



City of **GREENSBORO** *North Carolina*

Performing Arts Center Hotel/Motel Tax Funding

August 2013



Greensboro Performing Arts Center

January 2012- Task force established

- Create dialogue and obtain community input
- Provide economic impact report/feasibility analysis
- Identify private investors

June 2012 - Phase 1 completed and expanded the charge of the task force

- Building design, site determination, capital cost
- Operating model
- Financing options

October 2012 – Revised Agreement with CVB on use of City Capital funds

- The CVB, City and County had previously approved use of City Capital funds, derived from the County's hotel-motel tax levy, to fund \$7M debt service on Aquatic Center in 2009
- In 2012, the CVB and City agreed that the City would fund the Aquatic Center debt in order to preserve the City Capital fund for future projects including the GPAC

February 2013- Council approved

- City Manager to begin discussions with Guilford County to authorize use of City Capital funds for \$10M funding of GPAC
- The City Council supports generating additional revenue from facility fees and parking revenues, as well as other facility-based revenue sources for \$10 M funding of GPAC
- Contingent on private donations being confirmed



Greensboro Performing Arts Center

Task Force concluded

- +/-3,000 seat multi-use facility
- Coliseum staff should manage
- Commitment of \$20 million in private support
- Two top sites
- North Elm/Bellemeade sites
- YWCA site

August 20, 2013 Council Meeting

- Council requested to consider property acquisition
 - 338 North Elm St. & 342 North Elm St.
 - 120 E. Lindsay St., 122 E. Lindsay St. & 152 E. Lindsay St.
 - 125 Summit Ave. & 135 Summit Ave.



Greensboro Performing Arts Center

Estimated Facility Cost– GPAC Task Force: \$60M

- Construction, design, equipment, etc. \$60M

Potential Project/Debt service funding sources:

- Private donations: \$30 million
 - CFGG provides guarantee & funding for design & start-up costs in 2013 and construction 2014-2016
- City Funding: \$30 million
 - City Capital Account: \$10 million
 - Portion of county-wide Hotel/Motel Tax
 - Restricted for City Capital projects
 - Other revenue/fees: \$10 million
 - Facility fee (ticket surcharge)
 - Parking revenue (GPAC events)
 - Additional \$10M funded from on-site premium parking revenue



GPAC Financial and Operating Model

- Short-term debt: City obtains bank financing in 2014 of up to \$30M during construction period (2014-16)
 - City draws on notes for construction progress payments, net of private donations
 - 2-year interest only \$30M variable rate Limited Obligation Notes (interest est. at \$350,000)
- Long-term debt: City converts \$30M short-term notes to \$30M Bonds in FY16-17 (25-year term)
 - Additional \$10M funded from on-site premium parking revenue
 - Principal and interest on Bonds funded from City Capital Account and Other Revenue (Interest only FY16-17 with 1st principal payment FY17-18; annual debt service est. at \$2M)

