

# REVIEW OF CITY'S BONDING & DEBT

**Submitted to:**  
Providence City Council's  
Special Commission to Study City's Bond Finance Program

**Submitted by:**  
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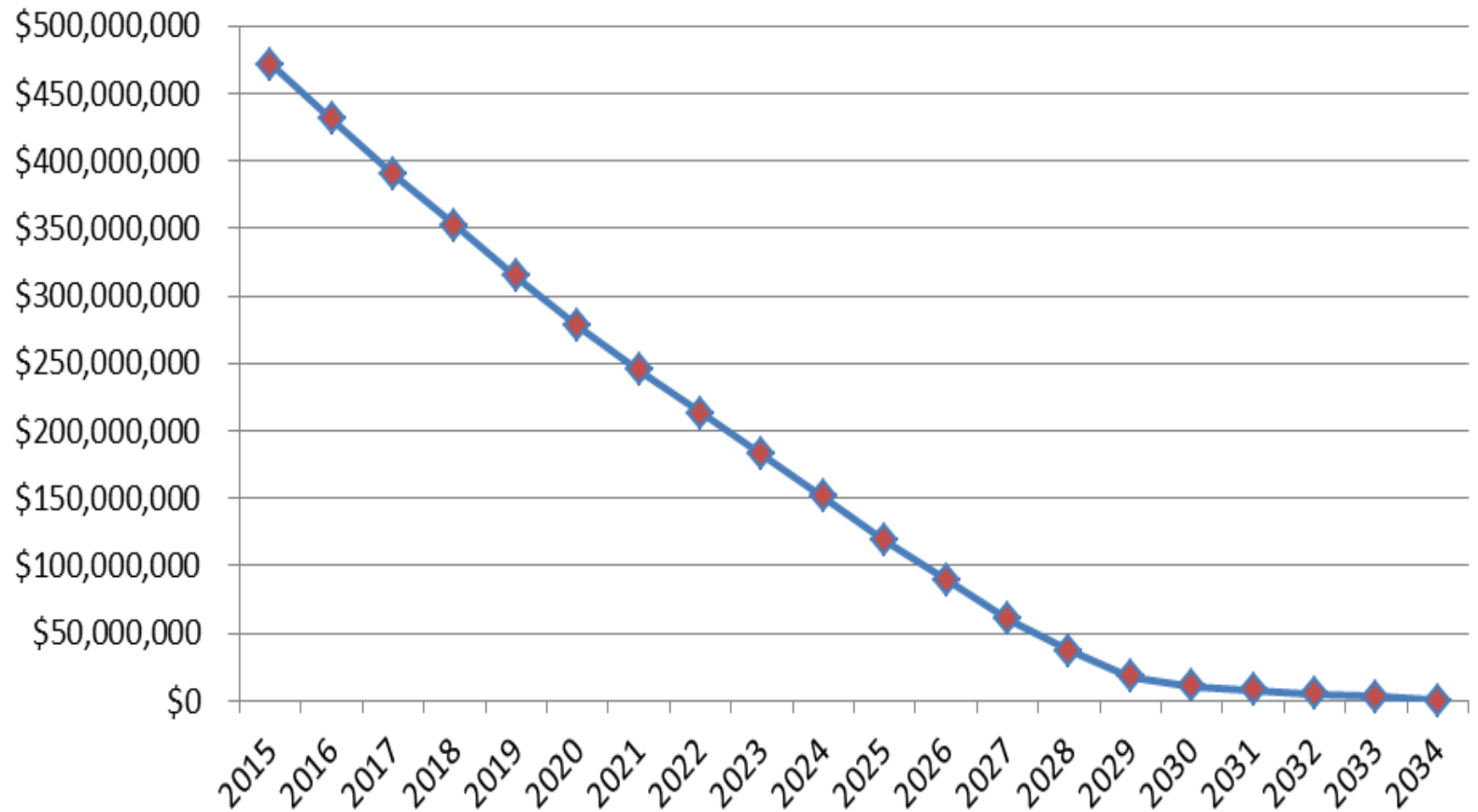
March 25, 2015

