

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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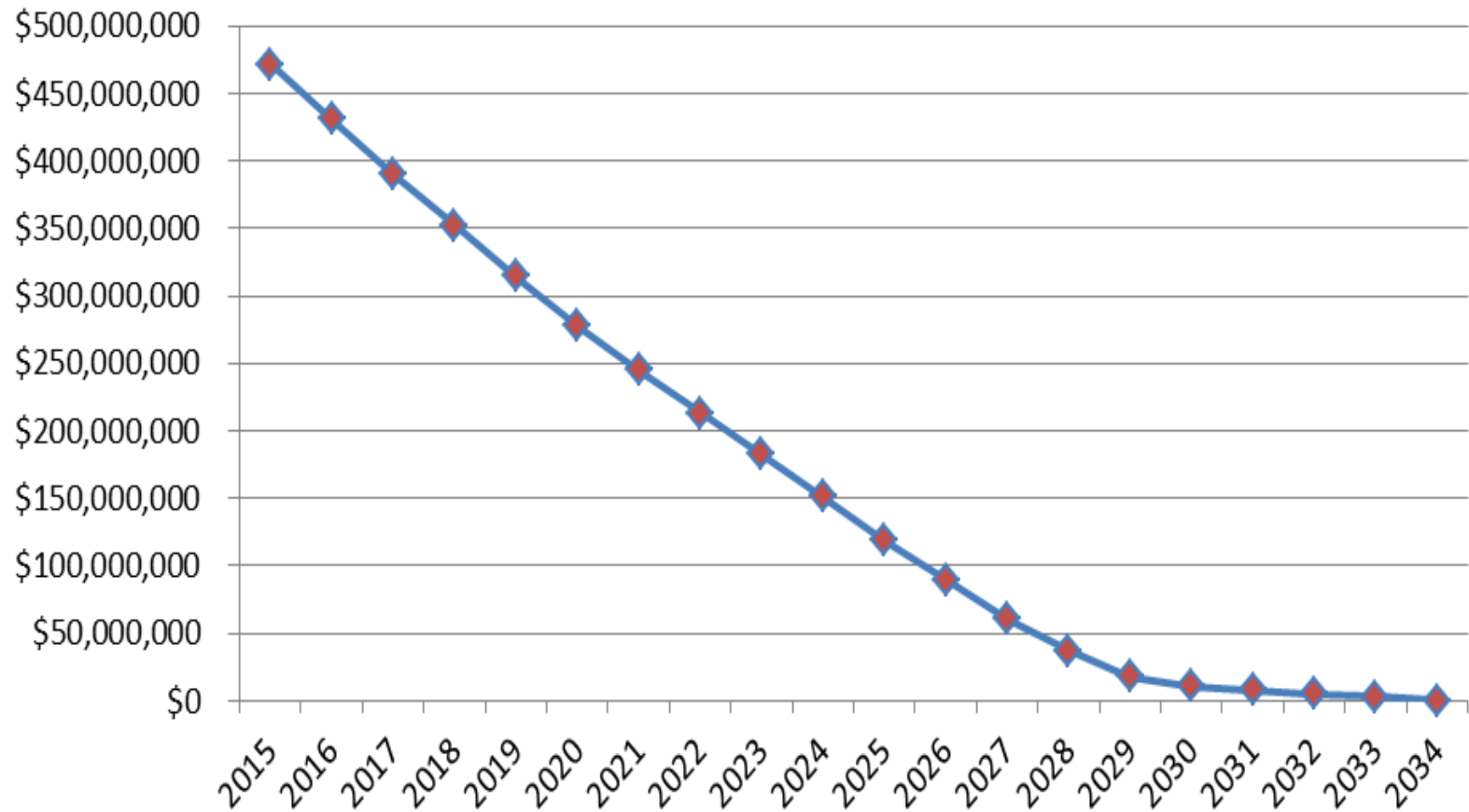
March 25, 2015

(Revised Version: April 10, 2015)

