

The City Council of the City of Charlotte, NC, convened for a Workshop on Monday, January 7, 2013, at 5:18 p.m. in Room 267 of the Charlotte-Mecklenburg Government Center with Mayor Anthony Foxx presiding. Councilmembers present were: John Autry; Michael Barnes; Patrick Cannon; Warren Cooksey; Andy Dulin; Claire Fallon; David Howard; Patsy Kinsey; LaWana Mayfield; James Mitchell and Beth Pickering.

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Ladies and gentleman welcome back and Happy New Year, 2013 is here. We are at a workshop. We have several items to talk about today. The first is our Federal Legislative Update which we approved a few weeks ago. One of the things I do hope we do with these workshops is that we get information on topics we wouldn't ordinarily talk about on some of the other days. I hope we don't fill time just to fill time either. I want to make sure that these are meaningful meetings. We will keep watching that as we go along here. This is a very important topic. Lisa Tofil from Holland & Knight is with us along with Rich Gold and we also have my good friend, Shawna Watley who is also with us. They are a great team and we want to hear from you.

ITEM NO. 1: FEDERAL LEGISLATIVE UPDATE

Holland & Knight, Lisa Tofil said it is our great pleasure to be with you today as well as serving you, I think it's been at least 10 years if not more. Holland & Knight love to serve the City and we appreciate the opportunity to continue doing so. Rich Gold is the leader of our team, along with Shawna Watley. I'm Lisa Tofil and Jeff Booth who a number of you know very well who is our transit expert is not with us today, but he is going to be with you at your retreat in several weeks where you can spend some more time getting really into the weeds on transit.

The first thing that we wanted to do is just give you an overview of the presentation that we want to provide to you today and of course, we're happy to answer whatever questions you may have throughout the presentation and at the end. First I'm going to talk a little bit about our successes, really the City's successes over the years. The election and fiscal cliff, Rich is going to walk you through as well as talk about the City's Congressional Agenda for the 113th Congress at least 2013. Shawna is going to talk about the Federal Funding priorities as well as big picture issues on transit. Then I will come back and talk about some next steps in terms of moving the agenda forward and what's on our immediate plate for the next couple of months. One of the things that I did just want to talk very briefly about is how successful you all have been, the Council's been and the Mayor has been in being up in D.C. It really does make a difference when you come up every year for the League of Cities' meetings when the Mayor is up for the Mayor conferences as well as all of the individual conversations that you have on a day to day basis with our congressional delegation. We encourage you to continue doing that. It really helps in terms of sharing the voice of Charlotte with the Delegations so that they know what the City's priorities are and so that they know how they can be most helpful to the City and the citizens in this City. So I definitely wanted to make sure that you know how important that is. Because it clearly takes time for you to do and Mr. Chairman I know that's a big commitment of yours and the rest of the Council.

The other thing of course is there are two new members of the Delegation at the Congressional level, Mr. Pittinger and Mr. Hudson. I know the Chairman of the GAC (Government Advisory Committee) has been in contact with them and has done a lot of outreach to them. Of course on your behalf we have done the same Holland & Knight and look forward to working with them on behalf of the City as well Mr. Watt who has been a long-standing supporter, champion for the City. As well as the Senior Center, Senator Burr and of course Senator Hagan as well who have been incredible champions on behalf of the City. So with that I'd like to turn it over to our team leader, Rich Gold.

Holland & Knight, Rich Gold said I want to talk to you a little bit about federal successes and move on and talk very quickly about Fiscal Cliff and Federal Successes. Just to give you background we have over \$790 million in appropriations and authorization funding over the life that we've been working together in Washington from FY2005 to FY2012 with \$100.65 million in appropriations and \$689.7 million in authorizations. With the most recent successes there being the Full Funded Grant Agreement with CATS and you all obviously executed with FTA

this fall in October and another example being the security funding for the convention last summer.

Councilmember Dulin said the recent 2012 success, \$580 million of that is part of the \$689 in authorizations, these two things overlap?

Mr. Gold said correct. As Lisa was just mentioning the presence of you all in Washington at the staff level, at the Council level and the Mayor's trip up are critical. I think when I started talking to the Mayor and to Dana about how complex it would be to have the security funding come to Charlotte as well. If you all will recall we were working with Tampa as well on that. I think both Mayors thought that I was exaggerating how complex it would be. But by the third up I think Mayor Foxx was sort of like, okay you were right, this is really going to be when we were meeting with the Senate Majority and Minority Leader together. This is going to take a fair amount; so in the current environment given the deficit situation, it's not even gridlocked anymore the partisan teeth gnashing going on in Washington it's just very complex right now.

Just to give you the quick overview on where we stand, an election snapshot at the end of the day; President Obama with a 3.8% popular vote, margin 332 electoral votes. In what should have been a pick up cycle for Republicans in the Senate with the Democrats defending 23 seats and the Republicans only defending 10; the Democrats actually managed to pick up two seats with 53 Democrats; 2 Independents caucusing with Democrats and 45 Republicans obviously still short of the 60 vote majority needed for a cloture; so the Republicans will still have the ability to play the strong minority role that the Senate affords as oppose to the House. In the House, Democratic pick up of about 8 seats; 234 Republican seats to 200 Democratic seats; Speaker Boehner still commands a strong majority in the house.

Councilmember Howard is presiding.

Councilmember Howard said Mr. Gold hold on for one second.

Councilmember Barnes said how ironic that Mr. Romney got 47% of the vote, but also you talked about culture a bit and I read that there's some conversation taking place among some senators to adjust the rules to require less than 60 votes to do something.

Mr. Gold said yes what they are trying to do is reform the process so, it used to be that we had about 18-20 filibusters in a session. And in the last session I think we were in the mode of hundreds. So they are trying to reform the process such that the Motion to Proceed which is the majority leader's initial vote to move on to a Bill which is generally in the past. If you look at the history of the Senate it's been done by voice vote. It will not be capable of being filibustered. So that you can get on to a bill, without the minority party or any group requiring a 60 vote margin to do so. There would still be the final passage motion that could be filibustered so you could prevent a final vote on a bill. And that gives the minority party the ability in consideration of a bill, the ability to have its way and require that the majority compensate and negotiate with the minority party before a final passage vote can be had. So it's a compromise that has been worked out frankly both leaders at any given point in time; Leader McConnell for the Republicans and Leader Reid for the Democrats have generally been opposed to any change to these rules because senate majority flip back and forth relatively quickly and as a result everybody views themselves as potentially in the minority after the next election and wanting a strong minority role. But in this case, the ranking file center sort of decided enough is enough and they wanted to move on and this was the bipartisan proposal.

Mr. Barnes said well when will that be effective?

Mr. Gold said it's effective once the Senate comes back and I don't think the Senate is back until the 21st, I think that's right.

Mr. Dulin said is there an opportunity then this year in the new Congress for the Council here and you with your leadership to expand our voice a little bit and to meet with folks outside of our delegation. I mean is there any use to that? We certainly have the time and I think you've seen the push from Council here to take the time that's needed to take to get the work done. Does it

do us any good to expand our box a little bit and meet outside of our Delegation while we're there?

Mayor Foxx is presiding.

Mr. Gold said we've generally been doing that. Not necessarily on a specific NLC trip that you all do in March because there's a lot to be done in a relatively short period of time there, but on specific issues we're meeting outside the delegation on a relatively regular basis. So for instance the Mayor meet with Senator Murray's senior staff about the Blue Line Extension and our need for funding when he was up in the fall after the convention. Where particular committees come into play that are important to the City we're meeting with the chairman pretty regularly and doing all sorts of things like that. For the Council meeting in March, that may not make sense, but when you all are up separately and we can advance the agenda, by for instance meeting with somebody on the Transportation Committee about the airport control tower or meeting with the person in charge of GSA funding for the courthouse. We will certainly be doing that.

Mr. Barnes said o.k. thank you Chair Howard and now Mr. Mayor.

Mr. Gold said I don't want to spend too much time on this but it's hard to do this in too short of period of time as well. I will be as quick as I can. As we mentioned, and I've been working in this field now for 25 years, obviously that's a drop in the bucket compared to the history of the Republic, but we are probably about as dysfunctional right now as we have been in Washington and I'm probably not telling you anything you haven't already surmised. But the small ball deal that the President negotiated at the end of the day or actually the Vice President negotiated with Senator McConnell, just to give you some frame of reference will generate about \$60 billion a year in revenue by raising the top rates on the top income earners. That gets you about 5% of the current budget deficit. So we have stark challenges facing us and we have a lot to do to be able to deal with them and at some point here, we're going to need both sides to give to be able to get there. This is just a summary of the deal as it is structured with the top rates going up; \$400 for individuals; \$450 for married couples, extending back up to the traditional top rate that was there when President Clinton was in office. A fix of The Alternative Minimum Tax and the permanent index of it for inflation to protect middle class taxpayers. We extended employment benefits which was really important as the economy continues to start to stand up but hasn't fully suited up again with an unemployment rate in the high 7's still. We dealt with Medicare Sustainable Growth Rate issue which is very important to health care providers in terms of being able to be reimbursed by Medicare. The final agreement also included a compromise on the Estate tax to a 40% rate from its current 35% rate with the first \$5 million in assets exempted. That was the main kind of Democratic give in the tax component of the deal. We didn't fix the sequester and this will be important for us going forward for the City. We only delayed its implementation for two months. So that gives us to the end of February to try and fix a final budget deal and come up with spending cuts such that the sequester can be avoided. Otherwise we will have \$1.2 trillion in cuts, \$600 billion defense; \$600 billion domestic discretionary; like a meat axe, cut over the next ten years with no accounts other than Medicaid exempted.

Mr. Dulin said is there a chance that in those cuts is the Full Funding Grant Agreement for the north extension?

Mr. Gold said for the Blue Line, the transit accounts are not protected from sequesters. But we have pretty strong commitments from Secretary LaHood that we are in the budget and we are going to get funded this year. What amount we get, we may get less money if sequestration hits no question because it would be an 8% cut to that account but I think the way we've done the calculations they are still funding there to enable us to move forward.

Mr. Dulin said I heard you loud and clear. But this Council has made the North Line Extension, the Blue Line Extension a priority. Can we move forward if an 8% reduction comes?

Mr. Gold said I don't want to question, and I know CATS staff is here, and I don't know they've got the numbers at their fingers, but I don't think there's any question about us being able to move forward on the project, but our sequencing and timing, we will have to wait and see.

Mr. Dulin said that still remains a high point for me moving forward and a point of nervousness.

Mr. Gold said well the conventional wisdom at the end of the day is that sequestration, which has been implemented one time for \$2 million in the history of the Republic. It's not expected to actually happen. They are expected to take the guns away from their heads and put them down on the table and figure out something sensible to do. We feel pretty comfortable that will be the end of the day outcome.

Mayor Foxx said to be very clear though, there are a lot of risks and to put a different spin on it; as we've been saying for the last two or three years the funding environment for transit is changing right in front of our eyes. We are, through the work of this team over here, have been very fortunate to get the Full Funded Grant agreement for the Blue Line Extension; but based on what I understand of how the administration is thinking about these transit policies; I would not expect that we would see that type of formulated grant occur in the future. It's going to be competitive money. So all these folks that say, why can't we fund our projects like we used to, well the reality is that no one can fund their projects like they used to.

