

# Credit Rating Overview

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Tab A



CITY OF PROVIDENCE, RHODE ISLAND

## Current City, PPBA, and PRA Ratings

- The City has used all 3 major rating agencies to rate its General Obligation (“GO”) bonds.
- Moody’s and Standard & Poor’s (“S&P”) have rated Providence Public Buildings Authority (“PPBA”) and Providence Redevelopment Agency (“PRA”) City appropriation-backed bonds.
- The PPBA bonds issued through RIHEBC for school projects have the RIHEBC Public School Program rating of A1.
- The current credit ratings are:

### City GO Ratings/Outlook

|                   |              |
|-------------------|--------------|
| Moody's           | Baa1         |
| Standard & Poor's | BBB/Positive |
| Fitch Ratings     | BBB/Negative |

### PPBA Ratings/Outlook

|                   |               |
|-------------------|---------------|
| Moody's           | Baa2          |
| Standard & Poor's | BBB-/Positive |
| Fitch Ratings     | Not Rated     |

### PRA Ratings/Outlook\*

|                   |               |
|-------------------|---------------|
| Moody's           | Baa2          |
| Standard & Poor's | BBB-/Positive |
| Fitch Ratings     | Not Rated     |

### Manchester Street Station TIF

|                   |             |
|-------------------|-------------|
| Moody's           | Not Rated   |
| Standard & Poor's | BB/Positive |
| Fitch Ratings     | BBB+/Stable |

\*On City appropriation-supported debt only.

# History of the City's Ratings

- The City's General Obligation rating history since 2010:

## CITY OF PROVIDENCE, RHODE ISLAND GO BOND RATING

|                       | Fitch                       | Moody's                        | Standard & Poor's            |
|-----------------------|-----------------------------|--------------------------------|------------------------------|
| <b>Aug 2010</b>       | <b>AA-/stable</b>           | <b>A1/ no outlook</b>          | <b>A/negative outlook</b>    |
| <b>Nov-Dec 2010</b>   | <b>AA-/stable</b>           | <b>A1/no outlook</b>           | <b>A-/negative outlook</b>   |
| <b>rating action</b>  | no change                   | no change-affirmation          | downgrade                    |
| <b>Mar 2011</b>       | <b>A/negative outlook</b>   | <b>A3/negative outlook</b>     | <b>BBB+/negative outlook</b> |
| <b>rating action</b>  | downgrade                   | downgrade                      | downgrade                    |
| <b>June 2011</b>      | <b>A/negative outlook</b>   | <b>A3/Review for downgrade</b> | <b>BBB+/negative outlook</b> |
| <b>rating action</b>  | no change                   | watchlist                      | no change                    |
| <b>Nov-Dec 2011</b>   | <b>A/negative outlook</b>   | <b>A3/negative outlook</b>     | <b>BBB+/negative outlook</b> |
| <b>rating action</b>  | no change                   | removed from watchlist         | affirmation                  |
| <b>March-May 2012</b> | <b>BBB/negative outlook</b> | <b>Baa1/negative outlook</b>   | <b>BBB/negative outlook</b>  |
| <b>rating action</b>  | downgrade                   | downgrade                      | downgrade                    |
| <b>February 2013</b>  | <b>BBB/negative outlook</b> | <b>Baa1/negative outlook</b>   | <b>BBB/negative outlook</b>  |
| <b>rating action</b>  | affirmation                 | affirmation                    | no change                    |
| <b>September 2013</b> | <b>BBB/negative outlook</b> | <b>Baa1/stable outlook</b>     | <b>BBB/stable outlook</b>    |
| <b>rating action</b>  | no change                   | outlook revised upward         | outlook revised upward       |
| <b>June 2014</b>      | <b>BBB/negative outlook</b> | <b>Baa1/stable outlook</b>     | <b>BBB/positive outlook</b>  |
| <b>rating action</b>  | no change                   | affirmation                    | outlook revised upward       |

CITY OF PROVIDENCE, RHODE ISLAND



# Providence Compared to its Rhode Island Peers

- The following Moody's MFRA shows Providence and other Baa1/A3 RI municipalities:

## Moody's Municipal Financial Ratio Analysis

|   | Statistics for ALL Baa1 and A3 Municipalities |         |            | Rhode Island Baa1 and A3 Rated Municipalities |                     |              |                      |
|---|---|---------|------------|---|---------------------|--------------|----------------------|
|   | Medians                                       | Min     | Max        | Providence, RI                                | East Providence, RI | Johnston, RI | North Providence, RI |
| Current Senior Most Rating*   | A3  | Baa1    | A3         | Baa1  | Baa1                | A3           | A3                   |
| <b>Financial Data : Debt Statistics &amp; Ratios</b>                  |   |         |            |   |                     |              |                      |
| Direct Net Debt Outstanding (\$000)                                   | 10,954  | 0       | 960,736    | 531,794                                       | 47,902              | 27,597       | 21,493               |
| Direct Net Debt as % of Full Value                                    | 2.1   | 0       | 20.5       | 5.0   | 1.3                 | 1.1          | 0.9                  |
| Direct Net Debt Per Capita (\$)                                       | 1,224   | 0       | 86,805     | 2,980   | 1,016               | 959          | 670                  |
| Debt Service as % of Operating Expenditures                           | 9.7   | 0       | 67.9       | 9.2   | 3.7                 | 3.0          | 17.9                 |
| Payout, 10 Years, All Tax-Supported Debt (%), Current Value           | 72.8  | 23.1    | 100        | 80.0  | 85.3                | 85.7         | 92.7                 |
| Payout, 10 Years, General Obligation Debt (%), Current Value          | 74.8  | 20.7    | 100        | 74.1  | 85.3                | 85.7         | N/A                  |
| <b>Financial Data : Demographic Statistics</b>                        |   |         |            |   |                     |              |                      |
| Population 2010 Census  | 9,824   | 1,327   | 343,829    | 178,042                                       | 47,037              | 28,769       | 32,078               |
| <b>Financial Data : Financial Statistics &amp; Ratios</b>             |   |         |            |   |                     |              |                      |
| Total General Fund Revenues (\$000)                                   | 9,158   | 418     | 690,832    | 452,552                                       | 107,312             | 84,202       | 74,226               |
| Unassigned Fund Balance (General Fund)                                | 1,067   | -13,314 | 24,022     | -8,672  | 10,771              | 11,494       | 5,483                |
| Unassigned Fund Balance as % of Revenue (General Fund)                | 12.8  | -21     | 102.5      | -1.9  | 10.0                | 13.7         | 7.4                  |
| <b>Financial Data : Governmental Activities Statistics and Ratios</b> |   |         |            |   |                     |              |                      |
| Net Pension Obligation (Including Current Portion) (\$000)            | 3,568   | 0       | 196,341    | 154,399                                       | 52,500              | 31,776       | 3,568                |
| Net OPEB Obligation (Including Current Portion) (\$000)               | 6,644   | -2      | 424,169    | 258,003                                       | 9,537               | 70,766       | 13,500               |
| <b>Financial Data : Tax Base Statistics and Ratios</b>                |   |         |            |   |                     |              |                      |
| Total Full Value (\$000)  | 629,429                                       | 47,268  | 60,945,038 | 10,742,964                                    | 3,560,135           | 2,461,436    | 2,497,269            |
| Full Value Per Capita (\$)  | 54,864  | 20,870  | 423,823    | 60,208  | 75,508              | 85,559       | 77,850               |
| Average Annual Increase in Full Value (%)                             | 1.5   | -11.4   | 14         | -2.6  | -4.7                | -3.4         | -2.8                 |
| Top Ten TaxPayers as % of Total                                       | 12.8  | 1.5     | 107.6      | 4.6   | 4.9                 | 6.6          | 4.2                  |

\* The information displayed in the MFRA is the most recent information issued by Moody's Investors Service, Inc.



# Providence Compared to Selected New England Peers

- The following Moody's MFRA shows Providence and other Baa1/A3 New England municipalities with a population of over 50,000:

## Moody's Municipal Financial Ratio Analysis

Statistics for ALL Baa1 and A3 Municipalities New England Baa1 and A3 Rated Municipalities with a Population over 50,000

