



**EHLERS**  
LEADERS IN PUBLIC FINANCE

# Village of Lake Hallie, WI

## Business 53 Reconstruct – Financing Discussion

Presented to the Village Board  
February 29, 2016



# Discussion Topics

- Current Profile
- Business 53 – Estimated Costs
- Impact
  - TID cash flow
  - Borrowing capacity if G.O.
- Financing Options
- Anticipated Calendar



# General Obligation Debt Profile

## Projection of General Obligation Borrowing Capacity

Year	Call Date: Equalized Valuation	Any Year	10/1/2020	10/1/2021	10/1/2021	5% G.O. Borrowing Capacity	Beginning of Year Principal Outstanding	Total Principal Payment	End of Year Principal Outstanding	End of Year Remaining Borrowing Capacity	End of Year Percent Remaining
		2012 STFL \$150,000	2013 G.O. Notes \$4,500,000	2014 G.O. Bonds \$1,625,000	2014 G.O. Bonds \$1,090,000						
2016	571,726,400	30,582	425,000	150,000		28,586,320	6,292,009	605,582	5,686,427	<b>22,899,893</b>	<b>80%</b>
2017	571,726,400	31,427	430,000	195,000		28,586,320	5,686,427	656,427	5,030,000	23,556,320	82%
2018	571,726,400		440,000	200,000		28,586,320	5,030,000	640,000	4,390,000	24,196,320	85%
2019	571,726,400		450,000	200,000		28,586,320	4,390,000	650,000	3,740,000	24,846,320	87%
2020	571,726,400		460,000	205,000		28,586,320	3,740,000	665,000	3,075,000	25,511,320	89%
2021	571,726,400		470,000	220,000		28,586,320	3,075,000	690,000	2,385,000	26,201,320	92%
2022	571,726,400		480,000	225,000		28,586,320	2,385,000	705,000	1,680,000	26,906,320	94%
2023	571,726,400		495,000	95,000	135,000	28,586,320	1,680,000	725,000	955,000	27,631,320	97%
2024	571,726,400				230,000	28,586,320	955,000	230,000	725,000	27,861,320	97%
2025	571,726,400				235,000	28,586,320	725,000	235,000	490,000	28,096,320	98%
2026	571,726,400				245,000	28,586,320	490,000	245,000	245,000	28,341,320	99%
2027	571,726,400				245,000	28,586,320	245,000	245,000	0	28,586,320	100%
<b>Total</b>		62,009	3,650,000	1,490,000	1,090,000						

- G.O. Borrowing Capacity = \$28.5 million
- End of Year Principal Outstanding = \$5.7 million
- Available Borrowing Capacity = ~\$22.8 million (80%)



# TID No. 1 – Current Profile

## Tax Increment Forecast

### TID No. 1

District Classification: Industrial  
 Creation Date: 9/18/2003  
 Effective Creation Year: 2003  
 End of Expenditure Period: 2021  
 Maximum Life of District (Final Year): 2026  
 Final Revenue Year: 2027

Inflation Factor: 0.00%

Dec. 31, 2014  
 Balances  
 Cash: \$ -  
 GF Advance: \$ 945,720

Construction Year	Valuation Year	Revenue Year	Inflation Increment	New Valuation	TID Value Increment	Tax Rate	Projected Tax Increment	Gen. Fund Advance Repayment <sup>1</sup>	Project Costs	Estimated 65% 2015 SDWL <sup>2</sup>	Cash Expenses	Other Expenses	Total Expenses	Annual Balance	Advance Int. 2.00%	Gen. Fund Advances	Cumulative Balance
2013	2014	2015	-	63,424,900	18.79	1,191,601	508,613				486,300	5,000	999,913	191,688	-	-	191,688
2014	2015	2016	-	73,637,600	18.79	1,383,473	508,613		109,296		5,000	5,000	622,909	760,563	-	-	952,251
2015	2016	2017	-	73,637,600	18.79	1,383,473			95,830		5,000	5,000	100,830	1,282,642	-	-	2,234,893
2016	2017	2018	-	73,637,600	18.79	1,383,473			95,821		5,000	5,000	100,821	1,282,652	-	-	3,517,545
2017	2018	2019	-	73,637,600	18.79	1,383,473			95,811		5,000	5,000	100,811	1,282,662	-	-	4,800,207
2018	2019	2020	-	73,637,600	18.79	1,383,473			95,801		5,000	5,000	100,801	1,282,672	-	-	6,082,879
2019	2020	2021	-	73,637,600	18.79	1,383,473			95,791		5,000	5,000	100,791	1,282,682	-	-	7,365,560
2020	2021	2022	-	73,637,600	18.79	1,383,473			95,781		5,000	5,000	100,781	1,282,692	-	-	8,648,252
2021	2022	2023	-	73,637,600	18.79	1,383,473			95,770		5,000	5,000	100,770	1,282,702	-	-	9,930,955
2022	2023	2024	-	73,637,600	18.79	1,383,473			95,760		5,000	5,000	100,760	1,282,713	-	-	11,213,668
2023	2024	2025	-	73,637,600	18.79	1,383,473			95,749		5,000	5,000	100,749	1,282,724	-	-	12,496,392
2024	2025	2026	-	73,637,600	18.79	1,383,473			95,738		5,000	5,000	100,738	1,282,735	-	-	13,779,126
2025	2026	2027	-	73,637,600	18.79	1,383,473			806,861		5,000	5,000	811,861	571,612	-	-	14,350,739

