

Morgan Stanley



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YEARS OF
SERVICE

Quarles & Brady LLP



Discussion Materials

Wisconsin Center District

March 2020

Overview

- The District's financing priorities:
 1. Finance convention center expansion – we have assumed a not-to-exceed \$425 million project cost – the District will have a firm number in late March
 2. Utilize only the District's Restricted Revenues to pay existing and new debt service and solve for District's near term debt service shortfalls; preserve Unrestricted Revenues for VISIT Milwaukee and other operating and capital needs of the District
 3. Provide for substantial cushion in the District's restricted reserve account, at least doubling the current \$8 million balance
 4. Maximize benefit of the State's Moral Obligation Pledge which reduces the District's debt service costs
 5. Preserve future flexibility and future bonding capacity – maintain ability to refinance/retire debt and structure level debt as soon as possible

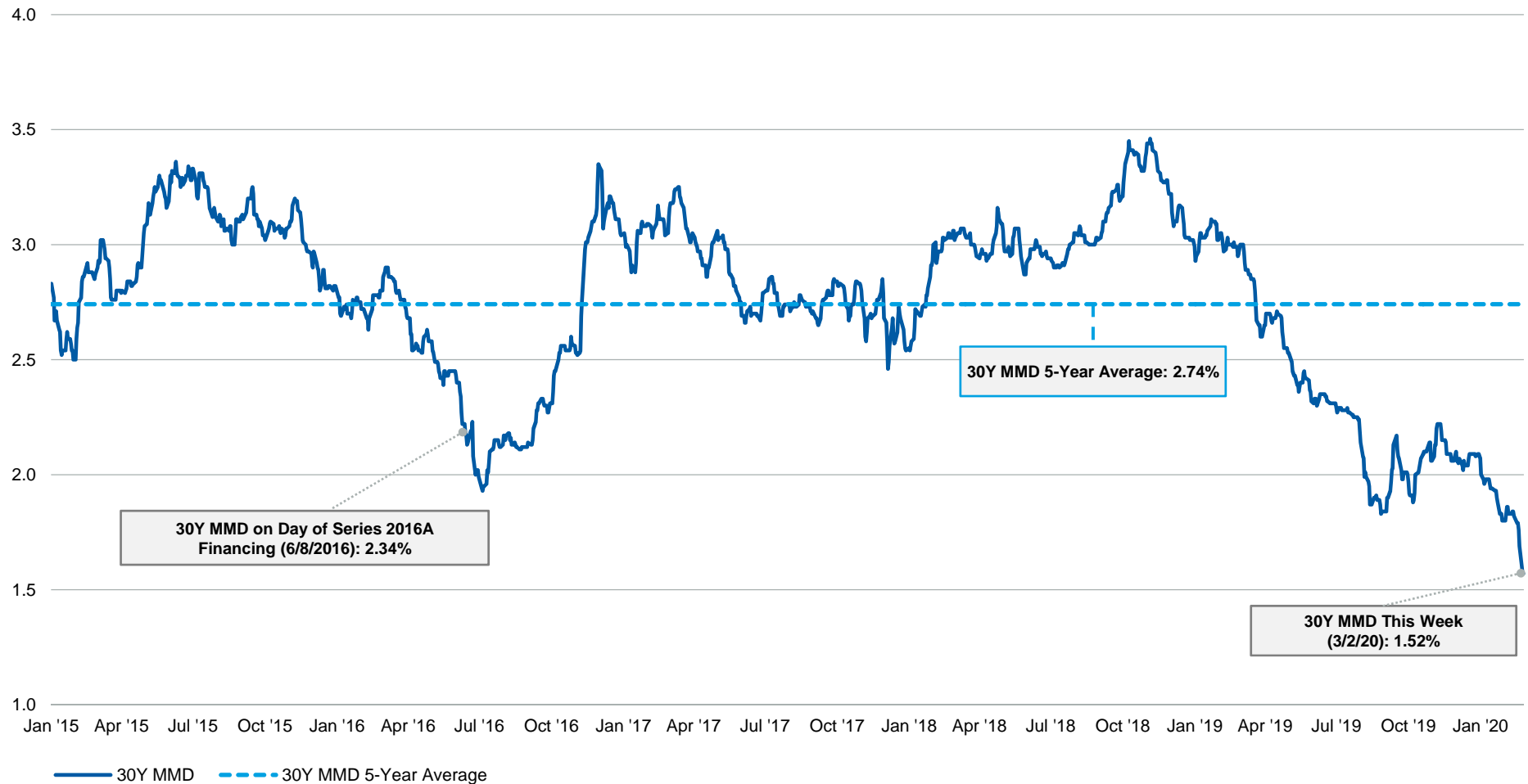
- We provide structuring alternatives that fund the not-to-exceed \$425 million project cost assuming the following:
 - 40-year borrowing term
 - Restricted Revenues under two revenue scenarios:
 - No increase to the Basic Room Tax and a sunset to the “Candy Bar” Tax in 2033
 - With a 0.50% increase to the Basic Room Tax and no sunset to the “Candy Bar” Tax

