Mayor Patrick L. McCrory	Mayor Pro Tem Susan Burgess
Michael D. Barnes	Patsy Kinsey
Nancy Carter	John W. Lassiter
Warren Cooksey	James Mitchell, Jr.
Andy Dulin	Edwin B. Peacock III
Anthony Foxx	Warren F. Turner

CITY COUNCIL WORKSHOP

Monday, March 2, 2009

Room 267

5:00 p.m.	**Dinner**
5:15 p.m.	**Environment: Current Ozone Issues in the Metrolina Area**
5:45 p.m.	**Economic Development: NASCAR Hall of Fame Exhibit Program**
6:15 p.m.	**Economic Development: US National Whitewater Center Update**
7:00 p.m.	**Community Safety: Gang Prevention Coalition / 2009 Strategic Plan**
7:30 p.m.	**Citizens' Forum Room 267**

COUNCIL WORKSHOP
AGENDA ITEM SUMMARY

TOPIC: Current Ozone Issues in the Metrolina Area

COUNCIL FOCUS AREA: Environment

RESOURCES: Eldewins Haynes (CDOT)
Donnie Redmond (NCDAQ)

KEY POINTS:

Staff from the North Carolina Division of Air Quality (NCDAQ) will present information regarding the Metrolina non-attainment area's ozone challenges and the current status of the State Implementation Plan (SIP). Staff will focus on the following key topics:

- The region's current ozone challenges are diverse and inter-related
- The non-attainment area boundary includes Mecklenburg and surrounding counties
- Ozone issues are regional and the solutions are not limited to Charlotte
- NCDAQ is responsible for developing the SIP
- A Regional Air Quality Work Group has been established to address the region's ozone challenges. The membership includes staff and/or elected officials from Iredell, Rowan, Lincoln, Gaston, Mecklenburg, Cabarrus, Stanly, Union, and Anson counties, as well as several of the larger cities in those counties, and some industries such as Duke Energy.
- This Work Group is part of Centralina COG's Regional Environmental Cabinet. The Cabinet is an outgrowth of the COG's CONNECT Regional Planning Initiative.
- Staff will detail time frames for addressing regional ozone issues
    - <u>Immediate</u> - revise SIP (1-6 months)
    - <u>Short-term</u> - meet 1997 ozone standard (1-4 years)
    - <u>Longer-term</u> - meet 2008 ozone standard (3-10 years)

COUNCIL DECISION OR DIRECTION REQUESTED:

No action is requested. City staff will continue to actively participate in the Regional Air Quality Work Group. As potential specific actions to address air quality are identified, staff will advise Council and outline a process to move forward as appropriate.

ATTACHMENTS:

NCDAQ Presentation

Current Ozone Issues in the Metrolina Area

Donnie Redmond

March 2, 2009

Overview

- Air is getting cleaner
  - Maybe not fast enough
  - Standard is changing
- Ozone standards and nonattainment
- Old standard
  - SIP was pulled: Why? What does it mean?
- New standard
  - EPA tightened: Why? What does it mean?

Ozone trends and projections

- Ozone levels across NC have improved and are expected to continue to improve despite growth
- Control measures
  - NOx SIP call and CAIR
  - Clean Smokestacks Act
  - Expanded motor vehicle emissions testing
  - Cleaner cars, cleaner fuels (low sulfur)
  - Motor vehicle fleet turnover
- Charlotte-area is the only remaining area in NC not achieving the 1997 ozone standard

What does Nonattainment mean?

- Clean Air Act requires EPA set national ambient air quality standards
- "Nonattainment" is EPA term that air does not meet the standards
- State must develop a State Implement-ation Plan (SIP) to attain standard
- Requires transportation conformity
- Requires new source review on new major industrial sources or major modifications

Old Ozone Standard

- 84ppb, set in 1997, to be attained by 2010
  - Ozone data from 2009 summer
  - Measured as 3-year average of 4th-highest 8-hour value
- SIP submitted to EPA in June 2007
- Nov 2008 EPA letter
  - Current value is 94ppb, unlikely to get 84ppb
  - Voluntary bump-up to "serious" or disapprove
  - More time to attain, but strings attached to each
    - More controls on smaller industry, or
    - Transportation funding issues

Old Ozone Standard (cont.)

- Discussed EPA letter with SC, local agency, transportation planners, others
  - Most urgent concern is transportation funding
- Decided to withdraw SIP
  - Results in "finding of failure to submit"
    - In 18 mos.: Industrial offsets
    - In 24 mos.: Highway sanctions
  - Gives us more time
    - Revise SIP
    - Delay transportation consequences

Old Ozone Standard (cont.)

- 2009 activities to revise SIP
  - Jan-Feb: Update emissions assumptions and projections
  - Mar-Jun: Run computer models*
  - Jul-Oct: Internal and public review
  - Nov: Submit revised plan to EPA

*EPA-approved tools to demonstrate that the planned control measures will result in clean air in the future. If existing rules are not enough, must add more control measures.

