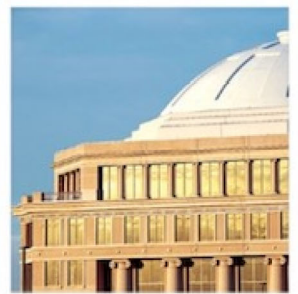


CHARLOTTE BUSINESS JOURNAL

COVER STORY

INSIDE NUCOR'S RECORD YEAR

Tariffs were part of the story, but the biggest boost came from the steel maker's fundamental strategy to build or buy its way to the top of every market segment where it competes. **12-15**



DONE DEAL

SouthPark offices sell for \$208.8M

Capitol Towers deal one of largest commercial transactions in Charlotte in 2018.

ASHLEY FAHEY, 8

UP FRONT

Alliance ready to start interviews

Charlotte's new economic development group's CEO search hits its stride this month.

ERIK SPANBERG, 3

OUTSIDE THE LOOP

It's a new year for American Tire

Huntersville-based distributor completed its bankruptcy reorganization in December.

KEN ELKINS, 10



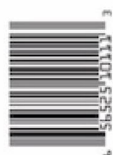
SBA

Lenders **18**



NEWSMAKER

LEGAL LEADER
LOOKS BACK **16**



CHARLOTTE
BUSINESS JOURNAL

January 4, 2019
Vol. 33, No. 41, \$5
550 S. Caldwell St.
Suite 910
Charlotte, NC 28202



Breaking news online

CharlotteBusinessJournal.com



On Twitter

@CBJnewsroom



Daily email updates

CharlotteBusinessJournal.com/email



ERIK SPANBERG

Covers government, sports,
transportation and hospitality

✉ ESPANBERG@BIZJOURNALS.COM

☎ 704-973-1116

🐦 @CBJSPANBERG

▶ WHAT'S NEXT

CHANGES COMING FOR CHARLOTTE'S BELK BOWL

When the next round of contracts begin in 2020, organizers of Charlotte's college football bowl game plan on adding a third conference of schools to choose participating teams from, adding to the current lineup consisting of Atlantic Coast Conference and Southeastern Conference members.

"There's a likelihood of a third conference under a split deal," Charlotte Sports Foundation executive director Will Webb told me. "It would give us more choices and also give title sponsors more geographic exposure (by bringing another region of the country)."

The University of Virginia beat the University of South Carolina 28-0 at this year's game on Dec. 29 at Bank of America Stadium.

What conference might join the ACC and SEC remains unknown. A three-conference alignment is used by both the Music City Bowl in Nashville, Tennessee, and the Gator Bowl in Jacksonville, Florida. In both cases, an ACC school plays a team from either the Big Ten or the SEC.

Schools from the SEC and ACC have been bound to the Belk Bowl since 2014. The ACC, based in Greensboro and including five schools in the Carolinas, has been tied to the Charlotte bowl game from its inception in 2002. The SEC signed a six-year agreement effective in 2014 to send an opponent for the ACC — replacing the American Athletic Conference.

Contracts with title sponsor Belk, ESPN, the stadium and the two conferences end after the 2019 Belk Bowl. Webb said his organization's intent is to keep the game going in 2020 and beyond. Belk has told CBJ previously the company wants to stay on as title sponsor.

Webb left open the possibility of another company backing the game. Belk was locally owned when the company put its name on the bowl in 2011. In 2015, New York-based private equity firm Sycamore Partners bought Belk but kept the department store's headquarters here.

"We're not sure where we're going to be title-wise," Webb said. "But Belk has been a tremendous sponsor. We're hopeful, but we'll see where we go."

A decision on the title sponsor would be made before the 2019 Belk Bowl is played next December.

According to the Charlotte Regional Visitors Authority, the 2017 Belk Bowl added \$5.9 million worth of spending in Charlotte.

City will look at shift in incentives

James Mitchell calls recent jobs announcements and corporate relocations and expansions a "December to remember."

Mitchell, a Democrat on City Council who leads the economic development committee, sees the 2,700 jobs headed to Charlotte as an opportunity that could — and should — extend beyond merely adding more work. He wants some of that work, and related construction on new and expanded offices, to go to people who find it difficult to land jobs, whether it's because of a criminal record, a lack of education or other problems.

