beyond that.

Cannon: **We know right now through research that I have done, we don't have a market analysis. If we look at the market right now, apartments are the only thing that is coming up out of the ground at present. What kind of real return will the citizens be getting on that investment, property tax wise? I want to make sure that when we are talking about the return to the taxpayers that we understand that it's going to be down the road. When and what is the question today of the real dollars that will go back into this community.**

Kimble: We have the answers now; they are ahead in the program. Do you want to go over that now?

Mitchell: Let's just stay with the program if we can.

Fallon: **After spending huge amounts of money to build these stadiums, most of them are losing money. Have you done a survey of that?**

Kimble: Yes, we did last time and we have the trend lines on the attendance. So we did not suit that back up again today.

Fallon: I wish I had that.

Mitchell: We can share a copy with her.

Kimble: To your question Mr. Cannon, the tourism piece of $4,500,000 is a guaranteed cash flow. It happens when they play baseball when the stadium is completed and they continue to play baseball. Half of the $9,000,000 is guaranteed cash flow and we are going to make a payment of $611,500 per year, the same amount each year for 10 years at a 6% discount rate, which is their cost of money. So it's $611,500 at 6% and its $4,500,000 net present value we are going to pay over 10 years. The source of funds is the first 3% of occupancy tax and the first payment is to be made after the stadium is complete and the Knights are playing baseball.

Mitchell: **The date is 2015?**

Kimble: They are committing that they are going to be playing baseball April 1, 2014 so it would be 2015. The first payment is made after they are playing baseball.

Mayfield: With the identified locations do we already have a commitment on those parcels or which parcels are committed?

Zeiler: We do not have commitment in terms of permits that have been pulled. We have had conversations with the owner of this parcel. We have a firm understanding of what their announced plans are and we have a firm understanding of where they are moving forward and their timeline to begin construction, which is likely within the next 18 months. We have had good conversations with the folks who are in the process of doing some land development over here as well as what their vision and financing sources are likely to be; timing in the next two to three years. Parcel nine is hotel and mixed use is part of the Knights stadium project.

Barnes: Are you saying that the proposed development in parcel number two is because of baseball?

Zeiler: We are saying that the volume, velocity, and value of that is going to change because of baseball. That is, baseball will allow the developer to go from 200 units to 300-350 units. It will allow them to build in 2013 and not later in 2016, so you start effecting the timing. You start affecting how many units can be built there and you start affecting the quality of the building that you build, such as charge more rent and putting amenities like a roof top pool for example. That has the ability of driving more units at a faster rate and at a higher value than you would get without any investment in this area.

Barnes: And you are saying that for everything in the green box?

Zeiler: Everything that you see in the green box that is what we pulled in and after several iterations with Center City Partners after outreach to the development community. There were outreaches to people who own parcels here, some of the corporations and some of the investors. This is what we thought was the tightest drawn boundary that we get that preserved as much tax base for the remainder of the City.

Cannon: Can you tell us the type of residence?

Zeiler: Yes, you can see it at the top of the page. Parcel nine is where the stadium and hotel will go; we expect that to be delivered some time by 2014 and have an approximate value of $90,000,000. Parcel two is residential with a value of $55,000,000 in 2014.

Cannon: Remind us again of the type of units?

Zeiler: Apartment project, the next one that will come online is parcel number eight, which will likely be mixed rental and condo with maybe some retail on the first floor.

Cannon: **So it could be a combination of apartments and condos?**
Zeiler: Yes.

Cannon: **There is already an interested party in that project?**
Zeiler: Yes.

Cannon: **Do we know if there is any ink with the property owner of that site?**
Zeiler: There are several parcels here; some are already controlled by developers. Others, it's my understanding, have options and folks are working through putting together the conceptual financing. Parcel number three would be a group of mixed-use buildings most likely first floor retail with apartments or condos above. Parcel 11 could be condos or apartments, it depends on what is happening in the market but the potential is strong.

Cannon: **They are trying to find what the proper use would be on that piece of dirt. I am familiar with who owns that property; I think they are trying to determine what the proper use would be. You are suggesting that a proper use could be residential?**
Zeiler: Our estimation is based on uses in uptown based on the configuration of that parcel and its location that most likely use will be residential.

Cooksey: **Are these projected total values or incremental increases because of baseball over what would be built around the park without baseball?**
Zeiler: And the straight and honest answer is this is responsive to baseball, this not the difference between what we could project absent baseball versus what would be there because of baseball. This is what we expect to be on the ground if baseball is there. We have not done the exercise of looking at the parcel and nuances.

Cooksey: **I still think it's a relative factor in terms of the knowns and the unknowns that we anticipate there to be development around the park.**
Kimble: Good question to ask. None of our tax increment grants that we have done in the last 20 years are increment over what could happen versus what is expected to happen in the model. So the answer is no, these are full increments not compared against value, velocity, and volume if baseball is not here.

Cooksey: **How does this district compare with the County? For their $8,000,000, they have a district relative?**
Kimble: The County didn't do a district; the County did an Economic Development Grant based on economic impact of the model.

Mitchell: **Do we have the Zoning?**
Kimble: We do.

Mayfield: **So it doesn't take in appreciation?**
Zeiler: No it does not.

Mayfield: **What is fallback if it takes longer for the market to really turn around and for us to see appreciation if we see deprecation in the first three or five years? What is plan B on that?**
Zeiler: Going back to Mr. Kimble's earlier comment, if these numbers begin ratcheting down, if something happens and it cascades all the way through. And in year 2024, we are only at say $2,999,100, we have we have hit our 10-year term. We stop payments. The difference between that $2,999,100 and the $4,250,000 that we would give to the Knights through this agreement that is their loss and risk. We do not push on to year 11, 12 and 13 to get them to the $4,500,000. If the reverse is true, if we find that there is appreciation and we find that we have been conservative on our volume, velocity and value and in year 2022, they are actually at $5,029,000. We stop at $4,500,000 we don't go past that number.

Howard: **Before construction starts, they need to have commitments on the $5,500,000? Are they going to do that with suite sales and naming rights? Is there any drawback from the staff on whether that can happen?**
Kimble: They gave the numbers to us and we believe that this is a reasonable model. When they sell these naming rights and the suite sales and sponsors, they occur over a long horizon, 15 to 18 years. So they are getting a small portion of this up front.

Howard: **They don't need it up front?**
Kimble: Well, the $5,500,000 is how much they are getting upfront of all of these suite sales, naming rights and sponsorships. Those sponsorships and naming rights are also paying money over a longer horizon; this is the advance portion that they are collecting in cash up front.

Cannon: **That $5,500,000 is suite sales and naming rights?**
Kimble: Naming rights, sponsorship, suite sales and some concession related revenues that they are collecting up front.

