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THURSDAY

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THE REGIONS

ON THE EVEN OF ITS \$1 BILLION transportation revenue refunding bond sale, New York's Metropolitan Transportation Authority on Wednesday authorized another \$1 billion of bonding for capital projects. . . 3

HARRISBURG, PA., RECEIVER WILLIAM Lynch on Wednesday chose the Lancaster County Solid Waste Management Authority to enter into exclusive negotiations to purchase the incinerator that has become the face of the city's debt crisis. 3

DAVID HOOKS, THE DIRECTOR OF capital structure and investments for Jefferson County, Ala., is returning to the private sector. 5

COOK COUNTY, ILL., BOARD President Toni Preckwinkle Wednesday presented a \$3 billion preliminary 2013 budget for the nation's second-largest county that projects a \$267.5 million shortfall tied to falling revenue collections. 7

ONLINE

ILLINOIS' NEW RULES GOVERNING how much charity care and other community benefits not-for-profit hospitals must provide to keep their property tax exemptions are a positive for the sector's credit health, Moody's Investors Service said Wednesday.

LISTINGS

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More MMF Regs Scare Sector Pros

By CHRISTINE ALBRANO

As the Securities and Exchange Commission considers imposing further regulations on money market funds, those close to the \$2.6 trillion industry say the revisions are unnecessary, could threaten the very existence of the 40-year-old business and would limit access to a vital source of funding for state and local governments.

Under a new proposal, changes would require money markets to convert from a stable \$1 net-asset value to a "floating" NAV. Alternatively, another change proposes that funds retain their stable NAVs, but have capital



"Money market funds have a decades-long track record as a steady, predictable mainstay," says IC's Paul Schott Stevens.

buffers and, possibly, redemption restrictions. Industry insiders say the changes will put undue stress on money funds — especially on the heels of revisions already imposed in 2010.

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Virginia Promotes Tourism Financing Plan

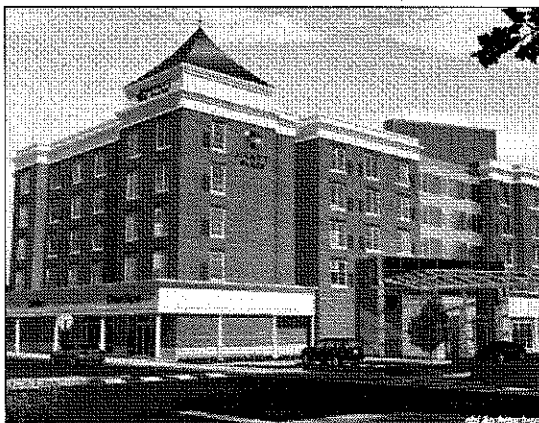
By SHELLY SIGG

BRADENTON, Fla. — In an effort to elevate tourism as an economic tool, Virginia has named the first project to benefit from its new tourism-related financing program.

The five-story, 96-room Hyatt Place hotel and mixed-use development at Eagle Village in Fredericksburg is the first venture of the Virginia Tourism Development Financing Program.

Though the Fredericksburg project is bank-financed, a wide variety of financing mechanisms can be used for qualified projects, including municipal bonds, according to Suzanne Long, executive director of the Virginia Resources Authority.

"We are the bond bank for Virginia so our role in the program, overall, is intended to help projects get that last little piece of financing," she said. "We'll prob-



A Hyatt Place hotel and mixed-use development is the first project to be approved in Virginia's new Tourism Development Financing Program.

ably see a lot of projects given where we are with the economy. I think people are looking for creative solutions."

Long said the VRA may be involved with financing future projects.

None are on the table yet, but she said interest in the program is picking up and her agency has talked to a prospective applicant that is considering bond financing for a tourism project. The program authorizes a rebate of

state and local sales taxes at the site of a qualified tourism project, and requires that specific performance standards be met to qualify for the tax rebate.

