

**Town of Chapel Hill
2020 Mayor & Council Retreat
January 31-February 1, 2020
DAY ONE, AGENDA**

Goals for the 2020 Retreat:

During the retreat, participants can expect:

- To develop shared a shared understanding for how Council operates and the parameters of its functionality
- To gain a deeper understanding of the budget framework
- To consider progress made toward goals
- To become aware of relevant updates in the Town

Friday, January 31, 2020

3:30 pm-7:30 pm

Center for School Leadership Development

140 Friday Center Drive

3:30 pm	Opening Remarks	Mayor Pam Hemminger
3:45 pm	Group Photo	
4:00 pm	Debt, Capital and Financial Policy Overview	Davenport & Co. w/ Town Staff
6:00 pm	Dinner & Celebration of 2019 Accomplishments	
6:30 pm	Looking at Communications	Mayor Pam Hemminger & Manager Maurice Jones
	Rules of Engagement for Working Together	Facilitator Maggie Chotas
	Overview of Possibilities for Council Functionality	Mayor Pam Hemminger
7:30 pm	Adjourn	

**Town of Chapel Hill
2020 Mayor & Council Retreat
January 31-February 1, 2020
DAY TWO, AGENDA**

Saturday, February 1

8:30 am to 3:30 pm

Center for School Leadership Development

140 Friday Center Drive

8:30 am	Breakfast	
9:00 am	Opening Remarks	Mayor Pam Hemminger & Manager Maurice Jones
9:15 am	Reflections on Day 1 & Overview of Day 2	Facilitator Maggie Chotas
9:30 am	Operating Budget Overview	Manager & Staff
10:15 am	Break	
10:30am	Expectations for Fiscal Year 2020-2021 Budget Process	Manager, Mayor & Council Discussion
11:15 am	Communications and Parameters of Council Functionality	Mayor & Council Discussion
12:30 pm	Lunch	
1:00 pm	Strategic Goals and Objectives Review and Update	Manager & Staff
2:30 pm	Next Steps / Group Critique of Retreat	Facilitator
3:00 pm	Adjourn	

Discussion Materials

Town of Chapel Hill, North Carolina



January 31, 2020



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Topics for Discussion

- Davenport History with the Town.

- Current Credit Ratings and Rating Peers.

- Existing Tax Supported Debt and Financial Profile.
 - Key Financial Ratios / Policies.
 - Peer Comparatives.
 - Debt Service Budgeting Approach.

- Capital Planning.
 - Capital Projects / Funding Overview.
 - Debt Capacity.
 - Debt Affordability.

- Observations.



Davenport History with the Town



Role of a Financial Advisor Scope

As Financial Advisor to the Town, Davenport has a Fiduciary Duty to the Town and as such provides the Town with guidance and assistance to ensure that the Town's interests are protected throughout the issuance process – from the planning stages through post-issuance decisions.

Planning and Pre-Transaction Related Services

- Long Term Capital Planning Strategy
- Financial Policy Development
- Peer Comparative Analysis
- Debt Capacity Analysis
- Debt Affordability Analysis
- Debt Service Structuring Options
- Plan of Finance Development
- Rating Agency Strategy
- Rating Agency Surveillance
- Refunding Opportunity Monitoring
- Investment Management Services

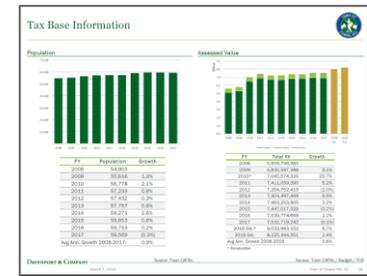
Transaction Related Services

- Rating Agency Coordination including:
 - Schedule the rating agency meetings / calls
 - Provide each rating agency with the required background information on the Town
 - Draft a comprehensive rating agency presentation
 - Prepare Town participants for rating interactions
 - Coordinate any required follow-up correspondence
 - Coordinate the drafting and publication of the Town's official rating reports
- LGC coordination / due diligence process
- Development / review of Bond Documents
 - Assist in preparation of the POS and NOS
 - Provide insight / guidance on NOS bid parameters that maximize bidder participation while meeting the Town's objectives
- Assistance in researching and disclosing prior 15c2-12 Disclosure Compliance.
- Provide Pricing Oversight:
 - Monitor bidder registration to maximize the competitive bids
 - Analyze bids received to ensure accuracy of the bid process
 - Provide preliminary and final bond sizing models on day of sale
- Coordinate the closing process
- Investment of Bond Proceeds

Davenport History with Chapel Hill



- Davenport has served as Financial Advisor to Chapel Hill since 2009 and has assisted the Town with the following services:
 - Bond Issuances
 - Refunding Strategies
 - Capital Planning
 - Debt Capacity
 - Debt Affordability
 - Monitoring of Peer Rating Medians
 - Rating Agency Strategies / Interactions
 - Town Council Education / Interaction
 - General Obligation Referendum Analysis
- Davenport works with the Town to document all pertinent information regarding the Town’s debt issuances, including debt service schedules, call dates, call premiums, and refunding eligibility.
 - This includes monitoring the Town’s Existing Debt Portfolio, identifying opportunities to lower Debt Service Costs through a variety of strategies, and updating the Town on a regular basis on its ability to Refinance / Refund debt for savings purposes. Davenport has assisted the Town in identifying and executing the following transactions:



Transactions Completed

Issue	Size	Method of Sale	Debt Service Savings	% Net Present Value Savings
General Obligation Refunding Bonds, Series 2019	\$9,505,000	Public Issuance – Competitive	\$854,767	6.99%
General Obligation Public Improvement Bonds, Series 2018	\$12,500,000	Public Issuance – Competitive	-	-
Installment Purchase Contract, Series 2017	\$6,408,000	Direct Bank Loan	-	-
General Obligation Public Improvement Bonds, Series 2017	\$9,000,000	Public Issuance – Competitive	-	-
General Obligation Public Safety Bonds, Series 2017	\$1,460,000	Public Issuance – Competitive	-	-
Installment Financing Contract, Series 2016	\$7,984,000	Direct Bank Loan	-	-
Installment Financing Contract, Series 2015	\$2,395,000	Direct Bank Loan	-	-
General Obligation Refunding Bond, Series 2013	\$3,050,000	Direct Bank Loan	\$178,820	5.88%
Limited Obligation Bonds, Series 2012	\$28,800,000	Public Issuance – Negotiated	\$812,572	3.17%
General Obligation Refunding Bonds, Series 2012	\$4,655,000	Public Issuance – Competitive	\$466,077	9.15%
General Obligation Public Improvement Bonds, Series 2012	\$1,700,000	Public Issuance – Competitive	-	-
General Obligation Public Improvement Bonds, Series 2010B (BABs)	\$12,250,000	Public Issuance – Competitive	-	-
General Obligation Public Improvement Bonds, Series 2010A	\$8,160,000	Public Issuance – Competitive	-	-
Total	\$107,867,000		\$2,312,236	

Project Name	Costs	Year of Issuance	Amount
Subtotal Debt Issuance			
1. Capital Improvement	\$10,000,000	FY 2020	\$1,000,000
2. Street & Sidewalk Projects	\$10,000,000	FY 2020	\$1,000,000
3. Municipal Center Redevelopment	\$10,000,000	FY 2020	\$1,000,000
4. Airport Development	\$10,000,000	FY 2020	\$1,000,000
5. Park Development	\$10,000,000	FY 2020	\$1,000,000
6. Other Development	\$10,000,000	FY 2020	\$1,000,000
Total Estimated Debt Issuance			\$6,000,000
Subtotal Potential Savings			
1. Debt Refunding	\$10,000,000	FY 2020	\$1,000,000
2. Capital Improvement	\$10,000,000	FY 2020	\$1,000,000
3. Street & Sidewalk Projects	\$10,000,000	FY 2020	\$1,000,000
4. Airport Development	\$10,000,000	FY 2020	\$1,000,000
5. Park Development	\$10,000,000	FY 2020	\$1,000,000
6. Other Development	\$10,000,000	FY 2020	\$1,000,000
Total Potential Savings			\$6,000,000



Credit Rating Overview and Peer Comparatives



Credit Rating Overview and Peer Comparatives

Peer Comparative Introduction

- The Town is currently rated Aaa by Moody's Investors Service (November 2019 and May 2019 AICR) and AAA by Standard and Poor's (November 2019).
 - The Town received its Aaa rating from Moody's in 1998 and its AAA rating from S&P in 2006.

- The following pages contain peer comparatives based on the below Moody's rating categories.
 - National Cities and Towns
 - Aaa 236 Credits
 - Aa1 303 Credits
 - Aa2 699 Credits

 - Moody's North Carolina Cities and Towns
 - Aaa 12 Credits
 - Apex, Asheville, Cary, Chapel Hill, Charlotte, Durham, Greensboro, Huntersville, Morrisville, Raleigh, Wilmington, Winston-Salem
 - Aa1 10 Credits
 - Carrboro, Concord, Fayetteville, Fuquay-Varina, Garner, Hickory, High Point, Indian Trail, Matthews, Wake Forest
 - Aa2 15 Credits
 - Burlington, Clayton, Gastonia, Goldsboro, Greenville, Holly Springs, Jacksonville, Mint Hill, Monroe, Mooresville, Mount Holly, Rocky Mount, Sanford, Thomasville, Wilson

Moody's Investors Service	Standard & Poor's	Fitch Ratings
Aaa	AAA	AAA
Aa1	AA+	AA+
Aa2	AA	AA
Aa3	AA-	AA-
A1	A+	A+
A2	A	A
A3	A-	A-
Baa1	BBB+	BBB+
Baa2	BBB	BBB
Baa3	BBB-	BBB-
Non Investment Grade		

Note: The data shown in the peer comparatives is from Moody's Municipal Financial Ratio Analysis database. The figures shown are derived from the most recent financial statement available as of January 7, 2020 (FY 2018 figures in most cases).



Moody's Methodology Update

Quantitative Scoring Factors

- On December 16, 2016, Moody's updated its US Local Governments General Obligation Debt methodology and assumptions. Under the new methodology, an initial indicative rating is calculated from a weighted average of four key factors. Below the line qualitative adjustments can be made after the initial indicative rating.

US Local Governments General Obligation Debt Methodology		
1	Economy / Tax Base	30%
	Tax Base Size (Full Value)	10%
	Full Value Per Capita	10%
	Wealth (Median Family Income)	10%
2	Finances	30%
	Fund Balance (% of Revenues)	10%
	Fund Balance Trend (5-Year Change)	5%
	Cash Balance (% of Revenues)	10%
	Cash Balance Trend (5-Year Change)	5%
3	Management	20%
	Institutional Framework	10%
	Operating History	10%
4	Debt / Pensions	20%
	Debt to Full Value	5%
	Debt to Revenue	5%
	Moody's Adjusted Net Pension Liability (3-Year Average) to Full Value	5%
	Moody's Adjusted Net Pension Liability (3-Year Average) to Revenue	5%

Qualitative Scoring Factors

Below-the-Line Adjustments		Other Considerations ¹
1	Economy / Tax Base	
2	Institutional presence (+)	Per capita income
3	Regional economic center (+)	Composition of workforce/employment opportunities
4	Economic concentration (-)	Proportion of tax base that is vacant or exempt from taxes
5	Outsized unemployment or poverty levels (-)	Median home value
6		Trend of real estate values
7		Population trends
8		Property tax appeals outstanding
9		Unusually significant tax base declines or growth
10		
11	Finances	
12	Outsized enterprise or contingent liability risk (-)	Questionable balance sheet items that may distort fund balance
13	Unusually volatile revenue structure (-)	Large portion of fund balance that is restricted or unusable
14		Labor contracts that materially affect credit strength
15		Limited revenue raising ability:
16		Restrictive property tax cap
17		Constraints on capturing tax base growth
18		Other levy-raising limitation
19		Limited ability to cut or control expenditures:
20		Limitation constrains budgetary flexibility to a degree not already captured in the scorecard
21		Heavy fixed costs, including contractually fixed costs such as pension payments
22	Management	
23	State oversight or support (+ or -)	
24	Unusually strong or weak budget management and planning (+ or -)	
25		
26	Debt / Pensions	
27	Unusually weak or strong security features (- or +)	Very high or low debt service relative to budget
28	Unusual risk posed by debt structure (-)	Very high or low overall debt burden (including overlapping debt)
29	History of missed debt service payments (-)	Heavy capital needs implying future debt increases
30		Unusually slow or rapid amortization of debt principal (gauged by the percentage of principal repaid within 10 years)
31		Other post-employment benefits (OPEB), the most significant of which is retiree healthcare liabilities, when they have the potential to significantly constrain operational flexibility

¹ These other considerations include factors specifically outlined in Moody's rating methodology. However, any information regarding an issuer can rise to the level of a qualitative factor/consideration as deemed appropriate by the rating analyst and credit committee.

Note: Qualitative adjustments consisting of either a ½ “notch” up or down (+/- ~0.16 on the scorecard) or a full “notch” up or down (+/- ~0.33 on the scorecard) can be added or subtracted from the initial indicative rating, as applicable.

Moody's FY 2018 Scorecard Results



	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q
	Very Strong (Aaa)		Strong (Aa)		Moderate (A)		Weak (Baa)		Poor (Ba)		Very Poor (B & Below)		Input	Weight	Score	Weighted Score	
Numerical Score	0.50	1.49	1.50	2.49	2.50	3.49	3.50	4.49	4.50	5.49	5.50	6.50					
Chapel Hill, NC																	
1 Economy / Tax Base (30%)																	
2 Total Full Value (\$000)	> \$12B	\$12B >	> \$1.4B	\$1.4B >	> \$240M	\$240M >	> \$120M	\$120M >	> \$60M	\$60M >	> \$30M	< \$30M	8,034,649	10%	1.86	0.19	
3 Full Value Per Capita (\$)	> \$150,000	\$150,000 >	> \$65,000	\$65,000 >	> \$35,000	\$35,000 >	> \$20,000	\$20,000 >	> \$10,000	\$10,000 >	> \$5,000	< \$5,000	134,128	10%	1.68	0.17	
4 Median Family Income as % of U.S. (2010 Census)	> 150%	150% >	> 90%	90% >	> 75%	75% >	> 50%	50% >	> 40%	40% >	> 30%	< 30%	169.73%	10%	1.10	0.11	
5 Finances (30%)																	
6 Available Op Fund Balance as % of Revenue	> 30.0%	30.0% >	> 15.0%	15.0% >	> 5.0%	5.0% >	> 0.0%	0.0% >	> -2.5%	-2.5% >	> -5.0%	< -5.0%	45.46%	10%	0.97	0.10	
7 5-Year Dollar Change in Fund Balance as % of Revenues	> 25.0%	25.0% >	> 10.0%	10.0% >	> 0.0%	0.0% >	> -10.0%	-10.0% >	> -18.0%	-18.0% >	> -25.0%	< -25.0%	9.78%	5%	2.51	0.13	
8 Operating Net Cash as % of Operating Revenues	> 25.0%	25.0% >	> 10.0%	10.0% >	> 5.0%	5.0% >	> 0.0%	0.0% >	> -2.5%	-2.5% >	> -5.0%	< -5.0%	38.04%	10%	0.62	0.06	
9 5-Year Dollar Change in Cash Balance as % of Revenues	> 25.0%	25.0% >	> 10.0%	10.0% >	> 0.0%	0.0% >	> -10.0%	-10.0% >	> -18.0%	-18.0% >	> -25.0%	< -25.0%	4.64%	5%	3.03	0.15	
10 Management (20%)																	
11 Institutional Framework	Very strong legal ability to match resources with spending	Strong legal ability to match resources with spending		Moderate legal ability to match resources with spending		Limited legal ability to match resources with spending		Poor legal ability to match resources with spending		Very Poor or no legal ability to match resources with spending		Aaa	10%	1.00	0.10		
12 Operating History: (5 Year Average of Operating Revenues / Operating Expenditures)	> 1.05x	1.05x >	> 1.02x	1.02x >	> 0.98x	0.98x >	> 0.95x	0.95x >	> 0.92x	0.92x >	> 0.90x	< 0.90x	1.01	10%	2.74	0.27	
13 Debt / Pensions (20%)																	
14 Direct Net Debt as % of Full Value	< 0.75%	0.75% <	< 1.75%	1.75% <	< 4.00%	4.00% <	< 10.00%	10.00% <	< 15.00%	15.00% <	> 15.00%	> 15.00%	0.83%	5%	1.57	0.08	
15 Net Direct Debt / Operating Revenues (x)	< 0.33x	0.33x <	< 0.67x	0.67x <	< 3.00x	3.00x <	< 5.00x	5.00x <	< 7.00x	7.00x <	> 7.00x	> 7.00x	1.00	5%	2.63	0.13	
16 3-Year Avg of Moody's ANPL / Full Value	< 0.90%	0.90% <	< 2.10%	2.10% <	< 4.80%	4.80% <	< 12.00%	12.00% <	< 18.00%	18.00% <	> 18.00%	> 18.00%	1.15%	5%	1.70	0.08	
17 3-Year Avg of Moody's ANPL / Operating Revenues	< 0.40x	0.40x <	< 0.80x	0.80x <	< 3.60x	3.60x <	< 6.00x	6.00x <	< 8.40x	8.40x <	> 8.40x	> 8.40x	1.30	5%	2.67	0.13	
18																	
19 Total Score																	1.70
20 Unadjusted Rating																	Aa1

Moody's Rating Scorecard: Indicative Ratings

HI	LO	Rating
0.50	1.50	Aaa
1.50	1.83	Aa1
1.83	2.17	Aa2



Rating Agency Commentary – Moody's (11/14/2019)

U.S. PUBLIC FINANCE

CREDIT OPINION
14 November 2019

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Japan	81-3-5408-4100
EMEA	44-20-7772-5454

Chapel Hill (Town of) NC
Update to analysis

Summary
The town of Chapel Hill (Aaa, stable) benefits from a sound financial position following multi-year General Fund surpluses. Reserves and cash balances remained strong despite a planned draw down on reserves for various pay-go capital improvements including parks and affordable housing as well as transfer to OPEB trust. The town's tax base continues to grow largely due to its advantageous location in the burgeoning Research Triangle region and is anchored by the strong institutional presence of the flagship campus of the University of North Carolina. Income and wealth levels are well above average despite the large student population. Lastly, the town's fixed costs will remain affordable despite future borrowing plans due to a conservatively constructed CIP and an average pension position.

Credit strengths

- » Sound financial position with healthy reserves
- » Stable economy with strong institutional presence
- » Affordable debt profile

Credit challenges

- » Slightly elevated debt compared to state median

Rating outlook
The stable outlook reflects the economic strength of the tax base as well as the town's sound financial position.

Factors that could lead to an upgrade

- » Not applicable

Factors that could lead to a downgrade

- » Multi-year trend of structural budget imbalance
- » Reduction of General Fund balance and other available reserves
- » Deterioration of the town's tax base

- Credit Strengths
 - Sound financial position with healthy reserves
 - Stable economy with strong institutional presence
 - Affordable debt profile

- Credit Challenges
 - Slightly elevated debt compared to state median

- Factors that could lead to an upgrade
 - Not applicable

- Factors that could lead to a downgrade
 - Multi-year trend of structural budget imbalance
 - Reduction of General Fund balance and other available reserves
 - Deterioration of the town's tax base



S&P Methodology Update & Scorecard

Methodology Update

- On September 12, 2013, Standard & Poor's updated its US Local Governments General Obligation Ratings methodology and assumptions.
- Under the new methodology, an initial indicative rating is calculated from a weighted average of seven key factors:

US Local Governments General Obligation Ratings Methodology

1. Economy	30%
Total Market Value Per Capita	
Projected per capita effective buying income as a % of US	
2. Management	20%
Impact of management conditions on the likelihood of repayment	
3. Budgetary Flexibility	10%
Available Fund Balance as a % of Expenditures	
4. Budgetary Performance	10%
Total Government Funds Net Result (%)	
General Fund Net Revenue	
5. Liquidity	10%
Total Gov't Available Cash as a % of Total Gov't Funds Debt Service	
Total Gov't Cash as a % of Total Gov't Funds Expenditures	
6. Debt and Contingent Liabilities	10%
Net Direct Debt as a % of Total Governmental Funds Revenue	
Total Governmental Funds Debt Service as a % of Total	
7. Institutional Framework	10%
Legal and practical environment in which the local gov't operates	

- Up to a one-notch adjustment can be made from the indicative rating based on other qualitative factors.

Sample S&P Scorecard

Town of Chapel Hill, NC 2019 S&P Scorecard - As Calculated by Davenport

Factor	Weight	Score	Weighted Score
Economy	30%	1.00	0.30
Budgetary flexibility	10%	1.00	0.10
Budgetary performance	10%	2.00	0.20
Liquidity	10%	1.00	0.10
Management	20%	1.00	0.20
Debt and contingent liabilities	10%	2.00	0.20
Institutional framework	10%	1.00	0.10
Weighted Average			1.20

Indicative Rating

1.00 - 1.64	AAA
1.65 - 1.94	AA+
1.95 - 2.34	AA
2.35 - 2.84	AA-

S&P affirmed the Town's 'AAA' rating in its November 5, 2019 Report and assigned a Stable Outlook.

Note: The Budgetary Performance score measures the current fiscal balance (Revenues Over/Under Expenditures) of the Town, both from a general fund and total governmental funds perspective.

Note: The Debt and Contingent Liabilities score is a combination of two measures: total governmental funds debt service as a percentage of total governmental funds expenditures and net direct debt as a percentage of total governmental funds revenue.



Rating Agency Commentary – S&P (11/5/2019)

Summary:

Chapel Hill, North Carolina; Appropriations; General Obligation

Credit Profile

US\$9.565 mil GO rfdg bnds ser 2019 due 04/01/2031

Long Term Rating	AAA/Stable	New
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Chapel Hill GO

Long Term Rating	AAA/Stable	Affirmed
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Rationale

S&P Global Ratings assigned its 'AAA' long-term rating to Chapel Hill, N.C.'s series 2019 general obligation (GO) refunding bonds. At the same time, we affirmed our 'AAA' long-term rating on the town's GO bonds outstanding and our 'AA+' long-term rating on the town's appropriation-backed debt. The outlook is stable.

Security and use of proceeds

Securing debt service on the refunding and GO debt outstanding is the town's full faith and credit, including its statutory authority to levy ad valorem taxes on all real and tangible personal property without limitation as to rate or amount. Proceeds will be used to refund certain maturities of the series 2010B bonds for an estimated net present value savings of 6.5% of the refunded bonds.

Credit overview

Chapel Hill, home to the University of North Carolina's (UNC) flagship institution and with its participation in the Research Triangle Park, has experienced robust economic growth while maintaining stable financial trends through various economic cycles. Furthermore, we believe the management team's adherence to long-term financial and capital planning as well as its adoption of a policy to continue prefunding its retiree health care benefits support our view of the 'AAA' rating.

We rate Chapel Hill's GO debt higher than the sovereign because we believe the town can maintain better credit characteristics than the U.S. in a stress scenario. Under our criteria "Ratings Above The Sovereign: Corporate And Government Ratings—Methodology And Assumptions," published Nov. 19, 2013 on RatingsDirect, the town primarily has a locally derived revenue base with roughly 73% of total governmental revenue and maintains independent taxing authority as well as independent treasury management from the federal government.

The ratings further reflect our view of the town's:

- Very strong economy, with access to a broad and diverse metropolitan statistical area and a local stabilizing institutional influence;
- Very strong management, with strong financial policies and practices under our financial management assessment

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NOVEMBER 5, 2019 2

- The 'AAA' rating reflects S&P's opinion of the Town's:
 - Very strong economy
 - Very strong management
 - Strong budgetary performance
 - Very strong budgetary flexibility
 - Very strong liquidity
 - Strong debt and contingent liability position
 - Very strong institutional framework score
- Outlook
 - The stable outlook reflects our view of the town's robust economy that generates its primary operating revenue sources to maintain budgetary balance and very strong reserves. Furthermore, we believe the management team's adherence to its well-embedded policies and procedures will support the 'AAA' rating over the long term. For these reasons, we do not expect to change the rating over the two-year outlook period. All other factors equal, if performance were to deteriorate significantly—potentially stemming from fixed-cost pressure related to the town's large OPEB liability—causing a substantial weakening of reserves and liquidity, we could lower the rating.

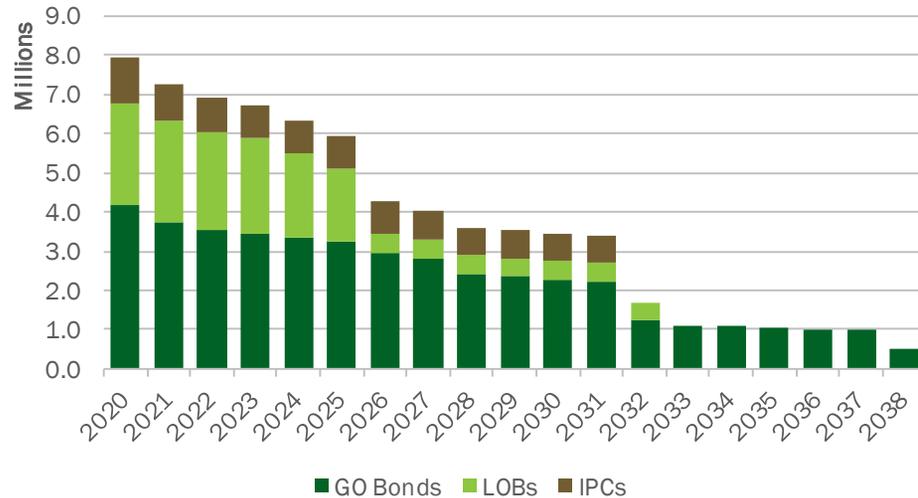


Existing Tax Supported Debt Profile



Existing Tax Supported Debt

Tax Supported Debt Service



Tax Supported Debt Service

FY	Principal	Interest	Total	10-yr Payout
Total	56,709,297	14,095,293	70,804,590	
2020	5,832,742	2,097,574	7,930,316	77.5%
2021	5,289,555	1,966,687	7,256,242	80.9%
2022	5,161,000	1,749,853	6,910,853	85.4%
2023	5,207,000	1,530,535	6,737,535	87.2%
2024	5,013,000	1,313,411	6,326,411	87.9%
2025	4,836,000	1,096,881	5,932,881	89.0%
2026	3,371,000	891,969	4,262,969	90.7%
2027	3,265,000	762,269	4,027,269	93.5%
2028	2,960,000	645,979	3,605,979	97.4%
2029	2,998,000	538,647	3,536,647	100.0%
2030	3,036,000	427,287	3,463,287	100.0%
2031	3,080,000	319,462	3,399,462	100.0%
2032	1,470,000	211,615	1,681,615	100.0%
2033	940,000	163,363	1,103,363	100.0%
2034	940,000	135,163	1,075,163	100.0%
2035	940,000	105,788	1,045,788	100.0%
2036	940,000	76,413	1,016,413	100.0%
2037	940,000	46,475	986,475	100.0%
2038	490,000	15,925	505,925	100.0%

Par Outstanding – Estimated as of 6/30/2019

Type	Par Amount
General Obligation Bonds (Debt Service Fund)	\$33,803,000
Limited Obligation Bonds (Debt Service Fund)	\$7,880,000
Limited Obligation Bonds (Parking Fund)	\$6,355,000
IPCs (Debt Service Fund)	\$8,345,000
IPCs (Vehicle Replacement Fund)	\$326,297
Total	\$56,709,297

Notes:

-Includes 2019 GO Refunding Bonds issued in December 2019.



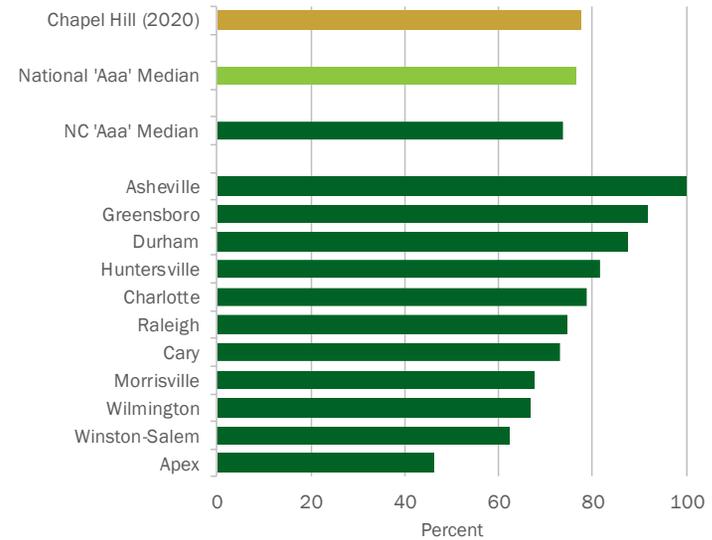
Key Debt Ratio: Tax Supported Payout Ratio

10-Year Payout Ratio



- Existing 10-year Payout Ratio
 - FY 2020: 77.5%
- The 10-Year Payout Ratio measures the amount of principal to be retired in the next 10 years.
- This ratio is an important metric that indicates whether or not a locality is back-loading its debt.
- The Town has a policy establishing a minimum 10-Year Payout Ratio of 65%.

10-year Payout Ratio Peer Comparative

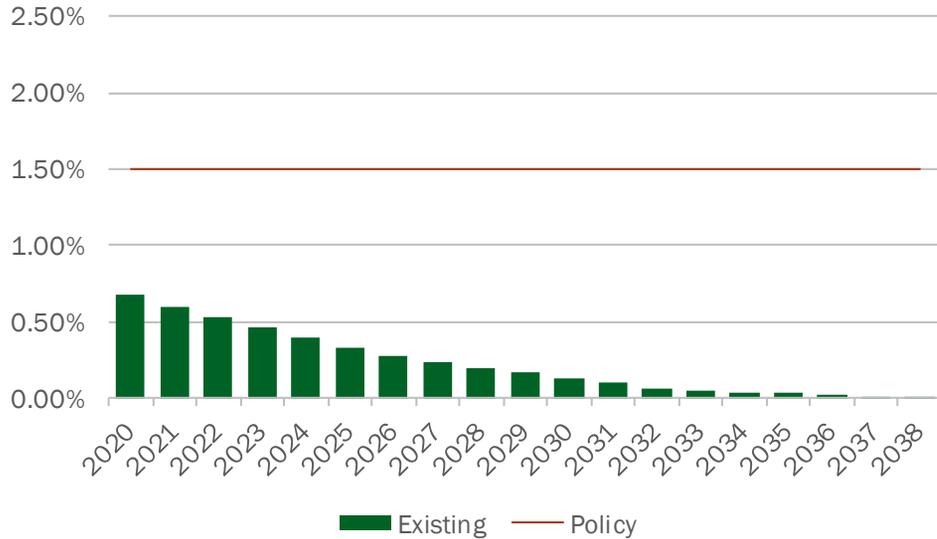


- Rating Considerations:
 - Moody's: Moody's rating criteria for General Obligation credits allows for a scorecard adjustment if an issuer has unusually slow or rapid amortization of debt principal.
 - S&P: A payout ratio greater than 65% results in a one point positive qualitative adjustment to the Debt & Contingent Liabilities section of S&P's General Obligation rating methodology.



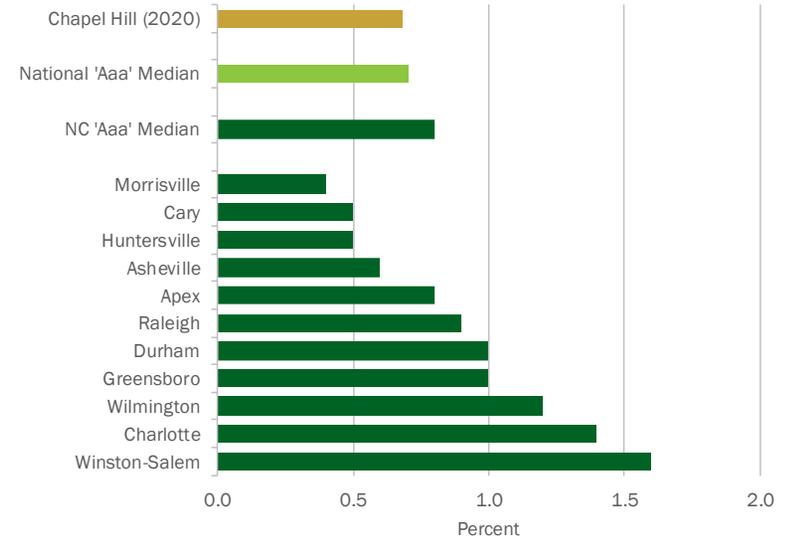
Key Debt Ratio: Debt to Assessed Value

Debt to Assessed Value



- Existing Debt to Assessed Value
 - FY 2020: 0.68%
- Assumed Future Growth Rates
 - 2018 Assessed Value: \$8,034,649,409
 - 2019 Unaudited Assessed Value: \$8,223,292,265
 - 2020 Budgeted Assessed Value: \$8,307,698,997
 - 2021 & Beyond: 1.50%
- The Town has a policy establishing a maximum Debt to Assessed Value of 1.50%.

