



March 13, 2013

The Honorable Pat McCrory
The Honorable Phil Berger
The Honorable Thom Tillis

Re: Carolina Panthers

Dear Governor McCrory, President Pro Tem Berger, and Speaker Tillis:

I write to urge the State of North Carolina to help establish a workable agreement with the Carolina Panthers that would tether the Panthers to Charlotte and North Carolina for the next fifteen years.

In January 2013, the Charlotte City Council authorized city staff to discuss a potential framework with you and other state leaders. The framework included a proposed 1% food and beverage tax, which, based on industry feedback, included stadium renovations and dedicated revenues for amateur sports.

Based on your feedback, the proposal was adopted by the City Council, officially presented to the Mecklenburg Delegation on February 13 and shared with the administration shortly thereafter. As I and other Council members have acknowledged, there are legitimate concerns with the scope of the request, specifically the fact that the proposed 1% prepared food and beverage tax would finance amateur sports facilities and a possible future renovation or replacement of Bank of America stadium at the end of the proposed fifteen year "tether." I understand that these additional elements have generated concern.

With that concern in mind, at a February 18 meeting at Bank of America Stadium with representatives of the Panthers and a number of members of the delegation (i.e., Speaker Tillis, Sen. Rucho, Sen. Graham, Sen. Samuelson, Rep. Brawley, Rep. Carney, Rep. Earle and Rep. Bryan), the City presented a proposal that would scale back the request to ½%. We also indicated our willingness to support a fifteen year sunset. Deputy City Manager Ron Kimble distributed and explained the attached model showing how the City could meet its proposed commitment to the Panthers by borrowing \$16.7M from the existing convention center fund and using the proceeds from a ½% tax. The proposal effectively jettisons amateur sports and a subsequent renovation or replacement of the stadium. The proposed legislation that would authorize this solution is also attached.

The City Council members present came away from the February 18 meeting with the sense that a number of members of the delegation were intrigued by the revised proposal. However on March 4, HB 193 was introduced and, as drafted, would simply amend the existing 3%

occupancy and 1% food and beverage taxes legislation by adding Bank of America Stadium and amateur sports as allowed uses.

After reviewing HB 193, it is clear that, even if the City were to bleed every penny from those existing revenue sources away from the convention center (which itself is an 18 year old building and will soon be in need of significant reinvestment to ensure that Charlotte remain competitive in the convention business), the available revenues would fall short and put at risk any opportunity to tether the Panthers to Charlotte for 15 years. Our goal has been to ensure any debt service on stadium improvements would not extend beyond the tether, and HB193 jeopardizes our ability to accomplish this goal.

We have been and continue to ask for a new local option revenue source to make this deal happen with as little delay as possible. We have done our best to present a package that follows in the line of other hospitality-related dedicated revenues to tourism assets, balancing the needs of the hospitality industry, as conveyed to us, with the specific desire to keep the Carolina Panthers in Charlotte and North Carolina for the long-term. I am confident that the Charlotte City Council has done its part to make the Carolina Panthers part of the fabric of our community for another generation – and the nearly \$20M in annual revenue to the State of North Carolina and the 4,000 jobs that go along with the franchise.

Governor, President Pro Tem, and Speaker, we need your help to commit the team to North Carolina. It is with considerable urgency that I respectfully ask for the State to authorize the City to levy an additional ½ % prepared food and beverage tax. I fear the State's failure to do so will ultimately lead to the sale and relocation of the Carolina Panthers, a result that would be bad for Charlotte and for North Carolina.

Thank you for your prompt attention to these matters.

