



La Crosse Center Improvement Financing Alternatives

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AGENDA

1. Today's Decision Outcomes
2. Financing goals
3. Overview of financing alternatives
4. Significant financing assumptions
5. Financing alternatives in detail
6. Your questions, discussion and provide direction

TODAY'S DECISION OUTCOMES

- Financing structure and term
- Room Tax increase amount

FINANCING GOALS

- Minimize property tax impact by leveraging room tax revenues
- Pay off debt as quickly as possible

OVERVIEW OF FINANCING ALTERNATIVES

Alternative	Type of Bonds	Assumed Room Tax Rate
Combo-10	Lease Revenue Bonds General Obligation Bonds	10%
Combo-11	Lease Revenue Bonds General Obligation Bonds	11%
GO-10	General Obligation Bonds	10%
GO-11	General Obligation Bonds	11%

SIGNIFICANT FINANCING ASSUMPTIONS

- \$42 million project cost
 - \$4.5 million from State Grant
 - \$2.0 million from accumulated Room Tax receipts
- Maximize debt service paid from Room Tax – balance from Property Tax
- Room Tax forecasted at 2018 collections plus 1.0% annual growth
- Equalized value forecasted to remain constant at 2018 level
- Room Tax receipts above the current 8.0% rate dedicated solely for payment of debt service (no allocation to CVB, City or Center)

SIGNIFICANT FINANCING ASSUMPTIONS *CONTD.*

- Interest earned by bond investors is subject to federal income tax in order to permit third-party Center operation and sale of naming rights
- Bonds assumed at current interest rates (subject to change)
- Mandatory early redemption of Lease Rev. Bonds to enable early payoff
- Bonds rated AA (GO) and AA- (Lease Revenue)
- Lease Revenue Bonds include debt service reserve and coverage of 1.25x

Estimated debt service and property tax impact will change to the degree that actual conditions vary from these assumptions

COMBINATION OF LEASE REVENUE BONDS AND GENERAL OBLIGATION BONDS

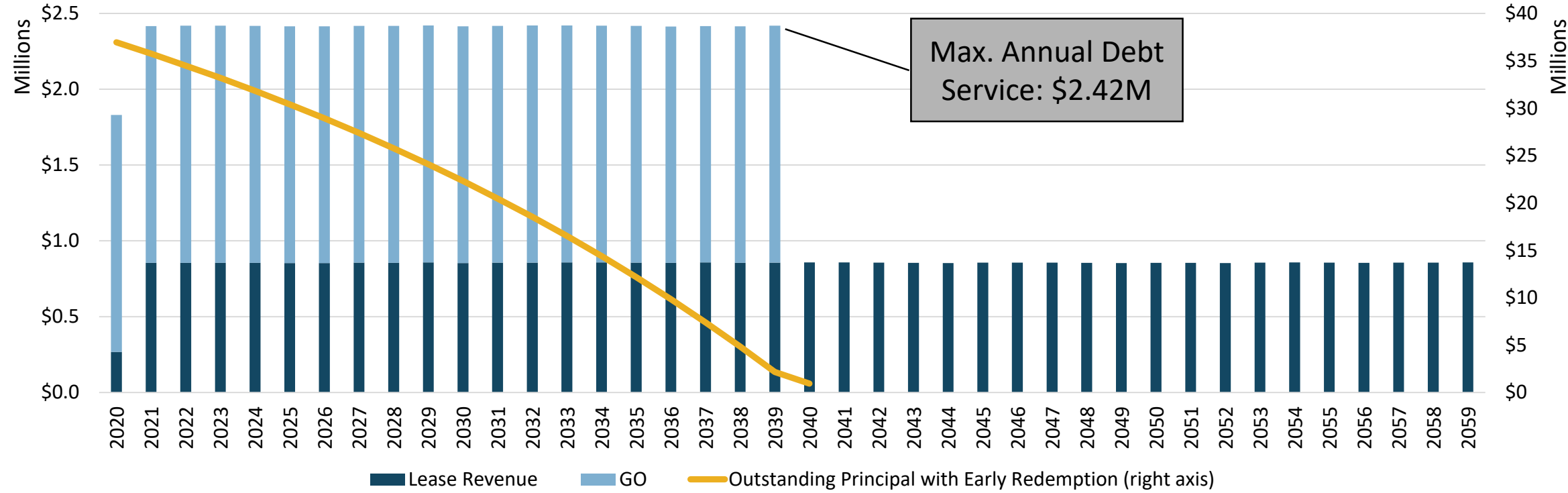
- “Quiet Enjoyment Lease” Revenue Bonds
 - Issued by Redevelopment Authority
 - Secured by City lease payments to the Redevelopment Authority
 - Redevelopment Authority owns Center while bonds are outstanding
 - Lease payments paid from increased Room Tax revenue
 - City obligated to make lease payments from any legally available funds if Room Tax receipts are insufficient
- General Obligation Bonds
 - Debt service paid from Room Tax and Property Tax receipts
 - Bonds secured by City’s full faith and credit