Debt to Assessed Value Peer Comparative



- Rating Considerations:
 - Moody's: Criteria for General Obligation Credits defines categories of Debt to Assessed Values as:

– Very Strong (Aaa):	< 0.75%
– Strong (Aa):	0.75% - 1.75%
– Moderate (A):	1.75% - 4.00%
– Weak - Very Poor (Baa and below):	> 4.00%
 - S&P: A positive qualitative adjustment is made to the Debt and Contingent Liabilities score for a debt to market value ratio below 3.00%, while a negative adjustment is made for a ratio above 10.00%.



Key Debt Ratio: Debt Service vs. Expenditures

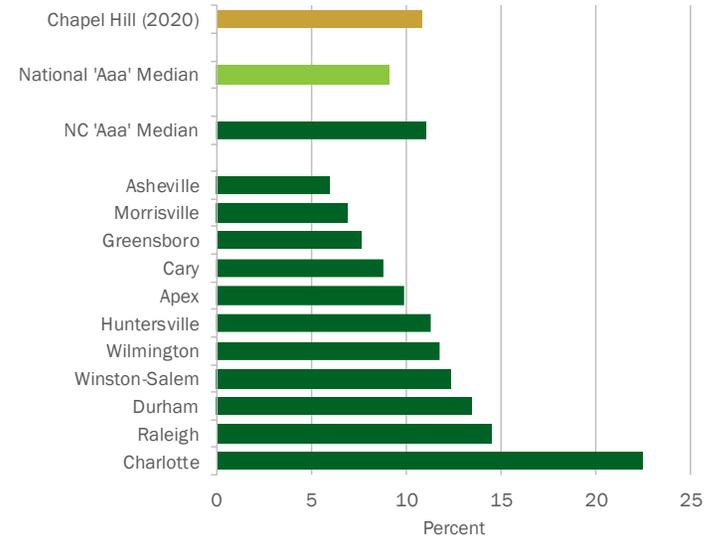
Debt Service vs. Governmental Expenditures



- Existing Debt Service vs. Expenditures
 - FY 2020: 10.82%
- Assumed Future Growth Rates
 - 2018 Adjusted Expenditures: \$63,436,563
 - 2019 and Beyond: 1.50%
- The Town has a policy establishing a maximum level of Debt Service to Expenditures of 15.00%.

Note: Governmental Expenditures represent the ongoing operating expenditures of the Town. In this analysis, debt service and capital outlay expenditures are excluded.

Debt Service vs. Expenditures Peer Comparative



- Rating Considerations:
 - Moody’s: Moody’s criteria allows for a scorecard adjustment if an issuer has very high or low debt service relative to its budget Percent.
 - S&P: The Debt and Contingent Liabilities section defines categories of Net Direct Debt as a % of Total Governmental Funds Expenditures as follows:
 - Very Strong: <8%
 - **Strong: 8% to 15%**
 - Adequate: 15% - 25%
 - Weak: 25% - 35%
 - Very Weak: > 35%



Debt Fund Cash Flow Forecast



Debt Service Fund and Vehicle Replacement Fund Overview

Debt Service Fund

- The Town has established a Debt Service Fund for the repayment of tax supported debt obligations.
- The Town has dedicated 9.8 cents on the tax rate to fund the Debt Service Fund. In anticipation of upcoming debt obligations, the Town increased the tax rate that supports the Debt Service Fund by 1.6 cents in FY 2020 to fund debt service on the planned Affordable Housing Bonds and other planned capital projects.
- The Debt Service Fund also receives revenues from:
 - Transfers from the Parking Fund for repayment of parking related Debt Service
 - BABs Subsidy
 - Interest on Investments
- The Town's Debt Service Fund pays for debt service on the following obligations:
 - 2012 General Obligation Refunding Bonds
 - 2012 General Obligation Public Improvement Bonds
 - 2012 Limited Obligation Bonds
 - 2013 General Obligation Refunding Bond
 - 2015 Bank of North Carolina IPC
 - 2016 Raymond James IPC
 - 2017 General Obligation Public Improvement Bonds
 - 2017 General Obligation Public Safety Bonds
 - 2018 General Obligation Public Improvement Bonds
 - 2019 General Obligation Refunding Bonds

Vehicle Replacement Fund & Other Funds

- The Town has a Vehicle replacement internal service fund that pays the debt service on the loans that are not paid by the Debt Service Fund.
- The fund receives vehicle use fees from participating departments and also gets the proceeds of vehicle sales.
- Starting in FY 2015 the Town moved to a pay-go basis for most vehicles.
- The Town's Vehicle Replacement Fund pays for debt service on the following obligations:
 - 2012 BB&T IPC
 - 2012 SunTrust IPC
 - 2013 Wells Fargo IPC
 - 2013 SunTrust IPC
- The Town's Parking Fund pays for debt service on the Limited Obligation Bonds, Series 2012.
- Additionally, the Town operates both a Transit Fund (funded primarily by 6 cents on the tax rate) and Storm Water Management Fund (funded primarily by Storm Water fees) that pays the debt service on certain transit and storm water related loans that are not paid by the debt fund.
 - Transit Fund:
 - 2017 Pinnacle Bank IFC
 - Storm Water Management Fund:
 - 2018 General Obligation Public Improvement Bonds



Debt Affordability Analysis

Existing Town Debt – Debt Fund and Vehicle Fund Obligations Only

FY	Debt Service Requirements								Revenue Available for DS						Debt Service Cash Flow Surplus (Deficit)							
	Debt Fund		Vehicle Fund		Debt Fund		Debt Fund		Debt Fund		Vehicle Fund		Debt Fund		Debt Fund		Debt Fund					
	Existing Debt Service - Debt Fund ¹	Existing Debt Service - Parking Fund	Existing Debt Service - Vehicle Replacement Fund	CIP Debt Service	CIP Pay-Go Cash	Service Charges	Total	Property Taxes (Grown at 1.5%)	Transfer from Parking for existing debt ²	BABs Subsidy ³	Interest on Investments ⁴	Blue Hill Incremental Tax Revenue	New Rosemary Parking Deck Net Revenues ⁵	West End Parking Deck Net Revenues ⁵	Vehicle Replacement Fund Revenues	Total Revenues Available	Surplus/ (Deficit)	Revenue From Prior Tax Impact	Debt Fund Balance Utilized	Adjusted Surplus/ (Deficit)	Estimated Incremental Tax Equivalent	Debt Fund Balance
2020	6,759,394	905,331	265,591	-	-	-	7,930,316	8,110,000	905,331	122,411	74,948	434,572	-	-	265,591	9,912,854	1,982,538	-	-	1,982,538	-	9,477,367
2021	6,274,815	914,831	66,596	-	-	-	7,256,242	8,231,650	914,831	-	94,774	434,572	-	-	66,596	9,742,423	2,486,181	-	-	2,486,181	-	11,963,547
2022	5,994,021	916,831	-	-	-	-	6,910,853	8,355,125	916,831	-	119,635	434,572	-	-	-	9,826,163	2,915,311	-	-	2,915,311	-	14,878,858
2023	5,825,454	912,081	-	-	-	-	6,737,535	8,480,452	912,081	-	148,789	434,572	-	-	-	9,975,893	3,238,359	-	-	3,238,359	-	18,117,217
2024	5,645,580	680,831	-	-	-	-	6,326,411	8,607,658	680,831	-	181,172	434,572	-	-	-	9,904,234	3,577,823	-	-	3,577,823	-	21,695,040
2025	5,468,550	464,331	-	-	-	-	5,932,881	8,736,773	464,331	-	216,950	434,572	-	-	-	9,852,627	3,919,746	-	-	3,919,746	-	25,614,785
2026	3,800,638	462,331	-	-	-	-	4,262,969	8,867,825	462,331	-	256,148	434,572	-	-	-	10,020,876	5,757,907	-	-	5,757,907	-	31,372,692
2027	3,561,919	465,350	-	-	-	-	4,027,269	9,000,842	465,350	-	313,727	434,572	-	-	-	10,214,491	6,187,222	-	-	6,187,222	-	37,559,915
2028	3,143,579	462,400	-	-	-	-	3,605,979	9,135,855	462,400	-	375,599	434,572	-	-	-	10,408,426	6,802,447	-	-	6,802,447	-	44,362,362
2029	3,074,447	462,200	-	-	-	-	3,536,647	9,272,893	462,200	-	443,624	434,572	-	-	-	10,613,288	7,076,641	-	-	7,076,641	-	51,439,003
2030	3,001,887	461,400	-	-	-	-	3,463,287	9,411,986	461,400	-	514,390	434,572	-	-	-	10,822,348	7,359,061	-	-	7,359,061	-	58,798,064
2031	2,934,462	465,000	-	-	-	-	3,399,462	9,553,166	465,000	-	587,981	434,572	-	-	-	11,040,719	7,641,257	-	-	7,641,257	-	68,439,321
2032	1,218,815	462,800	-	-	-	-	1,681,615	9,696,463	462,800	-	664,393	434,572	-	-	-	11,258,229	9,576,614	-	-	9,576,614	-	76,015,935
2033	1,103,363	-	-	-	-	-	1,103,363	9,841,910	-	-	760,159	434,572	-	-	-	11,036,642	9,933,279	-	-	9,933,279	-	85,949,214
2034	1,075,163	-	-	-	-	-	1,075,163	9,989,539	-	-	859,492	434,572	-	-	-	11,283,603	10,208,441	-	-	10,208,441	-	96,157,655
2035	1,045,788	-	-	-	-	-	1,045,788	10,139,382	-	-	961,577	434,572	-	-	-	11,535,531	10,489,743	-	-	10,489,743	-	106,647,398
2036	1,016,413	-	-	-	-	-	1,016,413	10,291,473	-	-	1,066,474	434,572	-	-	-	11,792,519	10,776,106	-	-	10,776,106	-	117,423,504
2037	986,475	-	-	-	-	-	986,475	10,445,845	-	-	1,174,235	434,572	-	-	-	12,054,652	11,068,177	-	-	11,068,177	-	128,491,681
2038	505,925	-	-	-	-	-	505,925	10,602,533	-	-	1,284,917	434,572	-	-	-	12,322,021	11,816,096	-	-	11,816,096	-	140,307,777
2039	-	-	-	-	-	-	-	10,761,571	-	-	1,403,078	434,572	-	-	-	12,599,220	12,599,220	-	-	12,599,220	-	152,906,998
2040	-	-	-	-	-	-	-	10,922,994	-	-	1,529,070	434,572	-	-	-	12,886,636	12,886,636	-	-	12,886,636	-	165,793,634
2041	-	-	-	-	-	-	-	11,086,839	-	-	1,657,936	434,572	-	-	-	13,179,347	13,179,347	-	-	13,179,347	-	178,972,981
2042	-	-	-	-	-	-	-	11,253,142	-	-	1,789,730	434,572	-	-	-	13,477,443	13,477,443	-	-	13,477,443	-	192,450,424
2043	-	-	-	-	-	-	-	11,421,939	-	-	1,924,504	434,572	-	-	-	13,781,015	13,781,015	-	-	13,781,015	-	206,231,439
2044	-	-	-	-	-	-	-	11,593,268	-	-	2,062,314	434,572	-	-	-	14,090,154	14,090,154	-	-	14,090,154	-	220,321,594
Total	62,436,685	8,035,719	332,187	-	-	-	70,804,590										Total			Total Tax Effect	0.00¢	

¹ 2010-20 GO debt service is shown gross of BAB subsidy. Excludes Parking Fund Debt Service.
² The Parking Fund is assumed to cover annual debt service on existing Parking Fund debt (Column C).
³ BABs subsidies are assumed to be reduced by 5.9% due to Federal Sequestration resulting in an effective subsidy rate of 32.94%.
⁴ Assumed to be equal to 1.00% of prior years ending Debt Fund Balance.
⁵ Represents the lesser of the estimated Net Revenue and the Annual Debt Service Payment associated with the project.

- FY 2020 Value of a Penny: \$827,551
- FY 2021 & Beyond: 1.50% (consistent with Town planning model)



Capital Planning



2015 and 2018 General Obligation Bond Referendums

- On November 3, 2015, the Town passed a GO Bond Referendum for 5 separate purposes. A total of \$40,300,000 in General Obligation Bonds was proposed and passed by the Town.
 - \$16,200,000 Streets and Sidewalks
 - \$5,000,000 Trails & Greenways
 - \$8,000,000 Parks & Recreation
 - \$5,200,000 Solid Waste
 - \$5,900,000 Storm Water

- Additionally, on November 6, 2018, the Town passed a GO Bond Referendum for \$10 million of Affordable Housing Bonds.

- The Town's GO Bond authorization will expire 7 years from the date of the Referendum. The Town would have the ability to extend the approval for 3 additional years, subject to LGC approval, for a total of up to 10 years from the date of the Referendum.

- The Town has issued \$21,500,000 of General Obligation Bonds to date and \$28,800,000 of the referendum authorization remains unissued:

A	B	C	D	E	F	G
Referendum Question	Authorized GO Bonds	2017 Issuance	2018 Issuance	Remaining Authorized / Unissued	Initial Expiration	Final Expiration (if extended)
1 Streets and Sidewalks	\$ 16,200,000	\$ 3,000,000	\$ 5,500,000	\$ 7,700,000	11/3/2022	11/3/2025
2 Trails & Greenways	5,000,000	5,000,000	-	-	11/3/2022	11/3/2025
3 Parks & Recreation	8,000,000	1,000,000	4,300,000	2,700,000	11/3/2022	11/3/2025
4 Solid Waste	5,200,000	-	-	5,200,000	11/3/2022	11/3/2025
5 Storm Water	5,900,000	-	2,700,000	3,200,000	11/3/2022	11/3/2025
6 Affordable Housing	10,000,000	-	-	10,000,000	11/6/2025	11/6/2028
7 Total	\$ 50,300,000	\$ 9,000,000	\$ 12,500,000	\$ 28,800,000		



Capital Projects Under Consideration

- The Town has identified the following Capital Projects that it is considering funding in the next few years. Following the issuance of the proposed General Obligation Bonds mentioned below, the Town will have \$8.4 million of remaining authorized but unissued General Obligation Bonds (\$5.2 million for Solid Waste and \$3.2 million for Storm Water). Solid Waste and Storm Water are not included in this analysis as they are repaid from dedicated funds.

A Project	B GO Bonds	C LOBs / IFC	D Issuance by Type		E Total	F Debt Source
			Cash on Hand			
1 Summer 2020 (FY 2021) Projects						
2 Wallace Deck	-	2,400,000	-		2,400,000	LOBs / IFC
3 Blue Hill Phase II	-	2,600,000	1,600,000		4,200,000	LOBs / IFC
4 Municipal Services Center	2,700,000	31,300,000	-		34,000,000	GO / LOBs / IFC
5 Affordable Housing	5,000,000	-	-		5,000,000	GO Bonds
6 West End Parking (Land)	-	6,000,000	-		6,000,000	LOBs / IFC
8 Total Summer 2020 Projects	\$ 7,700,000	\$ 42,300,000	\$ 1,600,000		\$ 51,600,000	
11 Spring 2022 Projects						
12 Affordable Housing	\$ 5,000,000	\$ -	\$ -		\$ 5,000,000	GO Bonds
13 Streets & Sidewalks	7,700,000	-	-		7,700,000	GO Bonds
14 West End Parking (Construction)	-	10,000,000	-		10,000,000	LOBs / IFC
15 Total Spring 2022 Projects	\$ 12,700,000	\$ 10,000,000	\$ -		\$ 22,700,000	
18 Total Projects (Without West End)	\$ 20,400,000	\$ 36,300,000	\$ 1,600,000		\$ 58,300,000	(Case 1)
19 Total Projects (With West End)	\$ 20,400,000	\$ 52,300,000	\$ 1,600,000		\$ 74,300,000	(Case 2)

- The following debt assumptions have been included:

- Term:	20 Years
- Amortization:	Level Principal
- Interest Rate:	5.00%
- First Interest:	
- Summer 2020 Issuance:	FY 2021
- Spring 2022 Issuance:	FY 2023
- First Principal:	
- Summer 2020 Issuance:	FY 2021
- Spring 2022 Issuance:	FY 2023

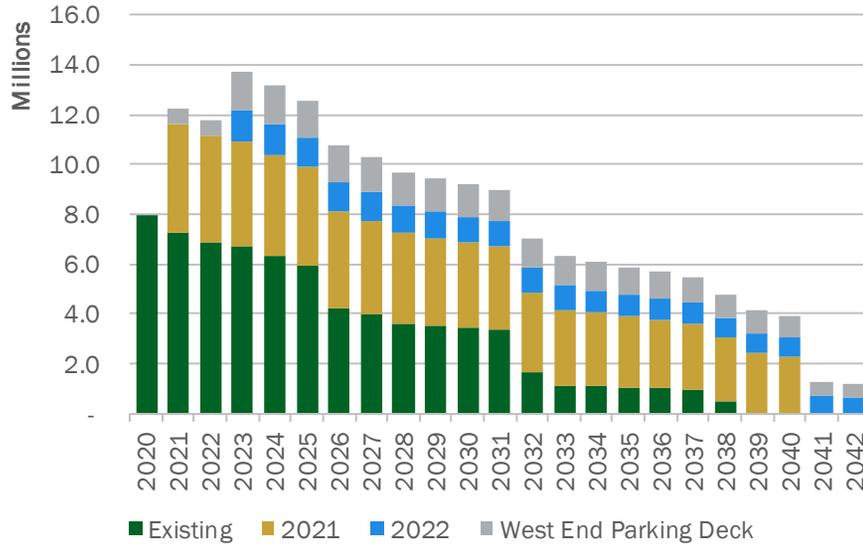
- The Town estimates that the new West End Parking Deck parking facilities could provide additional revenue sources in FY 2023. The medium range net revenues available for debt service for the facility ranges from \$735,435 in FY 2023 to \$905,591 in FY 2029.



Existing and Proposed Debt Service

All Projects Including West End (Case 2)

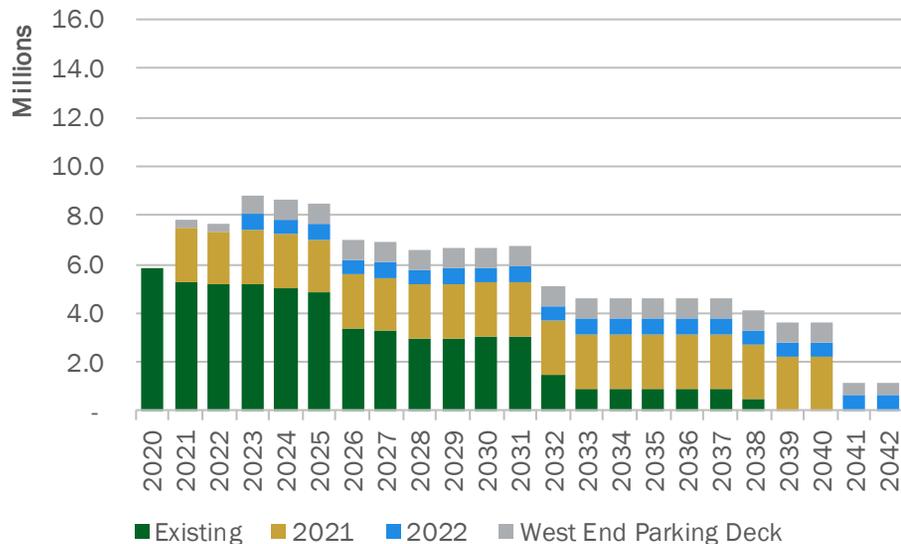
Existing and Proposed Debt Service



Assumptions

- Financing Assumptions:
 - Amortization: Level Principal
 - Term: 20 Years
 - Interest Rate: 5.00%
 - First Interest Payment
 - Summer 2020 Issuance: FY 2021
 - Spring 2022 Issuance: FY 2023
 - First Principal Payment:
 - Summer 2020 Issuance: FY 2021
 - Spring 2022 Issuance: FY 2023

Existing and Proposed Principal



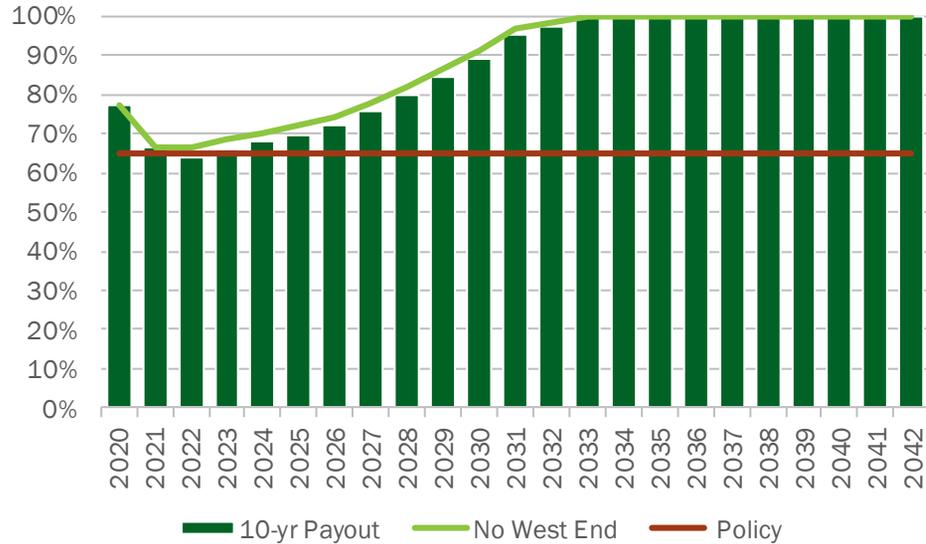
- Proposed Debt Issuance by Fiscal Year:
 - FY 2021: \$50,000,000
 - FY 2022: \$22,700,000
 - Total: \$72,700,000
- Proposed Debt Service by Fiscal Year:
 - FY 2021: \$76,250,000
 - FY 2022: \$34,617,500
 - Total: \$110,867,500



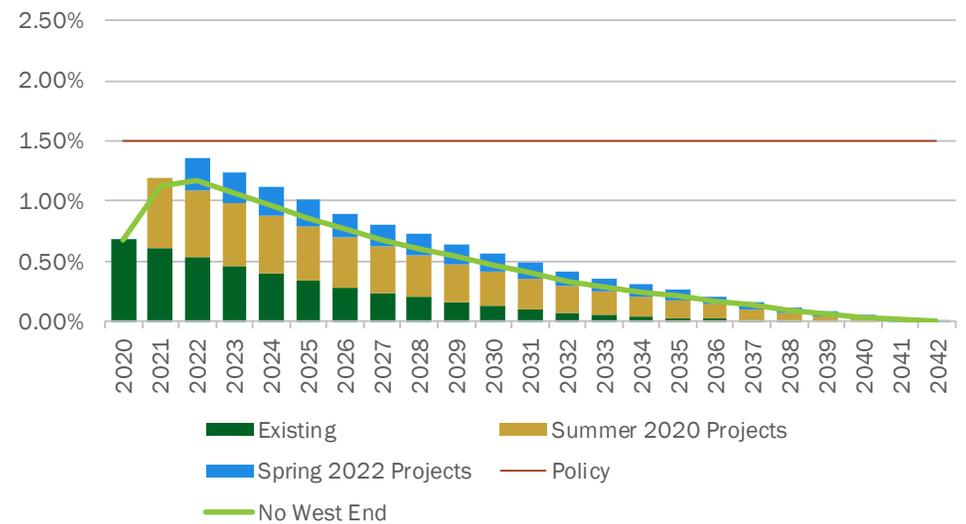
Key Debt Ratios

All Projects Including West End (Case 2)

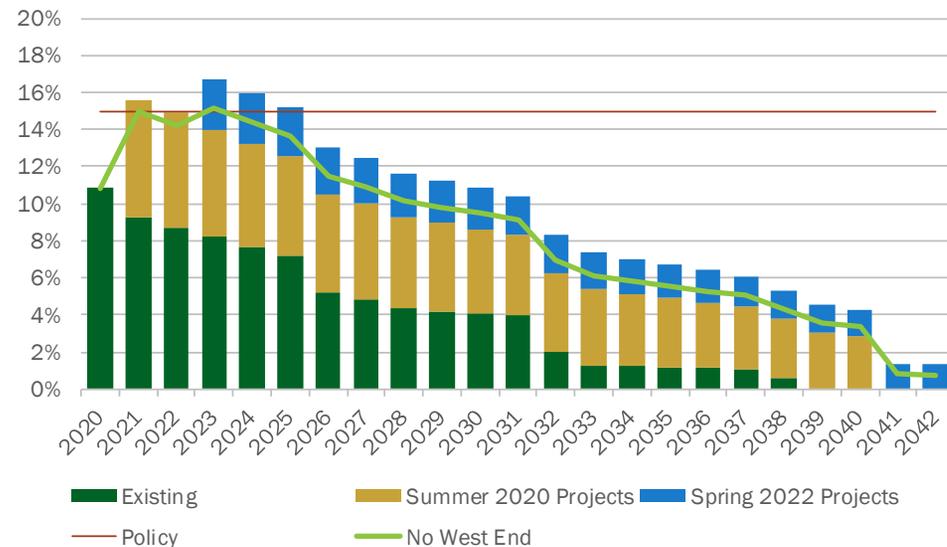
10-Year Payout



Debt to Assessed Value



Debt Service to Expenditures





Debt Affordability Cases

- In order to provide perspective on the potential cash flow impact of the potential financings, the following cases have been analyzed:
 - Case 1: Fund All Projects Except the West End Parking Project – **\$58.3M Total Capital Funding**
 - Case 2: Fund All Projects Including the West End Parking Project – **\$74.3M Total Capital Funding**



Summary of Results

A	B	C	D
Case		Case 1 <i>Fund All Projects Except the West End Parking Project</i>	Case 2 <i>Fund All Projects Including the West End Parking Project</i>
1	Debt Issued		
2	FY 2021 Projects		
3	Wallace Deck	\$2,400,000	\$2,400,000
4	Blue Hill Phase II	\$2,600,000	\$2,600,000
5	Municipal Services Center	\$34,000,000	\$34,000,000
6	Affordable Housing	\$5,000,000	\$5,000,000
7	West End Parking (Land)	\$0	\$6,000,000
8	Total FY 2021 Projects	\$44,000,000	\$50,000,000
9			
10	FY 2022 Projects		
11	Affordable Housing	\$5,000,000	\$5,000,000
12	Streets & Sidewalks	\$7,700,000	\$7,700,000
13	West End Parking (Construction)	\$0	\$10,000,000
14	Total FY 2022 Projects	\$12,700,000	\$22,700,000
15			
16	Total Debt Issued	\$56,700,000	\$72,700,000
17	Cash Funding	\$1,600,000	\$1,600,000
18	Total Projects Funded	\$58,300,000	\$74,300,000
19			
20	Total Debt Service	\$86,467,500	\$110,867,500
21			
22	Debt Ratios (Worst Shown)	Existing	
23	10-Year Payout	77.50%	66.55%
24	Debt to Assessed Value	0.68%	1.17%
25	Debt Service to Expenditures	10.82%	15.13%
26			
27	Equivalent Tax Impact		
28	FY 2020	-	-
29	FY 2021	-	-
30	FY 2022	-	-
31	FY 2023	-	-
32	FY 2024	-	0.94¢
33	FY 2025	-	1.46¢
34	Total	0.00¢	2.40¢
35			
36	FY 2020 Upfront Impact	0.00¢	0.69¢
37			
38	Equivalent Reserve / Revenue Requirement	-	\$3,096,229



Debt Affordability Analysis

Case 1: Fund All Projects Except the West End Parking Project

A	B	C	D	E	F	G	H	I	J
Project	Issuance by Type			Total	Debt Source	Timing	Term	Interest Rate	Amortization
	GO Bonds	LOBs / IFC	Cash on Hand						
1 Summer 2020 (FY 2021) Projects - Option 1									
2 Wallace Deck	-	2,400,000	-	2,400,000	LOBs / IFC	Summer 2020 (FY 21)	20 Years	5.00%	Level Principal
3 Blue Hill Phase II	-	2,600,000	1,600,000	4,200,000	LOBs / IFC	Summer 2020 (FY 21)	20 Years	5.00%	Level Principal
4 Municipal Services Center	2,700,000	31,300,000	-	34,000,000	GO / LOBs / IFC	Summer 2020 (FY 21)	20 Years	5.00%	Level Principal
5 Affordable Housing	5,000,000	-	-	5,000,000	GO Bonds	Summer 2020 (FY 21)	20 Years	5.00%	Level Principal
6 West End Parking (Land)	-	-	-	-	LOBs / IFC	Summer 2020 (FY 21)	20 Years	5.00%	Level Principal
7 Total Summer 2020 Projects	\$ 7,700,000	\$ 36,300,000	\$ 1,600,000	\$ 45,600,000					
10 Spring 2022 Projects									
11 Affordable Housing	\$ 5,000,000	\$ -	\$ -	\$ 5,000,000	GO Bonds	Spring 2022 (FY 22)	20 Years	5.00%	Level Principal
12 Streets & Sidewalks	7,700,000	-	-	7,700,000	GO Bonds	Spring 2022 (FY 22)	20 Years	5.00%	Level Principal
13 West End Parking (Construction)	-	-	-	-	LOBs / IFC	Spring 2022 (FY 22)	20 Years	5.00%	Level Principal
14 Total Spring 2022 Projects	\$ 12,700,000	\$ -	\$ -	\$ 12,700,000					
17 Total Projects (Option 1)	\$ 20,400,000	\$ 36,300,000	\$ 1,600,000	\$ 58,300,000					

Total Funding:
 GO Bonds: \$20,400,000
 LOBs / IFCs: \$36,300,000
 Cash on Hand: \$1,600,000
Total: \$58,300,000

A	B	C	D	E	F	G	H	I	J	K	L	M	N
FY	Debt Service Requirements			Revenue Available for DS				Debt Service Cash Flow Surplus (Deficit)					
	Existing Debt Service ¹	CIP Debt Service	Total	Existing Revenue Sources ^{2,3}	Transfer from Parking for existing debt ⁴	West End Parking Deck Net Revenues ⁵	Total Revenues Available	Surplus/ (Deficit)	Revenue From Prior Tax Impact	Debt Fund Balance Utilized	Adjusted Surplus/ (Deficit)	Estimated Incremental Tax Equivalent	Debt Fund Balance
2020	7,930,316	-	7,930,316	9,007,523	905,331	-	9,912,854	1,982,538	-	-	1,982,538	-	7,494,829
2021	7,256,242	4,400,000	11,656,242	8,827,592	914,831	-	9,742,423	(1,913,819)	-	(1,913,819)	-	-	7,563,547
2022	6,910,853	4,290,000	11,200,853	8,865,332	916,831	-	9,782,163	(1,418,689)	-	(1,418,689)	-	-	6,144,858
2023	6,737,535	5,450,000	12,187,535	8,976,472	912,081	-	9,888,553	(2,298,981)	-	(2,298,981)	-	-	3,845,877
2024	6,326,411	5,308,250	11,634,661	9,080,689	680,831	-	9,761,520	(1,873,141)	-	(1,873,141)	-	-	1,972,736
2025	5,932,881	5,166,500	11,099,381	9,191,073	464,331	-	9,655,404	(1,443,977)	-	(1,443,977)	-	-	528,759
2026	4,262,969	5,024,750	9,287,719	9,307,684	462,331	-	9,770,016	482,297	-	-	482,297	-	1,011,056
2027	4,027,269	4,883,000	8,910,269	9,445,525	465,350	-	9,910,875	1,000,606	-	-	1,000,606	-	2,011,662
2028	3,605,979	4,741,250	8,347,229	9,590,543	462,400	-	10,052,943	1,705,715	-	-	1,705,715	-	3,717,376
2029	3,536,647	4,599,500	8,136,147	9,744,638	462,200	-	10,206,838	2,070,692	-	-	2,070,692	-	5,788,068
2030	3,463,287	4,457,750	7,921,037	9,904,439	461,400	-	10,365,839	2,444,802	-	-	2,444,802	-	8,232,870
2031	3,399,462	4,316,000	7,715,462	10,070,067	465,000	-	10,535,067	2,819,605	-	-	2,819,605	-	11,052,474
2032	1,681,615	4,174,250	5,855,865	10,241,560	462,800	-	10,704,360	4,848,495	-	-	4,848,495	-	15,900,970
2033	1,103,363	4,032,500	5,135,863	10,435,492	-	-	10,435,492	5,299,630	-	-	5,299,630	-	21,200,599
2034	1,075,163	3,890,750	4,965,913	10,636,117	-	-	10,636,117	5,670,204	-	-	5,670,204	-	26,870,804
2035	1,045,788	3,749,000	4,794,788	10,842,662	-	-	10,842,662	6,047,875	-	-	6,047,875	-	32,918,678
2036	1,016,413	3,607,250	4,623,663	11,055,232	-	-	11,055,232	6,431,569	-	-	6,431,569	-	39,350,247
2037	986,475	3,465,500	4,451,975	11,273,919	-	-	11,273,919	6,821,944	-	-	6,821,944	-	46,172,192
2038	505,925	3,323,750	3,829,675	11,498,826	-	-	11,498,826	7,669,151	-	-	7,669,151	-	53,841,343
2039	-	3,182,000	3,182,000	11,734,556	-	-	11,734,556	8,552,556	-	-	8,552,556	-	62,393,899
2040	-	3,040,250	3,040,250	11,981,505	-	-	11,981,505	8,941,255	-	-	8,941,255	-	71,335,154
2041	-	698,500	698,500	12,234,763	-	-	12,234,763	11,536,263	-	-	11,536,263	-	82,871,417
2042	-	666,750	666,750	12,516,428	-	-	12,516,428	11,849,678	-	-	11,849,678	-	94,721,094
2043	-	-	-	12,803,722	-	-	12,803,722	12,803,722	-	-	12,803,722	-	107,524,816
2044	-	-	-	13,103,088	-	-	13,103,088	13,103,088	-	-	13,103,088	-	120,627,904
Total	70,804,590	86,467,500	157,272,090					Total		(8,948,608)	Total Tax Effect	0.00¢	

¹ 2010B GO debt service is shown gross of BAB subsidy.
² BABs subsidies are assumed to be reduced by 5.9% due to Federal Sequestration resulting in an effective subsidy rate of 32.94%.
³ Assumed to be equal to 1.00% of prior years ending Debt Fund Balance.
⁴ The Parking Fund is assumed to cover annual debt service on existing Parking Fund debt.
⁵ Shown net of operating expenses adjusted for existing Lease savings. Per Town Staff.