Mr. Gold said this is basically the agenda on one slide for this Congress and as you can see there's no fluff here. We didn't do much of anything in the last Congress and therefore, we really are backed up to having all the major fiscal policy issues to deal with at this point in time, as well as some of the major substantive observation bills like the Foreign Bill; Immigration Reform which obviously became a huge issue in the Presidential Election. Gun Control Reform in light of the school shooting and things like the Energy Bill and the Water Resources Bill, as well as importantly for the City, transportation reauthorization. If it seems like we just finished transportation reauthorization it's because we did but we only did a two year bill. We will be standing in the shoes of having to start reauthorization again right about the time you come up for the National League of Cities we will be starting hearings. Obviously you can see the top of the list here, the long term fix or replacement deal for the sequester. Those discussions are already starting to happen between the White House and folks on Capitol Hill in a low key way. But the reality is that sequestration goes through February 28th and if history is a guidepost, you can expect this to be resolved on February 28th or so. At the same time we will likely have to lift the federal debt limit and we have the expiration of the current continuing resolution which is funding FY2013 federal government activities at the end of March. That will have to be dealt with at about the same time. That's our federal agenda for this year on a more micro level. With that I'm going to hand off to Shawna to talk a little bit about our funding priorities for the City for the year and go from there.

Holland & Knight, Shawna Watley said we are just going to go through what you already know, what your funding priorities are, and to give you an update of what we've been doing. The Airport Control Tower, we will continue to work with FAA to advance construction. David Whitestone, who is one of our partners at the firm, has been working closely with the staff here at the City to regarding the airport tower. He and I will be meeting with the senior staff at the FAA within the next two weeks to discuss the airport tower and just to move things forward but we feel pretty good about where we are.

Councilmember Dulin said we've been talking about the timing of the tower for years now. So when you say move the timing forward we need dates. Two years ago I was telling people about 2019 which is unbelievable to the outside world, actually to us even. That's an unbelievable time gap between when something gets ready to go and when you actually get to send people up to work in the tower. Whether you all can give us that time tonight or not, but certainly by March when we come up for our meetings; we would like to be able to come back to our constituents and say it really is going to be 2019, I'm sorry that seems like a long time. It really is.

Ms. Watley said sure and I know when David and I go over to FAA that's a discussion we can have, as well as one of the good things that with the Secretary hopefully remaining in his position; he's been a strong advocate of the Tower and he's really helped to push this forward. So I think we're in a good position and we will try to see what the timeline is on that.

Mr. Dulin said it's time for us to know. It really is time for us to know particularly since the new runaway has been open for two years. It's simply time for us to know, in my opinion guys.

Councilmember Barnes said on that issue, the last time we were up there I thought there was some discussion about a couple of different things; one being the tower that the Greensboro

airport was trying to get and the fact that Burr and Hagan are both from that area. Also that the funding for our tower has been obviously non-existent, fluid, where ever may be so that that date keeps moving. In other words, I didn't feel like there was any ability for you guys to give us any date certain, has that changed?

Ms. Watley said I think we are in a better position than we were from last year as far as the tower being moved up the priority list. I don't feel comfortable giving you a certain date today; but I think that's a conversation we can have when we are speaking with the FAA and I know they have a new head now. He was interim, I think they are in a better position to make some decisions so when we have those conversations we can try to determine.

Mr. Barnes said and is the Greensboro tower still an issue as well?

Ms. Watley said as far as I know, no.

Mr. Barnes said well is it a done deal or it won't be done at all?

Ms. Watley said I'm not for certain. I haven't really been following the Greensboro tower issue I just know that Charlotte is in a good place at this point.

Mr. Dulin said with all respect, the last time I heard Greensboro was No. 6 on the list and it might be 6, it might be 4, but as a representative of the citizens of Charlotte, I need to know from y'all; I'm sorry I'm only one voice. But I would like to know from y'all where we are. I think it's time for us to know some timeline about where we are and if 2019 is still the timeline fine. But I'd like to go back and talk to folks that I talk to every Tuesday and Thursday night in homeowner's association meetings that travel for a living and tell them there's a tower coming.

Mayor Foxx said let me try and correct me if I'm wrong; the timeline is 2019 until it changes. So that is the timeline.

Mr. Dulin said I'm leaving on vacation next week until my wife says that we're not.

Mayor Foxx said that's exactly the concept. Okay so that is sort of the status quo, what we're trying to do is we're trying to work out some creative way with the FAA to allow us to self-help and recover on the back end and that is an unusual request and it is one that has to work its way through the system, but what our lobbyist are telling us is that the conversations have not ended and that is a good thing. We are still in a good position with having this conversation with them.

Mr. Dulin said and thank you ma'am. I'm pushing on you a little bit you know, but that's what you've come down here for.

Ms. Watley said no problem.

Mr. Dulin said that's fine sir, but if we need to push toward, all of us know that our airport leadership could go build a tower and would like to lease it back to the FAA, they've said no. So anything we could do as a group, nobody has asked me I don't know if anybody else has been asked to help push for us to take care as much of it as we can. So wherever we can help I'd much rather the citizens of Charlotte and this Council and Mayor take care of our problem, we're able to take care of it.

Mayor Foxx said I think maybe take what you just said and turn it into a request, maybe it is to ask our lobbyist to consider what effective strategies may be employed by this group. Like for instance, is it calling Senator Burr's office; is it calling Senator Hagan's office and just having a conversation with them or are there other strategies we can be using. But I have to tell you as someone who has worked in the bureaucracy, not the Transportation Department, but in the Federal Government, that at a certain level it goes into the vacuist bureaucratic space and it works its way around until a decision has been sought and it's unclear to me whether we have gotten to a point where they are interested, they're trying to work with us and it's going through the checks and balances within the system and we cannot influence it. A congressman can't influence it, a senator can't influence it, a governor can't influence or a councilmember can't influence it; I just don't know. So can you all give that some thought?

Ms. Watley said sure, absolutely and I know that as I said before I think we are in a very good position, we have friends within the department within FAA who is really trying to work with us to come up with creative options for the City. I feel very positive that we should know something within the near future as to how they are going to be able to work with the City so the tower can get built.

Mayor Foxx said this is a little bit like, for them, what for us would be like making a decision the night of, to decide a zoning case. Some of it is you have to think about what are the unintended consequences of creating a unique situation for us and I just my sense is that's part of what is going on.

Mr. Dulin said and Lord knows how many times over the last seven years I've had to ask folks to be patient that it moves slowly but we are coming that way. Because I understand that about the tower, but I really would like for Council, all of us are connected to the tower we need at the airport, regardless of our demographics in our districts or the whole district to the at-large members. So I really would like to be able to go though, I mean I'm out in the community, as we all are, all the time and I'd really like to be able to tell these folks that's it coming. Even if they say it's coming in 2019, I'd like to be able to tell them that.

Mayor Foxx said you can tell them that.

Mr. Dulin said and I've already had the conversations about land acquisitions and engineering and testing, you know and all that stuff. On this one issue I'm sorry this is taking a long time but the airport is our economic engine for all of us and I just think that's important.

Mayor Foxx said very good points.

Ms. Watley said and the next item is the Blue Line Extension. We will secure FY14 funding for the Blue Line. This shouldn't be a heavy lift it should be included in the President's budget with the signing of the Full Funding Grant Agreement (FFGA) and we will do our regular rounds and meetings on the Hill updating the delegation, talking to appropriators and DOT folks but we think should one should be a no brainer. The Federal Courthouse, we had very good conversations today with city staff about this current status and we will start scheduling the appropriate meetings to talk with folks in Washington to make sure that they understand that this is on the City's agenda and we will be moving forward with the strategy. Any other questions?

Mayor Foxx said just one other area where I think the entire Council can play a role in making the chase to our Legislators, with or without the sequester cuts, my guess is programs like and CDBG, HOME, and some of the other ones that we use for affordable housing for afterschool, for youth employment that sort of thing. That funding has actually been cut steadily over the last several years and I think when we all go to Washington it will be good to sort of arm our Delegation with the some impact for information about what good those programs are doing for us so they can then have it for their use.

Ms. Watley said and the other thing is obviously there will be other issues throughout the year that may end up on the agenda that we will obviously be willing to work with you all on. So transit issues, as Lisa stated up Jeff Booth will be going through the more details with you all during your retreat regarding transit but we do want to just go over a few of the major provisions as it relates to transit that came out of MAP 21. That was one of the few major bills that came out of the 112th Congress. So I'm just going to run through these provisions, please let me know if you have any questions and then Jeff will go through a more detailed presentation for you all. State of Good Repair, CATS will be eligible for funding in 2015, this will be tied to a requirement of having an Asset Management Plan. So that's nothing that you all need to be concerned with right away but that's one of the provisions that was changed. Prior to it was a discretionary program, now it's a formula program. The Urbanized Area Formula Grants, the program grows by 2% per year by growth in urbanized areas according to the 2010 census results in less funding. The Transit Safety Oversight Program was a major reform with the Transportation Bill, and that as a result of the Washington accident on Metro and so, expanded responsibilities for North Carolina DOT to oversee CATS safety program will be in place. I'm sure the CATS staff has already started looking at that. CATS Safety Officer, which there will

be a requirement to have one, will report directly to the CEO and the Director of Transit and that was not a requirement before. So those are the two major provisions within the Transit Safety oversight. And then there's New Starts. The New Starts program was changed quite a bit but there were some very positive things that came out of that. It simplifies the project approval process with major emphasis on lane use and density and project corridors and it also streamlines the project delivery process.

Mr. Dulin said alright let's go back up to Transit Safety Oversight. CATS Safety Officer must report directly to CEO, is there an expanded cost to CATS over that? It might be all within CATS and then they report to the Feds. Can you expand the responsibilities to the NCDOT to oversee CATS safety program?

Ms. Watley said well one of the things is the regulations have not all come out yet so we don't know exactly what that means and so more than likely the new bill will start to develop and maybe pass through before the regulations actually come out; but we're hoping that that process moves forward a little quicker.

Mr. Dulin said for instance, Shawna, as recently as I don't know, not a week ago but since Christmas I'm a CATS customer. Meaning we use the bus system as a family. My son went from Southpark to the transfer center and the transfer center to the Bobcats Arena for a hockey game recently. And he's 16, he and his buddy. And I put them on the system so that they would learn how to use the system, it's pretty cool and it worked great for them. I'm just interested, you know we want to hold costs down rather than jack costs up. That's less ads we have to sell if we keep costs down yall.

Ms. Watley said so for Transit Funding for FY13 and FY14 CATS Blue Line Extension we have the FFGA for FY13 appropriations. We won't know where that stands until March. But that includes the \$70 million in the Appropriations Bill and there may be obviously a worst case scenario, the sequester happens, so there may be some issues there with which to address, but we're hoping that we end up with close to the \$70 million in FY13 appropriations. Then we'll be moving forward with the budget for FY14 which will include the Blue Line and Congress typically honors all FFGA so there shouldn't be any issue there. TIGER Grants, this has been a very popular program. The senate strongly supports TIGER funding and it looks like there will be funding for TIGER in the FY13 Bill. The other funding opportunity for FY13 and FY14 are the TOD Planting Grants. This is the only other discretionary funding program for transit. And like I said before Jeff can really go into the weeds on this so please save all your other questions for him for February? And I'm going to turn it over to Lisa are there any other questions?

Councilmember Howard said I've seen that TIGER's been used for smaller projects. But here in the new starts it's going to be harder to get into when it comes to bigger projects. What options do we have? Are we going to have to do our line a mile or two at a time? Is there anything equivalent to new starts coming out anytime soon so you can do a Blue Line Extension again?

