



La Crosse Redevelopment Authority

TID 18 – Riverpoint District Financing Discussion

November 19, 2020



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
 - Establish donor TID allocations & funding commitments of non-TIF projects (utilites/streets)
 - 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	CAUSEWAY BLVD	PHASE II	PHASE III
Fill	Infrastructure	Infrastructure	Infrastructure
2021	2022	2023	2023 & Later
\$2,660,000	\$4,935,000	\$7,534,000	\$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]						
PROJECT	TIF	Sanitary Sewer	Water	Storm Sewer	Streets (GF)	Total
<u>Phase I - Fill (2021)</u>	2,660,000	-	-	-	-	2,660,000
<u>Causeway Blvd. (2022)</u>	3,071,000	1,061,000	334,000	469,000	-	4,935,000
<u>Phase II - Installation of Public Infrastructure (2023)</u>	6,426,000	313,000	402,000	-	393,000	7,534,000
Totals	12,157,000	1,374,000	736,000	469,000	393,000	15,129,000
TOTAL TIF ELIGIBLE	12,157,000	80%				
TOTAL INELIGIBLE	2,972,000	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 – Fill: funded in 2021
 - ❑ Interest only financing with five-year stated balloon maturity (2026)
 - Causeway funded in 2022
 - ❑ Interest only financing with five-year stated balloon maturity (2027)
 - Phase II funded in 2023
 - ❑ Interest only financing with five-year stated balloon maturity (2028)
 - Phase III funding plan based on prevailing circumstances in the future
 - ❑ Component projects (one or more concurrently)
 - Financing/funding approach TID 18 will have no immediate cash flow
 - ❑ One or more donor TIDs provides sufficient cash to cover annual costs, including interest
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Planning

- RDA & City will need to collaborate on financing
 - ❑ Projects that are ineligible TIF expenditures will need to be separately financed in an appropriate manner
 - ❑ City Finance, Public Works, Planning, and Engineering have all reviewed 2021 – 2025 CIP in relation to TIF projects
 - ❑ Utility portions of Causeway budgeted for
 - ❖ Engineering/Design in 2021
 - ❖ Construction in 2022
 - ❑ Anticipated transfers from donor TIDs committed to in advance
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Looking Forward

- Donor TIDs (11, 13, 14, 15, 16, 17)
 - Sufficient excess cash flow available to fund TID costs
 - Any lump sum cash transfers can be made periodically at certain milestones
 - What value needs to be attained to cash flow total financing through Phase II?
 - \$45MM in value increment at current tax rate produces sufficient revenue to support infrastructure through Phase II
 - Phase III and other projects will need to be evaluated for feasibility
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TID 18 Projected Cash Flow

