



## Advanced Debt

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## Session Overview

- Limits on general obligation (G.O.) debt issuance
- Common uses of non-G.O. debt
- Interim / short-term financing
- Understanding revenue-secured obligations
- Development financing (Tax increment projects)
- Accessing capital markets for non-G.O. debt



## Limits on general obligation debt issuance

- Equalized value test (5% of total equalized value)
- General obligation bonds - statutory purpose
- Self-imposed through debt policy
  - ✓ Limits more restrictive than statute
  - ✓ Project types
  - ✓ Future needs
- Bond rating considerations



## Common uses of non-G.O. debt

- Interim financing
- Utility projects
  - ✓ Commercial market – public and private offering
  - ✓ State loans
  - ✓ Federal loans
- Redevelopment / economic development projects



## Challenges of issuing non-G.O. debt

- More complicated
- Longer issuance process
- Higher interest rates (normally)
- Higher costs of issuance
- Typically includes provisions/limitations on issuing future debt secured by same revenue source



## Common methods of interim financing

- Bond Anticipation Notes (BANs)
  - ✓ Similar process to issuing G.O. Bonds
  - ✓ Initially issued with term no greater than five years
    - Can be refinanced and extended to total term not greater than ten years
- Note Anticipation Notes (NANs)
  - ✓ Can be initially issued up to and no greater in total term than five years



## Common methods of interim financing

- Can be used as interim financing tool for numerous projects
- Do not technically count towards G.O. debt limit
  - ✓ Must “reserve” sufficient capacity to take out at maturity



## Why interim finance capital projects?

- Combine multiple capital projects into single, larger financing
- Uncertain financing amount
  - ✓ Potential for material changes to budget
  - ✓ Portion grant funded (reimbursable)
- Economic efficiencies during construction period
  - ✓ Minimize interest during construction
- Timing of levy (or other) impact





## Why not just use G.O. or prom. note?

Might be fine, *but*.

- All forms of G.O. debt counts toward debt limit
- Will also be considered in rating metrics
- Starts the clock on 20-year repayment requirement
- Establishes an irrevocable levy for debt service
- Difficult to manage if payment amounts not known at closing or for periods greater than one-year in term



## Understanding revenue-secured debt

- Statutory considerations
  - ✓ Revenue bonds - 66.0621
  - ✓ Revenue BANs - 66.0621(4)(L)
  - ✓ Special assessment “B” bonds - 66.0713
  - ✓ CDA/RDA lease revenue bonds - 66.1333 & 66.1335
  - ✓ Tax & revenue anticipation notes - 67.12(8)(a)1



## Understanding revenue-secured debt

- What is the project?
  - ✓ Revenue source
  - ✓ Existing or projected?
  - ✓ Approval required?
    - Rate increase
    - Levy special assessments
- What is the Pledge?
  - ✓ Established or new
  - ✓ Senior / Subordinate