OVERVIEW

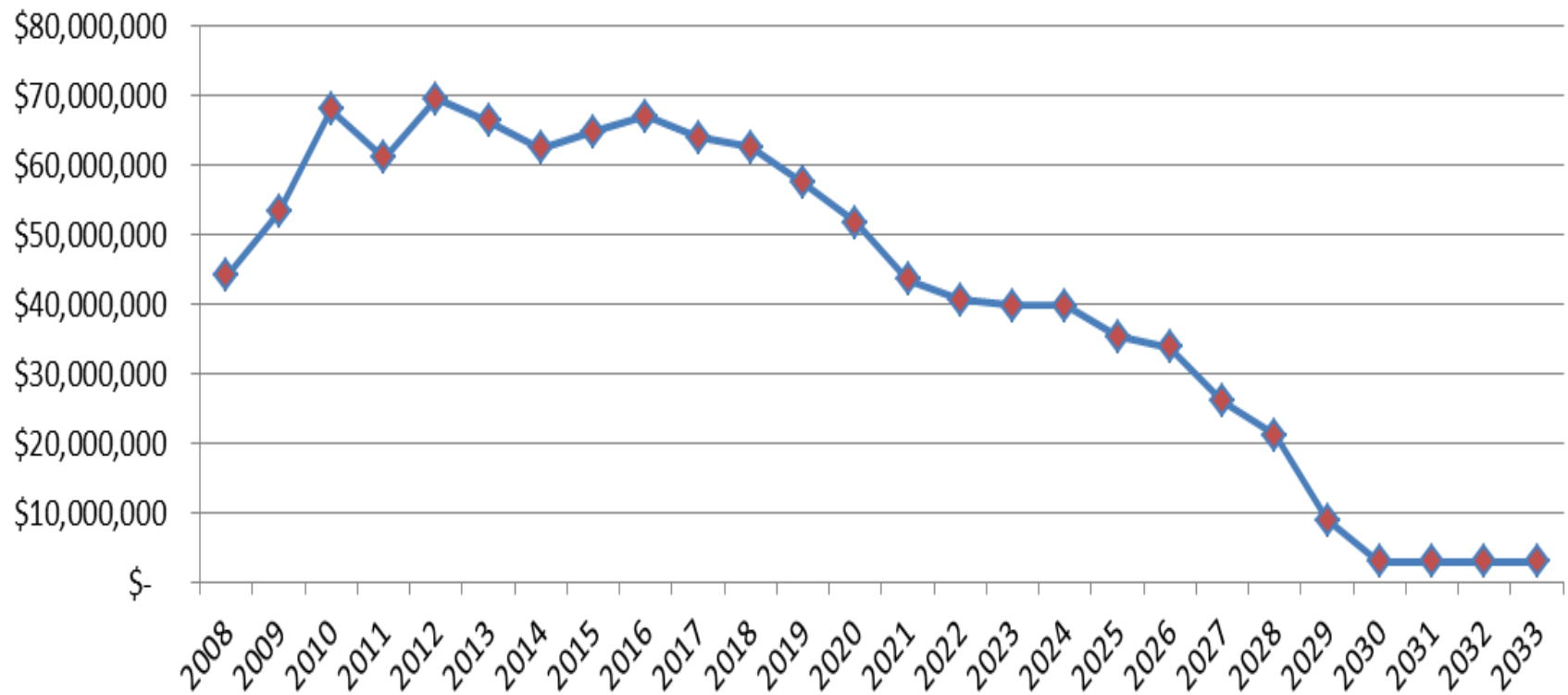
- The budget for debt service in FY2015 is \$67.9 million
- As a result of a series of bond refinancing, actual debt service payments in FY2015 will be approximately \$61 million
- The Finance Department is currently working to finalize another round of refinancing that is expected to result in savings 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