| Selected Financials and other Datapoints                              | Medians | Min     | Max        | Providence, RI | Hamden, CT | Lawrence, MA | New Britain, CT | New Haven, CT | West Haven, CT |
|---|---------|---------|------------|----------------|------------|--------------|-----------------|---------------|----------------|
| Current Senior Most Rating*   | A3      | Baa1    | A3         | Baa1           | Baa1       | A3           | Baa1            | A3            | Baa1           |
| <b>Financial Data : Debt Statistics &amp; Ratios</b>                  |         |         |            |                |            |              |                 |               |                |
| Direct Net Debt Outstanding (\$000)                                   | 10,954  | 0       | 960,736    | 531,794        | 146,563    | 114,970      | 265,838         | 548,602       | 159,238        |
| Direct Net Debt as % of Full Value                                    | 2.1     | 0       | 20.5       | 5.0            | 2.7        | 2.8          | 7.6             | 6.4           | 4.1            |
| Direct Net Debt Per Capita (\$)                                       | 1,224   | 0       | 86,805     | 2,980          | 2,407      | 1,629        | 3,639           | 4,227         | 2,893          |
| Debt Service as % of Operating Expenditures                           | 9.7     | 0       | 67.9       | 9.2            | 7.8        | 5.7          | 18.4            | 11.7          | 11.1           |
| Payout, 10 Years, All Tax-Supported Debt (%), Current Value           | 72.8    | 23.1    | 100        | 80             | 46.1       | 82.1         | 85.4            | 79.7          | 86.5           |
| Payout, 10 Years, General Obligation Debt (%), Current Value          | 74.8    | 20.7    | 100        | 74.1           | 46.1       | 86.9         | 85.4            | 79.7          | 86.5           |
| <b>Financial Data : Demographic Statistics</b>                        |         |         |            |                |            |              |                 |               |                |
| Population 2010 Census  | 9,824   | 1,327   | 343,829    | 178,042        | 60,960     | 76,377       | 73,206          | 129,779       | 55,564         |
| <b>Financial Data : Financial Statistics &amp; Ratios</b>             |         |         |            |                |            |              |                 |               |                |
| Total General Fund Revenues (\$000)                                   | 9,158   | 418     | 690,832    | 452,552        | 208,953    | 234,354      | 241,610         | 529,517       | 156,660        |
| Unassigned Fund Balance (General Fund)                                | 1,067   | -13,314 | 24,022     | -8,672         | 2,216      | N/A          | 4,965           | 22            | -13,314        |
| Unassigned Fund Balance as % of Revenue (General Fund)                | 12.8    | -21     | 102.5      | -1.9           | 1.1        | N/A          | 2.1             | 0             | -8.5           |
| <b>Financial Data : Governmental Activities Statistics and Ratios</b> |         |         |            |                |            |              |                 |               |                |
| Net Pension Obligation (Including Current Portion) (\$000)            | 3,568   | 0       | 196,341    | 154,399        | 196,341    | N/A          | 1,062           | 13,718        | N/A            |
| Net OPEB Obligation (Including Current Portion) (\$000)               | 6,644   | -2      | 424,169    | 258,003        | 136,849    | N/A          | 994             | 132,075       | 27,046         |
| <b>Financial Data : Tax Base Statistics and Ratios</b>                |         |         |            |                |            |              |                 |               |                |
| Total Full Value (\$000)  | 629,429 | 47,268  | 60,945,038 | 10,742,964     | 5,513,136  | 4,168,300    | 3,498,494       | 8,567,372     | 3,861,226      |
| Full Value Per Capita (\$)  | 54,864  | 20,870  | 423,823    | 60,208         | 90,528     | 59,073       | 47,888          | 65,525        | 70,145         |
| Average Annual Increase in Full Value (%)                             | 1.5     | -11.4   | 14.0       | -2.6           | -3.7       | 12.8         | -3.9            | 6.1           | -3.4           |
| Top Ten TaxPayers as % of Total                                       | 12.8    | 1.5     | 107.6      | 4.6            | 6.8        | 4.9          | 7.0             | 16.6          | 3.3            |

CITY OF PROVIDENCE, RHODE ISLAND

\* The information displayed in the MFRA is the most recent information issued by Moody's Investors Service, Inc.

# Current Debt Position

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Tab B



## Overview of Outstanding Debt – City, PPBA, PRA, and TIF

### Outstanding Debt as of June 30, 2014

|                               |                       |
|-------------------------------|-----------------------|
| City GO Debt                  | \$ 108,375,000        |
| PPBA Non-School Debt          | 53,564,000            |
| PPBA School Debt <sup>1</sup> | 276,122,125           |
| PRA Tax-Supported Debt        | 56,403,000            |
| PRA Conduit Debt <sup>2</sup> | 24,239,000            |
| TIF Debt                      | <u>6,170,000</u>      |
| Total Outstanding             | \$ 524,873,125        |
| Less Non Tax-Supported        | (24,239,000)          |
| <b>TOTAL TAX-SUPPORTED</b>    | <b>\$ 500,634,125</b> |

1. Debt service on approved school projects reimbursed by RIDE at approximately 80%.

2. PRA Conduit Debt paid from leases with private companies for whom debt was issued.



# Overview of Tax-Supported Debt Service

## BOND DEBT SERVICE

### Aggregate Debt Service

### All Tax-Supported Debt

As of June 30, 2014

| Period Ending | Principal      | Interest       | Debt Service   | BAB Subsidy     | QSCB Subsidy | Net Debt Service |
|---------------|----------------|----------------|----------------|-----------------|--------------|------------------|
| 6/30/2015     | \$ 44,647,788  | \$ 24,828,158  | \$ 69,475,946  | \$ (2,205,181)  | \$ (168,497) | \$ 67,102,268    |
| 6/30/2016     | 45,288,001     | 22,960,332     | 68,248,332     | (2,114,901)     | (147,286)    | 65,986,146       |
| 6/30/2017     | 43,641,664     | 20,931,496     | 64,573,160     | (2,024,621)     | (124,707)    | 62,423,833       |
| 6/30/2018     | 44,017,323     | 18,985,987     | 63,003,309     | (1,934,341)     | (100,690)    | 60,968,279       |
| 6/30/2019     | 40,899,683     | 16,923,957     | 57,823,640     | (1,844,061)     | (75,114)     | 55,904,465       |
| 6/30/2020     | 37,002,167     | 14,986,585     | 51,988,752     | (1,753,781)     | (47,903)     | 50,187,068       |
| 6/30/2021     | 31,944,167     | 13,265,384     | 45,209,550     | (1,663,501)     | (18,947)     | 43,527,103       |
| 6/30/2022     | 30,469,167     | 11,717,573     | 42,186,739     | (1,573,221)     | -            | 40,613,519       |
| 6/30/2023     | 31,119,167     | 10,203,669     | 41,322,836     | (1,482,941)     | -            | 39,839,895       |
| 6/30/2024     | 32,499,167     | 8,705,138      | 41,204,304     | (1,390,221)     | -            | 39,814,084       |
| 6/30/2025     | 29,489,167     | 7,160,246      | 36,649,413     | (1,297,501)     | -            | 35,351,912       |
| 6/30/2026     | 29,309,167     | 5,694,219      | 35,003,386     | (1,204,781)     | -            | 33,798,605       |
| 6/30/2027     | 22,944,167     | 4,281,525      | 27,225,692     | (1,204,781)     | -            | 26,020,911       |
| 6/30/2028     | 19,079,167     | 3,250,675      | 22,329,842     | (1,204,781)     | -            | 21,125,061       |
| 6/30/2029     | 7,664,167      | 2,422,656      | 10,086,823     | (1,204,781)     | -            | 8,882,042        |
| 6/30/2030     | 2,510,000      | 398,250        | 2,908,250      | -               | -            | 2,908,250        |
| 6/30/2031     | 2,605,000      | 304,125        | 2,909,125      | -               | -            | 2,909,125        |
| 6/30/2032     | 2,700,000      | 206,438        | 2,906,438      | -               | -            | 2,906,438        |
| 6/30/2033     | 2,805,000      | 105,188        | 2,910,188      | -               | -            | 2,910,188        |
|               | \$ 500,634,125 | \$ 187,331,600 | \$ 687,965,724 | \$ (24,103,388) | \$ (683,145) | \$ 663,179,192   |

