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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2017

J O I N T R E S O L U T I O N A N D A N A C T

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

Introduced By: Senators Conley, Nesselbush, Crowley, and Doyle

Date Introduced: June 27, 2017

Referred To: Senate 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" or the
9 "Team") has proposed the constructing, furnishing, and equipping of a new ballpark and related
10 parking in the City (the "Ballpark"), which would have playing dimensions similar to those of
11 Fenway Park in Boston; and

12 WHEREAS, The downtown area of the City has been economically depressed and has
13 seen very limited new infrastructure, development, or investment in decades; and

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

16 WHEREAS, The City is developing a redevelopment plan that contemplates public uses
17 of the Ballpark and a mixed use real estate development in an adjacent area which may include
18 retail, entertainment, restaurant, public park, civic space, hotel, office space and residential
19 components as part of a larger redevelopment of downtown Pawtucket (the "Downtown

1 Redevelopment Project"); and

2 WHEREAS, The Ballpark will operate and be utilized as a public park and will create
3 public recreational, social, and communal benefits; and

4 WHEREAS, The Pawtucket Redevelopment Agency (the "Agency"), established in
5 accordance with Chapter 45-31 of the General Laws, will issue revenue bonds to finance the
6 Ballpark and Land Costs; and

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

11 WHEREAS, The Downtown Redevelopment Project may generate additional State and
12 City revenues that exceed the revenues required to finance public payments on the bonds; and

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

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

19 WHEREAS, The Ballpark and Land Costs are expected to be approximately
20 \$83,000,000, excluding financing costs; and

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

23 WHEREAS, The PawSox propose to contribute \$45,000,000, including \$12,000,000 in
24 upfront equity contributions from PawSox owners to the total project cost, which equity
25 contributions shall be the first funds expended toward the construction project, and \$33,000,000
26 to be financed by lease revenue bonds issued by the Agency (the "Series A Bonds"), with the debt
27 service payments on the Series A Bonds to be paid from sublease rental payments by the PawSox
28 supported by rents, fifty percent (50%) of annual naming right payments, and any and all other
29 sources in order to cover the Team's absolute and unconditional obligation on the Series A Bonds;
30 and

31 WHEREAS, The State proposes to contribute \$23,000,000 by the issuance of revenue
32 bonds issued by the Agency (the "Series B Bonds"), with the debt service payments on the Series
33 B Bonds to be paid from the State's revenues, which are expected to include taxes generated by
34 Ballpark users, visitors, the PawSox, and ancillary development subject to annual appropriation

1 of such amounts by the General Assembly; and

2 WHEREAS, The City proposes to contribute \$15,000,000 by the issuance of revenue
3 bonds issued by the Agency (the "Series C Bonds"), with the debt service payments on the Series
4 C Bonds to be paid from the City's revenues, which are expected to include incremental real
5 estate property tax, hotel tax, tangible asset tax, food and beverage tax revenues and assessments
6 generated in and around the Downtown Redevelopment Project, premium ticket surcharge, fifty
7 percent (50%) of annual naming right payments, and State Aid (as defined herein). "Ticket"
8 means any physical, electronic, or other form of certificate, document, or token showing that a
9 fare, admission, or license fee for a right to enter the ballpark has been paid; and

10 WHEREAS, Any cost savings will be shared pro rata among the Team, the State, and the
11 City. In the event that the actual construction and land acquisition costs are less than the projected
12 \$83,000,000 or in the event that not all of the bond proceeds are used to carry out the specified
13 project, any unused bond proceeds shall be used to pay the debt service on the Series A, B, and C
14 Bonds in a pro rata share as follows: 46.5% of the cost savings or unused bond proceeds to the
15 debt service of the Series A Bonds, 32.4% to the debt service of the Series B Bonds, and 21.1% to
16 the debt service of the Series C Bonds; and

