

Please click the link below to join the webinar:

<https://us02web.zoom.us/j/86411552215?pwd=T1Q5aWQ0TURZTXRVQ3AxRGNuOTBrdz09>

Passcode: 099556 +19292056099 Webinar ID: 864 1155 2215



**CITY OF BEAUFORT**  
1911 BOUNDARY STREET  
BEAUFORT MUNICIPAL COMPLEX  
BEAUFORT, SOUTH CAROLINA 29902  
(843) 525-7070  
**CITY COUNCIL WORKSESSION AGENDA**  
**July 11, 2023**

**STATEMENT OF MEDIA NOTIFICATION**

"In accordance with South Carolina Code of Laws, 1976, Section 30-4-80(d), as amended, all local media was duly notified of the time, date, place and agenda of this meeting."

**WORKSESSION - City Hall, Planning Conference Room, 1st Floor - 5:00 PM**

**Please note, this meeting will be broadcasted via zoom and live streamed on Facebook. You can view the meeting at the City's page; City Beaufort SC**

**I. CALL TO ORDER**

A. Stephen D. Murray III, Mayor

**II. EMPLOYEE NEW HIRE RECOGNITION**

A. Downtown Operations and Community Services - Ashley Brandon

B. Police Department - Morgan Lawson, Colt Miller

**III. PRESENTATION**

A. Interviews of Applicants for Boards, Commissions and Committees

B. Parks and Tourism Fund Revenue Bond

**IV. EXECUTIVE SESSION**

A. Pursuant to Title 30, Chapter 4, Section (70) (a) (1) of the South Carolina Code of Law: Discussion regarding Personnel - Boards, Commissions and Committees

B. Pursuant to Title 30, Chapter 4, Section (70) (a) (1) of the South Carolina Code of Law: Discussion regarding personnel appointed by Council

**V. ADJOURN**



---

**CITY OF BEAUFORT**  
DEPARTMENT REQUEST FOR CITY COUNCIL AGENDA ITEM

---

**TO:** CITY COUNCIL **DATE:** 7/3/2023  
**FROM:** Alan Eisenman, Finance Director  
**AGENDA ITEM**  
**TITLE:** Parks and Tourism Fund Revenue Bond  
**MEETING**  
**DATE:** 7/11/2023  
**DEPARTMENT:** Finance

---

*BACKGROUND INFORMATION:*

David Cheatwood, Managing Director with First Tryon Advisors, assesses Parks and Tourism revenue bond financial impact related to Southside Park and Washington Street Park projects through updating the City's capital planning model.

---

*PLACED ON AGENDA FOR: Discussion*

**REMARKS:**

**ATTACHMENTS:**

Description	Type	Upload Date
Revenue Bond Presentation	Cover Memo	7/3/2023



# First Tryon Advisors

SIMPLIFYING PUBLIC FINANCE

**DAVID CHEATWOOD**  
MANAGING DIRECTOR  
Office: 704.926.2447  
Email: [dcheatwood@firsttryon.com](mailto:dcheatwood@firsttryon.com)  
6101 Carnegie Blvd Suite 210  
Charlotte NC 28209

