



DEPARTMENT OF DEVELOPMENT

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June 2, 2016

The Honorable Dan Devine and
Members of the Common Council
West Allis City Hall
West Allis, Wisconsin

RE: Communication from the Director of Development relative to financing Park
Improvements

Dear Mayor Devine and Common Council Members:

During the May 17, 2016 Board of Public Works meeting, the Development Department was requested to outline some options for monetizing the interest payments generated from the \$4.2 million loan to Renaissance Faire (Joel Lee) for the Johnson Control parking structure.

Initially I thought there may be three options, but after further investigations there are basically only two.

1. Pay-As-You-Go: As noted from the attached Renaissance Faire Interest Payment Schedule, the City has already received about \$126,900 in interest payments to date.

Over the next six years, the City will receive an additional approximate \$457,921 (about \$72,300 per year) for a total of \$584,784. Utilizing this methodology to monetize the income stream would allow the City to make small (up to the value of cash received), but annual incremental park improvements.

2. Monetize the interest income stream via a loan: The remaining interest payments could service a debt of about \$418,300. That debt could either be delivered in the form of utilizing existing cash surplus or issue a tax-exempt GO Bond. This process, plus the interest already received of \$126,800 could provide immediately a total of about \$545,100.

Either option provides more than sufficient financing to immediately fund the Reservoir Park project.

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The Departments of Development and Finance recommends using a combination of the above options by using the existing interest received and existing cash on hand to pay for the improvements at Reservoir Park and other park projects not eligible for CDBG funding as long as the total expended for park improvements does not exceed the \$584,784 revenue stream provided by the interest on the loan.

The City has approximately \$126,800 on hand for interest payments already received and the remaining amount of \$457,921 will be received over the next five and one-half years. In this regard, it is similar to the way special assessments are used to fund street improvements. The City fronts the cost of the property owner's share of street improvements and owners are allowed to pay off their assessment over time. At the end, the City has recouped its initial cash outlay. The same provision can be made for park improvements in this case, as the payback period is only about 5.5 years as long as the revenue stream is guaranteed.

The loan is guaranteed in the event of a default by Renaissance Faire II, LLC by Joel Lee personally, and by the assignment of the Johnson Control Inc. lease. In addition, First-ring Industrial Redevelopment Enterprise (FIRE) is also obligated to make the principle and interest payments to the City, so the revenue stream is extremely well protected and guaranteed.

Based on the guarantees and the relatively short payback period, the use of existing cash, rather than GO bond financing is the best option as it allows for the full interest revenue stream to be used for park improvements.

If you have any additional questions, please feel free to contact me at your convenience.

Sincerely,



John F Stibal
Director, Department of Development

cc: Rebecca Grill, City Administrator
Kris Moen, Interim Finance Director/Comptroller/City Treasurer

RENAISSANCE FAIRE INTEREST PAYMENTS SCHEDULE
 (from Johnson Control Parking Structure)

YEAR	TOTAL INT	50.0%	
2014	\$ 19,425.00	\$ 9,712.50	
2015	\$ 187,279.00	\$ 93,639.50	Interest Paid Todate
1st Quarter 2016	\$ 47,022.00	\$ 23,511.00	\$ 126,863.00
2-4 Quarter 2016	\$ 131,523.00	\$ 65,761.50	
2017	\$ 168,375.00	\$ 84,187.50	
2018	\$ 158,249.00	\$ 79,124.50	
2019	\$ 147,652.00	\$ 73,826.00	
2020	\$ 136,963.00	\$ 68,481.50	
2021	\$ 124,979.00	\$ 62,489.50	
2022	<u>\$ 48,102.00</u>	<u>\$ 24,051.00</u>	\$ 457,921.50
	\$ 1,169,569.00	\$ 584,784.50	

The next Six years the interest payments will average Per Year
 \$ 72,311.75

Paid	2014		\$ 9,712.50
Paid	2015		\$ 93,639.50
1st Quarter 2016			\$ 23,511.00
Net Present Value	2016-2022	2.57%	<u>\$ 418,282.72</u>
Total 2016 Net Present Value			\$ 545,145.72

Edward Allis, LLC
\$10,000,000 NMTC Investment
Projected Loan Schedule - FIRE Direct Loan to Leverage Lender

Lender FIRE
 Principal 4,200,000
 Funding Date 11/25/2014

Rates Int. Rate
 Interest Rate 4.50000%

Term
 Due Date 5/31/2022
 Periodic Payment (amortized over 15 year period) \$ 96,641

Interest Rate Convention Actual 360
 Payments Made Quarterly Last business day of each quarter