Year	Projected Revenues							Phase I Fill				Phase II				Expenditures							Balances		Year
	Tax Increments	TID 13 Donor Revenues	TID 15 Donor Revenues	TID 17 Donor Revenues	Land Sale Proceeds	Other Revenue	Total Revenues	RDA Rev BAN \$2,515,000 2021	Causeway RDA Rev BAN \$3,170,000 2022	Phase II RDA Rev BAN \$6,545,000 2023	RDA Rev Bonds \$13,750,000 2026	Develop. Incentives	Master Developer Pmts.	Valuation Success Fees	Property Acquisition	Operating Costs	Engineering, etc.	Admin.	Total Expenditures	Annual	Cumulative				
2020	0	215,000	0	0	0	0	215,000	2.50% Int. Only	2.50% Int. Only	2.50% Int. Only	4.00% Refinance		92,400		100,000	0	20,000	212,400	2,600	2,600	2020				
2021	0	450,000	0	0	0	0	450,000					92,400			100,000	235,738	20,000	448,138	1,862	4,462	2021				
2022	0	700,000	0	0	0	0	700,000	94,313							100,000	465,510	20,000	679,823	20,178	24,640	2022				
2023	0	310,000	0	0	0	0	310,000	62,875	118,875						100,000		20,000	301,750	8,250	32,890	2023				
2024	0	575,000	0	0	0	0	575,000	62,875	79,250	245,438		50,000			100,000		20,000	557,563	17,438	50,327	2024				
2025	254,025	75,000	0	0	0	0	329,025	62,875	79,250	163,625							20,000	325,750	3,275	53,602	2025				
2026	635,063	0	0	0	0	0	635,063	31,438	79,250	163,625							20,000	294,313	340,750	394,352	2026				
2027	635,063	700,000	0	0	0	0	1,335,063		39,625	163,625	1,035,833						20,000	1,259,083	75,979	470,331	2027				
2028	889,088		175,000	0	0	0	1,064,088			0	1,033,400						20,000	1,053,400	10,688	481,019	2028				
2029	1,143,113		15,000	0	0	0	1,158,113				1,033,800		100,000				20,000	1,153,800	4,313	485,331	2029				
2030	1,143,113		0	0	0	0	1,143,113				1,033,400						20,000	1,053,400	89,713	575,044	2030				
2031	1,143,113		0	0	0	0	1,143,113				1,037,200						20,000	1,057,200	85,913	660,957	2031				
2032	1,143,113		0	0	0	0	1,143,113				1,035,000						20,000	1,055,000	88,113	749,069	2032				
2033	1,143,113		0	0	0	0	1,143,113				1,037,000						20,000	1,057,000	86,113	835,182	2033				
2034	1,143,113		0	0	0	0	1,143,113				1,033,000						20,000	1,053,000	90,113	925,294	2034				
2035	1,143,113		0	0	0	0	1,143,113				1,033,200						20,000	1,053,200	89,913	1,015,207	2035				
2036	1,143,113		0	0	0	0	1,143,113				1,032,400						20,000	1,052,400	90,713	1,105,920	2036				
2037	1,143,113		0	0	0	0	1,143,113				1,035,600						20,000	1,055,600	87,513	1,193,432	2037				
2038	1,143,113		0	0	0	0	1,143,113				1,032,600						20,000	1,052,600	90,513	1,283,945	2038				
2039	1,143,113		0	0	0	0	1,143,113				1,033,600						20,000	1,053,600	89,513	1,373,457	2039				
2040	1,143,113		0	0	0	0	1,143,113				1,033,400						20,000	1,053,400	89,713	1,463,170	2040				
2041	1,143,113		0	0	0	0	1,143,113				1,037,000						20,000	1,057,000	86,113	1,549,283	2041				
2042	1,143,113		0	0	0	0	1,143,113				1,034,200						20,000	1,054,200	88,913	1,638,195	2042				
2043	1,143,113		0	0	0	0	1,143,113				1,035,200						20,000	1,055,200	87,913	1,726,108	2043				
2044	1,143,113		0	0	0	0	1,143,113				1,034,800						20,000	1,054,800	88,313	1,814,420	2044				
2045	1,143,113		0	0	0	0	1,143,113				1,033,000						20,000	1,053,000	90,113	1,904,533	2045				
2046	1,143,113		0	0	1,037,200	0	2,180,313				1,034,800						20,000	1,054,800	1,125,513	3,030,045	2046				
2047	1,143,113		0	0	0	0	1,143,113										20,000	20,000	1,123,113	4,153,158	2047				
2048	1,143,113		0	0	0	0	1,143,113										20,000	20,000	1,123,113	5,276,271	2048				
Total	25,275,489	3,025,000	190,000	0	0	1,037,200	29,527,689	314,375	396,250	736,313	20,688,433	0	334,800	0	0	500,000	701,248	580,000	24,251,419			Total			

Notes:
 Donor TID revenues are estimated based on projected annual deficits. Revenue can be shared from any eligible donor TID.
 Eligible Donor TIDs: 11, 13, 14, 15, 16, 17



TID 13 – Donor TID

As of Dec. 31, 2019:

Tax Increment District No. 13 (Kwik Trip)

Cash and Investments: \$1,176,030 (A)

Cash Flow Pro Forma

Future Debt Service Requirements: \$0 (B)

Advances from Other Funds (General Fund): \$518,576 (C)

