MOORE COUNTY BOARD OF COMMISSIONERS
SPECIAL MEETING
WEDNESDAY, MARCH 31, 2021, 9:30 A.M.
MOORE COUNTY SENIOR ENRICHMENT CENTER
8040 US HWY 15/501

The Moore County Board of Commissioners convened for a special meeting (work session) at 9:30am, Wednesday, March 31, 2021, in the Grand Hall of the Moore County Senior Enrichment Center.

Commissioners Present:

Chairman Frank Quis, Vice Chairman Louis Gregory, Jerry Daeke, Catherine Graham, Otis Ritter

****

Chairman Quis called the meeting to order. County Manager Wayne Vest offered the invocation and Vice Chairman Louis Gregory led the Pledge of Allegiance.

ɔurt Project / Other Financing

Mr. Vest introduced Mitch Brigulio with the County's financial advisors, Davenport & Co. to provide information regarding financing of the new courthouse project and other financial opportunities. A presentation provided by Mr. Brigulio is hereby incorporated as a part of these minutes by attachment as Appendix A. Mr. Vest indicated staff would need the commissioners' direction regarding their priority (i.e., limiting debt, scope, etc.). There was discussion regarding a potential limited obligation bond refunding, for which the Board would need to decide relatively quickly. The refunding would reduce the annual debt service and not extend the payout time. Official action would be contingent on interest rates. The commissioners concurred to move forward with the necessary steps to be able to consider this option when appropriate.

The Board took a ten minute recess.

Occupancy Tax

Several local officials and community members were present to participate in discussion regarding a proposed 3% increase to the occupancy tax. Chairman Quis provided opportunity for introductions by all. He then introduced Tom Beddow, President of CCNC and member of the CVB Board. Mr. Beddow offered comment and introduced Chris Cavanaugh with Magellan Strategy Group who presented regarding the enhancement of Moore County through smart occupancy tax investments. Following Mr. Cavanaugh's presentation and ˙scussion that resulted, Mr. Tom Pashley, President of Pinehurst Resorts and member of the CVB Board, ɔffered additional information. Chairman Quis then opened the floor to meeting attendees to offer their comments regarding the occupancy tax and the following spoke: Chris Dunn (Arts Council), Ben Owen

(Potter), Carol Haney (Mayor, Southern Pines), Reagan Parsons (Manager, Southern Pines), Robbie Farrell (Mayor, Aberdeen), Alexa Roberts (Mayor, Whispering Pines), Bob Zschoche (Council Member, Whispering Pines), John Strickland (Mayor, Pinehurst), Paul Murphy (Mayor Pro Tem, Southern Pines), Tom Robinson (Manager, Carthage), George Little (CVB Board).

Chairman Quis, also a member of the CVB Board, discussed that what was being asked of the CVB was not easy and all the members were volunteers and were busy. He said they were being asked to take more of their time and listen to the community and citizens and collaborate. Chairman Quis said it was fair to compliment all of them for their work and for their willingness to listen and cooperate. He expressed appreciation for all the comments offered. Following Chairman Quis' comments, additionally Kelly Miller (CVB Board) and Bonnie McPeake (CVB Board) offered comment.

Commissioner Gregory said it was a pleasure to see so many of the leaders of the community and that he appreciated hearing their thoughts on this important matter. He said whatever they did, they should do for the good of the entire community. Commissioner Gregory requested a detailed budget for the CVB. He said they were all there to promote Moore County and that they needed to do some things for northern Moore as well.

Chairman Quis commented that there were some guidelines that needed to be followed and that everyone saw an opportunity to move forward. He suggested getting together a small working group representing the CVB, County, and some municipalities including all geographical areas of the County, and he asked Mr. Vest to coordinate a meeting to begin the process to collaborate.

It was requested that the presentation shared during the meeting be circulated to the municipalities as well as the Arts Council and Chairman Quis confirmed this would be sent.

<u>Adjournment</u>

There being no further business, Chairman Quis adjourned the March 31, 2021, special meeting of the Moore County Board of Commissioners at 12:15pm.

Francis R. Quis, Jr., Chairman

Laura M. Williams, Clerk to the Board

COUNTY OF MOORE
CORPORATE
SEAL
NORTH CAROLINA

Appendix A
03/31/2021

Courthouse Financing Discussion Materials

Moore County, North Carolina

COUNTY OF MOORE
1784
STATE OF NORTH CAROLINA

March 31, 2021

DAVENPORT & COMPANY
Member NYSE | FINRA | SIPC

Courthouse Financing

Project / Financing Overview and Schedule

Courthouse Project / Financing Overview

- The County is considering construction of a new Courthouse Facility. In conjunction with the new Facility, the County may consider additional Courthouse related projects as bid alternates:
  - Parking Lot Development
  - Alternate Access Road
  - Existing Courthouse Renovations

- The County is considering financing the project through the issuance of Limited Obligation Bonds, Series 2021 ("2021 LOBs"):
  - The 2021 LOBs will be secured by a Deed of Trust on the Courthouse Facility being financed.
  - The 2021 LOBs are anticipated to be issued through a Negotiated Public Sale.
  - In order to facilitate the issuance of the 2021 LOBs, the County has engaged the following financing team:
    - Bond Counsel: Womble Bond Dickinson (US) LLP
    - Real Estate Counsel: Robbins May & Rich LLP
    - Financial Advisor: Davenport & Company LLC
    - Sr. Underwriter: Robert W. Baird & Co.
    - Underwriter's Counsel: Parker Poe Adams & Bernstein LLP
    - Bond Trustee: US Bank NA

Date	Task
3/12	Project Bids Advertised
4/22	Project Bids Received
By 4/30	▪ BOCC reviews project bids to determine project scope / amount ▪ Notice of Public Hearing submitted (subject to BOCC approval)
5/4	BOCC Meeting ▪ Consider Awarding Construction Bid, contingent on financing ▪ Consider Calling for a Public Hearing and adopting a Findings Resolution
5/5	Publish Notice of Public Hearing
May Timeframe	▪ LGC application Submitted ▪ Bond Documents Drafted/Finalized ▪ Credit Rating Updates ▪ Finalize Real Estate Title Work
5/18	BOCC Meeting ▪ Public Hearing ▪ Consider adopting an Issuance Resolution
Week of 5/24	▪ Receive Credit Ratings and Mail Offering Document
6/1	LGC Meeting to approve Financing
6/7	Bond Pricing (Interest Rate Locked)
6/17	Bond Closing (Project Funds Available)
By 6/21	Execute Construction Contract and Issue Notice to Proceed

Courthouse Financing Analysis

Courthouse Financing Scenarios

In order to demonstrate the potential funding capacity under the Courthouse Financing Plan, the following scenarios have been analyzed:

- Case 1: $35,000,000 financing, consistent with initial planning estimates.
  - Scenario 1a: Planning Interest Rate of 4.5%.
  - Scenario 1b: 3.0% Interest Rate.

- Case 2: Maximize potential financing amount while maintaining a minimum Courthouse Capital Project Fund balance of $4,200,000.
  - Scenario 2a: Planning Interest Rate of 4.5%.
  - Scenario 2b: 3.0% Interest Rate.

	Case		Case 1		Case 2	
	Scenario		a	b	a	b
1	Interest Rate		4.5%	3.0%	4.5%	3.0%
2	Debt Issued		**$ 35,000,000**	**$ 35,000,000**	**$ 43,200,000**	**$ 50,600,000**
3	Total Debt Service		$ 51,537,500	$ 46,025,000	$ 63,612,000	$ 66,539,000
4						
5	Debt Ratios (Worst Shown)[1]	**Policy**				
6	10-Year Payout	55.00%	64.62%	64.62%	64.21%	63.86%
7	Debt to Assessed Value	2.00%	1.78%	1.78%	1.84%	1.89%
8	Years out of Compliance		0	0	0	0
9	Debt Service to Expenditures	15.00%	19.61%	19.28%	20.10%	20.06%
10	Years out of Compliance		8	8	8	8
11						
12	Minimum Courthouse Capital Project Fund Balance		$ 8,376,296	$ 9,592,177	$ 4,215,841	$ 4,232,341

Note: Future operating impacts associated with the Courthouse project have not been included in this analysis.

Courthouse Debt Affordability Analysis

Case 1a: $35,000,000 Financing (4.5% Interest Rate)

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q
	Debt Service Requirements					Revenue Available for DS					Debt Service Cash Flow Surplus (Deficit)					
FY	Existing County Debt Service (RRPSC)	CIP Debt Service	CIP Pay-Go Cash	CIP Operating Impact	Total	General Fund Budgeted Debt Service*	GO Refunding Savings	FY 2020 Additional GF Contribution	Other Revenues Available	Total Revenues Available	Surplus/ (Deficit)	Revenue From Prior Tax Impact	CH Capital Project Fund Utilized	Adjusted Surplus/ (Deficit)	Estimated Incremental Tax Equivalent	Available CH Capital Project Fund Balance
																4,371,694
2020	2,158,721	-	-	-	2,158,721	3,151,925	507,281	1,000,000	-	4,659,206	2,500,485	-	-	2,500,485	-	6,872,179
2021	1,939,069	-	-	-	1,939,069	3,151,925	511,693	1,000,000	-	4,663,618	2,724,549	-	-	2,724,549	-	9,596,728
2022	1,866,957	3,325,000	-	-	5,191,957	3,151,925	510,481	1,000,000	-	4,662,406	(529,551)	-	(529,551)	-	-	9,067,177
2023	1,796,624	3,246,250	-	-	5,042,874	3,151,925	510,593	1,000,000	-	4,662,518	(380,356)	-	(380,356)	-	-	8,686,821
2024	1,725,050	3,167,500	-	-	4,892,550	3,151,925	514,237	1,000,000	-	4,666,162	(226,388)	-	(226,388)	-	-	8,460,434
2025	1,659,275	3,088,750	-	-	4,748,025	3,151,925	511,962	1,000,000	-	4,663,887	(84,138)	-	(84,138)	-	-	8,376,296
2026	1,601,197	3,010,000	-	-	4,611,197	3,151,925	511,338	1,000,000	-	4,663,263	52,067	-	-	52,067	-	8,428,363
2027	1,549,672	2,931,250	-	-	4,480,922	3,151,925	513,725	1,000,000	-	4,665,650	184,728	-	-	184,728	-	8,613,091
2028	712,578	2,852,500	-	-	3,565,078	3,151,925	513,926	1,000,000	-	4,665,851	1,100,773	-	-	1,100,773	-	9,713,864
2029	675,028	2,773,750	-	-	3,448,778	3,151,925	194,627	1,000,000	-	4,346,552	897,775	-	-	897,775	-	10,611,638
2030	643,969	2,695,000	-	-	3,338,969	3,151,925	-	1,000,000	-	4,151,925	812,956	-	-	812,956	-	11,424,594
2031	611,280	2,616,250	-	-	3,227,530	3,151,925	-	1,000,000	-	4,151,925	924,396	-	-	924,396	-	12,348,990
2032	-	2,537,500	-	-	2,537,500	3,151,925	-	1,000,000	-	4,151,925	1,614,425	-	-	1,614,425	-	13,963,415
2033	-	2,458,750	-	-	2,458,750	3,151,925	-	1,000,000	-	4,151,925	1,693,175	-	-	1,693,175	-	15,656,590
2034	-	2,380,000	-	-	2,380,000	3,151,925	-	1,000,000	-	4,151,925	1,771,925	-	-	1,771,925	-	17,428,515
2035	-	2,301,250	-	-	2,301,250	3,151,925	-	1,000,000	-	4,151,925	1,850,675	-	-	1,850,675	-	19,279,190
2036	-	2,222,500	-	-	2,222,500	3,151,925	-	1,000,000	-	4,151,925	1,929,425	-	-	1,929,425	-	21,208,615
2037	-	2,143,750	-	-	2,143,750	3,151,925	-	1,000,000	-	4,151,925	2,008,175	-	-	2,008,175	-	23,216,790
2038	-	2,065,000	-	-	2,065,000	3,151,925	-	1,000,000	-	4,151,925	2,086,925	-	-	2,086,925	-	25,303,715
2039	-	1,986,250	-	-	1,986,250	3,151,925	-	1,000,000	-	4,151,925	2,165,675	-	-	2,165,675	-	27,469,390
2040	-	1,907,500	-	-	1,907,500	3,151,925	-	1,000,000	-	4,151,925	2,244,425	-	-	2,244,425	-	29,713,815
2041	-	1,828,750	-	-	1,828,750	3,151,925	-	1,000,000	-	4,151,925	2,323,175	-	-	2,323,175	-	32,036,990
2042	-	-	-	-	-	3,151,925	-	1,000,000	-	4,151,925	4,151,925	-	-	4,151,925	-	36,188,915
2043	-	-	-	-	-	3,151,925	-	1,000,000	-	4,151,925	4,151,925	-	-	4,151,925	-	40,340,840
2044	-	-	-	-	-	3,151,925	-	1,000,000	-	4,151,925	4,151,925	-	-	4,151,925	-	44,492,765
2045	-	-	-	-	-	3,151,925	-	1,000,000	-	4,151,925	4,151,925	-	-	4,151,925	-	48,644,690
2046	-	-	-	-	-	3,151,925	-	1,000,000	-	4,151,925	4,151,925	-	-	4,151,925	-	52,796,615
Total	16,939,418	51,537,500	-	-	68,476,918	Total	4,799,863				Total		(1,220,432)	Total Tax Effect	0.00¢	

* From FY 2016 Budgeted level

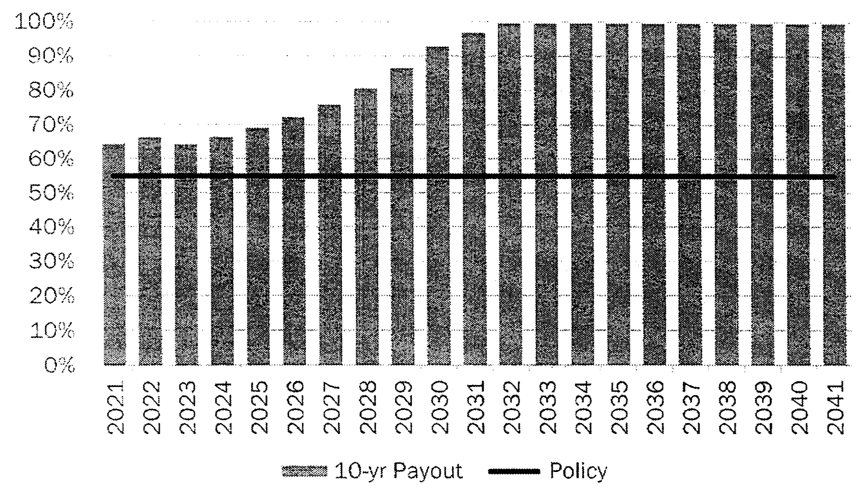
Notes:

1. Assumes 4.5% planning interest rate, consistent with prior analysis.
2. Courthouse Capital Project Fund balance does not reflect preliminary project expenditures made from the Courthouse Capital Project Fund , which are anticipated to be reimbursed from the planned financing.
3. Future operating impacts associated with the Courthouse project have not been included in this analysis.