Cannon: **Is there a breakout that they can give us to let us know how much each one of those is?**
Kimble: Not at this time.

Barnes: **Regarding those two parcels that Councilmember Cannon mentioned, did the proceeds from those sales go to the General Fund?**
Kimble: I need to look because you have spent money acquiring all these assembled parcels for the Arena with different funds and tourism dollars. So the $2,100,000 may not have been returned to the Tourism Fund; it may have been returned to the General Fund. I will check on that.

Fallon: **Regarding that $5,500,000, is what to come but not on the table?**

Kimble: I think Peter has described what the intelligence data and the conversations are in the market. And if it doesn't materialize at the volume, value and velocity that Peter described, the City of Charlotte is not at risk. The property taxes are paid to the City and we return 90% of the increment that has been determined. So if the development doesn't happen, the property taxes are not paid to us then we don't pay 90% to the Knights.

Mayfield: **So that I have a clear understanding, we have two different conversations happening. There was ask for tax increase but that isn't affected by what we are talking about today? This increase is going to be determined on that area that we looked at earlier as far as the taxes coming from those parcels? Just so I have a clear understanding.**

Kimble: Here is my answer. If baseball stadium doesn't go there, you will not get all those property taxes in that zone because it won't develop as fast. You won't get the majority of those tax revenues without baseball. It will happen but it will happen over a longer period of time.

Mayfield: **So we are saying those new taxes are what we are tying into baseball so that citizen A when they ask me why are you making my taxes higher, am I paying for this baseball stadium? The answer that I am taking back to those citizens is what?**

Kimble: You are using property taxes generated by the stadium in a tight zone but they are new revenues that are not going to materialize if you don't have the baseball stadium. You are using property taxes but you are using new property taxes catalyzed by baseball.

Mayfield: **So those taxes don't come in until 2014 or whenever the stadium is opened? So for my citizen today that calls me and says you are asking to raise taxes, are my taxes going to pay for this? My answer is no the taxes that are paying for this aren't going to be realized until after the stadium is built?**

Kimble: You are only committing 90% for 10 years of the new property taxes. After 10 years, you get 100% of the property taxes on all of these new developments built around baseball that can help you pay for all the other improvements that are in the Manager's package.

Howard: **If the stadium doesn't happen, if tax increases don't happen, does it take away from other projects? In other words, there would be no extra to put into other projects?**

Kimble: The amount catalyzed by baseball; that is correct.

Mayfield: **The SBO provisions, how does that tie in with the fact that it was reported through the media that some contracts have already been signed when we are still having these conversations?**

Kimble: The team has selected the team of architects and contractors have been selected and it will be their responsibility to meet the goal that we jointly establish on small business utilization during the time of construction.

Mitchell: **There are two separate categories, the County has MBE and the City has SBE.**

Richardson: This looks like the Ballantyne agreement that you most recently saw had an MBE goal and SBE goal, it will be similar.

Howard: **I see a great join up with the Mayor Youth Employment Program I want to make sure that we get out to the public this conversation.**

Kimble I agree and will add another one. We have a lot of business travelers that come to Charlotte because of the financial center and the business center.

Mayfield: **I am just wondering, there were more than 30 questions that came out of the last meeting. I see that you have prepared the answers to those questions. Were we going to go over the answers to these questions today or was this just information for us?**

Kimble: Information for you and if you still find one question that has not been answered; I believe we that provided answers to 95% of the questions. We tried to bring them back in to the session today, but if we missed one or two, we would be more than happy to go back again.

Howard: **Major league team, has anyone talked to anyone about a major baseball league to find out what is going on with that potential?**

Kimble: I took that on and nobody will be willing to talk about a specific parameters and criteria that they use. They would not get into a conversation but I did find out that these are the kinds of things that they would evaluate: population size and population density. What is the median income of the population served? What is the potential business and corporate sponsorship potential for such a major league team? What is the ownership capacity and who are the owners? What is the media market size compared to the rest of the media market in the country? What is the competition from other sports and major league franchises that would also try and draw its support from some of these same people and corporations over and over again?

Charlotte Business Resources.com

Presents

Small Business Month

May 2012

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
		May 1	2	3	4	5
		Women Business Owner of the Year Awards Gala 6:00 p.m. *NAWBO*	**Kick-off Event with Mayor Foxx & City Council** 8:00 am		**Charlotte Startup Weekend @ Packard Place**	
6	7	8	9	10	11	12
Start-up Wknd		**Social Media Makeover** 8:00 a.m. – 12:30 p.m. *Promoted by BIG*		*CEO Entrepreneurs Forum* *Packard Place* *7:30 am – 9:30 am*		
13	14	15	16	17	18	19
		Women Entrepreneurs Conference 8:30 a.m. – 2:30 p.m. *Rowan-Cabarrus Community College*	**Latino Business Roundtable** 8:00 – 9:30 am *Latin American Coalition* **Start-Up Charlotte** 11:30 a.m. – 1:00 pm *Engage Charlotte*		**Mayor's International Community Awards** 7:00 p.m.	
SBA's National Small Business Week (May 21 – 25)						
20	21	22	23	24	25	26
	Entrepreneurial Success Conference 8:30 am – 3:00 pm *CPCC*	*Charlotte-London Entrepreneur Video Conference* *Hosted by Charlotte Chamber*		**Crown of Enterprise Awards** (SBE/MWBE) 5:00 – 8:00 p.m. *City of Charlotte/ Mecklenburg County*		
27	28	29	30	31		

Visit CharlotteBusinessResources.com for details

CHARLOTTE
NEIGHBORHOOD & BUSINESS SERVICES

Mayor/Council Small Business Recognitions

small business month MAY 2012 OPEN CHARLOTTE

COUNCIL	BUSINESS
Mayor Foxx	**Charlotte Venture Challenge Winner**
Autry	**MPG Import Auto Services** • Small automotive repair owned by two brothers • Monroe Rd
Barnes	**Cakes 'n Flakes** • WBE • Bakery & Indian fast foods • 2515 E Arbors Dr (University)
Cannon	**Metrolina Tradeshow Expo** • WBE • Operating 30+ years • Unique venue attracting national vendors/visitors • Statesville Rd
Cooksey	**Carolina Premier Bank** • Community bank formed in 2007 • Ballantyne
Dulin	**Zapata Engineering** • MBE • Large engineering firm • Fairview Rd
Fallon	**MailVu** • Branding & marketing thru videos • Located at Packard Place
Howard	**Walkers Transportation** • Home-based husband & wife transportation company
Kinsey	**Medicine Center** • Independent pharmacy on Central Ave for 20+ years
Mayfield	**Argand Energy** • Westinghouse Blvd • Solar design & installation; US manufacturing in New Mexico • Recently recognized by President Obama
Mitchell	**Enventys** • Helping inventors take ideas from concept to market
Pickering	**Clear Collar** • Medical device manufacturing firm • Outsources manufacturing locally • Device won McColl School's Spirit of Entrepreneurship award in 2008 • 1200 The Plaza

The Charlotte BAROMETER Report

An Official Publication of the Charlotte Regional Visitors Authority

APRIL 2012

National & International Business & Convention

CENTER FOR EXHIBITION INDUSTRY RESEARCH

The **Center for Exhibition Industry Research** (CEIR) reported better numbers for the exhibition industry. Overall exhibition industry activity increased by 3.8% year-over-year during the fourth quarter of 2011 and rose by 2.7% for the year 2011 as a whole. CEIR Index data for the fourth quarter of 2011 show increases in all four metrics of measurement: net square feet (+4.2%); revenue (+5.1%); professional attendance (+3.6%); and number of exhibiting companies (+2.4%).