Debt Affordability Analysis

Case 2: Fund All Projects Including the West End Parking Project

A	B	C	D	E	F	G	H	I	J
Project	Issuance by Type			Total	Debt Source	Timing	Term	Interest Rate	Amortization
	GO Bonds	LOBs / IFC	Cash on Hand						
1 Summer 2020 (FY 2021) Projects - Option 1									
2 Wallace Deck	-	2,400,000	-	2,400,000	LOBs / IFC	Summer 2020 (FY 21)	20 Years	5.00%	Level Principal
3 Blue Hill Phase II	-	2,600,000	1,600,000	4,200,000	LOBs / IFC	Summer 2020 (FY 21)	20 Years	5.00%	Level Principal
4 Municipal Services Center	2,700,000	31,300,000	-	34,000,000	GO / LOBs / IFC	Summer 2020 (FY 21)	20 Years	5.00%	Level Principal
5 Affordable Housing	5,000,000	-	-	5,000,000	GO Bonds	Summer 2020 (FY 21)	20 Years	5.00%	Level Principal
6 West End Parking (Land)	-	6,000,000	-	6,000,000	LOBs / IFC	Summer 2020 (FY 21)	20 Years	5.00%	Level Principal
7 Total Summer 2020 Projects	\$ 7,700,000	\$ 42,300,000	\$ 1,600,000	\$ 51,600,000					
10 Spring 2022 Projects									
11 Affordable Housing	\$ 5,000,000	\$ -	\$ -	\$ 5,000,000	GO Bonds	Spring 2022 (FY 22)	20 Years	5.00%	Level Principal
12 Streets & Sidewalks	7,700,000	-	-	7,700,000	GO Bonds	Spring 2022 (FY 22)	20 Years	5.00%	Level Principal
13 West End Parking (Construction)	-	10,000,000	-	10,000,000	LOBs / IFC	Spring 2022 (FY 22)	20 Years	5.00%	Level Principal
14 Total Spring 2022 Projects	\$ 12,700,000	\$ 10,000,000	\$ -	\$ 22,700,000					
17 Total Projects (Option 1)	\$ 20,400,000	\$ 52,300,000	\$ 1,600,000	\$ 74,300,000					

Total Funding:
 GO Bonds: \$20,400,000
 LOBs / IFCs: \$52,300,000
 Cash on Hand: \$1,600,000
Total: \$74,300,000

A	B	C	D	E	F	G	H	I	J	K	L	M	N
FY	Debt Service Requirements			Revenue Available for DS				Debt Service Cash Flow Surplus (Deficit)					
	Existing Debt Service ¹	CIP Debt Service	Total	Existing Revenue Sources ^{2,3}	Transfer from Parking for existing debt ⁴	West End Parking Deck Net Revenues ⁵	Total Revenues Available	Surplus/ (Deficit)	Revenue From Prior Tax Impact	Debt Fund Balance Utilized	Adjusted Surplus/ (Deficit)	Estimated Incremental Tax Equivalent	Debt Fund Balance
2020	7,930,316	-	7,930,316	9,007,523	905,331	-	9,912,854	1,982,538	-	-	1,982,538	-	7,494,829
2021	7,256,242	5,000,000	12,256,242	8,827,592	914,831	-	9,742,423	(2,513,819)	-	(2,513,819)	-	-	6,963,547
2022	6,910,853	4,875,000	11,785,853	8,859,332	916,831	-	9,776,163	(2,009,689)	-	(2,009,689)	-	-	4,953,858
2023	6,737,535	7,020,000	13,757,535	8,964,562	912,081	735,435	10,612,078	(3,145,456)	-	(3,145,456)	-	-	1,808,402
2024	6,326,411	6,838,250	13,164,661	9,060,314	680,831	792,570	10,533,716	(2,630,945)	-	(1,808,402)	(822,544)	0.94¢	-
2025	5,932,881	6,656,500	12,589,381	9,171,345	464,331	815,197	10,450,874	(2,138,507)	834,882	-	(1,303,626)	1.46¢	-
2026	4,262,969	6,474,750	10,737,719	9,302,397	462,331	837,813	10,602,541	(135,178)	2,170,585	-	2,035,407	-	2,035,407
2027	4,027,269	6,293,000	10,320,269	9,455,768	465,350	860,418	10,781,536	461,267	2,203,144	-	2,664,411	-	4,699,819
2028	3,605,979	6,111,250	9,717,229	9,617,425	462,400	883,011	10,962,836	1,245,607	2,236,191	-	3,481,798	-	8,181,617
2029	3,536,647	5,929,500	9,466,147	9,789,281	462,200	905,591	11,157,072	1,690,925	2,269,734	-	3,960,659	-	12,142,276
2030	3,463,287	5,747,750	9,211,037	9,967,981	461,400	905,591	11,334,972	2,123,935	2,303,780	-	4,427,715	-	16,569,991
2031	3,399,462	5,566,000	8,965,462	10,153,438	465,000	905,591	11,524,029	2,558,567	2,338,336	-	4,896,904	-	21,466,895
2032	1,681,615	5,384,250	7,065,865	10,345,704	462,800	905,591	11,714,096	4,648,231	2,373,412	-	7,021,642	-	28,488,537
2033	1,103,363	5,202,500	6,305,863	10,561,368	-	905,591	11,466,959	5,161,097	2,409,013	-	7,570,109	-	36,058,646
2034	1,075,163	5,020,750	6,095,913	10,784,697	-	905,591	11,690,289	5,594,376	2,445,148	-	8,039,524	-	44,098,170
2035	1,045,788	4,839,000	5,884,788	11,014,936	-	905,591	11,920,527	6,035,740	2,481,825	-	8,517,565	-	52,615,735
2036	1,016,413	4,657,250	5,673,663	11,252,202	-	905,591	12,157,794	6,484,131	2,519,053	-	9,003,184	-	61,618,919
2037	986,475	4,475,500	5,461,975	11,496,606	-	905,591	12,402,197	6,940,222	2,556,838	-	9,497,061	-	71,115,979
2038	505,925	4,293,750	4,799,675	11,748,264	-	905,591	12,653,856	7,854,181	2,595,191	-	10,449,372	-	81,565,351
2039	-	4,112,000	4,112,000	12,011,796	-	905,591	12,917,387	8,805,387	2,634,119	-	11,439,506	-	93,004,857
2040	-	3,930,250	3,930,250	12,287,615	-	905,591	13,193,206	9,262,956	2,673,631	-	11,936,587	-	104,941,444
2041	-	1,248,500	1,248,500	12,570,825	-	905,591	13,476,417	12,227,917	2,713,735	-	14,941,652	-	119,883,095
2042	-	1,191,750	1,191,750	12,886,545	-	905,591	13,792,136	12,600,386	2,754,441	-	15,354,827	-	135,237,922
2043	-	-	-	13,208,890	-	905,591	14,114,481	14,114,481	2,795,758	-	16,910,239	-	152,148,161
2044	-	-	-	13,549,321	-	905,591	14,454,913	14,454,913	2,837,694	-	17,292,607	-	169,440,768
Total	70,804,590	110,867,500	181,672,090					Total		(9,477,367)	Total Tax Effect	2.40¢	

¹2010B GO debt service is shown gross of BAB subsidy.
²BABs subsidies are assumed to be reduced by 5.9% due to Federal Sequestration resulting in an effective subsidy rate of 32.94%.
³Assumed to be equal to 1.00% of prior years ending Debt Fund Balance.
⁴The Parking Fund is assumed to cover annual debt service on existing Parking Fund debt.
⁵Shown net of operating expenses adjusted for existing Lease savings. Per Town Staff.

- Alternatively, the Town could utilize an additional 0.69¢ Upfront Tax Increase in FY 2021 or \$3,096,229 of additional revenues or reserves to offset the need for a future tax impact.



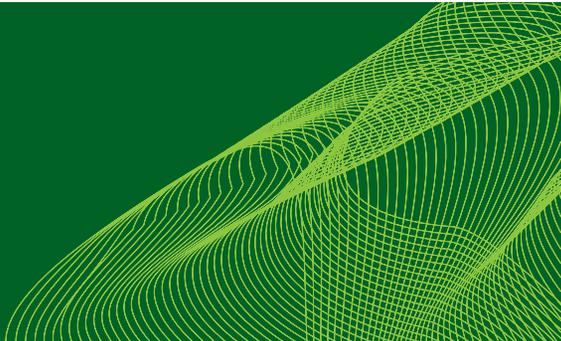
Debt Affordability Considerations

- The debt affordability scenarios presented in this analysis assume that the Debt Fund will need to support debt service associated with all proposed projects including the parking garages from currently dedicated resources as well as potential new revenue sources from the West End Parking Deck.
 - The Town estimates that the new parking facilities could provide additional revenue sources, potentially beginning in FY 2023 for the West End Parking Deck.
 - The parking garage debt issuances are modeled conservatively, consistent with North Carolina tax-supported debt practices (i.e. 20-year level principal amortization).

- For Parking-related projects, there are a number of potential factors that could improve the results shown, including:
 - Potential partnership with a developer could result in alternative financing scenarios that might be more advantageous to the Town than those currently included (e.g. deferred payments, longer amortizations).
 - Potential cash contributions from development partners (i.e. payments in lieu of parking) could reduce the amount of debt issued / outstanding and associated debt service.
 - Increased parking usage through agreements with development partners and/or increased retail / residential traffic.
 - Increased tax revenue resulting from new development directly or indirectly associated with construction of parking garages.
 - Sale of existing land / surface parking lots no longer needed could generate one time revenue.
 - Lower interest rates on the proposed financings.
 - Alternative amortization structures (e.g. interest only periods, longer term debt amortization or level debt service payments) utilized due to the enterprise nature of parking facilities could lower annual debt service payments (total payments would increase over). These are debt structuring options that would be subject to Local Government Commission review and approval.



Observations





Observations

- The Town has a Aaa / AAA rating from both Moody's and S&P, which are the highest credit ratings a local government can achieve.
 - The Town received its Aaa rating from Moody's in 1998 and its AAA rating from S&P in 2006.

- The Town has managed its debt issuance activities in a responsible fashion and has a Debt Profile that compares favorably to other highly rated Cities and Towns.

- As measured by certain key Debt Ratios and rating agency guidelines, the Town has Debt Capacity to accommodate its current CIP without the West End Deck through FY 2022.
 - Debt Capacity with new West End Deck is more limited by these same measures.

- The Town has well established and sustainable debt service budgeting practices which provide for some additional Debt Affordability beyond current debt levels.
 - Without the new West End parking deck project, the Town has adequate revenue sources to fund existing and proposed debt service. With the potential new West End parking deck project, the Town would need to identify additional revenue sources for the Debt Fund.

- Capital planning beyond the FY 2022 horizon will allow the Town to identify potential funding issues / opportunities and work towards developing a responsible Plan of Finance.



Appendix A

Financial Policies



Rating Agency Commentary on Management and Policies

Moody's

- “A local government’s success in navigating the legal, political and practical environment in which it operates depends on a multitude of factors, including management’s mastery in understanding its resources and managing its responsibilities, public and executive support for its plans, and its willingness to use the tools at its disposal.”

- **“When evaluating a credit, we seek to understand the probable impact of fund balance policies, multi-year financial or capital planning, liquidity management, accuracy of budget forecasts, and willingness to make midyear adjustments.** Reliance on non-recurring, or “one-shot” revenues, such as proceeds from the sale of assets, windfall delinquent tax collections, or the use of fund balance as a revenue source, leaves the municipality vulnerable should these one-time revenues fail to materialize.”

Source: Moody’s US Local Government General Obligation Debt, January 2014

S&P

- “The rigor of a government’s financial management practices is an important factor in Standard & Poor’s Ratings Services analysis of that government’s creditworthiness. Managerial decisions, policies, and practices apply directly to the government’s financial position and operations, debt burden, and other key credit factors. A government’s ability to implement timely and sound financial and operational decisions in response to economic and fiscal demands is a primary determinant of near-term changes in credit quality.”

- S&P measures the strength of governmental financial management through seven key factors:
 - Revenue and expenditure assumptions
 - Budget amendments and updates
 - Long term financial planning
 - Long term capital planning
 - Investment management policies
 - Debt management policies
 - Reserve and liquidity policies

Source: S&P’s U.S. Local Governments General Obligation Ratings: Methodology And Assumptions, September 2013



Financial Policy Overview

- Financial Policies that are adopted, adhered to, and regularly reviewed are recognized as a cornerstone of sound financial management.

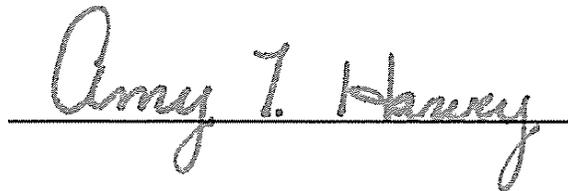
- Effective Financial Policies:
 - Contribute to the Town's ability to insulate itself from fiscal crisis;
 - Enhance access to short term and long term financial credit by helping to achieve the highest credit ratings possible;
 - Promote long-term financial stability by establishing clear and consistent guidelines;
 - Direct attention to the total financial picture of the Town rather than single issue areas;
 - Promote the view of linking long-run financial planning with day-to-day operations, and;
 - Provide the Town Staff, the Town Council and the Town citizens a framework for measuring the fiscal impact of government services against established fiscal parameters and guidelines.

- Financial Policies should be reviewed periodically by Town staff and any recommended changes should be presented to the Governing Body for formal approval / adoption.

- The Town has adopted a series of financial policies, including:
 - Debt Policy
 - Fund Balance Reserve Policy
 - Cash Management and Investment Policy
 - Other Post Employment Benefit (OPEB) Pre-Funding Policy

I, Amy T. Harvey, Deputy Town Clerk of the Town of Chapel Hill, North Carolina, hereby certify that the attached is a true and correct copy of (2019-06-12/R-2) adopted by the Chapel Hill Town Council on June 12, 2019.

This the 13th day of June, 2019.

A handwritten signature in cursive script that reads "Amy T. Harvey". The signature is written in black ink and is positioned above a solid horizontal line.

**Amy T. Harvey
Deputy Town Clerk**



A RESOLUTION FOR THE ADOPTION OF FINANCIAL POLICY GUIDELINES (2019-06-12/R-2)

WHEREAS, financial policies are central to a strategic, long-term approach to financial management; and

WHEREAS, the Government Finance Officers Association (GFOA) has recognized financial policies as an essential part of public financial management; and

WHEREAS, formal, written financial policies help governments promote financial stability and continuity, manage financial risks, promote long-term strategic thinking, and support the Town's excellent bond ratings;

NOW, THEREFORE, BE IT RESOLVED by the Council of the Town of Chapel Hill that the Council hereby adopts the Financial Policy Guidelines which includes: Debt Policy, Fund Balance Reserve Policy, Cash Management and Investment Policy, and Other Post-Employment Benefit (OPEB) Pre-Funding Policy.

This the 12th day of June, 2019.

Financial Policy Guidelines

For:



Town of Chapel Hill, North Carolina

Adopted: June 12, 2019

**Maurice Jones, Town Manager
Amy Oland, Business Management Director**

FISCAL POLICY GUIDELINES

<u>Section Contents:</u>	<u>Page:</u>
• Objectives	2
• Debt Policy	3
• Fund Balance Reserve Policy	4
• Cash Management and Investment Policy	5
• Other Post Employment Benefit (OPEB) Pre-Funding Policy	6

OBJECTIVES

This fiscal policy is a statement of the guidelines and goals that will influence and guide the financial management practice. A fiscal policy that is adopted, adhered to, and regularly reviewed is recognized as the cornerstone of sound financial management. Effective fiscal policy:

- Contributes significantly to the Town's ability to insulate itself from fiscal crisis;
- Enhances short-term and long-term financial credit ability by helping to achieve the highest credit and bond ratings possible;
- Promotes long-term financial stability by establishing clear and consistent guidelines;
- Directs attention to the total financial picture of the Town rather than single issue areas;
- Promotes the view of linking long-run financial planning with day to day operations;
- Provides the Council, community and management a framework for measuring the fiscal impact of government services against established fiscal parameters and guidelines.

To these ends, the following fiscal policy statements are presented.

DEBT POLICIES

General

1. The Town will confine long-term borrowing to capital improvements or projects that cannot be financed from current revenues except where approved justification is provided.
2. The Town will utilize a balanced approach to capital funding utilizing debt financing, draws on capital reserves and/or fund balances in excess of policy targets, and current-year pay-as-you-go appropriations.
3. When the Town finances capital improvements or other projects by issuing bonds or entering into capital leases, it will repay the debt within a period not to exceed the expected useful life of the project. Target debt ratios will be annually calculated and included in the review of financial trends.
4. Where feasible, the Town will explore the usage of special assessment, revenue, or other self-supporting bonds instead of general obligation bonds.
5. Where feasible, the Town will limit the amount of debt issued each calendar year to remain Bank Qualified eligible per Internal Revenue Service (IRS) guidelines (currently \$10,000,000).

Tax Supported Debt

1. Net Debt as a percentage of total assessed value of taxable property should not exceed 1.5%. Net Debt is defined as any and all debt that is tax supported.
2. The ratio of debt service expenditures as a percent of total governmental fund expenditures should not exceed 15% with an aggregate ten-year principal payout ratio target of 65% or better.

FUND BALANCE RESERVE POLICIES

1. Unassigned Fund Balances will mean funds that remain available for appropriation by the Council after all commitments for future expenditures, required reserves defined by State statutes, and previous designations have been calculated. The Town will define these remaining amounts as “available fund balances.”
2. The Town will strive to maintain a targeted Unassigned Fund Balance, as defined by the Governmental Accounting Standards Board, at the close of each fiscal year equal to 22% of General Fund Expenditures. Unassigned Fund Balance in excess of 22% of General Fund Expenditures may be appropriated from time to time for pay-as-you-go capital and other one-time uses.
3. In the event that funds are available over and beyond the targeted amount, those funds may be transferred to the Capital Reserve Fund at the Council discretion.
4. The Town Council may, from time-to-time, utilize fund balances that will reduce Unassigned Fund Balance below the 22% target for the purposes of a declared fiscal emergency or other such purpose as to protect or enhance the long-term fiscal security of the Town. In such circumstances, the Council will adopt a plan to restore the Unassigned Fund Balance to the target level within 24 months. If restoration cannot be accomplished within such time period without severe hardship to the Town, then the Council will establish a different but appropriate time period.

CASH MANAGEMENT AND INVESTMENT POLICIES & STRATEGIES

1. It is the intent of the Town that public funds will be invested to the extent possible to reduce the need for property tax revenues. Funds will be invested with the chief objectives of safety of principal, liquidity, and yield, in that order. All deposits and investments of Town funds will be in accordance with N.C.G.S. 159.
2. The Town will use a Central Depository to maximize the availability and mobility of cash for all funds that can be legally and practically combined.
3. Cash Flows will be forecasted and investments will be made to mature when funds are projected to be needed to meet cash flow requirements.
4. Liquidity: No less than 20% of funds available for investment will be maintained in liquid investments at any point in time.
5. Maturity: All investments will mature in no more than 36 months from their purchase date.
6. Custody: All investments will be purchased “payment versus delivery” and if certificated will be held by the Finance Officer in the name of the Town. All non-certificated investment will be held in book-entry form in the name of the Town with the Town’s third party Custodian (Safekeeping Agent).
7. Authorized Investments: The Town may deposit Town funds into: Any Council approved Official Depository, if such funds are secured in accordance with N.C.G.S. 159-31. The Town may invest Town funds in: the North Carolina Capital Management Trust, U.S. Treasuries, U.S. Agency Securities specifically authorized in G.S. 159 and rated no lower than “AAA”, and Commercial Paper meeting the requirements of N.C.G.S. 159 plus having a national bond rating.
8. Diversification: No more than 5% of the Town’s investment funds may be invested in a specific company’s commercial paper and no more than 20% of the Town’s investment funds may be invested in commercial paper. No more than 25% of the Town’s investments may be invested in any one U.S. Agency’s Securities.
9. Allocation: Investment income will be allocated to each participating fund or account based on a fair and equitable formula determined by the Finance Director.

OTHER POST-EMPLOYMENT BENEFIT PRE-FUNDING POLICIES & STRATEGIES

1. By ordinance of the Town Council, the Town administers the Healthcare Benefits Plan (HCB Plan), a single-employer defined benefit plan that is used to provide postemployment benefits for all retirees of the Town who were hired before July 1, 2010, participate in the North Carolina Local Government Employees' Retirement System, and have at least five years of creditable service with the Town.
2. Retirees who qualify for coverage receive the same benefits as active employees, wherein the Town pays all or a portion of the costs of coverage for the benefits based on years of service.
3. Actuarial Valuation: The total other post-employment benefit (OPEB) liability is determined by an actuary on an annual basis. The actuary bases this calculation on several actuarial assumptions: inflation rate, salary increases, investment rate of return and healthcare cost trend rates.
4. Pay-Go Contributions: The Town is required to pay annually the projected pay-as-you-go financing requirements for the retiree healthcare benefits.
5. Pre-Funding Contributions: The Town may contribute an additional amount to prefund benefits contributed to the trust annually as determined by the Council.
6. Benefits of Pre-Funding: Multiple outside entities use the actuary information that resides in the Comprehensive Annual Financial Report to assess the creditworthiness and financial soundness of the Town. The amount of pay-go and pre-funding contributions helps reduce the total OPEB liability.
7. The Town will contribute annually to the OPEB trust to help fund the Annually Required Contribution and work towards reducing the overall OPEB liability. In the event that funds are available over the General Fund 22% targeted fund balance amount, the Council may choose to contribute a portion of this amount to the OPEB trust.



General Fund Balance

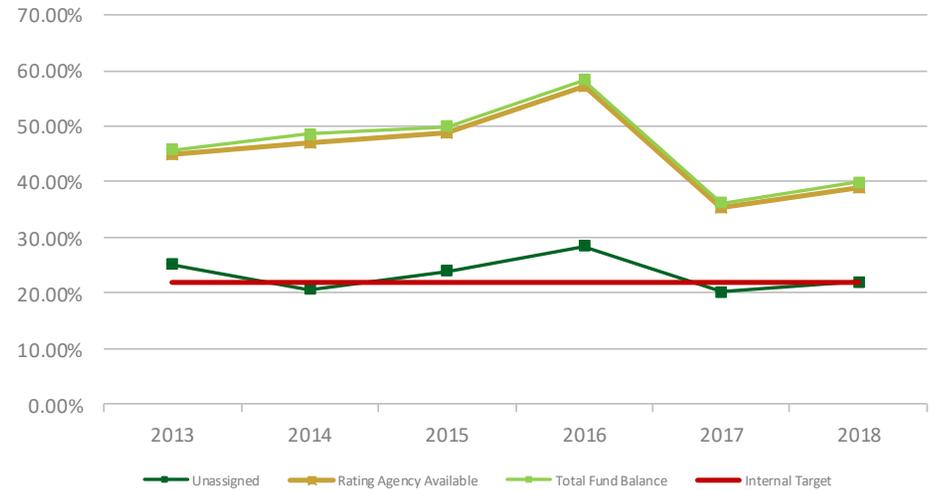
General Fund Balance

	2013	2014	2015	2016	2017	2018
1 General Fund Budget						
2 Revenues	52,477,610	56,215,276	57,349,320	58,863,263	59,453,389	61,850,212
3 Expenditures (Including Transfers Out)	51,379,266	53,773,991	55,709,763	56,188,531	67,732,197	61,723,687
4						
5 General Fund Balance						
6 Nonspendable	22,561	3,020	50,956	8,391	77,818	100,955
7 Restricted - Other	428,261	820,632	633,449	653,154	577,200	573,464
8 Restricted - Stabilization for State Statute	6,697,509	9,994,453	8,825,428	10,706,650	7,234,759	6,955,024
9 Committed	121,811	72,513	-	-	-	-
10 Assigned	3,373,643	4,105,066	4,939,269	5,385,390	2,958,533	3,430,129
11 Unassigned	12,883,997	11,143,807	13,374,946	15,990,195	13,661,662	13,621,925
12 Total	23,527,782	26,139,491	27,824,048	32,743,780	24,509,972	24,681,497
13						
14 Rating Agency Available ¹	23,076,960	25,315,839	27,139,643	32,082,235	23,854,954	24,007,078
15						
16 General Fund Balance Ratios						
17 Unassigned as a % of GF Revenues	24.55%	19.82%	23.32%	27.16%	22.98%	22.02%
18 Unassigned as a % of GF Expenditures	25.08%	20.72%	24.01%	28.46%	20.17%	22.07%
19 Rating Agency Available as a % of GF Revenues	43.97%	45.03%	47.32%	54.50%	40.12%	38.81%
20 Rating Agency Available as a % of GF Expenditures	44.91%	47.08%	48.72%	57.10%	35.22%	38.89%
21 Total General Fund Balance as a % of GF Revenues	44.83%	46.50%	48.52%	55.63%	41.23%	39.91%
22 Total General Fund Balance as a % of GF Expenditures	45.79%	48.61%	49.94%	58.27%	36.19%	39.99%
23						
24 Debt Service Fund Balance	5,340,180	4,803,926	5,452,410	6,615,510	7,048,523	7,189,658
25						
26 Affordable Housing Fund Balance	-	-	-	-	1,060,385	830,452
27						
28 Rating Agency Available Op. Fund Balance ²	28,417,140	30,119,765	32,592,053	38,697,745	30,903,477	31,196,736
29 Rating Agency Operating Fund Revenues	58,187,000	61,975,000	63,851,000	67,191,000	66,033,000	68,627,177
30 Rating Agency Operating Fund Expenditures	58,204,000	59,900,000	61,518,000	61,109,000	73,834,000	68,359,517
31 Rating Agency Available Op. as a % of Op. Revenues	48.84%	48.60%	51.04%	57.59%	46.80%	45.46%
32 Rating Agency Available OP. as a % of Op. Expenditures	48.82%	50.28%	52.98%	63.33%	41.86%	45.64%

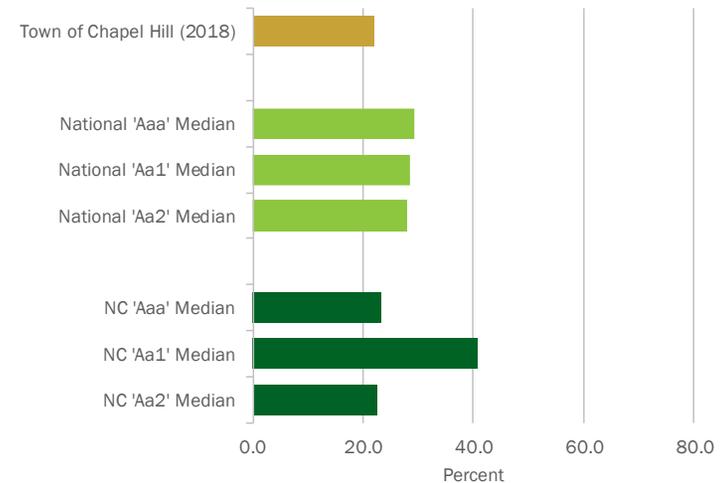
¹ Includes Stabilization by State Statute, Committed, Assigned, and Unassigned Fund Balance
² Includes Rating Agency Available and Debt Service Fund Balance

- “The Town will strive to maintain a targeted Unassigned Fund Balance, as defined by the Governmental Accounting Standards Board, at the close of each fiscal year equal to 22% of General Fund Expenditures. Unassigned Fund Balance in excess of 22% of General Fund Expenditures may be appropriated from time to time for pay-as-you-go capital and other one-time uses.”