Year	Revenues						Expenditures									Balances			Year
	Tax Increments	Exempt Computer Aids	Minimum Tax Payments	Lease Payments	Other Revenue	Total Revenues (D)	Debt Service Transfers	ESTIMATED 2021 Bonds \$2,215,000	DA Payments Kwik Trip	DA Payments DuraTech	Floodplain Expenses	Other Exp.	Transfers to TID 18	Admin	Total Expenses (E)	Annual (F) (D - E)	Cumulative (G)	Future Debt Service (H)	
2020	1,730,827	0	0	0	15,000	1,745,827	0		76,923	69,443	300,000	33,475	215,000	5,000	699,841	1,045,986	2,222,016	0	2020
2021	3,163,384	0	0	0	15,000	3,178,384	0		76,923	70,625	300,000		450,000	5,000	902,548	2,275,836	4,497,852	0	2021
2022	3,163,384	0	0	0	15,000	3,178,384	0	402,133	76,923	56,054			700,000	5,000	1,240,110	1,938,274	6,436,126	0	2022
2023	3,163,384	0	0	0	15,000	3,178,384	0	402,133	76,923				310,000	5,000	794,056	2,384,328	8,820,453	0	2023
2024	3,163,384	0	0	0	15,000	3,178,384	0	402,133	76,923				575,000	5,000	1,059,056	2,119,328	10,939,781	0	2024
2025	3,163,384	0	0	0	15,000	3,178,384	0	402,133	76,923				75,000	5,000	559,056	2,619,328	13,559,108	0	2025
2026	3,163,384	0	0	0	10,000	3,173,384	0	402,133	76,923				0	5,000	484,056	2,689,328	16,248,436	0	2026
2027	3,163,385	0	0	0	10,000	3,173,385	0	402,133	76,923				700,000	5,000	1,184,056	1,989,329	18,237,764	0	2027
Total	23,874,515	0	0	0	110,000	23,984,515	0	2,412,799	615,384	196,122	600,000	33,475	3,025,000	40,000	6,922,780				

Final Balance (G - C): 17,719,188

NOTES:

- Cumulative Balance includes existing Cash and Investments plus annual excess cash flow
- Debt Service Transfers reduce Future Debt Service Requirements
- Development agreement with Kwik Trip calls for incentive payments, beginning 2014, based on tax increment of the project in an aggregate amount not to exceed 10% of the actual full assessed value of the property

- TID 13 expenditure period ends May 11, 2021



TID 15 – Donor TID

As of Dec. 31, 2019:

Tax Increment District No. 15 (Chart / Trane)

Cash and Investments: \$1,542,147 (A)

Cash Flow Pro Forma

Future Debt Service Requirements: \$0 (B)

Advances from Other Funds (General Fund): \$0 (C)

Year	Revenues						Expenditures							Balances			Year
	Tax Increments	Exempt Computer Aids	Min. Tax Payment Chart	Min. Tax Payment Trane	Other Revenue	Total Revenues (D)	Debt Service Transfers	DA Payments Chart	DA Payments Trane	Other Exp. #1	Capital Outlay	Transfers to TID 18	Admin	Total Expenses (E)	Annual (F) (D - E)	Cumulative (G)	
2020	820,696	0	0	0	0	820,696	0		249,939	21,829		5,000	276,768	543,928	2,086,075	0	2020
2021	941,381	0	0	0	0	941,381	0		249,939	150,000	873,700	5,000	1,278,639	(337,258)	1,748,818	0	2021
2022	941,381	0	0	0	0	941,381	0		249,939	150,000	300,000	5,000	704,939	236,442	1,985,260	0	2022
2023	941,381	0	0	0	0	941,381	0		249,939	150,000	431,900	5,000	836,839	104,542	2,089,802	0	2023
2024	941,381	0	0	0	0	941,381	0		249,939	150,000		5,000	404,939	536,442	2,626,244	0	2024
2025	941,381	0	0	0	0	941,381	0		249,939	150,000		5,000	404,939	536,442	3,162,686	0	2025
2026	941,381	0	0	0	0	941,381	0		249,939			5,000	254,939	686,442	3,849,128	0	2026
2027	941,381	0	0	0	0	941,381	0		249,939			5,000	254,939	686,442	4,535,571	0	2027
2028	941,381	0	0	0	0	941,381	0		249,939		175,000	5,000	429,939	511,442	5,047,013	0	2028
2029	941,381	0	0	0	0	941,381	0		249,939		15,000	5,000	269,939	671,442	5,718,455	0	2029
2030	941,381	0	0	0	0	941,381	0		249,939			5,000	254,939	686,442	6,404,897	0	2030
2031	941,381	0	0	0	0	941,381	0		249,939			5,000	254,939	686,442	7,091,339	0	2031
2032	941,381	0	0	0	0	941,381	0		249,939			5,000	254,939	686,442	7,777,781	0	2032
2033	941,381	0	0	0	0	941,381	0		249,939			5,000	254,939	686,442	8,464,224	0	2033
2034	941,381	0	0	0	0	941,381	0					5,000	5,000	936,381	9,400,605	0	2034
Total	14,000,033	0	0	0	0	14,000,033	0	0	3,499,146	771,829	1,605,600	190,000	75,000	6,141,575			

Final Balance (G - C): 9,400,605

NOTES:

1. City development agreement with Chart calls for distribution of 85% of tax increment not to exceed a cumulative amount of \$1,500,000 - payments are estimated
2. City development agreement with Trane calls for distribution of 90% of tax increment not to exceed a cumulative amount of \$5,500,000 - payments are estimated
3. Debt Service Transfers reduce Future Debt Service Requirements



TID 17 – Donor TID

As of Dec. 31, 2019:

Tax Increment District No. 17 (Downtown North)

Cash and Investments: \$164,129 (A)

Cash Flow Pro Forma

Future Debt Service Requirements: \$19,291,599 (B)

Advances from Other Funds (General Fund): \$595,621 (C)

Year	Revenues				Expenditures				Balances			Year	
	Tax Increments	Exempt Computer Aids	Other Revenue	Total Revenues (D)	Debt Service Transfers	Other Exp. #1	Transfers to TID 18	Admin	Total Expenses (E)	Annual (F) (D - E)	Cumulative (G) (2016 = A)		Future Debt Service (2016 = B)
2020	1,582,741	0	0	1,582,741	1,075,281			5,000	1,075,281	507,460	671,589	18,216,318	2020
2021	1,950,729	0	0	1,950,729	1,072,581	342,000		5,000	1,414,581	536,148	1,207,737	17,143,736	2021
2022	1,950,729	0	0	1,950,729	1,079,431	400,000		5,000	1,479,431	471,298	1,679,035	16,064,305	2022
2023	1,950,729	0	0	1,950,729	1,079,231			5,000	1,079,231	871,498	2,550,533	14,985,074	2023
2024	1,950,729	0	0	1,950,729	1,078,031			5,000	1,078,031	872,698	3,423,231	13,907,043	2024
2025	1,950,729	0	0	1,950,729	1,080,831			5,000	1,080,831	869,898	4,293,129	12,826,211	2025
2026	1,950,729	0	0	1,950,729	1,077,431			5,000	1,077,431	873,298	5,166,427	11,748,780	2026
2027	1,950,729	0	0	1,950,729	1,070,681			5,000	1,070,681	880,048	6,046,475	10,678,099	2027
2028	1,950,729	0	0	1,950,729	1,062,431			5,000	1,062,431	888,298	6,934,773	9,615,668	2028
2029	1,950,729	0	0	1,950,729	1,064,544			5,000	1,064,544	886,185	7,820,958	8,551,124	2029
2030	1,950,729	0	0	1,950,729	1,063,150			5,000	1,063,150	887,579	8,708,537	7,487,974	2030
2031	1,950,729	0	0	1,950,729	1,065,188			5,000	1,065,188	885,542	9,594,079	6,422,786	2031
2032	1,950,729	0	0	1,950,729	1,065,463			5,000	1,065,463	885,267	10,479,346	5,357,324	2032
2033	1,950,729	0	0	1,950,729	1,068,913			5,000	1,068,913	881,817	11,361,163	4,288,411	2033
2034	1,950,729	0	0	1,950,729	1,071,463			5,000	1,071,463	879,267	12,240,429	3,216,949	2034
2035	1,950,729	0	0	1,950,729	1,071,931			5,000	1,071,931	878,798	13,119,227	2,145,018	2035
2036	1,950,729	0	0	1,950,729	2,145,018			5,000	2,145,018	(194,289)	12,924,939	(0)	2036
Total	32,794,409	0	0	32,794,409	19,291,599	742,000	0	85,000	20,033,599				

NOTES:

Final Balance (G - C): 12,329,318



TID Cash Flow & Projects Summary

- More than sufficient resources from available TIDs to support TID 18 through initial phases of site prep and infrastructure
- Permanent financing would occur at a point where TID 18 can cover debt service requirements
- Consistently evaluate when larger transfers from donors can be comfortably made to reduce borrowing needs
- Frequent dialogue between City departments to ensure availability of donor TID revenues
- Evaluate feasibility of future projects at regular intervals



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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Assembling Finance Team

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

Ehlers will assist with selection and coordination of financing team members



Action Calendar

- RDA authorizes Ehlers to proceed with 2021 financing of Phase I Fill
 - ✓ Can present preliminary financing size and structure at December meeting
 - ✓ Solicit financing proposals to consider at January meeting
 - ✓ Will require Council concurrence
- Engage bond counsel and contemplate initial authorizations for debt issuance by RDA and Council
 - ✓ Suggest approval at December meeting, or delegate authority to Executive Director
- Closing would occur approximately two – three weeks after approval



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