Historical Benchmark Rates

Movement Over Last 5 Years

30Y MMD

January 2, 2015 to March 2, 2020 (%)



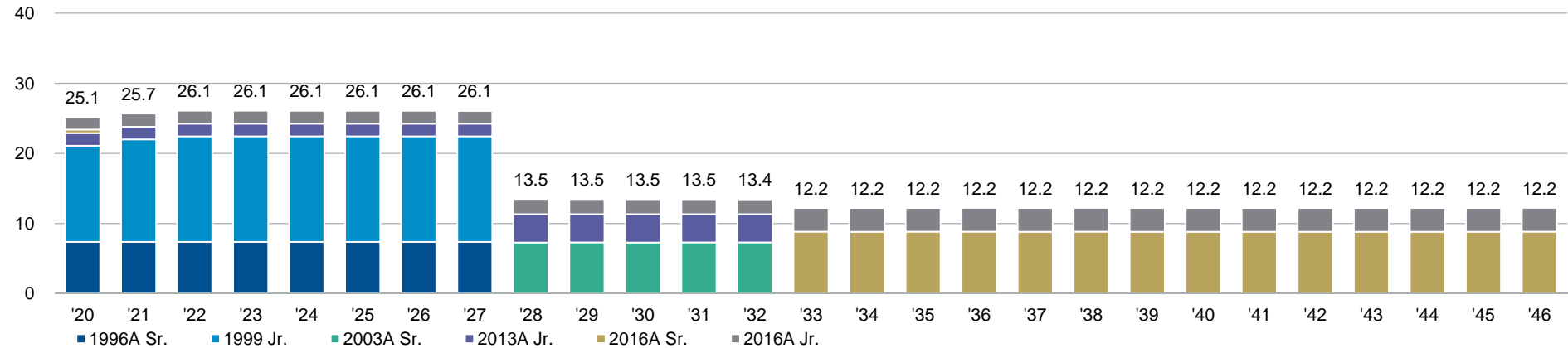
Source: Morgan Stanley Matrix

Wisconsin Center District Outstanding Debt Overview

Dedicated Tax Revenue Bonds

Debt Service Profile⁽¹⁾

By Fiscal Year (\$MM)



Outstanding Debt⁽¹⁾

As of March 2020

Series	Lien	Final Maturity	Outstanding Par (\$) ⁽²⁾	Callable Par (\$) ⁽²⁾	Non-Callable Par (\$) ⁽²⁾	Tax Status	Call Date	Insurer
1996A (CABs)	Senior	12/15/2027	59,200,000	-	59,200,000	Tax-Exempt	-	MBIA
1999 (CIBs)	Junior	12/15/2027	94,580,000	-	94,580,000	Tax-Exempt	-	Assured Guaranty
2003A (CABs)	Senior	12/15/2032	36,540,000	-	36,540,000	Tax-Exempt	-	Assured Guaranty
2013A (CIBs)	Junior	12/15/2032	23,740,000	21,610,000	2,130,000	Tax-Exempt	12/15/2022	-
2016A (CABs)	Senior	12/15/2046	123,715,000	123,715,000	-	Tax-Exempt	6/15/2026	Assured Guaranty
2016B (CIBs)	Junior	12/15/2046	37,915,000	37,165,000	750,000	Taxable	12/15/2025	-
Total			375,690,000	182,490,000	193,200,000			

