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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2018

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JOINT RESOLUTION AND AN ACT

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, and Crowley

Date Introduced: January 02, 2018

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 construction and land acquisition, which shall include all related  
10 expenses of acquisition by purchase or through eminent domain; 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, Land acquisition costs ("Land Costs") are expected to be \$10,000,000 and  
20 Ballpark construction costs ("Ballpark construction costs") are expected to be approximately  
21 \$73,000,000, for a total project cost of approximately \$83,000,000, excluding financing costs;  
22 and

23 WHEREAS, The PawSox, the State, and the City intend to share the cost of the Ballpark  
24 construction and Land Costs; and

25 WHEREAS, The PawSox propose to contribute \$45,000,000, including \$12,000,000 in  
26 equity contributions from PawSox owners to the total project cost, which equity contributions  
27 shall be expended toward the construction of the Ballpark and shall be expended in full no later  
28 than the opening of the Ballpark, and \$33,000,000 to be financed by lease revenue bonds issued  
29 by the Agency (the "Series A Bonds"), with the debt service payments on the Series A Bonds to  
30 be paid from sublease rental payments by the PawSox supported by rents, the amount of annual  
31 naming rights payments received in excess of \$250,000, and any and all other sources in order to  
32 cover the Team's absolute and unconditional obligation on the Series A Bonds; and

33 WHEREAS, The State proposes to contribute \$23,000,000 by the issuance of revenue  
34 bonds issued by the Agency (the "Series B Bonds"), with the debt service payments on the Series

1 B Bonds to be paid from the State's revenues, which are expected to include taxes generated by  
2 Ballpark users, visitors, the PawSox, and ancillary development subject to annual appropriation  
3 of such amounts by the General Assembly; and

4 WHEREAS, The City proposes to contribute \$15,000,000 by the issuance of revenue  
5 bonds issued by the Agency (the "Series C Bonds"), with the debt service payments on the Series  
6 C Bonds to be paid from the City's revenues, which are expected to include incremental real  
7 estate property tax, hotel tax, tangible asset tax, food and beverage tax revenues and assessments  
8 generated in and around the Downtown Redevelopment Project, premium ticket surcharge,  
9 \$250,000 of annual naming right payments each year for a period of thirty (30) years, and State  
10 Aid (as defined herein). "Ticket" means any physical, electronic, or other form of certificate,  
11 document, or token showing that a fare, admission, or license fee for a right to enter the ballpark  
12 has been paid; and

13 WHEREAS, Any cost savings will be shared pro rata among the Team, the State, and the  
14 City. In the event that the total Ballpark construction costs and Land Costs are less than the  
15 projected \$83,000,000, or in the event that not all of the bond proceeds are used to carry out the  
16 specified project, any unused bond proceeds shall be used to pay the debt service on the Series A,  
17 B, and C Bonds in a pro rata share as follows: 46.5% of the cost savings or unused bond proceeds  
18 to the debt service of the Series A Bonds, 32.4% to the debt service of the Series B Bonds, and  
19 21.1% to the debt service of the Series C Bonds; and

20 WHEREAS, In the event that Ballpark construction costs exceed the projected  
21 \$73,000,000, the Team shall be solely responsible for those cost overruns. In no event, shall the  
22 State be obligated to pay more than a principal amount of \$23,000,000 for Ballpark construction  
23 costs and Land Costs. The City shall not be obligated to pay more than a principal amount of  
24 \$15,000,000 for Ballpark construction costs and Land Costs; and

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

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

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

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

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

3           WHEREAS, The lease for the proposed Ballpark has not yet been drafted, but shall be  
4 negotiated and executed forthwith upon passage of this joint resolution; and

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

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

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

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

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

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

1 than thirty (30) years. The PawSox shall make sublease payments to the State under the Lease in  
2 an amount not less than the total annual debt service payment on the Series A Bonds, with the  
3 PawSox sublease payments to be paid from team rentals, the amount of annual naming rights  
4 payments received in excess of \$250,000, and any and all other sources in order to cover the  
5 Team's absolute and unconditional obligation on the Series A Bonds; and be it further

