

STATE OF WISCONSIN

SENATE CHAIR
Alberta Darling

317 East, State Capitol
P.O. Box 7882
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Phone: (608) 266-5830



ASSEMBLY CHAIR
John Nygren

309 East, State Capitol
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JOINT COMMITTEE ON FINANCE

MEMORANDUM

To: Members
Joint Committee on Finance

From: Senator Alberta Darling
Representative John Nygren

Date: September 8, 2016

Re: WHEDA Report to JFC

Attached are reports relating to the Wisconsin Development Reserve Fund from the Wisconsin Housing and Economic Development Authority, pursuant to s. 234.93(4), Stats.

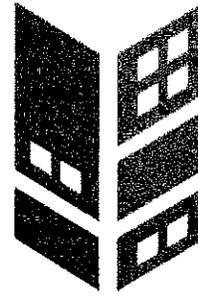
This report is being provided for your information only. No action by the Committee is required. Please feel free to contact us if you have any questions.

Attachments

AD:JN:jm

Wisconsin Housing and
Economic Development Authority
201 West Washington Avenue
Suite 700 | P.O. Box 1728
Madison, Wisconsin 53701-1728

T 608.266.7884 | 800.334.6873
F 608.267.1099



August 31, 2016

Honorable John Nygren
Co-Chair, Joint Committee on Finance
Room 309 East
State Capitol
Madison, Wisconsin 53708

Honorable Alberta Darling
Co-Chair, Joint Committee on Finance
Room 317 East
State Capitol
Madison, Wisconsin 53707-7882

SEP 08 2016

J. Finance

Re: Wisconsin Development Reserve Fund

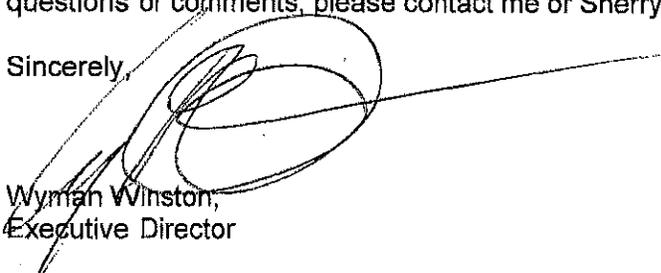
Dear Chairpersons Nygren and Darling:

Pursuant to Wisconsin Statute 234.93(4), enclosed please find the following reports relating to the Wisconsin Development Reserve Fund:

Attachment 1: Calculation of June 30, 2016 WDRF Balance
WDRF Balance Transfer as of June 30, 2016
Projected WDRF Balance Transfer as of June 30, 2017
Projected WDRF Balance Transfer as of June 30, 2018

If you are in agreement with the information presented, no action is necessary. If you have questions or comments, please contact me or Sherry Gerondale at 267-1076.

Sincerely,


Wymon Winston,
Executive Director

cc: Secretary Scott Neitzel, DOA
Mr. Paul Ferguson, Legislative Fiscal Bureau

enclosure



WHEDA

Wisconsin Housing and Economic Development Authority (WHEDA)

Attachment 1

Calculation of June 30, 2016 Wisconsin Development Reserve Fund (WDRF) Balance

1	WDRF Balance 6/30/15 *		8,836,486	
2	Appropriations to WDRF	0		
3	Investment Income *	74,808		
4	Fee Income	40,171		
5	Guarantee Payment Recoveries	1,390		
6	Required Lapses to State General Fund	0		
7	Guarantee Payments (Claims)	(329,834)		
8	Interest Subsidy Payments (Tourism)	0		
9	Admin. Expense Reimbursement to WHEDA General Fund	<u>(283,625)</u>		
10	Total		<u>(497,090)</u>	Sum lines 2-9
11	WDRF Balance 6/30/16*		8,339,396	Sum lines 1 and 10

* Includes Unrealized Gain/(Loss) on investments.

Wisconsin Housing and Economic Development Authority (WHEDA)

**Balance Transfer: Wisconsin Development Reserve Fund (WDRF)
For the Fiscal Year ended June 30, 2016**

Calculation

1	WDRF Balance (1)		\$8,339,396	
	Outstanding Claims (2)			
2	Agribusiness	0		
3	CROP/FARM	142,225		
4	Disaster	0		
5	Small Business Guarantee	162,000		
6	Target Area	0		
7	Tourism	0		
8	Total		304,225	Sum lines 2-7
	Maximum Guarantee Allocated by Program			
9	Agribusiness	4,000,000		
10	CROP/FARM	26,000,000		
11	Disaster	1,500,000		
12	Small Business Guarantee	13,500,000		
13	Transform Milwaukee Initiative	2,500,000		
14	Propane	2,000,000		Actual Exposure
15	Target Area	0		Actual Exposure
16	Total	49,500,000		Sum lines 9-14
17	Maximum Guarantee coverage	49,500,000		Guarantee limit under 234.93(3)(a)
18	4.5:1 reserve calculation (3)		11,000,000	Line 16 divided by 4.5
	Principal and Outstanding Guarantees			
19	Taliesin	0		
20	4.0:1 reserve calculation (4)		0	Line 18 divided by 4
21	Total Deductions from WDRF Balance		11,304,225	Sum lines 8, 17 and 19
22	Calculation of Amount Available for Transfer		(2,964,829)	Line 1 less line 20
23	Transfer to General Fund		0	Line 21 or zero if line 21 less than zero

(1) Please see Attachment 1 for calculation of fiscal 2016 WDRF balance

(2) 234.93(4)(a)1, Wis. Stats.: Amounts sufficient "to pay all outstanding claims under the programs guaranteed by funds from the Wisconsin development reserve fund." Includes pending claims against the WDRF and total guarantee amount of all nonperforming loans.

