

DATE: May 11, 2020

TO: Joint Review Board

FROM: Paul Rotzenberg, Dir of Finance & Treasurer *Paul*

SUBJECT: City of Franklin 2019 Annual TID Report

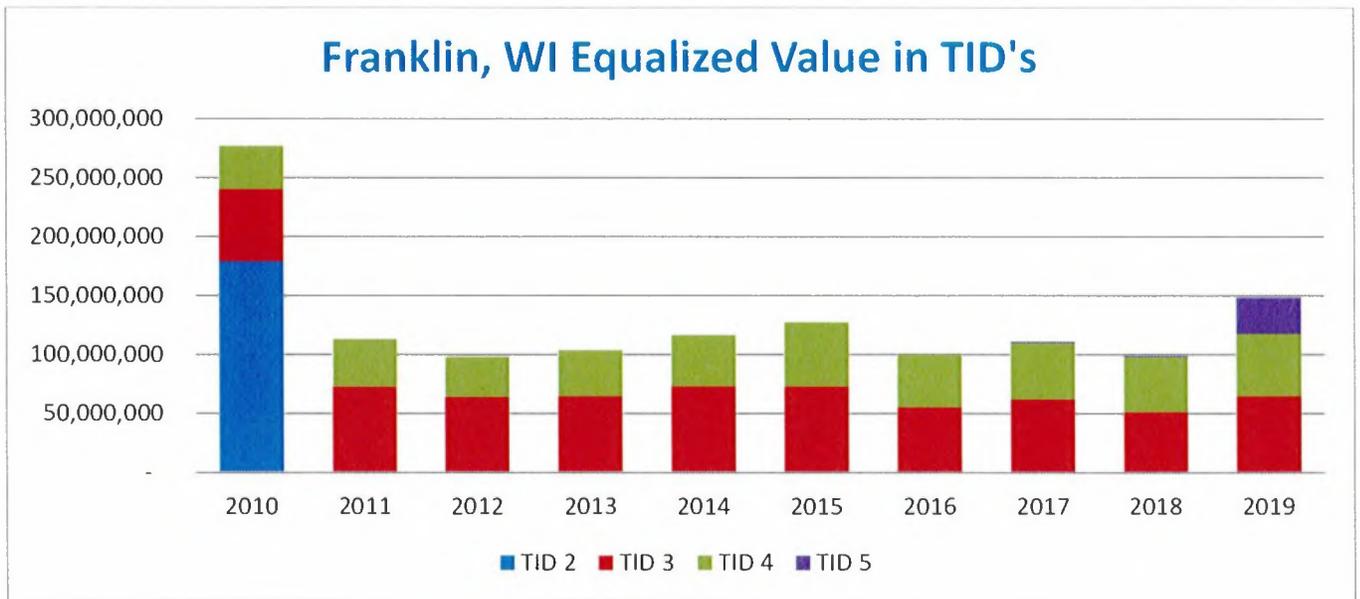
Franklin has five active TID's. Copies of the 2019 Annual DOR reports are attached for TID's 3, 4 & 5. TID's 6 & 7 were recently formed and do not require an annual report at this time.