Local Perspective

CHARLOTTE AREA LODGING – FEBRUARY SMITH TRAVEL RESEARCH

Charlotte market **occupancy** was 61.6% for February, up 1.5% from February 2011. Year to date occupancy is 56% in our market, up 2.7% from the same period last year. By comparison, year to date occupancy is 53.2% in the US (up 3.7%), 48.4% in NC (up 3.1%) and 61.3% in the Top 25 (up 3.9%).

Room demand totaled 552,284 rooms sold in the Charlotte market for February, up 1.3% from February 2011. Year to date room demand in our market is up 2.3% from the same period last year. By comparison, year to date room demand is up 4.1% in the US, up 3.8% in NC and up 4.4% in the Top 25.

Charlotte market **average daily rate** (ADR) was $83.93 in February, up 2.7% from February 2011. Year to date ADR is $82.34 in our market, up 3% from the same period last year. By comparison, year to date ADR is $102.02 in the US (up 4%), $77.90 in NC (up 3.3%) and $120.66 in the Top 25 (up 3.7%).

Charlotte market **revenue per available room** (RevPAR) was $51.70 in February, up 4.3% from February 2011. Year to date RevPAR is $46.07 in our market, up 5.8% from the same period last year. By comparison, year to date RevPAR is $54.25 in the US (up 7.9%), $37.67 in NC (up 6.5%) and $73.98 in the Top 25 (up 7.7%).

Charlotte Market Trends

- 26 straight months of occupancy improvements
- Highest number of February rooms sold on record
- 28 straight months of room demand improvements
- 20 straight months of ADR improvements
- 25 straight months of RevPAR improvements

MECKLENBURG COUNTY HOSPITALITY TAX COLLECTIONS-- FY12 THROUGH FEBRUARY

Mecklenburg County **6% regular occupancy tax collections** total $16.7 million fiscal year to date through February, up 10% from the same period last fiscal year.

Mecklenburg County **2% NASCAR Hall of Fame occupancy tax collections** total $5.6 million fiscal year to date through February, also up 10% from the same period last fiscal year.

Mecklenburg County **1% prepared food & beverage tax collections** total $15.2 million fiscal year to date through February, up 11% from the same period last fiscal year.

National Leisure & Tourism

RISING GASOLINE PRICES ALTER BUSINESS AND LEISURE TRAVEL PLANS

According to a new survey from the **US Travel Associaion**, 54%, of leisure travelers who planned to travel by car say higher fuel prices would affect their plans. A smaller percentage, 26.8%, of business travelers would reconsider their plans.

It would take an increase of at least 26 cents to $1.25 a gallon for travelers to alter their behavior. According to the survey of 2,500 adults conducted March 8-11, 57% would change their plans if prices rose that much. The nationwide average for a gallon of regular gasoline was $3.90 (as of this survey), according to AAA. That's up 6 cents from a week ago and 32 cents from a year ago.

Leisure travelers who planned on driving were more likely to cancel their trips because of higher gas prices. Almost half, 44%, say they'd take fewer trips this summer. If they did end up hitting the road, higher gas prices would fuel cutbacks, with 43.9% saying they'd shop less and 37.4% spending less on restaurants. More than a third say they'd drive shorter distances.

Economy

BUREAU OF ECONOMIC ANALYSIS TOURISM SATELLITE ACCOUNTS

The **Bureau of Economic Analysis** reports that real spending on travel and tourism increased at an annual rate of 4.6%in the fourth quarter of 2011 after increasing 0.6%in the third quarter. By comparison, growth in real gross domestic product (GDP) increased 3.0% in the fourth quarter after increasing 1.8% in the third quarter. The increase in real spending on tourism primarily reflected increases in traveler accommodations and in food services and drinking places. For the year, total real spending on travel and tourism increased 3.5% in 2011 after increasing 3.0% in 2010. Employment in the travel and tourism industries increased 1.2% in the fourth quarter of 2011 after increasing 1.7% in the third quarter. By comparison, overall U.S. employment increased 1.4%in the fourth quarter after increasing 0.9% in the third quarter. For the year 2011, tourism-related employment increased 1.5% after decreasing 1.4% in 2010.

Media

MARCH 2012 VOCUS

During March, **Vocus** identified 3,857 news items on key words tracked by CRVA. By source, the top 5 were: Democratic National Convention (59%), Charlotte Sports (14%), Time Warner Cable Arena (8%), NASCAR Hall of Fame (7%) and Charlotte Attractions (5%). By media, nearly half of March's hits came via Online, Consumer sites (49%), followed by Online, News & Business sites (26%), Television Programs (8%), Newspapers (5%) and Wire Service (4%). A total of 83% of March's publicity occurred outside of the Charlotte Region.

Sources for this Publication

- **Bureau of Economic Analysis**
- **Center for Exhibition Industry Research**
- **Conference Board**
- **Mecklenburg County Tax Office**
- **Rubicon**
- **Smith Travel Research**
- **The TAP Report**
- **US Department of Labor**
- **US Travel Association**
- **Visit Charlotte/CRVA**
- **Vocus**

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HOSPITALITY INDUSTRY STATISTICAL REPORT
March 2012

Charlotte Market Lodging Production					
	Charlotte Market	**North Carolina**	**Competitive Set**	**United States**	**Top 25**
February 2012 Occupancy %	61.6	53.4	57.7	57.4	65.0
% Change	1.5	3.3	5.3	3.5	3.2
February 2012 ADR $	83.93	78.74	93.98	103.18	122.15
% Change	2.7	3.5	8.7	4.0	3.5
February 2012 RevPAR $	51.70	42.04	54.72	59.21	79.45
% Change	4.3	6.9	15.4	7.7	6.8
2012 YTD Occupancy %	56.0	48.4	52.8	53.2	61.3
% Change	2.7	3.1	3.9	3.7	3.9
2012 YTD ADR $	82.34	77.90	91.39	102.02	120.66
% Change	3.0	3.3	6.2	4.0	3.7
2012 YTD RevPAR $	46.07	37.67	48.67	54.25	73.98
% Change	5.8	6.5	10.6	7.9	7.7

