

2010 Charlotte Residential Real Estate Forecast

Presentation Speech by Jeff Adams

October 14th, 2009

Charlotte Country Club

Good Evening Everyone,

Thank you for joining us as we present our 2010 Charlotte Residential Real Estate Forecast. We are so pleased to be able to speak with you tonight about some encouraging news regarding our Charlotte housing market.

For those who may not know me, please allow me to introduce myself. I am Helen Adams' son, Jeff.

This evening will be broken into three segments; first an inspiring presentation will be given jointly by Mr. John Crosland and Charlotte attorney Collin Brown, regarding the future of affordable housing.

Next I will present our forecast for the 2010 Residential Real Estate Market.

And afterwards, we will enjoy cocktails and hors d'oeuvres. Please feel free at anytime to be excused. The lady's restroom is to the left off the main entrance hall and the gentlemen's restroom is off the hallway to my right.

Collin Brown is an associate with K L Gates. Collin is a graduate of Wake Forest School of Law and he focuses his practice on land use and zoning.

He is the first attorney in North Carolina to earn the LEED Accredited Professional Designation and he has a thorough understanding of green building practices and principles. Collin serves on the Charlotte Chamber of Commerce Land Use Committee and the Board of Governors of the Real Estate Building Industry Coalition.

It is a great honor for me to introduce Mr. John Crosland.

Mr. Crosland is the founding chairman of Habitat for Humanity of Charlotte.

For 12 years he served as Chairman of the North Carolina Housing Finance Agency and in 1999 he won their Master Builder Award.

Mr. Crosland is a founder and member of Real Estate Building Industry Coalition.

He is a founder of SPACE, the Shelters Providers Political Action Committee.

He is Vice President and Life Director of the National Association of Home Builders.

He is Life Director of the Charlotte Association of Home Builders.

He is past Chairman of the Charlotte-Mecklenburg Housing Cost Task Force

Mr. Crosland is past President of both the Charlotte Home Builder's Association and the North Carolina Home Builders Association.

He is a member of the Davidson College Board of Trustees and is honored by the college as the Distinguished Alumnus. In 2002 the Urban League of Central Carolinas honored Mr. Crosland with its Whitney M. Young Jr. Award for his devotion and passion to affordable housing.

Please Welcome Mr. John Crosland and Mr. Collin Brown.

Thank you Collin and Mr. Crosland. Thank you for your commitment to keeping the affordable housing discussion at the forefront of the community. We owe you a great amount of gratitude.

(Slide #1) Well good evening again and thank you for joining us here tonight. We are so honored to present to you our view of the housing market in Charlotte. Our presentation will last about 40 minutes and then afterwards we hope you will join us for cocktails and hors d'oeuvres.

Before I begin our presentation I want to share with you a quick story on how this event came to pass.

(Slide #2) Early last month we were notified that, for the third year in a row, we were recognized as one of the 10 leading real estate companies in North America that according to consumers, deliver the best service quality and customer satisfaction. I cannot begin to tell you how proud I am of our agents and staff for being recognized in this manner.

This award is based on feedback from 200,000 consumer surveys of more than 500 companies and their 25,000 agents. Helen Adams Realty is one of only 2 companies to receive this award 3 years in a row.

In my excitement to celebrate this recognition, I said, "Let's throw a party to show our appreciation for our sales team." The next thing I know our management team has me standing before you to do a forecast about Charlotte's real estate market in the middle of the worst economic slow down in 70 years.

(Slide #3) What was I thinking? I am not even much of a conversationalist much less a public speaker, and to say I am nervous is an understatement. So before I begin I want to share with you a little speaker's prayer that was given by a young Irish minister as he was about to deliver his first sermon. It went something like this:

"Dear Lord, please make them like me. Please let them understand and appreciate ALL the things I am about to say. And please, please, dear Lord, by the Grace of God, if they do not like me or what I have to say, then please afflict the bastards as they walk out the door so I will know who the hell they are."

OK, so here we go. I am going to go through a lot of charts, slides and graphs and move through this stuff pretty fast. And, for those of you who are interested, our entire presentation will be posted on our website.

(Slide #4) The two forecasts about Charlotte and North Carolina I really like are from UNCC economist John Connaughton and from Moody's Economy.com.

(Slide #5) On June 3rd, John said that the recession is over and that it likely ended in May. He expects North Carolina will lose 124,000 jobs this year but that most of those losses, (112,000 jobs), occurred in the first 4 months. In his September 15th forecast for 2010, he predicts North Carolina will add 22,700 net new jobs and our gross domestic product will increase 1.5 %.