Expect that subject — finding ways to marry economic development with opportunity for neighborhoods and people most often left behind — to become a focal point heading into 2019.

The imminent relocation of Honeywell International Inc.'s headquarters to Charlotte from New Jersey and major expansions by LendingTree Inc., AvidXchange Inc. and Cognizant Technology Solutions Corp. included combined state and local incentives of \$127 million. Of that amount, \$19 million, or 15%, is coming from city government.

Each of those four companies committed to creating jobs with average pay above the Mecklenburg County average of \$65,285. Mitchell and some of his council colleagues hope to push companies receiving incentives to do more. "We need to really step up and accept the upward-mobility challenge," Mitchell told CBJ recently. "We need to take these opportunities (with incentives) to increase upward mobility."

Mitchell anticipates starting discussions on possible incentives policies in January and hopes to bring ideas to the full 11-member council later in the year. Bob Hagemann, the city attorney, said that, when it comes to incentives deals with companies, council "would have a great bit of flexibility" to negotiate provisions tied to hiring.

As an example, Mitchell pointed to the city's \$13.4 million incentives agreement with CF Hippolyta Charlotte, tied to New York-based Fortress Investment Group, as part of a project with online retailer Amazon.com Inc. Council approved the inducements in June as part of a deal that includes the company's commitment to invest \$200 million in a new regional distribution center near the airport that will employ 1,500 people.

Mitchell reiterated what he said at the time council approved the deal: That Amazon will look to recruit and train residents from nearby neighborhoods, including students at West Mecklenburg, Harding and Olympic high schools. (Unemploy-



Gov. Roy Cooper speaks at the expansion announcement for AvidXchange last month

MELISSA KEY

ment in that part of the city is well above the local rate of 3.2%.)

According to the city's economic development department, the agreement encourages using participants from some skills programs for construction, but nothing beyond that.

"The nature of the agreement is for the city to partially reimburse the development entity for infrastructure improvements in the vicinity of the project," said Kevin Dick, who works in the city's economic development office. "In that agreement, there is a stipulation for the city and its workforce development partners to be able to refer candidates for potential interviews and potential hires for temporary construction positions. There is no stipulation about where those candidates may come from although (city workforce programs) could be sources."

And as for Amazon and the distribution center once it's up and running? "There is no formal agreement with Amazon itself to work with the institutions you mentioned, although the creation of relationships is possible."

Logistics-related jobs offer potential quality jobs for students who don't want to go to college, Mitchell said. Those types of jobs are expected to be part of an expanded workforce skills program, known as Project P.I.E.C.E. (an acronym for Partnership for Inclusive Employment and Career Excellence), under consideration by council.

An important marker in any discussion of hiring and incentives will be how rigid, or not, the city and council intend to be. Ed Driggs, a council Republican and committee vice chair, told me that the com-

bination of minority hiring or contracting and business recruiting shouldn't be intertwined when it comes to incentives. Driggs cited the business inclusion program as the main tool for addressing equity, but said it's important to remember that incentives are awarded on the basis of jobs created and average pay — not on who is hired. Adding provisions to steer hiring would likely put the city at a competitive disadvantage, he believes.

"The critical distinction is how coercive it is," Driggs said, adding many companies have expressed interest in helping with economic mobility but might feel hamstrung by specific requirements for hiring.

Site-selection executive John Boyd agrees. Boyd's New Jersey-based firm works often in North Carolina and helped computer company Dell negotiate an incentives package to open a plant in 2005 in Winston-Salem. It closed four years later, with most of the incentives repaid.

"In my view, mandating hiring practices can be a dangerous and slippery slope for politicians that want to exert social policy goals into a business attraction incentive program," he said. "A company is only as good as its people and the labor dynamic of skills, cost and availability tends to dominate the site-selection equation. Our clients would repel from cities that overly manage their hiring practices."

There could be middle ground to build consensus. Justin Harlow, another Democrat on the committee, told me the city needs to be "more and direct intentional" but could "push the envelope further" to encourage upward mobility. But he stopped short of calling for specific mandates.