Source: Smith Travel Research-Stats lag by one month

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

Charlotte Douglas International Airport Aviation Production				
	Month of February	**% Chg from Feb '11**	**2012 YTD**	**YTD % Chg from '11**
Passenger Enplanements	1,528,594	8%	3,096,045	8%
Passenger Deplanements	1,534,626	9%	3,110,703	8%

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

Visit Charlotte Definite Room Night Production				
	Month of March	**Change from March 2011**	**FY 2012 YTD**	**YTD Chg (%) from FY11**
Total Room Night Production	18,117	5,586	257,941	-156,592 (-38%)
Visitor Economic Development ($)	9,338,343	541,923	153,514,946	-154,453,772 (-50%)
Number of Definite Bookings	38	5	290	-6 (-2%)
Average Size of Definite Bookings	477	97	889	-511 (-37%)
Total Attendance	45,412	18,362	439,070	-181,568 (-29%)
Convention Center GSF Booked	1,350,000	1,230,000	20,370,000	5,350,000 (36%)

Visit Charlotte Lead Room Night Production				
	Month of March	**Change from March 2011**	**FY 2012 YTD**	**YTD Chg (%) from FY11**
Total Room Night Production	66,204	-42,325	710,419	-67,716 (-9%)
Number of Lead Bookings	65	-5	588	-29 (-5%)
Average Size of Lead Bookings	1,019	-531	1,615	254 (20%)

Visit Charlotte Housing Bureau Production			
	Month of March	**FY 2012 YTD**	**YTD% Chg from FY11**
Total Reservations Produced	680	7,573	-5%
Total Room Nights Produced	2,482	19,557	-39%

Visit Charlotte Leisure Tourism Promotion & Production			
	Month of March	**FY 2012 YTD**	**YTD % Chg from FY11**
Advertising Impressions	6,511,653	105,022,378	117%
www.charlottesgotalot.com Visitors (Google)	151,831	1,199,455	52%
Motor Coach Group Bookings (Passengers)	568	4,456	18%

DEFINITE BOOKINGS
March 2012

Charlotte Convention Center

Group Name	Meeting Type	Event Date	Days	Exhibit Gross Sq Ft	Total Room Nights	Attend	Dir. Visitor Econ. Dev. ($)
ViSalus Sciences	Meeting	Jun '12	2	0	100	1,500	156,247
Association for Professionals in Infection Control & Epidemiology	Convention	Jun '16	3	1,350,000	7,590	3,800	2,444,559
Total				**1,350,000**	**7,690**	**5,300**	**2,600,806**

