

Overture Alternatives

**1/14/2004
Latest
Proposal**

	<u>Status Quo</u>	<u>Proposed Overture Options</u>			<u>New Option?</u>	<u>New Option?</u>	
		Variation A	Variation B	Variation C			
	Ownership by Overture Development Corp	Ownership by City with Lease to MCAD	Ownership by MCAD with City Responsible for Operation	Ownership by MCAD with City Financial Backstop	Ownership by MCAD with Shared Financial Backstop	City Repurchases Entire Facility and Gift funds	Ownership by ODC with Shared Financial Backstop
Refinancing of Existing \$110 Million of Bonds	None	CDA Issues \$110 million of new bonds, 35 year repayment	MCAD Issues \$110 million of new bonds, 35 year repayment	MCAD Issues \$125 million of new bonds, 35 year repayment	MCAD Issues \$125 million of new bonds, 35 year repayment	City issues \$15 million of new GO bonds.	MCAD Issues \$25 million of new bonds; Current CDA issue is reduced from \$115 M to \$87 M.
City Financial Responsibility for Debt	None	City is directly responsible for debt repayment, reimbursed by Community Foundation earnings	City is contractually responsible for debt repayment, reimbursed by Community Foundation earnings	City is "morally" responsible for debt repayment, reimbursed by Community Foundation earnings	City is "morally" responsible for a portion of debt repayment, along with others reimbursed by Community Foundation earnings	City is fully responsible for repayment of debt.	City is "morally" responsible for replenishment of \$2 million debt reserve per year if MCAD is unable to pay
Known Annual Cost	\$1,536,000 plus inflation	\$1,536,000 plus inflation	\$1,536,000 plus inflation	\$1,536,000 plus inflation	\$1,536,000 plus inflation	Responsible for full operating deficit of enterprise operation	\$1,536,000 plus inflation
Revenue from PILOT	\$231,000 today, growing to \$450,000 plus inflation	Growth of \$200,000 plus held for debt retirement	Growth of \$200,000 plus held for debt retirement	Growth of \$200,000 plus held for debt retirement	Negotiable	None	\$231,000 today, growing to \$450,000 plus inflation
Net Operating Cost to City Budget after Center Opens	\$1,086,000 plus inflation	\$1,286,000 plus inflation	\$1,286,000 plus inflation	\$1,286,000 plus inflation	Negotiable	Determinable by Common Council	\$1,086,000 plus inflation
City Operational Control	None. Operated by MCAD	None. Operated by MCAD	None. Operated by MCAD	None. Operated by MCAD	None. Operated by MCAD	Full control, similar to Monona Terrace	Negotiable
Additional Financial Risk - Consequences of Overture Center Financial Difficulty	None	An investment return of less than 8.5% will require City debt service subsidy at some future date. If operating expenses exceed revenues, City operating subsidy required.	An investment return of less than 8.5% will require City debt service subsidy at some future date. If operating expenses exceed revenues, City operating subsidy required.	An investment return of less than 8.5% will require City debt service subsidy at some future date. If operating expenses exceed revenues, City operating subsidy required.	Same set of additional risks, but shared with other governmental units.	Determinable by Common Council	An investment return of less than 8.3% could require City debt service subsidy of up to \$2 million per year at some future date, after all MCAD resources are exhausted.