On September 16th, Federal Reserve Chairman Ben Bernake agreed with Connaughton's point of view by going public with his opinion that "The recession is likely over."

(Slide #6) If you look at the cycle of our economic ups and downs, you can see from this next slide that the recession we have just gone through has clearly outstayed its welcome. This current recession has lasted around 19 months, far and away the longest economic slowdown in our history.

So based on that history I think both John and Ben made some pretty safe bets.

(Slide #7) The second forecast I like comes from the July edition of Moody's economy.com. Following is an excerpt from their report; and again, if you would like to read the entire report it is posted on our website.

"Although house prices are not expected to stop falling before mid-2010, the pace of decline will be slower than the national average. Unlike the worst hit housing markets in the nation, Charlotte's housing market is not oversupplied. Rather, rapidly rising unemployment and income losses are the main culprits behind the area's weak housing market. Despite the persistence of these negative fundamentals, foreclosures have edged down recently, according to data from Realty Trac.

Median house prices also fell less than at the national level. Although these developments provide some hope that Charlotte's housing market is headed toward stabilization, the above-average unemployment rate will come in the

way of faster progress. The lack of improvement in home sales despite lower interest rates earlier this year illustrates this point.

Although job losses have abated somewhat, the recovery of the Charlotte economy will be weaker than had been expected earlier this year. Restructuring in the banking industry will result in a below-average short-term performance. The fallout from housing and global credit issues is adding stress to financial firms and the business service companies that support them. Nevertheless, Charlotte still has advantages in its highly educated workforce, mix of industries, and comparatively low living and business costs. In the long term, Charlotte is expected to outperform the U.S. Economy.”

-Moody's Economy.com

(Slide #8) Before I go on about next year's forecast, please allow me a little time to discuss how we got here. Many of my conclusions are drawn from 4 main sources:

1. A July 1st WSJ article titled “A Government Failure, Not a Market Failure”
2. An August 15th WSJ article titled “The New American Dream, Renting”
3. A spring, 2009 address by John Allison, BB&T Chairman of the Board regarding Financial Regulatory Reform.
4. Thomas Sowell's book, The Housing Boom and Bust

I think it is important to touch on this history so we have a better perspective of why our otherwise steady real estate market has taken on the risks and volatile characteristics associated with the stock market.

So here's a brief history of government involvement in the housing industry.

- In 1913 – Tax code change was made which allows for deduction of home mortgage interest payments, yet until the late 1930's mortgage debt was considered a stigma
- Up until the Great Depression mortgages typically did not exceed 50% of the value of the home and had terms of 5 years or less

- In 1932 Herbert Hoover stated that as a matter of United States policy, “As a people we need, at all times, the encouragement of home ownership.”
- And from the period 1928 to 1933 housing starts fell by 95%.
- In 1934 – The Federal Housing Authority was created. From there FHA developed standards for new construction as well as loan qualification standards. FHA also instituted the 30 year mortgage and at this point Fannie Mae and Freddie Mac were created as a secondary mortgage market to warehouse these loans.

I want to step back a moment to say that to this point the government’s creation of building and lending standards are very beneficial to America. In fact, from 1940 to 1950 home ownership increased from less than half of all households to 55%. And from the late 70’s on through to around 1995 we had a very stable real estate market, and throughout this time frame around 64% of all households owned their own home. And let me go on record as saying that if we had not had government involvement in instituting lending standards and construction codes as well as the creation of a secondary mortgage market we may well be where Australia is today.

In 2007 a colleague of mine who is an owner of a 200 person real estate firm in Colorado, took a 3 month sabbatical and traveled as a trailing spouse with his wife to Australia. This is how he describes the real estate market in Australia.

There is no MLS system. If you want to borrow money to buy a home it is for a term no longer than 2 years; the interest rate floats monthly. Rates are 2% higher than in the U.S. and interest is not deductible. If you want to know the price of a home, 70% of the time they cannot tell you because 70% of the time their homes are sold at auction. Auctions last 24 hours and require a 20% non-refundable deposit or more, a 12.5% transfer tax is charged to the seller in each home sale. Compared to Australia we are in Nirvana in America, so I don’t want to sound ungrateful for the fundamental standards our government has put in place.

But back to our government’s welcome and then UNWELCOME involvement in our industry.

