COMMITTEE AGENDA TOPICS

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I. Subject: Charlotte Knights Stadium Update
Action: Receive, discuss, and review the City's response to the Charlotte Knight's request for City financial participation in an Uptown Stadium. No formal action is needed today. A full agreement for consideration by the Committee can be ready by the April 19th Committee meeting date.

II. Subject: CRVA March Barometer Report
Action: Information only.

COMMITTEE INFORMATION

Present:	James Mitchell, Patrick Cannon, Warren Cooksey, David Howard and LaWana Mayfield
Time:	12:00p.m. –2:00p.m.

ATTACHMENTS

1. Charlotte Knights Uptown Stadium Project Presentation
2. Charlotte Knights Stadium Update Q&A from March 15th
3. Public/Private Partnerships Update with Map
4. CRVA March Barometer Report

DISCUSSION HIGHLIGHTS

I. Subject: Charlotte Knights Stadium Update

Chairman Mitchell opened the meeting and introductions were made.

Presentation by Ron Kimble, City of Charlotte
(Refer to attached PowerPoint for Q&A below)

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?

Meeting adjourned: 2:00p.m.

Economic Development Council Committee
April 4, 2012 at Noon
Room 280

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, Peter Zeiler, Anna Schleunes & Greg Gaskins

Action: Receive, discuss, and review the City's response to the Charlotte Knight's request for City financial participation in an Uptown Stadium. No formal action is needed today. A full agreement for consideration by the Committee can be ready by the April 19th Committee meeting date.

II. CRVA MARCH BAROMETER REPORT- (Information only – Attachment)

III. NEXT MEETING DATE: April 19, 2012 at 3:00pm, Room 280

Future Topics & Tentative Schedule:

- Charlotte Knights Stadium Update
- High Growth Entrepreneur Poicy
- Disparity Study

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

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Charlotte Knights Uptown Stadium Project

Economic Development Committee

April 4, 2012

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Today's Presentation

- Stadium Cost and Land Value Confirmation
- Comparable Stadium Projects Summary
- Response to Knights Request/Financial Participation Analysis
- Proposed Knights Financing Plan
- Additional Agreement Terms
- What This Project Returns to the City
- Next Steps

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Stadium Cost and Land Value

- Stadium and Infrastructure
  - Cost of stadium and infrastructure reconfirmed at $54M (budget is tight)
  - Knights responsible for all cost overruns on construction costs
- Land Value
  - County purchased entire tract in 2000 for $24M
  - Land valued at $20M based upon acreage used for stadium

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Comparable Minor League Stadium Partnerships

City/Team	Year Opened	Total Cost of Stadium Project	Private Amount	Public Amount	% Public
Louisville, Kentucky *Louisville Bats (AAA)*	2000	$40M	$5	$35M	87.5%
Indianapolis, Indiana *Indianapolis Indians (AAA)*	1996	$18M	$4M	$14M	77.8%
Columbus, Ohio *Columbus Clippers (AAA)*	2009	$74M	$53.7M	$20.3M	27.4%
Sacramento, California *Sacramento River Cats (AAA)*	2000	$42M	$42M		0%
Allentown, Pennsylvania *Lehigh Valley Iron Pigs (AAA)*	2008	$50.25M		$50.25M	100%
Toledo, Ohio *Toledo Mud Hens (AAA)*	2002	$42M	$14M	$28M	66.7%
Birmingham, Alabama *Birmingham Barons (AA)*	2013	$64M		$64M	100%
Oklahoma City, Oklahoma *Oklahoma City RedHawks (AAA)*	1998	$35M	$2M	$33M	94.3%
Lawrenceville, Georgia *Gwinnett Braves (AAA)*	2009	$64M		$64M	100%
Durham, North Carolina *Durham Bulls (AAA)*	1995	$16M	$2M	$14M	87.5%

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

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

* $4.5M from Tourism Funding
$4.5M from Economic Development Grant

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Tourism Analysis

- 10 years of equal payments of $611,500 per year yields $4.5M net present value at 6% discount rate
- Annual payments cease if Knights fail to perform (i.e. play baseball uptown)
- Source of funds is first 3% occupancy tax for tourism
- First payment to be made after stadium is complete and Knights are playing baseball uptown

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Tax Increment Capture Area

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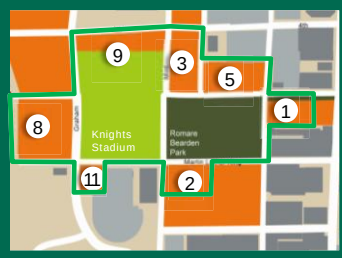
Projected Development



Parcel	Use	Year	Value (2012)
9	Stadium / hotel	2014	$90 MM
2	Residential	2014	$55 MM
8	Residential	2015	$60 MM
3	Mixed Use	2016	$57 MM
11	Residential	2019	$20 MM
1	Residential	2019	$65 MM
5	Mixed Use	2020	$15 MM
		Total	**$362 MM**

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Value Capture Calculations

Assumptions:

- Assessed value ratio formula applied to construction values
- Two value ranges to adjust for economic recovery and slow down cycles
- Revenue capture calculated on midpoint of two ranges
- All construction values are 2012 values – NOT escalated
- 6% Net Present Value discount
- No appreciation in land value post construction

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Value Capture Calculations

Fiscal Year	High Revenue*	Low Revenue*	Estimated Revenue (90%)	@Running NPV 90% TIG
2015	232,223.99	200,189.70	216,206.84	$203,968.72
2016	428,893.65	361,836.00	395,364.83	$555,842.01
2017	515,026.35	432,630.00	473,828.18	$953,677.28
2018	596,852.42	499,884.30	548,368.36	$1,388,036.38
2019	678,678.48	567,138.60	622,908.54	$1,853,509.88
2020	850,943.88	708,726.60	779,835.24	$2,403,262.95
2021	965,787.48	803,118.60	884,453.04	$2,991,474.74
2022	965,787.48	803,118.60	884,453.04	$3,546,391.51
2023	965,787.48	803,118.60	884,453.04	$4,069,897.91
2024	**965,787.48**	**803,118.60**	**884,453.04**	**$4,563,771.87**
2025	965,787.48	803,118.60	884,453.04	$5,029,690.70
10 Yr. NPV	$4,972,201.68	$4,155,342.06	$4,563,771.87	

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Proposed Knights Financing Plan

	Owner's Capital	Borrowed Capital By Knights*	Total
Direct Capital:			
Capital Provided by Ownership	$7.0M		$7.0M
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)*		$8M	$8M
City: Revenue Stream From City over 10 Years (Tourism) *(Contractual Cash Flow)*		$4.5M	$4.5M
City: Revenue Stream From City over 10 Years (ED Grant) *(Risk born by Knights)*		$4.5M	$4.5M
TOTALS:	$12.5M	$41.5M***	$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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Additional Agreement Terms

- Knights must play baseball uptown to earn payments on reimbursement basis; otherwise, payments cease
- Knights responsible for all operating losses, since they own improvements and are totally responsible for operations
- As stated earlier, Knights responsible for construction cost overruns
- If litigation prevents completion of the baseball stadium, Knights must pay City's legal costs

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Additional Agreement Terms (cont'd)

- County's agreement is unaltered
- Knights receive right-of-way use during construction from City at no cost (standard when City partners)
- SBO provisions still being finalized, and will be part of agreement brought back on April 19

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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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Next Steps

- Come back to ED Committee on April 19
- Provide follow up answers to questions from today
- Proposed final agreement to be presented for review
- Gauge on April 19 Committee readiness to make a recommendation to City Council
- After Committee recommendation, schedule it for City Council dinner briefing, then for a future Council agenda for action

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Questions?

- Thank You!

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NEIGHBORHOOD & BUSINESS SERVICES

Charlotte Knights Stadium Update – March 15, 2012

Presentation by Michael Smith, Charlotte Center City Partners

1) **Mayor Pro Tem Cannon – Is there an idea that with the potential of a stadium to come that it would ignite development that much faster than under any other circumstance?**

   Smith: It is our belief that and it is the belief of our consultants that the introduction of a ballpark into this neighborhood will be a super catalyst for development. There's land assemblage that's already been done adjacent to the ballpark in anticipation of this.

2) **Mayor Pro Tem Cannon – What would you think the estimated property tax revenue would look like, number wise?**

   Smith: I would prefer to work with City staff on that. The reason that we're excited about this project…we think there's an opportunity for this to stimulate that kind of a waterfall that allows this project to have the ability to provide for itself through stimulating a lot of new tax revenue. Can we come back to you with that?

   Cannon: You can because that's something very important. The one thing I don't want to see us create is pie in the sky stuff. I want us to be realistic about where we are in the marketplace and what we can anticipate potentially in the future.

3) **Council Member Mayfield – Have we looked at what the noise decibel may be with having this type of event and with looking at all of development and having residential surrounding this?**

   Smith: They're going to have to move hand and foot because there are 72 home baseball games and there will easily be another 40 activity on the street. They're going to have to be designed in a way that accommodates an active urban place.

   Mayfield: When there is a baseball game, a football NFL game and a NBA game that's all happening, tying into that noise decibel and the quality of life, has there been any discussion on what that balance is going to look like?

Smith: I've talked to Dan Rajkowski and the Knights and they have good flexibility on how they schedule their baseball games. It's more flexible than the NFL is so I have been assured that we would make the accommodations necessary for those two.

4) **Council Member Howard: What do we know about the proposed land uses around the stadium? Do we have that stuff in place already? Do we have the appropriate land use to make that happen, Zoning wise?**

Smith: We believe we have the Zoning that we need. We'll look into that.

5) **Council Member Cooksey: What kind of pedestrian access is there with the Third Ward neighborhoods west of the track to this area? How easy is it for folks who are in that neighborhood of Third Ward to actually walk to this park?**

Smith: It depends on what we do with MLK. When we accommodate high speed rail and we spend the money to build the Red Line and we put in a gateway, that's our opportunity to evaluate the tunnel under the tracks and bring it back and create that connectivity. It would go right in between the Panthers' practice fields and the student center at Johnson & Wales.

Kimble: That Right-of-Way has been preserved for the future.