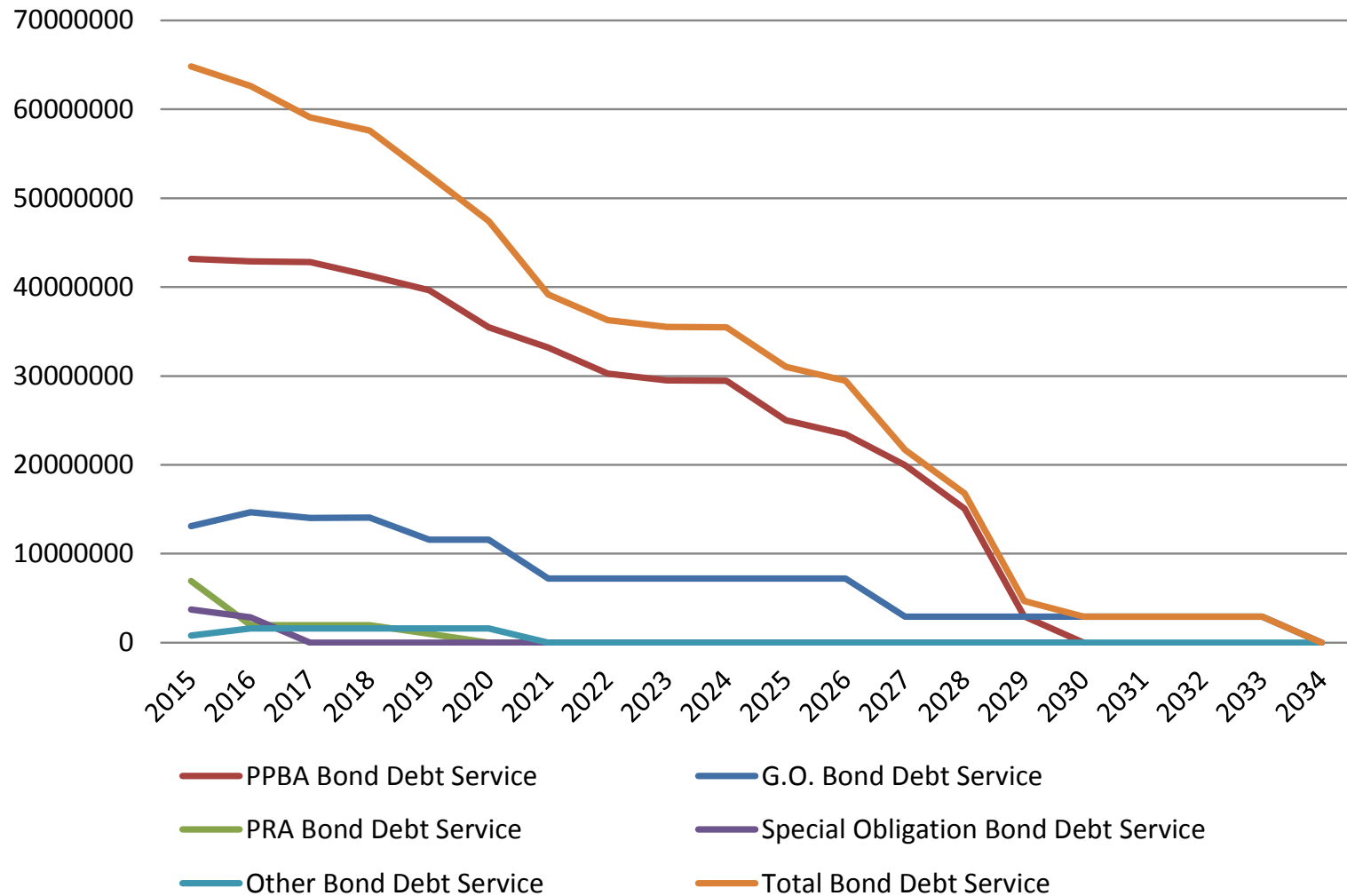
ANNUAL DEBT SERVICE

Total Annual Debt Service



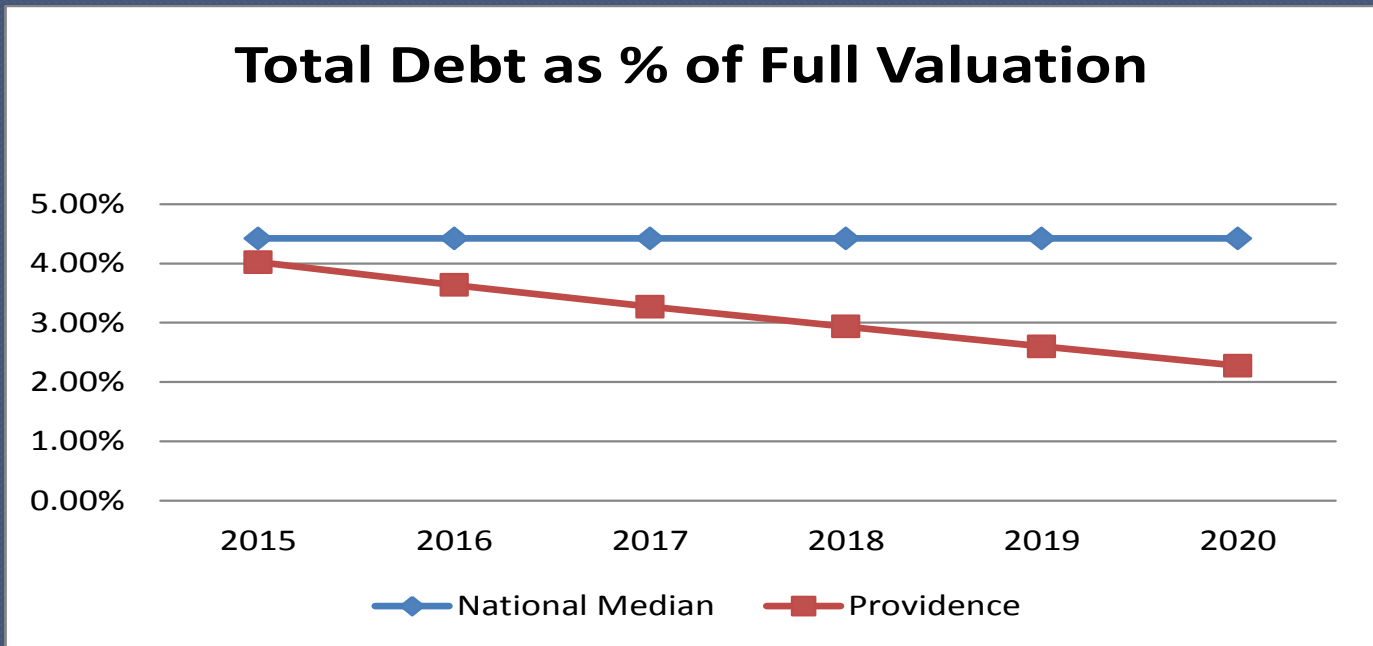
ANNUAL DEBT SERVICE

Annual Debt Service (FY2015-2033)



