



ATTACHMENT 1

FEB 03 2005

Reclaiming the POWER of our Communities

January 28, 2005

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Co-Director

Jeff Caiola
Co-Director

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ADDRESS

Midway Business Center
109 N. Graham St.
Suite 200
Chapel Hill, NC 27516
Phone: (919) 967-8779
Fax: (919) 967-0710
info@empowerment-inc.org

Cal Horton
Town Manager
Town of Chapel Hill
306 N. Columbia Street
Chapel Hill, NC 27516

Re: Request to Amend Midway Business Center Performance Agreement

Dear Mr. Horton:

We are writing to address our current Midway Business Center (MBC) Performance Agreement. To be more specific, number twelve of the Work Statement reads as follows:

12. *EmPOWERment, Inc. will provide documentation to the Town that all tenants of the building will be incubator businesses, and that the building will not be used for market-rate commercial, retail, or office space.*

In contrast, the Tenancy Criteria portion of the MBC Project Description, which was part of EmPOWERment Inc.'s application for CDBG funds, reads as follows:

Type of Tenant: *While the Center will recruit at least two anchor tenants, there is a high degree of flexibility in attracting and supporting new entrepreneurial endeavors. Our location in Town Center Two (TC-2) zoning offers exceptional flexibility in the types of business activity permitted. Our goal is to ensure a tenant mix that fosters a high degree of harmony and collaboration among our companies. Each business selected...*

Given this discrepancy we respectfully request that the MBC is granted permission to accept *anchor* tenants. Anchor tenants will be one or more Orange County-based public or private entities, whose mission supports EmPOWERment, Inc.'s goal of building strong communities through economic development and by increasing self-sufficiency. They must also be willing and able to provide valuable services such as reduced rate professional consultations and/or seminar facilitation to incubator members. The anchor tenant(s) will create increased foot traffic and attract the shopping public into the MBC. As a result, incubator retailers and service-based businesses will reap the benefit of the anchor tenant's presence through increased exposure. They will not be bound to tenancy limits nor will they receive technical assistance.

Following you will find solid justification for granting this modification to the Performance Agreement.

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- 1) The MBC must become a financially viable program of EmPOWERment, Inc. Based on research we have found that the majority of successful incubators depend on long-term anchor tenants to reach break-even. In looking at our current model we must make adjustments in order to become a self-sustaining entity. By allowing anchor tenants into the building the MBC is taking a step toward being able to financially stand on it's own. Anchor tenants will increase revenue stability during downturns in the economy and add to the atmosphere in the building by including stable and knowledgeable entrepreneurs to mentor and assist other MBC businesses.
- 2) The intensity and volume of technical assistance required of MBC businesses is compounded by the policy of graduating businesses once they attain solid business systems and financial sustainability. Once a business is capable of thriving without business support services the incubator manager works with them to find a new office outside the incubator. The mandatory graduation policy all but ensures that each business in the MBC will be at a level that requires direct assistance and support from the MBC manager.
- 3) At times, like our current situation where we have five new start-up businesses all recently joining the MBC the time demands on the incubator manager can be intense. Proper and necessary supervision and technical services will increase the odds of these new businesses becoming self-sufficient and being able to financially offer employment opportunities sooner rather than later. However, sufficient support is limited due to the sheer number needing time intensive assistance.
- 4) We currently offer a combination of thirteen retail, semi-retail and office spaces to incubator businesses. Most incubator program participants are in the early stages of formation and therefore require a substantial amount of technical assistance to keep them on the right track. Due to the revenue constraints of the MBC versus the operational costs there is only one part-time staff person dedicated to the incubator program. It is extremely challenging for a part-time Incubator Manager to help provide directly or indirectly sufficient business support services for thirteen member businesses and for 2-6 associate businesses.
- 5) We would select possible anchor tenants based on their willingness to support the work of EmPOWERment, Inc. and the MBC. We would want the anchor business(es) to have a mission in line with that of our own and the ability to add a valuable dynamic to our building.

In conclusion, our request is that the Town of Chapel Hill modify the current MBC performance Agreement to read as follows:

12. EmPOWERment, Inc. will provide documentation to the Town that anchor tenants will occupy no more than 25% of the building's rentable square footage and that 75% or more of the building's rentable square footage will be occupied by incubator businesses.

