

MEMORANDUM

TO: Andrea Trane, Executive Director La Crosse Redevelopment Authority
FROM: Brian Reilly, Ehlers
DATE: February 24, 2021
SUBJECT: Financing of River Point District (TID 18) site preparation activities

The Redevelopment Authority of La Crosse (RDA) authorized staff to engage with Ehlers and other parties to prepare a finance plan and secure financing for site preparation activities in the River Point District redevelopment area. This memorandum is intended to provide a brief update and summary of the financing process.

An interim financing in the form of a Taxable Redevelopment Authority Bond Anticipation Note (the “Note”) has been initially sized at \$2,550,000. The Note will have a stated maturity of April 1, 2026 (five years) with interest only requirements prior to maturity. The RDA will seek commercial lending proposals for purchase of the Note through release of a request for proposals, with assistance from Ehlers as municipal advisor. The solicitation process will begin the week of March 1, with proposals due back the day prior to the RDA’s March meeting. A summary tabulation will be evaluated by Ehlers and staff with a recommendation for award brought before the RDA. Upon approval by the RDA, the terms and conditions of the Note shall be set, and the rate fixed. Closing would occur on or around April 1. Debt service is intended to be paid by the City’s TID 18, which will receive transfers of excess increment from one or more donor TIDs on an annual basis in an amount sufficient to cover TID 18’s expenses, including debt service.

The Note will be secured by a Contribution and Cooperation Agreement (the form of which accompanies this memorandum) between the City and the RDA. This agreement will clearly state the City’s intent to appropriate available funds from TID 18 and transfer those funds to the RDA to pay debt service on the Note. The form of the Contribution and Cooperation Agreement will be considered by the Council at its March 11 meeting. If adopted, authority to execute the Agreement will be granted to the Mayor and City Clerk. The Agreement will similarly come before the RDA for consideration at its March meeting. Final terms under the Agreement will be set forth based on the RDA’s award of the financing.

The primary purpose of the Agreement is to memorialize the City’s form of “moral” obligation to support the RDA’s financing. This should make the Note issue more marketable to lenders, as the RDA has no dedicated source of revenue to pledge to the Note nor does it control the TID 18 funds (howsoever derived). The Agreement will also demonstrate the Council’s commitment to this broader redevelopment effort. The right of non-appropriation on the part of the City is required so that the City’s pledge does not rise to the level of a general obligation.