# Example of debt coverage

Sewer Utility - Debt Service Coverage Projection

Year	Revenue Available for Debt Service	SENIOR REVENUE DEBT				JUNIOR REVENUE DEBT		SENIOR & JUNIOR COV.		G.O. DEBT		TOTAL COVERAGE	
		2000 Sewer Rev. Bonds	2015 Sewer Rev. Bonds	Total Senior Debt Service	Min.: 1.25 Senior Debt Coverage	2008 Sewer Rev. Bonds	2010 Sewer Rev. Bonds	Total Rev. Debt Service	Min.: 1.00 Revenue Debt Coverage	2011 G.O. Ref. Bonds	Total G.O. Debt Service	Total Debt Service	Min.: 1.00 Total Debt Coverage
		\$2,904,892	\$1,940,000			\$2,000,000	\$2,174,000			\$4,390,000			
2020	671,749	206,137	80,400	286,537	2.34	102,560	93,525	482,622	1.39	30,285	30,285	512,907	1.31
2021	558,774		202,810	202,810	2.76	102,560	93,495	398,865	1.40	34,610	34,610	433,475	1.29
2022	558,774		203,400	203,400	2.75	102,560	93,531	399,491	1.40	33,770	33,770	433,261	1.29
2023	558,774		203,850	203,850	2.74	102,560	93,531	399,941	1.40	27,870	27,870	427,811	1.31
2024	558,774		204,160	204,160	2.74	102,560	93,693	400,413	1.40	32,070	32,070	432,483	1.29
2025	558,774		204,330	204,330	2.73	102,560	93,616	400,506	1.40	30,525	30,525	431,031	1.30
2026	558,774		209,290	209,290	2.67	102,560	93,601	405,451	1.38	-	-	405,451	1.38
2027	558,774		209,040	209,040	2.67	102,560	93,547	405,147	1.38	-	-	405,147	1.38
2028	558,774		203,720	203,720	2.74	102,560	93,554	399,834	1.40	-	-	399,834	1.40
2029	558,774		203,330	203,330	2.75	102,560	93,618	399,508	1.40	-	-	399,508	1.40
2030	558,774		202,800	202,800	2.76	102,560	93,537	398,897	1.40	-	-	398,897	1.40
2031	558,774		-	-	-	102,560	93,537	196,097	2.85	-	-	196,097	2.85
2032	558,774		-	-	-	102,560	93,537	196,097	2.85	-	-	196,097	2.85
2033	558,774		-	-	-	102,560	93,537	196,097	2.85	-	-	196,097	2.85
2034	558,774		-	-	-	102,560	93,537	196,097	2.85	-	-	196,097	2.85
2035	558,774		-	-	-	102,560	93,537	196,097	2.85	-	-	196,097	2.85
2036	558,774		-	-	-	102,560	93,537	196,097	2.85	-	-	196,097	2.85
2037	558,774		-	-	-	102,560	93,537	196,097	2.85	-	-	196,097	2.85
2038	558,774		-	-	-	102,560	93,537	196,097	2.85	-	-	196,097	2.85
2039	558,774		-	-	-	102,560	93,537	196,097	2.85	-	-	196,097	2.85

Until 2048    Until 2050



## Understanding revenue-secured debt

- Risks to construction (i.e. the thing producing the revenue)?
- Risks to revenue profile
  - ✓ How much control over revenues?
    - Utilities
    - Special assessments
    - Tax increment revenues
  - ✓ Diverse or concentrated?
  - ✓ Leases
    - What is the asset being financed?



## Understanding revenue-secured debt

- Understood model or “blazing a new trail”
- Issuer size & credit strength (G.O.)

*When do revenue obligations present a material risk to an issuer's G.O. rating profile?*



## 2015 example:

- Bond rating: AA-
- Available G.O. capacity: \$12.6 million
- Significant future non-TID capital projects
- \$9 million TID infrastructure expenditures
- Rating agencies include G.O. debt issued for TID projects in “Debt” calculations, unlike that issued for utilities (*Assuming self-supporting*)
- TID cashflow projected to cover proposed new debt service
- **Solution:** TID revenue-secured debt (privately placed)
- Maintained G.O. borrowing capacity and AA- rating



## Financing specially assessed projects

- Nature of special assessments
  - ✓ Typically assessed over defined term, with interest
  - ✓ Subject to pre-payment (terms defined at local level) & must be cleared to transfer title to property
  - ✓ Defined statutory process to perfect levy
  - ✓ Can be deferred in some circumstances
- Active assessments
  - ✓ Can be used to annually abate required levy for G.O. debt
  - ✓ Can be a legally-pledged revenue to secure debt





# Typical financing solution

City of Chippewa Falls, WI  
\$6,480,000 General Obligation Corporate Purpose Bonds, Series 2016A