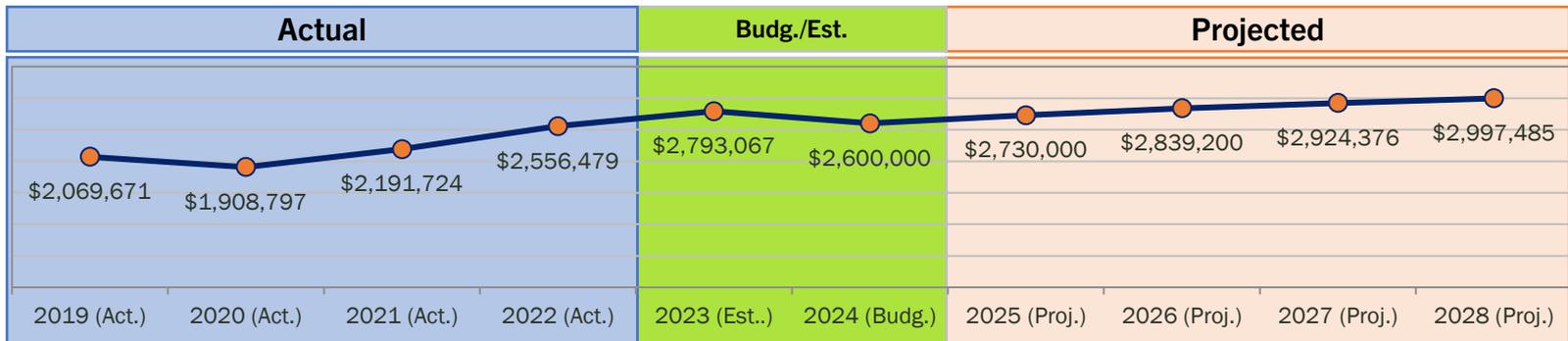
# Overview

- As the City plans for funding upcoming Parks & Tourism related capital projects identified in the FY2024 Budget, particularly Southside Park and Washington Street Park, First Tryon has updated the City's capital planning model to assess the affordability of funding these projects.
  
- The model has been updated to take into consideration the City's historical, budgeted, and projected:
  - Revenues
  - Operating Expenditures
  - Existing and Proposed Debt Service
  - Capital Outlay
  - Fund Balance
  - Debt Service Coverage
  
- The following slides provide a historical and projected overview of the City's Parks & Tourism Fund, focusing on the impact that funding the identified capital projects has on the Fund's Fund Balance and Debt Service Coverage.



# Parks & Tourism Fund Revenue History

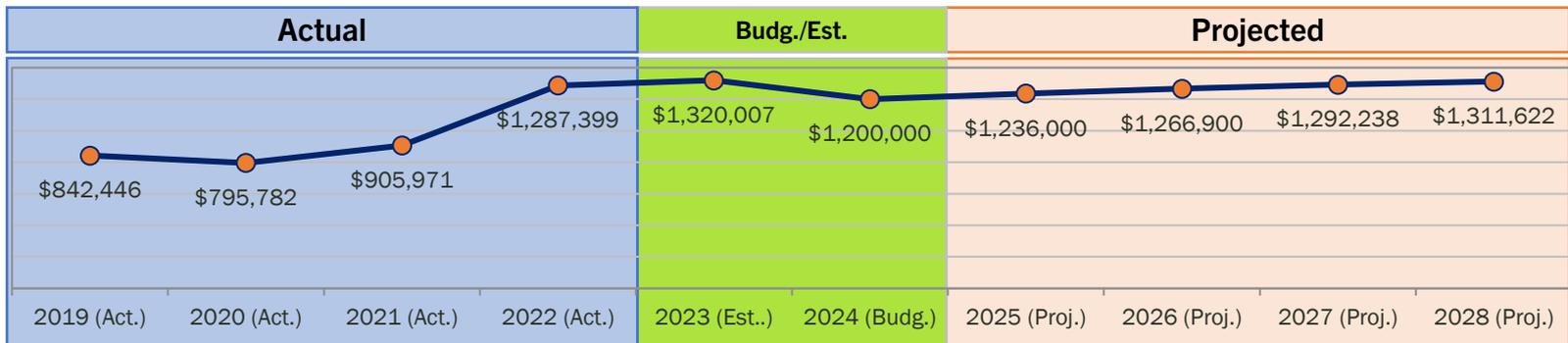
- The City's Parks & Tourism fund revenue consists primarily of Hospitality Fees (55%) and Local Accommodations Fees (26%). The remaining 19% consists of various charges for services and investment earnings.
  
- Hospitality Fees
  - \$2.56 million in FY2022.
  - \$2.79 million in FY2023 Estimates.
  - \$2.6 million in FY2024 Budget.
  - Average growth rate of 5.8% from FY2019 – FY2023.
  - Projected growth off of FY2024 Budget of 5% in FY2025, 4% in FY2026, 3% in FY2027, and 2.50% in FY2028 and beyond.



# Parks & Tourism Fund Revenue History

## Local Accommodations Fees

- \$1.29 million in FY2022.
- \$1.32 million in FY2023 Estimates.
- \$1.2 million in FY2024 Budget.
- Average growth rate of 9.5% from FY2019 – FY2023.
- Projected growth off of FY2024 Budget of 3% in FY2025, 2.5% in FY2026, 3% in FY2027, and 1.50% in FY2028 and beyond.



