

Southeast Wisconsin Professional Baseball Park District

February 2016

Topic: Post sales tax sunset date financial planning

Description: The District's debt is secured with its sales tax revenue. As such, all of the District's outstanding debt must be defeased before the sales tax can be retired. In addition to paying off the bonds used to build Miller Park, the District has other contractual obligations it must fulfill each year. Just as the District executes debt defeasances to account for all of the debt payments beyond the projected sales tax sunset year, the District must also account for its other obligations that continue beyond the sales tax sunset year, currently projected to be between 2018 and 2020.

For the purposes of this briefing paper and the financial estimates, it is assumed that the sales tax will be sunset at the end of 2019.

Status:

Debt

- The District has placed a total of \$107.9 million in escrow three separate times to eliminate \$180.6 million in debt principal and interest payments. The District has two remaining debt issues that have **non-callable** payments beyond the projected sunset date. As the sales tax sunset date draws closer, the District plans to execute additional defeasances. **Sufficient funds for all non-callable payments beyond the projected sunset date will be placed in a defeasance escrow prior to the sales tax sunset date.** See the "December 31, 2015 Debt Service" chart.

Other Obligations

- Each year, the District budgets for the following obligations. These obligations will continue beyond the year in which the sales tax is sunset. These obligations are included in the sales tax sunset date report and projections.
 - *District Operations, Management and Administration*
 - Includes all expenses to operate the District office, all professional services (legal, management and administration, financial advisor, auditor, roof and building structural inspections, and engineering and HVAC evaluations), and District insurance (general liability, umbrella and Directors and Officers insurance policies)
 - *Miller Park Property Insurance Premium*
 - Includes the District's portion of the property insurance premium
 - *Annual Maintenance, Repairs and Improvements*
 - Includes the District's SRF and AMRC contributions defined in the lease
- In order to account for and fulfill its statutory and contractual obligations beyond the sales tax sunset date, the Finance Committee is recommending the creation of an Asset – Liability Matching Fund and a Stabilization Fund, as summarized below.
 - **Asset – Liability Matching Fund:** This is a separate investment fund used solely to hold U.S. Government securities guaranteed as to principal and interest. **The securities held in this fund will be matched to and committed for District liabilities and mature the year in which the liability occurs.** This will help ensure funds are available when needed and eliminate interest rate and liquidity risk.
 - **Stabilization Fund:** **This is a separate investment fund that can only be used to pay any difference between the estimated and actual liability of the District.** This will help ensure funds are available for the District's contractual obligations after the sales tax is sunset.