### Totals:

17,793,274      1,017,226      -      1,874,009      65,000      3,442,535      -

### Notes:

- General Fund advance accrues interest at a rate of 5.00%
- Payments estimated based on authorized loan amount, with pre-payment of remaining balance in 2027

- TID 1 very healthy and able to absorb anticipated expenses
- Cash expenses in 2015 related to Bus. 53 outlays



# Business 53 Project

- Current estimated cost = \$10,352,000
- Expected to begin major work in Spring upon completion of engineering and bidding
- Expected receipt of bids?
- Award of financing should generally coincide with award of construction contracts



# Financing Considerations

- TID 1 has wherewithal to recover expense
- Significant cash resources available
- Could finance project through:
  - 100% debt
  - Combination of debt and cash
- What type of debt?



# TID 1 Impact – 100% Debt

## Tax Increment Forecast

### TID No. 1

District Classification: Industrial  
 Creation Date: 9/18/2003  
 Effective Creation Year: 2003  
 End of Expenditure Period: 2021  
 Maximum Life of District (Final Year): 2026  
 Final Revenue Year: 2027

Inflation Factor: 0.00%

Dec. 31, 2014	
Balances	
Cash:	\$ -
GF Advance:	\$ 945,720

Construction Year	Valuation Year	Revenue Year	Inflation Increment	New Valuation	TID Value Increment	Tax Rate	Projected Tax Increment	Gen. Fund Advance Repayment <sup>1</sup>	Project Costs	Estimated	Estimated	Estimated	Other Expenses	Total Expenses	Annual Balance	Advance Int. 2.00%	Gen. Fund Advances	Cumulative Balance
										65% 2016 Bonds <sup>3</sup> 2015 \$10,352,000	Hwy. 53 Costs <sup>4</sup>	4.00%						
2013	2014	2015	-	63,424,900	18.79	1,191,601	508,613					486,300	5,000	999,913	191,688	-	-	191,688
2014	2015	2016	-	73,637,600	18.79	1,383,473	508,613		109,296			-	5,000	622,909	760,563	-	-	952,251
2015	2016	2017	-	73,637,600	18.79	1,383,473			95,830	1,181,671			5,000	1,282,501	100,971	-	-	1,053,223
2016	2017	2018	-	73,637,600	18.79	1,383,473			95,821	1,181,671			5,000	1,282,492	100,981	-	-	1,154,204
2017	2018	2019	-	73,637,600	18.79	1,383,473			95,811	1,181,671			5,000	1,282,482	100,991	-	-	1,255,194
2018	2019	2020	-	73,637,600	18.79	1,383,473			95,801	1,181,671			5,000	1,282,472	101,001	-	-	1,356,195
2019	2020	2021	-	73,637,600	18.79	1,383,473			95,791	1,181,671			5,000	1,282,462	101,011	-	-	1,457,206
2020	2021	2022	-	73,637,600	18.79	1,383,473			95,781	1,181,671			5,000	1,282,452	101,021	-	-	1,558,227
2021	2022	2023	-	73,637,600	18.79	1,383,473			95,770	1,181,671			5,000	1,282,441	101,032	-	-	1,659,259
2022	2023	2024	-	73,637,600	18.79	1,383,473			95,760	1,181,671			5,000	1,282,431	101,042	-	-	1,760,301
2023	2024	2025	-	73,637,600	18.79	1,383,473			95,749	1,181,671			5,000	1,282,420	101,053	-	-	1,861,354
2024	2025	2026	-	73,637,600	18.79	1,383,473			95,738	1,181,671			5,000	1,282,409	101,064	-	-	1,962,418
2025	2026	2027	-	73,637,600	18.79	1,383,473			806,861	1,181,671			5,000	1,993,531	(610,059)	-	-	1,352,359
<b>Totals</b>							17,793,274	1,017,226	-	1,874,009	12,998,379	486,300	65,000	16,440,915				

### Notes:

1. General Fund advance accrues interest at a rate of 5.00%
2. Payments estimated based on authorized loan amount, with pre-payment of remaining balance in 2027
3. 2016 Bonds would fund all 2016 Business 53 expenses not covered with cash; total 2016 and 2017 expenses estimated at \$10,352,000
4. Cash paid for project costs pays for Business 53 expenses paid in 2015

- Debt structured with level payments over remaining life of TID
- Additional resources available for other expenses



# TID 1 Impact – Debt/Cash Mix

## Tax Increment Forecast

### TID No. 1

District Classification: Industrial  
 Creation Date: 9/18/2003  
 Effective Creation Year: 2003  
 End of Expenditure Period: 2021  
 Maximum Life of District (Final Year): 2026  
 Final Revenue Year: 2027

