

February 11, 2022
REVISED Pre-Sale Report for

Redevelopment Authority of the City of La Crosse, Wisconsin

\$3,890,000 Interim Redevelopment Revenue
Bond, Series 2022



Prepared by:

Ehlers
3060 Centre Pointe Drive
Roseville, MN 55113

Advisors:

Brian Reilly, Senior Municipal Advisor
Sean Lentz, Senior Municipal Advisor
Josh Low, Financial Specialist

BUILDING COMMUNITIES. IT'S WHAT WE DO.

EXECUTIVE SUMMARY OF PROPOSED DEBT

Proposed Issue:

\$3,890,000 Interim Redevelopment Revenue Bond, Series 2022 (the “Bond”)

The Bond size has been revised from \$3,550,000 due to revisions to the engineer’s cost estimates for the project and a shift in phasing of certain project elements.

Purposes:

The proposed issue includes financing for the following purposes:

Finance Phase II infrastructure improvements to the River Point District Redevelopment Area and improvements to the Westernmost section of Causeway Boulevard and associated utilities.

Authority:

The Bond is being issued pursuant to Wisconsin Statutes, Section(s):

- 66.1333

Term/Call Feature:

The Bond is being issued for a term of 5 years. Principal on the Bond will be due on April 1, 2027. Interest is payable annually, beginning April 1, 2023.

The RDA will seek proposals that provide for the greatest pre-payment flexibility with the intent that the Bond will be subject to prepayment at the discretion of the Authority on date after settlement. The Authority has the discretion to accept proposals that provide for alternative pre-payment terms.

Bank Qualification:

The Bond will not be designated as a “bank qualified” obligation for tax purposes.

Rating:

The Bond will be issued as non-rated. Purchasers will not require a rating for a direct placement in the form of a commercial loan on the balance sheet of the lender.

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 Bond as a suitable option based on:

- Estimated tax increment collection from eligible donor Tax Increment Districts (TIDs) that provide sufficient revenues for the estimated payments of the proposed Bond and prior indebtedness.
- The desire to mitigate or eliminate the use of general obligation debt related to redevelopment of the River Point District redevelopment area.
- Temporary financing is needed based on inadequate revenue in TID 18 at the present time and a desire to potentially apply lump sum cash amounts to redeem the Bond, or reduce the final amount of permanent financing.

Method of Sale/Placement:

The Authority will solicit proposals from commercial lenders for direct purchase of the Bond. The Bond will take the form a loan on the balance sheet of the purchaser.

The Authority will reserve the right to select the proposal it deems to be in its best interest.

Review of Existing Debt:

We have reviewed all outstanding indebtedness for the Authority and find that there are no refunding opportunities at this time.

The only debt of the Authority presently outstanding is the 2021 Taxable Interim Redevelopment Bond with an interest rate of 1.89%.

Continuing Disclosure:

The Authority will agree to provide required financial information to the purchaser on an annual basis. The City will be required to disclose incurrence of a material financial obligation upon closing of the Bond.

Arbitrage Monitoring:

The Authority must ensure compliance with certain sections of the Internal Revenue Code and Treasury Regulations (“Arbitrage Rules”) throughout the life of the issue to maintain the tax-exempt status of the Bonds. These Arbitrage Rules apply to amounts held in construction, escrow, reserve, debt service account(s), etc., along with related investment income on each fund/account.

IRS audits will verify compliance with rebate, yield restriction and records retention requirements within the Arbitrage Rules. The Authority’s specific arbitrage responsibilities will

be detailed in the Tax Exemption Certificate (the "Tax Compliance Document") prepared by your Bond Attorney and provided at closing.

The Bonds may qualify for one or more exception(s) to the Arbitrage Rules by meeting 1) small issuer exception, 2) spend down requirements, 3) bona fide debt service fund limits, 4) reasonable reserve requirements, 5) expenditure within an available period limitations, 6) investments yield restrictions, 7) de minimis rules, or; 8) borrower limited requirements.

We recommend the Authority review its specific responsibilities related to the Bonds with an arbitrage expert in order to utilize one or more of the exceptions listed above. We also recommend that you establish written procedures regarding compliance with IRS rules and/or contract with Ehlers to assist you.

Investment of Bond Proceeds:

Ehlers can assist the Authority in developing a strategy to invest the Bond proceeds until the funds are needed to pay construction costs.

Risk Factors:

Revenues: The Authority expects to pay the Bond debt service with funds appropriated by the City from eligible donor TIDs. If these revenues are inadequate, the City may need to appropriate funds from an alternative source to pay debt service on the Bond.

