



# Debt Financing and Hospitality Revenue Policy Update

BUDGET, GOVERNANCE AND  
INTERGOVERNMENTAL RELATIONS  
COUNCIL COMMITTEE

JUNE 5, 2023

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## Agenda

- Debt Management Process
- Use of Types of Debt
- Proposed Calendar
- Hospitality Revenues
- Policy Fund Balance and Debt Parameters
- Policy Reporting

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# Comprehensive Capital Planning Program



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## Long-Term Debt Profile

### General Obligation Bonds

- Funding for general city capital
- Pledge of city's full faith and credit – no limit on ad valorem tax levy
- Payable from property tax and general revenue of the city
- Voter referendum *and* City Council approval required

### Revenue Bonds

- Funding for enterprise funds
- Specific revenue is pledged (i.e., airport/water/sewer/stormwater fee revenues)
- Payable from specific source of revenue
- City Council approval required

### Certificates of Participation (COP)

- Funding for city facilities, convention, tourism, and transit capital
- Debt is secured by a pledge of collateral
- Payable from property tax and other revenue of the city
- Subject to annual appropriation
- City Council approval required

### Bond Anticipation Notes (BANs)

- Source of interim and short-term funding for capital needs
- Retired over time upon receipt of long-term bond proceeds
- City Council approval required

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## Debt By Credit Entity

As of May 2023	Municipal	Convention Center	Tourism	Cultural Arts	NASCAR
<b>Ratings (M/S&amp;P/Fitch)</b>	Aaa/AAA/AAA	Aa2/AA+/AA+	Aa1/AA+/AA+	Aa2/AA+/AA+	Aa2/AA+/AA+
<b>Debt Type</b>	GO Bonds COPs BAN *	COPs	COPs	COPs	COPs
<b>Uses</b>	Affordable Housing, Street and Neighborhood Infrastructure, and General Government Facilities	Convention Center Facility, Amateur Sports, Stadiums over 60K seats	Facilities such as convention centers, civic centers, auditoriums and museums	Facilities such as convention centers, civic centers, auditoriums and museums	NASCAR Hall of Fame, Convention Center Ballroom, and associated parking facilities

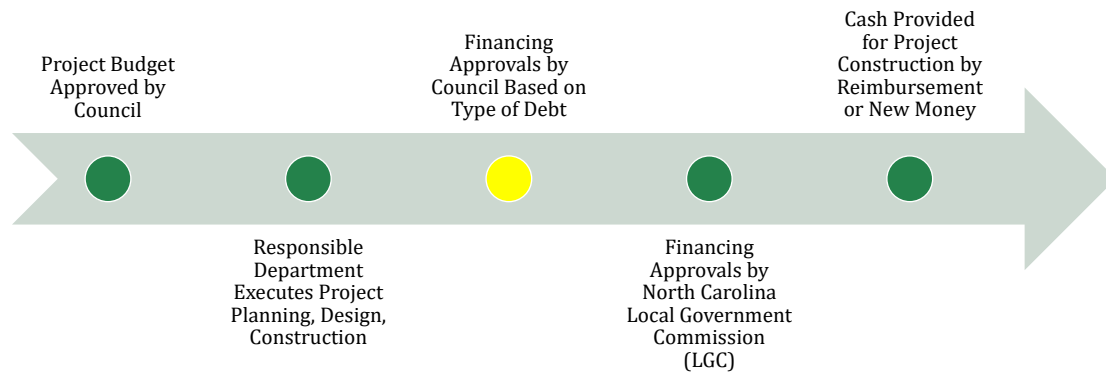
GO = General Obligation  
COPs = Certificates of Participation  
BAN = Bond Anticipation Notes  
\* Not rated