CITY OF PROVIDENCE, RHODE ISLAND



## Key Debt Ratios

- The City of Providence's key debt ratios are in line with other New England "Baa" rated communities:

|                         | <b>City of Providence (as of 6/30/2014)</b> |                          | <b>Moody's Medians*</b> |                          |
|-------------------------|---|--------------------------|-------------------------|--------------------------|
|                         | <u>General Obligation</u>                   | <u>All Tax-Supported</u> | <u>RI "Baa"</u>         | <u>New England "Baa"</u> |
| Debt Per Capita         | \$609                                       | \$2,813                  | \$990                   | \$3,515                  |
| Debt as % of Full Value | 1.06%                                       | 4.89%                    | 1.30%                   | 5.40%                    |

\*Most recent available (as of 6/30/2013) from Moody's Investors Service, Municipal Financial Ratio Analysis.

# Debt Capacity & Issuance Considerations

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Tab C





# Overview of General Obligation Debt

All Transactions Through April 1, 2015

As of June 30,

| Existing Long-Term Bonds  | 2014                 | 2015                  | 2016                  | 2017                 | 2018                  | 2019                 | 2020                 | 2021                  | 2022                  | 2023                 |
|---|----------------------|-----------------------|-----------------------|----------------------|-----------------------|----------------------|----------------------|-----------------------|-----------------------|----------------------|
| General Obligation Bonds - Dated 8/1/00 <sup>1</sup>                  | \$ 1,295,000         | \$ -                  | \$ -                  | \$ -                 | \$ -                  | \$ -                 | \$ -                 | \$ -                  | \$ -                  | \$ -                 |
| General Obligation Taxable Bonds 2001 SeriesB                         | 8,950,000            | 8,435,000             | 7,885,000             | 7,300,000            | 6,680,000             | 6,020,000            | 5,315,000            | 4,565,000             | 3,765,000             | 2,915,000            |
| General Obligation Refunding Bonds, 2004 SeriesA <sup>1</sup>         | 16,705,000           | -                     | -                     | -                    | -                     | -                    | -                    | -                     | -                     | -                    |
| General Obligation Taxable Refunding Bonds, 2004 SeriesB <sup>1</sup> | 6,065,000            | -                     | -                     | -                    | -                     | -                    | -                    | -                     | -                     | -                    |
| General Obligation Infrastructure Lease, Dated 6/30/10                | 8,875,000            | 6,815,000             | 4,655,000             | 2,385,000            | -                     | -                    | -                    | -                     | -                     | -                    |
| General Obligation Refunding Bonds, Series 2010A                      | 28,715,000           | 26,810,000            | 24,845,000            | 22,820,000           | 20,705,000            | 18,505,000           | 16,205,000           | 13,805,000            | 11,300,000            | 8,680,000            |
| General Obligation Bonds, Series 2013A                                | 37,770,000           | 36,425,000            | 35,040,000            | 33,610,000           | 32,125,000            | 30,580,000           | 28,955,000           | 27,250,000            | 25,460,000            | 23,580,000           |
| General Obligation Refunding Bonds, Series 2014A                      | -                    | 14,350,000            | 11,080,000            | 8,355,000            | 5,495,000             | 2,770,000            | -                    | -                     | -                     | -                    |
| General Obligation Refunding Bonds, Series 2014B                      | -                    | 6,240,000             | 5,110,000             | 4,020,000            | 2,915,000             | 1,505,000            | -                    | -                     | -                     | -                    |
| <b>Total General Obligation Debt</b>                                  | <b>\$108,375,000</b> | <b>\$ 99,075,000</b>  | <b>\$ 88,615,000</b>  | <b>\$ 78,490,000</b> | <b>\$ 67,920,000</b>  | <b>\$ 59,380,000</b> | <b>\$ 50,475,000</b> | <b>\$ 45,620,000</b>  | <b>\$ 40,525,000</b>  | <b>\$ 35,175,000</b> |
| <b>Providence Public Building Authority</b>                           | <b>2014</b>          | <b>2015</b>           | <b>2016</b>           | <b>2017</b>          | <b>2018</b>           | <b>2019</b>          | <b>2020</b>          | <b>2021</b>           | <b>2022</b>           | <b>2023</b>          |
| Revenue Bonds, 1998 SeriesA   | \$ 1,230,000         | \$ 1,010,000          | \$ 775,000            | \$ 530,000           | \$ 270,000            | \$ -                 | \$ -                 | \$ -                  | \$ -                  | \$ -                 |
| Revenue Bonds, 1999 SeriesA   | 1,385,000            | 1,185,000             | 970,000               | 745,000              | 510,000               | 260,000              | -                    | -                     | -                     | -                    |
| Revenue Bonds, 2001 SeriesA   | 1,210,000            | 1,085,000             | 950,000               | 810,000              | 665,000               | 510,000              | 350,000              | 180,000               | -                     | -                    |
| RIHEBC Revenue Bonds, 2006 SeriesA                                    | 45,955,000           | 43,360,000            | 40,630,000            | 37,775,000           | 34,775,000            | 31,620,000           | 28,305,000           | 24,830,000            | 21,180,000            | 17,350,000           |