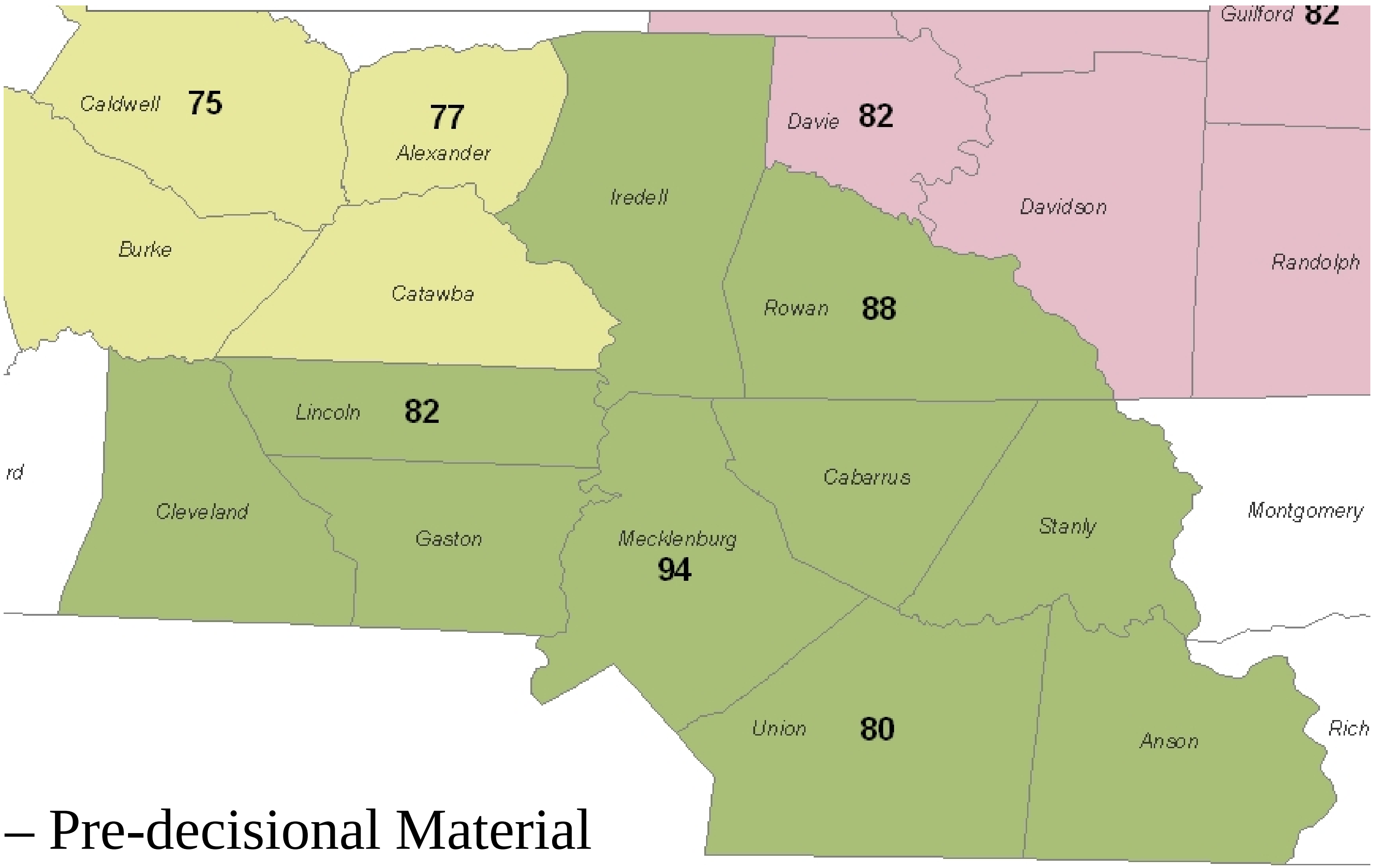
2008 8-hour Ozone Standard

- March 12, 2008: Standard set by EPA
  - Lowered from 84ppb to 75ppb
- March 12, 2009: State recommends geographical boundaries
- March 12, 2010: EPA sets nonattainment boundaries
- TBD: Classification level and attainment date

Process for Determining Nonattainment Boundaries

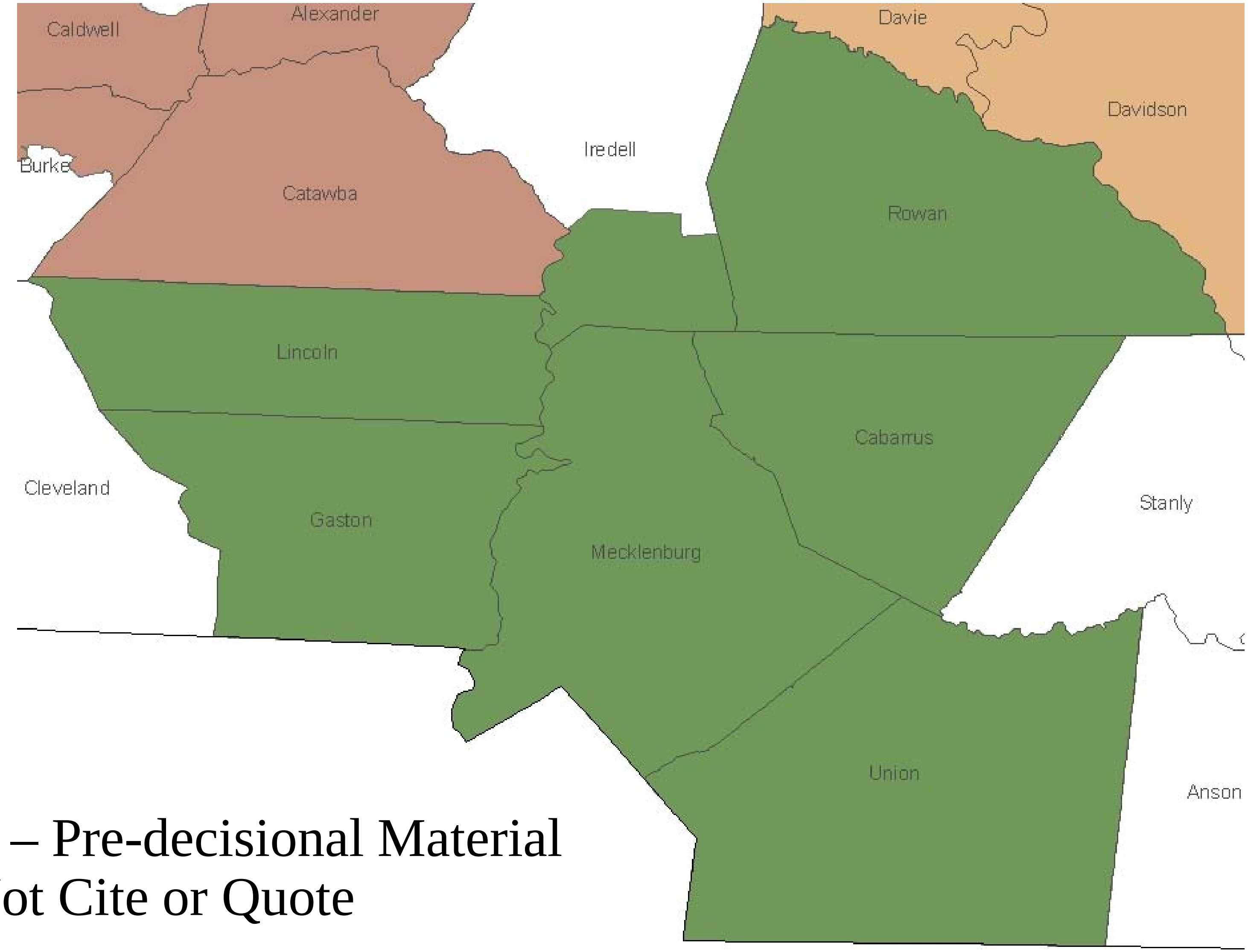
- Factors EPA says to take into consideration
  - Air Quality Data
  - Emissions Data
  - Population Density/Degree of Urbanization
  - Traffic/Commuting Patterns
  - Growth Rates
  - Meteorology
  - Geography/Topography
  - Jurisdictional Boundaries
  - Level of Control of Emission Sources