Sincerely,

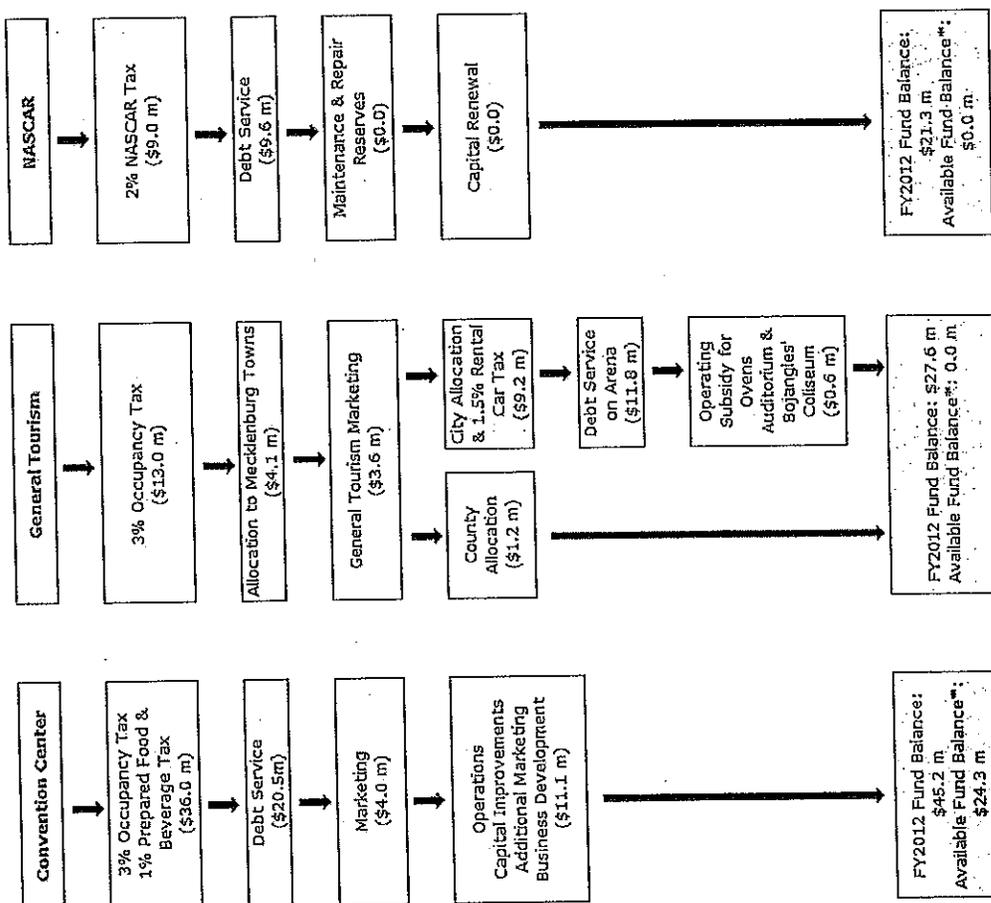
A handwritten signature in black ink that reads "James Mitchell, Jr." The signature is written in a cursive style with a large, looped initial 'J'.

James Mitchell, Jr.
Chair, Economic Development Committee
Charlotte City Council

Revenue Flow

CITY OF CHARLOTTE

City of Charlotte CRVA Related Cash Flows FY2012 Actuals



*Fund balance currently available

Stadium Financing Model

Assumptions	2014	2015	2017	2019
Total financed	50,000	25,000	25,000	25,000
Tax Rate	0.5	"	"	"
Interest rate	5.5%	"	"	"
Term (years)	14	13	11	9
Min. Fund Bal.	1.1 x DS	"	"	"

