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# Why Wall Street Cares About Parks and Recreation...and How Do I Access Their Capital

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# Introduction to Jefferies

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# Overview of Jefferies

## Key Points

- Investment banking, sales, trading and research presence across the United States, Europe and Asia
- Serving clients for 53 years
- Offices in 30 cities worldwide
- 3,500 employees, including 825 in Europe and 250 in Asia
- \$39 billion in assets, \$2.5 billion in LTM revenue
- Part of Leucadia, a member of the S&P 500 and Fortune 500, with market capitalization of approximately \$9 billion and one of the world's best known investment companies
- Awarded
  - 2014: “Most Innovative Independent Investment Bank” by The Banker
  - 2013: “Best Independent Investment Bank” by Euromoney Awards of Excellence
  - 2012: “Most Innovative Independent Investment Bank” by The Banker

## Principal Offices



(1) \* denotes a representative office of Jefferies LLC.

# Jefferies Global Investment Banking Overview

## Key Points

- Deep sector expertise with extensive experience across 9 major industry verticals
- 746 investment bankers
  - 532 in the Americas
    - US
    - Canada
    - Brazil
  - 182 in Europe
    - UK
    - Germany
    - France
    - Sweden
  - 32 in Asia
    - China
    - India
    - Japan
    - Singapore
- 203 Managing Directors, having investment banking experience averaging 19 years
- 1,499 bookrun or advisory banking transactions executed since January 1, 2013
  - \$839 billion in transaction value
  - 382 Non-US bookrun or advisory investment banking transactions
- Repeat Clients: 65% of our transactions and 78% of our revenue

## Advisory Business Overview

(Since January 1, 2013)

- 460 advisory transactions executed
- 70% of M&A transactions are sell-sides
- 30% of M&A transactions are cross-border
- 67 M&A transactions \$1+ billion in deal value
- Highest percentage of sole advised M&A volume of any major investment bank

## Financing Business Overview

(Since January 1, 2013)

- 1,039 bookrun financings
  - 481 bookrun Equity Offerings
  - 172 bookrun High Yield Offerings
  - 326 bookrun Leveraged Loans
  - 60 bookrun Investment Grade Offerings
- 88% of all financings are bookrun
- The highest lead left percentage of common stock offerings
- The highest lead left percentage of high yield offerings
- Among the highest lead left percentage of leveraged loans

## Investment Banking Sector and Product Expertise

### Sectors

- **Consumer & Retailing**
    - Consumer Products
    - Retailing & Restaurants
  - **Financial Institutions**
    - Broker Dealers & Market Structure
    - Insurance
    - Specialty Finance
  - **Industrials**
    - Aerospace & Defense
    - Automotives
    - Automotive Aftermarket
    - Chemicals
    - Construction & Building Materials
    - Distribution
    - Diversified Services
    - General Industrials
    - Maritime
    - Metals & Mining
    - Paper & Packaging
    - Power, Renewables & Infrastructure
    - Security, Safety & Protection Services
    - Transportation & Logistics
  - **Healthcare**
    - Biotechnology
    - Healthcare Services
    - Managed Care
    - Medical Devices
    - Pharmaceuticals
  - **Energy**
    - Oil & Gas Exploration
    - Oil & Gas Midstream
    - Oil Field Services
  - **REGAL**
    - Real Estate
    - Gaming
    - Lodging
  - **Media & Telecom**
    - Wireless & Wireline
    - Internet & Telecom Infrastructure
    - Entertainment, Cable & Broadcast
    - Information Services & Publishing
  - **Technology**
    - Software
    - Internet
    - Semiconductors
    - Communications Equipment
    - Technology Services
  - **Financial Sponsors**
  - **Public Finance**
- ### Products
- **Equity Capital Markets**
    - IPO's
    - Wall-Cross Follow-ons
    - Block Trades
    - Convertible Securities
  - **Debt Capital Markets**
    - High Yield Debt
    - Leveraged Loans
    - Bridge Loan Commitments
    - Investment Grade Debt
    - Preferred Stock
    - Mortgage-Backed Debt
  - **Advisory**
    - Mergers & Acquisitions
    - Restructuring & Recapitalization
  - **Foreign Exchange**
  - **UK Corporate Broking**