# OVERVIEW

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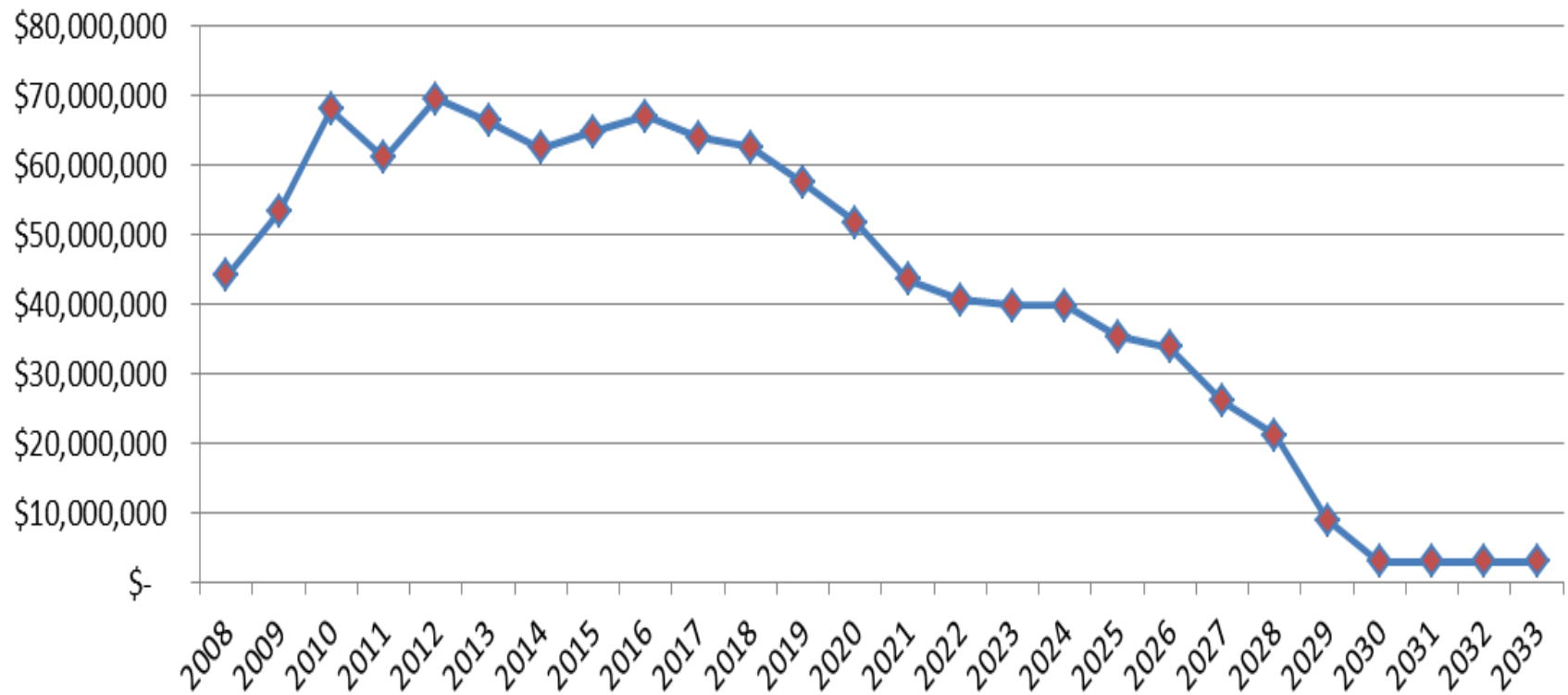
- The budget for debt service in FY2015 is \$67.9 million
- As a result of a series of bond refinancing, actual debt service payments in FY2015 will be approximately \$61 million
- The Finance Department is currently working to finalize another round of refinancing that is expected to result in savings of an additional \$2.0 million in FY2015
- Annual debt payments will fall \$18 million over the next five years (assuming no debt is issued)
- It is important to note that the city is reimbursed more than 80% for certain school bond projects

