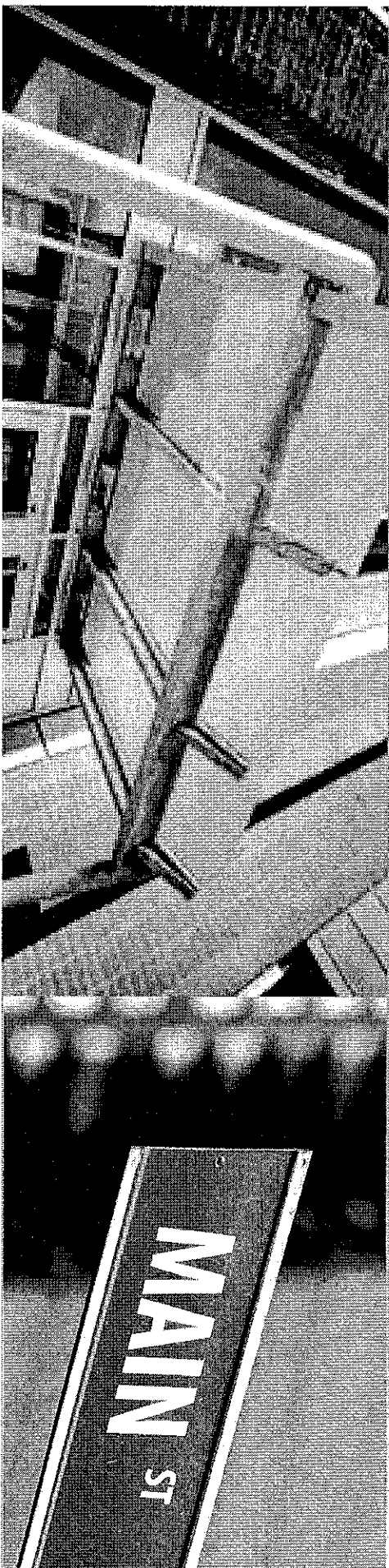


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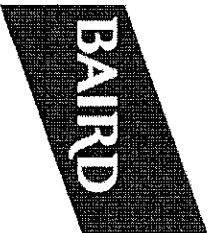
City of Racine

Water Works Commission Financing
August 30, 2011

Bradley D. Viegut, Director



City of Racine
 WATER WORKS COMMISSION FINANCING
 August 30, 2011



AUGUST 2011						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

SEPTEMBER 2011						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

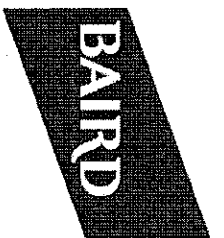
OCTOBER 2011						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

Timeline

- Water Works Commission considers Plan of Finance August 30, 2011
- City Council considers communication from Water Commission September 6, 2011
 - Refers to Financing Committee
- Finance Committee considers Plan of Finance September 12, 2011
- Preparations are made for the issuance (compilation of Preliminary Official Statement, rating, marketing)
- City Council – second reading of Ordinance October 4, 2011
 - This step locks in interest rates and terms for the borrowing
- Closing October 25, 2011

