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05/09/24

Good morning,

When looking for the powerful folks in Charlotte these days, Kieth Cockrell and Malcomb Coley rank high on the list of change agents. Both are in ***Business North Carolina's Power List*** publication. So it was interesting to hear their perspectives on a variety of issues recently at the weekly Sarah Stevenson Tuesday Forum.

Cockrell is Charlotte market president for Bank of America, while **Coley** is managing partner of EY's Charlotte office and the firm's U.S. Central region. Speaking to a group of mostly Black, longtime Charlotte residents, both emphasized their conviction that improving Charlotte-Mecklenburg Schools is essential to the region's success.

That can happen, the two men emphasized, if more adults, including senior leaders, spend time in the schools influencing students, who are in dire need of mentors and tutors. "If you want more entrepreneurs, students need to see entrepreneurs," Cockrell said.

The banker emphasized the learning experience he and others have gained at the Renaissance West STEAM Academy near Charlotte Douglas International Airport. The school system and local government agencies collaborated to develop a variety of services for the academy, which was built on the former grounds of the troubled



Early efforts to start the school with well-credentialed leaders and staffers didn't lead to better student outcomes, which Cockrell blamed on ineffective relationships with students from the mostly low-income area. "It didn't work for the adults," or the kids, so the adults left, he said.



But academy supporters stuck with the program, hired new leaders, and academic progress is occurring, Cockrell said, led by Dwight Thompson, who was named a Wells Fargo Regional Principal of the Year.

Coley talked about his personal support, along with his EY colleagues, for 10 cohorts of Olympic High School juniors and seniors who have had 100% graduation rates. The students receive mentors and often, scholarships for their college experience. "Every student deserves an opportunity to be successful. It shouldn't be determined by your ZIP code, he said.

The Charlotte Executive Leadership Council, made up of key local CEOs, is supporting several local executives who are working full time to help CMS advance. These private-sector staff members are spending as much 18 months on CMS work to support Superintendent Crystal Hill's key initiatives. She joined CMS last July after working as chief academic officer at Cabarrus County public schools.



Charlotte is ready for a long-term, successful school superintendent after a revolving door of leaders in recent years. So the CEO group is poised to provide significant supplements to support Hill if she meets the school board's goals, Cockrell said, without providing details.

Any discussion of public education exposes so many complexities, and this one was no different. Teachers and students in many public schools face challenges such as chronic absenteeism, lack of affordable housing and the entry of so many students for whom English is a second language.

But while the public debate often revolves around vouchers for private schools or limited teacher pay, it was encouraging to hear these two powerful executives call for straight-forward, outcome-oriented efforts to improve the education of needy students.

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Truist drives into golf

A report that Truist will take the name sponsorship of Charlotte's annual PGA Tour Championship is an impressive victory for Charlotte developer Johnny Harris and others who've led the tournament since its inception in 2006. Best of all, perhaps, it keeps a quintessential Charlotte event in the family, given Truist's stature as a major player in its relatively new headquarters city.

Officials haven't **confirmed the report** by the usually reliable *Sports Business Journal*, which cited a note to PGA Tour players suggesting a new sponsor was in hand. No need to undercut Wells Fargo in its last sponsorship year.

But the Truist deal makes one wonder why the banking company wants to spend a reported \$25 million annually on the tourney. It is an admirable community investment, and Truist is a major sports marketing company, as fans of the Atlanta Braves, Charlotte Knights and other teams know.

Yet Truist has emphasized its \$750 million cost-cutting plan, closed hundreds of offices and revamped its senior and middle management ranks in the past years. Just last month, its chief information officer and chief audit officer departed, **continuing a string** of senior leadership changes. The goal is to reverse a disappointing stock market performance since the 2019 merger of BB&T and SunTrust.

To oversimplify, given tight interest margins in banking, in which a 2% spread is common, Truist would need an extra \$1 billion to make up the \$25 million annual check for the tournament. That's doable for a \$550 billion asset company, but little comes easy in

moreover, pro golf's TV ratings have **declined this year**. Excluding the two COVID years, this was the lowest-rating Master's since 1993. Viewership of the final round of the Players Championship was down 15%. Many friends of mine interested in golf say the LIV Tour split has dented their passion for watching tournaments.