# TOTAL OUTSTANDING DEBT



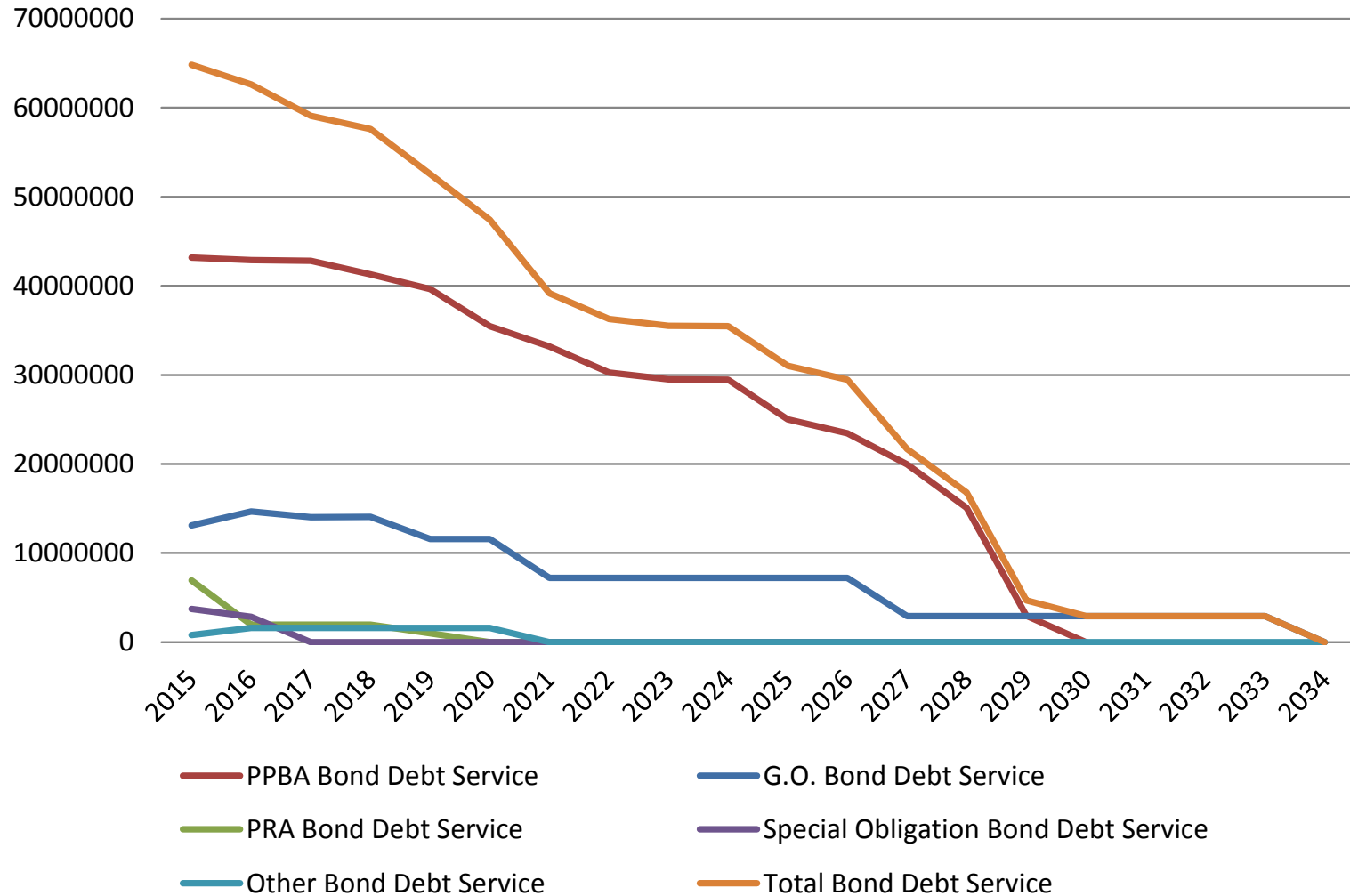
# ANNUAL DEBT SERVICE

## Total Annual Debt Service



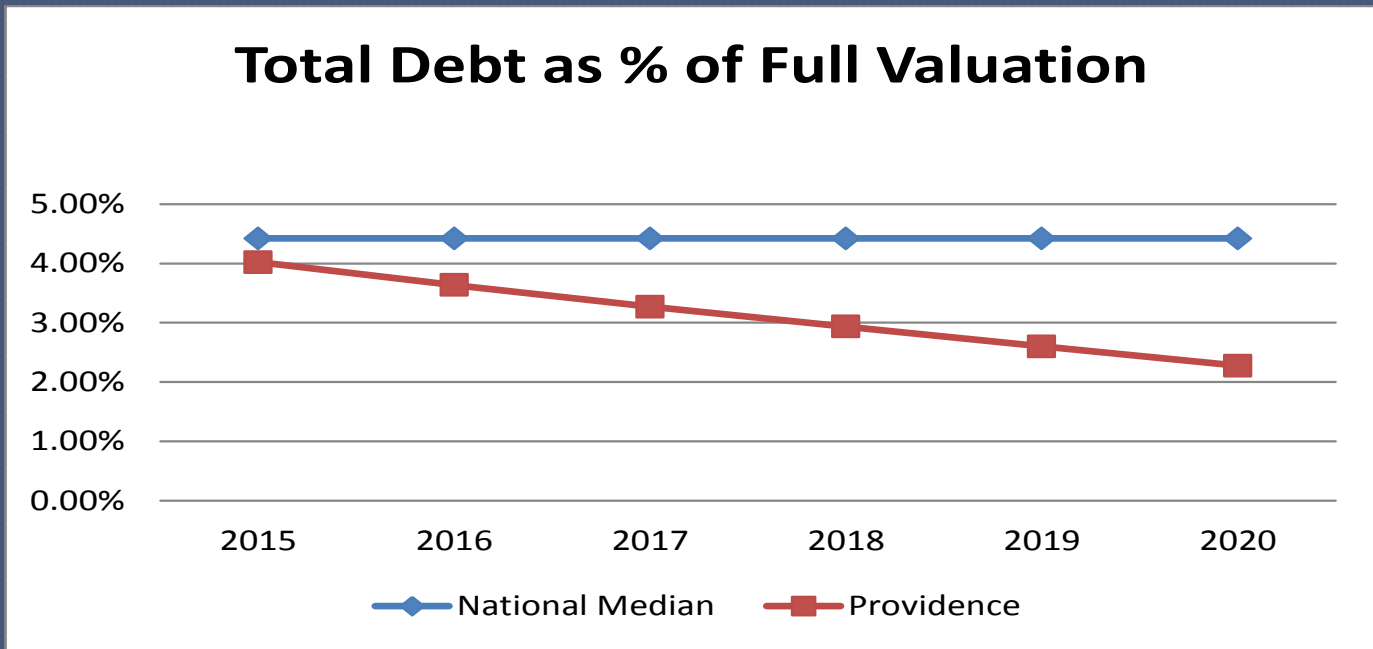
# ANNUAL DEBT SERVICE

## Annual Debt Service (FY2015-2033)



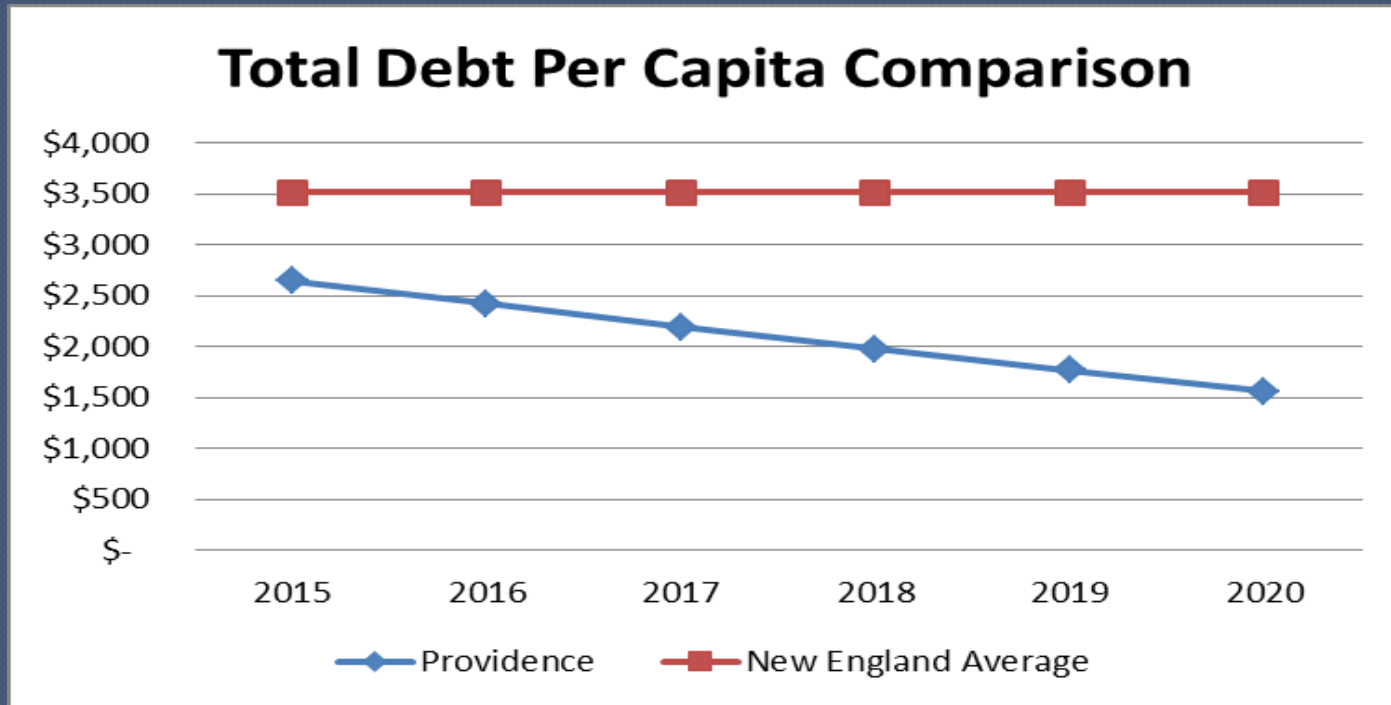
# DEBT AS % OF FULL VALUATION

- According to Moody's Investors Service, the national median Total Debt as a Percentage of Full Valuation for a city with a population between 100,000 to 500,000 and a bond rating of Baa is 4.42%
- Assuming a static full valuation of \$10.8 billion and no additional debt, Providence's percentage will fall between FY2015 and FY2020 from 4.02% to 2.27%



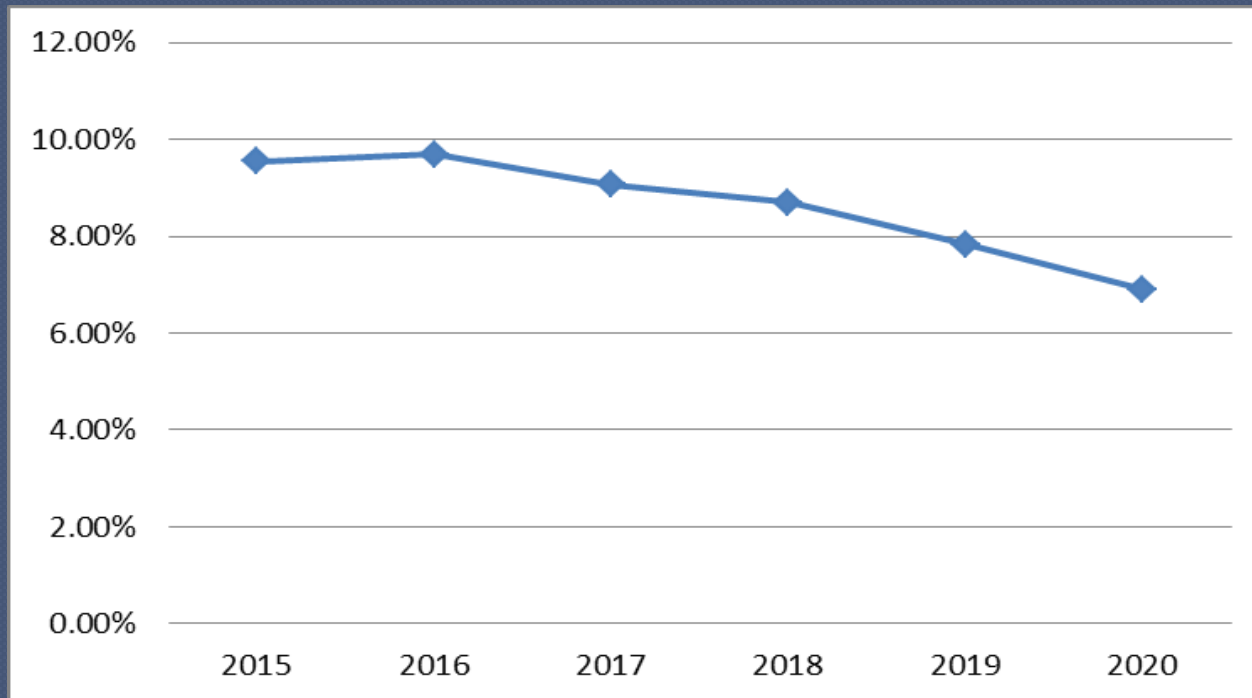
# TOTAL DEBT PER CAPITA

- According to Moody's Investors Service, the median Total Debt Per Capita for New England cities rated at Baa is \$3,513
- Assuming no additional debt, Providence's Total Debt Per Capita will fall between FY2015 and FY2020 from \$2,646 to \$1,560



# ANNUAL DEBT PAYMENTS AS % OF BUDGET

- Debt service represents 9.55% of FY2015 budgeted expenditures
- The below chart assumes 2.0% annual increases to the city's budget and no additional debt
- Based upon these assumptions, debt service as a % of the city's budget falls between FY2015 and FY2020 from 9.55% to 6.90%





