

MODEL REVIEW - Summary

Key Principles:

- More realistic revenue assumptions in short term; remain most conservative in long term; established minimum fund balances to provide for contingencies
- Prioritize maintenance for existing facilities included in the enabling legislation
- No change to 85% / 15% allocation percentages

County Model

Revenues

Model Section	Current Assumption	Revised Assumption	Revised due to Strawman Feedback	Basis for Changes/ Considerations to Strawman
R1: Occupancy Revenues Growth	3%	1. 5% 2017 2. 4% 2018 through 2021 3. 3% thereafter	No change	No Feedback received
R2: Food & Beverage	5%	1. 6% through 2021 2. 5% thereafter	No change	No Feedback received
R3: Interest Revenues R4: NSF (insufficient funds) Charges	0%	No change	No change	No Feedback received
R5: 2 for 1 Transfer from Convention Center Model	For each \$1 spent on Convention Center Operations beyond agreed amounts, County receives \$2 from the Convention Center Model	2 for 1 Reimbursement eliminated and replaced with separate provisions affecting County and Convention Center	No change	No Feedback received

Section 1: Admin and Holdbacks: Uses of Funds

Model Section	Current Assumption	Revised Assumption	Revised due to Strawman Feedback	Basis for Changes/ Considerations to Strawman
1a. Administration and Collection	3% of Occupancy and Prepared Food Revenues	Fix at FY16 level of \$1.4 million for future modeling	No change	No Feedback received
1b. City of Raleigh Holdback	\$680,000	No change	No change	Raleigh's allocation is in excess of the funding identified in the enabling legislation.
1c. Greater Raleigh Convention & Visitors Bureau	22% occupancy + \$675,000 F&B	No change	No change	No Feedback received
1d. Town of Cary Hold Harmless	5% occupancy	No change	No change	No Feedback received
1e. Centennial Authority Operations	7% occupancy and F&B - after other deductions	No change	No change	No Feedback received
1f. Five County Stadium	Debt service completed in FY16	No change	No change	No Feedback received
1g. PNC Debt Service	\$5,200,000 annually through FY20 - Debt service completed in FY20 with no future commitments beyond FY20	No change	No change	No Feedback received
1h. PNC Maintenance	N/A	1. Move current commitments from Section 3 through 2021 2. Continue maintenance funding at \$2M	Maintain placement of current commitments on row 1h and remove future funding of \$2M annually beginning in FY2022	With the expiration of the PILOT payment to Wake County and the City of Raleigh in FY2022 consistent with the 4 th Amendment to the Tri-

		annually beginning FY2022 through 2034		Party Agreement, the Centennial Authority will have revenues in excess of the planned maintenance needs for the arena
1i. City of Raleigh Discretionary Dollars	\$1,000,000	No change	No change	No Feedback received
1j. Wake County Discretionary Dollars	\$1,000,000	No change	No change	No Feedback received

Section 2: 85% Distribution

Model Section	Current Assumption	Revised Assumption	Revised due to Strawman Feedback	Basis for Changes/ Considerations to Strawman
Distribution to Convention Center Model	Total Revenues less Section 1 Holdbacks	No change in calculation but recommended changes to Section 1 impacts distributable amounts	No Change	No Feedback received

Section 3: 15% Distribution

Model Section	Current Assumption	Revised Assumption	Revised due to Strawman Feedback	Basis for Changes/ Considerations to Strawman
3a. 15% Competitive Projects <ul style="list-style-type: none"> • Cary Sports Facilities • NC Museum of Art • NC Museum of Natural Sciences (Green Square) • St. Augustine Track • Whitewater 	Various funding commitments	Remove Whitewater	No Change	No Feedback received

3b. Reserve for Competitive Projects	N/A	Commit \$2 million annually for competitive process led by Wake County to support smaller capital projects	No Change	Award of funding for competitive projects will be consistent with purposes outlined in the enabling legislation and will be documented in the County's budget documents.
3c. Fund Balance Minimum Guideline	None	Minimum fund balances of 50% of subsequent years 15% project commitments (Section 3)	No Change	No Feedback received
3d. Cumulative Excess Fund Balance (Capacity)	N/A	Amount above Fund Balance Minimum Guideline (Row 3c)	No Change	No Feedback received