(3) 234.93(4)(a)2, Wis. Stats.: Amounts sufficient "to fund guarantees under all of the programs guaranteed by funds from the Wisconsin development reserve fund, except for the program under s. 234.935, at a ratio of \$1 of reserve funding to \$4.50 of total outstanding principal and outstanding guaranteed principal that the authority may guarantee under all of those programs." Each line (except Target Area and Tourism) includes 80% or 90% of all performing loans and remaining outstanding guaranteed principal the Authority may guarantee on June 30, 2016, less amount of claims under (1) above. Target Area and Tourism represent actual remaining guarantee exposure.

(4) 234.93(4)(a)3, Wis. Stats.: Amounts sufficient "to fund guarantees under the program under s. 234.935 at a ratio of \$1 of reserve funding to \$4 of total principal and outstanding guaranteed principal that the authority may guarantee under that program."

**Projected Balance Transfer: Wisconsin Development Reserve Fund (WDRF)
For the Fiscal Year ending June 30, 2017**

1	Actual WDRF Balance 6/30/2016		8,339,396	Calculation
	Fiscal 2017 Projections			
2	Appropriations to WDRF	0		
3	Investment Income*	59,053		
4	Fee Income	144,350		
5	Guarantee Payment Recoveries	0		
6	Required Lapses to State General Fund	0		
7	Guarantee Payments (Claims)	(825,000)		
8	Interest Subsidy Payments (Drought)	0		
9	Admin. Expense Reimbursement to WHEDA General Fund	(343,701)		
10	Total		<u>(965,298)</u>	Sum lines 2-9
11	Projected WDRF Balance 6/30/2017		7,374,098	Sum lines 1 and 10
	Maximum Guarantee Allocated by Program			
12	Agribusiness	4,000,000		
13	CROP/FARM	26,000,000		
14	Disaster	1,500,000		
15	Small Business Guarantee	13,500,000		
16	Transform Milwaukee Initiative	2,500,000		
17	Propane	2,000,000		Actual Exposure
18	Tourism	0		Actual Exposure
19	Total		<u>49,500,000</u>	Sum lines 12-17
20	Maximum Guarantee coverage	49,500,000 **		Guarantee limit under 234.93(3)(a)
21	4.5:1 reserve calculation		11,000,000	Line 19 divided by 4.5
	Principal and Outstanding Guarantees			
22	Taliesin	0		
23	4.0:1 reserve calculation		<u>0</u>	Line 21 divided by 4.0
24	Aggregate reserve calculation		11,000,000	Sum lines 20 & 22
25	Calculation of Amount Available for Transfer		(3,625,902)	Line 11 less line 23
26	Transfer to General Fund		0	Line 24 or zero if line 24 less than zero

* Before GASB 31 adjustment.

** The ability to issue guarantees is based on both the authorized guarantee (Maximum Guarantee coverage) and the projected WDRF balance. The reserve calculation is based on the Authorized guarantee; however, if the WDRF balance falls below \$11 million, the Guarantee coverage becomes the WDRF projected balance multiplied by 4.5, or \$ 33,183,441

**Projected Balance Transfer: Wisconsin Development Reserve Fund (WDRF)
For the Fiscal Year ending June 30, 2017**

1	Projected WDRF Balance 6/30/2017		7,374,098	Calculation
	Fiscal 2018 Projections			
2	Appropriations to WDRF	0		
3	Investment Income *	51,788		
4	Fee Income	144,350		
5	Guarantee Payment Recoveries	0		
6	Required Lapses to State General Fund	0		
7	Guarantee Payments (Claims)	(825,000)		
8	Interest Subsidy Payments	0		
9	Admin. Expense Reimbursement to WHEDA General Fund	(343,701)		
10	Total		<u>(972,563)</u>	Sum lines 2-9
11	Projected WDRF Balance 6/30/2018		6,401,535	Sum lines 1 and 10
	Maximum Guarantee Allocated by Program			
12	Agribusiness	4,000,000		
13	CROP/FARM	26,000,000		
14	Disaster	1,500,000		
15	Small Business Guarantee	13,500,000		
16	Transform Milwaukee Initiative	2,500,000		
17	Propane	2,000,000		Actual Exposure
18	Target Area	0		Actual Exposure
19	Total		<u>49,500,000</u>	Sum lines 12-17
20	Maximum Guarantee coverage	49,500,000 **		Guarantee limit under 234.93(3)(a)
21	4.5:1 reserve calculation		11,000,000	Line 18 divided by 4.5
	Principal and Outstanding Guarantees			
22	Taliesin	0		
23	4.0:1 reserve calculation		<u>0</u>	Line 21 divided by 4.0
24	Aggregate reserve calculation		11,000,000	Sum lines 20 & 22
25	Calculation of Amount Available for Transfer		(4,598,465)	Line 11 less line 23
26	Transfer to General Fund		0	Line 24 or zero if line 24 less than zero

* Before GASB 31 adjustment.

** The ability to issue guarantees is based on both the authorized guarantee (Maximum Guarantee coverage) and the projected WDRF balance. The reserve calculation is based on the Authorized guarantee; however, if the WDRF balance falls below \$11 million, the Guarantee coverage becomes the WDRF projected balance multiplied by 4.5, or \$ 28,806,909