# GENERAL OBLIGATION BOND

- General Obligation Bond (GO Bonds) are debt instruments issued by the city to raise funds for public works projects. GO Bonds are backed by the full faith and credit of the city. The ability to back up bond payments with tax funds is what makes GO Bonds distinct from revenue bonds, which are repaid using the revenue generated by the specific project the bonds were issued to fund.

| Title  | Date of Issue | Expected Payoff Date | Original Amount | Tax Exempt    | Principal Balance |
|--|---------------|----------------------|-----------------|---------------|-------------------|
| 2001 Series B - Neighborhood Improvement Program | 12/1/2001     | 1/15/2016            | \$ 13,000,000   | Taxable       | \$8,950,000       |
| Decorative St Lighting (Issued 6/30/2010)        | 2010          | 2018                 | Not Available   | Not Available | \$4,435,424       |
| 2010 Series A - Current Refunding of 06A Bonds   | 12/10/2013    | 1/15/2026            | \$ 30,545,000   | Tax Exempt    | \$28,715,000      |
| General Obligation Road Bonds Series 2013        | 3/7/2013      | 1/15/2023            | \$ 39,345,000   | Tax Exempt    | \$37,770,000      |
| General Obligation Refunding Bonds Series 2014A  | 6/26/2014     | 7/15/2019            | \$ 17,480,000   | Tax Exempt    | \$14,350,000      |
| General Obligation Refunding Bonds Series 2014B  | 6/26/2014     | 7/15/2019            | \$ 6,285,000    | Taxable       | \$6,240,000       |