Dated Date: 6/28/2016  
Call Date: 10/1/2025



Payment Date	ALLOCATION OF DEBT APPLICABLE TO:																		
	Streets			Fire Station			Wastewater			Water			Storm Water			Streets - Special Assessments			
	Principal	Interest	Fiscal Total	Principal	Interest	Fiscal Total	Principal	Interest	Fiscal Total	Principal	Interest	Fiscal Total	Principal	Interest	Fiscal Total	Principal	Interest	Fiscal Total	
4/1/2017	10,441.30	-	-	84,833.80	-	-	-	2,122.39	-	-	-	2,961.29	-	-	-	1,752.70	-	-	5,035.33
10/1/2017	-	6,884.38	17,325.68	-	55,934.38	140,768.18	5,000.00	1,399.38	8,521.76	5,000.00	1,952.50	9,913.79	5,000.00	1,155.63	7,908.32	40,000.00	3,320.00	48,355.33	
4/1/2018	-	6,884.38	-	-	55,934.38	-	-	1,384.38	-	-	1,937.50	-	-	1,140.63	-	-	-	3,200.00	-
10/1/2018	-	6,884.38	13,768.75	-	55,934.38	111,868.75	5,000.00	1,384.38	7,768.75	5,000.00	1,937.50	8,875.00	5,000.00	1,140.63	7,281.25	40,000.00	3,200.00	46,400.00	
4/1/2019	-	6,884.38	-	-	55,934.38	-	-	1,365.63	-	-	1,918.75	-	-	1,121.88	-	-	-	3,050.00	-
10/1/2019	30,000.00	6,884.38	43,768.75	235,000.00	55,934.38	346,868.75	5,000.00	1,365.63	7,731.25	5,000.00	1,918.75	8,837.50	5,000.00	1,121.88	7,243.75	40,000.00	3,050.00	46,100.00	
4/1/2020	-	6,584.38	-	-	53,584.38	-	-	1,315.63	-	-	1,868.75	-	-	1,071.88	-	-	-	2,650.00	-
10/1/2020	30,000.00	6,584.38	43,168.75	240,000.00	53,584.38	347,168.75	5,000.00	1,315.63	7,631.25	10,000.00	1,868.75	13,737.50	5,000.00	1,071.88	7,143.75	40,000.00	2,650.00	45,300.00	
4/1/2021	-	6,284.38	-	-	51,184.38	-	-	1,265.63	-	-	1,768.75	-	-	1,021.88	-	-	-	2,250.00	-
10/1/2021	30,000.00	6,284.38	42,568.75	245,000.00	51,184.38	347,368.75	5,000.00	1,265.63	7,531.25	10,000.00	1,768.75	13,537.50	5,000.00	1,021.88	7,043.75	40,000.00	2,250.00	44,500.00	
4/1/2022	-	5,984.38	-	-	48,734.38	-	-	1,215.63	-	-	1,668.75	-	-	971.88	-	-	-	1,850.00	-
10/1/2022	30,000.00	5,984.38	41,968.75	250,000.00	48,734.38	347,468.75	5,000.00	1,215.63	7,431.25	10,000.00	1,668.75	13,337.50	5,000.00	971.88	6,943.75	40,000.00	1,850.00	43,700.00	
4/1/2023	-	5,684.38	-	-	46,234.38	-	-	1,165.63	-	-	1,568.75	-	-	921.88	-	-	-	1,450.00	-
10/1/2023	30,000.00	5,684.38	41,368.75	255,000.00	46,234.38	347,468.75	5,000.00	1,165.63	7,331.25	10,000.00	1,568.75	13,137.50	5,000.00	921.88	6,843.75	40,000.00	1,450.00	42,900.00	
4/1/2024	-	5,384.38	-	-	43,684.38	-	-	1,115.63	-	-	1,468.75	-	-	871.88	-	-	-	1,050.00	-
10/1/2024	30,000.00	5,384.38	40,768.75	255,000.00	43,684.38	342,368.75	5,000.00	1,115.63	7,231.25	10,000.00	1,468.75	12,937.50	5,000.00	871.88	6,743.75	35,000.00	1,050.00	37,100.00	
4/1/2025	-	5,084.38	-	-	41,134.38	-	-	1,065.63	-	-	1,368.75	-	-	821.88	-	-	-	700.00	-
10/1/2025	30,000.00	5,084.38	40,168.75	260,000.00	41,134.38	342,268.75	5,000.00	1,065.63	7,131.25	10,000.00	1,368.75	12,737.50	5,000.00	821.88	6,643.75	35,000.00	700.00	36,400.00	