# Parks & Tourism Fund Revenue History / Projections

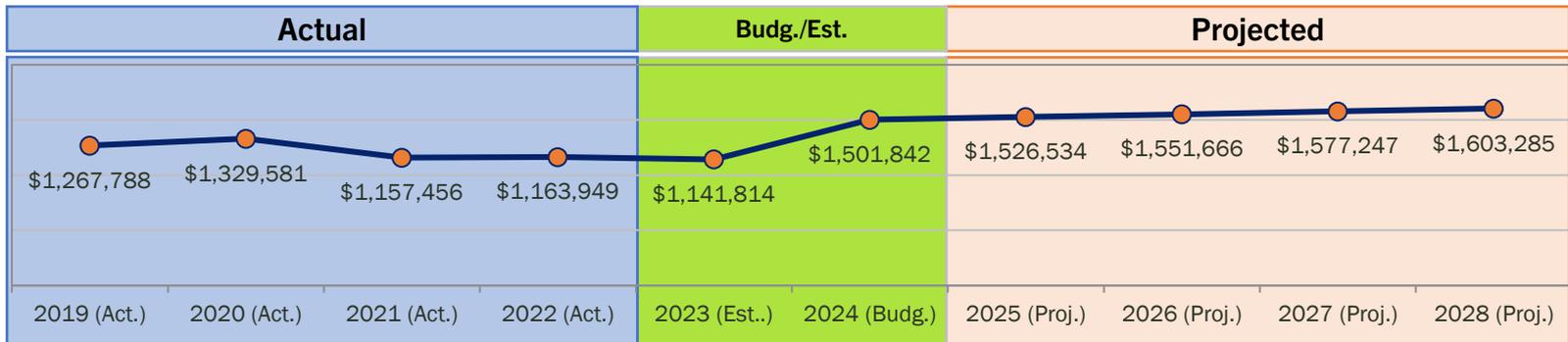
	Actual 2019	Actual 2020	Actual 2021	Actual 2022	Est. 2023
<b>Revenues:</b>					
Total - Charges for Services	836,577	423,627	398,931	753,505	820,295
Total - Investment Earnings	-	2,010	1,682	2,405	54,944
<u>Other Taxes</u>					
Hospitality Fee	2,069,671	1,908,797	2,191,724	2,556,479	2,793,067
Local Accommodation Fee	842,446	795,782	905,971	1,287,399	1,320,007
Total - Other Taxes	2,965,922	2,704,579	3,097,695	3,890,379	4,186,124
Total - Proposed Operating Revenues	-	-	-	-	-
Total revenues	3,802,499	3,130,216	3,498,308	4,646,289	5,061,363
Actual growth		-17.68%	11.76%	32.82%	8.93%

	Budget 2024	Projected 2025	Projected 2026	Projected 2027	Projected 2028
<b>Revenues:</b>					
Total - Charges for Services	513,852	513,852	513,852	513,852	513,852
Total - Investment Earnings	30,000	30,000	30,000	30,000	30,000
<u>Other Taxes</u>					
Hospitality Fee	2,600,000	2,730,000	2,839,200	2,924,376	2,997,485
Local Accommodation Fee	1,200,000	1,236,000	1,266,900	1,292,238	1,311,622
Total - Other Taxes	3,850,000	4,016,000	4,156,100	4,266,614	4,359,107
Total - Proposed Operating Revenues	-	-	-	-	-
Total revenues	4,393,852	4,559,852	4,699,952	4,810,466	4,902,959
Actual growth	-13.19%	3.78%	3.07%	2.35%	1.92%



# Parks & Tourism Fund Expenditure History

- The City's Parks & Tourism fund expenditures consist primarily of a share of the City's Police department expenditures (34%), as well as Parks (29%) and Waterfront Park (13%). The remaining 24% consists Other Downtown Operations, Non-Departmental, Downtown Marina, Parking, and Debt Service.
  