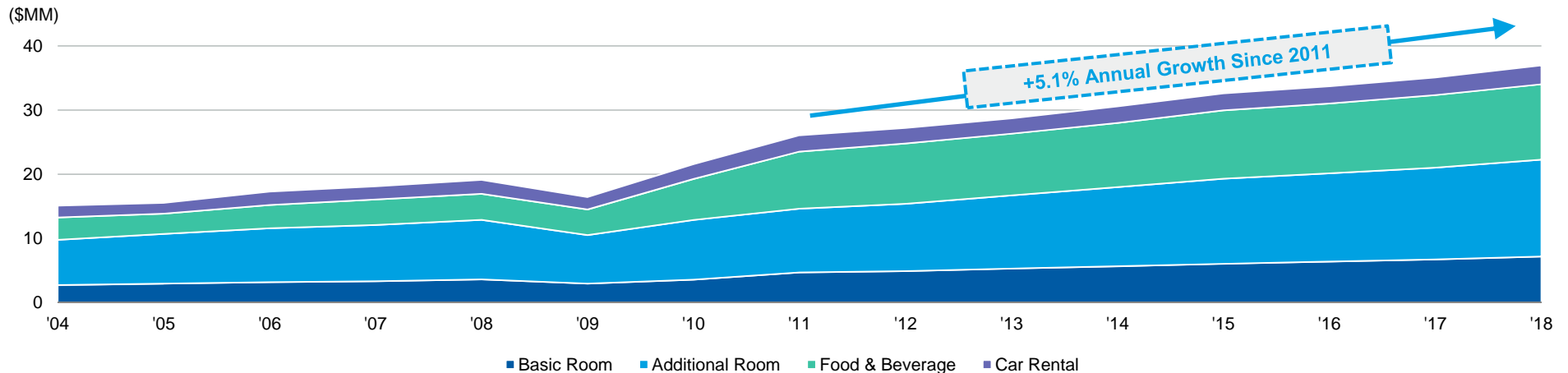
Notes:
 1. Excludes Appropriation Debt
 2. Maturity value of CABs shown

Overview of District Taxes

2018 Collections Totaled Over \$36.9 MM

Tax	Taxing Area	Type	Current Rate	Maximum Rate
Basic Room	Milwaukee County	Restricted	2.50% ⁽¹⁾	3.00%
Food & Beverage	Milwaukee County	Restricted	0.50% ⁽²⁾	0.50%
Car Rental	Milwaukee County	Restricted	3.00%	4.00% ⁽³⁾
Additional Room	City of Milwaukee	Unrestricted	7.00%	7.00%

Historical Gross Local Exposition Tax Collections



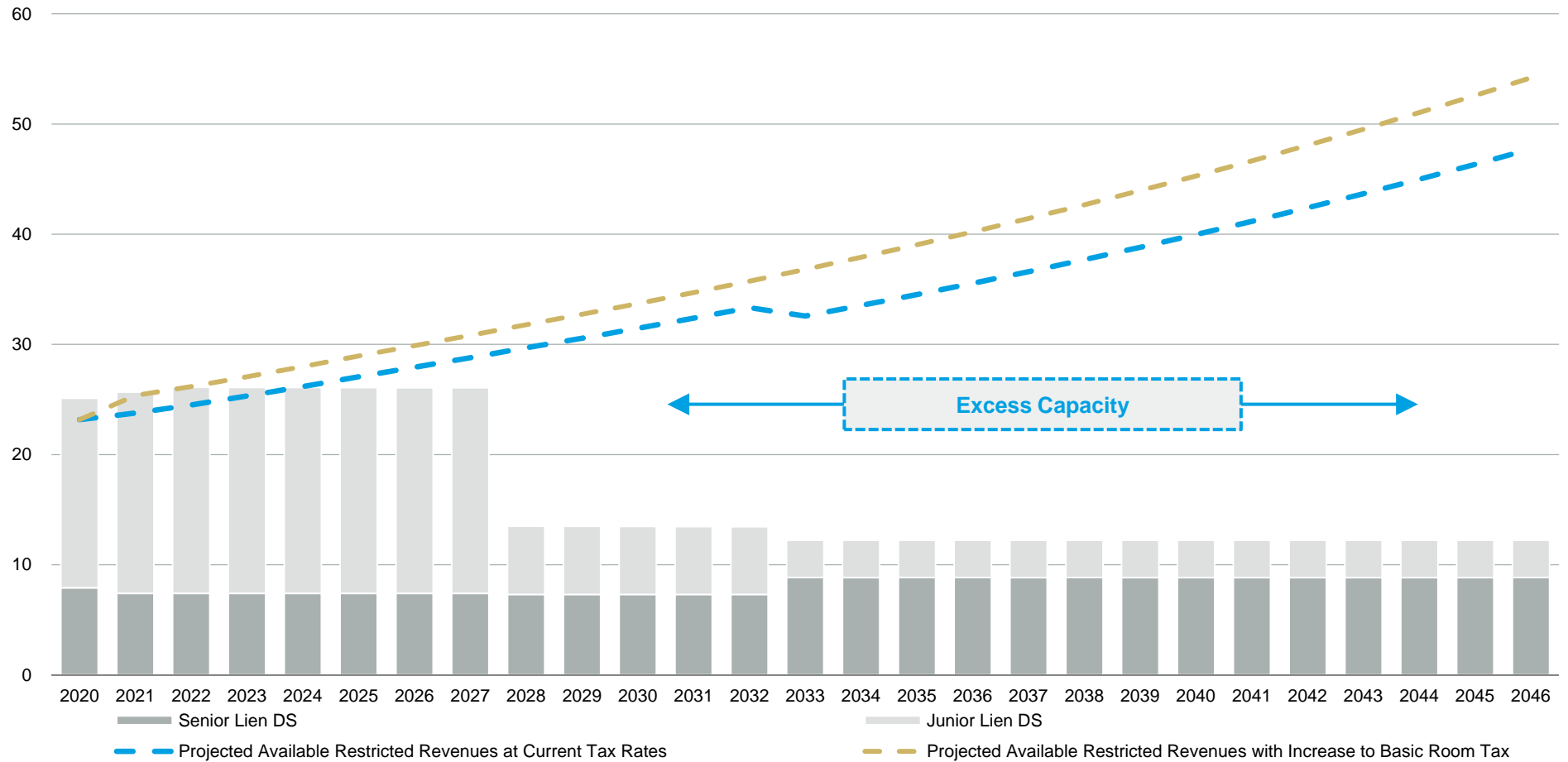
Notes:
 1. Basic Room Tax was increased in 2011 from 2.0% to 2.5% in the County
 2. Food and Beverage Tax was increased in 2010 from 0.25% to 0.50% in the County
 3. The Local Rental Car Tax can only be increased to 4.0% in the event that the State of Wisconsin makes a payment pursuant to its moral obligation pledge