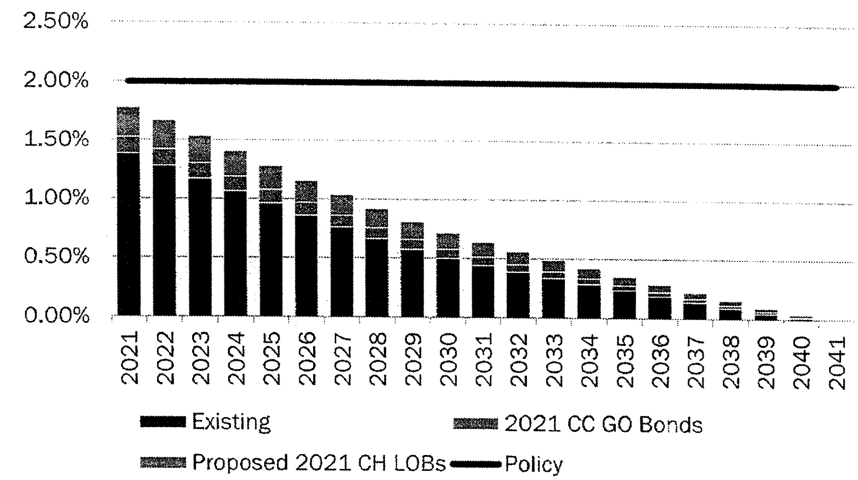
Key Debt Ratios

Case 1a: $35,000,000 Financing (4.5% Interest Rate)

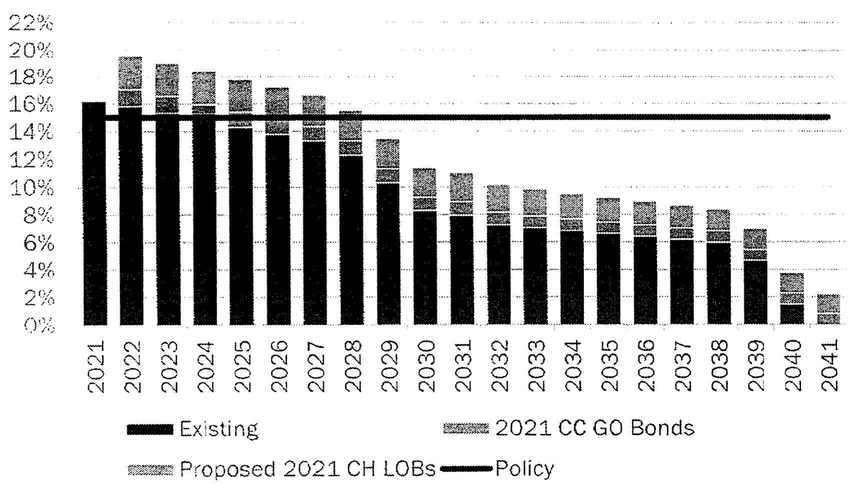
10-Year Payout



Debt to Assessed Value



Debt Service to Expenditures



Courthouse Debt Affordability Analysis

Case 1b: $35,000,000 Financing (3.0% Interest Rate)

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q
	Debt Service Requirements					Revenue Available for DS					Debt Service Cash Flow Surplus (Deficit)					
FY	Existing County Debt Service (RRPSC)	CIP Debt Service	CIP Pay-Go Cash	CIP Operating Impact	Total	General Fund Budgeted Debt Service*	GO Refunding Savings	FY 2020 Additional GF Contribution	Other Revenues Available	Total Revenues Available	Surplus/ (Deficit)	Revenue From Prior Tax Impact	CH Capital Project Fund Utilized	Adjusted Surplus/ (Deficit)	Estimated Incremental Tax Equivalent	Available CH Capital Project Fund Balance
																4,371,694
2020	2,158,721	-	-	-	2,158,721	3,151,925	507,281	1,000,000	-	4,659,206	2,500,485	-	-	2,500,485	-	6,872,179
2021	1,939,069	-	-	-	1,939,069	3,151,925	511,693	1,000,000	-	4,663,618	2,724,549	-	-	2,724,549	-	9,596,728
2022	1,866,957	2,800,000	-	-	4,666,957	3,151,925	510,481	1,000,000	-	4,662,406	(4,551)	-	(4,551)	-	-	9,592,177
2023	1,796,624	2,747,500	-	-	4,544,124	3,151,925	510,593	1,000,000	-	4,662,518	118,394	-	-	118,394	-	9,710,571
2024	1,725,050	2,695,000	-	-	4,420,050	3,151,925	514,237	1,000,000	-	4,666,162	246,113	-	-	246,113	-	9,956,684
2025	1,659,275	2,642,500	-	-	4,301,775	3,151,925	511,962	1,000,000	-	4,663,887	362,113	-	-	362,113	-	10,318,796
2026	1,601,197	2,590,000	-	-	4,191,197	3,151,925	511,338	1,000,000	-	4,663,263	472,067	-	-	472,067	-	10,790,863
2027	1,549,672	2,537,500	-	-	4,087,172	3,151,925	513,725	1,000,000	-	4,665,650	578,478	-	-	578,478	-	11,369,341
2028	712,578	2,485,000	-	-	3,197,578	3,151,925	513,926	1,000,000	-	4,665,851	1,468,273	-	-	1,468,273	-	12,837,614
2029	675,028	2,432,500	-	-	3,107,528	3,151,925	194,627	1,000,000	-	4,346,552	1,239,025	-	-	1,239,025	-	14,076,638
2030	643,969	2,380,000	-	-	3,023,969	3,151,925	-	1,000,000	-	4,151,925	1,127,956	-	-	1,127,956	-	15,204,594
2031	611,280	2,327,500	-	-	2,938,780	3,151,925	-	1,000,000	-	4,151,925	1,213,146	-	-	1,213,146	-	16,417,740
2032	-	2,275,000	-	-	2,275,000	3,151,925	-	1,000,000	-	4,151,925	1,876,925	-	-	1,876,925	-	18,294,665
2033	-	2,222,500	-	-	2,222,500	3,151,925	-	1,000,000	-	4,151,925	1,929,425	-	-	1,929,425	-	20,224,090
2034	-	2,170,000	-	-	2,170,000	3,151,925	-	1,000,000	-	4,151,925	1,981,925	-	-	1,981,925	-	22,206,015
2035	-	2,117,500	-	-	2,117,500	3,151,925	-	1,000,000	-	4,151,925	2,034,425	-	-	2,034,425	-	24,240,440
2036	-	2,065,000	-	-	2,065,000	3,151,925	-	1,000,000	-	4,151,925	2,086,925	-	-	2,086,925	-	26,327,365
2037	-	2,012,500	-	-	2,012,500	3,151,925	-	1,000,000	-	4,151,925	2,139,425	-	-	2,139,425	-	28,466,790
2038	-	1,960,000	-	-	1,960,000	3,151,925	-	1,000,000	-	4,151,925	2,191,925	-	-	2,191,925	-	30,658,715
2039	-	1,907,500	-	-	1,907,500	3,151,925	-	1,000,000	-	4,151,925	2,244,425	-	-	2,244,425	-	32,903,140
2040	-	1,855,000	-	-	1,855,000	3,151,925	-	1,000,000	-	4,151,925	2,296,925	-	-	2,296,925	-	35,200,065
2041	-	1,802,500	-	-	1,802,500	3,151,925	-	1,000,000	-	4,151,925	2,349,425	-	-	2,349,425	-	37,549,490
2042	-	-	-	-	-	3,151,925	-	1,000,000	-	4,151,925	4,151,925	-	-	4,151,925	-	41,701,415
2043	-	-	-	-	-	3,151,925	-	1,000,000	-	4,151,925	4,151,925	-	-	4,151,925	-	45,853,340
2044	-	-	-	-	-	3,151,925	-	1,000,000	-	4,151,925	4,151,925	-	-	4,151,925	-	50,005,265
2045	-	-	-	-	-	3,151,925	-	1,000,000	-	4,151,925	4,151,925	-	-	4,151,925	-	54,157,190
2046	-	-	-	-	-	3,151,925	-	1,000,000	-	4,151,925	4,151,925	-	-	4,151,925	-	58,309,115
Total	16,939,418	46,025,000	-	-	62,964,418	Total	4,799,863				Total		(4,551)	Total Tax Effect	0.00¢	

* From FY 2016 Budgeted level

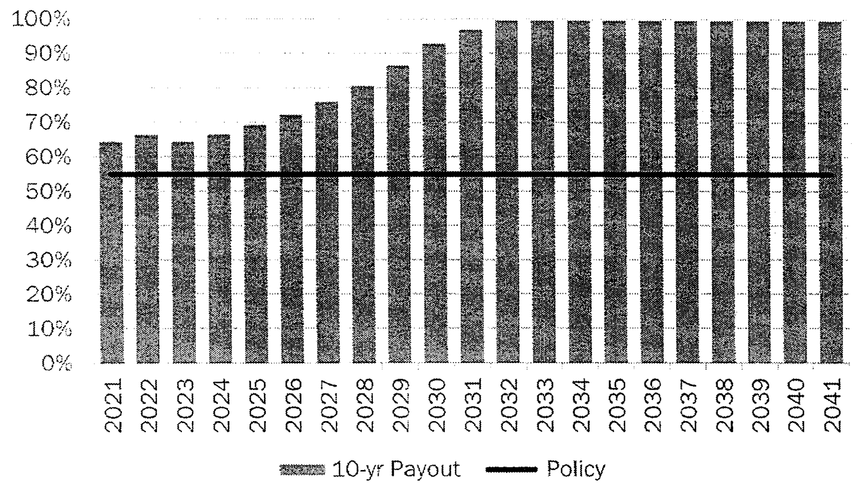
Notes:

1. Assumes 3.0% interest rate.
2. Courthouse Capital Project Fund balance does not reflect preliminary project expenditures made from the Courthouse Capital Project Fund , which are anticipated to be reimbursed from the planned financing.
3. Future operating impacts associated with the Courthouse project have not been included in this analysis.

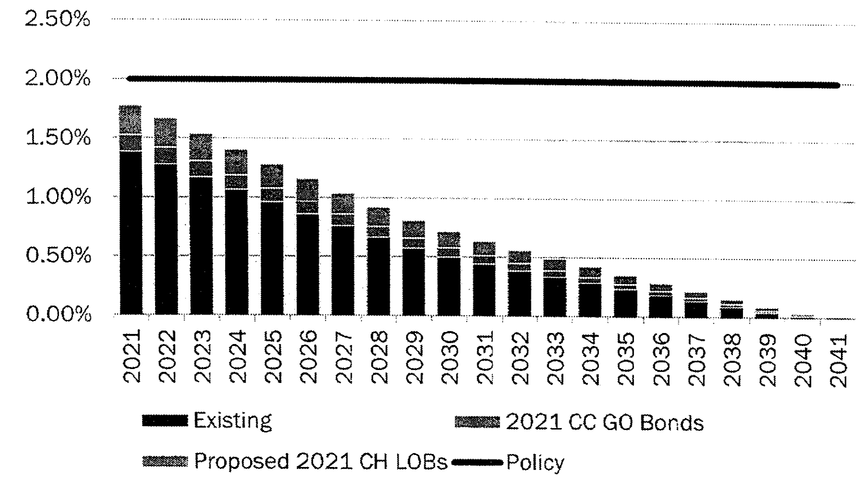
Key Debt Ratios

Case 1b: $35,000,000 Financing (3.0% Interest Rate)

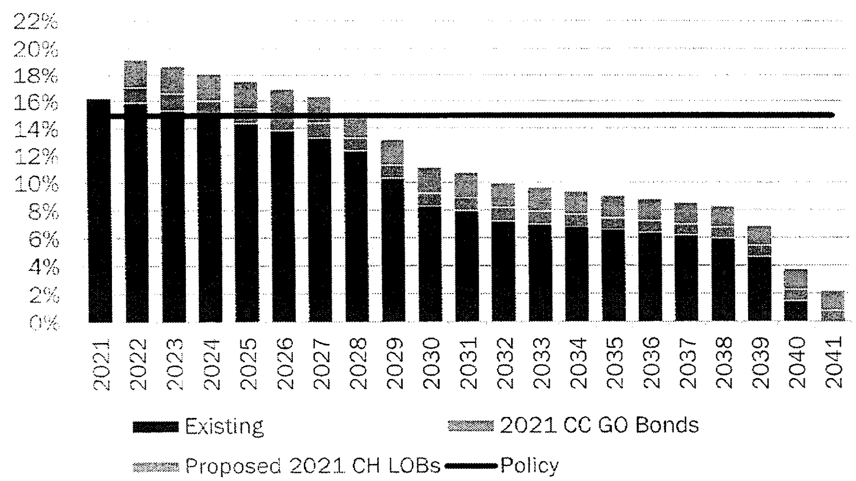
10-Year Payout



Debt to Assessed Value



Debt Service to Expenditures



Courthouse Debt Affordability Analysis

Case 2a: $43,200,000 Financing (4.5% Interest Rate)

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q
	Debt Service Requirements					Revenue Available for DS					Debt Service Cash Flow Surplus (Deficit)					
FY	Existing County Debt Service (RRPSC)	CIP Debt Service	CIP Pay-Go Cash	CIP Operating Impact	Total	General Fund Budgeted Debt Service*	GO Refunding Savings	FY 2020 Additional GF Contribution	Other Revenues Available	Total Revenues Available	Surplus/ (Deficit)	Revenue From Prior Tax Impact	CH Capital Project Fund Utilized	Adjusted Surplus/ (Deficit)	Estimated Incremental Tax Equivalent	Available CH Capital Project Fund Balance
																4,371,694
2020	2,158,721	-	-	-	2,158,721	3,151,925	507,281	1,000,000	-	4,659,206	2,500,485	-	-	2,500,485	-	6,872,179
2021	1,939,069	-	-	-	1,939,069	3,151,925	511,693	1,000,000	-	4,663,618	2,724,549	-	-	2,724,549	-	9,596,728
2022	1,866,957	4,104,000	-	-	5,970,957	3,151,925	510,481	1,000,000	-	4,662,406	(1,308,551)	-	(1,308,551)	-	-	8,288,177
2023	1,796,624	4,006,800	-	-	5,803,424	3,151,925	510,593	1,000,000	-	4,662,518	(1,140,906)	-	(1,140,906)	-	-	7,147,271
2024	1,725,050	3,909,600	-	-	5,634,650	3,151,925	514,237	1,000,000	-	4,666,162	(968,488)	-	(968,488)	-	-	6,178,784
2025	1,659,275	3,812,400	-	-	5,471,675	3,151,925	511,962	1,000,000	-	4,663,887	(807,788)	-	(807,788)	-	-	5,370,996
2026	1,601,197	3,715,200	-	-	5,316,397	3,151,925	511,338	1,000,000	-	4,663,263	(653,134)	-	(653,134)	-	-	4,717,863
2027	1,549,672	3,618,000	-	-	5,167,672	3,151,925	513,725	1,000,000	-	4,665,650	(502,022)	-	(502,022)	-	-	4,215,841
2028	712,578	3,520,800	-	-	4,233,378	3,151,925	513,926	1,000,000	-	4,665,851	432,473	-	-	432,473	-	4,648,314
2029	675,028	3,423,600	-	-	4,098,628	3,151,925	194,627	1,000,000	-	4,346,552	247,925	-	-	247,925	-	4,896,238
2030	643,969	3,326,400	-	-	3,970,369	3,151,925	-	1,000,000	-	4,151,925	181,556	-	-	181,556	-	5,077,794
2031	611,280	3,229,200	-	-	3,840,480	3,151,925	-	1,000,000	-	4,151,925	311,446	-	-	311,446	-	5,389,240
2032	-	3,132,000	-	-	3,132,000	3,151,925	-	1,000,000	-	4,151,925	1,019,925	-	-	1,019,925	-	6,409,165
2033	-	3,034,800	-	-	3,034,800	3,151,925	-	1,000,000	-	4,151,925	1,117,125	-	-	1,117,125	-	7,526,290
2034	-	2,937,600	-	-	2,937,600	3,151,925	-	1,000,000	-	4,151,925	1,214,325	-	-	1,214,325	-	8,740,615
2035	-	2,840,400	-	-	2,840,400	3,151,925	-	1,000,000	-	4,151,925	1,311,525	-	-	1,311,525	-	10,052,140
2036	-	2,743,200	-	-	2,743,200	3,151,925	-	1,000,000	-	4,151,925	1,408,725	-	-	1,408,725	-	11,460,865
2037	-	2,646,000	-	-	2,646,000	3,151,925	-	1,000,000	-	4,151,925	1,505,925	-	-	1,505,925	-	12,966,790
2038	-	2,548,800	-	-	2,548,800	3,151,925	-	1,000,000	-	4,151,925	1,603,125	-	-	1,603,125	-	14,569,915
2039	-	2,451,600	-	-	2,451,600	3,151,925	-	1,000,000	-	4,151,925	1,700,325	-	-	1,700,325	-	16,270,240
2040	-	2,354,400	-	-	2,354,400	3,151,925	-	1,000,000	-	4,151,925	1,797,525	-	-	1,797,525	-	18,067,765
2041	-	2,257,200	-	-	2,257,200	3,151,925	-	1,000,000	-	4,151,925	1,894,725	-	-	1,894,725	-	19,962,490
2042	-	-	-	-	-	3,151,925	-	1,000,000	-	4,151,925	4,151,925	-	-	4,151,925	-	24,114,415
2043	-	-	-	-	-	3,151,925	-	1,000,000	-	4,151,925	4,151,925	-	-	4,151,925	-	28,266,340
2044	-	-	-	-	-	3,151,925	-	1,000,000	-	4,151,925	4,151,925	-	-	4,151,925	-	32,418,265
2045	-	-	-	-	-	3,151,925	-	1,000,000	-	4,151,925	4,151,925	-	-	4,151,925	-	36,570,190
2046	-	-	-	-	-	3,151,925	-	1,000,000	-	4,151,925	4,151,925	-	-	4,151,925	-	40,722,115
Total	16,939,418	63,612,000	-	-	80,551,418	Total	4,799,863				Total		(5,380,888)	Total Tax Effect	0.00¢	

* From FY 2016 Budgeted level

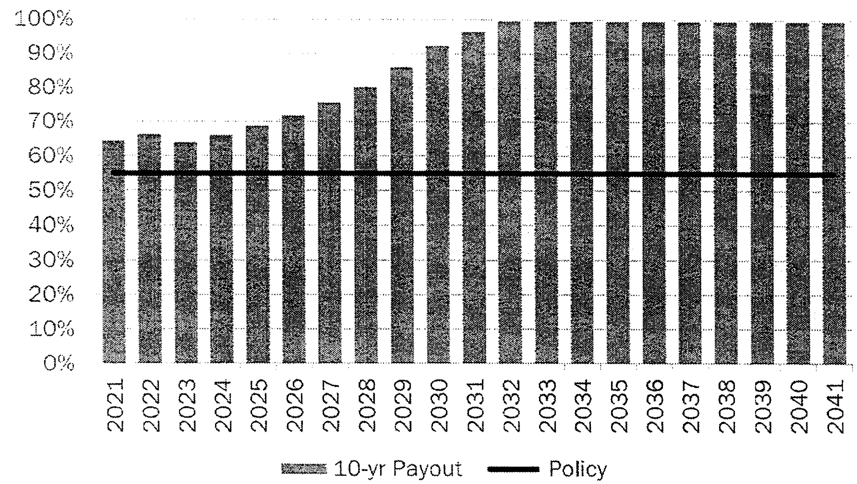
Notes:

1. Assumes 4.5% planning interest rate, consistent with prior analysis.
2. Courthouse Capital Project Fund balance does not reflect preliminary project expenditures made from the Courthouse Capital Project Fund , which are anticipated to be reimbursed from the planned financing.
3. Future operating impacts associated with the Courthouse project have not been included in this analysis.

