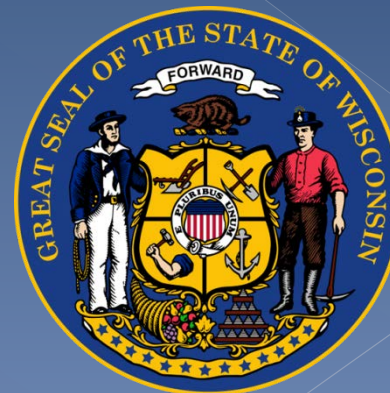


Study Committee On the Investment and Use of School Trust Funds

The West Allis Experience

Wednesday, September 5, 2018



ALLIS DOESN'T LIVE HERE ANYMORE



Public Policy

A city is not gauged by its length and width, but by the broadness of its vision and the height of its dreams.

Herb Caen





MILITARY

CITY AT THE CENTER
WEST ALLIS



BUSINESS ✓ FIRST

Grow or start your business in the diverse and thriving community of

State Trust Fund - Considerations

- One of few tools available to communities
 - Helps both large and small cities
- Borrowing offers assistance to economic development
- Infrastructure projects across the state



School Trust Funds- West Allis

- ◉ Helpful resource
- ◉ Example:
 - > Established a TIF
 - > Purchased blighted property



Vacant Truck Terminal



\$14 million development

Why did West Allis use the School Trust FUND

- Timing
- No Costs other than the project costs attached to the loans
- Fewer resources from local governments
- No future call dates on the debt and not prepayment penalties
- Efficiency

Cost to issue bonds

◉ Part of Savings

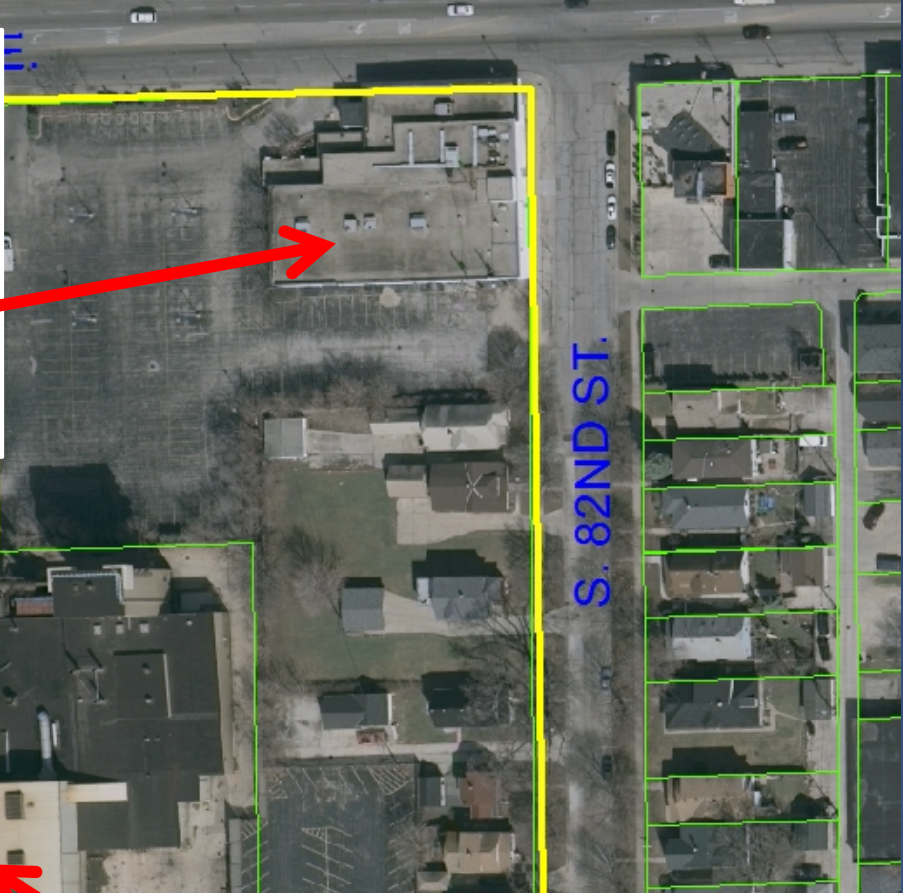
Costs of Issuance²

Ehlers (Municipal Advisor)	\$18,500.00	
Quarles & Brady LLP (Bond Counsel)	12,950.00	
Moody's Investors Service (Rating Agency)	14,000.00	
Bond Trust Services Corporation (Paying Agent)	<u>489.00</u>	
Total Costs of Issuance		<u>45,939.00</u>

