



# **La Crosse Redevelopment Authority**

TID 18 – Riverpoint District Financing Discussion

October 22, 2020

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## Discussion Points and Objectives

- Riverpoint District – Phased Project Profile & Allocation of Cost
    - Projects
    - Anticipated timing
    - TIF eligibility based on engineering estimates
  - Preliminary Finance Plan
    - Multi-year interim financing
    - Looking forward
    - Assembling Financing Team
    - Form of financing (method of sale)
  - Recommendation to proceed and establish action calendar
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## Riverpoint District Project Profile

PHASE I	PHASE II	CAUSEWAY BLVD	PHASE III
Fill	Infrastructure	Infrastructure	Infrastructure
2021	2022	2022	2023
\$2,660,000	\$7,534,000	\$4,935,000	\$9,507,000
Site prep	Utilities & Streets	Utilities & Streets	Utilities & Streets



# Project Cost Allocation through Phase II

RIVER POINT DISTRICT PRELIMINARY ALLOCATION OF CAPITAL COSTS BY TIF ELIGIBILITY AND REPAYMENT SOURCE [SEH ESTIMATES]						
	TIF	Sanitary Sewer	Water	Storm Sewer	Streets (GF)	Total
<b>PROJECT</b>						
<u>Phase I - Fill (2021)</u>	2,660,000	-	-	-	-	2,660,000
<u>Phase II - Installation of Public Infrastructure (2022)</u>	6,426,000	313,000	402,000	-	393,000	7,534,000
<u>Causeway Blvd. (2022)</u>	3,071,000	1,061,000	334,000	469,000	-	4,935,000
<b>Totals</b>	<b>12,157,000</b>	<b>1,374,000</b>	<b>736,000</b>	<b>469,000</b>	<b>393,000</b>	<b>15,129,000</b>
<b>YEAR</b>						
<u>2021</u>	2,660,000	-	-	-	-	2,660,000
<u>2022</u>	9,497,000	1,374,000	736,000	469,000	393,000	12,469,000
<b>Totals</b>						<b>15,129,000</b>
<b>TOTAL TIF ELIGIBLE</b>	<b>12,157,000</b>	80%				
<b>TOTAL INELIGIBLE</b>	<b>2,972,000</b>	20%				

PHASE III COMPONENT TIMING AND TIF ELIGIBILITY TBD



# Multi-year Interim Financing Strategy

Infrastructure and other projects need to come after fill settles/compacts

- Phase I funded in 2021
    - ❑ Interest only financing with five-year stated balloon maturity (2026)
  - Phase II & Causeway funded in 2022
    - ❑ Interest only financing with five-year stated balloon maturity (2027)
  - TID 18 will have no immediate cash flow
    - ❑ One or more donor TIDs provides sufficient cash to cover annual costs, including interest
  - Phase III can be considered based on prevailing circumstances
    - ❑ Component projects (one or more concurrently)
    - ❑ Financing/funding approach
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## Looking Forward

- RDA & City will need to collaborate on financing
    - Projects that are ineligible TIF expenditures will need to be separately financed in an appropriate manner
    - Impact(s) to other repayment sources (utilities and tax levy)
  - Estimated TID 18 interim financing costs – annually
    - 2021 Note ~\$2.75MM @ 2.50%      \$68,750
    - 2022 Note ~\$10.42MM @ 2.50%      \$260,500
    - Both outstanding (payment in 2023)    ~\$330,000
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## Looking Forward

- Donor TIDs
    - Sufficient excess cash flow available to service full interest burden
    - Any lump sum amounts can be contributed on periodic basis at certain milestones
  - What value needs to be attained to cash flow total financing through Phase II?
    - \$13.25MM for 20 years @ 4.50% = ~\$1,020,000
    - \$45MM in value increment at current tax rate generates sufficiency
  - Phase III and other projects will need to be evaluated for feasibility
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## Assembling Finance Team

<b>Financial Advisor</b>	<b>Ehlers</b>	<ul style="list-style-type: none"><li>• Represent RDA's interest at all times</li><li>• Develop &amp; execute finance plan</li><li>• Assist with selection of other professionals</li><li>• Assist with solicitation of capital providers</li></ul>
<b>Bond Counsel</b>	<b>TBD</b>	<ul style="list-style-type: none"><li>• Provide legal counsel</li><li>• Draft important financing and legislative documents</li><li>• Give validity and tax opinion</li></ul>
<b>Capital Provider</b>	<b>TBD</b> <b>Underwriter or Lender</b>	<ul style="list-style-type: none"><li>• Underwriter purchases and distributes securities</li><li>• Bank lends from its balance sheet</li><li>• Selected through solicitation based on desired structure and characteristics</li></ul>

Ehlers will assist with selection and coordination of financing team members





# Form of Financing and Method of Sale

Financing can be obtained from:

1. Capital markets through negotiated underwriting of securities
    - Underwriter purchases and distributes to investors for stated fee
    - Close 100% at settlement and interest accrues on full principal balance immediately
    - Pre-payment terms will be subject to negotiation and pricing impact
    - Fixed rate
  2. Commercial lender
    - Bank financing can be structured to act like line of credit, with periodic advances made against an authorized credit facility – interest accrues against the amount advanced
    - Lenders solicited and evaluated based on desirable credit facility characteristics and total financing cost
    - Fixed or floating rate (likely fixed based on current conditions)
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## Recommendation

- Direct bank loan for financing 2021 Phase I Fill project
    - ❑ Disclosure requirements far less stringent
    - ❑ Lower costs of issuance
    - ❑ Short-term bank rates reasonable when compared to capital markets
    - ❑ Favorable terms and conditions
      - ✓ Draw-as-needed can likely be achieved
      - ✓ Pre-payment options more accommodating
      - ✓ Can be better tailored to situation
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## Recommendation

- Evaluate approach to 2022 Phase II & Causeway funding
  - ✓ Capital markets vs. second round of bank financing
  - ✓ If capital markets, wrap in initial Phase I financing?
  - ✓ Apply cash from donor TIDs to reduce debt financing
  - ✓ Work with City to achieve desired outcome
- Phase III project and timing review in 2022
  - ✓ Prevailing facts and circumstances
- Reviewing donor relationships on an annual (or more frequent) basis



## Action Calendar

- RDA Commissioners authorize Ehlers to proceed with 2021 financing
- Engage bond counsel and contemplate initial authorizations for debt issuance by RDA and Council
- TID 18 certification by DOR (we need this for legal reasons)
- Solicitation and evaluation of proposals to provide debt financing and selection of capital provider
- Negotiate final terms and conditions – resolutions drafted and considered by RDA and Council
- Closing



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