Presumptive Boundary



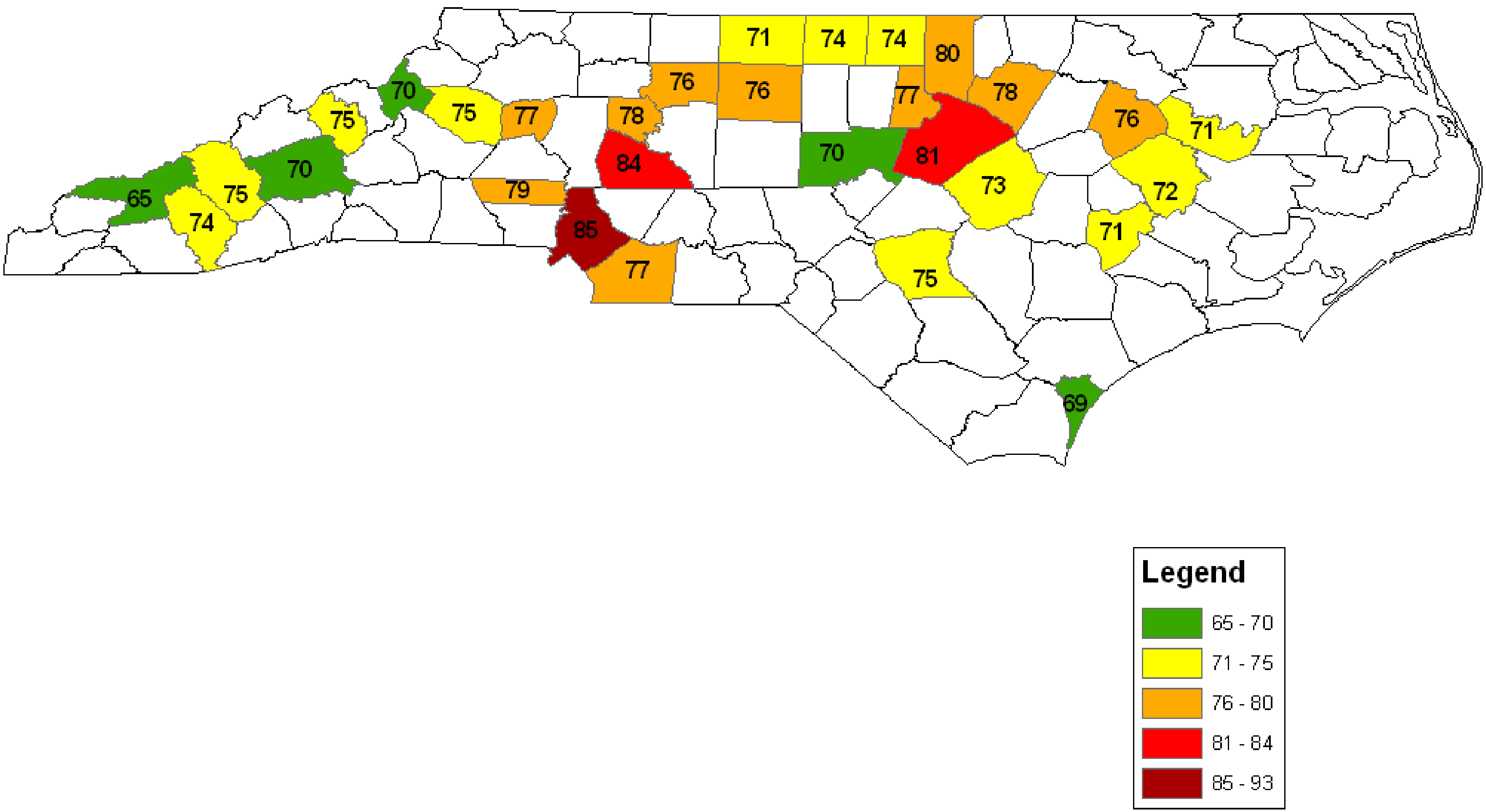
Draft – Pre-decisional Material
Do Not Cite or Quote