| RIHEBC Revenue Bonds, 2007 SeriesA                                    | 61,245,000           | 58,105,000            | 54,820,000            | 51,355,000           | 47,715,000            | 43,885,000           | 39,865,000           | 35,640,000            | 31,215,000            | 26,565,000           |
| RIHEBC Revenue Bonds, 2007 SeriesB                                    | 9,135,000            | 7,970,000             | 6,760,000             | 5,495,000            | 4,185,000             | 2,820,000            | 1,400,000            | -                     | -                     | -                    |
| RIHEBC Revenue Bonds, 2007 Series C                                   | 60,845,000           | 57,695,000            | 54,400,000            | 50,940,000           | 47,340,000            | 43,555,000           | 39,585,000           | 35,420,000            | 31,045,000            | 26,450,000           |
| Revenue Bonds, 2009 SeriesA (Build America Bonds)                     | 8,052,000            | 7,105,000             | 6,097,000             | 5,025,000            | 3,883,000             | 2,668,000            | 1,375,000            | -                     | -                     | -                    |
| RIHEBC QSCB Bonds, Series 2009A                                       | 16,400,000           | 14,920,000            | 13,440,000            | 11,960,000           | 10,480,000            | 9,000,000            | 7,520,000            | 6,040,000             | 4,560,000             | 3,040,000            |
| Revenue Bonds, 2010 Series  | 11,732,000           | 9,317,000             | 6,797,000             | 4,166,000            | 1,419,000             | -                    | -                    | -                     | -                     | -                    |
| RIHEBC QSCB Bonds, Series 2010A                                       | 10,233,000           | 9,550,778             | 8,868,556             | 8,186,334            | 7,504,112             | 6,821,890            | 6,139,668            | 5,457,446             | 4,775,224             | 4,093,002            |
| RIHEBC QZAB Bonds, Series 2010B                                       | 8,054,000            | 7,517,056             | 8,054,000             | 8,590,944            | 9,127,889             | 9,664,833            | 10,201,778           | 9,664,833             | 9,127,889             | 8,590,944            |
| Revenue Bond, 2011 SeriesA  | 29,955,000           | 28,070,000            | 26,120,000            | 24,070,000           | 21,915,000            | 19,650,000           | 17,270,000           | 14,770,000            | 12,145,000            | 9,365,000            |
| RIHEBC, Revenue Refunding Bonds, Series 2013A                         | 64,255,000           | 55,725,000            | 47,210,000            | 38,405,000           | 30,725,000            | 22,870,000           | 17,010,000           | 12,770,000            | 8,320,000             | 4,255,000            |
| <b>Total PPBA Debt</b>  | <b>\$329,686,000</b> | <b>\$ 302,614,834</b> | <b>\$ 275,891,556</b> | <b>\$248,053,278</b> | <b>\$ 220,514,001</b> | <b>\$193,324,723</b> | <b>\$169,021,446</b> | <b>\$ 144,772,279</b> | <b>\$ 122,368,113</b> | <b>\$ 99,708,946</b> |
| <b>Providence Redevelopment Agency</b>                                | <b>2014</b>          | <b>2015</b>           | <b>2016</b>           | <b>2017</b>          | <b>2018</b>           | <b>2019</b>          | <b>2020</b>          | <b>2021</b>           | <b>2022</b>           | <b>2023</b>          |
| Revenue Refunding Bonds, 2005 SeriesA                                 | 48,380,000           | -                     | -                     | -                    | -                     | -                    | -                    | -                     | -                     | -                    |
| Taxable Lease Revenue Bonds, 2010 Series 1                            | 8,023,000            | 6,366,000             | 4,640,000             | 2,841,000            | 967,000               | -                    | -                    | -                     | -                     | -                    |
| Revenue Refunding Bonds, 2015 SeriesA                                 | -                    | 44,910,000            | 42,550,000            | 39,615,000           | 36,590,000            | 33,440,000           | 30,770,000           | 27,965,000            | 25,025,000            | 21,940,000           |
| <b>Total PRA Debt</b>   | <b>\$ 56,403,000</b> | <b>\$ 51,276,000</b>  | <b>\$ 47,190,000</b>  | <b>\$ 42,456,000</b> | <b>\$ 37,557,000</b>  | <b>\$ 33,440,000</b> | <b>\$ 30,770,000</b> | <b>\$ 27,965,000</b>  | <b>\$ 25,025,000</b>  | <b>\$ 21,940,000</b> |
| <b>Special Obligation Bond</b>  | <b>2014</b>          | <b>2015</b>           | <b>2016</b>           | <b>2017</b>          | <b>2018</b>           | <b>2019</b>          | <b>2020</b>          | <b>2021</b>           | <b>2022</b>           | <b>2023</b>          |
| Special Obligation Tax Increment Refunding Bonds, Series E            | \$ 6,170,000         | \$ 2,725,000          | \$ -                  | \$ -                 | \$ -                  | \$ -                 | \$ -                 | \$ -                  | \$ -                  | \$ -                 |
| <b>Total Special Obligation TIF Bonds</b>                             | <b>\$ 6,170,000</b>  | <b>\$ 2,725,000</b>   | <b>\$ -</b>           | <b>\$ -</b>          | <b>\$ -</b>           | <b>\$ -</b>          | <b>\$ -</b>          | <b>\$ -</b>           | <b>\$ -</b>           | <b>\$ -</b>          |
| <b>TOTAL TAX SUPPORTED DEBT</b>                                       | <b>\$500,634,000</b> | <b>\$ 455,690,834</b> | <b>\$ 411,696,556</b> | <b>\$368,999,278</b> | <b>\$ 325,991,001</b> | <b>\$286,144,723</b> | <b>\$250,266,446</b> | <b>\$ 218,357,279</b> | <b>\$ 187,918,113</b> | <b>\$156,823,946</b> |