- By the 1960s housing, had become a leading indicator of the nation's economic vitality, and at this point an army of banking, real estate, and construction lobbyists were created to protect their industry's new found gains.
- In the 1970s – Federal housing policies changed the whole landscape of America, gutting inner cities by creating the urban sprawl we know today. It was easier and less expensive to build in the burbs. 80% of new housing today is built in the suburbs – the direct legacy of federal policies that favored out-lying areas rather than the rehabilitation of city centers.
- In the 1980s – The department of Housing and Urban Development was created. HUD pushed Fannie Mae to underwrite loans with lower underwriting standards which increased the number of loans made to less credit worthy home buyers.
- Beginning in the late 90's the Clinton and the Bush administrations engaged in the biggest promotion of home ownership in decades supported by new tools such as the securitization of mortgages and the promotion of sub-prime lending.

Now listen to what the WSJ, John Allison, and Thomas Sowell have to say about the causes of our housing boom and bust.

(Slide #9) First the Wall Street Journal:

“When the housing bubble burst in 2006, the damage to the financial system pushed the global economy into the worst contraction since the Great Depression. In the midst of the pain and suffering that have accompanied financial collapse and economic contraction – over \$15 trillion in wealth has been lost by American households alone while, to date, more than 6 million job losses have boosted the unemployment rate to 9.4 % - much of the blame has been

placed on unregulated financial markets whose behavior is said to have revealed a terrible flaw in the foundation of capitalism itself.

This was a market failure, we are told, and the promise of capitalism has always been that the self-correcting mechanisms built into the system would preclude the possibility of a systemic market failure.

But the housing bubble only burst after government subsidies pushed house prices up so fast that marginal buyers could no longer afford to chase prices even higher. A bubble created by rigged financial markets and government-sponsored obsession with home ownership is not a result of market failure, but rather, a result of bad public policy. The belief that home ownership, per se, is such a benefit that no amount of government support could be too great and no pace at which home prices rise could be too fast is the root of the crisis.

There was no market failure.”

Please note the slide which illustrates the increased rate of home ownership as a result of sub-prime lending.

(Slide #10) Next from John Allison:

“...government policies are the primary cause of the financial crisis. We live in a mixed economy, and the mix varies by industry. The technology industry, is about 20% government and 80% free. The financial industry is probably about 70% government and 30% free. Banking is a highly regulated, government dominated industry. It is not surprising that the biggest problems have been in a highly regulated industry.

...deflation in residential real estate is what started the economic deterioration. Problems in residential real estate created the problems in the capital markets that led to problems in the general economy.”

“How did we get here? We substantially over built the residential real estate market. We built at least \$600 billion, maybe \$800 billion too much residential real estate.

(Slide #11) We built too many houses, built houses in the wrong places, built houses that are too big. We should have been investing in technology, education, manufacturing capacity, etc. We should have saved more.

How did we make this mistake? If you think about a mistake of this magnitude, it almost has to be government policy. It's just too big. The primary sources of this problem are the Federal Reserve, the FDIC, government housing policy, and specifically Freddie Mac and Fannie Mae."

Allison goes on to say:

"Government housing policy is what I will call the proximate cause. There's been a tremendous governmental drive to raise homeownership rates above the natural market rate. The theory is that homeownership is a good thing. Well, it's a good thing if people aren't buying houses they can't afford, or where they don't have the discipline to repay the debt, or young people, who don't have savings buying houses, or people buying too big a house, etc. Tax policy has supported excess investment in housing for a long time at the expense of our global competitiveness. But what really put us over the dam was the affordable housing focus that turned into subprime.

In September 1999, President Clinton announced a goal for Freddie Mac and Fannie Mae to have half of their loan portfolio in affordable housing, now subprime. At the time there was an article in the *New York Times* quoting several economists that said the legitimate, affordable housing market is not this big. If they achieve the affordable housing (subprime) goal in ten years, it will break Freddie Mac and Fannie Mae, and it may take down the U.S. financial system. Nine years later, it did."

Allison goes on to say:

"Freddie Mac and Fannie Mae are government sponsored enterprises which would never exist in a free market. They were leveraged a 1000 to 1 when they went down and owed \$5 trillion, that now you owe. Congratulations. The government did have to bail them out, because of the implied guarantee. Politics played a huge role in Freddie and Fannie's activities. I was on a committee of the Financial Services Roundtable for nine years trying to do something about Freddie Mac and Fannie Mae. You could run the numbers and it was obvious they were going broke. But we couldn't do anything about it because Congress had a huge vested interest in Freddie Mac and Fannie Mae. First, they had almost a religious belief in affordable housing. And second, Freddie Mac and Fannie

Mae were huge contributors to the Republican Party and the biggest contributor, I think, to the Democratic Party. So people ignored the obvious warning signs. Freddie Mac and Fannie Mae are the primary cause of the housing crisis.”