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Beginning fund balance	-	19,270	22,890	24,918	26,746	26,725	26,632	24,017	21,726	19,780	18,203	17,021	16,260	15,948	16,112
Charlotte-only food and beverage tax	-	10,502	10,869	11,222	11,587	11,964	12,353	12,754	13,169	13,597	14,038	14,495	14,966	15,452	15,954
Plus interest earnings	-	145	240	374	562	802	799	721	652	593	546	511	488	478	483
Less debt service	-	(5,901)	(7,956)	(8,644)	(11,045)	(11,733)	(14,641)	(14,641)	(14,641)	(14,641)	(14,641)	(14,641)	(14,641)	(14,641)	(14,641)
Less stadium maintenance	-	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)
Less traffic control (1/2 pd by CC)	-	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)
Ending balance	-	22,890	24,918	26,746	26,725	26,632	24,017	21,726	19,780	18,203	17,021	16,260	15,948	16,112	16,783
CC Contribution	16,697	-	-	-	-	-	-	-	-	-	-	-	-	-	(16,783)
Fund bal. as % of next year's DS & Exp.	2.7	2.9	2.9	2.4	2.3	1.8	1.6	1.5	1.4	1.2	1.2	1.1	1.1	1.1	1.1
Debt service:															
Principal	-	2,464	2,599	2,742	2,893	3,052	3,220	3,397	3,584	3,781	3,989	4,209	4,440	4,684	4,942
Interest	-	2,750	2,614	2,472	2,321	2,162	1,994	1,817	1,630	1,433	1,225	1,005	774	529	272
Subtotal \$50M	-	5,214	5,214	5,214	5,214	5,214	5,214	5,214	5,214	5,214	5,214	5,214	5,214	5,214	5,214
Principal balance at year end:	50,000	47,536	44,937	42,194	39,301	36,248	33,028	29,631	26,046	22,265	18,276	14,067	9,627	4,942	0
Principal	-	1,367	1,367	1,442	1,522	1,605	1,694	1,787	1,885	1,989	2,088	2,213	2,335	2,464	2,599
Interest	-	688	1,375	1,300	1,220	1,137	1,049	955	857	753	644	529	407	278	143
Subtotal \$25M	-	688	2,742	2,742	2,742	2,742	2,742	2,742	2,742	2,742	2,742	2,742	2,742	2,742	2,742
Principal balance at year end:	-	25,000	23,633	22,191	20,669	19,064	17,370	15,583	13,696	11,710	9,611	7,398	5,063	2,599	(0)
Principal	-	-	-	-	1,714	1,809	1,908	2,013	2,124	2,240	2,364	2,494	2,631	2,776	2,928
Interest	-	-	-	688	1,375	1,281	1,181	1,076	966	849	726	596	458	314	161
Subtotal \$25M	-	-	-	688	3,089	3,089	3,089	3,089	3,089	3,089	3,089	3,089	3,089	3,089	3,089
Principal balance at year end:	-	-	-	25,000	23,286	21,477	19,569	17,556	15,433	13,192	10,828	8,335	5,704	2,928	0
Principal	-	-	-	-	-	-	2,221	2,343	2,472	2,608	2,751	2,903	3,062	3,231	3,409
Interest	-	-	-	-	688	688	1,375	1,253	1,124	988	845	693	534	365	187
Subtotal \$25M	-	-	-	-	688	688	3,596	3,596	3,596	3,596	3,596	3,596	3,596	3,596	3,596
Principal balance at year end:	-	-	-	-	-	25,000	22,779	20,436	17,964	15,356	12,604	9,702	6,639	3,409	-
Principal	-	-	-	-	-	-	14,641	14,641	14,641	14,641	14,641	14,641	14,641	14,641	14,641
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal \$25M	-	-	-	-	-	-	14,641	14,641	14,641	14,641	14,641	14,641	14,641	14,641	14,641
Principal balance at year end:	-	-	-	-	-	11,045	11,733	12,421	13,109	13,797	14,485	15,173	15,861	16,549	17,237
Principal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal \$25M	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Principal balance at year end:	-	-	-	-	-	11,045	11,733	12,421	13,109	13,797	14,485	15,173	15,861	16,549	17,237
Principal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal \$25M	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Principal balance at year end:	-	-	-	-	-	11,045	11,733	12,421	13,109	13,797	14,485	15,173	15,861	16,549	17,237
Principal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal \$25M	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Principal balance at year end:	-	-	-	-	-	11,045	11,733	12,421	13,109	13,797	14,485	15,173	15,861	16,549	17,237
Principal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal \$25M	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Principal balance at year end:	-	-	-	-	-	11,045	11,733	12,421	13,109	13,797	14,485	15,173	15,861	16,549	17,237
Principal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal \$25M	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Principal balance at year end:	-	-	-	-	-	11,045	11,733	12,421	13,109	13,797	14,485	15,173	15,861	16,549	17,237
Principal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal \$25M	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Principal balance at year end:	-	-	-	-	-	11,045	11,733	12,421	13,109	13,797	14,485	15,173	15,861	16,549	17,237
Principal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal \$25M	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Principal balance at year end:	-	-	-	-	-	11,045	11,733	12,421	13,109	13,797	14,485	15,173	15,861	16,549	17,237
Principal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal \$25M	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Principal balance at year end:	-	-	-	-	-	11,045	11,733	12,421	13,109	13,797	14,485	15,173	15,861	16,549	17,237
Principal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal \$25M	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Principal balance at year end:	-	-	-	-	-	11,045	11,733	12,421	13,109	13,797	14,485	15,173	15,861	16,549	17,237
Principal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal \$25M	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Principal balance at year end:	-	-	-	-	-	11,045	11,733	12,421	13,109	13,797	14,485	15,173	15,861	16,549	17,237
Principal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal \$25M	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Principal balance at year end:	-	-	-	-	-	11,045	11,733	12,421	13,109	13,797	14,485	15,173	15,861	16,549	17,237
Principal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal \$25M	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Principal balance at year end:	-	-	-	-	-	11,045	11,733	12,421	13,109	13,797	14,485	15,173	15,861	16,549	17,237
Principal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal \$25M	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Principal balance at year end:	-	-	-	-	-	11,045	11,733	12,421	13,109	13,797	14,485	15,173	15,861	16,549	17,237
Principal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal \$25M	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Principal balance at year end:	-	-	-	-	-	11,045	11,733	12,421	13,109	13,797	14,485	15,173	15,861	16,549	17,237
Principal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-												