Smith: Right now, pedestrians come over from Third Ward through the pedestrian way right next to Bank of America Stadium or they go over to 4th Street.

6) **Council Member Fallon – The teams that you were comparing us to, are they minor league teams or major league teams?**

Smith: They are minor league teams. Most of them are AAA, one is AA and one is single A.

Fallon: How soon do you think the development would come around there after the ballpark is done?

Smith: It will come in phases. I think right after there are two residential developments that will occur quickly. It will be 500 to 700 apartments.

Fallon: Do you have commitments?

Smith: There is 20 story tower that is already planned. There is another that is having a mature conversation with the property owners. They have concepts designed. They have not hired builders, that's where they are in the process. They will be waiting to see what happens here.

Fallon: You said that there are a few people considering investments as such. How do they evaluate their money investments?

Smith: The concept behind this kind of a ballpark oriented development is that there's an investment and a piece of infrastructure. That infrastructure we're recommending is a ballpark,

just like the park. And the two of them are in some ways a public asset and a stimulant to private sector development. The private sector, the money is evaluating investments in the residential and stuff around it.

Fallon: What about citywide, it doesn't work out and you need money from the City for operations just to keep it going?

Smith: I don't think that's precedented.

7) **Council Member Howard – Are the cities that we've looked at as comparable with the stadium downtown? I'd like to know what actually happened with the redevelopment around those stadiums. Did it happen and how fast did it happen? I think one had been there for ten years, maybe going back to that one and seeing what happened over that ten-year span would be of interest to me.**

Kimble: You're going to see some of that in the Knights' presentation, but I think you're asking for additional from the last time. They're going to show some of the stadiums that you saw last night, how much public money, how much private money and we're asking an additional question, but I think we will have to come back.

Howard: That's good to hear. I looked at that part and I did see the real estate build out and what happened with it. Some of what I understand is around TIF. That would be important and how you draw the district.

Smith: David, we've done some of that research and will be glad to begin to put that together. Toby Holmes from our team has done a lot of that research.

8) **Council Member Cooksey – Of that 3-D build out that you showed us, what's the incremental difference between the potential build out if this space was just a park, if it were an extension of Romare Bearden Park versus a baseball stadium? In other words, if there was no stadium there, if it were built out as a larger park, presumably there would some economic development around it. What's the incremental increase?**

Smith: It's always easier to look back as history is already written. You've got things that are object lessons, but when Novare (?) developed this block here, they were doing that because of the combination of the ballpark and the park. That's why they were willing to provide that money to the park and it was a combination. As I've talked to developers that are now looking at this, they're waiting to see what goes on here. The park is an incredible asset. It will stimulate development. I know that it will be a catalyst and it will cause development to occur faster. I know that the residential piece, workforce housing around the ballpark and a lot of the attracting talents of the 24 to 35 year olds. This will be an incredible magnet for bringing them to Charlotte.

Cooksey: If you have more detail on that, it would definitely be helpful along with Mayor Pro Tem's question.

9) **Council Member Mayfield – We've looked at the comparison of other cities. Looking at the City of Charlotte, there were expectations of development with the current sports that we have. What has been the actuals that have happened within the last five to ten years with the development of the NFL and NBA to show that we have the propensity to grow around this area? Has that study been done?**

Smith: It's not a specific study. We create regular development reports and show how development occurred. We believe there's a really solid cause and effect between the development of the Time Warner Cable Arena and the amount of dollars that were invested privately into hospitality and tourism, particularly around the EpiCenter, the North Carolina Music Factory, a lot of investment on College Street around the 7th Street Station. We also think that's a great cause and effect on the residential side because our first two high rise developments of residential were right after the Arena and one was called Courtside and the other was called Court Six. They were even named in a way to make the connections between the Sports industry and the private sector.

Mayfield: If Johnson & Wales and Gateway Village were to expand, have we included the possibility for space being left once all of this is built up for them to be able to expand out?

Smith: That's a great question. Johnson & Wales and Art Gallagher have been good supporters of this project because it's a great amenity for students. These universities that select urban places, it's the full offering or our vanity that they like. We think this also creates a good density that will compliment another employment center. The 2020 Vision Plan calls for the gateway station to be another major employment center. We think those two complement each other very well.

Mayfield: Thinking about the question Mr. Cooksey just asked, has there been any discussion of any other possible locations if we were to just look at the original plan of the growth that could have come from the expansion of Romare Bearden?

Smith: The 2020 Vision Plan called for this to be developed. We envision this as a ballpark neighborhood. Those were the recommendations from our consultants. That's the direction that we've been planning.

10) **Council Member Pickering: Why can't we find investors to invest in the project itself? Why does the City need to put up this money?**

Smith: I think that will be a good question to talk with City staff about as that develops and as we evaluate what the models are of other cities. I think what you implied is that these moves to urban places make it more accessible, improve quality of life, create pops in development and that it makes it an appropriate way for there to be a public investment to make it in spot enhances the tax growth. There actually is a case where there's a return on investment.

Kimble: The private sector will be involved through naming rights and suite sales and other combinations in concert with the Knights. That's another way the private sector gets involved in the baseball stadium.

11) **Council Member Kinsey – Michael you mentioned some workforce housing in this area, I don't know that the cost of the dirt is up there, but is a developer able to do that privately or would they have to come to the City for substance?**

Smith: The workforce housing side will be on a project-by-project basis. It will depend on what kind of housing. Do we want affordable housing there or affordable by definition? Ends up being partnerships to be able to buy that down. The market can provide workforce housing on its own.

12) **Council Member Howard – Is part of what you're looking at the land use. I'd love to know what other baseball communities look like. What does a typical baseball community look like, especially around the AAA stadiums? What's the story with the Federal Courthouse? We're waiting on Federal money to move it and once it's moved, what happens to that land?**

Smith: Queens University has a first right of refusal to purchase that from the City. It's owned by the City and leased to the Federal government. Bob Conrad is the judge who is in charge of the relocation…we're meeting next week to talk about their plans and their timing. It will likely end up being an academic center.

Howard: Councilmember Pickering just mentioned what does a private-funded stadium look like. Has that happened in other places? Is there a model in this modern day age where there are private stadiums being built by anybody?

Kimble: You're going to see a little bit of that in the Knights' presentation, I believe there might be one.

13) **Council Member Fallon – You know the public has been in touch with us. They are citing Whitewater; they are citing NASCAR to us. I understand its tourism money and hospitality. They don't understand it. They've seen more coming into Center City. They see something they don't want to spend money on; they see tough times. How are you going to explain it to them?**

Smith: I believe we have to start a journey. I think all we're doing today is getting an ask from the Knights and understanding your questions and your concerns is being a very fair one. And then asking City staff to evaluate and come back. I think you will be amazed at the amount of support in this community on this project. I've never worked on something where there's been so much support and enthusiasm. We've been working on this for six years.

Presentation by Dan Rajkowski, Charlotte Knights

1) **Council Member Mitchell – Dan, just for clarification, is this 10,000 seat capacity and 22 suites?**

   Rajkowski: Yes sir.

2) **Council Member Howard - Are you digging down to get that?**

   Rajkowski: No that's our grade level. The elevations, if you can recall, 4th Street is about 722, Martin Luther King is about 701, so you're looking at really just site cut and 4th Street. It will be almost at grade level on Martin Luther King. In fact, you'll be going up a little bit.

3) **Council Member Howard – Can you explain why the White Sox can't build it themselves?**

   Rajkowski: Number one is the White Sox don't own this franchise. What we have is called the "players on the contract", which all minor league teams have with a major league. They provide us with players and we have a contract that goes until 2014. We have an agreement and they pay for a portion of the salaries and some of the meal money. The players pay for their housing. We pay for equipment. With that, we work with them closely. They have no ownership. The ownership is 90% Mr. Beaver, and 10% Mr. Allen. With that, major league teams cannot entice or participate how we fund minor league ballparks unless they buy into the ownership. The White Sox have not contributed to this project. They can help by bringing exhibition games. We've been with them for 12 years; 2014 is the original contract.

   Howard: 2014 is a scary number, when do you start renegotiating?

   Rajkowski: We can't start renegotiating until September of the year of the extension. Each major league team is required under the players on the contract to provide an affiliation with the Charlotte team. Plain and simple, as long as you've got baseball here, you're always going to have AAA baseball. If the White Sox and the Knights decide to part ways for one reason or another, we will have another major league associate.

4) **Council Member Mitchell – I believe Ms. Mayfield asked a question about scheduling. Ninety percent of the games are played during what timeframe?**

   Rajkowski: We play night games. We'll probably have between eight and ten day games. Traditionally, those are focused around children's programs and education days. And then especially in the Center City, you'll have a day game that's going to be a lot of traffic. We are working with the City's traffic department on traffic studies which we are responsible for. We are partnered with the CRVA on that and then Michael had mentioned the flexibility of that schedule. If the Panthers play at 1:00pm, we'll play at 7:00pm or we're not playing at all. You don't want to conflict with that market, we could play double headers on Saturday nights, but you prefer not to with baseball. There is a lot more flexibility and then the opportunity for

conflicts, our season ends the first weekend in September. Potential conflicts, you'll probably get two dates that directly conflict with the Panthers; two out of 72 isn't bad.

5) **Mayor Pro Tem Cannon – I noticed on your outside events, you're going to have events all year long. Does that factor into the 600,000 attendee number?**

Rajkowski: 600,000 is solely for baseball.

Cannon: 600,000 is solely for baseball?

Rajkowski: That's correct.

Cannon: In terms of the number of attendees?

Rajkowski: That's correct.

Cannon: It also reads that you have the potential to host the following events. I don't see the Little League World Series. If you're not thinking about it, I hope you will be. How closely will you be working with the CRVA and Charlotte Center City Partners in terms of other related events? If that something on the Knights' mind?

Rajkowski: Oh absolutely. Certainly that's a primary focus of ours. We have an existing agreement, that while it was in place several years, which we're partnered with CRVA, Center City Partners, the City of Charlotte, Mecklenburg County and the Hospitality & Tourism Alliance. All the organizations that are creating activity and outside events that make these things happen in the City. We're not experts on everything, but we need the community's support to bring these events together. They are already positioned dates that all you have to do is go back and put those in. These partners will have access to the building and normal operating expenses to bring those events in.