(Slide #12) In Thomas Sowell’s book The Housing Boom and Bust, he quotes Congressman Barney Frank in 2003 as follows:

“As for government pressures on Fannie Mae and Freddie Mac to loosen their mortgage lending standards, he said: “I believe that we, as the Federal Government, have probably done too little rather than too much to push them to meet the goals of affordable housing and to set reasonable goals.” So as you can see in this slide, lowering lending clearly increased the number of mortgage applications for purchases. He said, “I would like to get Fannie and Freddie more deeply into helping low-income housing and possibly moving into something that is more explicitly a subsidy.” He added: “I want to roll the dice a little bit more in this situation towards subsidized housing.””

(Slide #13) From there it did not take long for the delinquency rate on sub-prime loans to increase almost 300% from 8% in 1998 to almost 23% in late 2008.

- (Slide #14) As of July, however, our national economic outlook has already begun to improve and this forecast from Case Shiller calls for: the number of new home sales to increase and the number of existing home sales to increase.

(Slide #15) Charlotte’s prices did not increase as dramatically as the rest of the country and prices will not have as far to fall as shown in this Case-Shiller chart. This chart was published in August of this year and shows that Charlotte’s prices have fallen 11.8% from their peak in 2006... 2nd best in the country.

The next 5 slides illustrate the positive direction our Charlotte market is heading. These slides are snapshots of Mecklenburg County single family home sales and listing activity in the 2 year period of September 2007 through September 2009.

(Slide #16) The median price chart shows that the average and median prices of homes sold in Mecklenburg bottomed out in January of this year.

(Slide #17) The next slide shows that the number of homes for sale has decreased dramatically over the peak in July 2008. Over supply is the enemy of high prices and this picture bodes well for stabilization of our city's home prices.

(Slide #18) The next slide shows how quickly our market has recovered from its low point in November, 2008. The number of homes under contract in May, June, July, August, and September, exceeded the monthly average number of homes that went under contract during the past 24 months.

(Slide #19) As shown on the next slide, the number of homes closed in Mecklenburg County is steadily improving and our under contract numbers tell us we can expect home sales over the next 60 days to continue this improving trend.

(Slide #20) Most studies of the marketplace will tell you that a 5 to 7 month supply of inventory represents a market in equilibrium. This slide shows us that the supply of houses on the market today is decreasing.

(Slide #21) One of the best leading indicators for predicting the direction of the market is the pace of showings. This "showing index" slide shows a direct correlation with the number of showings and the number of sales. The yellow circle highlights the low points of the number of showings, which is in direct correlation with the green line which shows the dip in home sales.

Pay attention to your Realtor when they talk about traffic and showings. They are experiencing and making the market first hand and know the direction the market is heading.

(Slide #22) Not all showing traffic is created equal. All real estate markets are made up of 3 segments. The bottom segment of the market, referred to in this slide as the stagnant mass, is made up of homes that are simply over-priced. Buyers and their agents know the market and they are not going to waste their time looking at homes that are poorly priced. Houses in the middle segment of the market receive a lot of showings but take forever to sell. If your house is being shown and it is not selling, then it is almost always about the condition of the home. If it is not being shown it is always about the price.

Homes that are in the flow meet the four conditions of salability. They are well-priced; they are in good condition; they offer the proper buyer and Realtor incentives and they are marketed in a way to reach the largest number of buyers in the marketplace. This means they are properly exposed in the MLS system and their presence on the internet has been maximized by syndication to more than 24 global search engines.

In Charlotte the vast majority of sales are co-brokered with another firm and the most comprehensive way to market your home is through the internet. Over 85% of all buyers begin their search for a new home with the internet.

(Slide #23) Every month, (month in and month out), in Charlotte, 55% - 65% of the homes sold meet the salability test and are closed in less than 120 days from first being listed in MLS.

This chart is for activity in the month of August of this year where 64% of the homes sold in less than 120 days.

(Slide #24) During the past 12 months Helen Adams Realty's listings achieved the highest sold price to original list price ratio in our market. During this same time frame we also increased our market share of closed listing volume by 12%.