North Carolina's Proposed Boundary

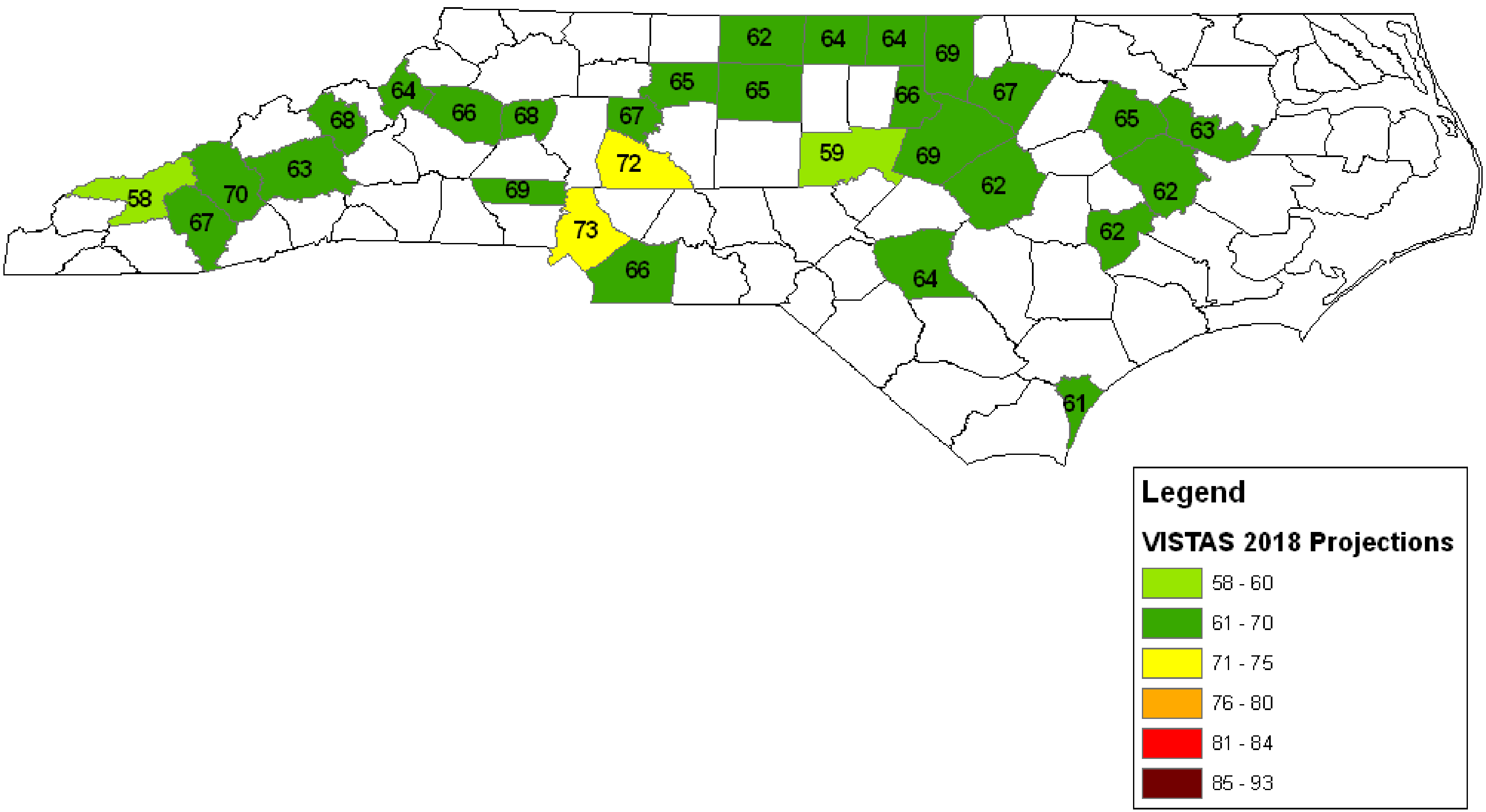


Draft – Pre-decisional Material
Do Not Cite or Quote

2009 Ozone Projections from VISTAS/ASIP Modeling.



2018 Ozone Projections from VISTAS/ASIP Modeling.



So we're good to go, right? … Not exactly

- Concern over Metrolina
  - Not certain we'll attain old standard in time
  - Uncertainty over new standard deadlines
- "Big ticket" controls have already been required
- May take local NOx measures
  - Diesel retrofits
  - Offroad equipment (construction, generators)
  - Better transit or carpooling
  - Anti-idling
  - Episodic controls

Contact Information

Donnie Redmond

Planning Section Chief

919-733-1481

donnie.redmond@ncmail.net

www.ncair.org

COUNCIL WORKSHOP
AGENDA ITEM SUMMARY

TOPIC: NASCAR Hall of Fame Exhibit Program

FOCUS AREA: Economic Development

RESOURCES: Jim Schumacher, City Manager's Office
Winston Kelley, NASCAR Hall of Fame/CRVA
Andrew Kidd, Electrosonic
Charles Maltbie, Kubik-Maltbie
Gary Brooks, Kubik-Maltbie

KEY POINTS:

- As the next step in the design and construction process, the project team has selected vendors to fabricate and install the Hall of Fame exhibits based on qualifications and price.

- Four firms have been selected:
  - Electrosonic, Inc. of Burlington, New Jersey, will provide and install most of the audio-visual system components.
  - Kubik-Maltbie of Mount Laurel, New Jersey, will construct and install exhibits and artifact displays, such as race cars, exhibit cases, and displays for each inductee into the Hall of Fame.
  - iRacing.com Motorsports Simulations, LLC of Boston, Massachusetts, will provide the software for race car simulators.
  - The Sponsorship Services Group, Inc. of Archdale, North Carolina, will construct the racing simulators.

- Representatives of Electrosonic and Kubik-Maltbie will provide an overview of their qualifications, and discuss some of the elements of the Hall of Fame in the context of similar applications in other facilities where they have worked.

COUNCIL DECISION OR DIRECTED REQUESTED:

The March 9, 2009 business agenda will include recommendations for the award of these exhibit fabrication and installation contracts.

ATTACHMENTS:

None.

COUNCIL WORKSHOP
AGENDA ITEM SUMMARY

TOPIC: US National Whitewater Center Update

COUNCIL FOCUS AREA: Economic Development

RESOURCES: Alan Dickson, US National Whitewater Center Chair
Jeff Wise, US National Whitewater Center Executive Director

KEY POINTS:

- The Whitewater Center Board Chair and Executive Director will cover:
  - Results of operations and observations for the fiscal year ended October 31, 2008
  - Request for second year funding from the City of Charlotte of $285,714
  - Measures taken to improve the bottom line for the current fiscal year
  - Status report on completion of Whitewater Center Parkway and related signage

COUNCIL DECISION OR DIRECTION REQUESTED:

This presentation is for information purposes only.

ATTACHMENTS:

Request Letter and Audited Financial Statements for the Fiscal Year Ended October 31, 2008

U.S. NATIONAL
WHITEWATER CENTER

JAN 29 2009

January 28, 2009

City of Charlotte
600 East Fourth Street
Charlotte, NC 28202
Attention: Curt Walton, City Manager

Dear Mr. Walton:

This letter serves as our written notice to request payment of the Annual Service Fee as set forth in the Services Agreement between the U.S. National Whitewater Center and Mecklenburg County.

We have included an attachment showing the calculation of the Annual Credit, as defined in the Services Agreement, and a copy of our audited financial statement for the year ending October 31, 2008.

The calculation shows the Annual Service Fee payable for 2008 is $285,714. We are available to discuss our results and the calculation of the payment due with you.

We continued to grow our business in 2008 in the face of a harsh economy. We are pleased that revenues grew 18% from 2007, however, expenses, some of which were non-recurring, outpaced the revenue gain. Please know we are working diligently to increase the revenues and improve the financial results of the Center and are committed to making the U.S. National Whitewater Center an even greater asset to our community.

We will be scheduling a meeting with you and others at the County to review the year and our plans for 2009. If you have any questions or need additional information in the meantime, please do not hesitate to contact us.