Ms. Watley said well it would have to go through the New Starts program, any future extension.

Mr. Howard said but if not you just have TIGER?

Ms. Watley said TIGER funding can go towards a program such as that; but if it's a new start it has to go through the New Starts program.

Mr. Howard said but there are no other tools?

Ms. Watley said no not that I'm aware of currently.

Mayor Foxx said how are projects being planned and designed now. Because there used to be earmarks that you could get through Congress to "tee" a project up; has that been resolved?

Mr. Gold said it's still at FTA Administrators discretion to fund projects in the pre FFGA stage and Peter M. Rogoff the current FTA Administrator, is within the confines, depending on what happens with sequestration, etc., looking at keeping a discretionary pool for projects in the planning phase. But we will have to see as the new Bill gets implemented what happens there.

To go back to your prior question though, we didn't want to leave you with the impression that the New Starts Program is somehow going to be unattainable or something in the future. We're expecting the program to be well funded. It's going to be competitive but it's always competitive and the key is going to do how you do in your scoring which you guys have always done very well at. And the early lines that you've put on board have well out performed the estimates of what you thought you were going to have in terms of ridership. So there is a fair amount of faith in the system. You all compete well in that process and we don't expect that to change.

Mayor Foxx said is it also true though that, have the criteria changed relative to commuter lines or street cars or the New Starts Program?

Mr. Gold said they are in the midst of proposing regulations under the new law that will have a much stronger consideration of development impacts from transit lines as opposed to a straight cost benefit analysis and that's expected to benefit projects like street cars and components like that that will have a strong economic development component.

Mayor Foxx said and the estimated time of arrival (ETA) on that?

Mr. Gold said the proposal was supposed to be due out right after the election and we haven't seen there've been a lot of regulations that were held up prior to the fiscal cliff kind of settlement, because the White House didn't want to muddy the water with new regulations coming out. So we're really expecting it any time and certainly by the time Jeff is down for your planning session. We should have the proposal out but the group that Jeff works with, the New Starts working group, largely helped draft those regulations. So we're hoping that a lot of the comments that that group submitted are incorporated and we expect to see a lot of good things that the transit community has suggested to your FTA.

Mr. Howard said what about the match? The way New Start is set up right now is to do half of the project. Has that changed either with what we're think will happen or with what Jeff's committee proposed or is there any reason why we would think that the Federal Government Funding, half of a project would change?

Mr. Gold said no I think the funding levels are still going to be pretty much in equal share there and obviously the State oftentimes contributing depending on what State you're in, but in North Carolina you would hope to have a State Chair as part of anything you do obviously.

Ms. Tofil said o.k. just to wrap it up; I got to be the opener and the closer. The first thing that we're going to be doing in January is work with Dana Fenton and Carolyn Flowers who will be coming up to give the preview for the Delegation of the City's proprieties and agenda. And that will be followed by Mayor Foxx in February for Delegation meetings as well; and then in March of course the Council will be there for Delegation meetings as part of the NLC with its own agenda. We think that by having this sort of three stage process, which is very similar to what the City has done over many years that provides an opportunity; particularly with some of our newer members of Congress, to educate them on the agenda. Ascertain whether they have questions, concerns, issues, whatever early in the process and that gives us the ability to do things like talk to our Delegation about the Council's desire to get as much information as possible as soon as possible with regard to the airport tower timing; things like that. So "teeing up" those conversations early so that they know from the very beginning of the Congress what the City's priorities are, what you care most about and how they can be most helpful on behalf of the City. So it certainly is part of those conversations pursuant to the previous conversation, Mr. Chairman, Mr. Mayor, Mr. Barnes. We will use that as an opportunity to talk about the timing of the airport tower as well as the other critical priorities for the Blue Line Extension and the Courthouse. So we will get that "teed up" pretty early and certainly whatever feedback we're able to garner, you know sometimes in addition to Holland & Knight's work on your behalf, calls from the Delegation over to the agencies as you well know can be very helpful and productive. As part of the strategy that you suggested Mr. Mayor in terms of thinking through how we can best utilize our leverage point and our Delegation to be supportive and we can certainly engage in a dialogue with them about whether they could be helpful in trying not just to get it done, but to give us some information so that you have a clear picture as to what kind of timing we may be looking at. We may not be able to come up with a perfect time frame

for all the reasons that came out in your discussion, but we will do everything we can to try and get there and work with our Delegation to see if they can help get as much information as quickly as possible. So with that do you have any questions for the three of us?

Mr. Howard said you said something about the Urbanized Area Formula meaning that we were going to get less? Our urbanized area just grew a great deal so you're talking about us getting less or that fund?

Ms. Watley said the fund in general getting less, not necessarily the City of Charlotte.

Mr. Howard said it will be nice to know in March what happens with us with our urbanized area growing too much. We're taking on a whole other county almost and what that means for our federal dollars. Is that an increase or are we just dividing less now with more. What happens with the urbanized area in our NPO?

Mr. Dulin said other than the City of Charlotte we have now, what other urbanized areas have we taken?

Mr. Howard said our urbanized area grew to include the majority of Iredell County. We actually go up to the South Yadkin River. That is Union, Iredell and Mecklenburg and a little piece of Lincoln.

Mr. Dulin said does it go south at all sir?

Mr. Howard said well we took in some parts of South Carolina, but we have agreements to let those NPO's, RPO's take over those areas. But the major push for us is including Iredell County. As a matter of fact probably in the next week or two I will be talking about this new MOU that we will have now that we have Iredell County and what it means by weighted voting and how our money plays out with all of this. It's a pretty big deal.

Mr. Dulin said why are we just hearing about this now though? I mean I had no idea that we are now Iredell County.

Mr. Howard said we had it. This body has actually heard a presentation at least two or three times. We've heard presentations this body has, at dinner meetings. Now what it meant and how big we got and what it meant in the end, we're still trying to figure that out. But we knew our urbanized area was going to grow substantially.

Mr. Dulin said that's an interesting term I mean one that's legitimate for us. I'm more than willing to work on that and move it forward but it's the first I've heard of it and I read everything that comes to me.

Mr. Howard said I'm sure someone on staff can find past presentations for you.

Mr. Dulin said thank you Mr. Mayor.

Mayor Foxx said thank you that's what our workshops are all about.

Ms. Tofil said the other thing I would offer for you and for the Council. As Rich was talking about with regarding to the fiscal cliff that just passed, the debt ceiling, sequestration, the Appropriations Bills; it's going to be a topsy turvy couple of months and as the City is engaging in the conversations with the Delegation including staff level visits; including the Mayor's visit, the Council's visit, we will certainly keep you informed over the next couple of months as we go through this process because it certainly does have the potential to impact not just the three key priorities that the Council has identified but other programs that you were talking about as well. Like the Community Development Block Grant and others. So we will keep you informed and as we get additional information and feedback from our Delegation based on the visits that are occurring in January and February, we will be keeping you informed about that as well. Rich or Shawna do you have anything else to add?

Mr. Barnes said it might help, at least it would help me with regards to the slide that was entitled 113th Congressional Agenda, I don't know what the priority might be, none of us do. But they literally cover everything from guns to butter on that. If you all could draft us an email indicating when you believe they are going to be getting to those items, would help me and maybe send it through Dana. I'd like to know when they are getting to those items if they ever do.

Ms. Tofil said absolutely we will do our best to keep you informed. You know some of them are going to be easier to identify than others, sometimes they will come at us. I can tell you off the top of my head the first three issues that we have been talking about they will be dealing with within the next two months, without a doubt. Extension of the social security payroll tax cut is a longer term issue. I think Entitlement Reform is going to be part of the conversation in the next two months because the conservative members of congress that want to see spending reductions and would really like to see changes to the Entitlement programs are going to be desirous of having that conversation earlier rather than later in terms of "teeing it up" over the course of the next year. So I think we're going to see the theme of spending cuts. Now that the republicans have said from their perspective tax cuts are done now it's on to spending. That doesn't mean that that's how it's going to go but that's what they've articulated as a desire. I think that's going to be a consistent theme that you will be hearing from them. On Immigration, I have no idea I would defer to Rich.

Mr. Gold said I think on Immigration you're likely to see it move more quickly but we're probably in the second to third quarter of this year and you know gun control probably in the same space. Immigration, there seems to be some Bipartisan discussions particularly in the Senate. It will bear us fruit so we actually expect there's a possibility of getting that done. That's been a long pending item in this Session. Gun control is a wild card, it's just too hard to predict. The Authorization Bills, particularly Map 21, doesn't need to be done until 2014 so we would expect those would go through the entire Congress.

Ms. Tofil said and right now on gun control I think that Congress is waiting for the outcome of the Vice President's recommendations and how contentious it is or isn't will sort of depend in part around what develops out of that. But to your point sir, we will absolutely keep you informed throughout the year as all of these come up.

Mr. Dulin said ladies and gentleman literally, but while we're talking about reporting back to Council, if you could report back to Dana Fenton and then let Dana report us to us as our contact. Rather than you guys having to worry about reporting straight to councilmembers and the Mayor. The Mayor is separate you can do whatever you want to with him.

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ITEM NO. 2: ECONOMIC DEVELOPMENT: "ONE CRVA" MODEL

Interim City Manager, Interim City Manager said yes we have Vinay Patel and Tom Murray with us here today to give you the information update on the "One CRVA" Model approach.

CRVA, Mr. Vinay Patel said I will let our fearless leader who has done a fantastic job since a little over a year that he's been here, thank this Council for believing in us, giving us the opportunity to work through what we needed to work through and to let you all know that the Board that you appointed to the CRVA has and will continue to be focused in making sure that we achieve our Mission and our Vision to be good stewards about the tidy taxes that are collected by us. To that note I would also urge and ask a favor of this Council. This body holds in their hands who is at that table. And the only request I have is to please put people on there that are willing to roll up their sleeves and get the work done to make Charlotte what we all know it can be, a great destination with great assets and a beacon if you would, for travelers wanting to come to this part of the Country. Having said that let me get Tom Murray out here and on behalf of the Board and I know Larry, our treasurer, is here too, I would like to say that this gentleman and the rest of his leadership team have done a fantastic job over the past year to get us to where we are today, which is the One CRVA that we all wanted to see eight years ago.

CRVA, Mr. Tom Murray said thank you very much for inviting us here today to speak about what has been happening at the CRVA since I have been here, 13 months and 2 days, and we have done a lot during that period and made a lot of progress but the truth is we have a lot more to do and we have plans on how we're going to address that and we're working diligently to that but we are doing it in a fashion as a stronger team with our Vision and Mission in our minds. So today I'd like to talk about that progress a little bit and specifically I will talk about that progress in four areas. Our new culture and our new organization; our governance and our focus on governance; our discipline management approach and our strategic direction.

New Culture and New Organization: The process of creating a new organization began before my arrival. On our journey to create lasting change we first looked at defining art culture and then our vision and our mission creating efficiencies that would help create a substantial new organization. Two key decisions happened in the beginning; the CRVA Board made two significant decisions in FY11 to stage for the reorganization activities that took place today or are taking place today. In March 2011, the board approved a new strategic plan grounded in the concept of moving the culture of the CRVA toward a united high performing organization that emphasizes the value and developments of its employees. In June, 2011 the board adopted an Organization Improvement Plan which addressed both strategic and tactical issues, an immediate concern for the organization and its constituents. Our core objectives were to create an organization with a culture that drives innovation, performance and accountability aligned with a mission that achieves financial stabilization and provides each customer with an excellent experience. First we set about writing our vision. The first two points of our visions are really about our people and our customers. Our vision states that the CRVA will be a caring genuine people, a team who delivers southern hospitality to create memorable guest experiences; a trusted steward and partner of the Charlotte region's hospitality and tourism assets, and a leader in the future development of the Charlotte region as a distinctive visitor destination.