Projected Restricted Revenues vs. Dedicated Tax Debt Service

Basic Room Tax, Food & Beverage Tax, and Car Rental Tax

Projected Restricted Tax Revenue Available for Future Debt Service

By Bond Year (\$MM)



Source: HVS Tax Projection Study (Assumes Average Annual Projected Increase to Tax Collections of 3.33%) – Draft (April 2019) and Morgan Stanley Calculations

Structuring Alternatives

SCENARIO 1

40-Year Term, Tax-Exempt New Project Funding and Taxable Refunding, Basic Room Tax Unchanged, "Candy Bar" Tax Sunset in 2033

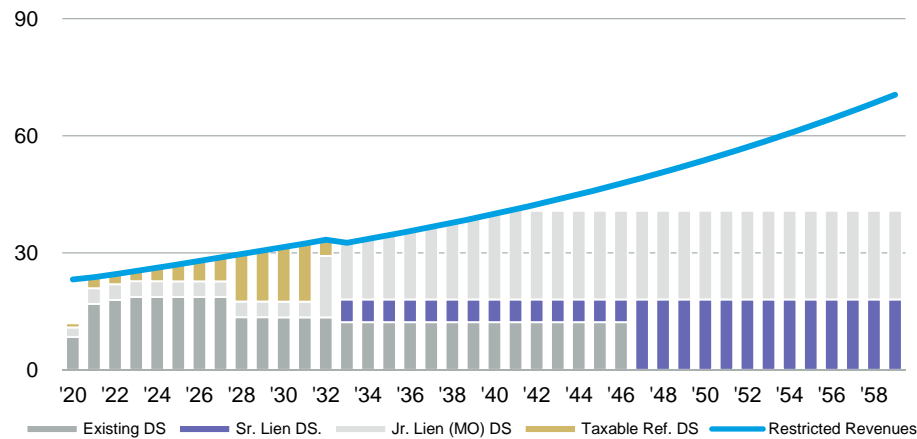
Summary of Financing Results

Assuming Current Market Conditions + 25 bps

Delivery Date	5/7/2020
Tax-Exempt Project Funding Par (Sr. Lien) (\$)	130,362,018
Tax-Exempt Project Funding Par (Jr. Lien and Moral Ob) (\$)	282,997,081
Taxable Refunding Par (Jr. Lien) (\$)	69,415,000
Project Fund (\$)	425,000,000
Total Debt Service (\$)	1,041,745,509
Aggregate Outstanding Debt Service (\$)	1,416,791,540
Bond Yield (%)	2.89%
Maximum Annual Debt Service	41,167,531
Excess Capacity (2042 – Final)	261,646,196

Debt Service vs. Restricted Revenues

By Bond Year (\$MM)



SCENARIO 2

40-Year Term, Tax-Exempt New Project Funding and Taxable Refunding, Basic Room Tax Increase, No "Candy Bar" Tax Sunset