4/1/2026	-	4,784.38	-	-	38,534.38	-	-	1,015.63	-	-	1,268.75	-	-	771.88	-	-	-	350.00	-
10/1/2026	30,000.00	4,784.38	39,568.75	270,000.00	38,534.38	347,068.75	5,000.00	1,015.63	7,031.25	10,000.00	1,268.75	12,537.50	5,000.00	771.88	6,543.75	35,000.00	350.00	35,700.00	
4/1/2027	-	4,484.38	-	-	35,834.38	-	-	965.63	-	-	1,168.75	-	-	721.88	-	-	-	-	-
10/1/2027	35,000.00	4,484.38	43,968.75	275,000.00	35,834.38	346,668.75	5,000.00	965.63	6,931.25	10,000.00	1,168.75	12,337.50	5,000.00	721.88	6,443.75	-	-	-	
4/1/2028	-	4,134.38	-	-	33,084.38	-	-	915.63	-	-	1,068.75	-	-	671.88	-	-	-	-	-
10/1/2028	35,000.00	4,134.38	43,268.75	280,000.00	33,084.38	346,168.75	5,000.00	915.63	6,831.25	10,000.00	1,068.75	12,137.50	5,000.00	671.88	6,343.75	-	-	-	
4/1/2029	-	3,784.38	-	-	30,284.38	-	-	865.63	-	-	968.75	-	-	621.88	-	-	-	-	-
10/1/2029	35,000.00	3,784.38	42,568.75	285,000.00	30,284.38	345,568.75	5,000.00	865.63	6,731.25	10,000.00	968.75	11,937.50	5,000.00	621.88	6,243.75	-	-	-	
4/1/2030	-	3,434.38	-	-	27,434.38	-	-	815.63	-	-	868.75	-	-	571.88	-	-	-	-	-
10/1/2030	35,000.00	3,434.38	41,868.75	290,000.00	27,434.38	344,868.75	5,000.00	815.63	6,631.25	10,000.00	868.75	11,737.50	5,000.00	571.88	6,143.75	-	-	-	
4/1/2031	-	3,062.50	-	-	24,353.13	-	-	762.50	-	-	762.50	-	-	518.75	-	-	-	-	-
10/1/2031	35,000.00	3,062.50	41,125.00	300,000.00	24,353.13	348,706.25	10,000.00	762.50	11,525.00	10,000.00	762.50	11,525.00	5,000.00	518.75	6,037.50	-	-	-	
4/1/2032	-	2,668.75	-	-	20,978.13	-	-	650.00	-	-	650.00	-	-	462.50	-	-	-	-	-
10/1/2032	40,000.00	2,668.75	45,337.50	305,000.00	20,978.13	346,956.25	10,000.00	650.00	11,300.00	10,000.00	650.00	11,300.00	5,000.00	462.50	5,925.00	-	-	-	
4/1/2033	-	2,193.75	-	-	17,356.25	-	-	531.25	-	-	531.25	-	-	403.13	-	-	-	-	-
10/1/2033	40,000.00	2,193.75	44,387.50	310,000.00	17,356.25	344,712.50	10,000.00	531.25	11,062.50	10,000.00	531.25	11,062.50	5,000.00	403.13	5,806.25	-	-	-	
4/1/2034	-	1,693.75	-	-	13,481.25	-	-	406.25	-	-	406.25	-	-	340.63	-	-	-	-	-
10/1/2034	40,000.00	1,693.75	43,387.50	320,000.00	13,481.25	346,962.50	10,000.00	406.25	10,812.50	10,000.00	406.25	10,812.50	5,000.00	340.63	5,681.25	-	-	-	
4/1/2035	-	1,168.75	-	-	9,281.25	-	-	275.00	-	-	275.00	-	-	275.00	-	-	-	-	-
10/1/2035	40,000.00	1,168.75	42,337.50	330,000.00	9,281.25	348,562.50	10,000.00	275.00	10,550.00	10,000.00	275.00	10,550.00	10,000.00	275.00	10,550.00	-	-	-	
4/1/2036	45,000.00	618.75	45,618.75	345,000.00	4,743.75	349,743.75	10,000.00	137.50	10,137.50	10,000.00	137.50	10,137.50	10,000.00	137.50	10,137.50	-	-	-	
<b>Totals</b>	<b>620,000.00</b>	<b>178,313.18</b>	<b>798,313.18</b>	<b>5,050,000.00</b>	<b>1,439,605.68</b>	<b>6,489,605.68</b>	<b>130,000.00</b>	<b>37,853.01</b>	<b>167,853.01</b>	<b>185,000.00</b>	<b>48,126.29</b>	<b>233,126.29</b>	<b>110,000.00</b>	<b>29,652.07</b>	<b>139,652.07</b>	<b>385,000.00</b>	<b>41,455.33</b>	<b>426,455.33</b>	