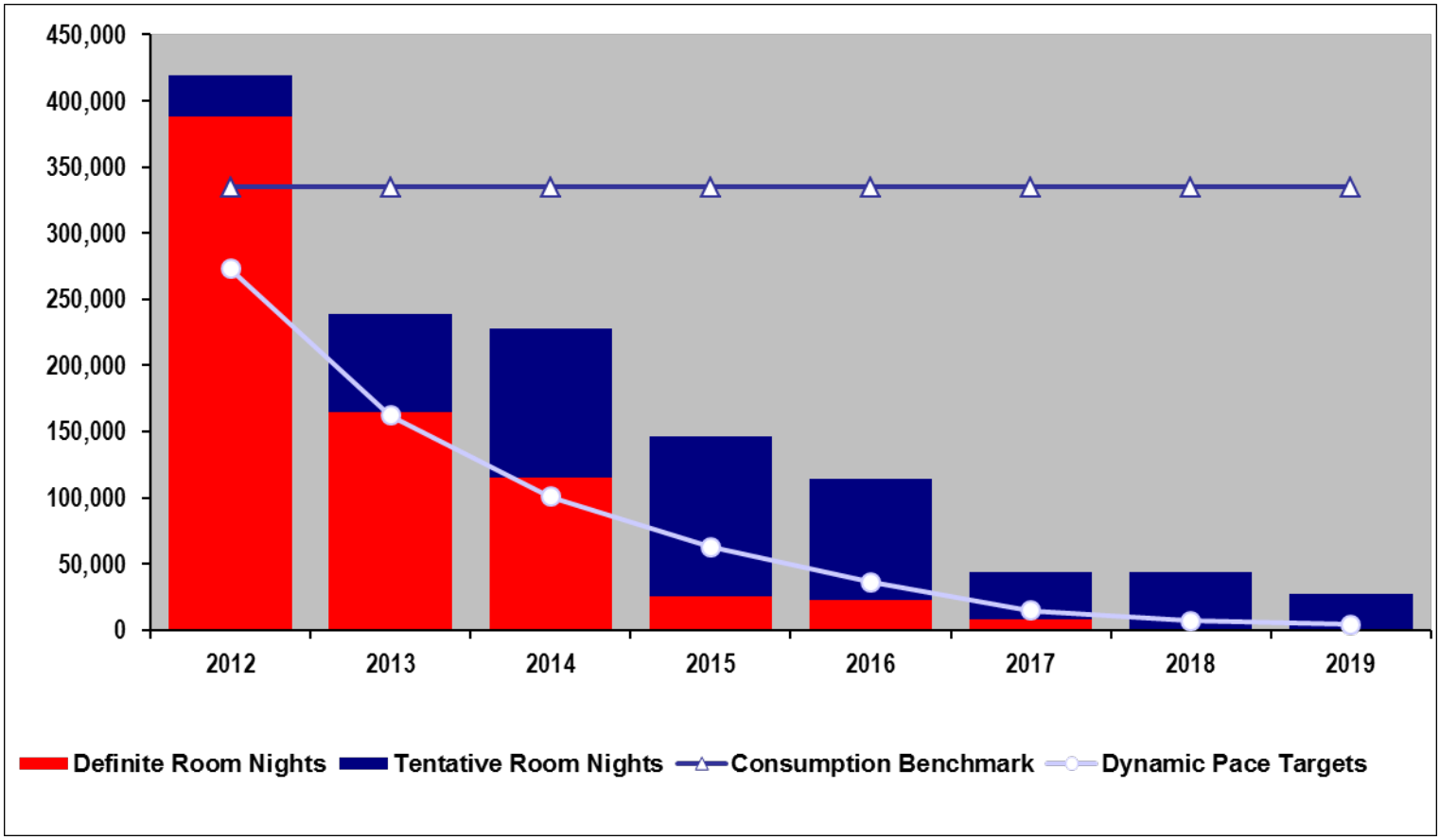
Conference Sales

Group Name	Event Date	Days	Total Room Nights	Attendance	Dir. Visitor Econ. Dev. ($)
Professional Marketing International ®	Feb '12	2	36	75	12,862
Disability Rights North Carolina	Mar '12	1	17	25	6,020
North Carolina AAU (7 Events) ®	Multiple	2 (avg)	6,350	7,000	1,876,000
North Carolina NSA (6 Events) ®	Multiple	1 (avg)	329	3,530	473,020
Ingersoll Rand ®	Apr '12	2	180	170	47,059
FCE Sports Management	Apr '12	2	242	20,200*	2,706,800
ITW Building Components Group	Apr '12	2	30	100	16,183
Carrie Newman Meeting & Event Planning	May '12	2	130	65	23,690
Vision2Voice	May '12	1	25	20	4,815
Front Burner Brands	May '12	3	214	92	47,031
Arena Sports	May '12	2	50	50	18,222
Impact Baseball	May '12	2	600	1,000	268,000
The Association of Junior Leagues International ®	Jun '12	2	16	15	5,467
501 D5/D5A Users	Jun '12	4	413	225	109,786
Nuclear Energy Insider ®	Jun '12	2	60	150	25,135
Tyson Family Reunion	Jul '12	4	100	100	31,355
Atlantic Coast Conference ®	Jul '12	3	410	300	120,600
Council of Chief State School Officers ®	Sep '12	2	155	70	27,655
Levine – Sullivan Wedding	Sep '12	2	80	200	32,367
Shiloh Abundant Life Ministries	Oct '12	2	160	300	73,860
Nuclear Energy Insider ®	Oct '12	2	80	250	36,117
Carolina Recycling Association ®	Nov '12	1	100	150	31,570
Nostalgia Conventions	Jan '13	2	310	3,000	733,939
Nostalgia Conventions	Jan '13	2	310	3,000	733,393
JEDEC Solid State Technology Association ®	May '13	2	30	25	9,984
Total			**10,427**	**40,112**	**6,737,537**
GRAND TOTAL			**18,117**	**45,412**	**9,338,343**

*estimated ½ local, ½ out of town

Sports & Leisure Spending -DKS&A 2007 Charlotte Update (attendance x $134 x # days)
Convention & Conference Spending -2011 Tourism Economics, DMAI, Charlotte Event Impact Model
® Repeat Business

Eight Year Dynamic Room Night Pace Report
(As of 3/1/12) Trends Analysis Projections, LLC

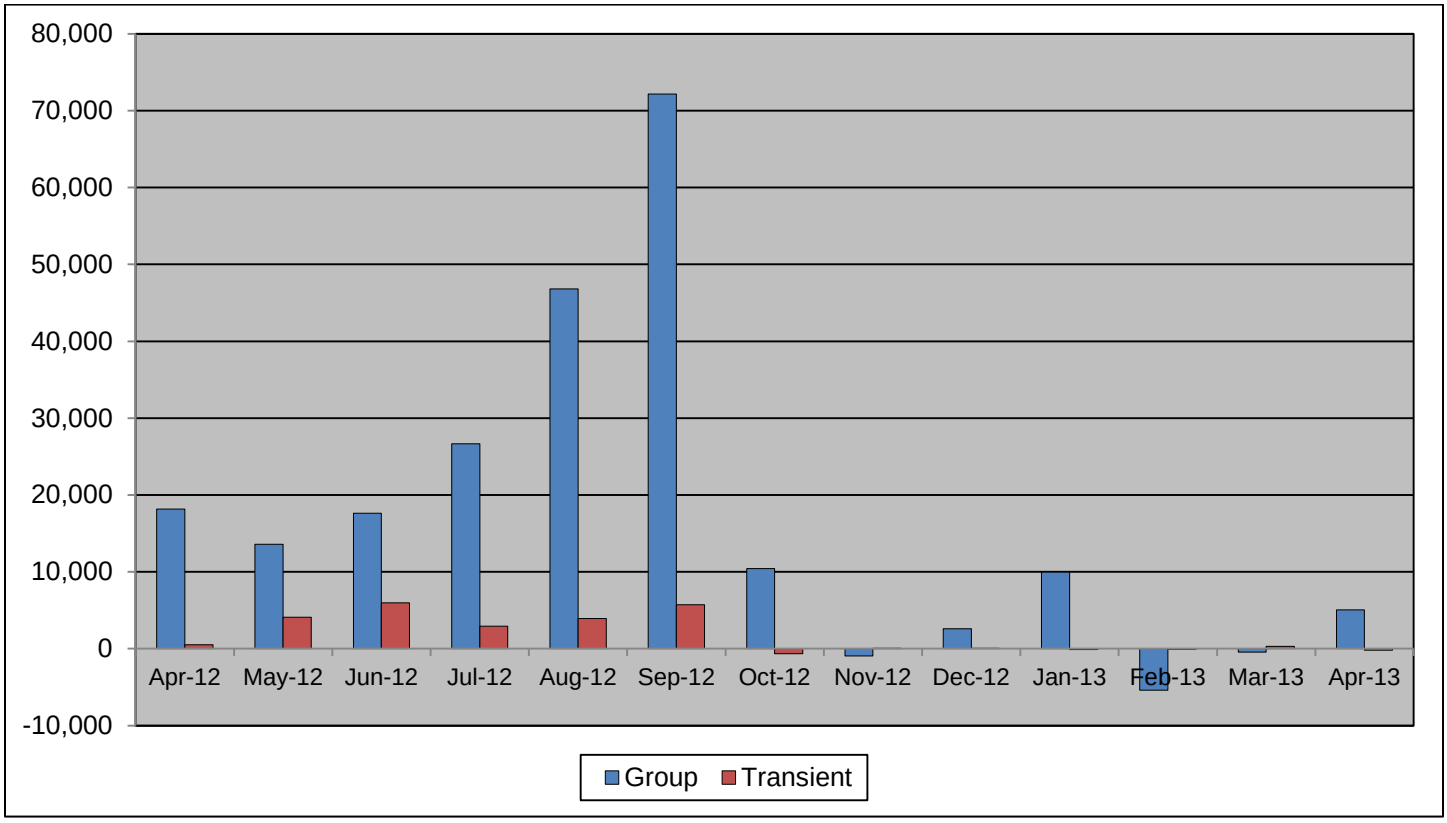


Eight Year Dynamic Room Night Pace Report
(As of 3/1/12) Trends Analysis Projections, LLC