The Gov. Bob McDonnell announced shortly after taking office in January 2010.

McDonnell appointed an Economic Development and Jobs Creation Commission, which was charged with studying programs that would address unemploy-

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Stockton Ready for Chap. 9

By RANDALL JENSEN

SAN FRANCISCO — Stockton, Calif., is set to become the third largest issuer of debt in the country ever to file for Chapter 9 bankruptcy protection.

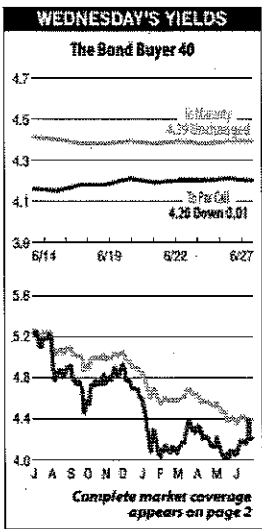
City spokeswoman Connie Cochran said the city will file for Chapter 9 in U.S. Bankruptcy Court in Sacramento before end of business Friday.

The big question in the municipal bond market right now is how much of a hit will be borne by investors in and insurers of the more than \$300 million of bonds supported by Stockton's general fund.

As Stockton has no voter-approved general obligation debt secured by the unlimited-tax pledge of the city, experts say bondholders face more risk.

"Stockton has the typical of debt structure of a California city, annual appropriation debt rather than voter-approved GOs," said Richard Ciccarone, a managing director at McDonnell Investment Management. "These

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Virginia Uses Tourism to Boost Jobs and Economic Development

Continued from page 1

ment and spur economic development. Subgroups were appointed to review various sectors, including the tourism industry.

The commission found "significant deficiencies" in lodging, entertainment venues, convention hotels, and other products across the state.

"The commonwealth offers an array of incentive and development programs for many industries, but few programs exist to support tourism business development," the commission said. The group recommended the state create a program to provide gap financing for locally endorsed tourism projects. McDonnell made it a part of his legislative agenda, and it was approved by the General Assembly in 2011.

"There are many different finance programs, but this is the first in Virginia specifically focused on tourism," said Tamra Talmadge-Anderson, spokeswoman for the Virginia Tourism Corp.

"Tourism in Virginia generates \$19 billion in revenue and employs 204,000 people," she said. "These are jobs that stay in Virginia. They can't be outsourced and are an important part of economic development here."

The Virginia Tourism Corp. accepts applications for the program.

The VRA's primary role is to verify that the developer has the 80% of the financing in place required to qualify for funding of the remaining 20% through the tourism financing program, Long said.

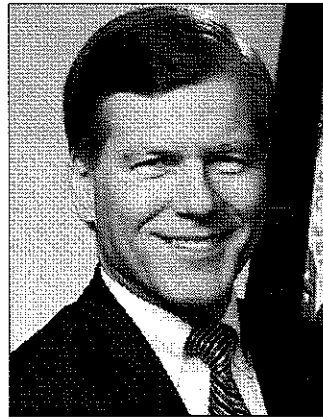
Sales and use taxes generated by the project back the long-term financing for the 20% share.

The general sales tax rate for Virginia is 5%, including a 4% state tax and 1% local tax. Virginia diverts a 1% piece from its state sales tax, and the local sponsoring government dedicates its 1% piece toward the project.

"It's designed to be a new revenue stream," Long said. "Tourism is so important here in Virginia. The governor's focus on job creation and tourism is a big



Suzanne Long says the VRA may be involved with financing future projects. The tourism financing program came from an initiative that Gov. Bob McDonnell announced in 2010.



driver of that."

The Eagle Village hotel and mixed-use project could not have been accomplished at this time without state and local financing through the new tourism program, according to Jeff Rountree, chief executive officer University of Mary Washington Foundation, the developer.

