

Reply to Common Council File No. 150480
From DOA-Budget and Management Division

September 12, 2015

Ref: 15031

Common Council File 150480 contains a resolution to provide contingent borrowing authority of \$27 million for Tax Incremental District (TID) 22 (Beerline) for the purpose of financing the new Bucks Arena parking structure.

The total cost of the new Arena parking structure is \$35 million. In addition to the \$27 million from TID 22 provided in this resolution, the remaining \$8 million is expected to be provided from a proposed developer financed TID 84 included in a resolution in Common Council file 150482.

The purpose of this resolution is to provide expenditure authority for the project and the intent of the resolution is to finance this project with a combination of cash and borrowing. In the end, this project will be financed with \$13 million of borrowing with a bond issued as a four year note. The annual tax incremental revenue generated by the TID will be sufficient to retire the note. The cash portion is \$14 million and will come from the debt service fund balance. The cash in the debt service fund that is being used was produced by incremental revenue generated by TID 22.

With the combination of cash and borrowing from TID 22 and the proceeds from the developer financed TID, the Arena parking structure will be paid off in four years.

RECOMMENDATION: ADOPT RESOLUTION 150480 AUTHORIZING \$27 MILLION IN CONTINGENT BORROWING AUTHORITY FOR TAX INCREMENTAL DISTRICT 22 (BEERLINE) FOR THE PURPOSE OF FINANCING THE NEW BUCKS ARENA PARKING STRUCTURE.



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