	2012	2013	2014	2015	2016	2017	2018	2019	Total
Charlotte Definite Room Nights	387,975	164,760	114,985	25,537	22,709	7,617	0	0	723,583
Pace Target	272,925	162,246	100,777	62,564	36,342	14,832	6,949	4,049	660,684
Pace Percentage	142%	102%	114%	41%	62%	51%	0%	0%	110%
Tentative Room Nights	31,131	73,924	113,009	120,827	91,600	35,947	43,444	26,876	536,758
Consumption Benchmark	334,587	334,587	334,587	334,587	334,587	334,587	334,587	334,587	2,676,696
Peer Set Pace Percentage	107%	86%	82%	94%	78%	74%	65%	121%	92%

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

Charlotte Market
Change in Committed Room Nights
From Previous Year (As of 4/1/12)



Source: Rubicon

Charlotte Market
Change in Committed Room Nights
From Previous Year (As of 4/1/12)

	4/12	5/12	6/12	7/12	8/12	9/12	10/12	11/12	12/12	1/13	2/13	3/13	4/13	Total
Change Group RN	18,167	13,573	17,622	26,647	46,807	72,144	10,441	-940	2,612	9,967	-5,414	-461	5,059	216,224
% Change Previous Year	25.1	18.5	24.6	44.5	119.8	139.2	25.2	-2.9	23.6	206.7	-30.4	-3.3	136.7	43.8
Change Transient RN	530	4,105	5,988	2,941	3,921	5,738	-651	1	71	-116	-72	322	-178	22,600
% Change Previous Year	0.5	8.3	34.5	29.0	52.5	91.5	-10.7	0.0	3.2	-30.3	-3.1	10.7	-100.0	10.0
Change Combined RN	18,697	17,678	23,610	29,588	50,728	77,882	9,790	-939	2,683	9,851	-5,486	-139	4,881	238,824

% Change Previous Year	9.9	14.4	26.5	42.3	109.0	134.1	20.6	-2.5	20.2	189.3	-27.3	-0.8	125.9	33.2

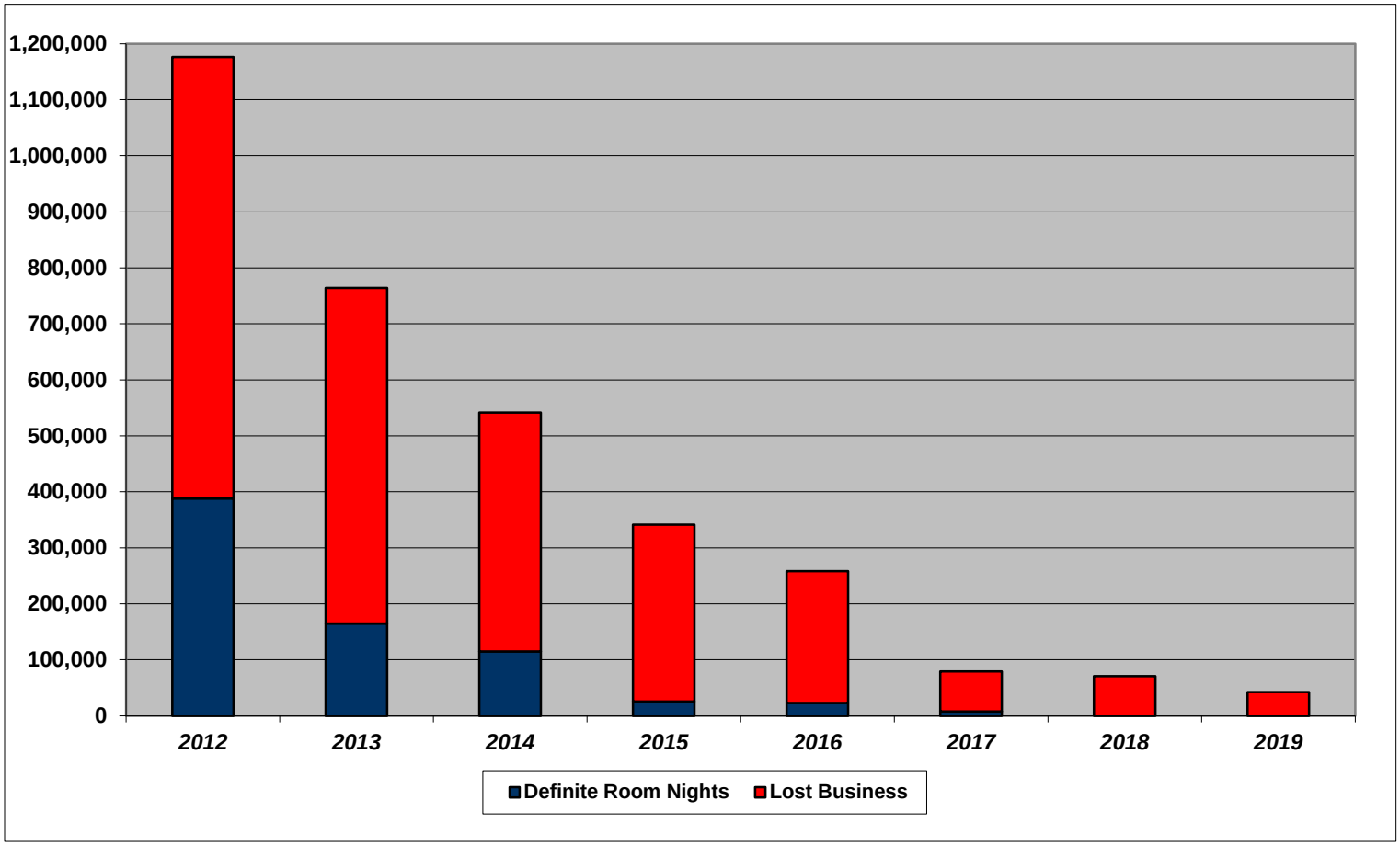
Source: Rubicon

HOSPITALITY INDUSTRY SALES ACTIVITIES
March 2012

Site Visits			
Group Name	**Venue**	**Total Room Nights**	**Total Attendance**
DEFINITES			
TENTATIVES			
Construction Specifications Institute (March 2013)	Hotel	145	175
North Carolina Republican Party (June 2013)	Hotel	290	1,400
Property Loss Research Bureau (November 2013)	CCC	525	350
Farmhouse Fraternity	Hotel	440	450
Carolinas Roofing & Sheet Metal Contractors Assoc. (January 2015)	CCC MS	375	200
Polyurethane Manufacturers Association (May 2015)	Hotel	492	250

Trade Shows & Events (attended by staff)	
Event Name	**Location**
American Alliance for Health, Physical Education, Recreation & Dance	Boston, MA
Conference Direct Partners Meeting	Orlando, FL
International Association of Administrative Professionals	Las Vegas, NV
Meetings Industry Council Tradeshow	Denver, CO
North Carolina Amateur Sports	Winston-Salem, NC
North Carolina Governors Conference on Hospitality & Tourism	Concord, NC
Travel South	Louisville, KY
United States Institute for Theatre Technology	Long Beach, CA