Cannon: Is this a part of your event planning right now?

Rajkowski: Oh absolutely.

Cannon: Of those that you have listed in bullets, what have you hosted this far?

Rajkowski: You mean in Fort Mill?

Cannon: Yes.

Rajkowski: We hosted major league exhibition games, conferences, corporate events, job fairs, holiday festivals and health fairs. The ACC tournament was six or seven years ago, which we attempted to bid on, but it's not allowed in the State of South Carolina. We've had concerts; we had collegiate exhibition games last season. We've had a police exhibition game. Charlotte-Mecklenburg Policy will play the Chicago Police next weekend.

6) **Council Member Fallon – What's the number of attendees you have in Fort Mill now?**

Rajkowski: We drew right at 300,000 last year.

7) **Council Member Mitchell: When you look at those conferences up there, which one is headquartered here in Charlotte now?**

Rajkowski: The Big South is headquartered in Charlotte.

Mitchell: Have we reached out to them for the possibility of coming here?

Rajkowski: We have had conversations with them. I think it's a very unique opportunity, but also an opportunity that we can, I think say with all confidence, we can land that. It's going to take the partnership of a number of people that we mentioned, working with the City and County.

8) **Council Member Mayfield – What is the impact going to be on the residents, potential residents and the students regarding noise?**

Rajkowski: There's a lot of research done with Center City and we'll talk a little bit about it. Those are things that our consultants are looking at right now and the effects of it. What we have found in the experience is that we see some of the examples of Columbus Ohio and Toledo Ohio is that the people that are surrounding themselves around ballparks are there for a reason. The sound systems will be integrated within the facility so you're not looking at a tremendous amount of noise. Our team of architects are working with the City's code folks to discuss all these various types of restrictions.

9) **Mayor Pro Tem Cannon – Have the folks in Third Ward still been engaged? Are they familiar with the potential of what could come with this?**

Rajkowski: Yes.

Cannon: Have they, Mr. Chairman, also been ok thus far with what may come with this?

Mitchell: Yes, very supportative.

Smith: The Third and Fourth Ward neighborhood associations both passed resolutions in support of baseball.

Cannon: Passed resolutions?

Smith: Yes sir.

Cannon: Because of what's been passed by this Council relative to the noise ordinance, there's been some discussion in the real estate community about what they do to ensure that proper disclosure happens to be a part of what they sell to people so that when they move into the

Center City, that they know exactly where they're moving and what they could potentially expect.

10) **Council Member Pickering: You mentioned a family of four can attend for under $70. Will that include parking as well?**

Rajkowski: We put the parking in at $4.50.

Pickering: We're currently at 300,000 attendees and we're expecting 600,000. What makes us think we can double that number of 300,000?

Rajkowski: I think there are several pieces. We retained a consultant back in 2006 and 2007 independent to come in and evaluate AAA ballparks that were built. We base these numbers on doing a lot of research. We also retain marketing. AAA teams are drawing, the top six that are drawing, are drawing in excess of 600,000. We've seen some of it in the attendance schedules. In our slides, you'll see a history and you'll see comparative cities with populations this size that are drawing in the 600,000 range and you'll see the consistency on how they've done it. We feel very confident with these numbers.

Pickering: Why are we seeing higher numbers currently in Fort Mill?

Rajkowski: There are a lot of reasons. Fort mill is a very rural site with no development around it. It's a clear destination; you drive in, drive out and leave. Until two years ago, we had one entrance in, which were two lanes. Anytime you have more than 4,000 people at the ballpark, parking was 1 ½ hour to get out. We still have a challenge with that even though we have added lanes. If you get off the interstate and come on July 4th, we encourage you to come; however, you better pack a lunch because it will take you a while to get there. We get to the facility, its' 21 years old, not a bad building, but it's a building that doesn't have the amenities that people expect these days. If you look historically, since their franchise is 20 years old in Fort Mill, the best year they've ever had was 429,000 people. We survive on Fridays and Saturdays; Monday, Tuesday and Wednesday is difficult from a region perspective.

11) **Council Member Mayfield – Looking at the projected pricing, has there been any discussion regarding the parking? Parking uptown for current events can range anywhere from $10.00 up to $30.00 for a parking spot. Is there some type of relationship that you have identified to make sure that the parking is affordable?**

Rajkowski – Yes, we're investigating. There was a parking analysis done. There's more than adequate parking within walking distance to this facility. The $4.50 is an average and I think that will be more computed by minor league baseball as comparisons and average.

12) **Council Member Howard – There was some development that happened around Fort Mill. Coming in, you guys had some new office buildings developed?**

Rajkowski: Sun Belt Rentals, _____.

Howard: That has been since the stadium was built?

Rajkowski: Yes, those were in the last five years.

Howard: How did that happen? Was that Fort Mill providing incentives for them to come?

Rajkowski: I believe its Fort Mill and York County that provided incentives, but I'm not for sure.

Howard: Nothing to do with baseball though?

Rajkowski: No.

Howard: Michael, what do we do with the two fireworks display on the Fourth of July? Do we have two of them downtown?

Smith: I'm prepared to help resolve that.

Howard: Sacramento has how many other professional teams? They have the Kings?

Rajkowski: They have the Kings. That's it.

Howard: In this situation, do you know if this is an urban park or a suburban park?

Rajkowski: It's outside the downtown core as I understand it.

Howard: If you had a situation where you could be more centrally located and get parking, would that make a big difference? I'm wondering if that is a difference in the model. Do they get parking dollars that you guys can't get?

Rajkowski: They get parking revenue. Yes, there was onsite parking if I recall. I'll do a little more research on it.

Howard: If the model has been done, I want to know apples to apples on what you're proposing…sites. This is 2000, what was the difference in construction costs? How can you do it privately? What are all those things that have to be lined up for you to do it privately?

Rajkowski: Ok. The next slide is Lehigh Valley, Pennsylvania.

13) **Council Member Mitchell – Dan, did the public foot the whole bill of $50M? Was that a bond?**

Rajkowski: We had a 100% public funded, 1/3 from the State of Pennsylvania in the form of bonds and hotel/motel tax.

14) **Mayor Pro Tem Cannon – Did you receive subsidy in Fort Mill?**

Rajkowski: That was before me. The land was donated and the ballpark was built by George Shinn. It is deeded back to the County once the team leaves. The team received property tax incentives. We paid $1.00 per year. We take care of all the maintenance and capital. We pay a ticket tax and then they did the roads and infrastructure to get to the site.

Cannon: Can you get that back to us as a Committee in bullet form?

Rajowski: Ok.

15) **Council Member Fallon: Have you done any studies about how much this will take from our other sports and will it hurt what we have now?**

Rajkowski: There have been discussions about other sports. From our perspective, I base the question on what's going on a Tuesday night in June in Charlotte. There's no hockey, there might be NBA. Really, we're the only sport in town in the months of June, July and the first week in August. So with that, while you've got the lakes and you've golf. No golf at night. I think it's a great opportunity. To me, disposable income and discretionary dollars are spent all year long when you don't have that type of competition. The only competition that you look at is potentially movies.

Fallon: So you haven't done any real studies yet?

Rajkowski: No.

16) **Council Member Mayfield: Dan, can you go back one? *(referring to Oklahoma City).* Looking at that public buy in, do you have the numbers of the last few years as far as what ticket sales have been and how this money is being paid back into the community? What has been the benefit?**

Rajkowski: We do not have those.

17) **Council Member Howard: One of the things that I think we weren't looking at in some other projects we've done is we should look models that are not working and why. If you took that attendance and went all the way down with all the AAA's, the ones at the bottom are not as successful as the ones at the top. That's something I would be interested in. What lessons can be learned from that is the point. What lessons can we learn from the guys that are at the bottom when it comes to attendance and income that they raised?**

I would like for someone to contact Major League Baseball and ask them what a potential likelihood of expanding is and if so, what would the criteria be? I think that would be good information so we'll know exactly what we're up against. I'd like staff to do that.

Kimble: We'll give it a shot.

Howard: What changed from the proposal three or four years ago when you were ready to go and things got slowed down from the legal standpoint? What changed that requires the City to participate when you were clearly going to do this with just the County participating?

Rajkowski: A lot of things changed ***(referring to PowerPoint slide "Request for City Participation").***

Howard: The stadium costs, is that an addition of suites? Why the big difference in construction?

Rajkowski: When these were being priced in construction times, we were in 2006 or 2007; we were at $60M plus. We got down to $50M. We took a couple of elements out of the project. Number two, the construction costs have since gone down in 2008, 2009 and 2010. They're beginning to climb a little bit now, but we had to work hard to make sure we were able to get the building within budget, the amenities that we were able to sell, providing the type of facility I think Charlotte expects and meet the criteria of minor league baseball.

18) Council Member Cooksey – In the funding discussion, what does sponsor founding partnership mean? If someone is going to be one of those, what does that entail?

Rajkowski: We are soliciting up to six founding partners to have inventory in the building. For the most part, the categories are defined. They have to have elements through the building in a designated section in which they will have naming rights. There are a lot of elements built into this package. The commitments are long-term and all the revenue is allocated to these founding partners up to six, while we've allocated directly 100% to debt service on this project.

Cooksey: What's the current value of the team?

Rajkowski: AAA teams, depending on different values that you look at, probably $20M to $22M currently.

Cooksey: What do you estimate the value would go up to if the stadium is built?
Rajkowski: That's hard to tell until you have all the amenities built into it. I wouldn't want to put a number out there.

Cooksey: If I heard correctly, the current ownership structure is at 90/10. Any consideration of raising capital by selling ownership in the team?

Rajkowski: I think that is potentially, but the ability to generate that gap in selling ownership in the team based on the numbers of $22M isn't going to close your gap.

Beaver: We've had some inquiries from a lot of Charlotte people and we would sell out the team to get our share. We probably will have to sell out some of the team.

Cooksey: We got the study from John Connaughton that talked about the economic impacts of sports in general. It strikes me that the Knights dilute the per attendee economic impact of sports rather than enhance it. Any thoughts on the Knights numbers on that math?