We then go to our Mission. The mission says that the Charlotte Regional Visitor's Authority will leverage our hospitality marketing and management expertise to maximize the impact of the Charlotte region's economy and then what we call our greater good, creating opportunities and jobs for our community. You will see those words, marketing, management and maximization throughout our strategic plan as we move forward so it will be familiar to you. We did this with a model in mind so we created a model, what we thought One CRVA World would look like. In that model we've talked about our former kind of siloed organizational structure and we moved to one organization that integrated our core competencies across all of the different businesses we ran. Our core competencies are items like sales and marketing, governance and operations. We call those market, manage and maximize. So we integrated all these competencies and these skills across all our brands. What does that look like? In the case of marketing for instance, our center of excellence in Marketing markets all of our functionalities. We used to have that in different silos in the past and now we have one place that does all marketing; one place that does all governance; one place that does all communications.

We created a shift in how the organization is run. At first we thought we needed to address behaviors and we did that through something we called our commitments and I will talk about that in a few minutes. Then we had to create a government structure in our organizational structure that made sure that there was oversight in our leadership team. A team of individuals rather than one person and the third part was begin working with our board to strengthen our governance discipline in the board's activities that we conducted. Commitments have become a very important part of what we have done as an organization. When I first got here we sat down as a leadership team and said what is it that we want to be known for? Who do we want to say we are as a people? We agreed to 12 commitments and I haven't shared them all with you here today but I wanted to give you a jest of what they are. So I will give you three of the ones I like. I agree to be guided by ethical standards above reproach; I make the right choice not the easiest choice; I will value humility as a leadership characteristic. I will seek collective input and include my peers in the decision-making process. I'm committed to allowing others to be heard and support any collective decision that may be determined by the Executive Committee. There are a number of other commitments like this that have been all accepted by the Executive Team and then distributed down to the Senior Leadership Team where another group of 20 managers who have all committed to these types of behavior in the future. We think that's a very important part of the way that we will be viewed in the future. A key part of the success of this is really the peer review, we hold each other accountable to these commitments. It's really an

important part of the success of this concept. And then we restructured the organization and we did it in that Market Manage and Maximize categories. So in Market we had sales and marketing; in Management we had the HR discipline and the finance folks and in Maximize we had the venues and we had a separate slot for the NASCAR Hall of Fame. So that is the new leadership team that I've been working on and then we have taken that and worked the organization all the way down. We lead in a way that we call distributed leadership so that many people in the organization have an ability to influence decision-making and affect decision-making.

Then we took a look at our board and we said it's time to do something a little bit differently with the board. We knew that we had to continue our focus on governance and we needed to do that in a much more intense way than we had in the past. So we collectively agreed on strengthening, using a sub-committee focus. So where we could get a much deeper level of review and input than we could in our traditional public board meetings. We moved the board meetings from 12 a year to 6, but we increased the amount of activity that we handle in each of those board meetings so they are almost about double the length, actually a little bit longer than double the length than they used to be. So we're still meeting about the same time but in those off months we are doing a great deal of activity at the sub-committee level. Sub-committees like the Executive Committee, the Compensation Committee, the Order and Compliance. All traditional levels of govern that you see in corporations and these committees are getting, as Vanay said, rolling up their sleeves, going through the review of our organization taking us under great scrutiny.

Councilmember Dulin said I've made this comment to others that as much as you guys have going on at CRVA; to go from more meetings to less meetings is a, we try not to tell you how to run your business, but by the nature of my question tonight it might appear to be telling you how to run your business. To me, more reporting is better reporting. For instance, Julie Burch meets with her board of directors once a week. I don't know why y'all have to meet six times a year. She meets and is responsible and accountable to her board of directors four times a month. So it's been interesting to me when y'all pull back from that and I've had explanations on that, but I think more reporting is better than less reporting, even if it's in more detail.

Mr. Murray said I appreciate your opinion and in our case I don't think it works that way. We have actually had much more involvement with the Board of Directors and they are much more involved, but this monthly meeting that we sit and go through the process of reviewing, first of all it takes a long time to get ready for it and we were spending a lot of time doing that and we weren't spending the time that we needed on running the business and on the governance side. I appreciate your opinion and I respect it but for us this has been working much better and we feel like we're making a lot of progress in this kind of environment. And as I said we're covering more material than we ever did.

Mr. Dulin said all I can do then as a councilmember is to make sure and I will challenge my colleagues to make sure that we make good solid nominations and appointments to not only the CRVA but all the boards as we go down. The way we have a voice is to make solid nominations and solid votes by who is appropriate for the spot.

Mr. Murray said I can tell you that my experience over this last year is that you have a strong board at the CRVA and they've been doing excellent work and most recently the leadership of Venay has been very businesslike and been very helpful to me in trying to get the things done that we need to get done.

Mr. Dulin said I would concur sir.

Discipline Management: Mr. Murray said in the next section we talk about Discipline Management, it doesn't mean to discipline folks but it means more to kind of stay in your netting. What we've been trying to do is make sure that we keep focused on fundamentally what we are supposed to be doing as an organization. There are a lot of distractions in our kind of environment and there is ability to go off and work on special projects or work on the "next big thing"; but fundamentally our knitting is to go about in the daily business of marketing our destination as a tourist destination, booking conventions and groups into our convention center and then being good stewards of the assets that you put in our charge. And that's what we're

working on, so the one-time events they're great, they take a lot of work but as I remind my team we've got to work at being excellent at great doing the daily blocking and tackling of running a CRVA and convention center.

Mayor Foxx said let me ask you one question, this is a theory of action question, one could argue that the scope of the mission of the CRVA, if you looked at concentric circles, the largest one being the amount of visitors we get into the City. Whether they are in a hotel, a restaurant, NASCAR Hall of Fame, Art's Venue, Whitewater Center, wherever. People are just coming to the City to experience it; and then a smaller one being that which the CRVA controls, and/or promotes. What I wonder is do we really know the connection between what we control and how much we are driving through our marketing? How successful that is, what our data points are, in the spheres that are beyond the control of the CRVA, i.e. non-NACAR Hall of Fame venues; non-Bojangles Arena; non-Ovens. How much are we promoting those and to what extent do we find ourselves competing with ourselves? In other words, I'm just pulling something out of the air, but like the Blumenthal Performing Arts Center may have some things going on, are we co-marketing those things or how does all that work because I actually never understood.

Mr. Murray said that's an excellent question Mayor, thank you for that. We work really hard to make sure that we are promoting all of the different venues and opportunities for tourism within our community. We do measure those things and we are working really hard to make sure that we are spending more time going back and proving that the marketing do is working. And that's a new stronger discipline that we are putting in place today. But clearly we are managing venues that we control without our own site, but as you may see in the new Charlotte Guide for instance, one of our managed venues is not on the cover; the Mint is on the cover. As you see the work that we do we spend a great deal of time marketing other venues that we don't specifically control. Also you may not know this but we have 670 something partners in tourism to join our Visit Charlotte organization, pay a fee or given kind services to be part of what we do so that they can get access to information that we have about conventions that are coming in; who to call within conventions and get access to maybe making proposals on business. We spend a lot of time on that and as you saw in my mission statement, we talked about creating jobs and opportunities in our community not jobs and opportunities in the CRVA. We do feel like that is our greater good and I think if you talk to the other venues in town they will feel like we are doing it in a balanced way. Clearly we have obligations to make sure that the convention center works but I think in that case it benefits everyone. I think the only competing venues you really have would be within the NASCAR Hall of Fame, Bojangles and Ovens. And I think they are each a unique assets in their own self, in their own writing.

Mayor Foxx said sorry to interrupt.

Mr. Murray said well there is some good news we can talk about what's happening in our marketplace and one of the things that I thought I'd show you before I talked about some of our discipline in management is where we're starting from from a success standpoint. And today, after 2012 has ended we are now at a historic level of performance in our hotels. This is hotel performance. The top line is what we call ADR which is the average price people pay. The middle line is the occupancy and the bottom line is the RevPar. We are now above the 2007 pre-recession levels; not all of our country's hotel environment is healthy again like this, but certainly in our case it is quite strong and we have now fully recovered. The good sign for that is that we're probably going to start seeing folk that are interested in looking at this marketplace to build hotels again because the economic start looking better now and they are working. I will give you some more data in a second to shows you why that might be encouraging. You will see that we've had 35 consecutive months of demand growth, 28 consecutive months of ADR growth or price growth and 33 consecutive months of the combined number growth, it's called RevPar. So we are back to the highest levels in history. We also had one of our strongest years in history in bookings last year; so very strong year and very positive. Everything is not going great though we do have a couple of years ahead that look troubling. In 2015 we've had very slow bookings for whatever reasons, sometimes business is cyclical. We're starting to make improvements on that and started seeing some later bookings than normal, but I just want to warn you that we do see FY15 and FY16 as potentially challenging years as we move ahead.

Councilmember Howard said Tom a few minutes ago you said something about pushing your staff not to just look at the big events but to look at kind of consistently what we do to keep business going, I think that's what you were trying to say?

Mr. Murray said yes sir.

Mr. Howard said has it been big events or have we seen something else driving all these indicators to be going up?

Mr. Murray said our bookings last year for instance were record bookings. They would still have been a record without the DNC.

Mr. Howard said what is that then? What is that constant because I was going to leave that question along until you just brought up the fact that we see some years coming where we see bookings going down; what are we doing now, that we can't keep doing, that would allow it to go back down?

Mr. Murray said I'm not sure I understand the question but we'll see if I can try to answer it.

Mr. Howard said what types of initiatives are we doing to drive people here? Are people coming here for destinations, Carowinds? Tell me what it is; what is it that's made this goal go steadily up?

Mr. Murray said well I think a lot of it is just the good economy of our City for instance; you have to start off with a strong business climate in this City. We provide a portion or a foundation of the business in the hotels for instance but we certainly are not the majority of what they use to become successful. We'd like to think we provided a foundational level to it. I think the destination is becoming more and more attractive, I think the marketing team has done a really great job in marketing the destination and I think our brand; Charlotte has a lot. We've seen this with evidence of research that is working and is driving demand into our marketplace and so we see that working. We like to talk about big things in the City and what I like to say is we'll be there to work on the big things but our focus is on making sure that we do the fundamentals right in our organization first and we get that strong Convention demand and we make sure the hotels are full. We make sure the restaurants are busy and we keep doing what we are supposed to do on a daily basis and when the big events like the DNC come in; we will be there but that's not what we do day to day in our business.

Mr. Howard said the last thing you said before I asked the question was that we are starting to see that bookings are, the point you made before I asked the question.

Mr. Murray said in 2015 we've been talking about it for a few years now, but it looks like 2015 will be a down year. Business is cyclical at times and it may be because bookings are 3 to 5 years out and 3 to 5 years back we were in a recession; and so you may see that that's part of what's causing it but we don't have the bookings on the books that we've had in future years.

Mr. Howard said why would we see that going down? Is there something that we are going to stop doing that we are doing now? You would think that if we keep doing what we are doing that it would continue to go up.

