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Appleton Redevelopment Authority

Appleton

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Introduction/Background

- Appleton Redevelopment Authority
  - In 2001, $8.3 million Fixed Rate Redevelopment Bonds were issued for the Performing Arts Center . In 2012, $4.9 million was issued to refinance 2001A Bonds for interest rate savings.
  - The ARA is being asked to issue debt pertaining to the Exhibition Center
  - **The 2018 issue will lock in long term taxable rates.**
  - ARA is the Issuer but it has no liability to make debt service payments
  - City of Appleton is the Borrower/Obligor and must make payments regardless of room taxes collected

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Hotel/Motel Fixed Rate Revenue Bonds

FINANCING TERM/ASSUMPTIONS SHEET

Bond Structure & Assumptions:

Issuer:	Appleton Redevelopment Authority ("ARA")
Description:	Hotel/Motel Room Tax Revenue Bonds
Lessor:	ARA
Lessee:	City of Appleton
Obligor:	City of Appleton
Underwriter:	Baird
Bond Counsel:	Foley & Lardner, LLP
Issuer Counsel:	City Attorney
Underwriter Counsel:	Reinhart Boerner s.c.
Trustee:	Associated Trust
Rating Agency:	Moody's Investor Services, Inc.
Amount of Bonds:	$34,540,000 ($31,900,000 deposit to Project Fund)
Costs of Issuance:	Paid from bond proceeds
Dated Date:	April 1, 2018
Final Stated Maturity:	April 1, 2054
Final Expected Maturity:	April 1, 2037 (based on 4.0% annual room tax growth)
Est. Interest Rate (AIC):	4.57% - **fixed rate** (as of 1/23/2018)
Interest Payments:	Semi-annually, commencing October 1, 2018
Principal Payments:	Annually on April 1, commencing April 1, 2021

Hotel/Motel Fixed Rate Revenue Bonds

FINANCING TERM/ASSUMPTIONS SHEET

Bond Structure & Assumptions:

Prepayment Options:	TBD
Mandatory Redemption	The Bonds are subject to mandatory Redemption, semiannually on any interest payment date, from amounts no less than $100,000 as of 35 days prior to such interest payment date, **without penalty** and **without premium**, in inverse order of maturity.
Flow of Funds:	Room Taxes are recorded by the Trustee on a quarterly basis on February 15, May 15, August 15, and November 15. The Trustee will test the bond fund balance to ensure funds are available for the next principal and interest or interest only amount which is due. The Mandatory Redemption amount of the bonds will be determined on this basis.
Tax Status:	Federally taxable; State tax-exempt
Rating:	Moody's "Aa3" (anticipated)
Security:	Pledge of a portion of the Hotel/Motel Room taxes. Quiet Enjoyment Lease between ARA and the City of Appleton
Debt Service Coverage:	1.25x
Debt Service Reserve Fund ("DSRF"):	The DSRF is funded (upon closing) at the lesser of: 10% of par; 100% of maximum annual debt service; or 125% average annual debt service.