- Police
  - \$1.16 million in FY2022.
  - \$1.14 million in FY2023 Estimates.
  - \$1.50 million in FY2024 Budget.
  - Average growth rate of (1.7)% from FY2019 – FY2023.
  - Projected annual growth off of FY2024 Budget of 2% for personnel and 1% for all other expenditures.



# Parks & Tourism Fund Expenditure History

## › Parks

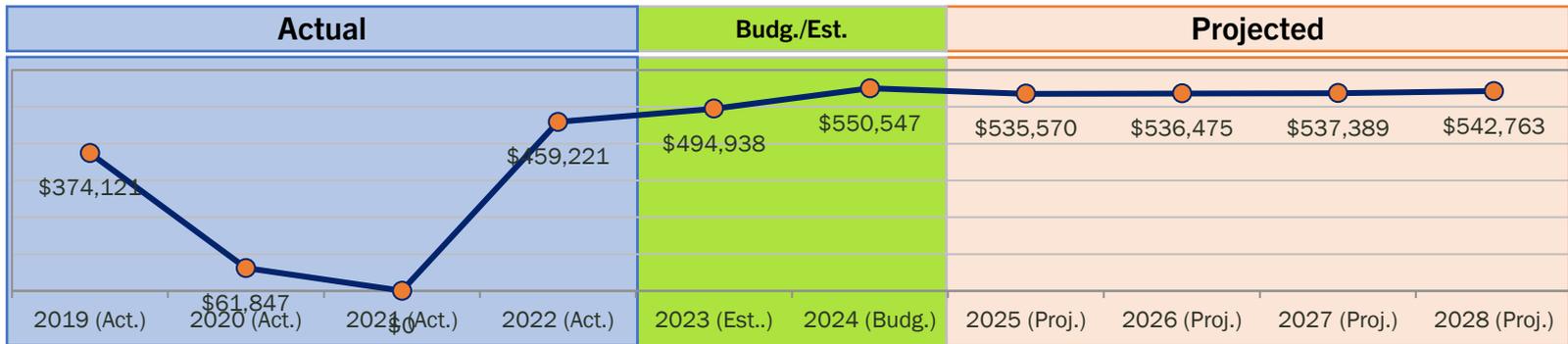
- › \$744,000 in FY2022.
- › \$947,000 in FY2023 Estimates.
- › \$1.28 million in FY2024 Budget.
- › Average growth rate of 2.5% from FY2019 – FY2023.
- › Projected annual growth off of FY2024 Budget of 2% for personnel and 1% for all other expenditures (excluding miscellaneous capital acquisitions).



# Parks & Tourism Fund Expenditure History

## Waterfront Park

- \$459,000 in FY2022.
- \$495,000 in FY2023 Estimates.
- \$550,000 in FY2024 Budget.
- Average growth rate of 5.4% from FY2019 – FY2023.
- Projected annual growth off of FY2024 Budget of 2% for personnel and 1% for all other expenditures (excluding miscellaneous capital acquisitions).



# Parks & Tourism Fund Expenditure History / Projections

	Actual 2019	Actual 2020	Actual 2021	Actual 2022	Est. 2023
<b>Expenditures:</b>					
Total - Non-Departmental	123,807	-	14,890	149,885	167,153
Total - Police	1,267,788	1,329,581	1,157,456	1,163,949	1,141,814
Total - Parks	823,963	1,158,913	1,110,982	743,822	947,301
Total - Downtown Marina	32,717	-	-	30,038	58,612
Total - Waterfront Park	374,121	61,847	-	459,221	494,938
Total - Other Downtown Operations	466,032	444,195	429,952	583,553	749,739
Total - Parking	18,267	-	-	68,737	12,642
Total - Proposed Operating Expenses	-	-	-	-	-
Total - Debt Service (Existing)	309,098	309,097	309,098	309,098	309,098
Total - Debt Service (Proposed)	-	-	-	-	-
<b>Total expenditures</b>	<b>3,415,793</b>	<b>3,303,633</b>	<b>3,022,378</b>	<b>3,508,302</b>	<b>3,881,298</b>
Actual growth		-3.28%	-8.51%	16.08%	10.63%