COMBINATION OF LEASE REVENUE BONDS AND GENERAL OBLIGATION BONDS *CONTD.*

- Use of Lease Revenue Bonds
 - Allows for longer amortization – reducing City's property tax exposure should Room Tax receipts be less than anticipated
 - Reduces impact on City's general obligation bond statutory debt limit
 - Leaves room under the limit for planned capital needs

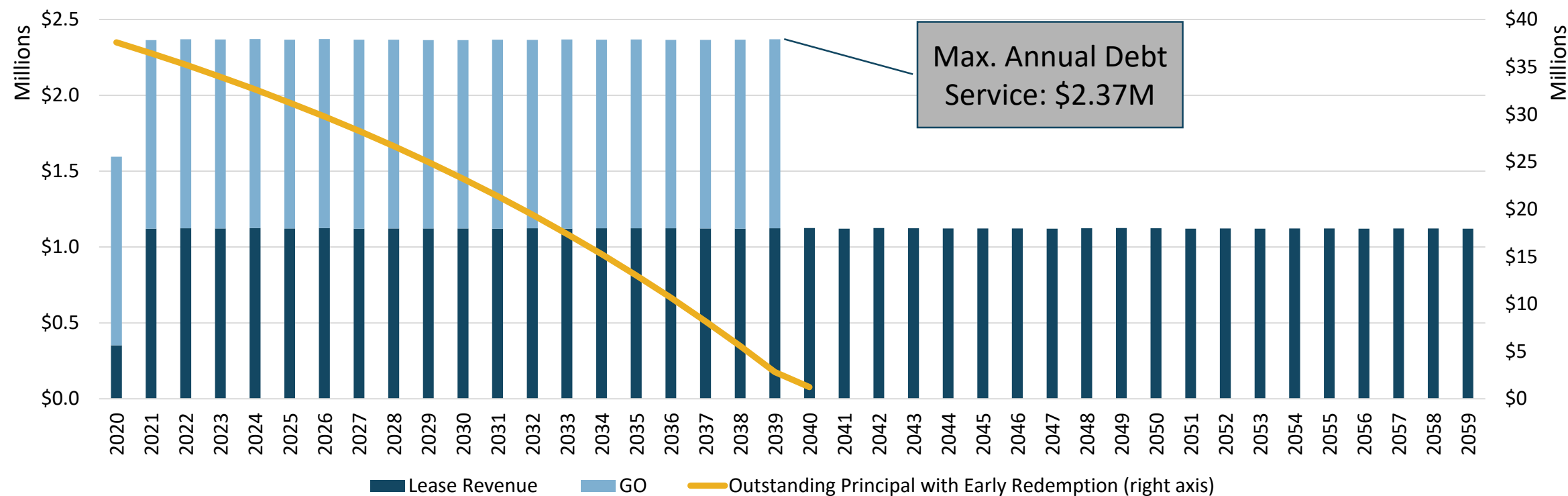
NET DEBT SERVICE AND ESTIMATED PAYOFF

Combo-10



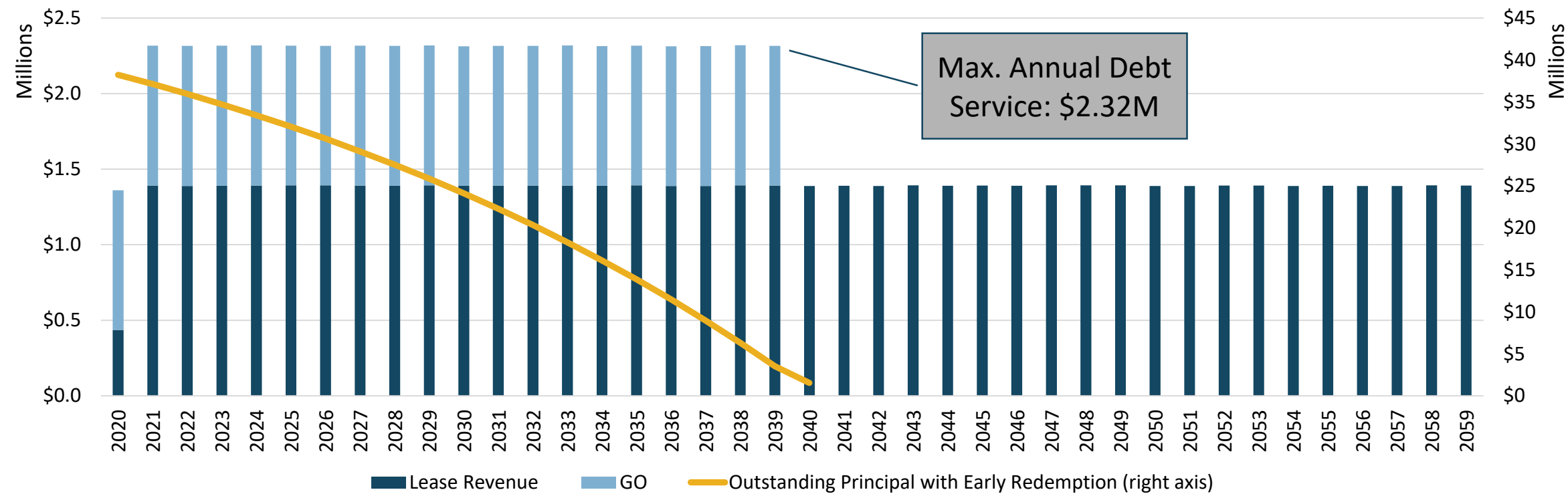
