

# STATE OF WISCONSIN

SENATE CHAIR  
**Alberta Darling**

317 East, State Capitol  
P.O. Box 7882  
Madison, WI 53707-7882  
Phone: (608) 266-5830



ASSEMBLY CHAIR  
**John Nygren**

308 East, State Capitol  
P.O. Box 8953  
Madison, WI 53708-8953  
Phone: (608) 266-2343

## JOINT COMMITTEE ON FINANCE

### MEMORANDUM

To: Members  
Joint Committee on Finance

From: Senator Alberta Darling  
Representative John Nygren

Date: August 31, 2020

Re: WHEDA Reports to JFC

Attached are reports relating to the Wisconsin Development Reserve Fund from 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

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F 608.267.1099

August 31, 2020

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

**AUG 31 2020**

*St. Finance*

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

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, 2020 WDRF Balance  
WDRF Balance Transfer as of June 30, 2020  
Projected WDRF Balance Transfer as of June 30, 2021  
Projected WDRF Balance Transfer as of June 30, 2022

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,



Joaquin Altoro  
CEO/Executive Director

Enclosures

CC: Secretary Joel Brennan, DOA  
Rory Tikalsky, Legislative Fiscal Bureau



**WHEDA**

Tony Evers, Governor | Joaquin J. Altoro, CEO

A public body corporate and politic created under Chapter 234, Wisconsin Statutes

**Wisconsin Housing and Economic Development Authority (WHEDA)**

**Attachment 1**

**Calculation of June 30, 2020 Wisconsin Development Reserve Fund (WDRF) Balance**

1	<b>WDRF Balance 6/30/19 *</b>		7,631,048	
2	Appropriations to WDRF	0		
3	Investment Income *	101,335		
4	Fee Income	44,659		
5	Guarantee Payment Recoveries	0		
6	Required Lapses to State General Fund	0		
7	Guarantee Payments (Claims)	0		
8	Interest Subsidy Payments (Tourism)	0		
9	Admin. Expense Reimbursement to WHEDA General Fund	<u>(61,621)</u>		
10	Total		<u>84,373</u>	Sum lines 2-9
11	<b>WDRF Balance 6/30/20*</b>		7,715,421	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, 2020**

Calculation

1	<b>WDRF Balance (1)</b>		\$7,715,421	
	<b>Outstanding Claims (2)</b>			
2	Agribusiness		0	
3	CROP/FARM		0	
4	Disaster		0	
5	Small Business Guarantee		200,000	
6	Target Area		0	
7	Tourism		0	
8	<b>Total</b>		<u>200,000</u>	Sum lines 2-7
	<b>Maximum Guarantee Allocated by Program</b>			
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	<b>Total</b>		<u>49,500,000</u>	Sum lines 9-14
17	<b>Maximum Guarantee coverage</b>		49,500,000	Guarantee limit under 234.93(3)(a)
18	<b>4.5:1 reserve calculation (3)</b>		11,000,000	Line 16 divided by 4.5
	<b>Principal and Outstanding Guarantees</b>			
19	Taliesin		0	
20	<b>4.0:1 reserve calculation (4)</b>		0	Line 18 divided by 4
21	<b>Total Deductions from WDRF Balance</b>		<u>11,200,000</u>	Sum lines 8, 17 and 19
22	<b>Calculation of Amount Available for Transfer</b>		(3,484,579)	Line 1 less line 20
23	<b>Transfer to General Fund</b>		0	Line 21 or zero if line 21 less than zero

(1) Please see Attachment 1 for calculation of fiscal 2020 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, 2020, 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, 2021**

		Calculation
1	<b>Actual WDRF Balance 6/30/2020</b>	7,715,421
<b>Fiscal 2020 Projections</b>		
2	Appropriations to WDRF	0
3	Investment Income*	18,947
4	Fee Income	50,000
5	Guarantee Payment Recoveries	0
6	Required Lapses to State General Fund	0
7	Guarantee Payments (Claims)	(200,000)
8	Interest Subsidy Payments (Drought)	0
9	Admin. Expense Reimbursement to WHEDA General Fund	(63,328)
10	<b>Total</b>	<u>(194,381)</u>
		Sum lines 2-9
11	<b>Projected WDRF Balance 6/30/2021</b>	7,521,040
		Sum lines 1 and 10
<b>Maximum Guarantee Allocated by Program</b>		
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
18	Tourism	0
19	<b>Total</b>	<u>49,500,000</u>
		Actual Exposure
		Actual Exposure
		Sum lines 12-17
20	<b>Maximum Guarantee coverage</b>	49,500,000 **
		Guarantee limit under 234.93(3)(a)
21	<b>4.5:1 reserve calculation</b>	11,000,000
		Line 19 divided by 4.5
<b>Principal and Outstanding Guarantees</b>		
22	Taliesin	0
23	<b>4.0:1 reserve calculation</b>	<u>0</u>
		Line 21 divided by 4.0
24	<b>Aggregate reserve calculation</b>	11,000,000
		Sum lines 20 & 22
25	<b>Calculation of Amount Available for Transfer</b>	(3,478,960)
		Line 11 less line 23
26	<b>Transfer to General Fund</b>	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 \$ 33,844,681

**Projected Balance Transfer: Wisconsin Development Reserve Fund (WDRF)  
For the Fiscal Year ending June 30, 2022**

			Calculation
1	<b>Projected WDRF Balance 6/30/2021</b>	7,521,040	
	<b>Fiscal 2021 Projections</b>		
2	Appropriations to WDRF	0	
3	Investment Income *	170,332	
4	Fee Income	50,000	
5	Guarantee Payment Recoveries	0	
6	Required Lapses to State General Fund	0	
7	Guarantee Payments (Claims)	(620,199)	
8	Interest Subsidy Payments	0	
9	Admin. Expense Reimbursement to WHEDA General Fund	(206,896)	
10	<b>Total</b>	<u>(606,763)</u>	Sum lines 2-9
11	<b>Projected WDRF Balance 6/30/2022</b>	6,914,277	Sum lines 1 and 10
	<b>Maximum Guarantee Allocated by Program</b>		
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	<b>Total</b>	<u>49,500,000</u>	Sum lines 12-17
20	<b>Maximum Guarantee coverage</b>	49,500,000 **	Guarantee limit under 234.93(3)(a)
21	<b>4.5:1 reserve calculation</b>	11,000,000	Line 18 divided by 4.5
	<b>Principal and Outstanding Guarantees</b>		
22	Taliesin	0	
23	<b>4.0:1 reserve calculation</b>	<u>0</u>	Line 21 divided by 4.0
24	<b>Aggregate reserve calculation</b>	11,000,000	Sum lines 20 & 22
25	<b>Calculation of Amount Available for Transfer</b>	(4,085,723)	Line 11 less line 23
26	<b>Transfer to General Fund</b>	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 \$ 31,114,247