

2017 -- H 6366

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2017

JOINT RESOLUTION
AND AN ACT

AUTHORIZING THE STATE TO ENTER INTO A FINANCING LEASE AND PAYMENT
AGREEMENTS IN CONNECTION THE CONSTRUCTION OF A BALLPARK IN THE CITY
OF PAWTUCKET

Introduced By: Representatives Messier, Coughlin, Johnston, Tobon, and Barros

Date Introduced: June 27, 2017

Referred To: House Finance

1 WHEREAS, McCoy Stadium was constructed 75 years ago in the City of Pawtucket (the
2 "City") and has undergone two renovations since that time; and

3 WHEREAS, McCoy Stadium is near the end of its useful life and will not meet the
4 standards for Triple-A baseball without major repairs and renovations; and

5 WHEREAS, The estimated cost to repair and renovate McCoy Stadium is approximately
6 the same as the cost of constructing a new facility, with no expected catalytic impact on ancillary
7 development surrounding McCoy Stadium; and

8 WHEREAS, Pawtucket Red Sox Baseball Club, LLC or an affiliate (the "PawSox") have
9 proposed the construction, furnishing and equipping of a new ballpark and related parking in the
10 City (the "Ballpark"), which would have playing dimensions similar to those of Fenway Park in
11 Boston; and

12 WHEREAS, The Ballpark is anticipated to jumpstart new economic initiatives in the City
13 and create new jobs in the State of Rhode Island (the "State"); and

14 WHEREAS, The State and City revenues to be generated by the Ballpark are projected
15 by industry experts to be more than sufficient to cover the State's and the City's respective costs
16 of financing the Ballpark, infrastructure and land acquisition costs, which shall include all related
17 expenses of acquisition by purchase or through eminent domain ("Ballpark and Land Costs"); and

18 WHEREAS, The City is developing a redevelopment plan that contemplates public uses

1 of the Ballpark and a mixed use real estate development in an adjacent area which may include
2 retail, entertainment, restaurant, public park, civic space, hotel, office space and residential
3 components as part of a larger redevelopment of downtown Pawtucket (the "Downtown
4 Redevelopment Project"); and

5 WHEREAS, The Downtown Redevelopment Project may generate substantial additional
6 State and City revenues that far exceed the revenues required to finance public payments on the
7 bonds; and

8 WHEREAS, The Pawtucket Redevelopment Agency, established in accordance with
9 Chapter 45-31 of the General Laws, will issue revenue bonds to finance the Ballpark and Land
10 Costs; and

11 WHEREAS, The Rhode Island Public Corporation Debt Management Act (Rhode Island
12 General Laws Section 35-18-1, et seq.) requires the General Assembly to provide its consent to
13 the issuance or incurring by the State of certain obligations including financing leases, guarantees
14 or other agreements; and

15 WHEREAS, This act shall serve as the concurrent resolution of approval required by the
16 Rhode Island Public Corporation Debt Management Act; and

17 WHEREAS, The Ballpark and Land Costs are expected to be approximately
18 \$83,000,000, excluding financing costs; and

19 WHEREAS, The PawSox, the State and the City intend to share the cost of the Ballpark
20 and Land Costs; and

21 WHEREAS, The PawSox propose to contribute \$45,000,000, including \$12,000,000 in
22 up front equity contributions from PawSox owners, and \$33,000,000 to be financed by a taxable
23 lease revenue bond issued by the Pawtucket Redevelopment Agency (the "Series A Bonds") with
24 sublease rental payments to be paid from PawSox rents and annual naming right payments; and

25 WHEREAS, The State proposes to contribute \$23,000,000 by the issuance of revenue
26 bonds issued by the Pawtucket Redevelopment Agency (the "Series B Bonds") with debt service
27 projected to be funded from State taxes, including taxes generated by Ballpark users, visitors, the
28 PawSox, and ancillary development, as well as a premium ticket surcharge; and

29 WHEREAS, The City proposes to contribute \$15,000,000 by the issuance of revenue
30 bonds issued by the Pawtucket Redevelopment Agency (the "Series C Bonds") to be paid from
31 incremental real estate property tax, hotel tax, tangible asset tax, food and beverage tax revenues
32 and assessments generated in and around the Downtown Redevelopment Project and other City
33 revenues and State Aid (as defined herein);

34 NOW THEREFORE, BE IT RESOLVED and ENACTED, That the General Assembly

1 hereby authorizes the State to enter into a financing lease (the "Lease") with the Pawtucket
2 Redevelopment Agency, as lessor, the State as lessee, and the PawSox as sublessee, for the
3 purpose of financing the Ballpark, and for costs associated with the Series A Bonds including
4 capitalized interest, debt service reserves and costs of issuance. The Lease shall secure Series A
5 Bonds, with an amount of net proceeds to finance the Ballpark totaling \$33,000,000, excluding
6 capitalized interest, debt service reserves and costs of issuance, at an assumed interest rate of four
7 percent (4%) and a not to exceed taxable rate of five percent (5%), for a term not to exceed thirty
8 (30) years. The Series A Bonds shall be payable from Lease rentals, and the PawSox will make
9 sublease rental payments to the State in the same amount, with the PawSox sublease payments
10 payable from team rentals and annual naming rights payments; and be it further