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

19         RESOLVED and ENACTED, That the General Assembly hereby authorizes the State to  
20 enter into a payment agreement (the "Series C Payment Agreement") with the Agency and the  
21 City for the purposes of financing the Ballpark and Land Costs, including land acquired for  
22 ancillary development for the Downtown Redevelopment Project and related infrastructure and  
23 for costs associated with the Series C Bonds, including capitalized interest, debt service reserves  
24 and costs of issuance. The Series C Bonds may be issued on a tax-exempt or taxable basis or any  
25 combination thereof, and may be issued in one or more sub-series. The aggregate principal  
26 amount of the Series C Bonds shall be not more than \$18,000,000 including financing costs. Total  
27 annual debt service payments on the Series C Bonds will be not more than \$1,400,000 over a  
28 repayment period of a not more than thirty (30) years. The City's payments under the Series C  
29 Payment Agreement shall be in an amount sufficient to pay the debt service on the Series C  
30 Bonds. Such payments are to be made from the City's revenues, which are expected to include  
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 from such  
33 other City revenues, including, but not limited to, premium ticket surcharge, \$250,000 of annual  
34 naming right payments each year for a period of thirty (30) years, and State Aid, which State Aid

1 shall be pledged by the City in an amount sufficient to fully cover debt service on the Series C  
2 Bonds. "State Aid" means the funds made available to the City (i) as state aid pursuant to chapter  
3 45-13 of the general laws, but specifically excluding reimbursements to cities and towns for the  
4 cost of state mandates pursuant to section 45-13-9; (ii) in replacement of motor vehicle and trailer  
5 excise taxes pursuant to chapter 44-34.1 of the general laws; and (iii) from the public service  
6 corporation tax pursuant to chapter 44-13 of the general laws. The General Assembly hereby  
7 authorizes the City to pledge such State Aid and other City revenues to the payment of the City's  
8 obligations to the State under the Series C Payment Agreement in order to further secure the  
9 Series C Bonds, and said pledge shall be a condition precedent to the State's execution of the  
10 Series C Payment Agreement; and be it further

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

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

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

32           RESOLVED and ENACTED, That the State Director of the Department of  
33 Administration and the Governor shall enter into, execute, and deliver the Series B Payment  
34 Agreement and Series C Payment Agreement (collectively, the "Payment Agreements") setting

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

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

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

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

33       RESOLVED and ENACTED, That in furtherance of building an energy efficient and  
34 sustainable Ballpark, the General Assembly encourages the use of financing programs available

1 through Rhode Island Infrastructure Bank, including, to the extent practicable, the State  
2 Revolving Funds and the Efficient Buildings Fund, which provide low-cost financing for eligible  
3 renewable and energy efficiency, stormwater abatement, water conservation, and other  
4 sustainable infrastructure projects; and be it further

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

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

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

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

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

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



1 (6) The Team shall be solely responsible for any Ballpark construction costs that exceed  
2 the projected \$73,000,000 Ballpark construction cost.

3 (7) Any cost savings shall be shared among the Team, the State, and the City on a pro  
4 rata basis. In the event that the total Ballpark construction costs and Land Costs are less than the  
5 projected \$83,000,000 or in the event that not all of the bond proceeds are needed to complete the  
6 specified project, any unused bond proceeds shall be used to pay the debt service on the Series A,  
7 B, and C Bonds as follows: 46.5% of the cost savings or unused bond proceeds to the debt service  
8 of the Series A Bonds, 32.4% to the debt service of the Series B Bonds and 21.1% to the debt  
9 service of the Series C Bonds. No Land Costs or Ballpark construction costs savings will be  
10 credited toward the Team's \$12,000,000 equity contribution.

11 (8) Members of the Team ownership shall develop independently, or with partners,  
12 secure the development of a minimum of 50,000 square feet of real estate on the Ballpark site or  
13 in the ancillary redevelopment area, subject to the City or Agency's acquisition and delivery of  
14 developable land immediately adjacent to the Ballpark without seeking public tax subsidy offsets,  
15 and which development shall align contemporaneously with the construction of the Ballpark.  
16 Failure to reach substantial completion of 50,000 square feet of real estate within twelve (12)  
17 months of the opening of the Ballpark will require payment by the Team to the City in an amount  
18 of two hundred seventy-five dollars (\$275) per day until such time as a level of substantial  
19 completion is reached;

20 (9) Advance Ticket prices for children, senior citizens, and general admission will not  
21 increase from the cost of those Tickets in the 2017 regular and post-season for a minimum period  
22 of five (5) years from the opening of the Ballpark, or before September 30, 2025, whichever is  
23 earlier; and be it further

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

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

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

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