Rajkowski: We're not economists; we go through these types of things. I think from our perspective, I wouldn't break it down like that. I understand it has to be about numbers, but I look at the big picture. Some of the things we talked about was what was the quality of life and what does this team bring. What do the outside events bring? We're just talking about scenarios now, not outside events. That's where you're going to see the trigger of tourism dollars and special events. I think that you have to have some faith and confidence that this will work. Do I agree with all of Dr. Connaughton's numbers? No, I didn't agree with some of them. I thought they should be higher. He's an economist and an expert in his field. The value that's talked about today is creating jobs.

19) **Council Member Howard: I would like for the CRVA to chime in on minor league sports.**

Kimble: Amateur Sports is on your radar screen for the last two years, and yes, it's the combination of all them that adds to the total base.

20) **Cooksey: The City had a ten-year moratorium on subsidizing convention center hotels with the Westin. Are we out of that ten-year contract?**

Kimble: No we're not.

Cooksey: How many more years do we have?

Kimble: I'll have to look, but I think it's at least another four or five years.

21) **Mayor Pro Tem Cannon – In your opinion, is AAA baseball a stable market to invest in?**

Rajkowski: I suppose it depends on the investment in the market that you're looking in.

Cannon: Let's talk about Charlotte. Would it make sense for us in your opinion?

Beaver: I think it would be in this market. You get a lot of people that invest in baseball, just to be in baseball, not looking at the returns, particularly when you get down in the lower league of baseball.

Cannon: Have you all gone and exhausted all that needs to be exhausted with the different financial entities in the private marketplace before you come to ask for the public's participation?

Rajkowski: We have exhausted what we feel are the opportunities to do that. If there is not a mechanism to close that gap, we cannot proceed.

Cannon: You've gone to investors?

Beaver: We have talked to investors, but we know that the value of the team is $25M to $30M. There's 30% that we have to sell out.

Cannon: You've obviously gone to the banks?

Beaver: We met with them two hours ago.

Cannon: Two hours ago? Did they say that they had $11M for you?

Beaver: No, they're waiting to look at the whole package that we've put together.

Cannon: Are you planning to explore PSL's?

Rajkowski: We have explored that. It is an option, but it has not been done in minor baseball. We did investigate it with Mullen Marketing. The reality is trying to do that in a minor league baseball level with the number of seats that you have to generate that. I recall it would be about a million and a half you're doing it on a club seat level if you're using $1,000 per ticket.

Cannon: How does the County feel about their level of investment here, which is about $8M over 20 years?

Shields: The County's investment has been initially $24M for the purchase of land, which we agreed to lease for $1.00 per year. The other piece was a commitment of $8M. That would be based on taxes that the Knights had already paid. It would be rebated at the time. If the County had been asked to do more, we would have asked for more, but $24M in land and $8M in TIF investments is fairly substantial.

Cannon: If you are granted the $11M, what specifically will you use the money for?

Rajkowski: The majority of it will be directed towards infrastructure and the site.

Cannon: Will you come back and let us know in an itemized document specifically what the remainder will be used for? I'd like to see a breakdown of what you plan to utilize the taxpayer dollars for?

22) Council Member Fallon – Of that $34M source money, how much do you have in place now?

Rajkowski: We have significant partnerships in place, but at this point, it's hard to reveal that due to confidential agreements.

Fallon: A whole, a quarter, a third, 10%?

Rajkowski: More than 10% and less than 60%.

23) **Council Member Mayfield – Have you considered the possibility of identifying another location that will be more financially workable, looking at the previous numbers, or that may be more cost effective? Even though the plan calls for it to be in uptown, we have seen across the nation where other communities have moved their baseball on the outskirts of uptown.**

Rajkowski: The research and studies were done back in 2004 and 2005. We've invested significant dollars into this site. The study clearly said this was the best location for minor league baseball. This is the best location for us to invest that private money in that location. That's the location…we haven't looked at any others. We have a lease on that property and we think it's the best property for our ball club to be successful.

24) **Council Member Howard – Would this work any place else outside of downtown? The places that come to mind are some locations on the eastside and some other ones. I think it would be nice to put that to bed today, whether or not this would be used for instance on Central Avenue somewhere. Does this make sense?**

Rajkowski: In order to open a baseball park in 2014, we have to move the dirt in September. To look at another site is impossible. From our own investment perspective, this is the only site. We have a lease until December 31 in York County. If we don't, we have to look at other options for our franchise. This is the best site for this franchise. If we're committing 65% of property dollars, we have to keep our eyes on that prize.

25) **Howard: Economically, why does the central location in the Center City make more sense? Right now, you're in South Carolina. If you came across the line and went to Radiator Specialty. There are sites all over Eastland Mall…other places. Why does this economically make sense?**

Rajkowski: I built a ballpark once and that was the number one argument for seven years is where to put it. The site decision was made back in 2004 before I came here. We stayed consistent with it. This has been clearly identified as the best viable site for the franchise to be successful long-term. That's how we got to look at this from an operational perspective. You have Gateway Station and Third Ward neighborhood that's embracing it. You have foot traffic, light rail, downtown Center City workers that will leave their office buildings, and you have a vibrant downtown.

26) **Council Member Mitchell – Michael, can you share with us how many employees work downtown and the total number of residents you have living in the Center City?**

Smith: Yes, there are 83,000 employees in uptown Charlotte and there are approximately 15,000 residents.

Mitchell: Bobbie, when does your contract expire on the County's side?

Shields: They have until the end of March, 2012 to have two sponsors or they make another deposit. They have until June 30, 2012 to produce a finance plan and they must be under construction by October 1, 2012.

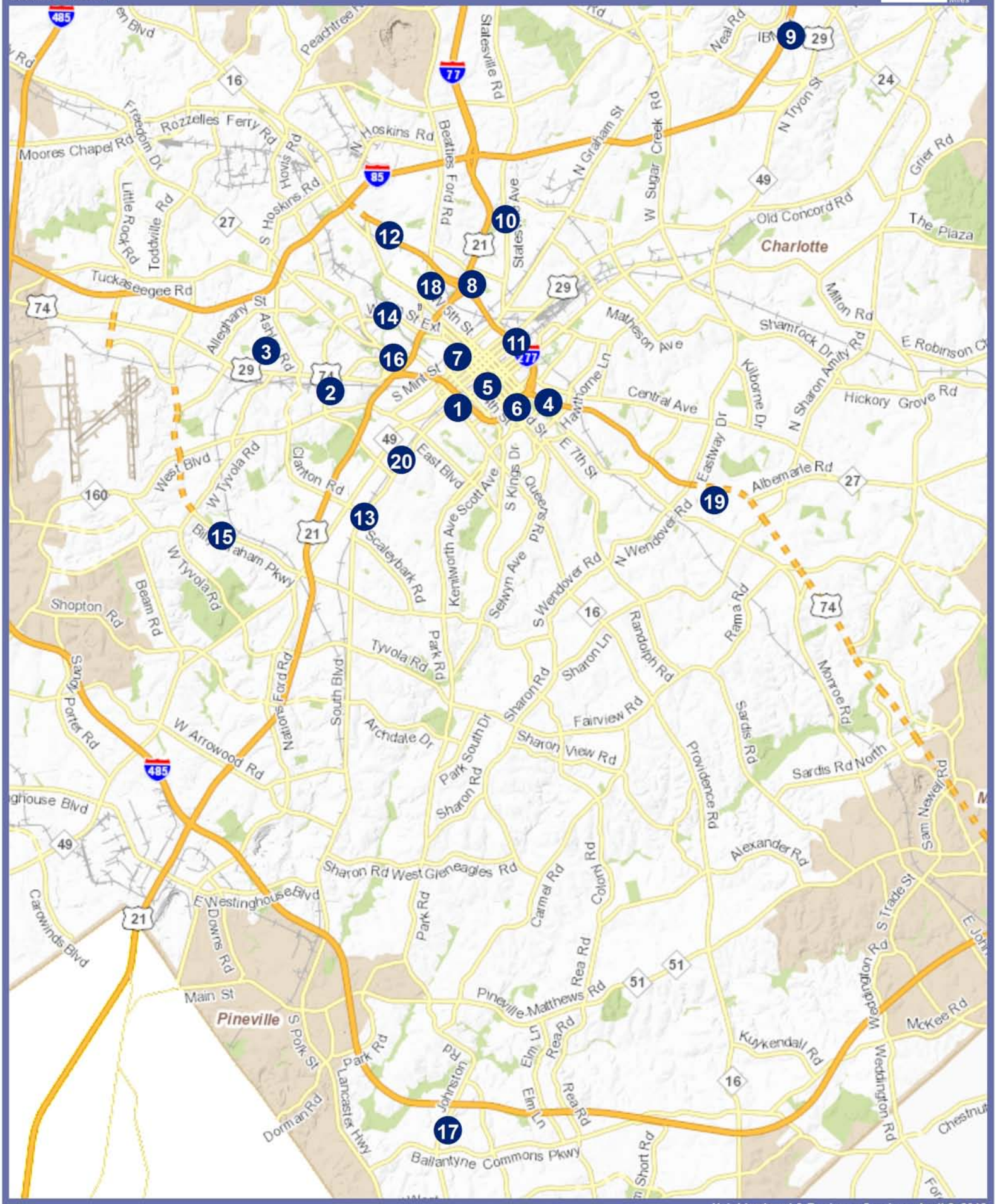
Mitchell: Any feel from the corporate community about baseball downtown from the Chamber's perspective?

English: The Chamber has had a long time position in supporting baseball in uptown Charlotte. It's not just a part of the 2020 vision, but it's been a part of the vision for uptown Charlotte for a very long time. We believe it's time to get moving and start constructing a baseball stadium in uptown Charlotte.