Redevelopment Authority of the City of Appleton

HOTEL/MOTEL FIXED RATE REVENUE BONDS – FLOW OF FUNDS

Room Tax
- 3%
- Pledged from 10 Fox Cities Communities

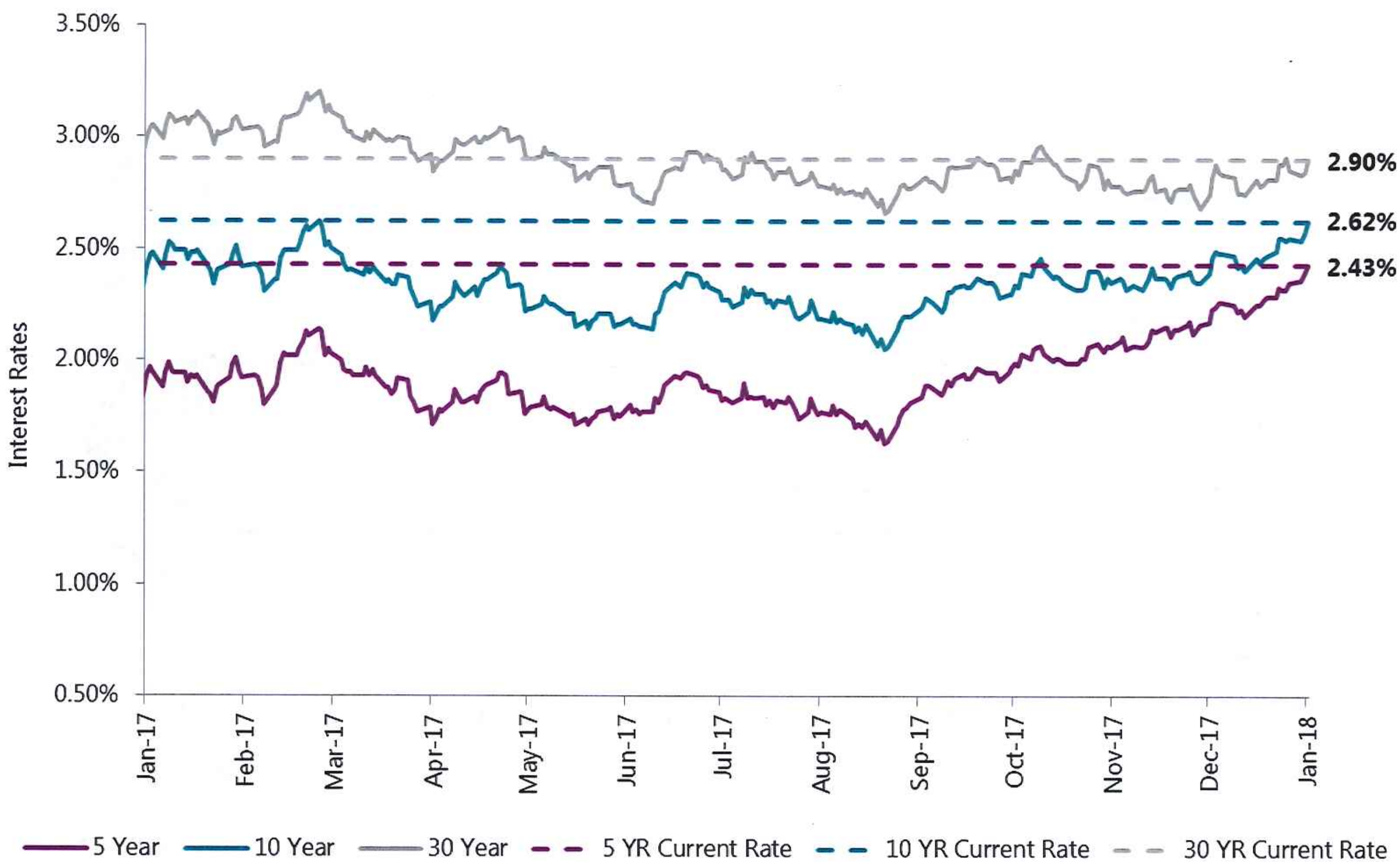
Scheduled D/S
- Fixed Payments

DSRF
- Fully funded at closing
- If drawn, replenished via City annual appropriation
- City reimbursed via room tax

Room Tax Stabiliz. Fund
- $900,000
- Funded at closing with room tax
- If drawn, replenished via room tax

Mandatory Redem. Fund
- Semi-annual redemption
- Redemption: Min: $100,000; $5,000 increments thereafter

