

TWENTY-SECOND 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 ___, 2020 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 21st Amendment established revenue projections and funding commitments to address capital improvement plans for PNC Arena; to address capital maintenance needs of Cary Sports Facilities, the Raleigh Convention Center and Duke Energy Center for Performing Arts; to prepare and plan for future expansion of the Raleigh Convention Center; and 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”); and

WHEREAS, the COVID-19 global pandemic resulted in public health practices that has significantly impacted the hospitality community with approximately 70% reduction in room occupancy, closure or limited service of restaurants and 92% reduction in airport passenger travel at RDU thus reducing the collection of room occupancy and prepared food and beverage tax revenues; and

WHEREAS, based upon the current and projected loss of revenue from Countywide Room Occupancy and Prepared Food and Beverage Taxes and the resulting loss of appropriations, the City of Raleigh and Wake County must reduce allocations of revenue under the 22nd Amendment; and

WHEREAS, the City of Raleigh and Wake County have worked with community partners to established revised revenue and recovery scenarios and modified expenditure plans to reflect the limitations of the new revenue picture.

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

1. RECITATIONS INCORPORATED. The recitations herein are incorporated into this Agreement.

2. 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.

2.1 Attachment A titled Wake County Major Facilities Cash Flow Model (“Attachment A”) as of May 2020 projects total revenues for food and beverage and occupancy tax revenues and estimated distributions categorized into the following sections:

- 2.1.1 Section 1 – Administration, Holdbacks, and Debt Service, and
- 2.1.2 Section 2 – 85% Distribution to City of Raleigh and
- 2.1.3 Section 3 -- 15% Distribution for Specific Projects

2.2 Attachment B titled City of Raleigh Convention Center Complex Financing Plan (“Attachment B”) as of May 2020 projects anticipated expenditures from the 85% Distribution from Attachment A,

3. Revenue Projections, which have been adjusted to reflect the fiscal impacts of the COVID-19 crisis and projected recovery, in Attachment A establish:

3.1 Occupancy Tax (Row R1) revenue growth assumptions at 2.77% in FY21, 5.0% in FY22, 6.0% in FY23, 5.0% in FY24 and 3.0% in FY25 to FY34:

3.2 Prepared Food and Beverage Tax (Row R2) revenue growth assumptions at -4.25% in FY21, 10.0% in FY22, 8.0% in FY23, 5.0% in FY24 and 4.0% in FY25 through FY34; and

3.3 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.

4. Beginning in FY21, a maximum of \$9,000,000 has been allocated annually to support capital enhancements, and / or debt service, and / or operations at PNC Arena (Row 1k) for a

period not to exceed 9 years. Funding previously identified for PNC Arena in the 21st Amendment for fifteen years beginning in FY30 shall be shifted to a newly named row “Reserved for Future Sports/Entertainment Facility Capacity” (Row 1o) to provide for future capital needs of an arena or similar facility. The “Reserved for Future Sports/Entertainment Facility Capacity” funding amounts are for planning purposes and shall not be construed as binding funding commitments.

5. All funding for the Medium Competitive Capital Projects funding allocation will be removed. This removes a total of \$46,600,000 of funding for the period FY20 through FY26 from all three sections of the financial model. Additionally, the Medium Projects Competitive Process is hereby ended.

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

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

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

6. 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.

7. The Raleigh Convention Center Capital Maintenance Plan shown in Attachment B, (Column J) is reduced from \$3,000,000 to \$1,500,000 in FY21 and \$3,200,000 to \$2,500,000 in FY22 and from \$3,200,000 to \$3,000,000 in FY23.

8. The Performing Arts Center Capital Maintenance Plan shown in Attachment B, (Column K) is reduced from \$1,000,000 to \$500,000 in FY21 and \$1,000,000 to \$750,000 in FY22.

9. Convention Center Model as shown in Attachment B (Column L), was authorized \$14,000,000 for the purpose of acquiring land 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. The line item is reduced to reflect the actual transaction cost of \$11,384,000.

10. The prior authorization of \$5,000,000 For Convention Center Optimization in the Convention Center Model Attachment B (Column L) is reduced to \$500,000 in FY21 to fund planning for the Convention Center Optimization.

11. Convention Center Model as shown in Attachment B (Column F) will be amended to reflect a two-year delay of available funding to begin no earlier than FY25, 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 hotel.

12. For financial planning purposes, the Convention Center Financing Model includes 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.

12.1 Funding for the potential relocation of the Music Venue (Attachment B Column D) of up to \$2,575,000 annually for a 20-year financing period is removed from the Convention Center Financing Model; and

12.2 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 will reflect a two year delay to begin as early as FY30.

13. The Town of Cary Indoor Sports Facility funding allocation of \$2,360,000 (Attachment A Row 11) will be removed for FY21; funding will begin in FY22 and continue for a period of 25 years.