1. TID3 is located in the northeast corner of the City and includes the Northwestern Mutual campus. That TID was created in 2005. TID boundaries were amended in 2013 to accommodate the S 27th reconstruction project. As of Dec 31, 2019, there is \$2.34 million of debt outstanding related to this TID. There is also a \$1.689 million Municipal Revenue Obligation outstanding related to this TID. It is scheduled to close in 2023 freeing up \$85 million in increment.
2. TID4 is located in the southeast corner of the City and includes the Ascension campus along with the future business park along S 27th St. It also was created in 2005. The City contracted for \$8 million of sanitary sewer and water infrastructure in early 2020 before the June 2020 expenditure period expires. This will precipitate the business park with major infrastructure costs that were contemplated in 2005 when the TID was formed. The City will sell approximately \$3.2 million of new debt in 2020 to finance these costs. TID4 is expected to close in 2023 freeing up \$54 million of increment.
3. TID5 – Ballpark Commons located near S 76th and Rawson Ave, was created in 2016. There is currently \$27.43 million of GO debt outstanding related to this TID plus a \$3.5 million Municipal Revenue Obligation. The 2019 equated value looks to have been overstated by approximately \$7 million. The Developer is challenging the tax assessment on two parcels in Milwaukee County Circuit Court. That challenge is working its way thru the process. The TID is expected to generate \$126 million in new increment rather quickly. The City has committed to issuing another \$1.5 million MRO in 2031 (end of the expenditure period) to help finance another methane remediation project on this former landfill. Current projections indicate that the TID will retire all of the City's GO debt by 2037 when the TID is scheduled to close, but will likely need one additional year to retire all of the MRO commitments.
4. TID6 – located in the southwest portion of the City (W Loomis Rd and W Ryan Road) was created in 2018. The City has committed to reimburse Bear Development up to \$9 million of infrastructure costs, and deliver a \$3.1 million MRO when the infrastructure is dedicated to the City. The City has sold \$6.3 million of GO bonds to finance that infrastructure (the developer has drawn \$1 million thru March 2020). Construction on additional infrastructure recently commented and the City is expected to sell an additional \$3.5 million of new GO

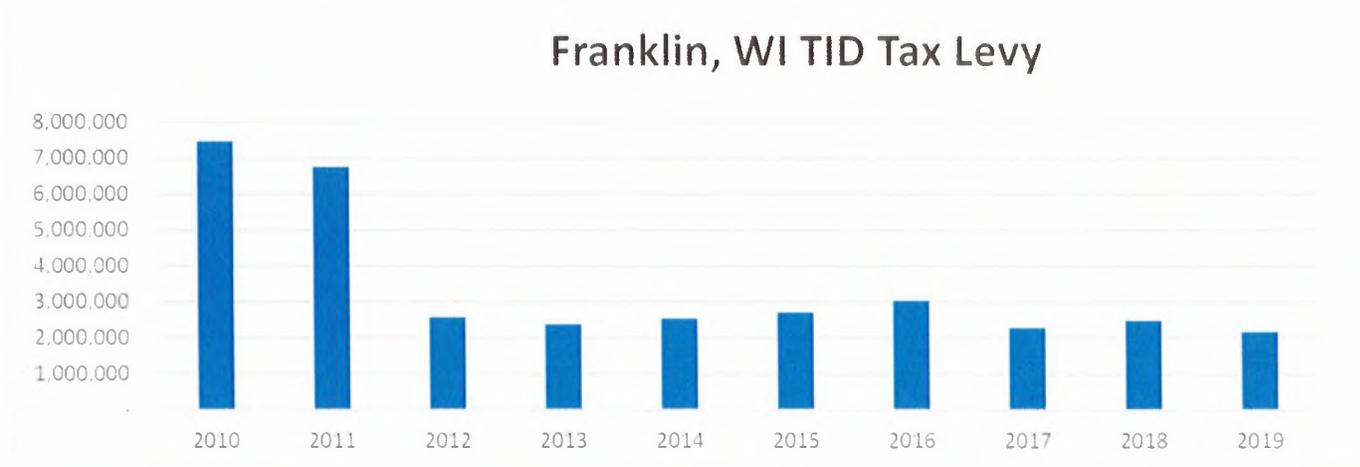
bonds late in 2020 to finance the balance of the infrastructure commitment. The TID is projected to create \$63 million of new increment for this mixed use district. Current projections have the TID closing in 2038. A territory amendment is being considered at this time.

5. TID7 – Velo Village is an overlay district at Ballpark Commons to accommodate the multi-family development. It is a blighted TID. It was created in October, 2019. The City recently issued a \$14.952 million MRO to the Developer. The District is expected to create \$47 million in new increment. It is projected to close in 2041, seven years early.

At Jan 1, 2019, there was \$148.2 million of Equated Value in the TIDs, (\$117.3 million in Oak Creek Franklin and \$30.8 in the Franklin School District). This equated value compares to the \$276.7 million of value in the TIDs ten years ago, when TID2 was still open and had \$178.7 million in it. (In 2010, the Oak Creek School District had \$147.7 million of equated value, and Franklin Schools had \$128.9 million). The graph below illustrates the TID equated values over the last ten years.