Treasury Rates



Source: US Department of the Treasury Website as of January 18, 2018

Pro Forma Debt Service

TAXABLE, 4% REVENUE GROWTH – HYPOTHETICAL PAYOFF WITH MANDATORY ANNUAL REDEMPTION

REDEMPTION SUMMARY

Calendar Year	Room Tax Collections*	Original Debt Service Total	Original Annual Coverage	Projected Debt Service** Principal	Interest	DSRF & Stabilization Fund Applied	Total	Excess Tax	Redemption Amount	Cumulative Balance	Bond Balance
	Growth 4.00%							Coverage 100%			$34,540,000
2018	$1,345,099	$756,913	177.71%	$0	$756,913		$756,913	$588,187		$588,187	$34,540,000
2019	$1,859,423	$1,513,825	122.83%	$0	$1,513,825		$1,513,825	$345,598	$930,000	$3,784	$33,610,000
2020	$1,933,799	$1,513,825	127.74%	$0	$1,471,510		$1,471,510	$462,289	$465,000	$1,074	$33,145,000
2021	$2,011,151	$1,523,690	131.99%	$10,000	$1,450,218		$1,460,218	$550,934	$550,000	$2,008	$32,585,000
2022	$2,091,598	$1,552,975	134.68%	$40,000	$1,424,478		$1,464,478	$627,120	$625,000	$4,128	$31,920,000
2023	$2,175,261	$1,586,251	137.13%	$75,000	$1,394,316		$1,469,316	$705,945	$710,000	$73	$31,135,000
2024	$2,262,272	$1,618,348	139.79%	$110,000	$1,359,108		$1,469,108	$793,164	$790,000	$3,237	$30,235,000
2025	$2,352,763	$1,649,159	142.66%	$145,000	$1,318,974		$1,463,974	$888,789	$890,000	$2,026	$29,200,000
2026	$2,446,873	$1,683,539	145.34%	$185,000	$1,272,859		$1,457,859	$989,015	$990,000	$1,041	$28,025,000
2027	$2,544,748	$1,716,298	148.27%	$225,000	$1,220,573		$1,445,573	$1,099,176	$1,100,000	$216	$26,700,000
2028	$2,646,538	$1,747,345	151.46%	$265,000	$1,161,570		$1,426,570	$1,219,968	$1,220,000	$185	$25,215,000
2029	$2,752,400	$1,786,379	154.08%	$315,000	$1,095,094		$1,410,094	$1,342,306	$1,340,000	$2,490	$23,560,000
2030	$2,862,496	$1,818,385	157.42%	$360,000	$1,021,130		$1,381,130	$1,481,366	$1,480,000	$3,856	$21,720,000
2031	$2,976,995	$1,858,155	160.21%	$415,000	$938,560		$1,353,560	$1,623,435	$1,625,000	$2,291	$19,680,000
2032	$3,096,075	$1,895,455	163.34%	$470,000	$846,923		$1,316,923	$1,779,153	$1,780,000	$1,444	$17,430,000
2033	$3,219,918	$1,930,424	166.80%	$525,000	$746,701		$1,271,701	$1,948,217	$1,945,000	$4,661	$14,960,000
2034	$3,348,715	$1,972,845	169.74%	$590,000	$637,570		$1,227,570	$2,121,145	$2,125,000	$806	$12,245,000
2035	$3,482,664	$2,007,573	173.48%	$650,000	$517,735		$1,167,735	$2,314,929	$2,315,000	$735	$9,280,000
2036	$3,621,970	$2,049,308	176.74%	$720,000	$386,453		$1,106,453	$2,515,518	$2,515,000	$1,253	$6,045,000
2037	$3,766,849	$2,092,673	180.00%	$6,045,000	$244,200	($3,531,832)	$2,757,368	$1,009,481	$0	$1,010,733	$0
2038	$3,917,523	$2,132,490	183.71%					$3,917,523	$0	$4,928,256	$0
2039	$4,074,224	$2,173,340	187.46%					$4,074,224	$0	$9,002,480	$0
2040	$4,237,193	$2,220,058	190.86%					$4,237,193	$0	$13,239,673	$0
2041	$4,406,680	$2,262,860	194.74%					$4,406,680	$0	$17,646,353	$0
2042	$4,582,948	$2,311,530	198.26%					$4,582,948	$0	$22,229,301	$0
2043	$4,766,266	$2,355,850	202.32%					$4,766,266	$0	$26,995,567	$0
2044	$4,956,916	$2,404,883	206.12%					$4,956,916	$0	$31,952,483	$0
2045	$5,155,193	$2,448,355	210.56%					$5,155,193	$0	$37,107,676	$0
2046	$5,361,401	$2,501,599	214.32%					$5,361,401	$0	$42,469,076	$0
2047	$5,575,857	$2,549,280	218.72%					$5,575,857	$0	$48,044,933	$0
2048	$5,798,891	$2,601,176	222.93%					$5,798,891	$0	$53,843,824	$0
2049	$6,030,847	$2,650,916	227.50%					$6,030,847	$0	$59,874,670	$0
2050	$6,272,080	$2,707,978	231.61%					$6,272,080	$0	$66,146,751	$0
2051	$6,522,964	$2,757,986	236.51%					$6,522,964	$0	$72,669,714	$0
2052	$6,783,882	$2,815,601	240.94%					$6,783,882	$0	$79,453,597	$0
2053	$7,055,237	$2,870,368	245.80%					$7,055,237	$0	$86,508,834	$0
2054	$7,337,447	$1,759,130	417.11%					$7,337,447	$0	$93,846,281	$0
		$75,796,760		$11,145,000	$20,778,706		$28,391,874		$23,395,000		

*Based on actual 2016 tax collection amount.
** Projected debt service after annual redemptions.

