

BAIRD

Racine Water Commission

Refinancing Discussion

June 28, 2016

Bradley D. Viegut, Managing Director

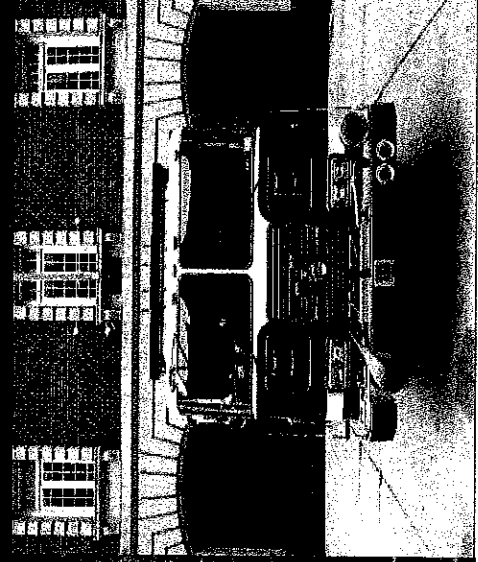
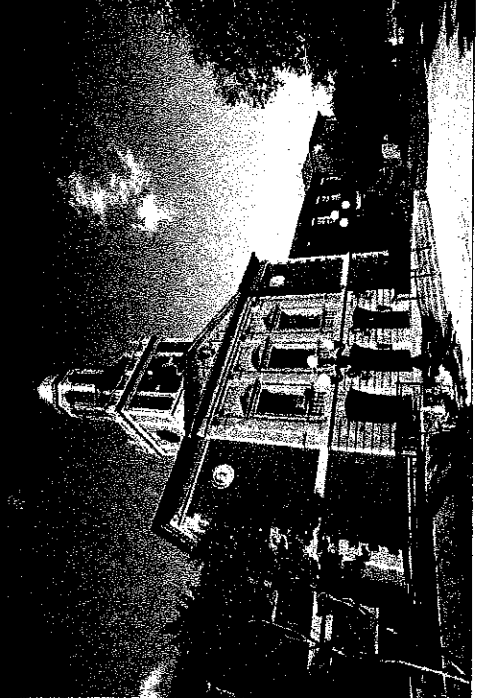
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Racine Water Commission

REFINANCING DISCUSSION

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Timeline

- Water Commission Meeting to discuss refinancing..... June 28, 2016
 - Preparations are made for issuance
 - ✓ Official Statement
 - ✓ Bond Rating
 - ✓ Marketing
- Communication to City Council..... July 19, 2016
- Finance Committee Meeting to discuss refinancing July 25, 2016
- City Council receives recommendation from Finance Committee..... August 2, 2016
- City Council considers Award Resolution (finalizes terms and interest rates)..... August 16, 2016
- Closing (funds available)..... September 7, 2016

Racine Water Commission

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Borrowing / Structure / Purpose

Approximate Size:	\$3,660,000
Issue:	Water System Mortgage Revenue Refunding Bonds
Purpose:	Refunds Remaining 2007 Revenue Bonds
Structure:	Matures Sept. 1, 2017 – 2021
First Interest:	March 1, 2017
Callable:	Noncallable
Estimated Rate:	1.54%
Estimated Savings:	\$335,447 ¹

¹ Present value calculated using the All-Inclusive Cost (AIC) of 1.86% as the discount rate.

Racine Water Commission

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Illustration of Hypothetical Refinancing (1)



Calendar Year	BEFORE REFINANCING				AFTER REFINANCING				TOTAL NEW DEBT SERVICE	POTENTIAL DEBT SERVICE SAVINGS
	\$18,980,000 Water Sys Mort Rev Ref Bonds (AR) Dated April 2, 2007		\$18,980,000 Water Sys Mort Rev Ref Bonds (AR) Dated April 2, 2007		\$3,660,000 Water Sys Mort Rev Ref Bonds (CR) Dated September 7, 2016 (2)		\$3,660,000 Water Sys Mort Rev Ref Bonds (CR) Dated September 7, 2016 (2)			
	PRINCIPAL (9/1)	RATE (3/1 & 9/1)	INTEREST (3/1 & 9/1)	TOTAL DEBT SERVICE	PRINCIPAL (9/1)	INTEREST (3/1 & 9/1)	PRINCIPAL (9/1)	INTEREST (3/1 & 9/1)		
2016	\$1,280,000	4.250%	\$240,600	\$1,520,600	\$1,280,000	\$240,600	\$730,000	\$108,658	\$1,520,600	\$0
2017	\$760,000	4.250%	\$186,200	\$946,200	***	***	\$705,000	\$95,900	\$838,658	\$107,542
2018	\$755,000	4.750%	\$153,900	\$908,900	***	***	\$720,000	\$81,800	\$800,900	\$108,000
2019	\$790,000	4.750%	\$118,038	\$908,038	***	***	\$740,000	\$60,200	\$801,800	\$106,238
2020	\$830,000	4.750%	\$80,513	\$910,513	***	***	\$765,000	\$30,600	\$800,200	\$110,313
2021	\$865,000	4.750%	\$41,088	\$906,088	***	***	\$3,660,000	\$377,158	\$795,600	\$110,488
	\$5,280,000		\$820,338	\$6,100,338	\$1,280,000	\$240,600	\$3,660,000	\$4,037,158	\$5,557,758	\$542,579

Maturities callable 9/1/2016 or any date thereafter.

*** REFINANCED WITH 2016 ISSUE.

LESS CHANGE IN DEBT SERVICE RESERVE FUND..... (\$180,210)
 ROUNDING AMOUNT..... \$1,350
 GROSS SAVINGS..... \$363,720

(2) PRESENT VALUE SAVINGS \$..... \$335,447
 PRESENT VALUE SAVINGS %..... 8.386%

(1) This illustration represents a mathematical calculation of potential interest cost savings (cost), assuming hypothetical rates based on current rates plus 15 basis points for municipal bonds as of 6/14/16. Actual rates may vary. If actual rates are higher than those assumed, the interest cost savings would be lower. This illustration provides information and is not intended to be a recommendation, proposal or suggestion for a refinancing or otherwise to be considered as advice.

(2) Present value calculated using the All Inclusive Cost (AIC) of 1.86% as the discount rate.

Change in Rates	Interest Rate Sensitivity	
	Est. PV % Savings	Est. PV \$ Savings
-0.30%	9.334%	\$373,364
-0.20%	9.018%	\$360,713
-0.10%	8.701%	\$348,055
+0.10%	8.072%	\$322,884
+0.20%	7.761%	\$310,445
+0.30%	7.450%	\$297,999

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