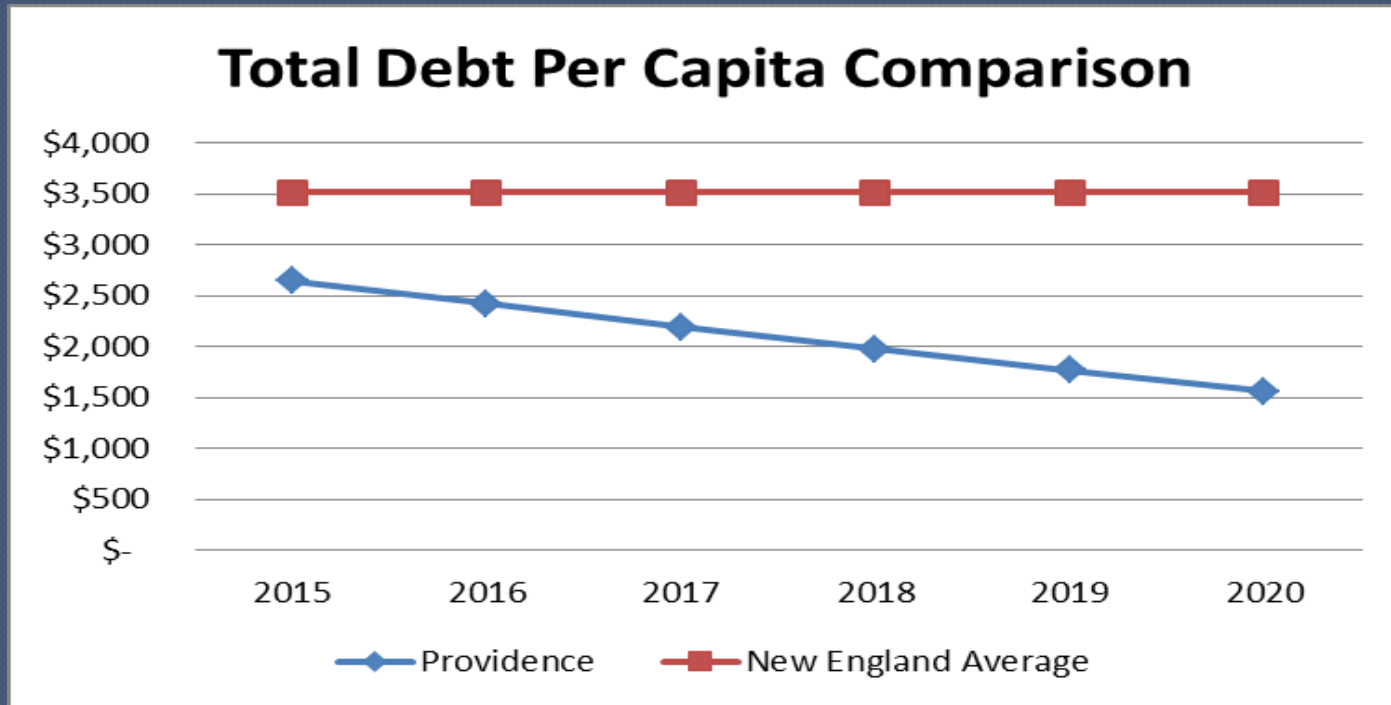
DEBT AS % OF FULL VALUATION

- 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%



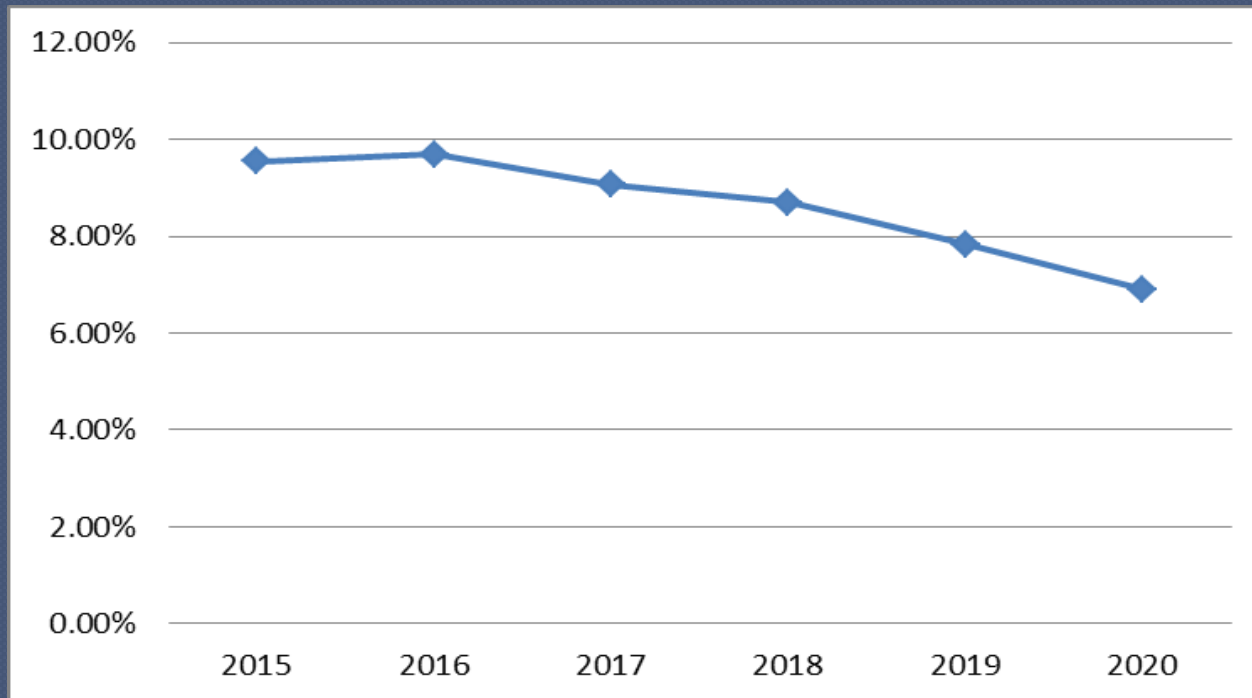
TOTAL DEBT PER CAPITA

- 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 \$550k was appropriated to each of the 15 wards in the city. The remaining \$5.5 million was appropriated for other projects as determined by the mayor.

Decorative Street Lighting

Date of Issue	6/30/2010
Maturity Date	7/10/2018
Original Amount	\$14,500,000