Very Truly Yours,

Jeffrey T. Wise

Jeffrey T. Wise
Executive Director

U.S. NATIONAL WHITEWATER CENTER

Calculation of Amount Payable Under Services Agreement - FYE 2008

AMOUNT PAYABLE

City of Charlotte			
Annual Service Fee (sec 3.01)	$ 285,714.28	(1)	
Total Service Fee (sec 3.01)	$ 2,000,000	(2)	
Fiscal Year End 10-31-2008			
Calculation of Amount Payable:			
Annual Service Fee	$ 285,714		see [1]
Less: Annual Credit	$ -		see [3]
Net Amount Payable	**$ 285,714**		

CALCULATIONS

Annual Credit (sec 3.02)			
Annual Service Fee	$ 285,714		see [1]
Net Annual Fee	$ (285,714)		see [4]
Annual Credit	**$ -**	(3)	
Net Annual Fee (sec 3.02)			
Shortfall	$ 7,394,232		see [5]
(Total Service Fee / $12,000,000)	16.67%		see [9]
	$ 1,232,372		
Annual Service Fee	$ 285,714		see [1]
Net Annual Fee	**$ 285,714**	[4]	
Total Service Fee	$ 2,000,000		see [2]
[defined in sec 3.02]	$ 12,000,000		
	16.67%	[9]	
Shortfall (sec 3.02)			
Available Funds	$ 10,310,667		see [6]
Operating Expenses	$ 9,024,030		see [7]
Debt Service	$ 8,680,869		see [8]
	$ 17,704,899		
Shortfall	**$ 7,394,232**	[5]	
Available Funds (sec 3.02)			
Revenues	$ 9,941,048		per FS
Support Revenues	$ 369,619		per FS
Available Funds	**$ 10,310,667**	[6]	

U.S. NATIONAL WHITEWATER CENTER

Calculation of Amount Payable Under Services Agreement - FYE 2008

Operating Expenses (sec 3.02)

Total Expenses	$ 12,416,192	per FS	
Interest	$ (2,295,155)	per FS	
Depreciation	$ (1,097,007)	per FS	
Reserves (see note below)	$ -		
Operating Expenses	**$ 9,024,030**		[7]

Debt Service (sec 3.02)

Interest	$ 2,295,155	per FS	
Principal	$ 6,385,714	per Credit Agreements	
Debt Service	**$ 8,680,869**		[8]

Note: For purposes of calculating the Annual Credit, the Services Agreement provides that Operating expenses may include "charges for the accumulation of appropriate reserves for repair and replacement expenses not normally recurrent, but which are such as may reasonably be expected to be incurred". The effect of including such charges would be to reduce the amount of the Annual Credit, if any, which serves as an offset to the "Annual Fee". Management has not included such charges in the calculation of Operating Expenses for fiscal 2008, and the Annual Credit is zero even without such charges. Charges for these reserves may be included in the calculation of Operating Expenses for future years.

FINANCIAL STATEMENT INPUTS

Depreciation	$	1,097,007
Interest Expense	$	2,295,155
Total Expenses	$	12,416,192
Revenues	$	9,941,048
Support Revenues	$	369,619
Principal Payments Due	$	6,385,714

U.S. NATIONAL WHITEWATER CENTER INC.

FINANCIAL STATEMENTS AS OF OCTOBERER 31, 2008 TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

WAGNER NOBLE & COMPANY

U.S. NATIONAL WHITEWATER CENTER, INC.

FINANCIAL STATEMENTS

OCTOBER 31, 2008

(With summarized financial information for the year ended October 31, 2007)

TABLE OF CONTENTS

WAGNER NOBLE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of U.S. National Whitewater Center, Inc.:

We have audited the accompanying statement of financial position of U.S. National Whitewater Center, Inc. (a nonprofit organization) as of October 31, 2008 and the related statements of activities, functional expenses and cash flows for the year ended October 31, 2008. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's 2007 financial statements, and in our report dated February 13, 2008, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of U.S. National Whitewater Center, Inc. as of October 31, 2008, and the changes in its net assets, functional expenses, and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Wagner Noble & Company

Charlotte, North Carolina,
January 23, 2009.

U.S. NATIONAL WHITEWATER CENTER, INC.

STATEMENT OF FINANCIAL POSITION

OCTOBER 31, 2008

ASSETS

	2008	2007
CURRENT ASSETS:		
Cash	$1,333,391	$1,427,097
Unconditional promises to give	136,145	136,318
Grant receivable	-	198,400
Prepaid expenses	146,918	150,901
Inventory	259,638	161,914
Receivable from local governments	1,714,286	1,714,286
Other receivables	215,887	217,944
Deposits	122,090	122,550
Total current assets	3,928,355	4,129,410
LONG-TERM ASSETS:		
Investment in leasehold in process	152,970	142,546
Property and equipment, net of accumulated depreciation	859,759	936,126
Investment in leasehold, net of accumulated depreciation	30,050,795	30,668,962
Investment in limited liability company	209,759	207,885
Unconditional promises to give	38,476	110,777
Total long-term assets	31,311,759	32,066,296
Total assets	$35,240,114	$36,195,706

LIABILITIES AND NET ASSETS

	2008	2007
CURRENT LIABILITIES:		
Accounts payable	$632,196	$729,339
Other liabilities	174,531	118,423
Accrued interest	1,672,002	401,375
Deferred revenue	223,767	303,426
Long term debt, current portion	38,000,000	1,000,000
Total current liabilties	40,702,496	2,552,563
LONG-TERM LIABILITIES:		
Senior debt	-	21,700,000
Subordinated debt	-	15,300,000
Total long-term liabilities	-	37,000,000
Total liabilities	40,702,496	39,552,563
NET ASSETS (DEFICIT):		
Unrestricted	(5,462,382)	(3,358,857)
Temporarily restricted	-	2,000
Total net assets (deficit)	(5,462,382)	(3,356,857)
Total liabilities and net assets	$35,240,114	$36,195,706

The accompanying notes to financial statements are an integral part of these statements.

U.S. NATIONAL WHITEWATER CENTER, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED OCTOBER 31, 2008

(With summarized financial information for the year ended October 31, 2007)

	2008			
	Unrestricted	Temporarily Restricted	Total	2007
REVENUES AND SUPPORT:				
Revenues:				
Paddlesports	$3,681,761	$ -	$3,681,761	$3,372,218
High adventure	754,227	-	754,227	578,584
Food and beverage	2,432,052	-	2,432,052	1,930,723
Retail	740,443	-	740,443	624,582
Parking	363,977	-	363,977	-
Local government service fee	1,714,286	-	1,714,286	1,714,286
Other	42,891	-	42,891	6,319
Sponsorship	188,460	-	188,460	200,000
Interest	22,951	-	22,951	1,914
Total revenues	9,941,048	-	9,941,048	8,428,626
Support:				
In-kind land lease	324,000	-	324,000	324,000
Contributions	15,588	-	15,588	35,793
In-kind services and donations	30,031	-	30,031	20,040
Net assets released from restriction	2,000	(2,000)	-	-
Total support	371,619	(2,000)	369,619	379,833
Total revenues and support	10,312,667	(2,000)	10,310,667	8,808,459
EXPENSES:				
Program	11,002,133	-	11,002,133	9,336,081
Management and general	1,315,699	-	1,315,699	767,300
Fundraising	98,360	-	98,360	44,621
Total expenses	12,416,192	-	12,416,192	10,148,002
CHANGE IN NET ASSETS	(2,103,525)	(2,000)	(2,105,525)	(1,339,543)
BEGINNING NET ASSETS	(3,358,857)	2,000	(3,356,857)	(2,017,314)
ENDING NET ASSETS	($5,462,382)	$ -	($5,462,382)	($3,356,857)

The accompanying notes to financial statements are an integral part of these statements.

