



State of Rhode Island and Providence Plantations  
Office of the General Treasurer  
Statehouse – Room 102  
Providence, Rhode Island 02903

**FROM:** Treasury Staff  
**RE:** H7290 Substitute A  
**DATE:** June 25, 2018

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Upon General Assembly passage of the amended version of H7290 Substitute A on Friday, our staff and the state's financial advisor have had an opportunity to revisit and revise our analysis based on seeing the legislation in its final form.

The key points of the updated analysis are as follows:

1. Any prior analyses of the legislation by our office were made at various points during the legislative process while the legislation was frequently being revised, and should not be relied upon.
2. There remains a high-degree of uncertainty regarding several key variables which will impact the market's appetite and, ultimately, the cost associated with these bonds. As such, the numbers presented in this analysis should be considered baseline projections with a wide margin for error.

As presented in greater detail in the attached analysis, the baseline range of annual debt service payments supported by the State and the City of Pawtucket (the amount paid to investors in principal and interest) totals about \$3.2 million per year, for a total of \$92 million over the 30-year life of the bonds.

3. The total cost to taxpayers may be *substantially less* than this projection due to the Pawtucket Redevelopment Agency's ability to use excess revenues to buy back the bonds—potentially saving millions in interest.
4. The single most important factor to make this transaction successful and cost effective is the size of the Tax Increment Financing area. The legislation is not specific in this respect, and our analysis is based on a TIF district sufficient to produce 1.6 times the annual required debt service (also known as a "Coverage Ratio"). This ratio was determined in consultation with multiple financial advisors and market participants to be a sufficient ratio to achieve reasonable pricing.

This annual debt service coverage will require that between \$5.1 and \$5.2 million in tax revenues be collected annually to meet the 1.6x debt service requirement. But as noted above, excess funds collected may become available to pay off the bonds early, potentially reducing the overall cost.

The Treasurer continues to be grateful to all parties working to keep the PawSox in Rhode Island.

*Pawtucket Redevelopment Agency  
PawSox Stadium Financing - H7290  
Tax Increment Financing with No State or City Backstop*

		<b>Tax Increment Bonds - Non-Rated State/City Debt @ 5.50% (Tax-Exempt)</b>
<b>Sources</b>		<b>State/City Debt</b>
Par Amount		46,150,000
Original Issue Premium		-
<b>Total Sources</b>		46,150,000
<b>Uses</b>		
Project Fund		38,000,000
Debt Service Reserve Fund		3,223,250
Capitalized Interest Fund		3,732,478
COI and Underwriters' Discount		1,194,272
<b>Total Uses</b>		46,150,000
<b>All-in TIC</b>		5.7340%
<b>Annual Revenues for 1.6x Coverage</b>		5,154,760
<b>Add'l Revenues Over 30 years for 1.6x DSC</b>		59,347,920
<b>Annual Net Debt Service (After Capitalized Interest)</b>		
1	2020	-
2	2021	1,954,125
3	2022	3,220,575
4	2023	3,220,975
5	2024	3,219,175
6	2025	3,220,175
7	2026	3,218,700
8	2027	3,219,750
9	2028	3,218,050
10	2029	3,218,600
11	2030	3,221,125
12	2031	3,220,350
13	2032	3,221,275
14	2033	3,218,625
15	2034	3,217,400
16	2035	3,217,325
17	2036	3,218,125
18	2037	3,219,525
19	2038	3,221,250
20	2039	3,218,025
21	2040	3,219,850
22	2041	3,221,175
23	2042	3,221,725
24	2043	3,221,225
25	2044	3,219,400
26	2045	3,220,975
27	2046	3,220,400
28	2047	3,217,400
29	2048	3,216,700
30	2049	3,217,750
		92,099,750
<b>Revenues for Debt Service</b>		92,099,750
<b>Additional Revenues for 1.6x Coverage</b>		59,347,920