

TWENTY-FIRST AMENDMENT
TO THE REVISED INTERLOCAL AGREEMENT
BETWEEN
WAKE COUNTY AND THE CITY OF RALEIGH
RELATING TO COUNTYWIDE ROOM OCCUPANCY AND PREPARED
FOOD AND BEVERAGE TAX REVENUES

This Amendment (this “Amendment”) is entered into this the ____ day of ____, 2019 by and between the County of Wake, North Carolina, hereinafter referred to as County, and the City of Raleigh, North Carolina, hereinafter referred to as City, pursuant to the provisions of Article 20 of Chapter 160A of the North Carolina General Statutes, and in accordance with the requirements of Chapter 594 of the Session Laws of North Carolina and Chapter 458 of the 1995 Session Laws of North Carolina (the “Enabling Acts”).

WITNESSETH:

WHEREAS, the County has levied room occupancy and prepared food and beverage taxes as allowed by law; and

WHEREAS, the County and the City entered into an agreement entitled “Revised Interlocal Agreement Between Wake County and the City of Raleigh Regarding use of Countywide Room Occupancy and Prepared Food and Beverage Taxes” dated September 5, 1995 (the “Revised Agreement”) setting out the projects to receive funding from these taxes; and

WHEREAS, the County and the City have amended the Revised Agreement from time to time for the purposes, among others, of authorizing funding for construction of the Raleigh Convention Center, to create the Greater Raleigh Convention and Visitor’s Bureau Business Development Fund, to provide the Centennial Authority a continuing revenue source for capital improvements to the PNC Arena (formerly the RBC Center), and to establish a process for the monitoring, review and update of all projects funded in whole or in part through the Revised Agreement as amended from time to time; and

WHEREAS, the 20th Amendment required an update and review of the underlying assumptions of the Revised Agreement by January 1, 2020, and such review occurred during the period of October 2018 to August 2019 with principle objectives being 1) to update revenue assumptions for the short-term while remaining fiscally conservative for the future; 2) to address capital improvement plans for PNC Arena; 3) to address capital maintenance needs of Cary Sports Facilities, the Raleigh Convention Center and Duke Energy Center for Performing Arts; 4) to prepare and plan for future expansion of the Raleigh Convention Center; 5) to support funding opportunities for additional hospitality investments, including but not limited to projects in the Greater Raleigh and Convention Center Visitors Bureau Wake County Destination Strategic Plan (“Destination Strategic Plan”); 6) to update the Wake County Major Facilities Cash Flow model and the Raleigh Convention Center Financing Plan model for current practices and operations; and 7) to create an open and transparent process inclusive of stakeholders; and

WHEREAS, the Wake County Board of County Commissioners approved on _____ and the Raleigh City Council approved on _____ this Twenty-First Amendment to the Revised Agreement.

NOW THEREFORE, in consideration of the mutual covenants and promises contained herein, the County and the City agree to this Twenty-First Amendment to the Revised Agreement as stated in the body of this Amendment.

1. ATTACHMENTS. Integral to understanding this Amendment and incorporated by reference are financial models that reflect the impact of assumptions and projections. These financial models are intended to demonstrate that distributions and appropriations authorized by the Revised Agreement, as amended, based upon assumptions at the time of the review. Both exhibits will be updated at least twice a year by the City and County for actual results upon completion of fiscal year audits and for annual operating budgets.

1.1 Attachment A titled Wake County Major Facilities Cash Flow Model (“Attachment A”) as of July 2019 projects total revenues for food and beverage and occupancy tax revenues and estimated distributions categorized into the following sections:

1.1.1 Section 1 – Administration, Holdbacks, and Debt Service, and

1.1.2 Section 2 – 85% Distribution to City of Raleigh and

1.1.3 Section 3 -- 15% Distribution for Specific Projects

1.2 Attachment B titled City of Raleigh Convention Center Complex Financing Plan (“Attachment B”) as of July 2019 projects anticipated expenditures from the 85% Distribution from Attachment A,

2. Revenue Projections, which utilize FY19 actuals, in Attachment A establish:

2.1 Occupancy Tax (Row R1) revenue growth assumptions at 4.0% in FY20 through FY22. Revenue assumptions for Occupancy Tax for FY23 to FY34 are established at 3.0%:

2.2 Prepared Food and Beverage Tax (Row R2) revenue growth assumptions at 5.0% in FY20 through FY22. Revenue assumptions for Prepared Food and Beverage Tax for FY23 to FY34 are established at 4.0%; and

2.3 All revenue assumptions will be revised annually through agreement by the County Manager and City Manager for consideration in the next fiscal year budget based on current fiscal and economic conditions.

