

December 17, 2020
Pre-Sale Report for

Redevelopment Authority of the City of La Crosse, Wisconsin

\$2,550,000 Taxable Redevelopment Authority
Bond Anticipation Note, Series 2021



Prepared by:

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EXECUTIVE SUMMARY OF PROPOSED DEBT

Proposed Issue:

\$2,550,000 Taxable Redevelopment Authority Bond Anticipation Note, Series 2021 (the "Note")

Purposes:

The proposed issue includes financing for the following purposes:

Finance fill and site prep at RiverPoint District (TID 18)

- Debt service will be paid from revenues of Tax Increment District No. 18.

Authority:

The Note is being issued pursuant to Wisconsin Statutes:

- 66.1333 & 66.1335

Term/Call Feature:

The Note is being issued for a term of five (5) years. Principal on the Note will be due on April 1, 2026. Interest is proposed to be payable annually, beginning April 1, 2022.

The Note will be subject to prepayment at the discretion of the Authority on March 1, 2021.

Tax Status:

The Note will be issued as a taxable obligation. The Authority intends to improve property that will be available for sale to private entities, with the potential of ineligible private activity under IRS regulations. Further, taxable status will allow for the highest level of flexibility in the use of any land sale proceeds.

Rating:

The Note will not be rated. Commercial lenders do not require a rating from a nationally recognized rating organization.

Basis for Recommendation:

Based on our knowledge of your situation, your objectives communicated to us, our advisory relationship as well as characteristics of various municipal financing options, we are recommending the issuance of the Note as a suitable option based on:

- The Authority's control over redevelopment of the RiverPoint District in TID 18 and explicit directive to finance improvements and infrastructure to facilitate the redevelopment.
- The need for interim financing, as TID 18 does not presently generate sufficient revenues to support debt service.
- The need for flexibility with respect to pre-payment and/or early optional redemption any time after closing.
- The use of shared increments from donor TIDs to support the redevelopment within TID 18.
- A phased approach to site improvements and installation of infrastructure within TID 18 using both cash contributions and debt.

Method of Sale/Placement:

The Authority will solicit proposals for purchase of the Note from local and regional banks. Proposals will be evaluated on the basis on the proposal that best meets the needs of the Authority in relation to the contemplated finance plan.

Continuing Disclosure:

The Note is exempt from the continuing disclosure requirements of the Securities and Exchange Commission. The purchaser may require certain information be disclosed not less than annually under the terms of a financing agreement.

Investment of Note Proceeds:

The Authority will seek financing that allows for periodic advances to fund expenditures, in which case there will be no proceeds available for investment after closing.

If the most advantageous proposal requires the Authority to advance all proceeds of the Note at closing, Ehlers can assist the Authority in developing a strategy to invest the Note proceeds until the funds are needed to pay project costs.

Risk Factors:

Interim Financing: The Note is being issued for purposes of providing interim financing. While the Authority will be required to refinance the Note no later than its April 1, 2026 maturity date, available interest rates at the time of refinancing cannot be predicted. The Authority is subject to risk that interest rates may increase at the time of refinancing making the refinancing unfeasible. Furthermore, there is a possibility that future economic conditions and/or the financial condition of the Authority (or the City) may limit or prevent access to credit for purposes of refinancing the Note.

“Bullet”/“Balloon” Maturity Structures: The Note is being issued with a single “bullet” maturity payment due on April 1, 2026. While the Authority does not expect to have sufficient funds on hand to pay the bullet maturity in full and will therefore be required to refinance it, available interest rates at the time of refinancing cannot be predicted. The Authority is subject to risk that interest rates may increase at the time of refinancing, increasing required debt payments. Furthermore, there is a possibility that future economic conditions and/or the financial condition of the Authority (or the City) may limit or prevent access to credit for purposes of refinancing the Note. There may be sufficient funds from various donor TIDs to retire the principal balance of the Note upon maturity.