The \$13 million project includes a hotel with 1,500 square feet of meeting space and 6,000 square feet of retail space. The project is expected to generate \$3.27 million in tax revenue for the city of Fredericksburg over 10 years, and create 55 full-time jobs as well as 15 new part-time positions.

"We could not have developed the Hyatt Place Hotel at Eagle Village without the combined incentives from the city of Fredericksburg and the Commonwealth of Virginia, which together totaled over \$600,000," Rountree said. "Our project meets all of the objectives set forth by Gov. McDonnell, including the creation of new jobs and increased tax revenue for both the locality and the state."

The foundation's hotel project is the second phase of a student housing and

retail development that fulfills needs of the college and the adjoining Mary Washington Hospital campus, as well as the needs of tourists who visit the historic city, said Karen Hedelt, director of economic development and tourism for Fredericksburg.

"The impact of the university and the hospital created enough justification to identify the lack of a hotel in that vicinity as a deficit in our tourism offerings," she said. "That's a requirement of this state tourism incentive, that it fills an unmet need in your tourism product."

Virginia has a "very broad" interpretation of tourism products, which can include restaurants, hotels, and some aspects of retail development, Hedelt said.

"When you drill down into tourism spending, it certainly affects all those components," she said. "We obviously want more tourism such as attractions, but we are more of a heritage and cultural destination."

Hedelt stressed that the new financing program is not a give-away. Though the state and city have pledged up to \$310,000 each toward the project, receipt of the

funding is performance-based so the project must meet certain employment levels and revenue returns. "This isn't an upfront payment," she said. "It's reimbursement for performance."

Since the Eagle Village project was announced, Hedelt said she's received calls from other local governments interested in using the state financing program for sports and convention center projects.

Tourism-related development and financing are large components of economic development strategies in many states and communities, according to Toby Rittner, president of the Council of Development Finance Agencies.

"As Virginia has pointed out, tourism provides a considerable economic boost to the state," he said. "This is also the case in places like Florida, California, Tennessee and Michigan."

While economic development financing programs are sponsored at the state and local levels, tax-increment financing is a common form of funding through property taxes or sales taxes, Rittner said.

At least 15 states allow sales-tax backed TIP, and many others have tapped into different layers of taxation for supporting development incentives, he said.

"On the one hand, Virginia's program is novel because it is new and aggressive," Rittner said. "It taps into sales tax revenue which has always been a difficult tax to use in financing structures. Since sales tax is so volatile and hard to predict, it can be a difficult revenue source to use."

Virginia's program signals that the state is willing to address tourism economic development in an aggressive manner, Rittner said, adding that it is a "bold step" to take with today's struggling economy.

Hedelt said the program could not have come at a better time for local advancement of tourism projects.

The financing component was critical to the Eagle Village project because hospitality capital is in short supply, she said.

"We've had a really aggressive response to the economic downturn, and I was pleased this innovation came forward from the state," Hedelt said. □

SOUTHEAST INVISIBLE SUPPLY

Issuer and purpose	Amount (in millions)	Approval status	Underwriter choice	Expected sale date
FLORIDA				
Broward County airport rev. bonds	\$465	pending		2013-2014
Broward County airport rev. bonds	\$335	pending		2012
Florida transportation bonds	\$100	pending		2012
Florida education outlay bonds	\$100	pending		2012
KENTUCKY				
State Asset Liability Comm. Garvees	\$556	pending	negotiated	2013
State Property/Building Comm.	\$305	pending		2013

Issuer and purpose	Amount (in millions)	Approval status	Underwriter choice	Expected sale date
LOUISIANA				
Road bonds	\$325	approved		2013-2015
State GOs	\$350	pending		2013
City of New Orleans GO bonds	\$145	approved		2012-2014
Shreveport GOs	\$93.5	approved		2012-2014
TENNESSEE				
Nashville GOs	\$300	pending		2013
State School Bond Authority	\$100	pending		2012
VIRGINIA				
Commonwealth Transportation Board bonds	\$600	pending		2013