Mr. Murray said yes it would be nice if the hotel industry worked that way but it doesn't always and convention cycles come and go. But it may be that whatever made 2015 slow right now happened several years ago for instance in the sales cycle. A lot of our bookings that we are measuring our future success on are based on long-term bookings. We have a huge amount of short-term bookings that come up but you can predict where you're going to be in the future by knowing what kind of business you have on the books.

Councilmember Cannon said if you can predict or have some of those future conventions that may be coming up in say a two-year period, the question would be then why couldn't you have that number to land in FY15? What's out there, what is your staff doing to be able to generate that kind of business development in FY15 in the short-term, rather than the long-term, so that we don't see that downward spiral.

Mr. Murray said well they are working very hard I can assure you and they are doing the same things that caused us to have you know the record year performance that we've ever had and I think we see strong bookings again in FY13, a pretty good year in FY14 it looks like; but FY15 has been slow to recover. They've got strategic plans put in place, what kind of businesses to go after, they have special incentive programs to make sure we are working on "need dates" and we had some good successes but it's going to take some work to get us back up to where we have finished this year.

Mr. Cannon said at some point and maybe not tonight; I'd just like to better understand your model in terms of how you get to where you're trying to see business present itself for the City. Because I just do not understand; I was with Councilmember Howard. I'm just trying to figure out again, I hear you on the downward spiral in terms of business peaking and dipping and all that stuff, but I'm still having a tough time trying to figure out how you are monitoring when certain conventions might end and when they might pick back up to see about going after those conventions to land them here.

Mr. Murray said we have hundreds of accounts that we are going after that we work long into the future. I have attended a sales meeting this morning we go over those future accounts, why they book with us why they don't; just like any other business it's highly competitive out there. One of our biggest challenges right now in getting bookings is making sure that we have the room allotment that folks want and one of our advantages is that we are really strong in our hotel performances right now. One of the dis-advantages is that there aren't a lot of cheap rooms to get in the City. And when groups are looking for discounted room rates years out; this market is in a pretty confident pricing mood so it's harder to get discount business in longer periods of time. Which is great news because I think eventually that's the kind of news you want to hear when you're a developer that wants to build a hotel; you want to hear that there's room for more capacity of rooms. We hear very good things about why meeting planners want to be in Charlotte and this is not that unusual that you would have a cycle like that but we're doing everything we can to try and stop it from being very low.

Mr. Murray said Occupancy is 66.3%, up 5.7%; ADR is \$94.28, up 10.4%; RevPar is up to \$62.48, up 16.8% so amazingly strong performance and you know in the hotel days you would think a lot of that. Interestingly that's the market for Mecklenburg County. If you use just downtown, these numbers are even more impressive; 70.4% in the City, \$145 to \$196 average rate. That's the price they pay on an average, \$103 RevPar up 14% from the prior year which is really a remarkable number.

Councilmember Autry said Tom, what do you mean by RevPar?

Mr. Murray said RevPar is the combination of occupancy and average rate. It's called Revenue per available room. So you take the revenue and you divide it by all the rooms not just the occupied rooms.

Councilmember Cooksey said John if you take the ADR multiply it by the occupancy rate you also get RevPar.

Mr. Murray said thank you for that. I've been at the hotel business four years now so I'm starting to forget some of the stuff. We also had a record year in the convention center. We had the highest revenue year that we've had in the history of the convention center, \$12.7 million dollars. Another interesting point that I think has happened particularly from the DNC is that we've started to find that partnerships and working collaboratively with our other agencies in the City has strengthen the way we approach going about serving our customers. So when we work with the Center City Partners or the city staff or the Chamber or the Charlotte Regional Partnership in trying to help acquire clients and service clients, we've had a lot of success on things like our joint communication efforts that we work with; with hours on that team with us and we've had a lot of success there. Working on Economic Development together so I just wanted to mention that that is something that is new in our culture in CRVA and it's really been strengthened. And the brand, Charlotte's Got a Lot, just launched its 2.0 we call it the next version of Charlotte's Got a Lot. Very exciting things happening there and a great amount of work that's happened by our team in the Marketing Department.

Mr. Howard said earlier today in the Economic Development committee we talked about the CIP, this Council's favorite subject. One of the things that came up and Ron Kimble, I'm going to try and get your opinion on this is that we talked about whether or not the whole idea of cultivating amateur sports made a lot of sense. It's not something now that I'm seeing in your presentation I think I've heard a lot from CRVA, I've heard from Muhammad about it. But I'm not sure if I've heard CRVA's opinion about whether or not that fits into the strategy of a lot of what you're talking about right now. And I'm not asking for it today, because if you had thought about it,

Mr. Murray said I think about it every day; amateur sports is 51% of everything we booked last year, 51%. Amateur sports is a big part of what we do and one of the strategic reasons why it is a big part of what we do is that our hotels are really busy during the week. The best customers on the weekend that we can find out there are amateur sports. There is tons of it happening; all of you that have children you know that if you are participating in sports, you're travelling to other communities to use their venues. Not just college level but we're talking everything from cheerleaders; who will be coming in in a few weeks. We will have the CIAA coming in a few weeks after that so we've got a lot of amateur sports activity happening that is crucial to what we do as an agency.

Mr. Howard said that kind of ties back to what I was trying to ask a few minutes ago, but didn't do a great job, is that what do we need to do to support you as a community to keep those numbers going up? And Ron, earlier when we talked about it I pointed out a couple of places where I felt like we didn't have all the information like hearing that its 51% would have been great during the conversations over the last year. I would just encourage you and everybody else to include that kind of information in your slide presentations as far as strategy going forward. That's why I was really asking, what type of strategies do we have in place to make sure we keep growing those numbers you were talking about earlier? And if an amateur sport is one of them that's the kind of thing this body needs to know. Especially when we're talking about CIP improvements to venues we already own.

Mayor Foxx said what percentage is arts tourism of our total numbers there? Do you know?

Mr. Murray said arts tourism?

Mayor Foxx said yes.

Mr. Murray said I don't know but I will get back to you on that. We may not actually have just for arts but we have a leisure destination traveler, weekend traveler that is clearly participating in arts. We may be able to figure out a way looking at attendance and all that kind of thing that maybe we can talk to some of our partners and get some better information on that for you.

Mayor Foxx said I know you all are doing some analysis of the DNC, you have a group doing that, do you have an ETA on when that study will come back?

Mr. Murray said yes we're getting very close. We are still waiting for the final numbers from the police on the security, we have everything else. The draft has been drafted so as soon as we get those numbers and they promised those numbers by mid-January; as soon as those numbers are out we will be ready to go with that. We've had great effort going on. We have a tremendous amount of detail, great response from the community and I'm encouraged with what I see so far so I think we will be pleased with that when we get it.

Mr. Dulin said along those lines Mayor, for the Belk Bowl, my parents who are both 80 and Duke grads had friends in from out of town. While they were in town the two couples went to the Bechtler Museum. It's the only thing that they did. They didn't rush their day but the only thing they did was my folks came down and showed off the Bechtler Museum to these folks. And neither one of them are big modern art folks. But the Bechtler, if anybody has been there, it is worth the trip. It never lets you down, so that's an "arts" trip that came to Charlotte.

But that was a couple that came to Charlotte and another Charlotte couple that took them there, it was pretty neat.

Mr. Murray said it was a great football game too! On the NASCAR Hall of Fame I wanted to talk about some dramatic structural changes that we've made to the way we run NASCAR Hall of Fame. Fully integrating and moving sales, marketing & communication, and facilities management all into the core of the way we run our business. That's been dramatically different than the way we used to run the Hall. While we still have a long way to go with the Hall in solving our performance issues; we have tracked some strong results with revenues ahead of budget by \$80,000 so far this year and significantly ahead of last year by \$300,000. We've never been ahead of anything so that's a really good change in what we're seeing at this point and we are pleased with those early results. Part of that has to do with the DNC, we obviously did a great job at the DNC, particularly the Hall of Fame which was full of activities happening in the venue; but we are very pleased to see that progress being made. I think that's the big surprise for us with the Hall is that it has become, like it was intended in the beginning, a lot about venue use for convention, group meetings and catering. In fact so far year-to-date, our catering, food and venue use revenues are just slightly higher than our attendance numbers. So that's risen dramatically since we've started that number. While the tenants' numbers are flat or slowly declining as expected, we are seeing a big growth in the venue use and that is one of the reasons why you see these revenues now, exceeding budget and exceeding prior year.

Mr. Barnes said would those numbers be the same if you took out the DNC activities?

Mr. Murray said they would be slightly less but the same factor would be there. We would be more in venue than we would be in attendance.

Mr. Barnes said I asked that question because of what you said earlier about the hotel bookings being at a record level outside of the DNC, I wanted to know if those numbers would be the same or better or worse. I have a list of questions for you as we get towards the end, but I'd like to know if you're going to continue break out for us the performance numbers of each of the venues. There are still five or six of us who voted on the Hall of Fame and we're curious as to how it's performing. I don't know if you all had planned to continue to break it out; the same thing would be true for Ovens and Bojangles to know how those venues are doing from an attendance prospective, event numbers and also our ability to deal with the debt. Or in the case of the two older ones, the maintenance cost.

Mr. Murray said we clearly are still calculating all those same things in the bi-monthly or every other monthly budget meetings we are having; we have a different financial format that we're presenting now. It's what we like to think about when we measure; as we like to measure the behavior we trying to incent. And we're trying to incent this behavior that leaves the old siloed world behind and moves into the combined world of One CRVA Culture. The only difference that happens in the way we're reporting today is that we don't do the allocations of the central funds, so we don't have accounting allocations distributed out to all the different entities that's the only thing that has really changed. Now in the case of the Hall of Fame, we will do that. We will do it at least on an annual basis, a P&L that includes annual allocations. But all of the attendance numbers and all of those other numbers are still available and as you know we operate in an open records environment. All of the same information that was available before is still available. But the way we report in our board meetings is consistent with the way we're trying to lead the organization. It's slightly different than the way we used to be; but the way we used to be is not the way we want to be and we're trying to move into a new direction. So you may not see the same format on anything that we do but that's because we're not operating the way we used to. It is a bit of a change but you clearly will be able to see the position of the fund balance and where we stand as a One organization and clearly there are reports that we do from time to time with the Board on how our debt capacity is with each of the different venues and our ability to manage the venues. But at the end of the day if the fund balance and the CRV is sufficient, it's a good indication that we have the ability to, particularly in the Ovens/Bojangles scenario, manage those venues.

Mr. Barnes said would it be clear then, I haven't seen the new thing yet I don't know if other folks have or not, but would it be true to say that we would know whether one venue is carrying the rest of them? Say for example that the arena has booked 300 nights out of the year and it's carrying the other entities would we see that on the P&L and all the others that you mentioned?

Mr. Murray said sure. It may take a deeper dive than we do in some of our presentations because even with the board sometimes in the Budget Committee we're doing much deeper dives than we are doing in the general board meetings; but we certainly have all of that data available and if anyone wants to take a look at our books, we operate in that kind of environment where we will be happy to do that.

Mr. Barnes said let me submit this to you and I will close at this point. Because of what we all went through with regards to transparency and governance I would urge you to, with respect to this body, make it clear what each entity is doing and the performance of the entire organization. I understand the changes you described for people like me, just speaking for myself; I have an easier time appreciating individual entity performance or venue performance as oppose to the collective analysis that I think this references. Because you guys are experts at this stuff, I'm not. But if I see that the Hall of Fame is continuing to suck wind, I know what that means and if it's balled up into a collective with the other entities; it won't be as clear to me and I may not know which questions to ask to uncover it. So please be as transparent as possible.