# Sports, Recreation and Public Private Partnership Expertise

## Overview of Relevant Experience

- Jefferies has one of the industry leading teams in municipal project finance
- Experience encompasses a variety of clients and sectors including: sports facilities, recreation assets, real estate developments, parking facilities, energy generation facilities, gaming, technology fabrication facilities, water infrastructure, airports and bridges
- Significant experience working on transactions which involve economic / community development and project financings


## Select Transaction Experience

Pending

**Confidential**


**\$125,000,000\***  
Multi-Family Development  
Sole Placement Agent / Sole Manager

2015/2014



**\$401,200,000**  
Jets Stadium Development, LLC  
Refinancing of MetLife Stadium  
Sole Manager

2015



**\$62,450,000**  
Hartford Stadium Authority  
AA Minor League Baseball Stadium  
Lead Manager

2015/13



**\$86,260,000**  
Juban Crossing Econ Dev District  
Two Transactions  
Placement Agent

2014



**\$243,845,000**  
I-69 Indiana Toll Road  
Joint Bookrunner

2015



**\$97,210,000**  
Tribal Economic Development Bonds  
Sole Bookrunner  
**\$27,000,000**  
Priority Distribution Payment Bonds  
Sole Bookrunner

2014




**\$41,000,000**  
CPS Energy Sale of Communication Towers to Crown Castle  
Sole Financial Advisor

2014



**\$20,100,000**  
ReEnergy Holdings, LLC  
Tax-Exempt Revenue Bonds  
Sole Manager

2013/2011



**\$50,000,000**  
Ramapo Local Development Corporation  
Town of Ramapo Guaranteed  
Two Transactions  
Sole Manager

2013



**\$69,185,000**  
Saratoga Industrial Development Agency  
GLOBALFOUNDRIES  
Sole Manager

2012



**\$142,240,000**  
The Colony Local Development Corporation  
Nebraska Furniture Mart Expansion Project  
Co-Senior Manager

2011



**\$40,730,000**  
Fort Sill Apache Casino  
Tribal Economic Development Bonds  
Sole Manager

\*Subject to change

# Relevant Sports Facilities Case Studies

**\$401,200,000 (2 Transactions)**

**Jets Stadium Development, LLC**

*Sole Managing Underwriter and Remarketing Agent*



- **Highlights of 2014 Deal (2007A-4 Bonds – VRDN Conversion)**
- Refinanced \$254 million failing ARS with Taxable 7-Day VRDNs
- Jefferies secured a Direct Pay LC from Sumitomo
- Jefferies comprehensive credit strategy called for the bonds to be supported by (1) pledged revenues, (2) supplemental revenues, (3) an SMBC LOC and (4) AGM Bond Insurance
- The comprehensive credit enhancements associated with the bonds resulted in ratings of a Aa2 / AA and VMIG 1 / A-1 from Moody's / S&P
- **Highlights of the 2015 Deal (Stadium Finance Issuer VRDNs)**
- To avoid the lengthy processes of amending documents and negotiating with bond insurers, Jefferies recommended that the Jets create a new borrower "Jets Stadium Finance Issuer 2015 LLC"
- The new LLC purchased existing 2007A-1 FRNs and 2007A-3 ARS and sold 7-Day Taxable VRDNs to investors, which were backed by the cash flow of the Series 2007A securities
- Secured an additional Direct Pay LC from Sumitomo (increasing Jets VRDN program to over \$400 million)



**\$50,000,000 (2 transactions)**

**Ramapo Local Development Corporation**

*Sole Managing Underwriter*



- Jefferies served as sole manager on the Series 2011 Bonds for the Ramapo Local Development Corporation (RLDC), the Bonds were used to finance a portion of the stadium now known as Provident Bank Park.
- Provident Bank Park serves as home to the Rockland Boulders, a professional minor league baseball team and is also used for a variety of concerts and other community events.
- The Bonds were secured by a direct pay guaranty from the Town of Ramapo, the Town is reimbursed from the RLDC pursuant to a reimbursement agreement.
- The Series 2011 Bonds were issued as 5 year notes. In February 2013, Jefferies served as sole manager on a transaction to refund the notes and issue long-term bonds with a final maturity of 2041 (28 year bonds).
- The Series 2013 bonds are secured by the same revenue sources as the Series 2011 bonds.