General Fund Balance as a % of Expenditures



Unassigned Fund Balance as a % of Revenues

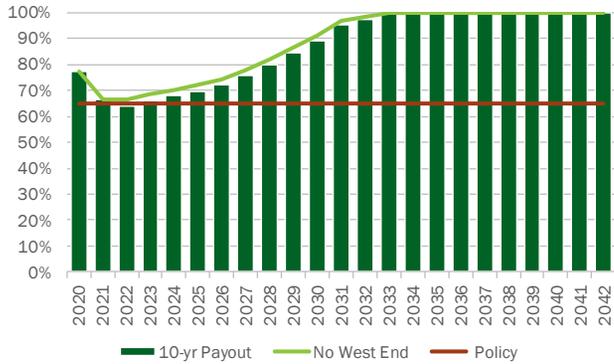




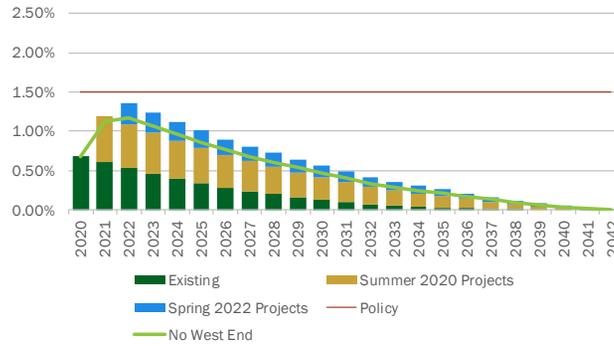
Key Debt Ratios and Peer Comparatives

All Projects Including West End (Case 2)

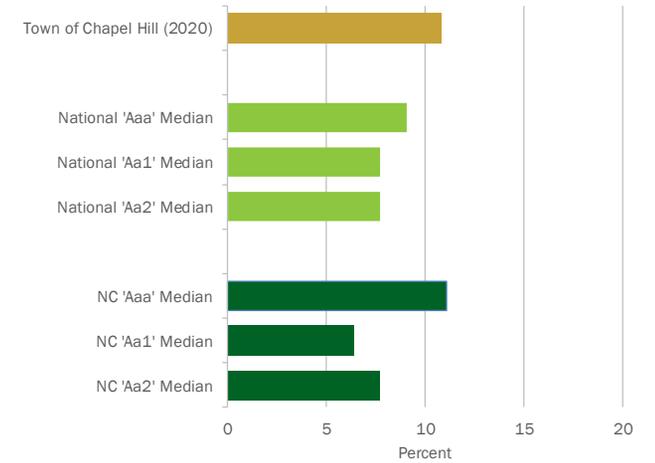
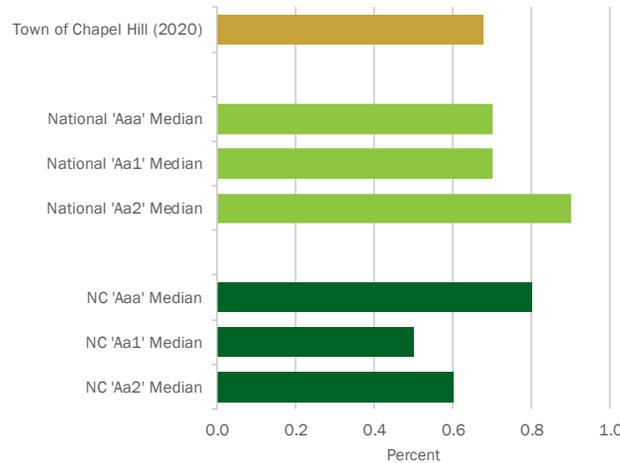
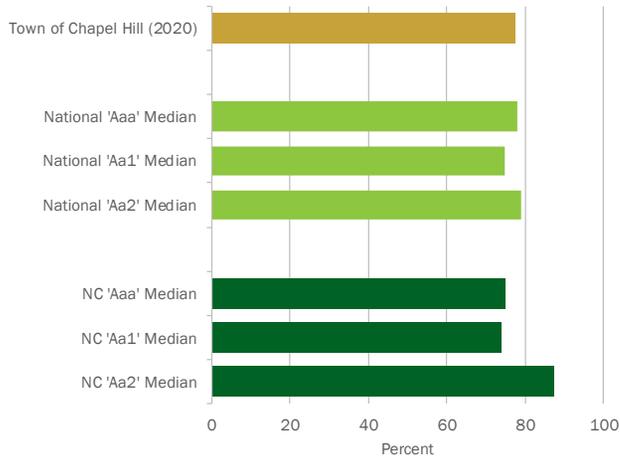
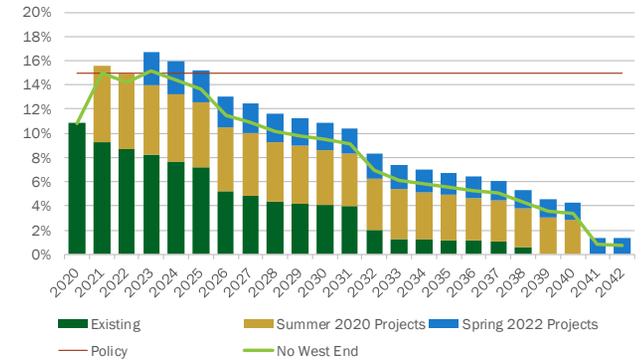
10-Year Payout Ratio



Debt to Assessed Value



Debt Service to Expenditures





Appendix B

Aaa North Carolina Cities' and Towns' Financial Policy Summary

Aaa North Carolina Cities' and Towns' Financial Policy Summary



A	B	C	D	E
Policy	Fund Balance	10-Year Payout	Debt to Assessed Value	Debt Service to Expenditures
1 Chapel Hill	The Town will strive to maintain a targeted Unassigned Fund Balance at the close of each fiscal year equal to 22% of General Fund Expenditures.	> 65%	< 1.50%	< 15%
2				
3 Apex	Available fund balances at the close of each fiscal year should be at least 25% of the Total Annual Operating Budget of the Town. ¹	> 55%	< 2.50%	< 12%
4				
5 Asheville	The City will maintain an undesignated fund balance equal to 15% of the General Fund operating budget.	n/a	n/a	n/a
6				
7 Cary	The Town will maintain a minimum Accessible Fund Balance of at least 25% of budgeted General Fund Expenditures. ²	n/a	< 8%	< 15%
8				
9 Charlotte	The Budget will maintain a General Fund balance equal to 16% of the operating budget.	n/a	n/a	n/a
10				
11 Durham	The City will maintain an unassigned fund balance no less than 12% of the General Fund adjusted operating expenditures.	n/a	n/a	n/a
12				
13 Greensboro	The City shall maintain unassigned fund balance in the General Fund equal to 9% of the following fiscal year's General Fund adopted budget.	n/a	< 4%	n/a
14				
15 Huntersville	The Town will maintain an unallocated fund balance to be used for unanticipated emergencies of 45% of the general operating budget.	> 55%	< 2%	< 15%
16				
17 Morrisville	The Town will maintain an unassigned fund balance no less than three months operating expenditures or 25% of the total budgeted operating expenditures.	> 55%	< 2%	< 15%
18				
19 Raleigh	The City seeks to maintain an undesignated General Fund balance of approximately 14% of the subsequent year's budget.	n/a	n/a	n/a
20				
21 Wilmington	The City shall maintain a minimum unassigned fund balance equal to 20-25% of the operating budget.	n/a	< 2%	< 20%
22				
23 Winston-Salem	The City will maintain a minimum unassigned fund balance of 14% of estimated expenditures in the general fund.	n/a	n/a	< 20%

¹ Unassigned Fund Balances will mean funds that remain available for appropriation by the Town Council after all commitments for future expenditures, required reserves defined by State statutes, and previous Council designations have been calculated. The Town will define these remaining amounts as "available fund balances."

² Accessible fund balance is defined as the total of Assigned Fund Balance and Unassigned Fund Balance.



Appendix C

New West End Parking Revenues vs. Estimated Debt Service



New West End Parking Revenues vs. Estimated Debt Service

West End Parking Deck			
FY	Debt Service	Net Revenues	Surplus / Deficit
2020	\$ -	\$ -	\$ -
2021	600,000	-	(600,000)
2022	585,000	-	(585,000)
2023	1,570,000	735,435	(834,565)
2024	1,530,000	792,570	(737,430)
2025	1,490,000	815,197	(674,803)
2026	1,450,000	837,813	(612,187)
2027	1,410,000	860,418	(549,582)
2028	1,370,000	883,011	(486,989)
2029	1,330,000	905,591	(424,409)
2030	1,290,000	905,591	(384,409)
2031	1,250,000	905,591	(344,409)
2032	1,210,000	905,591	(304,409)
2033	1,170,000	905,591	(264,409)
2034	1,130,000	905,591	(224,409)
2035	1,090,000	905,591	(184,409)
2036	1,050,000	905,591	(144,409)
2037	1,010,000	905,591	(104,409)
2038	970,000	905,591	(64,409)
2039	930,000	905,591	(24,409)
2040	890,000	905,591	15,591
2041	550,000	905,591	355,591
2042	525,000	905,591	380,591
Total	\$ 24,400,000	\$ 17,602,723	\$ (6,797,277)

Note: For purposes of this analysis, no revenue growth is assumed after FY 2029.



Appendix D

Existing Tax Supported Debt



Existing Tax Supported Debt

By Credit



Tax Supported Debt

Total Tax Supported Debt Service

FY	Principal	Interest	Total
Total	56,709,297	14,095,293	70,804,590
2020	5,832,742	2,097,574	7,930,316
2021	5,289,555	1,966,687	7,256,242
2022	5,161,000	1,749,853	6,910,853
2023	5,207,000	1,530,535	6,737,535
2024	5,013,000	1,313,411	6,326,411
2025	4,836,000	1,096,881	5,932,881
2026	3,371,000	891,969	4,262,969
2027	3,265,000	762,269	4,027,269
2028	2,960,000	645,979	3,605,979
2029	2,998,000	538,647	3,536,647
2030	3,036,000	427,287	3,463,287
2031	3,080,000	319,462	3,399,462
2032	1,470,000	211,615	1,681,615
2033	940,000	163,363	1,103,363
2034	940,000	135,163	1,075,163
2035	940,000	105,788	1,045,788
2036	940,000	76,413	1,016,413
2037	940,000	46,475	986,475
2038	490,000	15,925	505,925

LOBs

FY	Principal	Interest	Total
Total	14,235,000	3,057,969	17,292,969
2020	1,930,000	678,331	2,608,331
2021	1,980,000	583,331	2,563,331
2022	2,010,000	484,331	2,494,331
2023	2,040,000	383,831	2,423,831
2024	1,840,000	281,831	2,121,831
2025	1,650,000	189,831	1,839,831
2026	355,000	107,331	462,331
2027	370,000	95,350	465,350
2028	380,000	82,400	462,400
2029	395,000	67,200	462,200
2030	410,000	51,400	461,400
2031	430,000	35,000	465,000
2032	445,000	17,800	462,800
2033	-	-	-
2034	-	-	-
2035	-	-	-
2036	-	-	-
2037	-	-	-
2038	-	-	-

GO Bonds

FY	Principal	Interest	Total
Total	33,803,000	9,813,389	43,616,389
2020	2,952,000	1,224,132	4,176,132
2021	2,547,000	1,207,932	3,754,932
2022	2,447,000	1,107,179	3,554,179
2023	2,456,000	1,004,564	3,460,564
2024	2,455,000	905,806	3,360,806
2025	2,460,000	797,804	3,257,804
2026	2,284,000	692,106	2,976,106
2027	2,237,000	591,228	2,828,228
2028	1,915,000	503,025	2,418,025
2029	1,930,000	426,193	2,356,193
2030	1,945,000	346,118	2,291,118
2031	1,960,000	270,363	2,230,363
2032	1,025,000	193,815	1,218,815
2033	940,000	163,363	1,103,363
2034	940,000	135,163	1,075,163
2035	940,000	105,788	1,045,788
2036	940,000	76,413	1,016,413
2037	940,000	46,475	986,475
2038	490,000	15,925	505,925

IPCs

FY	Principal	Interest	Total
Total	8,671,297	1,223,935	9,895,232
2020	950,742	195,110	1,145,853
2021	762,555	175,424	937,979
2022	704,000	158,342	862,342
2023	711,000	142,139	853,139
2024	718,000	125,774	843,774
2025	726,000	109,246	835,246
2026	732,000	92,532	824,532
2027	658,000	75,690	733,690
2028	665,000	60,554	725,554
2029	673,000	45,254	718,254
2030	681,000	29,770	710,770
2031	690,000	14,099	704,099
2032	-	-	-
2033	-	-	-
2034	-	-	-
2035	-	-	-
2036	-	-	-
2037	-	-	-
2038	-	-	-



General Obligation Bonds

\$12,250,000

General Obligation Public Improvement Bonds, Series 2010B (BABs)

FY	Coupon	Principal	Interest	Total
Total		1,020,000	278,574	1,298,574
2020	3.500%	1,020,000	278,574	1,298,574
2021		-	-	-
2022		-	-	-
2023		-	-	-
2024		-	-	-
2025		-	-	-
2026		-	-	-
2027		-	-	-
2028		-	-	-
2029		-	-	-
2030		-	-	-
2031		-	-	-
2032		-	-	-
2033		-	-	-
2034		-	-	-
2035		-	-	-
2036		-	-	-
2037		-	-	-
2038		-	-	-
2039		-	-	-

Dated Date: 10/12/2010 Next Call: 4/1/2020

Purpose: Public Improvement Insurance: n/a

Coupon Dates: Apr 1 / Oct 1 Maturity Date: Apr 1

Note: Interest shown gross of subsidy

\$4,655,000

General Obligation Refunding Bonds, Series 2012

FY	Coupon	Principal	Interest	Total
Total		1,550,000	135,450	1,685,450
2020	3.000%	480,000	46,500	526,500
2021	3.000%	305,000	32,100	337,100
2022	3.000%	195,000	22,950	217,950
2023	3.000%	195,000	17,100	212,100
2024	3.000%	190,000	11,250	201,250
2025	3.000%	185,000	5,550	190,550
2026		-	-	-
2027		-	-	-
2028		-	-	-
2029		-	-	-
2030		-	-	-
2031		-	-	-
2032		-	-	-
2033		-	-	-
2034		-	-	-
2035		-	-	-
2036		-	-	-
2037		-	-	-
2038		-	-	-
2039		-	-	-

Dated Date: 6/5/2012 Next Call: 4/1/2022

Purpose: Refunding Insurance: n/a

Coupon Dates: Apr 1 / Oct 1 Maturity Date: Apr 1

\$1,700,000

General Obligation Public Improvement Bonds, Series 2012

FY	Coupon	Principal	Interest	Total
Total		1,105,000	184,578	1,289,578
2020	2.000%	85,000	24,948	109,948
2021	2.000%	85,000	23,248	108,248
2022	2.000%	85,000	21,548	106,548
2023	2.000%	85,000	19,848	104,848
2024	2.000%	85,000	18,148	103,148
2025	2.100%	85,000	16,448	101,448
2026	2.200%	85,000	14,663	99,663
2027	2.300%	85,000	12,793	97,793
2028	2.450%	85,000	10,838	95,838
2029	2.500%	85,000	8,755	93,755
2030	2.550%	85,000	6,630	91,630
2031	2.600%	85,000	4,463	89,463
2032	2.650%	85,000	2,253	87,253
2033		-	-	-
2034		-	-	-
2035		-	-	-
2036		-	-	-
2037		-	-	-
2038		-	-	-
2039		-	-	-

Dated Date: 7/3/2012 Next Call: 4/1/2022

Purpose: Public Improvement Insurance: n/a

Coupon Dates: Apr 1 / Oct 1 Maturity Date: Apr 1



General Obligation Bonds

\$3,050,000

General Obligation Refunding Bond, Series 2013 (SunTrust)

FY	Coupon	Principal	Interest	Total
Total		2,053,000	156,203	2,209,203
2020	1.770%	282,000	36,338	318,338
2021	1.770%	277,000	31,347	308,347
2022	1.770%	272,000	26,444	298,444
2023	1.770%	266,000	21,629	287,629
2024	1.770%	260,000	16,921	276,921
2025	1.770%	255,000	12,319	267,319
2026	1.770%	249,000	7,806	256,806
2027	1.770%	192,000	3,398	195,398
2028	-	-	-	-
2029	-	-	-	-
2030	-	-	-	-
2031	-	-	-	-
2032	-	-	-	-
2033	-	-	-	-
2034	-	-	-	-
2035	-	-	-	-
2036	-	-	-	-
2037	-	-	-	-
2038	-	-	-	-
2039	-	-	-	-

Dated Date: **2/28/2013** Next Call: **2/28/2020**
 Purpose: **Refunding** Insurance: **n/a**
 Coupon Dates: **May 1 / Nov 1** Maturity Date: **May 1**

\$1,460,000

General Obligation Public Safety Bonds, Series 2017

FY	Coupon	Principal	Interest	Total
Total		1,160,000	200,100	1,360,100
2020	5.000%	145,000	49,300	194,300
2021	5.000%	145,000	42,050	187,050
2022	5.000%	145,000	34,800	179,800
2023	5.000%	145,000	27,550	172,550
2024	5.000%	145,000	20,300	165,300
2025	3.000%	145,000	13,050	158,050
2026	3.000%	145,000	8,700	153,700
2027	3.000%	145,000	4,350	149,350
2028	-	-	-	-
2029	-	-	-	-
2030	-	-	-	-
2031	-	-	-	-
2032	-	-	-	-
2033	-	-	-	-
2034	-	-	-	-
2035	-	-	-	-
2036	-	-	-	-
2037	-	-	-	-
2038	-	-	-	-
2039	-	-	-	-

Dated Date: **2/21/2017** Next Call: **Noncallable**
 Purpose: **Equipment** Insurance: **n/a**
 Coupon Dates: **Feb 1 / Aug 1** Maturity Date: **Feb 1**

\$9,000,000

General Obligation Public Improvement Bonds, Series 2017

FY	Coupon	Principal	Interest	Total
Total		8,100,000	2,698,313	10,798,313
2020	3.000%	450,000	295,875	745,875
2021	3.000%	450,000	282,375	732,375
2022	4.000%	450,000	268,875	718,875
2023	3.000%	450,000	250,875	700,875
2024	5.000%	450,000	237,375	687,375
2025	5.000%	450,000	214,875	664,875
2026	5.000%	450,000	192,375	642,375
2027	5.000%	450,000	169,875	619,875
2028	4.000%	450,000	147,375	597,375
2029	4.000%	450,000	129,375	579,375
2030	3.000%	450,000	111,375	561,375
2031	3.000%	450,000	97,875	547,875
2032	3.000%	450,000	84,375	534,375
2033	3.000%	450,000	70,875	520,875
2034	3.125%	450,000	57,375	507,375
2035	3.125%	450,000	43,313	493,313
2036	3.250%	450,000	29,250	479,250
2037	3.250%	450,000	14,625	464,625
2038	-	-	-	-
2039	-	-	-	-

Dated Date: **2/22/2017** Next Call: **2/1/2027**
 Purpose: **Land, Streets, and Parks & Rec** Insurance: **n/a**
 Coupon Dates: **Feb 1 / Aug 1** Maturity Date: **Feb 1**



General Obligation Bonds

\$9,800,000

General Obligation Public Improvement Bonds, Series 2018 (No Stormwater)

FY	Coupon	Principal	Interest	Total
Total		9,310,000	3,086,388	12,396,388
2020	5.000%	490,000	346,063	836,063
2021	5.000%	490,000	321,563	811,563
2022	5.000%	490,000	297,063	787,063
2023	5.000%	490,000	272,563	762,563
2024	5.000%	490,000	248,063	738,063
2025	5.000%	490,000	223,563	713,563
2026	5.000%	490,000	199,063	689,063
2027	2.500%	490,000	174,563	664,563
2028	2.500%	490,000	162,313	652,313
2029	3.000%	490,000	150,063	640,063
2030	2.875%	490,000	135,363	625,363
2031	2.875%	490,000	121,275	611,275
2032	3.000%	490,000	107,188	597,188
2033	3.000%	490,000	92,488	582,488
2034	3.125%	490,000	77,788	567,788
2035	3.125%	490,000	62,475	552,475
2036	3.125%	490,000	47,163	537,163
2037	3.250%	490,000	31,850	521,850
2038	3.250%	490,000	15,925	505,925
2039				-

Dated Date: 4/19/2018 Next Call: 5/1/2026

Purpose: Parks & Rec and Streets & Sidewalks Only Insurance: n/a

Coupon Dates: May 1 / Nov 1 Maturity Date: May 1

Note: Excludes Stormwater Component of issuance.

\$9,505,000

General Obligation Refunding Bonds, Series 2019

FY	Coupon	Principal	Interest	Total
Total		9,505,000	3,073,785	12,578,785
2020		-	146,535	146,535
2021	5.000%	795,000	475,250	1,270,250
2022	5.000%	810,000	435,500	1,245,500
2023	5.000%	825,000	395,000	1,220,000
2024	5.000%	835,000	353,750	1,188,750
2025	5.000%	850,000	312,000	1,162,000
2026	5.000%	865,000	269,500	1,134,500
2027	5.000%	875,000	226,250	1,101,250
2028	5.000%	890,000	182,500	1,072,500
2029	5.000%	905,000	138,000	1,043,000
2030	5.000%	920,000	92,750	1,012,750
2031	5.000%	935,000	46,750	981,750
2032		-	-	-
2033		-	-	-
2034		-	-	-
2035		-	-	-
2036		-	-	-
2037		-	-	-
2038		-	-	-
2039		-	-	-

Dated Date: 12/10/2019 Next Call: Noncallable

Purpose: Refunding Insurance: n/a

Coupon Dates: Apr 1 / Oct 1 Maturity Date: Apr 1

LOBs



\$28,800,000
Limited Obligation Bonds, Series 2012

FY	Coupon	Principal	Interest	Total
Total		7,880,000	1,377,250	9,257,250
2020	5.000%	1,310,000	393,000	1,703,000
2021	5.000%	1,320,000	328,500	1,648,500
2022	5.000%	1,315,000	262,500	1,577,500
2023	5.000%	1,315,000	196,750	1,511,750
2024	5.000%	1,310,000	131,000	1,441,000
2025	5.000%	1,310,000	65,500	1,375,500
2026	-	-	-	-
2027	-	-	-	-
2028	-	-	-	-
2029	-	-	-	-
2030	-	-	-	-
2031	-	-	-	-
2032	-	-	-	-
2033	-	-	-	-
2034	-	-	-	-
2035	-	-	-	-
2036	-	-	-	-
2037	-	-	-	-
2038	-	-	-	-
2039	-	-	-	-

\$28,800,000
Limited Obligation Bonds, Series 2012

FY	Coupon	Principal	Interest	Total
Total		1,755,000	249,800	2,004,800
2020	5.000%	355,000	87,550	442,550
2021	5.000%	380,000	70,000	450,000
2022	5.000%	400,000	51,000	451,000
2023	5.000%	415,000	31,000	446,000
2024	5.000%	205,000	10,250	215,250
2025	-	-	-	-
2026	-	-	-	-
2027	-	-	-	-
2028	-	-	-	-
2029	-	-	-	-
2030	-	-	-	-
2031	-	-	-	-
2032	-	-	-	-
2033	-	-	-	-
2034	-	-	-	-
2035	-	-	-	-
2036	-	-	-	-
2037	-	-	-	-
2038	-	-	-	-
2039	-	-	-	-

\$28,800,000
Limited Obligation Bonds, Series 2012

FY	Coupon	Principal	Interest	Total
Total		4,600,000	1,430,919	6,030,919
2020	5.000%	265,000	197,781	462,781
2021	5.000%	280,000	184,831	464,831
2022	5.000%	295,000	170,831	465,831
2023	5.000%	310,000	156,081	466,081
2024	5.000%	325,000	140,581	465,581
2025	5.000%	340,000	124,331	464,331
2026	3.375%	355,000	107,331	462,331
2027	3.500%	370,000	95,350	465,350
2028	4.000%	380,000	82,400	462,400
2029	4.000%	395,000	67,200	462,200
2030	4.000%	410,000	51,400	461,400
2031	4.000%	430,000	35,000	465,000
2032	4.000%	445,000	17,800	462,800
2033	-	-	-	-
2034	-	-	-	-
2035	-	-	-	-
2036	-	-	-	-
2037	-	-	-	-
2038	-	-	-	-
2039	-	-	-	-

Dated Date: **6/27/2012** Next Call: **6/1/2022**
 Purpose: **Refunding - Chapel Hill Portion** Insurance: **n/a**
 Coupon Dates: **Jun 1 / Dec 1** Maturity Date: **Jun 1**

Dated Date: **6/27/2012** Next Call: **6/1/2022**
 Purpose: **Refunding - Parking Portion** Insurance: **n/a**
 Coupon Dates: **Jun 1 / Dec 1** Maturity Date: **Jun 1**

Dated Date: **6/27/2012** Next Call: **6/1/2022**
 Purpose: **New Money - 140 West Portion** Insurance: **n/a**
 Coupon Dates: **Jun 1 / Dec 1** Maturity Date: **Jun 1**

IPCs



\$431,200
2012 IPC (SunTrust)

FY	Coupon	Principal	Interest	Total
Total		64,294	851	65,145
2020	1.510%	64,294	851	65,145
2021		-	-	-
2022		-	-	-
2023		-	-	-
2024		-	-	-
2025		-	-	-
2026		-	-	-
2027		-	-	-
2028		-	-	-
2029		-	-	-
2030		-	-	-
2031		-	-	-
2032		-	-	-
2033		-	-	-
2034		-	-	-
2035		-	-	-
2036		-	-	-
2037		-	-	-
2038		-	-	-
2039		-	-	-

Dated Date: **Unknown** Next Call: **Unknown**
 Purpose: **Unknown** Insurance: **Unknown**
 Coupon Dates: **Annual** Maturity Date: **Annual**
 Note: Interpolated from FY 2017 CAFR

\$445,000
2013 IPC (Wells Fargo)

FY	Coupon	Principal	Interest	Total
Total		66,363	891	67,254
2020	1.520%	66,363	891	67,254
2021		-	-	-
2022		-	-	-
2023		-	-	-
2024		-	-	-
2025		-	-	-
2026		-	-	-
2027		-	-	-
2028		-	-	-
2029		-	-	-
2030		-	-	-
2031		-	-	-
2032		-	-	-
2033		-	-	-
2034		-	-	-
2035		-	-	-
2036		-	-	-
2037		-	-	-
2038		-	-	-
2039		-	-	-

Dated Date: **Unknown** Next Call: **Unknown**
 Purpose: **Unknown** Insurance: **Unknown**
 Coupon Dates: **Annual** Maturity Date: **Annual**
 Note: Interpolated from FY 2018 CAFR

\$872,000
2013 IPC (SunTrust)

FY	Coupon	Principal	Interest	Total
Total		195,640	4,148	199,788
2020	1.810%	130,085	3,107	133,192
2021	1.810%	65,555	1,041	66,596
2022		-	-	-
2023		-	-	-
2024		-	-	-
2025		-	-	-
2026		-	-	-
2027		-	-	-
2028		-	-	-
2029		-	-	-
2030		-	-	-
2031		-	-	-
2032		-	-	-
2033		-	-	-
2034		-	-	-
2035		-	-	-
2036		-	-	-
2037		-	-	-
2038		-	-	-
2039		-	-	-

Dated Date: **Unknown** Next Call: **Unknown**
 Purpose: **Unknown** Insurance: **Unknown**
 Coupon Dates: **Annual** Maturity Date: **Annual**
 Note: Interpolated from FY 2018 CAFR



\$2,395,000
2015 IPC (Bank of NC)

FY	Coupon	Principal	Interest	Total
Total		1,915,000	256,869	2,171,869
2020	2.239%	160,000	41,086	201,086
2021	2.239%	160,000	37,503	197,503
2022	2.239%	160,000	33,921	193,921
2023	2.239%	160,000	30,338	190,338
2024	2.239%	160,000	26,756	186,756
2025	2.239%	160,000	23,174	183,174
2026	2.239%	160,000	19,591	179,591
2027	2.239%	159,000	16,020	175,020
2028	2.239%	159,000	12,460	171,460
2029	2.239%	159,000	8,900	167,900
2030	2.239%	159,000	5,340	164,340
2031	2.239%	159,000	1,780	160,780
2032		-	-	-
2033		-	-	-
2034		-	-	-
2035		-	-	-
2036		-	-	-
2037		-	-	-
2038		-	-	-
2039		-	-	-

Dated Date: **6/4/2015** Next Call: **Current**
 Purpose: **Equipment / Buildings** Insurance: **n/a**
 Coupon Dates: **Feb 1 / Aug 1** Maturity Date: **Aug 1**

\$7,984,000
2016 IPC (Raymond James)

FY	Coupon	Principal	Interest	Total
Total		6,430,000	961,176	7,391,176
2020	2.320%	530,000	149,176	679,176
2021	2.320%	537,000	136,880	673,880
2022	2.320%	544,000	124,422	668,422
2023	2.320%	551,000	111,801	662,801
2024	2.320%	558,000	99,018	657,018
2025	2.320%	566,000	86,072	652,072
2026	2.320%	572,000	72,941	644,941
2027	2.320%	499,000	59,670	558,670
2028	2.320%	506,000	48,094	554,094
2029	2.320%	514,000	36,354	550,354
2030	2.320%	522,000	24,430	546,430
2031	2.320%	531,000	12,319	543,319
2032		-	-	-
2033		-	-	-
2034		-	-	-
2035		-	-	-
2036		-	-	-
2037		-	-	-
2038		-	-	-
2039		-	-	-

Dated Date: **3/10/2016** Next Call: **3/1/2026**
 Purpose: **Capital / Fire Station / EF / Town Hall** Insurance: **n/a**
 Coupon Dates: **Mar 1 / Sep 1** Maturity Date: **Mar 1**



Existing Tax Supported Debt

By Fund



Tax Supported Debt

Total Tax Supported Debt Service

FY	Principal	Interest	Total
Total	56,709,297	14,095,293	70,804,590
2020	5,832,742	2,097,574	7,930,316
2021	5,289,555	1,966,687	7,256,242
2022	5,161,000	1,749,853	6,910,853
2023	5,207,000	1,530,535	6,737,535
2024	5,013,000	1,313,411	6,326,411
2025	4,836,000	1,096,881	5,932,881
2026	3,371,000	891,969	4,262,969
2027	3,265,000	762,269	4,027,269
2028	2,960,000	645,979	3,605,979
2029	2,998,000	538,647	3,536,647
2030	3,036,000	427,287	3,463,287
2031	3,080,000	319,462	3,399,462
2032	1,470,000	211,615	1,681,615
2033	940,000	163,363	1,103,363
2034	940,000	135,163	1,075,163
2035	940,000	105,788	1,045,788
2036	940,000	76,413	1,016,413
2037	940,000	46,475	986,475
2038	490,000	15,925	505,925

Parking Fund

FY	Principal	Interest	Total
Total	6,355,000	1,680,719	8,035,719
2020	620,000	285,331	905,331
2021	660,000	254,831	914,831
2022	695,000	221,831	916,831
2023	725,000	187,081	912,081
2024	530,000	150,831	680,831
2025	340,000	124,331	464,331
2026	355,000	107,331	462,331
2027	370,000	95,350	465,350
2028	380,000	82,400	462,400
2029	395,000	67,200	462,200
2030	410,000	51,400	461,400
2031	430,000	35,000	465,000
2032	445,000	17,800	462,800
2033	-	-	-
2034	-	-	-
2035	-	-	-
2036	-	-	-
2037	-	-	-
2038	-	-	-

Debt Fund (Excluding Parking Fund)

FY	Principal	Interest	Total
Total	56,383,000	14,089,403	70,472,403
2020	5,572,000	2,092,725	7,664,725
2021	5,224,000	1,965,646	7,189,646
2022	5,161,000	1,749,853	6,910,853
2023	5,207,000	1,530,535	6,737,535
2024	5,013,000	1,313,411	6,326,411
2025	4,836,000	1,096,881	5,932,881
2026	3,371,000	891,969	4,262,969
2027	3,265,000	762,269	4,027,269
2028	2,960,000	645,979	3,605,979
2029	2,998,000	538,647	3,536,647
2030	3,036,000	427,287	3,463,287
2031	3,080,000	319,462	3,399,462
2032	1,470,000	211,615	1,681,615
2033	940,000	163,363	1,103,363
2034	940,000	135,163	1,075,163
2035	940,000	105,788	1,045,788
2036	940,000	76,413	1,016,413
2037	940,000	46,475	986,475
2038	490,000	15,925	505,925

Vehicle Replacement Fund

FY	Principal	Interest	Total
Total	326,297	5,890	332,187
2020	260,742	4,849	265,591
2021	65,555	1,041	66,596
2022	-	-	-
2023	-	-	-
2024	-	-	-
2025	-	-	-
2026	-	-	-
2027	-	-	-
2028	-	-	-
2029	-	-	-
2030	-	-	-
2031	-	-	-
2032	-	-	-
2033	-	-	-
2034	-	-	-
2035	-	-	-
2036	-	-	-
2037	-	-	-
2038	-	-	-



Debt Fund

\$12,250,000

General Obligation Public Improvement Bonds, Series 2010B (BABs)

FY	Coupon	Principal	Interest	Total
Total		1,020,000	278,574	1,298,574
2020	3.500%	1,020,000	278,574	1,298,574
2021		-	-	-
2022		-	-	-
2023		-	-	-
2024		-	-	-
2025		-	-	-
2026		-	-	-
2027		-	-	-
2028		-	-	-
2029		-	-	-
2030		-	-	-
2031		-	-	-
2032		-	-	-
2033		-	-	-
2034		-	-	-
2035		-	-	-
2036		-	-	-
2037		-	-	-
2038		-	-	-
2039		-	-	-