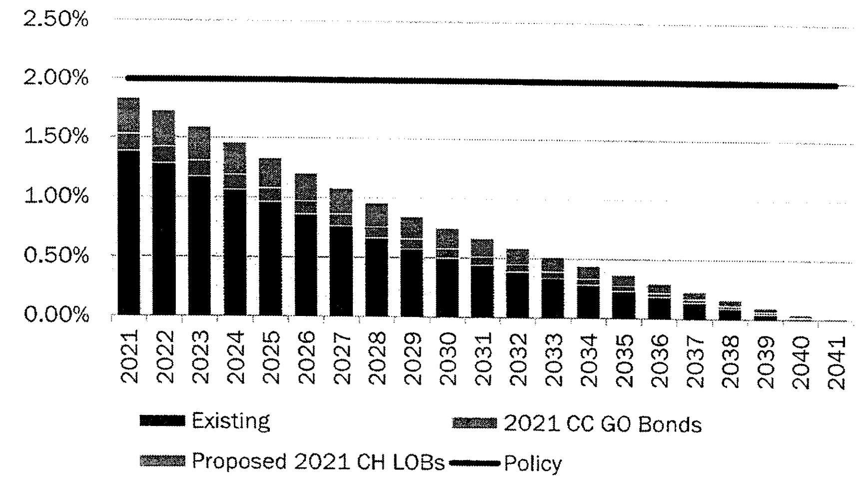
Key Debt Ratios

Case 2a: $43,200,000 Financing (4.5% Interest Rate)

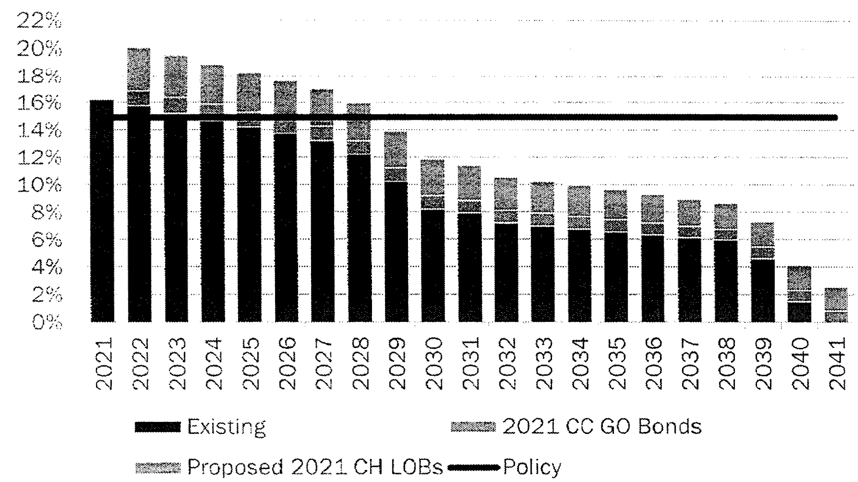
10-Year Payout



Debt to Assessed Value



Debt Service to Expenditures



Courthouse Debt Affordability Analysis

Case 2b: $50,600,000 Financing (3.0% Interest Rate)

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q
	Debt Service Requirements					Revenue Available for DS					Debt Service Cash Flow Surplus (Deficit)					
FY	Existing County Debt Service (RRPSC)	CIP Debt Service	CIP Pay-Go Cash	CIP Operating Impact	Total	General Fund Budgeted Debt Service*	GO Refunding Savings	FY 2020 Additional GF Contribution	Other Revenues Available	Total Revenues Available	Surplus/ (Deficit)	Revenue From Prior Tax Impact	CH Capital Project Fund Utilized	Adjusted Surplus/ (Deficit)	Estimated Incremental Tax Equivalent	Available CH Capital Project Fund Balance
2020	2,158,721	-	-	-	2,158,721	3,151,925	507,281	1,000,000	-	4,659,206	2,500,485	-	-	2,500,485		4,371,694
2021	1,939,069	-	-	-	1,939,069	3,151,925	511,693	1,000,000	-	4,663,618	2,724,549	-	-	2,724,549	-	6,872,179
2022	1,866,957	4,048,000	-	-	5,914,957	3,151,925	510,481	1,000,000	-	4,662,406	(1,252,551)	-	(1,252,551)	-	-	9,596,728
2023	1,796,624	3,972,100	-	-	5,768,724	3,151,925	510,593	1,000,000	-	4,662,518	(1,106,206)	-	(1,106,206)	-	-	8,344,177
2024	1,725,050	3,896,200	-	-	5,621,250	3,151,925	514,237	1,000,000	-	4,666,162	(955,088)	-	(955,088)	-	-	7,237,971
2025	1,659,275	3,820,300	-	-	5,479,575	3,151,925	511,962	1,000,000	-	4,663,887	(815,688)	-	(815,688)	-	-	6,282,884
2026	1,601,197	3,744,400	-	-	5,345,597	3,151,925	511,338	1,000,000	-	4,663,263	(682,334)	-	(682,334)	-	-	5,467,196
2027	1,549,672	3,668,500	-	-	5,218,172	3,151,925	513,725	1,000,000	-	4,665,650	(552,522)	-	(552,522)	-	-	4,784,863
2028	712,578	3,592,600	-	-	4,305,178	3,151,925	513,926	1,000,000	-	4,665,851	360,673	-	-	360,673	-	4,232,341
2029	675,028	3,516,700	-	-	4,191,728	3,151,925	194,627	1,000,000	-	4,346,552	154,825	-	-	154,825	-	4,593,014
2030	643,969	3,440,800	-	-	4,084,769	3,151,925	-	1,000,000	-	4,151,925	67,156	-	-	67,156	-	4,747,838
2031	611,280	3,364,900	-	-	3,976,180	3,151,925	-	1,000,000	-	4,151,925	175,746	-	-	175,746	-	4,814,994
2032	-	3,289,000	-	-	3,289,000	3,151,925	-	1,000,000	-	4,151,925	862,925	-	-	862,925	-	4,990,740
2033	-	3,213,100	-	-	3,213,100	3,151,925	-	1,000,000	-	4,151,925	938,825	-	-	938,825	-	5,853,665
2034	-	3,137,200	-	-	3,137,200	3,151,925	-	1,000,000	-	4,151,925	1,014,725	-	-	1,014,725	-	6,792,490
2035	-	3,061,300	-	-	3,061,300	3,151,925	-	1,000,000	-	4,151,925	1,090,625	-	-	1,090,625	-	7,807,215
2036	-	2,985,400	-	-	2,985,400	3,151,925	-	1,000,000	-	4,151,925	1,166,525	-	-	1,166,525	-	8,897,840
2037	-	2,909,500	-	-	2,909,500	3,151,925	-	1,000,000	-	4,151,925	1,242,425	-	-	1,242,425	-	10,064,365
2038	-	2,833,600	-	-	2,833,600	3,151,925	-	1,000,000	-	4,151,925	1,318,325	-	-	1,318,325	-	11,306,790
2039	-	2,757,700	-	-	2,757,700	3,151,925	-	1,000,000	-	4,151,925	1,394,225	-	-	1,394,225	-	12,625,115
2040	-	2,681,800	-	-	2,681,800	3,151,925	-	1,000,000	-	4,151,925	1,470,125	-	-	1,470,125	-	14,019,340
2041	-	2,605,900	-	-	2,605,900	3,151,925	-	1,000,000	-	4,151,925	1,546,025	-	-	1,546,025	-	15,489,465
2042	-	-	-	-	-	3,151,925	-	1,000,000	-	4,151,925	4,151,925	-	-	4,151,925	-	17,035,490
2043	-	-	-	-	-	3,151,925	-	1,000,000	-	4,151,925	4,151,925	-	-	4,151,925	-	21,187,415
2044	-	-	-	-	-	3,151,925	-	1,000,000	-	4,151,925	4,151,925	-	-	4,151,925	-	25,339,340
2045	-	-	-	-	-	3,151,925	-	1,000,000	-	4,151,925	4,151,925	-	-	4,151,925	-	29,491,265
2046	-	-	-	-	-	3,151,925	-	1,000,000	-	4,151,925	4,151,925	-	-	4,151,925	-	33,643,190
																37,795,115
Total	16,939,418	66,539,000	-	-	83,478,418	Total	4,799,863				Total		(5,364,388)	Total Tax Effect	0.00¢	

* From FY 2016 Budgeted level

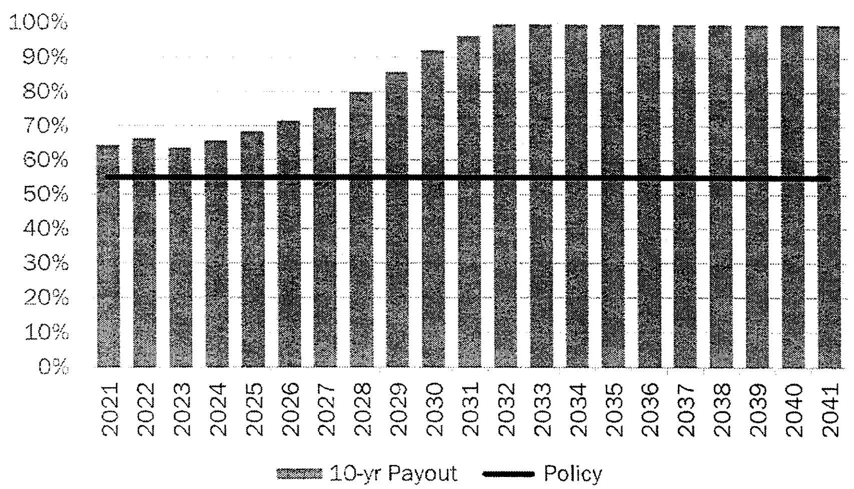
Notes:

1. Assumes 3.0% interest rate.
2. Courthouse Capital Project Fund balance does not reflect preliminary project expenditures made from the Courthouse Capital Project Fund , which are anticipated to be reimbursed from the planned financing.
3. Future operating impacts associated with the Courthouse project have not been included in this analysis.

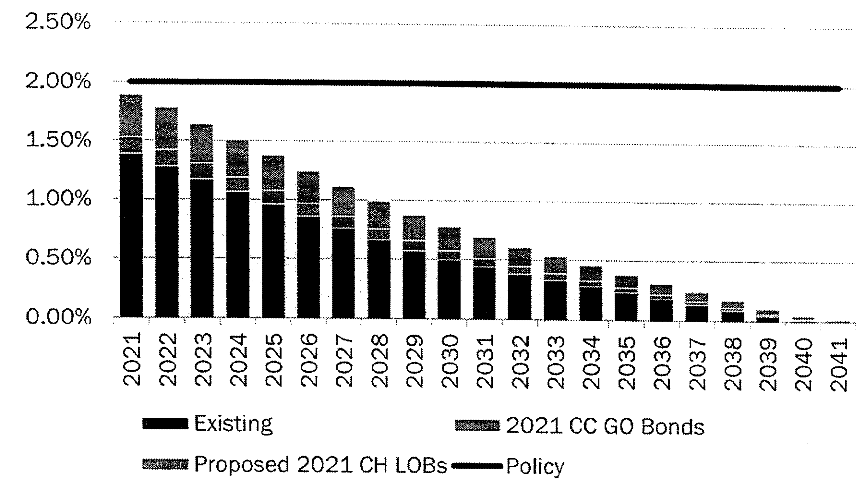
Key Debt Ratios

Case 2b: $ 50,600,000 Financing (3.0% Interest Rate)

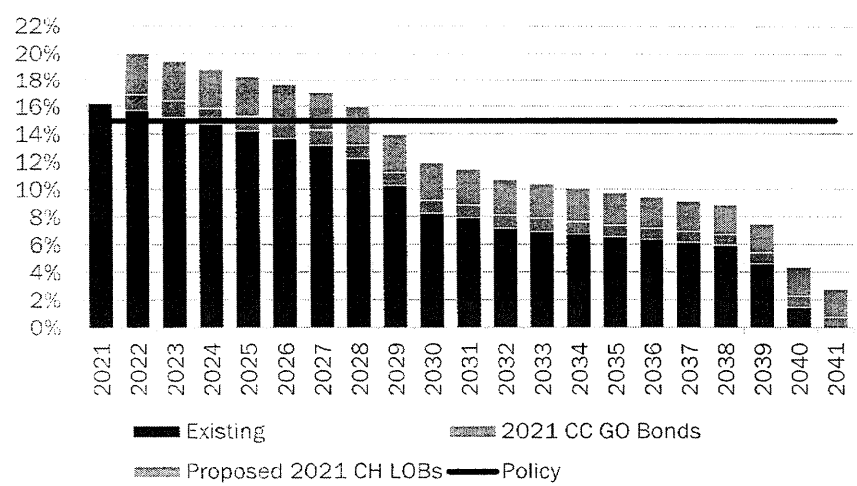
10-Year Payout



Debt to Assessed Value



Debt Service to Expenditures



Municipal Advisor Disclosure

The U.S. Securities and Exchange Commission (the "SEC") has clarified that a broker, dealer or municipal securities dealer engaging in municipal advisory activities outside the scope of underwriting a particular issuance of municipal securities should be subject to municipal advisor registration. Davenport & Company LLC ("Davenport") has registered as a municipal advisor with the SEC. As a registered municipal advisor Davenport may provide advice to a municipal entity or obligated person. An obligated person is an entity other than a municipal entity, such as a not for profit corporation, that has commenced an application or negotiation with an entity to issue municipal securities on its behalf and for which it will provide support. If and when an issuer engages Davenport to provide financial advisory or consultant services with respect to the issuance of municipal securities, Davenport is obligated to evidence such a financial advisory relationship with a written agreement.

When acting as a registered municipal advisor Davenport is a fiduciary required by federal law to act in the best interest of a municipal entity without regard to its own financial or other interests. Davenport is not a fiduciary when it acts as a registered investment advisor, when advising an obligated person, or when acting as an underwriter, though it is required to deal fairly with such persons.

This material was prepared by public finance, or other non-research personnel of Davenport. This material was not produced by a research analyst, although it may refer to a Davenport research analyst or research report. Unless otherwise indicated, these views (if any) are the author's and may differ from those of the Davenport fixed income or research department or others in the firm. Davenport may perform or seek to perform financial advisory services for the issuers of the securities and instruments mentioned herein.

