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Rams Prod Missouri to Borrow by Flirting With L.A.: Muni Credit.

(Bloomberg) — Billionaire Stan Kroenke's push to move the National Football League's St. Louis Rams to Los Angeles is paying off: Missouri may pony up for a new stadium, even though taxpayers owe \$130 million for the old one.

Governor Jay Nixon's advisers proposed using public funds, including bonds, to finance about half of an almost \$1 billion, 64,000-seat arena in downtown St. Louis after Kroenke said he may build a venue in Southern California. Missouri and its local governments already pay a combined \$20 million a year on debt for the 19-year-old Edward Jones Dome, which the Rams consider out of date.

"We need to find a plan to keep the team in town," said Frank Viverito, president of the St. Louis Sports Commission, which promotes the city. "It's important for any city that wants to be considered a major league city."

States and cities have sold \$9 billion of bonds for stadiums, sometimes to keep teams from leaving behind vacant coliseums and wounded civic pride, according to data compiled by Bloomberg. Indianapolis, Minnesota and Louisiana are among those that have subsidized new or renovated facilities over the past decade after owners considered moving away.

Bargaining Chip

Los Angeles, the second-most-populous U.S. city, has become a bargaining chip for owners. The NFL's Oakland Raiders and San Diego Chargers have drawn officials in their cities into negotiations following speculation that they would move to Los Angeles. The metropolis hasn't had an NFL team since the Rams and the Raiders left after the 1994 season.

"Going to L.A. is a ploy to get a bigger subsidy," said Victor Matheson, a sports economist at College of the Holy Cross in Worcester, Massachusetts. "You see this happening again and again and again." Tax breaks, land giveaways and public funding have persisted even as research casts doubt on the benefits. The venues typically don't expand a city's tax base or generate revenue, Matheson said. In Florida, he found the opposite: new stadiums, arenas and sports franchises reduced taxable sales at nearby businesses.

Wal-Mart Heir

Kroenke, 67, the founder and owner of St. Louis-based THF Realty, can leave the St. Louis stadium because the agency that runs it hasn't kept it up to date with other NFL venues, as its contract requires. The husband of Wal-Mart Stores Inc. heir Ann Walton Kroenke, he has investments in six professional sports teams, including the National Hockey League's Colorado Avalanche and the National Basketball Association's Denver Nuggets, as well as cable television channels.

On Jan. 5, Kroenke, with a net worth of \$4.8 billion on the Bloomberg Billionaires Index, proposed an 80,000-seat stadium on land he owns in Inglewood, California. Back in St. Louis, the Rams had the

second-worst home attendance in the league in 2014, with an average of about 57,000 per game, according to ESPN.com.

Tomago Collins, a spokesman for Kroenke, and Artis Twyman at the Rams didn't respond to requests for comment.

The site in the suburb of 112,000 is one of three potential locations for an NFL team in the Los Angeles area, according to a Dec. 21 article on NFL.com, the league's official website. Philip Anschutz, owner of the NHL's Los Angeles Kings, has proposed a stadium downtown. A local developer is pushing a third option in Carson, about 17 miles (27 kilometers) south, according to the Daily Breeze newspaper in Torrance, California.

Welcome Mat

An NFL team "would be great for the city," Los Angeles Mayor Eric Garcetti said during a Jan. 13 interview.

The scale of Kroenke's plans heightened speculation the Rams will move, a step the NFL would have to approve.

"If this is just a pretext to get the public to build a new stadium for the Rams, he's gone pretty far out on a limb," said Fred Lindecke, spokesman for the Coalition Against Public Funding for Stadiums, an activist group in St. Louis.

The Inglewood site wouldn't need taxpayer funding, Mayor James Butts said in a telephone interview.

"Not one single dollar of public money is going to be spent on the stadium," said Butts. "Nor will there be any bonds."

Missouri is more game. On Jan. 9, a panel formed by Governor Nixon, a Democrat, proposed a stadium on the banks of the Mississippi. It may cost \$985 million, with the public paying as much as \$535 million through bonds and other sources, according to the proposal, which didn't offer details.

Goldman Sachs

Greg Carey, a banker at New York-based Goldman Sachs Group Inc. who is advising the task force, said his job is to craft a deal that works for the city and the team.

"If St. Louis did not have the Rams, it's like a company leaving the market," he said.

The NFL wants all of its teams to stay in their current markets, Commissioner Roger Goodell said at a Friday press conference in Phoenix ahead of Sunday's Super Bowl.

"We want to work with the business community and the public sector" to keep the Rams in St. Louis, he said.

Missouri officials are balancing the desire to keep the team against their obligations to the public purse.

Nixon said his panel's plan would help St. Louis without adding to the state's taxes. St. Louis Mayor Francis Slay doesn't support raising levies to pay for a facility, said Maggie Crane, his spokeswoman. The plan may involve refinancing stadium debt to avoid adding to the city's bond bills.

"Some of this is a little bit fluid and not yet finalized," she said.

Rams Review

Jim Woodcock, a senior vice president in St. Louis with FleishmanHillard, which represents the task force, said representatives weren't available. The Rams said in a statement Jan. 9 that the team is reviewing the proposal.

Missouri, the city of St. Louis and St. Louis County are still paying off bonds for the Edward Jones Dome, with about \$30 million of interest due through 2021, according to financial statements. The vacated dome would still be used as a convention center, according to the proposal.

The St. Louis Regional Convention and Sports Complex Authority issued about \$259 million of bonds in 1991 backed by the city, county and state to build the venue. Tax-exempt debt sold as part of a 2013 refinancing and maturing in August 2021 priced to yield about 2.8 percent.

The Missouri plan may have a hard time winning approval from city and county voters for public financing, said Lindecke, the spokesman for the group opposing it.

A poll sponsored by the Missouri Alliance for Freedom, which is against subsidies, found that 18 percent of residents support the task force's recommendation. The poll by Kansas City-based Remington Research Group, which surveyed 776 likely voters and was released Jan. 27, had an error margin of 3.4 percent.

"People aren't going to approve paying money for a new stadium when the old one is only 20 years old and hasn't been paid off," said Lindecke. "This isn't going to happen."

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