

PawSox Stadium

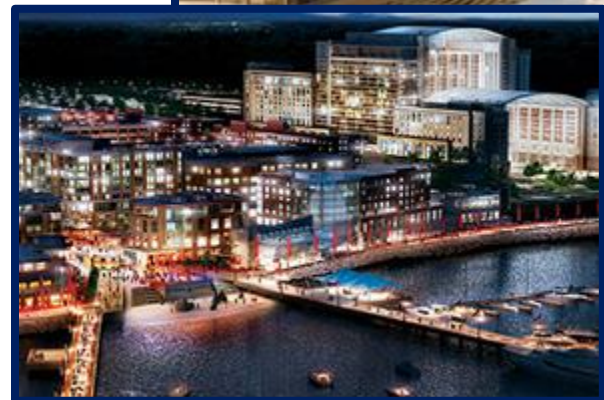
City of Pawtucket

Presented by: MuniCap, Inc.
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Who is MuniCap?

- MuniCap is a municipal financial advisor
 - Registered with the SEC and MSRB as a municipal advisor
- MuniCap Founder and CEO – Keenan Rice
 - 30 years of experience in project based public finance



Who is MuniCap?

- Specialized practice with P3s (Public Private Partnerships)
 - Focused on projects involving real estate development
 - Assisted with funding approximately 250 projects with over \$5.0 billion of public investment
 - Worked on a number of sports stadiums and arenas, including Detroit Red Wings and Augusta Greenjackets

What are TIFs?

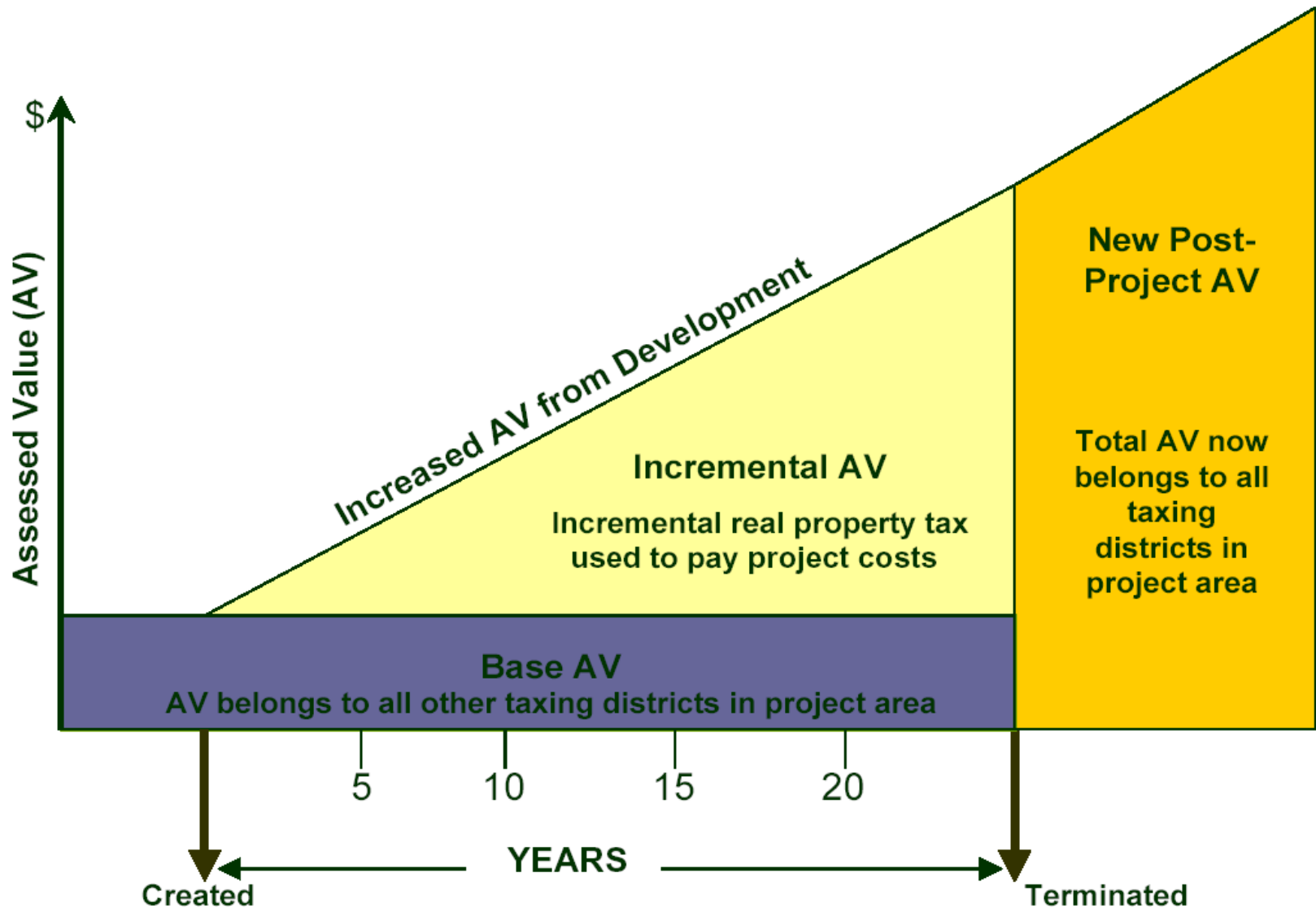
Self-financing tool available to local governments to:

- Redevelop urban renewal areas
- Encourage economic development
- Rebuild public infrastructure
- Change the character of existing land use in strategic locations

How TIFs Work

- Base value set at current assessed value
- Redevelopment increases assessed value
- Higher assessed value results in additional real property tax revenues
 - *These revenues are the tax increment revenues*
- Local government commits to reinvest a portion of increase in property tax revenues to spur redevelopment

TIF Assessed Value (AV) Over Project Life



Is Tax Increment Financing Useful with Stadium Projects?

- Components of stadiums that result in catalytic impact:
 - Located in urban areas with pieces in place to connect and leverage
 - Generally have existing users, people with other reasons to be in the area
 - Positioned close to other uses within walking distance
 - Does not require everyone to park at the stadium
 - Supported by local government efforts to connect the pieces and leverage other uses and existing customer base

Mitigation Options

- Revenues from stadium:
 - Are more certain due to the high confidence regarding development of the stadium
 - Include sales taxes, real property taxes on leasehold, personal property taxes, and other potential revenues
 - Should cover a portion of the debt service, reducing the gap to be paid from new development

Mitigation Options

Structure of Bonds:

- Capitalized interest to cover debt service during the construction period of the stadium
- May include other features to reduce debt service in the early years to allow time for revenues to grow and stabilize
 - Potentially include an extended interest only period or capital appreciation bonds
 - Should be used judiciously, as while they reduce debt service in the short term, they increase debt service in the long term

Mitigation Options

Tax increment from other development:

- Additional development:
 - Can be built on available land in the surrounding stadium area
 - Is expected to be catalyzed by the construction of the stadium
 - Will generate additional tax increment, which may be available to help cover debt service
 - Will take time to occur and the extent of the development may not be known at the time that bonds are issued

Mitigation Options

Special assessments levied on land for other development:

- May be collected at some point to help cover a portion of debt service
- Could be collected on a temporary basis until sufficient revenues are produced

Mitigation Options

Private placement of the bonds with the team owner or other connected or interested parties:

- May allow more flexibility in structuring debt service
- May allow debt service to be payable from available revenues only

Mitigation Options

- Mitigation measures must be evaluated
- Evaluation related to issuance of bonds is typically not conducted before program is authorized
 - Expense of evaluation will not be warranted if program not approved
 - Details of program approved may be relevant to evaluation