DSRF:	$2,631,832
Stabilization Fund (cash on hand):	$900,000
Total	*$3,531,832*

Original Total Debt Service:	$73,164,928
Total Debt Service After Prepayment:	$52,686,874
Difference	*($20,478,054)*

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Hotel/Motel Room Tax Revenue Bonds

HYPOTHETICAL FINANCING PLAN*

	TAXABLE
Issuer	Appleton RDA
Assumed Rating	Moody's Aa3
Federal Tax	Taxable
State Tax	Tax-Exempt
Debt Service Coverage **	1.25x
Estimated Project Amount ***	$31,900,000
Total Estimated Bond Size	$34,540,000
Estimated Average Annual Debt Service	$2,105,466
Estimated Maximum Annual Debt Service	$2,870,368
Estimated Total Debt Service ****	$73,164,928
Potential All In True Interest Cost %	4.57%
Assumed Dated Date	4/1/2018
Final Maturity	2054

*Hypothetical interest rates as of January 23, 2018 with 10 year par call and mandatory redemption.
**Annual coverage assumes 2016 revenue of $1,735,164 with 2% annual growth.
***Project amount includes $750,000 cash applied at closing. An additional $900,000 cash is applied to a Stabilization Fund at closing.
****Assumes DSRF of $2,631,832, which is applied to final debt service. Stabilization Fund is also applied to final payment.

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Hotel/Motel Room Tax Revenue Bonds

HYPOTHETICAL FINANCING PLAN

HYPOTHETICAL MANDATORY REDEMPTION*	
2% Revenue Growth – Final Maturity	2042
2% Revenue Growth – Est. Total Debt Service	$57,682,597
3% Revenue Growth – Final Maturity	2039
3% Revenue Growth – Est. Total Debt Service	$54,757,662
4% Revenue Growth – Final Maturity	2037
4% Revenue Growth – Est. Total Debt Service	$52,686,874

*Assumes all available revenues are used for prepayment semi-annually; DSRF and Stabilization Fund of $900,000 are applied to final debt service.

Timeline

Date	Task	Responsible Participant(s)	Status
Friday, January 15th	Finance Committee	A/B	✓
Wednesday, January 17th	Common Council – Consider Finance Committee financing plan recommendation	A/B	✓
Wednesday, January 31st	ARA Board Meeting – 4:30 PM (CT) Consider Finance Committee financing plan recommendation	ARA/B	
Friday, February 2nd	Organizational Call – 10:00 AM (CT) Conference call: 1-800-358-9352; ID: 4859671#	ALL	
Friday, February 9th	Distribution of 1st draft of bond document Distribution of 1st draft of Preliminary Official Statement (POS)	BC UWC	
Wednesday, February 14th	Document Session – 9:00 AM (CT) Conference call: 1-800-358-9352; ID: 4859671# ARA Board Meeting – 10:00 AM (CT) ARA sets Public Hearing Date	ALL ARA ARA	
Thursday, February 15th	Notice of Public Hearing due to Post Crescent	ARA	
Friday, February 16th	Documents distributed to Rating Agency Revised documents circulated Publish Public Hearing	BC/UWC BC/UWC ARA	
Monday, February 19th	Presidents' Day	ALL	
Wednesday, February 21st	Document Session – 9:00 AM (CT) Conference call: 1-800-358-9352; ID: 4859671# Rating Call Common Council adopts Authorizing Amending Resolution	ALL A/B A/BC	

Timeline

Date	Task	Responsible Participant(s)	Status
Friday, February 23rd	Revised documents circulated	BC/UWC	
	Publish Public Hearing	ARA	
Wednesday, February 28th	Finalize POS – 9:00 AM (CT) Conference call: 1-800-358-9352; ID: 4859671#	ALL	
	Rating released	RA	
	Due Diligence Review	ARA/A/B/UWC	
	Print & mail POS	UWC/B	
Tuesday, March 6th	Pre-pricing – 10:00 AM (CT) Conference call: 1-800-358-9352; ID: 4859671#	ARA/B/A	
Wednesday, March 7th	Pricing	ARA/B/A	
	Special ARA Board Meeting – 5:00 PM (CT)	ARA/B	
	ARA holds Public Hearing	ARA	
	Special Finance Committee Meeting – 6:30 PM (CT)	A/B	
	Common Council Meeting - 7:00 PM (CT)	A/B	
	Execution of Bond Purchase Agreement	ARA/UWC/B	
Friday, March 30th	Pre-closing Conference Call – 1:00 PM (CT) Conference call: 1-800-358-9352; ID: 4859671#	ALL	
Monday, April 2nd	Pre-closing	ALL	
Tuesday, April 3rd	Closing	ALL	

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