	Budget 2024	Projected 2025	Projected 2026	Projected 2027	Projected 2028
<b>Expenditures:</b>					
Total - Non-Departmental	158,600	160,186	161,788	163,406	165,040
Total - Police	1,501,842	1,526,534	1,551,666	1,577,247	1,603,285
Total - Parks	1,275,845	1,242,294	1,260,021	1,278,031	1,296,330
Total - Downtown Marina	25,602	25,858	26,117	26,378	26,642
Total - Waterfront Park	550,547	535,570	536,475	537,389	542,763
Total - Other Downtown Operations	508,568	495,747	503,044	510,460	517,998
Total - Parking	63,750	39,138	39,529	39,924	40,323
Total - Proposed Operating Expenses	-	-	-	-	-
Total - Debt Service (Existing)	309,098	309,098	309,098	309,098	-
Total - Debt Service (Proposed)	-	635,609	635,609	635,609	635,609
<b>Total expenditures</b>	<b>4,393,853</b>	<b>4,970,033</b>	<b>5,023,346</b>	<b>5,077,542</b>	<b>4,827,990</b>
Actual growth	13.21%	13.11%	1.07%	1.08%	-4.91%

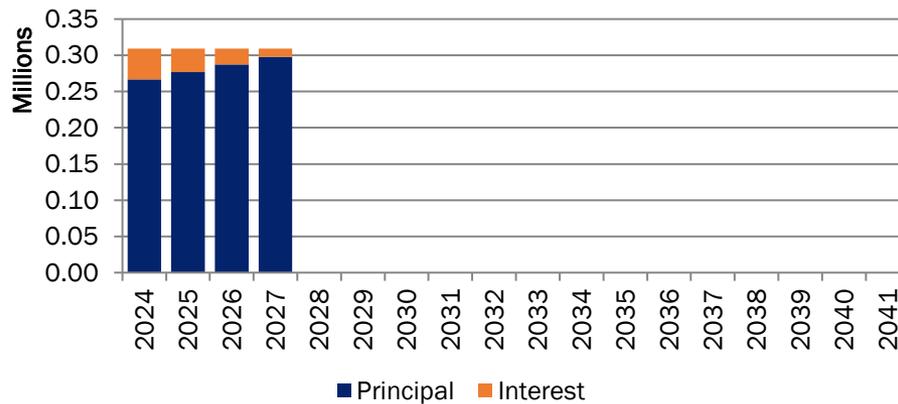


# Parks & Tourism Fund Existing Debt Profile

As of June 30, 2023, the City had \$1,128,902 of long-term Parks & Tourism related debt outstanding.

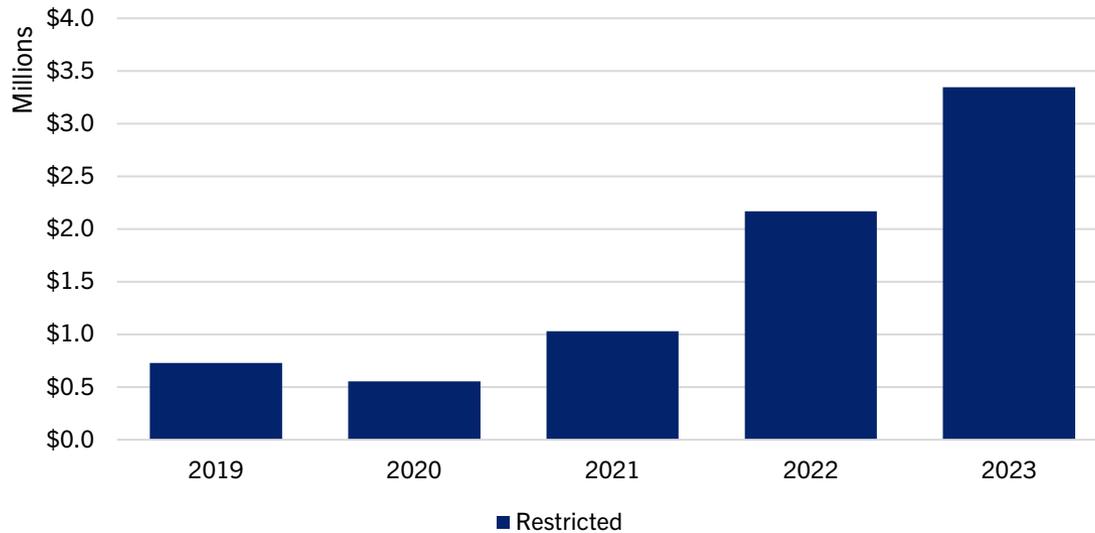
Revenue Bonds						
Series	Description	Par Outstanding	Final Maturity	Call Provision	Avg. Coupon	Use of Proceeds
Series 2011	Hospitality and Accommodations Fee Revenue Bonds	1,128,902	7/27/2026	In whole on any payment date at 101%	3.740%	Refund 2005 and 2007 Lease Purchases
Total		1,128,902			3.740%	