The MBC offers 3700 square feet of rentable office space. Currently, EmPOWERment, Inc. occupies 618 square feet in the building. Since EmPOWERment, Inc.'s long-term plan is to move out of the MBC we would be comfortable making available a minimum of 2775 square feet to incubator members and a maximum of 925 square feet to anchor tenants. Excluding EmPOWERment, Inc.'s current space, 925 square feet represents 25% of the buildings rentable office space. As it stands now, a maximum of 1543 square feet would be available to EmPOWERment, Inc. and anchor tenants combined.

Please be advised that we are not, in any form or fashion, requesting modification to the income or Orange County residency requirements.

Thank you for your support and please feel free to contact us at your convenience should you have any questions.

Attached you will find the most recent MBC annual reports for your review.

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We look forward to your reply.

Best regards,



Jeff Caiola
Co-Director



Delores Bailey
Co-Director



Creating economic opportunity and revitalizing our community

July 15, 2004

Ms. Loryn Barnes
Community Development Planner
Town of Chapel Hill
306 N Columbia Street
Chapel Hill, NC 27516

RE: Midway Business Center 2003- 2004 Annual Report

Dear Loryn:

Please find enclosed our 2003-2004 Annual report for the Midway Business Center (MBC) complete with financial information and tenant statistics. Specifically, I have enclosed: a text report detailing the activities of the Midway Business Center (MBC) covering July 1, 2003-June 30, 2004 (see below), a Statement of Operation (Profit and Loss/Income Statement), a current list of MBC members and associate members with details concerning employee information and income verification.

A review of the financials shows that the MBC had a net loss of \$-10,167.51 from July 1, 2003-June 30, 2004. We continue to run at a deficit and will as long as we are not 100% occupied. We averaged about 20% vacancy the past twelve months. The revenue stream is primarily limited to rents (96% of income). We do not have fees for service. Our technical assistance is included in the cost of membership.

We will continue to work to increase our membership, especially our pool of potential applicants. However, we are strongly considering asking the Town to amend our performance agreement to give us more latitude in our member selection, especially when our vacancy rate is so high. We have had to turn down several quality applicants because they did not meet one of the criteria for membership. Lastly, in an effort to increase revenue resources we are trying to begin a campaign to engage local established businesses to assist the incubator not only in technically supporting incubator members and associates but in financially supporting the work of the Midway Business Center.

We had four businesses with a total of twenty three employees graduate from the incubator from July 1, 2003-June 30, 2004. Three of the businesses stayed in the Carrboro/Chapel Hill area while one moved to Durham. These four businesses all saw significant increases in their customer base and revenue production with each business more than doubling their monthly income from the time they entered the incubator to the time they left. On the flipside we had six businesses leave the Midway Business Center (4 members and 2 associates—no office space) for various reasons from moving from the area (2 businesses), discontinuing business to go back to school full-time (1 business), temporary downsizing of business to cut expenses (1

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www.empowerment-inc.org/mbc

Creating economic opportunity and revitalizing our community

business), not being able to take advantage of pro bono services because business owner was not low-income (1 business), and lastly one business decided to shut its doors.

In support of our businesses we offered six business seminars covering topics from various aspects of marketing to financial recordkeeping. In addition, we again partnered with the Chamber of Commerce to offer significantly discounted membership to eight MBC businesses. We also met quarterly with each business to review financials, business plans, and discuss various aspects of each business that were areas that could be enhanced or altered to improve the businesses' performance.

From a management perspective the two biggest changes of the year were the change in leadership of the Midway Business Center from Jeff Caiola to LaVett Saddler on January 1, 2004 and then the departure of Ms. Saddler in early June 2004. The change in leadership and the short period without a designated person directly responsible for the MBC has caused things to stagnate slightly. For the next fiscal year the key issue will be hiring the right person to help market the Midway Business Center and fill the office spaces. Secondly, the new manager will need to partner with more outside resources (businesses, attorneys, accountants, UNC Law and Business school, etc...) to bring new people into the building and overall help in increasing the energy and services of the Midway Business Center.

