

**EIGHTEENTH AMENDMENT
TO THE REVISED INTERLOCAL AGREEMENT
BETWEEN
WAKE COUNTY AND THE CITY OF RALEIGH
RELATING TO ROOM OCCUPANCY AND PREPARED
FOOD AND BEVERAGE TAX REVENUES**

This Amendment is entered into this the 31st day of May, 2012 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 ("Revised Agreement") setting out the projects to receive funding from these taxes; and

WHEREAS, the County and the City have amended the Revised Interlocal Agreement from time to time for the purposes, among others, of authorizing funding for construction of the City of 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 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 Wake County Board of County Commissioners voted on May 31, 2012 and the Raleigh City Council voted on May 31, 2012 to amend certain terms of the Revised Interlocal Agreement (1) to approve an updated version of the Raleigh Convention Center Financing Plan (Attachment A) (the "Financing Plan"), (2) to fund a Capital Maintenance Plan for the Raleigh Convention Center as shown on the Financing Plan, (3) to provide for a "two-for-one" transfer to Wake County in the Financing Plan pursuant to the Eighth Amendment to the Revised Interlocal Agreement, (4) to extend the annual contribution of the Greater Raleigh Convention and Visitors Bureau Business Development Fund through FY2022 at a funding level of \$450,000 per year, (5) to commit to periodic public review of the Financing Plan along with the financing needs of all other projects that rely upon Room Occupancy and Prepared Food and Beverage Tax revenues, and (6) to establish priorities for funding in future years whenever the audited year end fund balance total exceeds the amount shown on Attachment A while covering at least one hundred percent (100%) of the annual Raleigh Convention Center debt service.

NOW THEREFORE, in consideration of the mutual covenants and promises contained herein, the County and the City agree to this Eighteenth Amendment to the Revised Interlocal Agreement Between Wake County and the City of Raleigh regarding use of Countywide Room Occupancy and Prepared Food and Beverage Taxes as follows:

1. Attached hereto as Attachment A is a document entitled "City of Raleigh, North Carolina Convention Center Project with No Expansion Financing Plan (\$000) updated as of January 13, 2012" which now supersedes and replaces the "City of Raleigh, North Carolina Convention Center Project with Expansion Financing Plan (\$ 000) updated as of November 21, 2010".
2. The Financing Plan (Attachment A) is projected to provide funds to pay for the Raleigh Convention Center annual debt service (Column G), a fixed annual amount for operating expenses (Column J), and a fund balance sufficient to cover one year Raleigh Convention Center debt service (Column S) in all years. The Financing Plan also provides an additional \$1 Million for operating expenses to be withdrawn at the discretion of the City of Raleigh (Column P) beginning in FY2013. The fund balance number will be increased by \$2,378,000 to reflect actual FY2011 year-end results (Column R – True-up From Debt Service Fund).
3. Revenue Projections in the Financing Plan (Attachment A) illustrate Occupancy Tax revenue increasing from 3.0% to 6.0% in FY2012. Revenue projections for FY2013 to FY2021 remain the same at 3.0%. Prepared Food and Beverage Tax revenue projections have been increased from 3.5% to 4.5% in 2012. Revenue projections for FY2013 to FY2021 remain the same and range from 4.0% to 5.0%.
4. Changes to the Financing Plan (Attachment A) from previous plans include removal of annual debt service payments beginning in FY 2017 (Column K) to fund a \$121 Million issue and previously referred to as "the Raleigh Convention Center expansion." The funds are transferred to the fund balance column (Column S) for years FY2017 through FY2034. (The move to the fund balance column is not intended to infer or communicate any intention to protect funding for a future convention center expansion.)
5. A Raleigh Convention Center Capital Maintenance Plan (Column N) is funded at 95% of the annual amounts illustrated in the "Heery Study" and included as Attachment B. The planned amounts for FY2012 and FY2013 are offset by the available Convention Center construction project close-out amount of \$2,602,350.
6. A "two-for-one" transfer to Wake County: \$5,475,000 (Column Q) will be provided as part of the "two-for-one" language in the Eighth Amendment. Based on previous discretionary withdrawals by the City of Raleigh, the total due Wake County is \$6,000,000 as of 6/30/2012. The fund balance total in the Convention Center Financing Plan will be reduced as a result of the transfer. Wake County shall use the funds in accordance with the Enabling Acts.
7. The Business Development Fund (Column M) for the Raleigh Convention Center, administered by the Greater Raleigh Convention and Visitor's Bureau, has been extended through FY2022 at a funding level of \$450,000 per year.
8. Based on actual and audited year-end results, whenever the actual fund balance total exceeds the amount shown on the Financing Plan (Attachment A) and a 100% annual debt

service coverage is maintained, the excess amount will be available for the following in the priority order below:

- a. To fulfill any remaining (or new) "two-for-one" obligation to Wake County.
- b. To meet any other previous commitment of funds made pursuant to the Revised Agreement, including satisfaction of any deferred payment to the Centennial Authority and others.
- c. Any remaining balance which may accrue shall be reserved for future Convention Center and PNC Arena (formerly RBC Center) Capital requirements.

9. The next review of the Convention Center Financing Plan, the Convention Center Capital Facilities Plan, and the PNC Arena Capital Improvements Plan will occur by January 1, 2015, to be a public process involving all parties led by the Raleigh City Manager and the Wake County Manager.

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

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

[SIGNATURE PAGE FOLLOWS]

CITY OF RALEIGH

COUNTY OF WAKE

Nancy McFarlane
Nancy McFarlane
Mayor

Paul Y. Coble
Paul Y. Coble
Chairman

Attest:
Deirdre Smith
Clerk

Attest:
Susan J. Barnes
Clerk

Approved as to Form:
Thomas W. Coates
City Attorney

Approved as to Form:
John W. Wank
County Attorney