14. The Town of Cary annual maintenance payment for the Cary Sports Facilities of \$3,000,000 will be reduced to \$2,000,000 for FY21(Attachment A Row 3a).

15. Small Project funding of \$2,000,000 (Attachment A Row 3b) will be removed for FY20.

16. Funding identified as, “Planned Future Capacity” in the Wake County Major Facilities Cash Flow Model (Attachment A Row 1n) beginning in FY26 – FY34, \$3,140,000 annually is removed from the model.

17. The adjustments set forth herein to the revenue projections and funding commitment established in the 21st Amendment have been authorized and approved by the respective governing boards of the City of Raleigh and Wake County.

18. To allow sufficient time to monitor the economic impacts of the COVID-19 crisis and recovery, the next review of the Major Facilities Model, and Convention Center Financing Plan will occur no later than July 1, 2023, and will be a public process involving all appropriate parties led by the Raleigh City Manager and the Wake County Manager.

19. Except for the adjustments set forth herein to the revenue projections and funding commitment established in the 21st Amendment, all other terms of the September 5, 1995 Revised Agreement, as amended from time to time, including but not limited to the terms amended pursuant to the 21st Amendment, 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

Mary-Ann Baldwin
Mary-Ann Baldwin
Mayor

Greg Ford
Greg Ford
Chairman

Attest:

Attest:

Gail Smith
Clerk

David Ellis
Clerk

Approved as to Form:

Approved as to Form:

Brandon Poole
City Attorney

Scott Warren
County Attorney



Major Facilities Cash Flow Model: 22nd ILA May 2020

	2019	2020	2020	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	Actuals	Adopted Budget	21st ILA/ Amended Budget	Proj														
Economic Growth Assumptions																		
R1	Occupancy Tax	11.77%	10.00%	4.00%	-21.84%	2.77%	5.00%	6.00%	5.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
R2	Prepared Food and Beverage Tax	5.87%	5.00%	5.00%	-17.36%	-4.25%	10.00%	8.00%	5.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
R3	Occupancy Taxes	29,328	30,019	30,501	22,924	23,558	24,736	26,220	27,531	28,357	29,208	30,084	30,986	31,916	32,873	33,860	34,875	35,922
R4	Food and Beverage Taxes	30,961	32,241	32,509	25,587	24,500	26,950	29,106	30,561	31,783	33,055	34,377	35,752	37,182	38,669	40,216	41,825	43,498
R5	Subtotal: Total Taxed Collected			63,010	48,511	48,058	51,686	55,326	58,092	60,140	62,262	64,461	66,738	69,098	71,543	74,076	76,700	79,420
R6	Contribution from City of Raleigh for Medium Projects			5,400														
Total Sources		60,566	62,260	68,410	48,511	48,058	51,686	55,326	58,092	60,140	62,262	64,461	66,738	69,098	71,543	74,076	76,700	79,420
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
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
1a	Subtotal: Administration and Collection	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400
1c	City of Raleigh Holdback	680	680	680	680	680	680	680	680	680	680	680	680	680	680	680	680	680
1d	Greater Raleigh Convention & Visitors Bureau	7,417	7,589	7,710	5,816	5,974	6,269	6,640	6,967	7,174	7,387	7,606	7,831	8,064	8,303	8,550	8,804	9,065
1e	Town of Cary Hold Harmless	1,434	1,468	1,493	1,114	1,145	1,204	1,278	1,344	1,385	1,428	1,472	1,517	1,563	1,611	1,660	1,711	1,764
1f	Centennial Authority	3,503	3,626	3,669	2,813	2,768	2,997	3,221	3,387	3,513	3,643	3,779	3,919	4,065	4,216	4,373	4,535	4,703
1g	PNC (formerly RBC) Debt Service	5,208	868	868	868	-	-	-	-	-	-	-	-	-	-	-	-	-
1h	PNC Maintenance	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
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
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
1m	Medium Competitive Projects Cash Funding																	
1n	Planned Future Capacity																	
1o	Planned Future Capacity for Sports/Entertainment Facility													9,000	9,000	9,000	9,000	9,000
Subtotal: Admin, Holdbacks, and Debt Service		23,642	22,631	22,819	19,690	24,967	25,910	26,579	27,138	27,512	27,898	28,296	28,707	29,132	29,570	30,023	30,490	30,972
Section 2 - 85% Projects: Raleigh Convention Center Complex																		
2a	Amount for Distribution (Tax Subtotal - Section 1)	36,648	39,628	40,191	28,820	23,090	25,776	28,747	30,954	32,628	34,365	36,165	38,031	39,966	41,973	44,053	46,210	48,447
2b	Percent Allocated to Raleigh Convention Center	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%
	Gross Allocation	31,151	33,684	34,163	24,497	19,627	21,909	24,435	26,311	27,734	29,210	30,740	32,326	33,971	35,677	37,445	39,279	41,180
Subtotal: Payments to Raleigh Convention Center		31,151	33,684	34,163	24,497	19,627	21,909	24,435	26,311	27,734	29,210	30,740	32,326	33,971	35,677	37,445	39,279	41,180