U.S. NATIONAL WHITEWATER CENTER, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED OCTOBER 31, 2008

(With summarized financial information for the year ended October 31, 2007)

	2008				2007
	Program	Management & General	Fundraising	Total	Total
EXPENSES:					
Wages	$2,234,347	$ -	$ -	$2,234,347	$1,876,800
Food purchases	869,951	-	-	869,951	631,516
Retail purchases	376,712	-	-	376,712	334,663
Professional fees	-	544,085	-	544,085	20,778
In-kind auditing services	-	20,000	-	20,000	5,000
Salaries	851,446	488,535	55,833	1,395,814	1,172,139
Employee benefits	102,685	67,508	7,715	177,908	126,928
Payroll taxes, workers comp insurance	470,901	67,136	7,672	545,709	383,984
Employee expense	18,390	-	-	18,390	16,794
In-kind land lease	324,000	-	-	324,000	324,000
Rent	86,521	-	-	86,521	75,508
Interest	2,295,155	-	-	2,295,155	2,315,508
Supplies	256,317	-	661	256,978	171,675
Marketing	537,792	-	-	537,792	190,712
Travel and entertainment	29,914	-	-	29,914	8,935
Insurance	-	125,308	-	125,308	236,006
Utilities	820,902	-	-	820,902	844,167
Telephone	43,307	-	-	43,307	37,926
Repairs	328,167	-	-	328,167	131,644
Credit card and other fees	197,691	-	-	197,691	159,020
Other operating expenses	15,077	-	26,122	41,199	20,907
Contract Labor	45,851	3,127	357	49,335	29,954
Depreciation	1,097,007	-	-	1,097,007	1,033,438
Total expenses	$11,002,133	$1,315,699	$98,360	$12,416,192	$10,148,002

The accompanying notes to financial statements are an integral part of these statements.

U.S. NATIONAL WHITEWATER CENTER, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED OCTOBER 31, 2008

(With summarized financial information for the year ended October 31, 2007)

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	($2,105,525)	($1,339,543)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation and amortization	1,097,007	1,033,438
Write off of pledges	26,450	-
Decrease in unconditional promises to give	46,024	89,334
Decrease in grant receivable	198,400	-
Decrease in prepaid expenses	3,983	35,096
Increase in inventory	(97,724)	(117,914)
(Increase) decrease in receivable from local governments	-	(1,741,384)
(Increase) decrease in other receivables	2,057	51,449
Decrease in deposits	460	-
Increase (decrease) in accounts payable	(97,143)	92,586
Increase in other liabilities	56,108	-
Increase in accrued interest	1,270,627	-
Increase (decrease) in deferred revenue	(79,659)	266,956
Net cash provided (used) by operating activities	321,065	(1,629,982)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Expenditures for construction and development	(10,424)	(5,432,285)
Purchase of property and equipment	(402,473)	(366,321)
Investment in limited liability company	(1,874)	(207,885)
Net cash used by investing activities	(414,771)	(6,006,491)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings under senior and subordinated debt	-	7,931,777
NET INCREASE (DECREASE) IN CASH	(93,706)	295,304
CASH, beginning of year	1,427,097	1,131,793
CASH, end of year	$1,333,391	$1,427,097
Cash paid for interest	$1,024,528	$1,914,133

The accompanying notes to financial statements are an integral part of these statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Center – The U.S. National Whitewater Center, Inc. (Center) was formed to develop and operate a publicly owned outdoor adventure center, the central parts of which are man-made whitewater channels. The Center's mission is to build stronger communities by promoting healthy and active lifestyles, developing environmental stewardship, and encouraging family and civic interaction.

Revenue and support – The Center receives revenue from rentals, sales and other fees in connection with providing certain recreational activities such as whitewater rafting, kayaking, rock climbing, and mountain biking. The center also operates a restaurant and retail store to support these recreational activities. Revenues from these sources are recorded currently as goods and services provided to customers.

Contributions are available for unrestricted use in the related year unless specifically restricted by the donor. Unconditional promises to give are recorded as received. Unconditional promises to give due in the next year are reflected as current promises to give and are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reflected as long-term promises to give and are recorded at the present value of their estimated net realizable value. The Center uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior experience and management's analysis of specific promises made.

Grants and other contributions of cash and other assets are reported as temporarily restricted if they are restricted with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

The Center contracts with third parties under sponsorship agreements which provide for annual revenues over specified time periods. Under these agreements, the Center has certain obligations to the sponsoring organizations, such as providing publicity for the organizations, allowing the use of the Center's name, providing use of the park, or providing other agreed upon benefits. Revenues from these agreements are recorded in the years in which they are earned.

Fair values of financial instruments – The carrying amount of short-term unconditional promises to give approximates fair values because of the short maturities of those instruments. The fair value of long-term unconditional promises to give is estimated by discounting the future cash flows using a risk-free rate of return based on the yield of a U.S. Treasury security with a maturity date similar to the expected collection. Given the uncertainty related to the principal and interest payments under the Credit Agreement as discussed in Note 2, the fair value of long term debt cannot be estimated.

Inventories – Inventories, consisting of food and beverages and merchandise for resale, are valued at the lower of cost (first-in, first-out) or market.

Investment in leasehold in process – Direct and indirect costs of construction on road improvements are being capitalized in the Center's statement of financial position. The primary items included are amounts paid to the general contractor, development costs, and construction management costs.

Property and equipment – Property and equipment are valued at cost, if purchased, or fair market value at the time of gift, if donated. Generally, the Center only capitalizes expenditures for items over one thousand dollars. Depreciation is provided on straight-line methods over the estimated useful lives of the respective assets. The estimated useful lives used in computing depreciation for property and equipment are principally over five years.

The Center has recorded its expenditures for construction and development of its facilities in its statement of financial position as an investment in leasehold. This investment will be amortized over the remaining term of the lease.