Dated Date: 10/12/2010 Next Call: 4/1/2020

Purpose: Public Improvement Insurance: n/a

Coupon Dates: Apr 1 / Oct 1 Maturity Date: Apr 1

Note: Interest shown gross of subsidy

\$4,655,000

General Obligation Refunding Bonds, Series 2012

FY	Coupon	Principal	Interest	Total
Total		1,550,000	135,450	1,685,450
2020	3.000%	480,000	46,500	526,500
2021	3.000%	305,000	32,100	337,100
2022	3.000%	195,000	22,950	217,950
2023	3.000%	195,000	17,100	212,100
2024	3.000%	190,000	11,250	201,250
2025	3.000%	185,000	5,550	190,550
2026		-	-	-
2027		-	-	-
2028		-	-	-
2029		-	-	-
2030		-	-	-
2031		-	-	-
2032		-	-	-
2033		-	-	-
2034		-	-	-
2035		-	-	-
2036		-	-	-
2037		-	-	-
2038		-	-	-
2039		-	-	-

Dated Date: 6/5/2012 Next Call: 4/1/2022

Purpose: Refunding Insurance: n/a

Coupon Dates: Apr 1 / Oct 1 Maturity Date: Apr 1

\$1,700,000

General Obligation Public Improvement Bonds, Series 2012

FY	Coupon	Principal	Interest	Total
Total		1,105,000	184,578	1,289,578
2020	2.000%	85,000	24,948	109,948
2021	2.000%	85,000	23,248	108,248
2022	2.000%	85,000	21,548	106,548
2023	2.000%	85,000	19,848	104,848
2024	2.000%	85,000	18,148	103,148
2025	2.100%	85,000	16,448	101,448
2026	2.200%	85,000	14,663	99,663
2027	2.300%	85,000	12,793	97,793
2028	2.450%	85,000	10,838	95,838
2029	2.500%	85,000	8,755	93,755
2030	2.550%	85,000	6,630	91,630
2031	2.600%	85,000	4,463	89,463
2032	2.650%	85,000	2,253	87,253
2033		-	-	-
2034		-	-	-
2035		-	-	-
2036		-	-	-
2037		-	-	-
2038		-	-	-
2039		-	-	-

Dated Date: 7/3/2012 Next Call: 4/1/2022

Purpose: Public Improvement Insurance: n/a

Coupon Dates: Apr 1 / Oct 1 Maturity Date: Apr 1



Debt Fund

\$3,050,000

General Obligation Refunding Bond, Series 2013 (SunTrust)

FY	Coupon	Principal	Interest	Total
Total		2,053,000	156,203	2,209,203
2020	1.770%	282,000	36,338	318,338
2021	1.770%	277,000	31,347	308,347
2022	1.770%	272,000	26,444	298,444
2023	1.770%	266,000	21,629	287,629
2024	1.770%	260,000	16,921	276,921
2025	1.770%	255,000	12,319	267,319
2026	1.770%	249,000	7,806	256,806
2027	1.770%	192,000	3,398	195,398
2028	-	-	-	-
2029	-	-	-	-
2030	-	-	-	-
2031	-	-	-	-
2032	-	-	-	-
2033	-	-	-	-
2034	-	-	-	-
2035	-	-	-	-
2036	-	-	-	-
2037	-	-	-	-
2038	-	-	-	-
2039	-	-	-	-

Dated Date: 2/28/2013

Next Call: 2/28/2020

Purpose: Refunding

Insurance: n/a

Coupon Dates: May 1 / Nov 1

Maturity Date: May 1

\$1,460,000

General Obligation Public Safety Bonds, Series 2017

FY	Coupon	Principal	Interest	Total
Total		1,160,000	200,100	1,360,100
2020	5.000%	145,000	49,300	194,300
2021	5.000%	145,000	42,050	187,050
2022	5.000%	145,000	34,800	179,800
2023	5.000%	145,000	27,550	172,550
2024	5.000%	145,000	20,300	165,300
2025	3.000%	145,000	13,050	158,050
2026	3.000%	145,000	8,700	153,700
2027	3.000%	145,000	4,350	149,350
2028	-	-	-	-
2029	-	-	-	-
2030	-	-	-	-
2031	-	-	-	-
2032	-	-	-	-
2033	-	-	-	-
2034	-	-	-	-
2035	-	-	-	-
2036	-	-	-	-
2037	-	-	-	-
2038	-	-	-	-
2039	-	-	-	-

Dated Date: 2/21/2017

Next Call: Noncallable

Purpose: Equipment

Insurance: n/a

Coupon Dates: Feb 1 / Aug 1

Maturity Date: Feb 1

\$9,000,000

General Obligation Public Improvement Bonds, Series 2017

FY	Coupon	Principal	Interest	Total
Total		8,100,000	2,698,313	10,798,313
2020	3.000%	450,000	295,875	745,875
2021	3.000%	450,000	282,375	732,375
2022	4.000%	450,000	268,875	718,875
2023	3.000%	450,000	250,875	700,875
2024	5.000%	450,000	237,375	687,375
2025	5.000%	450,000	214,875	664,875
2026	5.000%	450,000	192,375	642,375
2027	5.000%	450,000	169,875	619,875
2028	4.000%	450,000	147,375	597,375
2029	4.000%	450,000	129,375	579,375
2030	3.000%	450,000	111,375	561,375
2031	3.000%	450,000	97,875	547,875
2032	3.000%	450,000	84,375	534,375
2033	3.000%	450,000	70,875	520,875
2034	3.125%	450,000	57,375	507,375
2035	3.125%	450,000	43,313	493,313
2036	3.250%	450,000	29,250	479,250
2037	3.250%	450,000	14,625	464,625
2038	-	-	-	-
2039	-	-	-	-

Dated Date: 2/22/2017

Next Call: 2/1/2027

Purpose: Land, Streets,
and Parks & Rec

Insurance: n/a

Coupon Dates: Feb 1 / Aug 1

Maturity Date: Feb 1



Debt Fund

\$9,800,000

General Obligation Public Improvement Bonds, Series 2018 (No Stormwater)

FY	Coupon	Principal	Interest	Total
Total		9,310,000	3,086,388	12,396,388
2020	5.000%	490,000	346,063	836,063
2021	5.000%	490,000	321,563	811,563
2022	5.000%	490,000	297,063	787,063
2023	5.000%	490,000	272,563	762,563
2024	5.000%	490,000	248,063	738,063
2025	5.000%	490,000	223,563	713,563
2026	5.000%	490,000	199,063	689,063
2027	2.500%	490,000	174,563	664,563
2028	2.500%	490,000	162,313	652,313
2029	3.000%	490,000	150,063	640,063
2030	2.875%	490,000	135,363	625,363
2031	2.875%	490,000	121,275	611,275
2032	3.000%	490,000	107,188	597,188
2033	3.000%	490,000	92,488	582,488
2034	3.125%	490,000	77,788	567,788
2035	3.125%	490,000	62,475	552,475
2036	3.125%	490,000	47,163	537,163
2037	3.250%	490,000	31,850	521,850
2038	3.250%	490,000	15,925	505,925
2039				-

Dated Date: 4/19/2018 Next Call: 5/1/2026

Purpose: Parks & Rec and Streets & Sidewalks Only Insurance: n/a

Coupon Dates: May 1 / Nov 1 Maturity Date: May 1

Note: Excludes Stormwater Component of issuance.

\$9,505,000

General Obligation Refunding Bonds, Series 2019

FY	Coupon	Principal	Interest	Total
Total		9,505,000	3,073,785	12,578,785
2020		-	146,535	146,535
2021	5.000%	795,000	475,250	1,270,250
2022	5.000%	810,000	435,500	1,245,500
2023	5.000%	825,000	395,000	1,220,000
2024	5.000%	835,000	353,750	1,188,750
2025	5.000%	850,000	312,000	1,162,000
2026	5.000%	865,000	269,500	1,134,500
2027	5.000%	875,000	226,250	1,101,250
2028	5.000%	890,000	182,500	1,072,500
2029	5.000%	905,000	138,000	1,043,000
2030	5.000%	920,000	92,750	1,012,750
2031	5.000%	935,000	46,750	981,750
2032		-	-	-
2033		-	-	-
2034		-	-	-
2035		-	-	-
2036		-	-	-
2037		-	-	-
2038		-	-	-
2039		-	-	-

Dated Date: 12/10/2019 Next Call: Noncallable

Purpose: Refunding Insurance: n/a

Coupon Dates: Apr 1 / Oct 1 Maturity Date: Apr 1



Debt Fund

\$2,395,000
2015 IPC (Bank of NC)

FY	Coupon	Principal	Interest	Total
Total		1,915,000	256,869	2,171,869
2020	2.239%	160,000	41,086	201,086
2021	2.239%	160,000	37,503	197,503
2022	2.239%	160,000	33,921	193,921
2023	2.239%	160,000	30,338	190,338
2024	2.239%	160,000	26,756	186,756
2025	2.239%	160,000	23,174	183,174
2026	2.239%	160,000	19,591	179,591
2027	2.239%	159,000	16,020	175,020
2028	2.239%	159,000	12,460	171,460
2029	2.239%	159,000	8,900	167,900
2030	2.239%	159,000	5,340	164,340
2031	2.239%	159,000	1,780	160,780
2032		-	-	-
2033		-	-	-
2034		-	-	-
2035		-	-	-
2036		-	-	-
2037		-	-	-
2038		-	-	-
2039		-	-	-

Dated Date: 6/4/2015 Next Call: Current
 Purpose: Equipment / Buildings Insurance: n/a
 Coupon Dates: Feb 1 / Aug 1 Maturity Date: Aug 1

\$7,984,000
2016 IPC (Raymond James)

FY	Coupon	Principal	Interest	Total
Total		6,430,000	961,176	7,391,176
2020	2.320%	530,000	149,176	679,176
2021	2.320%	537,000	136,880	673,880
2022	2.320%	544,000	124,422	668,422
2023	2.320%	551,000	111,801	662,801
2024	2.320%	558,000	99,018	657,018
2025	2.320%	566,000	86,072	652,072
2026	2.320%	572,000	72,941	644,941
2027	2.320%	499,000	59,670	558,670
2028	2.320%	506,000	48,094	554,094
2029	2.320%	514,000	36,354	550,354
2030	2.320%	522,000	24,430	546,430
2031	2.320%	531,000	12,319	543,319
2032		-	-	-
2033		-	-	-
2034		-	-	-
2035		-	-	-
2036		-	-	-
2037		-	-	-
2038		-	-	-
2039		-	-	-

Dated Date: 3/10/2016 Next Call: 3/1/2026
 Purpose: Capital / Fire Station / EF / Town Hall Insurance: n/a
 Coupon Dates: Mar 1 / Sep 1 Maturity Date: Mar 1



Debt Fund

\$28,800,000

Limited Obligation Bonds, Series 2012

FY	Coupon	Principal	Interest	Total
Total		7,880,000	1,377,250	9,257,250
2020	5.000%	1,310,000	393,000	1,703,000
2021	5.000%	1,320,000	328,500	1,648,500
2022	5.000%	1,315,000	262,500	1,577,500
2023	5.000%	1,315,000	196,750	1,511,750
2024	5.000%	1,310,000	131,000	1,441,000
2025	5.000%	1,310,000	65,500	1,375,500
2026		-	-	-
2027		-	-	-
2028		-	-	-
2029		-	-	-
2030		-	-	-
2031		-	-	-
2032		-	-	-
2033		-	-	-
2034		-	-	-
2035		-	-	-
2036		-	-	-
2037		-	-	-
2038		-	-	-
2039		-	-	-

Dated Date: 6/27/2012 Next Call: 6/1/2022

Purpose: Refunding - Chapel Hill Portion Insurance: n/a

Coupon Dates: Jun 1 / Dec 1 Maturity Date: Jun 1



Parking Fund

\$28,800,000

Limited Obligation Bonds, Series 2012

FY	Coupon	Principal	Interest	Total
Total		1,755,000	249,800	2,004,800
2020	5.000%	355,000	87,550	442,550
2021	5.000%	380,000	70,000	450,000
2022	5.000%	400,000	51,000	451,000
2023	5.000%	415,000	31,000	446,000
2024	5.000%	205,000	10,250	215,250
2025		-	-	-
2026		-	-	-
2027		-	-	-
2028		-	-	-
2029		-	-	-
2030		-	-	-
2031		-	-	-
2032		-	-	-
2033		-	-	-
2034		-	-	-
2035		-	-	-
2036		-	-	-
2037		-	-	-
2038		-	-	-
2039		-	-	-

Dated Date: 6/27/2012

Next Call: 6/1/2022

Purpose: Refunding - Parking Portion

Insurance: n/a

Coupon Dates: Jun 1 / Dec 1

Maturity Date: Jun 1

\$28,800,000

Limited Obligation Bonds, Series 2012

FY	Coupon	Principal	Interest	Total
Total		4,600,000	1,430,919	6,030,919
2020	5.000%	265,000	197,781	462,781
2021	5.000%	280,000	184,831	464,831
2022	5.000%	295,000	170,831	465,831
2023	5.000%	310,000	156,081	466,081
2024	5.000%	325,000	140,581	465,581
2025	5.000%	340,000	124,331	464,331
2026	3.375%	355,000	107,331	462,331
2027	3.500%	370,000	95,350	465,350
2028	4.000%	380,000	82,400	462,400
2029	4.000%	395,000	67,200	462,200
2030	4.000%	410,000	51,400	461,400
2031	4.000%	430,000	35,000	465,000
2032	4.000%	445,000	17,800	462,800
2033		-	-	-
2034		-	-	-
2035		-	-	-
2036		-	-	-
2037		-	-	-
2038		-	-	-
2039		-	-	-

Dated Date: 6/27/2012

Next Call: 6/1/2022

Purpose: New Money - 140 West Portion Insurance: n/a

Coupon Dates: Jun 1 / Dec 1

Maturity Date: Jun 1



Vehicle Replacement Fund

\$431,200

2012 IPC (SunTrust)

FY	Coupon	Principal	Interest	Total
Total		64,294	851	65,145
2020	1.510%	64,294	851	65,145
2021		-	-	-
2022		-	-	-
2023		-	-	-
2024		-	-	-
2025		-	-	-
2026		-	-	-
2027		-	-	-
2028		-	-	-
2029		-	-	-
2030		-	-	-
2031		-	-	-
2032		-	-	-
2033		-	-	-
2034		-	-	-
2035		-	-	-
2036		-	-	-
2037		-	-	-
2038		-	-	-
2039		-	-	-

Dated Date: [Unknown](#) Next Call: [Unknown](#)

Purpose: [Unknown](#) Insurance: [Unknown](#)

Coupon Dates: [Annual](#) Maturity Date: [Annual](#)

Note: Interpolated from FY 2017 CAFR

\$445,000

2013 IPC (Wells Fargo)

FY	Coupon	Principal	Interest	Total
Total		66,363	891	67,254
2020	1.520%	66,363	891	67,254
2021		-	-	-
2022		-	-	-
2023		-	-	-
2024		-	-	-
2025		-	-	-
2026		-	-	-
2027		-	-	-
2028		-	-	-
2029		-	-	-
2030		-	-	-
2031		-	-	-
2032		-	-	-
2033		-	-	-
2034		-	-	-
2035		-	-	-
2036		-	-	-
2037		-	-	-
2038		-	-	-
2039		-	-	-

Dated Date: [Unknown](#) Next Call: [Unknown](#)

Purpose: [Unknown](#) Insurance: [Unknown](#)

Coupon Dates: [Annual](#) Maturity Date: [Annual](#)

Note: Interpolated from FY 2018 CAFR

\$872,000

2013 IPC (SunTrust)

FY	Coupon	Principal	Interest	Total
Total		195,640	4,148	199,788
2020	1.810%	130,085	3,107	133,192
2021	1.810%	65,555	1,041	66,596
2022		-	-	-
2023		-	-	-
2024		-	-	-
2025		-	-	-
2026		-	-	-
2027		-	-	-
2028		-	-	-
2029		-	-	-
2030		-	-	-
2031		-	-	-
2032		-	-	-
2033		-	-	-
2034		-	-	-
2035		-	-	-
2036		-	-	-
2037		-	-	-
2038		-	-	-
2039		-	-	-

Dated Date: [Unknown](#) Next Call: [Unknown](#)

Purpose: [Unknown](#) Insurance: [Unknown](#)

Coupon Dates: [Annual](#) Maturity Date: [Annual](#)

Note: Interpolated from FY 2018 CAFR



Appendix E

Rating Reports

CREDIT OPINION

14 November 2019

 Rate this Research

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Chapel Hill (Town of) NC

Update to analysis

Summary

The town of Chapel Hill (Aaa, stable) benefits from a sound financial position following multi-year General Fund surpluses. Reserves and cash balances remained strong despite a planned draw down on reserves for various pay-go capital improvements including parks and affordable housing as well as transfer to OPEB trust. The town's tax base continues to grow largely due to its advantageous location in the burgeoning Research Triangle region and is anchored by the strong institutional presence of the flagship campus of the University of North Carolina. Income and wealth levels are well above average despite the large student population. Lastly, the town's fixed costs will remain affordable despite future borrowing plans due to a conservatively constructed CIP and an average pension position.

Credit strengths

- » Sound financial position with healthy reserves
- » Stable economy with strong institutional presence
- » Affordable debt profile

Credit challenges

- » Slightly elevated debt compared to state median

Rating outlook

The stable outlook reflects the economic strength of the tax base as well as the town's sound financial position.

Factors that could lead to an upgrade

- » Not applicable

Factors that could lead to a downgrade

- » Multi-year trend of structural budget imbalance
- » Reduction of General Fund balance and other available reserves
- » Deterioration of the town's tax base

Key indicators

Exhibit 1

Chapel Hill (Town of) NC	2014	2015	2016	2017	2018
Economy/Tax Base					
Total Full Value (\$000)	\$7,463,254	\$7,447,206	\$7,539,775	\$7,532,719	\$8,034,649
Population	58,379	58,766	59,005	59,234	59,903
Full Value Per Capita	\$127,841	\$126,726	\$127,782	\$127,169	\$134,128
Median Family Income (% of US Median)	172.6%	174.2%	170.2%	169.7%	169.7%
Finances					
Operating Revenue (\$000)	\$61,975	\$63,851	\$67,191	\$66,033	\$68,627
Fund Balance (\$000)	\$26,450	\$32,592	\$38,698	\$30,903	\$31,197
Cash Balance (\$000)	\$23,201	\$27,509	\$32,689	\$25,926	\$26,108
Fund Balance as a % of Revenues	42.7%	51.0%	57.6%	46.8%	45.5%
Cash Balance as a % of Revenues	37.4%	43.1%	48.7%	39.3%	38.0%
Debt/Pensions					
Net Direct Debt (\$000)	\$56,620	\$53,592	\$56,398	\$65,260	\$66,943
3-Year Average of Moody's ANPL (\$000)	N/A	\$59,919	\$55,610	\$74,843	\$92,428
Net Direct Debt / Full Value (%)	0.8%	0.7%	0.7%	0.9%	0.8%
Net Direct Debt / Operating Revenues (x)	0.9x	0.8x	0.8x	1.0x	1.0x
Moody's - adjusted Net Pension Liability (3-yr average) to Full Value (%)	N/A	0.8%	0.7%	1.0%	1.2%
Moody's - adjusted Net Pension Liability (3-yr average) to Revenues (x)	N/A	0.9x	0.8x	1.1x	1.3x

Source: Moody's Investors Service, Town of Chapel Hill, NC, US Census

Profile

Located in the central portion of the state, the town sits within Orange County (Aaa stable). The town covers a land area of 21.6 square miles and has a population estimated at 63,178.

Detailed credit considerations

University and proximity to research triangle park support robust local economy

The town's tax base is expected to remain stable and healthy, given the stabilizing presence of the University of North Carolina (UNC) at Chapel Hill (Aaa stable) and the important role the town plays as one of the anchors of Research Triangle Park (RTP). The university enrolls over 29,000 students and employs approximately 20,000 people. UNC's footprint in the community is expected to increase substantially over the next 10 to 20 years with the construction of Carolina North, a major satellite research campus. The project will occupy over 250 acres in town and include new academic buildings, retail space, research facilities, businesses and public schools. At completion, the project is expected to include sizable employment and enrollment gains. Also of note, approximately half of the project is expected to be taxable. UNC Healthcare employs over 13,000 individuals. In addition to not-for-profit employment opportunities in surrounding communities including Duke University (Aa1 stable) and Duke University Health System (over 20,000 employees), the area is characterized by a robust and diverse private sector centered around RTP including several large employers including International Business Machines Corporation-IBM (A1 stable-11,500 employees), SAS (4,200 employees), and GlaxoSmithKline plc (A2 stable). Over 39,000 people are employed by RTP's various entities, producing an annual payroll of over \$2.8 billion.

Chapel Hill's \$8 billion tax base has grown at an average annual rate of almost 2% for the past five years. The relatively low growth rate is largely due to some major redevelopment projects downtown which temporarily lowered valuations in the interim. The high quality nature of the tax base is evidenced by a full value per capita of \$134,128. Despite the large student presence, wealth levels are well above those of the state and the U.S.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on www.moody's.com for the most updated credit rating action information and rating history.

Continued maintenance of healthy reserves and liquidity despite active pay-go capital funding

The town's financial position will likely remain healthy given a solid track record of positive operating results, conservative budgeting practices, and sound reserve levels. Positive fiscal 2018 results increased total Operating Fund balance to a strong \$31.8 million (46.4% of revenues). At these levels the town's reserve position remains in line with the national Aaa median and above the town's target minimum available General Fund balance of 22% of General Fund expenditures.

In fiscal 2017, officials had a planned spend-down of reserves for pay-go projects including parks & recreation, land acquisition, affordable housing as well as \$2.7 million for OPEB trust funding.

Officials report year-to-date fiscal 2019 results are positive.

LIQUIDITY

The town continues to carry a healthy amount of cash and investments with \$26.1 million in fiscal 2018, representing 38% of combined operating fund revenues

Fixed costs expected to remain affordable

The town's debt position will remain manageable given a slightly elevated direct debt burden of 0.8% of full value (North Carolina Aaa town median 0.6%) and debt service levels representing 11% of expenditure in fiscal 2018.

Further, the town employs an average repayment schedule with 91% of principal repaid within 10 years. The town's CIP totals \$58 million and anticipates an additional \$12.7 in GO borrowing.

DEBT STRUCTURE

The town's debt profile consists entirely of fixed rate borrowing.

DEBT-RELATED DERIVATIVES

The town has not entered into any swap agreements.

PENSIONS AND OPEB

The town contributes to the North Carolina Local Government Employees Retirement System (NCLGERS), defined benefit retirement plan administered by the State of North Carolina. Moody's uses the adjusted net pension liability to improve comparability of reported pension liabilities. The adjustments are not intended to replace the town's reported liability information, but to improve comparability with other rated entities. We determined the town's share of liability for the state-run plan in proportion to its contributions to the plan. In addition to participating in the state plan, the town has a separate plan for law enforcement and to which the town consistently makes over 100% of the annual required contribution. The three year average Moody's adjusted net pension liability (ANPL) for the town is an average 1.13 times operating revenues and 0.99% of full value.

In June of 2016, the town created an irrevocable trust exclusively for pre-funding assets of the Town's defined benefit OPEB Plan. In Fiscal 2018 and 2019 the town deposited \$840,000 into the trust, \$666,400 is included in the fiscal 2020 budget.

Town operations within a strong state institutional framework

Chapel Hill's management has a long-standing history of conservative budgetary practice and prudent policies. The town maintains an Unassigned Fund Balance target of 22% of General Fund expenditures or higher and utilizes overages for one time pay-go capital projects.

North Carolina towns have an institutional framework score of Aaa, which is high compared to the nation. Institutional framework scores measure a sector's legal ability to increase revenues and decrease expenditures. The sector's major revenue sources are subject to a cap, which can be overridden. However, the cap of 15%, still allows for significant revenue-raising ability. Unpredictable revenue fluctuations tend to be minor, or under 5% annually. Across the sector, fixed and mandated costs are generally less than 25% of expenditures. North Carolina is a "right to work" state, providing significant expenditure-cutting ability to local governments. Unpredictable expenditure fluctuations tend to be minor, under 5% annually

Rating methodology and scorecard factors

The US Local Government General Obligation Rating Methodology includes a scorecard, a tool providing a composite score of a local government's credit profile based on the weighted factors we consider most important, universal and measurable, as well as possible notching factors dependent on individual credit strengths and weaknesses. Its purpose is not to determine the final rating, but rather to provide a standard platform from which to analyze and compare local government credits.

Exhibit 2

Chapel Hill (Town of) NC

Rating Factors	Measure	Score
Economy/Tax Base (30%) ^[1]		
Tax Base Size: Full Value (in 000s)	\$8,034,649	Aa
Full Value Per Capita	\$134,128	Aa
Median Family Income (% of US Median)	169.7%	Aaa
Notching Factors: ^[2]		
Institutional Presence		Up
Finances (30%)		
Fund Balance as a % of Revenues	45.5%	Aaa
5-Year Dollar Change in Fund Balance as % of Revenues	9.8%	A
Cash Balance as a % of Revenues	38.0%	Aaa
5-Year Dollar Change in Cash Balance as % of Revenues	4.6%	A
Management (20%)		
Institutional Framework	Aaa	Aaa
Operating History: 5-Year Average of Operating Revenues / Operating Expenditures	1.0x	A
Debt and Pensions (20%)		
Net Direct Debt / Full Value (%)	0.8%	Aa
Net Direct Debt / Operating Revenues (x)	1.0x	A
3-Year Average of Moody's Adjusted Net Pension Liability / Full Value (%)	1.2%	Aa
3-Year Average of Moody's Adjusted Net Pension Liability / Operating Revenues (x)	1.3x	A
	Scorecard-Indicated Outcome	Aaa
	Assigned Rating	Aaa

[1]Economy measures are based on data from the most recent year available.

[2]Notching Factors are specifically defined in the US Local Government General Obligation Debt methodology dated September 27, 2019.

[3]Standardized adjustments are outlined in the GO Methodology Scorecard Inputs Updated for 2019 publication

Source: US Census Bureau, Issuer CAFRs, Moody's Investors Service

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REPORT NUMBER 1203060

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EMEA	44-20-7772-5454

ISSUER COMMENT

16 May 2019

RATING

General Obligation (or GO Related) ¹

Aaa Stable

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Town of Chapel Hill, NC

Annual Comment on Chapel Hill

Issuer Profile

The town of Chapel Hill is located in Orange County in north central North Carolina, just southwest of the Durham metro area and approximately 25 miles northwest of Raleigh. The county has a population of 141,812 and a moderate population density of 355 people per square mile. The county's median family income is \$91,655 (1st quartile) and the March 2019 unemployment rate was 3.6% (2nd quartile) ². The largest industry sectors that drive the local economy are state government, retail trade, and accommodation/food services.

Credit Overview

Chapel Hill's credit position is excellent. Its Aaa rating is well above the median rating of Aa3 for US cities. Key credit factors include a very healthy financial position, a very strong wealth and income profile and a considerable tax base. It also reflects an affordable debt burden and a moderate pension liability.

Finances: The town has a robust financial position, which is consistent with the assigned rating of Aaa. Chapel Hill's cash balance as a percent of operating revenues (38%) is on par with the US median, and was flat from 2014 to 2018. Furthermore, the fund balance as a percent of operating revenues (45.5%) is stronger than other Moody's-rated cities nationwide.

Economy and Tax Base: The economy and tax base of the town are very healthy, though the factor is slightly weak relative to its Aaa rating. The median family income equates to a robust 170.2% of the US level. Additionally, Chapel Hill's full value per capita (\$134,128) is much stronger than the US median, and rose modestly from 2014 to 2018. Lastly, the total full value (\$8 billion) is materially above other Moody's-rated cities nationwide.

Debt and Pensions: The debt and pension liabilities of the town are affordable overall, though they are unfavorable relative to the assigned rating of Aaa. The net direct debt to full value (0.8%) is on par with the US median and remained stable between 2014 and 2018. Also, the Moody's-adjusted net pension liability to operating revenues (1.4x) is roughly equivalent to the US median.

Management and Governance: North Carolina cities have an Institutional Framework score ³ of Aaa, which is high compared to the nation. Institutional Framework scores measure a sector's legal ability to increase revenues and decrease expenditures. Property taxes, the sector's major revenue source, is subject to a cap which can be overridden with voter approval. However, the cap of \$15 per \$1,000 of assessed value still allows for significant revenue-raising ability. Unpredictable revenue fluctuations tend to be minor, or under 5% annually. Across the sector, fixed and mandated costs are generally less than 25% of

expenditures. North Carolina is a Right to Work state, providing significant expenditure-cutting ability. Unpredictable expenditure fluctuations tend to be minor, under 5% annually.

Sector Trends - North Carolina Cities

North Carolina cities will generally benefit from a robust state economy, although rural areas still transitioning from a high reliance on textile, furniture and tobacco employment will lag the rest of the state. Most cities benefit from diverse economic expansion of the technology, pharmaceutical, financial and tourism sectors. Sales tax collections are increasing and an improving housing market has bolstered property tax revenues. Pensions are well funded and not expected to have an outsized negative impact on the credit quality of cities as a whole.

EXHIBIT 1

Key Indicators ⁴ ⁵ Chapel Hill

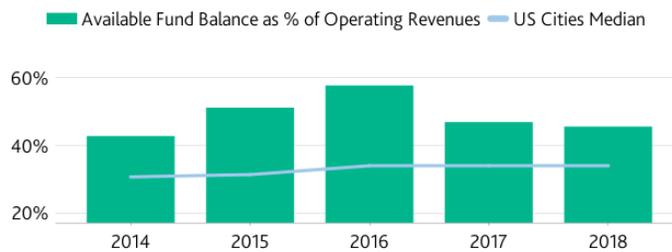
	2014	2015	2016	2017	2018	US Median	Credit Trend
Economy / Tax Base							
Total Full Value	\$7,463M	\$7,447M	\$7,539M	\$7,532M	\$8,034M	\$1,867M	Improved
Full Value Per Capita	\$127,841	\$126,726	\$127,782	\$127,169	\$134,128	\$89,200	Stable
Median Family Income (% of US Median)	173%	174%	170%	170%	170%	113%	Stable
Finances							
Available Fund Balance as % of Operating Revenues	42.7%	51.0%	57.6%	46.8%	45.5%	33.9%	Stable
Net Cash Balance as % of Operating Revenues	37.4%	43.1%	48.7%	39.3%	38.0%	36.9%	Stable
Debt / Pensions							
Net Direct Debt / Full Value	0.8%	0.7%	0.7%	0.9%	0.8%	1.1%	Stable
Net Direct Debt / Operating Revenues	0.91x	0.84x	0.84x	0.99x	0.98x	0.88x	Stable
Moody's-adjusted Net Pension Liability (3-yr average) to Full Value	N/A	0.8%	0.7%	1.0%	1.2%	1.8%	Stable
Moody's-adjusted Net Pension Liability (3-yr average) to Operating Revenues	N/A	0.94x	0.83x	1.13x	1.35x	1.51x	Stable
	2014	2015	2016	2017	2018	US Median	
Debt and Financial Data							
Population	58,379	58,766	59,005	59,234	59,903	N/A	
Available Fund Balance (\$000s)	\$26,450	\$32,592	\$38,698	\$30,903	\$31,197	\$7,419	
Net Cash Balance (\$000s)	\$23,201	\$27,509	\$32,689	\$25,926	\$26,108	\$8,404	
Operating Revenues (\$000s)	\$61,975	\$63,851	\$67,191	\$66,033	\$68,627	\$21,930	
Net Direct Debt (\$000s)	\$56,620	\$53,592	\$56,398	\$65,260	\$66,943	\$18,580	
Moody's Adjusted Net Pension Liability (3-yr average) (\$000s)	N/A	\$59,919	\$55,610	\$74,843	\$92,428	\$32,507	

Source: Moody's Investors Service

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EXHIBIT 3

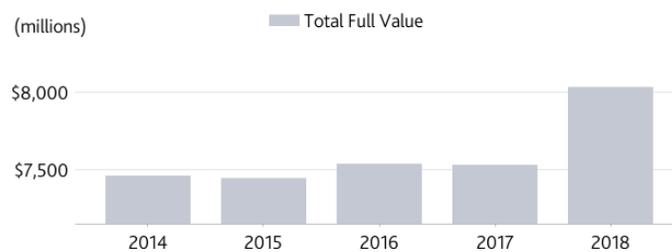
Available fund balance as a percent of operating revenues consistent from 2014 to 2018



Source: Issuer financial statements; Moody's Investors Service

EXHIBIT 4

Full value of the property tax base increased from 2014 to 2018



Source: Issuer financial statements; Government data sources; Offering statements; Moody's Investors Service

Exhibit 5

Moody's-adjusted net pension liability to operating revenues consistent from 2015 to 2018



Source: Issuer financial statements; Government data sources; Offering statements; Moody's Investors Service

Endnotes

- The rating referenced in this report is the issuer's General Obligation (GO) rating or its highest public rating that is GO-related. A GO bond is generally backed by the full faith and credit pledge and total taxing power of the issuer. GO-related securities include general obligation limited tax, annual appropriation, lease revenue, non-ad valorem, and moral obligation debt. The referenced ratings reflect the government's underlying credit quality without regard to state guarantees, enhancement programs or bond insurance.
 - The demographic data presented, including population, population density, per capita personal income and unemployment rate are derived from the most recently available US government databases. Population, population density and per capita personal income come from the American Community Survey while the unemployment rate comes from the Bureau of Labor Statistics.
- The largest industry sectors are derived from the Bureau of Economic Analysis. Moody's allocated the per capita personal income data and unemployment data for all counties in the US census into quartiles. The quartiles are ordered from strongest-to-weakest from a credit perspective: the highest per capita personal income quartile is first quartile, and the lowest unemployment rate is first quartile.
- The institutional framework score assesses a municipality's legal ability to match revenues with expenditures based on its constitutionally and legislatively conferred powers and responsibilities. See [US Local Government General Obligation Debt \(December 2016\)](#) methodology report for more details.
 - For definitions of the metrics in the Key Indicators Table, [US Local Government General Obligation Methodology and Scorecard User Guide \(July 2014\)](#). Metrics represented as N/A indicate the data were not available at the time of publication.
 - The medians come from our most recently published local government medians report, [Medians - Property values key to stability, but pension burdens remain a challenge \(March 2018\)](#) which is available on Moodys.com. The medians presented here are based on the key metrics outlined in Moody's GO methodology and the associated scorecard.