1. Series 2000, 2004A, and 2004B refunded by the General Obligation Refunding Bonds, Series 2014 A & B.

# Debt Capacity Model

All Transactions Through April 1, 2015

As of June 30,

|                                    | 2014                 | 2015                  | 2016                  | 2017                 | 2018                  | 2019                 | 2020                 | 2021                  | 2022                  | 2023                 |
|------------------------------------|----------------------|-----------------------|-----------------------|----------------------|-----------------------|----------------------|----------------------|-----------------------|-----------------------|----------------------|
| Total General Obligation Debt      | \$108,375,000        | \$ 99,075,000         | \$ 88,615,000         | \$ 78,490,000        | \$ 67,920,000         | \$ 59,380,000        | \$ 50,475,000        | \$ 45,620,000         | \$ 40,525,000         | \$ 35,175,000        |
| Total PPBA Debt                    | 329,686,000          | 302,614,834           | 275,891,556           | 248,053,278          | 220,514,001           | 193,324,723          | 169,021,446          | 144,772,279           | 122,368,113           | 99,708,946           |
| Total PRA Debt                     | 56,403,000           | 51,276,000            | 47,190,000            | 42,456,000           | 37,557,000            | 33,440,000           | 30,770,000           | 27,965,000            | 25,025,000            | 21,940,000           |
| Total Special Obligation TIF Bonds | 6,170,000            | 2,725,000             | -                     | -                    | -                     | -                    | -                    | -                     | -                     | -                    |
| <b>TOTAL TAX SUPPORTED DEBT</b>    | <b>\$500,634,000</b> | <b>\$ 455,690,834</b> | <b>\$ 411,696,556</b> | <b>\$368,999,278</b> | <b>\$ 325,991,001</b> | <b>\$286,144,723</b> | <b>\$250,266,446</b> | <b>\$ 218,357,279</b> | <b>\$ 187,918,113</b> | <b>\$156,823,946</b> |

|  | 2014                 | 2015                  | 2016                  | 2017                 | 2018                  | 2019                 | 2020                 | 2021                  | 2022                  | 2023                 |
|--|----------------------|-----------------------|-----------------------|----------------------|-----------------------|----------------------|----------------------|-----------------------|-----------------------|----------------------|
| Proposed City Debt <sup>1</sup>              | \$ -                 | \$ -                  | \$ -                  | \$ 20,000,000        | \$ 18,325,000         | \$ 16,651,625        | \$ 14,976,525        | \$ 13,301,625         | \$ 11,628,850         | \$ 9,955,125         |
| <b>TOTAL Existing and Proposed City Debt</b> | <b>\$500,634,000</b> | <b>\$ 455,690,834</b> | <b>\$ 411,696,556</b> | <b>\$388,999,278</b> | <b>\$ 344,316,001</b> | <b>\$302,796,348</b> | <b>\$265,242,971</b> | <b>\$ 231,658,904</b> | <b>\$ 199,546,963</b> | <b>\$166,779,071</b> |