◉ Interest Savings

84th & Greenfield





\$43 million development





School Trust Fund Loan

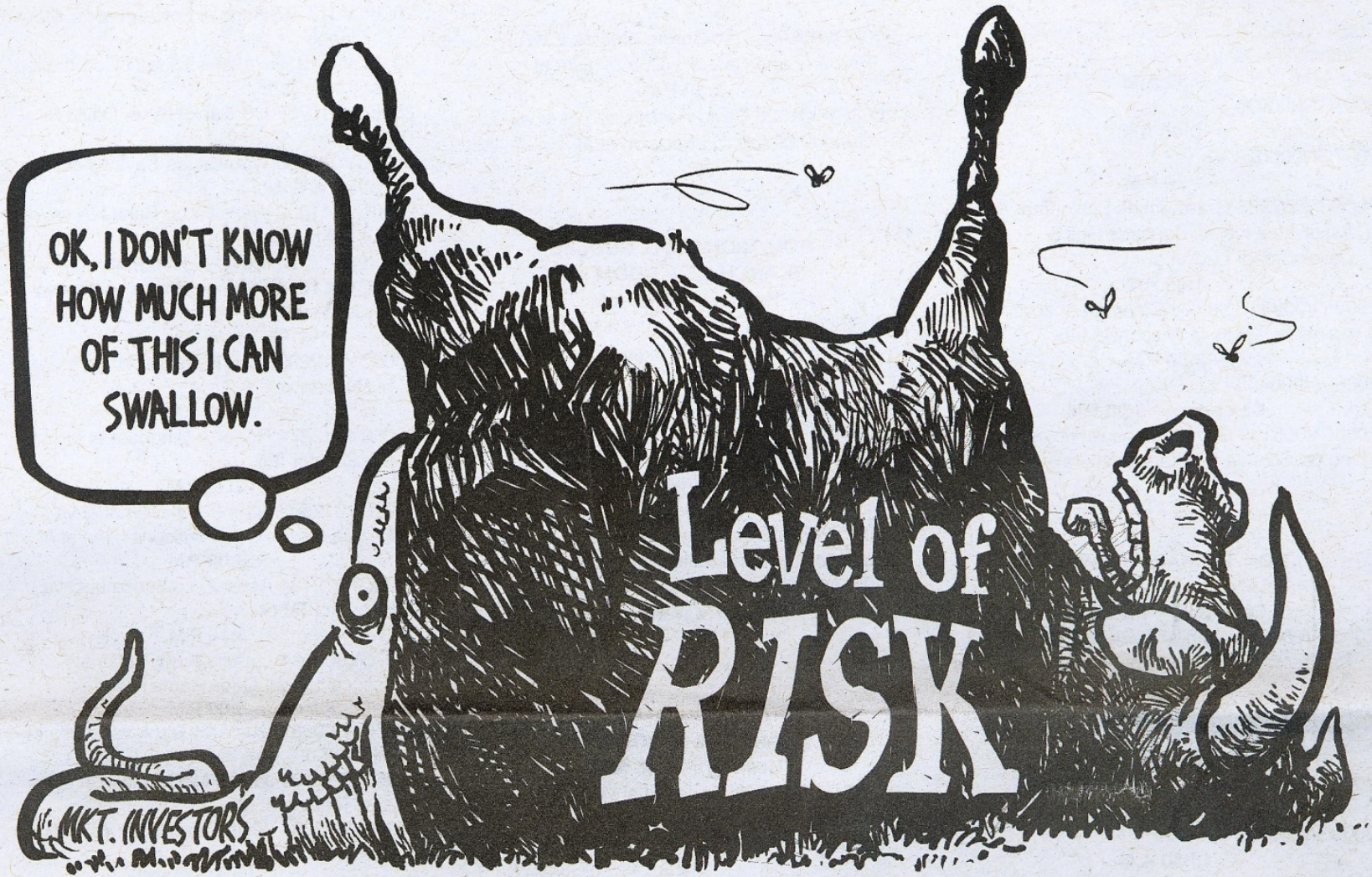
- \$5 million City participation
- Interest rate was 4 % for 20 years
- Interest goes to school
- Win - Win for everyone