17 WHEREAS, In the event that the actual construction and land acquisition costs of the
18 projects exceed the projected \$83,000,000, the Team will solely be responsible for those cost
19 overruns. In no event, shall the State be obligated to pay more than a principal amount of
20 \$23,000,000 for Ballpark and Lands Costs. In no event, shall the City be obligated to pay more
21 than a principal amount of \$15,000,000 for Ballpark and Land costs; and

22 WHEREAS, Energy costs for public buildings are skyrocketing and will likely continue
23 to increase; energy use by public buildings contributes substantially to the problems of pollution
24 and global warming; public buildings can be built and renovated using high-performance methods
25 that save energy, reduce water consumption, improve indoor air quality, preserve the
26 environment, and make workers and students more productive; and

27 WHEREAS, The use of green and sustainable infrastructure in the development and
28 construction of the Ballpark will address stormwater runoff and reduce flooding, reduce pollutant
29 levels in nearby waterways, and may reduce long-term operating costs of the Ballpark; and

30 WHEREAS, The Agency will purchase and own the Ballpark; and

31 WHEREAS, The Agency will lease the Ballpark to the State; and

32 WHEREAS, The State will not be a tenant of or occupy the Ballpark, and instead will
33 sublease the Ballpark to the PawSox; and

34 WHEREAS, The lease for the proposed Ballpark has not yet been drafted, but shall be

1 negotiated and executed forthwith upon passage of this joint resolution; and

2 WHEREAS, The General Assembly has determined that certain provisions and
3 conditions shall be present in the lease; and

4 WHEREAS, Any person working at the Ballpark during the planning, construction, or
5 operational phases, including, but not limited to concessions, the box office, or custodial services,
6 shall be employed with the protections of both federal and state labor standards, including fair
7 pay, health and safety, anti-discrimination, and provisions that prevent labor misclassification by
8 incorrectly designating workers as "independent contractors"; and

9 NOW THEREFORE, BE IT RESOLVED and ENACTED, That the General Assembly
10 hereby finds that the finance, construction, and development of a Ballpark in the City of
11 Pawtucket to be used primarily as a venue for Minor League Baseball and also as a public park,
12 as well as the redevelopment of the surrounding depressed neighborhood, are public uses that are
13 in the interest of, and for benefit of, the citizens of the State of Rhode Island, and will contribute
14 substantially to the social and economic well-being of the citizens of the State and significantly
15 enhance the economic development and employment opportunities within the City and the State;
16 and be it further

17 RESOLVED and ENACTED, That the General Assembly hereby finds and declares that
18 government support in facilitating the presence of Minor League Baseball and the development of
19 a public park in the City provides to the State and its citizens highly-valued intangible benefits
20 that increase the quality of life and civic relationships of their citizens; and be it further

21 RESOLVED and ENACTED, That the General Assembly hereby finds and declares that
22 the expenditure of public money for these purposes is necessary and serves a public purpose; and
23 be it further

24 RESOLVED and ENACTED, That the General Assembly hereby authorizes the State to
25 enter into a financing lease (the "Lease") with the Agency, as lessor, the State as lessee, and the
26 PawSox as sublessee, for the purpose of financing the Ballpark, and for costs associated with the
27 Series A Bonds, including capitalized interest, debt service reserves and costs of issuance. The
28 Series A Bonds may be issued on a tax-exempt or taxable basis or any combination thereof, and
29 may be issued in one or more sub-series. The aggregate principal amount of the Series A Bonds
30 shall be not more than \$41,000,000 including financing costs. Total annual debt service payments
31 on the Series A Bonds will be not more than \$2,800,000 over a repayment period of not more
32 than thirty (30) years. The PawSox shall make sublease payments to the State under the Lease in
33 an amount not less than the total annual debt service payment on the Series A Bonds, with the
34 PawSox sublease payments to be paid from team rentals, fifty percent (50%) of annual naming

1 rights payments, and any and all other sources in order to cover the Team's absolute and
2 unconditional obligation on the Series A Bonds; and be it further