Visit Charlotte Pace vs. Demand Comparison – Lost Business (As of 3/1/12)Trends Analysis Projections, LLC



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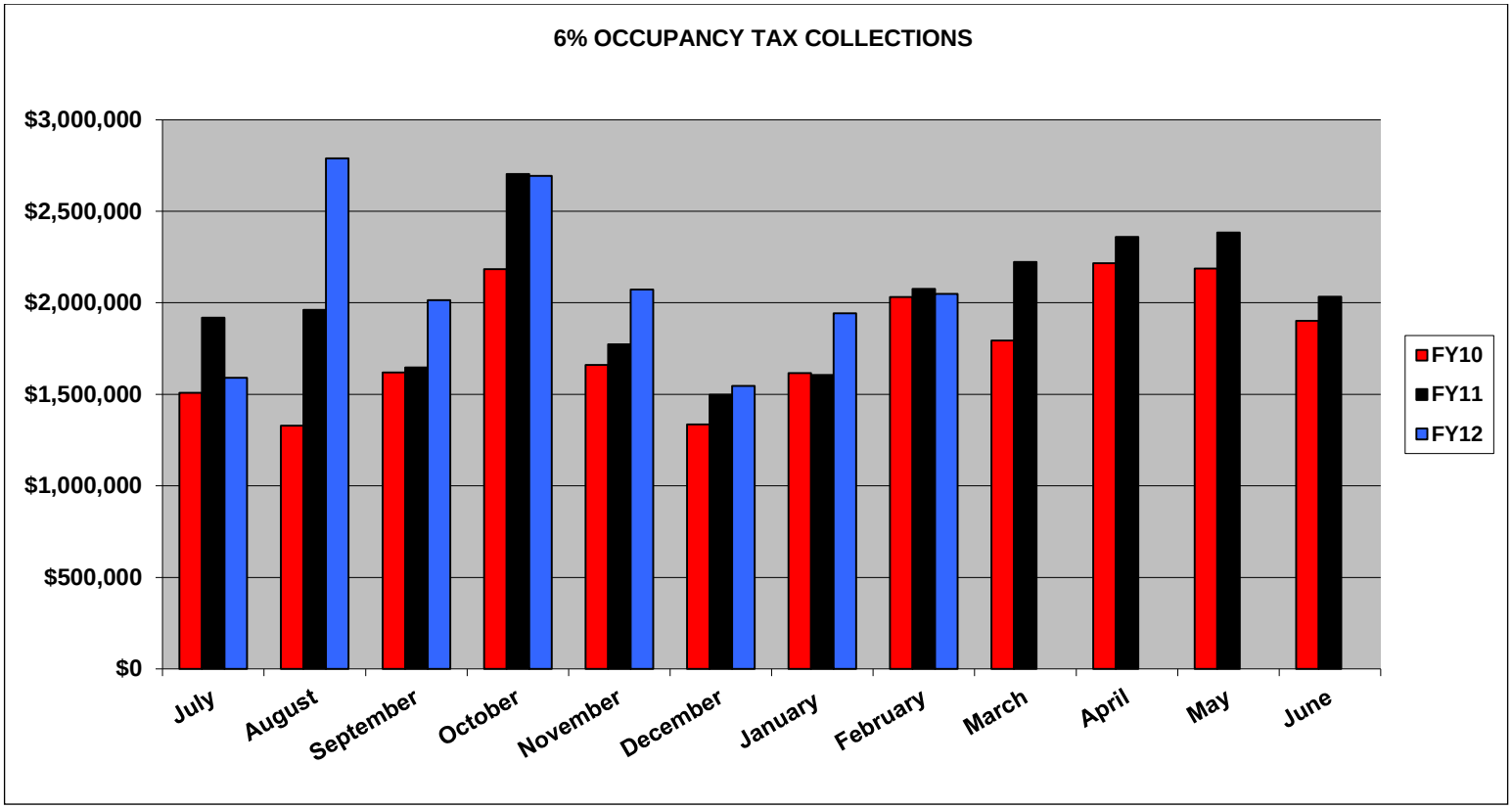
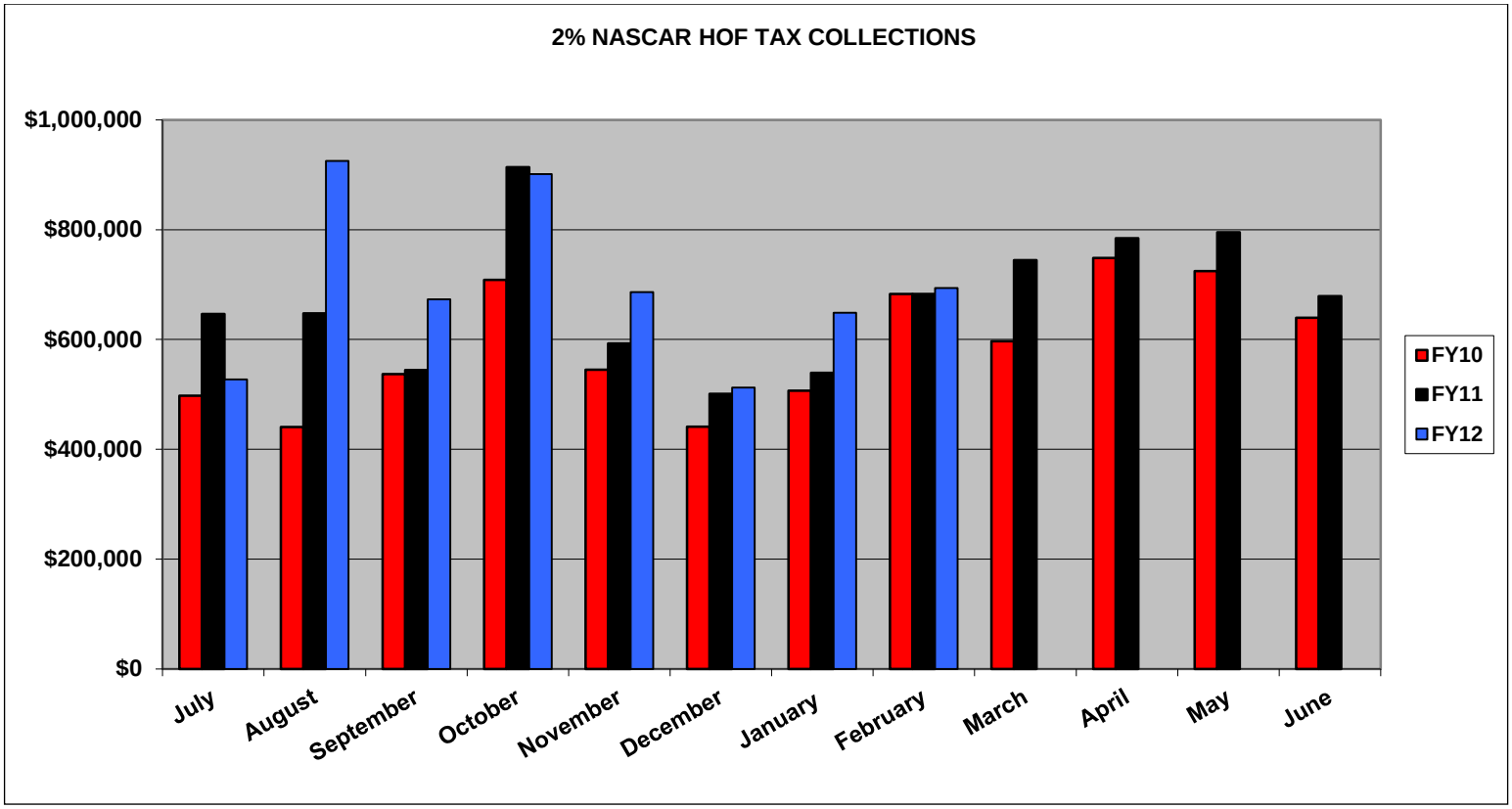
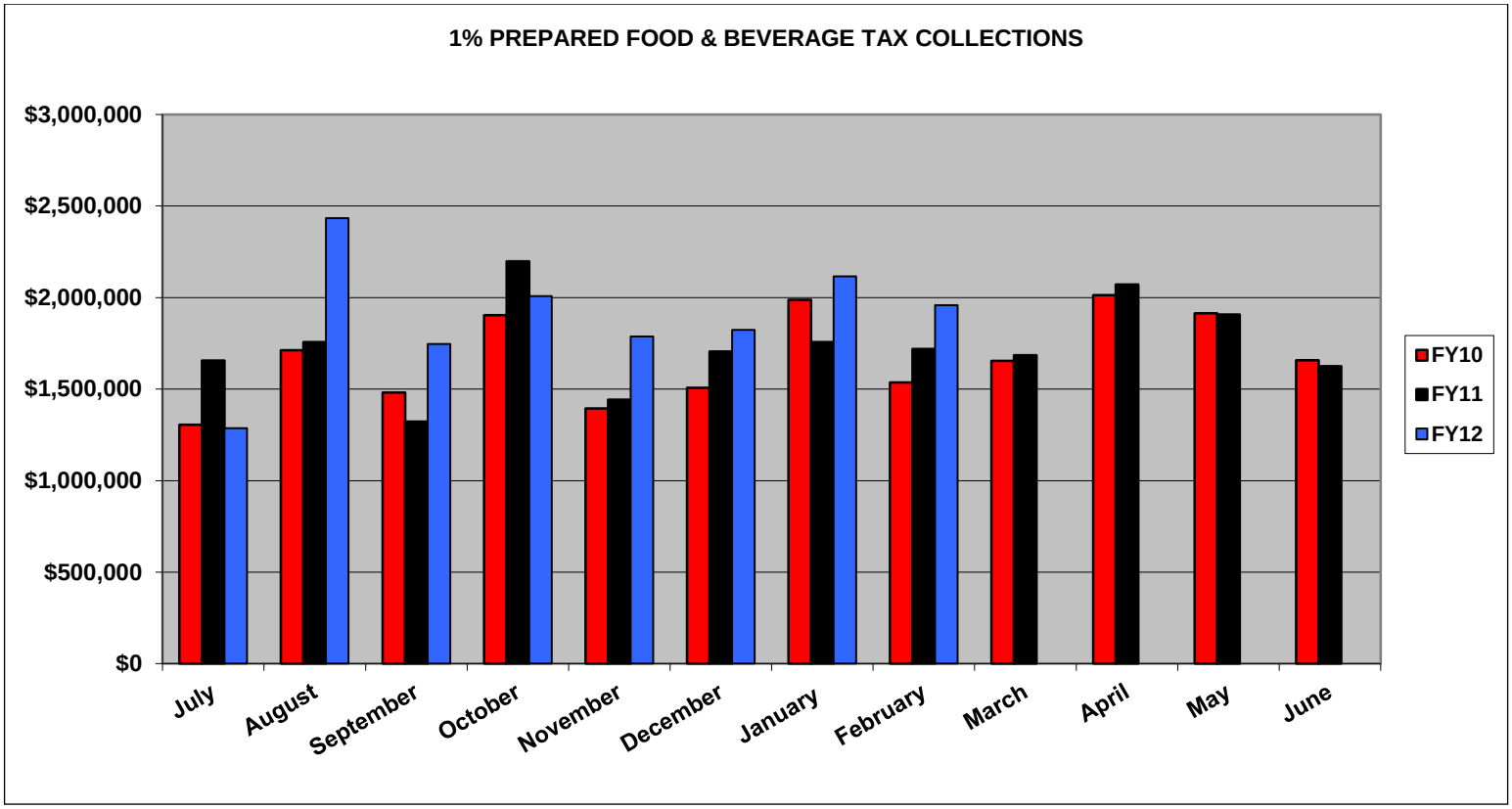
Pace Percentage	142%	102%	114%	41%	62%	51%	0%	0%	110%
Total Demand Room Nights	1,176,112	724,598	541,613	341,143	258,095	79,154	70,835	42,219	3,233,769
Lost Room Nights	788,137	559,838	426,628	315,606	235,386	71,537	70,835	42,219	2,510,186
Conversion Percentage	33%	23%	21%	7%	9%	10%	0%	0%	22%
Peer Set Conversion Percentage	26%	21%	20%	22%	23%	24%	17%	43%	23%

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


6% OCCUPANCY TAX COLLECTIONS
$3,000,000
$2,500,000
$2,000,000
$1,500,000
$1,000,000
$500,000
$0
July
August
September
October
November
December
January
February
March
April
May
June
FY10
FY11
FY12


2% NASCAR HOF TAX COLLECTIONS
$1,000,000
$800,000
$600,000
$400,000
$200,000
$0
July
August
September
October
November
December
January
February
March
April
May
June
FY10
FY11
FY12



THE ECONOMY
February 2012

	2011	2012	% Change
Consumer Confidence Index	70.4	71.6	1.7
Consumer Price Index (CPI)	221.309	227.663	2.9
Unemployment Rate			
- National	9.0%	8.3%	-7.8
- State	10.4%	9.9%	-4.8%
- Local	10.9%	Available 4/10	N/A