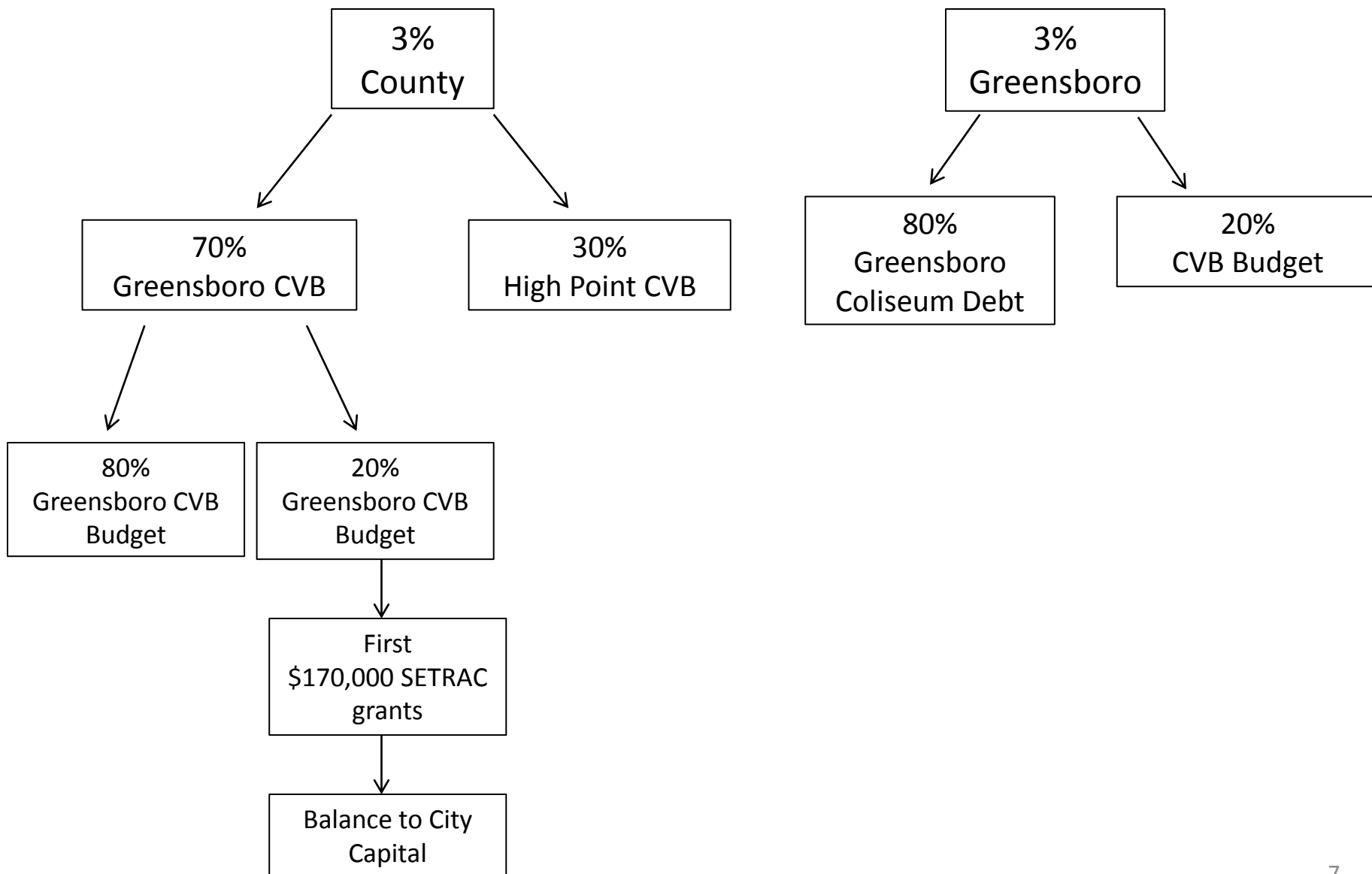


Hotel/Motel Occupancy Tax

- Three Hotel/Motel Room Occupancy tax levies in Guilford County
 - Guilford County levies a 3% countywide tax
 - Greensboro and High Point levy 3% taxes within their city limits
- Countywide levy- 3%
 - 30% High Point
 - 70% Greensboro/Guilford County Tourism Development Authority
 - 80% Promotion of Travel & Tourism
 - 20% for specific tourist-related events or activities, limited to \$170,000 SETRAC grants with remaining funds for City of Greensboro capital improvements
- Greensboro levy- 3%
 - 80% City of Greensboro (restricted to Coliseum debt service)
 - 20% Greensboro/Guilford County Tourism Development Authority



Hotel Motel Tax





Greensboro Performing Arts Center

City Request

- Use of the Hotel/Motel tax proceeds
- Approval at the August 15, 2013 County Commissioners Meeting



Financing Strategy - \$10M Hotel/ Motel City Capital Account

- Annual revenue est. -\$463K in FY 12-13 after \$170,000 restricted for special events (SETRAC grants); 2% growth factor used
- Construction financing FY 14-15 & FY 15-16 (construction draw program w/interest only – variable rate est. at \$113k)
- Permanent financing FY 16-17 w/interest only in FY 16-17 est. at \$225,000 and avg. P&I of \$667K/year over 25-year term beginning FY 17-18 at 4.5% interest rate with final maturity in 2042
- Accumulate \$2.0M debt service reserve before first debt service payment is made on permanent financing
- Maintain a minimum balance of \$1.5M in account to allow for funding of small projects
- Recommend debt service reserve of 2 times annual debt service to guard against occasional revenue shortfalls
- 15 or more years before any other major capital projects could be financed from this account