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

"Bullet" Maturity Structures: The Bond is being issued with a single "bullet" or "balloon" payment due at maturity. Full retirement of the Bond will require sufficient cash resources or refinancing on or before the stated maturity date of the Bond.

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. Where you have previously used a particular firm to provide a service, we have assumed that you will continue that relationship. 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

PROPOSED DEBT ISSUANCE SCHEDULE

Pre-Sale Review by Board of Commissioners:	January 27, 2022
Distribute Offering Document:	Week of February 14, 2022
Council Consideration of Bond Documents:	March 10, 2022
RDA Meeting to Award Sale of the Bond:	March 24, 2022
Estimated Closing Date:	April 13, 2022

Attachments

- Estimated Sources and Uses of Funds
- Estimated Proposed Debt Service Schedule
- TID Cash Flow Projections

EHLERS' CONTACTS

Brian Reilly, Senior Municipal Advisor	(651) 697-8541
Sean Lentz, Senior Municipal Advisor	(651) 697-8509
Josh Low, Financial Specialist	(651) 697-8596
Rose Xiong, Public Finance Analyst	(651) 697-8589
Beth Mueller, Financial Analyst	(651) 697-8553

City of La Crosse, WI

\$3,890,000 Interim Redevelopment Revenue Bond, Series 2022

Sources & Uses

Dated 04/13/2022 | Delivered 04/13/2022

Sources Of Funds

Par Amount of Bonds	\$3,890,000.00
Total Sources	\$3,890,000.00

Uses Of Funds

Costs of Issuance	52,000.00
Deposit to Project Construction Fund	3,838,000.00
Total Uses	\$3,890,000.00

City of La Crosse, WI

\$3,890,000 Interim Redevelopment Revenue Bond, Series 2022

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
04/13/2022	-	-	-	-	-
04/01/2023	-	-	103,409.17	103,409.17	-
12/31/2023	-	-	-	-	103,409.17
04/01/2024	-	-	106,975.00	106,975.00	-
12/31/2024	-	-	-	-	106,975.00
04/01/2025	-	-	106,975.00	106,975.00	-
12/31/2025	-	-	-	-	106,975.00
04/01/2026	-	-	106,975.00	106,975.00	-
12/31/2026	-	-	-	-	106,975.00
04/01/2027	3,890,000.00	2.750%	106,975.00	3,996,975.00	-
12/31/2027	-	-	-	-	3,996,975.00
Total	\$3,890,000.00	-	\$531,309.17	\$4,421,309.17	-

Yield Statistics

Bond Year Dollars	\$19,320.33
Average Life	4.967 Years
Average Coupon	2.7500000%
Net Interest Cost (NIC)	2.7500000%
True Interest Cost (TIC)	2.7316024%
Bond Yield for Arbitrage Purposes	2.7316024%
All Inclusive Cost (AIC)	3.0215368%

IRS Form 8038

Net Interest Cost	2.7500000%
Weighted Average Maturity	4.967 Years

As of Dec. 31, 2020:

Tax Increment District No. 13 (Kwik Trip)

Cash and Investments: **\$2,273,810 (A)**

Cash Flow Pro Forma

Future Debt Service Requirements: **\$66,749 (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	2021 NAN \$4,235,000	DA Payments DuraTech	Floodplain Expenses	Transfers to TID 18	Advance Repayment	Admin	Total Expenses (E)	Annual (F) (D - E)	Cumulative (G)		Future Debt Service (H)
2021	2,973,444	0	0	0	0	2,973,444	66,749		38,685	300,000	2,000,000	518,576	7,500	2,931,510	41,934	2,315,744	0	2021
2022	3,716,862	0	0	0	0	3,716,862	0	100,398	56,054	4,600,000		7,500	4,763,952	(1,047,090)	1,268,655	0	2022	
2023	3,716,862	0	0	0	0	3,716,862	0	71,148	54,000	600,000		7,500	732,648	2,984,214	4,252,869	0	2023	
2024	3,716,862	0	0	0	0	3,716,862	0	71,148		325,000		7,500	403,648	3,313,214	7,566,082	0	2024	
2025	3,716,862	0	0	0	0	3,716,862	0	71,148		0		7,500	78,648	3,638,214	11,204,296	0	2025	
2026	3,716,862	0	0	0	0	3,716,862	0	4,270,574		0		7,500	4,278,074	(561,212)	10,643,084	0	2026	
2027	3,716,862	0	0	0	0	3,716,862	0			0		7,500	7,500	3,709,362	14,352,446	0	2027	
2028	3,716,862	0	0	0	0	3,716,862	0			0		7,500	7,500	3,709,362	18,061,808	0	2028	
2029	3,716,862	0	0	0	0	3,716,862	0			0		7,500	7,500	3,709,362	21,771,170	0	2029	
2030	3,716,862	0	0	0	0	3,716,862	0			0		7,500	7,500	3,709,362	25,480,532	0	2030	
Total	25,274,616	0	0	0	0	25,274,616	66,749	4,584,416	148,739	300,000	7,525,000	518,576	52,500	13,195,980				