## Debt By Credit Entity

As of May 2023	Airport	CATS	Storm Water	Water
<b>Ratings (M/S&amp;P/Fitch)</b>	Aa3/NR/AA-	Aa1/AA+/AA+	Aaa/AAA/NR	Aaa/AAA/AAA
<b>Debt Type</b>	Revenue Bonds BAN *	COPs	Revenue Bonds BAN * GO Bonds COPs	Revenue Bonds BAN * GO Bonds COPs
<b>Uses</b>	Capital for Airport	Capital for CATS	Capital for Storm Water	Capital for Charlotte Water

GO = General Obligation  
COPs = Certificates of Participation  
BAN = Bond Anticipation Notes  
\* Not rated

## Council Actions/Debt Funding Process



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## Proposed Calendar



Credit	Estimated PAR (\$M) *	RCA Approvals *	Sale *
Municipal GO - Housing	\$75	June 26 <sup>th</sup>	July 2023
Tourism COPS	\$110	July 10 <sup>th</sup> August 28 <sup>th</sup>	NA
Airport Revenue Bonds	\$360	July 10 <sup>th</sup> August 28 <sup>th</sup>	September 2023
Municipal GO	\$200	August 28 <sup>th</sup> September (TBD)	October 2023

\* Preliminary, subject to change

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## Hospitality Revenues

### Policy Approved by Council in 2021

- Applies to hospitality funds with tax revenue sources
- Provides parameters and reporting for funding projects

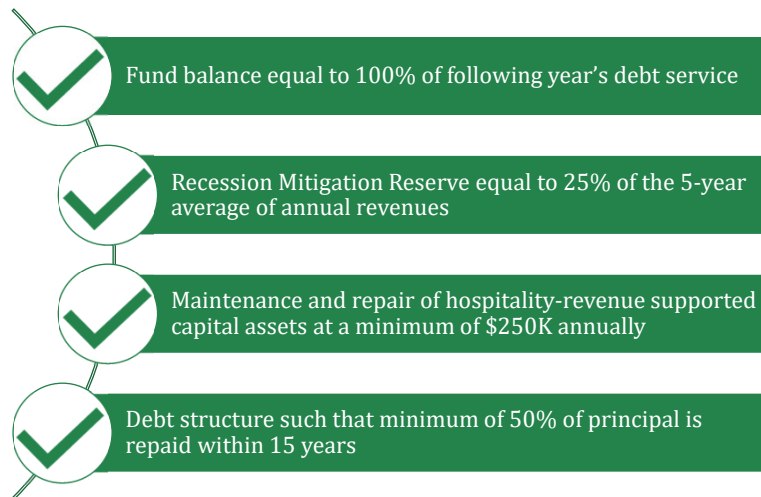
### Hospitality Revenue Fiscal Year Projections (\$M)

Fund	Tax Revenue	FY2023 Budget	FY2023 Projected *
Convention Center	Prepared Food & Beverage 1%	\$44.0	\$49.9
	Occupancy 3%	\$24.1	\$29.9
Tourism	Occupancy 3%	\$19.2	\$24.4
	Rental Car 1.5%	\$4.5	\$5.1
	PAYGO Transfer (U-Drive It Equivalent 4%)	\$11.1	\$13.1
NASCAR HOF	Occupancy 2%	\$14.7	\$20.2

\* Unaudited

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## Fund Balance and Debt Parameters



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## Policy Reporting



### Horizon

- Short to intermediate term
- Not yet approved by Council



### In-Progress

- Approved and in-progress
- Budget to actual comparison
- Material changes to scope, schedule, funding, when necessary



### Approved

- Previously approved investments
- Expected goals to actual outcomes
- Long-range forecast for remaining life-cycle costs

## In-Progress: Spectrum Center

**City Council Project Approval: June 2022**

**Project Total: \$215M**

**Arena improvements and repairs**

**Budget to Actual as of April 30, 2023\* (\$M)**

Budget	Actual	Encumbrance	Remaining	Notes
\$215.00	\$0.89	\$1.28	\$212.83	Architectural Services

\*Unaudited

# Thank you