Public -Private Partnerships Update

	Year Approved	Name of Project	Year Complete	Type of Public-Private Partnership	Private Investment	Public Investment	Leverage
1	2000	Westin Hotel	Complete 2005	Infrastructure	$65M	$16M	4 to 1
2	2001	City West Shopping Center	Complete 2004	City/Federal ED loan/grant	$4.4M	$900,000	5 to1
3	2003	Wilkinson Park Business Center	Complete 2008	City/County ED grants	$25M	$4.6M	9 to 1
4	2004	Elizabeth Avenue Redevelopment	In progress	City/County 90%/10yr. STIG	$220M	$13M	17 to 1
5	2004	Epicentre	Complete	Infrastructure	$50M	$2.2M	23 to 1
6	2005	Mid -Town / Metropolitan	Complete*	City/County 90% STIG	$240M	$34M	7 to1
7	2005	Cultural Arts Campus/Wells Tower	Complete 2010	City/County 90% on $400M/25yr.STIG + Rental Car Tax	$800M	$126M	6 to 1
8	2007	Seaboard Street/NC Music Factory	In progress	City 90%/10yr. STIG	$135M	$1.7M	79 to 1
9	2007	IKEA/Belgate	In progress	City 90%/10yr. STIG	$187M	$5.4M	35 to 1
10	2007	Double Oaks/Brightwalk	Under construction	City 90%/10yr.STIG	$119M	$3.6M	33 to 1
11	2007	First Ward	In progress	City/County 45%/10yr.STIG	$800M	$12.4M	65 to 1
12	2007	Greenway Business Center (Rozzelles Ferry)	In progress	City/County Corridor grant	$4M	$2.4M	2 to 1
13	2007	Scaleybark	In progress	Land write down/Housing Trust Fund	$140M	$5M	28 to 1
14	2008	Wesley Village/Bryant Park	Complete 2010	City 90%/10yr.STIG	$33M	$1.36M	24 to 1
15	2008	City Park (Tyvola Road)	In progress	City 45%/10yr.STIG	$624M	$5.8M	107 to 1
16	2008	Bryant Park	In progress	City 90%/10yr. STIG	$170M	$2.2M	77 to 1
17	2011	Ballantyne Area Infrastructure	In progress	City/County 45%/15yr.STIG	$400M	$11M	36 to 1
18	2011	Mosaic Village	Under construction	City Corridor grant	29.1M	3.2M	9 to 1
19	2012	Oakhurst Infrastructure	In progress	Transportation CIP	$50M	$1.9M	26 to 1
20	2012	Poindexter	In progress	SCIP Infrastructure	$30.4M	$800,000	38 to 1
		*Multi-family underway to complete					
	Definitions: SCIP-South Corridor Infrastructure Program; STIG- Synthetic Tax Increment Grant; CIP- Capital Improvement Program						

Public-Private Partnerships



The Charlotte BAROMETER Report

An Official Publication of the Charlotte Regional Visitors Authority

MARCH 2012

National & International Business & Convention

MARKET METRIX HOSPITALITY INDEX

According to **Market Metrix**, guest satisfaction with hotels improved in 2011 over the prior year (+1.2 to 84.5) due in part to improved hotel performance and the positive industry outlook. The largest gains occurred among luxury hotels (+2.9 to 88.8) while Midscale (w/o F&B) hotels posted the biggest decline (–0.3 to 83.5) compared to the previous year. Oberoi Hotels and Resorts posted the top customer satisfaction score among all hotel brands in 2011 (96.8). Encore (+1.2 to 89.8) received the highest evaluations among casino customers. With more hiring and the return of some guest services, nearly every sector of the hospitality industry posted better service scores last year. Employee related areas showed the biggest gains compared to the prior year (Friendliness Front Desk +2.0 to 88.6, Can do attitude +1.6 to 85.5). Higher guest emotion scores (+1.0 to 79.0) also reflected improved guest service (e.g., Comfortable +1.7 to 85.4 and Welcome +1.7 to 86.0). Affinia Hotels showed the largest gain of any single brand (+9.7 to 94.0) in the Service category. Service scores for luxury hotels soared (+3.1 to 86.4) with Baglioni Hotels (+8.8 to 94.4) and Taj Hotels (+5.8 to 90.2) showing big gains in this segment. The only segment to show a decline in service scores were Upscale Casinos (–0.2 to 83.8).

Local Perspective

CHARLOTTE AREA LODGING – JANUARY SMITH TRAVEL RESEARCH

January 2012 **occupancy** was 50.8% in the Charlotte market, up 4.1% from January 2011. By comparison, January 2012 occupancy was 49.4% in the US (up 4.1%), 43.8% in NC (up 2.8%) and 57.9% in the Top 25 (up 4.5%).

Room demand generated a total of 501,117 rooms sold in the Charlotte market during January 2012, up 3.5% from January 2011. By comparison, January 2012 room demand was up 4.4% in the US, up 3.4% in NC and up 5.1% in the Top 25.

January 2012 **average daily rate** (ADR) was $80.59 in the Charlotte market, up 3.4% from January 2011. By comparison, January 2012 ADR was $100.74 in the US (up 3.9%), $76.97 in NC (up 3%) and $119.18 in the Top 25 (up 3.9%).

January 2012 **revenue per available room** (RevPAR) was $40.96 in the Charlotte market, up 7.6% from January 2011. By comparison, January 2012 RevPAR was $49.78 in the US (up 8.1%), $33.73 in NC (up 5.9%) and $69.06 in the Top 25 (up 8.6%).

Trends

- 25 consecutive months of occupancy increases
- First 50%+ January occupancy since 2008 (53.9%)
- 27 consecutive months of room demand increases
- First time eclipsing 500,000+ rooms sold during January since 2007 (505,874)

- 19 consecutive months of ADR improvements
- First $40.00+ January RevPAR since 2008 ($45.08)
- 24 consecutive months of RevPAR improvements

MECKLENBURG COUNTY HOSPITALITY TAX COLLECTIONS-- FY12 THROUGH JANUARY

Mecklenburg County **6% regular occupancy tax collections** total $14.6 million fiscal year to date, up 12% from the same period last fiscal year.

Mecklenburg County **2% NASCAR occupancy tax collections** total $4.9 million fiscal year to date, also up 12% from the same period last fiscal year.

Mecklenburg County **1% prepared food & beverage tax collections** total $13.2 million fiscal year to date, up 11% from the same period last fiscal year.

National Leisure & Tourism

CHARLOTTE # 8 ON HOTWIRE 2012 TRAVEL VALUE INDEX

Hotwire.com announced the results of its Travel Value Index study of the best destinations offering the most vacation for your money. The Index showcases the top 10 cities where consumers planning their next trip can find the best combination of value, entertainment options and attractions throughout 2012. Charlotte, N.C. earns the title of value destination, making their debut on the Travel Value Index for their overall low prices. Nicknamed "*The Queen City*," after Queen Charlotte, the wife of King George III, Charlotte is also ranked as one of the top 100 places to live by CNNMoney because it combines the excitement of a bustling metropolis with good old fashioned southern charm.

Rank/City	TVI Rating	Last Year's Rank	Strongest TVI Category
1. Orlando, FL	100	3	Entertainment
2. Atlanta, GA	98	2	Discounts
3. Dallas, TX	97	1	Discounts
4. Houston, TX	93	6	Discounts
5. Phoenix, AZ	92	5	Entertainment
6. Tampa, FL	91	4	Low Prices
7. Denver, CO	84	7	Entertainment
8. Charlotte, NC	**80**	**N/A**	**Low Prices**
9. Albuquerque, NM	79	N/A	Low Prices
10. Miami, FL	79	9	Entertainment

Economy

BUREAU OF ECONOMIC ANALYSIS INCOME AND SPENDING DATA

According to a January **Bureau of Economic Analysis** report, personal income increased $37.4 billion, or 0.3%, and disposable income increased $14.1 billion, or 0.1%. Pay raises for military personnel added $1.8 billion to government payrolls while Government social benefits for social security increased $20.3 billion. The increase was due to a 3.6% cost-of-living adjustment (COLAs). Personal saving was $540.6 billion in January, compared with $552.1 billion in December. The personal saving rate -- personal saving as a percentage of disposable income -- was 4.6% in January, compared with 4.7% in December.

Media

FEBRUARY 2012 VOCUS

During February, **Vocus** identified 3,202 media mentions related to key search words. 'Democratic National Convention' led the way with 63.87% and 'NASCAR Hall of Fame' with 20.58%

Sources for this Publication

- **Bureau of Economic Analysis**
- **Conference Board**
- **Hotwire.com**
- **Market Metrix Hospitality Index**
- **Mecklenburg County Tax Office**
- **Rubicon**
- **Smith Travel Research**
- **The TAP Report**
- **Travel Smart News**
- **US Department of Labor**
- **Visit Charlotte/CRVA**
- **Vocus**

Michael Applegate, CDME

Inside This Report

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

HOSPITALITY INDUSTRY STATISTICAL REPORT
February 2012

Charlotte Market Lodging Production					
	Charlotte Market	**North Carolina**	**Competitive Set**	**United States**	**Top 25**
January 2012 Occupancy %	50.8	43.8	48.5	49.4	57.9
% Change	4.1	2.8	2.3	4.1	4.5
January 2012 ADR $	80.59	76.97	88.33	100.74	119.18
% Change	3.4	3.0	3.2	3.9	3.9
January 2012 RevPAR $	40.96	33.73	43.20	49.78	69.06
% Change	7.6	5.9	5.6	8.1	8.6
2012 YTD Occupancy %	50.8	43.8	48.5	49.4	57.9
% Change	4.1	2.8	2.3	4.1	4.5
2012 YTD ADR $	80.59	76.97	88.33	100.74	119.18
% Change	3.4	3.0	3.2	3.9	3.9
2012 YTD RevPAR $	40.96	33.73	43.20	49.78	69.06
% Change	7.6	5.9	5.6	8.1	8.6

Source: Smith Travel Research-Stats lag by one month

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

Charlotte Douglas International Airport Aviation Production				
	Month of January	**% Chg from Jan '11**	**2012 YTD**	**YTD % Chg from '11**
Passenger Enplanements	1,567,447	8%	1,567,447	8%
Passenger Deplanements	1,576,077	7%	1,576,077	7%