This material has been prepared for information purposes only and is not a solicitation of any offer to buy or sell any security/instrument or to participate in any trading strategy. Any such offer would be made only after a prospective participant had completed its own independent investigation of the securities, instruments or transactions and received all information it required to make its own investment decision, including, where applicable, a review of any offering circular or memorandum describing such security or instrument. That information would contain material information not contained herein and to which prospective participants are referred. This material is based on public information as of the specified date, and may be stale thereafter. We have no obligation to tell you when information herein may change. We make no representation or warranty with respect to the completeness of this material. Davenport has no obligation to continue to publish information on the securities/instruments mentioned herein. Recipients are required to comply with any legal or contractual restrictions on their purchase, holding, sale, exercise of rights or performance of obligations under any securities/instruments transaction.

The securities/instruments discussed in this material may not be suitable for all investors or issuers. Recipients should seek independent financial advice prior to making any investment decision based on this material. This material does not provide individually tailored investment advice or offer tax, regulatory, accounting or legal advice. Prior to entering into any proposed transaction, recipients should determine, in consultation with their own investment, legal, tax, regulatory and accounting advisors, the economic risks and merits, as well as the legal, tax, regulatory and accounting characteristics and consequences, of the transaction. You should consider this material as only a single factor in making an investment decision.

The value of and income from investments and the cost of borrowing may vary because of changes in interest rates, foreign exchange rates, default rates, prepayment rates, securities/instruments prices, market indexes, operational or financial conditions or companies or other factors. There may be time limitations on the exercise of options or other rights in securities/instruments transactions. Past performance is not necessarily a guide to future performance and estimates of future performance are based on assumptions that may not be realized. Actual events may differ from those assumed and changes to any assumptions may have a material impact on any projections or estimates. Other events not taken into account may occur and may significantly affect the projections or estimates. Certain assumptions may have been made for modeling purposes or to simplify the presentation and/or calculation of any projections or estimates, and Davenport does not represent that any such assumptions will reflect actual future events. Accordingly, there can be no assurance that estimated returns or projections will be realized or that actual returns or performance results will not materially differ from those estimated herein. This material may not be sold or redistributed without the prior written consent of Davenport. Version 1.13.14 CC | MB | TC

Limited Obligation Bonds, Series 2021 – Refunding Summary

Moore County, North Carolina

March 29, 2021

DAVENPORT 1863
PUBLIC FINANCE

Member NYSE | FINRA | SIPC

Summary of Outstanding Debt

Tax Supported Debt Summary

	A	B	C	D	E	F	G	H	I	J	K
	Series Name	Purpose	Credit	Market	Issue Date	Final Maturity	Original Par Amount	Par Outstanding (As of 6/30/20)	Call Date	Call Price	Callable Coupon Range
1	General Obligation Refunding Bonds, Series 2016 [1]	Community College / West Pine MS	GO	Public	6/21/2016	6/1/2029	42,380,000	37,200,000	Not Callable	NA	NA
2	Limited Obligation Refunding Bond, Series 2016 [2]	Rhyne Center	LOB	DBL - Raymond James	11/17/2016	6/1/2031	20,929,000	13,326,000	6/1/2026	100 [3]	2.05%
3	Installment Financing Agreement, Series 2018	McDeed's Creek ES	IFA	DBL - First Bank	1/22/2018	10/1/2037	31,000,000	27,900,000	1/19/2018	100-105 [4]	2.95%
4	General Obligation School Bonds, Series 2018	Aberdeen ES	GO	Public	9/11/2018	12/1/2038	31,000,000	29,450,000	12/1/2028	100	4.00% - 5.00%
5	General Obligation School Bonds, Series 2019A	Southern Pines ES	GO	Public	3/28/2019	1/15/2039	34,000,000	32,300,000	1/15/2029	100	3.00% - 5.00%
6	Installment Financing Agreement, Series 2019	North Moore HS	IFA	DBL - Sterling National Bank	6/12/2019	1/15/2039	15,812,000	15,022,000	7/15/2023	100-101 [5]	3.04%
7	General Obligation School Bonds, Series 2019B	Pinehurst ES	GO	Public	9/24/2019	7/15/2039	38,000,000	38,000,000	7/15/2029	100	2.00% - 5.00%
8	Total						$ 213,121,000	$ 193,198,000			

[1] Includes both the Refunding of the 2008 Bonds Component and the Refunding of the 2009A Bonds Component.

[2] Does not include $6,108,000 of outstanding principal from the Public Utilities Enterprise Component.

[3] In whole or in part on any date on or after June 1, 2026 in an aggregate principal amount not less than $1,000,000.

[4] In whole or in part with 30 days prior written notice at 105% from January 19, 2018 to January 18, 2019, 104% from January 19, 2019 to January 18, 2020, 103% from January 19, 2020 to January 18, 2021, 102% from January 19, 2021 to January 18, 2022, 101% from January 19, 2022 to January 18, 2023, and 100% thereafter.

[5] In whole or in part with 30 days prior written notice at 101% from July 15th, 2023 to January 15, 2027, and in whole or in part at 100% thereafter.

Utility Supported Debt Summary

	Series Name	Purpose	Credit	Market	Issue Date	Final Maturity	Original Par Amount	Par Outstanding (As of 6/30/20)	Call Date	Call Price	Callable Coupon Range
1	2010 SRF Clean Water Revolving Loan	Sanitary Sewer	RL	Public	12/8/2010	5/1/2030	1,462,425	729,125	12/8/2010	100	0.00%
2	USDA General Obligation Water Bonds, Series 2011	East Moore Water District	GO	USDA	8/1/2011	6/1/2049	3,760,000	3,011,378	8/1/2011	100	3.25%
3	2013 SRF Clean Water Revolving Loan	Sanitary Sewer	RL	Public	6/1/2013	5/1/2033	20,000,000	13,000,000	6/1/2013	100	2.22%
4	2014 SRF Clean Water Revolving Loan (1)	Sanitary Sewer	RL	Public	2/1/2014	5/1/2034	1,089,109	762,376	2/1/2014	100	0.00%
5	2014 SRF Clean Water Revolving Loan (2)	Sanitary Sewer	RL	Public	10/12/2014	5/1/2034	1,096,722	767,705	10/12/2014	100	2.00%
6	Limited Obligation Refunding Bonds, Series 2016	East Moore Water District	LOB	Public	12/15/2016	6/1/2046	8,750,000	7,900,000	6/1/2026	100 [1]	3.875% - 4.00%
7	Total						$ 36,158,256	$ 26,170,584			

Note: All Revolving Loans assumed to be callable any time at par.

[1] In whole or in part on any date on or after June 1, 2026 in an aggregate principal amount not less than $1,000,000.

Summary of Combined Refunding Results

Preliminary – Public Sale Approach

	A	B	C	D	E	F	G
		Tax Supported	Utility Supported				
		2018 First Bank IFA	2011 USDA G.O. Water Bonds	2013 SRF Loan	2014 SRF Loan	Total Utility Supported	Grand Total
	Tax Status	*Tax-Exempt*	*Tax-Exempt*	*Tax-Exempt*	*Tax-Exempt*	*Tax-Exempt*	*Tax-Exempt*
	Refunding Type	*Current*	*Current*	*Current*	*Current*	*Current*	*Current*
1	**Summary of Bonds Refunded:**						
2	Maturities	10/1/2021 - 10/1/2037	6/1/2022 - 6/1/2049	5/1/2022 - 5/1/2033	5/1/2022 - 5/1/2034		10/1/2021 - 6/1/2049
3	Refunded Bonds	$ 26,350,000	$ 2,947,378	$ 12,000,000	$ 712,869	$ 15,660,247	$ 42,010,247
4	Refunded Bonds Call Date	Current	Current	Current	Current		Current
5	Call Price	102.0%	100.0%	100.0%	100.0%		100.0% - 102.0%
6	Average Coupon of Refunded Bonds	2.950%	3.250%	2.220%	2.000%		2.818%
7							
8	**Sources and Uses:**						
	Sources:						
9	Par Amount	$ 23,425,000	$ 2,770,000	$ 9,885,000	$ 585,000	$ 13,240,000	$ 36,665,000
10	Premium	4,204,309	202,608	2,233,270	134,181	2,570,059	6,774,367
11	Total Sources	$ 27,629,309	$ 2,972,608	$ 12,118,270	$ 719,181	$ 15,810,059	$ 43,439,367
12							
13	Uses:						
14	Refunding Escrow Deposits - Cash Deposit	$ 27,429,764	$ 2,951,635	$ 12,034,040	$ 714,691	$ 15,700,366	$ 43,130,130
15	Cost of Issuance	104,297	12,333	44,012	2,605	58,949	163,246
16	Underwriter's Discount	92,541	10,943	39,051	2,311	52,305	144,847
17	Additional Proceeds	2,706	(2,303)	1,167	(426)	(1,562)	1,144
18	Total Uses	$ 27,629,309	$ 2,972,608	$ 12,118,270	$ 719,181	$ 15,810,059	$ 43,439,367
19							
20	**Bond Statistics:**						
21	All-In True Interest Cost	1.682%	2.222%	1.258%	1.373%		1.652%
22	True Interest Cost	1.634%	2.189%	1.197%	1.316%		1.603%
23	Arbitrage Yield	1.518%	1.518%	1.518%	1.518%		1.518%
24	Final Maturity	6/1/2038	6/1/2049	6/1/2033	6/1/2034		6/1/2049
25							
26	**Refunding Statistics:**						
27	Gross Savings	$ 1,927,436	$ 544,326	$ 743,351	$ 31,154	$ 1,318,832	$ 3,246,268
28	NPV Savings ($)*	$ 1,961,577	$ 433,821	$ 687,187	$ 28,652	$ 1,149,660	$ 3,111,237
29	NPV Savings (% of Refunded Par)	7.444%	14.719%	5.727%	4.019%	7.341%	7.406%
30	Average Annual Savings ($)	$ 113,379	$ 19,440	$ 61,946	$ 2,396		

Note: Preliminary and subject to change. Based on market interest rates as of 3/26/2021. Assumed to be combined with $35,000,000 Courthouse project and close on 6/17/2021.

Summary of Combined Refunding Savings

Preliminary – Public Sale Approach

	A	B	C	D	E	F	G
		Tax Supported	Utility Supported				
		2018 First Bank IFA	2011 USDA G.O. Water Bonds	2013 SRF Loan	2014 SRF Loan	Total Utility Supported	Grand Total
1	FY Cash Flow Savings:						
2	6/30/2022	$ 114,686	$ 19,065	$ 61,651	$ 7,577	$ 88,293	$ 202,979
3	6/30/2023	114,100	17,994	60,800	1,997	80,790	194,890
4	6/30/2024	115,875	20,751	60,850	2,900	84,501	200,376
5	6/30/2025	113,400	18,444	61,650	3,803	83,897	197,297
6	6/30/2026	111,925	17,321	63,200	(293)	80,228	192,153
7	6/30/2027	111,450	20,351	60,500	860	81,711	193,161
8	6/30/2028	111,975	19,316	63,800	2,013	85,129	197,104
9	6/30/2029	113,500	17,434	62,850	3,166	83,450	196,950
10	6/30/2030	111,025	21,736	62,900	(680)	83,956	194,981
11	6/30/2031	114,800	20,941	63,950	723	85,614	200,414
12	6/30/2032	114,575	20,299	61,000	2,126	83,425	198,000
13	6/30/2033	111,250	18,909	60,200	3,030	82,138	193,388
14	6/30/2034	113,525	17,621	-	3,933	21,554	135,079
15	6/30/2035	116,200	21,436	-	-	21,436	137,636
16	6/30/2036	114,575	19,154	-	-	19,154	133,729
17	6/30/2037	112,950	17,924	-	-	17,924	130,874
18	6/30/2038	111,625	19,614	-	-	19,614	131,239
19	6/30/2039	-	17,206	-	-	17,206	17,206
20	6/30/2040	-	18,769	-	-	18,769	18,769
21	6/30/2041	-	21,234	-	-	21,234	21,234
22	6/30/2042	-	18,712	-	-	18,712	18,712
23	6/30/2043	-	21,317	-	-	21,317	21,317
24	6/30/2044	-	19,792	-	-	19,792	19,792
25	6/30/2045	-	22,217	-	-	22,217	22,217
26	6/30/2046	-	19,512	-	-	19,512	19,512
27	6/30/2047	-	17,952	-	-	17,952	17,952
28	6/30/2048	-	21,349	-	-	21,349	21,349
29	6/30/2049	-	17,960	-	-	17,960	17,960
30	Total Cash Flow Savings:	$ 1,927,436	$ 544,326	$ 743,351	$ 31,154	$ 1,318,832	$ 3,246,268

Note: Preliminary and subject to change. Based on market interest rates as of 3/26/2021. Assumed to be combined with $35,000,000 Courthouse project and close on 6/17/2021.

Municipal Advisor Disclosure

The U.S. Securities and Exchange Commission (the "SEC") has clarified that a broker, dealer or municipal securities dealer engaging in municipal advisory activities outside the scope of underwriting a particular issuance of municipal securities should be subject to municipal advisor registration. Davenport & Company LLC ("Davenport") has registered as a municipal advisor with the SEC. As a registered municipal advisor Davenport may provide advice to a municipal entity or obligated person. An obligated person is an entity other than a municipal entity, such as a not for profit corporation, that has commenced an application or negotiation with an entity to issue municipal securities on its behalf and for which it will provide support. If and when an issuer engages Davenport to provide financial advisory or consultant services with respect to the issuance of municipal securities, Davenport is obligated to evidence such a financial advisory relationship with a written agreement.

When acting as a registered municipal advisor Davenport is a fiduciary required by federal law to act in the best interest of a municipal entity without regard to its own financial or other interests. Davenport is not a fiduciary when it acts as a registered investment advisor, when advising an obligated person, or when acting as an underwriter, though it is required to deal fairly with such persons.

This material was prepared by public finance, or other non-research personnel of Davenport. This material was not produced by a research analyst, although it may refer to a Davenport research analyst or research report. Unless otherwise indicated, these views (if any) are the author's and may differ from those of the Davenport fixed income or research department or others in the firm. Davenport may perform or seek to perform financial advisory services for the issuers of the securities and instruments mentioned herein.

This material has been prepared for information purposes only and is not a solicitation of any offer to buy or sell any security/instrument or to participate in any trading strategy. Any such offer would be made only after a prospective participant had completed its own independent investigation of the securities, instruments or transactions and received all information it required to make its own investment decision, including, where applicable, a review of any offering circular or memorandum describing such security or instrument. That information would contain material information not contained herein and to which prospective participants are referred. This material is based on public information as of the specified date, and may be stale thereafter. We have no obligation to tell you when information herein may change. We make no representation or warranty with respect to the completeness of this material. Davenport has no obligation to continue to publish information on the securities/instruments mentioned herein. Recipients are required to comply with any legal or contractual restrictions on their purchase, holding, sale, exercise of rights or performance of obligations under any securities/instruments transaction.

The securities/instruments discussed in this material may not be suitable for all investors or issuers. Recipients should seek independent financial advice prior to making any investment decision based on this material. This material does not provide individually tailored investment advice or offer tax, regulatory, accounting or legal advice. Prior to entering into any proposed transaction, recipients should determine, in consultation with their own investment, legal, tax, regulatory and accounting advisors, the economic risks and merits, as well as the legal, tax, regulatory and accounting characteristics and consequences, of the transaction. You should consider this material as only a single factor in making an investment decision.