City of Racine

EXAMPLE WATER UTILITY FINANCING PLAN



YEAR	EXISTING		Waterworks System Mortgage Revenue Bonds Dated October 25, 2011 (First Interest 3/1/12)		TOTAL	COMBINED		COVERAGE RATIO (A)
	WATER UTILITY DEBT SERVICE		PRINCIPAL (9/1)	INTEREST (3/1 & 9/1)		WATER UTILITY DEBT SERVICE		
2011	\$6,255,042				\$6,255,042			1.36
2012	\$6,234,300		\$100,000	\$202,969	\$6,537,270			1.30
2013	\$6,225,576		\$100,000	\$236,788	\$6,562,363			1.30
2014	\$6,196,491		\$125,000	\$234,788	\$6,556,279			1.30
2015	\$6,204,031		\$125,000	\$232,288	\$6,561,318			1.30
2016	\$5,802,903		\$290,000	\$229,788	\$6,322,690			1.35
2017	\$5,834,738		\$300,000	\$223,988	\$6,358,725			1.34
2018	\$5,794,959		\$305,000	\$214,988	\$6,314,947			1.35
2019	\$4,953,717		\$315,000	\$205,838	\$5,474,554			1.56
2020	\$4,977,060		\$325,000	\$196,388	\$5,498,448			1.55
2021	\$4,972,497		\$335,000	\$186,638	\$5,494,135			1.55
2022	\$4,015,903		\$350,000	\$174,913	\$4,540,815			1.88
2023	\$4,016,664		\$360,000	\$162,663	\$4,539,326			1.88
2024	\$4,017,443		\$375,000	\$149,163	\$4,541,606			1.88
2025	\$1,144,013		\$390,000	\$134,163	\$1,668,175			5.11
2026	\$1,146,600		\$405,000	\$118,563	\$1,670,163			5.10
2027	\$246,853		\$420,000	\$101,350	\$768,203			11.09
2028	\$267,500		\$440,000	\$83,500	\$791,000			10.77
2029	\$266,475		\$460,000	\$64,800	\$791,275			10.77
2030			\$480,000	\$44,100	\$524,100			16.26
2031			\$500,000	\$22,500	\$522,500			16.31
TOTAL	\$78,572,764		\$6,500,000	\$3,220,169	\$9,720,169		\$88,292,933	

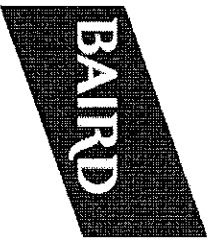
Sources Of Funds		
Par Amount of Bonds		\$6,500,000
Transfers from Prior Issue DSR Funds		\$3,837,578
Reoffering Premium		\$94,916
Total Sources		<u>\$10,432,494</u>
Uses Of Funds		
Amount Available for Projects		\$6,404,452
Deposit to Debt Service Reserve Fund (DSRF)		\$3,911,417
Estimated Costs of Issuance		<u>\$116,625</u>
Total Uses		<u>\$10,432,494</u>

(A) Must be maintained at a minimum of 1.25 of MADS per Bond documents; Water Utility financials as follows:

	2010
Gross Revenues:	\$18,404,772
Less: Current Expenses:	(\$9,882,231)
Net Revenues:	<u>\$8,522,541</u>

City of Racine

EXAMPLE WATER UTILITY FINANCING PLAN



City of Racine Water Utility

	PER CITY PROJECTION					PER AUDITED FINANCIALS				
	2015 Projected	2014 Projected	2013 Projected	2012 Projected	2011 Budget	2010 Actual	2009 Actual	2008 Actual	2007 Actual	
TOTAL REVENUES										
Operating Revenues	21,000,000	21,000,000	20,000,000	20,000,000	18,000,000	17,804,118	18,231,981	16,432,766	16,028,625	
Investment Earnings	50,000	50,000	50,000	50,000	50,000	76,755	87,710	431,256	986,552	
Miscellaneous Income										
Capital Grant								343,999		
Residential Equivalent Connection Fees	450,000	450,000	450,000	450,000	450,000	523,899	517,640	595,927	1,283,752	
TOTAL REVENUES	\$21,500,000	\$21,500,000	\$20,500,000	\$20,500,000	\$18,500,000	\$18,404,772	\$18,837,331	\$17,803,928	\$18,298,929	
TOTAL OPERATING EXPENSES (1)	10,600,000	10,300,000	10,000,000	9,750,000	9,750,000	9,882,231	10,672,094	10,234,524	10,715,205	
Net Revenues Available for Debt Service	\$10,900,000	\$11,200,000	\$10,500,000	\$10,750,000	\$8,750,000	\$8,522,541	\$8,165,247	\$7,569,404	\$7,583,724	
Maximum Annual Debt Service on the Bonds	\$6,358,725	\$6,561,318	\$6,561,318	\$6,562,363	\$6,562,363	\$6,562,363	\$6,285,786	\$6,285,786	\$6,489,811	
Coverage Ratio (year of MADS)	1.71	1.71	1.60	1.64	1.33	1.30	1.30	1.20	1.17	

(1) Net of Depreciation and Tax Equivalents. Includes OPEB.

NOTES:
 Assume a 5% PSC rate increase in 2014
 Assume a 3% increase in Operating expenses starting in 2013
 2011 PSC rate case now includes OPEB funding.