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Summary:

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Rationale

Outlook

Related Research

Summary:

Chapel Hill, North Carolina; Appropriations; General Obligation

Credit Profile

US\$9.565 mil GO rfdg bnnds ser 2019 due 04/01/2031

Long Term Rating

AAA/Stable

New

Chapel Hill GO*Long Term Rating*

AAA/Stable

Affirmed

Rationale

S&P Global Ratings assigned its 'AAA' long-term rating to Chapel Hill, N.C.'s series 2019 general obligation (GO) refunding bonds. At the same time, we affirmed our 'AAA' long-term rating on the town's GO bonds outstanding and our 'AA+' long-term rating on the town's appropriation-backed debt. The outlook is stable.

Security and use of proceeds

Securing debt service on the refunding and GO debt outstanding is the town's full faith and credit, including its statutory authority to levy ad valorem taxes on all real and tangible personal property without limitation as to rate or amount. Proceeds will be used to refund certain maturities of the series 2010B bonds for an estimated net present value savings of 6.5% of the refunded bonds.

Credit overview

Chapel Hill, home to the University of North Carolina's (UNC) flagship institution and with its participation in the Research Triangle Park, has experienced robust economic growth while maintaining stable financial trends through various economic cycles. Furthermore, we believe the management team's adherence to long-term financial and capital planning as well as its adoption of a policy to continue prefunding its retiree health care benefits support our view of the 'AAA' rating.

We rate Chapel Hill's GO debt higher than the sovereign because we believe the town can maintain better credit characteristics than the U.S. in a stress scenario. Under our criteria "Ratings Above The Sovereign: Corporate And Government Ratings--Methodology And Assumptions," published Nov. 19, 2013 on RatingsDirect, the town primarily has a locally derived revenue base with roughly 73% of total governmental revenue and maintains independent taxing authority as well as independent treasury management from the federal government.

The ratings further reflect our view of the town's:

- Very strong economy, with access to a broad and diverse metropolitan statistical area and a local stabilizing institutional influence;
- Very strong management, with strong financial policies and practices under our financial management assessment

methodology;

- Strong budgetary performance, with balanced operating results in the general fund and at the total governmental fund level in fiscal 2018;
- Very strong budgetary flexibility, with an available fund balance in fiscal 2018 of 28% of operating expenditures;
- Very strong liquidity, with total government available cash at 69.8% of total governmental fund expenditures and 6.1x governmental debt service, and access to external liquidity we consider strong;
- Strong debt and contingent liability position, with debt service carrying charges at 11.4% of expenditures and net direct debt that is 76.7% of total governmental fund revenue, as well as low overall net debt at less than 3.0% of market value and rapid amortization, with 77.9% of debt scheduled to be retired in 10 years; and
- Very strong institutional framework score.

Very strong economy

We consider Chapel Hill's economy very strong. The town, with an estimated population of 63,178, is located in Durham and Orange counties in the Durham-Chapel Hill metropolitan statistical area, which we consider broad and diverse. The town also benefits, in our view, from a stabilizing institutional influence. The town has a projected per capita effective buying income of 143% of the national level and per capita market value of \$131,497. Overall, the town's market value grew by 1% over the past year to \$8.3 billion in 2020. The weight-averaged unemployment rate of the counties was 3.3% in 2018.

Anchoring Chapel Hill's economy is the UNC flagship campus, as well as UNC Medical Center, which together provide substantial stability while driving research and innovation activities throughout the region, particularly given the town's participation in the North Carolina Research Triangle. The region's economic diversity includes technology, electronics, pharmaceutical, biotech, and financial services employers.

Given the town's favorable proximity to major employers and access to transportation networks such as the I-95 corridor, Chapel Hill has grown as a premier residential location, with several mixed-used developments recently completed or underway. The Blue Hill district has garnered investment totaling \$100 million, including Greenfield Place, an affordable housing development with 149 units. Ongoing development over a five- to 10 year horizon will eventually consist of additional residential units, walking and bike paths, restaurants, and commercial space. In addition, phase one of Glen Lennox is underway with 215 multifamily housing units and a parking deck. When development is complete, management expects investments in the area in excess of \$1 billion.

Despite the benefits derived from the town's robust economic growth, management identified traffic congestion and affordable housing as key determinants that could affect long-term demographic and development trends. To alleviate these concerns, the town's transit system partners with UNC to provide free service to faculty, staff, and students and is planning its expansion for bus rapid transit services while collaborating with GoTriangle, the regional transit provider. In addition, a \$10 million referendum was passed in November 2018 for affordable housing initiatives. The town will utilize bond proceeds from its referendum authority to leverage federal and state grants to support construction of affordable housing units.

We believe the town's economy will remain very strong given the long-term development trends, stability provided by

UNC, and the town's arts and culture activities, tourism, and sporting event attractions.

Very strong management

In June 2019, the town adopted a comprehensive set of financial policies, which complements existing policies and procedures already in place. Inclusive in the policies is the objective to adopt, adhere, and regularly review the town's compliance with its policies and practices, which we view as being consistent with very strong management.

Management utilizes conservative budgeting practices that take into account historical and projected trends, which have contributed to the maintenance of the town's strong reserve levels over the past three fiscal years. Furthermore, monthly monitoring of its financial performance is supplemented with quarterly formal reports provided to the town council. Long term financial planning is detailed in a rolling, multiyear plan that projects revenue and expenditures over a five-year period. The town also annually updates its 15-year capital improvement plan that identifies potential funding sources for its projects. Policies adopted in June include a formal debt policy that outlines key affordability metrics, including maintaining net tax-supported debt equal to 1.5% of assessed valuation, ensuring debt service expenditures do not exceed 15% of total governmental expenditures, and targeting 10-year principal amortization at 65% or better. The town's formal reserve policy requires maintenance of the unassigned general fund balance at a minimum of 22% of general fund expenditures. The policy also requires the town council to adopt a restoration plan should the unassigned amount fall below the minimum threshold. A formal cash management and investment policy was also adopted in June that dictates that investments will adhere to state guidelines, 20% will be immediately available for liquidity purposes, and all investments should mature in no less than 36 months.

In addition to financial policies, the town adopted formalized policies for technology and data security, which we view favorably given the frequency of cybersecurity threats throughout the nation. To protect its systems, employees are required to participate in cybersecurity awareness training and the town maintains liability insurance to offset costs associated with a cybersecurity incident. Furthermore, technology systems are updated with virus and malware protections to help mitigate threats.

Strong budgetary performance

Chapel Hill's budgetary performance is strong, in our opinion. The town had balanced operating results of 0.3% of expenditures in the general fund and of 0.2% across all governmental funds in fiscal 2018.

In assessing the town's budgetary performance, we adjusted for annually recurring transfers into and out of the general fund, and for large one-time capital outlay expenditures funded with debt proceeds across total governmental funds.

The town's budget is primarily funded with property taxes (49%), sales taxes (about 22%), and intergovernmental revenue (about 14%). Both property and sales taxes have shown steady increases in recent years, and town officials expect these trends to continue--budgeting for 4.9% sales tax growth in fiscal 2020.

Chapel Hill regularly includes an appropriation of fund balance in the budget, but year-end results have generally exceeded expectations as a result of management's conservative budgeting practices. In fiscal 2018, the town produced break-even general fund results after including an appropriation of approximately \$2.7 million in the budget. For fiscal 2019, unaudited results show Chapel Hill produced an operating surplus of about \$1.6 million (after transferring out about \$2.2 million to other funds). The positive results stemmed from sales taxes outperforming

estimates while management kept close control of expenditures.

The fiscal 2020 budget totals \$68.1 million (5.5% increase over the fiscal 2019 original budget). The budget includes an appropriation of fund balance equal to \$3.4 million. The primary increases in expenditures are personnel related, particularly in public safety. Despite the inclusion of reserves to balance the budget, we believe the town's budgetary performance will remain consistent with historical results.

Very strong budgetary flexibility

Chapel Hill's budgetary flexibility is very strong, in our view, with an available fund balance in fiscal 2018 of 28% of operating expenditures, or \$17.1 million.

Chapel Hill has historically maintained very strong reserves, in our view, with available fund balance exceeding 26% of operating expenditures in each of the three most recent audited fiscal years. The town's formal reserve policy targets the maintenance of an unassigned general fund balance equal to 22% of operating expenditures, with any excess balance available for capital expenditures. Management reports no plans to materially spend down reserves in the next two years. Furthermore, town officials report that the combined \$8.4 million of reserves held in the debt service and affordable housing development reserve funds are also available with the approval of council. Therefore, we expect the town's budgetary flexibility to remain very strong in the near term.

Very strong liquidity

In our opinion, Chapel Hill's liquidity is very strong, with total government available cash at 69.8% of total governmental fund expenditures and 6.1x governmental debt service in 2018. In our view, the town has strong access to external liquidity if necessary given its regular issuance of debt over the past 20 years.

While the state allows for what we view as permissive investments, we believe the town has no aggressive investments, with the majority of investments held in local government investment pools and mutual funds at the end of fiscal 2018. Additionally, we have identified no contingent liabilities that could pose a material risk to the town's liquidity. Therefore, we do not expect Chapel Hill's liquidity position to deteriorate from its very strong position in the near term.

Strong debt and contingent liability profile

In our view, Chapel Hill's debt and contingent liability profile is strong. Total governmental fund debt service is 11.4% of total governmental fund expenditures, and net direct debt is 76.7% of total governmental fund revenue. Overall net debt is low at 1.1% of market value, and approximately 77.9% of the direct debt is scheduled to be repaid within 10 years, which are, in our view, positive credit factors.

Following the current transaction, the town's net direct debt outstanding totals \$59.3 million. In fiscal 2020, the town may issue as much as \$7.7 million in GO bonds and \$36.3 million in appropriation-backed debt primarily for its municipal services center, and for the first installment of the affordable housing bonds authorized by voters in November 2018. We do not view the additional debt as significant given the town's debt policies that consider affordability as well as its rapid retirement of existing principal.

Pension and OPEB liabilities

Chapel Hill's required pension and actual other postemployment benefits (OPEB) contributions totaled 7.3% of total governmental fund expenditures in 2018, with 4.0% representing required contributions to pension obligations and 3.2% representing OPEB payments. The town made its full annual required pension contribution.

Chapel Hill participates in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing, multiple-employer plan administered by the state. The town funds its annually required contribution at 100%, and reported a proportionate share of the net pension liability of \$9.2 million as of June 30, 2018. The town also maintains a single-employer, defined benefit plan for qualified sworn law enforcement officers. The special separation allowance plan is funded on a pay-as-you-go basis with the town contributing about \$393,000 in fiscal 2018. The plan reported a total pension liability of \$4.9 million at fiscal year-end 2018.

Additionally, the town provides other postemployment benefits through its Healthcare Benefits Plan--a single-employer, defined benefit plan--and has historically made contributions on a pay-as-you-go basis. The town pays all or a portion of the costs of coverage for the benefits based on years of service, and the plan is available to all qualified retirees until the age of 65 or until Medicare eligible. In fiscal 2018, the town made contributions of \$1.6 million toward premium costs and transferred \$840,000 into the irrevocable trust for OPEB. Furthermore in June 2019, the town adopted a policy to require annual contributions to the trust fund to reduce the overall OPEB liability, which stood at \$53.6 million as of June 30, 2018 and was 7.6% funded. Despite the substantial liability associated with OPEB, we believe the town's conservative budgeting practices and historical financial results provide flexibility to contribute additional amounts to the trust fund, as required by the new adopted policy.

Very strong institutional framework

The institutional framework score for North Carolina municipalities is very strong.

Outlook

The stable outlook reflects our view of the town's robust economy that generates its primary operating revenue sources to maintain budgetary balance and very strong reserves. Furthermore, we believe the management team's adherence to its well-embedded policies and procedures will support the 'AAA' rating over the long term. For these reasons, we do not expect to change the rating over the two-year outlook period. All other factors equal, if performance were to deteriorate significantly--potentially stemming from fixed-cost pressure related to the town's large OPEB liability--causing a substantial weakening of reserves and liquidity, we could lower the rating.

Related Research

2019 Update Of Institutional Framework For U.S. Local Governments

Ratings Detail (As Of November 5, 2019)		
Chapel Hill ltd oblig rfdg bnds		
<i>Long Term Rating</i>	AA+/Stable	Affirmed

Summary: Chapel Hill, North Carolina; Appropriations; General Obligation

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.capitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column.

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Town Council 2018 Expectations for Working Together

1. How I prefer you communicate with me:

- Identify topic or issue
- Look for facts, seek data
- Use transparency, compassion, curiosity, explanation of rationale with facts
- Recognize communication preferences
 - Hemminger: email, also text and phone; cell phone does not work at home, so call home number or contact Jeanne
 - Parker: phone preceded by text or email about the subject
 - Oates: phone, secondarily email;
 - Bell: text
 - Anderson: 1. Text 2. Email 3. phone
 - Buansi: 1. In person 2. Phone (not email)
 - Gu: 1. Text 2. Phone 3. email
 - Schaevitz: 1. Text 2. email
 - Stegman: 1. Text 2. Email 3. phone
 - Mayor can send group text to look at email; continue Friday emails; Council members to provide relevant information to be shared.
 - Copying Jeanne on communication to the Mayor is helpful because the Mayor is often in meetings and hard to reach
- Include relevant information in request, so response can try to be in a mutually convenient way.

2. Expectations for Council Members

- Focus on topic
- Be prepared
- Act with integrity, compassion, respect
- Communicate clearly & concisely
- No "gotcha" moments-No Surprises
- Communications irrespective of medium may have public records implication
- Will not deliberate privately about the issues being discussed with each other during meetings
- During quasi-judicial proceedings do not communicate outside the Council Chamber
- For SUPs questions are provided in advance where possible and responses are included in the meeting materials and presented at the hearing, including ex parte conversation.
- No unfunded mandates-agree with Town Manager regarding priorities and the support for them.
- No Council Member should speak for another Council Member
- Don't enable bad behavior: refer questions to staff/website/other sources of information rather than becoming the source of information
- Speak to the press with one voice
- Email answers to press questions (so it's in writing) when possible
- Don't throw anyone under the bus; the Council meeting is not the place for personal disagreement
- Don't create "gotcha" moments by hoarding information that could be relevant/useful to the whole board
- No pressure to chime in on a topic

3. Expectations for Mayor

- Work with Manager and other partners
- Chief Political Officer (Chairman of the Board)
- Consensus builder (understand and can fully support the decision giving my role), and find common ground, as possible

- No Surprises
- Represent in local, state, national venues
- Two way communication, share needs and expectations, along with providing information to all.
- Mayor to articulate the process for setting expectations during the Council meetings.
- Mayor will summarize at the conclusion of her self-comment, and check for any missing aspects.
- Facilitate good working relationships among board members when they're having trouble doing so among each other
- Censor of inappropriate behavior (between Council Members and members of the public during Council meetings)
- Keep the board on task
- Mayor is open to hearing and responding to different viewpoints among Council Members
- Distinguish between Mayor's own perspective, what she thinks the Council would say, what she knows the Council says
- Find common ground, not necessarily build consensus
- Invite alternative points of view; give Council Members the opportunity to express alternative points of view

4. Expectations for Manager

- Provide information, options, discuss resources, legal relevance in association with Town Attorney
- Help Council members to see full picture
- Open for individual consultation and provide information equally
- Clarify questions
- Manage Town staff workload and clarify resources needed to meet council initiatives
- Post purpose of intended action (decision, receive information) on the screen during the council meeting.
- Keep Council members updated on major initiatives
- Present options/alternatives to Council
- Explain budgetary trade-offs
- Provide transparency as to why certain things are done or not done

5. How to address situations where we are not meeting an expectation

- One-on-one conversation with person(s) have concern about
- Compliment in public, criticize in private
- Include Mayor as resource
- Ok to disagree (with Council decision) publicly, but not ok to assign motivation to a specific Council member(s)
- Ok to criticize the position not the person.
- Don't involve staff in our disagreements

Other/Questions

- Interacting with developers/applicants?
- Interacting with advisory boards?
- Role as liaison to advisory board?
- Role as member of an external board?
- How to echo colleagues without actually speaking?
- For all: act with integrity, compassion, and respect



History of Town Council Seat Number Change

From 1952 through 1975 there were seven Council Member (Aldermen) seats including the Mayor. On December 8, 1975 this changed to nine seats including the Mayor. On February 18, 1975 the recommendation and vote was taken to change the seat makeup from seven to nine. The February 18, 1975 minutes also note that there were also recommendations in the Nov. 19, 1974 minutes. However, we have been unable to locate these minutes.

These are the recommendations found in the Feb. 18, 1975 minutes:

1. Section 2.01 introduces the concept of an enlarged Board of Aldermen with four-year staggered terms, and the concept of a four-year term for the Mayor with a two successive term limitation (based on the belief that term limitation would guard against a permanent Mayor in Town). Mayor limited to serving two consecutive terms, passed. Length of Mayor's term be four years, passed.
2. Section 3.01 introduces the concept of the governing board consisting of a Mayor and eight Aldermen, with Mayor having the right to vote on all issues. Board of Aldermen voted to change from six to eight, passed, giving the Mayor the right to vote on all issues, passed. Considerations for increasing to eight Aldermen included: work could be divided among more people, less demand on board members, less expensive to add two board members than increasing staff assistance, and more board members would provide a broader representation of the community.

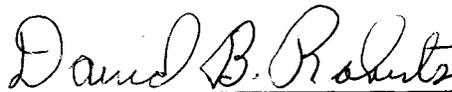
Utilities Hearing

Alderman Cohen said that Attorney General Edmiston will hold a public hearing on utilities on March 5, 1975. He requested that Board consider sending letters to Utilities Commission members encouraging them to attend this public hearing. Alderman Welsh moved, seconded by Alderman Marshall, that the Board write letters to Utility Commission members giving them the information on time, place and purpose for the Public Hearing. Said motion was unanimously carried.

There being no further business to come before the Board of Aldermen, the meeting adjourned at 10:00 p.m.



Mayor



David B. Roberts, Town Clerk

MINUTES OF A SPECIAL MEETING OF THE MAYOR AND THE BOARD OF ALDERMEN OF THE TOWN OF CHAPEL HILL HELD IN THE MUNICIPAL BUILDING, TUESDAY, FEBRUARY 18, 1975 AT 4:00 P.M.

The Board of Aldermen met for a special meeting with the Charter Commission on February 18, 1975 at 4:00 p.m. in the Municipal Building. The roll was reported as follows:

Present:	Howard N. Lee, Mayor
	Gerald A. Cohen
	Thomas B. Gardner
	Shirley E. Marshall
	Sid S. Rancer
	R. D. Smith
	Alice M. Welsh

Absent:	None
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A quorum of the Board was present and in attendance at the meeting. Also present were Town Manager C. Kendzior, Town Clerk D. Roberts and Town Attorney E. Denny. Charter Commission members present were Anne Barnes, Mary Helen Hayman, Sam Holton, Jonathan Howes, Sandy McClamroch, Paul Morris, Ross Scroggs, Bill Thorpe and Adelaide Walters.

Mayor Lee said that the special Board meeting is called to consider the recommendations made by the Charter Commission, to iron out differences, and to hear the rationale for making certain recommendations. The Board has various alternatives to choose from in implementing the recommended charter changes: it can consider the various points of the charter, approve certain items to be transmitted to appropriate persons in the General Assembly for legislative action, and await action by General Assembly before acting on the rest of the charter; Board can in addition offer specific directions as relates to certain items Board would like to see implemented immediately; Board may, in addition, choose to adopt the parts of the charter that do not require legislative action by virtue of its own authority, either putting them into effect immediately or at some future date; or Board can take no action, wait until General Assembly acts on the proposed charter changes, then compile the total charter, including recommendations not requiring legislative action, and adopt the revised charter at some future date.

Mr. Bill Thorpe, vice-chairman of the Charter Commission, said that Mr. Joe Nassif will arrive late to the meeting, and Mr. John Wettach has been excused from the meeting; there is a quorum of Charter Commission members present.

Town Attorney Denny said that Charter Commission has transmitted its recommendations to Board in two stages: on November 19, 1974 and the present transmittal. Although some of the recommendations overlap, the total recommendation is a combination of the two transmittals, which deal with charter provisions, and with Town commissions and boards not necessarily in the charter, but still within Charter Commission's scope of work; these last have been discussed in a public hearing. The Charter Commission considered the present charter point by point to see if each item is appropriate, if it should be changed or deleted, and whether certain additional concepts should be introduced. Town Attorney Denny presented the report from Charter Commission entitled "Final Recommendations of the Charter Commission to the Board of Aldermen", and explained the recommendations section by section. Section 1.21 is recommended to be changed, since any Town limits described would soon be obsolete with future annexation; Section 2.01 introduces the concept of an enlarged Board of Aldermen with four year staggered terms, and the concept of a four year term for the Mayor with a two successive term limitation; Sections 2.21 to 2.103 are to be deleted, since general law supersedes Town charter; Section 3.01 introduces the concept of the governing board consisting of a Mayor and eight Aldermen, with Mayor having the right to vote. Alderman Smith asked why the Mayor should be limited to two successive terms. Mr. Paul Morris said that this recommendation was based on the feeling that term limitation would guard against a permanent Mayor in Town. Mr. Sandy McClamroch said that, as a past Mayor, he feels serving eight years as Mayor is long enough. Mayor Lee said that he agrees, since he feels that effectiveness in office diminishes with time; it is healthy to give more people a chance to run for the position of Mayor. Alderman Cohen said that he does not like to deprive Town arbitrarily of established leadership in case of a crisis, and feels it is a disadvantage to limit the term of the Mayor. Mr. Ross Scroggs said that Mayor would be able to serve more than two non-consecutive terms. Alderman Cohen said that he feels the wording in Section 2.01 should say "elected" and not "serve" since a Mayor could conceivably resign from the office just before elections and run for a third term. Alderman Smith said that it takes a long time for the Mayor to learn his job; he would not like to see Mayor's term limited, since the term for the Aldermen is not limited; he feels that voters should have the choice whether to retain the Mayor in office. Alderman Gardner asked how Charter Commission considered Mayor's role in relation to state and federal governments in future years. Mr. Holton said that the Charter Commission considered two year terms for the Mayor, but wished the Mayor to be in a position to complete his programs. A Mayor differs from Aldermen in that he is elected to provide leadership, and therefore needs four years to complete his program; on the other hand, the community is entitled to new leadership every eight years. In regard to state and federal governments, two years is not long enough to establish contacts, but an eight year term should be long enough. Alderman Gardner said that state and federal governments designate as Mayor as contact person; limiting his term will affect his effectiveness. Mr. Scroggs said that he is not a strong supporter of some of these recommendations, and feels that this whole area warrants much more discussion. Ms. Adelaide Walters said that in Section 3.81 Mayor is recognized as the principal Town's representative. Alderman Gardner said that he feels that if Mayor's terms are limited, Aldermen's should be also. Mr. Holton said that the terms for Aldermen are not as crucial since there are eight Aldermen in the proposed charter; a necessary continuity may be provided by members who have been on the Board for a long time. Alderman Marshall said that she agrees with Alderman Smith about the length of time needed to learn Mayor's job; she has attended meetings and seen Mayors who have been in office for a long time; this seems to have worked well in most cases. She said that the Mayor's term should not be limited.

Mayor Lee asked for Board comments on the four year term for Mayor. Alderman Smith said that he approves of this, since it would provide longer time to implement programs. Alderman Cohen said that the State Bill of Rights says "for redress of grievances, elections shall be often held". He feels that this policy implies that shorter terms for office should be retained; he does not see sufficient reason to change the length of Mayor's term of office. Alderman Welsh said that she is concerned that if the length of Mayor's terms is short, important decisions may be made on limited kind of knowledge; she feels Mayor's term should be four years. Mayor Lee said that he supports the four year term since the Mayor holds a key leadership role and his programs may be put in jeopardy if he holds a two year term and has to run for reelection before the program is finished. It takes the Mayor two years to learn the job and four years to finish programs. Mr. Scroggs said that the cost of elections is increasing, and short terms place an added burden on the office holder.

Mayor Lee asked for Board comments for limiting Mayor to two consecutive terms. Alderman Smith said that he is not in favor of this; he feels that the voters should decide it. Alderman Cohen said that limiting the number of terms would create lame duck status, and is opposed to it. Alderman Welsh said that it takes a large amount of energy to do a good job as Mayor; she feels that Town may need fresh leadership after eight years. By this time, also, most projects should have been implemented. She said that she supports limiting Mayor to two consecutive terms. Alderman Gardner said that he supports a limit of two consecutive terms for the Mayor and feels the Board of Aldermen might also be limited likewise. Alderman Marshall said that she does not feel limiting the terms is necessary for Mayor, since it is not known when strong leadership might be needed. Alderman Rancer said that he feels the Mayor should be limited to serving for eight years. Mayor Lee said that he is undecided in the matter; good people should be available to serve in the office as needed, but since Chapel Hill is transient, the incumbent needs to explain his programs at each election. It is possible that the Mayor could build a strong machine, making reelection a certainty. If the Mayor steps down on his own, there is strong pressure on him to continue in office. He said that he does not think that limiting the number of terms would create a lame duck Mayor.

Town Attorney Denny said that Section 2.01 in general law authorizes either partisan or non-partisan elections; at the present time Town has non-partisan elections and the Charter Commission recommends reaffirmation of this, with elections held at large and officials elected by a vote of plurality. Section 3.01 introduces the concept of Mayor's vote and considers the possible designations of the governing Board Town Council, but Charter Commission makes no recommendation on this. Alderman Marshall said that she is in favor of a governing body and in favor of a vote for the Mayor; she feels it is important that the Mayor keep in contact with people so that people know how he feels on certain issues. She said that she does not feel this will give the Mayor more influence and power, but will rather dilute it. Mr. Scroggs said that he disagrees with this interpretation. Ms. Walters said that she agrees with Alderman Marshall. Alderman Smith said that he feels the Mayor should be able to vote. Alderman Cohen said that he cannot see how Mayor's ability to vote would increase his powers; he supports the Mayor's right to vote. Alderman Welsh asked for comments in the matter from Mayor Lee and Mr. McClamroch. Mr. McClamroch said that he feels giving the vote to the Mayor will dilute his power to some degree; it would be advantageous in the Mayor's intergovernmental relationships if he had the vote; it would not diminish his effectiveness as presiding officer. Alderman Gardner said that he feels the Mayor's inability to vote causes him to be removed from the legislative end of Town government and to become more executive; he does not think

Mayor should have a vote. Mr. McClamroch said that he supports Mayor's continuing as the chairman of the Board of Aldermen, giving him vote, and having four year terms. Alderman Gardner said that he does not think having eight member Board will make for smoother functioning. Mr. McClamroch said that he agrees smaller number on the Board makes for smoother functioning but is not as representative as a larger Board. Mr. Scroggs said that the Mayor needs the right to speak as the chief official of Town; he is able to do this better if he is not a voting member of the Board.

Mr. Joe Nassif, Chairman of Charter Commission, came to the meeting.

Ms. Walters said that the Charter Commission subcommittee discussed the possibility of an elected presiding officer for Board of Aldermen, but decided that this is inadvisable, since the Mayor needs to know what is going on in the Board meetings. The subcommittee felt that presiding at Board meetings is an important function for the Mayor. She said that she supports giving Mayor the right to vote. Alderman Gardner said that people should know where the Mayor stands on issues, but it is unfair to have the Mayor in a position where he has to cast a tie-breaking vote to appoint a person to a committee. Mayor Lee said that presiding over Board meetings takes a large amount of time, making it difficult to do other necessary jobs. In regard to tie-breaking vote, if Mayor votes to break a tie, he is blamed for the result even though three other members voted for it; in electing a person to a committee, casting a tie-breaking vote openly antagonizes the loser. He said that the Town is small enough that comradeship is important between the Board and Mayor; being presiding officer helps in this regard. He said that he feels Mayor should be relieved of breaking tie vote on appointments, but that other tie-breaking votes can be continued. The Mayor needs to study all matters on agenda, but does not need to be as familiar with them as Board members, and as a result spends less time on agenda matters. Alderman Gardner said that he feels Mayor should not have the right to vote. Alderman Rancer said that he feels the Mayor should have the right to vote. Alderman Welsh said that for a long time she felt that the Mayor should have the right to vote, but now feels that this would dilute Mayor's effectiveness, since it would be impossible for the Mayor to lead discussions impartially; also the Mayor would need to spend more time in preparing for Board meetings. She said that she agrees the Mayor should be able to vote by a closed ballot for appointments. Mayor Lee said that he does not feel giving the Mayor the right to vote would dilute his power; most pressure comes from appointments and controversial issues. Alderman Marshall said that as Mayor's duties increase, it is more important for him to be familiar with Town issues, and for citizens to know where he stands. Mr. Morris said that the recommendation was made because of the feeling that Mayor is the focal point of community; discussion in the subcommittee covered all alternatives on vote and presiding office. The recommendation was made because of the feeling of the majority of Charter Commission members that Town is not yet ready for a large change in Mayor's job, but wished to show that Mayor's position is becoming more important; the right and responsibility of voting is a step in changing Mayor's job. Mr. Holton said that the Charter Commission decided that until the Mayor is made a full time job, he should not be in a position to direct Town Manager, who is the Town administrator. Alderman Gardner said that giving the Mayor the right to vote removes him further from the executive position; at the present time there has not been a major issue on which the Mayor did not have a position.

Mayor Lee asked for comments from the Board on eight member Board. Alderman Smith said that he supports additional Board members to relieve the work load now assumed by all Aldermen. Alderman Cohen said that he agrees with Alderman Smith; he also feels that more persons should be involved in additional task forces, giving better community representation in Town government. Alderman Marshall said that she agrees with Alderman Smith. Alderman Rancer said that he agrees with Alderman Smith. Alderman Welsh said that she does not

see any real rationale for increasing the number of Board members to eight. Alderman Marshall said that it would be advantageous to have an eight member Board during periods of change, since more persons would continue on. Mayor Lee said that the rationale for the recommendations is that as Town continues to grow, elected officials will have to assume more work load. Meetings may be longer with eight Board members, but that is the only disadvantage. Mayor Lee asked whether these recommendations have to go to General Assembly. Town Attorney Denny said that this decision has to be made by the Board; some of the recommendations can be implemented by local act, but Charter Commission recommends that all of the recommendations be sent to General Assembly. Mayor Lee asked whether the Board can act on the portions already discussed. Town Attorney Denny said yes, but that some of the other recommended changes are perfunctory, and recommended that action be delayed until these are considered.