Dec. 31, 2014	
Balances	
Cash:	\$ -
GF Advance:	\$ 945,720

Inflation Factor: 0.00%

Construction Year	Valuation Year	Revenue Year	Inflation Increment	New Valuation	TID Value Increment	Tax Rate	Projected Tax Increment	Gen. Fund Advance Repayment <sup>1</sup>	Project Costs	Estimated	Estimated	Estimated	Other Expenses	Total Expenses	Annual Balance	Advance Int. 2.00%	Gen. Fund Advances	Cumulative Balance
										65% 2016 Bonds <sup>3</sup> 2015 SDWL <sup>2</sup>	\$6,200,000 4.00%	Hwy. 53 Costs <sup>5</sup>						
2013	2014	2015	-	63,424,900	18.79	1,191,601	508,613			486,300	5,000	999,913	5,000	191,688	-	-	191,688	
2014	2015	2016	-	73,637,600	18.79	1,383,473	508,613		109,296		4,152,000	4,774,909	5,000	(3,391,437)	-	3,391,437	(3,199,749)	
2015	2016	2017	-	73,637,600	18.79	1,383,473			95,830	707,724		808,555	5,000	574,928	63,995	-	(2,688,826)	
2016	2017	2018	-	73,637,600	18.79	1,383,473			95,821	707,724		808,545	5,000	574,928	53,777	-	(2,167,674)	
2017	2018	2019	-	73,637,600	18.79	1,383,473			95,811	707,724		808,535	5,000	574,938	43,353	-	(1,636,090)	
2018	2019	2020	-	73,637,600	18.79	1,383,473			95,801	707,724		808,525	5,000	574,948	32,722	-	(1,093,864)	
2019	2020	2021	-	73,637,600	18.79	1,383,473			95,791	707,724		808,515	5,000	574,968	21,877	-	(540,784)	
2020	2021	2022	-	73,637,600	18.79	1,383,473			95,781	707,724		808,505	5,000	574,968	10,816	-	23,368	
2021	2022	2023	-	73,637,600	18.79	1,383,473			95,770	707,724		808,494	5,000	574,978	-	-	598,347	
2022	2023	2024	-	73,637,600	18.79	1,383,473			95,760	707,724		808,484	5,000	574,989	-	-	1,173,336	
2023	2024	2025	-	73,637,600	18.79	1,383,473			95,749	707,724		808,473	5,000	575,000	-	-	1,748,335	
2024	2025	2026	-	73,637,600	18.79	1,383,473			95,738	707,724		808,462	5,000	575,011	-	-	2,323,346	
2025	2026	2027	-	73,637,600	18.79	1,383,473			806,861	707,724		1,519,585	5,000	(136,112)	-	136,112	2,187,234	
<b>Totals:</b>							17,793,274	1,017,226	-	1,874,009	7,784,964	4,638,300	65,000	15,379,500		226,540		

### Notes

- General Fund advance accrues interest at a rate of 5.00%
- Payments estimated based on authorized loan amount, with pre-payment of remaining balance in 2027
- 2016 Bonds would fund all 2016 Business 53 expenses not covered with cash; total 2016 and 2017 expenses estimated at \$10,352,000
- Cash paid for project costs pays for Business 53 expenses paid in 2015

- Projection assumes ~60/40 split between debt/cash, respectively
- Cash outlay would be recovered through future tax increment to replenish balance





# Financing Options

- General Obligation Bonds
  - Lowest financing costs
  - Counts against statutory limitation
  - Will be included in debt ratios for rating purposes
  - Last few years (at most) subject to pre-payment
- TIF Revenue Loan through State Trust Fund Loan program
  - Not a general obligation
  - Higher interest rates than standard loan program & higher than public markets
  - Underwriting standards that require demonstrated debt service coverage
  - Pre-payable annually between Jan. 1 – Aug. 31
- Tax Increment Revenue Bond
  - Secured by TID Revenues
  - Similar to utility revenue bond; TID is revenue-producing “utility”
  - This structure would need additional research
- Construction financing with later permanent take-out
  - Definitive financing amount known in future
  - Could be reduced by available cash resources
  - Subjects Village to interest rate risk
- *Some combination of the above*



# Important Considerations

- Rating Impact
  - Current rating of AA is very strong
  - Important factors underpinning this rating:
    - Low debt (G.O.)
    - Strong fund balance – *anticipated level of no less than 75% of expenditures directly cited as reason for recent upgrade*
  - Even though G.O. debt would be supported by TIF revenues (vs. general taxes), it would not be backed out of ratios
- G.O. Borrowing Capacity
  - 100% G.O. would leave Village with ~44% of capacity
  - *Future projects/needs?*
- Utilization of cash for portion of project
  - Need to be mindful of balances in relation to rating impact



# Anticipated Calendar

- **Today:** Discuss overall goals and objectives – policy considerations
- **March:** Refine finance plan and arrive at recommended course of action
- **March/April:** Authorizations for debt issuance & other required actions relating to same
- **April/May:** Execution – approve debt issue(s); lock in rates/terms
- **May:** Closing





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