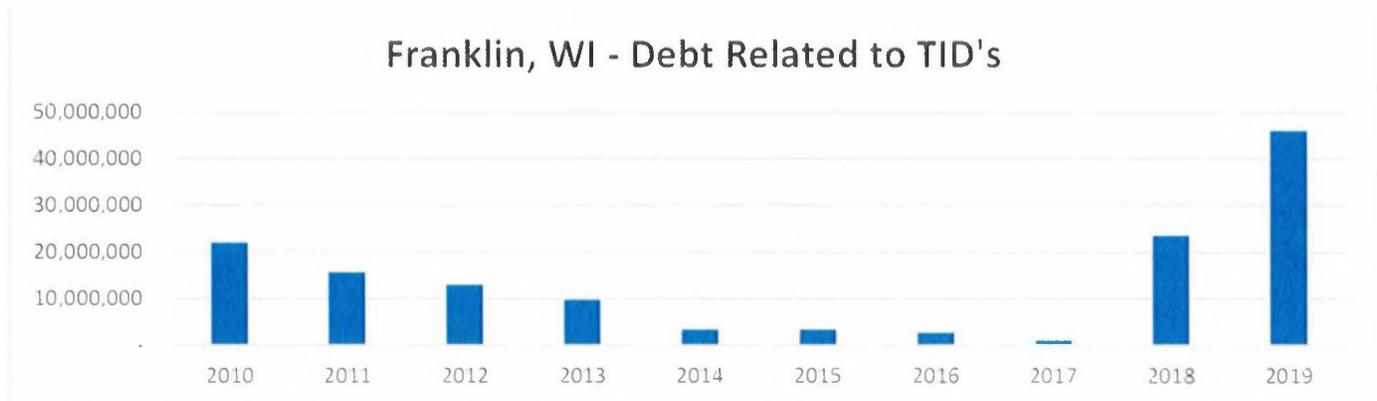
In 2019 the TID's generated \$3.3 million in total revenues comprised of tax levy totaling \$2.2 million, \$504,000 of Intergovernmental Revenues, \$444,000 of investment returns and \$42,000 of Miscellaneous revenues.



A summary report of 2019 TID revenues and expenditures is attached.

2019 TID project costs totaled \$19.5 million (including Developer incentives), while City administrative costs totaled \$318,700, including a \$91,266 tax refund and \$73,100 of legal costs associated with Developer Agreement amendments.

The City issued \$32.4 million in new TID related General Obligation bonds (3 issues) in 2019 and paid \$10 million in principal payments plus \$899,000 of interest costs. In addition, \$4 million is to be refunded in 2020 Q1 out of the 2019 debt proceeds. Debt issuance costs totaled \$423,000.



A debt schedule by TID for the next ten years is attached.

As of December 31, 2019, there are \$5 million of unspent TID6 bond proceeds, \$100,000 of unspent TID5 bond proceeds, \$150,000 of unspent TID7 bond proceeds, \$4.5 million of financing commitments on the Velo Village second mortgage and \$4 million on unspent refunding Bond proceeds.

The City has advanced \$1.5 million to TID7 to aid in funding the \$4.5 million second mortgage in connection with the Velo Village apartment project. The funds were disbursed in early 2020.

CITY OF FRANKLIN, WISCONSIN
TIF Districts Fund
Combining Schedule of TIF Districts Revenue, Expenditures
and Changes In Fund Balances
For the Year Ended December 31, 2019