Other Service Providers:

This debt issuance will require the engagement of other public finance service providers. This section identifies those other service providers, so Ehlers can coordinate their engagement on your behalf. For services you have not previously required, we have identified a service provider. Fees charged by these service providers will be paid from proceeds of the obligation, unless you notify us that you wish to pay them from other sources. Our pre-sale bond sizing includes a good faith estimate of these fees, but the final fees may vary. If you have any questions pertaining to the identified service providers or their role, or if you would like to use a different service provider for any of the listed services please contact us.

Bond Counsel: Quarles & Brady LLP

Paying Agent: Issuer (RDA)

Rating Agency: This issue will not be rated.

PROPOSED DEBT ISSUANCE SCHEDULE

| | |
|--|------------------------------|
| Pre-Sale Review by Redevelopment Authority: | December 17, 2020 |
| Review Preliminary Term Sheet and Update to RDA: | January 21, 2021 |
| Distribute Request for Financing Proposals: | Week of January 25, 2021 |
| Contribution Agreement Considered by City Council: | February 11, 2021 |
| Financing Proposals Due: | February 11, 2021 |
| Recommendation for Award of the Note & Consideration of Contribution Agreement by Redevelopment Authority: | February 18, 2021 |
| Estimated Closing Date: | April 1, 2021 (on or around) |

Attachments

Estimated Debt Service Schedule and Sources and Uses of Funds

EHLERS' CONTACTS

| | |
|--|----------------|
| Brian Reilly, Senior Municipal Advisor | (651) 697-8541 |
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| Rose Xiong, Public Finance Analyst | (651) 697-8589 |
| Beth Mueller, Financial Analyst | (651) 697-8553 |

Redevelopment Authority of the City of La Crosse, WI

\$2,550,000 Bond Anticipation Note, Series 2021

Sources & Uses

Dated 03/01/2021 | Delivered 03/01/2021

Sources Of Funds

| | |
|---------------------|----------------|
| Par Amount of Bonds | \$2,550,000.00 |
|---------------------|----------------|

| | |
|----------------------|-----------------------|
| Total Sources | \$2,550,000.00 |
|----------------------|-----------------------|

Uses Of Funds

| | |
|-------------------|-----------|
| Costs of Issuance | 50,000.00 |
|-------------------|-----------|

| | |
|--------------------------------------|--------------|
| Deposit to Project Construction Fund | 2,500,000.00 |
|--------------------------------------|--------------|

| | |
|-------------------|-----------------------|
| Total Uses | \$2,550,000.00 |
|-------------------|-----------------------|



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Debt Service Schedule -- Accrual Basis

| Calendar Year | Principal | Coupon | Interest | Total P+I |
|---------------|-----------------------|--------|---------------------|-----------------------|
| 2021 | - | - | - | - |
| 2022 | - | - | 121,125.00 | 121,125.00 |
| 2023 | - | - | 76,500.00 | 76,500.00 |
| 2024 | - | - | 76,500.00 | 76,500.00 |
| 2025 | - | - | 76,500.00 | 76,500.00 |
| 2026 | 2,550,000.00 | 3.000% | 38,250.00 | 2,588,250.00 |
| - | \$2,550,000.00 | - | \$388,875.00 | \$2,938,875.00 |

Yield Statistics

| | |
|-----------------------------------|-------------|
| Bond Year Dollars | \$12,962.50 |
| Average Life | 5.083 Years |
| Average Coupon | 3.0000000% |
| Net Interest Cost (NIC) | 3.0000000% |
| True Interest Cost (TIC) | 2.9941266% |
| Bond Yield for Arbitrage Purposes | 2.9941266% |
| All Inclusive Cost (AIC) | 3.4167227% |

IRS Form 8038

| | |
|---------------------------|-------------|
| Net Interest Cost | 3.0000000% |
| Weighted Average Maturity | 5.083 Years |