## Typical financing solution - pitfalls

- Actual assessment revenues will differ from original schedule
- Pre-pays cannot always be applied to debt balance
- Pre-pays will result in reduced revenue to offset levy (reduced interest revenue on specials when paid early)
- G.O. debt paid from special assessments = debt paid from tax levy for rating considerations
- *Can be an accounting headache*





## Financing specially assessed projects

- If G.O.:
  - ✓ Promissory note with local lender subject to pre-payment at any time
    - Term & structure of Note matches assessment roll
- Short-term finance:
  - ✓ NAN – interest only, bullet structure, subject to pre-payment at any time
- Revenue obligation
  - ✓ Special assessment “B” bonds



## Special assessment “B” bonds

- Security is pledge of active special assessments
- Must abide by process to perfect obligation
- Structure of debt matches assessment revenues
- Can be additionally secured by DSR or developer LOC
- Can be issued as securities in public market, or privately as loan
- Can be used in conjunction with USDA/RD financing
- Recommend redemption feature(s) that allow for flexible pre-pay terms



## Financing (re)development projects

- For projects in TIDs:
  - ✓ Timing & nature of expenditures, if any
  - ✓ Timing of associated (re)development project & anticipated revenue stream
    - Existing & new
  - ✓ Timing of financing
    - Interim & permanent
  - ✓ Matching TID revenues with debt structure



## Financing TID projects not always a...

- Limited G.O. borrowing capacity
- Phased public improvements
- Combo public improvements and developer contribution
- Multi-year development project
- No/Insufficient revenue history
- Restructuring/Consolidate existing debt





# This is not cake...

## TID No. 12 (Downtown "Overlay")

District Classification: Blight  
 Creation Date: 5/1/2012  
 Effective Creation Year: 2012  
 End of Expenditure Period: 2034  
 Maximum Life of District (Final Year): 2039  
 Final Revenue Year: 2039

Inflation Factor: 0.00%

Complex Revenue Profile

Varied Expenditures

Cash Balance  
 Dec. 31, 2017  
 \$2,171,151

Construction Year	Valuation Year	Revenue Year	Inflation Increment	New Valuation	TID Value Increment	Tax Rate	Projected Tax Increment	Loan Payments \$2,627,000	TID 11 Pooled Revenues	TID 7 Pooled Revenues	TID 14 Pooled Revenues	Total Revenues	2013		2016	2016	Total Admin Expenses	Annual Balance	Cumulative Balance	Fiscal Year		
													Tax. NANS \$2,651,771	Principal Reduction <sup>1</sup> 27,085							Cash Grant/ <sup>2</sup> Incentive <sup>2</sup> 200,000	G.O. Bonds \$4,405,000
2016	2017	2018	-	9,108,800	20.95	190,818	131,350	1,160,000	110,000	-	-	1,692,168	984,900	27,085	230,369	336,535	5,000	1,583,888	8,280	2,179,431	2018	
2017	2018	2019	-	12,476,600	22.91	285,839	131,350	210,000	-	-	-	627,189			231,869	336,535	5,000	573,404	53,785	2,233,217	2019	
2018	2019	2020	-	12,099,300	20.67	250,037	131,350	200,000	-	-	-	581,387			228,269	336,535	5,000	569,804	11,584	2,244,800	2020	
2019	2020	2021	-	12,099,300	20.67	250,037	131,350	400,000	-	-	-	781,387			229,444	336,535	5,000	770,979	10,409	2,255,209	2021	
2020	2021	2022	-	12,099,300	20.67	250,037	131,350	200,000	-	-	-	581,387			225,281	336,535	5,000	566,816	14,571	2,269,780	2022	
2021	2022	2023	-	12,099,300	20.67	250,037	131,350	200,000	-	-	-	581,387			225,656	336,535	5,000	567,191	14,196	2,283,976	2023	
2022	2023	2024	-	12,099,300	20.67	250,037	131,350	200,000	-	-	-	581,387			225,431	336,535	5,000	566,966	14,421	2,298,397	2024	
2023	2024	2025	-	12,099,300	20.67	250,037	131,350	200,000	-	-	-	581,387			225,069	336,535	5,000	566,604	14,784	2,313,181	2025	
2024	2025	2026	-	12,099,300	20.67	250,037	131,350	190,000	-	-	-	571,387			219,069	336,535	5,000	560,604	10,784	2,323,964	2026	
2025	2026	2027	-	12,099,300	20.67	250,037	131,350	190,000	-	-	-	571,387			218,069	336,535	5,000	559,604	11,784	2,335,748	2027	
2026	2027	2028	-	12,099,300	20.67	250,037	131,350	185,000	-	-	-	566,387			211,663	336,535	5,000	553,197	13,190	2,348,938	2028	
2027	2028	2029	-	12,099,300	20.67	250,037	131,350	-	-	-	-	381,387				336,535	5,000	341,535	39,852	2,388,790	2029	
2028	2029	2030	-	12,099,300	20.67	250,037	131,350	-	-	-	-	381,387				336,535	5,000	341,535	39,852	2,428,642	2030	
2029	2030	2031	-	12,099,300	20.67	250,037	131,350	-	-	-	-	381,387				336,535	5,000	341,535	39,852	2,468,494	2031	
2030	2031	2032	-	12,099,300	20.67	250,037	131,350	-	-	-	-	381,387					5,000	5,000	376,387	2,844,881	2032	
2031	2032	2033	-	12,099,300	20.67	250,037						381,387					5,000	5,000	376,387	3,221,269	2033	
2032	2033	2034	-	12,099,300	20.67	250,037						250,037					5,000	5,000	245,037	3,466,306	2034	
2033	2034	2035	-	12,099,300	20.67	250,037						250,037					5,000	5,000	245,037	3,711,343	2035	
2034	2035	2036	-	12,099,300	20.67	250,037						250,037					5,000	5,000	245,037	3,956,380	2036	
2035	2036	2037	-	12,099,300	20.67	250,037						250,037					5,000	5,000	245,037	4,201,417	2037	
2036	2037	2038	-	12,099,300	20.67	250,037						250,037					5,000	5,000	245,037	4,446,454	2038	
2037	2038	2039	-	12,099,300	20.67	250,037						250,037					5,000	5,000	245,037	4,691,491	2039	
<b>Totals:</b>								5,477,398	2,101,600	3,335,000	110,000	-	11,023,998	984,900	27,085	200,000	2,470,188	4,711,486	110,000	8,503,658		