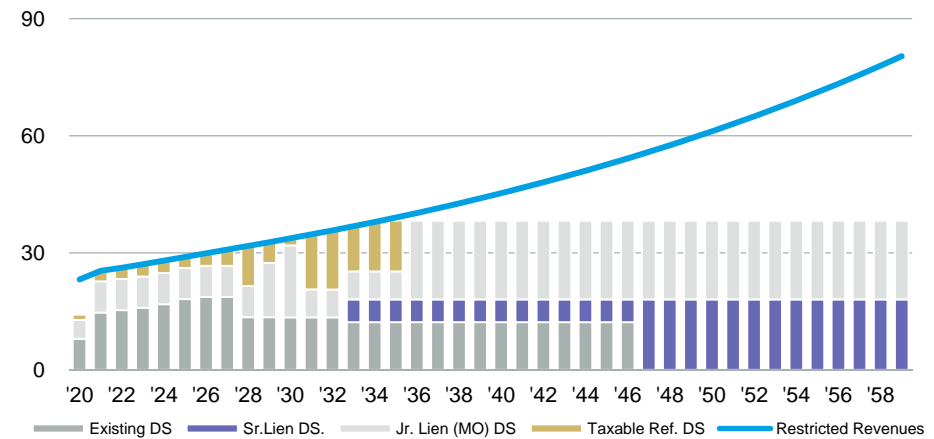
Summary of Financing Results

Assuming Current Market Conditions + 25 bps

Delivery Date	5/7/2020
Tax-Exempt Project Funding Par (Sr. Lien) (\$)	130,362,018
Tax-Exempt Project Funding Par (Jr. Lien and Moral Ob) (\$)	260,863,781
Taxable Refunding Par (Jr. Lien) (\$)	79,640,000
Project Fund (\$)	425,000,000
Total Debt Service (\$)	1,044,653,391
Aggregate Outstanding Debt Service (\$)	1,409,269,422
Bond Yield (%)	2.81%
Maximum Annual Debt Service	38,267,920
Excess Capacity (2035 – Final)	475,352,028

Debt Service vs. Restricted Revenues

By Bond Year (\$MM)



Moral Obligation Pledge Impact

District Financing Priorities	Possible without Moral Obligation Pledge?
1. Finance Convention Center Expansion	✓
2. Utilize Only District's Restricted Revenues For Debt Service	✓
3. Increase the District's Restricted Reserve Account Cushion	✓
4. Maximize Benefit of the State's Moral Obligation Pledge	--
5. Preserve Future Flexibility and Future Capacity	Impacted

Without the State's Moral Obligation, total debt service would increase by approximately \$40 to \$50 million

- Thus, the District's future "Excess Capacity" would decrease by \$40 to \$50 million
- The maximum annual level debt service would be approximately \$1.5 - \$2.5 million higher and occurs 1-2 years later
- Aside from the increase to total debt service and slightly higher cost of capital (estimated 0.20% to 0.30%), Scenario 1 and Scenario 2 from the previous page would be substantially the same
- The precise impact will be driven by market conditions at the time of pricing

WCD Board Approvals

- General Resolution adopted in 1995 establishes the framework for issuance of bonds secured by the room tax, food and beverage tax, and rental car tax
- Authorizing resolution to be considered on April 2, 2020 by the Board will authorize bonds (senior lien and junior lien) for three purposes:
 - **Convention center expansion project**
 - Authorizes bonds up to \$425 million for the project
 - **Refinancing**
 - Authorizes bonds up to \$100 million for refinancing existing bonds
 - **Customary transaction and closing costs**
 - Authorizes bonds for customary transaction and closing costs, and to allow for possible market or interest rate movement before the actual bond pricing date
- Similar to the 2016 bond issuance for Fiserv Forum, the authorizing resolution establishes parameters for issuance of bonds, including maximum principal amount, maximum project fund deposit for moral obligation bonds, maximum maturity date, and interest rate
- Authorizing resolution authorizes the Chairperson or President/CEO to establish the final terms of the bonds, as long as those terms meet the parameters established in the authorizing resolution, and to execute a bond purchase agreement
- Similar to the 2016 bond issuance for Fiserv Forum, the authorizing resolution also amends the reserve fund requirement established in the General Resolution
- If recommended, approval for tax increases to support the project (0.50% increase to the Basic Room Tax and no sunset to the “Candy Bar” Tax)
- Approval to authorize the President/CEO to enter into project construction contracts

Preliminary Financing Calendar

Date	Event
March 6 th	WCD Board Meeting and report of financing plan
March 25 th	Review and finalize project numbers for addition to resolutions
March 27 th	Expiration of 30-day window for the Secretary of Administration and Secretary of Revenue to Object to Moral Obligation
April 2 nd	WCD Board Meeting and adoption of authorizing resolutions and related documents
April 7 th	Begin marketing of the Bonds
April 21 st	Pricing of the Bonds
May 6 th	Financial Close

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