Classes of net assets - The Center reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Advertising costs - Advertising and marketing costs are expensed as incurred. Total advertising and marketing costs for the years ended October 31, 2008 and 2007 were approximately $537,800 and $190,700, respectively.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. UNCERTAINTY RELATED TO LONG-TERM DEBT:

As disclosed in Note 7, the Center has a financing arrangement that includes $22,700,000 borrowed under a senior credit agreement and $15,300,000 borrowed under a subordinated credit agreement.

The Center was unable to pay scheduled principal payments under the senior credit agreement for the year ended October 31, 2007 and was unable to make the December 31, 2007 quarterly interest payment due on that date. As a result, the Center and the senior lenders entered into a forbearance agreement dated January 15, 2008 and as amended October 30, 2008, (the "Forbearance Agreement") under which the senior lenders would forebear from exercising any rights and remedies of default available to them under the senior credit agreement and defer certain interest and principal payments until December 31, 2008. The Center was unable to make the scheduled principal and interest payments under the Forbearance Agreement and was unable to make the quarterly interest payment due December 31, 2008. It is currently in default under the senior credit agreement.

The Center was also unable to make the interest payments under the subordinated credit agreement for the quarter ended September 30, 2007 and for each subsequent quarter, including the most recent quarter ended December 31, 2008, and is currently in default under the subordinated credit agreement. The senior lenders have exercised certain rights under the subordination agreement with the subordinated lenders, and accordingly, under the subordinated credit agreement, the subordinated lenders must have consent from the senior lenders to exercise any rights or remedies of default under the subordinated credit agreement.

Management is currently in discussion with the senior lenders to finalize an extension to the Forbearance Agreement. Management expects this new agreement will provide for a grace period during which the lenders will forebear from exercising any rights and remedies available to them under the senior credit agreements until December 31, 2009, absent any additional violations. During the grace period, interest on the senior debt is expected to be LIBOR + 3%, payable monthly beginning February 28, 2009. The December 31, 2008 quarterly interest payment, as well as the payment for January 2009, is expected to also be due February 28, 2009. The December 31, 2007 quarterly interest payment is expected to be deferred until the end of the grace period. A principal payment of $1,000,000, originally due September 30, 2008, is expected to be due on December 31, 2009 and the July 31, 2009 and October 31, 2009 principal payments are expected to be deferred. Management believes completing a forbearance agreement with lenders is likely to occur. Should a forbearance agreement not be completed with terms similar to those described above, the Center will remain in default under both the senior and subordinated credit agreements. All of the various rights and remedies of default would continue to be available to the lenders under those circumstances.

At October 31, 2008, the entire $38,000,000 of long term debt is classified in the Statement of Financial Position as a current liability as the Center had not obtained an extension of the Forbearance Agreement. If an extension of the Forbearance Agreement is obtained from the lenders under the terms described above, the principal payments at October 31, 2008 would be as follows:

Fiscal year ending October 31	
2009	$ -
2010	13,157,143
2011	2,385,714
2012	2,385,714
2013 and thereafter	20,071,429
Total long-term debt	$38,000,000

Management continues to enhance the operations of the Center as it enters its third operating year and believes several factors will move the Center towards achieving long term profitability. Those factors include increasing revenues by increased focus and resources on sales and marketing and introducing new revenue streams and new product configurations, as well as decreasing expenses, namely payroll costs, by restructuring certain areas of the Center and certain product delivery models. The financial budget for the next fiscal year also includes cash to be received under the local city and county government service fee agreements as described in Note 8. Management projects that all cash needs will be met throughout fiscal year 2009 under the expected terms of the Forbearance Agreement now being negotiated.

3. INVESTMENT IN LEASEHOLD AND PROPERTY AND EQUIPMENT:

The facility was built on land owned by Mecklenburg County under a 40-year land lease (see Note 5). Under the terms of the lease, all improvements immediately become the property of Mecklenburg County. Both the land and the improvements are to be used by the Center over the term of the lease, and the lease provides that no rent will be paid to Mecklenburg County. The construction was funded by subordinated debt (community development loans) and senior debt (see Note 7).

The Center is required to provide public access and certain other services, which will be incidental to the operation of the whitewater facility and park.

Investment in leasehold and property and equipment at October 31, 2008 and 2007 are summarized as follows:

	2008	2007
Investment in leasehold:		
Lease improvements	$21,190,775	$20,986,000
Building	10,651,047	10,640,355
	31,841,822	31,626,355
Accumulated depreciation	(1,791,027)	(957,393)
Total investments in leasehold	$30,050,795	$30,668,962

Machinery and equipment	$793,104	$694,773
Office equipment	264,531	208,135
Computer	211,322	184,763
Software	125,076	125,076
Vehicle	4,245	3,245
	1,398,278	1,215,992
Accumulated depreciation	(538,519)	(279,866)
Total property and equipment	$859,759	$936,126

4. PROMISES TO GIVE:

Unconditional promises to give at October 31, 2008 and 2007 are as follows:

	2008	2007
Due in one year or less	$136,145	$136,318
Due in one to five years	40,400	123,367
Total unconditional promises to give	176,545	259,685
Less discounts to net present value	(1,924)	(12,590)
Total unconditional promises to give	$174,621	$247,095

5. IN-KIND TRANSACTIONS:

The Center entered into a long-term ground lease with Mecklenburg County, which requires that the Center be responsible for financing, developing, and building the facility, and for operating the park during the lease period, beginning October 1, 2004 and ending on September 30, 2044. Ownership of all improvements immediately transfers to Mecklenburg County. Mecklenburg County, in consideration and recognition of the capital investment and development of the premises by the Center and its operations and maintenance as a recreational facility open to the public, shall provide the use of the premises to the Center without an additional fee or rent for the use privilege. This represents a donation in-kind for the lease of the land, which for the years ended October 31, 2008 and 2007 has been calculated to be $324,000. These amounts have been recorded as in-kind revenue and in-kind lease expense on the statement of activities for the years ended October 31, 2008 and 2007, and will be recorded at a similar amount through the lease term.

During the fiscal year ended 2007, the Center entered into an agreement with the United States Olympic Committee (USOC) whereby the Center provides certain services to the USOC and the United States of America Canoe/Kayak (USACK) and USACK's affiliated athletes in return for the Center being designated an official US Olympic training site. The agreement runs through 2012, and the Center provides access to its competition channel for training and events in concert with the center's normal operating schedule. The value associated with this agreement is difficult to estimate. Therefore, no amount is recorded in the financial statements.