**Notes:**  
 1. Estimated principal amortization is based on equal annual principal payments. No defined amortization has been established, and the City may pre-pay the Note at its discretion through the stated maturity of April 1, 2018  
 2. Cash funding of contributions to project in 2014 (last money in) and existing building "make-whole" (estimated, not-to-exceed) in 2019.



## Prior slide – what's the scoop?

- Downtown redevelopment, including major public riverfront park improvements
- City EV grown from about \$800MM - \$1B last few years
- Community investments in riverfront project substantial
  - ✓ Significantly pressure G.O. borrowing capacity
- Blight TID & donor relationship with 3 other TIDs
- Strong available cash flow from donor TIDs – this TID will never be able to exclusively support itself
- Attempting to retire debt as quickly as possible without risk related to aggressive, defined repayment requirements





## Small community example - assumptions

- \$55MM total EV - almost 30% is value increment
- Mixed-use TID - declared “Distressed” in 2009
- 2009/2010 - G.O. Bonds: consolidated & restructured various prior debt issues along with new money; Sewer & Water Rev BANs & NANs interim financing
- 2013 - Issued STF TID Revenue Loan once revenues stabilized - take out Rev BANs and NANs
- 2017 - Interim finance initial contributions to major development project (one tranche with balloon due in 2019)
- 2019 - Set forth permanent financing for total development project contribution and refund debt for savings
- Minimum tax agreement with private party



# Before

**TID No. 4**

Creation Year 2004  
 Creation Date 9/28/2004  
 End of Expenditure Period 2022  
 Maximum Life of District (Final Year) 2037  
 Final Revenue Collection 2038  
 Classification Industrial