3 RESOLVED and ENACTED, That the General Assembly hereby authorizes the State to
4 enter into a payment agreement (the "Series B Payment Agreement") with the Agency for the
5 purposes of financing the Ballpark and for costs associated with the Series B Bonds, including
6 capitalized interest, debt service reserves and costs of issuance. The Series B Bonds may be
7 issued on a tax-exempt or taxable basis or any combination thereof, and may be issued in one or
8 more sub-series. The aggregate principal amount of the Series B Bonds shall be not more than
9 \$26,000,000 including financing costs. Total annual debt service payments on the Series B Bonds
10 will be not more than \$1,800,000 over a repayment period of not more than thirty (30) years. The
11 State's maximum possible financial obligation relating to the Series B Payment Agreement shall
12 be its payments under such agreement, which shall be in an amount sufficient to pay the debt
13 service on the Series B Bonds. Such payments are to be made from the State's revenues which are
14 expected to include taxes generated by Ballpark users, visitors, the PawSox, and ancillary
15 development; and be it further

16 RESOLVED and ENACTED, That the General Assembly hereby authorizes the State to
17 enter into a payment agreement (the "Series C Payment Agreement") with the Agency and the
18 City for the purposes of financing the Ballpark and Land Costs, including land acquired for
19 ancillary development for the Downtown Redevelopment Project and related infrastructure and
20 for costs associated with the Series C Bonds, including capitalized interest, debt service reserves
21 and costs of issuance. The Series C Bonds may be issued on a tax-exempt or taxable basis or any
22 combination thereof, and may be issued in one or more sub-series. The aggregate principal
23 amount of the Series C Bonds shall be not more than \$18,000,000 including financing costs. Total
24 annual debt service payments on the Series C Bonds will be not more than \$1,400,000 over a
25 repayment period of a not more than thirty (30) years. The City's payments under the Series C
26 Payment Agreement shall be in an amount sufficient to pay the debt service on the Series C
27 Bonds. Such payments are to be made from the City's revenues, which are expected to include
28 incremental real estate property tax, hotel tax, tangible asset tax, food and beverage tax revenues
29 and assessments generated in and around the Downtown Redevelopment Project, and from such
30 other City revenues, including, but not limited to, premium ticket surcharge, fifty percent (50%)
31 of annual naming right payments, and State Aid, which State Aid shall be pledged by the City in
32 an amount sufficient to fully cover debt service on the Series C Bonds. "State Aid" means the
33 funds made available to the City (i) as state aid pursuant to chapter 45-13 of the general laws, but
34 specifically excluding reimbursements to cities and towns for the cost of state mandates pursuant

1 to section 45-13-9; (ii) in replacement of motor vehicle and trailer excise taxes pursuant to
2 chapter 44-34.1 of the general laws; and (iii) from the public service corporation tax pursuant to
3 chapter 44-13 of the general laws. The General Assembly hereby authorizes the City to pledge
4 such State Aid and other City revenues to the payment of the City's obligations to the State under
5 the Series C Payment Agreement in order to further secure the Series C Bonds, and said pledge
6 shall be a condition precedent to the State's execution of the Series C Payment Agreement; and be
7 it further

8 RESOLVED and ENACTED, That the Governor shall include in the proposed State
9 budget for each of the fiscal years during which any Series A Bonds are outstanding, amounts
10 equal to the projected annual rental payments due under the Lease securing the Series A Bonds.
11 The State's maximum possible financial obligation relating to the Lease shall not exceed the
12 amount sufficient to pay the debt service payments on the Series A Bonds; and be it further

13 RESOLVED and ENACTED, That the Governor shall include in the proposed State
14 budget for each of the fiscal years during which any Series B Bonds or any Series C Bonds are
15 outstanding, amounts equal to the projected annual debt service payments on the Series B Bonds
16 and Series C Bonds; and be it further

