Compilation of Common Questions and Answers Received Regarding Financing for the Tidewater Project

Question	Answer
Is the expectation that Fortuitous will borrow $10M up front based on the promise of $14M in Rebuild credits down the line?	The developer has represented that they have financing for the Rebuild credits to finance them forward for the $10 million.
What is the estimated itemized amount of capitalized interest and issuance costs for the Commerce TIF bond?	Issuance costs - $1.8 million Capitalized interest - $3.1 million Note: The Pawtucket Redevelopment Agency (PRA) will be the issuer, not Commerce.
When would the bond be floated, and when would the proceeds begin flowing to the project?	Projected issuance of the bond is estimated toward the end of this year.
How much is the annual debt-service payment in the first year?	Estimated at approximately $2.1 million, which will be paid by capitalized interest. The first flow of funds, assuming completion, will not occur until year 3. This comes from one of the various taxpayer protections we negotiated to ensure that state money does not flow until Certificate of Occupancy.
Can someone there explain, maybe in an interview at some point, a little more granular detail about how the TIF works? I'm curious how the state is doing a $27 million TIF and the city is doing a $9.2 million TIF and they're both flowing through the PRA... so what taxes, exactly, are economic activity taxes? Are those sales taxes within the district? Other taxes? Could it be, say, parking fees, ticket surcharges, hotel taxes? And how will the city differ from the state's version? I know I'm getting into the weeds a bit here, so wondering if there's a subject matter expert at Commerce I could chat with at some point (again, I realize today might not be the day).	Given that the PRA will be issuing the bonds and the City contains the special district, we suggest that someone at the City of Pawtucket may be better suited for an interview regarding these granularities. Here is a link to the enabling statute that informs how this process will work: http://webserver.rilin.state.ri.us/Statutes/TITLE45/45-33.4/INDEX.htm
It'll take $59 million in payments over 20 years to pay back the state's portion of TIF bonds for the stadium; the CSL report says the stadium will generate $37 million in new state tax revenue over 30 years, and that's not even just limited to the TIF district. Since most of the state's money is now going	To be clear, the projections in the CSL report refer only to the economic impact of the stadium portion of the project, which is not the same as the total revenue generated by the project. CSL themselves note in the Economic Impact Analysis that “the economic impact theory used herein to estimated [sic] net new tax revenues to the State is a different

toward the stadium alone, this project can't really be said to be paying for itself anymore, right?	methodology than used to assess the incremental tax revenues generated within a Tax Increment District". We remain confident that the Tidewater project as a whole including future phases will pay for itself through revenues generated in the TIF district as laid out in the statute.
My very basic understanding is that the state will pay back these bonds (issued through the PRA) via "increment" tax revenues, i.e. state tax revenues over a certain baseline. What sorts of taxes are we talking about here? Income? Sales? Hotels?	The taxes used to pay back the bonds are defined in the enabling statute. See the definitions section here: [http://webserver.rilin.state.ri.us/Statutes/TITLE45/45-33.4/45-33.4-1.htm [linkprotect.cudasvc.com]](http://webserver.rilin.state.ri.us/Statutes/TITLE45/45-33.4/45-33.4-1.htm). As you note below, the State can use either baseline or future incremental revenue to pay back these bonds.
And under the law, *only* tax revenues generated within the district can go toward paying off the bond -- right?	Correct. See especially section (c) here: [http://webserver.rilin.state.ri.us/Statutes/TITLE45/45-33.4/45-33.4-4.htm [linkprotect.cudasvc.com]](http://webserver.rilin.state.ri.us/Statutes/TITLE45/45-33.4/45-33.4-4.htm)
Has the state actually gone out to borrow the money for this deal yet?	The state will not be issuing any bonds, but will rather be pledging payments to the Pawtucket Redevelopment Agency (PRA). The PRA will be issuing the bonds. The PRA has not yet issued any bonds.
If not, are these expected to be revenue bonds, or full faith and credit bonds? In other words, if the special district does not pay them back, who's holding the bag?	"State economic activity taxes" realized in the special districts are to be pledged as the source of repayment of bonds issued by the PRA pursuant to R.I. Gen. Laws Chapter 45-33.4. The bonds are **not** general obligation bonds and will not be backed by the full faith and credit of the State of Rhode Island. The bonds will be subject to annual appropriation of the state economic activity taxes pledged for repayment.
What is the top-line number for how much this deal is going to be publicly financed?	Estimated $45.5 million net proceeds from Rebuild Rhode Island Tax Credits ($10 million), TIF bond financing ($25.5 million), and contributions from the City of Pawtucket ($10 million).
I'd like to include not just the net projected proceeds of bonds but the topline number that would include interest, too, so for example, the $27 million in TIF bond proceeds will actually be $36 million because of interest and such. I've seen the number $60 million used, also seen $67 million? Which one is it?	$27 million in net proceeds from the TIF bond is expected to require borrowing approximately $36 million which is estimated to require approximately $59 million in payments over 20 years. The $14 million gross investment through the Rebuild Rhode Island Tax Credit program is expected to generate $10 million in net financing proceeds.
Why does it take borrowing $36 million to get to 27 net?	Other bond proceeds go to capitalized interest, issuance costs, and a reserve account.
If the special district does not generate enough revenue to pay off the bonds, either on a per annum basis or by the end of the year, is the state or city obligated to kick in non-district revenues? Or is it the bond	These are not general obligation bonds so the state is not obligated to repay the bonds. The legislation provides for a pledge of state economic activity taxes from the special districts for repayment of the bonds, which remains subject to annual appropriation. The