Inflation Factor: 0.00%

Mix of Revenue, G.O. & Anticipation

Cash Balance 12/31/2017 516,826

Construction Year	Valuation Year	Revenue Year	Inflation Increment	New Valuation	TID Value Increment	Tax Rate	Projected Tax Increment	Minimum Tax Pmts.	Projected Tax Increment	2013 TIF Rev. \$1,160,000	Remaining Revenues	2009 G.O. Bonds \$1,180,000	2013 STFL \$196,700	2017 STFL \$680,000	2017 NAN \$685,500	Other Expenses	Total Expenses	Annual Balance	Cumulative Balance
2016	2017	2018	-	10,732,500	26.12	280,331	180,000		460,331	74,577	385,754	84,575	22,209	147,931	33,590		288,304	97,450	614,276
2017	2018	2019	-	12,795,000	24.42	312,431	140,000		452,431	71,702	380,729	87,650	22,209	147,931	719,090	32,392	1,009,271	(628,542)	(14,267)
2018	2019	2020	-	5,000,000	17,795,000	24.42	434,523		434,523	73,608	360,914	85,250	22,209	147,931			255,390	105,524	91,258
2019	2020	2021	-	17,795,000	24.42	434,523			434,523	76,321	358,202	82,850	22,209	147,931			252,990	105,212	196,470
2020	2021	2022	-	17,795,000	24.42	434,523			434,523	73,399	361,123	85,450	22,209	147,931			255,590	105,533	302,003
2021	2022	2023	-	17,795,000	24.42	434,523			434,523	71,656	362,866	87,525	22,209				109,734	253,133	555,136
2022	2023	2024	-	17,795,000	24.42	434,523			434,523	91,949	342,573	89,375					89,375	253,198	808,334
2023	2024	2025	-	17,795,000	24.42	434,523			434,523	90,257	344,265	91,000					91,000	253,265	1,061,600
2024	2025	2026	-	17,795,000	24.42	434,523			434,523	98,904	335,618	82,000					82,000	253,618	1,315,218
2025	2026	2027	-	17,795,000	24.42	434,523			434,523	112,997	321,525	68,250					68,250	253,275	1,568,493
2026	2027	2028	-	17,795,000	24.42	434,523			434,523	155,007	279,515						0	279,515	1,848,008
2027	2028	2029	-	17,795,000	24.42	434,523			434,523	153,853	280,669						0	280,669	2,128,677
2028	2029	2030	-	17,795,000	24.42	434,523			434,523	155,806	278,716						0	278,716	2,407,394
2029	2030	2031	-	17,795,000	24.42	434,523			434,523	152,471	282,052						0	282,052	2,689,445
2030	2031	2032	-	17,795,000	24.42	434,523			434,523	149,112	285,411						0	285,411	2,974,856
2031	2032	2033	-	17,795,000	24.42	434,523			434,523	151,100	283,422						0	283,422	3,258,278
2032	2033	2034	-	17,795,000	24.42	434,523			434,523	157,295	277,228						0	277,228	3,535,506
2033	2034	2035	-	17,795,000	24.42	434,523			434,523		434,523						0	434,523	3,970,029
2034	2035	2036	-	17,795,000	24.42	434,523			434,523		434,523						0	434,523	4,404,551
2035	2036	2037	-	17,795,000	24.42	434,523			434,523		434,523						0	434,523	4,839,074
2036	2037	2038	-	17,795,000	24.42	434,523			434,523		434,523						0	434,523	5,273,596



# After

## TID No. 4 Forecast

Creation Year 2004  
 Creation Date 9/28/2004  
 End of Expenditure Period 2022  
 Maximum Life of District (Termination Year) 2037  
 Final Revenue Collection 2038  
 Classification Industrial  
 Valuation Inflation Factor: 0.00%