The value of and income from investments and the cost of borrowing may vary because of changes in interest rates, foreign exchange rates, default rates, prepayment rates, securities/instruments prices, market indexes, operational or financial conditions or companies or other factors. There may be time limitations on the exercise of options or other rights in securities/instruments transactions. Past performance is not necessarily a guide to future performance and estimates of future performance are based on assumptions that may not be realized. Actual events may differ from those assumed and changes to any assumptions may have a material impact on any projections or estimates. Other events not taken into account may occur and may significantly affect the projections or estimates. Certain assumptions may have been made for modeling purposes or to simplify the presentation and/or calculation of any projections or estimates, and Davenport does not represent that any such assumptions will reflect actual future events. Accordingly, there can be no assurance that estimated returns or projections will be realized or that actual returns or performance results will not materially differ from those estimated herein. This material may not be sold or redistributed without the prior written consent of Davenport. Version 1.13.14 CC | MB | TC

Appendix B
03/31/2021

magellan
STRATEGY GROUP

Enhancing Moore County as a Place to Live and Visit Through Smart Occupancy Tax Investments

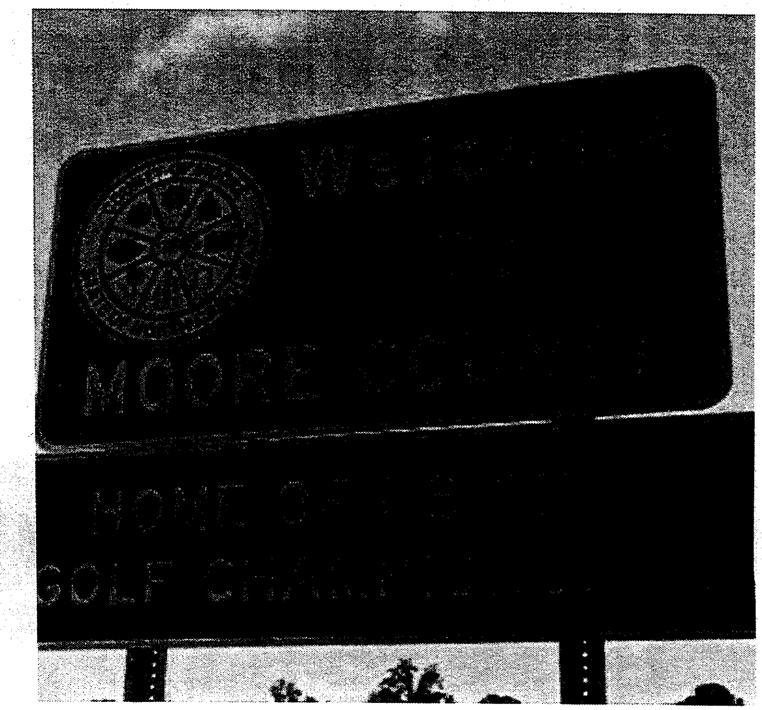
Chris Cavanaugh

Magellan Strategy Group

Why Invest in the Destination?

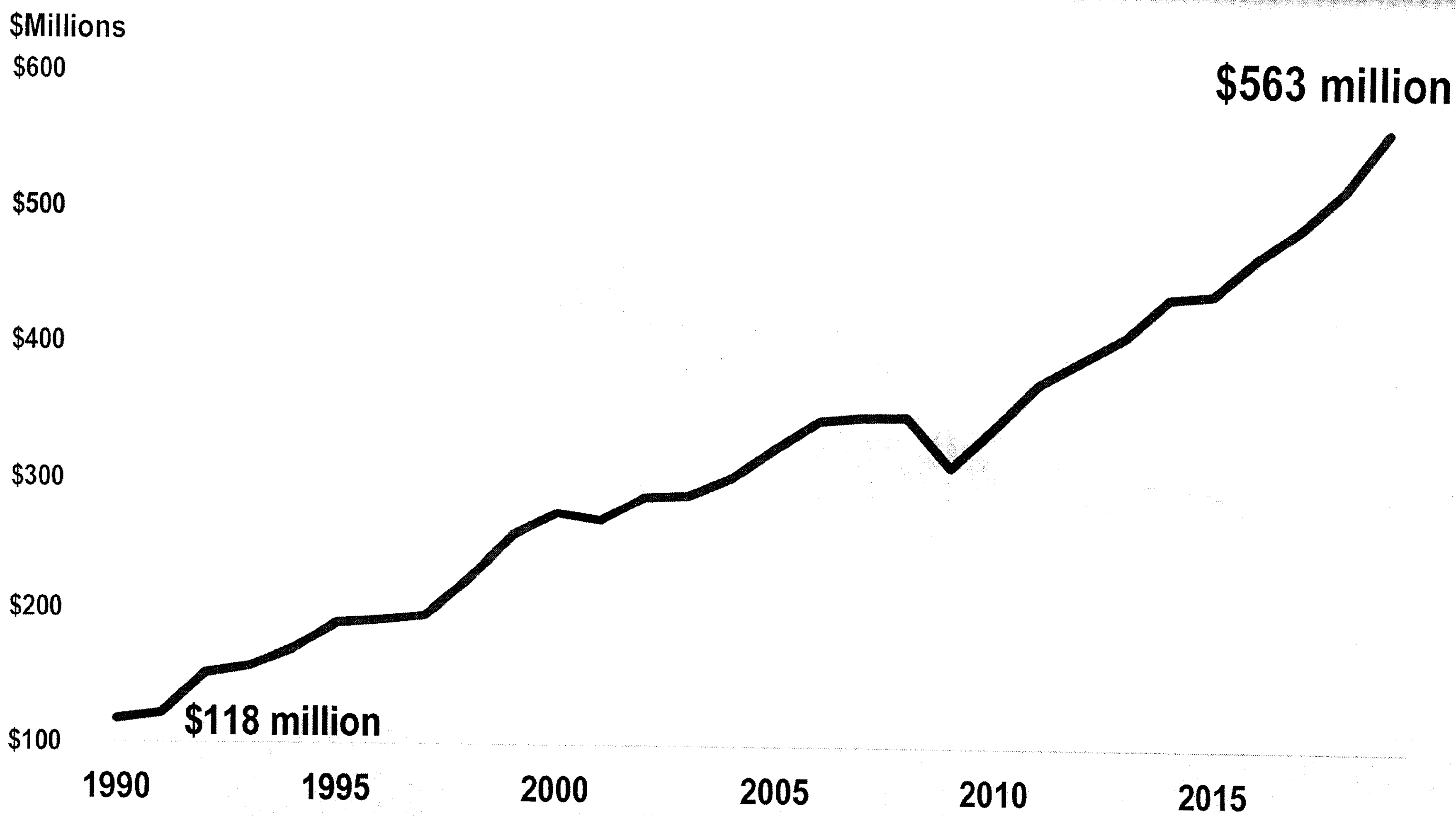
magellan STRATEGY GROUP

- Moore County tourism is a $563 million brand.
- Tourism is one of the most effective ways of supporting small businesses.
- In 2019, tourism generated $1,084 in combined local and state tax savings for every Moore County household.
- The "Halo Effect" of destination promotion is real.



Moore County Annual Visitor Expenditures, 1990-2019

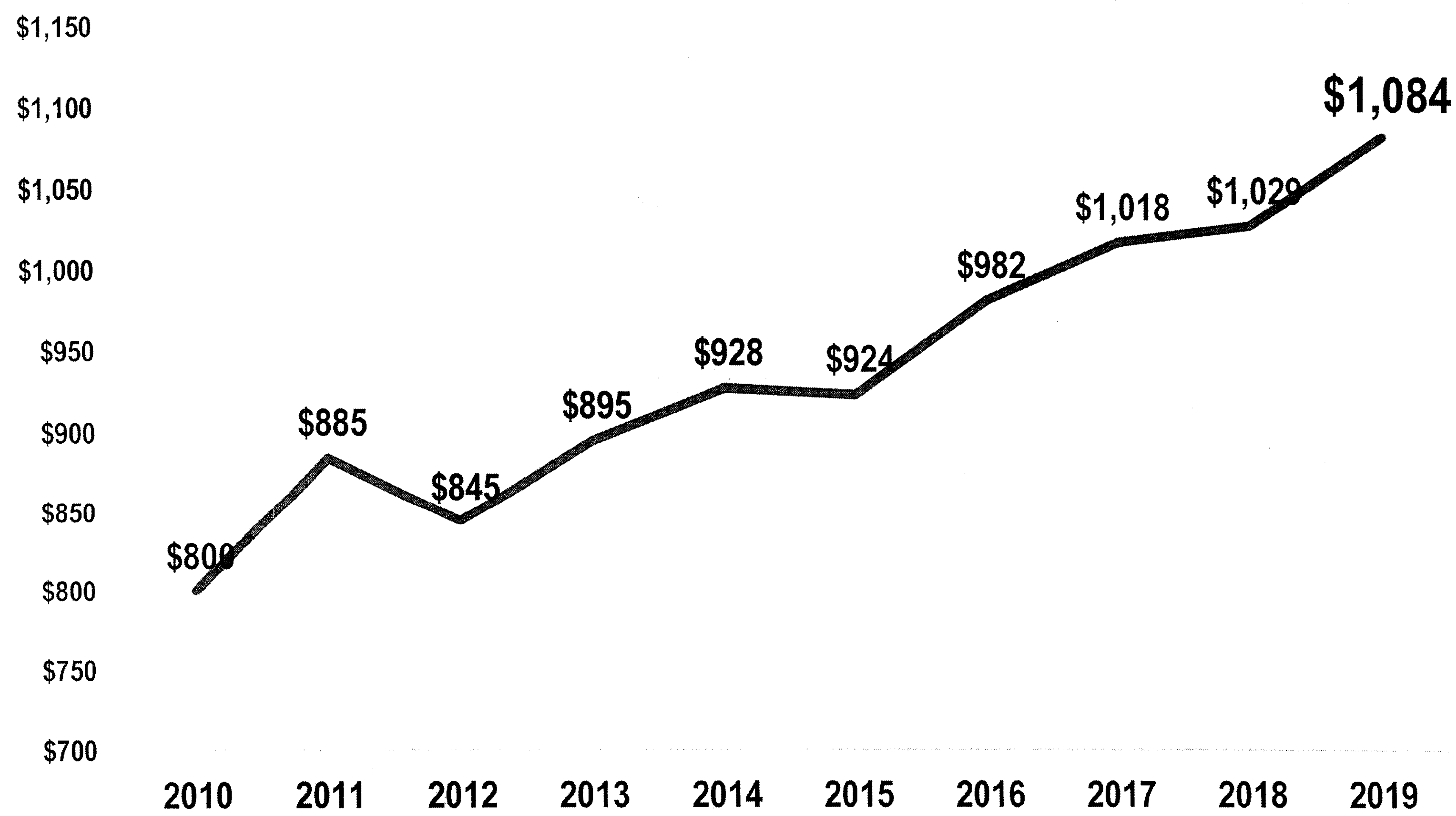
magellan STRATEGY GROUP



Source: The Economic Impact of Travel on North Carolina Counties *prepared for Visit NC by the U.S. Travel Association*

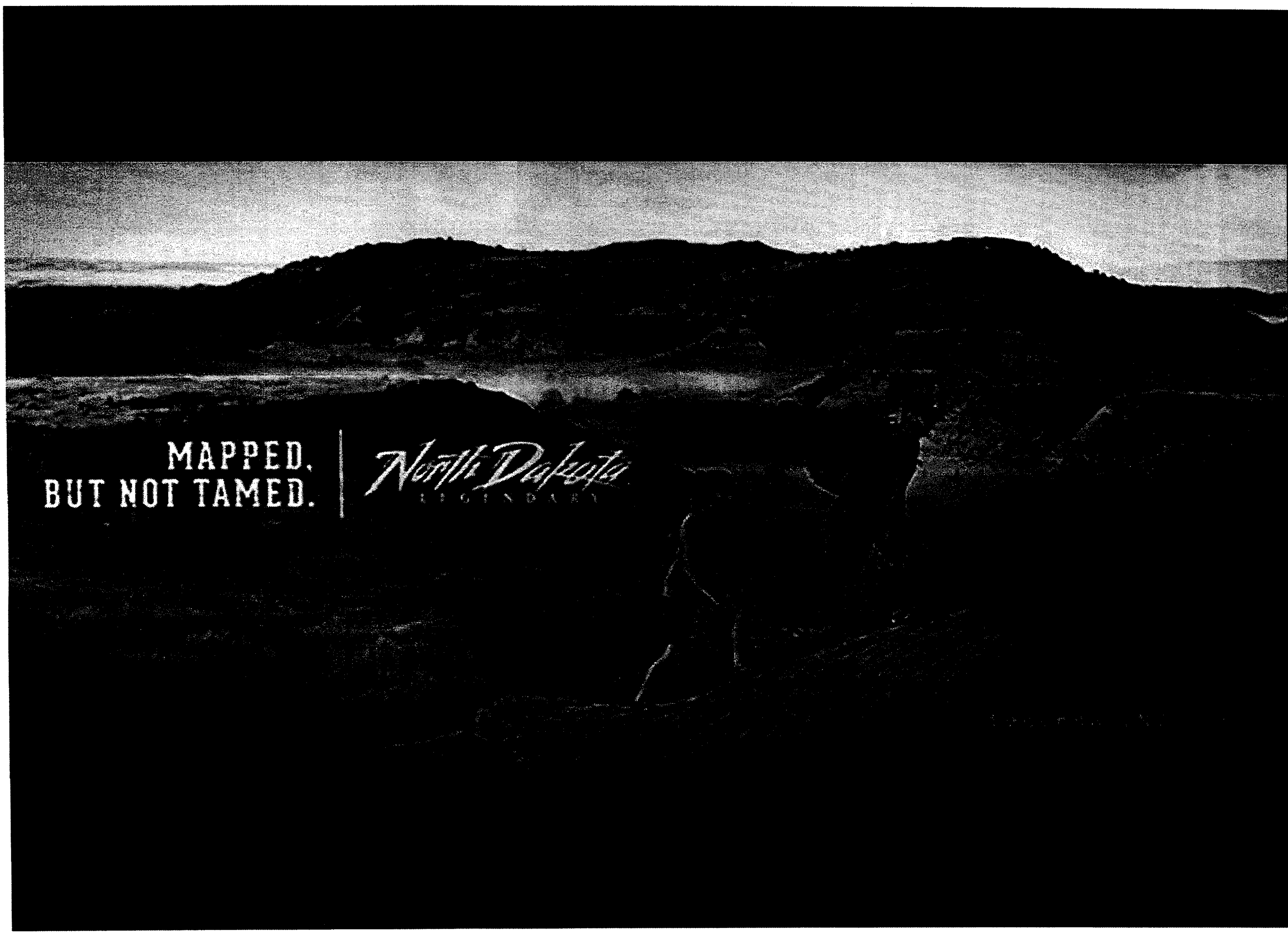
Local and State Tax Savings Generated by Tourism per Moore County Household, 2010-2019

magellan STRATEGY GROUP



Source: The Economic Impact of Travel on North Carolina Counties *prepared for Visit NC by the U.S. Travel Association*


The Catalytic Impacts of
DESTINATION PROMOTION
Building Transport Networks
Raising Quality of Life
Raising Destination Profile
Attracting Strategic Events



MAPPED.
BUT NOT TAMED.
North Dakota
LEGENDARY

Those who saw the North Dakota tourism campaign were more likely to think of ND as…

magellan
STRATEGY GROUP

A good place to live? Yes, up 41%.

A place to start a career? Yes, up 100%.

A place to start a business? Yes, up 75%.

A place to attend college? Yes, up 87%.

A place to purchase a second home? Yes, up 113%

A place to retire? Yes, up 75%.