17 RESOLVED and ENACTED, That the State Director of the Department of
18 Administration and the Governor shall enter into, execute, and deliver the Lease setting forth or
19 otherwise determining the mechanisms, terms, conditions, and procedures for submission of
20 appropriation requests for the purpose of making the State's rental payments under the Lease
21 securing the Series A Bonds, and the amount, timing, and manner of payment of all amounts
22 available from the State to the Agency for such rental payments. The Lease may include such
23 covenants and undertakings of the State as the State Director of the Department of Administration
24 and the Governor deem reasonable, including, without limitation, provisions requiring the
25 Department of Administration and the Governor to include in each annual or supplemental
26 proposed budget of revenues and appropriations submitted to the General Assembly for any fiscal
27 year during which any Series A Bonds are outstanding the amount required for rental payments;
28 and be it further

29 RESOLVED and ENACTED, That the State Director of the Department of
30 Administration and the Governor shall enter into, execute, and deliver the Series B Payment
31 Agreement and Series C Payment Agreement (collectively, the "payment Agreements") setting
32 forth or otherwise determining the mechanisms, terms, conditions, and procedures for submission
33 of appropriation requests to assure repayment of the Series B Bonds and the Series C Bonds, and
34 the amount, timing, and manner of payment of all amounts available from the State to the Agency

1 for repayment of the Series B Bonds and the Series C Bonds. The Payment Agreements may
2 include such covenants and undertakings of the State as the State Director of the Department of
3 Administration and the Governor deem reasonable, including, without limitation, provisions
4 requiring the Department of Administration and the Governor to include in each annual or
5 supplemental proposed budget of revenues and appropriations submitted to the General Assembly
6 for any fiscal year during which any Series B Bonds or Series C Bonds are outstanding the
7 amount required for the payment of the projected annual debt service on the Series B Bonds and
8 the Series C Bonds. The State's maximum possible financial obligation relating to the Series C
9 Payment Agreement shall not exceed the amount sufficient to pay the debt service on the Series C
10 Bonds; and be it further

11 RESOLVED and ENACTED, That one hundred percent (100%) of available bond
12 proceeds must be spent on qualifying purposes within five (5) years of the date of issue, and that
13 a binding commitment shall be made to spend at least ten percent (10%) of such proceeds within
14 ten (10) months of the issue date. If project proceeds are not spent within five (5) years of the
15 issue date, the unused proceeds must be applied to redeem bonds within ninety (90) days; and be
16 it further

17 RESOLVED and ENACTED, That none of the Series A Bonds, the Series B Bonds, the
18 Series C Bonds, the Lease, or the Payment Agreements shall constitute indebtedness of the State
19 or any of its subdivisions or a debt for which the full faith and credit of the State or any of its
20 subdivisions is pledged. The State's obligation to make rental payments under the Lease and to
21 make payments under the Payment Agreements shall be subject to the annual appropriations of
22 funds, if any, made available and appropriated by the General Assembly of the State for such
23 purpose; and be it further

24 RESOLVED and ENACTED, That the General Assembly, encourages (i) the use of
25 green and sustainable building materials, techniques and standards, including those enacted by the
26 General Assembly in the Rhode Island Green Buildings Act, and (ii) the use of highly efficient
27 energy systems, the use of water conservation measures, and the potential use of on-site
28 renewable energy generation in the development and construction of the Ballpark; and be it
29 further

30 RESOLVED and ENACTED, That in furtherance of building an energy efficient and
31 sustainable Ballpark, the General Assembly encourages the use of financing programs available
32 through Rhode Island Infrastructure Bank, including, to the extent practicable, the State
33 Revolving Funds and the Efficient Buildings Fund, which provide low-cost financing for eligible
34 renewable and energy efficiency, stormwater abatement, water conservation, and other

1 sustainable infrastructure projects; and be it further

2 RESOLVED and ENACTED, That the Lease securing the Series A Bonds shall be
3 negotiated and executed forthwith upon the passage of this joint resolution and such Lease shall
4 include, but shall not be limited to, the following terms:

5 (1) The lease period shall be for a term not fewer than thirty (30) years, which term shall
6 commence upon the completion of the construction of the Ballpark and shall not be subject to any
7 escape clause;

8 (2) The Team shall be responsible for the daily operational maintenance of the Ballpark,
9 including, but not limited to, keeping the facility in good condition and repair, maintaining the
10 office areas, furnishings, fixtures, and equipment, and maintaining the general cleanliness of the
11 Ballpark, and shall be responsible for the financial costs associated with such maintenance;

12 (3) The City shall provide planning and operational assistance with respect to the "public
13 park" aspect of the Ballpark, which will operate year-round in and around the Ballpark separate
14 and apart from the Ballpark's baseball-related uses;

15 (4) The State shall have no legal obligation for the operational maintenance of the
16 Ballpark or public park area;

17 (5) The Team shall be responsible for a minimum of fifty percent (50%) of the costs of
18 annual capital expenditures for structural repairs including, but not limited to, repairs and
19 improvements to the roof and exterior walls of the facility, protective coatings, ramps, plumbing,
20 and all repairs, replacements, and improvements, whether capital or ordinary, needed to preserve
21 the Ballpark. The parties shall establish and maintain a Ballpark capital reserve fund for the long-
22 term capital needs of the Ballpark to ensure that the Ballpark remains a first class AAA minor
23 league facility and an asset to the Agency and the surrounding community for the term of the
24 lease and sublease. The parties shall contribute a minimum of \$150,000 per year in total to the
25 fund for use to finance capital expenditures. The Team shall contribute a minimum of \$75,000 of
26 the \$150,000. Under no condition, shall monies in the Ballpark capital reserve fund be utilized for
27 operational maintenance of the Ballpark or public park. The parties shall jointly develop a capital
28 reserve plan between every two (2) to five (5) years, which plan shall include directives to the
29 parties to make contributions to the Ballpark capital reserve fund in order to carry out the capital
30 improvements set forth in the plan.

31 (6) The Team shall be solely responsible for any costs of construction that exceed the
32 projected \$83,000,000 total project and land cost.

33 (7) Any cost savings shall be shared among the Team, the State, and the City on a pro
34 rata basis. In the event that the actual total construction and land costs are less than the projected

1 \$83,000,000 or in the event that not all of the bond proceeds are needed to complete the specified
2 project, any unused bond proceeds shall be used to pay the debt service on the Series A, B, and C
3 Bonds as follows: 46.5% of the cost savings or unused bond proceeds to the debt service of the
4 Series A Bonds, 32.4% to the debt service of the Series B Bonds and 21.1% to the debt service of
5 the Series C Bonds.

6 (8) Members of the Team ownership shall develop independently, or with partners,
7 secure the development of a minimum of 50,000 square feet of real estate on the Ballpark site or
8 in the ancillary redevelopment area, without seeking public tax subsidy offsets, and which
9 development shall align contemporaneously with the construction of the Ballpark. Failure to
10 reach substantial completion of 50,000 square feet of real estate at the time of the opening of the
11 Ballpark will require payment by the Team to the City in an amount of two hundred seventy-five
12 dollars (\$275) per day until such time as a level of substantial completion is reached;

13 (9) Advance ticket prices for children, senior citizens, and general admission will not
14 increase from the cost of those tickets in the 2017 regular and post-season for a minimum period
15 of five (5) years from the opening of the Ballpark; and be it further

16 RESOLVED and ENACTED, That none of the Series A Bonds, the Series B Bonds, or
17 the Series C Bonds shall issue until such time as the Lease securing the Series A Bonds is
18 approved by the State Properties Committee; and be it further

19 RESOLVED and ENACTED, That any person working at the Ballpark during the
20 planning, construction, or operational phases, including, but not limited to, concessions, the box
21 office, or custodial services, shall be employed with the protections of both federal and state labor
22 standards, including fair pay, health and safety, anti-discrimination, and provisions that prevent
23 labor misclassification by incorrectly designating workers as "independent contractors"; and be it
24 further

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

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