11 RESOLVED and ENACTED, That the General Assembly hereby authorizes the State to
12 enter into a payment agreement (the "Series B Payment Agreement") with the Pawtucket
13 Redevelopment Agency for the purposes of financing the Ballpark and for costs associated with
14 the Series B Bonds, including capitalized interest, debt service reserves and costs of issuance. The
15 Series B Bonds will be issued on a tax-exempt basis if permitted by federal tax law, and may be
16 issued in one or more sub-series. The Series B Payment Agreement shall secure the Series B
17 Bonds with an amount of net proceeds to finance the Ballpark totaling \$23,000,000, excluding
18 capitalized interest, debt service reserves and costs of issuance, at an assumed interest rate of four
19 percent (4%) and a not to exceed taxable rate of five percent (5%) for a term not to exceed thirty
20 (30) years. The State's obligations under the Series B Payment Agreement are expected to be paid
21 from state revenues generated by Ballpark users, visitors, the team, and ancillary development, as
22 well as a premium ticket surcharge; and be it further

23 RESOLVED and ENACTED, That the General Assembly hereby authorizes the State to
24 enter into a payment agreement (the "Series C Payment Agreement") with the Pawtucket
25 Redevelopment Agency and the City for the purposes of financing the Ballpark and Land Costs,
26 including land acquired for ancillary development for the Downtown Redevelopment Project and
27 related infrastructure and for costs associated with the Series C Bonds, including capitalized
28 interest, debt service reserves and costs of issuance. The Series C Bonds will be issued on a tax-
29 exempt basis if permitted by federal tax law, and may be issued in one or more sub-series. The
30 Series C Payment Agreement shall secure the Series C Bonds with an amount of net proceeds to
31 finance the Ballpark and Land Costs totaling \$15,000,000, excluding capitalized interest, debt
32 service reserves and costs of issuance, at an assumed interest rate of four percent (4%) and a not
33 to exceed taxable rate of five percent (5%) for a term not to exceed thirty (30) years. The City's
34 obligations under the Series C Payment Agreement are to be paid from incremental real estate

1 property tax, hotel tax, tangible asset tax, food and beverage tax revenues and assessments
2 generated in and around the Downtown Redevelopment Project, donations, and from such other
3 City revenues, including, but not limited to State Aid, which State Aid shall be pledged by the
4 City in an amount sufficient to fully cover debt service on the Series C Bonds. "State Aid" means
5 the funds made available to the City (i) as state aid pursuant to chapter 45-13 of the general laws,
6 but specifically excluding reimbursements to cities and towns for the cost of state mandates
7 pursuant to section 45-13-9; (ii) in replacement of motor vehicle and trailer excise taxes pursuant
8 to chapter 44-34 of the general laws; and (iii) from the public service corporation tax pursuant to
9 chapter 44-13 of the general laws. The General Assembly hereby authorizes the City to pledge
10 such State Aid and other City revenues to the payment of the City's obligations to the State under
11 the Series C Payment Agreement in order to further secure the Series C Bonds, and said pledge
12 shall be a condition precedent to the State's execution of the Series C Payment Agreement; and be
13 it further

14 RESOLVED and ENACTED, That the Pawtucket Redevelopment Agency shall request
15 the Governor to include in the State budget for each of the fiscal years during which any Series A
16 Bonds are outstanding, amounts equal to the projected annual rentals due under the Lease
17 securing the Series A Bonds; and be it further

18 RESOLVED and ENACTED, That the Pawtucket Redevelopment Agency shall request
19 the Governor to include in the State budget for each of the fiscal years during which any Series B
20 Bonds or any Series C Bonds are outstanding, amounts equal to the projected annual debt service
21 on the Series B Bonds and Series C Bonds; and be it further

22 RESOLVED and ENACTED, That the State Director of the Department of
23 Administration and the Governor shall enter into, execute, and deliver the Series B Payment
24 Agreement and Series C Payment Agreement (collectively, the "Payment Agreements") setting
25 forth or otherwise determining the mechanisms, terms, conditions, and procedures for submission
26 of appropriation requests to assure repayment of the Series B Bonds and the Series C Bonds, and
27 the amount, timing, and manner of payment of all amounts available from the State to the
28 Pawtucket Redevelopment Agency for repayment of the Series B Bonds and the Series C Bonds.
29 The Payment Agreements may include such covenants and undertakings of the State as the State
30 Director of the Department of Administration and the Governor deem reasonable, including,
31 without limitation, provisions requiring the Department of Administration and the Governor to
32 include in each annual or supplemental proposed budget of revenues and appropriations
33 submitted to the General Assembly for any fiscal year during which any Series B Bonds or Series
34 C Bonds are outstanding the amount required for the payment of the projected annual debt service

1 on the Series B Bonds and the Series C Bonds; and be it further

2 RESOLVED and ENACTED, That none of the Series A Bonds, the Series B Bonds or
3 the Series C Bonds, nor the Lease, nor the Payment Agreements shall constitute indebtedness of
4 the State or any of its subdivisions or a debt for which the full faith and credit of the State or any
5 of its subdivisions is pledged except to the extent that the State appropriates funds for the rentals
6 securing the Series A Bonds, or appropriates funds for the Payment Agreements securing the
7 Series B Bonds and the Series C Bonds; and be it further

8 RESOLVED and ENACTED, That this Joint Resolution and Act shall take effect
9 immediately upon its passage by the General Assembly.

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