Final Balance (G - C): 25,480,532

NOTES:

1. Cumulative Balance includes existing Cash and Investments plus annual excess cash flow
2. Debt Service Transfers reduce Future Debt Service Requirements
3. 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

As of Dec. 31, 2020:

Tax Increment District No. 14 (Gundersen Lutheran)

Cash and Investments: \$5,906,061 (A)

Cash Flow Pro Forma

Future Debt Service Requirements: \$25,823 (B)

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

Reinvestment Contribution Fund Balance: \$970,673 (D)

Year	Revenues					Expenditures							Balances			Reinvestment Contribution			Year
	Tax Increments	Exempt Computer Aids	Minimum Tax Pamyments	Other Revenue	Total Revenues (E)	Debt Service Transfers	DA Payments Gundersen	DA Payments 2219 Lofts	Other Exp.	Transfers to TID 18	Admin	Total Expenses (G)	Annual (F) (E - G)	Cumulative (H)	Future Debt Service (I)	Reinvest. Contrib. (J = F)	Outlays (K)	Ending Balance (D + J - K)	
2021	1,440,486	180,000	0	0	1,620,486	25,823	2,147,306	12,238	350,000	0	7,500	2,542,867	(922,381)	4,983,680	0	0	0	970,673	2021
2022	1,690,808	162,000	0	0	1,852,808	0	1,073,653	15,000	0	4,000,000	7,500	5,096,153	(3,243,345)	1,740,336	0	0	0	970,673	2022
2023	1,726,880	145,800	0	0	1,872,680	0	1,100,494	15,000	0	0	7,500	1,122,994	749,686	2,490,021	0	0	0	970,673	2023
2024	1,726,880	131,220	0	0	1,858,100	0	1,128,006	15,000	0	0	7,500	1,150,506	707,594	3,197,615	0	0	0	970,673	2024
2025	1,726,880	118,098	0	0	1,844,978	0	1,156,207	15,000	0	0	7,500	1,178,707	666,271	3,863,886	0	0	0	970,673	2025
2026	1,726,880	106,288	0	0	1,833,168	0	1,185,112	15,000	0	0	7,500	1,207,612	625,556	4,489,442	0	0	0	970,673	2026
2027	1,726,880	95,659	0	0	1,822,539	0	1,214,739	15,000	0	0	7,500	1,237,239	585,300	5,074,742	0	0	0	970,673	2027
Total	11,765,693	939,066	0	0	12,704,759	25,823	9,005,517	102,238	350,000	4,000,000	52,500	13,536,078							

NOTES:

- Cumulative Balance includes existing Cash and Investments plus annual excess cash flow
- Debt Service Transfers reduce Future Debt Service Requirements
- Exempt computer aids estimated - reduced by 10% annually
- GL Development Agreement "Contribution" payments and "Reinvestment Contribution" payments are estimated
- Reinvestment Contribution balance is to be spent on specific projects during remainder of TID expenditure period