# Hartford Stadium Authority

\$62 Million Hartford Stadium Authority Lease Revenue Bonds

Infrastructure / Sports

February 2015



**\$62,450,000**

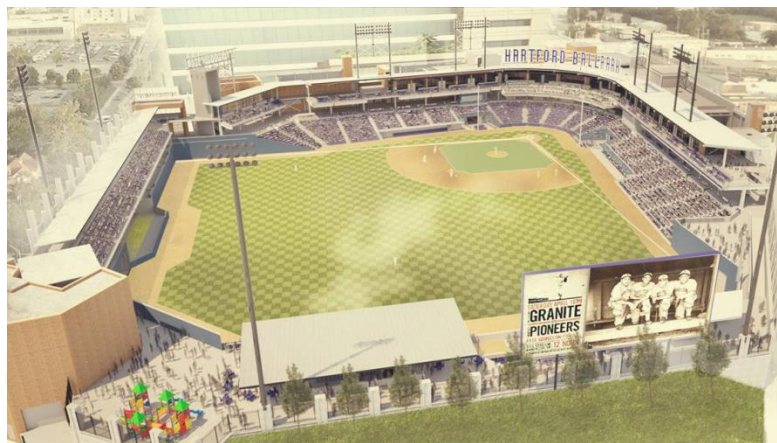
## Hartford Stadium Authority

**\$39,055,000 Lease Revenue Bonds Series 2015A  
(Tax-exempt)**

**\$23,395,000 Lease Revenue Bonds Series 2015B  
(Taxable)**

*Minor League Baseball Stadium*

**Jefferies – Senior Manager**



### Summary of Transaction:

- In the spring of 2014, the City of Hartford (“City”) reached an agreement with a minor league baseball team, the New Britain, CT Rock Cats (‘AA’ affiliate of the Colorado Rockies), to relocate to the City for the 2016 season. To accomplish the relocation, the City agreed to construct a minor league baseball stadium.
- The new stadium will serve as the anchor project for the City’s \$350 million economic development project for the Downtown North area. Given the estimated 13-month construction schedule for the stadium, the City needed to secure financing immediately for construction to begin in February 2015.
- Jefferies was selected to senior manage the Series 2015 Bonds for the Hartford Stadium Authority on January 5th, 2015. The Bonds were used to finance a 9,000 seat capacity minor league baseball stadium.
- The City entered into a lease/leaseback structure whereby the City entered into a ground lease with the Authority and the Authority would lease back the land and stadium to the Authority. A portion of the bonds were sold as taxable bonds due to private payments received by the City as well as a private garage that would be constructed with proceeds of the bonds.
- Despite several consecutive weeks of blizzard conditions in the Northeast that resulted in delayed City Council and Stadium Authority meetings, the City, financial advisor, and Jefferies worked together to complete the financing in less than six weeks from kick-off to closing on February 24th.
- Several other challenges surfaced which Jefferies successfully navigated in order to price the transaction: the bonds were issued without insurance based on the non-essential nature of the project, in the period between January and February, the markets experienced extreme volatility with 20-year MMD increasing as much as 38 bps and 20-year US Treasuries increasing by as much as 45 bps - threatening the legislatively approved debt service threshold, and citizen opposition was expressed in the media
- In spite of the obstacles presented, Jefferies’ underwriters were able to successfully market and sell the bonds
  - In the days leading up to pricing, Jefferies conducted an investor call with over 20 participants.
  - Over \$88 million of orders were placed resulting in 1.4X oversubscription.

# Contact Information

## **Dan Gilman (Head of Municipal Debt Capital Markets)**

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Dan Gilman is one of the most experienced and seasoned financial professionals in the Municipal Infrastructure and Project Finance space. Over his 25 year career, Dan has worked on both the “sell-side” at Citi and Jefferies as well as the “buy-side” where he was the Co-Chief Investment Officer at the private equity firm Fundamental Advisors. Dan has bought, sold, financed and refinanced virtually every type of asset in the municipal market including hospitals, toll roads, airports, baseball stadiums, renewable energy facilities, nursing homes, military housing and trash recycling centers.

He is considered one of the most creative professionals in the space and brings a broad understanding of all potential financing options to every deal.

