



Don Walsh, et al. Secretary

CITY OF BROCKTON

MASSACHUSETTS

FINANCE DEPARTMENT

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TO: Members of the City Council

FROM: John A. Condon, Chief Financial Officer *John A. Condon*

RE: Campanelli Stadium/Shaw's Center Financing, Hotel/Motel taxes and Brockton 21st Century Corp.

At Finance Committee on Monday the 17th, Councilor Brophy asked for information relative to the above subject. This memorandum responds to that request.

I have attached several exhibits to accomplish this. The first is the Council Order by which the city was authorized to undertake the project and to borrow \$8.0 million.

The second is the debt service schedule for the city's \$8.0 million borrowing. This loan is a General Obligation Bond of the city; the city is obligated to make these payments regardless of whether any revenue, derived by the operations of the Stadium/Conference Center, is paid to the city. This loan will be fully repaid by 5/1/2017. Its current principal balance is \$4.255 million.

The third exhibit is the loan repayment schedule for the Brockton 21st Century Corporation, pursuant to a contract between the corp and the city. In accordance with the authority of the City Council order, the city loaned the \$8 million to the Brockton 21st Century Corporation (by the authority of the order, this loan could also be a grant). The city also passed through \$6.0 million from a state conference center construction grant to the corporation, and it passed through to the corporation a \$2 million gift to the city from Alfred Campanelli. All of these transactions were pursuant to a 20 year land lease between the city and the corporation (accomplished by a 30B procurement), the council order to construct the Stadium/Conference Center, and the Loan and Security Agreement between the corp. and the city. This latter agreement authorized the corporation to construct the stadium and to enter into lease agreements for the operation of the stadium and the conference center, and it established financing terms.

The fourth exhibit is a copy of a letter from me to Mary Waldron, then President of Brockton 21st Century Corporation. This letter dated 11/22/05, provides a brief, helpful summary of how the loan agreement, the loan repayment schedule, revenues of the Brockton 21st Century from the Stadium/Conference Center, and Hotel/Motel tax receipts all interact. In reading this letter it is important to remember that first the revenues received by the corporation from the Rox are restricted in use, reserved primarily for loan repayment, and second that no cash is transferred from the city to the Brockton 21st Century as a result of the city's hotel/motel tax receipts. The value of the receipts may be used in order to reduce the interest payments due from the corporation.