Calendar Year Amortization Summary

Year	From	To	Days	Beginning Principal	Draw (Payment)	Accrued Interest	Interest Payment	Principal Payment	Total Payment	Ending Balance
2014	11/25/14	12/31/14	37	-	4,200,000	19,425	19,425	20,305	39,730	4,179,695
2015	01/01/15	12/31/15	365	4,179,695	-	187,279	187,279	199,286	386,565	3,980,408
2016	01/01/16	12/31/16	366	3,980,408	-	178,545	178,545	208,021	386,565	3,772,387
2017	01/01/17	12/31/17	365	3,772,387	-	168,375	168,375	218,190	386,565	3,554,197
2018	01/01/18	12/31/18	365	3,554,197	-	158,249	158,249	228,317	386,565	3,325,880
2019	01/01/19	12/31/19	365	3,325,880	-	147,652	147,652	238,913	386,565	3,086,967
2020	01/01/20	12/31/20	366	3,086,967	-	136,963	136,963	249,602	386,565	2,837,365
2021	01/01/21	12/31/21	365	2,837,365	-	124,979	124,979	261,586	386,565	2,575,779
2022	01/01/22	05/31/22	151	2,575,779	-	48,102	48,102	2,575,779	2,623,880	-

Quarterly Payment Detail

Year	From	To	Days	Principal	Draw	Total Payment	Paid Interest	Interest Accrued	Principal Paid	Ending Principal
2014	11/25/14	12/31/14	37	-	4,200,000	39,730	19,425	19,425	20,305	4,179,695
2015	01/01/15	03/31/15	90	4,179,695	-	96,641	47,022	47,022	49,620	4,130,075
2015	04/01/15	06/30/15	91	4,130,075	-	96,641	46,980	46,980	49,662	4,080,413
2015	07/01/15	09/30/15	92	4,080,413	-	96,641	46,925	46,925	49,717	4,030,697
2015	10/01/15	12/31/15	92	4,030,697	-	96,641	46,353	46,353	50,288	3,980,408
2016	01/01/16	03/31/16	91	3,980,408	-	96,641	45,277	45,277	51,364	3,929,044
2016	04/01/16	06/30/16	91	3,929,044	-	96,641	44,693	44,693	51,948	3,877,095
2016	07/01/16	09/30/16	92	3,877,095	-	96,641	44,587	44,587	52,055	3,825,041
2016	10/01/16	12/31/16	92	3,825,041	-	96,641	43,988	43,988	52,653	3,772,387
2017	01/01/17	03/31/17	90	3,772,387	-	96,641	42,439	42,439	54,202	3,718,185
2017	04/01/17	06/30/17	91	3,718,185	-	96,641	42,294	42,294	54,347	3,663,838
2017	07/01/17	09/30/17	92	3,663,838	-	96,641	42,134	42,134	54,507	3,609,331
2017	10/01/17	12/31/17	92	3,609,331	-	96,641	41,507	41,507	55,134	3,554,197
2018	01/01/18	03/31/18	90	3,554,197	-	96,641	39,985	39,985	56,657	3,497,540
2018	04/01/18	06/30/18	91	3,497,540	-	96,641	39,785	39,785	56,857	3,440,684
2018	07/01/18	09/30/18	92	3,440,684	-	96,641	39,568	39,568	57,073	3,383,610
2018	10/01/18	12/31/18	92	3,383,610	-	96,641	38,912	38,912	57,730	3,325,880
2019	01/01/19	03/31/19	90	3,325,880	-	96,641	37,416	37,416	59,225	3,266,655
2019	04/01/19	06/30/19	91	3,266,655	-	96,641	37,158	37,158	59,483	3,207,172
2019	07/01/19	09/30/19	92	3,207,172	-	96,641	36,882	36,882	59,759	3,147,413
2019	10/01/19	12/31/19	92	3,147,413	-	96,641	36,195	36,195	60,446	3,086,967
2020	01/01/20	03/31/20	91	3,086,967	-	96,641	35,114	35,114	61,527	3,025,440
2020	04/01/20	06/30/20	91	3,025,440	-	96,641	34,414	34,414	62,227	2,963,213
2020	07/01/20	09/30/20	92	2,963,213	-	96,641	34,077	34,077	62,564	2,900,648
2020	10/01/20	12/31/20	92	2,900,648	-	96,641	33,357	33,357	63,284	2,837,365
2021	01/01/21	03/31/21	90	2,837,365	-	96,641	31,920	31,920	64,721	2,772,644
2021	04/01/21	06/30/21	91	2,772,644	-	96,641	31,539	31,539	65,103	2,707,541
2021	07/01/21	09/30/21	92	2,707,541	-	96,641	31,137	31,137	65,505	2,642,036
2021	10/01/21	12/31/21	92	2,642,036	-	96,641	30,383	30,383	66,258	2,575,779
2022	01/01/22	03/31/22	90	2,575,779	-	96,641	28,978	28,978	67,664	2,508,115
2022	04/01/22	05/31/22	61	2,508,115	-	2,527,239	19,124	19,124	2,508,115	-