3. The Administration and Collections, Attachment A (Rows 1a and 1b) provided to Wake County is fixed at \$1,400,000, or an amount not to exceed 3.0% of total collections, whichever is less. The amount for Administration and Collection is to be re-evaluated at the next review date specified in Section 18 of this Agreement.

4. No changes are proposed to the following expenditure calculations in Section 1 of Attachment A: City of Raleigh Holdback (Row 1c), Greater Raleigh Convention and Visitors Bureau Operating Funds (Row 1d), Town of Cary Hold Harmless (Row 1e), Centennial Authority Operations (Row 1f), PNC Debt Service - Original (Row 1g), PNC Maintenance (Row 1h) and

Wake County and City of Raleigh Discretionary Funding (Rows 1i and 1j); and, Section 3 of Attachment A: Competitive Projects – small (Row 3b)

5. Beginning in FY21, a maximum of \$9,000,000 shall be allocated annually to support capital enhancements, and / or debt service, and / or operations at PNC Arena (Row 1k) for a period not to exceed 25 years. The conditions of receiving and utilizing this funding shall be included in a tri-party agreement, negotiated to be mutually acceptable to the governing boards of each party, which shall include an amendment to the existing tri-party agreement between the Centennial Authority, the City of Raleigh and Wake County (the “Tri-Party Agreement”). No distributions shall be made until entrance to the Tri-Party Agreement has been authorized by the respective governing authorities of the parties and the agreement has been properly executed. The terms of funding to be included in the Tri-Party Agreement shall include, but not be limited to:

a. the requirement of a properly authorized and executed Lease Agreement between Gale Force Limited Partnership (or an equivalent entity representing the Carolina Hurricanes hockey club) and the Centennial Authority (or equivalent entity representing PNC Arena) containing a term of occupancy mutually acceptable to the City of Raleigh and Wake County taking into account the return on the intended financial commitment;

b. a properly authorized and established funding commitment from North Carolina State University; and

c. reporting requirements by the Centennial Authority.

If no Tri-Party agreement is in place by June 30, 2020, the \$9,000,000 commitment set forth in the section shall expire.

6. Beginning in FY21, a maximum of \$2,360,000 shall be committed annually for a period of up to 25 years to support capital investment and / or debt service for an Indoor Sports Facility (Row 1l) in Wake County. Wake County and the City of Raleigh shall jointly conduct a competitive process to select a qualified entity to construct, operate and maintain this facility. A competitive process shall be conducted in FY20 and information shall be presented by respective City and County staffs to the Raleigh City Council and Wake County Board of Commissioners to allow consideration of the funding request by each governing board no later than June 30, 2020 on a financial commitment, to include the actual funding amount, payment terms, preliminary schedule for completion and any other relevant considerations and conditions of the agreement.

7. A Medium Competitive Capital Projects funding allocation will be established to support a competitive process to provide capital funding for eligible projects with total project costs that exceed \$20,000,000 and meet established criteria to be determined and communicated via a request for proposal (RFP) process. A competitive process shall be conducted in FY20 and information shall be presented by respective City and County staffs to the Raleigh City Council and Wake County Board of Commissioners to allow consideration of the funding request by each governing board no later than June 30, 2020 on a financial commitment to include the actual funding amounts, payment terms, preliminary schedule for completion, and any other relevant considerations or conditions for each selected project,

7.1.1 A total of \$46,600,000 of funding is available for the Medium Competitive Capital Projects for the period FY20 through FY26 from all three sections of the financial model.

7.1.2 Section 1 provides funding support in Medium Competitive Projects Cash Funding (Row 1m) of \$3,140,000 annually from FY21 through FY25.

7.1.3 Section 2 provides funding support of \$5,400,000 in FY20 and \$4,400,000 annually in FY21 to FY24 (Attachment B Column M).

7.1.4 Section 3 provides funding support of \$4,400,000 in FY25 and \$3,500,000 in FY26 (Row 3c).

8. Attachment B reflects the 85% distribution from Attachment A, Section 2 to provide funding for financing and other elements of the Raleigh Convention Center Complex Financing Plan model.

9. The Business Development Fund, Attachment B (Column I) for the Raleigh Convention Center, administered by the Greater Raleigh Convention and Visitor's Bureau, is hereby extended through FY34 at a funding level of \$600,000 per year.

10. The Raleigh Convention Center Capital Maintenance Plan shown in Attachment B, (Column J) continues at the percentage established in the 18th Amendment and funds approximately 95% of the Updated CBRE/Heery Facilities Assessment. The amount is \$3,000,000 in FY20 and FY21, increasing to \$3,200,000 from FY22 to FY34.