Final Balance (G - C): 5,074,742

City of La Crosse, WI

Tax Increment District No. 18

Cash Flow Projection

Year	REVENUES										EXPENDITURES										BALANCES		Year			
	Tax	TID 11	TID 13	TID 14	TID 15	TID 16	TID 17	Land Sale	Other	Total	Phase I Fill	Causeway	Phase III	RDA Rev	Develop.	Master	Valuation	Property	Capital	Operating	Engineering,	Admin.		Total	Annual	Cumulative
	Increments	Donor	Donor	Donor	Donor	Donor	Donor	Proceeds	Revenue	Revenues	RDA Rev	Street A	Streets B-G	Bonds	Incentives	Developer	Success	Acquisition	Costs	Costs	etc.	Expenditures				
											1.89%	2.75%	??	??												
											\$3,000,000	\$3,890,000	2023	20												
											2021	2022	2023	20												
2020											Int. Only	Int. Only	Int. Only	Permanent									0	0	(9,409)	2020
2021	0	0	2,000,000	0	0	0	0	0	0	2,000,000					0					100,000	868,200	20,000	988,200	1,011,800	1,002,391	2021
2022	14,415	0	4,600,000	4,000,000	0	0	0	0	0	8,614,415	55,598						1,000,000	7,710,000	100,000	716,000	20,000	9,601,598	(987,182)	15,209	2022	
2023	14,723	0	600,000	0	0	0	0	0	0	614,723	56,700	103,409							100,000	100,000	20,000	280,109	334,614	349,822	2023	
2024	14,723	0	325,000	0	0	0	0	0	0	339,723	56,700	106,975			50,000				100,000	100,000	20,000	333,675	6,048	355,870	2024	
2025	253,495	0	0	0	0	0	0	0	0	253,495	56,700	106,975									20,000	183,675	69,820	425,690	2025	
2026	611,654	0	0	0	0	0	0	0	0	611,654	56,700	106,975									20,000	183,675	427,979	853,669	2026	
2027	611,654	0	0	0	0	0	0	0	0	611,654		106,975									20,000	20,000	126,975	484,679	1,338,349	2027
2028	850,427	0	0	0	0	0	0	0	0	850,427											20,000	20,000	830,427	2,168,775	2028	
2029	1,089,199	0	0	0	0	0	0	0	0	1,089,199					100,000						20,000	20,000	120,000	969,199	3,137,975	2029
2030	1,089,199	0	0	0	0	0	0	0	0	1,089,199											20,000	20,000	1,069,199	4,207,174	2030	
2031	1,089,199	0	0	0	0	0	0	0	0	1,089,199											20,000	20,000	1,069,199	5,276,373	2031	
2032	1,089,199	0	0	0	0	0	0	0	0	1,089,199											20,000	20,000	1,069,199	6,345,573	2032	
2033	1,089,199	0	0	0	0	0	0	0	0	1,089,199											20,000	20,000	1,069,199	7,414,772	2033	
2034	1,089,199	0	0	0	0	0	0	0	0	1,089,199											20,000	20,000	1,069,199	8,483,971	2034	
2035	1,089,199	0	0	0	0	0	0	0	0	1,089,199											20,000	20,000	1,069,199	9,553,171	2035	
2036	1,089,199	0	0	0	0	0	0	0	0	1,089,199											20,000	20,000	1,069,199	10,622,370	2036	
2037	1,089,199	0	0	0	0	0	0	0	0	1,089,199											20,000	20,000	1,069,199	11,691,569	2037	
2038	1,089,199	0	0	0	0	0	0	0	0	1,089,199											20,000	20,000	1,069,199	12,760,769	2038	
2039	1,089,199	0	0	0	0	0	0	0	0	1,089,199											20,000	20,000	1,069,199	13,829,968	2039	
2040	1,089,199	0	0	0	0	0	0	0	0	1,089,199											20,000	20,000	1,069,199	14,899,167	2040	
2041	1,089,199	0	0	0	0	0	0	0	0	1,089,199											20,000	20,000	1,069,199	15,968,367	2041	
2042	1,089,199	0	0	0	0	0	0	0	0	1,089,199											20,000	20,000	1,069,199	17,037,566	2042	
2043	1,089,199	0	0	0	0	0	0	0	0	1,089,199											20,000	20,000	1,069,199	18,106,765	2043	
2044	1,089,199	0	0	0	0	0	0	0	0	1,089,199											20,000	20,000	1,069,199	19,175,965	2044	
2045	1,089,199	0	0	0	0	0	0	0	0	1,089,199											20,000	20,000	1,069,199	20,245,164	2045	
2046	1,089,199	0	0	0	0	0	0	0	1,037,200	2,126,399											20,000	20,000	2,106,399	22,351,563	2046	
2047	1,089,199	0	0	0	0	0	0	0	0	1,089,199											20,000	20,000	1,069,199	23,420,763	2047	
2048	1,089,199	0	0	0	0	0	0	0	0	1,089,199											20,000	20,000	1,069,199	24,489,962	2048	
Total	24,155,078		7,525,000	4,000,000	0	0	0	0	1,037,200	36,717,278	282,398	531,309	0	0	0	150,000	0	1,000,000	7,710,000	400,000	1,584,200	560,000	12,217,907			Total

Notes:
 * Donor TID revenues are estimated based on projected expenditure requirements. Revenue can be shared from any eligible donor TID.
 * Borrowed proceeds are not shown as revenues. Expenditures are shown net of costs funded from borrowed proceeds.
 * Eligible Donor TIDs: 11, 13, 14, 15, 16, 17