Tax Status	Tax-exempt
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 2006A Bond

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 of 2006A bond. The 2006A bond refinanced the 2001 Series A bond. The 2001 Series A bond was the Tax Exempt portion of the \$50 million Neighborhood Bond. The Series A portion of the bond was \$37 million, with \$1.7 million going to each of the City's 15 wards.

General Obligation Road Bond - 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	Both
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 Series 2000 bond financed the city's portion of the case Capital Properties, Inc. v. State of RI, while the 2004A was an advanced refunding of the 1997B taxable bond which funded various neighborhood improvement projects.

General Obligation Refunding Bonds Series 2014B

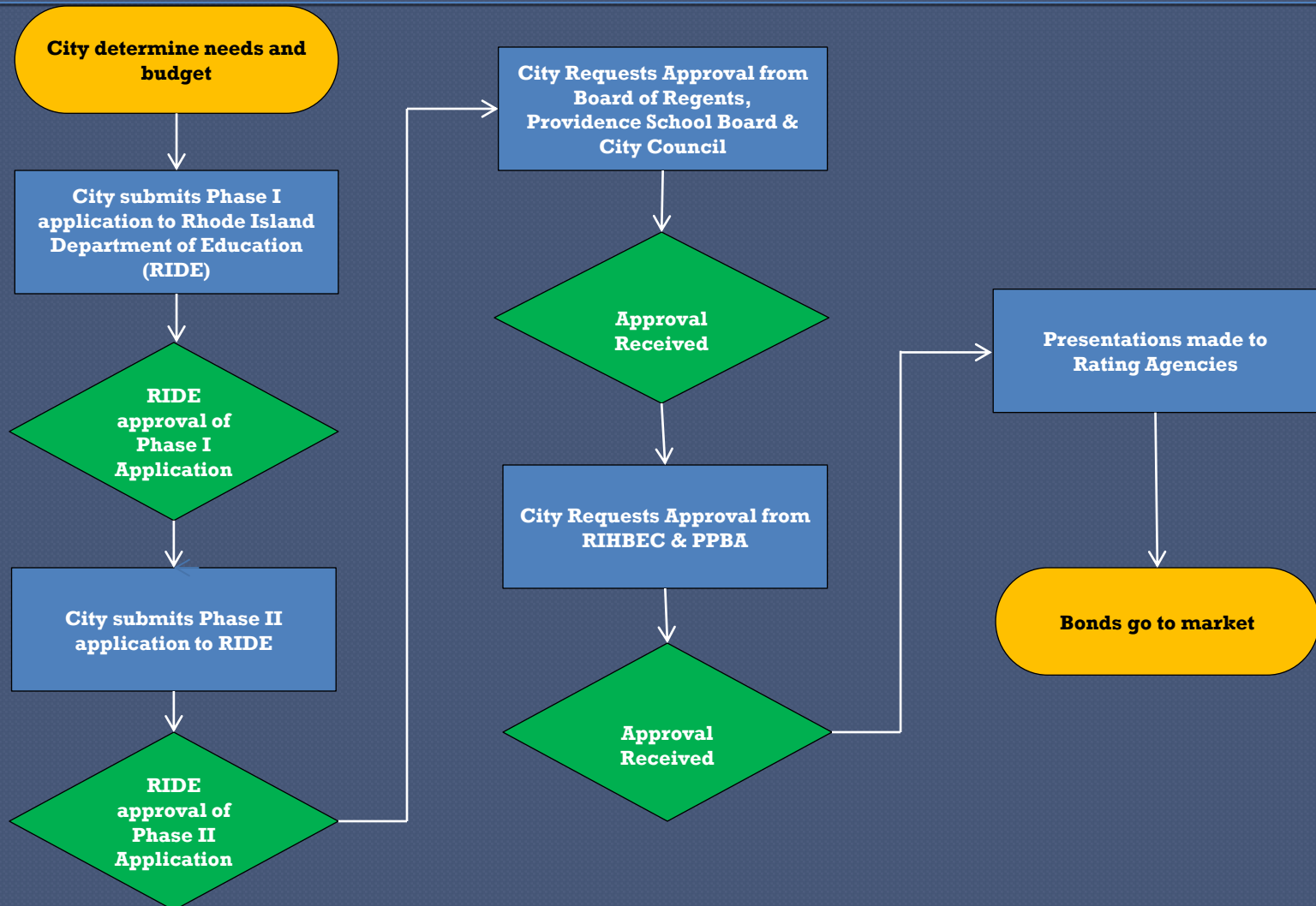
Date of Issue	6/26/2014
Maturity Date	7/15/2019
Original Amount	\$6,285,000
Tax Status	Taxable
Outstanding Principal Balance	\$6,240,000
Annual Debt Service Payment (FY2015)	\$1,269,238