Mr. Murray said I appreciate that and we will do everything we can to make sure that you feel like you're getting the facts that you need from us. Just let me reiterate one more time, we're trying to be as transparent as possible and we're trying to be as responsive as possible and so the only difference from the old way to the new way is that we haven't started allocating cost out yet. We will probably figure a way to do that, but when you think about it, I've got Gina running Marketing for instance and she's working on the Hall of Fame one minute, the Convention Center another minute, and our brochure the next minute. I don't want her sitting at her desk punching clocks saying, ding, okay now I've got to allocate to there or ding I've got to allocate to there so as we integrate it becomes harder and harder to understand how to allocate. That's the only challenge but we clearly can figure out methodologies you know we can do it by different percentages but what's really important to me is that the concept of One CRVA World works and it needs to be reinforced by the way we measure it and that's what I'm trying to do.

Mr. Howard said one of the things I noticed that is not under your preview to worry about Economic Development around your venues. But it's clear to me every time I visit the Hall of Fame that what's missing in area is traffic from other venues. The reason our arts facilities work is because they are on Tryon and they are near each other. It's kind of the McDonald-Burger King thing. One of the things I know that this body has approved is the Brevard Street Plan that would encourage retail and other type of destination uses. That would bridge the arena to the Hall of Fame. I was wondering if you had any conversations with Michael Smith about how to encourage that plan to come to fruition so that you have more venues like restaurants and other things near the Hall of Fame that would build activity down there. Is that something that you guys have talked about at all?

Mr. Murray said I'm pleased to tell you that Michael and I and the heads of the other agencies work closely together on these kinds of things and meet often about it and clearly we don't control the purse strings of all Economic Development but we certainly can encourage that to happen. I would say that what is encouraging is that we're seeing a lot more people looking these days and thinking about developing around that area.

Mr. Howard said but you do agree that that would help some down there. It's two streets off the main thoroughfare, nicely located but it's still, I've seen people come out and kind of wonder you know if I don't want Buffalo Wings where else am I going to go and it's blocks away before you can go somewhere you have to get in the car to do it.

Mr. Murray said I agree with you but I also want to say what we are really focused on in the Hall is two core groups; we call hard core NASCAR fans. We're marketing strategically to get those folks in from 150 mile radius out and we're working hard to get conventions and groups that are coming to our town to use it. So happening by the Hall of Fame is not necessarily what's going to make a success of it. It will be helpful but it's not necessarily what's going to be helpful.

Mr. Howard said and I'm trying not to say this stereotypically but I've had NASCAR fans that I've seen come out that looked kind of lost in a downtown setting. I mean you know because you have to go park somewhere else, you have to navigate the parking deck; and actually those fans would probably do better coming down to a destination other than just to come to a museum

for a NASCAR event. Anyway those are the people that have actually looked lost when I've had to stop and say you know, can I help you find.

Mr. Murray said we appreciate your support for customer service.

Driven by Strategy. Mr. Murray said the last part of our presentation is really about strategic efforts. We want to be an organization that is drive by strategy and the foundation of the strategic plan was developed before I even got here by the Board, but our concept is that we will be a strategy driven organization that will involve specific actions that make measureable steps on our journey towards our destination. Our strategic plan for FY12 – FY16 provides framework and a path to a sustainable CRVA, well position to maximized economic impact of the hospitality economy or the Charlotte region as well into the future. So we developed a strategic map and I'm not going to make you go through all these details but I wanted you to know that we've done that within 4 categories of Learning & Growth, Process, Financial and the Customer. Things that are in Learning & Growth for example are Human Resources delivers strategic value; create a culture where people, integrity, trust and teamwork are highly valued and respected; put the employee first. On Financial for instance we are working on things like manage expense effectively; improve earned income; stabilize our funding. So this strategic map shows us the direction we need to go to fulfill our mission.

Beyond that map we've created templates that have actual tactics that we are going to put in place and I'm sharing with you with the one that we're doing for financial. So we've taken the lower left hand corner, where we are today, which is a fund balance, at that point it was about \$1,600,00. And our goal by 2016 is to have a fund balance of \$8,000,000. We have five specific strategies within that that show us how we want to get to that fund balance and we have teams working on each of those strategies to get us in place and so that is the same type of effort that we're using for our process. In order to get to our process we are trying to have organizational excellence and we have half a dozen different steps that we're taking to get to that place. I'm not going to take you through them all because we are running kind of long on time, but in Learning & Growth we're doing the same thing so the first one is centralize, recruit and staff H.R. department to better support CRVA; we've done that. Develop a compensation program we're just finishing that. Developing IT governance practice, we're well on the way to that. So as we start getting all these tactics done, we feel like we will get to our destination.

To wrap it up, next steps, and what is happening in the CRVA. Have refinement and implementation of the strategic plan; continued implementation of organizational improvement plan; we continue discussions with the community about the CRVA related issues. The future of the CRVA-managed venues; future development of Charlotte as a destination; involvement of CRVA and economic development. With that I will open the floor for questions that anyone may have.

Mr. Barnes said Mr. Murray I will mention a few questions that I had noted as you were talking and if you could get responses back to our staff that would be great. And if no one upstairs knows that's fine too but I'd like to know. I wanted to know how much tax revenue was generated in 2012. You talked about percentage increases and historic changes but I was curious as to the actual amount of revenue generated by the hotel/motel tax and any other affiliated taxes. I'd also like to know the revenue generated during the DNC. You mentioned that idea that during FY2015 and FY2016 bookings were down; are you all taking any specific steps now to set aside the reserves to cover any debt issues at that time? In the past we had, during our budget cycle, made accommodations for shortages at the CRVA and I wanted to know if we're going to be doing anything now to get ahead of that curve; if in fact things continue to look down in FY15 and FY16. Also you mentioned the historic performance of the Convention Center last year and I was curious as to how the debt is going with respect to the convention center? So if you could either take all that down and send it to us, however you want to do it because I know that we are short on time.

Mr. Murray said okay I would just say that that reserve funding is exactly what we are doing in that financial model I just showed you, trying to create a fund balance so that when we do go through cycles we are healthier. We report that tax information on every board meeting and I will be happy to give you the most recent update. The tax numbers have been healthy they've been up significantly as you can imagine because of the performance of the hotels; although

rental car tax has been trailing the hotel tax. The hotel tax revenues have been up double digit and the rental car tax is somewhere around 5% or something in that venue. Everyone else took down the notes for the other questions for me so thank you. We will get all the answer back to you.

Mr. Cannon said these can be taken away to bring back as well. I'd like to know how you are coming in your privatization efforts; in the way of streamlining and if you could bring back some examples of where you've made some progress in those areas, privatization, I would appreciate that. The other one is the ownership in fast food restaurants considered to be a part of your core focus?

Mr. Murray said are you talking about the food court in the Convention Center?

Mr. Cannon said I am and there's a chicken spot I believe in there too. I've wondered about that.

Mr. Murray said we are a huge food and beverage provider for our conventions. We run that food court with brands in it because we felt that it would be more appreciated by our customers and it has been, but it's difficult to run restaurants in a convention center that is so open and shut. So it's not really an attractive place for a typical third party vendor. It works better in our kind of environment where for instance you may be dark for four or five days in-between conventions and but food and beverage is clearly our core competency serving our customers clearly a core competency in the middle of our area. Seems to be working it's been very profitable for us so that area doesn't concern me.

Mr. Cannon said do you see operating franchises to be a part of your core focus?

Mr. Murray said I wouldn't say it was core but is part of our focus.

Mr. Cannon said okay I want to have some more discussion about that at some other point.

Mayor Foxx said okay thank you very much. Clearly there's a lot of work yet to do. I will just say this in closing on this portion of the meeting. Long-term I think we're going to have to really think about the place of the venues within the CRVA, not only the place but how they are supported. Because I worry for example, with some of the non-held venues how well we can co-promote those when we have a vested financial interest in the outcome of a few. That's not at all a dig at you. I think it's a structural concern. It's not a personal concern about how we move forward long-term. Of course if we have abundant tourism it doesn't matter because all the venues are full. So that's ultimately all of our goals. The second point I will make is that I want to thank the Board and I want to thank you Mr. Murray and the team for doing the work that you've been doing over the last several months to get things restructured and get things on a footing that has a much better chance of engendering the confidence of the community and helping all of us do what we want to do which is to add value to the community. So I want to thank you for that.

Mr. Murray said you're welcome we appreciate the compliment and I thank you very much.

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ITEM NO. 3: COMPREHENSIVE ANNUAL FINANCIAL REPORT

Interim City Manager, Julie Burch says I would like to introduce Greg Gaskins, Our Chief Financial Officer who will kick off the FY12 Comprehensive Annual Financial Report, a brief summary of that and also he will introduce Eddie Burke, our Partner with our external auditor. This is for your information.

Financial Director, Greg Gaskins said you know, by the way thank you Mr. Barnes for bringing up disclosure and transparency because this is my topic. I thank you and by the way we track all of the taxes and keep up with all those things related to particularly the funding of all the models including the NASCAR Hall of Fame and so forth. I do a report on that annually. Ron I think it would be a good idea if maybe we just shared that report with Council. They may be an easier way to answer part of your questions is to just give you that report because it's the

time of the year when we actually present that report every year. And it is part of the disclosure process. The other issue is associated with your CAFR, the Comprehensive Annual Financial Report, which we're talking about. There is a subcomponent of that that relates to the operations of the CRVA. We could also share that report with you as well, that will be coming out shortly and that's another way to help with transparency and disclosure issues. That may in fact aid you with some of the questions you have I hope it would. I'm going to not go through everything because I want to get to the key point which is to have the external auditor, Eddie Burke, who is here to talk to you about the report. But I do want to say a couple of things. It is a very significant issue every year when we present this report, which under the State Statutes of North Carolina and nationally, the Comprehensive Annual Financial Report is the document of disclosure. Our report as you know and the Mayor recently handed me on behalf of my staff, the 27th Street Award that we've gotten for the quality of this report meeting the governmental standards that actually in North Carolina are ingrained in us because we had a statute for a very long time that required many of the things that subsequently are now standard across the country. This document continues to be expanded and changed as those rules change. But we have a leg up on everybody else because of the quality of the law in North Carolina and what we've been required to do.

So this is the report, it has the financial statements, the external auditor's opinions, statistical information, Federal and State award information. We do it for statutory compliance, we do it for consistent with GASB. It does provide transparency. Legislative bodies use it. All of our oversight bodies that we have including the local government commission, REDI agencies, investors, creditors, citizens, management; everybody uses the numbers from this report in their analysis and review of the business of the City. This is the thing that I wanted to feature for you. This is considered the key components of transparency. The open budget process and budget retreats and public hearings which you as the Council know very much about because there's a large part of what we do is involved in that process. The annual and independent external audit which is going to be presented is a part of this report and is what Eddie Burke is going to report about. The annual presentation and the final results, which is what we're doing tonight, publicly and we have the current CAFR on line for 10 years. Mr. Cooksey said he was eagerly awaiting the new one to come out which it will and the Certificate of Achievement and Excellence in Financial Reporting which hopefully this will be, the 28th consecutive one that we've did. We're already anticipating that. This is the key about what this report is.