NET DEBT SERVICE AND ESTIMATED PAYOFF

Combo-11



NET DEBT SERVICE AND ESTIMATED PAYOFF

Combo-12

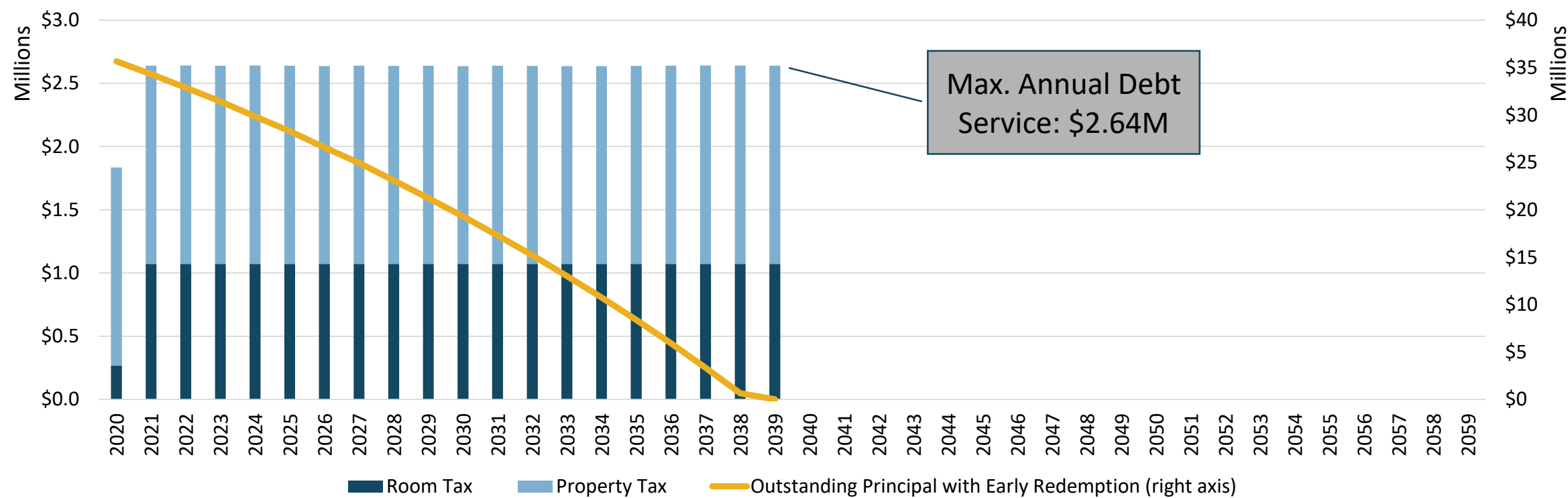


GENERAL OBLIGATION BONDS

- General Obligation Bonds
 - Debt service paid from Room Tax and Property Tax receipts
 - Bonds secured by City's full faith and credit
- City maintains ownership of Center (no lease)
- Shorter term increases the City's property tax exposure should Room Tax receipts be less than anticipated