## Revenue Bonds (Hospitality)



# Parks & Tourism Fund Balance History

- ▶ The City has generated positive operating results in each of the last five fiscal years, excluding FY2020, allowing it to add to fund balance.
- ▶ The City's estimated fund balance at the end of FY2023 was \$3.35 million.



# Parks & Tourism Fund Capital Projects

- As part of the City’s FY2024 Budget, it has identified four capital projects that will be funded all or in part out of the Parks & Tourism Fund:

Project	Funding Source				Total
	Parks & Tourism Revenue Bonds	Parks & Tourism Fund Balance	Capital Projects Fund Balance	Grant Funding	
Carnegie Building Roof	-	215,585	40,000	-	255,585
Washington Street Park	945,000	-	-	330,000	1,275,000
Southside Park Phase I- Design Only	-	-	262,866	-	262,866
Southside Park	6,000,000	-	218,000	-	6,218,000
Marina Fuel Tank Replacement	-	75,000	725,000	-	800,000
<b>Total</b>	<b>6,945,000</b>	<b>290,585</b>	<b>1,245,866</b>	<b>330,000</b>	<b>8,811,451</b>

- For the debt related projects, First Tryon has made the following assumptions:
  - Issuance Year: FY2024
  - First Interest: FY2025
  - First Principal: FY2025
  - Term: 15 Years
  - Interest Rate: 4.25%
  - Amortization: Level Debt Service

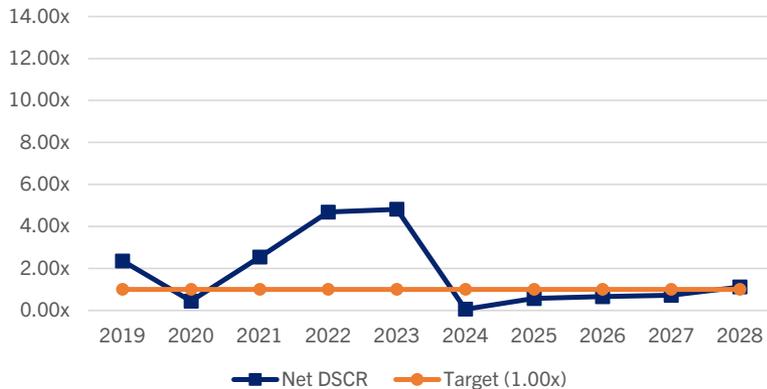


# Parks & Tourism Fund Projections

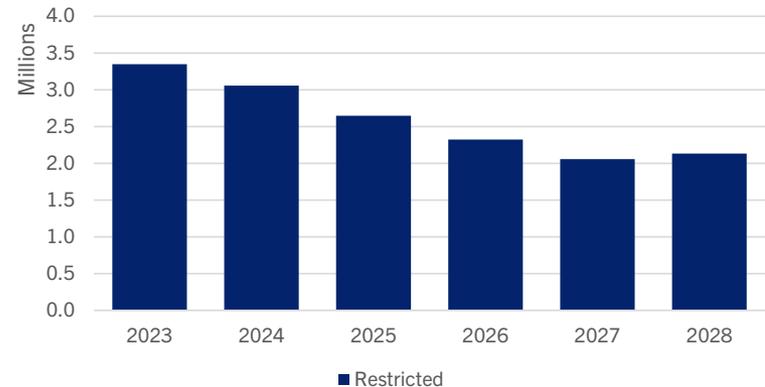
- As seen in the table and graphs below, layering on the proposed \$6.945 million Parks & Tourism Revenue Bond causes expenditures to exceed revenues from FY2025 - FY2027.
- As a result, net debt service coverage is estimated to be below 1.00x from FY2024 – FY2027 / fund balance is estimated to decline from \$3.06 million (FY2024) to a still healthy \$2.06 million (FY2027) before beginning to increase in FY2028 when the existing 2011 Revenue Bond is no longer outstanding.