(Slide #25) In a falling market many sellers ask the question “should I wait to sell?” If you are buying a more expensive home in the same marketplace then the answer is yes, because the savings you realize in buying the more expensive home will almost always be larger than the reduction in price you may realize when selling the smaller home.

(Slide #26) When buying in a down market it is always prudent to wait until the market hits the bottom. But as Yogi Berra would say, “The tough thing about the future is in that you can’t predict it.”

Another way to picture buying in a down market is to consider reverse psychology. If mortgage backed securities are Triple A quality investments then this assumes that asset is priced close to perfection. In other words, its value has nowhere to go but down.

(Slide #27) Next I want to provide you with specific examples of market trends in established Charlotte neighborhoods. This slide shows the location of our three offices in north, central and south Charlotte. I have asked agents in each of our offices to prepare market studies for neighborhoods in their marketplace.

Special thanks to Kerry Beach, Anish Shah, Lori Fuqua, Jo Butterworth, Joyce Poole, Jennifer Homan, Buck Montague, Mark Brown, and Brandon Boyd for their assistance in putting their information together.

(Slide #29) In the interest of time, I am only going to focus on one study - the Montibello neighborhood on Carmel Road in South Charlotte. For the most part however, all the studies were positive and you may view the details of each on our website.

The market absorption trend for Montibello is positive. Within the past 12 months, 10 houses have closed in Montibello at a rate of almost one closing per month. Within the last 3 months, 7 houses have closed at a rate of 2.3

houses per month. There are currently 9 homes for sale in Montibello and the months of supply of homes on the market has moved from 10.8 to 3.9 months of supply.

During the past 12 months the average sold price in Montibello has dropped from \$530,170 to \$480,242.

The sellers in Montibello have adjusted the prices of their homes to meet the market and they have moved from a seller's market to a buyer's market in just 12 months.

(Slides #30 - #34) I will quickly click through the other market studies for Cady Lake, Providence Pointe in South Charlotte, and Birkdale Village, Wynfield Forest, and MaCauley in Huntersville, Center City, Myers Park, and Eastover.

(Slide #35) And now for our sales forecast for 2010

(Slide #36) This slide shows the history of single family permits in Mecklenburg County. For 2009 and 2010 we forecast 1,313 permits will be taken out each year. Until unemployment subsides and net job growth begins there will be very little new construction activity.

(Slide #37) In the Charlotte Regional Realtor Association market area, the average sales price this year is forecast to be \$198,558. This is a 10% decline from 2008. We are forecasting a 3.7% price decline in 2010 and it is interesting to note that this price is identical to the average price in 2003.

(Slide #38) The estimated number of units to sell within the Charlotte Regional Realtor Association market area is 21,775 units, a 19% decline from 2008.

In 2009 we expect the number of sales to increase by 4% to 22,646 units. For our market to be operating at 22,646 closed units we have to look all the way back to the year 2000. We have come that far.

(Slide #39) The CRRA breaks down sales by 8 different price ranges.

In the years 2001 – 2006 you can clearly see the dramatic increase in the number of sales in almost every price range. The cause of this is due to artificial stimulation from our politicians who encouraged lower interest rates and reduced lending standards through their intervention and control of Fannie Mae and Freddie Mac. To quote Mr. John Allison again, “If you make a mistake of this magnitude it almost has to be public policy.”

(Slide #40) In 2010 while we see the number of sales increasing by 4% to 8% in all price ranges, we also believe that all price ranges will see a drop in the average price.

In the far right-hand column we compare 2010 units to a past year in history. In the price range \$1,000,000 and over the most comparable year's performance is 2003. In the price range 500,000 to 1,000,000 the comparable performance year is mid 2002. In the price range 350,000 to 500,000 the comparable performance year is 2001. In the price range 250,000 to 350,000 the comparable performance year is mid-2001 and so forth.

(Slide #41) The next slide shows the relationship of total units sold and total sales volume throughout our MLS system beginning with the year 2000. Again, note the huge unnatural bubble in both units and volume in the years 2001-2007.

The combined volume change from 2006, our peak year, to 2009 shows a decline in volume of 55% in just 3 years!

The combined change in units shows a decline of 50% from 2006 through 2009. We are forecasting no change in total volume for 2010 and a 4% increase in the total number of units sold in 2010.

(Slide #42) The following slide is just a summary of the sales volume and units sold forecast.