Revenue Secured

Contract Payments

Strong Cash

SENIOR LIEN

Cash Balance  
12/31/2017  
516,826

Construction Year	Valuation Year	Revenue Year	Inflation Increment	New Valuation*	TID Value Increment	Tax Rate	Projected Tax Increment	Minimum Tax Pmts.	Projected Total Revenues	2013 TIF Rev. \$1,160,000	Series 2019A \$2,384,000	Series 2019B \$1,728,000	TIF Rev. Coverage(x)	Remaining Revenues	2009 G.O. Bonds \$1,180,000	2013 STFL \$196,700	2017 STFL \$680,000	2017 Tax. NAN \$685,500	Spur Installment Payments	Other Expenses	Expenses	Annual Balance	Cash Balance	Year
2016	2017	2018	-	10,732,500	26.12	280,331	180,000		460,331	74,577	-	-	-	385,754	84,575	22,209	147,931	33,590		115,638	403,942	(18,189)	498,637	2018
2017	2018	2019	-	12,795,000	24.42	312,431	140,000		452,431	85,010	-	-	-	367,421	73,825	22,209	152,505	19,221		32,392	300,151	67,270	565,907	2019
2018	2019	2020	-	14,558,900	24.42	355,503			355,503				1.17	50,403		22,209	REFUNDED		100,000	5,000	127,209	(76,806)	489,101	2020
2019	2020	2021	-	18,558,900	24.42	453,176			453,176		154,464	150,636	1.45	139,701		22,209	REFUNDED		100,000	5,000	127,209	12,492	501,593	2021
2020	2021	2022	-	18,558,900	24.42	453,176			453,176		161,915	149,838	1.45	141,423		22,209	REFUNDED		100,000	5,000	127,209	14,214	515,807	2022
2021	2022	2023	-	18,558,900	24.42	453,176			453,176		160,445	150,425	1.46	142,306		22,209	REFUNDED		100,000	5,000	127,209	15,097	530,904	2023
2022	2023	2024	-	18,558,900	24.42	453,176			453,176		161,928	171,863	1.36	119,386					100,000	5,000	105,000	14,386	545,290	2024
2023	2024	2025	-	18,558,900	24.42	453,176			453,176		162,220	172,363	1.35	118,593					100,000	5,000	105,000	13,593	558,883	2025
2024	2025	2026	-	18,558,900	24.42	453,176			453,176		162,370	171,675	1.36	119,131						5,000	5,000	114,131	673,014	2026
2025	2026	2027	-	18,558,900	24.42	453,176			453,176		160,378	171,838	1.36	120,961						5,000	5,000	115,961	788,974	2027
2026	2027	2028	-	18,558,900	24.42	453,176			453,176		190,338	145,813	1.35	117,026						5,000	5,000	112,026	901,000	2028
2027	2028	2029	-	18,558,900	24.42	453,176			453,176		188,730	144,575	1.36	119,871						5,000	5,000	114,871	1,015,870	2029
2028	2029	2030	-	18,558,900	24.42	453,176			453,176		186,980	146,225	1.36	119,971						5,000	5,000	114,971	1,130,841	2030
2029	2030	2031	-	18,558,900	24.42	453,176			453,176		192,088	143,650	1.35	117,438						5,000	5,000	112,438	1,243,279	2031
2030	2031	2032	-	18,558,900	24.42	453,176			453,176		194,720	140,000	1.35	116,456						5,000	5,000	113,456	1,356,735	2032
2031	2032	2033	-	18,558,900	24.42	453,176			453,176		192,973	142,313	1.35	117,891						5,000	5,000	112,891	1,469,625	2033
2032	2033	2034	-	18,558,900	24.42	453,176			453,176		187,035	148,363	1.35	117,778						5,000	5,000	112,778	1,582,403	2034
2033	2034	2035	-	18,558,900	24.42	453,176			453,176		331,098	-	1.37	122,078						5,000	5,000	117,078	1,699,482	2035
2034	2035	2036	-	18,558,900	24.42	453,176			453,176		332,035	-	1.36	121,141						5,000	5,000	116,141	1,815,622	2036
2035	2036	2037	-	18,558,900	24.42	453,176			453,176		330,308	-	1.37	122,868						5,000	5,000	117,868	1,933,490	2037
2036	2037	2038	-	18,558,900	24.42	453,176			453,176		331,010	-	1.37	122,166						5,000	5,000	117,166	2,050,656	2038

- Finance plan returned >\$1MM to G.O. borrowing capacity
- Eliminated all interim debt and produced interest cost savings
- Matched available/anticipated resources with debt payments



## Accessing capital

- Strong market for:
  - ✓ Essential purpose revenue obligations and interim financing of reasonable size with permanent financing plan
  - ✓ Public markets and private markets
- TIF-secured transactions can be considered more speculative and subject to significant due diligence & underwriting criteria
  - ✓ Public markets – selective and prefer rating (“A” or better)
  - ✓ Private markets – banks understand real estate driven deals and willing to fix rates beyond ten years



## Takeaways

- Doing what's easy may actually present problems
- Interest cost may be a reasonable price to pay to execute a favorable finance plan
- Need to think ahead five or more years when considering revenue-secured obligations
- When creativity is needed – SO IS TIME



## Your presenters



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