	Est. 2023	Budget 2024	Projected 2025	Projected 2026	Projected 2027	Projected 2028
Total revenues	5,061,363	4,393,852	4,559,852	4,699,952	4,810,466	4,902,959
Total expenditures	3,881,298	4,393,853	4,970,033	5,023,346	5,077,542	4,827,990
Net change in fund balances	1,180,066	(1)	(410,181)	(323,394)	(267,076)	74,969
<b>Fund Balances:</b>						
<u>Restricted</u>						
Restricted	3,348,454	3,348,452	2,647,686	2,324,292	2,057,216	2,132,185
Cash Funded Projects (Dashboard)	-	(290,585)	-	-	-	-
Total Fund Balance	3,348,454	3,057,867	2,647,686	2,324,292	2,057,216	2,132,185
Net Earnings	1,180,066	(290,586)	(410,181)	(323,394)	(267,076)	74,969

Net Debt Service Coverage



Fund Balance



# Sample Revenue Bond Financing Calendar

DATE	TASK	RESPONSIBILITY
September 12	Distribute Draft of Series Ordinance	BC
September 13	Distribute Draft of Bank RFP	FA
By September 15	Comments Due on Series Ordinance and Bank RFP	Working Group
September 18	Distribute Bank RFP to Potential Bidders	FA
October 9	Bank Bids Due Call to Review Bank Bids	Working Group
By October [10]	Receive Bids on Phase 1 of Southside Park	City
October 10	City Council Meeting – First Reading of Series Ordinance	City / BC
By October 13	Finalize Numbers	FA
By October [17]	Finalize Series Ordinance	BC
October 24	City Council Meeting – Second Reading of Series Ordinance	City / BC
Week of October 30	Distribute Draft of Closing Documents	BC
November 8	Closing	Working Group

*\* The City Council holds its regular meetings on 2<sup>nd</sup> and 4<sup>th</sup> Tuesday of each month.*



# First Tryon Advisors

SIMPLIFYING PUBLIC FINANCE

FIRSTTRYON.COM

MSRB Registrant

**DISCLAIMER:** This communication was prepared by First Tryon Advisors, LLC (“First Tryon Advisors”) and is for informational purposes only and should not be construed as an offer or solicitation to sell or buy any securities. This material does not provide 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 proposed transaction.

Any proposal included in this communication is confidential information of First Tryon Advisors and is solely for the benefit of the recipient(s), and the recipient(s) is (are) not authorized to sell, redistribute, forward or deliver this communication to any other person without the prior written consent of First Tryon Advisors.

The statements within this material constitute the views, perspective and judgment of First Tryon Advisors at the time of distribution and are subject to change without notice. First Tryon Advisors gathers its data from sources it considers reliable; however, it does not guarantee the accuracy or completeness of the information provided within this communication. The material presented reflects information known to First Tryon Advisors at the time this communication was prepared, and this information is subject to change without notice. First Tryon Advisors makes no warranties regarding the accuracy of this material.

Any forecasts, projections, or predictions of the market, the economy, economic trends, and equity or fixed-income markets are based upon current opinion as of the date of issue, and are also subject to change. Opinions and data presented are not necessarily indicative of future events or expected performance. Actual events may differ from those assumed and changes to any assumptions may have a material impact on any projections or performance. 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 only to simplify the presentation and/or calculation of any projections or estimates, and First Tryon Advisors does not represent that any such assumptions will reflect actual future events. Accordingly, there can be no assurance that estimated projections will be realized or that actual performance results will not materially differ from those estimated herein.

First Tryon Advisors is registered as a municipal advisor with the Securities and Exchange Commission (“SEC”) and the Municipal Securities Rulemaking Board (“MSRB”). Neither the SEC, MSRB, nor any other regulatory organization endorses, indemnifies, or guarantees First Tryon Advisors’ business practices or selling methods.