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

PROV. PUBLIC BUILDING AUTHORITY BONDS

- 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	\$ 22,745,000	Taxable	\$1,230,000
1999 Series A - Various School and City Projects	7/8/1999	12/15/2019	\$ 33,567,600	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	\$12,000,000	Not Available	\$8,052,000
PPBA Qualified School Construction - 09A - Various School Projects	Not Available	6/30/2021	\$22,320,000	Not Available	\$16,400,000
Revenue Bonds 2010 Series - Refunding of 96A, 00B Bonds and Fire Projects	Not Available	6/30/2019	\$19,500,000	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	\$11,346,400	Not Available	\$62,455,000

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	\$22,745,000
Tax Status	Tax-exempt
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 Avenue School, \$100k for renovations at Windmill Street 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

PROV. PUBLIC BUILDING AUTHORITY BONDS

1999 Series A - Various School and City Projects

Date of Issue	7/8/1999
Maturity Date	12/15/2019
Original Amount	\$33,567,600
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, \$300,000 to acquire the land on Gordon Avenue.

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, \$395k for School Planning, \$1.2 million for 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	\$49,955,000
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 HS Renovation Project, \$1 million to renovate the Fox Point Bathhouse, \$18 million for school warm, safe and dry.

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 2000A Bond

Date of Issue	10/19/2007
Maturity Date	5/15/2027
Original Amount	\$16,470,000
Tax Status	Tax-exempt
Outstanding Principal Balance	\$9,135,000
Annual Debt Service Payment (FY2015)	\$1,537,236

\$16.5 million for bond refinancing. the 2000A bond was 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 renovations 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	Tax-exempt
Outstanding Principal Balance	\$8,052,000
Annual Debt Service Payment (FY2015)	\$1,428,421

Private Placement with Bank of America. Downtown Circulation/Other
Street Improvements, Manton Avenue Streetscapes, Westminster
Street Enhancements, North Westminster Street Improvements and
Neighborhood Streetscapes. Series 2009B Skating Rink.