There are many things that we see associated with this that measures our success. There's a lot of data in here. Mr. Cooksey has already asked me a detailed question that we will be happy to answer. If there is anybody that looks at this on line or you know peruses it and sees something you don't understand and by the way; things actually change from year to year because the GASB standards change, there could be many things that that occurs on; we will be more than happy to individually sit down with you or if there is some general question provide that information back to full members of the Council. I'm not going to cover this whole book tonight thank the Lord! But I will tell you that there's plenty of information in here. I do want to report one thing, every year when we get to this point there's a question that comes up about the standard in the past, well how did we do? For us, we met the budget and we met the parameters that were set. Typically over the years of doing this, because we have a 15% fund balance standard it says we're shooting to have 16% and to be able to fill that over we talked about how close did we come to that based on our performance. If we are within 2-3% we generally are considered pretty good. We are about 1.4%. So we are within that standard that we measure against. We always actually want to exceed by a slight amount so that we're not in the problem the federal government is. The slight amount the budget amount because nothing is perfect. If we shoot a little bit high, that's a safety margin that we have in terms of the operation of our government and the expectations of our citizens. We did that and achieved that this year. That is in here in detail and I'll be happy to answer any questions about that. I'd really like to turn it over to Eddie Burke from Bekaert who is our external auditor and let Eddie tell you about his results.

Mayor Foxx said I have one question before you go and it's not something you have to answer today, but I've been approached and I've had other Councilmembers who have mentioned to me that they've been approached about our utilization of firms to do some of our financial work, whether it's investing or what have you and I would like to know to what extent we're using

women owned minority firms to do some of the work involved in our finances. And that's not a question that I need an answer to today.

Mr. Gaskins said if you will remember you and I had a brief conversation about one firm. Actually a number of firms came in last year and talked to us, I believe three that would have qualified under the categories that you gave. In fact we told them and it was true that associated with the program that we did not actually implement, in other words the CIP program which involved the \$946 million that we had plans to associate with that program and incorporate providers of that kind. Now as you know we didn't do that, but we did interview those firms and we told all of them that associated with that program that we did not do that. That remains on hold, but we in fact told all of them and its true, that those people that had come forward and had expressed an interest would be on the list; plus hopefully others at the time, that we actually had a program to put out there. I was a little bit reluctant and this is what I told them, to put that out there until we had the program to put out. We attached it to the actual program. That still remains in fact, Curt at the time, we had announced that sort of as the strategy and I think it remains so, pending any change and subsequently. But those people did not go away and there are still on our list.

Mayor Foxx said I didn't know what happened I just thought I would ask the question.

Cherry Bekaert, Eddie Burke said good evening. First thing I would like to note before I go into the presentation is that the firm's name changed January 1, 2013. So if you go into the Financial Statement that you have and you look at the Opinion; the Opinion's going to have a different name on it than it currently stands today. We changed our name to Cherry Bekaert. What I would like to do is to discuss a couple of things. I am Eddie Burke, I am the engaging partner for the City of Charlotte audit. There are a couple of things I'd like to discuss with you tonight. First, from our perception how the audit went; secondly I've got some key items as far as the results of the audit. There is some required communication information that I'd like to go through you very briefly and then at the end I'll be happy to answer any questions that you have in regards to the audit.

First the City did receive an unqualified opinion on its financial statements. We received full cooperation from all of the city's staff including Finance and the other departments that we worked with throughout the audit. As a part of our audit there is a lot of information that we request. We normally give that requested information in advance to the departments with timelines as to when we need that. I'm happy to say that the information for the most part, was all given to us in a very timely manner. When we arrived to do our work, the books had been closed out, were ready to be audited and were in good shape. One note that I would like to say is that we did not propose any audit adjustments. The reason I bring that up and why that is significant; that indicates that management did do a good job in closing the books out and that the information you received throughout the year can be relied upon. Overall I think the audit went very smooth from the very beginning to the very end. And finally the deadlines that were established up front they were all met by not Cherry Bekaert but also the city staff. I did mention that the City did receive an unqualified or clean opinion. That's the highest level of assurance that a CPA can provide on a set of financial statements. SH What that basically means is that the financial statements can be relied upon by third parties. There was a is of the third parties that use this information on an annual basis. The financial statements also indicated that the City is financially sound and had adequate reserves at the end of the year. And there's also a number of covenants that you have to deal with in regard to your revenue bonds. As a part of our audit, we did test to make sure that the City was in compliance with the covenants at year-end. The cause of the federal mistake dollars that is received by the City you are required to have an annual single audit. In regards to that single audit there are three additional opinions that are required to be issued. One is the "yellow book" opinion that's basically an opinion on compliance with North Carolina General Statutes and the control environment. The City did receive a clean opinion on that and we did not note any internal control issues. As far as the federal dollars that were received and spent; there is a report, Circular A-133 opinion. Again that addresses the compliance with the federal dollars that were spent and also the internal control environment that surrounded the administration of the federal dollars. The City was found to be administering the program in accordance with the requirements that go along with it and the administrative controls were found to be adequate also. Finally the third opinion that was issued in regards to compliance had to do with the state dollars that were spent. There was an opinion that was

issued on that in regards again to compliance with the state dollars that are received and are administered by the City along with the eternal control environment that surrounds the administration of those dollars. And again we found the City to have spent and administer the programs in accordance with the statutes and also note that internal control issues were noted.

From a required communication perspective there are a couple of areas; first there is a letter that was issued with regards to this that basically lays out what our responsibilities are under the reporting standards and Arden standards. This letter also discloses any significant accounting policies and estimates that were used in the preparation of the financial statements. Again whether or not we proposed or passed on any adjusting journal entries we did not, as I mentioned earlier. And then finally whether or not there were any consultations with any other CPA's or whether or not there were any other matters that needed to be brought to your attention. The only thing I would say in regards to any of that; there are a number of new reporting standards that's going to have to be implemented over the next couple of years. Management is well aware of this they are already in the process of addressing all those standards to see what the impact will be on the City. That concludes my comments, I will be happy to address any questions you have in regards to that.

Councilmember Dulin said that report is the same report I've heard sever years in a row now. It's the exact same report. I have a high level of respect for what we do here because I'm on the inside, on the front row. That is the same ole, same ole, same ole. That's probably fine, I hope that's a good sign. Do you guys audit only the things that we give you to audit or is there any forensics done at all? Do we give you people numbers to count up and they come up and they add up to the bottom and we're good to go? Or are you guys in there looking for some forensic stuff?

Mr. Burke said we use a different number of approaches. I mean the first thing we do, we do a lot of state and local government in the State of North Carolina so we have a very good feel,

Mr. Dulin said I'm sorry, my question was do you add up the numbers we give you or do you go and audit the books? Do you do any forensic work or do we add up the numbers that we give you?

Mr. Burke said we verify the numbers that are in the financial statements; through confirmations,

Mr. Dulin said so there are no forensics done?

Mr. Burke said no, not unless something pops up or is identified during a risk assessment procedure.

Mr. Dulin said well somebody's that's cooking the books, not that there's any cooking going on, but somebody's that cooking the books isn't going to give you anything that "pops up". Madam Interim City Manager and Greg I'm sorry, but I mean this is the same report we get year after year after year.

Mr. Gaskins said that is a good thing. To answer your question that is an excellent thing. That is the best thing you can have.

Mr. Dulin said it's a good thing for you for sure.

Mr. Gaskins said if he didn't find anything, and your definition of forensics and Eddie's may be different. Eddie and his people do not come in and accept everything that Teresa gives them. They look at the information, right, if they find a discrepancy, you may remember that three years ago, and I will let Eddie defend himself but three years ago, Eddie pointed out to you a very slight issue that he had that did not vary from a clean opinion; but it was a very slight difference that they had. In addition to them, you also have the people who review this document for the purposes of compliance with the General County Standard Practices. It's the award that we get. It's also a good thing that you're getting that every year. Those people are looking at the same document and are saying that you are in compliance with,

Mayor Foxx said hang on Greg, Mr. Dulin is burning, go ahead,

Mr. Dulin said I know Greg and I don't have any reason, I mean you're bucked up a little bit and that's fine. But I want to know, I see this as the same thing I read the d--- thing this weekend. Lord knows I had something better to do. And Lord knows I didn't understand it all but I went through it. And it's the same thing we've seen for seven years now and you come down here and say everything's cool, don't you folks worry about anything. And maybe we shouldn't worry about anything I just want to know if we're digging it all. Or if Cherry Bekaert gets information from us, they go yep the numbers add up here we'll sign off on it, we're certified, boom. And their a---- are covered and you're a---- are covered and our a----- are exposed, I'm just curious, this is an opportunity for us to ask questions.

Mayor Foxx said it is, but if the mission we want our accountants to perform is beyond the scope of what the law requires us to do; I'm sure that this gentleman would be willing to come and find banker's boxes and go in at an additional cost, to do whatever we want him to do. I guess the question is; is there some fire that you're trying to put out or do you think that we should, every year, have a third party come in and smoke through every single piece of paper that's in this building?

Mr. Burke said if you will let me address, I can address the process that we go through.

Mr. Dulin said I do want you to address that. A lot of folks would say yeah we want to go line by line, see what the City is spending. And I know the expense of that is probably prohibited. And I respect Greg Gaskins. He's going to respect me less after tonight. But the interesting thing is I started asking his guy questions and he pops up out of his chair. I want to know, there's so much money flying around, and we're working on a CIP now where we're fighting, auguring, trying to find consensus on every dollar. So you know I can give Kathy Dulin, Kathy handles our expenses you know, I can give her the numbers of what I'm spending. But she's going to see the bill. The credit card comes in. And so whether we are giving them the numbers we want them to see or not and it's a complicated huge process. My only question to the gentlemen was are you only adding up the numbers we give you or are you doing any forensics and the answer was no sir, we're only adding up the numbers you give us.

Mayor Foxx said I think when he heard Forensics I think he may have been thinking about what I was talking about which is digging through banker's boxes. Why don't we hear what he has to say? Michael you have something you wanted to add?

Councilmember Barnes said I would suggest that while I understand the need to cover rear-ends as you referenced Mr. Dulin; I think that unless we want to go through what will probably be a considerable expense to get them to do the forensic dig that you talked about; one of the things that I consider is, is that Greg is our Chief Financial Officer and there are a lot of people who look over his shoulder and who were looking over Curt's shoulder and who look over Julie's shoulder and they have by virtue their looks determined that the City has functioned well financially and from a management's prospective and a lot of that has to do with the work that Greg's group does. Also I believe Greg was recently recognized or awarded for his work as a CFO. So some important information and I'm not saying that you are questioning his integrity, I'm not suggesting that. I'm simply saying that, are we probably wasting some amount of money some place? Probably, we have a billion dollar operating budget, a \$600 million dollar capital budget, it could have been \$900 million for FY13; there's probably some waste in there; but you know is it enough to justify paying them seven figures to find it? I don't know, you know is it \$150 million of waste, \$200 million? I seriously doubt it, a few thousand probably because we know people waste paper, people burn gas we see all kinds of things happening. But I suppose my level of comfort with what I'm hearing from the gentleman who is visiting with us tonight and from Mr. Gaskins is a little bit higher, not because I'm simply sitting here just eating the food they're feeding me, but based on our almost eight years of experience with this body; I've seen enough from Pam Sifford to Curt Walton to Julie Burch to believe that on the number side of our house, things are actually functioning fairly well. Is it perfect? No, nothing is. But am I comfortable with it? Personally, yes, I am.

Mr. Dulin said I concur with a lot of what you just said. This is just the same ole' same ole' and I'm just wondering if we should ever question the same ole' same ole'. Are we running this place, I'm sitting on the front row man and I don't see much waste.