# GENERAL OBLIGATION BONDS

## 2001 Series B: Neighborhood Improvement Program

|                                      |              |
|--------------------------------------|--------------|
| Date of Issue                        | 12/1/2001    |
| Maturity Date                        | 1/15/2016    |
| Original Amount                      | \$13,000,000 |
| Tax Status                           | Taxable      |
| Outstanding Principal Balance        | \$8,950,000  |
| Annual Debt Service Payment (FY2015) | \$1,122,795  |

Taxable portion of the total \$50 million "Neighborhood Bond Program". A total of \$500k was appropriated to each of the 15 Wards in the city. The remaining \$5.5M was appropriated for other projects as determined by the mayor.

## Decorative Street Lighting

|                                      |               |
|--------------------------------------|---------------|
| Date of Issue                        | 2010          |
| Maturity Date                        | 2018          |
| Original Amount                      | Not Available |
| Tax Status                           | Not Available |
| Outstanding Principal Balance        | \$4,435,424   |
| Annual Debt Service Payment (FY2015) | \$2,331,575   |

Sale-lease back of City Street lights.

# GENERAL OBLIGATION BONDS

## 2010 Series A - Current Refunding of 06A Bonds

|                                      |              |
|--------------------------------------|--------------|
| Date of Issue                        | 12/10/2010   |
| Maturity Date                        | 1/15/2026    |
| Original Amount                      | \$30,545,000 |
| Tax Status                           | Tax Exempt   |
| Outstanding Principal Balance        | \$28,715,000 |
| Annual Debt Service Payment (FY2015) | \$3,186,163  |

\$30.5 million refinance 2006A bond. 2006A bond was to refinance 2001 series A bond. The 2001 Series A Bond was the Tax Exempt portion of the Neighborhood Bond. The original amount was \$37 million.

## General Obligation Road Bonds Series 2013

|                                      |              |
|--------------------------------------|--------------|
| Date of Issue                        | 3/7/2013     |
| Maturity Date                        | 1/15/2023    |
| Original Amount                      | \$39,345,000 |
| Tax Status                           | Tax Exempt   |
| Outstanding Principal Balance        | \$37,770,000 |
| Annual Debt Service Payment (FY2015) | \$2,907,356  |

\$39.3 million for road repairs.

# GENERAL OBLIGATION BONDS

## General Obligation Refunding Bonds Series 2014A

|                                      |              |
|--------------------------------------|--------------|
| Date of Issue                        | 6/26/2014    |
| Maturity Date                        | 7/15/2019    |
| Original Amount                      | \$17,480,000 |
| Tax Status                           | Tax Exempt   |
| Outstanding Principal Balance        | \$14,350,000 |
| Annual Debt Service Payment (FY2015) | \$3,424,418  |

\$17.5 million to refinance the series 2000 and series 2004A Bonds. The original bonds were used for various neighborhood improvement projects.

## General Obligation Refunding Bonds Series 2014B

|                                      |             |
|--------------------------------------|-------------|
| Date of Issue                        | 6/26/2014   |
| Maturity Date                        | 7/15/2019   |
| Original Amount                      | \$6,285,000 |
| Tax Status                           | Taxable     |
| Outstanding Principal Balance        | \$6,240,000 |
| Annual Debt Service Payment (FY2015) | \$1,269,238 |

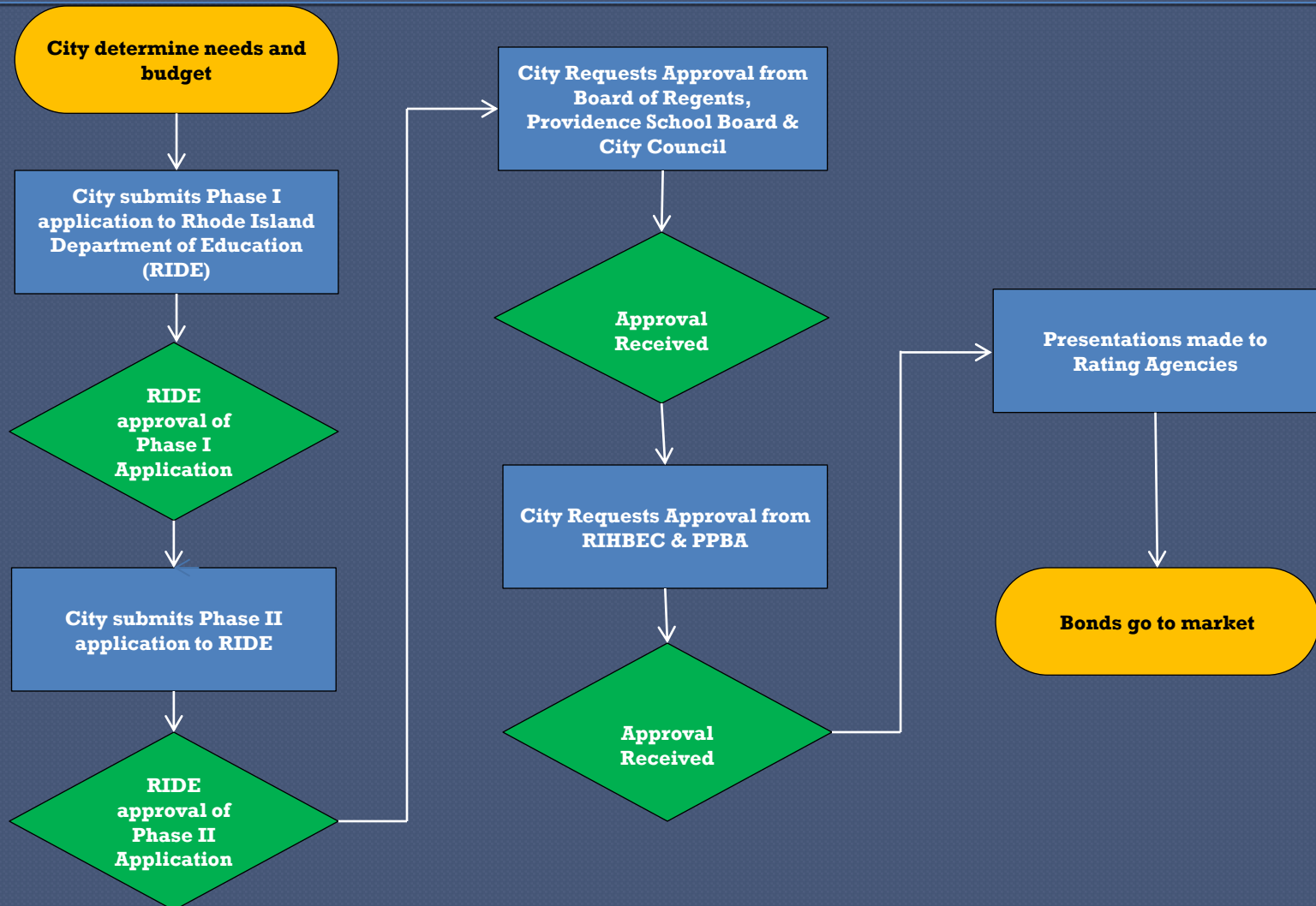
\$6.3 million to refinance the 2004B bonds. The original bonds were used for various neighborhood improvement projects.