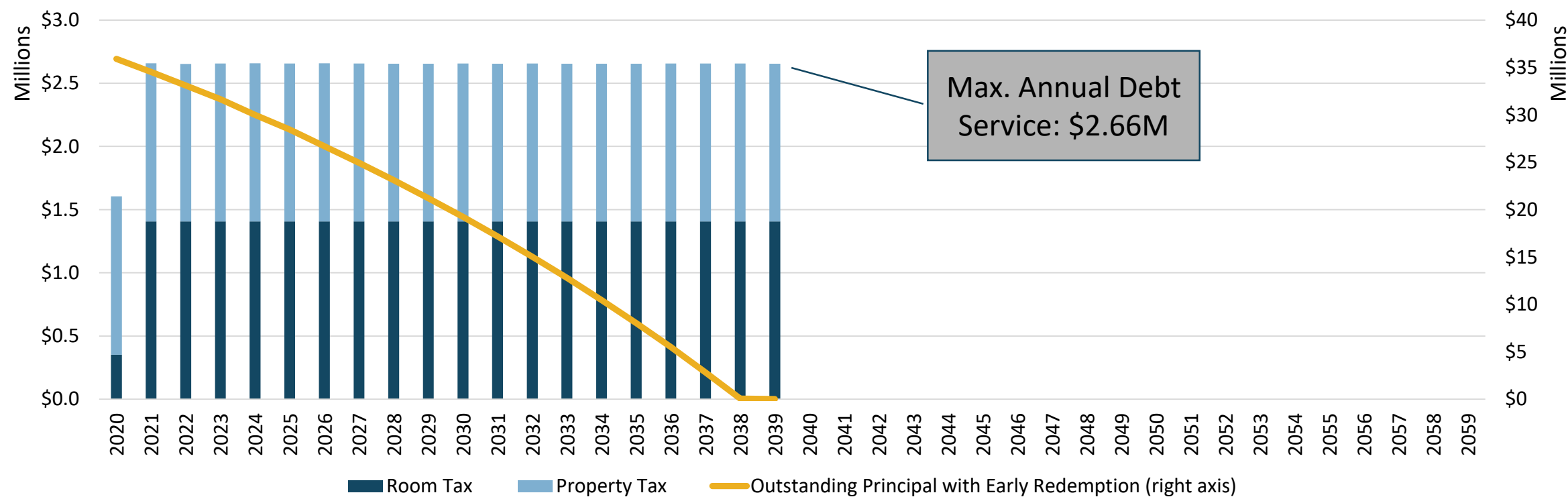
DEBT SERVICE AND ESTIMATED PAYOFF

GO-10



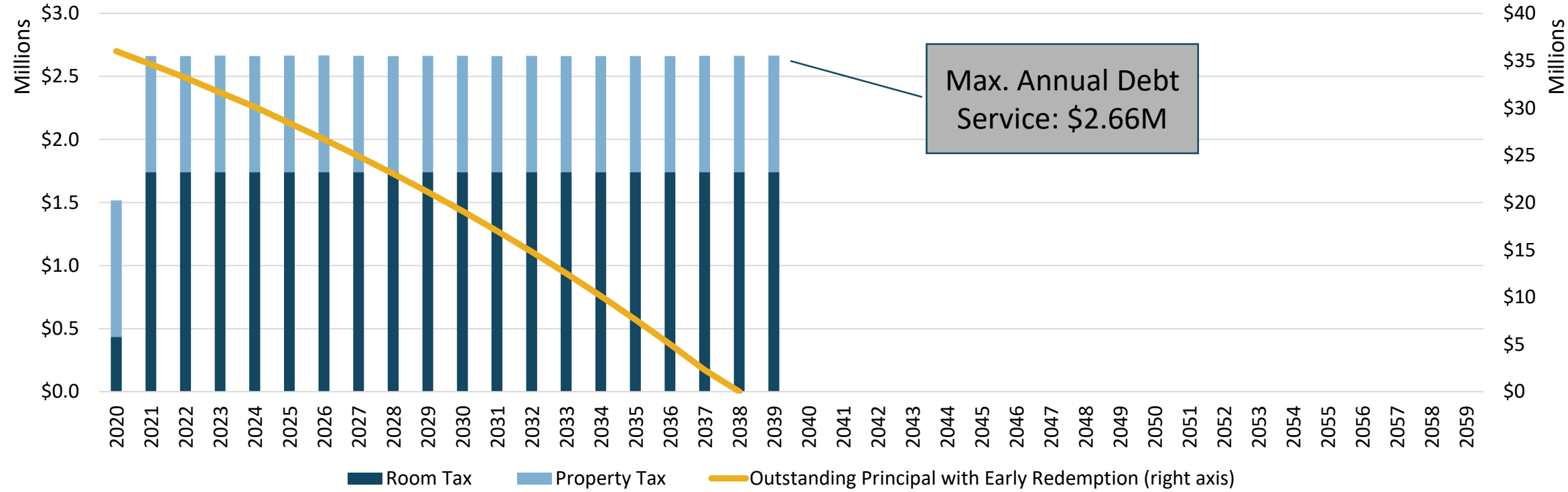
DEBT SERVICE AND ESTIMATED PAYOFF

GO-11



DEBT SERVICE AND ESTIMATED PAYOFF

GO-12



SUMMARY

	Combo-10	Combo-11	Combo-12	GO-10	GO-11	GO-12
Lease Revenue Bonds (millions)	\$15.8	\$20.8	\$25.7	-	-	-
<u>GO Bonds (millions)</u>	<u>\$21.8</u>	<u>\$17.3</u>	<u>\$12.9</u>	<u>\$36.0</u>	<u>\$36.0</u>	<u>\$36.0</u>
Total Bonds (millions)	\$37.6	\$38.1	\$38.6	\$36.0	\$36.0	\$36.0
All-In True Interest Cost	4.36%	4.45%	4.52%	3.94%	3.94%	3.94%
Max Annual Debt Service (millions)	\$2.42	\$2.37	\$2.32	\$2.64	\$2.66	\$2.66
2020 Property Tax Increase per \$100,000 Eq. Value	\$40	\$32	\$24	\$40	\$32	\$28
Total Property Tax Increase Over Life of Bonds per \$100,000 Eq. Value	\$806	\$642	\$477	\$756	\$597	\$431
Center Ownership While Bonds Are Outstanding	Redevelopment Authority			City		

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