Town Attorney Denny said that Section 3.02 introduces the concept of eliminating references in charter to gender, and the concept of prohibiting Board members to hold paid positions in Town government. Section 3.22 deals with the express authority to hold meetings without the necessary six hour notice to deal with emergencies. Section 3.23 considers quorum votes. Recommendations for Sections 3.41-3.64 are self-evident. Section 3.81 is rewritten stating clearly that Mayor has the right to vote and designating him Town's principal representative with other governmental units. Section 3.82 has been rewritten; Section 4.21 eliminates the requirement that Town Manager's salary be fixed by ordinance; Section 4.22 eliminates gender in designating the Board of Aldermen; recommendations on page 11 are obvious; Section 4.132 is slightly rewritten; recommendations on page 13 are obvious. Charter Commission recommended that references to Town Clerk and Town Attorney be deleted, letting general law govern, and retitling the Chapter, which now includes references only to police and fire departments, to "Public Safety Department". Recommendations on page 14 are obvious; recommendations on page 15 are obvious; but Section 5.41 is recommended to be considered for possible implementation; recommendations for Sections 5.42 and 5.41 are obvious. Sections 5.81 and 5.82 deal with extraterritorial boundaries and include the Charter Commission's recommendations for expansion into Durham County; general law should govern in other instances. These changes give flexibility to the planning processes and eliminate confusion in describing extraterritorial boundaries. Recommendations on pages 18 and 19 are mainly to let general law govern in cases where it is equal to or greater than existing charter provisions; on page 20 some technical corrections are recommended. Town Attorney Denny said that the easiest way to accomplish the charter rewriting is by a General Assembly act as recommended by Charter Commission; the alternative is to implement vote for Mayor, size of the Board and length of terms by a local ordinance and submit these for referendum vote. The Charter Commission does not recommend this route. On November 19, 1974 Charter Commission presented recommendations dealing with Recreation Department, Planning Department, Community Appearance Commission, subdivision procedures, special use procedures, concept of preliminary approval of special use permit, and concept of technical review committee. In addition, Charter Committee is interested in seeing that its recommendations are given prompt consideration and that action on them is taken. Mayor Lee asked when the planning process should be considered. Town Attorney Denny said that this is one of the matters not to be considered by General Assembly.

Mayor Lee said that the Board can now consider matters for submission to General Assembly. Alderman Cohen said that he was hoping that a referendum could be held in spring, but now time will not permit it; he suggested that the recommendations be submitted to the General Assembly with a bill calling for referendum on some of the more controversial points at the November election. Alderman Smith said that Charter Commission has held many meeting over 18 months and has based their recommendations on citizen input; he would like to have the matter acted on. Alderman Smith moved that Board submit the

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rewritten charter to General Assembly for their action. Said motion died for a lack of a second. Mayor Lee suggested that the controversial points be voted on separately. Alderman Smith moved, seconded by Alderman Cohen, that Mayor not be limited to two consecutive terms. Said motion failed by a vote of three to four, with Alderman Cohen, Marshall, and Smith supporting. Alderman Welsh moved, seconded by Alderman Gardner, that Mayor be limited to serving for two consecutive terms. Said motion passed by a vote of four to three, with Aldermen Cohen, Marshall and Smith opposing.

Alderman Welsh moved, seconded by Alderman Gardner, that the length of Mayor's term be four years. Said motion passed by a vote of five to one, with Alderman Cohen opposing.

Alderman Marshall moved, seconded by Alderman Smith, that the Mayor be given the right to vote on all issues. Alderman Gardner said that he does not feel this is in the best interest of Town, since it takes the Mayor away from the leadership role and puts him in the legislative part of the Town Government. Mayor Lee said that he has considered the matter carefully, and feels that Mayor should be allowed to vote on appointments in the same way as Board members. He does not see that giving the Mayor the right to vote will dilute his power, but it will bring additional pressures on insignificant issues. He said that he feels Mayor should be further removed from the legislative body and become more executive. Without the right to vote, the Mayor is able to express his views, but also is able to show the Board different sides of an issue and help in working out a compromise. Alderman Gardner asked whether Mayor can be given the right to vote on appointments only. Town Attorney Denny said that any committee created by local ordinance and not limited by General Statute can be amended to include Mayor's vote in appointments. It would be necessary to get General Assembly approval for giving Mayor the right to vote on appointments to bodies created by General Statute, since G. S. provides for appointments by the vote of the legislative body. Alderman Welsh said that she is concerned that giving the Mayor the right to vote would change Town's form of government, since this is a basic change. She said that she feels that it is more important to have Mayor's expertise in helping the Board to make up its mind. Alderman Welsh offered a substitute motion that local ordinances be amended to give the Mayor the right to vote on all appointments for those committees requiring the vote of the Board of Aldermen. Town Attorney Denny said that this is not a proper substitute motion; it can be considered after the motion on the floor has been voted on. Alderman Marshall said that a new Mayor may not know what is going on in Town without doing the necessary work involved in voting on all issues. Mayor Lee said that during a four year term a Mayor would be forced to take a stand on some issues. Alderman Smith said that the matter of the right to vote for the Mayor is important and should not be considered hastily; he asked that the matter be delayed until the next Board meeting. Mayor Lee said that additional information would not be available to the Board at next Board meeting; he feels that the matter should be voted on now. Alderman Gardner said that he would like to have additional time to consider Town Attorney's suggestion of changing local ordinances to give Mayor the right to vote for appointments to committees. Mayor Lee said that he feels the Board should vote on motion now, since nothing would be accomplished by delay. Alderman Cohen said that any Board member can demand now that all appointment votes be public. Alderman Welsh said that if the Board turns down giving the Mayor the right to vote, a suitable way to solve the problem of appointments can be found at a later time. Said motion passed by a vote of four to two, with Alderman Gardner and Welsh opposing.

Alderman Smith moved, seconded by Alderman Marshall, that the composition of the Board of Aldermen be changed from six to eight. Alderman Gardner said that he does not see how Board function will be improved by two additional members; Board can make internal changes improving its functioning. Mayor Lee said that the necessary work can be divided among more people, making less demands on individual Board members, and providing a broader representation from the community. Alderman Gardner said that he feels internal Board changes should be considered first. Ms. Walters said that, if the Board finds that eight members is too many, it can change back to six by an ordinance at a later date. Alderman Smith said that the number of Board meetings have increased from two times a month to every week since he has been on the Board; each Board member is also a member of several committees. The amount of staff assistance can be increased, but it would be less expensive to add two Board members. Alderman Cohen said that he agrees with Alderman Smith. Said motion passed by a vote of five to one, with Alderman Gardner opposing.

Alderman Cohen said that in 1973-74 the Board passed two resolutions on absentee voting in Town elections; these were not acted on by General Assembly. He asked that a section be included in Chapter 2 permitting absentee voting. Mr. Holton said that Charter Commission has not considered absentee voting. Alderman Cohen moved, seconded by Alderman Welsh, that a section be added to the proposed charter, allowing absentee voting for all municipal elections. Mayor Lee asked whether this can be included in the charter before a law to this effect is passed at the state level. Town Attorney Denny said that the Town has tried this before unsuccessfully, but can try again. Alderman Cohen said that General Assembly passed special acts in 1974 giving several municipalities this right. Said motion was unanimously carried.

Mayor Lee asked for a motion to rewrite the charter incorporating the recommended changes. Alderman Smith moved, seconded by Alderman Welsh, that the Town Charter be rewritten by Town Attorney and submitted through the proper channels to the General Assembly. Alderman Cohen said that the Charter Commission was set up in the spring of 1973 after a small group considered the charter and circulated a petition to set up districting within Town; this group proposed that the charter changes be presented for a referendum vote. He said that he feels fundamental changes in the charter should be voted on by people, and hopes that some of these will be put on the ballot in November. Mayor Lee said that the Charter Commission has met for 18 months with its meetings open to the public; during this time the public could express their views. If a petition is circulated showing sufficient public support, then the matter could be considered for public referendum, but he hopes that most of the proposal changed can go into effect by next election. Alderman Cohen said that the length of the time involved caused the original group to lose interest in the matter. Mayor Lee said that this is a reflection on the staying power of the group and not on the process of charter change. He asked whether the Charter Commission recommends that these changes come into effect by the next election. Mr. Nassif said that the Charter Commission did not consider the time of implementation. Mr. Holton said that Charter Commission wishes to see the changes put into effect as soon as possible; by next election will be soon enough. Mayor Lee said that he will set up an Implementation Committee, consisting of Mayor, Town Attorney, Chairman of the Charter Commission, two Alderman and two Charter Commission members to work with the Board in setting dates on implementation of the recommendations. Alderman Cohen said that if the changes are not into effect by November election, there is no point in hurrying the matter. Alderman Welsh said that the General Assembly has only a limited time to deal with local bills. Alderman Cohen said that he hopes the charter can be submitted to General Assembly as soon as possible, so that the matter can be acted on. Said motion was unanimously carried.

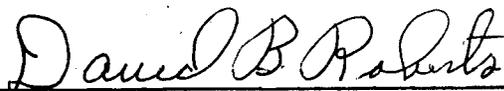
Mayor Lee said that the Implementation Task Force will be charged with the responsibility of packaging the remainder of items to be considered by the Board, and setting time tables for implementation.

Alderman Welsh thanked the Charter Commission for its work. Mayor Lee thanked Charter Commission for its work; Charter revision is done only about every 25 years. Each member of the Charter Commission will be presented with a special certificate recognizing the work. Alderman Cohen thanked the Charter Commission for its work, and said that he hopes it understands that, even though he did not agree with all recommendations, he feels the work it has done is worthwhile. Mr. Holton thanked Mr. Nassif, Town Attorney Denny, and Mr. Jake Wicker for their assistance to the Charter Commission. Mr. Nassif said that all Charter Commission members did not agree with the recommended changes either. He expressed thanks for the excellent staff support and commended Charter Commission members for their excellent attendance at the meetings. Alderman Welsh asked that the remainder of Charter Commission recommendations be placed on Board agenda as soon as possible.

There being no further business to come before the Board of Alderman, said meeting adjourned at 7:00 p.m.



Mayor



David B. Roberts, Town Clerk

MINUTES OF A REGULAR MEETING OF THE MAYOR AND THE BOARD OF ALDERMEN
OF THE TOWN OF CHAPEL HILL HELD IN THE MUNICIPAL BUILDING, MONDAY,
FEBRUARY 24, 1975 AT 7:30 P.M.

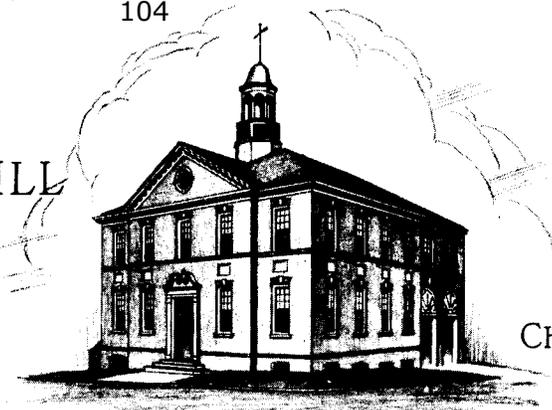
The Board of Aldermen met for a regular meeting on February 24, 1975 at 7:30 p.m. in the Municipal Building. The roll was reported as follows:

Present:	Howard N. Lee, Mayor
	Gerald A. Cohen
	Thomas B. Gardner
	Shirley E. Marshall
	Sid S. Rancer
	Alice M. Welsh
Absent:	R. D. Smith

A quorum of the Board was present and in attendance at the meeting. Also present were Town Manager C. Kendzior, Town Clerk D. Roberts and Town Attorney E. Denny.

Alderman Welsh moved, seconded by Alderman Gardner, that minutes of the meeting of February 17, 1975 be approved as corrected. Said motion was unanimously carried. Alderman Welsh moved, seconded by Alderman Marshall, that minutes of the special meeting of February 18, 1975 be approved as circulated. Said motion was unanimously carried.

TOWN OF CHAPEL HILL



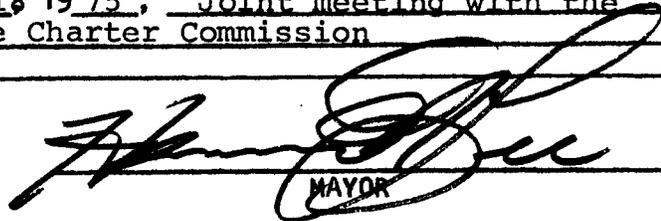
CHAPEL HILL, N.C.

February 11, 1975

NOTICE OF SPECIAL MEETING OF THE BOARD OF ALDERMEN OF THE TOWN OF CHAPEL HILL

TO: Gerald A. Cohen
 Ghomas B. Gardner
 Shirley E. Marshall
 Sid S. Rancer
 R. D. Smith
 Alice M. Welsh

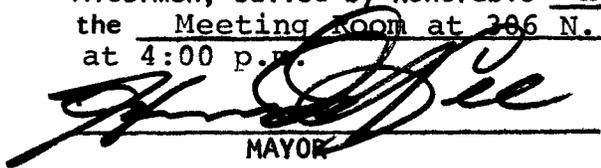
You, and each of you, are hereby notified that the Board of Aldermen have called a Special Meeting, to be held in the Meeting Room, at 4:00 p.m. on February 18 1975, Joint meeting with the Board of Aldermen and the Charter Commission



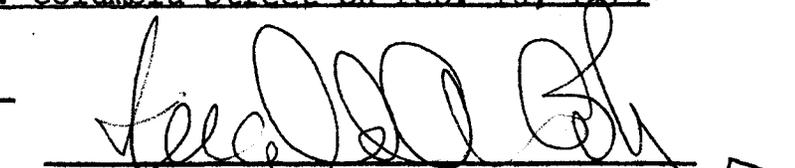
 MAYOR

ACCEPTANCE OF NOTICE

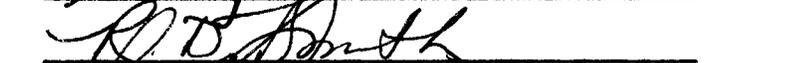
We, the undersigned, members of the Board of Aldermen of the Town of Chapel Hill, hereby accept notice of a Special Meeting of the Board of Aldermen, called by Honorable Howard N. Lee, Mayor, to be held in the Meeting Room at 306 N. Columbia Street on Feb. 18, 1975. at 4:00 p.m.

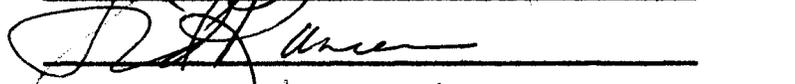


 MAYOR













FY 2019-20 Budget Update

Town of Chapel Hill
North Carolina

2019-20 Adopted Budget



Chapel Hill Town Council, 2017-2019

Your Town Council is **Mayor Pam Hemmlinger** and **Mayor Pro tem Jessica Anderson** (both seated at center) with Council members (clockwise from lower left) **Michael Parker, Donna Bell, Karen Stegman, Rachel Schaevitz, Allen Buansi, Hongbin Gu** and **Nancy Oates**.

Town Manager
Maurice Jones

Finance Officer
Amy Oland

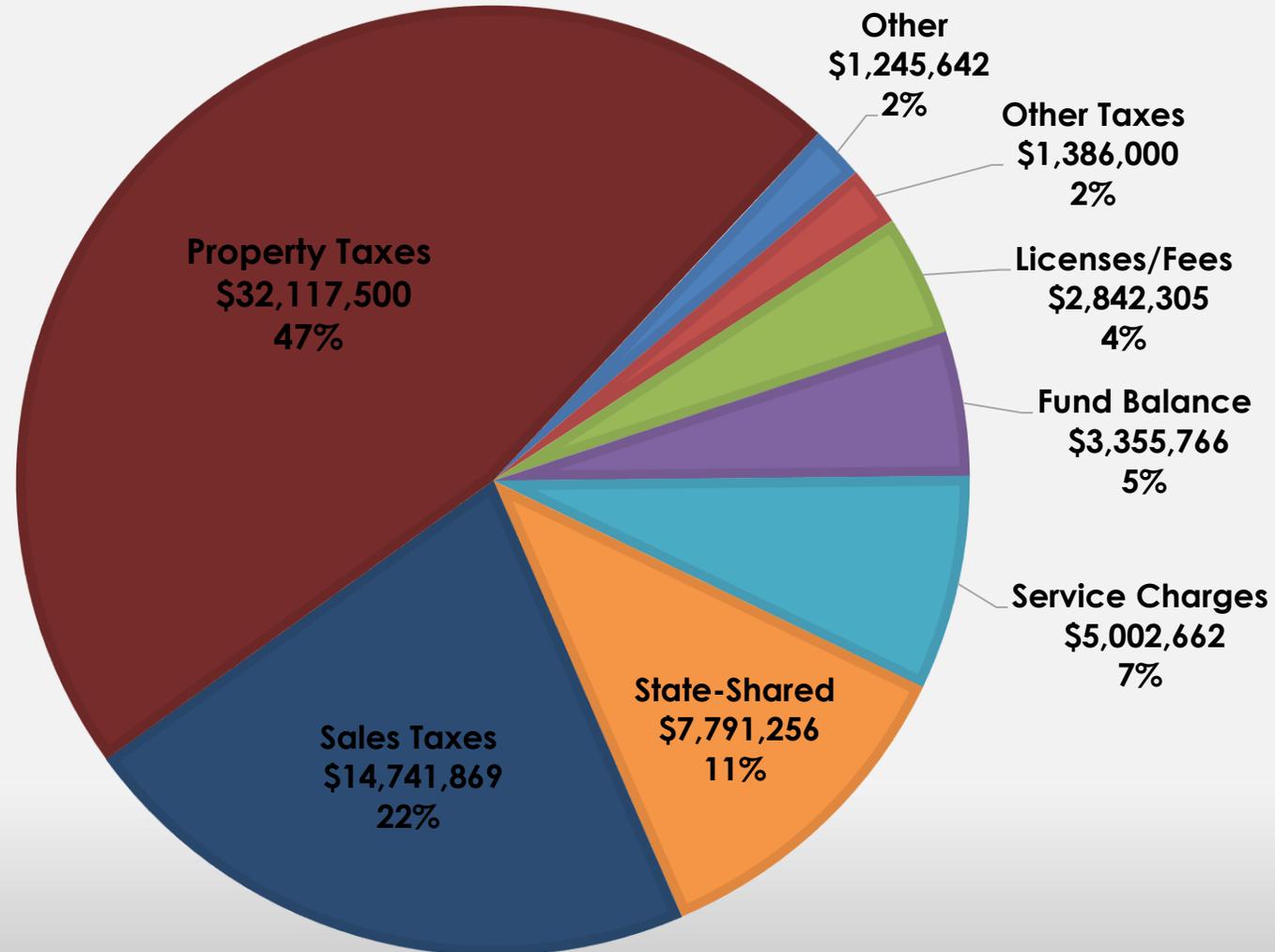
FY 2019-20 Budget Update & Long-Term Budget Strategy Development

TODAY'S TOPICS:

- FY 2019-20 Budget Update
- Budget History
- 5-Year Budget Strategy Development
- Next Steps

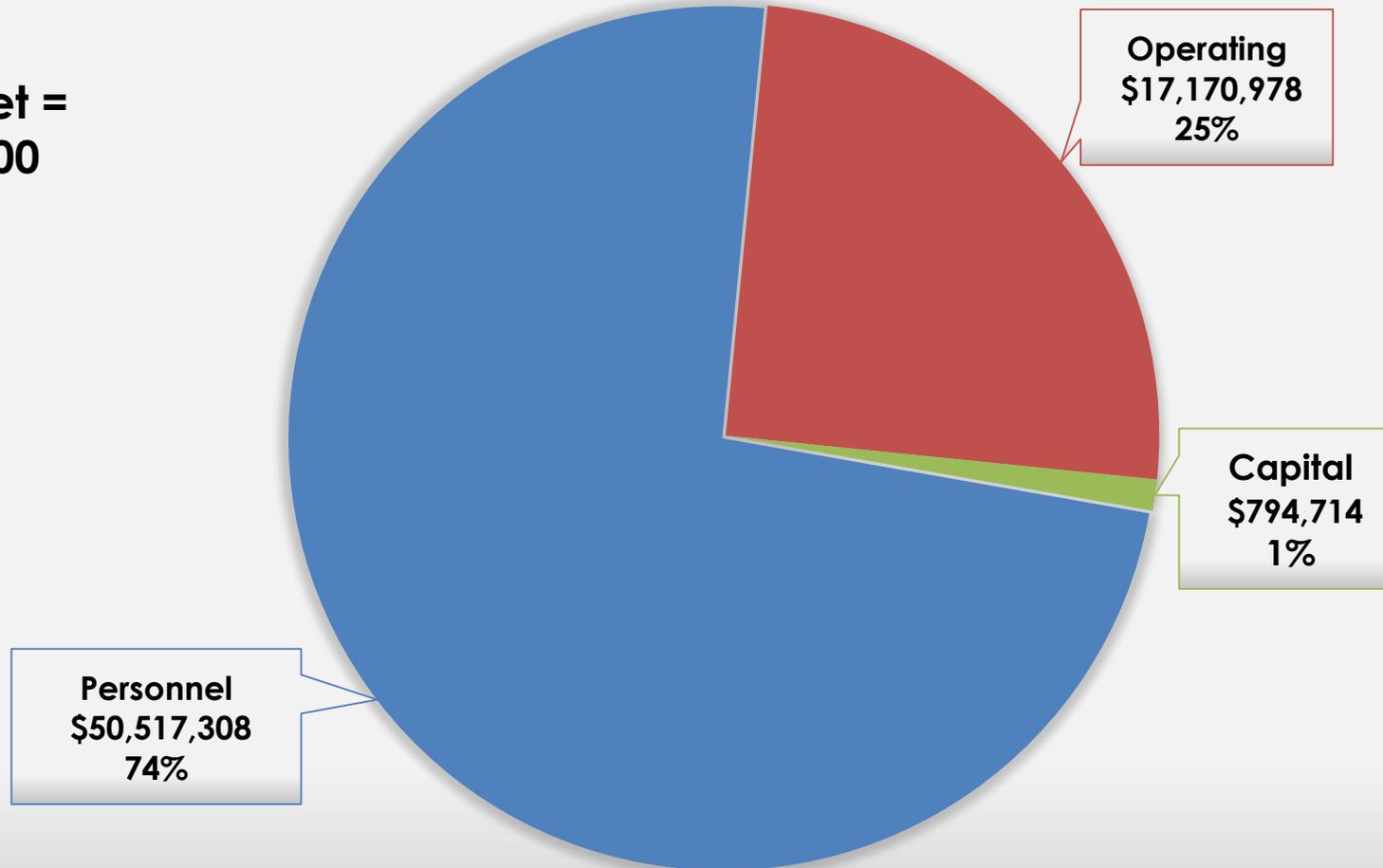
General Fund FY 2020 Revenue Budget

**Total Budget =
\$68,483,000**



General Fund FY 2020 Expenditure Budget

Total Budget =
\$68,483,000



Update on FY 2020 Budget Initiatives

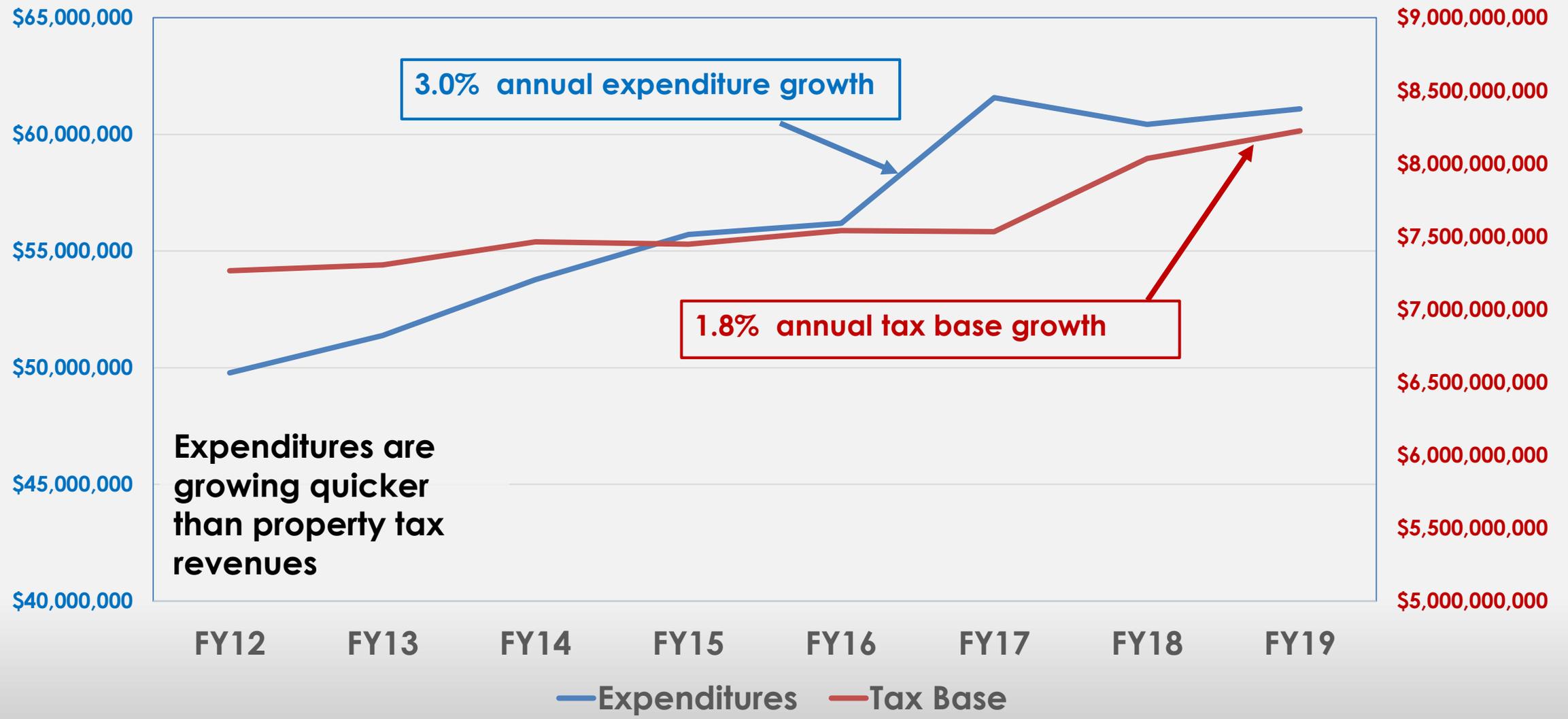
- Classification & Compensation Study
- Environmental Sustainability
 - Coal Ash Remediation
 - Climate Action Plan
 - Stormwater fee increase for bond funded capital projects
- Urban Design
- Sworn Officer Pay Adjustments

Why Are We Having This Discussion?

The Town's revenue growth is not keeping pace with the cost of carrying out our services



Expenditures vs Tax Base - Rate of Growth



Balancing Growth in Property Tax Base

Tax Rate*:

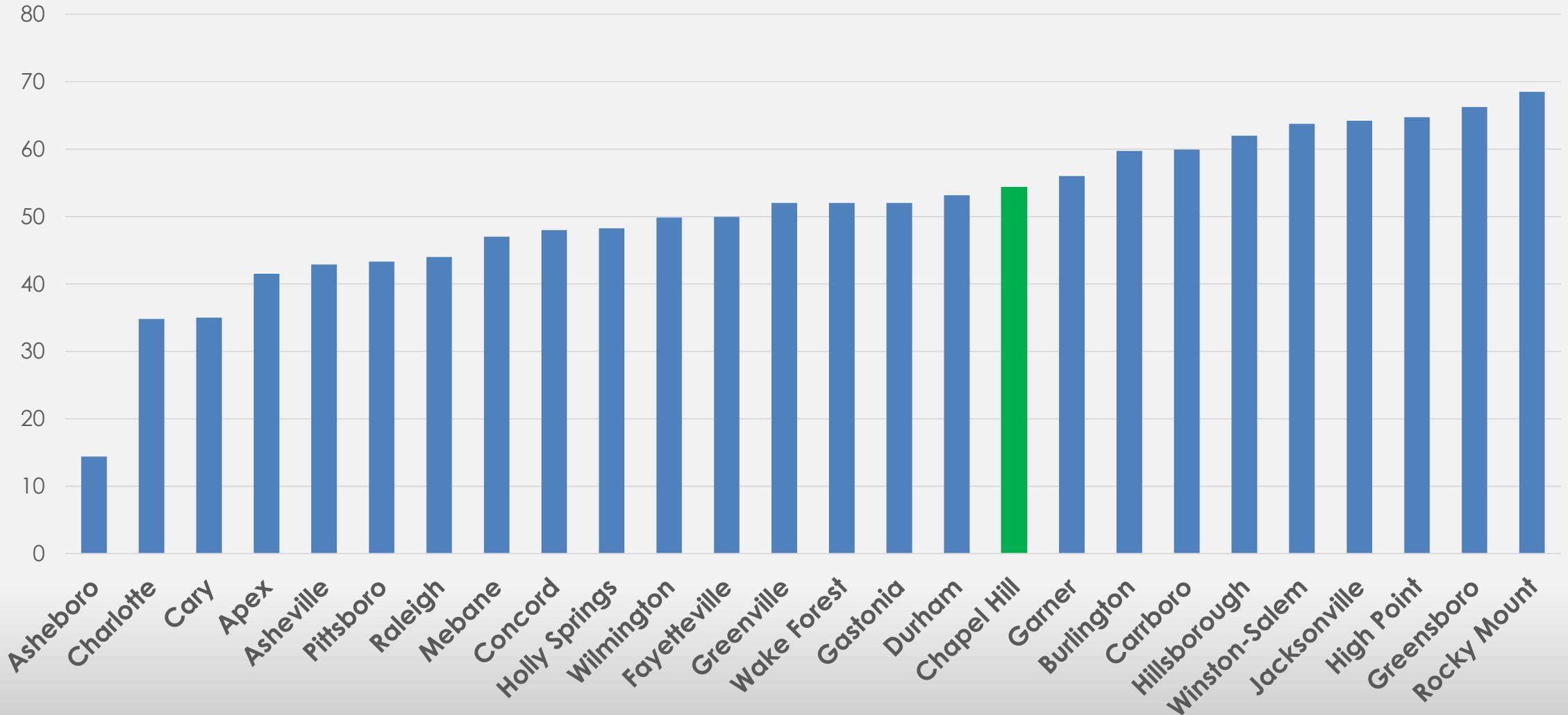
	FY09	FY10**	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18**	FY19	FY20
General Fund	42.3	36.0	36.0	37.8	37.8	38.8	38.8	38.8	38.8	37.6	38.6	38.6
Debt Fund	11.0	9.3	9.3	7.5	7.5	7.5	8.5	8.5	8.5	8.2	8.2	9.8
Transit Fund	4.8	4.1	4.1	4.1	4.1	5.1	5.1	5.1	5.1	5.0	6.0	6.0
Total	58.1	49.4	49.4	49.4	49.4	51.4	52.4	52.4	52.4	50.8	52.8	54.4

* Tax rates are expressed in cents per \$100 valuation

** FY 2018 & FY 2010 tax rates were the revenue neutral rate

*** FY 2022 is next planned revaluation (effective January 1, 2021)

Tax Rate Comparisons



It Takes A Lot To Move The Needle



- **1% added (\$83 million)** to the tax base generates the following tax revenue:

General Fund (38.6)	\$ 320,280
Debt Fund (9.8)	81,340
Transit Fund* (6.0)	<u>49,800</u>
	\$ 451,520

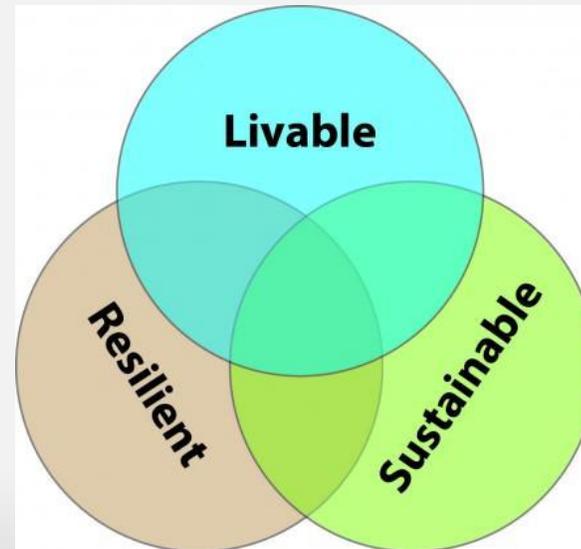
** Transit fund revenues are dedicated to paying for the Transit System*

Budget Balancing – What We Have Done 2010-2020

- Maintained core services
- Tightened department line item budgets
- Appropriated higher levels of fund balance/lapsed salary
- Health insurance plan changes
- Established Defined Contribution Plan in FY 2010
- Suspended/Held Funding Levels for Other Post Employment Benefit (OPEB) contributions
- Significantly reduced pay-go capital and vehicle replacements
- Used bond funds for annual street resurfacing
- Balanced economic development investments with incentive agreements

New Investments 2010 - 2020

- Economic Development
- Expansion & Renovations of Public Facilities
- Affordable Housing
- Sustainability & Resiliency
- Facilities Maintenance
- Transit
- Public Safety



Budget Drivers

- Growth Rate in Tax Base and Other Revenues
- Fund Balance Target
- Personnel
 - Compensation
 - Benefits
 - Pre-Funding Other Post Employment Benefits (OPEB)
- Focus on Core Services
- Priorities for Capital Investments



Enterprise Funds

- **Transit:**

- Funding partner model
- Federal & State funding levels
- Bus Replacement Needs



- **Parking:**

- Fee schedule
- Debt service
- Fund balance



Enterprise Funds

- **Housing:**

- Federal funding level
- Unit vacancies
- Aging housing units



- **Stormwater:**

- Stormwater fee
- General Obligation bond issuance
- Future large-scale capital needs



Long-Term Budget Planning

- Development of 5 –Year Budget Strategy to:
 - Build connections between strategic work plans and budget program expansions
 - Strengthen department operating budgets to meet operational needs
 - Promote environmental resiliency
 - Restore pay-go capital and vehicle replacement programs
 - Expand building maintenance and street paving programs
 - Sustain enterprise funds

5-year Budget Strategy Development

- Identified 7 Theme Areas:
 1. Environmental Sustainability
 2. Capital
 3. Human Services
 4. Human Capital
 5. Transportation
 6. Operational Sustainability
 7. Economic & Financial Sustainability
- Each theme area began with a champion/co-champion who then built a team of subject matter experts to perform data gathering and analysis of all topic areas.