6. INCOME TAXES:

The Center is a not-for-profit organization that is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation.

7. DEBT PAYABLE:

The Center has a financing arrangement that includes a senior credit agreement and a subordinated credit agreement ("the Credit Agreements"), both of which are secured by the Center's assets. The total amount of debt under both credit facilities was not to exceed $38,000,000. As of October 31, 2008, the maximum amounts of $15,300,000 and $22,700,000 were funded under the subordinated credit agreement and the senior credit agreement, respectively. The subordinated debt has an interest rate of 5% which increases to 7% when the senior credit agreement is repaid in full. The senior debt has an initial interest rate of LIBOR (0.3% at report date) plus 2.5%. In accordance with the Forbearance Agreement the rate increased to LIBOR plus 3.0% through December 31, 2008. Principal payments on the subordinated debt are scheduled to begin after repayment of the senior debt. During the years ended October 31, 2008 and 2007, interest expense on the debt was approximately $2,295,000 and $2,316,000, respectively. The senior credit agreement expires on December 31, 2012; the subordinated credit agreement expires on September 30, 2014. The terms of the Agreements require the Center to meet certain restrictive covenants, including debt service coverage ratio requirements beginning with the quarterly period ended March 31, 2008.

As discussed in Note 2, the Center was in default of the Credit Agreement at October 31, 2008, whereby, all unpaid principal amount of the loans and accrued interest becomes immediately due and payable. Accordingly, the loan is shown as a current liability on the statement of financial position at October 31, 2008.

8. SERVICE AGREEMENTS:

The Center has entered into service agreements with several local city and county governments (the Governmental Entities) to make the facilities and services at the park available to its residents. In exchange for the services to be rendered to the Governmental Entities by the Center, the Governmental Entities are to pay to the Center an annual service fee of up to $1,714,286 through 2013. The Center received $1,714,286 from the Governmental Entities during the year ended October 31, 2008 and has recorded a similar amount as a receivable as of October 31, 2008. That amount is expected to be collected in early 2009. No more than $12,000,000 in service fees will be paid over the term of the agreements. Each year's installment will be reduced by a credit, based on a calculation defined in the agreements, which is effectively equal to any positive cash flow, after debt service, generated by the Center.

Services fee amounts by Governmental Entity are as follows:

	Maximum Cumulative fee	Maximum Annual fee
Mecklenburg County	$7,000,000	$1,000,000
Gaston County	1,000,000	142,857
City of Charlotte	2,000,000	285,714
City of Mount Holly	1,000,000	142,857
City of Belmont	500,000	71,429
City of Gastonia	500,000	71,429
	$12,000,000	$1,714,286

9. SPONSORSHIP AGREEMENT:

The Center has a sponsorship agreement with a third party under which the Center is to receive $175,000 annually through 2016 (subject to certain cancellation provisions). The Center received $175,000 in fiscal years 2008 and 2007.

10. CONCENTRATION OF CREDIT RISK:

Financial instruments that potentially expose the Center to concentrations of credit risk consist principally of cash and cash equivalents and receivables. The Center maintains its cash on deposit with a federally insured financial institution located in North Carolina. Accounts at the institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. Periodically, the Center may have cash balances in excess of FDIC insured limits.

11. INVESTMENT IN LIMILITED LIABILITY COMPANY:

In July 2007, the Center formed a limited liability company (the LLC) with a developer for the purpose of constructing a road to access both the Center and the developer's residential development. Both parties made an initial contribution to the LLC of $200,000. The developer is responsible for all costs in excess of the Center's contributions. The road has been substantially completed as of October 31, 2008, except for work required to repair damages caused by a third party.

The Center's contribution to the LLC and their related investment is being accounted for under the equity method of accounting. The LLC's operation is limited to the construction activities, and operating control of the entity is maintained by the developer. At September 30, 2008, the LLC had total assets of approximately $4,473,000 and total liabilities of approximately $230,000.

On December 8, 2008, the operating agreement was amended. The amendment requires the Center to fund an additional $137,000 for costs needed to connect the parkway to the entrance road to the Center. Expected completion date is Spring of 2009.

12. RETIREMENT PLAN:

During the year ended October 31, 2008, the Company established a 401(k) profit sharing plan covering all eligible employees. The plan allows employees to defer a portion of their income on a pretax basis through plan contributions. Matching contributions are made at the Company's discretion. No contributions were made during the year ended October 31, 2008.

13. PRIOR YEAR FINANCIAL STATEMENTS:

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended October 31, 2007, from which the summarized information was derived.

Certain reclassifications have been made to the October 31, 2007, financial statements to conform with the October 31, 2008 financial statement presentation. Such reclassification had no effect on the change in net assets as previously reported.

COUNCIL WORKSHOP
AGENDA ITEM SUMMARY

TOPIC: Gang Prevention Coalition (GPC)/ 2009 Strategic Plan

COUNCIL FOCUS AREA: Community Safety

RESOURCES: Willie Ratchford, Community Relations Committee
Fran Cook, Gang of One / CMPD

KEY POINTS:

- The Gang Prevention Coalition (GPC) is a group of community agencies and organizations who are working in partnership to address gang issues in Mecklenburg County.

- On January 7, 2008, City Council directed staff to work with the GPC to address gang issues.

- The staff of the Community Relations Committee has met regularly with the GPC to develop a planning strategy which will now be shared with Council, the County Commission and the School Board.

- The GPC has adopted the Office of Juvenile Justice and Delinquency Prevention (OJJDP) Comprehensive Gang Reduction Model to address gangs in Mecklenburg County. This approach is the result of national research and includes the components of (1) Primary Prevention; (2) Secondary Prevention; (3) Intervention; (4) Suppression and (5) Reentry.

- Fran Cook, Gang of One Director (CMPD), will report on gang activity in Charlotte-Mecklenburg, including the OJJDP reduction model.

- Grayce Crockett, Area Mental Health Director and Chairman of the GPC, will report on the strategic plan of the GPC, including strategic goals and implementation.

COUNCIL DECISION OR DIRECTION REQUESTED:

No Council action is required at this time. The GPC has a $99,455 grant and is seeking proposals from community organizations to implement strategic initiatives in Idlewild South and the Starmount Forest community.

The targeted communities, Idlewild South and Starmount Forest, were selected utilizing data from the 2008 Neighborhood Quality of Life Index and GangNet. Up to fourteen (14) Community Impact Project grants will be awarded in varying amounts between $500-$25,000.

ATTACHMENTS:

None.