## Key Ratios on Existing General Obligation Debt:

|   |           |           |           |           |           |           |           |           |           |           |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Debt Per Capita                                 | \$ 608.87 | \$ 556.62 | \$ 497.85 | \$ 440.97 | \$ 381.59 | \$ 333.61 | \$ 283.58 | \$ 256.30 | \$ 227.68 | \$ 197.62 |
| Debt as a Percentage of Full Value <sup>2</sup> | 1.06%     | 0.92%     | 0.82%     | 0.73%     | 0.63%     | 0.55%     | 0.47%     | 0.42%     | 0.38%     | 0.33%     |

## Key Ratios on General Obligation and Proposed City Debt:

|   |           |           |           |           |           |           |           |           |           |           |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Debt Per Capita                                 | \$ 608.87 | \$ 556.62 | \$ 497.85 | \$ 553.33 | \$ 484.54 | \$ 427.16 | \$ 367.72 | \$ 331.03 | \$ 293.01 | \$ 253.55 |
| Debt as a Percentage of Full Value <sup>2</sup> | 1.06%     | 0.92%     | 0.82%     | 0.92%     | 0.80%     | 0.71%     | 0.61%     | 0.55%     | 0.49%     | 0.42%     |

## Key Ratios on Existing Total Tax-Supported Debt:

|   |             |             |             |             |             |             |             |             |             |           |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-----------|
| Debt Per Capita                                 | \$ 2,812.65 | \$ 2,560.15 | \$ 2,312.98 | \$ 2,073.10 | \$ 1,831.47 | \$ 1,607.61 | \$ 1,406.04 | \$ 1,226.77 | \$ 1,055.76 | \$ 881.06 |
| Debt as a Percentage of Full Value <sup>2</sup> | 4.89%       | 4.24%       | 3.83%       | 3.43%       | 3.03%       | 2.66%       | 2.33%       | 2.03%       | 1.75%       | 1.46%     |

## Key Ratios on Existing and Proposed Total Tax-Supported Debt:

|   |             |             |             |             |             |             |             |             |             |           |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-----------|
| Debt Per Capita                                 | \$ 2,812.65 | \$ 2,560.15 | \$ 2,312.98 | \$ 2,185.46 | \$ 1,934.42 | \$ 1,701.16 | \$ 1,490.18 | \$ 1,301.50 | \$ 1,121.09 | \$ 936.99 |
| Debt as a Percentage of Full Value <sup>2</sup> | 4.89%       | 4.24%       | 3.83%       | 3.62%       | 3.21%       | 2.82%       | 2.47%       | 2.16%       | 1.86%       | 1.55%     |

## Moody's Medians (as of 6/30/2013)

|                                    | RI "Baa"  | New England "Baa" |
|------------------------------------|-----------|-------------------|
| Debt Per Capita                    | \$ 990.00 | \$ 3,513.00       |
| Debt as a Percentage of Full Value | 1.30%     | 5.40%             |

Population (2010 Census) = 177,994

Full Value (as of 6/30/2012 for FY 2014) = \$ 10,231,682,760  
 Assessed Value (as of 12/31/2012 for FY 2014) = \$ 11,828,534,984  
 Full Value (as of 6/30/2013 for FY 2015) = \$ 10,742,964,381  
 Assessed Value (as of 12/31/2013 for FY 2015) = \$ 10,962,208,553

1. Projected Series 20\_\_ debt service assume 5.50% rate, 20 year final maturity, and level debt service. These are preliminary projections as of \_\_\_\_\_ and are subject to change with market movement.  
 2. Full Value of \$10,742,964,381 used for FY 2016 through 2023.



# Financial Factors to Consider When Planning to Issue New Debt

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## Big Picture

- How proposed debt will impact the City's overall debt profile:
  - Total outstanding debt.
  - Debt per Capita.
  - Debt as a percent of Full Value.
  
- How proposed debt will impact the City's budget:
  - Total debt service as a percent of the budget.
  - RIDE reimbursement on qualified school projects.
  - Timing of debt service payments on proposed debt (impact on cash flow).