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

Visit Charlotte Definite Room Night Production				
	Month of February	**Change from February 2011**	**FY 2012 YTD**	**YTD Chg (%) from FY11**
Total Room Night Production	65,264	-95,633	239,824	-162,178 (-40%)
Visitor Economic Development ($)	46,414,752	-89,397,180	144,176,603	-154,995,695 (-52%)
Number of Definite Bookings	79	-41	252	-11 (-4%)
Average Size of Definite Bookings	826	-515	952	-577 (-38%)
Total Attendance	167,345	-94,188	393,658	-199,930 (-34%)
Convention Center GSF Booked	500,000	-1,740,000	19,020,000	4,120,000 (28%)

Visit Charlotte Lead Room Night Production				
	Month of February	**Change from February 2011**	**FY 2012 YTD**	**YTD Chg (%) from FY11**
Total Room Night Production	100,537	-19,435	644,215	-25,602 (-4%)
Number of Lead Bookings	76	-64	399	-148 (-27%)
Average Size of Lead Bookings	1,323	466	1,615	390 (32%)

Visit Charlotte Housing Bureau Production			
	Month of February	**FY 2012 YTD**	**YTD% Chg from FY11**
Total Reservations Produced	2,508	6,893	2%
Total Room Nights Produced	3,293	17,075	-34%

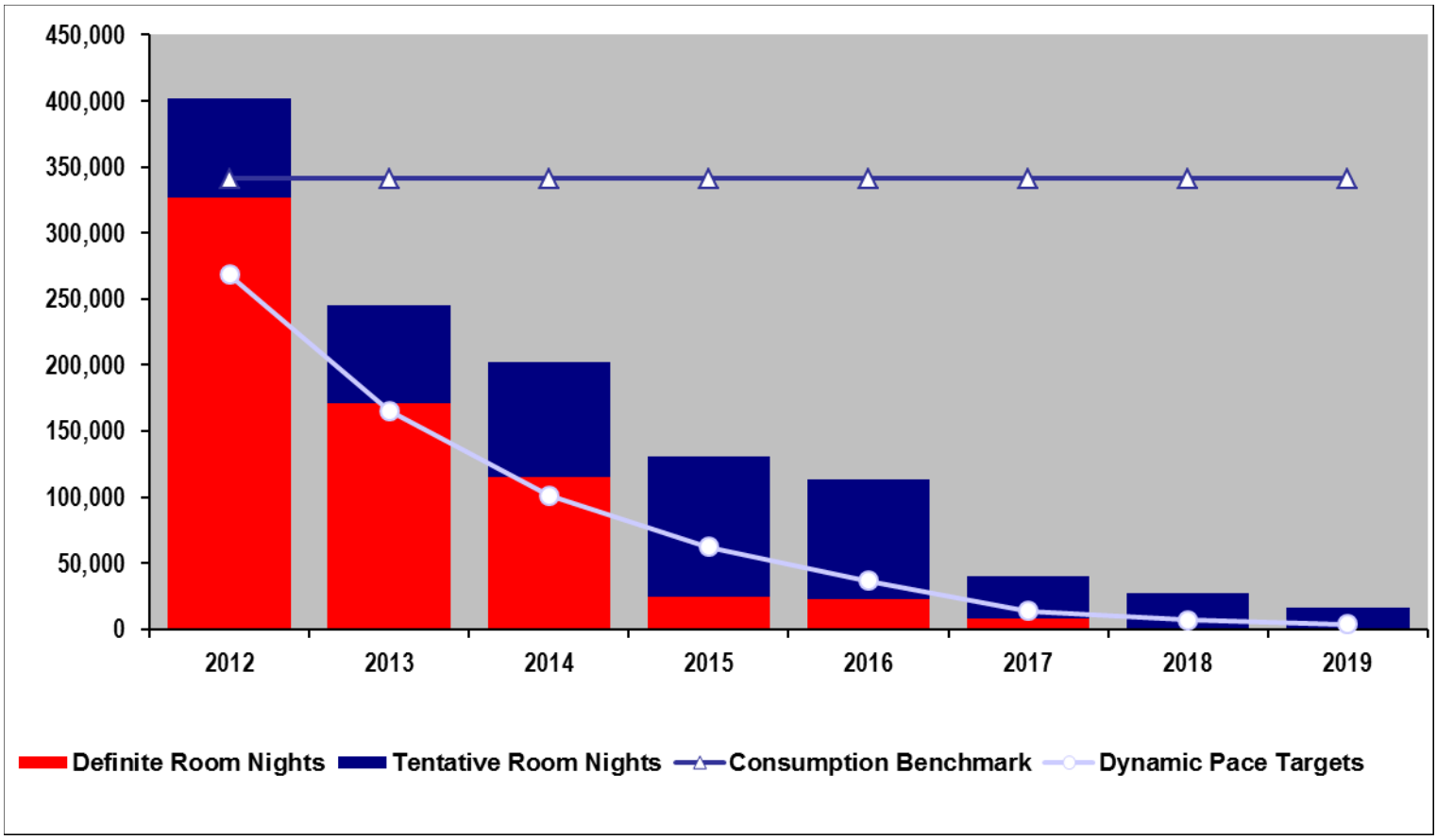
Visit Charlotte Leisure Tourism Promotion & Production			
	Month of February	**FY 2012 YTD**	**YTD % Chg from FY11**
Advertising Impressions	24,853,434	98,510,725	N/A
www.charlottesgotalot.com Visitors (Google)	152,062	1,047,624	51%
Motor Coach Group Bookings (Passengers)	400	3,888	18%

DEFINITE BOOKINGS
February 2012

Conference Sales						
Group Name	**Meeting Type**	**Event Date**	**Days**	**Exhibit Total Gross Sq Ft**	**Total Room Nights**	**Dir. Visitor Econ. Dev. ($)**
NC Sustainable Energy Assoc						
Charlotte Area Ultimate Association		Feb '12	2	250	500	134,000
Crystal Carolina Sports (41 events)		Multiple	2 avg.	37,900	116,340	31,179,120
OneSource Landscape & Golf		Feb '12	2	8	10	3,265
Top Gun Sports (20 events)		Multiple	2 avg.	20,895	44,400	11,899,200
Humana		Mar '12	2	130	50	26,219
Eaton Corporation		Mar '12	3	291	110	68,340
NIRSA Basketball Championship		Apr '12	2	100	250	67,000
Muldowney & Williams Wedding		Apr '12	3	60	150	21,345
BASS/ESPN Outdoors		Apr '12	4	1,160	3,000	1,608,000
Charlotte Area Ultimate Association		Jun '12	2	200	400	107,200
Council on Licensure, Enforcement & Reg.		Jun '12	4	52	80	23,138
Richardson Family Reunion		Jun '12	3	36	60	14,377
National Masonry Instructors Association		Jul '12	2	48	30	11,430
Bell Family Reunion		Jul '12	3	50	65	15,847
LexisNexis		Jul '12	5	205	50	40,482
SAE International		Sep '12	4	195	60	41,717
Vistar Corporation		Jan '13	2	275	140	56,623
National Assoc. of Environmental Mgmt.		Oct '15	4	1,478	500	308,857
Total				**63,333**	**166,195**	**45,626,160**
GRAND TOTAL				**65,264**	**167,345**	**46,414,752**

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 2/1/12) Trends Analysis Projections, LLC

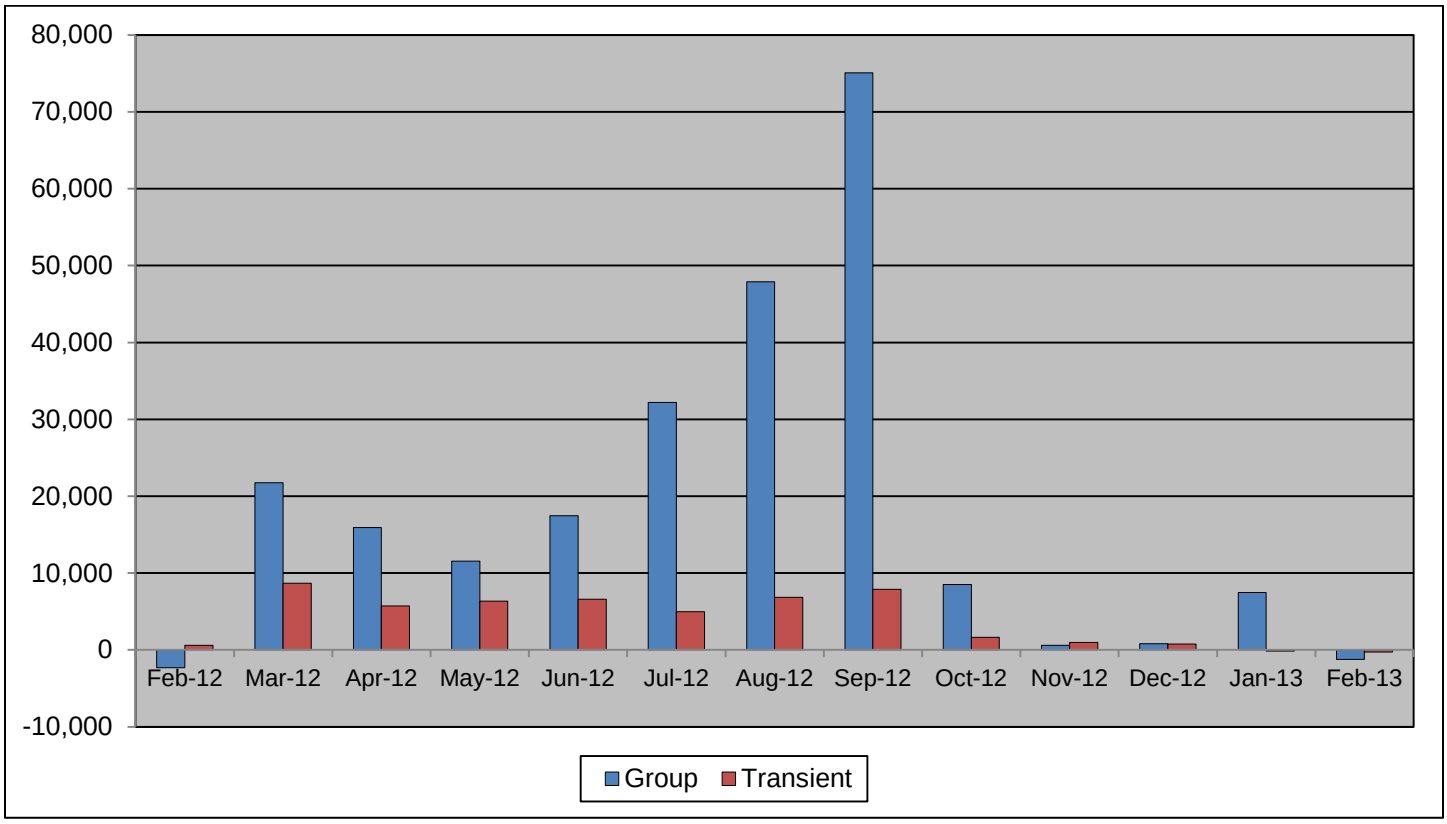


Eight Year Dynamic Room Night Pace Report
(As of 2/1/12) Trends Analysis Projections, LLC

