Introduction

- Article 5 – Capital Development Program
  - Question 2: Higher Education Facilities
- Article 16
  - URI Repaving, Hardscape, and Landscape
  - URI Utility Infrastructure Upgrade Phase I
  - URI Fire Safety & Protection – Auxiliary Enterprise Buildings Phase II
Assembly Role

- Appropriate Pay-Go (Articles 1 & 10)
- Approve General Obligation Bond Referenda
  - Voters approve or reject
  - Debt service automatic
- Other Financing (Kushner)
  - Approve or reject resolution
  - Generally appropriate debt service
Project Considerations

- Does the project need to be done?
- Is the project ready to be done?
  - When will it start?
  - Is it well thought through and ready for funding/financing?
    - What will the operating budget impacts be?
      - Maintenance costs, staff savings?
  - When will it be complete?
Funding Considerations

- Should a project be financed or pay-as-you-go?
  - Rhode Island Capital Plan funds available as pay-go for all or part of project
  - More pay-go equals less future debt service
State’s overall debt structure

- Net tax supported debt would decrease by $120.9 million to $1,648.5 million
- Had dropped to $1.3 billion in FY 2003 after use of tobacco bonds to defease debt
- Past practice indicates it will be higher as more projects are added
<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Net Tax Supported Debt Service*</th>
<th>Pct. of Revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$219.7</td>
<td>5.7%</td>
</tr>
<tr>
<td>2019</td>
<td>$217.5</td>
<td>5.5%</td>
</tr>
<tr>
<td>2020</td>
<td>$246.4</td>
<td>6.1%</td>
</tr>
<tr>
<td>2021</td>
<td>$259.8</td>
<td>6.3%</td>
</tr>
<tr>
<td>2022</td>
<td>$248.7</td>
<td>5.9%</td>
</tr>
<tr>
<td>2023</td>
<td>$249.8</td>
<td>5.8%</td>
</tr>
</tbody>
</table>

*Millions
Debt Service as Percent of Useable Revenues

Current Debt Service
New Debt Service
## New Requested Debt – GO November 2018

<table>
<thead>
<tr>
<th>Project</th>
<th>Amount</th>
<th>Annual Debt</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rhode Island School Buildings</td>
<td>$250.0</td>
<td>$20.7</td>
</tr>
<tr>
<td>URI Narragansett Bay Campus</td>
<td>45.0</td>
<td>3.6</td>
</tr>
<tr>
<td>RIC Horace Mann Hall</td>
<td>25.0</td>
<td>2.0</td>
</tr>
<tr>
<td>Green Economy &amp; Clean Water</td>
<td>48.5</td>
<td>3.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$368.5</strong></td>
<td><strong>$30.2</strong></td>
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</tbody>
</table>

Assumes 5% rate and 20 year term  
Data in millions
URI Narragansett Bay Campus

- $45.0 million for the 1st phase of a comprehensive renewal of the campus
  - Based on planning study done in FY 2016
- Renovate or replace buildings, laboratories, & infrastructure
- Improvements to waterfront research vessel dock, roadways, & walkways
- Request included $85.0 million
URI Narragansett Bay Campus
- Annual debt service - $3.6 million
  - Total cost - $73.5 million
    - Assuming 5% and 20-year term
    - Supported by general revenues

Called “initial” phase but no additional phases contemplated in Governor’s five year plan
Article 5, Question 2

- RIC Horace Mann Hall
  - $25.0 million to renovate Hall
    - Part of the College’s Academic Building Renovations Phase II
  - Request for $45.0 million for new student services building, campus roadway & walkway improvements, & Horace Mann Hall
  - Voters approved $50.0 million in November 2012 for phase I
    - Renovation of Craig Lee, Gaige, Fogarty Life Sciences Building, repurposing of Adams Library
Article 5, Question 2

- RIC Horace Mann Hall
  - Annual debt service - $2.0 million
    - Total cost - $40.9 million
    - Assuming 5% and 20-year term
    - Supported by general revenues
Article 16 – Debt Management Act Joint Resolution

- Enacted in 1994
- Subsequently amended to increase Assembly’s approval role
- Ensures that debt with a state tie was not issued without legislative review
- Result of Commission chaired by Rep. Linda Kushner
Article 16 – Debt Management Act Joint Resolution

- Public Debt Management Act
- Certain quasi-public agencies are exempt:
  - Infrastructure Bank
  - Rhode Island Housing & Mortgage Finance Corporation
  - Rhode Island Health & Educational Building Corporation
<table>
<thead>
<tr>
<th>Project</th>
<th>Amount</th>
<th>Annual Debt</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>URI Repaving, Hardscape, Landscape</td>
<td>$11.0</td>
<td>$0.9</td>
<td>Gen. Rev., tuition, fees</td>
</tr>
<tr>
<td>URI Utility Infrastructure Phase I</td>
<td>6.5</td>
<td>0.5</td>
<td>Gen. Rev., tuition, fees</td>
</tr>
<tr>
<td>URI Fire Safety Auxiliary Phase II</td>
<td>2.3</td>
<td>0.2</td>
<td>Fees</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$19.8</strong></td>
<td><strong>$1.6</strong></td>
<td></td>
</tr>
</tbody>
</table>

Assumes 5% rate and 20 year term
Data in millions
Article 16, Section 2

- URI Repaving, Hardscape, & Landscape
  - Authorizes borrowing $11.0 million
    - Repave & reconstruct
      - Major parking facilities
      - Internal roadways
      - Walkways
  - Annual debt service of $0.9 million
    - Total cost of $18.0 million
      - Assumes 20 years and 5% interest
    - Supported by general revenues, tuition, mandatory student fees & parking fees
Article 16, Section 3

- URI Utility Infrastructure Upgrade Phase I
  - Authorizes borrowing $6.5 million
  - Upgrade utility infrastructure systems
    - Steam/condensate
    - Water
    - Electrical
    - Sanitary Sewer
    - Storm Water
  - Based on 1997 condition and adequacy study
URI Utility Infrastructure Upgrade Phase I

- Annual debt service of $0.5 million
  - Total cost of $10.6 million
    - Assumes 20 years and 5% interest
    - Supported by general revenues, tuition & mandatory fees

- Phase II is recommended at $18.4 million
  - Programmed to begin in FY 2021
Article 16, Section 4

- URI Fire Safety Auxiliary Enterprise Phase II
  - Authorizes borrowing $2.3 million
    - Upgrade existing fire alarm systems
    - Install fire-suppressing sprinkler systems
  - Annual debt service of $0.2 million
    - Total cost of $3.8 million
      - Assumes 20 years and 5% interest
    - Supported by student fees
Article 16, Section 4

- URI Fire Safety Auxiliary Enterprise Phase II
  - 2008 Assembly authorized $19.4 million for first phase
    - Projected to be completed during FY 2019
    - Remaining work includes electrical upgrades in the Roger Williams Complex residence halls
Governor’s FY 2019 Budget: Articles

Staff Presentation to the House Finance Committee
February 14, 2018