# PROV. PUBLIC BUILDING AUTHORITY BONDS

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- The Providence Public Building Authority (PPBA) was established under RIGL Chapter 45-50
- The PPBA can finance public facilities or public equipment to provide for the conduct of the executive, legislative, and judicial functions of government, and its various branches, departments, and agencies, including projects providing the effective governmental, health, safety and welfare services in the city. Public facilities include structures, buildings, facilities or improvements, including parking facilities. It cannot finance retail space.
- PPBA bonds are payable from revenues derived from leasing the Project to the City
- Unlike GO Bonds, the full faith and credit of the city are not pledged toward the repayment of PPBA bonds.

# PPBA BOND PROCESS (SCHOOL CONST.)



# PROV. PUBLIC BUILDING AUTHORITY BONDS

| Title   | Date of Issue | Expected Payoff Date | Original Amount | Tax Exempt        | Principal Balance |
|---|---------------|----------------------|-----------------|-------------------|-------------------|
| 1998 Series A - School Projects, Civic Center, Hurricane Barrier          | 5/15/1998     | 12/15/2018           | \$ 28,270,000   | Taxable           | \$1,230,000       |
| 1999 Series A - Various School and City Projects                          | 7/8/1999      | 12/15/2019           | \$ 39,750,000   | Tax Exempt        | \$1,385,000       |
| 2001 Series A - Various School and City Projects, Hurricane Barrier       | 12/1/2001     | 12/15/2021           | \$ 9,995,000    | Tax Exempt        | \$1,210,000       |
| 2006 Series A - Various School Projects                                   | 9/20/2006     | 5/15/2027            | \$ 60,000,000   | Tax Exempt        | \$45,955,000      |
| 2007 Series A - Various School Projects                                   | 10/19/2007    | 5/15/2028            | \$ 75,000,000   | Tax Exempt        | \$61,245,000      |
| 2007 Series B - Advance Refunding of 00A Bonds                            | 10/19/2007    | 5/15/2021            | \$ 16,470,000   | Tax Exempt        | \$9,135,000       |
| 2007 Series C - Various School Projects                                   | 5/15/2007     | 5/15/2028            | \$ 75,000,000   | Tax Exempt        | \$60,845,000      |
| 2009 Series A - Skating Rink and Downtown Property Lease                  | Not Available | 6/30/2021            | Not Available   | Not Available     | \$8,052,000       |
| PPBA Qualified School Construction - 09A - Various School Projects        | Not Available | 6/30/2021            | Not Available   | Not Available     | \$16,400,000      |
| Revenue Bonds 2010 Series - Refunding of 96A, 00B Bonds and Fire Projects | Not Available | 6/30/2019            | Not Available   | Not Available     | \$11,731,625      |
| Qualified School Construction 10A - Various School Projects               | 11/19/2010    | 5/15/2029            | \$ 12,280,000   | Federally Taxable | \$10,233,330      |
| Qualified Zone Academy 10B - Various School Projects                      | 11/20/2010    | 5/15/2029            | \$ 9,665,000    | Federally Taxable | \$8,054,167       |
| PPBA - 2011 Series A - Green Improvements, Working Capital                | 4/20/2011     | 6/15/2026            | \$ 35,000,000   | Tax Exempt        | \$29,955,000      |
| RI Public Schools Revenue Bond Financing Program                          | Not Available | Not Available        | Not Available   | Not Available     | \$64,255,000      |

# PROV. PUBLIC BUILDING AUTHORITY BONDS

## 1998 Series A - School Projects, Civic Center, Hurricane Barrier

|                                      |              |
|--------------------------------------|--------------|
| Date of Issue                        | 5/15/1998    |
| Maturity Date                        | 12/15/2018   |
| Original Amount                      | \$28,270,000 |
| Tax Status                           | Taxable      |
| Outstanding Principal Balance        | \$1,230,000  |
| Annual Debt Service Payment (FY2015) | \$276,275    |

\$2 million for renovations at the Civic Center, \$1 million repairs to hurricane barrier, \$1.2 million repairs to Gilbert Stuart School, \$2.5 million repairs to Sackett St School, \$11.3 million to build a new elementary school in South Providence, \$1 million for repairs at Camden Ave School, \$100k for renovations to Windmill St school, \$2 million for renovations to athletic fields at Hope, Central and Classical, \$620K for various repairs to City schools, \$960k to repair a building in Silver Lake to house Procap.