We see the changes in personnel as an opportunity to bring in fresh ideas and perspectives to help the incubator grow and become a vital component in developing our local economy especially for minority- and women-owned businesses. Once again, we are very grateful to the Town of Chapel Hill for the opportunity to assist early stage entrepreneurs and help bring economic vitality to a marginalized populace and place. Please feel free to contact me if you have any questions concerning this report on the MBC.

Best Regards,



Jeff Caiola
Co-Director

EmPOWERment, Inc.
Profit & Loss by Class 10

July 2003 through June 2004

	<u>MBC</u>	<u>TOTAL</u>
Ordinary Income/Expense		
Income		
Interest Income	30.49	30.49
Membership Dues	275.00	275.00
Misc. Income	2,000.00	2,000.00
Rent Income	51,969.53	51,969.53
Total Income	<u>54,275.02</u>	<u>54,275.02</u>
Gross Profit	54,275.02	54,275.02
Expense		
Advertising	777.46	777.46
Bad Debt	100.00	100.00
Bank Charges	142.95	142.95
Insurance	2,036.27	2,036.27
Interest payments	24,420.55	24,420.55
Meeting Expense	91.40	91.40
Office Supplies	761.36	761.36
Outside Services	4,159.17	4,159.17
Payroll	12,118.67	12,118.67
Postage	21.02	21.02
Printing & Publications	1,457.05	1,457.05
Property Taxes	8,349.73	8,349.73
Repair & Maintenance	2,841.57	2,841.57
Staff Development	1.99	1.99
Subscriptions & Memberships	942.92	942.92
Telephone	97.18	97.18
Travel	88.15	88.15
Utilities	6,035.09	6,035.09
Total Expense	<u>64,442.53</u>	<u>64,442.53</u>
Net Ordinary Income	-10,167.51	-10,167.51
Net Income	<u><u>-10,167.51</u></u>	<u><u>-10,167.51</u></u>

Midway Business Center
Members

As of 6/30/04

Contact Name/ Business	Type of Business	Office Leased Space sq.ft.	Began Lease	Signed Lease	Contact Address	Contact Phone	E-Mail	Work Scke
Christina Campbell/ New Century Realty	Real Estate Brokerage	109-A 330	4/15/2004		440 Willis Road Chapel Hill, NC 27516	919-933-0933 967-9975 (H) (919) 216-0298 (Pager)		Mon-Sat. 10:00am
Regina Jones Richardson/ Wee'es Fashion and Accessories	Retail: Women's clothing	109-B 486	7/1/2001	6/28/2001	4907 Glendarrion Drive Durham, NC 27713	(919) 942-4793 (W) (919) 942-4932 (Fax) (919) 493-3533 (H)	deztene@aol.com	Mon-Fri. 8:00am
Steffon Sharpless/ New Destiny Christian Fellowship	Community Development/ Social Service	100 504	1/1/2002	12/19/2001				
VACANT		101 121						
VACANT		102 121						
VACANT		103 121						
VACANT		104 121						
Deward Norville & LaTeash Velez-Norville/ Airport & In/Town Taxi	Taxi Company	105 180	3/1/2003	2/28/2003	1105 W. NC Hwy. 54 Bypass Apt. F-2 Chapel Hill, NC 27516	(919) 942-4492 919-402-0809 (home)		Sun-Thurs. 6:00am Fri. & Sat. 6:00am
Dorothea Farrington/ Personalized Patient Home Assistance	Home Healthcare	106 180	2/1/2001	1/8/2001	109 Concord Drive Hill, NC 27516 109 N. Graham St., Suite 200	(919) 929-7811 (W)		Mon-Fri. 8:00am
Jeff Caicla/ EMPOWERment, Inc.	Community Development Corporation	200 & 201 618	12/1/2000	12/1/2000	Chapel Hill, NC 27516	(919) 967-8779 (W)	lsaddler@empowerment-inc.org	Mon-Fri. 8:00am
VACANT		202 130						
VACANT		203 244						
Tim Madigan/ Home Service Network	Home Inspections and Remodelling	204 330	6/26/2001	06/26/01	119 Kenan Street Chapel Hill, NC 27516	(919) 968-4540 (W) (919) 933-0556 (H)	hmsvnet@aol.com libbysmith@pfsolutions.com	Mon-Fri. 8:00am
Elizabeth Smith & Deidra Haase/ Platinum Financial Group	Small Business Factoring & Benefits	205 214	10/7/2003	10/1/2003		919-967-7036 (Libby HOME)	dhaase@bellsouth.net	Mon-Fri. 9:00am