Mr. Burke said I will be happy to go through it at a very high level if you want me to, it will not take very long. We do not just take what they give us and just look at it. It's multi-faceted as far as what we do.

Councilmember Howard said let him talk.

Mayor Foxx said can you describe it really quickly.

Mr. Dulin said let's just invite him to come to the budget committee.

Mr. Howard said I'd like to hear him, can he talk, let's let him describe it.

Mr. Burke said the first thing is we do a lot of state and local governments and the reason I started down that road is because of the number that we do across the southeast we know this industry pretty well. So we know the points of what is going wrong in local governments across the board so our knowledge of the industry is sort of a starting point. The next thing we do is we have a very good understanding of the organizational structure from the top down; all the way down to the transaction side of things. From that we look at and evaluate risks in those areas. Looking at IT, looking at operational, **is the zzz16:00 tone at the top very good?** We also go out and talk to people to find out if they are aware of anything or if there are any concerns that they have in regards to any of that, and then from that we develop an audit plan. We identify the high risk areas and those high risk areas, forensics to me mean something probably different than it might mean to you.

We do not do what I would define as a forensic. When we identify a higher risk area, we're going to spend more attention to that. For instance, the ARA Funding that we were going through that y'all were receiving for the last two or three years. That was a higher risk area, it was new dollars; there were a lot of new requirements that went along with it. We were spending a lot of time in that particular area just to make sure y'all were spending that money in accordance with what those new requirements were. If you have changes in leadership in key positions, we're going to look at those areas a little bit closer to see whether or not there is any concern or anything that has changed in that particular area. We take all that information and then we do turn around and we do verify numbers, I mean we confirm cash balances, we test transactions; we confirm a lot of information from the revenue sources that you have. The property taxes that you receive, the receivables that you have on your books; we're verifying that those are correct receivable balances. That the property taxes you have recorded on your books is what the county paid you. The federal and the state dollars that you receive, the large dollars, we confirm that we contact the agencies themselves. Reconcile that back to what you say you have on your books. From a compliance perspective through the single audit process, there's a lot of restrictions that go along with that money. We verify that you are spending that money the way that you are supposed to. The other risk you have is the Covenants that you have in regards to your revenue bonds. We test that to make sure you are in compliance. So there are multiple things that we do throughout this audit process to get to this point.

Now in regards to the presentation, I'm covering just certain things. I could talk a long time and you probably won't want to hear me talk because I can ramble when it comes to what I do for a living. What I tried to do in regards to that presentation is to pick certain things that I felt was most significant to the board; that's the reason I've addressed those particular points. Does that help a lot?

Mr. Dulin said it was helpful.

Mr. Gaskins said I'd like to make one point one other thing to keep in mind Andy is that in addition to what Eddie does, the City Manager and an internal auditor, Greg McDowell, have a program that includes testing of stuff in my shop. That is independent and Greg chooses in consultation with the manager, in this case it will be Julie, the things that he thinks need to be verified and reviewed; which will be in addition to anything that Eddie and his staff do. That's random, that's picked by them what they want to look at, and that's in addition to what they do.

Mr. Dulin said one other question sir. Is your audit here different than the one we got out at the airport?

Mr. Burke said we do the audit at the airport in conjunction with this but we spend more time at the airport in that particular department because of the additional financial statements. And one other thing that Greg was mentioning too, we also look at the work that the internal auditors do. If they identify a problem area; that's going to be a problem area for us, and we may go in and expand our work in that particular area too.

Mr. Dulin said how much is our contract with Cherry Bekaert? Does that come up for re-bid every now and then or is that a lifelong contract with y'all?

Mr. Gaskins said everything we do comes up for bid.

Mr. Dulin said do you know when the next bid is?

Unknown person says I think we go through four years.

Mr. Dulin said and that comes before Council?

Mayor Foxx said I would submit that some of the issues that you have raised are a scope of work issues and not necessarily this guy's issues.

Mr. Dulin said I would agree.

Councilmember Fallon said very comprehensive report. Two things I see. One, we are going to run into problems with pensions eventually.

Mr. Gaskins said you see that? Let me just say something about pensions and I'll be happy to cover this more in detail if Julie wants to. There are some changes related to pensions and the disclosure about that. Those can be very deceiving. There are people who have had problems with that. You have a very well-funded pension system here. But in the State of North Carolina and with the Charlotte Firefighter's; I will be more than happy to explain to you the differences in there. There are people who maybe saying there is a fire, but if you're not careful you will run to a fire and there won't be one. So I would certainly encourage you to let us give you some more information on that.

Ms. Fallon said if you would thank you. The other thing is as the Mayor said, with some of the CRVA stuff, we're going to really have to look closely at what we can fund, what we will fund and does it pay? Because I see that as a deficit to, I guess in the years to come we're going to have to unfortunately start cutting just to be able to make a budget.

Mr. Gaskins said we certainly will be more than willing to share information on that. We do keep and have been tracking, and of course working very closely with Ron Kimball on that.

Mayor Foxx said anyone else on this? With that thank you very much. We appreciate your effort.

ITEM NO. 4: TRANSPORTATION: CDOT'S FY13 SNOW AND ICE PLAN

Due to time constraints, this item was not heard.

Mayor Foxx said I'm going to apologize from the offset, I'm going to try and stick around as long as I can but I have a sick person in my house that I need to go and get medicine for.

ITEM NO. 5: CITIZEN'S FORUM

Antoine James, 3601 Statesville Ave. 28202, said good evening I have been fortunate enough to attend several City Council meetings and a couple of town hall meetings facilitated by Mayor Foxx. I've heard the concerns of many citizens that they need and we need more spaces to voice our concerns. If I were to make an assumption I would think when a business comes knocking on your doors or sends an email or gives you a call that they receive preferential treatment; unlike many of the constituents that you represent who do not receive the same considerations until campaign season, if then. If time is an issue for the Council then allow people who are

willing to sacrifice time in order to provide more opportunities to hear his constituents concerns. There are far too many residents in this city to have a limited citizen's forum along with three minutes to speak. There should be other alternatives you all could provide to seriously look at the issues brought forth by the people and allow time for real understanding. Mr. Mayor, you speak of One Charlotte and with all due respect I hope that you acknowledge in making such a statement that that was inclusive to all of Charlotte, city employees, children, the elderly and all tax payers. In closing I will leave you with a question and a quote from Albert Einstein, "Will the Council figure out a way to help this population be heard, all of us who are concerned for peace and triumph of reason and justice must be keenly aware of how small an influence reason and honest good will has earned upon events in the political field."

Mayor Foxx said thank you sir. By the way, this meeting is a new meeting that we've restarted this coming year and people can come speak to us here, they can come speak to us at our business meeting. We actually have more space this year for citizen's to come to us because we've added this meeting back so I just wanted to share that.

Mr. James said another suggestion would be that whenever people do come to these types of meetings to have some type of opportunity for a dialogue or an exchange.

Lisa Rudisill, 7101 Londontowne Dr. 28226, said first of all I want to say that I commend those in the government who saw fit to preserve Charlotte's history by supporting preservation of the Carolina Theatre which I attended frequently as a child growing up here. I think that was a wonderful thing that I read in the paper. Although I do think that it's too bad that some other buildings have been torn down such as the Masonic Lodge. In Europe they keep buildings for thousands of years it seems. But anyway this Council has a very hard task, a wooden scrooge comes before you, banners in hand, demanding raises they haven't received for a couple of years. Unfortunately I have little sympathy as I also have received no raise while working in the private sector only part time. When taxes go up and property is reevaluated, the underlying need is additional monies to fund government of which salaries are a large part. So I don't have a great sympathy for them. The City Council now has to face covering the street car project. As a member of the neighborhood street car committee, I believe in it as in all forms of mass transit. As a Charlotte native I never desired mass transit until the terrorists of 911 destroyed so much. I changed my mind about mass transit thinking did we not get the clear message that we are not wanted in the Middle East? A major reason for our involvement there was, of course the availability of oil. In addition the federal government has smartly encouraged mass transit to cut down on the number of individual cars on the road to reduce cost of road maintenance, traffic congestion, traffic injuries and more. You see if you do the math, there's a lot of money saved by mass transportation.

The streetcar is a costly project, unfortunately in America we want to drive our cars anywhere and at all times that we desire them. We feel like it is our right to do that. But the streetcar is a costly project. We should look to cutting every penny possible. The Publicly Traded National Corporation for which I work is so squeaky with money that they don't even buy computer programs, they use free ones. And by the way this company was previously owned by Mitt Romney. I don't know if it has any impact, but it's true. The reason we were chosen for the streetcar and also probably for the northern leg of the Lynx is I think it leaves an impression with some people that these are maybe a ride to school. Though I don't believe that's true I think it could leave an impression in the taxpayers mind. That's not what mass transit really is. It is not a ride just for people who don't have cars and it's not a ride to school. So I think we have a problem with taxpayers understanding what the need is for.

Donovan Hubbard, 2545 Cranbrook Ln. 28207, said I'm here today to talk about the camera proposal for the close circuit televisions that the Mecklenburg County Police want to install. At a time when the country, the state and even the county are strapped for cash; why would we want to spend millions of dollars on a closed circuit television system in order to spy on everybody who is a private citizen with private businesses? The popular argument is that it makes the street safer. Proponents of this spy network often carry statistics that are cherry picked by certain cities like Baltimore and Chicago. And we all know what the crime rate in Chicago is like. However, there have been two police reports that have been done since the age of CCV TV has been reduced to the public sector for use of a spy network. The Home Office Research Group in 2005 did a report that covered almost every city in America; as well as most cities in Europe and

London. The report that they found, there's hardly any crime prevented and hardly any crime solved with the use of these CCV TV camera networks. There's another report done by the Liberal Democratic Party of London. This report found similar evidence that the CCV TV cameras and the spy networks that the police are often using aren't actually effectual in preventing crime or stopping crime after it has already occurred. In fact in Washington, D.C. they've had these cameras since 2006 and they have not solved a single crime since then but have added \$4 million dollars to the annual budget. Law officers often have a lot of temptations with their jobs. And one of those extra temptations could be with the introduction of these CCV TV cameras the same thing that we found with the TSA; where private data, private information has often been leaked to the wrong sources. Now I trust our law enforcement officers with such information like this however being a computer expert who has worked for not only the Department of Defense; but Bank of America and several other prominent organizations; I can tell you how easy it would be for a professional or a hacker to tap into these networks and use it for their own gain which is something that we should really think about before proceeding with closed circuit television as a means of crime prevention. Instead of violating the privacy and spending a bunch of money and stomping all over the 4th Amendment to the Constitution; we should really think about what prevents crimes, not what stops them after they have already occurred; and what those add is jobs and education. And this money that are going to the CCV cameras would be much better spent on such things like jobs and education, thank you.

Mayor Foxx said let me say one thing and you will get a memo on this later in the week; at the end of October the MTC discussed and decided to do a workshop fund on system funding in the first quarter, plus or minus, of the year. That planning process is starting to be set in motion and I wanted you to know that that was happening. I've been hearing some questions about whether we are having that conversation. This actually is going to happen in the first quarter of the year. So I wanted you to know that that's underway. Thanks very much good night.

ADJOURNMENT

The meeting was adjourned at 7:53 p.m.

Ashleigh Martin, Deputy City Clerk

Length of Meeting: 2 Hours, 20 Minutes
Minutes Completed: March 12, 2013