## 1999 Series A - Various School and City Projects

|                                      |              |
|--------------------------------------|--------------|
| Date of Issue                        | 7/8/1999     |
| Maturity Date                        | 12/15/2019   |
| Original Amount                      | \$39,750,000 |
| Tax Status                           | Tax Exempt   |
| Outstanding Principal Balance        | \$1,385,000  |
| Annual Debt Service Payment (FY2015) | \$267,338    |

\$11.4 million for the Springfield Elementary School Project, \$19 million for Springfield Middle School Complex project, \$2.9 million for various school and public facility repairs and renovations, \$300k to acquire the land on Gordon Ave for a new school.



# PROV. PUBLIC BUILDING AUTHORITY BONDS

## 2001 Series A -School and City Projects, Hurricane Barrier

|                                      |             |
|--------------------------------------|-------------|
| Date of Issue                        | 12/1/2001   |
| Maturity Date                        | 12/15/2021  |
| Original Amount                      | \$9,995,000 |
| Tax Status                           | Tax Exempt  |
| Outstanding Principal Balance        | \$1,210,000 |
| Annual Debt Service Payment (FY2015) | \$185,190   |

\$6.3 million for Leviton Elementary School Annex Project, \$500k for the School Warehouse Project Account, \$395k for School Planning Account, \$1.1 million for the Hurricane Barrier and Public Facilities Project Account.

## 2006 Series A - Various School Projects

|                                      |              |
|--------------------------------------|--------------|
| Date of Issue                        | 9/20/2006    |
| Maturity Date                        | 5/15/2027    |
| Original Amount                      | \$60,000,000 |
| Tax Status                           | Tax Exempt   |
| Outstanding Principal Balance        | \$45,955,000 |
| Annual Debt Service Payment (FY2015) | \$4,892,750  |

\$21 million used to finance a new high school that will have 500 students, \$7 million for a secondary school indoor sports complex, \$12 million for phase III of the Central High School Renovation Project, \$1 million to turn the Fox Point Bathhouse into a library, \$18 million for the school Warm, Safe & Dry project.

# PROV. PUBLIC BUILDING AUTHORITY BONDS

## 2007 Series A - Various School Projects

|                                      |              |
|--------------------------------------|--------------|
| Date of Issue                        | 10/19/2007   |
| Maturity Date                        | 5/15/2027    |
| Original Amount                      | \$75,000,000 |
| Tax Status                           | Tax Exempt   |
| Outstanding Principal Balance        | \$61,245,000 |
| Annual Debt Service Payment (FY2015) | \$6,051,713  |

\$29 million for the Hanley Vocational Project, \$20 million for Phase IV of the Central High School Rehabilitation project, \$11 million for the indoor sports complex project, \$11.5 million for miscellaneous renovation projects.

## 2007 Series B - Advance Refunding of 00A Bonds

|                                      |              |
|--------------------------------------|--------------|
| Date of Issue                        | 10/19/2007   |
| Maturity Date                        | 5/15/2021    |
| Original Amount                      | \$16,470,000 |
| Tax Status                           | Exempt       |
| Outstanding Principal Balance        | \$9,135,000  |
| Annual Debt Service Payment (FY2015) | \$1,537,236  |

\$16.5 million for bond refinancing. The 2000A bonds were used to finance the Gordon Ave School Construction Project, as well as to finance other school construction projects.

# PROV. PUBLIC BUILDING AUTHORITY BONDS

## 2007 Series C - Various School Projects

|                                      |              |
|--------------------------------------|--------------|
| Date of Issue                        | 5/15/2007    |
| Maturity Date                        | 5/15/2028    |
| Original Amount                      | \$75,000,000 |
| Tax Status                           | Tax Exempt   |
| Outstanding Principal Balance        | \$60,845,000 |
| Annual Debt Service Payment (FY2015) | \$6,041,581  |

\$39 million for the Career Technology Education Center Project, \$35 million for the total renovation and rehabilitation of Nathan Bishop Middle School.

## 2009 Series A - Skating Rink and Downtown Property Lease

|                                      |               |
|--------------------------------------|---------------|
| Date of Issue                        | 6/30/2009     |
| Maturity Date                        | 6/30/2021     |
| Original Amount                      | \$12,000,000  |
| Tax Status                           | Not Available |
| Outstanding Principal Balance        | \$8,052,000   |
| Annual Debt Service Payment (FY2015) | \$1,428,421   |

Private Placement with Bank of America. The Skating Rink accounted for \$1 million. The remaining \$11 million funded the Streetscape Improvements.

# PROV. PUBLIC BUILDING AUTHORITY BONDS

## PPBA Qualified School Construction - 09A - Various School Projects

|                                      |               |
|--------------------------------------|---------------|
| Date of Issue                        | Not Available |
| Maturity Date                        | 6/30/2025     |
| Original Amount                      | Not Available |
| Tax Status                           | Not Available |
| Outstanding Principal Balance        | \$16,400,000  |
| Annual Debt Service Payment (FY2015) | \$1,794,880   |

Private Placement with Bank of America.

## Revenue Bonds 2010 Series - Refunding 96A, 00B and Fire Projects

|                                      |               |
|--------------------------------------|---------------|
| Date of Issue                        | 2010          |
| Maturity Date                        | 6/30/2019     |
| Original Amount                      | \$19,500,000  |
| Tax Status                           | Not Available |
| Outstanding Principal Balance        | \$11,731,625  |
| Annual Debt Service Payment (FY2015) | \$2,872,921   |

Private Placement with TD Bank.