	Northwestern Mutual District #3	Ascension Hospital District #4	Ballpark Commons District #5	Loomis & Ryan District #6	Velo Village District #7	Total
REVENUE						
Taxes	\$ 1,114,683	\$ 1,132,983	\$ 30,951	\$	\$	\$ 2,278,617
Intergovernmental revenue	482,476	21,414	123			504,013
Investment earnings (loss)	95,601	118,138	104,510	120,883	5,438	444,570
Miscellaneous revenue					42,500	42,500
Total revenue	<u>1,692,760</u>	<u>1,272,535</u>	<u>135,584</u>	<u>120,883</u>	<u>47,938</u>	<u>3,269,700</u>
EXPENDITURES						
Current:						
General government	100,146	16,714	87,243	12,770	49,356	266,229
Public works		28,589	23,910			52,499
Conservation and development	5,291,991	9,000	5,929,866		309,755	11,540,612
Capital outlay		241,751	5,296,810	1,065,175	1,381,899	7,985,635
Debt service						
Principal			10,000,000			10,000,000
Interest and fiscal charges	47,921		735,085	116,963		899,969
Debt issuance costs	38,682		221,471	109,100	53,920	423,173
Total expenditures	<u>5,478,740</u>	<u>296,054</u>	<u>22,294,385</u>	<u>1,304,008</u>	<u>1,794,930</u>	<u>31,168,117</u>
Excess (deficiency) of revenue over expenditures	<u>(3,785,980)</u>	<u>976,481</u>	<u>(22,158,801)</u>	<u>(1,183,125)</u>	<u>(1,746,992)</u>	<u>(27,898,417)</u>
OTHER FINANCING SOURCES (USES)						
General obligation debt issued	3,005,000		3,225,000	6,365,000	5,090,000	17,685,000
Refunding debt issued			14,725,000			14,725,000
Premium (Discount) on debt issued	19,367		(22,001)	273,319		270,685
Total other financing sources (uses)	<u>3,024,367</u>		<u>17,927,999</u>	<u>6,638,319</u>	<u>5,090,000</u>	<u>32,680,685</u>
Net change in fund balances	(761,613)	976,481	(4,230,802)	5,455,194	3,343,008	4,782,268
Fund balances (deficit) beginning	<u>653,523</u>	<u>3,091,459</u>	<u>8,685,515</u>	<u>(13,344)</u>		<u>12,417,153</u>
Fund balances (deficit) - ending	<u>\$ (108,090)</u>	<u>\$ 4,067,940</u>	<u>\$ 4,454,713</u>	<u>\$ 5,441,850</u>	<u>\$ 3,343,008</u>	<u>\$ 17,199,421</u>

CITY OF FRANKLIN, WISCONSIN
TIF Districts Fund
Combining Balance Sheet
As of December 31 2019

	Northwestern Mutual District #3	Ascension Hospital District #4	Ballpark Commons District #5	Loomis & Ryan District #6	Velo Village District #7	Total
ASSETS						
Cash and investments	\$ 757,094	\$ 4,187,883	\$ 5,192,728	\$ 6,521,700	\$ 5,648,952	\$ 22,308,355
Taxes receivable	1,401,748	1,138,802	721,361			3,261,911
Total assets	\$ 2,158,842	\$ 5,326,685	\$ 5,914,087	\$ 6,521,700	\$ 5,648,952	\$ 25,570,266
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 49	\$ 119,943	\$ 738,013	\$ 1,066,850	\$ 805,944	\$ 2,730,799
Accrued liabilities	865,135					865,135
Advances from Other Funds				13,000	1,500,000	1,513,000
Total liabilities	865,184	119,943	738,013	1,079,850	2,305,944	5,108,934
DEFERRED INFLOWS OF RESOURCES						
Unearned revenue	1,401,748	1,138,802	721,361			3,261,911
FUND BALANCES (DEFICIT)						
Restricted		4,067,940	4,454,713	5,441,850	3,343,008	17,307,511
Unassigned (deficit)	(108,090)					(108,090)
Total fund balances (deficit)	(108,090)	4,067,940	4,454,713	5,441,850	3,343,008	17,199,421
Total liabilities deferred inflows and fund balances	\$ 2,158,842	\$ 5,326,685	\$ 5,914,087	\$ 6,521,700	\$ 5,648,952	\$ 25,570,266