Dan has a BA from Wesleyan University with Honors in Political Economy and an MBA from MIT with a concentration in financial engineering. He holds Series 3, 7, 53, 63 and 79 licenses from FINRA.

## **Ned Flynn (Managing Director)**

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Ned Flynn has over 30 years experience and is an industry leader in Municipal and Project Finance. Ned’s Municipal Project Finance experience expands across the arena of assets including sports facilities, gaming assets, energy facilities, real estate projects, renewables projects and tech facilities.

In addition to his work with Municipal Project Finance projects, Mr. Flynn has worked with large state issuers including the states of Louisiana, California, New Jersey, Wisconsin, Alaska, Rhode Island, Vermont, Massachusetts, and Iowa and leads Jefferies’ investment banking efforts with New York City.

Ned has a BA from Georgetown University in American Government.

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Kevin Coleman is part of the Municipal Infrastructure and Project Finance team at Jefferies. He has been working in the space for 5 years and has covered assets across recreation, aerospace, Native American gaming, clean energy, real estate and many others.

Kevin has an MS from the University of Rochester and a BS from San Diego State University. He holds Series 7, 63 and 79 licenses from FINRA.

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## **Financing Considerations for Parks and Recreation Projects**

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# Financing Considerations for Parks and Recreation Projects

## First Questions To Ask

- Who will use the project?
- Is it essential?
- Will it generate any revenue?

## Financing Considerations

### ■ Essentiality

- Capital likes to finance assets that are “essential” – e.g.: water / sewer.
- The more essential your project, the easier it is to finance.
- Consider incorporating things like: community meeting space, emergency storm shelter, local health services, community offices, etc.

### ■ Revenue

- Will your project generate revenue? (Memberships, entrance fees, rental fees, etc.?)
  - Yes – you might be able to accomplish a stand-alone financing.
  - No – you will need to get financial support from your town / city / county / state.
- If revenue bonds are used, professional management of the asset is critical.

### ■ Economic Drivers

- Will the project improve local real estate values?
- Will the project generate “travel tourism” overnight stay revenue?
- Will the project help improve an otherwise blighted area?

### ■ Community Access

- Will your facility benefit senior citizens / low-income residents? Banks often look for a Community Reinvestment Act (CRA) angle for financing.
- Are there “dark hours” you can fill with other users (“Mommy and Me”, after school programs, Senior Citizens, etc.).

### ■ Size

- +/- \$20mm is minimum to finance with a bond, bigger is better.

## Funding Options

- **General Obligation / Appropriated Bond** – direct economic support from your city. Bonds issued directly off your city’s balance sheet
  - Pros – strongest credit, easiest money to raise
  - Cons – long lead-time to get local approval
- **Revenue Bonds** – bonds tied only to a specific project
  - Pros – off-balance sheet financing, lower approval threshold
  - Cons – requires solid revenue model, more expensive funding
- **Other Options To Explore**
  - Hotel Occupancy Taxes / Bed Tax – “tourist tax” which can be used to finance a bond (requires “sports tourism”)
  - TIF District – increase in ad valorem property taxes can be used in bond financing.
  - New Markets Tax Credits – government tax credit equity for new businesses in impoverished areas.

# Project Financing Considerations

## For Project Financings (“Stand Alone”) You Will Need (at a minimum)

- **Feasibility Study** – third-party feasibility report to support the revenue projections.
- **Leases** – signed leases (or strong LOIs) from groups / team / programs that will pay to use the facility.
  - City might help bridge the “ramp up risk” by guaranteeing a minimum number of memberships / leases for the first few years.
- **Equity** – lenders may want to see equity value beyond the city’s land contribution.
- **Operator / Manager** – decide if the facility will be publically or privately operated / managed.
- **Architect / Contractor** – who will design and build the project for a guaranteed maximum price.
- **Site Control** – permission to put the facility in the location you have identified.
- **Local Approvals** – all local approvals and authorizations to pay for the project.

## Final Thoughts

- Discuss whether you want the project to generate revenue and, if so, how you can use this in the financing.
- Consider public-private partnerships on ownership and operations.
- Be open to off-balance sheet funding options.
- Start your financing discussion early in your process as it will likely affect your project's overall scope.