# PROV. PUBLIC BUILDING AUTHORITY BONDS

## Qualified School Construction 10A - Various School Projects

|                                      |              |
|--------------------------------------|--------------|
| Date of Issue                        | 11/19/2010   |
| Maturity Date                        | 5/15/2029    |
| Original Amount                      | \$12,280,000 |
| Tax Status                           | Taxable      |
| Outstanding Principal Balance        | \$10,233,330 |
| Annual Debt Service Payment (FY2015) | \$1,664,622  |

\$12.3 million to be deposited into the Warm, Safe & Dry Project fund for continued renovations to City Schools.

## Qualified School Construction 10B - Various School Projects

|                                      |             |
|--------------------------------------|-------------|
| Date of Issue                        | 11/20/2010  |
| Maturity Date                        | 5/15/2029   |
| Original Amount                      | \$9,665,000 |
| Tax Status                           | Taxable     |
| Outstanding Principal Balance        | \$8,054,167 |
| Annual Debt Service Payment (FY2015) | \$1,310,144 |

\$9.7 million to be deposited into the Warm, Safe & Dry Project fund for continued renovations to City Schools.

# PROV. PUBLIC BUILDING AUTHORITY BONDS

## PPBA - 2011 Series A - Green Improvements, Working Capital

|                                      |              |
|--------------------------------------|--------------|
| Date of Issue                        | 4/20/2011    |
| Maturity Date                        | 6/15/2026    |
| Original Amount                      | \$35,000,000 |
| Tax Status                           | Tax Exempt   |
| Outstanding Principal Balance        | \$29,955,000 |
| Annual Debt Service Payment (FY2015) | \$3,499,088  |

\$5M for "Green Improvements," \$30M was allotted for working capital.  
The \$30 million was used to reduce the FY2011 budget deficit.

## RI Public Schools Revenue Bond Financing Program

|                                      |               |
|--------------------------------------|---------------|
| Date of Issue                        | 11/1/2013     |
| Maturity Date                        | 6/30/2024     |
| Original Amount                      | Not Available |
| Tax Status                           | Not Available |
| Outstanding Principal Balance        | \$62,455,000  |
| Annual Debt Service Payment (FY2015) | \$11,346,400  |

Refunded School portion of prior bond issue.

# PROVIDENCE REDEVELOPMENT AGENCY

- The Providence Redevelopment Agency (PRA) was established under RIGL Chapter 45-31, 45-32
- PRA projects must be approved by the City Council and the City Plan Commission
- PRA bonds are financed by revenue of the projects financed by bonds, contributions and other financial assistance by the city
- The PRA can only construct new buildings for public use

| Title  | Date of Issue | Expected Payoff Date | Original Amount | Tax Exempt | Principal Balance |
|--|---------------|----------------------|-----------------|------------|-------------------|
| Safety Building Projects 2005 Series A - Advance Refunding of 99A Bonds                | 3/18/2005     | 4/1/2029             | \$ 67,315,000   | Tax Exempt | \$2,670,000       |
| PRA Revenue Bonds 2010 - Purchase/Lease Back of City Property                          |               |                      |                 |            | \$8,023,000       |
| PRA Current Refunding Revenue Bonds Series 2015  | 3/31/2015     | 6/30/2029            | \$ 54,777,786   |            | \$44,910,000      |
| Special Obligation Tax Increment Refunding Bond Series E - Refunding 95A and 96D Bonds | 11/9/2005     | 6/1/2016             | \$24,465,000    | Tax Exempt | \$6,170,000       |

# PROVIDENCE REDEVELOPMENT AGENCY

## Safety Building Projects 2005 Series A - Advance Refunding of 99A Bonds

|                                      |              |
|--------------------------------------|--------------|
| Date of Issue                        | 3/18/2005    |
| Maturity Date                        | 4/1/2029     |
| Original Amount                      | \$67,315,000 |
| Tax Status                           | Tax Exempt   |
| Outstanding Principal Balance        | \$48,380,000 |
| Annual Debt Service Payment (FY2015) | \$4,977,400  |

\$67 million to refinance Public Safety Complex 99A bonds.

## PRA Revenue Bonds 2010 - Purchase/Lease Back of City Property

|                                      |               |
|--------------------------------------|---------------|
| Date of Issue                        | Not Available |
| Maturity Date                        | 6/30/2019     |
| Original Amount                      | Not Available |
| Tax Status                           | Not Available |
| Outstanding Principal Balance        | \$8,023,000   |
| Annual Debt Service Payment (FY2015) | \$1,964,389   |

Bond purchased by Citizens Bank.



# PROVIDENCE REDEVELOPMENT AGENCY

## Current Refunding Revenue Bonds, Series 2015

|                                      |              |
|--------------------------------------|--------------|
| Date of Issue                        | 3/31/2015    |
| Maturity Date                        | 6/30/2029    |
| Original Amount                      | \$54,777,786 |
| Tax Status                           | Tax Exempt   |
| Outstanding Principal Balance        | \$44,910,000 |
| Annual Debt Service Payment (FY2015) | \$4,451,543  |

The 2015 Refunding Revenue Bonds was used to refinance the Public Safety Building Projects 2005 Series A bonds. The 2005 Series A Bonds was a \$67 million bond used to refinance Public Safety Complex 99A bonds.

## Special Obligation Tax Increment Refunding Bond Series E - Refunding 95A and 96D

|                                      |              |
|--------------------------------------|--------------|
| Date of Issue                        | 11/9/2005    |
| Maturity Date                        | 6/1/2016     |
| Original Amount                      | \$24,465,000 |
| Tax Status                           | Tax Exempt   |
| Outstanding Principal Balance        | \$6,170,000  |
| Annual Debt Service Payment (FY2015) | \$3,743,968  |

\$24.5 million to refinance 95A and 96D bonds.