holders who end up getting a smaller repayment? Or something else?	legislation does not provide for other sources of state revenue to be pledged in the payment of the bonds.
Has the actual TIF district been figured out yet? I know it could incorporate adjacent properties, although that site is sort of in the middle of nowhere.	The actual TIF district is defined in the statue – you can find the definitions section here: http://webserver.rilin.state.ri.us/Statutes/TITLE45/45-33.4/45-33.4-1.htm.
Who will own the stadium?	The stadium will be owned by an affiliate of the developer (the developer could likely provide additional details).
My understanding is that the state *can* use baseline (non-incremental) tax revenues to pay off the bonds, but state officials believe there will be enough increment (additional) tax revenue once the housing and etc. is online to pay off the bonds and even additional support for the project. Is that right?	Correct. The State can use either baseline or future incremental revenue to pay back these bonds.
What if even those baseline tax revenues aren't enough to pay back the bonds? It seems the state thinks this scenario is unlikely, but what if?	The State is not obligated to pay from any sources other than the economic activity taxes as laid out in the statute. You can refer to section (c) here: http://webserver.rilin.state.ri.us/Statutes/TITLE45/45-33.4/45-33.4-4.htm. For reference, baseline revenue has recently been in the range of approximately $6 million to $9 million per year.
The developer can use the $10 million in net tax credits any way it wants, right?	The developer cannot use the tax credits in any way it wants. It has been authorized for up to $14 million in Rebuild tax credits to be used for infrastructure improvements in the stadium phase, which are subject to a signed incentive agreement between Commerce and the Developer that lays out the terms of the credits. The developer has represented that they have financing for the Rebuild credits to finance them forward for the $10 million.
At first blush, this seems to me to be significant, but I wanted to make sure I'm understanding it correctly: It seems like what this is saying here is that Municap is projecting just $11.5M in new state tax revenues due to the Tidewater Landing stadium over 30 years, which is significantly lower than what CSL projected ($37 million).	The Municap ($11.5 million) and CSL ($27.39 million) reports both estimate revenues generated by the stadium over a period of 30 years. However, the two reports cannot be directly compared. In the CSL report, of the $27.39 million, $8.3 million must be deducted to account for "in district"-only