City of Franklin
Tax Incremental Financing Districts
Outstanding Debt Maturities

Date Amount	Purpose of borrowing Interest rate	Payment Dates	Balance 12/31/2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
TIF #3 General Obligation Notes Taxable													
\$3,005,000	General Obligation Taxable Notes 2019A	3/1	\$ 2,340,000	\$965,000	\$985,000	\$390,000							
2/20/2019	Principal \$3,005,000	3/1 & 9/1	\$	55,725	26,475	5,950							
	Interest 3.0 - 3.50												
	Annual Debt Payment	Per Capita		\$ 1,020,725	\$ 1,011,475	\$ 395,850							
36,046	Population												
	TIF No. 3 Debt Total	65	\$ 2,340,000	\$ 1,375,000	\$ 390,000	\$							
TIF #4 General Obligation Notes													
\$3,200,000	General Obligation Taxable Notes 2019A	3/1	\$ 3,200,000			800,000							
9/15/2020	Principal \$3,200,000	3/1 & 9/1		1,200,000	1,200,000	42,000							
	Interest 3.0 - 3.50			78,000	42,000	12,000							
	Annual Debt Payment	Per Capita		1,278,000	1,242,000	812,000							
36,046	Population			\$ 2,000,000	\$ 800,000	\$							
	TIF No. 4 Debt Total		\$ 3,200,000	\$ 303,360	\$ 948,000	\$ 151,680							
TIF #5 Bailpark Commons													
\$23,480,000	Note Anticipation Notes Taxable 2018A	3/1	\$9,480,000	\$0	\$0	\$9,480,000							
5/1/2018	Principal	3/1 & 9/1		303,360	303,360	151,680							
	Interest of 2.5% - 3.2%												
	Annual Debt Payment	Per Capita		98,773	97,898	96,098							
2/20/2019	General Obligation Taxable Bonds 2019A	3/1	\$ 10,680,000		510,000	550,000							
\$10,680,000	Principal	3/1 & 9/1		335,525	327,875	311,975							
	Interest of 2.5-3.5%			0									
	Annual Debt Payment	Per Capita		98,773	97,898	96,098							
12/4/2019	General Obligation Taxable Bonds 2019C	3/1	\$ 4,045,000		100,000	100,000							
\$4,045,000	Principal	3/1 & 9/1		83,983	83,108	81,308							
	Interest of 1.75-3.05%												
	Annual Debt Payment	Per Capita		\$	\$	265,650							
01/2023	General Obligation Taxable Bonds	3/1	\$ 3,225,000		200,000	200,000							
\$9,860,000	Principal	3/1 & 9/1		525,800	514,800	501,050							
	Estimated Interest of 3.5%												
	Annual Debt Payment	Per Capita		98,773	97,898	96,098							
12/4/2019	General Obligation Taxable Bonds 2019C	3/1	\$ 3,225,000		100,000	100,000							
\$3,225,000	Principal	3/1 & 9/1		83,983	83,108	81,308							
	Interest of 1.75-3.05%												
	Annual Debt Payment	Per Capita		\$	\$	265,650							
Total TIDS	Total Principal		\$ 27,430,000	\$ 27,430,000	\$ 26,720,000	\$ 26,150,000	\$ 24,600,000	\$ 23,050,000	\$ 21,300,000	\$ 19,340,000	\$ 17,255,000	\$ 15,045,000	\$ 12,740,000
	Total Interest												
	Per Capita	761											
TIF# 6 - Bear Development													
\$6,365,000	General Obligation Exempt Bonds 2019B	3/1	\$ 6,365,000		160,000	215,000							
	Principal	3/1 & 9/1		218,700	216,500	209,000							
	Interest 3.25-4.0 %	Per Capita		\$ 219,700	\$ 376,500	\$ 424,000	\$ 469,300	\$ 556,500	\$ 683,800	\$ 682,800	\$ 685,900	\$ 681,075	\$ 683,525
	Annual Debt Payment												