Closing

- ◉ Capital Stack
- ◉ Partnership of public and private resources
- ◉ Private Equity and Investors
- ◉ TIF and HUD 221 (d) (4) Insured Financing





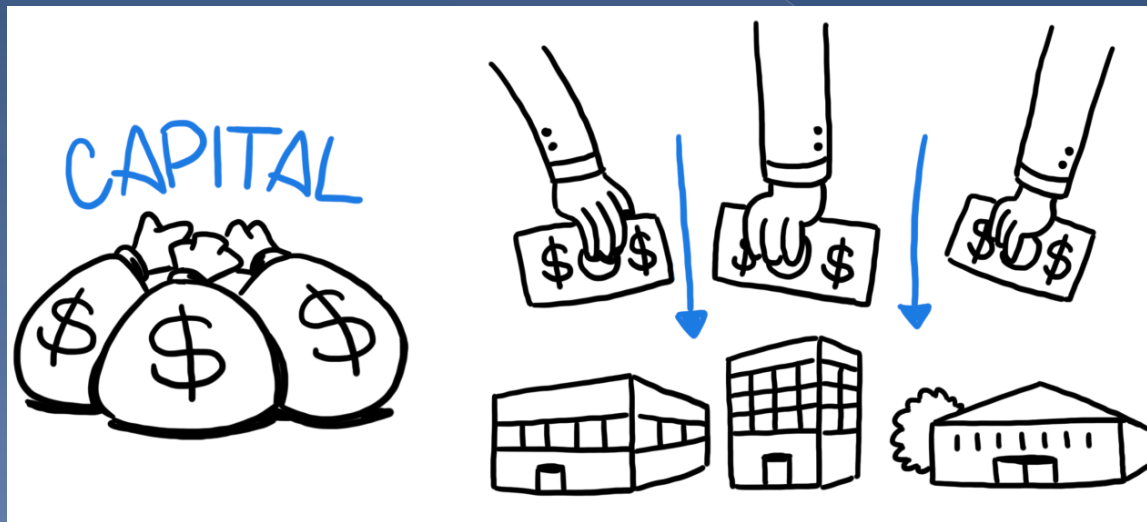
OK, I DON'T KNOW
HOW MUCH MORE
OF THIS I CAN
SWALLOW.

Level of
RISK

MKT. INVESTORS

Deal Structure

- TIF is both upfront and Developer funded TIF
- TIF is the “incremental taxes”
- Waterfall of payments
 - > City receives first portion to fund debt service
 - > Developer the balance
- Two financial consultants review pro formas



In this case....the Advantage

- ◉ Fluidity of Closing - Timing
- ◉ Quicker and Streamlined
 - > Less than 30 days compared to typical 60-90 days
- ◉ General Obligation borrowing
 - > Interest Costs
 - > Rating Costs

Needed Program

- Financially strapped communities
 - > High interest rates
 - > Fund allows for smaller loans
 - > Going to the market would be disadvantage
- Debt can be paid off with no penalties
- Federal rules on bonds makes loans more desirable
- Extremely secure financing

Summary and Closing

School Trust Fund Loans



- ENHANCE ECONOMY
- CREATE JOBS
- IMPROVE LOW-INCOME COMMUNITIES

Thank you and Questions

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Development

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