Wells Fargo hasn't said why it's pulling out of the Quail Hollow Club tournament, but companies often have "fatigue" after lengthy sponsorship runs, notes **Jonathan Jensen**, a UNC Chapel Hill sports administration professor. "These golf sponsorships are mainly about business-to-business relationships and hospitality for top customers, and they aren't necessarily meant to influence consumer awareness," he adds.

The Wells Fargo Championship has created many great memories for Charlotte golf enthusiasts, mostly positive. One less-sunny memory is the anecdote, **reported by the *New York Times*** in May 2006, in which the Wachovia board of directors took time away from the inaugural tournament to approve the \$26 billion acquisition of Golden West Financial. That deal, which was controversial at its inception, is credited with contributing to Wachovia's collapse when California housing prices declined, leading to the fire sale to Wells Fargo in 2008.

We trust Truist's entry will be happier.

SECU sees more delinquencies

The State Employees' Credit Union reported that loans more than 60 days late surged 138% to \$700 million during the first quarter, compared with \$293 million a year earlier. More than three-quarters of the late payments were tied to home loans, with used-vehicle loans making up most of the balance.

SECU said about 20,650 loans were delinquent, about 5,500 more than cited in its 2023 first-quarter report filed with National Credit Union Administration regulators. Net charge-offs increased 50% to \$72 million during the quarter, versus \$47.5 million last year and \$20 million in the same period in 2022.

The nation's second-largest credit union has more than 2.5 million members and remains very well capitalized and profitable. As a member-owned credit union, SECU doesn't seek to maximize profits in the same way as a commercial bank with shareholders. It is the fourth-largest N.C.-based bank or credit union, behind Bank of America, Truist and First Citizens.

No lender prefers rising levels of unpaid loans, so the credit union faces an interesting challenge of reversing this trend. The Raleigh-based institution is 10 times larger than the next-biggest N.C. credit union, but it has prized its tight-knit relationship with members that historically contributed to extremely low levels of loan charge-offs. Read more about SECU **in this report**.

Today's quote

"BBDC management believes we are well-positioned to deliver compelling risk adjusted returns for shareholders in the quarters ahead. The stability offered by the current team is important, but we also plan to augment this team by making strategic hires in the quarters to come."

-- Comment by Barings BDC **CEO Eric Young** on a quarterly earnings conference call Wednesday. Corinthia Global Management lured **more than 20 employees** from Charlotte-based Barings to its new private-credit business in March, prompting the global money manager to pause certain deals. Barings, which is owned by MassMutual, had a global debt capital staff of more than 80. Corinthia has backing from Japan's Nomura.

Today's number: \$383 billion

Amount of stock buybacks announced by U.S. companies over the past 13 months, the most since June 2018, **Yahoo Finance reports**, citing Deutsche Bank research. That usually suggests companies are finding their own shares more attractive than making investments in new deals or existing operations. The total includes Apple's \$110 billion plan, the largest stock repurchase in history, and Alphabet, which has a \$70 billion buyback.

SEC filing of the day: AvidXchange Holdings

Charlotte-based **AvidXchange Holdings** reported first quarter earnings and revenue in a **Form 8-K** that beat Wall Street expectations and also slightly raised its guidance for 2024



The accounts payable software company reported revenue of \$105.6 million in the first three months, compared with analyst estimates of \$101.3 million. Earnings per share of 6 cents beat analyst expectations of 3 cents.

AvidXchange processed 19.3 million transactions in the first quarter, an increase of 5.8% from 18.3 million in the first quarter of 2023.

The company raised its expected EBITDA earnings estimate to between \$71 million and \$75 million, versus a previous estimate of \$67 million to \$71 million.

AvidXchange fell 39 cents to \$11.60 on Wednesday. Its 52-week range is between \$6.88



A promotional banner for the Apparo Blue Diamond Awards. On the left, a circular photo shows a woman in a green shirt and a man in a dark jacket holding an award. Next to it is a circular logo with 'APPARO PRESENTS' at the top, 'BLUE DIAMOND AWARDS' at the bottom, and a central graphic of a city skyline with a pair of scissors. To the right, a blue box contains the text 'Awarding innovative technology that betters our communities.' Below this, another blue box says 'NOMINATE OR APPLY TODAY!' with the Apparo logo. At the bottom right, the website 'apparo.org' and email 'corporations@apparo.org' are listed.