Theme Area #1: Environmental Sustainability

- The Environmental Sustainability theme captures a range of investments that will strengthen operational and community sustainability.
- Champion: John Richardson
- Co-Champion: Rae Buckley
- Topic Areas:
 - Sustainable Operations
 - Green Infrastructure
 - Community Sustainability Programs
 - Environmental Protection



Theme Area #2: Capital

- The Capital theme is focused on the parts of the town budget dealing with the acquisition or maintenance of capital assets such as land, buildings, equipment and major software procurement.
- Champion: Scott Clark
- Co-champion: Ross Tompkins
- Topic Areas:
 - Street Maintenance
 - Facilities Maintenance
 - Vehicle Maintenance/Replacement
 - Technology



Theme Area #3 : Human Services

- The Human Services theme is focused on programs, services, and initiatives that support the residents of our community with a goal of achieving economic and social well-being and opportunities for all residents to thrive.
- Champion: Loryn Clark
- Co-Champion: Rae Buckley
- Topic Areas:
 - Affordable Housing
 - Public Housing
 - Non-Profit Agencies
 - Recreation and Leisure Programs



Theme Area #4 : Human Capital

- The Human Capital theme analyzes the personnel related needs in the organization.
- Champion: Susan Brown
- Co-Champion: Steve Stewart
- Topic Areas:
 - Continuing The Status Quo
 - Getting Where We Need To Be



Theme Area #5 : Transportation

- The Transportation theme addresses connected mobility systems that provide residents and visitors convenient choices to move safely around our community that support regional connectivity and environmental stewardship.
- Champion: Brian Litchfield
- Co-Champion: Flo Miller
- Topic Areas:
 - Traffic
 - Sidewalks/Bike Lanes
 - Greenways/Side Paths
 - Transit System Operations
 - Bus Rapid Transit



Theme Area #6 : Operational Sustainability

- The Operational Sustainability theme is evaluating the resources needed to carry out day-to-day operations. By day-to-day operations, we mean our core services.
- Champion: Chris Blue
- Co-Champion: Ross Tompkins
- Topic Areas:
 - Organizational Effectiveness
 - Changes to Service Delivery
 - Infrastructure Maintenance & Repair
 - Maintain Service Levels



Theme Area #7 : Economic & Financial Sustainability

- The Financial Sustainability theme is reviewing general trends in revenues and opportunities to preserve the Town's financial sustainability.
- Champion: Mary Jane Nirdlinger
- Co-Champion: Steve Stewart
- Topic Areas:
 - Property Tax
 - Sales Tax
 - Economic Development Incentives
 - Permits & User Fees



5 Year Budget Strategy Template

- Staff developed a template to be completed by each theme area
- Goal is to have a consistent framework for each theme to report out on their topics.
- Each theme area consists of:
 - Executive Summary
 - Background
 - Connections
 - Funding Gap
 - Detail for each Topic Area
 - Outcomes
 - Opportunities & Tradeoffs
 - Funding Needs
 - Prioritizations

Executive Summary

<“Snippet definition of Theme”>

[Lengthier definition if necessary]

Background

[Background information on the Theme, context, importance, etc.]

Topic Areas

[High level overview of the topic areas to be discussed individually]

Connections to other Themes

[High level connections to other Themes]

Funding Gap

[Setup or description of table which follows]

Funding Category	FY21	FY22	FY23	FY24	FY25
[Topic 1] Funding Gap	\$XXX,XXX	\$X	\$X	\$X	\$X
[Topic 2] Funding Gap	X	X	X	X	X
[Topic 3] Funding Gap	X	X	X	X	X
Total	\$X	\$X	\$X	\$X	\$X

Next Steps in Budget Process

March 18th Work Session

- Share the 5-Year Budget Strategy results with Council
- Provide FY 2021 preliminary revenue and expenditure projections

Early Considerations for FY 2021 Budget

April-June

- Incorporate 5-Year Budget Strategy into FY 2021 budget development
- Climate Action Plan
- Maintenance Needs
 - Streets
 - Buildings
 - Parks
 - Vehicles
 - Pay Go Capital
- Classification & Compensation Study Implementation
- Efficiency/Effectiveness Study
- Asset Management

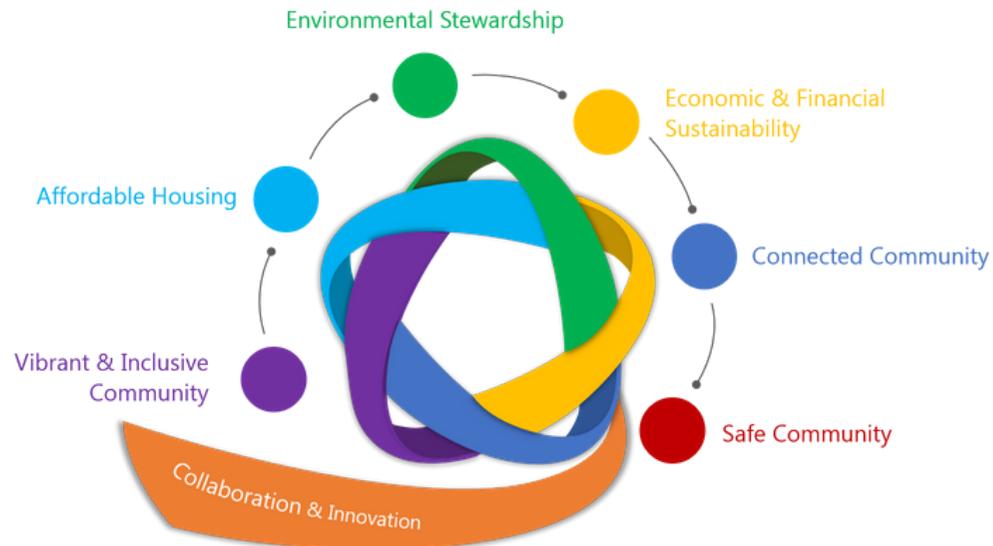
Strategic Goals and Objectives

FY 2020-2022



Sustainability Framework

The Town Council uses a Sustainability Framework to evaluate the "triple bottom line" implications, benefits and consequences of the Town's strategic goals and objectives. The framework prioritizes environmental, economic, and equity factors across the Council's strategic work plan.



Strategic Goals and Objectives

On June 26, 2019, the Town Council approved seven goal areas and nineteen objectives as an operational framework for the Council's strategic work plan.



Environmental Stewardship

To mitigate effects of climate change through management of Town resources, partnerships and natural environment



OBJECTIVES

1. Reduce carbon footprint

2. Improve local waterways and conserve biological ecosystems

3. Invest in green infrastructure and build community resiliency

INITIATIVES

1. Create a Climate Action Plan

2. Create carbon reduction partnerships through outreach and education

3. Strengthen tree protection

1. Build Elliott Road Flood Storage

2. Conduct Eastwood Lake subwatershed study

3. Create a Stormwater Capital Improvement funding plan

1. Continue electric vehicle infrastructure investment

2. Begin Coal Ash remediation

3. Increase solar infrastructure

4. Increase use of alternative transportation through Town vehicle and infrastructure investments

5. Increase community and operational resilience

6. Conduct energy efficiency upgrades in Town facilities

7. Update Council's energy policy

8. Evaluate new regulations for green infrastructure

9. Increase resident and business commitment and involvement in strategies implemented to reduce effects of climate change in the community



Economic & Financial Sustainability



To steward public assets and support a vibrant economy where there is opportunity for jobs and entrepreneurship that position Chapel Hill for the future

OBJECTIVES

1. Attract and retain companies that create jobs in Chapel Hill

2. Make Downtown Chapel Hill a destination with diverse options for work, live and play

3. Adopt a budget strategy that aligns Town revenues and expenses

INITIATIVES

1. Strengthen UNC Town Gown economic development partnerships

4. Partner with vocational schools to develop local talent attractive to businesses interested in Chapel Hill

2. Conduct recruitment and marketing for Chapel Hill

5. Add commercial office space to the Town to locate businesses

3. Obtain new and innovative technology solutions to attract and retain businesses that create jobs in Chapel Hill

6. Strengthen and facilitate the ecosystem for entrepreneurship and innovation

1. Add more Downtown business and visitor anchors (Market Drivers)

4. Conduct Downtown parking analysis and policy expectations

2. Invest in Downtown infrastructure

5. Construct Wallace Deck Expansion

3. Clean and beautify Downtown

6. Enhance wayfinding signage in Downtown

1. Create a budget strategy that balances revenues and expenditures over the long-term

2. Implement Facility Maintenance Plan

3. Implement Capital Improvement Plan



Affordable Housing

To increase access to housing for individuals across a range of incomes, and to constantly strive for more equitable outcomes and opportunities for historically underserved populations.



OBJECTIVES

1. Increase availability of affordable housing for all incomes

2. Preserve existing affordable housing stock

INITIATIVES

1. Manage bond and other local affordable housing funding resources

2. Develop affordable housing on Town-owned properties

3. Reduce regulatory barriers and create incentives for affordable housing

4. Using a racial equity lens, identify root causes of affordable housing challenge and address with short, medium and long term approaches

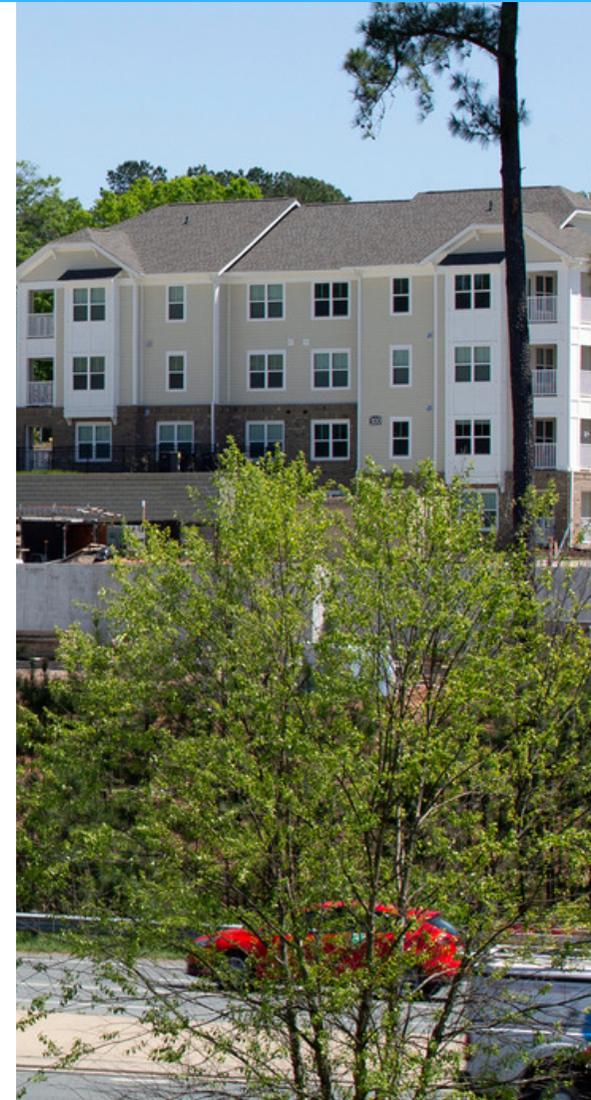
1. Implement Public Housing Master Plan

2. Consider options for Public Housing redevelopment

3. Implement Manufactured Home Strategy

4. Implement Affordable Housing Preservation Strategy

5. Support the Northside Neighborhood Initiative



Connected Community

To create a highly connected community where bicycling, walking, and transit are convenient, everyday choices for our neighborhoods, businesses, and public spaces.



OBJECTIVES

1. Improve management of traffic flow during peak times of day and at problem intersections

2. Increase connectivity between walking, bicycling, and multi-modal networks to reduce amount of driving needed to get around Chapel Hill

INITIATIVES

1. Conduct Town-wide traffic analysis

2. Actively participate in regional transportation planning

3. Continuously monitor and address road infrastructure utilization throughout the town of Chapel Hill

1. Establish Transit financial sustainability goals

2. Increase and integrate Downtown parking options to support a "park once" strategy.

3. Plan future transportation connections with Durham

4. Construct Estes Drive bike/pedestrian infrastructure

5. Construct Elliott Road Extension

6. Design and fund North-South bus rapid transit

7. Study East-West corridor needs

8. Prioritize and implement the projects in the Bike Plan.



Vibrant & Inclusive Community



To enrich the lives of those who live, work, and visit Chapel Hill by building community and creating a place for everyone

OBJECTIVES

1. Create diverse opportunities for community to engage with the arts

2. Improve connections and partnerships with historically disengaged and marginalized populations

3. Preserve the history of Chapel Hill and embrace the future needs of the community

INITIATIVES

1. Improve festivals and events with a focus on spaces, policies, partners, sponsorship, content and infrastructure

2. Increase engagement with community history

4. Increase arts programming

3. Increase public art in both public and private spaces

1. Advance Youth Initiatives

2. Continue People's Academy

3. Implement Building Integrated Communities Action Plan

4. Implement Community Connections Strategy

5. Increase after-school and recreation programming Access

6. Increase diversity of Council-appointed boards and commissions

1. Strengthen urban design focus

2. Advance Charting our Future

3. Implement Rogers Road Community First Plan

4. Conduct Blue Hill code refinements

5. Effectively collaborate with UNC Hospitals on the Eastowne Master Planning Project



Safe Community

To preserve and protect life and property through the fair and effective delivery of Town services



OBJECTIVES

1. Invest in facilities and infrastructure that support public safety

2. Maintain community safety using equitable policing practices

3. Deliver Town services fair and effectively

INITIATIVES

- | | |
|---|--|
| 1. Design and construct Municipal Services Center | 2. Develop Fire Department Facilities Plan |
|---|--|

- | | |
|--|--|
| 1. Reduce potential implicit biases in policing through learning and development practices | 2. Conduct community engagement sessions to increase understanding of police practices within various communities around Chapel Hill |
|--|--|

- | | | |
|---|---|---|
| 1. Identify public safety initiatives that utilize evidence-based practices | 2. Create Road to Zero Plan (Pedestrian Safety) | 3. Improve permitting and inspections process |
| 4. Grow Emergency Management Program | | |



Collaborative and Innovative Organization

To continue to build a Town workforce that leads with collaboration and innovation to build a community where people thrive



OBJECTIVES

1. Increase collaboration, innovation and learning

2. Attract and retain diverse and talented employees

3. Increase public transparency and information sharing

INITIATIVES

1. Conduct Facilitation Training to improve outreach and internal efficiency

2. Conduct Capital Project Management Training to increase project management capacity

3. Conduct process improvement to increase efficiency and effectiveness

1. Conduct Compensation Study to improve recruitment and retention

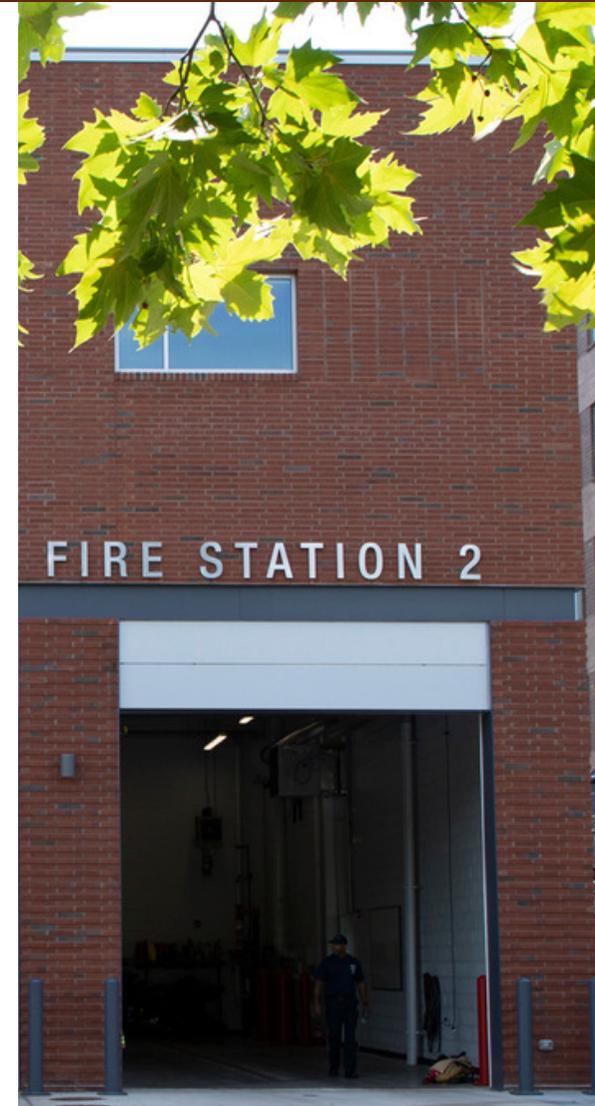
2. Implement Town-wide Equity and Inclusion Program to create a diverse and welcoming workforce

3. Increase innovation and learning opportunities to build a nimble and adaptable workforce

1. Increase employee satisfaction with internal communication

2. Build Performance Management program to increase data-driven management and decision making

3. Increase the level of cyber security inside the Town's information systems



Council Update – November and December 2019

Strategic Initiatives

Environmental Stewardship: Reduce carbon footprint



Create a Community Climate Action Plan: We are working to finalize the greenhouse gas emissions inventories for Town operations and the community as a whole. We are also developing a range of community engagement strategies that will be implemented over the next two months. The Council will receive more detailed updates at their meetings on January 22nd and at the Council Retreat.

Environmental Stewardship: Reduce carbon footprint



LED Streetlight Conversion: Duke Energy has ordered the lighting and is scheduled to begin the installation on all standard streetlights as soon as the fixtures are available. As the Council previously requested, we have also developed some information about costs associated with the conversion of other outdoor lighting to LED and will be sharing that in the coming weeks.

Environmental Stewardship: Reduce carbon footprint



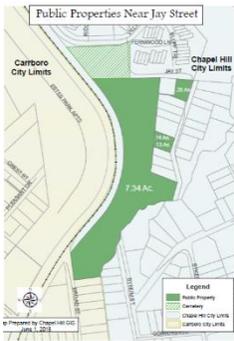
Energy Code: A group of Town staff from Inspections, Fire, Engineering and Sustainability participated in an update the 2021 national model energy code. The results indicate that the code will be 10% more efficient for both residential and commercial buildings – the second biggest efficiency gain in the last decade. Specific improvements were made in electric vehicle charging, residential water heating and lighting efficiency. The State will consider these measures for 2021.

Environmental Stewardship: Invest in green infrastructure and build community resiliency



The Town celebrated Arbor Week from November 15-22. An Arbor Day ceremony and tree planting occurred on November 15 in collaboration with Ephesus Elementary School.

Affordable Housing: Develop affordable housing on Town-owned properties



Consistent with a resolution Town Council approved at the [November 13, 2019 Business Meeting](#), authorizing the Town Manager to seek an affordable housing partner for Town-owned land on Jay Street and begin negotiating an agreement for development, staff have distributed a Request for Qualifications (RFQ) for potential development partners. We anticipate making a selection of a potential partner by April 2020.

Affordable Housing: Develop affordable housing on Town-owned properties



Town staff is in the process of executing a Memorandum of Understanding with the Homestead Housing Collaborative as the potential development partner for the 2200 Homestead Road Town-owned site, dedicated by the Council for mixed-income housing in [September 2017](#). The Collaborative is led by [Self Help Ventures Fund](#) in partnership with [CASA](#), [Community Home Trust](#), and [Habitat for Humanity of Orange County](#), all local affordable housing providers. Staff anticipate providing Council with an update on the plan for the site in the spring of 2020.

Connected Community: Increase connectivity between walking, bicycling, and multi-modal networks to reduce amount of driving needed to get around Chapel Hill



North South Bus Rapid Transit: Transit staff and our consultant team continued work with the Federal Transit Administration (FTA) on the projects Small Starts Application (<https://nsbrt.org/>).

Connected Community: Actively participate in regional transportation planning



Staff from Planning and Chapel Hill Transit have been attending staff working group meetings to develop a Planning Framework and scope of work for updating the Orange County Transit Plan. The Plan was last updated in 2017 and was centered on the Durham-Orange Light Rail. Now that DOLRT is discontinued, Orange County is leading the effort to rewrite the plan, which will be done by a consultant with oversight from a Policy Committee (elected officials) and Technical Committee (staff) comprised of the county and municipalities. The Orange County Board of County Commissioners heard this item at their November 7th meeting and consider approving the framework and authorizing staff to issue a RFQ for consulting services.

Connected community: Actively participate in regional transportation planning



The Town's Bike-Ped Team and key stakeholders continued work with North Carolina Department of Transportation (NCDOT) and their consultant team to finalize the recommendations for NC 54 Pedestrian and Bicycle Corridor Safety Study (<http://nc54bikeped.com/documents.asp>).

Vibrant and Inclusive Community: Preserve the history of Chapel Hill and embrace the future needs of the community



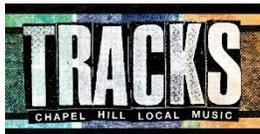
As a part of the Chapel Hill 1819/2019 200th anniversary celebration, Parks & Recreation and Planning teamed up to offer youth an opportunity to envision the parks system of the future. A public exhibition and reception were held on November 14. In conjunction with the "Masters of the Future" exhibition, program guides from Parks & Recreation dating to the 1970s were on display.

Vibrant and Inclusive Community: Improve connections and partnership with historically disengaged and marginalized populations



The Census grant will fund outreach to Chapel Hill's hard-to-count populations, in partnership with Housing & Community. The programming grant will fund "I Was Still Singing," an exhibit and program highlighting the contributions of Chapel Hill's African American women elders.

Vibrant and Inclusive Community: Create diverse opportunities for community to engage with the arts



Opened Call for Submissions for Tracks Music Library. Tracks is a collaboration between the Library, Community Arts & Culture, and local musicians to build a commercial-free streaming music platform of local music.

Vibrant and Inclusive Community: Create diverse opportunities for community to engage with the arts



Coordinated a successful "Chapel Hill-idays" slate of events in collaboration with Downtown Partnership. Programs included Tree Lighting, Holiday Parade, and a new community event, the Downtown Santa Rooftop Rescue. Produced in partnership with Chapel Hill Fire Department, the Santa Rescue brought 600+ families to downtown on 12/20.

Vibrant and Inclusive Community: Create diverse opportunities for community to engage with the arts



Continued programming Gallery 109 with UNC Arts Everywhere and Downtown Partnership. *Cash Crop!* show closed in late November, after a week's extension and very positive community feedback. *Altered Chapel Hill* ran during December and into early January, featuring altered collage imagery of vintage campus and community photos as well as pieces from youth and adult workshops led by the artist.

Vibrant and Inclusive Community: Increase engagement with community history



Community Arts and Culture and Chapel Hill Transit installed three (3) art pieces in bus shelters commemorating the local Civil Rights Movement. The shelter locations include Franklin Hotel, Southwest Moe's and Lot 2.

Vibrant and Inclusive Community: Continue Peoples Academy



The 2019 Peoples Academy concluded on November 9. The 5 week, 10 class Academy is an opportunity for community members to learn about the Town and our operations. In its second year, the Academy received 72 applications. All applicants were invited to participate and there were 37 graduates for the 2019 Academy (defined as those who attended 6 of 10 class sessions). The 2019 participants included 33% identifying as non-white, 74% identifying as female, and 4% identifying as younger than 24. In addition, several participants had young children (we collected 17 waivers for childcare). For participants who completed our post-Academy survey, 100% identified they know some or a lot about Town government (compared to 26% from the pre-survey) and 85% are considering serving on a Town Board or Commission (compared to 48% from the pre-survey).

Vibrant and Inclusive Community: Advance Charting our Future



Following the engagement opportunities in the fall of 2019, Staff worked with Council to develop an alternative approach to the Focus Area Maps, and those revised Maps should be available for Council consideration in early March. Simultaneously, Staff will be working on finalizing the other components of the Future Land Use Map including the Resiliency Maps and the Guiding Statements. According to the current schedule, the Future Land Use Map and all of its components could be considered for adoption at the end of June or in early fall, if necessary. Staff is also working to define the scope of consulting services for the rewrite of the Land Use Management Ordinance.

Vibrant and Inclusive Community: Short Term Rental



Staff and the Task Force are evaluating appropriate new standards to regulate rooms and homes that are rented out for 30 days or less. Staff developed a public engagement strategy that would meet Council's interest in identifying goals and developing updated ordinance standards for Short-Term Rentals. The Task Force met in October and November to begin crafting standards for an ordinance. A Task Force Meeting is scheduled for January 15, 2020.

Vibrant and Inclusive Community: Eastowne Development Agreement

UNC Health Care representatives and the Town Council continue to hold negotiation sessions. Staff also held a community meeting, and a Joint Advisory Board meeting. Staff continues to develop a Negotiation Framework and matrix for Council consideration. The next Council Committee negotiation session will be held in January, 2020.

Collaborative and Innovative Organization: Oversee and manage the town-wide capital program

The Town has completed its second Capital Project Manager Certification Program. This training program facilitates the preparation of Town employees to plan, manage, and execute capital projects while promoting better management practices. In our most recent training completed in December 2019, we had 14 participants representing the Fire, Housing & Community, Library, Planning, Police, Public Works, and Town Manager's Office. The training satisfaction surveys indicated that the participants increased their knowledge regarding the execution of capital projects.

Core Business

Streets & Construction: Leaf Collection Update



Public Works' annual Leaf Collection Program is well underway. At the on-set of the program, staff completed two leaf collection cycles in November due to favorable weather conditions and delay in leaves falling. Program goals were met when staff completed a leaf collection cycle between Thanksgiving and Christmas. Compared to last year, staff has collected 56% more leaves this year for the time period mid-October through December 31st.

Community Safety: Holiday Police Patrols and Reduction in Property Crime



Historically, we have experienced a spike in residential break-ins during the winter holidays. For several years, we have increased police patrols during the hours that data show these crimes are most likely to occur. Increased presence, visibility, and focused deterrence have led to a 50% decrease in residential break-ins since 2017.

Transit: Bus Shelter Replacements and Upgrades



Relocated and upgraded the shelter at the Franklin Hotel, in coordination with the ownership group for the hotel. The shelter includes solar powered LED lighting. This is one of the new shelter types we will be trying at locations in our service area. Additional shelter and bus stop improvements are scheduled to begin in January.

Recreation Programming: USA Archery Grant



On November 25 and 26, the Chapel Hill Community Center hosted a USA Archery Level 2 Instructor Certification class for 36 practitioners from 18 communities across North Carolina. The opportunity to host the statewide training resulted from the department's receipt of an Explore Archery grant offered by USA Archery and the NC Recreation and Park Association.

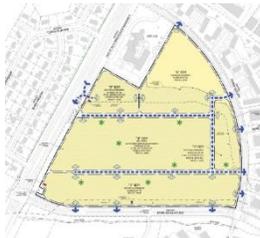
Community Arts & Culture: Launched new Community Arts & Culture website and e-news



In response to Commission, Council, and community interest in better marketing for arts & culture, website features improved navigation, user-friendly interfaces for event applications and artist calls, and highlights new departmental offerings and initiatives.

Library: Launched collection diversity audit

Beginning of multi-year effort to assess collections with an EDI lens and build collections that reflect the diversity of our community and the world.

Development Review: University Place and Carolina Donor Services

Submittal of a Conditional Zoning application for the University Place redevelopment has been submitted to the Town. Staff anticipates this application will be before the Council for action in late spring. An application for Carolina Donor Services, 7000 Millhouse Road, has also been made – this is a submittal of a Final Plan application (construction plans) anticipating construction of the first building in the Light Industrial Conditional Zoning District (LICZD).

Housing Department: Implementation of Public Housing Master Plan

We are one step closer to filling all staff vacancies to better serve the needs of the all public housing residents. On December 16th, we welcomed Stacey Todd as our Management Analyst to assist in data tracking efforts and creating analytics for our public housing preservation and development plans. Stacey comes to us from a background of managing Capital repair funds with the City of Cincinnati Department of Community and Economic Development.

Housing Department: Resident Programming and Engagement

In an effort to provide access to fresh healthy food for all Public Housing residents, as well as others in the Orange County Community, we have partnered with the Food Bank of Central and Eastern North Carolina to operate a Food Bank every Wednesday in a Public Housing neighborhood. Currently, we are operating in Rainbow Heights (1st Wednesdays) S. Estes (2nd Wednesdays); Colony Woods West (3rd Wednesdays); Craig-Gomains (Fourth Wednesdays); and Oakwood (5th

Wednesdays).

Capital Projects

Environmental Stewardship: Improve local waterways and conserve biological ecosystems



The Elliott Road Flood Storage project was a top priority recommended in the Lower Booker Creek Subwatershed Study and approved by the Council in January 2017. This project involves constructing a stormwater control facility to mitigate flooding and making park and pedestrian improvements to the area. In December, the Town was in the final stages of land acquisition. Upon completion, construction is anticipated to begin this spring 2020.

Economic & Financial Sustainability: Implement Capital Improvement Plan



Bolin Creek Greenway: Re-mobilization for this project is expected to resume during the week of December 2 with work resuming by mid-December. Dependent upon the weather, the project should be able to progress through the winter months. The portion of the trail between Martin Luther King, Jr. Blvd. and Bolinwood Dr. will be closed for the duration of the project and trail users are being redirected to use the sidewalks and streets as a detour.

Economic & Financial Sustainability: Implement Capital Improvement Plan



The Library the parking lot expansion project in the upper parking lot at the Library was completed in January. The work involved adding eight more parking spaces and converting to one-way traffic flow in the upper lot.