11. The Performing Arts Center Capital Maintenance Plan shown in Attachment B, (Column K) is funded at \$1,000,000 annually beginning in FY20 to FY34 to fund approximately 50% of the Updated Duke Energy Center for the Performing Arts CBRE/Heery Facilities Assessment.

12. In FY20, City of Raleigh may utilize up to \$14,000,000 from the Convention Center Model as shown in Attachment B (Column L), for the purpose of acquiring land (including but not limited to the land price and directly related closing costs) to support the future expansion of the Convention Center to include land that may be used for the Convention Center Expansion, parking deck, convention hotel and/or music venue. Authorization to acquire the land shall be approved by the Raleigh City Council.

13. Beginning in FY21, the City of Raleigh may utilize up to \$5,000,000 from the Convention Center Model as shown in Attachment B (Column L) to optimize the existing Raleigh Convention Center using the Destination Strategic Plan as a planning guide for capital improvements needed to complete the optimization. All capital investments associated with optimization of the existing Raleigh Convention Center shall be approved by the Raleigh City Council per the capital budget process and associated procurement policies.

14. Beginning in FY23, a maximum of \$2,200,000 which will be available annually for a period of 25-years to support parking and / or related infrastructure necessary to attract a headquarters hotel, as outlined in the Destination Strategic Plan, Attachment B (Column F). The final recommendation will be the responsibility of the Raleigh City Manager in conjunction with the Wake County Manager and final approval by the Raleigh City Council. The City agrees that

any net parking revenues that it receives from parking facilities constructed through this section shall not be directed to the City's general fund or parking fund.

15. For financial planning purposes, the Convention Center Financing Model will include planned funding to support the Raleigh Convention Center expansion. These funding amounts are for planning purposes and shall not be construed as binding funding commitments. Future funding commitments will not be considered until a Convention Center Expansion Plan has been completed by the City of Raleigh and is approved by the Raleigh City Council and Wake County Board of Commissioners.

15.1 A potential relocation of the Music Venue (Attachment B Column D) with a contribution of up to \$2,575,000 annually for a 20-year financing period that could begin as early as FY25; and

15.2 An expansion of the existing Raleigh Convention Center (Attachment B Column E) with a contribution of up to \$15,000,000 annually for a 30-year financing period that could begin as early as FY28.

16. The Town of Cary shall receive \$3,000,000 annually for the period FY20-FY34 to support the maintenance needs of the existing Cary Tennis Center, USA Baseball and the WakeMed Soccer Park to fund approximately 75% of the needs identified in the 2018 Venue Solutions Capital Maintenance Plan for the Cary Sports Facilities (Attachment A Row 3a). Wake County shall enter a funding agreement with the Town of Cary establishing payment terms and reporting requirements.

17. For financial planning purposes, beginning in FY26 through FY34, \$3,140,000 shall be identified for "Planned Future Capacity" (Row 1n) to support funding for uses to be determined in the future by the Raleigh City Council and Wake County Board of Commissioners.

18. The next review of the Major Facilities Model, and Convention Center Financing Plan, will occur no later than July 1, 2022, and will be a public process involving all appropriate parties led by the Raleigh City Manager and the Wake County Manager.

19. All other terms of the September 5, 1995 Revised Agreement, as amended from time to time, shall remain in the same force and effect.

[Signature pages follow this page]

IN WITNESS WHEREOF, this Amendment is executed the day and year first above written pursuant to resolutions adopted by the governing boards of the County and the City.

CITY OF RALEIGH

COUNTY OF WAKE

Nancy McFarlane
Mayor

Jessica Holmes
Chairman

Attest:

Attest:

Clerk

Clerk

Approved as to Form:

Approved as to Form:

City Attorney

County Attorney



Major Facilities Cash Flow Model: 21st ILA Recommendation

		2018	2019	2019	2020	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
		Actuals	Adopted Budget	Actuals as of June	Adopted Budget	2020 21st ILA Alternative Option	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj
Economic Growth Assumptions																				
R1	Occupancy Tax	6.34%	4.00%	11.77%	10.00%	4.00%	4.00%	4.00%	4.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
R2	Prepared Food and Beverage Tax	5.80%	5.00%	5.87%	5.00%	5.00%	5.00%	5.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
R3	Occupancy Taxes	26,240	26,810	29,328	30,019	30,501	30,501	31,721	32,990	33,980	34,999	36,049	37,131	38,245	39,392	40,574	41,791	43,045	44,336	45,666
R4	Food and Beverage Taxes	29,244	30,505	30,961	32,241	32,509	32,509	34,135	35,841	37,275	38,766	40,317	41,929	43,607	45,351	47,165	49,052	51,014	53,054	55,176
R5	Subtotal: Total Taxed Collected					63,010	63,010	65,856	68,832	71,255	73,765	76,366	79,060	81,851	84,743	87,739	90,842	94,058	97,390	100,842
R6	Contribution from City of Raleigh for Medium Projects					5,400	5,400	4,400	4,400	4,400										
Total Sources		55,734	57,315	60,289	62,260	68,410	68,410	70,256	73,232	75,655	78,165	76,366	79,060	81,851	84,743	87,739	90,842	94,058	97,390	100,842
Section 1 - Administration , Holdbacks, and Debt Service																				
1a	Occupancy Taxes Administration and Collection	650	650	650	650	650	650	650	650	650	650	650	650	650	650	650	650	650	650	650
1b	Food and Beverage Taxes Administration and Collection	750	750	750	750	750	750	750	750	750	750	750	750	750	750	750	750	750	750	750
1c	City of Raleigh Holdback	680	680	680	680	680	680	680	680	680	680	680	680	680	680	680	680	680	680	680
1d	Greater Raleigh Convention & Visitors Bureau	6,584	6,787	7,417	7,589	7,710	7,710	8,015	8,332	8,580	8,835	9,097	9,367	9,646	9,933	10,228	10,532	10,846	11,169	11,501
1e	Town of Cary Hold Harmless	1,267	1,308	1,434	1,468	1,493	1,493	1,554	1,617	1,666	1,717	1,770	1,824	1,880	1,937	1,996	2,057	2,120	2,184	2,251
1f	Centennial Authority	3,212	3,347	3,503	3,626	3,669	3,669	3,842	4,024	4,173	4,327	4,487	4,653	4,825	5,003	5,188	5,380	5,578	5,785	5,998
1g	PNC (formerly RBC) Debt Service	5,209	5,208	5,208	868	868	868	-	-	-	-	-	-	-	-	-	-	-	-	-
1h	PNC Maintenance	2,500	2,000	2,000	5,000	5,000	5,000	2,000	-	-	-	-	-	-	-	-	-	-	-	-
1i	City of Raleigh	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
1j	Wake County	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
1k	PNC Capital Enhancements							9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000
1l	Indoor Sports Facility							2,360	2,360	2,360	2,360	2,360	2,360	2,360	2,360	2,360	2,360	2,360	2,360	2,360
1m	Medium Competitive Projects Cash Funding							3,140	3,140	3,140	3,140	3,140								
1n	Planned Future Capacity												3,140	3,140	3,140	3,140	3,140	3,140	3,140	3,140
Subtotal: Admin, Holdbacks, and Debt Service		22,852	22,731	23,642	22,632	22,819	22,819	33,991	32,553	32,999	33,459	33,934	34,424	34,930	35,453	35,992	36,549	37,124	37,718	38,330
Section 2 - 85% Projects: Raleigh Convention Center Complex																				
2a	Amount for Distribution (Tax Subtotal - Section 1)	32,780	34,584	36,648	39,628	40,191	40,191	31,865	36,279	38,256	40,306	42,432	44,636	46,921	49,290	51,746	54,293	56,934	59,672	62,512
2b	Percent Allocated to Raleigh Convention Center	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%
Subtotal: Payments to Raleigh Convention Center		27,863	29,396	31,151	33,684	34,163	34,163	27,085	30,837	32,518	34,260	36,067	37,940	39,883	41,896	43,984	46,149	48,394	50,722	53,135