BLUE DIAMOND AWARDS ARE BACK!

APPARO PRESENTS
BLUE DIAMOND AWARDS

Awarding innovative technology that betters our communities.

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A banner for The Ergonomics Center at NC State University. It features a logo with a stylized figure and the text 'Celebrating 30 YEARS The Ergonomics Center NC STATE UNIVERSITY'. The background shows a hand pointing at a bar chart and a line graph.

Celebrating 30 YEARS
The Ergonomics Center
NC STATE UNIVERSITY

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AROUND THE STATE

Greensboro boiler company acquired by Canadian company

(Winston-Salem Journal)

Thermogenics, a Canadian-based provider of boiler lifecycle solutions, has acquired Matt Marshall and Co. of Greensboro for an undisclosed price. The company said the purchase expands its foothold in the Southeast and mid-Atlantic regions “allowing for even broader service coverage in the eastern United States.” Matt Marshall was founded in 1954.

Many Duke Energy customers saw higher energy bills last year due to a sharp increase in natural gas prices, according to a new report by the Environmental Defense Fund. The report examined how price fluctuations impact ratepayers' electrical bills to make a pitch for more renewable energy. Fuel prices were approximated to cause two-thirds of increases.

Greensboro Mayor Nancy Vaughan announces she will not seek reelection

(Rhino Times)

Greensboro Mayor Nancy Vaughan, who was first elected to that job in 2013, announced at the end of the Greensboro City Council meeting on Tuesday that she would not be seeking another term as mayor next year. Vaughan prefaced her announcement by speaking passionately about the accomplishments the city has made over the past decade.

Federal court upholds ruling that former Duke star's contract with agent was void

(The Associated Press)

A federal appeals court upheld a 2021 ruling that NBA star Zion Williamson's contract with a marketing agent was void because the agent was not licensed in North Carolina when the two entered an agreement in 2019. Florida-based agent Gina Ford had sought \$100 million from Williamson, claiming the former Duke All-American improperly broke their agreement.

York residents continue efforts to halt \$150M solar panel manufacturer

(The Charlotte Observer)

Some York County residents are holding out hope that they can stop the \$150 million Silfab Solar panel manufacturing site in Fort Mill amid concerns of child safety and potentially dangerous chemicals. The York County Board of Zoning Appeals meets Thursday night in York. Online, numerous people have taken the opportunity to rally against the company.

One of downtown Raleigh's most specific restaurants set to close

(The News & Observer)

The Downtown Raleigh restaurant Oak City Meatball Shoppe has closed on Davie Street after 11 years in business. Oak City Meatball was a cheeky kind of specialty restaurant, popular with the Raleigh lunch and after-work crowd. The restaurant opened in late 2013, serving specialty meatballs, pastas and sandwiches, plus a popular version of mac and cheese.

Court rules N.C. Catholic school could fire gay teacher who announced

A panel of the 4th U.S. Circuit Court of Appeals in Richmond, Va., on Wednesday reversed a 2021 ruling that Charlotte Catholic High School and the Roman Catholic Diocese of Charlotte had the right to fire a gay teacher, Lonnie Billard, who announced his marriage on social media a decade ago.

Fisheries Division seeks to delay mandatory catch reporting

(Coastal Review Online)

State fisheries officials are asking lawmakers for another year to roll out a new harvest reporting requirement for coastal recreational anglers and commercial fishermen. The reporting requirement is set to go into effect Dec. 1, after which time a fisher caught not complying with the law will receive a verbal warning.



The banner features the logo for dmjps cpas + advisors, which includes a stylized blue and teal graphic of a person's head and shoulders. To the right of the logo are three stacked buttons: 'TAX' (dark blue), 'ASSURANCE' (red), and 'ADVISORY' (teal). Below these buttons is a dark blue button with a hand cursor icon and the text 'See What's Next'. At the bottom of the banner, the phone number '888.873.2545' and the website 'dmjps.com' are displayed.

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