Forecast for Oct., Nov., and Dec. 2009: Closed Volume: \$101,790,000

Forecast for Oct., Nov., and Dec. 2009: Closed Units: 5,400

Forecast for 2010 We estimate no change in sales volume.

Forecast for 2010 Average Sales Price: Decline by 3.7% to \$191,152

Forecast for 2010 Estimates an increase of total sales units sold by 4%

These next few slides concern trends which we feel will have an impact on the Charlotte Real Estate market.

(Slide #43) The rapid exchange and access to sales information means more transparency and therefore a more stable marketplace. This month, for the first time, the Charlotte Regional Realtor Association will offer sold data on its website.

The Charlotte Mecklenburg population is projected to continue to grow at the pace of 3% per year. People are voting with their feet and they continue to move to Charlotte from all parts of the country.

The synergy of energy in Charlotte is alive and growing. Charlotte is home base for Duke Power and these following companies have moved or expanded their local operations: Shaw Industries, Coalogix and Toshiba Nuclear.

Our airport has just completed the construction of its 3rd parallel runway making it one of the most efficient in the world. Only 3 other airports feature 3 parallel runways. Increasingly companies from across the world find Charlotte an attractive place to do business as a result of our airport.

(Slide #44) The government's political involvement in the housing industry creates uncertainty as government and politicians play an increasing role and control interest rates, the appraisal process, lending standards and the secondary mortgage market.

The \$8,000 tax credit is likely to be extended to June 1st 2010.

Interest rates will likely increase as the economy improves.

The psychology of homeownership has changed. Ownership will be viewed more as a lifestyle decision than an investment decision.

(Slide #45) The deleveraging of consumer debt and an increased focus on consumer savings will mean consumers will postpone discretionary purchases until more certainty returns to the economy. Home purchases will be more centered upon job changes and household formations.

Housing affordability has increased through a reduction in prices caused by less demand, lower construction costs, lower labor and land costs.

The most positive trend in Charlotte is also the world's most valuable resource – human capital.

The world's most valuable asset is human capital and the global competition for it is fierce. Our only truly sustainable advantage is our people. Charlotte's people are behind new processes and new systems and new ideas. Charlotte's people create our best competitive advantage.

During the past decade Charlotte has experienced unbelievable growth in its human capital. People have been attracted to Charlotte for many reasons; our schools, our climate, our churches, our airport, and on and on. But the

main attraction to Charlotte has been jobs and not just any jobs, but the best jobs: in education, in the health industry, in engineering, and in the financial services profession.

As Mr. McColl has said many times before, “If you are not growing you are going backwards.”

Businesses create jobs by taking risks to grow. Two of Charlotte’s best risk takers, Ken Thompson, Ken Lewis and their companies, have helped to create the lion’s share of one of the best job markets in the entire country.

This is the legacy the two Ken’s leave with us, the tremendous addition of human capital they helped to create.

Because of their efforts we are a city chock full of talented and creative people. Already companies such as GMAC and US Bank, Shaw Industries, Toshiba Nuclear, and as announced today, Premier Healthcare, are attracted to Charlotte for one primary reason, our talented, highly educated work force.

Charlotte is blessed to be the home to over 40 institutions of higher education. Our crown jewels include Davidson College, UNCC, Queens University, Johnson C. Smith University, and CPCC. Yet one of our most important educational resources, our primary public school system, often goes begging for support. As Al de Molina, CEO of GMAC, said recently, “I don’t know of a city in the United States that is a match for Charlotte.” And when asked where would be the best place for Charlotte to invest in its future, his answer was simple, “Education, education, education.”

Pete Gorman, our Public School Superintendent, has brought to our school system discipline, focus, and accountability. When asked what he thought about the possibilities of the public school system providing charter schools he said he thought it would be good for our schools. Why? Because the competition for students would serve to increase the performance of the existing school system.

I am going to go out on a limb here... of all the things we can do to affect a positive change in Charlotte, here is one we all can participate in – and that is to vote in the November 3rd election for the school board. The school board

election this year will be decided by fewer than 2000 votes in each district and any campaign support goes a long, long way.

I have on the QT a list of board members who people believe that Pete Gorman believes would advance his agenda of more accountability, discipline, and focus for the more than 200,000 students, faculty, and staff of the Charlotte Mecklenburg school system. For a list of these candidates please visit our website and see the slide titled “Jeff’s Picks.”

One final note, please keep in mind that I will be on the lookout for those of you who have become afflicted by my presentation tonight.

Thank you so much for the honor and the opportunity to present our forecast to you this evening!