	2012	2013	2014	2015	2016	2017	2018	2019	Total
Charlotte Definite Room Nights	326,423	171,120	114,985	24,059	22,709	7,617	0	0	666,913
Pace Target	268,182	165,469	101,238	62,466	36,546	13,803	7,034	3,692	658,430
Pace Percentage	122%	103%	114%	39%	62%	55%	0%	0%	101%
Tentative Room Nights	75,764	73,946	87,131	106,732	90,872	32,355	26,970	16,492	510,262
Consumption Benchmark	314,058	314,058	314,058	314,058	314,058	314,058	314,058	314,058	2,728,464
Peer Set Pace Percentage	104%	88%	83%	95%	80%	77%	66%	124%	92%

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

Charlotte Market
Change in Committed Room Nights
From Previous Year (As of 2/25/12)



Source: Rubicon

Charlotte Market
Change in Committed Room Nights
From Previous Year (As of 2/25/12)

	2/12	3/12	4/12	5/12	6/12	7/12	8/12	9/12	10/12	11/12	12/12	1/13	2/13	Total
Change Group RN	-2,320	27,732	15,935	11,546	17,447	32,215	47,873	75,064	8,512	608	826	7,453	-1,237	235,654
% Change Previous Year	-3.2	24.9	24.7	20.6	30.7	67.7	149.8	188.0	28.2	2.4	9.1	194.6	-13.0	44.0
Change Transient RN	590	8,669	5,734	6,344	6,592	4,967	6,851	7,878	1,621	984	763	-164	-258	50,571

% Change Previous Year	0.3	8.6	21.0	25.7	78.2	96.0	162.0	192.5	38.8	48.1	68.7	-55.8	-92.1	12.5
Change Combined RN	-1,730	30,401	21,669	17,890	24,039	37,182	54,724	82,942	10,133	1,592	1,589	7,289	-1,495	286,225
% Change Previous Year	-0.6	16.2	23.6	22.2	36.8	70.5	151.2	188.4	29.5	5.9	15.7	176.8	-15.2	30.4

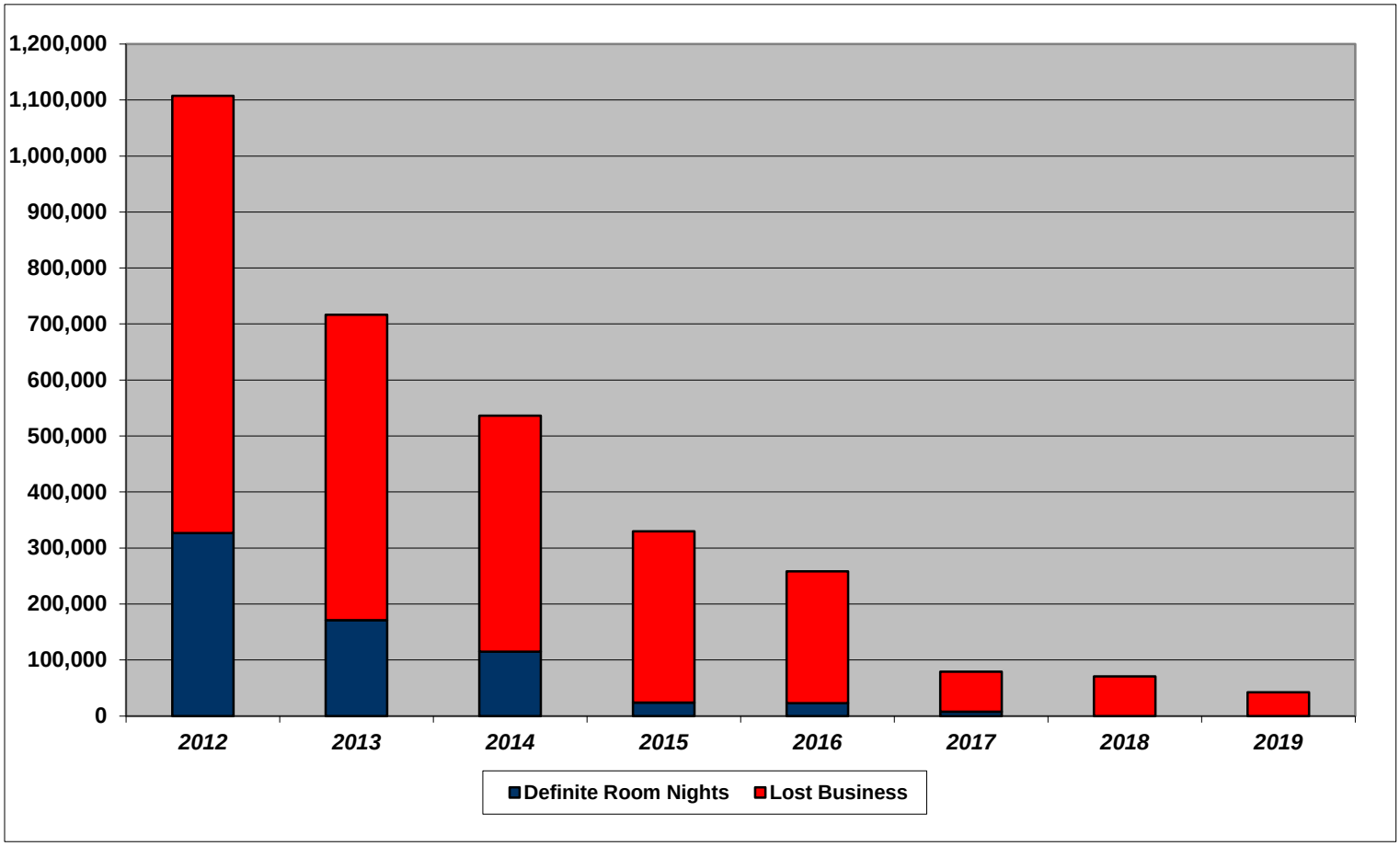
Source: Rubicon

HOSPITALITY INDUSTRY SALES ACTIVITIES
February 2012

Site Visits			
Group Name	**Venue**	**Total Room Nights**	**Total Attendance**
DEFINITES			
TENTATIVES			
The Heritage Foundation (April 2013)	Hotel	656	500
International Thunderbird Club (August 2014)	Hotel	250	200
Society of Nuclear Medicine (June 2018)	CCC	13,000	5,150
North Carolina Amateur Sports (TBD)	TBD	TBD	TBD

Trade Shows & Events (attended by staff)	
Event Name	**Location**
Association Executives of North Carolina	Raleigh, NC
Destination Showcase	Washington, DC
Georgia Chapter of Meeting Professionals International Meetings Exploration Conference	Atlanta, GA
Meeting Professionals International Mid Atlantic Conference & Exposition	Washington, DC

Visit Charlotte Pace vs. Demand Comparison – Lost Business (As of 2/1/12)Trends Analysis Projections, LLC