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013**

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HOUSE BILL 193

Short Title: Expand Uses for Meck Ct/Charlotte Local Taxes. (Local)

Sponsors: Representatives Samuelson, W. Brawley, Carney, and Earle (Primary Sponsors).
For a complete list of Sponsors, refer to the North Carolina General Assembly Web Site.

Referred to: Government, if favorable, Finance.

March 4, 2013

A BILL TO BE ENTITLED

AN ACT TO EXPAND THE PERMISSIBLE USES OF THE LOCAL MECKLENBURG
COUNTY AND CITY OF CHARLOTTE LOCAL TAXES.

The General Assembly of North Carolina enacts:

SECTION 1. Part IV. of Chapter 908 of the 1983 Session Laws, as amended by Chapters 821 and 922 of the 1989 Session Laws, Section 2 of S.L. 2001-402, Section 1 of S.L. 2011-160, and Section 69 of S.L. 2012-194, is amended by adding a new Sec. 7.(b1) to read as follows:

“(b1) Additional Charlotte Prepared Food and Beverage Tax. The City of Charlotte may, by ordinance of its city council, levy an additional prepared food and beverage tax of one-half percent (1/2%) on the sales price of meals and prepared food and beverages sold at retail for consumption on or off the premises by any retailer within the city that is subject to sales tax imposed by the State under G.S. 105-164.4(a)(1). This tax is in addition to any tax levied under Section 7(a) or 7(b) of this Part and any State or local sales tax. Notwithstanding the provisions of Sec. 9.1, this subsection is repealed fifteen years after the effective date of the initial levy of a tax pursuant to this subsection.”

SECTION 2. Section 9(a) of Part IV of Chapter 908 of the 1983 Session Laws, as amended by Chapters 821 and 922 of the 1989 Session Laws, Section 2 of S.L. 2001-402, Section 1 of S.L. 2011-160, and Section 69 of S.L. 2012-194, reads as rewritten:

"Sec. 9.(a) Distribution and Use of Proceeds. – The local administrative authority, acting on its own behalf or as agent for each taxing entity, shall distribute the proceeds of the taxes levied in this Part as provided in this subsection. The distribution shall be made by the 20th day of each month following the month in which the tax is collected.

- ...
- (2) Distribution to Charlotte for ~~Convention Center~~ Facilities. – After deducting the amount provided above, the local administrative authority shall transfer an amount equal to three percent (3%) of the gross occupancy receipts and the entire net proceeds of the prepared food and beverage tax to the City of Charlotte. The net proceeds transferred to the City of Charlotte pursuant to this subdivision shall be applied in accordance with the following priorities.

No application of any net proceeds to any class of the priorities set forth below in this subdivision shall be made until, with respect to each preceding class of priorities, either all payments for the current fiscal year have been provided for in full or no such payments are required for the current fiscal year.

...

- d. To pay costs of **acquiring, constructing, financing, renovating, and maintaining operating, supporting, marketing, and promoting** stadiums, ballparks, and other similar public places that have a seating capacity of 60,000 or more and that are used for professional sporting events, **including ancillary, associated facilities, located in the City of Charlotte. In the event that the City of Charlotte enters into a contract that provides for the payment of proceeds of the taxes levied in this Part to a private party that is the owner or primary tenant of the facility, the expenditure of such proceeds shall not be subject to G.S. 143-128 et seq.**
- e. To pay costs of **acquiring, constructing, financing, renovating, and maintaining operating, supporting, marketing, and promoting** amateur sports facilities, including ancillary, associated facilities, located in the City of Charlotte.

...."

SECTION 3. This act is effective when it becomes law.