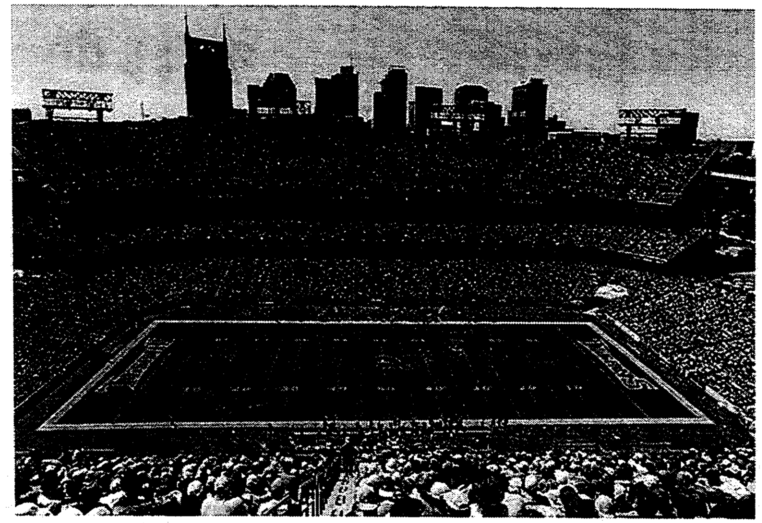
Source: *Why Tourism Advertising Is More Powerful Than You Think*, Forbes.com 3/19/2015

What is "Destination Enhancement"?

magellan STRATEGY GROUP

1. Brick-and-mortar capital projects

- Convention centers
- Arenas and stadiums
- Other sports facilities
- Performing arts venues
- Attractions like museums
- Parks, greenways, and trails
- "Placemaking" initiatives, such as streetscapes and public art
- Visitor centers
- Wayfinding

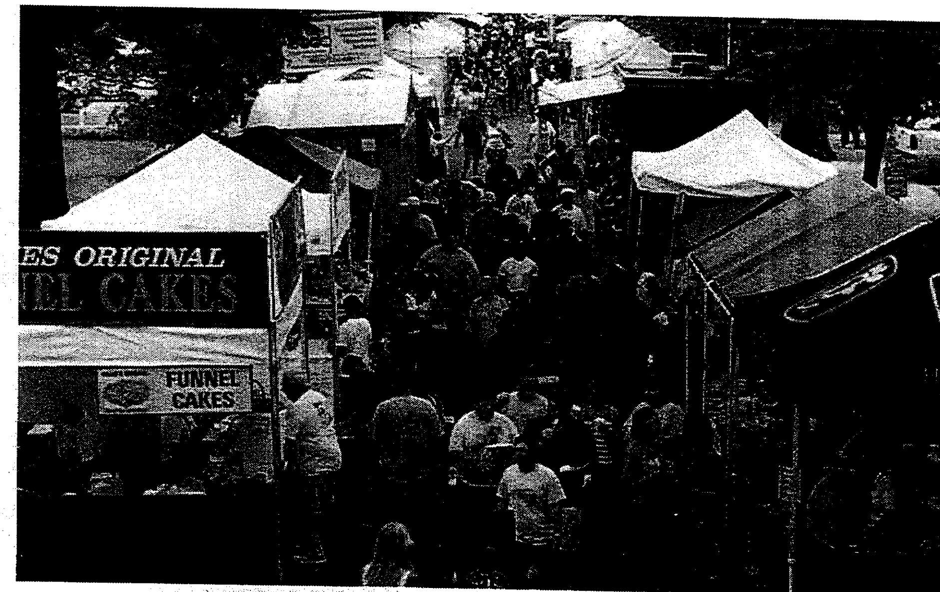


What is “Destination Enhancement”?

magellan STRATEGY GROUP

2. “Soft” product, typically non-capital investments

- Festivals and events
- Sporting events
- Concerts
- Exhibitions

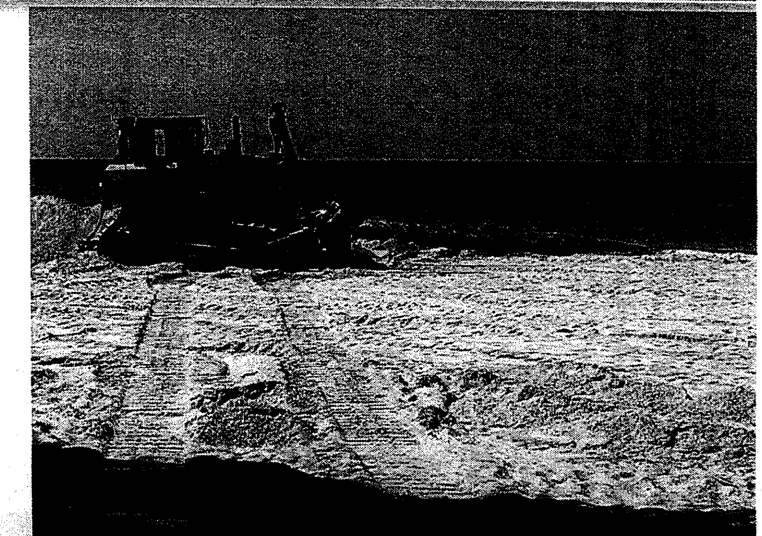


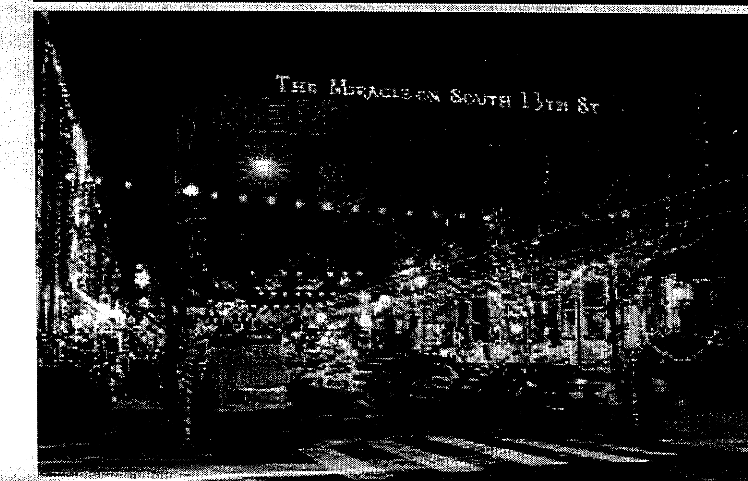
What is "Destination Enhancement"?

magellan STRATEGY GROUP

3. Other Examples

- Beach renourishment
- Maintaining the visit experience
- Holiday decorations, etc.
- Marketing-focused "trails" that tie together existing assets (Kentucky Bourbon Trail, etc.)



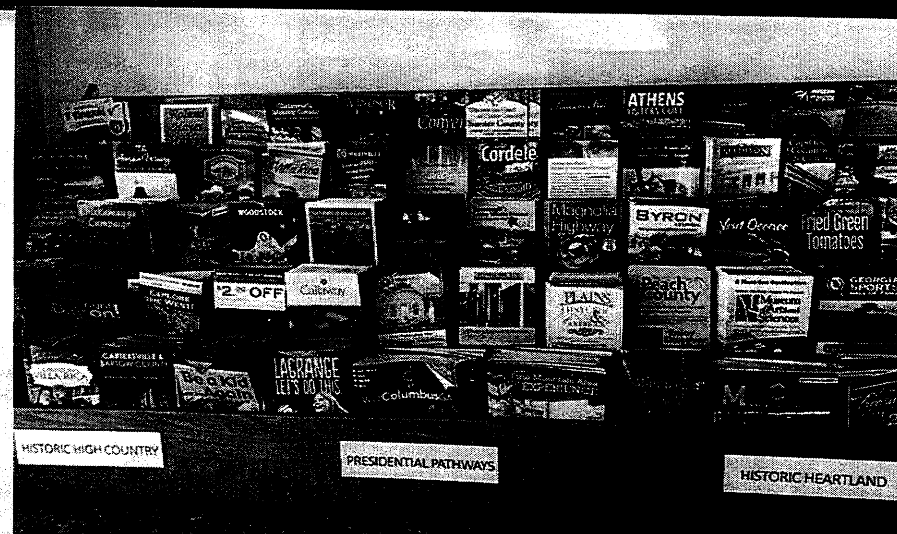


Evolving from Destination <u>Marketer</u> to Destination <u>*Manager*</u>

magellan STRATEGY GROUP

"Old School" Destination Marketing Organizations…

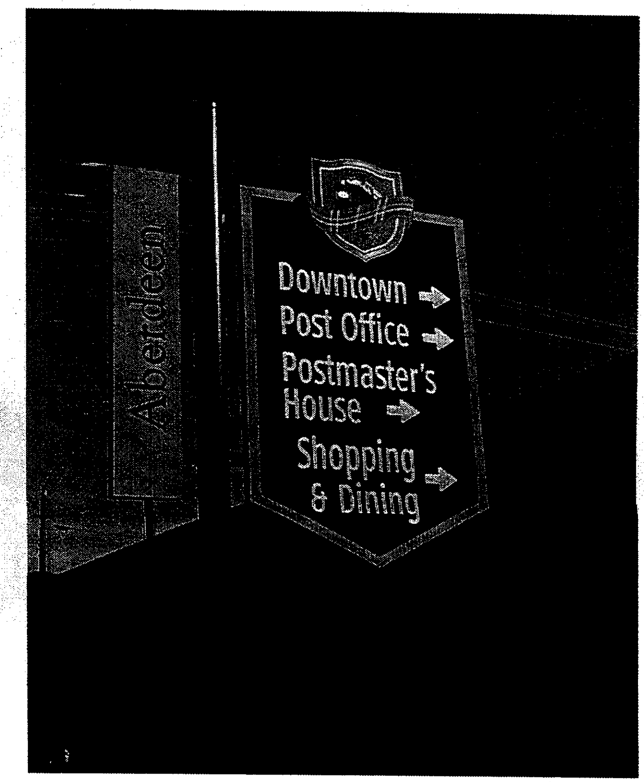
- Mostly sales and marketing focused—highly traditional
- Little emphasis upon the destination brand
- Little collaboration with local governments and economic development entities



New Roles of a Destination *Management* Organization

magellan STRATEGY GROUP

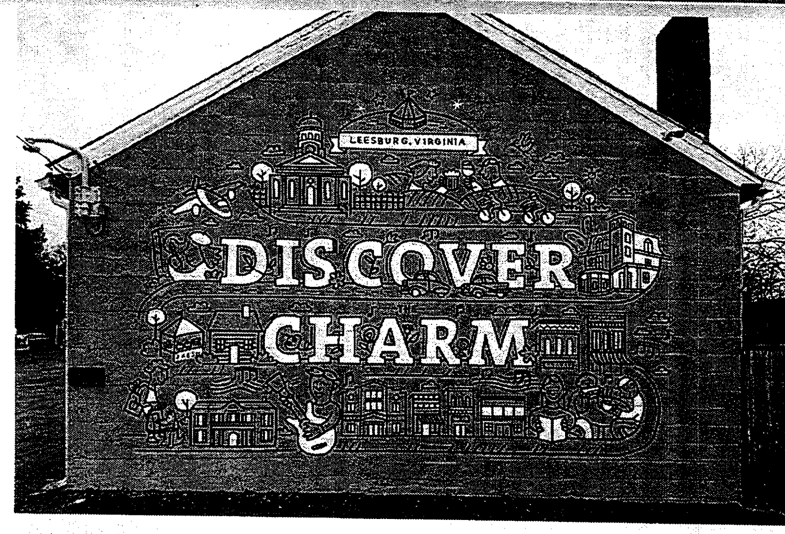
- Destination sales and marketing
- Catalyst for tourism enhancement
- Active (rather than passive) supporter of tourism growth
- Helps identify sources of project funding
- Works closely with local, state, and federal governments
- Critical partner in economic development
- Brings stakeholders together for collaboration and mutual benefit



Some Characteristics of Successful Destination Enhancement

magellan STRATEGY GROUP

- Supports the brand
- Has clear strategic objectives
- Has realistic success expectations
- Has a well-defined target audience
- Builds upon destination strengths
- Enhances quality of life
- Has a good business plan
- Has an implementation plan
- Accessible to visitors
- Measurable success metrics
- Has buy-in
- Meets a visitor need



Building Upon Existing Assets

magellan STRATEGY GROUP

"This current destination asset

PLUS

____

would make us a better place to live and visit."

NC Occupancy Tax and Tourism Development Authority Components

magellan STRATEGY GROUP

Legislation
- Mandate
- *Already in place in Moore County*

Policy
- Manage Risk
- Provide Legal Protection
- Establish Priorities

Process
- Clarity
- Efficiency
- Accountability

Moore County Occupancy Tax Legislation
Authorized by the General Assembly in 2015

magellan STRATEGY GROUP

In Moore County (and many NC destinations), occupancy taxes can be invested in two ways as mandated by your legislation:

- At least 2/3 for the *promotion* of tourism: *"To advertise or market an area or activity, publish and distribute pamphlets and other materials, conduct market research, or engage in similar promotional activities that attract tourists or business travelers to the area."*

- Up to 1/3 for "*tourism-related expenditures*": *"Expenditures that, in the judgement of the Moore County TDA, are designedd to increase the use of lodging facilities, meeting facilities, or convention facilities in the county or to attract tourists or business travelers to the county. The term includes tourism-related capital expenditures."*

"Tourism-Related" Expenditures

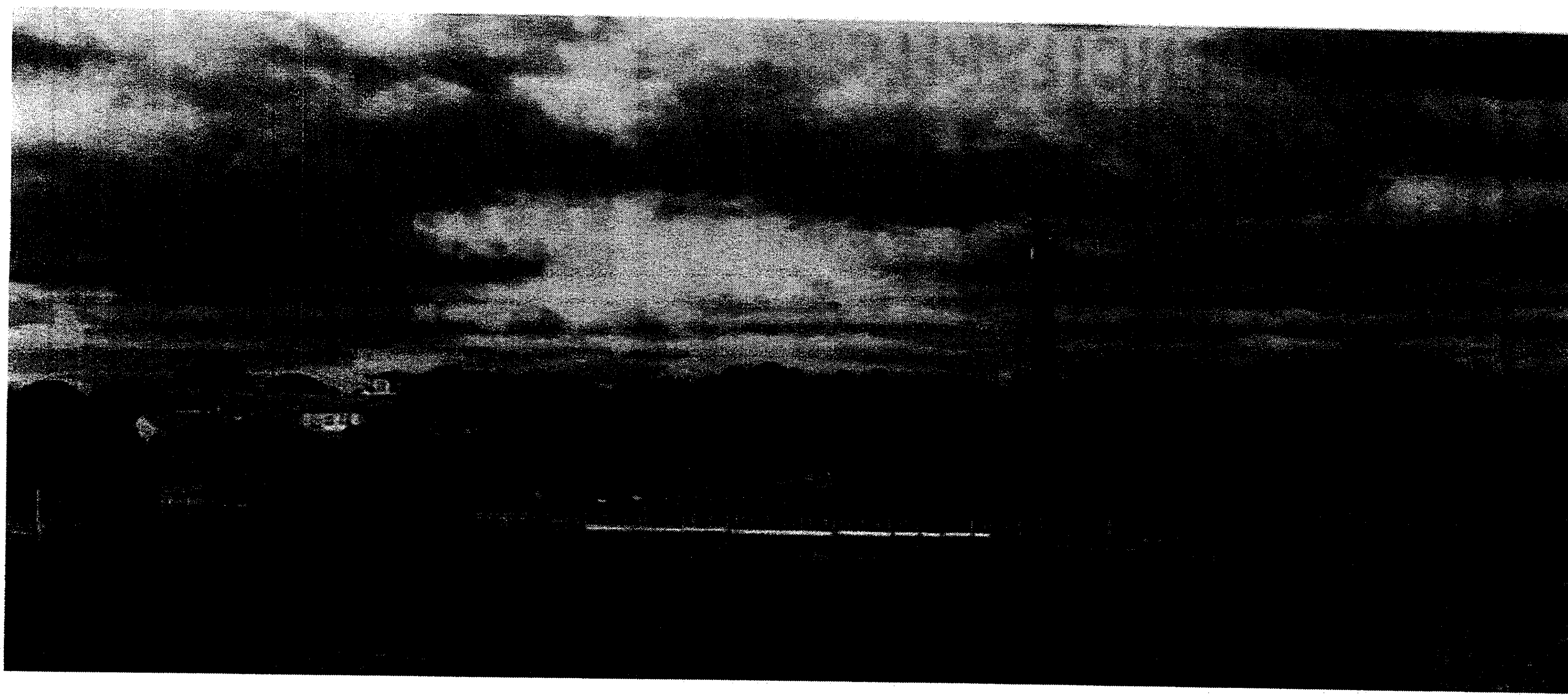
magellan STRATEGY GROUP

- Before occupancy tax guidelines were adopted by the House of Representatives in 1997, a few communities allocated taxes to their general fund or to areas such as fire, police, and waste disposal.
- Guidelines allow for permissible uses of up to 1/3 of tax revenue for beach nourishment in coastal NC destinations and "tourism-related expenditures."
- "*Tourism-related*" has been used to justify a variety of expenditures in other communities, some of which are model practices and some of which are legally questionable.


What's a "tourism-related expenditure"?

CURRITUCK SLAPPED WITH SUIT OVER $40 MILLION IN OCCUPANCY TAX SPENDING

May 23, 2019 · OBX Today · Featured · Comments Off



PINEHURST
SOUTHERN PINES
ABERDEEN AREA
Home of American Golf

WHAT WE CAN DO VS. WHAT WE CAN'T:

INVESTMENT OPTIONS IN ADDITION TO DESTINATION PROMOTION

Uses of NC Occupancy Tax Funding: Potential Options

magellan STRATEGY GROUP

A. Dedicated funding for construction and/or operation of a specific large tourism-related capital project, such as a convention center, auditorium, stadium, or arena

- Requires years of planning for a specific project before legislation can be drafted and approved for direct funding support.
- Relatively low amount of occupancy tax revenue funding available for debt service on a major project.
- No flexibility for other project funding—ties up funding support for many years to come.
- Funded projects (like convention centers) may or may not be used by residents.