PROV. PUBLIC BUILDING AUTHORITY BONDS

PPBA Qualified School Construction - 09A - Various School Projects

Date of Issue	12/30/2009
Maturity Date	6/30/2025
Original Amount	\$22,320,000
Tax Status	Tax-exempt
Outstanding Principal Balance	\$16,400,000
Annual Debt Service Payment (FY2015)	\$1,794,880

Financed the renovation, rehabilitation, repair, replacement, improvement, furnishing and equipping of existing schools and school facilities, including remediation of fire code violations, repair, replacement, improvement and installation of roofs, heating, ventilation, air conditioning and fire alarm systems.

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

Date of Issue	7/2/1905
Maturity Date	6/30/2019
Original Amount	\$19,500,000
Tax Status	Tax-exempt
Outstanding Principal Balance	\$11,731,625
Annual Debt Service Payment (FY2015)	\$2,872,921

Refunding of 1996A bond, which in part funded Veazie Street School and the Modular Classrooms Project. 2000B bond, which funded the School Administration Building and other school projects. 2010 bond, which refinanced older bonds, funded fire station improvements and the acquisition of 522 Academy Avenue

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	Tax-exempt
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. Proceeds used for remediation of fire code violations, repair, replacement, improvement and installation of roofs, heating, ventilation, air conditioning and fire alarm systems, including design & feasibility, engineering or other studies, and certain cost of issuance.

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

\$12.3 million to be deposited into the Warm, Safe & Dry Project Fund for continued renovations to city schools. Proceeds used for remediation of fire code violations, repair, replacement, improvement and installation of roofs, heating, ventilation, air conditioning and fire alarm systems, including design & feasibility, engineering or other studies, and certain cost of issuance.

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

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

PROV. PUBLIC BUILDING AUTHORITY BONDS

RI Public Schools Revenue Bond Financing Program

Date of Issue	11/1/2013
Maturity Date	6/30/2024
Original Amount	\$69,705,000
Tax Status	Tax-exempt
Outstanding Principal Balance	\$62,455,000
Annual Debt Service Payment (FY2015)	\$11,346,400

Refunded **1995B bond**, which funded the Feinstein School Project; **1996B bond**, which funded John St. School, St. Anthony School, Bridgham Middle School, and improvements on 234 Daboll St., 90 Mawney St., 81 Mawney St., 83 Burnett St. a parent-child ctr. and daycare ctr; **2003A&B bonds**, which funded Leviton Elementary School Annex, New High School Project, School Warehouse, Central HS, Mt. Pleasant HS, Hope HS Renovation Projects; **1998A bond**, which funded Sackett St. School, conversion of Gilbert Stuart School, Camden Ave School, Windmill St School/Annex, Hope/Central/Mt. Pleasant HS Projects; **1999A bond**, which funded Springfield St. Elementary & Middle School Projects; **2001A bond**, which funded New HS Project, Leviton School Annex Project, School Modernization Project, School Warehouse Project, School Planning Project & Central HS Renovations

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	\$48,380,000
PRA Revenue Bonds 2010 - Purchase/Lease Back of City Property	8/27/2010			Taxable	\$8,023,000
PRA Current Refunding Revenue Bonds Series 2015	3/31/2015	6/30/2029	\$ 54,777,786	Tax Exempt	\$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 Bldg. Projects 2005 Series A - Advance Refunding of 99A Bond

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 Bond 2010 - Purchase/Lease Back of City Property

Date of Issue	8/27/2010
Maturity Date	6/30/2019
Original Amount	-
Tax Status	Taxable
Outstanding Principal Balance	\$8,023,000
Annual Debt Service Payment (FY2015)	\$1,964,389

The PRA purchased from the City real estate known as Parcel 12, the American Touristor parcel, and the Port parcels collectively referred to as the "Miscellaneous Parcels Project".

PROVIDENCE REDEVELOPMENT AGENCY

Current Refunding Revenue Bond, 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

Refinanced the Public Safety Building Projects 2005 Series A bond.
The 2005 Series A Bond was a \$67 million bond used to refinance the
Public Safety Complex 99A bond.

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

Date of Issue	11/9/2015
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 & 96B bonds.