## Issue Specific

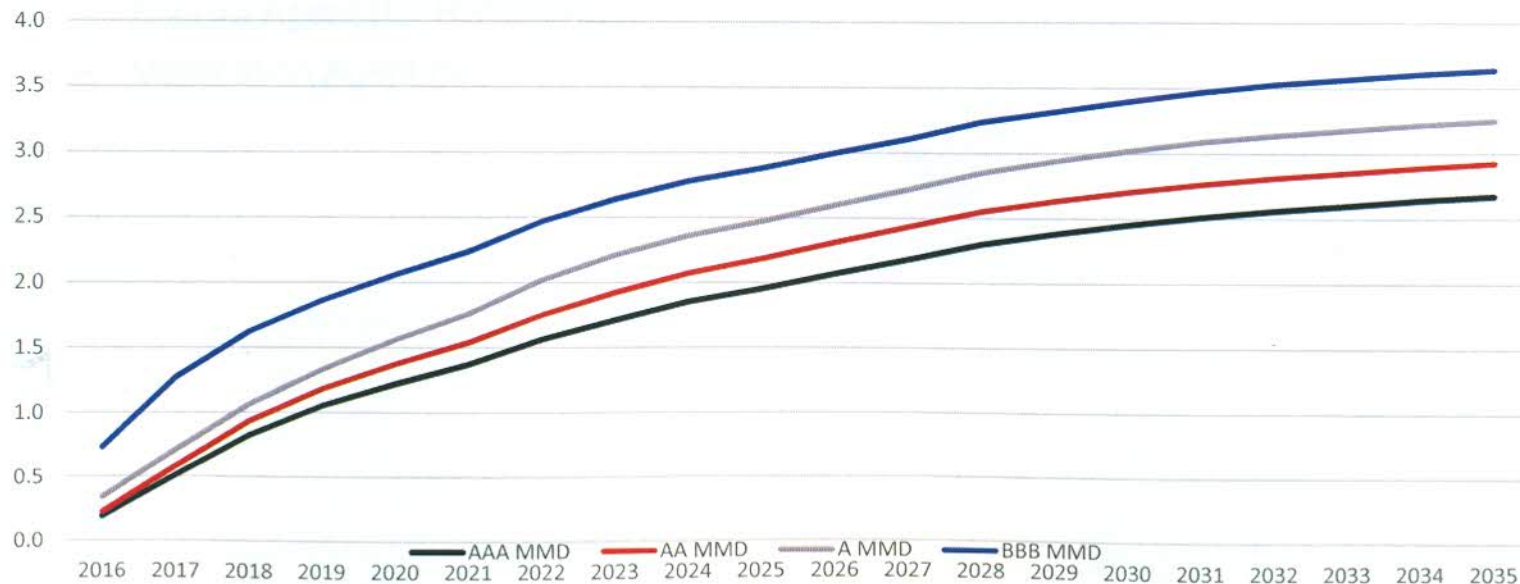
- Structure of proposed bond issue:
  - Term (10, 15, or 20 years)
  - Level debt service, level principal payments, or wrap around existing debt

## Cost Factors to Consider When Planning to Issue New Debt

- Interest is the largest cost the City will pay on the bonds:
  - Debt with a 10-year term will have higher annual payments than debt with a 20-year term, but overall lifetime debt service will be less. For example:
    - A \$1,000,000 bond with level debt service amortized over 10 years at 5.00% will have annual debt service of \$129,500 and lifetime interest of \$295,000.
    - A \$1,000,000 bond with level debt service amortized over 20 years at 5.00% will have annual debt service of \$80,275 and lifetime interest of \$605,500.
  - The interest cost is directly related to the credit rating. Following is a graph of credit spreads:

Credit Spreads as of April 14, 2015

Source: Municipal Market Data





## Cost Factors to Consider When Planning to Issue New Debt (continued)

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- Other costs of issuance are usually paid from bond proceeds. For a public offering, the following parties are typically involved:
  - Bond Counsel
  - Financial Advisor
  - Rating Agencies
  - Financial Printer
  - Paying Agent or Trustee and Paying Agent or Trustee's Counsel
  - Underwriter and Underwriter's Counsel
  - Escrow Agent (for Refundings)
  - Verification Agent (for Refundings)

# 2015 Refundings

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Tab D



## 2015 Refundings

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- PRA Refunding of the Series 2005A Bonds:
  - Closed March 31, 2015.
  - \$44,910,000 issued.
  - \$48,380,000 refunded.
  - Net Present Value (“NPV”) savings of \$3,918,759
    - Budgetary savings of \$3,823,700 in FY 2015.
    - Budgetary savings of \$528,000 in FY 2016.
  - NPV Savings as a % of refunded bonds was 8.10%.
  - Retained same payment dates.
  - No extension of final maturity.
  
- Proposed PPBA Refunding through RIHEBC of school bonds planned for April 14, 2015:
  - Plan to refund economically feasible maturities of Series 2006A, 2007A, and 2007C.
  - Issue size could be up to \$155,000,000.
  - Savings currently projected to be \$2,800,000 in FY 2015 and \$2,400,000 in FY 2016.
  - Will retain same payment dates.
  - Will not extend final maturity.



## Disclosure

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Disclosure: First Southwest Company, LLC (FirstSouthwest) is providing the information contained in the document for discussion purposes as financial advisor to the City on its current transactions. Information in this document portrays projected interest rates based on data current as of the week of April 13, 2015 and is subject to change with market movement. Future interest rates are dependent upon many factors such as, but not limited to, interest rate trends, tax rates, supply, changes in laws, rules and regulations, as well as changes in credit quality and rating agency considerations. The effect of such changes in such assumptions may be material and could affect the projected results. These results should be viewed with these potential changes in mind as well as the understanding that there may be interruptions in the market or no market may exist at all.

CITY OF PROVIDENCE, RHODE ISLAND