Am I reading this right? And if so, is that $11.5m in-district, or out of district?	impacts. Likewise, $4.25 million must be deducted from construction impacts. The difference between the two reports then falls to $3.3 million which is attributable to (1) differences in methodologies for the analysis by each party, as noted specifically by CSL in the Economic Impact Analysis; (2) the potential impact of the Municap estimate being more conservative due to the financial nature of the bond exercise; and (3) the fact that the value of these impacts are purely estimates at this point in time. To answer your second question directly, the 11.5 million is solely within the TIF district as it looks only at revenues generated at the stadium.
Why do 8.3m and 4.25m have to be deducted from the CSL report? Not following that. Can you expand on that at all?	The CSL report analyzes all new state revenues generated by the stadium portion of the project, regardless of inside or outside the special economic district. To best compare the two reports, only the "in district" spending (which refers to the stadium site) in the CSL analysis is relevant to the comparison. It also analyzes all revenue generated from the construction period through operations. The Municap report analyzes only those revenues generated at the stadium site during the timeframe the state will be paying off the bond (after construction is completed).
The way I'm reading it: Rhode Island will generate about 10 cents of tax revenue for every dollar it spends in debt service payments over 20 years to help build the tidewater landing stadium. Am I getting that right?	To clarify, the MuniCap analysis looks solely at the new revenue generated at the stadium, so it is inaccurate to claim that the revenue projected in that report is all the return that the state is getting from the Tidewater Landing project. Further, we know that there are a number of non-quantifiable benefits to investing in this stadium, such as bringing economic growth back to the Pawtucket waterfront, creating a community gathering space for Rhode Islanders of all ages, and enhancing community pride by bringing professional sports back to the state.
Is this the entirety of the analysis CSL did or is there more?	The attached below is the final version of their economic impact analysis that was presented to the Board last week. There is an additional CSL memo that is currently under review under APRA. We will distribute that if we are able.
Am I right in assuming the word "district" in the report refers to the TIF district?	Yes, in general. Is there one specific instance you're looking at that you'd like clarification on?

Do the Net Present Value estimates of 30 year tax revenue subtract the revenue used to repay the TIF bonds?	No
You guys initially told us the debt service for the bond payment was $2.1 million. But the schedule sent to us Friday shows the first year will be $2.9 million, which is about 40% more. Why the discrepancy?	Your initial question asked about the annual debt service payment in the first year. Our answer of approximately $2.1 million refers to the total amount estimated to be paid through December 2023 (i.e., the first year of payments). This will be paid by capitalized interest. The State's first payment, assuming completion of the stadium, will be approximately $2.9 million and will not take place until June 2025, as demonstrated in the Debt Service schedule we provided.
Just so I'm understanding this correctly: the MuniCap report is showing all new state revenue generated in the stadium *and* the surrounding area that falls inside the TIF district, correct? If that's correct, does that mean CSL expects new state revenue generated statewide because of the stadium in 2024 would be $403,055 more than what MuniCap expects the stadium will generate inside the TIF district? ($565,000 statewide - $161,945 inside the TIF district = $403,055) If so, CSL's estimate is more than 3X what MuniCap is projecting for the stadium and surrounding area. And the difference suggests revenue generated outside the TIF district would be 2.5X more than what's generated inside the district – where the stadium would be. Does Commerce have any concerns about the disparity between these analyses? Does Commerce feel like the board got inconsistent advice from consultants?	The MuniCap report, like the CSL report, is showing new state revenue just generated in the stadium when it refers to "in-district". It does not include the surrounding area that falls inside the TIF district. The comparison that you make below is $565,000 (statewide direct/indirect/induced net new tax impacts from operations, including from inside the stadium itself) vs. $161,845 (direct new tax revenues from solely the stadium itself). These two figures are not directly comparable. A more accurate comparison between the two reports, as I stated below, is to look at the in-district direct estimates from the CSL report. In response to your questions, I'll reiterate that the difference between the two reports can be attributed to (1) differences in methodologies for the analysis by each party, as noted specifically by CSL in the Economic Impact Analysis; (2) the potential impact of the Municap estimate being more conservative due to the financial nature of the bond exercise; and (3) the fact that the value of these impacts are purely estimates at this point in time.