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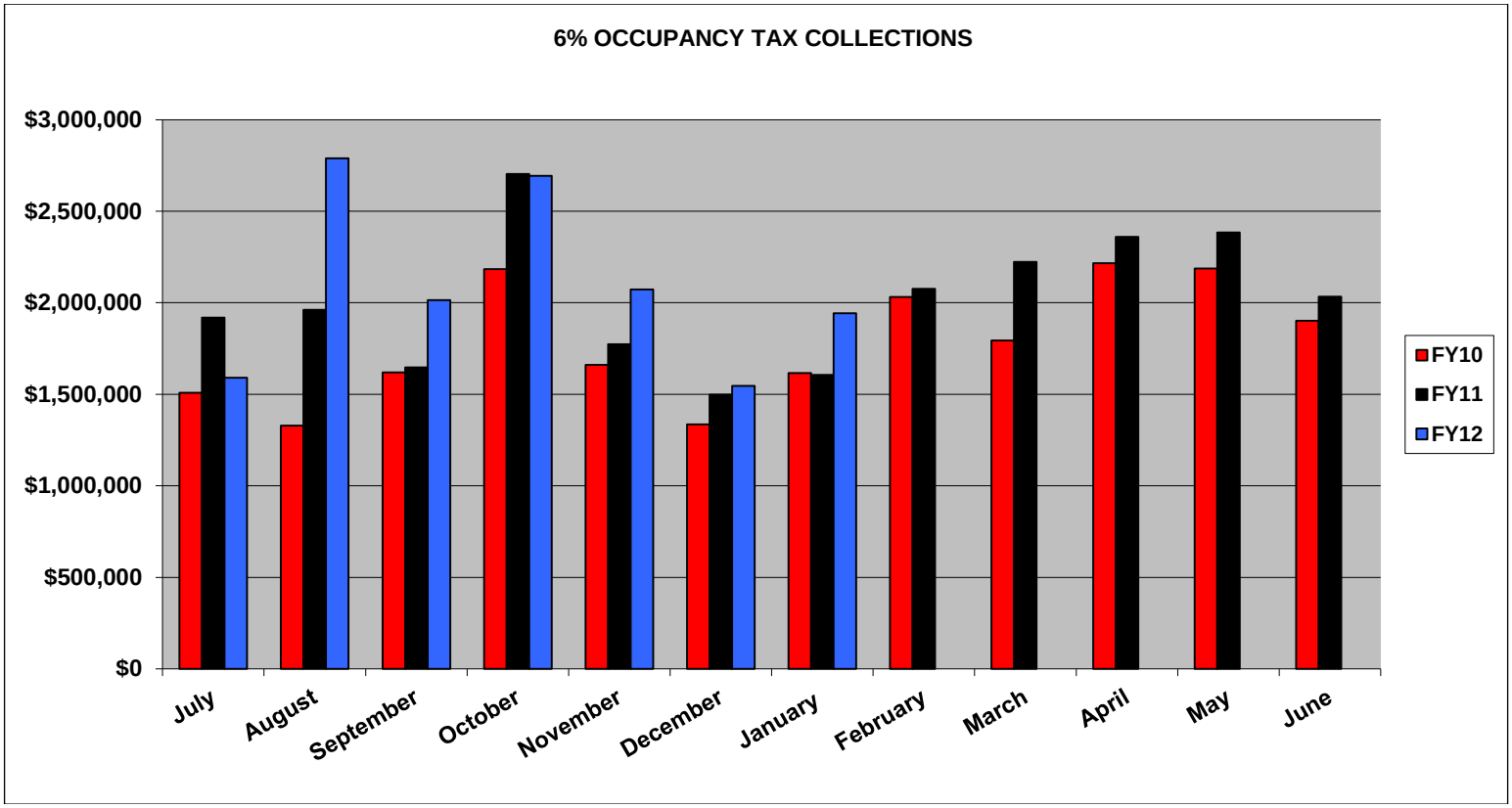
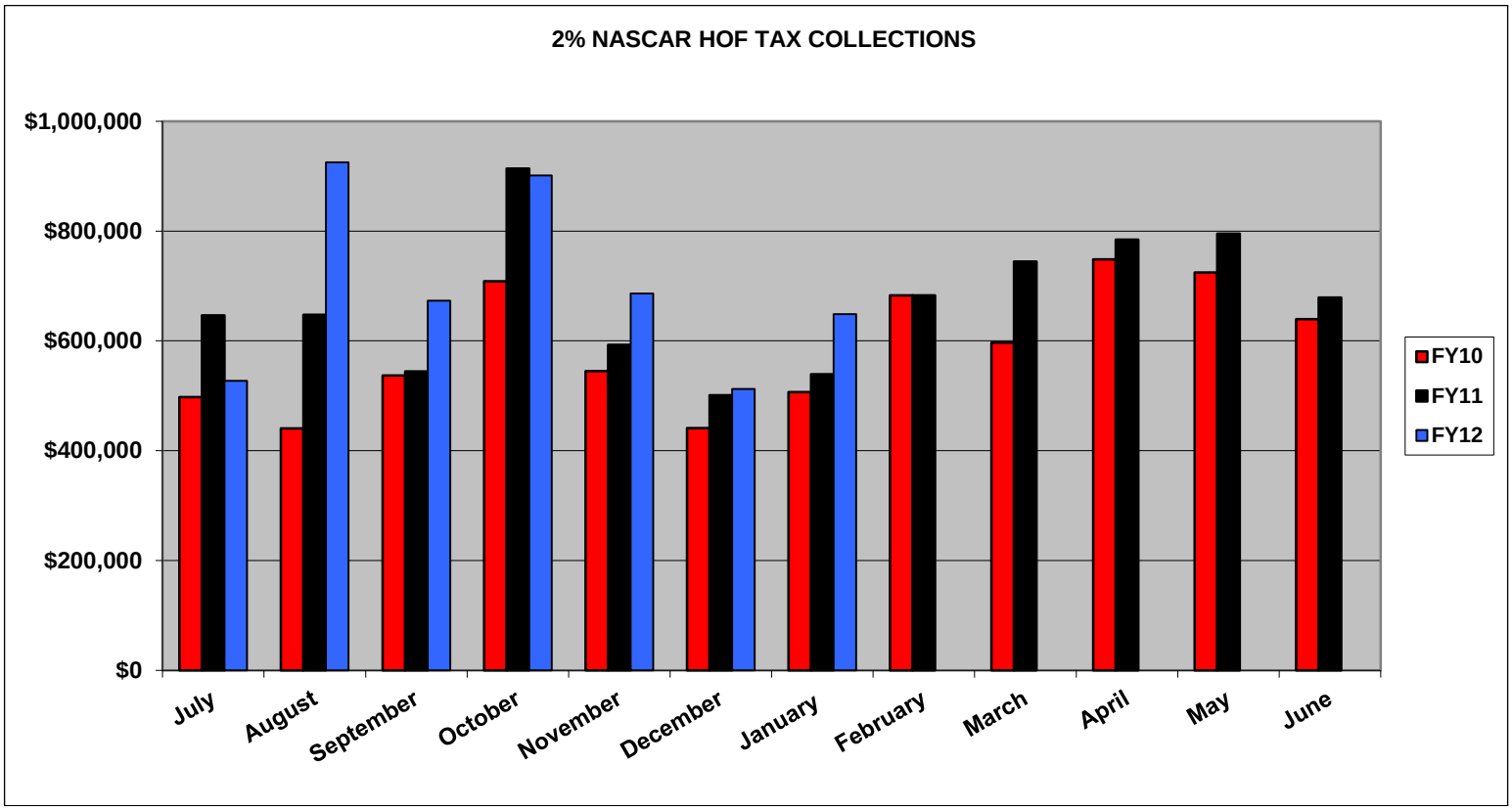
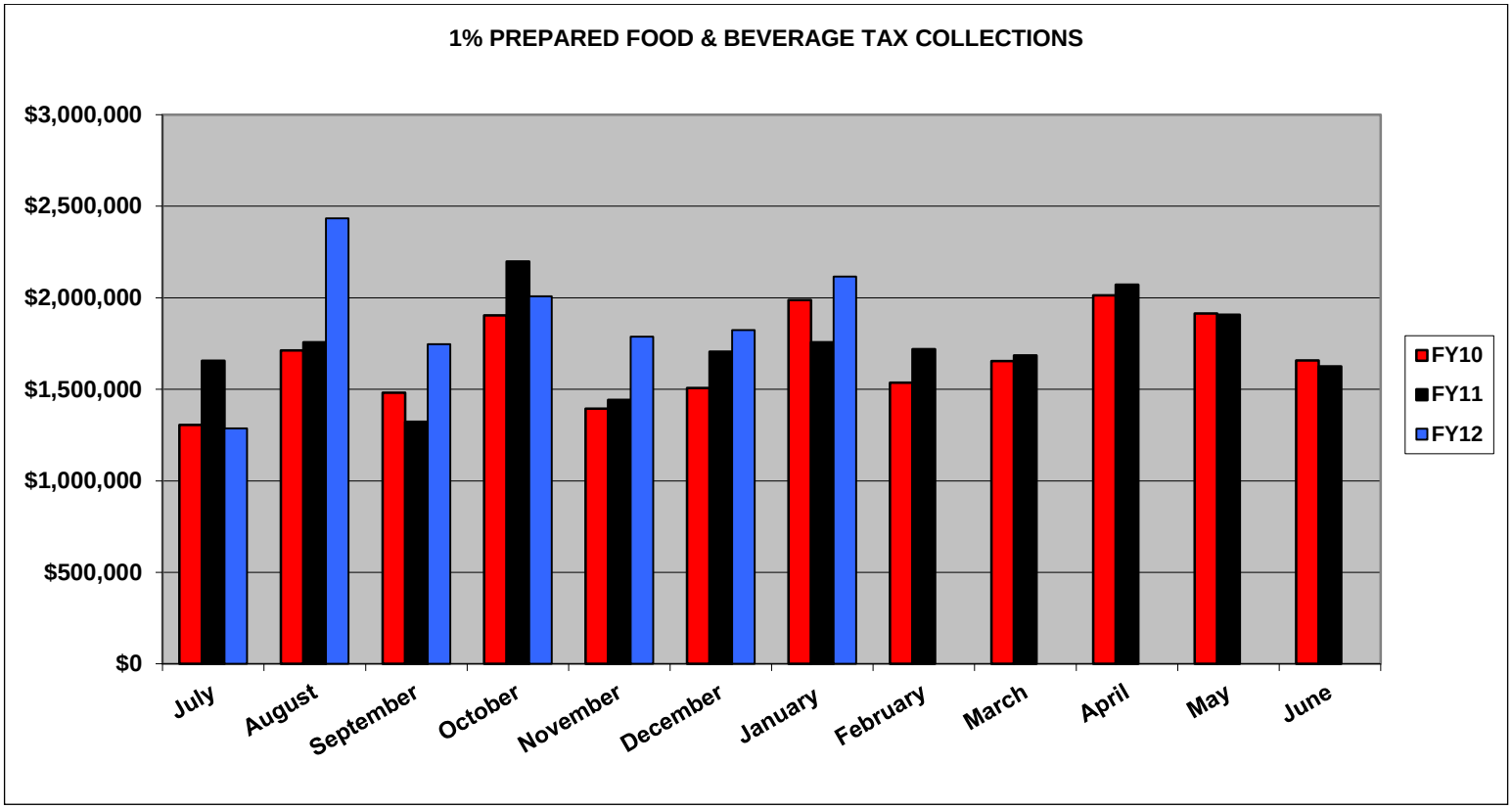
Pace Target	268,182	165,469	101,238	62,466	36,546	13,803	7,034	3,692	658,430
Pace Percentage	122%	103%	114%	39%	62%	55%	0%	0%	101%
Total Demand Room Nights	1,107,583	716,519	536,461	329,895	258,095	79,154	70,835	42,219	3,140,761
Lost Room Nights	784,160	545,399	421,476	305,836	235,386	71,537	70,835	42,219	2,473,848
Conversion Percentage	29%	24%	21%	7%	9%	10%	0%	0%	21%

Peer Set Conversion Percentage	25%	22%	20%	22%	23%	25%	18%	43%	23%

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




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
January 2012

	2011	2012	% Change
Consumer Confidence Index	60.6	61.5	1.5%
Consumer Price Index (CPI)	220.223	226.665	2.9%
Unemployment Rate			
- National	9.1	8.3	-8.8%
- State	10.5	Available 3/13	N/A
- Local	11.2	Available 3/23	N/A