Major Facilities Cash Flow Model: 21st ILA Recommendation

		2018	2019	2019	2020	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
		Actuals	Adopted Budget	Actuals as of June	Adopted Budget	21st ILA Alternative Option	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj
Section 3 - 15% Projects: Other Joint Projects and Agreements																				
3a	Cary Sports Facilities	2,600	2,000	2,000		3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
3b	Competitive Projects - Small	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
3c	Medium Competitive Projects					5,400	5,400	4,400	4,400	4,400	4,400	4,400	3,500							
Subtotal: 15% Projects / Other Agreements		4,600	4,000	4,000	2,000	10,400	10,400	9,400	9,400	9,400	9,400	9,400	8,500	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Total Uses		55,315	56,127	58,792	58,316	67,382	67,382	70,476	72,790	74,917	77,119	79,401	80,865	79,813	82,349	84,977	87,698	90,518	93,439	96,466
Total Uses Over (or Under) Total Sources		419	1,188	1,497	3,944	1,029	1,029	(220)	442	738	1,046	(3,035)	(1,805)	2,038	2,393	2,762	3,144	3,540	3,951	4,377
Section4: Fund Balance																				
Beginning Fund Balance		2,455	2,717	2,873	4,290	4,371	4,371	5,399	5,179	5,621	6,359	7,405	4,370	2,565	4,604	6,997	9,759	12,903	16,443	20,394
Increase In Uncommitted Funds		419	1,188	1,497	3,944	1,029	1,029	-	442	738	1,046	-	-	2,038	2,393	2,762	3,144	3,540	3,951	4,377
Use of Uncommitted Funds		-	-	-	-	-	-	(220)	-	-	-	(3,035)	(1,805)	-	-	-	-	-	-	-
Ending Fund Balance		2,873	3,905	4,371	8,234	5,399	5,399	5,179	5,621	6,359	7,405	4,370	2,565	4,604	6,997	9,759	12,903	16,443	20,394	24,771
Minimum Fund Balance Guideline		2,000	1,000	5,200	1,000	4,700	4,700	4,700	4,700	4,700	4,700	4,250	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Excess Fund Balance (Capacity)		873	2,905	(829)	7,234	699	699	479	921	1,659	2,705	120	65	2,104	4,497	7,259	10,403	13,943	17,894	22,271
Medium Project Funding:																				
Contribution from City of Raleigh							5,400	4,400	4,400	4,400	4,400									
Section 1 Contribution								3,140	3,140	3,140	3,140									
Section 3 Contribution												4,400	3,500							
Total Medium Project Funding:							5,400	7,540	7,540	7,540	7,540	7,540	7,540							



City of Raleigh, North Carolina
Convention Center Complex Financing Plan
Projected Financing Plan thru 06/30/19 (Projections as of August 2019)
Interlocal Agreement (ILA) 21
With June Distributions

Fiscal Year	85% of Uncommitted Funds/Annual Revenues	Current Debt Service Raleigh Convention Center (RCC)	Planned Future Capacity Music Venue Debt Service	Planned Future Capacity Convention Center Expansion Debt Service	Planned Future Capacity Parking / Infrastructure Debt Service	Total Debt Service	RCC Operating Subsidy	Business Development Fund	RCC Capital Maintenance Plan	PAC Capital Maintenance Plan	RCC Optimization & Land Acquisition	Contribution to Medium Projects	Interest Income @ 3%	Revenues Over (Under) Expenditures	Ending Fund Balance
A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
6/30/2019	31,151	18,475				18,475	3,393	600	2,709	500			1,380	6,854	52,847
6/30/2020	34,163	18,476				18,476	3,562	600	3,000	1,000	14,000	5,400	1,585	(10,290)	42,557
6/30/2021	27,085	18,473				18,473	3,741	600	3,000	1,000	5,000	4,400	1,277	(7,851)	34,705
6/30/2022	30,837	18,472				18,472	3,928	600	3,200	1,000		4,400	1,041	278	34,983
6/30/2023	32,518	18,475			2,200	20,675	4,124	600	3,200	1,000		4,400	1,049	(432)	34,551
6/30/2024	34,260	18,475			2,200	20,675	4,330	600	3,200	1,000		4,400	1,037	1,092	35,643
6/30/2025	36,067	18,471	2,575		2,200	23,246	4,547	600	3,200	1,000			1,069	4,544	40,187
6/30/2026	37,940	18,475	2,575		2,200	23,250	4,774	600	3,200	1,000			1,206	6,323	46,509
6/30/2027	39,883	18,473	2,575		2,200	23,248	5,013	600	3,200	1,000			1,395	8,217	54,726
6/30/2028	41,896	18,473	2,575	15,000	2,200	38,248	5,263	600	3,200	1,000			1,642	(4,773)	49,953
6/30/2029	43,984	18,475	2,575	15,000	2,200	38,250	5,527	600	3,200	1,000			1,499	(3,094)	46,860
6/30/2030	46,149	18,478	2,575	15,000	2,200	38,253	5,803	600	3,200	1,000			1,406	(1,300)	45,559
6/30/2031	48,394	20,875	2,575	15,000	2,200	40,650	6,093	600	3,200	1,000			1,367	(1,783)	43,777
6/30/2032	50,722	20,860	2,575	15,000	2,200	40,635	6,398	600	3,200	1,000			1,313	202	43,979
6/30/2033	53,135	20,846	2,575	15,000	2,200	40,621	6,718	600	3,200	1,000			1,319	2,316	46,295
6/30/2034	55,638	20,824	2,575	15,000	2,200	40,599	7,053	600	3,200	1,000			1,389	4,574	50,869