City of Franklin
Tax Incremental Financing Districts
Outstanding Debt Maturities

Date Amount	Purpose of borrowing Interest rate	Payment Dates	Balance 12/31/2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
2020 Q2 \$3,500,000	General Obligation Exempt Bonds Principal Interest 3.4 4.3%	3/1 3/1 & 9/1 Per Capita	\$ 3,500,000	122,750	122,750	122,750	100,000 120,750	200,000 113,750	250,000 107,650	350,000 97,125	425,000 83,563	550,000 66,500	575,000 46,813
	Annual Debt Payment			\$ 122,750	\$ 122,750	\$ 122,750	\$ 220,750	\$ 313,750	\$ 357,650	\$ 447,125	\$ 508,563	\$ 616,500	\$ 621,813
	Total Principal			342,450	180,000	215,000	370,000	570,000	765,000	885,000	985,000	1,125,000	1,170,000
	Total Interest			342,450	339,250	331,750	320,050	300,250	276,450	244,925	209,463	172,575	135,338
	TIF No. 6 Debt Total	274	\$ 9,655,000	\$ 9,705,000	\$ 9,490,000	\$ 9,120,000	\$ 8,550,000	\$ 7,785,000	\$ 6,900,000	\$ 5,915,000	\$ 4,790,000	\$ 3,620,000	
	Annual Debt Payment												

TIF # 7 -

Velo Village

12/4/2019 \$1,500,000	Interfund Advance Principal Interest of 1 75-3.05%	3/1 3/1 & 9/1 Per Capita	\$ 1,500,000	26,250	26,250	27,750	29,250	29,869	29,477	28,913	27,577	26,712	1,070,000 13,375
	Annual Debt Payment			\$ 26,250	\$ 26,250	\$ 27,750	\$ 29,250	\$ 115,869	\$ 115,477	\$ 114,913	\$ 113,577	\$ 112,712	\$ 1,083,375
8/15/2019 \$3,030,000	General Obligation Taxable Notes Principal Interest of 1 75-3.05%	3/1 3/1 & 9/1 Per Capita	\$ 3,030,000	72,233	72,233	72,233	72,233	72,233	71,211	69,065	66,790	32,820	
	Annual Debt Payment			\$ 72,233	\$ 72,233	\$ 72,233	\$ 72,233	\$ 72,233	\$ 166,211	\$ 169,085	\$ 166,790	\$ 2,767,820	\$
8/15/2019 \$2,060,000	General Obligation Taxable Bonds Principal Interest of 1 75-3.05%	3/1 3/1 & 9/1 Per Capita	\$ 2,060,000	54,623	54,623	54,623	100,000 53,648	100,000 51,648	100,000 49,548	100,000 47,348	100,000 45,073	100,000 42,723	100,000 40,273
	Annual Debt Payment			\$ 54,623	\$ 54,623	\$ 54,623	\$ 153,648	\$ 151,648	\$ 149,548	\$ 147,348	\$ 145,073	\$ 142,723	\$ 140,273
	Total Principal			126,855	126,855	126,855	100,000	100,000	195,000	200,000	200,000	2,835,000	100,000
	Total Interest			126,855	126,855	126,855	225,880	223,880	315,759	316,413	311,863	2,910,543	140,273
	TIF No. 7 Debt Total	183	\$ 6,590,000	\$ 6,590,000	\$ 6,590,000	\$ 6,490,000	\$ 6,390,000	\$ 6,195,000	\$ 5,995,000	\$ 5,795,000	\$ 5,595,000	\$ 5,395,000	\$ 2,860,000
	Annual Debt Payment												

TIF #8 Business Park @ S 27th & Elm Rd

2021 \$4,300,000	Principal \$4,300,000 Est. Interest 4.50%	3/1 3/1 & 9/1 Per Capita	\$	150,500	150,500	350,000	350,000	350,000	375,000	400,000	400,000	425,000	425,000
	Annual Debt Payment			\$ 150,500	\$ 150,500	\$ 494,375	\$ 482,125	\$ 469,875	\$ 482,188	\$ 493,625	\$ 479,625	\$ 490,188	\$ 475,313
	TIF No. 8 Debt Total		\$	\$	\$	\$ (350,000)	\$ (700,000)	\$ (1,050,000)	\$ (1,425,000)	\$ (1,825,000)	\$ (2,225,000)	\$ (2,650,000)	\$ (3,075,000)
	TIF Districts Total Outstanding	1,371	\$ 49,425,000	\$ 47,260,000	\$ 44,205,000	\$ 41,880,000	\$ 39,510,000	\$ 36,940,000	\$ 33,855,000	\$ 30,410,000	\$ 26,740,000	\$ 20,145,000	\$ 16,145,000

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