Convention Center Model

New Column	Old Column	Current Assumption	Revised Assumption	Revised due to Strawman Feedback	Basis for Changes/ Considerations to Strawman
A – Fiscal Year	A – Fiscal Year	Row Label	No Change	No Change	No Feedback received
	B – 100% Uncommitted Fund	Duplicate amount from County Model	Delete	No Change	No Feedback received
B – 85% Uncommitted Funds / Annual Revenues	C – 85% Uncommitted Funds	Duplicate amount from County Model, same amounts as Current Column H	No Change, other than Column Label	No Change	No Feedback received

New Column	Old Column	Current Assumption	Revised Assumption	Revised due to Strawman Feedback	Basis for Changes/ Considerations to Strawman
	D – Funds Not Put into Convention Center	85% of funds deducted from 100% of funds	Delete	No Change	No Feedback received
C- Variable Rate Debt	E – Variable Rate Debt	Debt service amounts for variable rate debt	No Change	No Change	No Feedback received
D- Fixed Rate Debt	F – Fixed Rate Debt	Debt service amounts for fixed rate debt	No Change	No Change	No Feedback received
E—Total Debt Service	G – Net Debt Service	Total Debt Service for Convention Center	New Column Label	No Change	No Feedback received
	H – Annual Revenues	Duplicate amount from Column C	Delete, Replaced by New Column B	No Change	No Feedback received
F – Net Annual Revenues After Debt Service	I – Annual Surplus / Deficit	Difference between Annual Revenues and Convention Center Debt Service	No Change, other than Column Label	No Change	No Feedback received
G – RCC Operating Subsidy	J -- Other Expenses to be Paid	3% increase annually	5% increase annually; Column Label changed and retitled	No Change	No Feedback received
	K – Debt Service from \$121M...		Delete	No Change	No Feedback received
	L – Additional Cap Expenditure		Delete	No Change	No Feedback received

New Column	Old Column	Current Assumption	Revised Assumption	Revised due to Strawman Feedback	Basis for Changes/ Considerations to Strawman
H – Business Development Fund	M Business Development Fund	\$450,000 through 2025	\$550,000 beginning in FY2017 through 2028; Revise column label	Increase funding to \$600,000 beginning 2017 through 2028	Uncertainty due to HB2 merits increased funding as tool to attract event at RCC
I – RCC Capital Maintenance Plan	N -- Capital Plan	Funding for Convention Center Capital Maintenance Plan	No Change, other than Column Label	No Change	No Feedback received
J – PAC Capital Maintenance	N/A	N/A	\$500,000 annually for on-going maintenance of the Performing Arts Center	No Change	Column J footnote states "...FY17 capital funds for a Heery plan update."

New Column	Old Column	Current Assumption	Revised Assumption	Revised due to Strawman Feedback	Basis for Changes/ Considerations to Strawman
K – COR Discretionary Operating Withdrawals	P – COR Discretionary Withdrawals	For each \$1 spent on Convention Center Operations beyond agreed amounts, County receives \$2 from the Convention Center Model	Allow for COR to withdraw up to \$1,000,000 from the CC Model's Fund Balance for use in the CC Operating Fund should the projected Operating fund balance fall below a minimum level equal to 50% of the current year's operating expense budget.	No Change	No Feedback received
L – Transfer to County Major Facilities	Q – Transfer to County Major Facilities	Amounts for 2 for 1 distribution and PNC Capital Acceleration	After FY15, amounts are only for PNC Capital Acceleration	No Change	No Feedback received
M- Other Model Adjustments	R – True Up for Debt Service Fund		No Change	No Change	No Feedback received
N- Interest Income	O – Interest Income	Projected interest income on fund balance	No Change, other than Column Label	No Change	No Feedback received

New Column	Old Column	Current Assumption	Revised Assumption	Revised due to Strawman Feedback	Basis for Changes/ Considerations to Strawman
O– Ending Fund Balance	S – Ending Fund Balance	Resulting Fund Balance after accounting for all revenue and expenditure projections	No Change	Modify associated footnote “Column O – subject to conditions of the 18 th Amendment”	Direction provided by 18 th Amendment remains appropriate
P – Fiscal Year	T – Fiscal Year	Row Label	No Change	No Change	No Feedback received

Other:

- Upon completion of Phase II of this review, the next review to be conducted by January 1, 2020
- Request received from the Town of Cary for \$900,000 annual maintenance funds and \$5.6 million equipment replacement funding will be considered as part of Phase II of the review.