Uses of NC Occupancy Tax Funding: Potential Options

magellan STRATEGY GROUP

B. Event Grants

- Popular in many destinations as a means of supporting events which drive visitation, enhance the destination, and support the brand.
- Typically awarded via a competitive application process.
- A strong event grant funding process should have valid and transparent criteria for awards.
- Not all events contribute to visitation, enhance the destination, or support the brand, so they must be awarded in keeping with the board's fiduciary duty.

Uses of NC Occupancy Tax Funding: Potential Options

magellan STRATEGY GROUP

C. Tourism-related Destination Enhancement Grants

Example: Buncombe County Tourism Product Development Fund (TPDF)

- Only bricks-and-mortar capital projects.
- Grants distributed via a competitive application and review process.
- Legislation: *"To be a qualified project, a project must be expected to significantly increase patronage of lodging facilities."*
- 1.5% of total 6% occupancy tax rate currently dedicated to fund.
- Fund can build a balance and need not be exhausted in a single year.
- Cannot be the only source of funding—at least 50% match required.
- Largest source of grant funding in western North Carolina until 2020.

BUNCOMBE COUNTY TOURISM PRODUCT DEVELOPMENT FUND

$44 MILLION IN TPDF GRANTS AWARDED TO 39 COMMUNITY PROJECTS SINCE 2001

INCLUDING $22 MILLION FOR CITY OF ASHEVILLE-OWNED ASSETS

ASHEVILLE COMMUNITY THEATRE

THEATRE EXPANSION & RENOVATION

2016

$1,000,000

NORTH CAROLINA ARBORETUM

BONSAI GARDEN, LIGHTS, & PARKING EXPANSION

2003 & 2018

$1,655,000

ASHEVILLE ART MUSEUM
MUSEUM EXPANSION & RENOVATION

CITY OF ASHEVILLE
ARENA RENOVATIONS

2010, 2012, 2013, 2016
$5,675,000

RIVERFRONT DESTINATION DEVELOPMENT

2014, 2015, 2017

$7,100,000

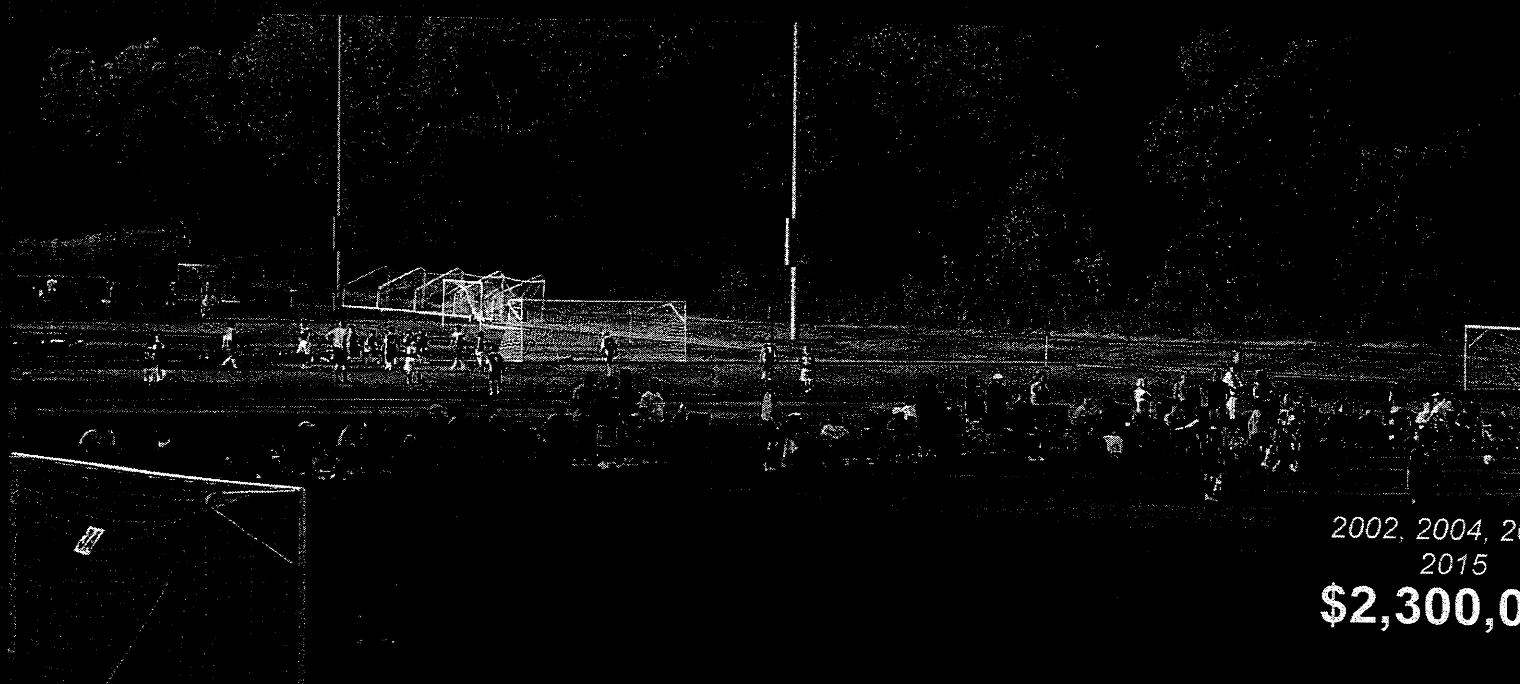
WOODFIN GREENWAY & BLUEWAY

2017

$2,250,000

ASHEVILLE BUNCOMBE YOUTH SOCCER ASSOCIATION

JOHN B. LEWIS SOCCER COMPLEX

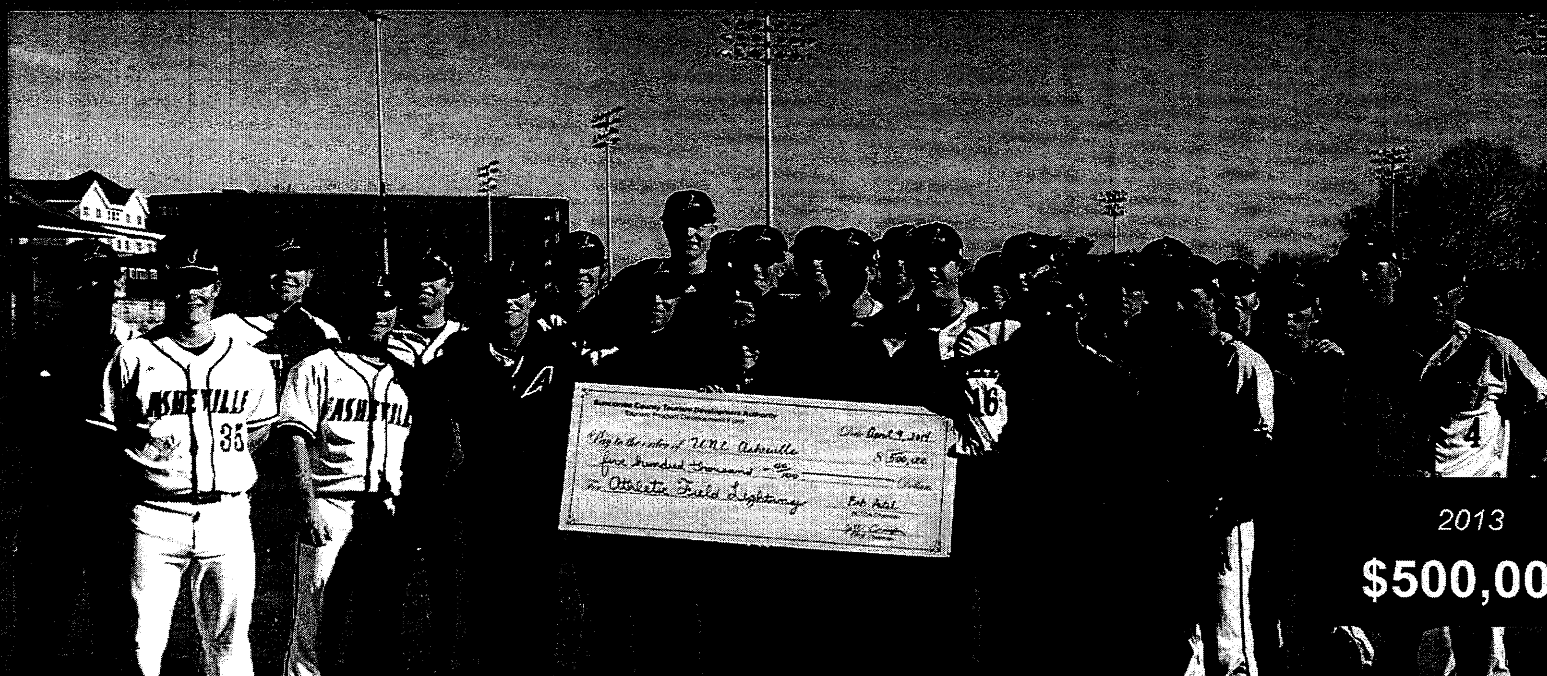


2002, 2004, 2009, 2015

$2,300,000

UNC ASHEVILLE

SPORTS FIELD LIGHTING



2013

$500,000

MONTREAT COLLEGE

PULLIAM STADIUM PHASE II

2016

$350,000

ENKA YOUTH SPORTS ORGANIZATION

BOB LEWIS BALLPARK

2014

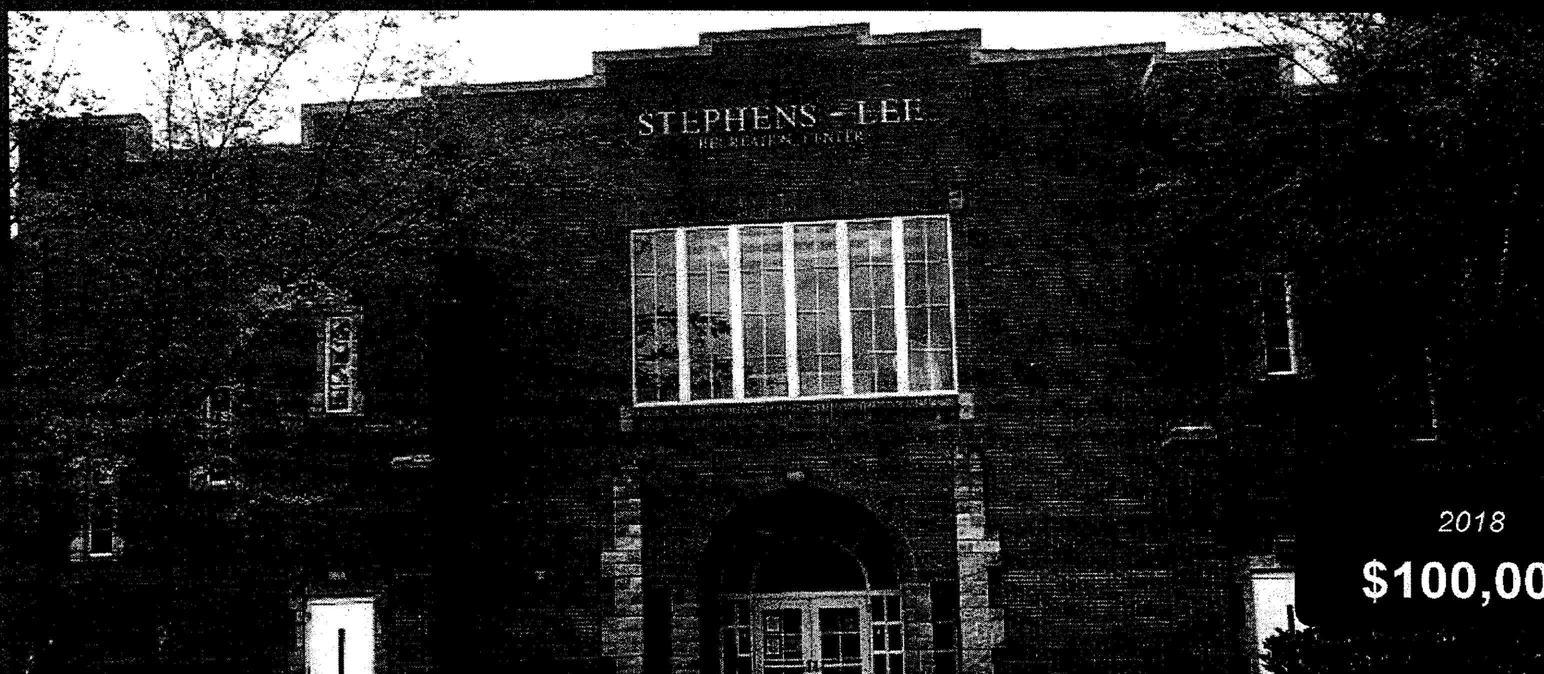
$2,000,000

NATIONAL CRAFT INNOVATION HUB

CENTER FOR CRAFT

AFRICAN AMERICAN HERITAGE MUSEUM AT STEPHENS-LEE RECREATION CENTER

RIVER FRONT DEVELOPMENT GROUP



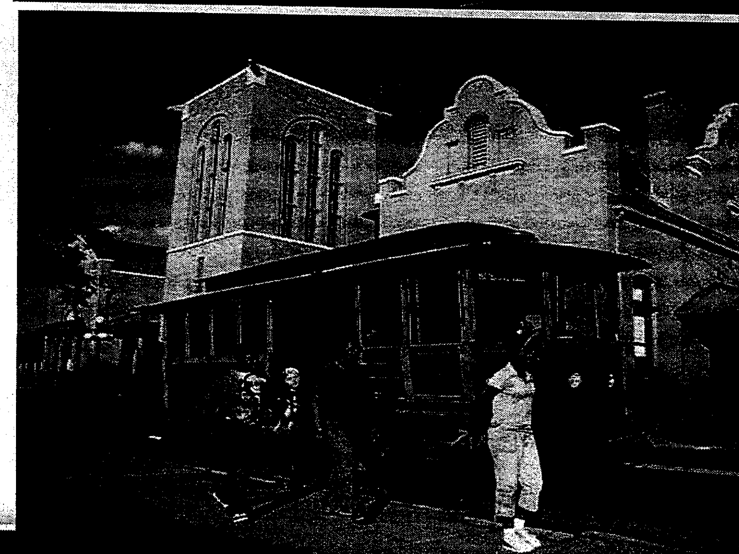
2018

$100,000

Salisbury and Rowan County

magellan STRATEGY GROUP

- 2012 tourism master plan jumpstarted a focus upon destination enhancement.
- *Enhancement first, then marketing.*
- Enabled a holistic approach to growth of the visitor economy.
- Focus is on both short-term (room nights) and long-term (benefit to the community and destination) objectives.
- *"How does the investment build the visitor economy?"*



Salisbury and Rowan County

magellan STRATEGY GROUP

Destination enhancement support via:

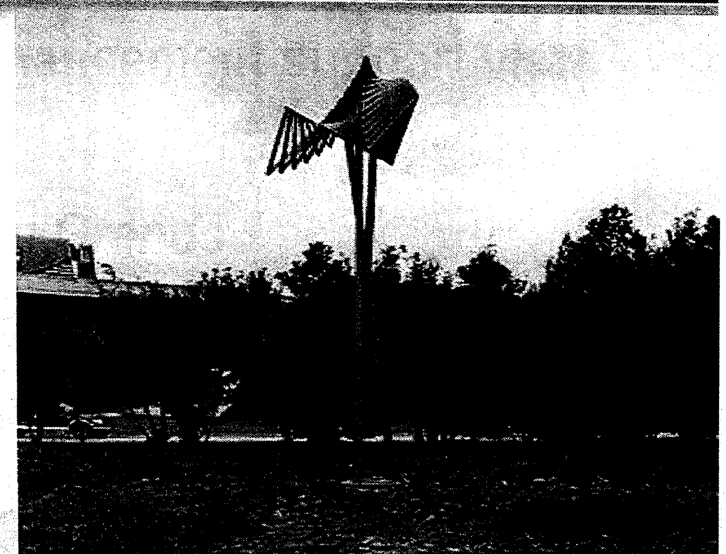
Tourism Capital Grands

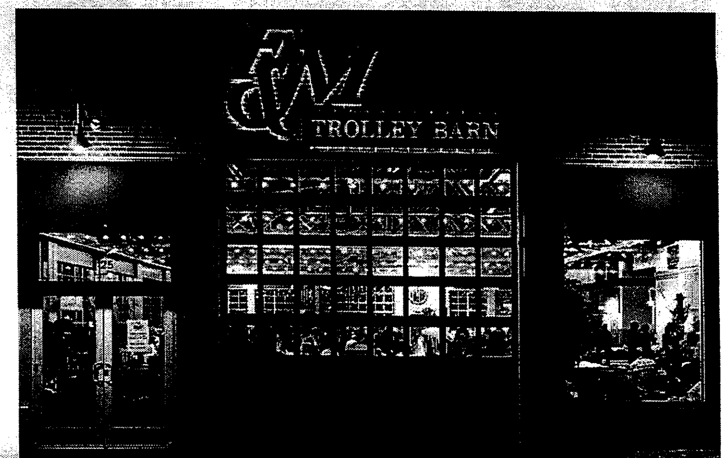
Tourism Marketing & Sponsorship Funds

Lending Support

In-kind Services

- Planning assistance, public relations, advertising, administration





Enhancing Moore County as a Place to Live and Visit

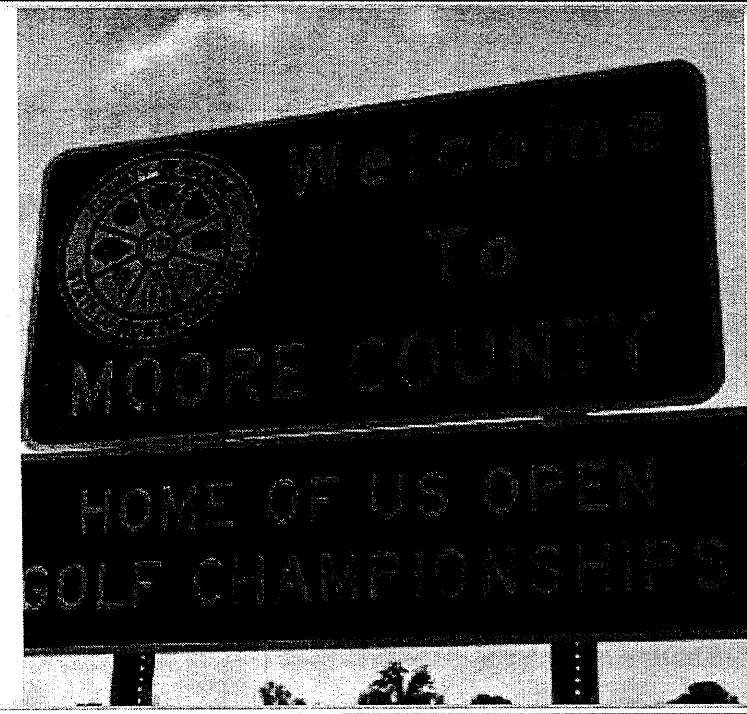
magellan STRATEGY GROUP

Focus upon what you can do as a community with this opportunity, not what you can't.

How can occupancy tax revenues best be leveraged for the good of the entire destination as a strategic investment?

Success requires…

- Collaboration
- Discipline
- Policy
- Process
- Vision



magellan
STRATEGY GROUP

Enhancing Moore County as a Place to Live and Visit Through Smart Occupancy Tax Investments

Chris Cavanaugh
Magellan Strategy Group

THE CVB IS...

- The liaison between potential visitors and the local travel industry
- The CVB is an information clearinghouse, promotional agency, and catalyst for economic, product and social development
- Another term is, "*Destination Marketing Organization*" for Moore County
- We are the 11th highest tourism economy in N.C.
- Revenue/budget generated from the county occupancy tax (3%). We market to generate overnight stays

CVB MISSION STATEMENT

- The CVB will devise strategies to enhance the entire County's tourism brand value and product to accommodate the next generation of visitors, thereby stimulating the local economy and enhancing the quality of life for residents and visitors alike.

THE CVB
CURRENT STAFF 2021

- Phil Werz – President & CEO
- Beverly Stewart – Executive VP
- Lisa Long – Creative Director
- Karin Toomey – Digital Marketing Mgr.
- Dan Dreyer – Destination Storyteller
- Donna Garner – Staff Accountant

CVB BOARD OF DIRECTORS 2020-21

- CVB Officers
  - Tom Beddow, Chairman, CCNC President
  - Tom Pashley, Vice-Chairman; President, Pinehurst Resort
  - Kelly Miller, Secretary/Treasurer; President, Pine Needles/Mid Pines
- Remaining CVB BOD
  - Bonnie McPeake, Owner, McPeake Hotels
  - Matt Hausser, GM, Talamore Resort
  - Andy Hofmann, Pine Crest Inn
  - Linda Parsons, Pres, Moore Co. COC
  - George Little, Local Businessman
  - Frank Quis, Chairman, Moore Co Commissioners
  - Ex-Officio: Wayne Vest, County Manager; Pat Corso, Executive Director, Partners in Progress
  - Caroline Xoing, County Finance Officer

NORTH CAROLINA
VISITOR SPEND BY COUNTY

Occ. Tax Rate	County	2019 Visitor Expenditures	Visitor $ Rank	Population	Pop. Rank	Tax Savings Per Resident**	Tax Sav. Rank
6%	Mecklenburg	5,998 M	1	1,074,475	1	$384	14
6%	Wake	2,563	2	1,069,079	2	$174	37
6%*	Guilford	1,592	3	527,868	3	$217	27
6%	Buncombe	1,294	4	256,886	7	$405	13
6%	Dare	1,267	5	36,222	66	$3,123	1
6%	Forsyth	1,002	6	375,195	4	$202	28
6%	Durham	913	7	311,848	6	$249	21
6%*	New Hanover	658	8	227,938	9	$246	22
6%*	Brunswick	633	9	131,815	24	$474	8
6%	Cumberland	601	10	332,861	5	$134	45
3%	**Moore**	**563**	**11**	**100,880**	**28**	**$445**	**10**
6%	Watauga	285	12	54,925	51	$435	11

Source: partners.visitnc.com/economic-impact-studies

*Effective Rate

**Combined state and local taxes paid by visitors divided by local population

MOORE COUNTY OCCUPANCY TAX COLLECTIONS

	2020-21	2019-20	2018-19	2017-18
JULY	$150,989	$156,375	$149,634	$142,235
AUG	$151,873	$188,537	$145,625	$134,755
SEPT	$173,463	$185,535	$163,425	$166,132
OCT	$233,743	$243,148	$224,454	$180,761
NOV	$143,378	$154,081	$147,628	$132,186
DEC	$68,834	$93,656	$76,051	$69,032
JAN	$88,934	$86,926	$85,222	$61,351
FEB	$95,000	$106,486	$95,756	$79,258
MAR	$122,000	$76,531	$162,786	$138,415
APR	$150,000	$17,655	$220,671	$211,590
MAY	$145,000	$53,264	$240,607	$184,746
JUNE	$135,000	$118,516	$173,846	$144,915
TOTALS	**$1,658,214**	**$1,480,710**	**$1,885,704**	**$1,645,378**

*Budget

OCCUPANCY TAX GUIDELINES

At least… $\frac{2}{3}$

Promote Travel & Tourism

- Traditional Marketing & Advertising
- More $ expands our impact and opportunities
- Current efforts are creative & effective

…the remainder $\frac{1}{3}$

Tourism-Related Expenses

- Increase use of lodging facilities
- Debated over the past several years

GUIDELINES FOR OCCUPANCY TAX LEGISLATION

Since 1983, the General Assembly has authorized many units of local government to levy a room occupancy tax. In several instances, the General Assembly has authorized both a county and a city within that county to impose an occupancy tax. The rate of tax, the use of the tax proceeds, the administration of the tax, and the body with the authority to determine how the tax proceeds will be spent vary considerably.

Over the past several years, there has been a greater effort to make the occupancy taxes uniform. In 1997, the General Assembly enacted uniform municipal and county administrative provisions for occupancy tax legislation – G.S. 153A-155 and G.S. 160A-215. These provisions provide uniformity in the areas of levy, administration, collection, repeal, and penalties.

The North Carolina Travel and Tourism Coalition (NCTTC) has a policy statement for legislation authorizing local occupancy taxes. Many of the principles contained in its statement are similar to the ones established by the House Finance Committee in 1993. Subsequently, the House Finance Committee established the Occupancy Tax Subcommittee, which regularly reviews occupancy tax legislation and looks for the inclusion of the following uniform provisions in the bills it considers:

- **Rate** – The county tax rate cannot exceed 6% and the city tax rate, when combined with the county rate, cannot exceed 6%.
- **Use** – At least two-thirds of the proceeds must be used to promote travel and tourism and the remainder must be used for tourism-related expenditures, which may include beach nourishment. However, local governments in coastal counties may allocate up to 50% of occupancy tax proceeds for beach nourishment, so long as all remaining proceeds are used for tourism promotion and provided that the use of occupancy tax proceeds for beach nourishment is limited by either a statutory cap or sunset provision.[1]
- **Definitions** The terms "net proceeds", "promote travel and tourism", "tourism-related expenditures", and "beach nourishment" are defined terms:
  - **Net proceeds** – Gross proceeds less the costs to the city/county of administering and collecting the tax, as determined by the finance officer, not to exceed 3% of the first $500,000 of gross proceeds collected each year and 1% of the remaining gross receipts collected each year.
  - **Promote travel and tourism** – To advertise or market an area or activity, publish and distribute pamphlets and other materials, conduct market research, or engage in similar promotional activities that attract tourists or business travelers to the area; the term includes administrative expenses incurred in engaging in these activities.
  - **Tourism-related expenditures** – Expenditures that, in the judgment of the Tourism Development Authority, are designed to increase the use of lodging facilities, meeting facilities, and convention facilities in a city/county by attracting tourists or business travelers to the city/county. The term includes tourism-related capital expenditures.
  - **Beach Nourishment**[2] – The placement of sand, from other sand sources, on a beach or dune by mechanical means and other associated activities that are in conformity with the North Carolina Coastal Management Program along the North Carolina shorelines and connecting inlets for the purpose of widening the beach to benefit public recreational use and mitigating damage and erosion from storms to inland property. The term includes expenditures for the following:
    a. Costs directly associated with qualifying for projects either contracted through the U.S. Army Corps of Engineers or otherwise permitted by all appropriate federal and State agencies;
    b. The nonfederal share of the cost required to construct these projects;
    c. The costs associated with providing enhanced public beach access; and
    d. The costs of associated nonhardening activities such as the planting of vegetation, the building of dunes, and the placement of sand fences.
- **Administration** – The net revenues must be administered by a local tourism promotion agency, typically referred to as a "Tourism Development Authority," that has the authority to determine how the tax proceeds will be used, is created by a local ordinance, and at least ½ of the members must be currently active in the promotion of travel and tourism in the taxing district and 1/3 of the members must be affiliated with organizations that collect the tax.[3]
- **Costs of Collection** – The taxing authority may retain from the revenues its actual costs of collection, not to exceed 3% of the first $500,000 collected each year plus 1% of the remainder collected each year.
- **Conformity with Other Local Occupancy Taxes** – In 2008, the NCTTC formally revised its policy position with regard to occupancy taxes to include a statement that if a city seeks to impose a new occupancy tax or increase its existing tax on lodging facilities in a county that also has an existing occupancy tax, the county occupancy tax must conform to the guidelines in order for the Coalition to support the proposed municipal tax. During the 2009 Regular Session, the House Finance Chairs[4] considered the revised policy statement of the NCTTC but declined to amend the House Finance Committee's Guidelines for Occupancy Tax accordingly.

Research Division
NC General Assembly
Revised 9/3/13

[1]In May 2013, the North Carolina Travel and Tourism Coalition passed a resolution supporting a modification to the Occupancy Tax Guidelines to allow local governments in coastal counties to allocate up to 50% of occupancy tax proceeds for Beach Nourishment, so long as all remaining proceeds are used for tourism promotion and provided that the use of occupancy tax proceeds for Beach Nourishment is limited by either a statutory cap or sunset provision.

[2]During the 2001 Regular Session, the Occupancy Tax Subcommittee of the House Finance Committee considered several bills authorizing the use occupancy tax proceeds for beach nourishment. Although "beach nourishment" was not among the uses contained in the uniform guidelines, the subcommittee nevertheless concluded that beach nourishment was an acceptable expansion of the occupancy tax use provisions. In doing so, the subcommittee drafted this uniform definition of beach nourishment for use in occupancy tax legislation.

[3] In March 2005, the House Finance chairs decided to change the percentage of members that must be currently active in the promotion of travel and tourism from ¾ to ½. The House Finance chairs in 2005-06 were: Representatives Alexander, Gibson, Howard, Luebke, McComas, and Wainwright.

[4] During the 2009-2010 Session, the House Finance chairs were: Representatives Luebke, Wainwright, Weiss, and Gibson.

HOW IS IT SPENT?
MARKETING MIX 2019-2020

A. Leisure/Consumer:	*43%*
Many of the services and marketing programs that a CVB provides are included in this category, as well as a media specific schedule. They include production/printing of the Official Destination Guide, the Essentials Guide (calendars of events, restaurants) as well as the cost of promotional items (golf tees, koozies, chap stick, sunglasses, sharpies, ball markers), and the costs to promote the leisure non-golf market - equestrian, biking, festivals, cultural tourism, research, and agritourism, sightseeing, event promotion, website development and promotion, photography, social media, and related fulfillment costs.	
B. Golf	*32%*
Includes all marketing expenses related to the development of the general consumer golf market. Includes golf advertising, digital marketing, social media (organic and paid), brochure and ad development/printing, public relations, photography, research, golf event promotions and all fulfillment costs - phone, postage, production, etc. This also includes the commitment to Golf Channel for the second (final) year of our contract.	
C. Conventions/Meetings/Weddings	*22%*
Also referred to as "group business", these expenses are to develop conventions, meetings, direct sales brochures, advertising development and placement, trade shows, website development, social media, and related fulfillment costs. The personnel costs directly related to developing these markets are also included in these marketing/advertising expenses. Remaining percentage 3% includes Google search, retargeting and content activation costs.	

OCCUPANCY TAX INCREASE CONSIDERATIONS

- Return to pre-pandemic levels of market & advertising
- Management effectiveness in driving results
- Desire to promote more aspects of the destination
- Limited concern of demand decrease due to increased tax rate (other tourism counties are already at 6%)
- Opportunity to consider Destination Enhancement Fund

WE'VE REACHED HOTELIER CONSENSUS

Our board (2020), consists of 5 hoteliers representing:

- Pine Crest Inn
- Hilton Garden Inn + Hampton Inn + Towne Place Suites
- Residence Inn
- Pine Needles & Mid Pines
- Pinehurst Resort

OUR RECOMMENDATION

- Increase occupancy tax from 3% to 6% effective 7/1/21
- Results in additional $1.8M annually to promote and enhance Moore County tourism
- Restore CVB marketing budget to pre-pandemic levels

OUR RECOMMENDATION

3 % Increase = $1.8M

At least... **1 % ($600,000)**

Promote Travel & Tourism

- Additional marketing for Moore Co. attractions (Pottery, Arts, Festivals, Music, Food, Beer)

...the remainder **2% ($1.2M)**

Tourism-Related Expenses

- Municipal Event Grant Program
- Destination Enhancement Fund

MUNICIPAL EVENT GRANT PROGRAM - CONCEPT

- ¼ of 1% (approx. $150,000) set aside in Municipal Event Grand Fund
- Create grant process providing towns with funds to enhance local events with out-of-town visitor appeal
- Annual awards with renewal based on performance criteria

DESTINATION ENHANCEMENT FUND

- Designed as an incentive for significant tourism product that drives overnight visitation
- Provides up to 50% matching grant for major projects
- For-profit entities not eligible to receive funding
  - Government, Not-for-Profit & Public/Private Partnership eligible
- County-wide DEF Committee to be established for review and vetting of applications for CVB Board approval
- Projects to be assessed on their ability to generate new overnight visitation as well as impact on the overall county economy

DESTINATION ENHANCEMENT FUND – POTENTIAL PROJECTS

- Moore County Sports Complex
- Aberdeen Sports Complex
- Tufts Archives
- Aberdeen Carolina & Western Railroad Private Train Access & Parking
- So. Pines Reservoir Park Expansion