Total Leased Space 3700
Space Available 866
% Vacant 23%

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Midway Business Center

109 N. GRAHAM ST
SUITE 1
CHAPEL HILL, NC 27514

ASSOCIATE MEMBERS

Name/ Business Owner	Type of Business	Signed Application	Business Address	Contact Phone	E-mail
Laurie King Billman / Carrboro Creative Counseling Center	Counselor/Therapist	7/1/2001	104 Lorie Lane Carrboro, NC 27510	(919) 933-9237 (H)	laurie.billman@att.net
Harvey Reid/ HR Consulting	Economic Literacy Counseling	12/6/2000	105 Hargraves Street Carrboro, NC 27510	(919) 960-4121 (W) (919) 929-6705 (H)	reidHRCONSULTING@aol.com

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Midway Business Center

As of 6/30/04

Employee Information and Income Verification

Contact Name/ Business	Type of Business	Office Space	Employees of Business	Full-time/ Part-time	Race	New Job created in incubator	When New Job Created	Hours/ Week	Signed IVF	# of Employees	Employee below 80% AMI
Christine Campbell/ New Century Realty	Real Estate Co.	109-A	Christine Campbell	Owner	C	No		40	Yes	1	1
Regina Jones Richardson/ Wee's Fashion and Accessories	Retail: Women's clothing	109-B	Regina Jones Richardson Carolyn Capers Joyce Baldwin	Owner Part-time Part-time President/	B B B	No Yes Yes	8/1/2003 6/1/2003	40 22 24	No Yes Yes	3	1
Steffon Sharpless/ New Destiny Christian Fellowship	Community Outreach Services	100	Steffon Sharpless Rhonda Jeffers	Pastor Part-time	B B	No Yes	3/1/2002	40 20	Yes Yes	2	1
Dawed Norville & LaTasha Velez/ Airport & In Town Taxi	Taxi Service	105	Dawed Norville LaTasha Velez Nicky Brooks Tenethia Perry Karie Jackson Darrick Long	Full-time Full-time Full-time Part-time Part-time Part-time Owner/ Full	B B B B B B	No No Yes Yes Yes Yes	10/5/2003 2/18/2004 10/17/2003 10/23/2003	40 40 40 18 20 27	Yes Yes Yes Yes Yes Yes	6	6
Dorothea Farrington/ Personalized Patient Home Assistance	Home Healthcare	108	Dorothea Farrington Rosallind Howard Ruth Brooks Oscar Davis Jr. Sharon Dukes Lillian F. Thompson	Full-time Full-time Full-time Full-time Full-time Part-time	B No No No No No	No No No No No No		40 30 2 30 35 22	Yes No No* Yes Yes Yes	6	4
DeLorea Bailey & Jeff Caioia/ EmpOWERment, Inc.	Comm. Dev. Corp.	200 & 201	Jeff Caioia Sharon Reid Greg Wilson Beth Flora Marsha Fanfani DeLorea Bailey	Full-time Full-time Full-time Part-time Full-time Full-time Owner/ Full	C B C C C B	No Yes Yes Yes No Yes	1/1/2004 3/3/1985 7/1/2001 4/15/2002 9/3/2002	40 40 40 30 40 40	Yes Yes Yes Yes Yes Yes	6	2
Tim Madigan/ Home Service Network	Home Inspections and Remodeling	204	Tim Madigan James Jennings	Full-time Full-time	C C	No Yes	12/18/2003	40 40	Yes Yes	3	2
Elizabeth Smith & Deidra Haase/ Platinum Financial Group	Supplemental Insurance and Business Factoring	205	Elizabeth Smith Deidra Haase	Part-time Part-time Minority- Owned	C C 5	No No 12		40 20 23	Yes Yes # FTE	2	2
										28	18
										% LTM	64%

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- C Caucasian
- C-O Caucasian-Other
- B Black
- H Hispanic
- No* Employee either would not provide Social Security/ Tax Identification Number and/or sign income Verification form
- FTE Full-time Equivalents (40 hours or greater)
- %LTM Percentage of Low- to Moderate-Income Tenants