Major Facilities Cash Flow Model: 22nd ILA May 2020

	2019	2020	2020	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	Actuals	Adopted Budget	21st ILA/ Amended Budget	Proj	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	2,000		3,000	3,000	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
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
3c Medium Competitive Projects			5,400															
Subtotal: 15% Projects / Other Agreements	4,000	2,000	10,400	3,000	4,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Total Uses	58,792	58,315	67,382	47,188	48,594	52,819	56,014	58,449	60,246	62,108	64,036	66,034	68,103	70,247	72,468	74,769	77,152	79,622
Total Uses Over (or Under) Total Sources	1,774	3,945	1,029	1,323	(536)	(1,134)	(688)	(357)	(106)	155	425	705	995	1,296	1,608	1,932	2,267	2,615
Section 4: Fund Balance																		
Beginning Fund Balance	2,873	4,290	4,371	4,647	5,970	5,434	4,300	3,612	3,255	3,149	3,304	3,729	4,433	5,428	6,724	8,332	10,264	12,531
Increase In Uncommitted Funds	1,774	3,945	1,029	1,323	-	-	-	-	-	155	425	705	995	1,296	1,608	1,932	2,267	2,615
Use of Uncommitted Funds	-	-	-	-	(536)	(1,134)	(688)	(357)	(106)	-	-	-	-	-	-	-	-	-
Ending Fund Balance	4,647	8,235	5,399	5,970	5,434	4,300	3,612	3,255	3,149	3,304	3,729	4,433	5,428	6,724	8,332	10,264	12,531	15,146
Minimum Fund Balance Guideline	5,200	1,000	4,700	2,000	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Fund Balance Over (or Under) Minimum Guideline	(553)	7,234	699	3,970	2,934	1,800	1,112	755	649	804	1,229	1,933	2,928	4,224	5,832	7,764	10,031	12,646



**City of Raleigh, North Carolina
Convention Center Complex Financing Plan
Projected Financing Plan (Projections as of May 2020)
Interlocal Agreement (ILA) 22
With April Distributions**

Fiscal Year	85% of Uncommitted Funds/Annual Revenues	Variable Rate Debt Service	Fixed Rate Debt Service	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	Net Annual Revenues after 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	C	D	E	F	G	I	H	I	J	K	L	M	N	O	P
6/30/2020	24,497	1,869	16,607	18,476				18,476	6,022	3,562	600	3,000	1,000	11,384		1,616	(11,908)	41,972
6/30/2021	19,627	1,871	16,602	18,473				18,473	1,154	3,741	600	1,500	500	500		1,259	(4,427)	37,544
6/30/2022	21,909	1,874	16,598	18,472				18,472	3,437	3,928	600	2,500	750			1,126	(3,214)	34,330
6/30/2023	24,435	1,874	16,601	18,475				18,475	5,959	4,124	600	3,000	1,000			1,030	(1,735)	32,595
6/30/2024	26,311	1,887	16,588	18,475				18,475	7,836	4,330	600	3,200	1,000			978	(317)	32,279
6/30/2025	27,734	1,867	16,604	18,471			2,200	20,671	7,063	4,547	600	3,200	1,000			968	(1,315)	30,964
6/30/2026	29,210	1,870	16,605	18,475			2,200	20,675	8,535	4,774	600	3,200	1,000			929	(110)	30,854
6/30/2027	30,740	1,874	16,599	18,473			2,200	20,673	10,067	5,013	600	3,200	1,000			926	1,179	32,034
6/30/2028	32,326	1,878	16,595	18,473			2,200	20,673	11,654	5,263	600	3,200	1,000			961	2,551	34,585
6/30/2029	33,971	1,871	16,604	18,475			2,200	20,675	13,296	5,527	600	3,200	1,000			1,038	4,007	38,592
6/30/2030	35,677	1,884	16,594	18,478		15,000	2,200	35,678	(1)	5,803	600	3,200	1,000			1,158	(9,446)	29,146
6/30/2031	37,445	14,970	5,906	20,875		15,000	2,200	38,075	(630)	6,093	600	3,200	1,000			874	(10,649)	18,497
6/30/2032	39,279	14,952	5,908	20,860		15,000	2,200	38,060	1,219	6,398	600	3,200	1,000			555	(9,424)	9,073
6/30/2033	41,180	14,939	5,906	20,846		15,000	2,200	38,046	3,135	6,718	600	3,200	1,000			272	(8,111)	962
6/30/2034	43,152	14,919	5,905	20,824		15,000	2,200	38,024	5,128	7,053	600	3,200	1,000			29	(6,697)	(5,735)